



## **Maryland Department of Health**

### **Office of Long Term Services and Supports Provider Solicitation—Request for Responses**

**Updated September 17, 2021**

***Program of All-Inclusive Care for the Elderly***

**Date Released: September 1, 2021**

**Due Date for Responses: November 3, 2021**

## **Executive Summary**

The Office of Long Term Services and Supports within the Maryland Department of Health (the Department) is soliciting responses from qualified providers to become Program of All-Inclusive Care for the Elderly (PACE) organizations in Maryland. Federal law (42 U.S.C. §1396u-4) permits the establishment of Programs of All-inclusive Care for the Elderly, in accordance with the requirements and rules promulgated by the federal Centers for Medicare and Medicaid Services (CMS).

PACE provides comprehensive medical and social services to eligible individuals who live in the community. PACE provides its participants with all services covered by Medicare and Medicaid, without the limitations normally imposed by these programs. PACE also provides any other services deemed necessary by an interdisciplinary team that would allow the participant to remain in the community. Services include, but are not limited to, primary care (including doctor, dental and nursing services), prescription drugs, adult day health care, home and personal care services, nutrition services, hospital and nursing care (if and when needed) and transportation services to and from the PACE center and all off-site appointments.

**Applicant Qualifications:** To be eligible for consideration, the applicant must satisfy the following requirements:

1. A PACE organization must be, or be part of, an entity of a city, county, state or Tribal government; or a private not-for-profit entity organized under §501(c)(3) of the Internal Revenue Code of 1986; or a private for-profit entity permitted by 42 U.S.C. §1395eee(a)(3)(B) and 42 U.S.C. §1396u-4(a)(3)(B) that is legally authorized to conduct business in the state of Maryland.
2. If active in other states, the applicant must have completed the initial CMS audit for a current PACE organization and must have implemented any plans of correction to the satisfaction of CMS and that state's State Administering Agency (SAA).

**PACE Application Overview/Expectations:** The PACE application process involves the following six steps. This solicitation concerns the first step. The most-qualified applicant(s) for each service area will be invited to proceed to the second step. After the completion of the second step, development of the PACE organization will require review and approval by other state and federal entities.

1. Letter of Intent (LOI);
2. Request for Additional Information (RAI);
3. CMS PACE Application;
4. Maryland Adult Medical Day Care Facility License;
5. State Readiness Review; and
6. PACE Agreement.

Submission Instructions: An eligible applicant shall electronically submit a Letter of Intent for the service areas identified in this solicitation. Applicants may submit more than one application; a separate application is required for each service area. Paper submissions will not be considered.

All Letters of Intent must be submitted ***via email*** to [mdh.dltcs@maryland.gov](mailto:mdh.dltcs@maryland.gov) by 2:00 p.m. Eastern Standard Time (EST) on November 3, 2021. Incomplete Letters of Intent and Letters of Intent received after the deadline will not be evaluated.

**Submission Deadline:** Letters of Intent must be received by 2:00pm EST on November 3, 2021.

*This version updates the zip codes included in Prince George's County to include 20706 and 20771.*

## **Section 1. General Information**

### **1.1 Relevant Acronyms, Terms and Definitions**

For purposes of this solicitation, the following abbreviations or terms have the meanings indicated below:

**Adult Medical Day Care** - A community-based program designed to encourage older adults to live in their own home or community by offering a variety of non-residential medical supports and supervised, therapeutic activities in an integrated, congregate community setting.

**Centers for Medicare and Medicaid Services (CMS)** - The federal agency that administers Medicare, Medicaid and the Children's Health Insurance Program, including PACE.

**Code of Maryland Regulations (COMAR)** - The Code of Maryland Regulations, often referred to as COMAR, is the official compilation of all administrative regulations issued by agencies of the state of Maryland. COMAR is available on-line at [www.dsd.state.md.us](http://www.dsd.state.md.us).

**Dual eligible (also dually eligible or dual)** - Eligibility for and/or enrollment in both the federal Medicare program and Maryland's Medicaid program.

**Home- and Community-Based Services** - Services authorized under the Medicaid State Plan or under §1915(c) of the Social Security Act that help the elderly or persons with disabilities live independently in their homes or the community.

**Local Health Department (LHD)** - Local health departments administer and enforce state, county and municipal health laws, regulations and programs in Maryland's 23 counties and Baltimore City and are overseen by the Public Health Services of the Department.

**Local Time** - Eastern Standard Time, as observed by the State of Maryland.

**Medicaid/Medical Assistance** - A program, jointly funded by the federal and state governments, which pays for medical care for low-income individuals and families, as well as older adults and individuals with disabilities. To receive Medicaid, an individual must go through an application process and meet certain financial requirements.

**Medicaid State Plan** - A written agreement between a state and the federal government that outlines Medicaid eligibility standards, provider requirements, payment methods and health benefit packages. A Medicaid State Plan is submitted by each state and approved by CMS.

**Normal State Business Hours** - The hours of 8:00 a.m. – 5:00 p.m., Monday through Friday except state holidays, which can be found at [www.dbm.maryland.gov](http://www.dbm.maryland.gov).

**Participant** - An individual who is enrolled in a PACE program.

**PACE Organization (PO)** - An entity that has a PACE Program Agreement in effect to operate a PACE program under Maryland and federal regulations.

**PACE Program Agreement** - An agreement between a PACE organization, CMS and the State Administering Agency for the operation of a PACE Program.

**Service Area** - A jurisdiction (*e.g.*, county or Baltimore City) and/or zip codes in which an applicant's potential participants live.

**State Administering Agency (SAA)** - Provides state-level oversight of PACE organizations in a state. In Maryland, the Maryland Department of Health (the Department) serves as SAA.

