

North Carolina Programs of All-Inclusive Care for the Elderly (PACE)

Is PACE the Key to Aging at Home?

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PACE to the Rescue

PACE rescued my friend and her mom. I know that may sound dramatic, but most long-term care crises are. My friend's mom, a retired nurse with an exhaustive list of chronic conditions and accompanying medications, was failing at living alone. After moving from Florida to be closer to her daughter, her ability to manage her fragile health began to decline. There were several middle-of-the-night trips to the emergency room. Some were the result of falls in the apartment and others were caused by reactions to improperly taking medications. She had to give up her keys to the car and she ceded control of finances. When she called, she was usually frantic and confused. The geriatric care manager was enlisted. The memory care specialists were consulted. Skilled twenty-four hour care was recommended. Then, my friend and her mom discovered PACE. Now my friend's mom has a multi-disciplinary team of physicians, nurses, physical therapists, dieticians, and social workers to create and implement a comprehensive healthcare plan designed to meet her specific needs. Also worth noting, my friend has her sanity back.

Have you ever had a client chose the nursing home over receiving care at home? Generally, people want to live independently in their own homes for as long as possible. As attorneys serving clients with functionality losses that come with aging, we engage in planning with this aim in mind. For some clients, the goal of aging at home is easily attainable. For others, especially for those with cognitive impairments and limited resources, the journey is more problematic. It is no secret that financial resources provide more options for care. Significant savings, hybrid life and long-term care insurance and annuity products, and Continuing Care Retirement Communities can offer consumers more options for receiving and paying for assisted living and long-term care. A robust financial portfolio provides the freedom to

choose how and where one receives care in old age. For clients with only a modest amount of resources, the care options become more limited. As resources are spent down on care, nursing home care in a semi-private room of a facility becomes the default. But does it have to be? **North Carolina Programs of All Inclusive Care for the Elderly (PACE)** may be the key to providing clients with more options for assisted living and long-term care. PACE may also be the key to helping people age safely in their communities and avoid nursing home institutionalization.

An Introduction to PACE

PACE is a unique combination Medicare and Medicaid state waiver program that provides comprehensive managed care to frail elderly people who might otherwise have to live in a nursing home.¹ Services offered at community-based PACE sites are administered by a public or non-profit entity engaged in the task of addressing all medical and long-term care needs of PACE enrollees.² Funded by Medicare, Medicaid, and private payments, PACE sites utilize a patient-centered interdisciplinary approach to providing medically necessary care and services.³ Each PACE site employs a team of healthcare and administrative professionals who are responsible for delivering around-the-clock supports and services to participants who can receive long-term care services and continue living in the community.⁴

PACE: A Brief Legislative History

In the 1970's, states began to experiment with community-based care for disabled and elderly beneficiaries funded by waivers of federal Medicaid requirements.⁵ One such program with staying power was the Programs of All Inclusive Care for the Elderly (PACE), which was developed at On Lok Senior Health Services in the Chinatown North Beach community of San Francisco. On Lok,

¹Centers for Medicare & Medicaid Services, *Quick Facts about Programs of All-Inclusive Care for the Elderly (PACE)*; <https://www.medicare.gov/Pubs/pdf/11341.pdf> (accessed January 23, 2016).

²Centers for Medicare & Medicaid Services, *PACE Fact Sheet*, <https://www.cms.gov/Medicare/Health-Plans/pace/downloads/pacefactsheet.pdf> (accessed January 4, 2016).

³Carepartners PACE, *PACE FAQs*, http://www.carepartners.org/services_adult_pac.html(accessed January 14, 2016).

⁴*Id.*

⁵Centers for Medicare & Medicaid Services, *Programs for All-Inclusive Care for the Elderly (PACE) Manual: Chapter 1 – Introduction to PACE* (Rev. 2; Issued: 06-09-11), <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/pace111c01.pdf> (accessed January 24, 2016). (accessed January 24, 2016).

