

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicare  
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**MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP**

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DATE: June 30, 2016

TO: PACE Organizations

FROM: Kathryn A. Coleman, Director

SUBJECT: Clarification on the Requirements for Alternative Care Settings in the PACE Program

This memorandum provides clarifying guidance on Alternative Care Settings (ACS) in the Programs of All-Inclusive Care for the Elderly (PACE).

CMS regulations at 42 CFR § 460.98(b) (2) require a PACE Organization (PO) to provide PACE services in at least the PACE center, the home, and inpatient facilities. The PACE center is intended to provide a point of service where the primary care clinic, i.e. the interdisciplinary team is located, services are provided, and socialization occurs with staff that is consistent and familiar to participants. Attendance at the CMS approved PACE center is an important aspect of the PACE model.

To provide PACE participants with flexibility regarding access to quality care, CMS has allowed POs to offer some services in other settings which are referred to as an ACS. An ACS can be any physical location in the PO's CMS approved existing service area other than the participant's home, an inpatient facility, or PACE center. As referenced in the HPMS memo titled "Alternative Care Settings in the PACE program," issued December 5, 2014, the services at an ACS supplement and do not replace services provided at the PACE center (in accordance with 42 CFR § 460.98(c)).

Through CMS audits, HPMS data and feedback from POs, it has been brought to our attention that some ACS facilities are providing all required PACE services. Therefore, these ACS facilities are essentially operating as PACE centers without going through the application process.

We are clarifying that an ACS may provide some, but not *all* of the required PACE services. The services provided at an ACS must not replace the required services that must be provided at the PACE center, rather the ACS serves as a means to deliver supplemental services. Additionally, an ACS must not be used to increase the capacity of the approved PACE center and should only be utilized to serve participants that may otherwise undergo hardship and or extraordinary circumstance to attend the PACE center.

POs offering care in an ACS are expected to adhere to the guidance as outlined in our December 5, 2014 memo and are required to submit the ACS checklist as outlined in the HPMS memo titled “Reporting Alternative Care Settings in HPMS,” issued May 12, 2015.

If you have any questions about the information provided in this memorandum, please send an email to the policy mailbox portal at <https://dpap.lmi.org>. POs may also reach out to their respective Account Manager with any questions.