

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

Corrective Action Plan (CAP)

June 09, 2021

H0839

Mrs. Gayle Bertolotti
Medicare Compliance Officer
VOANS Senior Community Care of North Carolina, Inc.
7530 Market Place Drive
Eden Prairie, MN 55344

VIA EMAIL: gbertolotti@voa.org

RE: Failure to Maintain Fiscal Soundness

Dear Mrs. Bertolotti:

The Centers for Medicare & Medicaid Services (CMS) is issuing this determination for a Corrective Action Plan (CAP) to VOANS Senior Community Care of North Carolina Inc. H0839, which operates a Programs of All-Inclusive Care for the Elderly (PACE) contract, because the organization failed to adhere to CMS' fiscal soundness requirements. Pursuant to 42 C.F.R. §460.80(a) PACE organizations are required to maintain a fiscally sound operation. Under 42 C.F.R. §460.80(a)(1), a PACE organization must have a positive net worth as demonstrated by total assets greater than total unsecured liabilities. 42 C.F.R. §460.192 PACE requirements under 42 C.F.R. Part 460, including compliance with these fiscal soundness requirements.

VOANS Senior Community Care of North Carolina, Inc. has been operating a PACE contract with CMS since July 1, 2013, giving your organization sufficient time to meet fiscal soundness requirements. Based on our most recent fiscal soundness monitoring, your organization is not meeting the requirement to have a positive net worth after subordinated/guaranteed debt. Specifically, VOANS Senior Community Care of North Carolina Inc.'s independently audited financial statements as of June 30, 2020 show a negative net worth after subordinated/guaranteed debt of (\$3,495,000). CMS issued the organization compliance notices for the same issue; on November 4, 2019, CMS issued a warning letter with business plan, on December 20, 2018 a warning letter, and on March 2, 2018 a notice of non-compliance. Your organization had an additional year to reestablish a positive net worth but failed to do so. Therefore, CMS is requesting a CAP from your organization.

Your organization's financial situation raises concern that VOANS Senior Community Care of North Carolina, Inc. is unable to provide care required under its PACE contract. CMS expects your organization to keep us up to date with both your progress in reestablishing a positive net worth and with any actions you take in conjunction with the State related to fiscal soundness and maintaining quality care. CMS will continue to monitor your performance in this area on a quarterly basis.

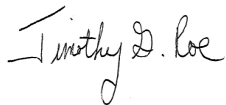
CMS requests that VOANS Senior Community Care of North Carolina, Inc. implement a detailed Corrective Action Plan (CAP). As part of this CAP, VOANS Senior Community Care of North Carolina, Inc. should address the actions it will take to correct this deficiency. The CAP should be submitted to the CMS Financial Review Mailbox at FinancialReview@cms.hhs.gov by July 21, 2021.

CMS is issuing this compliance notice pursuant to 42 C.F.R. § 460.50. CMS is permitted per 42 C.F.R. § 460.50 to terminate a contract if the organization fails to develop and implement a corrective action plan. Although regulations provide at least a 30 day timeframe to implement a CAP, CMS acknowledges that an extended period of time may be necessary to correct the fiscal soundness deficiencies. CMS expects that your organization will provide a reasonable timeframe in the CAP that reflects an appropriate level of urgency in resolving this matter.

CMS has the authority to impose sanctions, penalties and other enforcement actions as described in Federal regulations 42 C.F.R. § 460 Subpart D. Should your organization fail to develop, implement or complete its CAP, CMS may consider the imposition of intermediate sanctions (e.g., suspension of enrollment) or civil money penalties. CMS notes that we are issuing this compliance notice based exclusively on information that we obtained from sources other than the sponsor's own self-disclosure.

If you have any questions about this notice, please email the CMS Financial Review mailbox at FinancialReview@cms.hhs.gov and copy your account manager.

Sincerely,

A handwritten signature in black ink that reads "Timothy G. Roe". The signature is written in a cursive, flowing style.

Timothy G. Roe
Director
Division of Surveillance, Compliance & Marketing

cc via email:

Dale Summers, Director, Division of Finance & Benefits
Christine Reinhard, Part C Compliance Lead
Sherri Gholston, Regional Account Manager, RO #4