

DMA ADMINISTRATIVE LETTER NO. 02-08, POLICY AND PROCEDURES FOR PROGRAM OF ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)

DATE: January 30, 2008

SUBJECT: POLICY AND PROCEDURES FOR PROGRAM OF
ALL-INCLUSIVE CARE FOR THE ELDERLY (PACE)

DISTRIBUTION: COUNTY DIRECTORS OF SOCIAL SERVICES
COUNTY INCOME MAINTENANCE DIRECTORS
COUNTY CASEWORKERS AND SUPERVISORS

Program of All-Inclusive Care for the Elderly (PACE) is a federal program administered by the Centers for Medicare and Medicaid Services (CMS). PACE was authorized under the Balanced Budget Act of 1997 (P.L. 105-33), under which:

- Section 4801 authorizes Medicare coverage of PACE services; and
- Section 4802 authorizes the establishment of PACE as a state option under Medicaid.

The State of North Carolina has received approval from the CMS to amend the state plan to include PACE as a state plan option. House Bill 1414 of the 2004-2005 Session of the North Carolina General Assembly mandated the development of PACE programs.

The Program of All-Inclusive Care for the Elderly (PACE) is a managed care program that enables elderly individuals who are certified to need nursing facility care to live as independently as possible.

PACE participants receive a comprehensive service package which permits them to live at home while receiving services. This prevents institutionalization. The PACE organization must provide all Medicaid covered services, in addition to other services determined necessary by PACE for the individual beneficiary. The PACE program becomes the sole source of services for Medicaid and/or Medicaid/Medicare eligible enrollees.

The PACE program is a fully capitated managed care benefit. The PACE organization assumes full financial risk for participants' care without limits on amount, duration, or scope of services. CMS establishes and pays the Medicare capitation and each State establishes and pays the Medicaid capitation. When the enrollee receives Medicaid and Medicare, the PACE organization receives a Medicaid capitation payment and a Medicare capitation payment.

The first North Carolina PACE organization to be developed and receive approval by CMS is Elderhaus, Inc. of Wilmington. Individuals residing in

New Hanover County and a small portion of Brunswick County are eligible to apply for PACE enrollment with Elderhaus.

The purpose of this letter is to introduce you to the PACE policy and [EIS procedures](#) for authorizing the PACE payment. The information provided in this letter is effective February 1, 2008. Use this letter in conjunction with the new PACE policy in [MA-2275](#), Program of All-Inclusive Care for the Elderly.

If you have questions, please contact your Medicaid Program Representative. For any issues that are not able to be handled through that venue, Mrs. Angela Floyd, Assistant Director for Recipient and Provider Services, will be your point of contact and can be reached at (919) 855-4000.

William W. Lawrence, Jr., M.D.
Acting Director

[This material was researched and prepared by Barbara Daniels, EIS Consultant II, Eligibility Information System Unit.]