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Health Care Compliance Association (HCCA) -104

# PACE Audits: A new CMS and State program audit frontier

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# What is PACE?

## Program of All-Inclusive Care for the Elderly

### *Program purpose. 42 CFR 460.4(b)*

PACE provides pre-paid, capitated, comprehensive health care services designed to meet the following objectives:

1. Enhance the quality of life and autonomy for frail, older adults.
2. Maximize dignity of, and respect for, older adults.
3. Enable frail, older adults to live in the community as long as medically and socially feasible.
4. Preserve and support the older adult's family unit.

### Up Next:

A background of PACE and insights on the value proposition of this government program for Medicare/Medicaid beneficiaries (*a.k.a. PACE Participants*)

# Eligibility for PACE

To enroll in a PACE program, an individual must meet the following eligibility requirements

1. 55 years of age or older
2. Meet Nursing Home Level of Care
  - As determined by the State Administering Agency
3. Reside in the PACE organization's service area
4. Be able to live in a community setting at the time of enrollment without jeopardizing his/her health
5. Meet any additional program-specific eligibility conditions imposed under the PACE Program Agreement

A PACE participant may not be concurrently enrolled in any other Medicare Advantage, Medicare Prescription Drug, or Medicaid prepayment plan, or optional benefit.



# All-Inclusive Services

PACE benefits include all Original Medicare, State Medicaid covered services, and all other services determined necessary by the interdisciplinary care (IDT) team to improve and maintain health according to the medical, physical, emotional, and social needs of the participant. *42 CFR 460.92*

- Adult day care
- Dentistry
- Emergency services
- Home care
- Hospital care
- Laboratory/x-ray services
- Meals
- Medical specialty services
- Nursing home care
- Nutritional counseling
- Occupational therapy
- Physical therapy
- Prescription drugs
- Primary care (including doctor & nursing services)
- Recreational therapy
- Social services
- Social work counseling
- Transportation

PACE organizations provide services primarily in an adult day health center and are supplemented by in-home and referral services in accordance with the participant's needs.

The PACE Organization is uniquely positioned as a provider of care and as a payor for the full continuum of care



## Provider Capabilities

Fully integrated, comprehensive care delivered by an interdisciplinary care team in the center and community



## Payor Capabilities

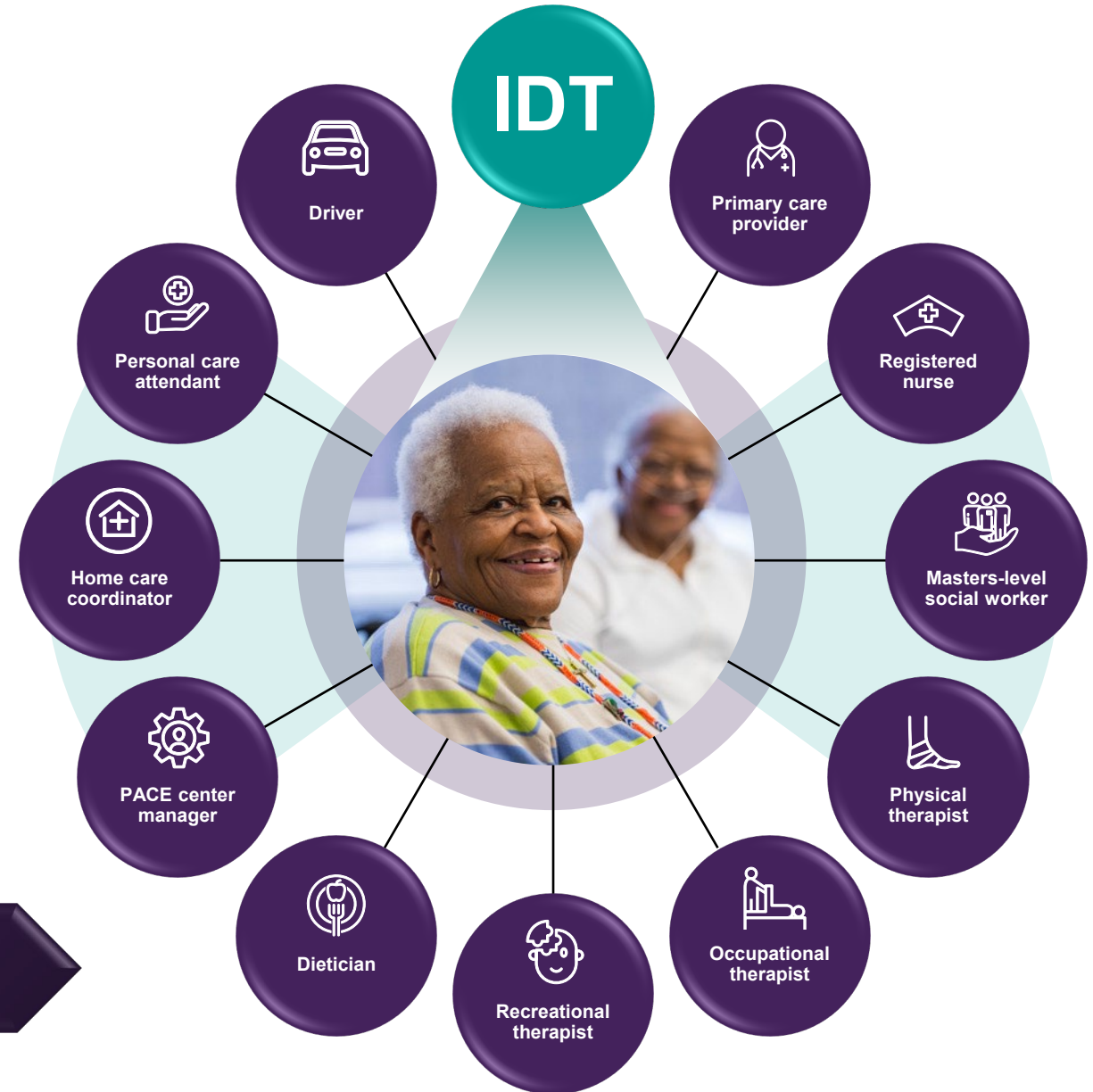
At full risk for all Medicare and Medicaid services, including supportive housing (e.g., ALF, Nursing facility)



