The Oaks PACE

A Program of All-inclusive Care for the Elderly
What is PACE?

- Program of All Inclusive Care for the Elderly
  - An Integrated system of care for the frail elderly that is:
    - Community-based
    - Comprehensive
    - Capitated
    - PACE Pays Medical
Funding Sources

- Medicare
- Medicaid
- Part D Drugs

- Can Private Pay for Portion
The PACE Model
Who Does It Serve?

• 55 years of age or older
• Live in Orangeburg or Calhoun County
• Certified as needing nursing home care
• Able to live safely in the community with the services of the PACE program at the time of enrollment.
The PACE Model
Philosophy

Honors what frail elders want

- To stay in familiar surroundings
- To maintain autonomy
- To maintain a maximum level of physical, social, and cognitive function
PACE Provides Transportation
PACE Provides PT, OT & ST
Brief Overview of PACE
Services Provided

- On-site Physician and nursing care
- Nurse Practitioner
- Pharmacist Services
- Hospitalization
- Medical Equipment
- Nutritious midday meal
- Occupational, Physical and Speech therapies
- Social interaction

- Alzheimer’s and Dementia Care
- Transportation to and from home and specialty appointments
- Nursing facility care if needed
- Home Care
- Respite Care
- Support groups for caregivers
- Social Worker
- Recreational Therapy
- Chaplain Services
Integrated Service Delivery and Team Managed Care

- Interdisciplinary Teams

- Social Services
- Home Care
- Nutrition
- Personal Care
- OT/PT
- Pharmacy
- Activities
- Primary Care
- Transportation
PACE – The Future is NOW

- New strategies of Medicare and Medicaid
  - Home and Community Based Services
- Serves largely a nursing home eligible population in the community when enrolled
- Good care outcomes, high enrollee satisfaction and low dis-enrollment rates
- Keeping people home, providing preventative care is the key to reducing Federal and State Costs
  - About Half of what Skilled Nursing Costs
  - Social Security payment stays with FAMILY
THE OAKS PACE – Important to the Community

- Will serve 150 people in Orangeburg and Calhoun County
- Pays Hospital, Physician Practices, Pharmacy combined over $1 million a year
- Employees over 50 people full and part time
- Budget of over $7 million currently
- Will expand in the future
Mr. George J. Makay  
Community Long Term Care-Waiver Management  
State of South Carolina  
Department of Health and Human Services  
P.O. Box 8206  
1801 Main Street  
Columbia, SC 29202-8206

Re: The Oaks PACE Application

Dear George:

In accordance with ¶460.12(b) and ¶460.80 of the Rules and Regulations pertaining to PACE, The Oaks is financially and operationally capable of providing the necessary core management, staff and facilities to provide a successful PACE program in Orangeburg County. The Board of Trustees of The Methodist Oaks, in a meeting held February 6, 2007, authorized me to sign a lease for the building for the PACE center and to take other steps as necessary to create the PACE Program in Orangeburg County.

The financial condition of The Oaks is such that, along with the other funding sources that will be enumerated, The Oaks is able to provide for the cash flow needs and reserve requirements of the PACE Program. Orangeburg County has committed to a specific amount of funding as well as a short term bridge loan to cover the period before cash flow is positive. The Regional Medical Center of Orangeburg and Calhoun County, has committed to provide billing deferral, if needed, until the census of the program provides positive cash flow.

I met with the Duke Foundation and with the Rural Health Agency and am confident that both will provide assistance. The Duke staff was excited about the program in Orangeburg and the cooperation between The Oaks, TRMC, and other agencies. I discussed a two year funding scenario with Duke and received positive feedback. Though the awards are not made until after November, I am comfortable that The Oaks will have funding in place to start up the program and successfully operate with or without the Duke Grant.

