PACE RFI Summary

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The Minnesota Department of Human Services (DHS) released a Request for Information (RFI) to gather information regarding the Program of All-Inclusive Care for the Elderly, or PACE. This RFI closed on 2/28/2025, and DHS received 14 responses in total. This is a summary of responses DHS has received.

Thirteen of the 14 responses were from potential PACE providers. One response was from an organization that does not intend to become a PACE provider but has experience with Minnesota's existing programs for Medicaid and Medicare integration including MSHO and SNBC. The remainder of this summary will focus on the findings from the 13 potential PACE providers.

Out of state providers

Of the 13 responses from potential PACE providers, 7 were from PACE organizations based outside of Minnesota. These PACE organizations are operating in several states, including California, Colorado, Michigan, North Carolina, South Carolina, Kentucky, Maryland, New York, New Jersey, Pennsylvania, Alabama, Massachusetts, Delaware, Indiana, Florida and Louisiana. According to the responses, PACE sites in these states have opened as early as the year 1996, and as most recently as 2025. These PACE providers have anywhere from 1-27 programs, serving between 789-4400 participants in total.

Summary of organizational structures

Of the 13 responses from potential PACE providers, 8 were from nonprofit providers, including both PACE organizations operating outside of Minnesota and non-profit organizations based within Minnesota. The remaining 5 responses were from private, for-profit entities including 3 for-profit PACE organizations operating in other states. One for-profit organization indicated that they were a Certified B Corporation, which is a for-profit entity certified for its social impact by B Lab, a global non-profit organization.

Of the operational PACE centers who responded to the RFI, these companies have anywhere between 1 and 27 centers currently open or have PACE centers in development that will be open within the next 2 years.

The majority of respondents indicated that they had a preference for direct employment of PACE providers, rather than contracting out the required services. However, most respondents also cautioned this would be based on the availability of a sufficient workforce in the service area. In terms of staffing ratios, respondents

who currently provide PACE utilize a 1:3 or 1:4 staff to client ratio but encourage Minnesota to tailor the needs of each center as needed based on enrollment and enrollee needs.

Licensure

All Minnesota-based companies that responded to the RFI reported holding various licenses, including those for long-term care, adult day centers, assisted living, home care, hospice, and other services for seniors or vulnerable adults. Some companies recommended that DHS require an Adult Day Center license for operating a PACE program. Each respondent holds at least one license in their respective state to provide long-term care, housing, hospice, or PACE services. Respondents consistently indicated they are capable of obtaining and maintaining any licensure required by Minnesota to operate a PACE program.

Proposed geographic areas and enrollment for PACE

Not every response from current PACE providers indicated a particular geographic area in Minnesota that they anticipate serving. Of those who had completed a geographic analysis, the following areas were identified as viable regions for PACE:

- Twin Cities metro area
- Duluth (St. Louis & Carlton counties)
- Greater Twin Cities (Dakota, Isanti, Anoka, Washington)
- St. Cloud (Benton & Stearns Counties)
- Rochester (Dodge, Fillmore, Olmsted, and Wabasha Counties)
- Crosby/Brainerd area

Responses to the number of potential enrollees and PACE centers that Minnesota could support varied widely. The majority of responses indicated that a single PACE center could serve approximately 300-500 people, but outlier responses indicated anywhere from a low of 60 people per center to a high of 800 people per center. Generally, respondents believed each market could support 1-2 PACE centers, with a total of 5-8 PACE centers in Minnesota at full maturity. Most responses noted that scaling up to a fully mature environment would take several years. The majority also recommended that DHS limit PACE to one organization per geographic area, which would allow the organization time to establish itself and become financially viable.

Respondents who do not include a detailed analysis noted that they would pursue technical assistance from PACE assistance centers to help identify potential markets for their Minnesota PACE proposal.

Operational readiness

Responses indicated that it would take between 6 and 36 months from being awarded a contract to successfully launching a fully operational PACE program, with the majority reporting it would take between 12-28 months. Respondents noted that they would need this time to find a program location, build out or modify spaces, develop an enrollment system, implement claims processing and billing, secure proper staffing and secure contracts with contracted providers/staff. Responses to this RFI indicated that locating appropriate and qualified staff, as well as fiscal readiness, would be the largest issues with standing up a new PACE program.

Impact

Respondents to this RFI noted that they would be committed to serving the most complex individuals to reduce hospitalizations, ER visits, and help participants remain in the community. Many responses also consider having culturally specific centers or embedding their PACE programs into communities that may be underserved. Respondents consistently noted that they would ensure diversity in their programs, create diverse and important partnerships with their community, and help those who face disparities. There was one culturally specific provider response.

Milliman Actuarial Study Responses

Prior to releasing the RFI, Minnesota held several input sessions with interested parties on the themes reflected in the RFI. The actuarial analysis and process of developing rates were top of mind for most attendees. Much of what Minnesota heard during these sessions was also reflected in the RFI responses, including feasibility of the rates, questions about the capitation rate development, and concerns about the large amount of capital needed for startup costs.

Potential Considerations, factors, input and impact

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Respondents to the RFI have the following comments regarding considerations that DHS should take when building quality PACE programs:

Most responses received from already established PACE programs recommend that DHS have several companies who provide PACE to increase competition, as well as provide a wide variety of options for our program participants.

Responses received from non-PACE and Minnesota entities report that they would like to see DHS and the State of Minnesota adhere to CMS rules and regulations for PACE, and that Minnesota should look towards a consultant or the National Center for PACE to ensure a smooth opening of these programs.

Another factor that Minnesota-based companies noted was that there may be interactions with existing programs, like our current Dual Eligible Special Needs Plans (D-SNPs) or our Minnesota Senior Health Options (MSHO) program, which is a fully integrated dual eligible special needs plan. These responses suggested careful coordination to avoid any overlap or conflicts with their enrollment in either program. There may be some confusion or questions that will arise about how enrollees will utilize PACE and their D-SNP plan and ask that Minnesota take this into consideration to ensure continuity of care.

Responses also stated that Minnesota should take a careful look at how members would be enrolled in a PACE program and noted that using efficient processes, educating providers and potential participants will be crucial to the success of the program. There is also concern about low population density in some areas of greater Minnesota that could limit enrollment or limit viability for programs in these areas.

Responses encourage DHS to adhere to CMS recommendations in terms of staffing ratios. PACE organizations that responded to this RFI state that new PACE organizations should also take into consideration the population they are serving and are flexible with needs of their enrollees.

In addition to these factors, proper staffing and workforce was also discussed in some RFI's. Providers have concerns that there is a lack of proper workforce within the healthcare field, specifically in rural areas, and that the workforce may not meet the needs for the diverse population that a PACE program would need.

Overall, PACE organizations and other respondents to the RFI suggest marketing, education on PACE, and a strong collaboration with potential entities to ensure the continuity of care among program participants.