# The Interdisciplinary Care Team (IDT)

Manages and coordinates all aspects of each participant's unique care plan

- 11-discipline IDT, collectively responsible for each participant's customized care plan
- Team designed to enhance access to care and eliminate information gaps
- Care plans seek to mitigate challenges presented by participant's social determinants of health



Delivering integrated, personalized care

# PACE Organizations, as a payor, drive clinical value, improved outcomes and manage cost trends.



PACE Organizations receive monthly Medicare and/or Medicaid capitation payments for each enrollee.

# How PACE differs from Medicare Advantage

	Medicare Advantage	PACE
<b>Eligibles</b>	51,000,000 <sup>1</sup>	2,200,000+ <sup>2</sup>
<b>Risk score (frailty)</b>	1.1 <sup>3</sup>	~2.53 <sup>4</sup>
<b>Assistance with ADLs</b>	~20% ≥1 ADL <sup>1</sup>	2+ ADLs on average
<b>Nursing home eligible?</b>	No	Yes
<b>Average annual premium revenue</b>	~\$11,500 <sup>5</sup>	~\$98,000
<b>Covered benefits</b>	<ul style="list-style-type: none"> <li>• Hospital care</li> <li>• Physician Care</li> <li>• Ancillary services</li> <li>• Rx Benefits</li> <li>• Supplemental benefits (e.g., dental &amp; vision)</li> </ul>	<ul style="list-style-type: none"> <li>• All MA benefits plus:               <ul style="list-style-type: none"> <li>• Support and services coordination</li> <li>• Personal care</li> <li>• Home health aid</li> <li>• Adult day health</li> <li>• Assisted living</li> <li>• Permanent nursing home</li> </ul> </li> </ul>

Note: 1. Based on a February 2022 report by MACPAC; 2. InnovAge estimate based on US Census data from 2018, CMS enrollment data, representing seniors who we believe are dually eligible for Medicare and Medicaid and meet the nursing home eligibility criteria for PACE in 2021; 3. Risk score based on an analysis by Avalere Health in June 2020 of a cohort of individuals enrolled in Medicare Fee-for-Service in 2019; 4. PACE RAF score based on average InnovAge participant as of March 31, 2023; 5. Based on a 2019 Report by the Kaiser Family Fund for Medicare Advantage beneficiaries.



