

The Value of PACE for New Mexico

Introduction:

1. InnovAge operates PACE programs in three states – New Mexico, Colorado and California and is the 2nd largest PACE provider in the country.
2. InnovAge serves ~ 3,000 nursing home eligible seniors in three states and 395 in New Mexico.
3. InnovAge's service area is Bernalillo, and parts of Sandoval and Valencia Counties.
4. The PACE facility is located in Albuquerque between MLK and Las Lomas, just east of I-25
5. PACE in Albuquerque has been a partner to the State of New Mexico Department of Human Services, community, families, and seniors since 1998.
6. The Program of All-inclusive Care for the Elderly (PACE) is a non-profit Medicare provider type, established in the Balanced Budget Act of 1997. (The provider type established before PACE was Hospice - in the late 1970s). There are currently 115 PACE programs in 32 States.
7. PACE programs provide comprehensive health services (all Medicare and Medicaid covered benefits) for individuals age 55 and over who are very frail and categorized as "nursing home eligible" by the state's Medicaid program. The average age of a PACE client is 80 years old.
8. Interdisciplinary teams employed by the PACE program made up of physicians; nurse practitioners; pharmacists; nurses; social workers; physical, occupational and recreational therapists; dietitians; and personal care and transportation providers regularly assess enrollees' needs and develop comprehensive care plans specific to each individual enrollee.
9. Services include primary and specialty medical care, nursing, social services, therapies (occupational, physical, speech, recreation, etc.), pharmaceuticals, day health center services, meals, home care, health-related transportation, dental care, hearing aids, vision care, modification to the home to accommodate disabilities, and anything else the interdisciplinary team determines is necessary to maximize a member's health.

10. PACE in New Mexico operates under an annual census cap imposed by the New Mexico Human Services Department (HSD). New enrollment into PACE is through attrition and pulled from a waitlist of approximately 250 clients waiting for PACE services.

How PACE programs are paid:

1. PACE is a fully capitated program caring for dual eligible (Medicare and Medicaid enrollees) clients who are determined to need a nursing home level of care.
2. This means that the program is given a set fee per patient regardless of treatment or services required. In the case of PACE, this amount is paid by combining Medicaid funds (a combination of 69% federal and 31% state funds) paid through HSD and Medicare (100% federal funds) paid through CMS.
3. PACE Medicaid rates are set by determining what State Medicaid Agencies pay for the same population and paying a lesser percentage to PACE of what this group costs. The rates for PACE programs are typically NOT set based on what the PACE program spends to care for these clients, but what the State would have paid for similar clients. Thus, PACE rates are also not based on a "case mix", which is a blend of costs of clients served in the community and those in nursing homes. Unlike managed care organizations, PACE rates do not vary based on what the PACE program pays for the client or where they are served, so PACE rates remain stable.
4. With care coordination by a 12-member provider-based interdisciplinary team along with intensive primary, social, rehabilitative, behavioral, transportation, and home care services, PACE programs can usually keep people out of a nursing home 85% to 90% of the time.
5. The managed care programs in New Mexico are paid on a "case mix" basis. This means that they are paid more when more clients are in a nursing home. The case mix in NM is estimated at 37% NH, 63% community.

How PACE programs are cost effective

1. PACE is a less expensive and more compassionate choice than a nursing home: a Medicaid client who goes into a nursing home costs the State about approximately \$4,500 a month. If a fee-for service clients goes into PACE instead of a nursing home, that client costs

\$2,588 a month, or 43% less than a nursing home costs. About half of the clients that come off the PACE waitlist while waiting for PACE enrollment go into a nursing home. Most of the others die while waiting for services.

2. As compared to Centennial Care nursing home level of care clients: the MCOs are paid a proposed rate of \$3,498 in year one and \$4,276 in year five for dually eligible clients based on the waiver application estimates. The PACE program is paid \$2,558 per month or 27% less than Centennial Care in year one and 40% less in year five. While some of these differences can be attributed to add-ons like federally supported Indian Health and rural programs, PACE saves money by intensively supporting families and seniors with community programs.
3. The only published peer-reviewed journal article conducted about Medicaid reimbursement for PACE demonstrated that PACE is 28% less expensive when compared to state expenditures for an identical population (South Carolina).
4. PACE is a health care provider that employs about 102 health care workers (in addition to acting as an insurer) at an average hourly rate of \$23.44 per employee, a PACE program creates new, good-paying jobs in its communities

PACE supports household income and community economies

1. Often families are faced with the choice of placing their loved one in a nursing home or reducing or eliminating employment to support them at home. Recent studies have shown that families lose about 25 % of household incomes when caring for a frail elder at the end of life.
2. The recently published State Plan for Family Caregivers states, "Families provide 80% of all long-term care. New Mexico's family caregivers provide 18.4 hours of care per week. The total value of this care is estimated to be \$3.1 billion annually."
3. By supporting families to keep seniors at home, PACE could maintain or restore up to \$4.2 million in household income for the 350 seniors currently living in the community served by PACE and a median household income of \$41,963. With the University of Chicago, InnovAge is participating in a research project to measure the effect of PACE on caregivers' physical, mental and financial health.

4. There are about 250 seniors on the waitlist for PACE in the Albuquerque area. Serving these seniors and their families could maintain or restore up to \$3.0 million in household income.

Conclusion

PACE is an important part of the continuum of care offered to nursing home eligible seniors in New Mexico and is cost effective at \$2,588 per member per month of which \$788 is from the New Mexico State General Fund. PACE is a provider of services for frail nursing home eligible seniors that require intensive medical, behavioral, and social services. PACE is a complement to Centennial Care and is not a competitor, as the models and approach to service delivery and care coordination are different. PACE is an all-inclusive, high touch provider of services with a 12-member interdisciplinary team. InnovAge continues to work with the Department in determining opportunities for PACE expansion in serving more frail seniors in the Albuquerque program and opportunity for expansion in New Mexico where feasible. InnovAge appreciates the Department's collaboration and feedback on PACE in New Mexico.