

**Note that MDHHS has updated our MSA provider bulletins with a fresh, new look.**

**Bulletin Number:** MSA 17-35

**Distribution:** All Providers

**Issued:** November 1, 2017

**Subject:** Program of All-Inclusive Care of the Elderly (PACE) Organization Evaluation Criteria, Alternative Care Settings (ACS), and For-Profit PACE Organizations

**Effective:** December 1, 2017

**Programs Affected:** Medicaid

PACE is a capitated benefit authorized by the Balanced Budget Act of 1997 that features a comprehensive service delivery system and integrated Medicare and Medicaid financing for frail, elderly individuals that meet Long Term Care level of care criteria. This bulletin outlines new guidelines regarding PACE organization application criteria, ACS, and the inclusion of for-profit PACE organizations.

### **PACE Organization Evaluation Process**

A prospective PACE organization can be a not-for-profit or for-profit private or public entity. The for-profit option was recently sanctioned by the Centers for Medicare & Medicaid Services (CMS). A PACE organization must participate in both Medicare and Medicaid and must be engaged primarily in the provision of PACE services.

#### **Initial Applications**

If the Michigan Department of Health and Human Services (MDHHS) receives multiple letters of intent for the same service area, the feasibility studies will be reviewed in the order in which they are received.

A potential PACE program must submit to MDHHS:

- Feasibility Study: within 90 calendar days of submitting their letter of intent.
- Provider Application: within one year of MDHHS approval of the feasibility study.

#### **Expansion Applications**

Expansion applications will not be accepted by MDHHS until the first CMS audit has been completed with good standing and the organization is fiscally sound.

## Alternative Care Settings

To be eligible to request an ACS, the following guidelines must be met:

- The PACE organization must have successfully completed their first trial period audit and be in good standing with CMS, per CMS audits.
- An ACS participant must belong to a PACE organizations center.
- The PACE organization's enrollment limit must have adequate space to accommodate projected ACS attendants.
- MDHHS must tour the proposed ACS location prior to approval.
- The ACS must be less than one (1) hour travel time from the PACE Center.

The ACS is subject to MDHHS Readiness Review and will be included in the PACE organization's annual audits. ACSs are also subject to all state and federal regulations.

The following documents must be submitted to MDHHS when an ACS is requested:

- Previous year's annual financial report for the PACE organization;
- The PACE organization's business plan for ACS;
- Financial projection for ACS site (to include cost of ACS site, renovations, staff, equipment etc.);
- Description of what population of participants will attend the ACS; and
- Description of what and how services will be provided at the ACS:
  - ACS services must include but are not limited to: meals, activities, personal care, laundry, and nursing (triage);
  - Description of how services that are not provided at the ACS will be available to participants.

MDHHS may request additional information when necessary.

## **Manual Maintenance**

Retain this bulletin until the information is incorporated into the Medicaid Provider Manual.

## **Questions**

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

## **Approved**



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