

# Illinois Program of All-Inclusive Care for the Elderly

## Request for Application (RFA) 2021



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### REQUEST FOR APPLICATION (RFA)

#### Program of All-Inclusive Care for the Elderly (PACE)

**HFS Tracking Number: 2022-23-008**

**RFA Title:** PACE Proposals

**Application Due Date:** 12:00 PM CST, Thursday, December 23, 2021

**Deliver Applications**

**Via Email to:** [HFS.DMP.PACE@illinois.gov](mailto:HFS.DMP.PACE@illinois.gov)

# Illinois Program of All-Inclusive Care for the Elderly

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### 1. General Information

#### 1.1 Contents

Section #	Section Title	Description
1	General Information	Identifies the purpose of the State of Illinois PACE RFA along with relevant general information regarding this RFA process
2	Background and Scope	Provides background information regarding the State of Illinois and PACE, including goals and objectives of the program, and the scope of the RFA
3	Response, Evaluation, and Selection Process	Provides applicants with instructions on the RFA process, response evaluation, and final selection. This section provides the structure that submitted applications shall follow to be deemed valid
4	Response Requirements	Identifies the applicant-specific company and profile information that is required for the written submission of this section
5	Technical Response	Outlines the prompts to which applicants shall respond regarding their approach to the scope of work in this RFA, their qualifications, and their relevant experience
6	Capitation Rates	Explains the capitation rate structure, its basis, and how rates will be negotiated
7	Contract Term	Explains how the contract term will be established
8	Submission of PACE Application to CMS	Explains the requirement that all successful applicants pursue PACE site approval through the process defined by CMS

#### 1.2 RFA Contact

**1.2.1 Contact Information:** The individual listed below will be the single point of contact for this RFA. Unless otherwise directed, applicants shall communicate only with the RFA Contact.

RFA Contact Information	
RFA Contact: Lisa Gregory	Phone: 217-557-8266
Agency: Illinois Department of Healthcare and Family Services	Fax: N/A
Street Address: 201 S. Grand Avenue East	City, State, Zip: Springfield, IL 62704
Email: HFS.DMP.PACE@illinois.gov	

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**1.2.2 Unauthorized Information:** The State of Illinois Department of Healthcare and Family Services (“HFS” or “the Department”) shall not be held responsible for information provided by or to any person other than the RFA Contact. Such information shall be deemed “unauthorized information.”

**1.2.3 Unauthorized Communication:** Applicants shall not discuss, directly or indirectly, the RFA or any content within the application with any state officer or employee other than the RFA Contact. Such communication shall be deemed “unauthorized communication”. Evidence of this will be considered grounds for disqualification.

### 1.3 RFA Timeline

The RFA process will include several key steps. *Questions* may be submitted to HFS between November 20, 2021 and December 1, 2021. In order for an applicant to proceed with the RFA process, a *Letter of Intent* is strongly encouraged and should be submitted by 5:00 PM CT, November 29, 2021. HFS will attempt to respond to questions by December 7, 2021. The *Application Due Date* is 12:00 PM CT, December 23, 2021. Applicants may be invited to make *Oral Presentations* on January 25, 2022. HFS anticipates making *Award Announcements* on February 15, 2022, with an expected *Contract Effective* date of July 1, 2022. The table below summarizes the key dates associated with this RFA process.

#### 1.3.1 Timeline

Activity	Date	Time/Notes
Release of RFA	November 19, 2021	
Window for Submission of Questions	November 20 - December 1, 2021	
Letter of Intent	November 29, 2021	5:00 PM CST
HFS Response to Questions	December 7, 2021	
Deadline for Submission of Applications	December 23, 2021	12:00 PM CST
Oral Presentations	January 25, 2022	
Award Announcements	February 15, 2022	
Effective Date of New Contracts	July 1, 2022	

### 1.4 Communications

All communications with HFS, including questions in relation to this RFA, shall be directed to the RFA Contact identified in Section 1.2.1. An applicant or any of its representatives who communicates with any other employees or Contractors of HFS concerning this RFA after its issuance may be disqualified.

**1.5 Applicant Submission of Questions:** As outlined in the timeline in Section 1.3, there will be one period for questions and answers during the RFA process. All questions in relation to this RFA shall be submitted by email to the RFA Contact listed in Section 1.2.1. The RFA section and page number should be noted for each question. Questions must be received by 5:00 PM CT, December 1, 2021. Applicants should begin submitting questions when the window for submission opens on November 20, 2021 in order to allow sufficient time for HFS response and

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to remain on schedule with all deadlines and activities. Questions shall be submitted through the official question and answer process described in this section. HFS will only respond to questions submitted through this official process. At its own discretion, HFS may respond to questions submitted after the deadline.

**1.5.1** Applicants should consult the posted Frequently Asked Questions (FAQ) document for this RFA. This document was created to address some common and anticipated questions about the PACE RFA process. It will be updated throughout the RFA process as additional concerns come to light.

### **1.6 Preliminary Rates**

A preliminary rate calculation workbook in Excel will be sent to PACE Organizations that have submitted an official Letter of Intent. The preliminary rate book will be sent to the email address provided by the applicant on the Letter of Intent.

**1.6.1** The rate book will also include a letter that will describe the actuarial process used to determine the “Amount that Would Otherwise Have Been Paid” (AWOP). The AWOP is the basis for preliminary rate calculations.

**1.6.2** Applicants will be required to attest to their receipt of the preliminary rate information in the Application Checklist and Attestation Form.

**1.6.3** Applicants are advised that preliminary rates are considered draft and will be updated at a later date with more current data. By providing these preliminary rates, HFS does not guarantee or warrant these preliminary rates, or any level of payment rates to RFA applicants.

### **1.7 Letter of Intent**

Interested parties are strongly encouraged to submit a Letter of Intent to HFS by 5:00 PM CT November 29, 2021. The applicant should utilize the fillable form (Attachment 1) provided for this purpose. This letter must indicate the region(s), and specific zip codes the applicant intends to pursue.

