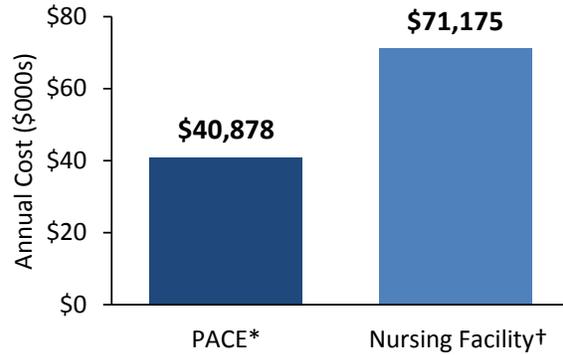


PACE Reduces MassHealth Costs and Improves Quality of Life for Older Adults

PACE Offers Predictable MassHealth Spending for a High-Need/High-Cost Population through All-Inclusive Capitation...

Program of All-inclusive Care for the Elderly (PACE) organizations are responsible for managing **total cost and total care** within their fixed capitations. **All PACE Participants are nursing home eligible**, and thus high-need. However, MassHealth pays a Per Member Per Month (PMPM) payment for each PACE Participant. PACE organizations are then responsible for **providing ALL care** utilizing that MassHealth PMPM, combined with a Medicare PMPM. This PMPM must cover all costs of caring for the participants, including but not limited to: inpatient and outpatient care, prescription drugs, **nursing home care (including long term)**, physical and occupational therapy, adult day health, and transportation.



*MassPACE estimate of annual per enrollee MassHealth payments using 2016 PMPM cost data. Payments inclusive of all services, including nursing home costs.

†MassHealth estimate of annual per enrollee MassHealth payments for nursing home care.

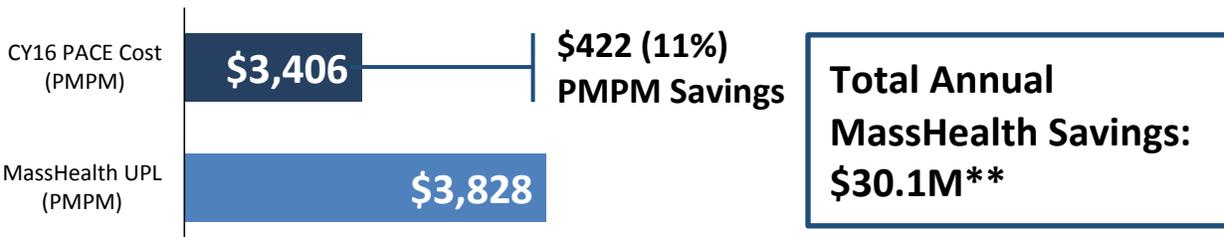
...at Significantly Lower Costs than Nursing Home Care

PACE Lowers MassHealth Spending by Delaying and Reducing Expenditures on Nursing Home Care

14% Reduction in residency months in a nursing facility[‡] **20%** Reduction in nursing facility residency average episode length[‡]

[‡]2015 MassHealth-funded JEN Associates study of Massachusetts PACE programs

PACE Generates MassHealth Savings for Dual-Eligibles



**Number based on 2016 Medicaid dual-eligible member months data; does not include additional savings for Medicaid-only participants.

(see reverse)

PACE Generates MassHealth Savings for Dual-Eligibles (cont.)

Federal regulations give states flexibility in their PACE rate-setting process but require that the **Medicaid PMPM for PACE be set below** the Upper Payment Limit (UPL). **This creates inherent cost-effectiveness in PACE.** The UPL is the projected cost of an actuarially equivalent unenrolled population in the FFS program. The chart on the previous page demonstrates PACE-related cost-savings for MassHealth (Medicaid). Additional savings on reduced hospitalizations, Emergency Department visits, and length of stays for Dual Eligibles accrue to the federal government as Medicare is the primary payer for these services for duals.

PACE Also Reduces System Costs for a 100% Nursing Home-Eligible Population by:

- **Reducing length of inpatient stays and rate of outpatient ED visits** as compared to nursing facility residents.^{††}
- **Reducing overall hospitalization rates, length of inpatient stays, and ED visits** as compared to the Medicaid waiver population.^{††}

^{††}Massachusetts Division of Health Care Finance and Policy 2005 Study

Despite Its Lower Cost, PACE Improves Member Quality of Life and Reduces Mortality in Massachusetts

- PACE **reduces risk of death by 18%** in the 12 months following enrollment.^{††}
- PACE participants complete annual satisfaction surveys and report **high satisfaction** with medical care, communications with staff, varied and engaging activities, and involvement in their own care-planning.^{***}
- PACE organizations have “strong mission-driven cultures” focused on keeping participants “in the community and out of nursing facilities.”^{***}

^{††}2015 MassHealth-funded JEN Associates study of Massachusetts PACE programs

^{***}2015 MassHealth-funded Mercer study of Massachusetts PACE programs

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