Building Effective Community Care for Frail Elders in Huron Valley, Michigan

Because the Program of All-Inclusive Care for the Elderly (PACE) is a particularly good model to expand in an era where the number of Medicare beneficiaries who need both medical and long-term supportive services is growing rapidly, Altarum’s Program to Improve Eldercare launched a pilot expansion research project in Ypsilanti, Michigan in 2017. This research project, which is being done in collaboration with Huron Valley PACE, is funded by the Michigan Health Endowment Foundation through February 2019.

While PACE is now overwhelmingly a model for low-income dually eligible seniors (individuals who qualify for both Medicare and Medicaid), PACE’s longitudinal, well-coordinated services and comprehensive care planning make it well-positioned to serve many Medicare beneficiaries who are either not poor enough to qualify financially for Medicaid, or who need some long-term care services, but do not meet clinical eligibility standards (i.e., who are not needing a nursing home level of care). PACE beneficiaries live at home or in another community setting of choice and receive many of their services at a specially-designed PACE Center, which combines medical services with socialization and nutritional service. Adapted vans transport PACE enrollees from their homes and back again. All medical and supportive services come through PACE. The pilot will propose to offer Medicare-only enrollees a choice of buying into PACE for their long-term care services, at either the prevailing Medicaid capitation rate set for PACE plans in the state of Michigan or at their level of assessed need.

The Michigan pilot aims to enroll a small number of Medicare-only beneficiaries in three different cohorts: 1) the near poor – those who need a nursing home level of care but lack sufficient private resources to pay for their supportive services; 2) the “self-pay” cohort of Medicare-only beneficiaries who need a nursing home level of care and can pay privately for their services; and 3) seniors who are “at risk” – meaning those who will eventually qualify for PACE because they will come to need a nursing home level of care, but who don’t yet need that much but do need and want some services.

A key barrier to PACE expansion is that premiums for PACE plans are artificially inflated. Because the PACE statute, which dates to 1997, does not allow copayments and deductibles to be charged, and because the Part D statute, which was birthed in 2003, requires that, in order to qualify for discounts in the prescription drug coverage gap, and for catastrophic coverage, a beneficiary must pay copayments and deductibles. This leaves Medicare beneficiaries wishing to enroll in PACE in a quandary – they have no way to qualify for Part D government participation. Moreover, they are in a small, high-risk pool. This means they must pay very high Part D premiums that are as much as 20-fold more costly than a comparable Part D plan in their area.
Program to Improve Eldercare – PACE Expansion

A potentially promising solution to the PACE Part D dilemma that we will explore in the Huron Valley PACE expansion pilot is to have CMS use administrative or regulatory authority that would allow a Medicare beneficiary to choose, if they wished to do so, a Part D plan available in the area that would be much less costly.

How does PACE work now?

Up to now, PACE has been a comprehensive program tailored to individuals over the age of 55 who are eligible for both Medicare and Medicaid. These beneficiaries must qualify as being eligible for nursing home care and have low incomes that qualify them as financially eligible for Medicaid under standards applicable in their state. PACE is designed to provide a comprehensive service mix of medical care and long-term supportive services.

Why expand PACE?

The average man will need both medical and LTSS support for 1.5 years, and the average woman for 2.5 years. Apart from PACE, today’s care system was designed when average life expectancy was 70, and most people did not experience extended periods of disability and decline before dying. However, during the 21st century, the number of people 85 years or older will double between 2000 and 2030. On average, people now live a decade longer than they did when Medicare first became law in 1965, and half of us will reach a time when we need assistance with everyday activities, such as assistance with eating, dressing and bathing, or preparing meals. PACE expansion provides a way to address this challenge comprehensively and to build a better care system for frail elders—a community-anchored, elder-driven care system that is adapted to the goals and priorities of this phase of life.

How would an expanded PACE program work?

A PACE expansion would care for enrolled beneficiaries in a designated community and be guided in its efforts by an independent board to monitor the system’s functioning, and serve as the voice of the community in meeting the needs of seniors.

Each beneficiary undergoes comprehensive assessment, generating a care plan that reflects service needs and patient and family priorities.

All beneficiaries would receive assessment, care navigation, coordination, access to appropriate specialists and services, and critically important backup services.

Long Term Services and Supports (LTSS) service tiers or menu-driven services would be priced fairly, aiming to accommodate the range of circumstances and preferences.

▶ Medicare-only beneficiaries would buy LTSS services with private funds, mostly through PACE, thereby getting best available service packages, strong coordination, and prudent spending.

▶ The public would have ready access to the independent board’s quality, satisfaction, and financial data and analyses, and would have opportunities to engage in the process of setting priorities for local improvements.

▶ Savings from reduced utilization of high-cost Medicare-covered services would be invested in LTSS and the monitoring and management functions of the independent board, thus improving access and quality for beneficiaries.

▶ The expanded PACE program would have the flexibility to contract with a wider array of community medical and social service providers, while retaining responsibility for reporting and meeting quality and other performance outcome standards.


3 Favreault & Dey, 2015.

Expansion of PACE could anchor major reforms in elder care. Read more about how this could be done in our book, MediCaring® Communities: Getting What We Want and Need in Frail Old Age at an Affordable Cost, which is available from Amazon.com or can be read in its entirety at https://MediCaring.org

Altarum’s Program to Improve Eldercare is a nonprofit research, consulting, and advocacy organization that aims to ensure that elders who must live with disabilities and illnesses can live comfortably and meaningfully at an affordable cost.

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