March 5, 2026

Exploring the Role of the State Medicaid Agency in the Program of All-Inclusive Care for the Elderly (PACE)

Interview Findings

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Overview

- Purpose and methodology
- Key takeaways
  - States' role in PACE oversight
  - State oversight tools
  - Measuring quality and outcomes in PACE
  - State capacity
  - Federal-state division of oversight responsibilities
- Next steps

Purpose

- New work explores how states oversee PACE organizations; this presentation covers findings from stakeholder interviews
  - Half of the states with PACE programs supplement the required three-way program agreement with optional two-way program agreements
  - Presented findings on regulatory waiver requests submitted under Section 903 of the Benefits Improvement and Protection Act (BIPA) of 2000 (P.L. 106-554)
  - Federal policy guidance does not generally specify how the Centers for Medicare & Medicaid Services (CMS) and states should collaborate in oversight activities or provide detailed guidance on how states should carry out oversight

Methodology

- Conducted interviews with PACE subject matter experts to learn how states define and implement their oversight roles, and to identify areas of overlap or gaps with federal oversight
  - Interviewed state officials and one state PACE association across six states
  - Interviewed federal stakeholders from multiple divisions of CMS, the National PACE Association, and an independent national PACE expert
- Findings from our document review shaped interview questions
  - Explored how states interpret their oversight role, conduct ongoing oversight, and decide whether or not to use two-way program agreements
  - Addressed gaps in our environmental scan, including how states monitor PACE performance and quality and ambiguity in the federal-state division of oversight responsibilities

Key Takeaways

States' Role in PACE Oversight

- Congress assigns state administering agencies specific PACE oversight functions, primarily as joint federal–state responsibilities
  - States can access provider data and records, request reports to support oversight, and cooperate with CMS and PACE providers on health and outcome measures
  - CMS is required to conduct trial period and ongoing audits with states
  - Independently, states may terminate a program agreement for significant quality deficiencies or substantial noncompliance and, with CMS, may require corrective action plans or withhold payments
- Interviewees agreed that states have sufficient legal authority to oversee PACE organizations, but states interpret and implement statutory oversight functions in different ways

States' Role in PACE Oversight, cont.

- Officials from two states described their role narrowly, framing oversight as a collaborative partnership with CMS
- Officials from the other four states reported a broader, more proactive approach to oversight
- Federal officials confirmed that state oversight processes exist, but did not indicate that they assess how these processes are implemented or how effectively they operate in practice
- Several factors appear to drive variation in how states interpret their oversight role, including the broad nature of federal guidance and differences in which state agencies are responsible for PACE administration and oversight

State Oversight Tools

- States reported using a mix of federal mechanisms and state-developed tools to oversee and monitor PACE organizations, with approaches ranging from comprehensive to streamlined
  - Three of six interviewed states used two-way agreements to establish state-specific requirements beyond the standard three-way program agreement
  - BIPA 903 waivers operate as a joint federal-state mechanism, but state officials generally did not view them as a major factor in day-to-day oversight
  - States reported using tools such as state audits, policy letters, provider manuals, regulations, licensing requirements, and clinical coverage policies to monitor PACE organizations
  - All states reported using data submitted by PACE organizations through the Health Plan Management System (HPMS) to support oversight, typically reviewing information on enrollment, quality measures, incidents, and grievances during CMS-led meetings

Measuring Quality and Outcomes in PACE

- PACE organizations submit a variety of data to CMS
  - Enrollment, appeals, grievances, falls, immunizations, ED visits, other incidents
  - No standardized measures, and data are not released publicly
- States varied in the extent to which they measure PACE organization performance
  - Four interviewed states require reporting on participant satisfaction, which PACE organizations commonly evaluate using the Integrated Satisfaction Measurement for PACE (I-SAT) tool
    - A PACE provider association estimated that 95 percent of PACE organizations use the I-SAT
    - Previous interviews revealed that participant satisfaction survey results are not routinely shared with CMS, though CMS may discuss with PACE organizations as part of quality improvement plans

Measuring Quality and Outcomes in PACE, cont.

- States varied in the extent to which they measure PACE organization performance
  - One interviewed state has a more comprehensive quality strategy for its PACE organizations
  - Another state uses a portal for PACE organizations to submit quarterly quality data
    - Immunizations, ED visits, hospital admissions, falls, demographics
  - Some states require data submission to a PACE provider association data system
    - Voluntary disenrollments, ED visits, fall rates, death rates, immunizations, hospital admissions
- Several states noted limitations in their ability to evaluate performance and outcomes
  - State budget constraints
  - Challenges identifying standard quality performance and outcome measures for PACE organizations
- A national expert highlighted opportunities for improved PACE oversight with existing data, as well as challenges with small population size

State Capacity

- States that focus more on monitoring compliance than assessing performance were less likely to report concerns with capacity
- States with more and newer PACE organizations tended to report more constraints on resources and oversight capacity
  - One state is pausing review of new PACE organization applications for two years
    - Requested that CMS implement stricter federal application guidelines
    - Considering how to include PACE in larger oversight of integrated care models, including Medicare Advantage dual eligible special needs plans (D-SNPs)
- Interviewees other than federal officials noted limited federal capacity for oversight beyond the three-year trial period
  - Federal officials said that resources play a role in their risk assessment process for determining when to audit PACE organizations after the trial period

Federal-State Division of Oversight Responsibilities

- State and federal officials highlighted the collaborative relationship between CMS and states in conducting PACE oversight
  - All agreed on the utility of regular calls between CMS, states, and PACE organizations
- Several interviewees identified opportunities to improve coordination on audits
  - State officials noted their limited involvement in CMS audits and federal officials said they are not invited to participate in state audits
  - Though CMS encourages states not to duplicate CMS audits, there is often overlap
  - After three audits during the trial period, CMS audits PACE organizations on a routine basis using a risk assessment process that includes a variety of factors such as enrollment, past audits, and CMS capacity, though state officials noted a decline in the frequency of CMS audits beyond the trial period
- One state commented on a need for better data sharing from CMS
- A PACE provider association suggested that technical assistance could help PACE organizations shift to a more proactive approach

Next Steps

Next Steps

- Staff will return in April with policy options
- For discussion:
  - How do state and federal PACE oversight roles differ? How do they duplicate and complement one another? Do Commissioners have any experience with or insights into duplication across federal and state audits?
  - What implications arise from the variation in PACE oversight approaches and capacity across states? What areas would Commissioners flag for additional exploration?
  - What are the implications of a lack of standardized PACE quality measures?
  - Does the evidence support the need for particular federal or state policy changes that MACPAC could consider?

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