Cantonese for “peaceful, happy abode”, was created to provide community based care to frail seniors in an effort to help them avoid institutionalization.⁶ Initially, On Lok provided hot meals, supervision, and health and social services during the day to elders who could safely return home in the evenings.⁷ In 1975, On Lok expanded its services to include in-home support services, primary care, and case management of acute chronic health conditions, and a few years later On Lok initiated a Medicare-funded demonstration of its consolidated and holistic model of long-term care.⁸

On Lok’s PACE demonstration was successful in providing satisfactory care to participants at a cost that was actually fifteen percent (15%) less than a traditional fee-for-service care system.⁹ After receiving a one-year grant from The Robert Wood Johnson Foundation (RWJF), On Lok was tasked with determining the feasibility of replicating the PACE model in other communities across the country.¹⁰ In 1987, start-up grants from the RWJF funded the creation of several test sites for which On Lok provided technical assistance.¹¹ In 1990, a collaboration of staff from the Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration Office of Research Development and Information), PACE sites, and states participating in PACE demonstrations, developed the first PACE protocol.¹² The success of these first PACE sites was not measured just by cost savings provided but also by satisfied participants and their families.

By 1994, ten replication sites were operating under state Medicaid waivers, and the PACE demonstration continued to operate until the Balanced Budget Act of 1997 (BBA) established PACE as a permanent Medicare program.¹³ Section 4801 of the BBA (Pub. L. 105-33) established PACE as a Medicare program by adding Section 1894 to Title XVIII of the Social Security Act, which covers Medicare payments to and coverage under PACE. Section 4802 of the BBA authorized states to establish PACE

⁶ On Lok Lifeways Website: About PACE, <http://www.onlok.org/About/About-PACE> (accessed January 29, 2016).

⁷ *Id.*

⁸ Centers for Medicare & Medicaid Services, *Programs for All-Inclusive Care for the Elderly (PACE) Manual: Chapter 1 – Introduction to PACE* (Rev. 2; Issued: 06-09-11), <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/pace111c01.pdf> (accessed January 24, 2016).

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

programs as state options under Medicaid by adding Section 1934 to the Social Security Act. Section 1934 of the Social Security Act addresses states' ability to elect PACE as an optional Medicaid benefit under Section 1905(a)(26) of the Act, and 42 CFR Part 460 contains the regulations concerning these PACE implementation requirements.¹⁴

PACE began and continues to operate as a three-way partnership between the federal government, the State Administering Agency, and the PACE organization. A PACE organization can be a not-for-profit entity, a for-profit organization, or a public agency. To operate as a PACE organization, an entity must have a governing body, a formal Patient Bill of Rights, and a process for addressing grievances and safeguarding against conflicts of interest. Once an individual is enrolled in PACE, the organizational PACE site must provide comprehensive primary care, social services, restorative therapies, personal care, supportive services, nutritional counseling, recreational therapy, and meals to participants, regardless of frequency and duration of services. PACE entities must not discriminate on the basis of race, ethnicity, national origin, sex, age, mental or physical disability, sexual orientation, or source of payment.¹⁵

The intention behind PACE is to efficiently and effectively meet the healthcare needs of enrollees and to help them avoid institutionalization. PACE participants agree to forego their own doctors to receive services at a local PACE site. If special care is needed, PACE officials will contract with the specialists to secure needed services for PACE participants. While most PACE services are provided at the local PACE site, services can be supplemented by in-home and referral services. When an individual enrolls in PACE, the PACE interdisciplinary team conducts a series of assessments and develops a holistic comprehensive care plan specifically tailored to the needs of the enrollee. The PACE team revisits this fluid care plan on a frequent basis to make adjustments as needed.¹⁶

¹⁴ *Id.*

¹⁵ Centers for Medicare & Medicaid Services, *PACE Fact Sheet*, <https://www.cms.gov/Medicare/Health-Plans/pace/downloads/pacefactsheet.pdf> (accessed January 4, 2016).

