

HHS restructures duals, PACE offices amid department overhaul

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Health and Human Services Secretary Robert F. Kennedy Jr.

The Health and Human Services Department is reorganizing a handful of key programs for dually eligible enrollees and older adults, including laying off numerous staffers.

HHS is shuffling how it manages care coordination for people dually eligible for Medicare and Medicaid under the Medicare-Medicaid Coordination Office and the Program of All-Inclusive Care for the Elderly.

PACE, [which had been poised for growth](#), offers home and center-based care mostly to dual-eligible Medicare and Medicaid enrollees who qualify for skilled nursing [but can still live in their communities](#). A spokesperson for HHS said the department has “planned productivity enhancements for the PACE management department.”

HHS did not elaborate on what management changes for the PACE program might look like.

"The Duals Office will be moving under the leadership of CMMI given its aligned focus of advancing innovative models," the spokesperson said in an email, referring to the Center for Medicare and Medicaid Innovation.

"The simple fact is, the work will continue," the spokesperson said.

Multiple former CMS staffers confirmed that HHS laid off a dozen people focused on duals coverage. One former staffer said layoffs came from within the Models, Demonstrations and Analysis Group within CMS' Medicare-Medicaid Coordination Office.

The former duals staffers worked closely with state Medicaid agencies to manage an integrated care model for dually-eligible beneficiaries known as the Financial Alignment Initiative demonstrations, according to a former staffer.

A handful of states still have active demonstrations that they're expected to wind down by the end of 2025, a process that takes significant coordination between states, the federal government and commercial payers.

Roughly 250,000 of the nation's most medically complex enrollees will need to be seamlessly transitioned into new coverage, and reducing the federal staffers responsible for collaborating on the program threatens that transition, the staffer said.

The rearrangement and layoffs are pieces of [HHS Secretary Robert F. Kennedy Jr.'s broader plan](#) to reduce the department's staffing levels by 20,000 people, [overhaul agencies' responsibilities](#) and [update its chain of command](#). Thousands of staffers at the Centers for Disease Control and Prevention, the Food and Drug Administration, the National Institutes of Health and other agencies within HHS have also been laid off.

"Our hearts go out to those who have lost their jobs. But the reality is clear: what we've been doing isn't working," Kennedy wrote in a Tuesday post on the social media site X. "We must shift course. HHS needs to be recalibrated to emphasize prevention, not just sick care. These changes will not affect Medicare, Medicaid, or other essential health services."