

October 17, 2023

**Policy Letter 23-05**

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

SUBJECT: Fiscal Year 23-24 - PACE Only - Adult Day Health Care Center, Primary Care Clinic, and Home Health Agency Fee Schedule

## PURPOSE

The purpose of this policy letter is to notify PACE Organizations (PO) of the Department of Health Care Services (DHCS) Fiscal Year (FY) 2023-24 Administrative Fee for Adult Day Health Care Centers (ADHC), Primary Care Clinics (PCC), and Home Health Agencies (HHA) Serving Only PACE Participants, as set forth in Welfare & Institutions Code (W&I Code) section 14592(c) and (n).

## POLICY

### Oversight and Regulation of Yearly Administrative Fees

W&I Code section 14592(c) established DHCS oversight and regulation of PO ADHCs, PCCs, and HHAs serving only PACE participants or applicants, as follows:

**“A primary care clinic, as defined in paragraph (1) of subdivision (b) of Section 1200 of the Health and Safety Code, an adult day health care center, as defined in subdivision (b) of Section 1570.7 of the Health and Safety Code, or a home health agency, as defined in subdivision (a) of Section 1727 of the Health and Safety Code, that exclusively serves PACE participants, as defined in Section 460.6 of Title 42 of the Code of Federal Regulations, is exempt from licensure by the State Department of Public Health. A primary care clinic, an adult day health care center, or a home health agency that exclusively serves PACE participants shall be overseen and regulated by the department.”**

W&I Code section 14592(n) requires that DHCS **“establish an administrative fee to be paid by each PACE organization exempt from licensure upon enrollment as a PACE provider, and annually thereafter, . . .”** W&I Code section 14592(k) authorizes DHCS to implement, interpret, or make specific the requirements of W&I Code section 14592 through Policy Letters.

In July of each year, DHCS will send an approval renewal notice to each PO that DHCS has approved to operate as an ADHC, PCC, and/or HHA under DHCS oversight and regulation, as set forth in W&I Code section 14592(c). DHCS' approval renewal notice will identify the total FY fees due to DHCS.



POs operating an ADHC, PCC, and/or HHA serving only PACE participants/applicants must pay their State FY Administrative Fees (Fees) to DHCS by no later than **September 1st** of each year.

### **PO Obligations**

POs operating an ADHC, PCC, and/or HHA serving only PACE participants/applicants must do the following:

- Notify DHCS that the PO is operating an ADHC, PCC, and/or HHA that only serves PACE beneficiaries/applicants as described in W&I Code section 14592(c) and obtain DHCS approval to operate under W&I Code section 14592(c). (*See below for further details.*)
- Timely pay DHCS the yearly Fees required under W&I Code section 14592(n); and
- Notify the PO's DHCS-ISCD PACE contract manager if the PO does not receive an ADHC, PCC, and/or HHA renewal notice in July of every year, to arrange for payment of the Fees.

If the Fees are not received by DHCS by September 1st of each year, DHCS may (1) revoke its approval of the PO to operate the ADHC, PCC, and/or HHA under W&I Code section 14592(c); (2) require the PO to cease operations of the ADHC, PCC and/or HHA until the Fees are paid; or (3) take other appropriate action to collect the Fees, including but not limited to, capitation offsets.

The yearly Fees will be set using the fee schedule established each year by the California Department of Public Health (CDPH) for PCC, ADHC, and HHA licenses. Refer to the All Facilities Letter (AFL) Fiscal Year Health Care Facility License Fee Schedule posted on the CDPH website every July.<sup>1</sup>

### **New PO Obligations**

For new PO applicants and/or expansions operating an ADHC, PCC, and/or HHA that serves only PACE participants or applicants, the yearly Fees will be set based upon what FY year their operational date begins and must be received by DHCS within 30 calendar days of the operational date. The initial Fees for each PO operated PCC, ADHC, or HHA serving only PACE participants/applicants will be prorated based upon the operational date. If the Fees are not received by DHCS within the specified timeframe, DHCS may (1) revoke the approved operational date of the PO; (2) require the PO to cease operations until the Fee is paid; or (3) take action to collect the Fee, including but not limited to, capitation offsets.

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<sup>1</sup> The AFL Fiscal Year Health Care Facility License Fee Schedule can be found at:  
<https://www.cdph.ca.gov/Programs/CHCQ/LCP/Pages/LC-Health-Care-Facility-Licensing-Fees.aspx>

## Transfer from CDPH Licensing to DHCS Oversight and Regulation

When an existing PO that is operating an ADHC, PCC, and/or HHA under CDPH licensing decides to limit such services to only PACE participants/applicants, that PO must do the following:

- Inform CDPH and DHCS of the change in writing;
- Submit a request to CDPH (with copy to DHCS) to relinquish their CDPH license;
- Submit a written request to DHCS that asks for approval to operate under DHCS oversight and regulation as specified in W&I Code section 14592(c);
- Pay any outstanding fees to CDPH;
- Withdraw any submitted REPORT OF CHANGE/INITIAL/CHOW application from CDPH;
- Pay the initial Fees to DHCS as required under W&I Code section 14592(n).

DHCS will not grant final approval for the PO to operate an ADHC, PCC, and/or HHA serving only PACE participants/application until the initial Fees are received. Once a PO ADHC, PCC, and/or HHA is approved to operate under DHCS oversight and regulation under W&I Code section 14592(c), it becomes subject to the yearly Fees under W&I Code section 14592(n).

POs that have been granted full ADHC, PCC, and/or HHA licensure exemptions by CDPH and DHCS under Health and Safety Code (H&S Code) section 100315 must pay DHCS the Fees collected under W&I Code section 14592(n).

## Payment Submissions

POs must mail their Fees payment with a tracking number to the following address:

DHCS - Integrated Systems of Care Division  
Attention: PACE Section  
1501 Capitol Avenue, MS 4502  
Sacramento, CA 95814

## Fees Schedule by Fiscal Year

Facility Type	2020-21 Statewide	2020-21 Los Angeles County Supplemental Fee
Adult Day Health Centers	\$8,613	\$812
Primary Care Clinics	\$2,047	\$482
Home Health Agencies	\$2,762	\$1,826

Facility Type	2021-22 Statewide	2021-22 Los Angeles County Supplemental Fee
Adult Day Health Centers	\$9,388	\$1,584
Primary Care Clinics	\$2,231	\$941
Home Health Agencies	\$2,830	\$3,561

Facility Type	2022-23 Statewide	2022-23 Los Angeles County Supplemental Fee
Adult Day Health Centers	\$10,800	\$1,826
Primary Care Clinics	\$2,566	\$1,085
Home Health Agencies	\$2,946	\$4,106

Facility Type	2023-24 Statewide	2023-24 Los Angeles County Supplemental Fee
Adult Day Health Centers	\$10,800	\$1,826
Primary Care Clinics	\$2,566	\$1,085
Home Health Agencies	\$2,946	\$4,106

### Complaints Process

Complaints regarding entities that are subject to DHCS' oversight and regulatory authority under W&I Code section 14592(c) are to be submitted directly to DHCS at [PACEcompliance@dhcs.ca.gov](mailto:PACEcompliance@dhcs.ca.gov).

If you have any questions regarding the requirements of this Policy Letter, please reach out to the PACE Contract Manager inbox at [PACEContractManager@dhcs.ca.gov](mailto:PACEContractManager@dhcs.ca.gov).

Sincerely,

[ORIGINAL DOCUMENT SIGNED BY]

Cortney Maslyn, Chief  
Integrated System of Care Division  
Department of Health Care Services