

# ALLOWING THE ELDERLY TO AGE IN PLACE

*In Portland, OR, a Catholic-Sponsored PACE Site Provides Community-Based Health Care Services*

**I**n Portland, OR, a Catholic-sponsored program provides health care and social services “in place” to frail elderly people, thereby allowing them to live outside nursing homes.

The program, Providence ElderPlace-Portland (PEP-Portland) is one of two PACE sites operated by Providence Health System (PHS), Seattle, a Catholic health ministry. (The other PHS PACE site is Providence ElderPlace-Seattle.)

The acronym PACE stands for “Program of All-inclusive Care for the Elderly. PACE is a Medicare- and Medicaid-funded model program intended to allow frail elderly people to remain in communities, instead of moving to nursing homes. PACE services are provided at “sites.” PACE sites are centered on “adult day health centers,” each of which has a clinic, physicians’ offices, physical and occupational therapy facilities, and other services. Working from the center, an interdisciplinary PACE team provides and coordinates these services on behalf of the site’s members. Should a member require hospital or long-term care, the team coordinates that as well.

PHS’s leaders were attracted to the PACE philosophy of care because of its emphasis on providing that care to the elderly in their home environments. Today, there are 30 PACE sites in the United States. But in the late 1980s, when PHS began planning PEP-Portland, On Lok SeniorHealth in San Francisco was the only established PACE site in the nation.\* Nevertheless, the Sisters of Providence, PHS’s sponsors, were will-

ing to accept the risks involved in launching a new program. Today, PEP-Portland offers a completely integrated, community-based, long-term care program that is deeply valued by participants and their families and reflects Catholic health care values.

## **A PACE FOR PORTLAND**

PEP-Portland began life as an adult day care program. Then, in the late 1980s, PHS’s leaders applied to what was then the Health Care Financing Administration† to make the program a PACE demonstration site. Approval for this was obtained, and by 1990 PEP-Portland had become fully capitated and thus responsible for providing its members with the full range of Medicare and Medicaid services, including hospital care and long-term care. In 2003, the program received federal and state approval to move from demonstration-site status to become certified by Medicare and Medicaid as a permanent provider.

PEP-Portland’s designated service area covers all of Multnomah County. It currently serves some 600 frail senior citizens at four adult day health centers: Cully, Glendoveer, Laurelhurst, and Gresham (see **Box**, p. 2). Because PACE programs serve people who are eligible for nursing home care, their overall demographic profile is similar to that for nursing home patients. PEP-Portland’s participants are 81 years old on average; 76 percent are female; they average 4.2 limitations on activities of daily living.

Two of PEP-Portland’s locations—Glendoveer and Gresham—have associated licensed housing programs, “residential care facilities” or RCFs. Housing is increasingly integral to PEP-Portland’s operations.

PEP-Portland provides care for about the same

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\*On Lok SeniorHealth was founded in the 1970s to provide care for elderly residents of San Francisco’s Chinatown. It has since become the prototype for PACE-type programs throughout the nation.

† Now the Centers for Medicare & Medicaid Services.

number of people as would five 120-bed nursing homes. "PACE offers superior care for the frail elderly because of the coordination and integration of care," says Melinda Lee, MD, PEP-Portland's medical director. "With its team approach, PACE can come up with creative solutions to problems that might otherwise be unsolvable due to bureaucracy."

### ROSE'S STORY

How does PEP-Portland work? Perhaps the best way to begin to explain is by telling the story of a member.

This person, an elderly woman we will call Rose, entered PEP-Portland about two years ago. She was then confused and depressed. Rose had spent her working life as a maid and a waitress, besides raising a family. Following the death of her husband, she had been living alone in a small Oregon town. Then, after a period of decline, during which she fell and broke her shoulder, she moved to the Portland area to be near her daughter.

When Rose joined the PACE program, she was living in a non-PACE residential care facility. After extensive discussions with her family, a PEP-Portland PACE team developed a plan to allow her to live more safely in an apartment in an RCF. The team's occupational therapists conducted a home safety screen to remove fall risks from the apartment. Physical therapists helped Rose build up her strength during twice-weekly visits to the center. The team developed a preventive care plan that would meet all of Rose's needs, as well as a medication review.

Rose lived safely in her apartment for the next year and a half, until she fell again, fracturing a hip. At that time, her PACE team suggested that she might do better in an adult foster home, with

closer supervision. (In Oregon, an adult foster home is a home-like licensed care location that can provide care for no more than five elderly people; an RCF can provide care for more than five.) Although Rose was in a nice RCF, she seemed a bit overwhelmed by its large size. But the team bowed to family desires to keep her in residential care, though it did put additional safety measures in place.

Rose was hospitalized with another hip fracture five months later. Following discharge and a short nursing home stay, she was, with both her agreement and that of her family, placed in an adult foster home.

Now, with the closer supervision of a caregiver who has only five residents in this adult foster home, Rose is flourishing once again. The transition to her new home was initially confusing to her, but the confusion quickly cleared, thanks to the coordination provided by her PACE team. The team ensures that Rose receives nutritious meals and is well cared for physically. She receives medical care and recreational activities at the adult day health center. Her goal, Rose says, is "to stay as good as I am now." Hearing this pleases her family and the entire PACE team.

