

E-BRIEF

AAPC

2026 PACE Risk Adjustment:

New Requirements, New Risks



Stephani Scott
VP AAPC Services

E-BRIEF

For years, Program of All-Inclusive Care for the Elderly (PACE) risk adjustment has lagged behind the Centers for Medicare and Medicaid Services (CMS) Hierarchical Condition Category (HCC) program in both reporting and oversight.

This approach is rapidly changing in 2026. New reporting requirements are increasing expectations around documentation accuracy, validation, and accountability, particularly as professional services and Evaluation and Management (E/M) coding move into higher scrutiny. What was once a retrospective review process is quickly becoming a concurrent review — with operational, financial, and compliance risk.

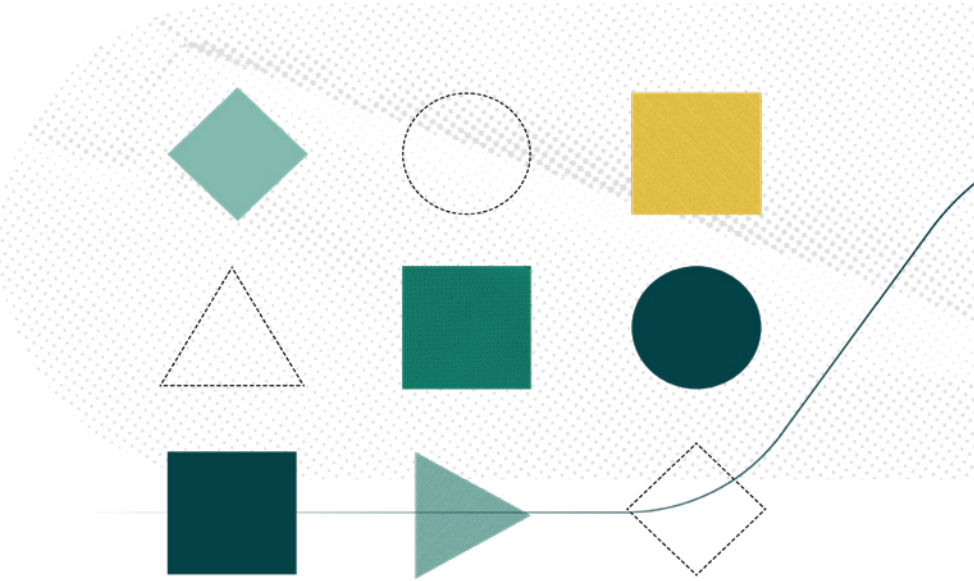


What's changing for PACE risk adjustment in 2026

This year marks a significant shift in how CMS calculates PACE risk scores. The calculation determines the capitation rates, for which PACE organizations receive monthly payments for each participant. Risk scores will be calculated using a blend of 10% of the V28 model and 90% of the V22 model, reflecting CMS broader plan to transition toward a full encounter data-based risk adjustment model by 2029. Although this is an incremental approach, organizations should not delay efforts in adapting to the new blended model as that could result in lower monthly payments.

Additionally, PACE organizations are now required to submit risk adjustment encounter data for both ICD 10-CM and CPT© Codes through the Encounter Data System (EDS), replacing the legacy Risk Adjustment Processing System (RAPS). CMS has worked with many organizations, providing technical assistance to ensure accurate and full diagnostic profiles were submitted for 2025 dates of service, which will be used for 2026 risk adjustment. This shift not only modernizes reporting infrastructure, but also puts greater responsibility on PACE organizations to ensure the integrity of their encounter data prior to submission.

As a result, PACE organizations must ensure their documentation practices align with the 2026 CPT© guidelines for Evaluation and Management services. Documentation must clearly demonstrate the complexity of medical decision making or the total visit time spent on the date of the encounter to support the reported level of service and to ensure accurate reimbursement. Incomplete or inconsistent documentation not only increases the risk of under or over coding, but also weakens an organization's ability to validate risk adjustment data under higher scrutiny. As reporting expectations increase, documentation must be complete, consistent, and written with audit defensibility in mind.