Yours truly,

The Reverend James R. McGee  
CEO/President

Cc: Judy Baskins
## PACE ProForma Summary Highlights

<table>
<thead>
<tr>
<th>Description</th>
<th>Start Up</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tbody>
<tr>
<td><strong>Capital Expense</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>$200,000</td>
<td></td>
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<tr>
<td>Equipment</td>
<td>$100,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
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<td>$10,000</td>
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<tr>
<td>Information Technology</td>
<td>$50,000</td>
<td>$5,000</td>
<td>$5,000</td>
<td>$5,000</td>
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<td>$5,000</td>
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<tr>
<td><strong>Total Capital</strong></td>
<td>$350,000</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
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<tr>
<td><strong>Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operating Gain (Loss)</td>
<td>$(355,241)</td>
<td>$(758,229)</td>
<td>$179,060</td>
<td>$628,642</td>
<td>$804,204</td>
<td>$809,820</td>
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<tr>
<td>Unrestricted Donations</td>
<td>$450,000</td>
<td>$850,000</td>
<td>$100,000</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
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<tr>
<td><strong>Net Operating Gain (Loss)</strong></td>
<td>$94,759</td>
<td>$91,771</td>
<td>$279,060</td>
<td>$628,642</td>
<td>$804,204</td>
<td>$809,820</td>
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<tr>
<td>Accumulated Net Gain (loss)</td>
<td>$94,759</td>
<td>$186,530</td>
<td>$465,590</td>
<td>$1,094,232</td>
<td>$1,898,436</td>
<td>$2,708,256</td>
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<tr>
<td><strong>Reserve Requirement</strong></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Investments (Reserves)</td>
<td>$(242,556)</td>
<td>$453,857</td>
<td>$854,390</td>
<td>$1,459,973</td>
<td>$2,129,133</td>
<td>$2,616,358</td>
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<td>Risk Reserve Requirement</td>
<td>$-</td>
<td>$444,495</td>
<td>$819,805</td>
<td>$1,043,713</td>
<td>$1,098,296</td>
<td>$1,150,973</td>
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<td>Line of Credit Requirement</td>
<td>$250,000</td>
<td>$550,000</td>
<td>$650,000</td>
<td>$550,000</td>
<td>$350,000</td>
<td>$-</td>
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</tbody>
</table>
- **Initial Capital Investment for Building and Equipment**
  - Typical - $1.2 Million
  - We were able to secure favorable lease

- **Building, Furnishings and Equipment Ready for 90 participants**

- **Staffing including Medical Director, Nurse Practitioner, MSW, CNAs, Housekeeping, Transportation, etc., Ready to Go.**

- **Approximately $25,000 a month before any participants**

- **Allowed to Open for first participant 6 months after building approved and licensed**
Our Original Pro Forma Projected Breakeven in Year 2

We made it in Year 3

The State Held us Back a Full Year

Now, We are on Track!
<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Team Members</th>
<th>Actions</th>
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</thead>
<tbody>
<tr>
<td>July----September 2006</td>
<td>James McGee</td>
<td>Submit Rural PACE grant application to CMS; Make decision to proceed, or not, with a PACE program; Grant awards made by CMS in September</td>
</tr>
<tr>
<td>October 2006----December 2006</td>
<td>James McGee, Elaine Till, Palmetto Senior Services</td>
<td>Begin search for facility; continue communication with DHHS; begin to prepare PACE provider application</td>
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<tr>
<td>January----April 2007</td>
<td></td>
<td>Facility design</td>
</tr>
<tr>
<td>June 2007</td>
<td>Elaine Till – Program Dir, Palmetto Senior Services</td>
<td>Submit PACE provider application to CMS; submit Part D application to CMS; Part D premium proposal to CMS no later than June 2007</td>
</tr>
<tr>
<td>June----December 2007</td>
<td>James McGee, Elaine Till, Palmetto Senior Services</td>
<td>Facility renovation; obtain all required licenses; complete state readiness review on PACE Center</td>
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<tr>
<td>January[1]----March 2008</td>
<td>Elaine Till, Palmetto Senior Services</td>
<td>Begin operations as a PACE provider for Orangeburg County</td>
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</tbody>
</table>
The Oaks PACE Begins March 1, 2008
The Oaks PACE

• Opened on March 1, 2008
• We had 1 participant when we opened
• Current enrollment is 125
• Since March of 2008, PACE has served 183 Frail, Elderly Participants
TODAY

Serving 125 Participants
Two Counties
Third County Approved
PACE OPERATIONS
Success and Challenge
Scott Ewing, COO The Oaks
Challenges

• S.C. is mandating Managed Care for new Medicaid enrollees, eventually all eligible 55+...PACE is only other enrollment option

• Expense control...PACE programs with census <200 have more dramatic fluctuation in expense Per Member Per Month than larger programs.
• Hospitalists and specialists must learn to integrate care with PACE physicians and understand different medical model that PACE represents.

