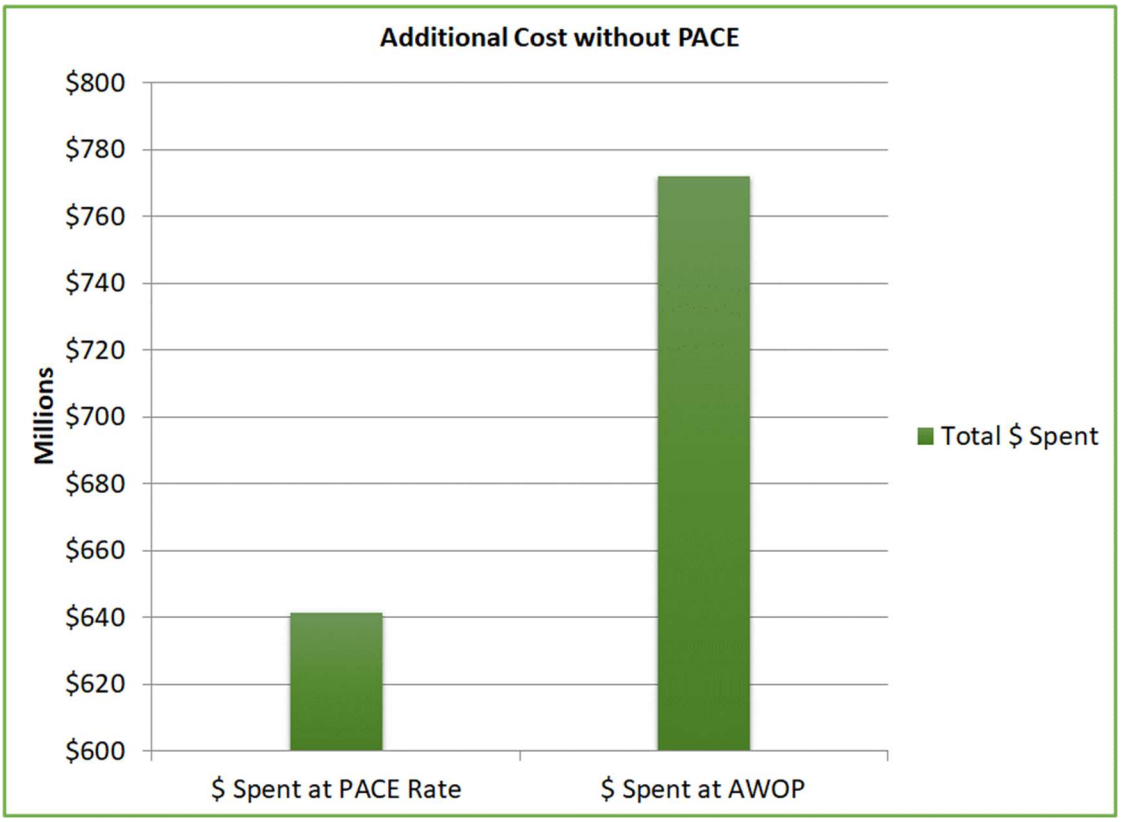
PACE Cost-Effectiveness

The Program of All-inclusive Care for the Elderly (PACE) provides Medicare and Medi-Cal covered benefits including, but not limited to, primary and specialty medical care, adult day care, in-home services, home care, prescription drugs, laboratory and diagnostic services, physical and occupational therapies, meals, transportation, and as necessary, hospital and nursing home care. An interdisciplinary team of physicians, nurses, social workers, therapists, and aides develops each treatment plan and manages all services. PACE provides active delivery of preventative care and regular access to physicians and other health care professionals.

Based on analysis of recent data, PACE costs less on a per member basis than other services and programs serving frail seniors, is effective in managing beneficiaries with multiple chronic conditions and keeps frail seniors in their homes and communities and out of expensive hospitals and nursing homes.

PACE is Less Expensive than Other Alternatives



PACE capitation rates are set below the level the state would pay for a comparable population outside of PACE[1], or the amount that would otherwise be paid (AWOP). In 2021, we estimate the state will pay $130.8 million less than it would have if all current PACE participants were served outside of PACE[2].