## **1.2 Background**

The Office of Long Term Services and Supports within the Department is soliciting responses from qualified providers to become PACE organizations in Maryland. Federal law (42 U.S.C. §1396u-4) permits the establishment of Programs of All-inclusive Care for the Elderly, in accordance with the requirements and rules promulgated by CMS. PACE provides comprehensive medical and social services to eligible individuals who live in the community. PACE provides its participants with all services covered by Medicare and Medicaid, without the limitations normally imposed by these programs. PACE also provides any other services deemed necessary by an interdisciplinary team that would allow the participant to remain in the community. Services include, but are not limited to, primary care (including doctor, dental and nursing services), prescription drugs, adult day health care, home and personal care services, nutrition services, hospital and nursing care (if and when needed) and transportation services to and from the PACE center and all off-site appointments.

Most PACE participants are dually-eligible for Medicare and Medicaid and receive benefits on a capitated basis. To participate in PACE, individuals must meet the following criteria: be at least 55 years old; reside in the PACE-approved service area upon enrollment; be certified to need a nursing facility level of care for longer than four months; agree to receive all health and long-term care services from the PACE provider; be able to be maintained in a community-based setting with the assistance of PACE at the time of enrollment without jeopardizing the participant's or others' health or safety; and have income of no more than 300 percent of the Supplemental Security Income (SSI) benefit level for a household of one person and assets no more than \$2,000. Maryland PACE regulations can be found here: <http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=10.09.44.%2a>.

Maryland currently operates one PACE site, Hopkins ElderPlus, which is approved to serve up to 200 individuals. As a cornerstone approach for integrating care for dual eligibles in the state, the Department is favorable to expanding the program to new PACE providers and in the beginning of 2018, updated Maryland regulations to remove limits on the number of PACE programs able to operate. Additional information, including current and proposed rates for these services, is posted on the Department's

website: <https://mmcp.health.maryland.gov/waiverprograms/Pages/PACE.aspx>; however, the rate for these services is subject to an annual rate-setting process.

### **1.3 Philosophy**

PACE is a voluntary program, centered on an adult day health care model, and combines Medicaid and Medicare funding. PACE was developed to provide the integration of acute and long-term care services, providing older adults the opportunity to remain in their community, rather than a nursing facility.

PACE programs assist participants to avoid costly and often preventable nursing facility and hospital stays by expanding the range and intensity of services provided within a community setting. PACE uses an interdisciplinary team, with participant and caregiver input, to determine what services will best meet the needs of their condition and achieve their goals. Some of the services provided include, but are not limited to: adult medical day care that offers nursing, physical, occupational, speech and recreational therapies, meals, nutritional counseling, social services, personal care, medical care provided by a PACE physician, home health care, all necessary prescription drugs, medical specialists such as dentistry, optometry and podiatry services, respite care, hospital and nursing facility care (when necessary) and transportation. The PACE team is responsible for authorizing services as well as for the provision of those services.

As part of its PACE expansion activities, the Department intends to request encounter data (including cost information) from current and future PACE organizations. The Department is sensitive to the level of effort required of PACE organizations to design and implement encounter data collection and submission. However, in addition to supporting quality initiatives, the Department envisions utilizing PACE encounter data to support rate-setting initiatives that will be protective of the PACE organizations. In Maryland, Medicare rates are comparatively higher than in other states, and the Department believes it may be necessary to build flexibilities into the PACE rate-setting system to support the sustainability of PACE organizations in the state. Encounter data will be needed to justify protective rate adjustments, increases or changes. The Department has successfully utilized this process with its HealthChoice Medicaid managed care demonstration since its inception.

### **1.4 Service Areas Covered by this Expansion**

There are three (3) service areas designated in this solicitation round, with the option of a fourth, rural, site. Only one PACE organization will be selected per service area, in addition to the existing provider, Hopkins ElderPlus. Each PACE program will have an initial cap of 200 participants. Applications may but do not have to cover all the zip codes listed for each service area. Applicants may submit applications for multiple service areas. Applications will be evaluated for each service area independently. The service areas are as follows:

1. Baltimore Metro (Excludes zip codes currently served by the existing PACE organization as indicated in the Maryland PACE Data Book, which can be found on the Department's PACE website: <https://mmcp.health.maryland.gov/waiverprograms/Pages/PACE.aspx>)

21201, 21203, 21209, 21210, 21211, 21212, 21215, 21216, 21223, 21225, 21226, 21229, 21230, 21239, 21241, 21251, 21263, 21264, 21265, 21268, 21270, 21273, 21274, 21275, 21278, 21279, 21280, 21281, 21283, 21287, 21288, 21289, 21290, 21297, 21298

2. Montgomery County

20812, 20814, 20815, 20816, 20817, 20818, 20832, 20833, 20837, 20838, 20839, 20841, 20842, 20850, 20851, 20852, 20853, 20854, 20855, 20860, 20861, 20862, 20866, 20868, 20871, 20872, 20874, 20876, 20877, 20878, 20879, 20880, 20882, 20886, 20895, 20896, 20899, 20901, 20902, 20903, 20904, 20905, 20906, 20910, 20912

3. Prince George's County

20601, 20607, 20608, 20613, 20623, 20705, 20706, 20707, 20708, 20710, 20712, 20715, 20716, 20720, 20721, 20722, 20735, 20737, 20740, 20742, 20743, 20744, 20745, 20746, 20747, 20748, 20762, 20769, 20770, 20771, 20772, 20774, 20781, 20782, 20783, 20784, 20785

The Department will accept applications for rural jurisdictions and will select up to one (1) rural site, with an initial cap of 100 participants. For the purposes of rate-setting, the rural service areas combine the Eastern and Western regions as defined per the nursing facility services regional alignment. Rural service areas available for applicants are defined as follows:

1. Allegany
2. Garrett
3. Washington
4. Caroline
5. Dorchester
6. Kent
7. Queen Anne's
8. Somerset
9. Talbot
10. Wicomico
11. Worcester

For rural areas, applicants shall propose the zip codes that they intend to cover, indicating the jurisdiction(s) covered. The Department may consider additional zip codes for Baltimore Metro, Montgomery County and Prince George's County. Additional zip codes must be contiguous to the

applicant's proposed zip codes listed above. Applicants must include a justification for each additional zip code proposed and distinguish between included zip codes (*i.e.*, those listed above) and additional zip codes when responding to Section 2.1.3 of the Letter of Intent ("Familiarity with Service Area").