• Hospital must be aware that patients in the E.D. are PACE members just as they would be aware of patients with other payor sources.
Physician Practices

- Myriad Local Physician Provider Contracts Required
- All Disciplines
- Single Providers in Rural Community
- Some Refuse to Contract for Services
Complexities

• Understanding payment methodology including documentation, deadlines, and usage of Hierarchical Care Categories

• Coordination of wide ranging services including bus routing, scheduling home services, clinic, dietary services, hospital services, pharmacy.
Some Statistics

- 245 phone calls in year to NP or Nurse on Call
  - 10% sent to Hospital Emergency.
  - Without PACE, Potential of 245 Emergency Visits

- January 2011 to Date 81 Hospital Admissions

- January 2011 to Date 6 Readmissions to Hospital
  - 1 Readmission in First Two Quarters of Current Fiscal Year

- January 2011 to Date 62 ER Visits
RMC & PACE

Working together for the Community
In The Beginning

- RMC knew about PACE Programs
- RMC Reviewed Ways to Partner
- RMC Contributed
  - $50,000.00 to Help Startup
  - Offered to Help with Cash Flow
Getting Started

• Coordination of RMC Services
  ✓ A New Relationship
  ✓ The ER
  ✓ Hospitalist
  ✓ Myriad Services

• Contract for Payment
• Excellent Cooperation and Coordination
• Substantial Revenue to Hospital and Services
• Quicker Discharge for PACE Participants Positively affecting ALOS and DRGs
• Reduced ER Visits Vs. Similar Non PACE Population positively affecting 30 day readmission rates.
Some North Carolina Information
# PACE Programs in North Carolina

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Service Area</th>
<th>Starting Date</th>
<th>Census</th>
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<tbody>
<tr>
<td>Elderhaus</td>
<td>New Hanover County and portion of Brunswick County (Wilmington)</td>
<td>February 2008</td>
<td>106</td>
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<td>Piedmont Health SeniorCare</td>
<td>Alamance, Caswell, Orange, Chatham and portion of Lee Counties (Burlington)</td>
<td>November 2008</td>
<td>120</td>
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<tr>
<td>St. Joseph of the Pines</td>
<td>Cumberland County and portions of Harnett and Hoke Counties (Fayetteville)</td>
<td>April 2011</td>
<td>123</td>
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<td>PACE of the Triad</td>
<td>Guilford and Rockingham Counties (Greensboro)</td>
<td>July 2011</td>
<td>80</td>
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<td>PACE @ Home</td>
<td>Catawba County and portions of Lincoln, Caldwell and Alexander Counties (Newton)</td>
<td>January 2012</td>
<td>34</td>
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<tr>
<td>PACE of the Southern Piedmont</td>
<td>Mecklenburg and portion of Cabarrus Counties (Charlotte)</td>
<td>February 1, 2013</td>
<td>N/A</td>
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<tr>
<td>United Church Homes</td>
<td>Rowan, Davidson, Davie and Iredell Counties (Lexington)</td>
<td>October 1, 2012</td>
<td>8</td>
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<tr>
<td>Volunteers of America</td>
<td>Wake and Durham Counties (Raleigh)</td>
<td>January 1, 2013</td>
<td>N/A</td>
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<td>Senior Total Life Care</td>
<td>Gaston County and portions of Cleveland and Lincoln Counties (Gastonia)</td>
<td>Second Quarter, 2013</td>
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<td>Community Care Partners</td>
<td>Buncombe and Henderson Counties (Asheville)</td>
<td>Third Quarter, 2013</td>
<td>N/A</td>
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<tr>
<td>Randolph Hospital</td>
<td>Randolph County and portions of Montgomery and Moore Counties (Randolph County)</td>
<td>Third Quarter, 2013</td>
<td>N/A</td>
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<td>St. Joseph of the Pines</td>
<td>Pitt and Edgecombe Counties (TBD)</td>
<td>TBD</td>
<td>N/A</td>
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<tr>
<td>St. Joseph of the Pines</td>
<td>Johnston and Wayne Counties, portion of Harnett County not already served (TBD)</td>
<td>TBD</td>
<td>N/A</td>
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<td>Omni Visions</td>
<td>Watauga County (TBD)</td>
<td>TBD</td>
<td>N/A</td>
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<tr>
<td>Multiple parties</td>
<td>Forsyth and Stokes Counties, portions of Surry and Yadkin Counties (Winston-Salem)</td>
<td>TBD</td>
<td>N/A</td>
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