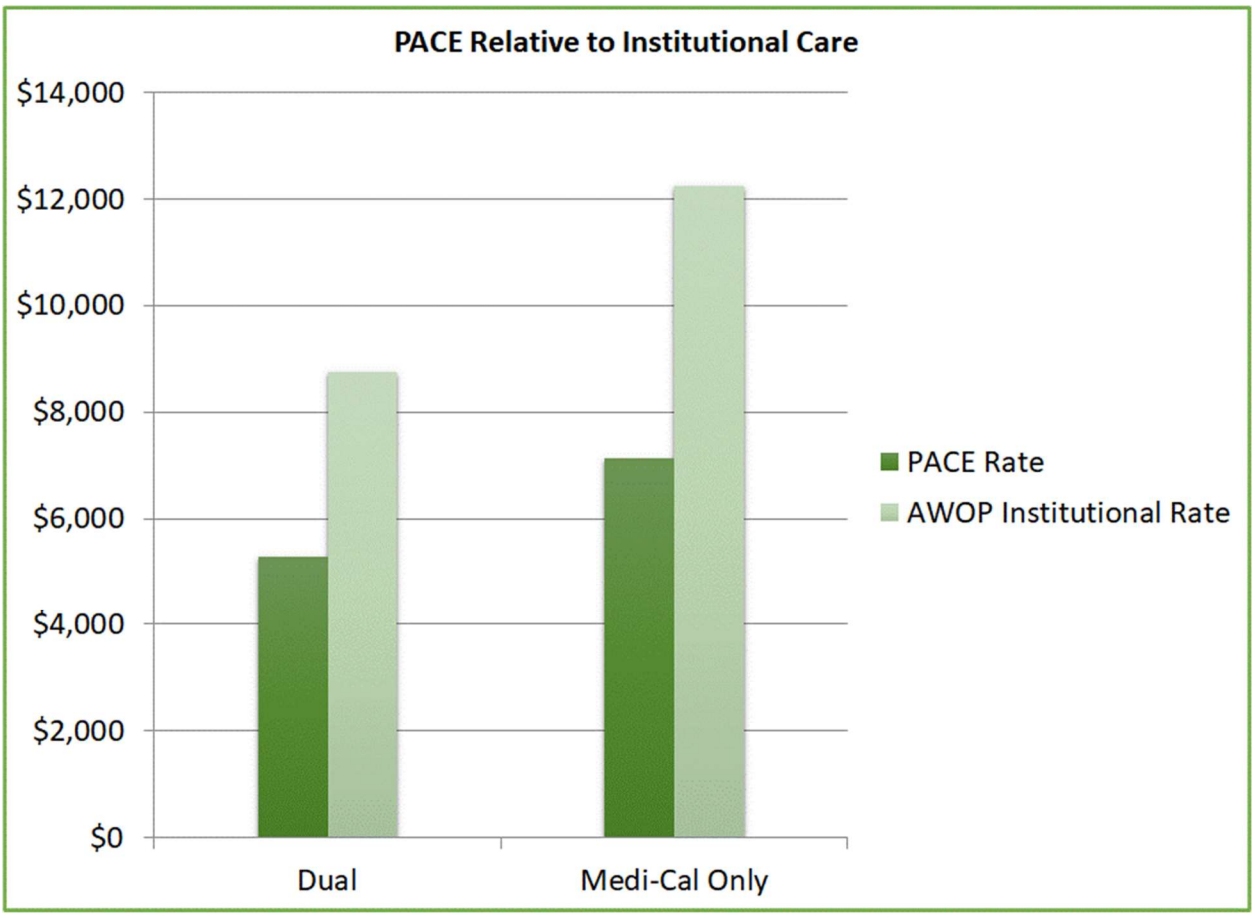
[1] Welfare and Institutions Code Section 14301.1(n)(8) requires DHCS to calculate the Amount that Would Otherwise be Paid (AWOP) for payments to PACE organizations and directs the department to consider the risk of nursing home placement for the comparable population when estimating the level of care and risk of PACE participants. The PACE AWOP includes the costs of all covered benefits and services available through the PACE state plan amendment.

