

PACE/LIFE Cost-Benefit and Quality Outcome Study Abstracts

1. PACE/LIFE Saves Money: All PACE/LIFE participants are required to be Nursing Facility Certified Eligible (NFCE) in their respective state to qualify for nursing facility level of care and their rates are set below the skilled nursing facility rates.

PACE/LIFE reduces the need for costly, long-term nursing home care.

This study found that, “Despite the fact that 100% of the PACE/LIFE participants were nursing facility certifiable, the risk of being admitted to a nursing home long term following enrollment from the community is low.” The risk of admission to nursing homes for 30 days or longer was 14.9% within 3 years. Based on this study of 12 PACE/LIFE sites, fewer than 20% of participants who died spent 30 days or more in a nursing home prior to death. ***(Friedman, S.; Steinwachs, D.; Rathouz, P.; Burton, L.; & Mukamel, D. (2005). Characteristics Predicting nursing home admission in the program of all-inclusive care for elderly people. The Gerontologist, Vol. 45, No. 2, pp. 157-166.)***

PACE/LIFE costs less than what it would cost to serve a comparable population.

A recently published research study of Medicaid payments to PACE/LIFE organizations in South Carolina found that PACE/LIFE organizations cost 28% less than what the state would have otherwise paid to serve a comparable population. ***(Wieland, Darryl, Bruce Kinosian, Eric Stallard and Rebecca Bolan, “Does Medicaid Pay More to Program of All-Inclusive Care for the Elderly (PACE/LIFE) Than for Fee-for-Service Long-term Care?” The Journals of Gerontology, 5/7/2012.)***

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An analysis by the state of Oklahoma indicated that for every 100 participants served by its PACE/LIFE program the state saves \$103,587 per month, or \$1,243,044 per year. ***(Oklahoma Proposal for State Demonstrations to Integrate Care for the Dual Eligibles Individuals)***

A National PACE/LIFE Association review of Medicaid capitation rates for dual eligibles found that on average PACE/LIFE rates are 14% less than the state’s costs of providing alternative services to a comparable population. ***(NPA Analysis of PACE/LIFE Upper Payment Limits and Capitation Rates, July 6, 2012.)***

New York’s Department of Health noted that while program costs for other long term service and support options averaged a 26.2% increase per recipient between 2003 and 2009, the rate of growth in PACE/LIFE was 0%. By maintaining its costs per recipient, the PACE/LIFE program achieved significant

savings relative to what the state would have paid for services through other programs. *(New York State, Department of Health, "Redesigning the Medicaid Program," Presentation January 13, 2011)*

- **PACE/LIFE costs less than what it would cost to serve a comparable population even in another managed care program**

PACE/LIFE provides a 17% cost savings relative to the TennCare managed care organization/behavioral health organization nursing facility system. Inpatient hospitalization rates are low, averaging 1140 days per 1000 and a 3.1 day average length of stay; an average of 8% of participants received care in a nursing home. *(Damons, J. (2001). Program of All-Inclusive Care for the Elderly (PACE/LIFE) Year 2 Overview. Long Term Care, Bureau of TennCare, Tennessee.)*

- **Capitation rates.**

Federal regulations require states to set prospective monthly capitation rates at less than the amount the state plan would pay if participants were not enrolled in PACE/LIFE. *(42CFR, S460.182)*

2. PACE/LIFE program assumes ALL risk for patient care, so costs to the state per individual are a known quantity that will not change during the year.

The state incurs no additional or unexpected extraordinary costs for any PACE/LIFE participant. Whatever medical care that person needs - be it a dentist or surgery or hospice care - is provided for or by the PACE/LIFE organization from the fixed capitated payment. It has been shown time and again that expenditures for the last years of life are the most expensive. While we do not have a crystal ball that can pinpoint the last years of life, the average length of stay in a nursing home is 2.5 years according to the National Association of Insurance Commissioners. During those last years that are considered the most expensive, there is little control over the types of medical needs and levels of treatment that will be needed. The CMS Office of the Actuary has shown in their Last Years of Life Study that the average cost of expenses (for the 65+ population) in those last years is 6 times higher than the previous spend rate a year for Medicare and Medicaid expenditures has been 4.5 times higher than the previous spend rate. With this rate of spend, a capitated therefore *fixed* and predictable cost can greatly control the state's financial exposure for these individuals.

3. PACE/LIFE has helped hold down the otherwise rising cost of health care:

Nationally - PACE/LIFE rates have had an annual growth rate of less than 1%

Examined over time, Medicaid payment rates for PACE/LIFE have changed little from 2007 through 2012. During this period, payment rates to PACE/LIFE organizations for dual eligibles age 65 and older increased at a compound annual growth rate of less than one percent (.7%) while payment rates for Medicaid-only enrollees age 55 and older grew at a rate less than 2% (1.7%).

Nationally, health care costs for this population has grown greatly in the past few years.

According to CMS' National Health Care Expenditure Data, Medicaid spending for the 65+ population continues to consume 34% of all expenditures and continues to grow at 6.8% in 2011, and expected to come in at 8.2% for 2012 and level out at this rate for the projected years through 2020.