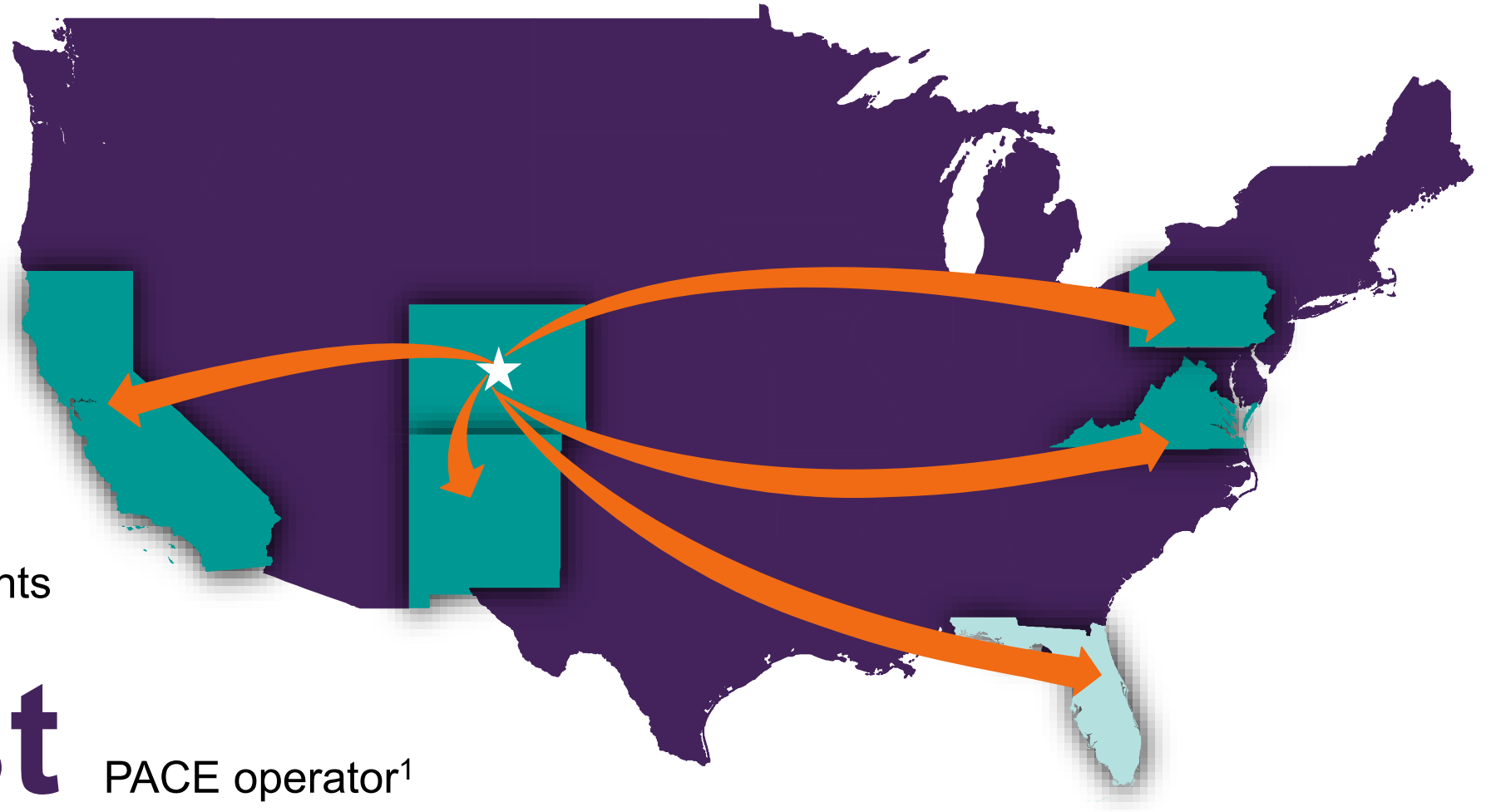
# Introduction to InnovAge: A PACE Organization

**5** States

**17** care centers

**~6.3K** participants

**Largest** PACE operator<sup>1</sup>



Note: 1. Statistics as of March 31, 2023 with a Size comparison based on the number of participants.

