PACE Vermont
Qualitative Research Review

A report detailing the results of qualitative interviews held
with individuals from stakeholder groups connected
to the PACE Vermont program.

Lisa Horn, President
Horn Research LLC

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Dept. of Disabilities, Aging, and Independent Living
Vermont Agency for Human Services
Waterbury, VT

Horn Research LLC • PO Box 148 Slaterville Springs NY • 607-316-2748 • Lisa@HornResearch.com
www.hornresearch.com

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Horn Research would like to express our deep gratitude to all of the individuals who took time to share their experiences with us. The thoughtfulness and openness expressed by every participant offered us the opportunity to provide what we believe is an informative and revealing portrait of the PACE Vermont program.

We would also like thank the State of Vermont Agency for Human Services for giving Horn Research the opportunity to speak with this diverse, articulate, and caring group of people. We feel heartened by the true dedication of the state, service providers and residents in developing and offering Vermont seniors high quality long-term care services and supports.

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EXECUTIVE SUMMARY

Background

In 2007, PACE Vermont began serving seniors utilizing the Programs of All Inclusive Care for the Elderly (PACE) model for care. PACE Vermont provided integrated care from a PACE site including all services covered by Medicare and Medicaid to help people meet their health care needs in the community instead of going to a nursing facility or other institutional facility. PACE Vermont operated in two sites in Vermont, one in Colchester which opened in April, 2007 and another in Rutland which opened in February, 2009. In late 2009, due to low enrollment and high expenses, a decision was made to close the program. In January 2010, Volunteers of America in partnership with On Lok agreed to become the parent organization to PACE Vermont and support it in the hopes of bringing it to success. Both sites continued to operate for two more years, but were unable to achieve financial sustainability and closed in March, 2013.

Methodology

In July, 2013 the Vermont Department of Disabilities, Aging and Independent Living (DAIL) contracted with Horn Research to conduct a qualitative research review of the PACE Vermont Program. DAIL sought qualitative information to learn more about the PACE Vermont experience including factors that worked well, factors that contributed to closing, features or elements that DAIL might seek to replicate in other initiatives in long-term care or health reform, and features or elements that DAIL might seek to avoid in other initiatives in long-term care or health reform. To complete the goals set forth by DAIL to qualitatively review the PACE Vermont program, Horn Research engaged a standard qualitative data gathering process by interviewing a total of 72 qualitative stakeholder interviews with eight target stakeholder groups including enrollees, family members, former PACE staff, former PACE contracted staff/providers, PACE board members, community stakeholders, state staff, and CMS staff.

Results

Interviewees were asked to describe the strengths and challenges of the program, to identify the main lessons that should be learned from the PACE Vermont experience and to suggest what Vermont should consider focusing on with future programming efforts. Overall, interviewees said that PACE provided a good model which benefitted enrollees, but that the combination of a competitive environment and operational and funding challenges led to the inevitable financial failure of the program.

Strengths

When asked to describe PACE Vermont's strengths, interviewees most frequently mentioned the "one-stop shop" available to enrollees where the adult day center was enhanced by having medical care, therapies, and personal care available on-site. Interviewees said the model allowed for quicker identification of health issues and reduced stress on caregivers.

The coordination of care and the high quality personalized care were also frequently mentioned as being an advantage of the program. Interviewees mentioned that the high quality, coordinated care resulted in high satisfaction for both family members and enrollees.

Interviewees said the opportunity for enrollee socialization and PACE's dedicated staff were an asset to participants and family members. They said the friendly atmosphere engaged enrollees and family members and helped them feel at ease.

Respondents also described the interdisciplinary team model which brought together the doctor, nurses, therapists, social worker, nutritionist, activities director and caregivers each day to discuss each enrollee's status and needs as a vital aspect of the program. Interviewees felt the constant communication of the team about individual enrollees resulted in a high level of care.

Challenges

Interviewees were also asked to describe the difficulties they faced in working with and for PACE Vermont as well as the challenges the program faced and the factors which impacted its eventual demise.

One of the most frequently mentioned challenges facing the PACE program was the saturation of the long-term services and supports market serving a limited client population base. Several interviewees suggested that the number of options available within Vermont's robust Choices for Care program decreased the number of clients interested in PACE. Many interviewees said the competition for clients resulted in low enrollment for the PACE program. According to respondents PACE Vermont required a minimum enrollment of 150 clients in order to meet the financial breakeven point which PACE Vermont was never able to reach. Interviewees said other reasons for low enrollment challenges included marketing difficulties, the adult day focus of the program, the cumbersome enrollment process, and the requirement for enrollees to switch primary care physicians.

PACE also faced a number of operational and financial challenges. Staff and leadership turnover at PACE was identified as a significant problem by nearly all groups interviewed. The difficulties PACE faced recruiting and hiring staff resulted in several negative impacts including a high wage structure, overworked staff, high turnover, unsuitable staff, and increased tensions with providers and partners. Interviewees also said a lack of organization and poor spending choices resulted in high costs and low reimbursement. Some interviewees said the limited number of providers in the community resulted in high contracting costs. Transportation in particular was identified as a challenge in terms of cost, coordination and management.

Many interviewees suggested that the underlying financial assumptions of the initial business plan were flawed and doomed PACE to failure from the very beginning. There is significant disagreement among respondents regarding the sufficiency of reimbursement rates, the acuity level of PACE enrollees and the eligibility standards of the program and how those factors affected PACE's ability to succeed financially.

Interviews with PACE employees, board members and state employees revealed three fundamental philosophical disagreements on how PACE and the state should have focused their efforts. PACE employees and board members suggested the state should have supported PACE by giving PACE preferred provider status whereas state employees emphasized the state's philosophy of supporting consumer choice. Some state employees suggested that PACE Vermont's philosophy toward risk was too low for the environment and that PACE should have had a higher risk tolerance in order to adjust for their financial risk model issues. Another philosophical disagreement identified by interviewees was PACE's lack of creativity and flexibility in programming by not initially allowing consumer directed caregivers and being locked into specific model of care.

Two main conflicts of interest were brought up by interviewees as being difficult for PACE. Some interviewees felt having the initial PACE Board of Directors include PACE service contractors resulted in limited advocacy for the program in the community, inadequate resource oversight and support, and challenges negotiating favorable service contract rates. Interviewees also noted a conflict of interest in the long-term services and supports referral system wherein referrers are also service providers. Some interviewees suggested that the system created a disincentive for referrers to recommend PACE to eligible enrollees.

A number of people interviewed said that partner relationships were an on-going challenge for the PACE Vermont program in a number of ways. Providers frequently mentioned difficulties getting paid by PACE which strained relationships. Interviewees also said when PACE changed ownership and the board of directors was replaced with people from out of the area further alienated providers and community members. PACE employees and board members also suggested that the relationship with the state was difficult due to changes in leadership and an inconsistent commitment to the program.

Lessons Learned

When asked to share what they thought Vermont should learn from the PACE experience, interviewees the most frequently responded that Vermont should realize the all-inclusive model is strong and needed. Interviewees said that the one-stop shop model and team approach to care should be revived in the future. Respondents suggested that efforts to enhance person-centered coordination of care integrating both medical and psycho-social needs in either existing programs or in new programs would be beneficial to both seniors and their caregivers.

Interviewees also said that Vermont currently has a very good system for long-term services and supports and that it is important to avoid creating a competitive environment. They said any future efforts should connect new services to existing resources. Interviewees said collaboration was as an important lesson to be learned from the PACE program and that community relationships are a key to success. Potential conflicts of interest should be identified and avoided and the maintenance and management of partner relationships should be prioritized in any future programming efforts.

Interviewees said a key learning moment from PACE was the importance of effectively researching and planning prior to implementing a new program. Interviewees suggested any future program should consider the current and potential future marketplace dynamics including both consumer demand and the supply of service options, the policy environment in which the program will operate, potential barriers to referral and enrollment, the “right-sizing” of service infrastructure, the labor market and availability of qualified staff, and the alignment of reimbursement rates and program costs. Interviewees also suggested ensuring on-going oversight with consistent benchmarking and tracking.

Finally, the disagreement among interviewees regarding the acuity level of enrollees and whether reimbursement rates were accurately reflective of enrollee costs indicates that further analysis of available quantitative data may be useful. A more complete quantitative analysis may allow for a greater understanding of the financial challenges PACE faced and how they could have been overcome as well as provide insight into the financial factors future programming should take into account when creating a business plan.

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BACKGROUND

Programs of All Inclusive Care for the Elderly (PACE) is a Medicare and Medicaid program that helps people meet their health care needs in the community instead of going to a nursing facility or other institutional facility. PACE provides integrated care from a PACE site including all services[1] covered by Medicare and Medicaid. PACE organizations directly provide care and services in the home, the community, and the PACE center and contract with specialists and other providers in the community. To qualify for PACE, participants must: be 55 or older, live in the service area of a PACE organization, need a nursing facility level of care (as certified by the state), and be able to live safely in the community with help from PACE. PACE is a capitated benefit system that features integrated Medicare and Medicaid funding.

In 2005, based on multiple evaluations finding that PACE successfully reduces hospitalizations and nursing facility placements while improving the health status and quality of life for participants, Congress authorized a Rural PACE Provider Grant Program through the Centers for Medicare and Medicaid Services (CMS) to encourage the expansion of PACE into rural communities.[2] PACE Vermont received a $500,000 grant through the CMS program and secured an additional $2.3 million in funding through state and federal grants and appropriations, foundation grants, in-kind donations from participating organizations and contributions from community supporters which allowed for the development of PACE Vermont's infrastructure. PACE Vermont opened two sites in Vermont, one in Colchester (Chittenden County) in April, 2007 and another in Rutland (Rutland County) in February, 2009.

In late 2009, due to low enrollment and high expenses, a decision was made to close the program. In January 2010, Volunteers of America in partnership with On Lok agreed to become the parent organization to PACE Vermont and support it in the hopes of bringing it to success. Both sites continued to operate for two more years, but were unable to achieve financial sustainability and closed in March, 2013.

In July, 2013 the Vermont Department of Disabilities, Aging and Independent Living (DAIL) contracted with Horn Research to conduct a qualitative research review of the PACE Vermont Program. DAIL sought qualitative information to learn more about the PACE Vermont experience including factors that worked well, factors that contributed to closing, features or elements that DAIL might seek to replicate in other initiatives in long-term care or health reform, and features or elements that DAIL might seek to avoid in other initiatives in long-term care or health reform.

[1] Services include: All Medicare, Medicaid and medically necessary services including but not limited to adult day care (including physician and nursing services), Dental care, Emergency services, Home care, Hospital care, Laboratory/x-ray services, Meals, Medical specialty services, Nursing, Nursing home care, Nutritional counseling, Occupational therapy, Personal care, Physician, Physical therapy, Prescription medication, Respite care, and Transportation.

[2] Sebelius, Kathleen, Report to Congress: Evaluation of the Rural PACE Provider Grant Program, 2011

METHODOLOGY

To complete the goals set forth by DAIL to qualitatively review the PACE Vermont program, Horn Research engaged a standard qualitative data gathering process as detailed below. A total of 72 qualitative stakeholder interviews were completed with eight target stakeholder groups.

Sample Size and Composition

DAIL identified eight stakeholder groups important to interview for the project including enrollees, family members, former PACE staff, former PACE contracted staff/providers, PACE board members, community stakeholders, state staff, and CMS staff. Horn Research determined the total number of interviews as well as the minimum number of interviews by stakeholder group required to complete a comprehensive review of the PACE program. Table 1 below shows the targeted number of interviews by these stakeholder groups. Because PACE enrollees and their family members were reporting on the same areas of inquiry, those groups were combined. Sampling included participant representation from both service regions (Chittenden and Rutland counties) and state-wide.

Table 1. Target number of interviews per stakeholder group

Stakeholder Group	***Target Number of Interviews***
Enrollees/Family Members	22
PACE Staff	10
PACE Contracted Staff /Providers	10
Board Members	6
Community Stakeholders	14
State Staff	8
CMS Staff	2

Sampling Strategy

Each stakeholder group sample was developed strategically to ensure a wide-range of responses and experiences were gathered. The sampling methods used for each group are detailed in Table 2.