## **1.5 Applicant Qualifications**

To be eligible for consideration, the applicant must satisfy the following requirements:

1. A PACE organization must be, or be part of, an entity of a city, county, state or Tribal government; or a private not-for-profit entity organized under §501(c)(3) of the Internal Revenue Code of 1986; or a private for-profit entity permitted by 42 U.S.C. §1395eee(a)(3)(B) and 42 U.S.C. §1396u-4(a)(3)(B) that is legally authorized to conduct business in the state of Maryland. For-profit entities became eligible to be PACE organizations on May 19, 2015, under §1894(a)(3)(B) and §1934(a)(3)(B) of the Social Security Act.
2. If active in other states, the applicant must have completed the initial CMS audit for a current PACE organization and must have implemented any plans of correction to the satisfaction of CMS and that State's SAA.

## **1.6 PACE Application Overview/Expectations**

The PACE application process involves the following six steps. This solicitation concerns the first step (Letter of Intent). Only the most qualified applicant(s) in the first step, as determined by the Department, will be invited to proceed to the second step. After the completion of the second step (Request for Additional Information), development of the PACE organization will require review and approval by other state and federal entities.

1. Letter of Intent (LOI);
2. Request for Additional Information (RAI);
3. CMS PACE Application;
4. Maryland Adult Medical Day Care Facility License;
5. State Readiness Review; and
6. PACE Agreement.

### **1.6.1 Letter of Intent**

- The applicant must meet the requirements outlined in Section 1.5.
- The applicant submits an LOI to the Department, which shall propose a service area consisting of zip codes in the jurisdictions identified in Section 1.4, for a PACE organization.
- The Department reserves the right to withhold the selection of any or all of the service areas.
- If the Department receives more than one LOI for the state-designated service area, the Department selects the most-qualified applicant for the service area.
- The Department reserves the right to select more than one applicant for a service area if the Department determines that the service area can support more than one PACE organization.



- The Department sends written notice to all applicants for the state-designated service area regarding the selection decision.
- The Department sends a selection notice to the selected applicant(s) and instructions for submitting an RAI, including deadlines.

### **1.6.2 Request for Additional Information**

- The selected applicant responds to the RAI within the timeframe designated by the Department.
- The Department may request additional information during its review of the RAI response(s). See Appendix B for additional information.
- The Department issues a letter approving the RAI response(s) and instructing the applicant to submit the CMS PACE Application to CMS for review.

### **1.6.3 CMS PACE Application**

- With review and approval from the Department, the applicant completes the CMS PACE Application and submits it to CMS for review and approval in accordance with federal regulations at 42 C.F.R. § 460, Subchapter E.
- The applicant electronically submits the PACE Application to CMS.
- CMS may request additional information.
- CMS approves or disapproves the PACE Application.
- Current CMS PACE Application information, including dates for submission, may be found on the CMS website by navigating to the "Programs of All-Inclusive Care for the Elderly (PACE)" section which may be found at the following link: <https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/PACE/PACE>.

### **1.6.4 Maryland Adult Medical Day Care License**

- Prior to the PACE site opening, the applicant must submit a completed license application (Form AMDC.APP.1.0) to the Office of Health Care Quality (OHCQ) and obtain approval.
- The Adult Medical Day Care License for PACE centers requires the applicant to comply with Maryland's adult medical day care regulations pursuant to COMAR 10.12.04 in addition to federal PACE regulations at 42 C.F.R. § 460. (See Appendix C for additional information.)

### **1.6.5 State Readiness Review**

- Prior to the PACE site becoming operational, the Department shall conduct an extensive on-site State Readiness Review and approve all aspects of the planned PACE site.
- The applicant submits State Readiness Review documentation to CMS, which may request additional information prior to approving the PACE site for operation.
- Upon CMS approval of the State Readiness Review, the applicant will enroll as a Medicaid provider through the Department's electronic Provider Revalidation and Enrollment Portal (ePREP), found here: <https://health.maryland.gov/mmcp/Pages/ePREP.aspx>.

### **1.6.6 PACE Agreement**

- The applicant, the Department and CMS sign a three-way agreement, and CMS grants PACE Provider Status to the applicant.
- Once the agreement is finalized, the PACE organization can open.
- Start-Up Costs: The Department shall not reimburse the applicant for start-up costs incurred in the development and implementation of the PACE organization.
- Licensure:
  - As noted in Section 1.6.4, the Department requires the applicant to be licensed as an Adult Medical Day Care by OHCQ before beginning PACE operations. See Appendix C for additional information.
  - The applicant shall, to the extent required by law, be licensed and legally authorized to practice or deliver other services that are to be delivered directly. For services that are delivered through a contractual agreement, the applicant shall ensure that the contractor is licensed and/or legally authorized to provide services.

The PACE organization is required to pay any fees associated with initial licensing and any ongoing fees necessary to maintain licensure.

### **1.7 Submission Instructions**

An eligible applicant shall electronically submit an LOI for the service areas identified in Section 1.4 according to the requirements outlined in Section 2.1. Applicants may submit more than one application; a separate application is required for each service area. Paper submissions will not be considered. All LOIs must be submitted to the Solicitation Point of Contact below, by 2:00 p.m. EST on November 3, 2021. Incomplete LOIs and LOIs received after the deadline will not be evaluated.