# PACE CMS/State Program Audit Model



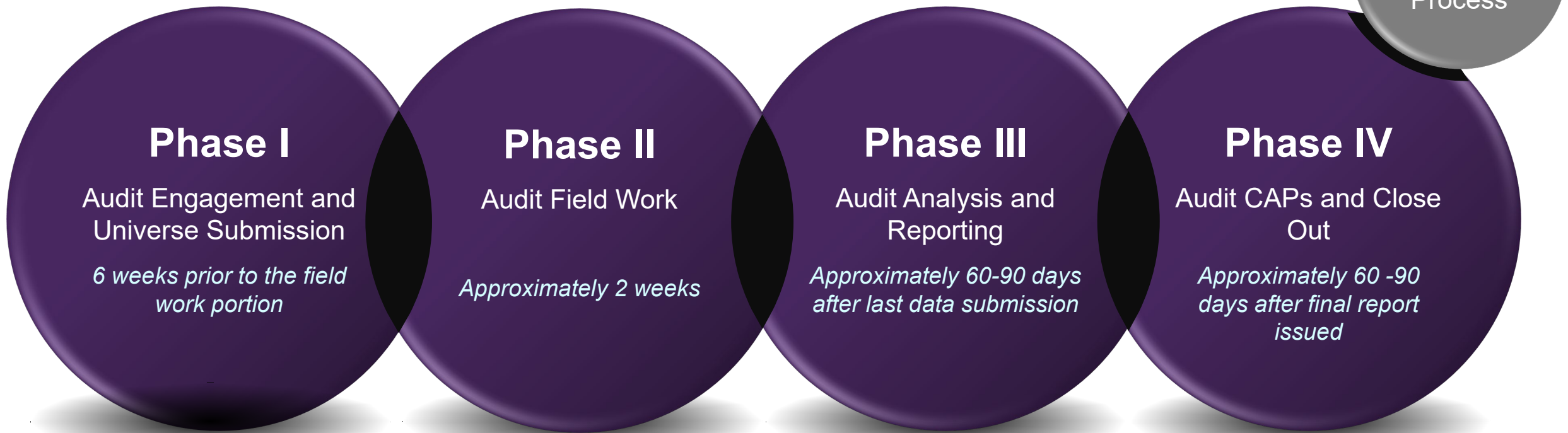
## *PACE Monitoring 42 CFR 460.30, 460.112*

- The PACE program agreement is a three-way agreement between the PACE organization, CMS and the State Administering Agency.
- Monitoring and auditing are the responsibility of CMS and the State Administering Agency.

## Up Next:

An Overview of the CMS and State oversight of the integrated Managed Care and direct provider care program

# CMS PACE Audit Overview



- CMS PACE Audit phases directly align with the phases of the Medicare Advantage and Prescription Drug Plan program audit and are also managed by the Medicare Parts C and D Oversight and Enforcement Group.

- Each State Administering Agency has differing audit guidelines that may or may not align with CMS.

# CMS PACE Audit Protocol

6 Month  
Look Back  
Period

Audit Elements Reviewed	# of Records Reviewed
<b>Service Determination Requests (SDR), Appeals, and Grievances (SDAG)</b>	<ul style="list-style-type: none"> <li>• Up to 40 <i>targeted</i> sample cases                             <ul style="list-style-type: none"> <li>• 10 denied SDRs</li> <li>• 10 approved SDRs</li> <li>• 5 denied appeals</li> <li>• 5 approved appeals</li> <li>• 10 grievances</li> </ul> </li> </ul>
<b>Provision of Services</b>	<ul style="list-style-type: none"> <li>• Up to 30 <i>targeted</i> medical records that appear clinically significant</li> <li>• 5 participant observations involving skilled care and/or dietary services</li> <li>• Emergency Equipment Review</li> <li>• Vehicle Inspection Review</li> <li>• Participant/Caregiver/Staff Interviews</li> </ul>
<b>Personnel Records</b>	<ul style="list-style-type: none"> <li>• Up to 10 <i>targeted</i> personnel records</li> </ul>
<b>Compliance and Quality Improvement</b>	<ul style="list-style-type: none"> <li>• Interview and data review with Compliance and Quality Staff</li> </ul>

# CMS Analysis of Potential Non-Compliance

## Root Cause Analysis (RCA)

- ⊙ All potential areas of noncompliance require the PACE Organization to complete an RCA to describe the nature of the issue and address why the noncompliance occurred.

## Impact Analysis

- ⊙ Some potential areas of noncompliance require the PACE Organization to complete an Impact Analysis to identify the impact of participants impacted by the potential area of noncompliance.
- ⊙ CMS provides the percent of census for the impact analysis during the data collection period, which is typically 50%.