Table 2. Sampling strategy by stakeholder group

Stakeholder Group	***Sampling Strategy***
Enrollee/Family Members	A random sample of 50 individuals enrolled in PACE was generated from a list of participants enrolled in PACE Vermont during the time period of January, 2013 through March, 2013 and were still alive.
PACE Staff	Through a review of PACE documents and internet resources, a sample list of former PACE staff was developed which included a range of staff positions from both Chittenden and Rutland counties.
Former Contracted Staff/Providers	Through a review of PACE documents, Network Provider Lists and internet resources, a sample list of former PACE contracted staff/providers was generated which included a range of provider types from both Chittenden and Rutland counties.
PACE Board Members	Through a review of PACE documents and internet resources and contact with former PACE staff, a sample of PACE board members was developed which included representatives from both the early and later boards.
Community Stakeholders	A comprehensive list of relevant community stakeholders was developed in conjunction with DAIL staff. From this list, a sample of agencies and individuals was selected based on location and type of service to ensure a range of stakeholders were included.
State Staff	A sample list of relevant State staff was developed and provided by DAIL staff.
CMS Staff	A sample list of relevant CMS staff was developed and provided by DAIL staff.

Recruitment Strategy

The general approach to recruitment included contact with potential respondents via letter, telephone and email to the initial samples. Letters explaining the project were sent to the enrollee sample requesting either their or their caregiving family member's participation. A toll-free telephone number was provided for enrollees and family members to schedule an interview time. Individuals in the PACE staff, PACE contracted staff/provider, PACE board, community stakeholder, state staff, and CMS staff samples were contacted via telephone and email to describe the project and request their participation. (Please see Appendix A for the text of the letter and emails.) The sample list was updated and added to throughout the interviewing process through referrals from interviewees. This process allowed for on-going participant recruitment and ensured a full range of participants.

Participation Rate

Table 3 shows the number of interviews completed by stakeholder group and by location. Please note that some individuals represented more than one group which is reflected in the totals. The actual total number of interviews completed was 72. Chittenden was slightly overrepresented, primarily due to community stakeholders being more prevalent in the county.

Table 3. Number of completed interviews by stakeholder group and location

Group	***Chittenden County***	***Rutland County***	***State-Wide***	***Total***
Enrollees	1	4	-	5
Family Members	9	8	-	17
PACE Staff	4	2	5	11
PACE Contracted Staff /Providers	8	6	-	14
Board Members	4	2	2	8
Community Stakeholders	8	4	5	17
State Staff	-	-	10	10
CMS Staff	-	-	1	1
Total	34	26	18	83

Interview Methodology

Stakeholder interviews were conducted by telephone by an experienced interviewer with responses captured in real-time. Interviews were directed by an Interview Guide (Appendix B) developed to address the Key Points of Inquiry (Appendix C) and lasted approximately 30 minutes. All interviewees received a summary of the purpose of the project prior to the interview and were read a statement verifying the confidentiality of the information they provided. Interviewees received a copy of the interview guide in advance if they requested. All eligible participants received a $25 gift card in appreciation for their participation in the project.

Data Analysis

When all interviews were completed, the information was analyzed by identifying, coding and categorizing primary patterns in the data. Findings were consistent across groups and individuals confirming the validity of the data gathered.

STRENGTHS OF PACE

A key to understanding PACE Vermont is to first gain an understanding of what individuals who were interviewed considered to be the greatest benefits of the program. All interviewees were asked to describe what worked best at PACE and to share what they thought were PACE's greatest strengths. The most frequently mentioned strengths were the one-stop shop of center-based care, the coordination of care/wrap around care, and the high quality personalized care, enrollee satisfaction, the dedicated staff, and the interdisciplinary team.

One-Stop Shop of Center Based Care

One of the most frequently noted strength of the PACE program was the "one-stop shop" available to enrollees where the adult day center was enhanced by having medical care, therapies, and personal care available on-site.

Several interviewees noted the benefit of having the close medical oversight to enrollees to identify health problems earlier. A provider said, *"(Enrollees) didn't have to plan to go to appointments. They could just see somebody. That's a big thing, because people don't necessarily think to call doctors and get checked out."* A family member noted, *"They were looking out for his benefit all the time. If something was wrong medically, they would just take care of it, the doctor looked at him right on the spot. They would take care of it and let me know how everything was going and what they were doing. They were able to catch it right away. And I might not have caught it right away – or one of the caregivers might not have caught it right away."*

Another family member noted the importance of having qualified staff available for enrollees by sharing, *"My mom's had 7 mini-strokes and she's got Alzheimer's. The strokes haven't done anything to her physically, just took ability to speak and get thoughts out of mouth. To have her around people who were qualified and could tell if there was something going on was a strength of the program."*

Several family members also noted how having medical services reduced stress on them as caregivers. One said, *"Having the doctor at the facility was a big help. Any issue that came up was dealt with without a special trip."*

This type of access to medical staff is generally unavailable in other circumstances. As a family member said, *"The doctor was there. She could see the doctor at any time and get her blood tests done without an appointment."*

In addition to having the doctor and nurse practitioner, several interviewees noted the benefits of having other types of therapies available on-site as well. A state staff member said, *"Participants really enjoyed that they could receive so many services in one place."* An enrollee reported, *"They helped me with a lot of things including physical therapy and occupational therapy as well."* A family member said, *"She had her continuing physical therapy which kept her going longer."*

Coordination of Care/Wrap around Care

Several interviewees said the coordination of care and wrap around care available in PACE was a particularly successful aspect of the program. One provider said, *"I think they did try to keep consistency between private care and PACE – so that was a positive. That was really important for my clients – they did their best to do that."*

The benefits of the coordination of care filtered down to family members as well. A stakeholder shared, *"We had one resident in particular who needed to get help getting ready in morning to get to PACE program. They literally helped him get up and dressed, provided transportation and a day program, and saw the doctor. It really provided a key break for this participant's wife. It not only helped the PACE client, it was a big relief for the caregiver."*

Providers felt PACE's wrap around care was particularly useful to high need enrollees. One provider said, *"I think it was the place where the higher needs folks excelled."* A stakeholder said, *"I think there was potential for things to work for the people who really had the high needs and were willing to go to the PACE program."*

High Quality Personalized Care

Many interviewees said they felt PACE offered high quality care to enrollees. A board member said, *"We successfully met the needs of a group of frail seniors in a high quality way that I would bet there was 99% satisfaction."* A CMS staff member said, *"It was a very good program. Programmatically, they had it together."*

This was tempered by a belief that the two sites operated somewhat differently. One PACE staff member said, "*I think the Rutland site did a better job of creating a calm, stable high quality program compared to the Colchester site which was often in crisis."*

Many interviewees also noted that PACE offered personalized care to enrollees. A board member said, *"It was a small program, so you got an incredible level of care and personal attention from a series of wonderful physicians as medical directors."*

PACE also offered the opportunity to creatively and comprehensively address enrollees' needs adding to the benefit of the program. A state staff member noted, *"Clients were really looked at very closely in terms of what they needed. PACE was able to go above and beyond to provide clients with things at home."* A PACE staff member described, *"A gentleman that I had known in a previous job before he had gone to PACE probably called our offices 5-6 times a day. He was passed around like a hot potato, no one wanted to talk to him; no one thought we could do anything for him. He had multiple ER admissions and hospitalizations leading up to the time when he actually called me personally and wanted to know more about PACE. We had a heart to heart conversation and talked about how it's a true partnership and that we were probably going to ask him to do what he might want not to do. He enrolled and after 18 months in program, he had no ER visits and no hospitalizations. The team understood what made him tick. He had high anxiety. Before PACE, the caregiver would come at 6pm and then he'd just lay there looking at blank ceiling and his anxiety increased. We actually found a small television for him with a remote control and built a shelf so he was able to watch TV before going to sleep. It reduced his anxiety."*

Interviewees also remarked on the friendly and personal care provided to enrollees. A family member shared, "*One of the things they did was to get to know the people. They weren't a number like with other organizations. That was the nice thing about PACE, he was known about as a person, everybody knew him, said hi, how are you, knew what was going on with him in every aspect of his life. And that makes the quality of life so much more pleasing. It was like he was a member of the family and that was very important. One of the people over at PACE would call me up and let me know what he needed, and they all knew my family and they would call just to talk to me. So that was great too. It wasn't somebody in an office who had our number – it was the people who worked with him."*

Enrollee Satisfaction
Overall, family members and enrollees expressed a great deal of satisfaction with the PACE program. When asked what they liked about PACE, many respondents said, *"Everything"* and when asked what was difficult or challenging about PACE, they said, *"Nothing."*

Family members and enrollees agreed that the opportunity to get out of the house to socialize and engage in activities was one of the strengths of the PACE program. One enrollee shared, *"I enjoyed the other clients and I took a couple people under my wing."* Another remarked on the activities saying she liked the crochet and knitting class. One other enrollee said she liked that it was *"not the same thing every day."* A PACE staff member said, *"They seemed to genuinely like the program."* A family member described her mother's experience, *"When they played trivia games, she couldn't answer, but you could see her thinking about it and when somebody got it, she was excited. And the lunches and walking and little exercise programs kept her from sitting in a chair and watching TV."*

A family member shared that it enabled her father to meet his social needs. She said, "*He liked being able to talk and socialize with other people. He became limited due to cognitive problems. He was always a people person and when he couldn't drive, he got trapped in house. This got him out again."*

Another family member described how PACE had engaged the whole family in a positive way. He said, *"Getting him out of the house during the week and going down to the program. He generally had a good time – they were good folks and always had little things going on where we'd go over. At Thanksgiving they have a little get together for clients and family members. Somebody would come into sing – it was a really good thing."*

Even enrollees that typically didn't like to participate in activities offered enjoyed PACE. One family member said, *"The whole thing was good for us and I think for my mother. She looked forward to going. We didn't have trouble getting her to go and she was a home body. For her to go comfortably was a big thing."* A provider said the opportunity for enrollees to engage socially was important. She said, *"The model was outstanding to be able to have that mix of independence at home and the social aspect of being able to go the center."*

Some interviewees also remarked on the benefit to family members and caregivers of giving enrollees an opportunity to leave the house. Family members mentioned that it was a stress relief for them.

Dedicated Staff
Several people remarked on the dedication of the PACE staff and said they felt that enrollees were sincerely cared for. A stakeholder said, "*There was genuinely the feeling that clients came first above anything else."* A provider said she felt, *"that staff went out of their way and that enrollees in other places might have gotten lost in the shuffle."*

Enrollees and family members expressed that they liked the staff at PACE. One enrollee said, *"I liked the LPNs. The nurses were very, very nice."* A family member said, *"PACE was like an extended family. You could call up and you could say, 'I need help with this, she's doing this at night…', and somebody would call you back. It was fantastic."*

Another family member said she felt the staff were patient and connected well with enrollees making it possible for them to feel at ease. She said, *"The best thing was that my mom is not personable and has*

gotten worse. She struggles to speak and gets mad. When she went in there she felt comfortable quickly and she doesn't get comfortable easily."

Interdisciplinary Team

In addition to having the "one-stop shop" option, the PACE program offered an Interdisciplinary Team (IDT) model[3] which met frequently to discuss each enrollee's status and needs. Many interviewees mentioned the IDT as one of the primary strengths of the PACE program.

PACE staff were highly approving of the IDT feeling that it offered the opportunity for the highest level of care to patients. One staff member said, "*This highly qualified team got together for the morning reports and discussed the events of the day before, any changes in status, and level of care needs. It's phenomenal what comes out in those meetings and the follow through in the day to make sure gets resolved. That high level approach keeps that person from going into the hospital."*

Another staff member said, *"Having providers in constant communication with each other could determine whether an extra intervention was really needed or not. It is especially helpful for people with chronic conditions and people having difficulty with self-management. I was really impressed with what these folks were doing – I thought quality of care was amazing."*

A board member said, *"I think the communication and coordination of that team model is really key. To be in real-time aware of people's situations meant they could deal with things quickly before they became acute crises. The coordination thing was terrific."*

[3] Included doctor, nurse, physical therapist, occupational therapist, social worker, nutritionist, activities director, and caregivers.