All LOIs in response to this solicitation should be sent ***via email*** to the Solicitation Point of Contact in Section 1.8, below.

Applicants should apply a read receipt to the email. Additionally, the Department will confirm with the applicant receipt of all LOIs via email.

An applicant may submit LOIs for multiple service areas. LOIs will be evaluated for each region independently.

### **1.8 Solicitation Point of Contact**

Jane Sacco  
Maryland Department of Health  
Office of Long Term Services and Supports  
[mdh.dltcs@maryland.gov](mailto:mdh.dltcs@maryland.gov)

## 1.9 Key Dates

**Deadline for Receipt of Letters of Intent:** 2:00 p.m. EST on November 3, 2021

**Pre-Application Conference:** 1:00 p.m. EST on September 20, 2021

An informational pre-application conference will be held virtually. The link for the event will be posted to the Department's website: <https://health.maryland.gov/mmcp/waiverprograms/Pages/PACE.aspx>. To be added directly to the meeting invitation, please email the Solicitation Point of Contact at least one (1) day in advance of the pre-application conference with the name(s), email address(es) and organizational affiliation of the attendee(s).

While attendance at the pre-application conference is not mandatory, the information presented may be helpful to applicants in developing their LOIs. All prospective PACE organizations are encouraged to attend to better prepare a robust application. Any applicant attending the pre-application conference that is in need of an accommodation due to an individual's disability should contact the Solicitation Point of Contact identified in Section 1.8 at least five (5) business days in advance of the pre-application conference to allow sufficient time to ensure appropriate accommodations.

As practical and appropriate, the answers to questions submitted in advance by prospective applicants will be provided at the pre-application conference. For questions to be addressed during the pre-application conference, they must be submitted by email to the Solicitation Point of Contact at least 72 hours in advance of the pre-application conference. Additionally, questions, both oral and written, will be accepted from prospective applicants attending the pre-application conference and will be answered at the conference or in a subsequent transmittal. Telephone inquiries will not be accepted.

**Deadline for Questions Related to the Solicitation:** 5:00 p.m. EST on September 30, 2021

Subsequent to the pre-application conference, the Department will accept written questions until September 30, 2021.

**Responses to Questions:** No later than 14 business days prior to the deadline for submitting LOIs, the Department shall provide written responses to all questions submitted during the pre-application process. The responses shall be distributed to all pre-application conference attendees and posted on the website listed above. The Department encourages attendees to pre-register for the pre-application conference, as detailed above, to provide accurate contact information.

## 1.10 Other Key Information

### *Revisions to the Solicitation*

If it becomes necessary for the Department to revise any part of this solicitation, amendments and/or addenda will be posted to the Department's PACE webpage

(<https://health.maryland.gov/mmcp/waiverprograms/Pages/PACE.aspx>) and provided to all known prospective applicants. Applicants will be bound by the contents of any amendments and/or addenda.

### *Incurred Expenses*

The State of Maryland is not responsible for any expenses incurred by the applicant in preparing and submitting an application in response to this solicitation.

## **Section 2. Provider Selection Process**

### **2.1 Content of Letter of Intent**

#### **2.1.1 Cover Letter**

Applicants shall submit a cover letter to include the following:

1. Name of the applicant and the applicant's eligibility qualifications;
2. Primary contact for the application, including name, title, address, phone number(s), fax number and email address;
3. Applicant's organizational mission and rationale for wanting to establish a PACE organization in Maryland, including the applicant's specific rationale for the selection of their preferred service area; and
4. Applicant's commitment to complying with federal PACE regulations and adhere to the related PACE Program Agreement.

#### **2.1.2 Experience Providing PACE and/or Home- and Community-Based Services**

The applicant shall identify the applicant's experience developing/operating a PACE organization and/or directly providing home- and community-based services.

For each PACE organization, provide the following information:

- Name and center location, including city and state.
- Status and time in each status from time of selection:
  - In planning
  - CMS Application submitted
  - Awaiting State Readiness Review
  - Operational
- If operational, indicate the date the PACE opened.
- Indicate current participant enrollment and projected full enrollment.
- If operating at full enrollment, indicate the date when this was achieved.
- If an existing PACE organization, identify any CMS corrective action letters from the most recent CMS survey and the reason for each letter.

For each home- and community-based service, provide the following information:

- Name the service and the geographic area in which it is/was delivered, including state.
- Identify the population to which the service is/was delivered and the total number of people served annually.
- State the year the service was initiated and, if applicable, the year the service ended. If the applicant is no longer providing the service, explain why.

### **2.1.3 Familiarity with Service Area**

2.1.3.1 Applicants shall describe the service area (by zip codes and county boundaries), the estimated number of PACE eligibles, geography (*i.e.*, as it relates to access and proximity to the PACE center), demographics and the realistic annual enrollment expected over the first two years. Include information such as: 1) statistics, characteristics of the community, lack of similar resources, participant needs and the expected impact of the proposed service; 2) impact on the community; 3) a description of the service area target population; 4) the geographic area, including zip codes to be served; and 5) a listing of the major socioeconomic, health and cultural characteristics of the target population(s).

2.1.3.2 Identify whether the applicant has a history serving the population of the service area for which it is applying.

- If it does, identify the services provided; the populations to which the services are or have been provided; the number of people helped annually by each service; the date services were initiated; and, if applicable, when they stopped. If the applicant is no longer providing a service, explain why.
- If the applicant has a history serving the service area, identify whether the applicant has developed relationships with leaders, institutions and service providers. Discuss the nature of these relationships and identify how long each has existed.

If the applicant does not have a history serving the state-designated service area, identify whether it has provided services in a similar area.

