



**MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP**

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**DATE:** October 21, 2016

**TO:** PACE Organizations

**FROM:** Kathryn A. Coleman  
Director

**SUBJECT:** PACE Replacement Center Transition Plan Guidance

With the issuance of this memo, CMS announces the release of formal guidance to PACE organizations (POs) regarding the planned replacement of existing PACE centers.

Under the regulations at 42 CFR § 460.98(d), a PO must operate at least one PACE center either in, or contiguous to, their defined service area with sufficient capacity to allow routine attendance by participants. When a PO seeks to replace an existing CMS-approved PACE center, the replacement center must meet all of the PACE center operation requirements, and, provide all required services in accordance with 42 CFR § 460.98(c).

To facilitate a smooth and effective transition for PACE participants, all POs seeking to replace an existing PACE center must develop a detailed transition plan as outlined in Attachment A, and submit it to CMS and the State Administering Agency (SAA) for review no later than 90 days prior to the anticipated transition date. The transition plan must include sufficient documentation to address each of the items enumerated in Attachment A, as well as plans for the State Readiness Review (SRR), which must be completed as part of the replacement center process. POs should notify their respective CMS Account Manager (AM), along with their SAA at least 120 days prior to the projected transition date, unless exceptional circumstances make this unfeasible.

CMS will review the transition plan along with the SRR and make every effort to determine the acceptability of the plan within 60 days of submission. POs are encouraged to promptly respond to any questions CMS may have or requests for clarifying information. Once the transition plan is deemed acceptable, the PO will receive a notification along with the amended PACE program agreement. A PO's transition plan will only be deemed acceptable if it addresses the items in Attachment A and meets the SRR requirements. In the event that a replacement center is not available for occupancy and/or operational by the anticipated transition date, a PO must have contingency plans in place to avoid any gaps in services.

A PO may not begin operations at the replacement center until it receives the amended program agreement from CMS. POs seeking to transition to a replacement center without timely notification to CMS and receipt of the amended program agreement may be subject to compliance action.

Please note, a replacement center is distinct from the addition of a new center, to an existing PACE center, which requires the submission of a service area expansion (SAE) application. POs contemplating replacement of existing PACE centers should discuss their plans as soon as possible with their AM to determine if a SAE application is needed.

If you have any questions about the information provided in this memorandum, please send an email to your CMS AM and <https://dmao.lmi.org>.

**Attachment A**

<b>Transition Plan Item(s)</b>	<b>PACE Replacement Center Transition Plan Item(s) Description</b>
<b>Administrative Notifications</b>	<p>A PACE Organization (PO) requesting to transition their PACE Center operations to a replacement center must complete the following actions:</p> <ul style="list-style-type: none"> <li>• Notify CMS and the SAA of the PO’s intent to replace an existing center within their existing service area at least 120 days prior to projected transition date.</li> <li>• Coordinate with the SAA to obtain all necessary state licenses, approvals, and schedule/complete the SRR.</li> <li>• Formal notification to the respective Regional Office Account Manager is provided electronically via email or letter and includes:               <ul style="list-style-type: none"> <li>○ A brief summary of the rationale for the transition to a replacement center within the existing service area, including the circumstances that prompted replacement of the existing PACE center;</li> <li>○ Proposed location of the replacement center;</li> <li>○ Projected dates for closing the existing PACE center and opening/beginning operations at the replacement center;</li> <li>○ A copy (when it becomes available) of the SRR or attestation from the SAA stating that the PO has fulfilled all requirements for the replacement center; and</li> <li>○ The PO’s transition plan.</li> </ul> </li> </ul>
<b>Transition Plan</b>	<p>As part of the transition plan, a PO must address the impact of the replacement center transition to each of the areas specified below:</p> <p><b>PACE Center</b> Provide details regarding the transition from the current PACE center to the replacement center, including:</p> <p><i>Occupancy Timeline</i></p> <ul style="list-style-type: none"> <li>• Anticipated opening date;</li> <li>• Transition of Participants, records and staff;</li> <li>• Transition of equipment, or acquisition of new equipment (if applicable);</li> <li>• Transfer of Participant records;</li> <li>• Coordination with PACE employees, contractors, vendors, and participant attendance;</li> <li>• Anticipated closing date for current PACE center; and</li> <li>• Other items and or relevant activities.</li> </ul> <p><i>Replacement center capacity</i></p> <ul style="list-style-type: none"> <li>• Any increase or decrease in capacity compared to the existing PACE center.</li> </ul> <p><i>Contingency planning</i> Provide details regarding contingency plans for the following:</p> <ul style="list-style-type: none"> <li>• Delays in occupancy for new construction or existing structure;</li> </ul>

<b>Transition Plan Item(s)</b>	<b>PACE Replacement Center Transition Plan Item(s) Description</b>
	<ul style="list-style-type: none"> <li>• Delays or disruptions in services and/or PACE center operations; and</li> <li>• Other items and or relevant activities.</li> </ul> <p><i>Transportation Plan</i></p> <ul style="list-style-type: none"> <li>• New transportation routes and times; and</li> <li>• Potential impact on Participants (if any).</li> </ul> <p><b>PACE Participant</b> Provide details regarding the transition of PACE Participants to the replacement PACE center, including:</p> <ul style="list-style-type: none"> <li>• PO plan for introducing participant to the replacement center;</li> <li>• Planned correspondence to key stakeholders (with template language);</li> <li>• Letters to families, participants, community and other stakeholders (ex., providers, contractors, suppliers etc.);</li> <li>• Projected changes in center attendance (if any); and</li> <li>• Anticipated impact on enrollments and disenrollment's (including any change to the enrollment limit established by the state, if applicable).</li> </ul> <p><b>PACE Organization</b> If applicable, provide details regarding any <b>changes</b> to the following areas, including:</p> <ul style="list-style-type: none"> <li>• PO and PACE center contact information;</li> <li>• Existing policies and procedures and or other processes;</li> <li>• Delivery of services;</li> <li>• Staffing;</li> <li>• Contracted provider network;</li> <li>• Marketing materials (Submit revised marketing materials for review and approval); and</li> <li>• Other items or activities.</li> </ul>