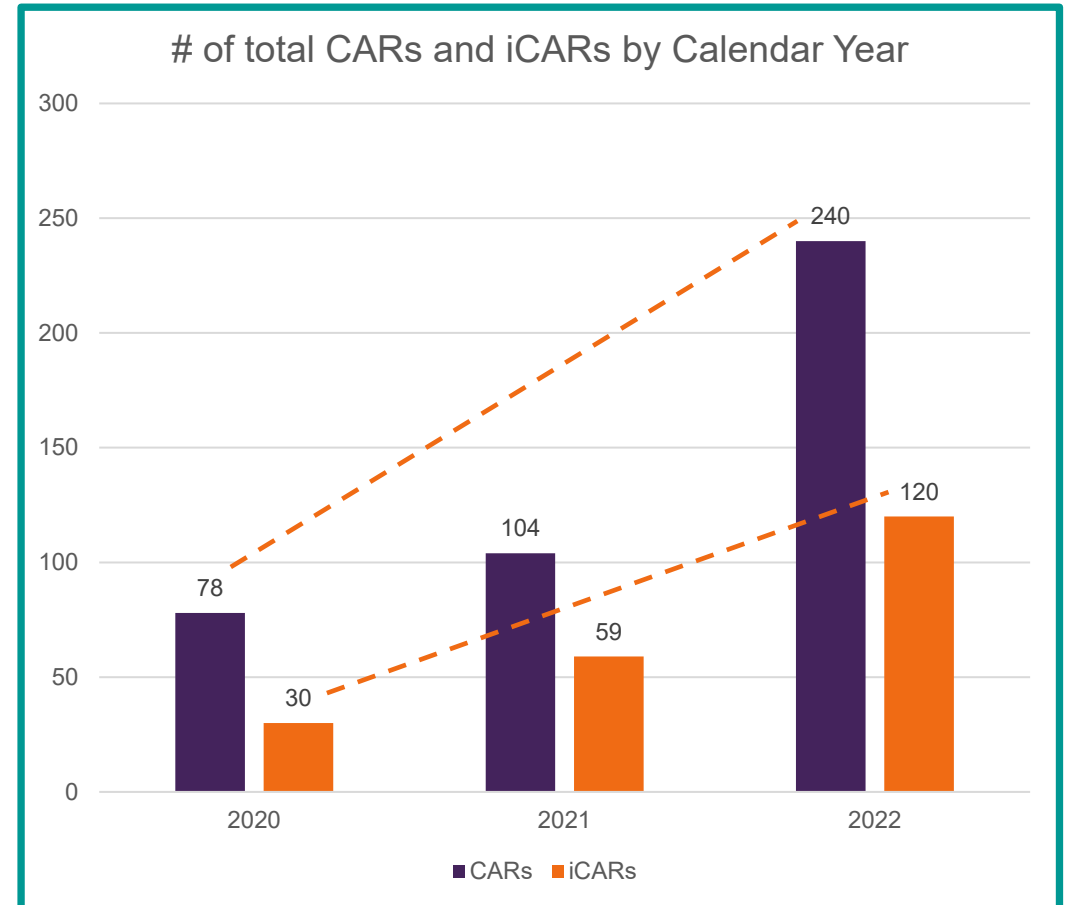
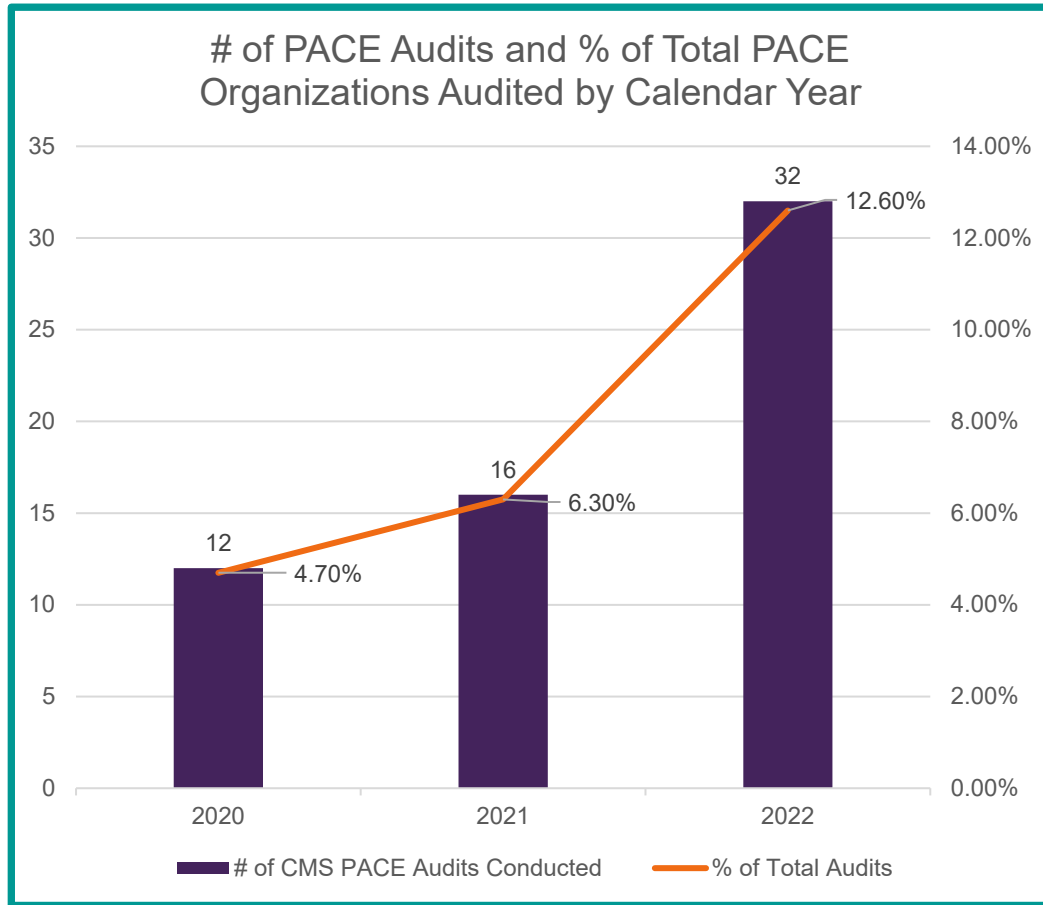
## Additional Record Review

