ON LOK and PACE

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On Lok Lifeways™
On Lok Senior Health Services

committed to serving California’s diverse communities
On Lok Senior Health

PACE
Program of All-Inclusive Care for the Elderly
What Is On Lok?

- Began in 1973 as one of the first adult day health care programs in the country
- National prototype for the Program of All-inclusive Care for the Elderly (PACE) model of care
- Mission: providing quality and affordable care services to seniors
On Lok Growth and Expansion

- Served Chinatown/North Beach neighborhoods in San Francisco in the 1970’s and 1980’s
- Expanded to serve all of San Francisco in 1996, with 7 centers
- Obtained a Knox-Keene license in 1999, the only PACE program in California with such licensure
- Expanded to Alameda County (Fremont) in 2002, using community physician model
- Became a permanent PACE provider under Medicare and Medicaid in 2003
- Expansion to Santa Clara County (San Jose) in 2008
Local Innovation to National Adoption
History of On Lok & PACE

1960s: Community Awareness
1973: 1st ADH Center
1980: Medical & hospital care; On Lok House
1983: Full $$ risk for services
1986: Replication begins
1994: NPA formed
1997: PACE Medicare Legislation
2005: Rural PACE funded
2007: 44 PACE in 23 states

What is PACE?

• A provider-based Medicare and Medicaid managed care program that integrates acute, chronic and long-term care for nursing home certified seniors
• Interdisciplinary teams assess need, provide care, and manage contract services
• Funded by monthly capitated payments to provide all Medicare and Medicaid services
• PACE provider assumes full financial risk
To be eligible for PACE, a senior must:

- Be 55 years or older
- Reside in the program’s defined service area
- Be certified by the State Medicaid Authority as eligible for nursing home level of care
- Be able to live in the community without jeopardizing health and safety
Enrollee Profile

- Female
- Average age of 83
- 7.9 medical conditions
- Dependent in 3 ADL’s (bathing, dressing, etc.)
- Has some degree of cognitive impairment (63%)
- Dually-eligible for Medicare & Medi-Cal (93%)
- Enrolled in Program last 4-5 years of life
Comprehensive Services

• All Medicare & Medicaid benefits
• Acute Hospital
• Community long-term care services
• Skilled Nursing Facility when needed
  • Post-acute
  • Custodial long-term
• No benefit limitations, co-payments or deductibles
Care Managed By Interdisciplinary Teams

Primary Care

Specialists

Home Care

Nursing Home

Hospital

Lab / X-ray/ Medications/ DME

Day Health

Nursing
Social service
OT / PT
Speech
Nutrition
Recreation
Personal care
Pharmacy
Transportation
Medical Management

• Maximize medical management in the outpatient setting
  • Primary care team on-site: MD, NP, RN
  • Full-service clinic for urgent care and management of chronic conditions
    • IV and Respiratory therapy
    • Wound care management
    • Frequent visits for management of chronic disease such as CHF, diabetes, chronic lung disease
  • Effective management of end-of-life care
    • Require discussion of advance healthcare directives within 6 months of enrollment
    • Care of terminal illness in home instead of acute care
• Home health services
Medical Specialty Utilization

• Unlike traditional managed care plans, PACE does not use prior authorization to control costs

• Our method
  • Train the primary medical staff to self-manage utilization
  • Contract with medical specialists with payment based on Medicare RBRVS
  • Require all referrals to be authorized by PCP
    • Specialists cannot refer to other specialists
Financing for PACE

• Monthly capitated payments from Medicare and Medicaid.
  • Enrollees not Medicaid eligible must privately pay the Medicaid premium

• Medicare monthly capitation payment
  • Since 2004, Medicare risk-adjusted methodology used for Medicare Advantage plans also applied to PACE
  • In 2006, Medicare Part D added
  • In 2008, transition to revised method of calculating the PACE frailty adjustor. Full transition to be completed in 2012.

• Medicaid payments determine by each State, based on a % of Medicaid cost for a comparable long-term care population
On Lok PACE Sources of Revenues

- Medi-Cal: 65%
- Medicare: 33%
- Private: 2%
Challenges of PACE Adoption

PACE has advantages to adoption...

• **Relative advantage** – high quality comprehensive care for a vulnerable population and cost savings to Medicare and Medicaid – viewed as better than the traditional fragmented model

• **Compatibility** – serves the needs of the 5-7% of Medicare beneficiaries who need long-term care

• **Observeability** – early adopters, the 40-50 existing PACE programs, are true believers

But PACE faces obstacles...

• **Complexity** – Major obstacle. PACE is complex and difficult to understand. Difficult to market the concept to target population

• **Trialability** – None. PACE legislation in 1997 stipulated new programs must assume full risk from inception...the downside of permanent Medicare provider with REGULATIONS