

The Program of All-Inclusive Care for the Elderly (PACE) is an innovative model that provides a range of integrated preventative, acute care, and long-term care services to the frail elderly. CMS evaluation reports of the PACE program prepared by Abt Associates during the late-1990s found that enrollment in PACE was associated with high patient satisfaction, lower mortality, and lower inpatient / SNF utilization. The final report of the Demonstration evaluation focused on cost in the initial enrollment year: Did Medicare and Medicaid experience cost savings for participants in the PACE program?

Evaluation Highlights:

- In the year prior to enrollment, the Medicare capitation rates were 23% less than Medicare FFS expenditures and the Medicaid capitation rates were 146% more than the Medicaid FFS costs.
- In the initial year after enrollment (medical costs estimated), capitated Medicare PACE rates were roughly 42% - 46% lower than projected Medicare FFS expenditures, while State PACE Medicaid rates were roughly 82% to 86% higher than projected FFS expenditures. (That is, the capitation payments represent savings for the Medicare program, but additional costs for Medicaid.
- Combined, Medicare and Medicaid PACE capitation payments in the first year after enrollment were roughly 4% greater than projected FFS expenditures (excluding two non-representative sites: the Bronx and On Lok).
- Based on the trajectory of costs experienced by the Comparison group, projected Medicare costs may be lower after the initial enrollment year while Medicaid costs may increase in future years.

(See downloads area below for more information)