Where operational risk increases

These changes bring PACE risk adjustment into closer alignment with the Medicare HCC model, promoting greater consistency across CMS programs. However, this alignment also introduces challenges for organizations whose workflows, documentation practices, and coding oversight were not designed to meet the high level of standards historically applied Medicare/ Medicaid claims. Incorporating professional services and E/M coding into risk adjustment reporting requires a higher degree of collaboration between clinical operations, coding teams, and compliance oversight. Unidentified gaps will increase an organization's exposure to denials and reduced reimbursement under the new requirements.

As CMS moves toward greater transparency and precision, PACE organizations need to ask a more complex question: Are my existing documentation workflows and coding practices equipped to support defensible, audit-ready risk adjustment in this next phase? Many organizations cannot answer the question without performing an assessment of their documentation and coding quality, as well as operational readiness.



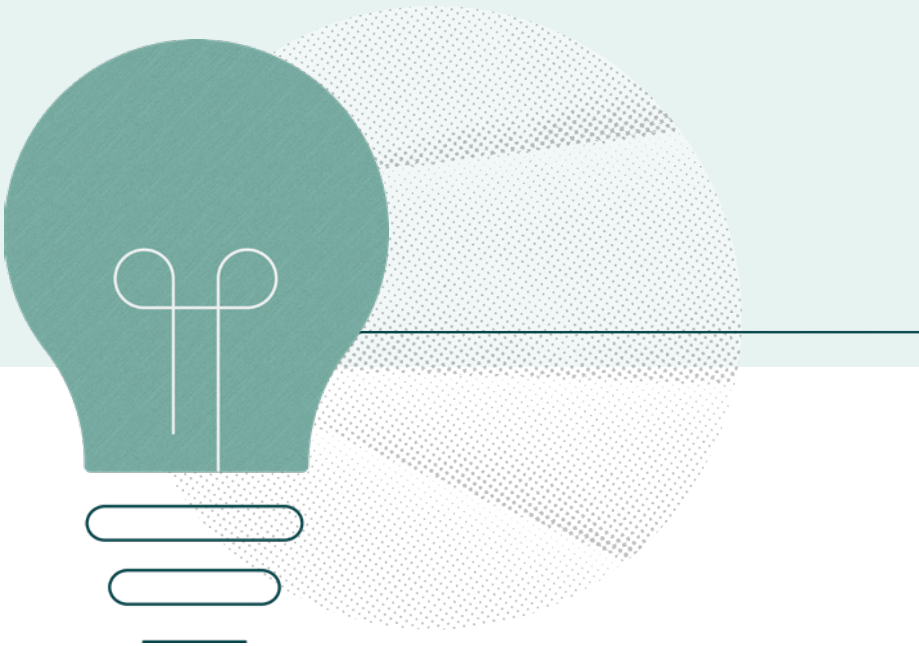
How AAPC can help

AAPC Services brings deep coding and documentation expertise to PACE organizations navigating increased scrutiny, including:

- Documentation vulnerability reviews to pinpoint gaps that can weaken audit defensibility
- E/M documentation and coding reviews to support the level of service under increased scrutiny
- Coding validation and quality assessments to improve accuracy and data integrity
- Independent audit support to evaluate risk adjustment readiness and compliance risk
- Remediation guidance to help teams improve workflows and sustain compliant practices over time

Key takeaways

PACE risk adjustment is moving into a higher-accountability era in 2026, with changes that affect how risk scores are calculated, how encounter data is submitted, and how documentation and E/M coding will be evaluated. While the model transition is incremental, the operational risk is not — and organizations that wait may face avoidable exposure in reimbursement, compliance, and audit defensibility. By assessing documentation quality, coding accuracy, and workflow readiness now, PACE organizations can better protect risk scores and prepare for increased scrutiny.





Stephani E Scott

RHIT, CPC | VP AAPC Services

AUTHOR BIO

Stephani Scott, RHIT, CPC, Vice President of AAPC Services, has over 25 years of experience in the healthcare industry, working closely with physicians and staff in health information management. She has worked in a variety of settings including hospital, long-term care, large multispecialty physician practice, and electronic health record software design and development. Scott has extensive experience in inpatient and outpatient auditing and coding compliance and is responsible for overall project performance and client satisfaction. Scott was also a part-owner of a consulting company for many years, providing services in best practices for physician practice management services including coding, billing, and revenue cycle management audits.

You can learn more or get started by visiting:

AAPC.com/business

or call 877-390-5435

AAPC

© AAPC, 2026. All rights reserved