4. PACE/LIFE programs, while predominately not-for-profit, are small businesses that create jobs, purchase goods, generate revenues, and promote economic growth within their communities:

When the PACE/LIFE center in Davidson County (NC) opened, there was an economic impact study done by Elon University Study the economic impact the center would have on the county. Below is the aggregated impact chart from the study's Table 7. It conservatively (only 50% of dollars stays in county) shows that there is an on-going yearly impact of \$6,475,903. \$1,762,365 a year is spent on wages and salaries, which creates a very health tax base. (The top of the table predicts 100% in county, bottom 50% in county.)

Table 7: Aggregating the Estimated Impacts

| Total Effect | | Employment | Output |
|--|----------------|------------|---------------------|
| | LPP=100 | | |
| Capital Expenses (one time) | | 54 | \$5,079,800 |
| Operating Expenses (OE) | | 160 | \$9,427,075 |
| Wages & Salaries (W&S) | | 40 | \$3,524,730 |
| Continuing Sum (OE) + (W&S) | | 200 | \$12,951,805 |
| | | | |
| Total Effect | | Employment | Output |
| | LPP=50 | | |
| Capital Expenses (one time) | | 28 | \$2,570,672 |
| Operating Expenses (OE) | | 80 | \$4,713,538 |
| Wages & Salaries (W&S) | | 20 | \$1,762,365 |
| Continuing Sum (OE) + (W&S) | | 100 | \$6,475,903 |

5. PACE/LIFE provides quality outcomes for patients:

- **PACE/LIFE is effective and efficient in treating individuals with multiple and complex health care needs.**

PACE/LIFE was one of three chronic care models identified that include processes that improve the effectiveness and efficiency of complex primary care. Four processes present in the most successful models of primary care for community-based older adults who have multiple chronic conditions, including PACE/LIFE, are: 1) development of a comprehensive patient assessment that includes a complete review of all medical, psychosocial, lifestyle and values issues; 2) creation and implementation of an evidence-based plan of care that addresses all of the patient's health needs; 3) communication and coordination with all who provide care for the patient; and 4) promotion of the patient's (and their family caregiver's) engagement in their own health care. *(Boult, C. & Wieland, G.D. (2010). Comprehensive primary care for older patients with multiple chronic conditions: "Nobody rushes you through." JAMA, Vol. 304, No. 17, pp. 1937-1943.)*

- **PACE/LIFE prevents and/or significantly reduces preventable hospitalizations.**
PACE/LIFE enrollees had fewer hospital admissions, preventable hospital admissions, hospital days, emergency room visits, and preventable emergency room visits than a comparable population enrolled in the Wisconsin Partnership Program. *(Kane, R. L.; Homyak, P.; Bershady, B; & Flood, S. (2006). Variations on a theme called PACE/LIFE. Journal of Gerontology Series A, Vol., 61, No. 7, pp. 689-693.)*
- **PACE/LIFE participants live longer than enrollees in a home- and community-based waiver program.**

This South Carolina specific study examined long-term survival rates of participants in PACE/LIFE and an aged and disabled waiver program over a five-year period. Despite being older and more cognitively and functionally impaired than those in an aged and disabled waiver program, PACE/LIFE participants had a lower long-term mortality rate. When stratifying for mortality risk, "PACE/LIFE participants had a substantial long-term survival advantage compared with aged and disabled waiver clients into the fifth year of follow-up." The benefit was most apparent in the moderate- to high-risk admissions, highlighting the importance of an integrated, team-managed medical home for older, more disabled participants, such as those in a PACE/LIFE program. *(Wieland, D., Boland, R., Baskins, J., and Kinosian, B. (2010). Five-year survival in a Program of All-Inclusive Care for the Elderly compared with alternative institutional and home- and community-based care. J Gerontol A Biol Sci Med Sci. July: 65(7), pp. 721-726.)*

6. PACE/LIFE provides respite for and frees up family members to hold jobs, thereby supporting themselves and contributing to the economy:

- **Location matters.**
While it is true that placing a loved one in a skilled nursing facility, most seniors (82%) and their families (71%) even when they need day to day care and ongoing medical treatments prefer to stay in their homes. *(Nicholas Farber, Douglas Shinkle - National Conference of State Legislatures, Jana Lynott, Wendy Fox-Grage, Rodney Harrell, from: AARP Public Policy Institute, (December, 2011) AARP study - Aging in Place: A State Survey of Livability Policies and Practices)*
- **Safe in the community.**

As PACE/LIFE is responsible for ensuring that individuals are safe in the community, this allows families to know that their loved one is in the place they desire to be and is in a safe environment.

- **PACE/LIFE participant satisfaction levels and family member/caregiver satisfaction levels are high**
(96.9% - 100%) among enrollees of PACE/LIFE organizations in Tennessee. ***(Damon, J. (2001). Program of All-Inclusive Care for the Elderly (PACE/LIFE) Year 2 Overview. Long Term Care, Bureau of TennCare, Tennessee.***