### **1.8 Public Updates**

HFS will publish information related to this RFA on the HFS website. Necessary information may not be available in any other form or location. The applicant is responsible for monitoring the HFS website; the Department cannot be held responsible if the applicant fails to receive updates.

### **1.9 Request for Confidential Treatment**

An applicant may request confidential treatment of select parts of the application but must comply with the conditions outlined in this section.

**1.9.1 Applications Become State Property:** Applications become the property of the State and late submissions will not be returned.

**1.9.2 Freedom of Information Act:** All applications will be open to the public under the Illinois Freedom of Information Act (FOIA) (5 ILCS 140) and other applicable laws and rules, unless applicant requests in its application that the Department treat certain information as confidential. A request for confidential treatment will not supersede the

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State's legal obligations under FOIA. The Department will not honor requests to keep entire applications confidential. Applicants must show the specific grounds in FOIA or other law or rule that support confidential treatment.

**1.9.3 Confidential Treatment Request Procedures:** If the applicant requests confidential treatment, applicant must submit one (1) copy of the full application with the proposed confidential information redacted. This redacted copy must tell the general nature of the material removed, and shall retain as much of the application as possible. In a separate attachment, the applicant shall supply a listing of the provisions identified by section/subsection number for which it seeks confidential treatment and identify the statutory basis or bases under Illinois law, including a detailed justification for exempting the information from public disclosure. Further guidance for submitting redacted applications is included in RFA Section 3.3.4.

**1.9.4 Hold Harmless Provision:** Applicant will hold harmless and indemnify the State for all costs or damages associated with the State defending applicant's request for confidential treatment. Applicant agrees that the Department may copy the application to facilitate evaluation, or to respond to requests for public records. Applicant warrants that such copying will not violate the rights of any third party.

### 1.10 Reservations

This section defines many applicant responsibilities and limits, as well as rights reserved for HFS.

**1.10.1 Responsibility for Compliance:** Applicants must read and understand the RFA and tailor the application and all activities to ensure compliance.

**1.10.2 Responsibility for Application Costs:** The State is not responsible for and will not pay any costs associated with the preparation and submission of any application.

**1.10.3 Applicant's Lack of Entitlement:** Submitting an application does not entitle the applicant to an award or a contract. Posting the applicant's name in a public notice does not entitle the applicant to a contract.

**1.10.4 Department's Right to Amend RFA:** HFS reserves the right to amend any element of the RFA as a result of applicant questions, or otherwise at its discretion.

**1.10.4.1** HFS will communicate to the applicants any such amendments.

**1.10.4.2** HFS will not make any such amendments between the time answers are posted to questions and the deadline for submission of applications, except any necessary amendments to the timeline as provided in Section 1.3 (including the deadline for submission of applications) or to clarify responses to applicant questions.

**1.10.5 Requests for Clarification or Other Verification:** HFS may request a clarification, inspect the applicant's premises, interview staff, request a presentation, or otherwise verify the contents of the application, including information about subcontractors and suppliers.

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**1.10.6 Failure to Comply with Clarification/Verification Requests:** If an applicant does not comply with requests for information and cooperate, HFS may reject the application as non-responsive to the RFA.

**1.10.7 Compliance Decisions:** HFS will make all decisions on compliance, evaluation, and terms and conditions, and will make decisions in the best interest of the State. This competitive process may require that the applicant provide additional information and otherwise cooperate with HFS.

**1.10.8 Prohibition of Work Prior to Contract Execution:** Awarded applicant(s) shall not commence, and will not be paid for any work undertaken prior to the date all parties to the contract execute the contract, unless approved in writing in advance by the State.

**1.10.9 Purchase of Care:** This RFA is governed by Illinois law, and rules provide that this RFA is a Purchase of Care, which is exempt from the Illinois Procurement Code (30 ILCS 500/1-10(b)(3)) and Standard Procurement Rules (44 Ill. Admin. Code 1.10(a)(3)).

Applicant must bring any action relating to this RFA in the appropriate court in Illinois. The document contains statutory references designated with "ILCS". Applicant may view the full text at [www.ilga.gov/legislations/ilc/ilcs.asp](http://www.ilga.gov/legislations/ilc/ilcs.asp)

### **1.11 Responses to Remain Firm**

Applicant's responses shall remain firm for 180 days from opening.

### **1.12 Certificate of Authority**

No certification requirements must be met in order to respond to this RFA. However, the applicant must comply with all required certifications, licensure requirements, and regulations as deemed appropriate, prior to becoming operational. The applicant shall meet the following licensing and certification requirements before the onsite readiness review is completed as part of the CMS PACE site application process:

**1.12.1** The applicant shall be approved as an Adult Day Care provider per 89 Ill. Adm. Code 686.100.

**1.12.2** The applicant shall also comply with all the requirements set forth for Adult Day Services Providers in 89 Ill. Adm. Code 240.1550, 89 Ill. Adm. Code 240.1555, and 89 Ill. Adm. Code 240.1560.

**1.12.3** The applicant shall comply with applicable National Fire Protection Association Requirements and Life Safety Codes, and maintain appropriate certifications.

**1.12.4** The applicant shall obtain and maintain Clinical Laboratory Improvement Amendments of 1988 (CLIA) certification (if the PACE Center is performing waived lab services on site or in the home, e.g. glucose meter testing, urine testing, fecal occult testing, blood testing, cholesterol screening, or hemoglobin or hematocrit testing).

**1.12.5** The applicant shall obtain and maintain necessary Food Safety Certification(s) as required by local regulatory authorities.

**1.12.6** For applicants that plan to run their own internal pharmacy within the PACE center, the applicant shall obtain and maintain a controlled substance dispensing license (i.e. become a licensed pharmacy).

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**1.12.7** For applicants that plan to subcontract the pharmacy benefit, the applicant shall provide a Pharmacy Benefit Management (PBM) agreement in lieu of a pharmacy license.

