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The Promise of PACE

Programs of All-Inclusive Care for the Elderly continue to demonstrate benefits, address challenges and remain primed for growth.

by Maureen M. McAndrews

Each week, John T. Johnson endures a triple dose of dialysis to keep his kidneys functioning. This regimen zaps most of the 82-year-old Philadelphia resident's energy and leaves him physically and mentally drained.

Despite having to cope with this grueling routine, Johnson says he's feeling great. Part of the reason is his participation in the Living Independently For Elders (LIFE) program at University of Pennsylvania School of Nursing in Philadelphia. Two days a week, Johnson attends the LIFE-UPenn program, which is one of Pennsylvania's Programs of All-Inclusive Care for the Elderly (PACE).

The program covers his transportation to and from the adult day health center, continental breakfast, lunch, meetings with various health care aides and professionals, therapy, activities, prescription medications and all of his other health care needs.

As a centralized model of health care delivery, PACE programs like LIFE-UPenn offer numerous benefits. In fact, Johnson's wife Mary says the program's social component has greatly improved her husband's emotional health.

"Just being around people gives him more hope within himself because when you're not around people, you begin to feel sorry for yourself. When you're with people and you laugh and talk and play games, it helps build up your spirit," she says.

PACE providers across the country are helping families like the Johnsons in similar ways. As the program matures, providers are addressing the current and future challenges and considering opportunities that may lie ahead.

BACKGROUND

The first type of PACE modeldesigned to provide long-term care services for elderly immigrants—began as On Lok Senior Health Services in the 1970s in San Francisco's Chinatown—North Beach community. As this health care delivery model garnered attention over the years, the government eventually granted PACE programs permission to operate under Medicare and Medicaid waivers.

With the creation of the National PACE Association in 1994, the program became specifically defined as one that combines preventive, primary, acute and long-term care services for nursing-home-eligible seniors in the community. Then the Balanced Budget Act of 1997 granted PACE permanent provider status under Medicare and Medicaid. Today PACE centers operate in 18 states.[1]

Program parameters indicate that a PACE participant must be 55 or older, certified by his state to need nursing home care, able to live safely in the community at the time of enrollment and live in a PACE service area.

Most PACE participants typically have relatively low incomes. In Pennsylvania, for example, that means a participant's monthly income can't exceed $1,737 and he can't have more than $8,000 in assets, according to Emily Amerman, executive director of LIFE-St. Agnes Continuing Care Center, Philadelphia.

While every state's Medicaid eligibility and spend-down options vary, participants in Pennsylvania can opt for private pay and spend down their assets until they become eligible for programs, although few choose to do so, she adds.

Hence, Medicare and Medicaid provide payments for the program's menu of services, which include adult day care; physician's care; nursing; physical, occupational and recreational therapies; meals; nutritional counseling; social work and personal care; home health and personal care; prescription drugs; social services; medical specialists in audiology, dentistry, optometry, podiatry and speech therapy; respite care; and hospital and nursing home care when necessary.[1]

BENEFITS

Like a giant umbrella of health care delivery that covers all these services, the program offers a much-needed solution to the problem of disjointed health care. The program's continuity-of-care premise offers myriad benefits, from helping prevent unnecessary hospitalizations to providing excellent case management.

"The model provides care management by a team of geriatric experts. That really means each person is known intimately by the team. The case management is so close to the individual. In this model, we're able to do chronic disease management in a way that can't be done in most settings because we see people an average of three times a week," Amerman relates.

For example, if a participant has congestive heart failure, the PACE staff would weigh him weekly to monitor fluid retention. By talking with him regularly, they'd notice shortness of breath or other CHF exacerbations.

"If people were in the community and seeing a doctor once every three months, those symptoms might be missed until they're acute and then the person might have to go into the hospital," she says.

Another advantage that PACE providers enjoy is flexibility when it comes to funding. "Because the funding is a capitation model," Amerman says, "we have the freedom to do things traditional reimbursement doesn't allow. For example, we can continue to provide

PT and OT after people meet their rehab goals, and we can stay involved with them and maintain their highest level of functioning. Whereas traditionally, when they meet that rehab maximum, there's no more therapy."

As a costly item in health care, continued therapy for patient populations seems like it would quickly dry up funds, but the opposite is true for PACE: The funding equalizes because PACE operates under the assumption that some people need expensive care while others don't.

"The state and federal government actually save money because the payments they make to the PACE program are less than what they would anticipate paying for these people if they were in the traditional system," Amerman says.

While cost savings are a lofty goal in today's health care marketplace, the PACE program's intrinsic structure enables it to achieve this balance.

"The program is so beautifully designed and aligns the incentives of the consumer, the provider and the funder in such a nice way that we probably have fewer challenges than many other kinds of health care environments," she attests.