CHALLENGES FACING PACE

An exploration of program challenges offers a rich source of information for understanding the PACE Vermont program and the factors which triggered its eventual demise. All interviewees were asked to describe the challenges they faced in working with and for the PACE program. The challenges most frequently mentioned by respondents were staff recruitment and turnover, the market saturation in long-term services and supports, conflicts of interest, operational and financial mismanagement, underlying financial assumptions, philosophical disagreements, partner relationships, and transportation.

Staff Recruitment and Turnover

Staff and leadership turnover at PACE was identified as a significant challenge by nearly all groups interviewed. A number of interviewees indicated that PACE had significant problems recruiting and hiring staff. Respondents indicated that the difficulties around recruiting and hiring staff began from the very first at PACE and continued throughout the tenure of the PACE program and were most pronounced at the Chittenden site. A PACE employee said, *"It was hard marketing to potential staff. It was brand new and the people we were interviewing for positions were happy where they were. Trying to recruit and hire staff was extremely challenging."* Recruitment difficulties resulted in several negative impacts including a high wage structure, overworked staff, high turnover, unsuitable staff, and increased tensions with providers and partners.

Several interviewees noted that PACE's wage structure was much higher than comparable providers in the area. Some respondents suggested this was due to the difficulty of hiring for many positions and negatively affected PACE's long-term financial structure. A PACE employee said, *"In 2007, before the economy tanked, it was hard to get staff so we paid whatever necessary to get staff. As a result our wage rates were really high compared to other providers for other services."*

Many respondents noticed that PACE's staff was overworked which resulted in high staff turnover. A PACE employee said, *"We started in Chittenden with the bare minimum. People were playing 2 and 3 different roles. It was exhausting for staff – including myself."* These challenges were also seen by other stakeholder groups. A provider said, *"They had a model where they had a nurse in charge of the home care. That nurse was in charge of doing home care visits, quality, check-ins, scheduling and the same person would be on call. In my time I saw the three different people completely overworked with way too many responsibilities.*" Another provider said, "*Keeping a director and doctor was a challenge. They just burned out. I knew the doctors found it overwhelming, it was too much responsibility. They would get calls all the time and were just overwhelmed and exhausted."* Other rural PACE sites experienced similar challenges with staffing and recruiting and commonly contracted with other providers in much the same manner PACE Vermont did.[4]

The high turnover also increased anxiety among staff. A board member said, *"It made it hard for the group to gel. It was always a lot of anxiety because people came and went."* Another board member said, *"People were on the payroll with no guarantee to continue to be on the payroll."*

Some interviewees suggested that the difficulty recruiting resulted in hiring inappropriate staff. A board member said, *"CMS said you had to have certain people on your interdisciplinary team and we had a*

[4] Sebelius, p. 34

hard time recruiting those people. I think the Executive Director was hiring warm bodies and ended up with staff that either just didn't get model or were incompetent. Most people were let go rather than quit."

Interviewees also said turnover reduced other service providers' interest and ability to refer clients to PACE. A state staff member said, "*When I'd go out and do options counseling, one of my big selling points was that first doctor. She was so good and everybody loved her. I never had a family say anything but positive things about her. That was a big selling point for PACE when I'd talk to people about it. Afterwards I didn't really talk about the doctors."*

Several providers said that turnover PACE made it difficult to maintain an effective relationship. One provider said, *"I think in five years there were three Executive Directors and maybe even a fourth at the end. Every time a new Executive Director came on board, they would clear out people and bring on their own. From my point of view it was challenging, the new person would come and would want to revisit everything."*

While overall family members and clients had very few challenges with PACE, the staff turnover was a concern for them as well. One family member said, *"I know they changed their doctor a lot. I think they went through three doctors while we were enrolled so that was a little bit iffy for us."* Another said, *"The constant turnover of leadership and physician was a challenge. For a while I didn't think there was a great continuity. If you change physicians every year or every 7 months, it's disruptive."*

Market Saturation

One of the most frequently mentioned challenges facing the PACE program was the saturation of the long-term services and supports market serving a limited client population base. Vermont's Choices for Care (CFC) is very robust and provides seniors and their families with a number of options. Several interviewees suggested that the number of options available decreased the number of clients interested in PACE.

A state employee noted, *"(The other home service and community based) programs peeled off a lot of would be participants that would have been served by PACE in another place."* Providers agreed with this assessment. One provider said, *"Choices for Care is really a good program. We take care of people who are very, very frail and very, very disabled. It's mostly care provided by personal care attendants hired under client directed methods, but also really high level medical care for those who are more unstable or have complex issues provided for by the home health agencies. I think we do a heck of a job. I think at home we're taking care of lots of people who would have needed to go to PACE in other states."*

A number of interviewees expressed their perception that an expansion of options available through Choices for Care and changes in eligibility criteria reducing the number of eligible people in the state negatively impacted PACE's ability to enroll clients. While this qualitative review did not explore quantitative statistics, information from the state indicates this perception is not supported by data and that during the time period PACE was operating, the number of people served in Choices for Care increased and that the new options (Flexible Choices and paying spouses for care) served a low number of people in first two years and was unlikely to have significantly affected PACE's enrollment.

Other interviewees suggested that the market saturation went beyond the various CFC options. A stakeholder remarked on the overlap in services such as SASH, PACE, Aging Disability Resource

Connection, and the Blueprint for Health. She said, *"There are too many programs, and people are on overload in choosing options."*

Several respondents suggested that the competition for potential clients among the CFC options resulted in PACE struggling to meet enrollment goals and enrolling high acuity patients. One former PACE staff member suggested that PACE was not appealing to people who had lower needs. She summed it up as, "*We have a very wonderful forward thinking state with a terrific lon- term care program. Programs range from one where you can hire an in-law to help you shower a couple times week to total comprehensive care. So if you only needed a couple hours a week, you wouldn't opt for PACE. The only people who opted for PACE were the sickest who really needed every single one of services."* Because non-enrollees were not interviewed for this project, all the reasons individuals did not enroll in PACE are not clear. However, as described in the enrollment section below, some interviewees felt potential clients were deterred by PACE's adult day focus and the requirement to give up their primary care physician.

Conflicts of Interest

Two main conflicts of interest were perceived by interviewees as being a challenge for PACE including the initial structure of PACE Vermont's Board of Directors and the system of referrals where referrers are also service providers.

PACE's initial Board of Directors was made up of the leaders of other non-profit providers including organizations providing transportation, home health, health care and case management services. Interviewees felt the initial structure of having a large proportion of PACE service contractors on the board was detrimental to PACE. Some interviewees suggested that not having the typical engagement of board members resulted in limited advocacy for the program in the community, inadequate resource oversight and support, and challenges negotiating favorable service contract rates.

One PACE employee felt that the initial board did not have PACE's interest as their primary focus saying, *"When the program started, they didn't band together for PACE. They came in with their own agendas from their own organizations."* Another PACE employee said, *"They never wore their PACE hat first, they wore their organization's hat. And we found ourselves competing with the Board of Directors for patients."* An early board member/provider agreed saying, *"PACE was purchasing services from providers and then had them on the board. There just weren't that many people on the board that were there primarily because they were interested in PACE rather than primarily for the organization they worked for."*

One PACE employee felt that the board was unsupportive of PACE saying, *"From day one there was a majority of board members who didn't care and didn't want to see PACE succeed. We weren't allowed to fundraise. Before PACE opened, the board said they would give a dozen referrals. Those never came – not in 5 years. The board was a huge, huge problem to the organization getting off on the wrong foot."*

In Vermont, clients in need of long-term services and supports are referred to programs from a variety of sources including primary care physicians, the regional Area Agencies on Aging (AAA), state agencies, discharge planners from nursing facilities and hospitals, and other service providers. Some interviewees felt that this system created a conflict of interest for referrers in that some are also service providers. They suggested that referrers would be more likely to refer to their own programs in order to retain the funding stream for their own agencies and that this affected the number and quality of referrals PACE

received. A stakeholder said, "*There were significant conflicts of interest in the referral market. There were just simply not referrals being made to PACE."*

A PACE employee agreed saying, *"PACE had an initial strike against it because the VNAs and AAAs would lose business if they referred. There was a direct financial incentive not to refer to PACE. The VNAs and AAAs had an internal referral service and could serve them first."* She continued saying, *"It's not anyone's fault; it's just the way it worked."*

Another PACE employee said they had "mystery shopped" and found that referral agencies were actively not referring to PACE. She said, *"There was a conflict of interest for the case managers. If somebody joined PACE, they were no longer receiving the case management fee. They had a definite incentive to place them in other programs. We mystery shopped and were told 'Oh you don't need PACE, go to VNA."*

Other respondents questioned whether referrers were actually limiting their referrals to PACE. A provider felt the conflict of interest was not an issue saying, *"I think we operated ethically and if PACE seemed appropriate, we referred even if it meant we'd get less revenue."* A state employee reflected, *"I don't know if urban myth or urban reality, but it was a very strongly held belief. It didn't seem to apply to the Rutland site. The other possibility is that there was less of a need to refer because of the availability of other services."*

Operational and Financial Mismanagement

Respondents mentioned a number of operational and financial management missteps as challenges facing PACE Vermont including a lack of organization and poor spending choices.

Several respondents said they had experienced a sense of disorganization and culture of crisis when dealing with PACE. A state employee said, "*They seemed really disorganized and nobody knew who was doing what. There were constant questions of who was doing what and forms not getting submitted in a timely manner, a lot of back and forth emails requesting submission. From my perspective, the flow wasn't working well at all."* This perception was echoed by several other state employees. A provider also agreed saying, "*We would receive very last minute requests for somebody who needed home care. And what didn't work well for me was that they would wax and wane over whether they wanted our service. They would say 'We need to take all the home care back from you, we're going to do it' and a week later, they would say you need to take it back."* A CMS employee said, *"For years they never had a proper quality improvement person. Had they started really evaluating their internal processes earlier, I think it would have been better."*

Providers, stakeholders, and state employees also remarked on questionable financial decisions made by PACE management. Several remarked on the high rates spent on renting equipment (such as ramps) rather than purchasing them. A stakeholder said, *"They just really didn't know everything that was possible in the community and didn't use their resources wisely."* Some interviewees felt the amount of infrastructure at the PACE sites was out of proportion to the need in the community and may have contributed to financial problems. One stakeholder said, *"It was overkill. What they built and put on the ground in Colchester and Rutland were more reflective of the federal money, not what was needed to support the market. Infrastructure costs were way overdone."*

Having two sites was also mentioned as a financial and administrative challenge for PACE. As one PACE employee noted, *"You really couldn't share services between Rutland and Chittenden. You're always*

robbing Peter to pay Paul for organizational resources and oversight. We ran two small programs with no economies of scale from any side of program." A board member agreed, saying, "*The two centers were too far apart to coordinate care and administration between them."* Interviewees suggested the second site was opened too soon. A CMS employee said, *"It was too soon to start second site. In the end, Rutland was more successful, but it really diluted some of the attention that should have spent up in Burlington."* A PACE employee agreed, but noted that both sites were necessary in order to meet the financial risk model. She said, *"We only had 2 or 3 months of opening that first site when we're down in Rutland trying to work with contractors and the Rutland community to get the buy in down there and open a second site within a year of opening the first. It was crazy, but necessary. After all the years of putting together our study, our understanding was that we didn't have enough density of population in either place singly to be able to manage the insurance risk."*

A number of providers indicated they had significant difficulties getting paid by PACE. One provider said, *"We went through the same process over and over again. I provided services, paid my caregivers, insurance, audits and compliance, but they didn't live up to their end of bargain."* Another said their Board of Directors finally said, *"We have to be getting paid in a timely manner or can't provide the service."* A couple interviewed providers indicated they still had outstanding balances with PACE.

Both providers and PACE employees also suggested that inappropriate staffing ratios and wage structures intensified financial pressures at PACE.