**1.12.8** All clinical personnel shall be licensed in their specialty (physicians, registered nurses, therapist, nutritionist, etc.). These licenses will be reviewed during the readiness review phases.

### **2. Background and Scope**

In 2019 the Illinois Department of Healthcare and Family Services initiated a healthcare transformation program with the goal of transforming services and care models to better meet the needs of our communities. Facilitating access to high quality health care is a core part of the mission of the HFS. Furthermore, the Department's vision includes addressing social and structural determinants of health, as well as empowering customers to maximize their health and well-being. The Program of All-Inclusive Care for the Elderly (PACE) is an optional Medicaid state plan service available to states that provides comprehensive medical and social services to certain frail, community-dwelling individuals. Adding PACE to the Illinois Medicaid State Plan provides a unique opportunity for HFS to address key elements of its mission and vision. This RFA is intended to bring PACE into the Illinois Medicaid program and is just one component of enhancing services and care models for our communities.

#### **2.1 Overview**

HFS seeks to establish PACE in multiple locations throughout the State of Illinois. This RFA seeks prospective PACE organizations to partner with HFS in this endeavor. The goal of this RFA is to obtain applications for PACE sites to be located in the five regions of Illinois; West Chicago, South Chicago, Southern Cook County, Peoria, and East St. Louis. These regions are described and defined in detail in Section 2.3 of this RFA. Applications may cover one or more of these regions, but must specify which region(s). Deviations from the defined regions will be considered but must be clearly defined within the application. The State will give preference to those applications that most closely align with the proposed regions while also addressing the State's desire to make PACE services available to as many Illinois Medicaid beneficiaries as possible. Successful applicant(s) will be expected to immediately initiate the PACE application process with CMS for approval of a PACE site covering the population of the proposed region. Subject to CMS approval, it is intended that services would commence during the first quarter of state fiscal year 2024.

#### **2.2 Background**

The underlying principle behind PACE is that it is better for the well-being of seniors (and their families) when these individuals can be cared for in the community. The program also seeks to integrate care that is often fragmented under traditional fee-for-service models. PACE evolved from early attempts to integrate social and health care services for seniors in the 1970's. Over a period of 20 years, PACE progressed to a demonstration project, then a waiver program, and eventually to a permanently recognized provider type under Medicare and Medicaid. At the



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time that the PACE final rule was published in 2019, there were 130 PACE organizations operating in 31 states.

### **2.2.1 Introduction to PACE**

**2.2.1.1 Objectives:** PACE is an innovative model of community-based care that enables elderly individuals, who are certified by their state as needing nursing facility care, to live as independently as possible. PACE provides an alternative to traditional nursing facility care by offering prepaid, capitated, comprehensive health care services designed to meet the following objectives:

- i. Enhance the quality of life and autonomy for frail, older adults;
- ii. Maximize the dignity of, and respect for, older adults;
- iii. Enable frail, older adults to live in the community as long as medically and socially feasible; and
- iv. Preserve and support the older adult's family unit.

**2.2.1.2** The PACE capitated benefit was authorized by the Balanced Budget Act of 1997 and features a comprehensive service delivery system with integrated Medicare and Medicaid financing. An interdisciplinary team, consisting of professional and paraprofessional staff, assesses beneficiary needs, develops a plan of care, and monitors delivery of all services (including acute care services as well as nursing facility services, when necessary) within an integrated system for a seamless provision of total care. Typically, PACE organizations provide social and medical services in an adult day health center supplemented by in-home and other services as needed. Studies have shown that beneficiaries in PACE have improved health status and quality of life, lower mortality rates, increased choice in how time is spent, and greater confidence in dealing with life's problems.

**2.2.1.3** The financing model combines payments from Medicare and Medicaid, allowing PACE organizations to provide all needed services rather than be limited to those reimbursable under the Medicare and Medicaid fee-for-service systems. PACE organizations assume full financial risk for beneficiary care without limits on amount, duration, or scope of services.

### **2.2.2 Participant Eligibility**

**2.2.2.1** The Federal PACE regulation establishes basic PACE eligibility requirements. Individuals must meet the following criteria:

- i. Be 55 years of age or older;
- ii. Reside in the service area of the PACE organization, i.e., the "Region";
- iii. Undergo assessment by the interdisciplinary team;
- iv. Meet the state definition for nursing facility level of care; and
- v. Be able to live safely in the community (which means that nursing facility residents must be effectively transferred to the community at the time of enrollment into the PACE organization).

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**2.2.2.2** The State may impose additional requirements, but may not require that the beneficiary be eligible for Medicare as well as Medicaid, i.e., dually eligible.

Illinois has the following additional eligibility criteria for PACE applicants:

- i. Must meet applicable Medicaid financial eligibility requirements; and
- ii. Must meet Illinois functional eligibility requirements.

### **2.2.3 PACE Services**

**2.2.3.1** The PACE organization is able to coordinate the entire array of services to older adults with chronic care needs while allowing elders to maintain independence in the community for as long as possible. The PACE service package must include all Medicare and Medicaid covered services, in addition to other services determined necessary by the interdisciplinary team for the individual beneficiary. Services include, but are not limited to:

- i. Adult day care that offers nursing; physical, occupational and recreational therapies; meals; nutritional counseling; social work and personal care;
- ii. All primary medical care provided by a PACE physician familiar with the history, needs and preferences of each beneficiary, all specialty medical care, and all mental health care;
- iii. Interdisciplinary assessment and treatment planning;
- iv. Home health care, personal care, homemaker and chore services;
- v. Restorative therapies;
- vi. Diagnostic services, including laboratory, x-rays, and other necessary tests and procedures;
- vii. Transportation for medical needs;
- viii. All necessary prescription drugs and any authorized over-the-counter medications included in the plan of care;
- ix. Social services;
- x. All ancillary health services, such as audiology, dentistry, optometry, podiatry, speech therapy, prosthetics, durable medical equipment, and medical supplies;
- xi. Respite care; and
- xii. Emergency room services, acute inpatient hospital and nursing facility care when necessary.