- Identify the geographic area served, including the state.
- Identify the services provided; the populations to which the services are or have been provided; the number of people helped annually by each service; the date services were initiated; and, if applicable, when they stopped. If the applicant is no longer providing a service, explain why.
- If the applicant does not have a history serving the state-designated service area but has served a similar area, identify whether the applicant has developed relationships with leaders, institutions and service providers. Discuss the nature of these relationships and identify how long each has existed.

2.1.3.3 The applicant must provide at least three (3) references from customers or entities who are capable of documenting the applicant’s ability to serve as a PACE organization. Each reference shall reference services provided within the past five (5) years and include the following information:

- Name of customer/entity;
- Name, title, telephone number and email address of the point of contact for the customer/entity; and
- Type, time and duration of service provided.

The Department reserves the right to request additional references or utilize references not provided by the applicant.

#### **2.1.4 Plan for Service Delivery**

2.1.4.1 Applicants shall provide a descriptive narrative of the proposed PACE organization. At a minimum, the narrative must describe overall plans for service delivery; PACE physical site plans; marketing plan; enrollment plans, policies and procedures; quality assurance and program integrity experience and plans; and data collection—including collection of PACE encounter data as described in Section 1.3—management and reporting experience and plans. The applicant must also describe how the PACE organization will address participants’ needs in all care settings, 24 hours per day, 365 days per year.

2.1.4.2 The description must detail the services/activities to be provided; how the provider will deliver these services and activities (*i.e.*, directly or contracted); and a list of equipment and resources needed to provide services. The description must also provide a description of the roles of and plan for hiring the PACE organization’s permanent key personnel as outlined in the table in Appendix B1, which must be direct hires of the PACE organization. Applicants shall submit an organizational chart detailing all supervisory positions and providing the number of full time equivalent employees in each unit. This chart shall encompass both line/direct care and administrative/support staff.

2.1.4.3 The applicant must complete the chart in Appendix A, indicating which services will be directly provided by the applicant and those for which the applicant will contract. For each contracted service, identify the anticipated vendor or entity and location, if known. Note whether the vendor or entity's location is within or outside the state-designated service area. If the applicant has previously worked with anticipated PACE vendors or entities, identify those contractors and indicate for how long, in what location and in what capacity the work was performed. Attach letters of commitment from each anticipated contractor.

#### **2.1.5 Financial Capability and Readiness**

2.1.5.1 The applicant shall demonstrate the financial capacity to fund program development, assume financial risk and fund risk reserve to and through the sustainability point. This shall include a two-year start-up budget showing the following:

- Monthly enrollment growth projections;
- Costs of operations, including marketing and advertising;
- Sources of funding, both initial start-up and periodic infusions; and
- The break-even census number and month, plus the desired maximum census.

In addition to the Maryland PACE Data Book located at <https://health.maryland.gov/mmcp/waiverprograms/Pages/PACE.aspx>, additional assistance may be available through PACE Technical Assistance Centers, which can be found at <https://www.npaonline.org/start-pace-program/pace-technical-assistance-centers-tacs>.

2.1.5.2 The applicant must demonstrate the applicant's capacity to fund a PACE start-up project.

- Document how the applicant will support its current financial obligations to existing PACE organizations and community-based services, if applicable, while initiating this new PACE project.
- For the proposed PACE organization, identify anticipated sources of capital and operating funds.
- Provide an estimate of the total funds needed for the PACE project to break even and provide evidence that the identified funding sources will furnish this amount.

2.1.5.3 The applicant must provide evidence of the applicant's fiscal soundness and ability to sustain potential adverse market fluctuations. As applicable for both “provider-sponsored organizations” (PSOs) and non-PSOs, please provide the data below.

- Risk-based capital (RBC): “Total adjusted capital & surplus” (TAC) and “authorized control level” (ACL) surplus for the last five years along with a five-year projection.
- Current days of cash investments on hand to cover operating expenses, net operating margin (profit/loss) for the past five years (aggregate dollars and percentage of revenue) and current cash to debt ratio (unrestricted cash / short- and long-term debt).
- If applicable, PACE experience in the three states with the highest enrollment to include operating margin for the past five years (aggregate dollars and percentage of revenue), enrollment (members) and revenue for the past five years and administrative costs for the past five years (“per member per month” (PMPM) and percentage of revenue).

2.1.5.4 The applicant must document a fiscally-sound financial plan for implementation of a new program, capacity to manage and report on financial data and information to the Department, and a complete insolvency plan. If external financing is needed, the applicant should provide a letter of intent from the lender.

## **2.2 Review of Applications and Notice of Selection**

The Department will select the most qualified applicant for each state-designated service area. The Department may consider selecting more than one applicant for a state-designated service area if the

Department determines that the service area can support more than one PACE organization. All applicants submitting a LOI will receive written notification of the Department's selection decision. The State reserves the right to withhold proceeding with any or all of the service areas.

## **2.3 Evaluation Criteria for Selecting Successful Letters of Intent**

A committee will conduct the evaluation of applications in response to this solicitation. The Department prefers an applicant's response to the solicitation to illustrate a comprehensive understanding of the following four areas: 1) Experience Providing PACE and/or Home- and Community-Based Services; 2) Familiarity with Service Area; 3) Plan for Service Delivery; and 4) Financial Capability and Readiness. LOIs that include limited responses to work requirements such as "concur" or "will comply" will receive a lower ranking than those LOIs that demonstrate an understanding of the solicitation requirements and meet or exceed them. The criteria to be used to evaluate each LOI are listed below and have equal weight.

### **1. PACE/Home- and Community-Based Services experience (Section 2.1.2):**

- To what extent did the applicant identify their experience in developing/operating a PACE organization and/or directly providing home- and community-based services?
- Did the applicant provide complete responses for each PACE organization referenced, according to the criteria listed in Section 2.1.2?
- Did the applicant provide complete responses for each home- and community-based services experience referenced, according to the criteria listed in Section 2.1.2?
- To what extent did the applicant demonstrate a high degree of knowledge and experience with PACE and/or home- and community-based services?

