

**Bulletin Number:** MMP 24-28

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

**Issued:** August 30, 2024

**Subject:** PACE Expansion Criteria

**Effective:** October 1, 2024

**Programs Affected:** PACE

This policy addresses the feasibility study requirements for PACE organizations when submitting expansion applications to the Michigan Department of Health and Human Services (MDHHS).

## **Expansion Applications**

An expansion application is for existing PACE organizations that are seeking to expand.

Types of expansions include:

- A PACE organization requests to expand its geographic service area without building additional sites.
- A PACE organization requests to open another physical site in the existing geographic service area.
- A PACE organization requests to expand its geographic service area and open another physical site in the expanded area.
- A PACE organization requests to increase its current capacity.
- A PACE organization requests to expand its current building or change to a new address (does not require a Letter of Intent 14 months before fiscal year).

Expansion applications will not be accepted by MDHHS until the first Centers for Medicare & Medicaid Services (CMS) trial period audit has been completed with good standing and the organization is fiscally sound. A PACE organization will not be considered if the PACE organization has active sanctions, as defined in the Code of Federal Regulations (42 CFR Part 460 Subpart D).

## **Letter of Intent**

An existing PACE provider must submit a letter of intent to MDHHS that includes:

- Name of organization;
- Location of potential PACE center (if applicable);
- Service area that is being requested by county and/or zip code (if applicable); and
- Capacity increase (if applicable).

For budget consideration, a letter of intent must be received by MDHHS prior to August 1 (14 months) in advance of the fiscal year in which the program plans to open. If MDHHS receives multiple letters of intent for the same service area, the feasibility studies will be reviewed in the order in which the letters of intent are received.

Within 14 business days of receiving the letter of intent, MDHHS will send a letter to the PACE program to confirm the receipt of their letter of intent and notify the PACE program that a feasibility study must be submitted to MDHHS within 90 calendar days from the date of the letter.

## **Feasibility Study**

PACE organizations requesting an expansion must submit a feasibility study that includes:

- A PACE organization requests to expand its geographic service area without building additional sites.
  - Identifies the proposed service area
  - Shows evidence of demand for PACE services in the proposed service area
  - Documents the organization's timeline
  - Identifies the anticipated source of referrals for potential participants
  - Includes assurance of adequate financial capacity to fund program development and start-up costs, including identification of participant capacity and break-even consideration
  - Shows evidence of the proposed provider network and assurance that the organization will have staff and professionals experienced in providing care to the participants
  - Shows evidence of experience in providing primary, acute and/or long-term care services to the target population and evidence of positive community support
  - Demonstrates the ability to meet state and federal PACE requirements
  - Demonstrates organizational commitment to principles consistent with the PACE model
  - Shows evidence that the key positions of Executive Director, Medical Director, Center Manager, Financial Manager, and Quality Improvement Manager are sufficiently staffed
  - Shows evidence that the Executive (Program) Director position will be staffed with a full-time employee

- Shows evidence that the organization has the depth in leadership and experience required to develop and implement PACE successfully
- A PACE organization requests to open another physical site in the existing geographic service area.
  - Identifies the proposed service area
  - Shows evidence of demand for PACE services in the proposed service area
  - Documents the organization's timeline for development and anticipated costs
  - Includes assurance of adequate financial capacity to fund program development and start-up costs, including identification of participant capacity and break-even consideration
  - Shows evidence that the key positions will be staffed on-site
  - Shows evidence that the key positions of Executive Director, Medical Director, Center Manager, Financial Manager, and Quality Improvement Manager are sufficiently staffed
  - Shows evidence that the Executive (Program) Director position will be staffed with a full-time employee
  - Demonstrates the ability to meet state and federal PACE requirements
  - Demonstrates organizational commitment to principles consistent with the PACE model
  - Demonstrates that the organization has the depth in leadership and experience required to develop and implement PACE successfully
  - Shows evidence of experience in providing primary, acute and/or long-term care services to the target population and evidence of positive community support
- A PACE organization requests to expand its geographic service area and open another physical site in the expanded area.
  - Identifies the proposed service area
  - Shows evidence of demand for PACE services in the proposed service area
  - Documents the organization's timeline for development and anticipated costs
  - Identifies the anticipated source of referrals for potential participants
  - Includes assurance of adequate financial capacity to fund program development and start-up costs, including identification of participant capacity and break-even consideration
  - Shows evidence of the proposed provider network and assurance that the organization will have staff and professionals experienced in providing care to the participants
  - Shows evidence of experience in providing primary, acute and/or long-term care services to the target population and evidence of positive community support
  - Demonstrates the ability to meet state and federal PACE requirements
  - Demonstrates organizational commitment to principles consistent with the PACE model
  - Shows evidence that the key positions of Executive Director, Medical Director, Center Manager, Financial Manager, and Quality Improvement Manager are sufficiently staffed

- Shows evidence that the Executive (Program) Director position will be staffed with a full-time employee
- Shows evidence that the key positions will be staffed on-site
- Shows evidence that the organization has the depth in leadership and experience required to develop and implement PACE successfully
- A PACE organization requests to increase its current capacity.
  - Identifies current capacity
  - Identifies current enrollment
  - Includes proposal for why increase is needed
  - Documents physical capacity determined by fire marshal for
    - Building
    - Day Center
    - Clinic
  - Identifies current average daily attendance for participants and staff
    - Building
    - Day Center
    - Clinic
  - Documents projected daily attendance for participants and staff
    - Building
    - Day Center
    - Clinic
- A PACE organization requests to expand its current building or change of address.
  - Identifies information that will be available to organizations that file a letter of intent with MDHHS.

Other evaluation criteria may be considered and will be available to organizations that file a letter of intent with MDHHS to become a PACE organization. Once MDHHS has approved the PACE program's feasibility study, MDHHS will send an approval letter and the PACE program will have one year from the date of the letter to submit a PACE application to MDHHS and CMS. Prior to the submission, MDHHS will provide a State Assurance document in support of the application.

### **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. Typical Providers may phone toll-free 800-292-2550. Atypical Providers may phone toll-free 800-979-4662.

An electronic copy of this document is available at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.

## Approved

A handwritten signature in black ink that reads "Meghan E. Groen". The signature is written in a cursive style with a large initial "M" and "G".

Meghan E. Groen, Director  
Behavioral and Physical Health and Aging Services Administration