**2.2.3.2** The PACE organization becomes the sole source of services for Medicare and Medicaid beneficiaries who choose to enroll in a PACE organization.

**2.3 Population and Geographic Coverage:** The Illinois Department of Healthcare and Family Services intends to establish a Program of All-Inclusive Care for the Elderly in five regions of the state. The target areas include West Chicago, South Chicago, Southern Cook County, Peoria, and East St. Louis. Descriptions of the five proposed regions are provided below.

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**2.3.1 West Chicago:** This region begins just west of the downtown loop and extends west to the Cook County Line. It is bordered on the south by the Adlai Stevenson Expressway (Interstate 55), and on the north by Montrose Ave.

**2.3.1.1** This region includes all or parts of the following communities; Austin, Belmont Cragin, Bellwood, Berkeley, Berwyn, Broadview, Brookfield, Chicago, Cicero, Dunning, Elmwood Park, Forest Park, Franklin Park, Goose Island, Harwood Heights, Hillside, Hines, Humboldt Park, Irving Park, La Grange Park, Logan Square, Lyons, Maywood, Melrose Park, Near North Side, Near West Side, Oak Park, Pilsen, Portage Park, River Forest, River Grove, Riverside, Schiller Park, South Lawndale, Stone Park, University Village, Westchester, West Garfield Park, West Loop, West Park, West Town.

**2.3.1.2** Specific zip codes for this region include: 60104, 60130, 60131, 60141, 60153, 60154, 60155, 60160, 60162, 60163, 60164, 60165, 60171, 60176, 60301, 60302, 60304, 60305, 60402, 60513, 60526, 60534, 60546, 60607, 60608, 60612, 60622, 60623, 60624, 60634, 60639, 60641, 60642, 60644, 60647, 60651, 60656, 60661, 60706, 60707, 60804.

**2.3.2 South Chicago:** This region begins with the Near South Side neighborhood and stretches south to the South Deering neighborhood. Its southern boundary follows approximately along the Little Calumet River. Its northern boundary is the Adlai Stevenson Expressway (Interstate 55). Its western boundary follows approximately along South Harlem Ave.

**2.3.2.1** This region includes all or parts of the following communities; Ashburn, Auburn Gresham, Beverly, Brighton Park, Burbank, Chatham, Chicago Lawn, Clearing, Douglas, Englewood, Evergreen Park, Grand Boulevard, Hometown, Kenwood, Mount Greenwood, Near South Side, New City, Oak Lawn, Roseland, South Chicago, South Shore, West Englewood, Woodlawn.

**2.3.2.2** Specific zip codes included in this region are: 60453, 60456, 60459, 60609, 60615, 60616, 60617, 60619, 60620, 60621, 60628, 60629, 60632, 60636, 60637, 60638, 60643, 60649, 60652, 60653, 60655, 60805.

**2.3.3 Southern Cook County:** The Southern Cook County service area includes Calumet City and several surrounding communities to the north, west, and south. Its eastern boundary is the Illinois-Indiana state line. Its northern boundary follows approximately along the Little Calumet River. Its western and southern boundaries are jagged and run almost diagonally but extend as far west as Harlem Ave and as far south as E. Steger Rd.

**2.3.3.1** In addition to Calumet City, this region includes all or parts of the following communities; Alsip, Blue Island, Calumet City, Chicago Heights, Country Club Hills, Dolton, Flossmoor, Glenwood, Harvey, Hazel Crest,

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Homewood, Lansing, Markham, Midlothian, Oak Forest, Olympia Fields, Posen, Riverdale, Robbins, South Deering, South Holland, Thornton.

**2.3.3.2** This region includes the following zip codes: 60406, 60409, 60411, 60419, 60422, 60425, 60426, 60428, 60429, 60430, 60438, 60445, 60452, 60461, 60469, 60472, 60473, 60476, 60478, 60633, 60803, 60827.

**2.3.4 Peoria:** The Peoria region includes the core zip codes associated with Peoria and several surrounding communities.

**2.3.4.1** In addition to Peoria this region includes all or parts of the following communities; Pekin, Creve Coeur, East Peoria, and Peoria Heights.

**2.3.4.2** This region includes the following zip codes: 61554, 61602, 61603, 61604, 61605, 61606, 61607, 61610, 61611, 61614, 61615, 61616, 61625.

**2.3.5 East St. Louis:** The East St. Louis region includes much of the Metro East area of Southern Illinois including the cities of Alton, Belleville, Collinsville, Edwardsville, Granite City, and O'Fallon.

**2.3.5.1** In addition to the cities of Alton, Belleville, Collinsville, East St. Louis, Edwardsville, Granite City, and O'Fallon, this region also includes all or parts of the following communities Alhambra, Alorton, Bethalto, Brooklyn (Lovejoy), Cahokia Heights, Caseyville, Centreville, Columbia, Cottage Hills, Dorsey, Dupo, East Alton, East Carondelet, Fairmont City, Fairview Heights, Fayetteville, Freeburg, Glen Carbon, Hamel, Hartford, Highland, Hollywood Heights, Lebanon, Lumaghi Heights, Madison, Marine, Maryville, Mascoutah, Millstadt, Moro, Roxana, Saint Jacob, Sauget, Shiloh, South Roxana, St. Morgan, State Park Place, Sugar Creek, Summerfield, Swansea, Trenton, Troy, Venice, Washington Park, Wood River, and Worden.

**2.3.5.2** This region includes the following zip codes: 62001, 62002, 62010, 62018, 62021, 62024, 62025, 62034, 62040, 62046, 62048, 62059, 62060, 62061, 62062, 62067, 62084, 62087, 62090, 62095, 62097, 62201, 62203, 62204, 62205, 62206, 62207, 62208, 62220, 62221, 62223, 62225, 62226, 62232, 62234, 62236, 62239, 62240, 62243, 62249, 62254, 62258, 62260, 62269, 62281, 62289, 62293, 62294.

