

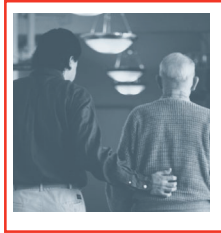
# HSR Impact

## Aging

### THE ISSUE

The American population is aging rapidly. The population over age 65 is expected to double to 70 million, or 20 percent of the population, by 2030. Medical advances that are helping the elderly live longer and healthier lives are coming at a time characterized by uncertainty about the stability of Medicare, large increases in prescription drug prices, and recent cutbacks in pensions and retiree health benefits. Health services researchers are helping the country prepare for this impending age revolution by searching for long-term care solutions and chronic disease management methods that combine the best treatments available with efficient payment arrangements.

### SNAPSHOT OF SUCCESS Nursing Home Alternative for Frail Elderly



A long-term care program shaped by three decades of health services research allows frail and disabled seniors in 19 states to continue living at home while receiving state-of-the-art medical care in their own community. The

Program for the All-inclusive Care of the Elderly (PACE) is a geriatric health care delivery system jointly financed by Medicare and Medicaid. It uses interdisciplinary teams of health professionals to meet seniors' health and social support needs, ranging from routine check-ups to specialty services to acute hospital care.

PACE is modeled after On Lok Senior Health Services, a nonprofit organization created in 1971 to serve the elderly population in San Francisco's Chinatown. Through On Lok, nursing-home eligible patients are driven to a clinic or health center during the day and returned to their homes at night. A team of doctors, nurses, physical therapists, nutritionists, and social workers coordinates each person's care at the clinic and assists patients at home and in the hospital.

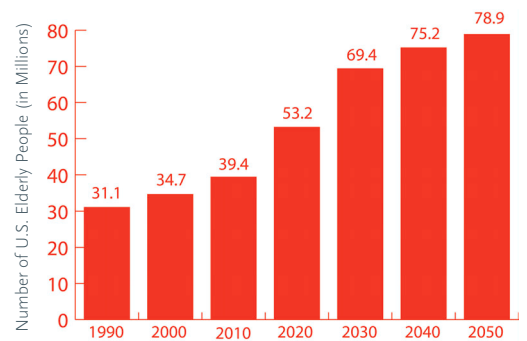
In 1986, The Robert Wood Johnson Foundation and the U.S. Health Care Financing Administration (HCFA; now called the Centers for Medicare and Medicaid Services) launched the national PACE demonstration project—a series of test programs based on the On Lok model. HCFA's research helped establish that the program could provide high quality, affordable health services to the frail elderly. As a result, PACE became a permanent managed care provider under the Balanced Budget Act of 1997. There are currently 38 PACE sites operating in 19 states.

PACE benefits providers, patients, and policymakers alike. Because financing for PACE is capitated (insurance costs are fixed for each enrollee) and the program is flexibly structured, providers can deliver all the services that the program participants need rather than being limited to those reimbursable under Medicare and Medicaid fee-for-service systems. Participants can remain independent while at the same time receiving needed medical care and social support. And Medicare and Medicaid programs appear to save money. In a 1998 study, Abt Associates, a research firm studying PACE under contract with HCFA, compared Medicare costs for PACE with those associated with typical fee-for-service care for the frail elderly. During the first six months after patients enrolled in PACE, costs were 38 percent lower than estimated Medicare fee-for-service costs; they were 16 percent lower in the six months following that.

Studies indicate that PACE participants spend less time in hospitals than other elderly. In 1995, for example, the average number of days that

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### The Senior Boom



Source: Alliance for Aging Research



## *Nursing Home Alternative for Frail Elderly (continued)*

PACE participants spent in the hospital was slightly lower than that of all Medicare beneficiaries (a broader, healthier population): 2,399 vs. 2,448 hospital days per 1,000 people per year. Research also suggests that PACE enrollees don't need to take prescription drugs as often as other older adults and report a higher quality of life and health status.

To be eligible for PACE, individuals must be at least 55 years old, live in a program's service area, and be certified by their state's Medicaid agency as nursing-home eligible. About 20 new sites are expected to be developed per year. The

program's costs are fully covered for patients who qualify for Medicare and Medicaid. Seniors with Medicare only must pay for the Medicaid portion of fees out of their own pocket.

In February 2002, the National PACE Association awarded \$600,000 to 10 states to help them develop and administer additional PACE sites. States taking part in the three-year initiative, which was supported in part by the John A. Hartford Foundation, are Arizona, Arkansas, the District of Columbia, Kansas, Louisiana, Michigan, Rhode Island, Texas, Vermont, and Washington.

## RELATED RESEARCH

The Summer Institute on Aging Research offers doctoral-level researchers intensive exposure to current issues in aging research. Held annually by the National Institute on Aging, a division of the National Institutes of Health, the program includes lectures, seminars, and small group discussions on research addressing the biology of aging, genetics, and Alzheimer's disease, among other topics. In addition, the program advises attendees on preparing and submitting research grant applications to the National Institute on Aging. For more information, visit [www.nia.nih.gov/news/summer](http://www.nia.nih.gov/news/summer).

The Paul Beeson Physician Faculty Scholars in Aging Research Program grants three-year development awards to help reduce the shortage of academic geriatricians. The program, sponsored by The John A. Hartford Foundation, The Commonwealth Fund, The Alliance for Aging Research, and The Starr Foundation, provides \$450,000 for research and training activities related to aging and care of the elderly. Visit [www.afar.org/beeson.html](http://www.afar.org/beeson.html) for more information.

## TOOLS FOR PROVIDERS

Quality First is an initiative to provide ethical and affordable long term care options supported by the American Health Care Association, the American Association of Homes and Services for the Aging, and the Alliance for Quality

Nursing Home Care. The initiative includes a set of long term care standards and other materials for providers. More information and links to additional resources are available at [www.qualityfirstnursinghomes.com](http://www.qualityfirstnursinghomes.com).

## WEB SITES

The National Council on the Aging  
[www.ncoa.org](http://www.ncoa.org)

Administration on Aging  
[www.aoa.gov](http://www.aoa.gov)

AARP  
[www.aarp.org](http://www.aarp.org)

National PACE Association  
[www.npaonline.org](http://www.npaonline.org)

VA Health Services Research and Development  
[www.hsr.d.research.va.gov](http://www.hsr.d.research.va.gov)

## FACTS

There are currently 9.2 million people over age 80 living in the United States.

*The National Council on the Aging*

In 2000, 65-year-olds could expect to live an average of 17.9 more years.

*Administration on Aging*

Minorities will comprise 25 percent of the elderly population in 2030, up from 16.4 percent in 2000.

*Administration on Aging*

There are currently more than 1 million people over age 65 living in nursing homes.

*Administration on Aging*

By 2050, the number of people over age 85 will grow to more than 19 million.

*Administration on Aging*

## What is health services research?

Health services research examines how people get access to health care, how much care costs, and what happens to patients as a result of this care. The main goals of health services research are to identify the most effective ways to organize, manage, finance, and deliver high quality care; reduce medical errors; and improve patient safety.

— Agency for Healthcare Research and Quality, 2002



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1801 K Street, NW, Suite 701-L  
Washington, DC 20006  
tel: 202.292.6700 • fax: 202.292.6800  
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