

Attachment III: Documentation Requirements for DHCS Initial Submission Review of New PACE Application

Additional information on required documents

Attestation Topic	Section #	Documents required to upload in HPMS
Service Area	3.1	<input type="checkbox"/> Detailed map, with location of PACE center clearly marked <input type="checkbox"/> Map to include a scale of the complete geographic service area that includes county, zip code, street boundaries, census tract or block or tribal jurisdiction and main traffic arteries, physical barriers such as mountains and rivers and location of the PACE center, hospital providers, ambulatory and institutional services sites. <input type="checkbox"/> Map to depict the travel time from the farthest points on the geographic boundaries to the nearest ambulatory and institutional service sites. If the geographic service area includes an area covered by another PACE organization, identify the duplicate area. <ul style="list-style-type: none"> ○ Note: The map must be developed in accordance with 42 CFR §460.22, §460.70, and §460.98.
Legal Entity and Organizational Structure	3.2	<input type="checkbox"/> Description of the organizational structure of the PACE organization, including the relationship to, at a minimum, the governing body, owner, program director, medical director, and to any parent, affiliate or subsidiary entity. <input type="checkbox"/> Evidence of non-profit or for-profit corporation status
Governing Body	3.3	<input type="checkbox"/> List of the members of the Board of Directors and their titles. Indicate which, if any, members are consumer representative. Include the name and phone number of a contact for the governing body and the name and phone number of the PACE Program director responsible for oversight and administration as described in 42 CFR §460.62(a).
Fiscal Soundness	3.4	<input type="checkbox"/> Description of any reserve requirements and other financial requirements set by the State and supporting documentation to demonstrate how the applicant meets these requirements. <input type="checkbox"/> Independently audited financial statement for the three most recent fiscal year periods or, if operational for a shorter period of time, for each operational fiscal year.

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		<ul style="list-style-type: none"> ○ Note: If a PACE program is a line of business of the applicant, it should provide audited statements relating to the legal entity. Audits provided in the Documents section of the application, are to include: <ul style="list-style-type: none"> ○ Opinion of a certified public accountant; ○ Statement of revenues and expense; ○ Balance sheet; ○ Statement of cash flows; ○ Explanatory notes; and ○ Statements of changes in net worth. ○ If the legal entity does not have prior financial history, the applicant can provide other documentation in lieu of an independent audited financial statement that provide assurance of financial standing (e.g. tax returns, bank statements, etc). <input type="checkbox"/> The most recent year-to-date unaudited financial statement of the entity and independently audited financial statements of guarantors and lenders (e.g. organizations providing loans, letters of credit or other similar financing arrangements, excluding banks) <input type="checkbox"/> Financial Projections <ul style="list-style-type: none"> ○ Note: Provide financial projections beginning with program commencement through one year beyond break-even. (Financial projections should be prepared using the accrual method of accounting in conformity with generally accepted accounting principles (GAAP). Prepare projections using the pro-forma financial statement methodology. For a line of business, assumptions need only be submitted to support the projections of the line.) Projections must include: <ul style="list-style-type: none"> ○ Opening and annual balance sheet <ul style="list-style-type: none"> • Quarterly statements of revenues and expenses for legal entity • Give projections in gross dollars and include year-end totals. (In cases where the plan is a line of business, the applicant should also complete a statement of revenue and expenses for the line of business). ○ Statement and justification of assumptions; <ul style="list-style-type: none"> • State major assumptions in sufficient detail to allow an

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		<p>independent financial analyst to reconstruct projected figures using only the stated assumptions;</p> <ul style="list-style-type: none"> • Include operating and capital budget breakdowns; • Stated assumptions should address all periods for which projections are made and include inflation assumptions • Justify assumptions to the extent that an independent financial analyst would be convinced that they are reasonable; and • Base justification on such factors as the applicant's experience and the experience of other PACE organizations. <p><input type="checkbox"/> Evidence of applicant's financing arrangements for any projected deficit.</p> <p><input type="checkbox"/> Insolvency Plan:</p> <ul style="list-style-type: none"> ○ Documents that demonstrate <i>the PO</i> can, in the event it becomes insolvent, cover expenses of at least the sum of one month's total capitation revenue to cover expenses the month prior to insolvency and 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 or State law provisions.) <p><input type="checkbox"/> Attestation on your subordinated debt arrangements</p> <ul style="list-style-type: none"> ○ Note: The agreement must include the amount (whether it changes or not) and the account name under which the subordinate debt falls. (Subordinated debt is unsecured debt, which refers to any type of debt or general obligation that is not collateralized by a lien on specific assets of the borrower in the case of bankruptcy, liquidation or failure to meet the terms for repayment, whose repayment to its parent company or another lending entity ranks after all other debts have been paid when the subsidiary files for bankruptcy. It can also be defined as a

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		<p>loan that ranks below all other loans with regard to claims on assets or earnings).</p> <ul style="list-style-type: none"> <input type="checkbox"/> A copy of the applicant's most recent Insurance Protection table to summarize insurance or other arrangements for major types of loss and liability in accordance with 42 CFR §460.80. <input type="checkbox"/> History of claims of bankruptcy, questioned cost, repayment of funds, failure to fulfill Contracts and criminal and/or civil legal actions within the past five (5) years. Information provided must also include: <ul style="list-style-type: none"> ○ Any bankruptcy proceedings currently pending against the applicant, regardless of date of filing; or ○ If the applicant is currently insolvent, or has reason to believe that an involuntary bankruptcy proceeding may be brought against the applicant; or ○ If the applicant's answers identify any issues under a) or b) above, the applicant shall provide a detailed explanation and attach any relevant supporting documentation, including documentation on how the proceeding will be addressed without an adverse impact on the applicant's ability to meet Contract requirements. ○ Note: If applicant is a current PACE Organization, information can be provided on the organization level. If applicant is not an existing PACE Organization, information will need to be provided at the officer level.