### 3. Proposing, Evaluation, and Selection Process

This section provides applicants with additional instructions on how the RFA process will be conducted, how applications will be evaluated, and how final selection will occur.

**3.1 Responsiveness:** A responsive application is one that conforms in all material respects to the RFA, and includes all required forms.

**3.1.1** HFS will determine whether the application meets the stated requirements. Minor differences or deviations that have negligible impact on the price or suitability of the

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service to meet the State's needs may be accepted or corrections allowed. If no applicant meets a particular requirement, the Department may waive that requirement.

**3.1.2** The Department will determine whether the application complied with the instructions for submitting applications. Except for late submissions, and other requirements that by law must be part of the submission, the Department may require that an applicant correct deficiencies as a condition of further evaluation.

### **3.2 Responsibility**

**3.2.1** A Responsible applicant is one who has the capability in all respects to perform fully the contract requirements and who has the integrity and reliability that will assure good faith performance. The State determines whether the applicant is a "responsible applicant", and applicant with whom the State can or should do business. For example, the State may consider the following:

**3.2.1.1** A "prohibited responder" includes any person assisting an employee of the State of Illinois by reviewing, drafting, directing, or preparing any invitation for response, a request for application, or request of information, or providing similar assistance unless such assistance was part of a publicly issued opportunity to review drafts of all or part of these documents. For purposes of this section, an employee of the State of Illinois means one who, by the nature of his or her duties, has the authority to participate personally and substantially in the decision to award a State contract. No person or business shall submit specifications to a State agency unless requested to do so by an employee of the State. No person or business that contracts with a State agency to write specifications for a particular request for application shall submit a response or receive a contract for that request for application need.

**3.2.1.2** Nothing herein is intended to prohibit a vendor from responding or applying to supply developing technology, goods or services after providing the State with a demonstration of the developing technology, goods, or services; provided the subject of the demonstration to the State represents industry trends and innovation and is not specifically designed to meet the State's needs. Nothing herein is intended to prohibit a person or business from submitting a response or application or entering into a contract if the person or business: 1) initiates a communication with an employee to provide general information about products, services, or industry best practices and, if applicable, that communication is documented or 2) responds to a communication initiated by an employee of the State for the purposes of providing information to evaluate new products, trends, services, or technologies.

**3.2.2** Other factors that the State may evaluate to determine responsibility include, but are not limited to: certifications, conflict of interest, financial disclosures, taxpayer identification number, past performance in business or industry, references (including those found outside the application), compliance with applicable laws, financial

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responsibility, insurability, effective equal opportunity compliance, payment of prevailing wages if required by law, capacity to produce or sources of supply, and the ability to provide required maintenance service or other matters relating to the applicant's ability to deliver in the quality and quantity within the time and price as specified in this RFA.

**3.2.3** Awarded applicants must at all times have financial resources sufficient, in the opinion of the State, to ensure performance of the contract and must provide proof upon request. The State may terminate the contract, consistent with the termination for cause provision of the contract, if the vendor lacks the financial resources to perform under the contract.

**3.3 Application Format and Submission Requirements:** Applicants shall observe the application format and submission requirements outlined in this section.

**3.3.1 Application Deadline:** Applicants shall deliver applications by the deadline for submission, December 23, 2021 at 12:00 PM CST (full timeline in Section 1.3.1).

**3.3.2 Submission Format:** Prior to the due date, applicants must email (1) electronic copy of the full application in PDF format to the RFA Contact listed in Section 1.2.1. Applications may not be submitted in any other format.

**3.3.3 Prohibited Submissions:** The Department shall not consider applications submitted after the due date and time. All times are Central Time (CT).

**3.3.4 Redacted Applications:** If an applicant indicates in its application to the State of Illinois, that it requests confidential treatment, the applicant shall also submit one (1) electronic copy of the redacted application in PDF format labeled "Redacted Application" to the address of the RFA Contact specified in Section 1.2 of this RFA. This submission shall be in addition to the full (un-redacted) application. The applicant shall also submit an explanation detailing the rationale for each redaction in accordance with the requirements outlined in RFA Section 1.9.3.

**3.3.5 Application Format Specifications:** Applicants shall observe the application format specifications in the table below.

Criteria	Specification
Paper Size	Standard letter (8.5 x 11)
Font	12-point Times New Roman
Spacing	Single
Margins	1 inch
Pagination	Double-sided

**3.4 Application Organization and Content:** Applications shall observe the structure, ordering, labeling, and other guidelines provided in this section.

**3.4.1 General Organization:** Contents within each Tab shall be ordered as listed in this section.

**3.4.2 Tab 1: Transmittal letter and application to the State of Illinois**

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**3.4.2.1 Transmittal Letter:** The transmittal letter serves as a cover letter for the applicant's response. The transmittal letter shall be in the form of a standard business letter and shall be on the letterhead of the applicant submitting the application. The transmittal letter shall be signed by an individual authorized to legally bind the applicant.

**3.4.2.2 Application Checklist and Attestations:** Applicant shall complete and submit the Application Checklist and Attestation form included with the RFA.

### **3.4.3 Tab 2. Application Requirements**

**3.4.3.1 Financial Condition:** Applicant shall provide evidence of financial sustainability as per the instructions in Section 4.4.

**3.4.3.2 Applicant Profile:** The applicant shall submit elements of the applicant profile as described in Section 4.5.

### **3.4.4 Tab 3. Technical Response and Approach**

The applicant shall include responses to the prompts in Section 5.

**3.4.4.1** Applicant's responses shall be in sequential order, labeled by subsection outlined in Section 5.

**3.4.4.2** Applicant's responses do not need to restate the prompt to which they respond.

**3.4.4.3** Applicant's responses shall adhere to the application format and submission specifications in Section 3.3.5, including the subsections and page limits for each subsection outlined in Section 5.1.