- ⊙ CMS may request the PACE organization to provide additional medical records to validate the accuracy of the information provided during the RCA and/or Impact Analysis.

## Audit CAPs and Close Out

- ⊙ **iCARs** – Immediate Corrective Action Plan Required (due within 3 business days)
- ⊙ **CARs**- All other corrective action plans required (due within 10 business days)
- ⊙ **CAP Review/Acceptance**- CMS reviews and provides feedback and/or final acceptance
- ⊙ **CAP Implementation and Release**- The PACE Organization implements the CAP over 60 – 90 days in partnership with CMS.

# PACE Audit Results 2020 - 2022



**There are 154 PACE organizations serving approximately 70k participants in 32 states and the District of Columbia.**

# Common Findings by Audit Element

## SDR, Appeals, and Grievances

- Failure to automatically process an appeal following the untimely processing of an SDR
- Failure to appropriately categorize and process SDRs
- Failure to recognize and process complaints as grievances.
- Failure to ensure the full IDT was involved in the review SDRs

## Provision of Service

- Failure for PCP to oversee participants' use of medical specialists
- Failure to ensure the IDT remained alert to pertinent input from other team members, ppts, and caregivers.
- Failure to ensure the IDT coordinated 24-hour care delivery.
- Failure to ensure care plans included the appropriate required content.

## Personnel Files

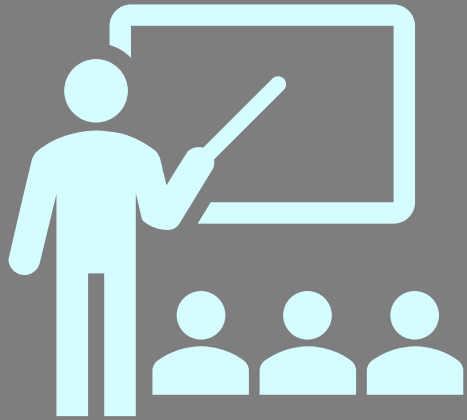
- Failure to confirm OIG exclusion check
- Failure to conduct complete background checks
- Failure to complete training prior to participant facing work
- Failure to confirm staff are free of communicable disease prior to participant facing work

## Compliance and Quality Improvement

- Failure to demonstrate monitoring of identified issues with timeliness
- Failure to take action in response to identified Level IIs
- Failure to take actions in response to not meeting stated goals

**Any evidence of noncompliance creates a finding, which does not always equal a trend.**

# Lessons Learned



## *Compliance Oversight Requirements 42 CFR 460.63*

- A PACE organization must adopt and implement effective compliance oversight requirements, which must include measures that prevent, detect, and correct non-compliance with CMS' program requirements

Up Next:  
An Overview of lessons learned in anticipating and responding to a CMS and State program audit to ensure ongoing audit readiness.



