

November 17, 2025

Policy Letter 25-02

To: Program of All-Inclusive Care for the Elderly (PACE) Organizations

Subject: PACE Application Pause and Related Changes

Purpose

The purpose of this Policy Letter is to inform PACE organizations of the pause to the PACE application process and related changes effective November 20, 2025, until November 19, 2027, at minimum or until otherwise notified through a superseding PL. The Department of Health Care Services (DHCS) is implementing these changes to ensure appropriate resources to operate the PACE program as well as manage the current rate of growth of the PACE program.

This PACE Policy Letter, like all PACE Policy Letters, has the force and effect of state regulation, as set forth in Welfare & Institutions Code section 14592(k).

PACE Application Pause and Related Changes to the Application Process

Effective 12:00AM on November 20, 2025 DHCS will pause accepting PACE applications, including applications for new PACE organizations and existing PACE organization service area expansions. The PACE application pause will be in effect for a minimum of two (2) years.

The PACE application pause will not impact applications already received and in the review process. DHCS will continue to review and process applications already in queue. The PACE application pause is only applicable to the submission of new PACE applications (both new PACE organization and expansion applications).

Current Applications

PACE applications currently in the Quarter 4 2025 review period may receive a approval, denial or one (1) deferral to move the application into a Quarter 1 2026 review.

DHCS will accept complete Letters of Intent (LOIs) from PACE applicants for a Quarter 1 2026 review no later than 11:59PM Pacific Standard Time (PST) on November 19, 2025. A complete application is due to DHCS no later than 11:59PM PST on December 26, 2025. PACE organizations are to refer to the PACE Application Process Policy Letter 23-01 for LOI and application instructions to ensure they are complete prior to submission to DHCS. Quarter 1 2026 applications will receive either an approval or denial. There will be no deferrals during the Quarter 1 2026 review period.

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An update to the PACE Application Process Policy Letter 23-01 reflecting these updates will be subsequently released.

Change of Ownership (CHOW) Applications

During the PACE application pause, DHCS will continue to accept and process CHOW applications for existing PACE organizations. PACE plans are to follow CMS and DHCS' existing CHOW application process (refer to CMS guidance document from February 2016).

If you have any questions regarding this Policy Letter, please contact your PACE Contract Manager at PACE@dhcs.ca.gov.

Sincerely,

ORIGINAL SIGNED BY

Joseph Billingsley, Acting Division Chief
Integrated Systems of Care Division
Department of Health Care Services