**3.4.4.4** Any materials submitted in response to a subsection will count against the page limit for that subsection. Responses that exceed the page limit for any subsection will only be read up to that page limit. Any content on additional pages will not be considered in the evaluation. Only contents clearly contained within the named subsection will be used in determining an Applicant's score for that subsection.

### **3.5 Application Scoring and Evaluation**

**3.5.1** At the time of application submission, HFS will evaluate the administrative compliance of each application and make a determination as to the responsiveness and responsibility of the applicant per the terms outlined in Section 5.

**3.5.2** Applications that are deemed responsive, will be further evaluated based on three (3) components of the application: Application Requirements, Technical Responses, and Oral Presentation. HFS will conduct a staged evaluation process, as outlined in this section.

**3.5.3** HFS will consider the information provided and the quality of that information when evaluating applications. If HFS finds a failure or deficiency, the Department may reject the application or reflect the failure or deficiency in the evaluation.

**3.5.4 Overall Scoring:** The maximum points possible for each component of the application are as follows:

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Response Component	Maximum Points
Application Requirements	Pass/Fail
Technical Response and Approach	500
Oral Presentation	100
<b>Response Total</b>	<b>600</b>

*Note: 50 bonus points will be awarded to applicants that submit a Letter of Intent on the form provided.*

### 4. Application Requirements

**4.1 Applications will be evaluated for completeness, accuracy, veracity, and quality of the information provided.** Significant inaccuracies or material omissions will be grounds for an applicant to be considered ineligible for Oral Presentations, at the discretion of the Department.

**4.2 An applicant must achieve a “Pass” rating on the Financial Condition (Section 4.4) to be considered eligible for Oral Presentations.** In addition to the criteria listed in Section 4.1, the State reserves the right to assign a “Fail” rating on the Financial Condition for any current, pending, or past bankruptcy or insolvency which is deemed material to the applicant’s ability to execute the contract.

**4.3 An applicant must receive a “Pass” rating on the Applicant Profile (Section 4.5) to be considered eligible for Oral Presentations.** In addition to the criteria listed in Section 4.2, the State reserves the right to assign a “Fail” rating on the Applicant Profile for: any litigation which resulted in a fine or settlement of more than \$50 million to the federal government or any state government; any instance of placement into a Corporate Integrity Agreement by the United States Department of Justice; any litigation which resulted in the applicant being found guilty of causing significant member harm or member exposure to potential harm; any current or pending Securities and Exchange Commission enforcement action or any previous action with a penalty or settlement of over \$50 million; or any current or previous enforcement actions imposed by the Centers for Medicare & Medicaid Services.

**4.4 Financial Condition (Pass/Fail Requirement):** The application shall provide the information described below (under subsections 4.4 – items 1-4) for the applicant organization. The applicant may also provide this information for its parent company, but not as a substitute for the information for the applicant organization, unless the information exists only for the parent company.

**4.4.1 Audited Financial Statements:** Audited financial statements for the two (2) most recent fiscal years for which the statements are available, as submitted to the relevant regulatory authorities. The statements shall include a balance sheet, an income statement, and a statement of cash flows. Statements shall be complete with opinions, notes, and management letters. If no audited statements are available, explain why not and submit unaudited financial statements.



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**4.4.2 Balance Sheet:** A balance sheet as of the end of the month immediately preceding the month in which the application is submitted.

**4.4.3 Documentation of Lines of Credit:** Documentation of lines of credit that are available, including maximum credit amount and available credit amount.

**4.4.4 Bankruptcy and/or Insolvency Filings:** Any bankruptcy or insolvency during the past ten (10) years, including all relevant details on the context and proceedings.

### **4.5 Applicant Profile (Pass/Fail Requirement)**

The applicant shall submit all elements of the applicant profile as described below (under Section 4.5.1 inclusive of all items below).

**4.5.1 Organization Profile and Background:** The applicant shall provide an overview of the applicant organization and, if applicable, an overview of the parent organization and any affiliate organizations, including the below information.

**4.5.1.1 Entity Name and Contact Information:** The organization name, email address, mailing address, phone number, facsimile number, and primary contact.

**4.5.1.2 Type of Legal Entity:** The organization's type of legal entity and primary business location.

**4.5.1.3 Years of Operation:** The number of years the organization has been in operation.

**4.5.1.4 Overview of Pertinent Service History:** An overview of how long the organization has been providing services required by this RFA, including populations served.

**4.5.1.5 Organizational History:** The organization's history, including any mergers, acquisitions, or sales of the relevant organization, within the past ten (10) years, including an explanation of all relevant details.

**4.5.1.6 SEC Actions:** A statement of any pending Securities and Exchange Commission actions involving the organization as well as all such actions taken within the past ten (10) years, and all relevant details of each.

**4.5.1.7 Litigation History:** A statement of any material, pending litigation against the organization, as well as all such litigation within the past ten (10) years. If pending litigation exists that the organization believes could reasonably have an adverse effect on the organization's financial condition, list each separately, explain the relevant details, and attach the opinion of the counsel addressing whether and to what extent it would impair the applicant's performance in the contract pursuant to this RFA.

**4.5.1.8 Enforcement Actions:** A statement of any current, prior, or pending enforcement actions by CMS imposed on the applicant, its parent organization, or its affiliate organizations. If pending enforcement actions exist that the organization believes could reasonably have an adverse effect on the organization's financial condition or ability to perform, list each separately,

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explains the relevant details, and attach the CMS enforcement action addressing whether and to what extent it would impair the applicant's performance in the contract pursuant to this RFA.

**4.5.2 Applicant Experience:** The applicant shall identify whether it, or its parent organization, or its affiliate organizations have any current Medicaid contracts in state programs (including in the Illinois Medicaid program), or have completed any such contracts over the past three (3) years.