### **2. Familiarity with Service Area (Section 2.1.3):**

- Did the applicant provide complete responses to describe the service area, according to the criteria listed in Section 2.1.3.1?
- To what extent did the applicant demonstrate a history serving the population of the state-designated service area for which it is applying, according to the criteria listed in Section 2.1.3.2? If the applicant does not have a history serving the state-designated service area, to what extent did the applicant demonstrate a history providing services in a similar area, according to the criteria in Section 2.1.3.2?
- Did the applicant provide at least three (3) references from customers or entities capable of documenting the applicant's ability to serve as a PACE organization, according to the criteria listed in Section 2.1.3.3?



### 3. Plan for Service Delivery (Section 2.1.4):

- Is the proposed Plan for Service Delivery reasonable to achieve the Department's goals, objectives and requirements (*e.g.*, as described in Section 1.3)?
- To what extent did the applicant describe the proposed PACE organization, including how the PACE organization will address participant needs in all care settings at all times, according to the criteria listed in Section 2.1.4.1?
- To what extent did the applicant provide detail on the services and activities to be provided, according to the criteria listed in Section 2.1.4.2?
- Did the applicant complete the chart in Appendix A and provide letters of commitment from each anticipated contractor?

### 4. Financial Capability and Readiness (Section 2.1.5):

- To what extent did the applicant demonstrate the financial capacity to fund program development, assume financial risk and fund reserve to and through the sustainability point, including the two-year budget as described in Section 2.1.5.1?
- To what extent did the applicant demonstrate its capacity to fund a PACE start-up project, according to the criteria listed in Section 2.1.5.2?
- Did the applicant provide evidence of its fiscal soundness and ability to sustain potential adverse market fluctuations, according to the criteria listed in Section 2.1.5.2?
- Is the applicant's plan for implementation, management and financial reporting reasonable and fiscally-sound? Is the insolvency plan complete and reasonable? If external financing is needed, did the applicant include a letter of intent from the lender?

## Appendix A. PACE Service Delivery Arrangements

<b>Required Services</b> <i>(Provide specific breakdown in rows provided)</i>	<b>D=Direct</b> <b>C=Contract</b> <b>E=Hybrid</b>	<b>Contract</b> <b>D=Draft</b> <b>E=Executed</b>	<b>Name of Provider or Employee/Title</b>
Multidisciplinary assessment/treatment planning			
Physician services, including specialties			
Day health services (e.g., adult medical day care)			
Social work			
Therapies (PT, OT, SLP)			
Hospital services			
Nursing facility services			
Assisted living facility services			
Home care services (e.g., RN, home care aide)			
Nutritional services other than meal provision (e.g., counseling)			
Transportation			
Meal provision (both Adult Medical Day Center and home)			
Behavioral Health (including substance abuse services)			
Dental services			
Pharmacy services			
Podiatry services			
Laboratory testing and other diagnostic procedures			

<b>Required Services</b> <i>(Provide specific breakdown in rows provided)</i>	<b>D=Direct</b> <b>C=Contract</b> <b>E=Hybrid</b>	<b>Contract</b> <b>D=Draft</b> <b>E=Executed</b>	<b>Name of Provider or</b> <b>Employee/Title</b>
Prosthetics and durable medical equipment (provision and repair)			
Vision services (including provision and repair of eyeglasses and contact lenses)			
Audiology (including provision and repair of hearing aids)			
Other services not specified above/specific breakdown of services provided as a "hybrid" model			

## **Appendix B. Post-Selection PACE Application Steps: Request for Additional Information (Illustrative)**

Once an applicant is selected for a service area during the LOI phase, the Department will notify the applicant of the deadline for submitting a response to the Department's Request for Additional Information (RAI). The applicant then must submit a response to the RAI. The RAI phase is intended to help selected applicants in their preparation for the CMS PACE Application.

The selected applicant has up to six months from the date of the Department's selection notification to submit the RAI response to the Department. Upon approval of the RAI response, the Department shall notify the applicant in writing. The Department shall instruct the applicant to submit to CMS a Notice of Intent to Apply (NOIA), if applicable, and a PACE Application, including the Medicare Part D Application. The applicant shall submit the complete PACE Application package within one year of the date of the RAI approval letter from the Department. Should the applicant fail to meet the Department's deadline for submitting the PACE Application, including the Medicare Part D Application, to CMS, the Department reserves the right to recall the state-designated service area for which the applicant was selected.

Depending on the applicant's LOI, the response to the RAI could include—but would not be limited to—the following information.

### **B.1 Applicant Information**

- Provide the applicant's name, address and contact information, including main phone number, fax number and webpage/social media sites.
- Provide documentation of government or corporate status, including articles of incorporation or other legal entity documentation.
- Provide copies of all licenses, accreditations and certifications held by the applicant.
- Provide the applicant's table of organization (TO), including the relationship to any parent or subsidiary organizations.
- Describe the applicant's governing body, including members' names, titles and addresses or the same for the individual designated as the organization's governing body.
- Provide information for the applicant's primary contact, including name, title, address, phone numbers, fax number and email address.
- Describe the role(s) and responsibilities of the person primarily tasked with developing the PACE organization. Provide information about that person on the chart below and identify his/her/their position on the TO.
- Describe the role(s) and responsibilities of additional key leadership personnel involved in PACE development. Provide information about those people on the chart below and identify their positions on the TO.

- The applicant will provide a job description for each of the PACE positions noted in the table below. The applicant may identify individuals to serve in each position, if applicable. Identify the target date for hiring the permanent staff member and, if known, include the name and experience of that staff member. Attach a Curriculum Vitae/resume for each individual.