Underlying Financial Assumptions

A large number of interviewees suggested that the underlying financial assumptions of the initial business plan were flawed and doomed PACE to failure from the very beginning. Interviewees identified insufficient enrollment and the misalignment of reimbursement rates with enrollee acuity levels as the primary factors related to PACE's financial difficulties. Interviewees disagreed on the relative importance of each factor as well as who bore the responsibility for creating and resolving the problems.

Low enrollment was cited most frequently by interviewees as the reason PACE Vermont was not financially feasible. According to respondents the original business plan required a minimum enrollment of 150 clients in order to meet the financial breakeven point. At no point did PACE Vermont reach the enrollment threshold. Interviewees noted that the Rutland site was more successful in enrolling patients, but neither site met the necessary minimum goal.

In addition to low enrollment, some interviewees suggested other aspects of the financial framework such as low reimbursement rates coupled with the high need/cost population served by PACE were factors related to PACE's financial failure. One stakeholder said, *"It's a guaranteed failure – 100% guaranteed. You're only allowing the very sick into the program and the capitated payment structure is based on an assumption of not so sick and very sick mix of enrollees."* The impact and legitimacy of each of these factors was a source of disagreement among interviewees. Interviewees also disagreed on who was responsible for the issues and how they should have been resolved. PACE staff and board members were most likely to suggest that the state should have intervened to support PACE in a number of ways. Other respondents suggested that PACE should have been able to adjust their business practices as they went along to account for the challenges they were facing.

Some respondents suggested that low reimbursement rates were a critical factor in PACE's financial challenges. Regarding the Medicare reimbursement rate, a PACE staff member said, *"Our Medicare base rate was the lowest in the country."* CMS staff did confirm that Vermont's initial Medicare base

reimbursement rate was based on the demographic rate of the county and was likely lower than many other states due to Vermont's lower expenditure history among Medicare eligible people. However, during the time PACE Vermont was in operation, the methodology for determining the Medicare reimbursement rate was changed to measure and reflect organizations' enrollee complexity and acuity. CMS staff said that PACE Vermont was not able to provide sufficient data to support a higher reimbursement rate.

Some interviewees also suggested that the Medicaid reimbursement rate was challenging for PACE saying it wasn't sufficient for the high needs and costs of enrollees. A stakeholder suggested that the rate was based on a larger pool of all long-term eligible individuals, but only the upper tier of high need eligible individuals were allowed to enroll in PACE. A state employee shared that state data showed that PACE's Medicaid reimbursement rate was, in fact, higher than it would have been if it had been calculated based on actual experience. He explained the rate was initially set based on an assumed forward trend of an increasing rate of nursing facility use in the state, but that nursing facility use went down over the time period that PACE was in operation. It is also important to note that these reimbursement rates would have been established prior to opening PACE Vermont and factored into the initial business model and financial assumptions.

Other respondents believed that the eligibility criteria for enrollment in PACE was flawed and negatively impacted PACE's success. Some interviewees believed that the state had unfairly and inappropriately made the eligibility requirements for PACE too stringent. A board member/provider said, *"The state artificially restricted the group eligible for PACE."* A stakeholder agreed saying, *"They only allowed the upper level of acuity into PACE. In every state except Vermont, they have a single threshold meaning if a person walks through the door, they are either nursing home certifiable or not. In Vermont, PACE could only enroll people at upper tier."* A board member said, *"The state did all this encouraging of us to get this program going, but when it became time to move people over from the traditional programs, the state made it very difficult for us to enroll. The state put such restrictions on it; they would only allow people with so many health problems."* However, as state and federal employees shared PACE eligibility requirements are part of the national PACE model set by the federal government and the enrollment criteria for participation in PACE was the same for all other options within Choices for Care.

Other interviewees claimed that the eligibility criteria were unevenly applied between counties. A board member said, *"There was a lot of inconsistency. The Medicaid people down in Rutland made it easier for people to get into the program than the people in Chittenden did. It was not a consistent screening process."* Another board member said, *"The bar that was set by the community health nurses who did the functional screening was set higher in Chittenden than in Rutland."* A state employee said that a review found that there was no evidence that this perception was true.

A number of interviewees believed that the high acuity rates of enrollees in PACE was a significant challenge facing the program, but again, this was an area of disagreement. PACE employees and board members were much more likely to suggest that PACE Vermont was serving the highest need, sickest population. State and CMS staff disagreed saying the data did not support this assertion.

A PACE employee said, *"The only ones we were getting were the highest need. The PACE model nationally has enrollees in PACE for 4 to 5 years. In Vermont, enrollees were in PACE for 18 months before going into nursing home."* A board member said, *"The census was such that we'd get one or two new enrollees and then one or two would die. The people who would have benefited couldn't be in it. We just kept getting not enough people and the people who were there, the health costs were way beyond*

what it should have been." Some providers also believed that the acuity level of PACE enrollees was challenging for PACE. One said, *"I think the most challenging thing about PACE was also the best thing. They served the higher needs people and it's financially hard to shell out for high needs people and not have the lower needs as well."*

State and CMS staff respondents did not agree that PACE enrollees were higher acuity than other eligible non-enrollees. A CMS employee said, *"I got quite tired actually of hearing from leadership that they were only getting the sickest of the sick. I didn't buy into that – it wasn't supported by statistics. When acuity levels were compared to national figures, there wasn't really that much difference."* According to state staff, *"PACE had more individuals in the "high needs" category (as opposed to "highest needs") than the rest of Choices for Care. If you use that measure, their assumption doesn't play out."* Also according to both CMS and state staff, PACE did not provide any statistics or data to support their claim that they were serving higher need patients.

Philosophical Disagreements

Interviews with PACE employees, board members and state employees revealed three fundamental philosophical disagreements on how PACE and the state should have focused their efforts. PACE employees and board members suggested the state should have supported PACE by either giving PACE preferred provider status or opening up the eligibility requirements to allow lower need participants. One PACE employee said, *"They weren't really willing to reach out into the public to say 'This is a great program – look at what you can get.'"* However, the state has clearly delineated their philosophy toward long-term services and supports as supporting consumer choice. As a state staff member noted, *"The state's role is to make dollars available to support consumers in the setting of their choice."* A state staff member remarked that DAIL had sent out information about PACE to potential enrollees on more than one occasion, but for the state to promote the PACE program over other programs was in direct contradiction to the state's philosophy of prioritizing consumer choice. Additionally, he said, the state could not readily change the eligibility requirements set by the federal Choices for Care Special Terms and Conditions and the state Choices for Care regulations.

Some state employees suggested the PACE philosophy of risk was different from DAIL's and that PACE should have had a higher risk tolerance in order to adjust for their financial risk model issues. One explained, *"I don't think they were able to allow people to take as much risk in their care plan. For example, if someone lived at home and PACE deemed there was a risk of them falling or it was a problem for them being alone, even if the person said they were ok, PACE would have to weigh the risk of hospitalization and being on the hook for the cost. They may have recommended nursing home time unnecessarily. They did have a higher number of nursing home stays than other PACE centers."*

Another state employee agreed that PACE's low risk tolerance was a problem. She reported, *"I think that PACE wasn't comfortable with allowing an individual to remain in their own home because they were a fall risk. They were worried they would fall and need to go into a nursing home. From my perspective, that was huge because we have people with services living in their homes with ventilators and with formal and informal supports. It was just their comfort level as an organization with putting more services in the home."*

Another philosophical disagreement identified by interviewees was PACE's lack of creativity and flexibility in programming. A provider suggested that if PACE had started allowing and hiring some consumer directed caregivers earlier on, they may have benefitted by having higher enrollment and potentially lower costs. A board member/provider agreed saying, *"When PACE said they were going to*

start allowing and hiring some consumer directed caregivers, I thought that made sense. I wasn't sure being locked in early on the VNA as the sole provider of home care made sense." A state employee said, *"I think the big mistake the PACE program made in Vermont was that they weren't ambitious enough and weren't creative enough. They basically developed what most people would consider a fairly medical model. One of the beauties of PACE is that you can spend PACE money on anything that a consumer needs to remain independent. They never appealed to enough of the right people, they were not creative enough to find out what people needed to stay independent and in their home."* Another state employee said, *"Had they really offered a very flexible model of services, they would have attracted more people around the Burlington area and wouldn't have had to rely so much on bringing people from out of the city."*

Partner Relationships

A number of people interviewed suggested that the change in PACE's ownership challenged already stressed relationships in the community. Some said replacing nearly all of the board members with people from out of the area further alienated providers and increased the challenges in negotiating rates and receiving referrals. There was disagreement on the reason behind why providers were at odds with the new board of directors. Some interviewees suggested providers wanted to maintain their position on the board to ensure their contracting relationships while others attributed the estrangement to a lack of understanding of the local community and culture. A PACE employee said *"The management change left a lot of bad blood and some of those contracting agencies were pretty hostile."* A board member/provider said*, "When PACE was taken over by new leadership, they got rid of everybody on the old board except two people and brought in an all new board of people who didn't know anything about the area and I think that would have been a detriment in some regards."* Another mentioned, *"It's all local here and we all work together and they really alienated community partners. They never even acknowledged or thanked the board. One day we were the board, the next we weren't. We never heard from them again. All those people on the board who had given unbelievable amounts of time and energy and were dropped and forgotten and people from away were running the show. And then it didn't go well."*

A handful of respondents said that when PACE began to hire staff rather than contracting, it had a negative effect on provider relationships. A board member said, *"When PACE was set up, it was to work collaboratively with community partners. At one point, PACE decided to hire their own home care people and it became competitive. I don't think that was a good thing."* Another board member remarked, *"It was seen as a hostile move – and not playing nice."* A provider said, *"Initially it was a collaborative model where community providers provided services traditionally provided and PACE provided augmented services. PACE did not follow through with that model."* A CMS employee said, *"It certainly did not help with the perception that PACE was going its own way and not being a team player in the state."*

PACE employees and board members suggested that the relationship with the state was difficult and created challenges. An early board member said the change in leadership at the state resulted in less support for PACE. A few interviewees believed that the state wasn't committed to PACE's success and suggested that the state's promotion of consumer choice and support of too many service options within a small population contributed to PACE's failure. A PACE employee said, *"We never felt the state was interested in making PACE successful. It was one of many choices, if it works out, it works out."* A stakeholder said, *"Vermont tends to chase the next new idea and cannibalize what's already on the ground. They need to get something in hand and stick with it."* Another PACE employee said, *"The three-way partnership was never meaningful. It was on paper, but they never checked back to see if the*

programming was meeting needs in the most efficient and effective way." This perception was contradicted by state employees who said that they worked very closely with PACE providing support and guidance. In addition, CMS and the state engaged in periodic visits and evaluations to ensure PACE was meeting applicable requirements.

Transportation

Transportation was identified another challenge for PACE. As a state employee said, *"They had a hard time with transportation which is one of the tests of the whole model."* Another said, "*PACE being a site based program (primarily) had challenges with respect to transportation. We don't have the population density or ease of transportation to get people to sites."* A transportation provider found that coordinating with PACE for services was difficult. He said, *"There was not good communication managing transportation. On occasion there wouldn't be a caregiver when dropping off and it was difficult to contact PACE."* PACE staff indicated that transportation costs were extremely difficult to manage financially.

REASONS FOR LOW ENROLLMENT

Clearly the greatest challenge faced by PACE and the primary reason for closure was insufficient enrollment. In order to identify the specific factors related to low enrollment in PACE, interviewees were asked to describe the challenges specifically related to referrals and enrollment. Respondents identified a number of reasons which led to enrollment difficulties for the program including competition, marketing challenges, the adult day focus, a cumbersome enrollment process, and the requirement to change primary care physicians.

Competition

The most frequently mentioned reason for low enrollment and referral issues was the competition for the same clients by several programs. Some respondents noted this was a problem of sheer numbers in a small population with several options to choose from. A board member/provider said, "*There were different programs competing for the same people. They offered two different things, but there were a limited number of people."* A state staff member acknowledged, *"There were a lot of other choices in the state."* The issue of competition and enrollment was most pronounced in Chittenden County. A number of interviewees said that Rutland County had fewer service options available and as a result, enrollment was easier to achieve.