**4.5.2.1 Previous Contract Experience:** For all such contracts, the applicant shall provide the following information: the name, title, telephone number, and email address of the relevant contact with the state in which the contract is administered; a brief description of the contract's scope of services and populations covered; and the contract term.

**4.5.2.2 Scoring for Illinois Experience:** The existence of current or completed contracts with the State of Illinois shall not result in the addition or deduction of evaluation points.

**4.5.2.3 Instances of Non-Compliance:** Applicant shall identify and describe any instances of non-compliance that the applicant, its parent organization, or its affiliate organizations have encountered as a part of any Medicaid contracts (including Illinois' current program) within the past three (3) years. For each non-compliance issued, applicant shall indicate the type of noncompliance issued (see Section 4.5.2.5), the date the non-compliance was issued, the reason the non-compliance was issued, the issuing entity, the state(s) in which the applicant was providing services for which the non-compliance was issued, details of the sanctions applied against the applicant as a result of the non-compliance, and the actions taken by the applicant to address the non-compliance.

**4.5.2.4 Instances of Non-Renewal or Termination:** Applicant shall identify any instances of non-renewal or early termination of contracts with states. Applicant shall specify the type of contract, why the termination was initiated, and by whom it was initiated (contractor, State, mutual, or federally-imposed).

**4.5.2.5 Types of Non-Compliance:** Types of non-compliance include: compliance letters (includes Warning Letters, Notices of Non-Compliance, Corrective Action Plans or similar state notices); adverse performance audits (contracts failing more than 50% of audit elements); adverse financial audits (adverse opinions or disclaimed reports); failures to maintain fiscally sound operations (negative net worth or financial loss greater than half of the contractor's total net worth); other exclusion and/or enforcement actions, such as those imposed by CMS as an intermediate sanction; and any other significant compliance concerns.

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### **4.5.3 List of Individuals in an Administrative Capacity**

**4.5.3.1** Applicant shall provide a proposed staffing list, which shall include but not be limited to the positions listed below.

- i. Executive Director
- ii. Clinical Director
- iii. Operations Director
- iv. Medical Director

**4.5.3.2 Staffing Plan:** The applicant shall identify which positions are to be staffed internally or filled by a subcontractor.

**4.5.3.3 Names and Resumes:** The applicant shall include the names and resumes of all identified staff.

**4.5.3.4 Subcontractor Justification and Oversight:** If a role is to be filled by a subcontractor, applicant shall identify why a subcontractor is best suited for this role and the proposed oversight and management plan.

**4.5.3.5 Staff Certifications and Licenses:** Applicant shall ensure that all staff have the necessary certifications and licenses to conduct services as required by applicable state and federal laws.

**4.5.4 References:** Applicant shall provide references from established private firms or government agencies other than the procuring agencies. References shall attest to the applicant's experience and ability to perform the obligations that are the subject of this RFA.

**4.5.4.1 Number of References:** Three (3) total references are required, with at least two (2) from public sector organizations and up to one (1) from private or other, non-governmental organizations.

**4.5.4.2 Reference Form:** Applicant shall provide the information regarding these references outlined in the Reference Form (Attachment 2).

**4.5.5 Provider Network:** The applicant shall provide a summary listing of the general plan for developing the provider network it will utilize to deliver services in the scope of this RFA. This listing should include both internal and external providers (subcontractors) and identify them as such. Providers will complete a Network Plan (Attachment 5) table as part of the Application Checklist and Attestation (Attachment 3). Applicants shall also submit a Subcontractor Disclosure form (Attachment 4)

**4.5.5.1 Minimum Network Listing.** At a minimum the summary listing should include the number and zip code location for the following:

- i. PACE Centers,
- ii. Hospitals,
- iii. Nursing Facilities,
- iv. Primary Care Physicians,
- v. Behavioral Health Providers,
- vi. Pharmacies,

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vii. Dentists, and

viii. Home and Community-Based Service Providers.

**4.5.5.2 Network Plan Submission Requirements:** Applicants will be required to complete the Network Plan table (Attachment 5) as part of the Application Checklist and Attestation form (Attachment 3). This will gather information on the number of each provider type, the location of those providers, and when appropriate, the number of full-time equivalent positions that will be utilized for each provider category. Applicants may also submit additional data for the entities that will be included in the PACE organization’s provider network. The data should be submitted in a Microsoft Excel format including the following fields: provider last name, provider first name, provider category or specialty, provider address, NPI, provider tax ID, and level of commitment (“Letter of Intent”, “Pending Contract”, “Contract”). HFS acknowledges that this information may not be available at the time the application is submitted. Further review of the PACE organization’s provider network will be completed as part of the readiness review process.

**4.6 Verification:** HFS reserves the right to contact any organizations or individuals listed in response to this section or elsewhere in the applicant’s application to verify factual details and the authenticity of the information provided, including any examples furnished in the applicant’s technical response.

### 5. Technical Response and Approach

This section outlines the prompts the applicant shall respond to regarding approach to the scope of work in this RFA and related materials, qualifications, and relevant experience. An applicant must receive a minimum score of 300 points in this section to be considered eligible for Oral Presentations.

**5.1 Technical Response and Approach Scoring.** The maximum points possible and the page limits for each subsection of the Technical Response and Approach are as follows:

Subsection	Maximum Points	Page Limit
Organizational Commitment to PACE Principles	100	10
Organizational Leadership/Experience Developing and Implementing a PACE center	80	10
Experience with Primary, Acute, and/or Long Term Care Services	60	20
Operational Plan	50	20
Evidence of Demand for PACE Services	50	10
Assurance of Adequate Financial Capacity/Ability to Assume Full Risk	50	10
Program Development Timeline	40	10
HIPAA and Medical Records	30	10
Quality Assessment and Improvement Plan	30	10
Marketing Strategy/Community Outreach	10	10
<b>Technical Response and Approach Total</b>	<b>500</b>	<b>120</b>

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**5.2 Technical Response and Approach Structure and Prompts:** Applicants shall prepare and submit responses using the following criteria as a guide. Requirements of the CMS PACE application may also be utilized.