PACE Key Personnel Positions	Expected date of hire	Name and Credentials	No. of years of professional experience
Project Development Program Director			
Permanent Program Director			
Project Development Medical Director			
Permanent Medical Director			
Permanent Center Manager			
Permanent Home Care Coordinator			

## B.2 Target Populations for Selected Service Area

- Identify the selected service area and explain why the applicant chose this location. The applicant should explain why it wants to serve this specific area, including any existing relationship within the area and how its mission/vision statement matches the identified need of the target population.
- Identify populations within the service area from which the applicant anticipates recruiting PACE participants. For each target population, submit the following information:
  - Profile of the target population, such as race, ethnicity, religion, nationality of origin; percentage of population 65 and older, disabled, dually-eligible for Medicare and Medicaid; economic status; housing/living arrangements; and family structure.
  - Special needs found in the target population.
  - Location where the population resides/clusters within the service area and the distance between the population clusters and the PACE center.
  - Specific community leaders/institutions with which the population identifies and to which it goes to meet its needs.
  - Specific strategies for engaging the target population and familiarizing them with the PACE organization and the PACE center.
  - Barriers to enrolling members of the target population in PACE and strategies for overcoming these barriers.

- Prior experience working with the target population and community institutions in the service area.
- Evidence of community support for the development of a PACE center in the service area, including any letters of support.

### **B.3 Service Delivery Arrangements**

- Update the table labeled Appendix A, identifying if the PACE organization will directly provide the listed service or will contract with an outside entity. For direct services, indicate the name of the employee, if known, and title. For contracted services, indicate the status of the contracting process and the name and location of the proposed provider. The applicant may add services to the chart, in addition to those listed. As a reminder, key personnel must be direct hires (as described in Section B.1).
- In the narrative, identify providers for the following services and the status of their contractual agreements with the applicant. Submit letters of intent from these providers, identifying the services they will deliver:
  - Behavioral health services
  - Substance use disorder services
  - Acute inpatient services
  - Sub-acute inpatient services
  - Inpatient rehabilitation services
  - Assisted living services
  - Home care services
  - Home-delivered meal services

### **B.4 Pharmaceutical Services**

The applicant must provide pharmaceutical services for PACE participants. To do so, the applicant must meet Medicare Part D requirements as well as the requirements of COMAR 10.09.44.09. The applicant must submit a plan for providing pharmaceutical services, including the following information:

- Identify the pharmacy with which the applicant will contract for Part D and other pharmaceutical services.
- Describe the process that will be used to submit the Part D bid to CMS.

### **B.5 Transportation Services**

The applicant must have a plan for transporting PACE participants to and from the PACE center, alternate PACE sites and other community services, as needed. Submit a proposed transportation services plan that includes the following:

- Describe how transportation will be provided and if it will be provided directly by the applicant or by a contracted vendor.

- If directly provided, identify where vehicles will be housed.
- If contracted, provide the name of the transportation company, location of its main business office and the garage/lot where PACE vehicles will be housed.
- Identify who will coordinate transportation services and the location of transportation coordination activities.
- Identify technology to assist with transportation coordination, route changes, emergencies, etc.
- Explain how the transportation department will be included in the interdisciplinary team.
- List anticipated travel times between the outermost boundaries of the service area and the PACE center.

The applicant shall include a map showing travel times to the PACE center and to critical health care and other contracted facilities.

## **B.6 PACE Physical Plant**

The applicant must identify the proposed physical plant(s) that will serve as the PACE center, the hub for providing medical care, rehabilitation, social activities and dining. For each proposed physical plant, the applicant must submit the following:

- Proposed location(s) with physical description of the premises, intended use, past use (if any) and address.
- Information about property ownership (*i.e.*, current ownership, documentation of willingness to rent or sell, proposed property partnerships, letters of intent from proposed partners).
- Travel times and distances from the proposed PACE center to each of the target population clusters identified in Section B.2.
- Target populations' potential problems associated with this location.
- Anticipated need to establish PACE alternate care sites or satellites to serve identified target population clusters.
- Physical plant(s) construction and/or renovations needed to provide PACE services at the identified location(s).
- Prior to the PACE site opening, the applicant must submit a completed license application (Form AMDC.APP.1.0) to the Office of Health Care Quality (OHCQ) and obtain approval. The Adult Medical Day Care License for PACE centers requires the applicant to comply with Maryland's adult medical day care regulations pursuant to COMAR 10.12.04 in addition to federal PACE regulations at 42 C.F.R. § 460. See Appendix C for additional information.

## **B.7 Marketing and Enrollment**

The applicant must have a plan for marketing PACE and enrolling PACE participants and must submit the following information:

- A detailed plan for all marketing activities to secure sufficient PACE enrollment from the service area.
  - Identify various marketing approaches that will be used to educate the community and recruit PACE participants.
  - For each marketing approach, identify the target population.
  - Identify how marketing approaches will address the needs of people with different disabilities and will address the needs of individuals who are not fluent in English or are illiterate.
- A detailed plan for enrolling PACE participants, identifying the local, state and federal entities with which the applicant will develop relationships to facilitate enrollment (*i.e.*, Area Agency on Aging/Maryland Access Point sites).
- A statement projecting the target enrollment numbers for each of the first five years of PACE operation and the number of PACE participants targeted as full enrollment.

## **B.8 Financial Capacity**

### *Fiscal Soundness*

The applicant must provide independently certified audited financial statements for the three most recent fiscal year periods or, if operational for a shorter period of time, for each operational fiscal year. If the PACE organization will be a line of business of the applicant, it shall provide audited statements relating to the legal entity.

The applicant must also provide the following:

- Copy of the most recent year-to-date unaudited financial statement of the entity.
- Copies of independently-certified audited financial statements of guarantors and lenders (organizations providing loans, letters of credit or other similar financing arrangements, excluding banks).
- In the case of joint ventures, the applicant shall provide its independent audited financial statements or, in the absence of independent audited financial statements, the audited financial statements of each parent organization.
- If the entity is a public corporation or subsidiary of a public corporation, provide a copy of the most recent Annual Report pursuant to § 13 or 15(d) of the Securities Exchange Act of 1934, Form 10-K.