Also as noted previously, several respondents suggested that referrers had a distinct disincentive to refer to PACE because they would lose them as clients. A stakeholder explained, *"Everybody is signing people up and any of those programs could interfere with other programs being successful. I know there are collaborations, but ultimately a lot of service providers are being service providers, especially with money issues, and they are still going to keep pushing their programs."* A provider said, *"We weren't necessarily incentivized to send them to PACE. We could serve them ourselves through CFC."* A few respondents claimed that referrers were actively discouraging participation in PACE. A board member said, *"We heard reports from families that someone at VNA was saying, 'Oh you don't want to go to PACE.'"*

Marketing Challenges

Respondents frequently said marketing challenges negatively impacted enrollment for PACE Vermont. Initial marketing for most rural PACE sites was hampered by rules preventing marketing prior to CMS site approval. Even after site approval, PACE Vermont's marketing efforts were minimally employed due to budgetary concerns. According to the report to Congress on the evaluation of the Rural PACE Provider Grant Program, PACE Vermont had only advertised occasionally in community newspapers and had limited meetings with providers for outreach. After VOA/On Lok stepped in, an investment was made in marketing to include media coverage and visits to doctors' offices, hospitals, senior centers, and other agencies.[5]

Several interviewees said another marketing challenge was that the model was complicated to explain to potential enrollees and their families. A PACE staff member said, *"Some of the patients were already at home and had already engaged VNA and they didn't get it."* On a related note, some interviewees suggested that referral organizations didn't understand PACE and that even internally, there wasn't clarity on who they should be marketing the program to. A PACE employee said, *"There didn't seem to be a clear understanding of what was a really good PACE referral."*

[5] Sebelius, p. 17

Other interviewees suggested that the lack of an internal referral feed was a challenge for PACE and that physicians and discharge planners were not interested in referring to PACE. The reputation of the PACE Vermont program was also an issue for referrals. A number of interviewees said that being a new program made it difficult for referrers to point patients toward PACE. A state employee said, *"There was a lot of skepticism. 'Do I want to give up what I have for something that sounds great, but doesn't have a history that I can look at and I can say, my friend was in this program and it worked really well.' I think part of that was the marketing challenge: selling a new commodity to a conservative population."* The reputation problem was compounded by PACE's outstanding balances with providers. A board member explained, *"Some agencies were referring, but it was tough. In the beginning when we owed a lot of money there were some agencies that could be referring, but weren't because we owed them money."* Some provider suggested that the difficulty in getting paid led them to question the financial stability of PACE and whether they could in good conscience refer clients to a program that may not stay in business. It also soured some providers on PACE altogether. One provider said, *"I don't have a lot of good things to say about PACE."*

Adult Day Focus

A number of interviewees said that a challenge for PACE enrollment was the emphasis on enrollees going to the facility for adult day programming. Many suggested that the cultural environment of rural Vermont was not amenable to this type of care. One family member said, *"She didn't like to socialize and didn't like staying there for the day. It had nothing to do with the program. She didn't want to be with anyone her age."* Another family member said, *"She did do adult day for a while, but it was a long trip for her and she grew to dislike it. As her dementia increased she did not want to go out of her home on cold winter mornings."* A stakeholder remarked, *"I think the question for people was 'Am I going to a place with people with Alzheimer's?' It was a serious concern for people. PACE seemed to have people who were really hurting. It made it difficult for people with no cognitive problems to want to go."*

Cumbersome Enrollment Process

A number of interviewees recognized that the enrollment process into PACE was a significant challenge for both enrollees and PACE in a number of ways. PACE Vermont only enrolled clients at the beginning of the month in order to ensure the full month of reimbursement for any new patients.[6] For referrers and discharge planners, PACE's enrollment deadline meant they had to find interim services for enrollees before they were able to start the program. One provider said, *"Getting people into the program was a challenge. There was a ridiculously lengthy period of time. They could only accept people at the beginning of the month – if it was the 5th and the client was going home on the 15th, they couldn't get started in PACE until the beginning of the next month."* Some providers suggested that the deadline resulted in some potential enrollees choosing other options instead of PACE.

Family members and enrollees also frequently had to go through more than one interview process in order to get enrolled – the initial referral interview, an eligibility interview, and the enrollment interview. A family member shared his frustration, *"It took a lot of time. We had to go through all kinds of interviews to get her approved and almost missed the deadline."*

[6] PACE Vermont could have elected to provide services to an enrollee before the effective date of enrollment, but those services would only have been covered to the extent the individual's existing health care coverage (e.g. Medicare FFS, Medicare Advantage, Medicaid Managed Care or Medicaid FFS) provided the coverage. PACE would have needed to absorb any other costs.

The criteria for enrollment were also a problem for some. A stakeholder said, *"The PACE model would come up as the potential program for someone, but there always seemed to be some roadblock to get over. For example, they weren't low-income enough, so we'd be stuck."* This comment suggests that there was not a clear understanding of PACE enrollees needing to meet the Vermont financial eligibility criteria for Long-Term Care Medicaid.

Loss of Primary Care Physician

A number of interviewees suggested that the requirement for enrollees to give up their primary care physician in order to participate in PACE was a significant challenge for enrollment. A state employee said, *"It was difficult for a lot of people considering PACE was the fact they would have to give up their long term doctor. With some of the other options, they could keep their providers."* A PACE employee said that initially the requirement was a disincentive to enrollment, but by the end it was much less of an issue. She said, "*Primary care had deteriorated and people were actually thrilled to get a doctor who was so accessible. They had experienced dissatisfaction with their care at that point. Practices had gotten busy enough in town and they would get very frustrated at not being called back. The fact there was a clinic at PACE, people loved it."* The impact of the requirement on enrollment decision from the consumer perspective is unclear. Enrollees and their family members did not mention the loss of their primary care physician as a challenge. However, eligible non-enrollees were not interviewed for the project and may have a different perspective.

CONTRACTORS & HEALTHCARE MARKETPLACE

A key to understanding the environment surrounding PACE Vermont is exploring the healthcare marketplace. Respondents were asked to describe the healthcare marketplace in Vermont including the availability of contractors, the rates for contracted services, and the effect of other Choices for Care options on PACE's ability to contract for services. Additionally, they were asked to describe the impact of PACE hiring in-house staff.

Availability of Contractors

For the most part, interviewees agreed that the number of health and home care providers is not an issue in the Vermont health care marketplace and did not have a significant effect on PACE's ability to provide services. A state employee noted that there is a "robust bench" of home care providers and that the informal caregiving option of being able to pay a spouse or neighbor frees up some of the paid work force to make it more available. A provider said, *"I think they had plenty of (home care) players to contract with. I don't think that was an issue. My understanding is that they could have contracted with four different players in Chittenden."* This was echoed by several other providers. State staff expressed that the lack of knowledge of other resources may have influenced PACE's ability to contract effectively. A state staff member said, *"I think there were available contractors that were not taken advantage for whatever reason. It seemed that it didn't occur to them until late in the game."*

One provider did note that there will likely be a growing problem across the country getting people to do LNA work. She said, *"It's hard, physical, and the pay is pathetic."* A state staff member agreed saying, *"Everybody struggles with being short-staffed. There are not enough Personal Care Attendants (PCAs). People don't want to work night shifts. In general, it's a problem finding staff who want to work weekends, nights, and holidays."*

PACE staff were the only respondents to say availability of home and health care contractors was challenging for PACE. A PACE staff member noted that operationally it was sometimes difficult saying, *"The staff we had contracted from agencies were sometimes not available when we needed them because their parent organization needed them. When you expected someone to be there, then they're not – it sort of upsets the apple cart."*

Transportation was also considered to be available enough to meet PACE's needs, but as noted previously, other aspects of transportation were challenging for both PACE and providers including management and cost.

Rates for Contracted Services

While PACE employees and board members suggested that *too much competition* in the health care market resulted in enrollment challenges, they also reported that a *lack of competition* resulted in PACE paying very high rates. A PACE staff member said, *"I guess I just thought there was some real gouging going on."* A board member said, *"We had one option. That one option said what they were willing to do it for and we had to pay what they demanded. It was not a fair rate."* Another PACE employee said, *"With one or two options without a lot of competition, there was no incentive for providers to say, 'I'll give you a good rate on this because I want the business. You have to take whatever rate I want because you have no one else to go to.'"* Another said, *"Our rates were exorbitant and we had no one else to turn to. It was prohibitive of sustainability of business."*

Another board member disagreed and said rates were not the issue. He said, *"To my knowledge there was no issue there. In the PACE world nationally, you generally have no leverage. You pay at the Medicare rate – no surprise there. Our issue was our cash problems that resulted in difficulty in paying. There aren't that many providers, but we had everybody we needed to provide care. I don't think the rates were the issue."*

PACE employees also felt strongly that their inability to negotiate rates with providers due to their presence on the board was a significant challenge to PACE's success. A state staff member said, *"I heard directly from the director that she felt she could not successfully negotiate with a couple of contractors because of their position on board. Early on it set the stage for some of the negotiations. So I think that was a problem."* PACE staff also felt that contracted providers should have been willing to share costs with PACE, but it is unclear what incentive the provider would have for doing so.

Providers, on the other hand, said they had no choice in setting the rates. One provider said, *"Part of the problem is that we are under contracts and we had to charge them same as I would charge others. There was no way for me to go back and say I really want to give PACE a break. I had to charge them my fully allocated cost rates. It wasn't anything disproportionate than any other organization was charging."*

Other Choices for Care Options

Interviewees felt the only impact the other options within Choices for Care had on PACE was in reducing enrollment. No interviewees expressed that they believed they affected rates or the availability of contractors.

Hiring In-House Staff

As previously noted, several interviewees said the result of hiring staff to provide services rather than contracting out strained PACE's relationship with providers. However, most people interviewed still felt that PACE hiring their own staff was an appropriate financial decision. Operationally, having in-house staff was a mixed blessing according to respondents. Some felt that the increased control, improved communications and cost savings were beneficial, but that the challenges faced with hiring, training and supervising staff coupled with high turnover were burdensome. A few interviewees said that the change had come too late and should have been done at the start.

PRIMARY REASONS FOR CLOSURE

When asked what the primary factors contributing to PACE's closing were, overwhelmingly interviewees said that financial issues, including the mismanagement of funds and the misalignment of reimbursement rates and high enrollee costs, were the key to PACE's downfall. A state employee said, *"They were not able to financially meet the demands of the care clients required."* A stakeholder said, *"They really didn't draw down Medicare dollars effectively. It required documentation and a more seasoned PACE provider would know. That was a challenge and that led to losing money."* This comment reflects that the Medicare capitated payment was based on a risk adjusted payment methodology requiring documentation by PACE organizations regarding diagnoses and demographics and that PACE Vermont had not effectively provided this documentation to CMS. A board member also said PACE made some poor spending decisions, *"They spent money in places where it didn't need to be spent. I think financially they got off on a bad foot and nobody realized until it was a disaster."*

Directly connected to PACE's financial issues, low enrollment was also frequently noted as a primary reason for PACE closing. As a state employee said, *"Enrollment means having enough money to make it cost-effective and financially viable. They just could not get past the month to month financial losses."* Competition in the long-term services and supports market was identified as one of the reasons for low enrollment and one of the primary reasons PACE closed. As one provider mentioned, "*PACE was competing with (other options within) Choices for Care for long-term care clients. Maybe the market wasn't big enough."*

Staffing issues such as turnover, training, and difficulty hiring were also noted as main reasons for PACE's closure.

IMPACT OF CLOSURE

Families and enrollees experienced the greatest number of challenges after PACE closed. Family members most frequently said that coordinating their loved ones' care has been difficult and has increased their stress significantly. In particular, being able to manage multiple doctors' appointments was noted as a struggle. One family member said, *"Right now I'm finding it very overwhelming."* Another family member said*, "We did it all for so many years, and then it was a wonderful with PACE. Now it's just back to the same challenges."* A daughter said, *"It requires so much more time on my part."*

Some family members said they felt the care their loved ones are receiving now is not as good as they received in PACE. One family member shared, *"Everything was handled so much better by PACE. The ball was never dropped, but it certainly has been since PACE closed. My mother was left for three days with no one checking on her."* Others felt that the care they are receiving now is sufficient. An enrollee said, *"I didn't have any trouble. I was able to get everything I needed. The girls that come are really wonderful and very helpful. Some of them worked for PACE."*

A few family members said that managing medications was an initial challenge when PACE closed, but those issues have been resolved.