### PACE IS POPULAR IN OREGON

Oregonians like to have choices, which is also a core PACE value. Oregon pioneered the movement toward home-and-community-based care for the frail elderly by becoming the first state to receive a home-and-community-based Medicare waiver. Under the waiver, the state received federal funding for projects aimed at improving the quality of and access to health care for the elderly. Oregon tries to serve as many frail elderly as possible in community settings, and, unlike other states, places no limits on the number of eligible elderly involved.

Oregon's waiver program serves the eligible frail elderly by providing them with in-home nursing, personal care and housekeeping services, adult day services, and assisted-living services. The availability of waiver funding has encouraged the rapid growth in the state of adult foster care homes and RCFs as alternatives to nursing homes.

PACE is considered the most comprehensive home-and-community-based program available to frail seniors. When PEP-Portland began serving nursing home-eligible senior citizens in 1990, the provision of community-based care was not new. PEP-Portland found a niche among the plethora of home and community-based options available to Medicaid beneficiaries needing long-term care services. PEP-Portland has grown steadily, from a census of 182 in 1993 to its current census of nearly 600.

## Providence ElderPlace-Portland Locations

At present, PEP-Portland has four locations.

- *Cully* is an adult day health center with an associated 42-bed housing program (residential health care facilities). Cully has an enrollment capacity of 150 members. Currently it has 133 members.

- *Gresham*, which opened in 2003, is the newest adult day health center. It has an enrollment capacity of 350 and a current enrollment of 193.

- *Glendoveer* is an adult day health center with a 102-bed housing program. It has an enrollment capacity of 102 and a current enrollment of 88.

- *Laurelhurst*, PEP-Portland's original location, is an adult day health center with an enrollment capacity of 160 and a current enrollment of 149.

## PEP-PORTLAND IS INTEGRAL TO PHS

Providing community based long-term care services has always been integral to PHS's mission, vision, and core values. PEP-Portland's initial application for Medicare funding was developed by Sr. Karin Dufault, SP, who was then in charge of the system's geriatrics and oncology programs (she is now PHS's vice president for mission leadership). "I saw the development of a PACE program as the opportunity for our system to create a shared goal for our interdisciplinary care teams to focus on creating a supportive environment at home for the frail elderly rather than continuing to focus on either acute care or nursing home care," Sr. Karin says.

At Providence Health System, all new programs and program expansions, including PACE, must have business plans that are, first, based on the system's mission and core values, and, second, have the promise of sustainability. PEP-Portland's management team contributes to PHS's overall financial success and has access to its capital resources for growth and expansion. Once PEP-Portland's managers could demonstrate that both the Glendoveer site and the proposed Gresham site supported the system's mission and core values and were viable over the long run, PHS was willing to provide the capital needed to purchase the former and to construct the latter.

PHS brings to PEP-Portland (and to PEP-Seattle) an array of resources that would not typically be available to a PACE program, particularly state-of-the-art information systems. For example, the system recently installed an electronic medical record system called Logician, which was then modified to meet the specific needs of the PACE program. Logician enables team members in various settings to access a member's medical record at any time of day or night. Few PACE programs have access to these sophisticated resources.

## PEP-PORTLAND IS FINANCIALLY VIABLE

PEP-Portland achieved break-even status from operations in 1995 and has maintained a consistent margin of profitability since then. In 2003, PEP-Portland achieved a margin of 3.7 percent (average revenue per member was \$3,851, as against expenses of \$3,707). PEP-Portland's leaders have found that placing members in the setting most appropriate for them is the key to cost management.

Expenses per member have remained stable. Labor expenses and housing account for 65 percent of total expenses; inpatient expenses, including both hospital inpatient and nursing-home care, generally are 6 or 7 percent. In 2003, housing represented 40 percent of per-member

expenses. Surprisingly, the spending associated with inpatient care and nursing home care is controlled in well-managed PACE programs.

Given PEP-Portland's history of financial success, it has developed and implemented operational and strategic approaches that are unique to its program and differentiates it from other PACE programs. Most PEP-Portland members live in supportive housing settings; few are permanently placed in nursing homes. Supportive housing enables PACE members to continue living in the community. The room-and-board component of housing is paid by the member, and the various health and social services are paid for by the PACE program. Nationally, about a third of all PACE participants live alone, a third live with family or friends, and a third live in a congregate housing setting.

PEP-Portland is unique among PACE programs in that 95 percent of its members live in adult foster care settings or RCFs. In addition to PEP-Portland's two RCFs, the program also contracts with approximately 200 other adult foster care programs, assisted living programs, and RCFs in Multnomah County; the residents of these facilities are transported to and from the adult day health centers in handicapped-accessible PEP-Portland vans.

The majority of PEP-Portland members are referred by housing providers, who see at first hand the benefit to the frail elderly of allowing them to continue living in the community. In 2003, 44 percent of those who enrolled as members in PEP-Portland were referred from such providers.