### *Financial Projections*

The applicant must provide financial projections for a minimum of three years from the date of the latest submitted financial statement and give projections from this date through one year beyond the anticipated PACE organization break-even point. Describe financing arrangements and include all documents and evidence supporting financing arrangements for any projected deficits.



The applicant must prepare financial projections using the accrual method of accounting that conforms to generally accepted accounting principles (GAAP). Projections using the pro forma financial statement methodology must be included. For a line of business, assumptions need only be submitted to support the projections of the line.

Projections must include the following:

- Quarterly balance sheets for the applicant. The National Association of Insurance Commissioners (NAIC) Financial Report #1 may be substituted for GAAP if otherwise required.
- Quarterly statements of revenues and expenses for the legal entity. If the PACE organization is a line of business, the applicant should also complete a statement of revenue and expenses for the line of business. Give projections in gross dollars, as well as on a per member per month basis. Quarters should be consistent with standard calendar year quarters. Include year-end totals. If an applicant has a category of revenue and/or expense not included in the present definitions, provide an explanation.
- Quarterly statements of cash flow.
- Statement and justification of assumptions. State major assumptions in sufficient detail to allow an independent financial analyst to reconstruct projected figures using only the stated assumptions. Include operating and capital budget breakdowns. Stated assumptions should address all periods for which projections are made and include inflation assumptions. Assumptions should be based on such factors as the applicant's experience and the experience of other health plans. Describe hospital and health professional costs and utilization in detail.

#### *Insolvency*

If not provided previously, the applicant must describe provisions in the event of PACE organization insolvency including:

- Continuation of benefits for the duration of the period for which capitation payment has been made.
- Continuation of benefits to PACE participants who are hospitalized on the date of insolvency through their discharge.
- Protection of PACE participants from liability for payments that are legal obligations of the applicant.

The applicant must provide documents that demonstrate that it can, in the event of insolvency, cover expenses of at least the sum of:

- One month's total capitation revenue, to cover expenses from the month prior to insolvency.
- One month's average payment to all contractors, based on the prior quarter's average payment, to cover expenses the month after the date insolvency is declared or operations cease.

Arrangements to cover expenses may include, but are not limited to, insolvency insurance or reinsurance, hold harmless arrangements, letters of credit, guarantees, net worth, restricted State reserves.

#### *Claims and Payment Systems*

The applicant must provide the following information:

- Experience with Medicare and Medicaid claiming.
- Experience claiming from other payment sources.
- Experience paying accounts/contracts.
- Experience with direct payments to workers and benefits management.
- Plans to manage PACE organization claims and payments.

### **B.9 Quality Improvement (QI) and Utilization Management**

The applicant must have a plan to conduct quality improvement activities, as well as to collect data—including PACE encounter data, as described in Section 1.3—maintain records and generate reports for utilization management purposes. In preparation for developing full QI and utilization management plans, the applicant must submit the following information:

- Experience developing and implementing quality improvement plans.
- Experience collecting data, maintaining records and developing reports for utilization management purposes.
- Plan for developing and implementing QI for the PACE organization.
- Plan for collecting data, maintaining records and submitting reports for PACE utilization management purposes, as required by CMS and the Department.

### **B.10 PACE Technical Assistance Center (TAC)**

If the applicant is utilizing the services of a qualified TAC, the following documents must be submitted:

- Resumes of all TAC staff working on this project, including specific PACE experience.
- Name(s) of PACE organization(s) for which the TAC has previously developed a CMS application.
- Copy of the PACE organization contract(s) with the TAC.

### **B.11 PACE Development Timetable**

The applicant must submit a timetable for developing the PACE organization in the service area. Refer to the selection notice for timeframes. Milestones to be noted in the timetable include, but are not limited to, the following:

- Selection notice received from the Department.
- RAI response submitted to the Department.
- PACE Application submitted to CMS for approval.

- Final architectural plans completed.
- Construction/renovations initiated at the PACE physical plant(s).
- Application for Maryland Adult Medical Day Care License submitted to OHCQ for review and approval.
- State Readiness Review conducted by the Department and submitted to CMS.
- The applicant enrolls as a Medicaid provider via the Department's electronic Provider Revalidation and Enrollment Portal (ePREP).
- The applicant, CMS and Department sign the three-way agreement and CMS grants PACE Provider Status to the applicant.
- PACE marketing and PACE participant enrollment activities are initiated.
- PACE opens and services are delivered.
- PACE target enrollment goals for operational years 1, 2, 3, 4 and 5.
- PACE target date for full enrollment.

## **Appendix C. Adult Medical Day Care License**

An Adult Medical Day Care License, issued by the Office of Health Care Quality (OHCQ), is required prior to the start of new or expanded services. The applicant must submit an original license application (Form AMDC.APP.1.0) and receive approval before rendering services.

The Maryland Adult Medical Day Care License requires compliance with Day Care for the Elderly and Adults with a Medical Disability regulations (COMAR 10.12.04), in addition to federal PACE regulations at 42 CFR § 460.

The license application form and instructions (Form AMDC.APP.1.0) can be found on the OHCQ website, <https://health.maryland.gov/ohcq/Pages/home.aspx>. Click on Programs → Adult Medical Day Care Unit → Licensure Application. Questions regarding licensure can be addressed to OHCQ's Adult Medical Day Care Unit that oversees the regulatory compliance for adult medical day care centers in Maryland by calling 877-402-8221. License applications should be sent to:

Adult Medical Day Care Program  
OHCQ  
7120 Samuel Morse Drive, 2<sup>nd</sup> Floor  
Columbia, Maryland 21046-3422