

**Bulletin Number:** MSA 21-36

**Distribution:** Program of All-Inclusive Care for the Elderly (PACE) Providers

**Issued:** October 1, 2021

**Subject:** PACE Unmet Need Process

**Effective:** November 1, 2021

**Programs Affected:** Medicaid

This bulletin addresses Public Act 447 of 2018 and the process of determining unmet need when a prospective PACE entity submits a letter of intent for a geographic area that already has a PACE organization serving the requested area.

### **Definition**

An unmet need is established when the number of true potential PACE beneficiaries (TPPB) is greater than zero.

### **Methodology**

Data from the Michigan Department of Health and Human Services (MDHHS) Data Warehouse will be used to determine unmet need when a prospective PACE entity is requesting an area being served by an existing PACE organization. MDHHS will pull the following data on a quarterly basis:

- The number of beneficiaries in each county with an active Level of Care Determination (LOCD) and the number of beneficiaries currently in a PACE organization within each county.
- To determine if there is unmet need, MDHHS will multiply the number of beneficiaries with an active LOCD by 11.25%.
- MDHHS will remove current PACE beneficiaries and subtract the remaining enrollment capacity assigned to the current PACE organization to find the TPPB.
- If the number of TPPB is greater than zero, there is an unmet need; if not, the need is met.

The National PACE Association (NPA) indicates 9% as the average national PACE market penetration rate (MPR). This rate is defined as the percentage of dual Medicare and Medicaid and Medicaid-only eligible beneficiaries needing long-term services and supports (LTSS) in the service area of a PACE organization who are enrolled in PACE according to the NPA. While the NPA indicates 9% as the MPR, MDHHS will use a higher MPR than the national average.

Number of beneficiaries who meet nursing facility level of care  
X 11.25% MPR  
= number of potential PACE beneficiaries (PPB)

Number of PPB  
- current PACE organization capacity  
= number of TPPB

Numerical example:

5,000 beneficiaries who meet nursing facility level of care  
X 11.25% MPR  
563 PPB

563 PPB  
- 200 capacity of current organization  
363 TPPB

= unmet need of 363 TPPB

If the number of TPPB is greater than zero = unmet need.  
If the number of TPPB is less than zero = no unmet need.

The data used in the methodology described above will be pulled quarterly and posted on the MDHHS PACE website. MDHHS will also conduct an ongoing analysis to determine the effectiveness of the methodology.

If an unmet need is determined, the current PACE organization will have the opportunity to submit expansion plans for review. If the current PACE organization fails to submit a plan for expansion, MDHHS will allow proposals from other organizations.

### **Unmet Need Process**

1. A prospective PACE entity must submit a letter of intent to MDHHS that includes:
  - a. Name of organization
  - b. Location of the PACE center
  - c. Service area by county and/or zip code (if applicable)
2. MDHHS will confirm whether there is an unmet need by utilizing existing methodology.  
If an unmet need is determined:
  1. Within 14 business days of determination, MDHHS will send a letter to the prospective PACE entity to confirm the receipt of their letter of intent. The letter will confirm whether there is an unmet need and the next steps for right of refusal.

2. Within 14 business days of determination, MDHHS will send a letter to the current PACE provider that an unmet need was determined, and a prospective PACE entity has requested their current service area. The current PACE provider will be given the opportunity to submit a plan to expand capacity sufficient to accommodate need and will have six (6) months from the notice of determination of unmet need to submit an expansion plan.
3. An expansion plan from a current PACE provider must include:
  - a. Letter of Intent
  - b. Location (if applicable)
  - c. Service Area
  - d. Capacity increase
  - e. Estimated timeline
4. If the current PACE provider's expansion plan is approved by MDHHS, they will have 90 calendar days from approval to submit a feasibility study. Once the feasibility study is received, current policy timelines will be followed. Current expansion timelines can be found in the Program of All Inclusive Care for the Elderly chapter of the [MDHHS Medicaid Provider Manual](#).
  - The current PACE provider must submit quarterly updates to MDHHS to ensure that the organization is making progress on the plan they submitted to address the unmet need.
5. If the current PACE provider chooses not to submit an expansion plan within six (6) months, MDHHS will move forward with requesting the prospective PACE entity's submission of a feasibility study within 90 calendar days of receiving notice.

If an unmet need is not determined:

1. Within 14 business days of determination, MDHHS will send a letter to the prospective PACE entity that an unmet need was not determined and, therefore, will not accept their letter of intent.

## Manual Maintenance

Retain this bulletin until the information is incorporated into the MDHHS 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-mailed to [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you submit an e-mail, be sure to include your name, affiliation, NPI number, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

## Approved



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