CHALLENGES

Despite its impressive financial formula, PACE still faces various challenges. One of the main challenges is educating people on the program.

"When people hear about it, they tend to think it's an adult day health services center or a nursing home. People have a tendency to need to understand things through the context they already have, so it takes a while to explain it well to people," Amerman says.

Jade Gong, MBA, RN, agrees. "It's easy to think of putting people in a building like a nursing home. It's harder to get your hands around the complexities of keeping someone at home," says Gong, senior advisor at Health Dimensions Group, Minneapolis.

But Amerman says that meeting with and taking interested consumers or family members on PACE center tours will clarify confusion on service offerings and how the program functions.

Once people understand the program, and an organization wants to pursue it, more challenges arise. For instance, an organization and its state government have to agree to do PACE together. An organization can turn a PACE program around in a relatively short time, but it may take the state legislature longer to get approval within the budget, according to Robert Greenwood, MPA, vice president of public affairs for The National PACE Association, Alexandria, Va.

"We've started working with states to prepare them to work with health care providers to develop PACE programs. We've noticed that once a state is ready to move forward, it's not as difficult to get providers that are interested in the model. But providers get disinterested when they find out they're going to have to wait years for the state to figure out what they need to do for the provider to do the PACE program," he adds.

After the state's senior service administration department becomes interested in the PACE program, finding start-up backing can be daunting because PACE's funding sources are usually from foundations or grants, whereas nursing homes or assisted living facilities often get funding from venture capitalists or other means, Gong says.

Once they secure funding, however, there are other issues to consider. "Growth and expansion are a challenge only because while the services are paid for by Medicare and Medicaid funds, because it is based in an expanded adult day health center, there is a need for capital upfront for building up to full census," Amerman says.

Besides the financial worries at the beginning, PACE providers have the ongoing task of meeting the needs of participant populations. "We welcome the creative challenge of figuring out how to help people stay in the community when they're very dependent in terms of ADLs or when they're having difficulty managing medications or have lost cognitive function," she says.

At LIFE-St. Agnes, Amerman says her staff thinks creatively when it comes to keeping people at home. For example, if a participant with respiratory problems is living in an apartment where there isn't adequate ventilation, the staff can use program funds to buy the person an air conditioner and have it installed.

"Each person's situation is different. If we account for family, friends, the social and physical environment and the range of services we provide, we can usually knit together a good plan," she shares.

OPPORTUNITIES

Despite these challenges, the program remains primed for growth. Between program modifications and industry initiatives, PACE seems headed for expansion.

"We are seeing PACE programs trying to be more flexible and adapt their model and market to different populations, particularly in light of the competition," Gong says.

Amerman concurs. She says she'd like to see PACE develop for other populations like medically fragile children, other chronically ill people and middle- and upper-income people.

Expanding PACE beyond urban areas is another untapped opportunity that many providers have been discussing.

"There's a lot of interest in doing creative things to make PACE available in rural areas by contracting with adult day health service providers, and not setting up a full PACE center, but sort of like a satellite center," she says.

This project is already in the works on the association side. In fact, the National PACE Association is working with the National Rural Health Association to develop a rural version of PACE, Greenwood says.

"One of the real interesting things about doing that is really trying to figure out what are the key components of the model that need to be maintained," he explains, adding that transportation is a big issue because states like Montana are so much less densely populated.

Partnering

Besides expansion plans to serve more people in more areas, experts agree that PACE might achieve more success by considering partnering its services with existing organizations, such as continuing care retirement communities, where housing and other levels of care are all in one community.

Since CCRCs have a built-in feeder system that's designed to move people from independent living apartments to skilled nursing care on the same campus, they should be an attractive option to PACE providers.

"When you have the independent housing apartments that are all in one complex, it makes it very easy to provide services because you have the efficiency and economy of having staff move between apartments without having to drive all over the city," Amerman says.

While Greenwood says there has been interest in matching CCRCs with PACE centers and some existing PACE programs have similar set-ups, there haven't been real strong connections between the two settings yet. Still, the National PACE Association remains committed to developing additional PACE programs.

"We are just finishing a project we have done with CMS to work with several states that do not have PACE programs, to develop the state's capacity to administer PACE," he says.

In the meantime, though, the program fills a void in the health care continuum. If satisfied customers like the Johnsons are any indication, PACE will continue to enjoy success in the future.

Reference

1. National PACE Association Home page. Accessed via: www.npaoline.org.

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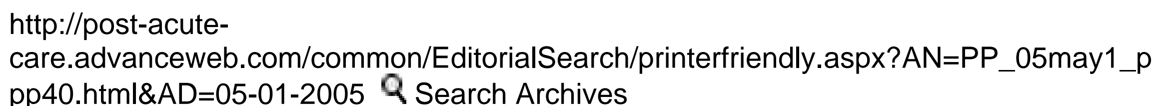

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