¹⁶ *Id.*

Payment for PACE most often comes from Medicaid and Medicare, with approximately ninety-five percent (95%) of PACE enrollees being classified as dual-eligibles. When someone receiving Medicaid is enrolled in PACE, he or she may keep up to \$981.00 of income as opposed to having to pay all but thirty dollars (\$30.00) of income to the nursing home each month. A PACE comprehensive care plan comes with no deductibles, copayments, coinsurance, or cost sharing. PACE services include, but are not limited to primary care, hospital care, medical specialty services, prescription drugs (including Medicare Part D Drugs), nursing home services, emergency services, home care, physical therapy, occupational therapy, adult day care, recreational and socialization services, dentistry, nutritional counseling, meals, laboratory and x-ray services, social work counseling, end of life and hospice care, and medical transportation. PACE organizations also provide support to caregivers and families through training, support groups, and respite care.¹⁷

The federal guidelines provide that to be eligible for PACE, an individual must be age fifty-five (55) or older, have chronic conditions requiring nursing home care, be able to live safely at home with the aid of PACE services, and reside in the PACE organization service area. Eligibility to enroll in a PACE program is not restricted to individuals who are either a Medicare beneficiary or Medicaid recipient, and eligible participants may privately pay for PACE services. Although PACE enrollees may be entitled to Medicare Part A, enrolled under Medicare Part B, eligible for Medicaid, or duly eligible for Medicare and Medicaid coverage, states are prohibited from implementing PACE programs that serve only dual eligible beneficiaries.¹⁸

North Carolina PACE

In 2004, the North Carolina General Assembly directed the Department of Health and Human Services (DHHS) to develop a pilot PACE program. In 2008 the state amended its State Medicaid Plan to include PACE as a permanent Medicaid option, and NC's first PACE program, Elderhaus, began serving residents in New Hanover and Brunswick counties in Wilmington. The success of Elderhaus was soon

¹⁷ Centers for Medicare & Medicaid Services, *Quick Facts about Programs of All-Inclusive Care for the Elderly (PACE)*; <https://www.medicare.gov/Pubs/pdf/11341.pdf> (accessed January 23, 2016).

¹⁸ *Id.*

followed by the opening of Piedmont Health SeniorCare PACE site in Burlington, which was established under a national initiative to expand PACE in rural areas. Thereafter, more PACE sites began operating in Fayetteville, Greensboro, Newton, Lexington Charlotte, Durham, Gastonia, Asheboro, and Asheville.¹⁹

Currently, there are eleven (11) PACE programs and twelve (12) PACE sites serving enrollees in thirty-five (35) counties across the state. The NC PACE Association has enabled over twenty-five hundred (2,500) people to receive the care they need and avoid having to move to a nursing home. In my conversation with NC PACE Association Executive Director, Linda Shaw, and Education and Member Services Coordinator, Robin Porter, I asked about the sixty-five (65) North Carolina counties without access to PACE services. Linda and Robin told me without hesitation that expansion is the NC PACE Association's number one goal. As of late January 2016, several applications and expansion requests were currently pending before the Department of Medical Assistance (DMA), and on December 7th, 2015 the NC PACE Association presented a plan to DMA which would make PACE available in approximately sixty (60) counties by late 2018, and which would eventually cover ninety-one (91) counties in the state.

It is unclear what PACE will look like when the General Assembly has finished developing the details of its recently adopted **Medicaid Transformation and Reorganization** legislation, which will change Medicaid from a fee-for-service system to a system of capitated pre-paid health insurance coverage. If you live in a county with a great PACE program, advertise and educate people about it. If you live in a county without access to PACE, encourage your legislative representatives to seriously consider bringing a PACE site to your local community. After all, PACE may be the saving grace for families in crises and the key to aging at home.

¹⁹ NC PACE Association: *History and Growth*; <http://ncpace.org/pace-in-nc/history-and-growth> (accessed January 25, 2016).