Enrollees most frequently said that they are more isolated and miss the opportunity to get out of the house and socialize. One enrollee said, *"I liked to have someone to be with me now and again, being alone is not ok."* Another said, *"I'm more depressed than I have been. There's not as much to do – just sit around and think. I miss being able to go to the program. I loved the program, when I was able, I used to go and walk with them."* One other enrollee remarked, "*It's not as personal now as PACE was. I miss PACE very much."* While some enrollees transitioned to new day programs, others did not. Most suggested that transportation issues and not liking the other programs were the primary reasons for not enrolling in other programming options.

Stakeholders and providers remarked most often on the burden placed on other agencies when PACE closed. A provider said, *"Many people were able to transition very successfully. We worked very hard to make it work. I feel really good about our staff. People worked many hours overtime to make it all happen. I don't feel that our staff got much recognition for that. We paid overtime, hired staff, and hired companies to continue doing services. It was a loss for us and we received very little recognition from DAIL that we had done this."* Another provider said, *"First and foremost, everyone was very concerned about the participants and what was going to happen to them. There was a big concern over the participants having some continuity. It was nice working together. I lowered my rates (during the transition period). No one was making any money on anything. We were just trying to break even to help everybody. I think everybody worked pretty well together – from my perspective. There was a huge concern to make sure that folks were transitioned and cared for."*

OVERALL EVALUATION OF PACE

All interviewees were asked to provide their overall evaluation of PACE. The most common themes were that PACE provided a good model which benefitted enrollees, but that the combination of a competitive environment and operational and funding challenges led to the inevitable financial failure of the program.

Successful for Enrollees

A common theme among respondents when asked about their overall evaluation of PACE was that they felt the program benefitted clients. A PACE board member said, *"If you talk to participants, they loved it. They thought it was just the best thing ever. So did their families."* This was echoed by both enrollees and family members interviewed for the project. One family member said, *"For my father, I think he enjoyed it. It was positive for him. He didn't necessarily like the van, but enjoyed being at the center. Mobility was a big thing for him and this way he got exercise."* A state employee remarked, *"I think a lot of folks really enjoyed the socialization of it. I think they enjoyed having so many people as part of their health care team ensuring they get the care they need."*

Several family members and clients said they wished the program would come back and that they were sorry to see it go. One family member said, *"I'm sorry they don't have it anymore. I think it would be a great thing to keep here. I was very happy with how it was handled. The staff was good with everybody. It was just a good experience."*

Several respondents indicated they thought it was a good program which provided first-rate service. One enrollee said, *"I think it was an excellent program. There were so many activities for people to do. They had a movie every afternoon, you could watch TV, they put the games on for the guys… if you just wanted to sit outside in the sun you could."* A stakeholder noted, "*I would say overall, compared to other programs, they did a very good job. They did what they chose to do and they did a pretty good job. They didn't fail because of customer complaints, or because the state pulled the plug due to quality issues. It was all about money. They couldn't get enough clients. As a program I'd give them high marks."*

Respondents also said that the atmosphere of PACE was positive for enrollees. One stakeholder described, *"PACE's approach was incredibly friendly. You know the difference was as if you're going to somebody's home for the day – except your medical care is going to be there. It always had that feeling like that Cheers song 'Where Everybody Knows Your Name.'"*

Great Model

Several respondents noted that they felt PACE offered a wonderful model and that the program was a good idea. A family member said, *"For elderly people who don't want to leave their homes, I think it's a good support system. It gives them a sense of independence because they don't have to stay overnight. PACE made it enjoyable for them and took care of their needs. They made sure they were fed, had medications, and I think the idea is a good one."* Another family member said, *"I think overall it was a good idea for the care of elderly especially in support of family members who are the primary caregivers at home."* A board member shared, "*I think it's a great program, and I just feel bad that it didn't work in the area – I saw how successful it was in other places – I just wish it could have worked better here."*

Several community stakeholders also said they thought PACE provided a comprehensive model that is needed by some elders. One stakeholder said, *"The care was so complete – it's where I'd put my mom."*

Another stakeholder said, *"They really looked at all aspects of what somebody's needs, challenges, and strengths were."* A provider said, *"I think (PACE) has a lot of more potential than (the other home service & community based options in) Choices for Care. It has more oversight with consistent eyes on clients from a professional nurse. In the home, clients only have an aide come consistently with a nurse coming once a month. You can't see the changes that happen."*

A different provider was slightly more circumspect in her evaluation of the model saying, "*For 80% of the participants it worked really well, and maybe for 20% it was not the right fit or didn't work that well."* A state employee remarked, *"Overall it's a wonderful program, I'd like to see it back here. But you've got to have good management and good doctors."*

Flawed Set-Up

Many interviewees suggested the idea of bringing another program into a saturated market was flawed at the outset. A board member/provider summed it up as*, "I think it got off on the wrong foot at the very beginning. There were strong backers and I almost think that they had blurry vision. They wanted to go in this direction and believed in the model, but they plunked down a PACE model in an area with a very strong network of service."* A stakeholder concurred saying*, "Throwing too many things in the market with so few people is disaster waiting to happen."*

A PACE staff member said, *"It was set up wrong in the beginning and couldn't be unwound."* A board member said, *"It was a grand, expensive experiment, and it didn't have to be."* Another PACE staff member said, *"I think in Vermont and potentially anywhere, bringing in PACE needs to be done very thoughtfully and carefully. It's not just something you can plop in the middle of an existing service system. It really has to be thought out very carefully."*

Operationally and Financially Challenged

A number of interviewees commented on operational and financial challenges faced by PACE including staff and leadership turnover, business operations, and staff and board composition. A PACE staff member said, *"If the business model had been thought through more intelligently, if there were different people on board, it would have been better. The combination of things made it impossible."* A state employee said, *"I just kept watching their business operations – and they just didn't get it together."*

WHAT TO LEARN

Interviewees were asked to share what they thought Vermont as a whole should learn from the PACE experience.

All-Inclusive Model Needed

The most frequently provided response was that Vermont should realize the all-inclusive model is strong and needed. A family member said, *"I also do know they did such a great job and they provided in ways that VNA can't."* A state staff member said, *"There is a really big need for serving people with an all-inclusive program. I think looking at them as a whole, having a place where people can meet with a nutritionist, a nurse, occupational therapy, physical therapy – that was really beneficial."*

Already Have a Strong System

On the other hand, a large number of interviewees also said that Vermont already has a very good system for long-term services and supports. A stakeholder observed, "*Vermont should learn not to oversaturate the markets with providers and really look before they open the doors. Always learn more with feasibility studies and what the market can hold, examine the rates from CMS and figure out how that will roll into the dual eligible program."* A provider said, *"We do have a good system that we built together as a team. I would like to see the state appreciate that and support us to do more good work together to take care of these populations. It's not always having to build the next best thing – sometimes it's looking at what you got and support what you have."*

Planning and Oversight

A number of interviewees also said a key learning moment from PACE was the importance of effectively researching and planning prior to implementing a new program. Interviewees suggested that some factors to consider are the current and potential future marketplace dynamics including both consumer demand and the supply of service options, potential barriers to referral and enrollment, the "right-sizing" of service infrastructure, and an accurate financial analysis of reimbursement rates and program costs. A state staff member remarked on the need for better benchmarking and oversight. She said, *"I think we need to make sure that when we start initiatives we have better tracking, benchmarks, and red flags as we go along and to have a little bit more forethought about ways to intervene to stop the bleeding."* A provider agreed saying, *"I think as we invest in programs like this we need to make sure there are plans in place if something isn't going right, that the transition process is more seamless. It has to be part of the start-up of a program to know how people are going to be ok."* Another state staff member said, *"When we try new initiatives, we really do have to look at whether we have buy-in and not proceed until we have it or until we undo some of the statutory barriers to broadening participant providers."*

Collaboration is Key

Several interviewees noted the importance of collaboration as a learning moment from PACE. A stakeholder described*, "I think Vermont should learn that the providers out there that have a shared mission of working with seniors and people with disabilities need to collaborate or they will go away. It's too confusing to clients in the marketplace to have multiple non-profit organizations tripping over each other trying to do the same thing. It requires leadership in organizations to really play nice in the sandbox and realize there is enough business for everyone and it will only grow if we only work together and not duplicate."* Another stakeholder felt that PACE wasn't utilizing the resources in the community as well as they could have and that collaboration in day to day operations and on the interdisciplinary

team would have been helpful. She said, *"I would say that it's hard to make something like PACE work when you're not really including the providers and supportive agencies that are in the community who might have some insight and resources and suggestions. I don't think they were inclusive enough of other organizations for feedback."*

State Government Role in and Commitment to Programming

Finally, several interviewees suggested that state government does and should have a role in determining how many and which programs are available to consumers and that the state should commit to programs through advocacy and monitoring. Some interviewees believed the state should restrict options to reduce competition, ensure program viability, and reduce consumer confusion.

A PACE staff member suggested that DAIL should limit the number of options available to consumers in order to ensure the financial feasibility of the programs. He said, *"DAIL wanted to continue to provide more service options for participants. No one particular program could survive if there are 10 choices for the small population to select from. Some of these smaller programs, PACE included, could never survive because there are too many options. I totally get that people should have a choice – but a state managing Medicaid dollars needs to concentrate more."* A stakeholder suggested that the emphasis on offering new options should be tempered saying, *"Be thoughtful. Come up with ideas that are good, not just ones someone else is willing to pay for. Put them on the ground and commit to it. Know what you're going to do, and don't get distracted by next shiny policy that's being funded."*

A CMS employee proposed the state has a role in monitoring programs more by saying, *"More than just introducing a new program is in order. Perhaps there needs to be some advocacy, some limits put on behaviors, some more monitoring of what is going on. When any new program starts getting whiney, it's important to understand why. I don't think there was really very much effort put towards figuring it out."*

A PACE staff member went further suggesting that enrollees would be better served if DAIL provided recommendations to potential enrollees. She said, *"I believe DAIL places a heavy emphasis on consumer choice – which I agree is important, but I think the piece they were missing is consumers aren't well informed and they're coming in a time of crisis, emotional, physical and financial – a really impossible time for someone to weigh 5 complex programs and figure out what's going to work for them. It is an appropriate role for state to say this is the one we recommend, but we have other choices. That would have been a better outcome for the residents for Vermont."*

WHAT TO REVIVE

Interviewees were also asked what aspects of PACE they think Vermont should revive in some way.

