National PACE Association

Systems of Health Care in the United States

Among the most highly debated and analyzed topics today, health care reform continues to dominate the news, as elected officials seek solutions that achieve cost reductions, increased quality, and expanded coverage. To achieve these goals simultaneously, experts agree that it will be necessary to overhaul the delivery of care from our current fee-for-service model of care into systems of care that reward providers for achieving wellness and promoting preventive care. At the core is recognition that existing fee-for-service reimbursements encourage volume-driven health care rather than value-driven health care. Providers are reimbursed for each individual service regardless of efficacy rather than delivering quality services that are proven to keep people healthy, reduce errors and help avoid unnecessary care. Our current payment system encourages high volume, procedures, tests, and referrals. It does not reward the prevention of hospitalization, effective control of chronic conditions, or care coordination.

Historically, the term "systems of care" has been used to refer to the organization and financing of services in a manner that improves access to and availability of services while reducing service and funding fragmentation. The idea behind a system of care concept is not a strict "model" with only one solution; rather it is intended as an organizing framework that provides flexibility to implement a system and a philosophy in a way that achieves the desired goals. Since a system of care is not a discrete model, it is difficult to say definitively or precisely what one is and is not. Different medical or provider organizations have implemented systems of care in different ways, examples of current systems of care include medical home concepts, accountable care organizations and PACE® programs.

Programs of All-Inclusive Care for the Elderly, or PACE, is a unique health care delivery model that provides home and community-based care and services. An interdisciplinary team, including physicians, nurses, therapists, social workers, pharmacists, health care aides and others, collaborate to develop and implement a personalized care program for a frail elderly person who would otherwise be in a nursing home. This team is directly responsible for patients' care, giving them the unique ability and perspective to regularly assess patients' needs and progress, as well as develop comprehensive care plans specific to each individual. PACE's integrated care system gives both the patients and the caregivers the option to participate in the planning of their healthcare programs.

The integration of PACE's delivery model is facilitated by the integration of its funding mechanism. With resources provided by both Medicare and Medicaid, PACE programs are responsible for the quality and cost of health care for a population of Medicare and Medicaid beneficiaries known as "dual eligibles" because they are eligible for both programs. However, unlike Medicare Special Needs Plans (SNPs), which provide unified financing through specific types of insurance plans, PACE programs are integrated delivery systems that provide care not just financing mechanisms. It is the integrated system of care built around a central location, the PACE Center, that facilitates participants' access to primary care, pharmacy services, dietary and transportation needs, as well as critical social interaction. Because the government provided reimbursement does not change depending on the acuity or chronicity of a patient's illness, PACE programs have an incentive to keep patients healthy, provide quality care, and avoid costly institutional based care, whether in a hospital or nursing home.

Systems of care change and evolve over time. The policies, organizational arrangements, service delivery approaches, and treatments change and adapt to changing needs, opportunities, care protocols and environmental circumstances. Each PACE program is consistently reevaluating the services offered and the integration of delivery in an effort to keep its frail elderly participants healthy. Building systems of care is a developmental process made possible because of a unified system of financing that supports prevention, wellness, quality and avoids unnecessary care. Since the inception of the first program 30 years ago, PACE has consistently demonstrated the value of integrated systems of care.