**5.2.1 Organizational Commitment to PACE Principles:** To provide prepaid, capitated, comprehensive health care services that are designed to enhance the quality of life and autonomy for frail, older adults; maximize dignity of life and respect for older adults; enable frail, older adults to live in their homes and in the community as long as medically and socially feasible; and preserve and support the older adult's family unit. An organization should demonstrate that it is guided by a set of values consistent with this purpose and these values influence its structure, planning and day-to-day operations. Evidence of this commitment may come from the organization's mission statement, existence of community involvement in decision-making, letters of support from the community, etc.

**5.2.2 Leadership and Experience Necessary to Develop and Implement PACE:** Beyond reviewing organizational charts, job descriptions and staff resumes, on-site visits and meetings with staff and/or board members may be necessary to assess an organization's leadership abilities at the administrative, management and service delivery levels.

**5.2.3 Experience Providing Primary, Acute, and/or Long Term Care Services:** In evaluating on organization's capacity to develop and implement the PACE model successfully, prior experience as a provider of medical and long term care services is critical. There are many different provider-type organizations, including integrated health systems, hospitals, community-based agencies and long term care providers. Each type of organization presents unique strengths and weaknesses. While it may be helpful to have experience in providing a range of services, including primary medical care, adult day care and home health care, the presence of these services is not a guarantee of success. Organizations must be willing and able to think flexibly and creatively about how services can be delivered more effectively in a capitated system, and they need to appreciate the extent to which existing service delivery systems must be reconfigured to develop an effective PACE program. An organization's plan for PACE development should reflect this realization and identify how services will be integrated through a single PACE interdisciplinary team.

**5.2.4 Operational Plan:** The applicant shall provide an overview of its operational plan including the location of all proposed day centers, a description of transportation service plans, a summary of services to be provided internally, and a summary of services to be provided through external contracts. This overview should correspond to the provider network information provided in response to RFA Section 4.5.5.

**5.2.5 Evidence of Demand for PACE Services:** HFS shall supply the applicant summary market analysis for the regions addressed by this RFA as presented during the stakeholder engagement meeting on November 3, 2021. This information reflects the

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proposed regions defined by the zip code lists included in RFA Section 2.3. The State will consider deviations to the proposed regions but will give preference to those responses that most closely align with the proposed regions while also addressing the State's desire to bring PACE to as many counties as possible. HFS has also identified certain priority zip codes in Attachment 1, Letter of Intent. HFS will give preferential consideration to proposals that include more of these priority zip codes.

**5.2.6 Assurance of Adequate Financial Capacity/Ability to Assume Full Risk:** The organization must be willing and able to fund program development and start-up costs that typically include capital renovation for a PACE center and substantial operating deficits during the program's initial 18-24 months of operation, while enrollment is below a break-even census.

**5.2.7 Program Development Timeline:** The length of time required to operationalize a PACE program varies substantially from organization to organization. This variance is related to a number of factors, including each organization's internal time frame for planning and decision-making, the length of time required to raise capital for program development, the length of time required to identify a location for and renovate/build a PACE center, and the length of time taken by the State to establish Medicaid capitation rates. It is difficult to establish specific criteria for the timeline; however, it should be realistic and consistent with the State's time frame for PACE development.

**5.2.8 HIPAA and Medical Records:** The organization shall discuss its proposed policies for Health Insurance Portability and Accountability Act (HIPAA), *Health Information Technology for Economic and Clinical Health (HITECH)* compliances as well as the creation, storage and maintenance of member medical records.

**5.2.9 Quality Assessment and Improvement Plan:** The organization shall discuss in detail its proposed policies regarding ongoing member services and its continuing efforts to improve or maintain the delivery of services and member care.

**5.2.10 Marketing Strategy and Community Outreach:** The applicant shall provide an overview of its marketing strategy and community outreach plans.

## 6. Capitation Rates

PACE is a community-based monthly capitation program. PACE organizations take on responsibility for all of the health care needs of their participants in exchange for monthly capitation payment.

**6.1 Payment Rates:** The payment rate is a per member, monthly capitated rate established through negotiations between the PACE organization and HFS. The rate is based on an analysis of the Amount that Would Otherwise have been Paid (AWOP), also known as the upper payment limit (UPL). The capitated rates may not exceed 95 percent of the AWOP.

**6.2 Preliminary Rate Attestation:** Preliminary rate information as described in Section 1.6 will be distributed to all prospective applicants that submit a Letter of Intent. Applicants will be required to attest to their receipt of this information on the Application Checklist and Attestation form.

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**6.3 Final Rates:** The AWOP analysis and PACE rates will be reviewed and updated with more current information prior to the actual “go live” date for each selected PACE organization. This updated analysis will be the basis of the final rates. The final rates will be negotiated with each PACE organization as part of the PACE application and site approval process.

### **7. Contract Term**

Pursuant to Section 8, the applicant will be required to execute a PACE agreement with CMS. The PACE agreement with CMS will define the term of the agreement. The contract with HFS will correspond to the term of the PACE agreement. The Effective Date of new contracts will be July 1, 2022 or thereafter during the SFY 2023. We recognize the amount of implementation effort required to be ready and approved for open enrollment.

### **8. Submission of PACE Application to CMS**

The successful bidder shall submit an Application to CMS for the PACE site approval. This application shall be submitted by September 15, 2022, time being of the essence. HFS will review submission documents prior to uploading the documents to the CMS submission portal. This will be considered Phase 1 of Readiness Review. The successful bidder shall at all times take any and all steps required to obtain CMS approval with the goal of service commencement during SFY 2024. HFS will also perform an onsite Readiness Review (considered Phase 2) prior to open enrollment. CMS’ approval is required before the 3-way contract can be executed. The 3-way contract is between HFS, the PACE organization, and CMS. If CMS approval is not obtained, HFS has the right to cancel the award with the PACE organization.