One-Stop Shop Model

The most frequently mentioned aspect of PACE that interviewees would like to see revived in some fashion in Vermont is PACE's "one-stop shop" combination of adult day and enhanced supports such as medical care, therapies and personal care. A provider said, *"As a person who discharges, my biggest crisis discharging somebody is that there is nobody to do medication management. There is nobody to help them get medications in order at home. An LNA can't do that, it has to be an RN. But to send RN to manage medications is not logical. An adult day with the nurse practitioner there is an important piece."* A state employee said, *"I would bring back center-based services where individuals could get all of their needs met in one site. Particularly for people out in the boonies – a place where transportation is provided and has physical therapy, where they can talk to a nurse, get adult day and a hot meal and a bath. As opposed to having to go forego some services or spend a week getting those 5 care needs met."* A board member/provider said, *"I think any adult day health should look at providing enhanced day services – don't necessarily need a doctor, but possibly therapists, social worker, etc. Not necessarily on site all the time, but maybe once a month. It's certainly worth looking at."* A family member said, *"I like the idea of the on-staff doctor and having the physical therapy and speech therapist, and occupational therapist and nurses."* Another family member commented on the importance of providing personal care as well, *"And the personal care in that facility – the showers available helped a lot too. It would be nice to see another program like that for elderly people I think."*

Team Approach to Care

Related to the adult day with enhanced services, a large number of interviewees suggested reviving the Interdisciplinary Team Approach and care coordination in some way. A PACE staff member said, *"So often a person's care is so compartmentalized. One of the beauties of the PACE team is that they're all talking about the person as a whole. That kind of comprehensive holistic approach to the person so that one discipline is informed by another's discipline's information and knowledge about what would be good for clients' comfort, healing, habilitation is so valuable and so often lost in health care today."* A state staff member suggested, *"Find an effective way of providing multidisciplinary (not only interdisciplinary) type of care. It comes closest to marrying a medical and social network. I think our long-term care network does this well, but I don't think we do as well addressing chronic condition. We need to integrate and coordinate care for both medical and psycho-social needs."* A board member said, *"I think the team approach saves money and provides a higher quality of care."* A stakeholder said, *"I think anything around the coordination of specific medical services is really useful to people in staying in their own homes."*

Bundled Payment Structure

Some interviewees felt that the bundled payment option should be brought back in some way. Several respondents said having the flexibility to figure out a specific package of services for clients would save money and provide a higher quality of person-centered care. A board member/provider said, *"I would like to run a program with flexible funding. Your hands aren't tied by regulations and you have the flexibility to spend money in any way to keep the patient at home. For example, if we needed an air conditioner to address a breathing issue, or telemonitoring machines for congestive heart failure, you can reduce hospitalization by half (by using those technologies)."* Another board member said, *"A frail elder with mobility issues gets their Medicare allowed 10 times of therapy sessions and they visibly get*

better. At that point, Medicare says 'you're better, so stop therapy', but without it, they get worse again. With flexible funding, they could continue to get it."

PACE

A handful of interviewees, mostly family members, felt that the entire program should be brought back. One family member said, "*Well, the way they had it set up was perfect. I don't know anybody who went to the Rutland program that didn't have a good experience. Everybody loved it."* A provider said, *"They just served so many people. Some of them were the most needy coming out of rehab, but in a few months the participants came so far and were so happy and so well."*

WHAT TO AVOID

When asked what aspects of the PACE program should be changed or eliminated, most interviewees said that avoiding creating a competitive environment and connecting new services to existing programming would be the best route. A PACE staff member summed it up, *"They should avoid creating an environment where you have a number of providers fighting tooth and nail for a limited number of clients. If they want options that are viable and high quality, you can't put 3 tigers in a pit with a tiny scrap of meat, that's basically how it felt. If Vermont is interested in this type of model, seriously look at the marketplace and competition. If there is truly enough business to offer those choices in a viable way, then focus on how businesses are rewarded for helping each other not harming each other."* A stakeholder remarked, "*I think the more options the better, but they have to be connected to the existing system."*

Several other interviewees suggested that the eligibility requirements should be expanded to include moderate needs/pre-nursing facility level individuals, people under age 55, and those with chronic and acute care needs. It is important to note that an expansion of eligibility requirements is not currently possible under the national PACE regulations.

GAPS IN SERVICE

Respondents were asked to share what gaps in service or care management they think Vermont should focus on. The most frequently mentioned gaps were services for moderate needs and moderate income individuals, mental health services, transportation, and housing.

Moderate Needs/Moderate Income

The most frequently mentioned gap in services was for moderate income and moderate need individuals who are not eligible for Medicaid services (e.g. PACE). A number of interviewees suggested that many Vermonters fall into a category of "not poor enough for support, but not enough money to self-pay." A board member said, *"It's all about the regulations and who will pay and the rules of who will get the payment. It doesn't always make good sense about what would actually save us money in the long run."* Another board member said, *"There is a cohort of elders who are not poor enough to be on Medicaid, but are right on the line and can't afford a lot of their own direct pay services such as homemakers, case management, personal care, or they live in an assisted living place that isn't subsidized. That's a group that oftentimes is using the hospital and emergency room and ending up in nursing homes after spend downs."* A provider agreed, saying *"There are people who need the service, but don't fit into all the boxes all the time so they don't get it. We know sometimes we discharge somebody because Medicare says we have to, but they really need to have on-going contact with home health to do pre-emptive work to keep things from happening or worsening. If we had a bundled payment option and didn't have to worry about regulations, we could instead worry about keeping people well and out of institutions. We could spend fewer dollars and do better care."*

Many interviewees suggested that preventative services for moderate needs populations could potentially save money in the long-run. A state employee said*, "We have found that keeps people off the high and highest needs is certainly more efficient for the state. It gets someone in there a few hours a week to help on a few things, gives the family a break, gets case management in there and catches things before they get bad."* A board member/provider agreed saying, *"Providing for the lower end of the scale, the people who need a little bit of in-home care, could make a huge difference in preventing people from deteriorating and falling and needing more expensive services."* Because quantitative data was not analyzed for this report, it is not clear whether the assertions of cost-savings are borne out in reality.

Mental Health Services

Mental health services for seniors was the second most frequently noted gap in services. Providers, stakeholders, PACE staff and state employees all agreed that the lack of facilities providing mental health services will be a growing problem in Vermont and that the need must be addressed. A PACE staff member added, *"Current service providers are not equipped to handle mental health issues. Maintaining individuals in the home works for 70% of them, but there is still a large population not being served."*

Transportation

Transportation was noted as a primary service gap for seniors in Vermont. Several interviewees shared that with the "aging in place" focus, Vermont seniors face a significant challenge in meeting daily personal, social, and medical needs. A provider said, *"Everybody is pushing for aging in place because it's a lower cost than a nursing home, but there is no transportation infrastructure to get people where they need to go. I live in subdivision 2-3 miles from a grocery store, but if I were elderly and/or disabled, there's no way of getting there. We need to provide more transportation. We have to look when building*

senior housing to see if there are support systems close by, perhaps lumping apartments and grocery stores in the same complex."

A client expressed her current challenges with transportation, *"Seniors have a hard time getting around. They should provide more transportation for seniors to go to things, because right now there are 45 apartments in this building and nobody has access to go anywhere. People get really discouraged here because they can't get out. The bus stops on top of the hill and a lot of people can't walk up the hill to meet the city bus. The city bus should pull down here where people can be on the porch and wait for it. If it came around to the door I think they'd have a lot more people that would ride the bus and be able to get out of their apartments and not have to wait for one on one and stuff like that."*

Housing

Appropriate and affordable long-term care housing was mentioned as a service gap by several interviewees. A state employee said, *"There's not enough affordable housing and not enough housing for people who don't meet nursing home level of care, but need Medicaid to help pay. There is not enough Level III facilities and assisted living residences."* A provider said, "*I have people on Medicaid in the nursing home that I can't discharge because there are no assisted living options."*

Other gaps

Some of the other gaps in services mentioned included support and respite for caregivers, better coordination of care for complex cases, a focus on person-delivered care and a need for more home care staff and affordable home care services. A handful of interviewees felt there were no gaps in service at all and that current providers are sufficient.

CONCLUSION

PACE Vermont was a result of the hard work and good intentions of a large number of people invested in providing Vermont seniors a comprehensive, high quality service. The response from interviewees clearly showed that those involved with PACE Vermont were deeply committed to a positive outcome despite the risk involved in testing out the model in a rural environment. While the program was not able to succeed financially and was closed, interviewees welcomed the opportunity to share their experiences to help identify the primary lessons to be learned. These lessons include the most effective program elements to consider with current or future programming efforts and the key factors other rural communities should consider when developing a PACE or PACE-like system.

PACE's all-inclusive model offering the "one-stop shop" was clearly one of the most positive aspects of the program and the most frequently mentioned feature interviewees would like to see revived in Vermont. The Interdisciplinary Team provided constant medical oversight allowing for enrollee health problems to be identified earlier and the coordination of care reduced stress on caregivers by reducing or eliminating multiple trips for doctor and therapy appointments. Additionally, PACE's flexibility to comprehensively address enrollees' needs resulted in highly personalized care and high enrollee satisfaction. PACE's friendly and welcoming environment engaged both the enrollee and family members. Future efforts to enhance person-centered coordination of care which integrates both medical and psycho-social needs in either existing programs or in new programs would be beneficial to both seniors and their caregivers.

The challenges faced by PACE Vermont operationally and financially suggest that future programming efforts should include plans for monitoring, oversight and on-going adjustment. It was clear that PACE Vermont required a minimum number of enrollees in order to be financially feasible. However, PACE was not able to sufficiently adjust the business plan when enrollment targets were not met. In addition to insufficient planning for slow enrollment, PACE did not adequately manage expenditures. Better oversight on financial management may have improved PACE's opportunity for success. The impact of the expense of the extensive infrastructure of the PACE program (two center-based sites) should be considered with any future efforts. Integrating characteristics of the model into existing infrastructure may have reduced costs and improved the financial feasibility of the program. Additionally, beginning work on the Rutland site so soon after opening the Colchester site clearly taxed staff resources and reduced the opportunity to more effectively identify, analyze, and solve operational issues.

The disagreement among interviewees regarding the acuity level of enrollees and whether reimbursement rates were accurately reflective of enrollee costs indicates that further analysis of available quantitative data may be useful. A more complete quantitative analysis may allow for a greater understanding of the financial challenges PACE faced and how they may have been overcome as well as provide insight into the financial factors future programming should take into account when creating a business plan. The disagreement also suggests that any future programming efforts should ensure that key indicators related to acuity are defined, agreed upon, and tracked effectively and confirm that reimbursement rates are expected to meet the cost of patient care. In addition, future programs should include a clear understanding of the distinctions between Medicare and Medicaid reimbursement rate setting and plan to track and manage the relationship between rates and enrollee cost on an on-going basis.

The results of this qualitative review also indicate that planning for programming should include a realistic assessment of the labor market and the availability of qualified staff. The integral element of the Interdisciplinary Team in the PACE model was difficult to staff due to a limited number of qualified personnel available in the area. The difficulty recruiting resulted in high turnover due to overwork, unqualified staff, and a high wage structure which further exacerbated operational and financial challenges.

The challenges facing PACE Vermont in achieving enrollment goals demonstrate the importance of a comprehensive analysis of the unmet need in a service area as well as how the policy environment may affect program feasibility. Interviewees frequently suggested that the need for long-term services and supports was already being met in Vermont, particularly in the Colchester area. The Rutland area was more successful in achieving enrollment goals indicating a larger unmet need in the county. Other interviewees suggested Vermont's focus on consumer choice in long-term services and supports resulted in too many service options to be financially feasible. In addition, some interviewees suggested that within Vermont PACE faced restrictive eligibility requirements and conflicts of interest in the referral process. Any future programming efforts should consider the policy environment and how it may impact the pool of eligible enrollees, the availability of competing service providers, and referrals.

Several interviewees said that the flexible, bundled payment system available to PACE would be a beneficial option for other providers. They suggested that having the ability to pay for only the services that an individual needs would contribute to a higher degree of person-directed care and potentially reduce costs overall.

Finally, the PACE Vermont program showed that maintaining and managing partner relationships is a key to success. The community planning process that preceded the application for funding from the Rural PACE Provider Grant Program involved a wide variety of community stakeholders and according to interviewees resulted in substantial buy-in from participants. However, after this process concluded and PACE Vermont opened, the initial board of directors was made up almost entirely of providers that PACE would be contracting with for services and competing with for enrollees. The conflict of interest was frequently mentioned by interviewees as a significant challenge for PACE to overcome. Some interviewees claimed the conflict of interest reduced board member engagement and support, increased contracting rates, and reduced the number of referrals PACE received. Interviewees suggested the relationship issues with providers were worsened when the new leadership of VOA/On Lok created a board comprised primarily of non-community members. Interviewees said the board change alienated several service providers and hurt PACE's reputation in the community. Better planning and management of partner relationships may have improved PACE's ability to succeed. Future programming efforts should ensure the board is free from self-interest and is appropriately connected to the community.