[2] Figure derived from DHCS calendar year 2021 PACE AWOP and rate development documents for 11 PACE organizations operating as of 12/31/20.

PACE Cost-Effectiveness

PACE is Cost-Effective Relative to Institutional Care

PACE costs significantly less than institutional care. Utilizing the Cost and Reimbursement Comparison Schedules (CRCS) developed by DHCS for the calendar year 2021 PACE AWOPs[3], the monthly PACE capitation rate is on average **40% less** than the cost of institutional care[4] for a dual eligible AWOP beneficiary[5] and on average **42% less** for a Medi-Cal AWOP beneficiary[6].



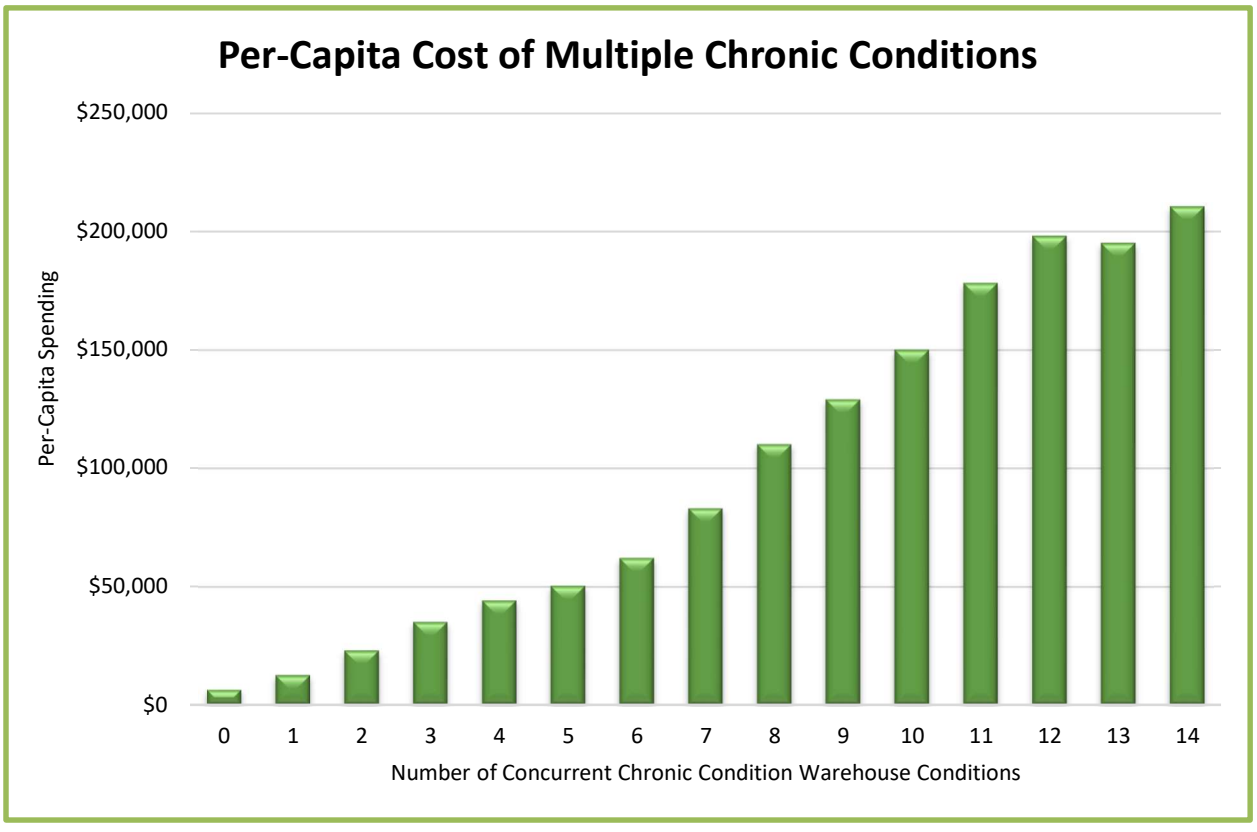
[3] DHCS calendar year 2021 PACE AWOP and rate development documents
[4] Includes costs for Inpatient Hosp., Outpatient Hosp., NF, Rx, PCP, Specialty Physician, FQHC, Lab & Radiology, Transportation, Short Doyle, Hospice, Personal Care, ADHC, MSSP, Assisted Living, HCBS Waivers, Other Medical
[5] Average of Individual PACE programs' capitation rate compared to institutional AWOP costs for dual beneficiaries
[6] Average of Individual PACE programs' capitation rate compared to institutional AWOP costs for Medi-Cal only beneficiaries