# Create Internal Audit Tools for Medical Records

## Resources to Create Audit Tools

- Use the findings from a previous CAP
- Use the CMS PACE Audit Protocol
- Use the National PACE Association (NPA) resources and audit tools

### CAP with Sample File Info

Samples Include: Part-6 and Part-11.

#### **CORRECTIVE ACTION REQUIRED:**

The PO must ensure the interdisciplinary team coordinates 24-hour care delivery.

### CMS PACE Audit Protocol

<https://www.cms.gov/medicare/audits-compliance/part-c-d/pace-audits>

#### **2.1. For service determination requests:**

##### **Documentation of the initial request**

- Documentation of the initial request (received in writing, orally, etc.), including all system notes, progress notes, logs, written communication from the participant, designated representative, and/or caregiver, and any other data, such as the date the

### NPA Audit Tools

<https://www.npaonline.org/pace-operations/compliance/monitoring-and-auditing>

#### **PACE Audit Tools**

With assistance from the Audit and Compliance Subcommittee of the Quality Committee, NPA has developed PACE Audit Tools for PACE organizations to leverage and incorporate into their audit-readiness activities.

- [Instructions for Use of Audit Tools \(12/2022\) \(PDF\)](#)
- [Appeal Audit Tool \(12/2022\) \(XLSX\)](#)
- [Grievance Audit Tool \(12/2022\) \(XLSX\)](#)
- [Personnel Records Audit Tool \(12/2022\) \(XLSX\)](#)
- [Provision of Services Audit Tool \(12/2022\) \(XLSX\)](#)
- [Service Determination Request Audit Tool \(12/2022\) \(XLSX\)](#)

Rule of Thumb: If it's not in the medical record, there is no record it happened.

# Internal Audit Tool Example

<b>Define Your Lookback Period for each Audit</b> <i>i.e., previous month, 3 months, 6 months</i>	Compliant? Y or N	Compliant? Y or N	Compliant? Y or N	Compliant? Y or N	Individual Question Compliance Rate
<b>Is there documentation to support IDT has coordinated 24 hr. care delivery?</b> <i>- Example: if Ppt is hospitalized there should be documentation the IDT team is getting updates and has a plan for when Ppt is dc'd.</i>	Yes	Yes	Yes	Yes	100%
<b>Is there documentation that members of the IDT remained alert to pertinent updates from participant, or representative?</b> <i>- Example: Ppt expresses to an IDT member a recent change in her/his living arrangement or caregiver status, the IDT documents action taken to meet the Ppts needs</i>	Yes	Yes	No	Yes	75%
<b>(If applicable) Is there documentation to support if there was a Change of Condition (COC) that members of the IDT were informed, assessments completed and change of the care plan if indicated?</b> <i>-Must be all IDT members PCP, RN, MSW, Rec Therapy, PT, OT, RD, IHS RN</i>	NA	Yes	Yes	Yes	100%
<b>Did the IDT provide services and care as identified in the care plan and/or provider orders?</b>	No	Yes	Yes	Yes	75%
<b>Is there documentation to support the IDT discussion of the Ppt's medical, functional, and psychosocial condition?</b> <i>InnovAge staff LISTENING and BEING ALERT to each other.</i>	Yes	Yes	Yes	Yes	100%
<b>Individual Chart Compliance Rate</b>	80%	100%	80%	100%	90%

2

## Reportable Data

1. Measurement of the Total Average
2. Measurement of each question average
3. Measurement of each chart average

1

3

# Example Dashboard to Track Progress

Audit Category	June	July	Aug	Sept
Care Plans	96.74%	95.46%	98.96%	99.09%
Chart Elements	96.36%	95.24%	95.56%	96.38%
Grievance Unknown	97.76%	98.49%	98.05%	97.01%
IDT Alert	90.71%	92.75%	92.16%	93.41%
Orders Cancellation	98.57%	96.36%	94.57%	96.76%
Orders Scheduling	89.24%	83.22%	83.37%	83.94%
PCP Orders	99.99%	99.17%	94.06%	98.83%
SDR	96.31%	96.68%	95.66%	97.04%
Wound Care	86.54%	89.51%	90.92%	83.25%
IHS	96.17%	93.02%	84.75%	80.67%
<b>Total</b>	<b>94.84%</b>	<b>93.99%</b>	<b>92.81%</b>	<b>92.64%</b>

