

## **S. 1362, the PACE Innovation Act of 2015, as Modified**

### **Current Law**

The Program of All-Inclusive Care for the Elderly (PACE) is an integrated care program that provides comprehensive long-term services and supports to individuals aged 55 and older who require an institutional level of care, many of whom are eligible for both Medicare and Medicaid and are known as dual-eligible beneficiaries. The PACE program was established in the Social Security Act (SSA) in section 1894 for Medicare and section 1934 for Medicaid. Setting up a PACE program is optional for states under Medicaid. In 2014, 31 states had PACE programs. PACE providers receive capitated payments from both Medicaid and Medicare to cover an enrollee's benefits. In many cases, the PACE program enables enrollees to receive services through an adult day health center rather than through an institution such as a nursing facility.

Section 1115A of the SSA gives the Secretary of the Department of Health and Human Services the authority to waive certain requirements found in statute "as may be necessary" to test "innovative payment and delivery models to reduce program expenditures." Under section 1115A, the Secretary is not authorized to waive any PACE requirements under Title XIX of the SSA.

### **S. 1362**

S. 1362 as modified would amend section 1115A(d)(1) of the SSA to add section 1934 to the waiver authority, authorizing the Department of Health and Human services to waive applicable general and Medicaid requirements in order to conduct demonstration projects that involve PACE. S. 1362 as modified clarifies that within the Secretary's statutory authority to waive certain requirements, the Secretary cannot waive the requirement to offer "all items and services covered" under Medicare and Medicaid without limitation to PACE program enrollees. Further, under S. 1362 as modified, the Secretary cannot waive certain Medicaid requirements that pertain to enrollment and disenrollment from PACE programs.