PACE Cost-Effectiveness

PACE is Effective at Managing Chronic Conditions

PACE has a proven track record in successfully managing the care of beneficiaries who have a combination of high medical needs combined with high levels of frailty. The average PACE participant is 75 years old, has 18 medical conditions and is impaired in 3 – 5 activities of daily living (bathing, walking, toileting, feeding and transferring). More than 30 percent of PACE participants are diagnosed with Alzheimer's or a related dementia.

As the chart below shows[7], per-capita costs to Medicare and Medi-Cal for dually eligible beneficiaries in California in 2012 reached $100,000 or more for beneficiaries with eight or more chronic conditions. Despite the fact that PACE participants have an average of 18 medical conditions, average capitation payments for dually eligible PACE enrollees in 2012 were approximately $70,000 per year. [8]



[7] Chart adapted from figure 41 of the following report: Medi-Cal's Coordinated Care Initiative Population Combined Medicare & Medi-Cal Cost, Utilization, and Disease Burden, November 2012
http://www.dhcs.ca.gov/dataandstats/statistics/Documents/Dual%20Data%20Sets%20Medicare.pdf

[8] The avg. Medi-Cal capitation for dual eligibles in PACE in 2012 was $3800 and the avg. Medicare capitation was approximately $2000 per member per month.

PACE Cost-Effectiveness

PACE is the Gold Standard for Integrated Care

The Program of All-inclusive Care for the Elderly (PACE) participants have lower rates of hospital utilization than beneficiaries served by other plans serving frail seniors, including many types of Medicare Advantage Special Needs Plans. Hospital utilization rates for PACE participants are comparable to those for the general Medicare fee-for-service population, which includes healthy seniors as well as frail seniors.

Enrollee Characteristics	California PACE[9]	Medicare FFS[10]	C-SNP 10,11,12	D-SNP 10,11	FIDESNP 10,11	I-SNP 10,11,12
% Aged 65+	80%	--	85%	41.0%	93%	94.0%
% Dually Eligible	88%		18%	100%	100%	45.0%
% Nursing Home Certifiable	100%	--	N/A	N/A	N/A	100%
Utilization Measure						
Acute Days/1000	2482	2,063	2293	2870	3080	2131
Average Length of Stay	5.5	--	6.1	5.4	5.9	6.5
Medical Conditions						
Average Risk Score	2.2	1.49	1.76	1.21	1.74	2.37

PACE Keeps Frail Seniors in Their Homes and Communities with High Rates of Satisfaction.

Research shows that PACE produces significant improvements for the beneficiaries it serves, including fewer hospitalizations, fewer nursing home admissions, an increased number of days in the community, better health, better quality of life, greater satisfaction with overall care arrangements and better functional status. Despite the fact that all PACE participants are certified by the state as meeting the criteria for nursing home placement, only three percent are residing in nursing homes at any time.

Enrollee Satisfaction Ratings[9]	
% Very satisfied with overall care in PACE	92%
% Who would refer PACE to a close friend	92%

[9] PACE totals/averages from PACE reported program data as of July 01, 2020.
[10] CY 2008 data from 2010 SNP Alliance, Profile and Advanced Practice Report, February 2011 – The Lewin Group.
[11] CY 2009 data from 2010 SNP Alliance, Profile and Advanced Practice Report, February 2011 – The Lewin Group.
[12] CY 2012 data from 2013 SNP Alliance, Profile and Advanced Practice Report, February 2014 – The Menges Group.

Updated 03.04.2021