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New expansions of PACE aim to transform elderly care with integrated healthcare services

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The Buzz This Week

More seniors will soon be able to access more services in their communities, allowing them to remain in their homes rather than facilities. The Program for All-Inclusive Care for the Elderly (PACE), which currently has more than 70,000 enrollees in over 160 programs across 32 states and the District of Columbia, is continuing its expansion.

Although this Medicare and Medicaid-funded care model was established 34 years ago, it is now gaining more traction. PACE encompasses various services, including transportation, home care, medication management, dental care, specialty care, physical, occupational, and speech therapy, social services, meals, socialization, recreational activities, and more for enrollees. Care is delivered at neighborhood PACE centers or at home at no cost to seniors with Medicare and Medicaid coverage. This holistic approach aims to support participants' health, well-being, and independence while reducing hospitalizations and nursing home placements.

In late March, Kaiser Permanente and Town Hall Ventures launched Habitat Health, a joint venture aimed at delivering integrated healthcare services to low-income elderly individuals nationwide. Habitat Health will operate through PACE with goals to replicate and expand the model to other health systems. This partnership, which plans to initiate PACE programs in Los Angeles and Sacramento by 2025, strategically leverages Kaiser Permanente's established connections and expertise to enroll participants and provide healthcare services.

PACE programs are already well-established in 32 states and the District of Columbia, and the program is poised for further expansion. Projections indicate the number of enrollees could rise to 200,000 by 2028. Seven states are actively expanding existing PACE programs, including Massachusetts, Ohio, New Jersey,

Florida, Oregon, Kentucky, and Maryland. Ohio recently announced one of the largest PACE expansions underway, with new programs planned for nine counties and \$50 million in federal funding allocated by the state legislature. New Jersey enacted legislation in January to streamline PACE enrollment. Health systems such as Geisinger, Baptist Health, and Ascension, alongside for-profit entities like InnovAge, are operating PACE programs in several states, reflecting a growing trend in the healthcare industry.

An additional four states (Connecticut, Georgia, Illinois, and Minnesota) are either launching PACE programs or have pending PACE legislation. Illinois, for example, launched the PACE care model this year with eight centers planned to open in June 2024. Legislation to fund PACE is pending in Minnesota, while a bill in Georgia awaits Governor Brian Kemp's signature to establish PACE within the state's medical assistance program. While some states, such as Wyoming, have opted out of PACE programs, these recent developments highlight the program's growing popularity and potential to serve more seniors across the country, enabling them to age in place with comprehensive care and community support.

Why It Matters

Kaiser Permanente's recent joint venture highlights the growing recognition of PACE's benefits. With Kaiser Permanente's extensive network as an integrated provider covering 12.5 million enrollees across eight states, industry experts like Andy Slavitt, a general partner at Town Hall Ventures and a former acting administrator at the Centers for Medicare & Medicaid Services, believe that this collaboration could transform the PACE landscape.

Interest in PACE has been growing for several reasons, not least of which are the clinical benefits. During the pandemic, PACE centers reported significantly better COVID-19 outcomes compared to nursing homes, with a national COVID-19 death rate of 3.8% for PACE participants compared to 11.8% in nursing homes, highlighting the efficacy of PACE programs in managing health crises. The closures of nursing homes and new regulations requiring more skilled nursing care have also pushed states to seek alternatives like PACE. Moreover, the growing elderly population has increased the demand for effective and sustainable care models, making PACE an attractive option. Additionally, increased state funding has played a crucial role as states recognize the potential savings and improved care quality associated with PACE.

PACE programs have demonstrated their effectiveness with a 24% lower hospitalization rate and a 16% lower rehospitalization rate compared to national averages for dually-eligible beneficiaries. Participants have fewer than one emergency room visit per year and a low risk of nursing home admission, despite needing that level of care. In addition to better outcomes, many PACE providers report high satisfaction rates among participants.

However, organizations venturing into PACE face significant challenges, such as navigating federal regulations and high set-up costs. Operating PACE programs can be financially demanding, and uncertainties around state funding add to the complexity. In addition, rural areas face unique difficulties in recruiting skilled staff and attracting enough program participants.

The National PACE Association believes the care model could expand to serve a broader demographic of seniors beyond the traditional Medicaid-eligible population. PACE has a significant opportunity to become the favored provider for beneficiaries desiring comprehensive care while staying in their homes. By evolving to meet the needs of this growing segment of the elderly population, PACE can establish itself as a widely recognized choice for elderly care nationwide. Its holistic approach not only fosters health and independence but also fosters community engagement, making it a comprehensive solution for seniors across the country.

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