APPENDIX A. RECRUITMENT EMAILS/LETTERS

Consumer/Family Member - Letter

September 10, 2013

Dear Sir or Ma'am,

I am writing to ask for your help with a project being conducted by the Vermont Department of Disabilities, Aging and Independent Living (DAIL). We have hired Horn Research to complete a research project about PACE Vermont. We hope to find out what worked and didn't work by interviewing people who had experience with PACE Vermont.

As a former client of PACE Vermont, we hope that you will be willing to be interviewed. The interview will be done over the telephone and should take about 30 minutes. If you would like a family member who is familiar with your experience with PACE stand in for you, Horn Research can speak with that person instead. All information that is collected will be kept completely confidential. Your name and personal information will never be released in any way. In appreciation of your time, you will receive a $25 VISA gift card after the interview.

Horn Research will call you in the next few weeks. If there is a specific time you would like to be interviewed, please contact Horn Research toll-free at (888) 316-1851 or by email at Lisa@HornResearch.com. Please leave your name, telephone number, and the day and time you would like to be called.

Thank you for participating in this project and for helping us improve services for all Vermonters.

If you have any questions or concerns, please contact Bard Hill at DAIL by telephone at (802) 871-3213 or by email at Bard.Hill@state.vt.us.

Sincerely,

Susan Wehry
Commissioner

Former PACE Staff Member - Email

I'm writing to request your assistance with a project I am working on with the Vermont Department of Disability, Aging and Independent Living (DAIL). DAIL has hired Horn Research to conduct an external research study to identify the key challenges and successes of the PACE Vermont program to guide future efforts. For the study, we will be interviewing various constituent groups to gain their insights about the program. I am writing to request your participation in a 30-45 minute telephone interview. As a former PACE staff member, your viewpoint and perspective is vital to the project. In appreciation for your time, we will be happy to provide you with a $25 VISA gift card.

We are hoping to have the interviews completed in the next 2-3 weeks. Could you let me know one or two times in the next few weeks when we could chat for about 45 minutes on the telephone?

We appreciate your assistance and emphasize that all the information you provide will be kept completely confidential. Your name will never be associated with your responses and data will only be made available in aggregate. If you would like a copy of the questions to review ahead of time or have any questions or concerns, please let me know.

Former PACE Contractor - Email

I'm writing to request your assistance with a project I am working on with the Vermont Department of Disability, Aging and Independent Living (DAIL). DAIL has hired Horn Research to conduct an external research study to identify the key challenges and successes of the PACE Vermont program to guide future efforts. For the study, we will be interviewing various constituent groups to gain their insights about the program.

It is my understanding that you/your organization served as a contractor for PACE Vermont and I am writing to request your participation in a 30-45 minute telephone interview. As a former PACE contractor, your viewpoint and perspective is vital to the project. In appreciation for your time, we will be happy to provide you with a $25 VISA gift card.

We are hoping to have the interviews completed in the next 2-3 weeks. Could you let me know one or two times in the next few weeks when we could chat for about 45 minutes on the telephone?

We appreciate your assistance and emphasize that all the information you provide will be kept completely confidential. Your name will never be associated with your responses and data will only be made available in aggregate. If you would like a copy of the questions to review ahead of time or have any questions or concerns, please let me know.

Former PACE Board Member - Email

I'm writing to request your assistance with a project I am working on with the Vermont Department of Disability, Aging and Independent Living (DAIL). DAIL has hired Horn Research to conduct an external research study to identify the key challenges and successes of the PACE Vermont program to guide future efforts. For the study, we will be interviewing various constituent groups to gain their insights about the program.

It is my understanding that you served as a Board Member for PACE Vermont and I am writing to request your participation in a 30-45 minute telephone interview. As a former PACE Board Member, your viewpoint and perspective is vital to the project. In appreciation for your time, we will be happy to provide you with a $25 VISA gift card.

We are hoping to have the interviews completed in the next 2-3 weeks. Could you let me know one or two times in the next few weeks when we could chat for about 45 minutes on the telephone?

We appreciate your assistance and emphasize that all the information you provide will be kept completely confidential. Your name will never be associated with your responses and data will only be made available in aggregate. If you would like a copy of the questions to review ahead of time or have any questions or concerns, please let me know.

Community Stakeholder - Email

I'm writing to request your assistance with a project I am working on with the Vermont Department of Disability, Aging and Independent Living (DAIL). DAIL has hired Horn Research to conduct an external research study to identify the key challenges and successes of the PACE Vermont program to guide future efforts. For the study, we will be interviewing various constituent groups to gain their insights about the program.

You have been identified as a key Community Stakeholder with knowledge related to PACE Vermont and the needs of the elderly in Vermont. As a Community Stakeholder, your viewpoint and perspective is vital to the project and I am writing to request your participation in a 30-45 minute telephone interview. In appreciation for your time, we will be happy to provide you with a $25 VISA gift card.

We are hoping to have the interviews completed in the next few weeks. Could you let me know one or two times in the next few weeks when we could chat for about 45 minutes on the telephone?

We appreciate your assistance and emphasize that all the information you provide will be kept completely confidential. Your name will never be associated with your responses and data will only be made available in aggregate. If you would like a copy of the questions to review ahead of time or have any questions or concerns, please let me know.

State Staff Member - Email

I'm writing to request your assistance with a project I am working on with the Vermont Department of Disability, Aging and Independent Living (DAIL). DAIL has hired Horn Research to conduct an external research study to identify the key challenges and successes of the PACE Vermont program to guide future efforts. For the study, we will be interviewing various constituent groups to gain their insights about the program. DAIL has identified you as a State of Vermont staff member familiar with PACE Vermont and has provided your contact information to us with the purpose of interviewing you. Your viewpoint and perspective is vital to the project and I hope you will be willing to participate.

We are hoping to have the interviews completed in the next 2-3 weeks. Could you let me know one or two times in the next few weeks when we could chat for about 45 minutes on the telephone?

We appreciate your assistance and emphasize that all the information you provide will be kept completely confidential. Your name will never be associated with your responses and data will only be made available in aggregate. If you would like a copy of the questions to review ahead of time or have any questions or concerns, please let me know.

CMS Staff Member - Email

I'm writing to request your assistance with a project I am working on with the Vermont Department of Disability, Aging and Independent Living (DAIL). DAIL has hired Horn Research to conduct an external research study to identify the key challenges and successes of the PACE Vermont program to guide future efforts. For the study, we will be interviewing various constituent groups to gain their insights about the program. DAIL has identified you as a CMS staff member familiar with PACE Vermont and has provided your contact information to us with the purpose of interviewing you. Your viewpoint and perspective is vital to the project and I hope you will be willing to participate.

We are hoping to have the interviews completed in the next 2-3 weeks. Could you let me know one or two times in the next few weeks when we could chat for about 45 minutes on the telephone?

We appreciate your assistance and emphasize that all the information you provide will be kept completely confidential. Your name will never be associated with your responses and data will only be made available in aggregate. If you would like a copy of the questions to review ahead of time or have any questions or concerns, please let me know.

APPENDIX B. INTERVIEW GUIDES

Guide for: PACE Staff, PACE Board Member, PACE Contractors, State Staff, CMS Staff

Thank you for your willingness to participate in this interview. Your feedback is very important and will help the State of Vermont understand the key challenges and successes of the PACE program to guide future programming efforts. *I want to remind you that your participation is completely voluntary and the information you provide will be kept completely confidential. At no point will your name be associated with any of the information you provide and your personal information will not be released at any time.*

The interview should take about 45 minutes and we will be sending you a $25 gift card in appreciation for your help. Do you have any questions before we begin?

1. First, if you can please describe your connection with PACE. How were you involved with the PACE program? For how long?
2. Based on your experience, what would you say worked well at PACE? What were the most successful aspects of the program?
3. What would you say didn't work well? What were the greatest challenges?
4. What do you think were the primary factors that led to PACE's closing? (If responded "financial losses", prompt: what do you think were the primary factors that contributed to the financial losses?)
5. Can you tell me your experience and perspective about enrollment in PACE? Were there challenges associated with who was or was not referred and enrolled in PACE? What do you think were the primary challenges PACE faced in enrolling people in the program? Why do you think those challenges existed?
6. Now I'd like to talk about contractors and the health care 'marketplace' in Vermont. How would you describe the availability of contractors and its effect on PACE? What impact, if any, do you think the rates paid by PACE vs. other organizations had on the success of PACE? How did Choices for Care services affect PACE's ability to provide services/contract for services?
7. How would you describe the impact of PACE offering services through its own staff rather than contracting for those services?
8. What do you think Vermont should learn from the PACE experience?
9. Based on your experience with PACE, what features do you think Vermont should try again? What were the best parts of PACE?
10. What do you think Vermont should not try again? What should be avoided in the future?
11. Are there any current gaps in service or care management for seniors that you think Vermont should focus on?
12. How would you sum up your overall evaluation of the PACE program?
13. Is there anything else you think we should know?
14. Is there anyone else you think I should be talking to about PACE? Do you have contact information?

Guide for: Enrollees/Family Members

Thank you for your willingness to participate in this interview. Your feedback is very important and will help the State of Vermont understand the key challenges and successes of the PACE program to guide future programming efforts. *I want to remind you that your participation is completely voluntary and the information you provide will be kept completely confidential. At no point will your name be associated with any of the information you provide and your personal information will not be released at any time.*

The interview should take about 45 minutes and we will be sending you a $25 gift card in appreciation for your help. Do you have any questions before we begin?

1. First, Why did you/your family member choose to enroll in PACE?
2. What worked well? Can you tell me about the best experiences you had with PACE?
3. What didn't work well? Were there any problems you had when enrolled with PACE?
4. Next I'd like to ask you about your experiences before, during and after PACE . In general, how would you describe the differences when you were enrolled in PACE versus before PACE? Was it better or worse with PACE? In what ways? And what about now? Would you say that things are better or worse now than they were with PACE? In what ways?
   Probes:
   a. What about with the amount of choice and control you had over your services.
   b. How about access to services?
   c. What about the quality of services you received?
   d. What about with your medication management?
   e. And with caregiver support, things like communication and respite care – how was that different? And how about now?
   f. What about with integrating all aspects of your/your family member's care? (for example across primary care, long term care and chronic condition care)
   g. Tell me about how care decisions are made such as the care setting for you/your family member (in-home, nursing home, etc.) the types of services, and schedule of services? How was that different with PACE versus before PACE? And how about now?
   h. Were there any differences when managing care transitions for example, from the hospital to a nursing home or back home? What were those differences? And how about now?
5. When PACE closed, did you face any particular challenges in managing your care? What were they? Did anything get better?
6. What do you think Vermont should learn from the PACE experience?
7. Based on your experience with PACE, what features do you think Vermont should try again? What were the best parts of PACE?
8. What do you think Vermont should not try again? What should be avoided in the future?
9. Are there any current gaps in service or care management for seniors that you think Vermont should focus on?
10. How would you sum up your overall experience with PACE?
11. Is there anything else you think we should know?

APPENDIX C. KEY POINTS OF INQUIRY

The following Key Points of Inquiry were developed based on information provided by DAIL as to the purpose of the research project. The Key Points of Inquiry were used to guide the design of the interview guides and served as the basis for the summary report.

1. **Connection to and Experience with PACE**
   It is important to understand each participants' history with PACE and the context in which they engaged with the program. In addition, participants will be asked to provide an overall evaluation of their experience with PACE.

2. **What worked/Strengths**
   A key to understanding PACE is to understand what was working well. These questions will explore the successes achieved by the program.

3. **What didn't work/Challenges**
   An exploration of program challenges offers a rich source of information for the study. Participants will be asked to describe the challenges they faced in working with and for the PACE program. These questions will also explore the factors which led to PACE closing including why the program did not achieve its enrollment goals.

4. **Health Care Marketplace/Contractors**
   These questions will explore the structure of Vermont's health care marketplace and how it affected PACE Vermont's operations.

5. **Impacts of PACE closing**
   These questions will examine the impacts, both negative and positive, of PACE closing including areas such as quality of care, access to care, consumer choice, and care decision management.

6. **Areas to consider reviving/Current gaps in service**
   Participants will be asked to provide their opinion on what aspects of the PACE program Vermont should consider reviving and what service areas are currently unaddressed in the Vermont system.