Relatively few PEP-Portland members require hospitalization. Most fully capitated PACE programs experience hospital utilization in the range of 2,000-3,000 days per thousand enrollees per

## PACE Basics

Programs of All-inclusive Care for the Elderly (PACE) serve people with long-term care needs by providing them with access to the entire continuum of health care services, including preventive, primary, acute, and long-term care services.

Each PACE site is centered on what is called an "adult day health center." In the center are a clinic, physicians' offices, physical therapy and occupational therapy facilities, and other services. Working from the center, an interdisciplinary team provides and coordinates these services for the site's members. Should a member require hospital care or long-term care, the team coordinates that as well.

The PACE model allows for great flexibility for both the member and providers. Providers receive capitated payments to cover all member needs, including services not generally paid for by Medicare and Medicaid.

## The Providence ElderPlace Mission

Providence ElderPlace is sponsored by Providence Health System. ElderPlace provides comprehensive health care and social services to the frail elderly to assist them in living independently within the community. We strive to serve compassionately and in responsible stewardship each participant as a unique individual who deserves respect, dignity, and the right of choice.

year (as compared to about 4,000 days per thousand enrollees for all Medicare beneficiaries). In 2003, PEP-Portland had a hospital utilization rate of about 1,100 days per thousand enrollees in 2003—the lowest rate of any PACE program in the nation. Although it is true that western states have a traditionally lower hospital use rate than those in other parts of the country, PEP-Portland's low rate also reflects the success of the PACE model of care. As Lee puts it, "We don't instantly think 'hospital' because we know we can use skilled nursing facilities to temporarily deliver a higher level of care."

PEP-Portland has attracted private pay patients. At any given time, about 88 percent of all PACE enrollees are "dual eligibles"—their care is funded by both Medicare and Medicaid. However, about 25 percent of PEP-Portland's members pay privately for the Medicaid portion when they enroll in the program. Over time, about 50 percent of these members become Medicaid-eligible once they have depleted their private assets.

PEP-Portland recently experienced a crisis when Oregon, facing a severe budget shortfall, reduced Medicaid eligibility. Given this experience, PEP-Portland is now seeking to ease the risk of future possible Medicaid reductions by enrolling more private pay members. Toward this end, it is developing strategies to increase referrals from assisted-living facilities serving private pay residents.

### STRATEGIES FOR FUTURE GROWTH

Over the past 15 years, PEP-Portland has become an important care option for frail elderly in the Portland area. Today, it seeks to bring PACE to new communities and populations, in part through collaboration with other not-for-profit organizations.

PEP-Portland is, for example, developing a partnership with the Marie Smith Center, an adult day care that primarily serves North Portland's African-American community. The Marie Smith Center, sponsored by Volunteers of America-Oregon, is seeing a declining census. PEP-Portland, on the other hand, has historically served a population that is 89 percent white and has not been successful in attempts to attract significant enrollment

from the North Portland area. The leaders of PEP-Portland and the Marie Smith Center recently signed an agreement under which the former would bring clinic services to the latter.

The prospective partners are now awaiting approval by the Centers for Medicare & Medicaid Services (CMS). Assuming that those approvals are forthcoming, PACE services will be offered in the Marie Smith Center late this year. "The Marie Smith Center already has an established presence serving the African American community in North Portland," notes Lynn Schemmer-Valleau, director of senior services, Volunteers of America-Portland. "We welcome the opportunity to partner with Providence ElderPlace-Portland to bring PACE services to this community." Oregon has approved the partnership; CMS approval was anticipated in late 2004.

Bringing PACE to rural communities is the next challenge for advocates of PACE programs. The leaders of PEP-Portland and those of the Providence Benedictine Nursing Center in Mount Angel, OR, are currently discussing launching PACE in that rural community. Such PACE sites are difficult to organize because rural populations tend to be smaller and more widely dispersed than those in urban areas. Nevertheless, PEP-Portland's leaders hope that collaboration between two Catholic-sponsored organizations can help make PACE a reality in rural Oregon.

PEP-Portland's leaders are also working to improve the effectiveness of its marketing in Portland itself. The program currently has a "capture rate" of about 25 percent of eligible referrals. For 2004, they set a 27 percent "capture rate" as the goal.

### AN EXAMPLE FOR OTHERS?

As PEP-Portland's experience demonstrates, PACE can be a financially sustainable program that contributes to—and even enhances—a health care system's financial performance, while, at the same time, offering a program of care that fulfills Catholic health care values. Other Catholic systems may want to follow PHS's example and sponsor their own PACE sites. Or, if sponsorship is not an option, they might consider collaborating with another organization to develop a program.

Given PACE's record of success, Catholic-sponsored long-term care organizations might ask themselves why they have not yet sponsored a PACE program. As Sr. Karin says, "I am so proud to have been part of creating a program that has achieved success across multiple sites and states and continues to grow. PACE is a program that pays rich dividends to the elderly who receive the care, the team that delivers the care, and the system that sponsors the program. My message to other health systems is that it can be done." □