84% or less	Red
85% to 94%	Yellow
95% to 100%	Green

## Dashboard Tips

- Create a Key to quickly view results
  - Using **Red**, **Yellow**, **Green** is a standard gauge of results
    - Red**- Needs Improvement
    - Yellow**- Showing Progress
    - Green**- Goal Achieved
  - Note: CMS audits using 100% as the goal
- Create a Month over Month comparison
- Create a Root Cause Analysis and Action Plan for any **Red** or **Yellow** results by Audit Category.

# Create a Budget for Full Time Employees (FTE) Needed

## Budgeting for FTEs

- Complete a time and motion study for each audit to be completed
- Understand the percent of active participant census to be audited
- Create a schedule for auditing (i.e., monthly, quarterly)

Understanding the number of FTEs needed for auditing helps with budget management

Active Participant Census	Standard FTE Hours Per Month	Total Hours Per Chart Audit	% of Census to Audit	# of Charts to be Audited	Total Hours Per Month for Audits	Total FTEs Needed
200	160	6	20%	40.00	240.00	<b>1.50</b>
200	160	6	10%	20.00	120.00	<b>0.75</b>
200	160	6	5%	10.00	60.00	<b>0.38</b>

*Per the Time and Motion Study*

*% to audit can change depending on regulator CAP requirements*

*Equals the active census times the % to audit*

*Equals the # of charts to be audited times total hours per chart*

*Equals the standard hours per month divided by total hours per month for audits*

# Create a Root Cause Analysis (RCA) Process

## RCA and Remediation

- Create an RCA tracking template
- Create a regular schedule for RCA reviews after audit results are ready
- Hold Operational and Clinical Staff Accountable for results

## Example RCA Template

Date Trend Identified (MM/DD/YY)	Brief Description Of The Identified Trend	Root Cause Analysis for the Issue (Explain why it happened)	Action Taken to Resolve and/or Correct the Identified Trend	Date Remediation Initiated (MM/DD/YY)	Date Remediation Completed (MM/DD/YY)
12/29/2023	Member of IDT did not remain alert 24 hrs. a day.....	The FTE managing the specific process did not follow the policy for.....	<p><b>People:</b> Training for FTE to be completed...</p> <p><b>Process:</b> Review of the policy/process....</p> <p><b>Technology:</b> Systems to be updated are.....</p>	1/5/2024	1/29/2024

## Example RCA Schedule

Monthly Schedule	Activity to be Completed
Day 1 - 23	Compliance performs audits on the previous 1-3 months of documentation.
Day 24 - 25	Compliance Leaders review draft results.
Day 26 - 28	<b>Operational and Clinical staff</b> “scrub” aka review results for agreement, corrections, and to start identifying opportunities to improve care/service.
Day 29 – 30/31	Compliance Leaders make any corrections to results from Ops. and Clinical staff and finalizing the audit scores
The next month Day 1 - 7	<b>Operational and Clinical staff</b> completes an RCA on findings, develops an action plan to correct identified issues, and provide any remediation if applicable.

# Other Tips and Tricks for PACE Audits and Audit Readiness

## Mock Audits

- ⊙ Conduct mock audits with compliance playing the role of the regulator
- ⊙ Create scripts to prepare and practice for calls and interviews with regulators
- ⊙ Train staff to only answer the question asked

## Documentation Standards

- ⊙ Create documentation standards that are repeatable and reportable

## Partner with your Regulator

- ⊙ Ask CMS and the State clarifying questions
- ⊙ Create audit tools in conjunction with the CMS and the State
- ⊙ Take the time to build relationship with your regulatory partners
- ⊙ Provide feedback/educate the regulator on the impacts (good and bad) of the audit process

## Technology

- ⊙ Use your EMR to your advantage to automatically audit areas such as Care Plan, SDR, and Grievance Timeliness
- ⊙ Create templates in the EMR to ensure staff follow the same process

## HR Partnership

- ⊙ Partner with HR for personnel record audits

## Operational and Clinical Partnership

- ⊙ Ensure continued and ongoing involvement/partnership with the people who perform the day-to-day work of taking care of participants



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