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To: All PACE Organizations

From: John A. Scott, Acting Director  
Medicare Parts C and D Oversight and Enforcement Group (MOEG)

Subject: 2019 PACE Audit Process Improvements

The following information provides an overview of the Programs of the All-Inclusive Care for the Elderly (PACE) audit process improvements and reminders for 2019. CMS continues to work towards improving communication, education, and support throughout the audit process.

**2019 PACE Audit Process Improvements:**

CMS will be implementing the following process improvements for the 2019 PACE audit year:

- **Sample Case File Submissions:** CMS will provide organizations an additional day to prepare and collect case files for the Service Delivery Requests, Appeals and Grievances (SDAG) and, if applicable, the Personnel element desk review. Notice will be provided two business days before beginning SDAG desk reviews. We hope this additional time will help organizations compile the necessary information for submission of complete and accurate case files. We continue to believe one business day notice is enough for organizations to prepare for element reviews that do not require submission of case files (e.g., Clinical Appropriateness and Care Planning (CACP) or the Onsite Review).
- **Core Audit Teams:** In 2018, CMS developed core audit leads for all national PACE audits. For 2019, we are developing core audit teams that will conduct all PACE audits. All core auditors (both team members and audit leads) will receive improved in-depth audit training at the beginning of 2019, which we expect will result in more consistent and accurate PACE audits.
- **Limiting Universe Submissions:** Submission of complete, accurate, and timely universes is necessary in order to select samples, help determine the scope of non-compliance, and maintain the integrity of the audit and the audit schedule. During the 2017 and 2018 audit years, CMS did not limit the number of universe submission attempts so that organizations could become accustomed to populating data requests. Now that all PACE organizations (POs) have completed at least one audit using the current data universes, CMS believes organizations have adjusted to the process for generating and submitting universes. Beginning in 2019, organizations will have a maximum of three attempts to submit accurate universes. If the third attempt does not produce an accurate or useable universe, CMS will consider the impact of the universe submission inaccuracies during condition classification and will note the universe submission failure in audit reports. We will continue helping organizations understand and prepare these universes to ensure submissions are completed as

accurately as possible. We will also continue providing organizations with a detailed list of the data issues identified prior to requesting a resubmission. Further, we strongly encourage organizations to familiarize themselves with the data requests prior to receiving an audit engagement letter. Data requests can be found in Appendix A of the PACE Audit Process and Data Request document located here: [https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/PACE\\_Audits.html](https://www.cms.gov/Medicare/Compliance-and-Audits/Part-C-and-Part-D-Compliance-and-Audits/PACE_Audits.html)

- **Universe Resource Tool:** Because organizations will now have a maximum of three attempts to submit accurate data, we have created a new universe resource tool for POs to use when populating universes. The universe resource tool provides additional clarifying instructions for populating specific fields, and will be sent to organizations following the issuance of the audit engagement letter. CMS will also conduct a call with the organization upon request to provide POs an opportunity to ask questions related to the data collection documents and fields.
- **Impact Analysis Timeframe (Review Period):** For 2019, the audit review period (or look-back period) for the audit universes and documentation requests will remain one full year from the date the engagement letter is issued. The only exception is for the universe of on-calls which was shortened to three months of data in 2018. As a part of the audit process, auditors may request an Impact Analysis to determine the full scope of any non-compliance identified during fieldwork. Generally, this Impact Analysis requires the PO to complete a comprehensive review of all records for the full audit review period (one year's worth of data). POs have commented that, although completing these Impact Analyses are useful in determining the true impact of a deficiency, doing so can be time consuming and burdensome. For 2019, we are decreasing impact analysis requests to six months of data unless CMS identifies a specific need to request more data. Please note, this decrease in data collection for the impact analysis does not change the audit review period for universe and documentation submissions, which will continue to be one year.
- **Corrective Action Plan (CAP) Submission and Monitoring:** When a condition of non-compliance is cited as either an Immediate Corrective Action Required (ICAR) or Corrective Action Required (CAR), the PO is responsible for submitting a CAP to CMS that explains how the PO will correct the non-compliance. Once CMS accepts the PO's CAP, the PO must implement the corrective action during a CAP monitoring period. In 2017 and 2018, PO's were required to submit CAPs for ICARs within three business days of being informed of the ICAR condition, and CAPs for any conditions classified as CARs within 30 calendar days following the issuance of the final audit report. Once the CAPs were accepted, the PO had approximately 90 days to implement the corrective action plan prior to the release of the CAPs and closeout of the audit. For 2019, we are abbreviating these timeframes in order to streamline the audit process and ensure the timely close out of CMS PACE audits. POs will still have three business days to submit CAPs for any ICARs identified, but will now have two weeks to submit CAPs for any CARs identified in the final audit report. We believe this still allows sufficient time to submit CAPs since conditions of non-compliance requiring correction are communicated during the audit exit conference, which occurs approximately 90 days prior to the final report being issued. Additionally, the monitoring timeframe will be shortened from 90 to 60 days to close audits more timely.
- **CAP Submission Guide:** We created a resource tool to help POs prepare written CAP narratives more quickly. We will distribute the tool to the PO at the exit conference.
- **Revised ICAR/CAR Definition:** In response to industry feedback, we are modifying condition classification definitions to better reflect how CMS determines the impact to participants, and whether a condition of non-compliance warrants immediate correction. The following new

definitions will be reflected in the draft and final audit reports:

- An ICAR is a deficiency that requires immediate correction. These conditions of non-compliance result in a lack of access to care and/or services, may pose an immediate threat to participant health and safety, and/or result in harm or the potential for harm. Situations that restrict, hinder, or limit a participant's ability to request or advocate for care and/or services are considered a lack of access to care or services.
- A CAR is a deficiency that must be corrected, but the correction can wait until the final audit report is issued. These issues may impact participants, but are not of a nature that immediately affects their health and safety or their ability to advocate for care and/or services. Generally, they involve deficiencies with respect to lacking or inadequate policies and procedures, systems, internal controls, training, operations, or staffing.
- Observations are conditions of non-compliance that do not require submission of a corrective action plan based on the nature of the deficiency and why the deficiency occurred (for example there was one case misclassified as a result of human error).

### **2019 PACE Audit Process Reminders:**

- For 2019, we will continue to conduct audit fieldwork for both routine and trial period audits over two consecutive weeks. Week one of the audit fieldwork will be performed off-site through desk review or webinar and will include the review of the SDAG element. CMS may also review other elements remotely when necessary or feasible. During week two of fieldwork, the audit team will conduct an in-person review of the onsite element and any elements not reviewed or completed in week one.
- Account Managers (AMs) will continue to be responsible for monitoring the implementation and release of all CAPs following the audit; however, AMs will not be a part of the audit team.

### **2020 PACE Audit Process:**

- We expect to publish a revised audit protocol for 2020 PACE audits through the Paperwork Reduction Act process within the next few months. When it is published in the Federal Register, we encourage organizations to carefully review any updates or changes and comment on the package during the 60-day comment period.

We welcome any feedback to help us further refine our audit process and clarify guidance. You can send any feedback or questions about PACE audits to: [PACEAuditQs@cms.hhs.gov](mailto:PACEAuditQs@cms.hhs.gov). This mailbox is our centralized point of contact for everything related to PACE audits. Thank you for your continued dedication to serving some of the most vulnerable beneficiaries.