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**CORRECTIVE ACTION PLAN REQUEST**

April 09, 2026

Contract ID: H0613, H1239, H5213, H8655

Parent Organization Name: Total Community Options, Inc.

Legal Entity Name: INNOVAGE VIRGINIA PACE II, LLC, INNOVAGE VIRGINIA PACE-ROANOKE VALLEY, LLC, TOTAL COMMUNITY CARE, L.L.C., TOTAL LONGTERM CARE, INC.

Olivia Patton  
Medicare Compliance Officer  
8950 East Lowry Boulevard  
Denver, CO 80230

VIA EMAIL: opatton@innovage.com

Subject: Corrective Action Plan for Failure to Properly Apply Post-Eligibility Treatment of Income

Dear Olivia Patton:

The Centers for Medicare & Medicaid Services (CMS) is issuing this request for a Corrective Action Plan (CAP) to the legal entities listed above, which operate the Programs of All-Inclusive Care for the Elderly (PACE) contract IDs listed above, regarding your organization's improper charging of post-eligibility treatment of income (PETI) to non-Medicaid participants for more than 11 years.

As a result of your organization's pervasive failure to meet CMS regulations, CMS directs your organization to take corrective action to address the identified areas of non-compliance. Your organization is out-of-compliance with the following requirements:

- 42 C.F.R. § 460.63(b), which requires a PACE organization to conduct appropriate corrective actions (for example, repayment of overpayments) in response to the potential violation.
- 42 C.F.R. § 460.90(a), which states that Medicare and Medicaid benefit limitations and conditions relating to amount, duration, scope of services, deductibles, copayments, coinsurance, or other cost-sharing do not apply to participants.
- 42 C.F.R. § 460.180(b)(7), which states that the only additional payment that a PACE organization may collect from, or on behalf of, a Medicare participant for PACE services is payment with respect to: (i) any applicable premium amount specified in [§ 460.186](#); (ii) any charge permitted under [460.180\(d\)](#) when Medicare is not the primary payer; (iii) any payment from the State, as specified in [§ 460.182](#), for a participant who is eligible for both Medicare and Medicaid; and (iv) any applicable spenddown liability under [§§ 435.121](#) and [435.831](#) and any amount due

under the post-eligibility treatment of income process under [§ 460.184](#) for a participant who is eligible for both Medicare and Medicaid.

- 42 C.F.R. § 460.184, which states that a post-eligibility treatment of income is applied as it is under a waiver of section 1915(c) of the Social Security Act (the Act), as specified in [§§ 435.726](#) and [435.735](#), and section 1924 of the Act.

Your organization is out of compliance with these PACE requirements because your organization improperly charged PETI to 18 non-Medicaid participants between July 2015 and July 2025.

On August 4, 2025, following CMS's request for additional information, your organization confirmed that a 10-year record review identified 18 non-Medicaid participants who were improperly charged PETI towards their permanent housing. Although CMS previously notified your organization that charging PETI to non-Medicaid participants was non-compliant with CMS regulations, your organization explained that this practice was intended to align with the obligation to provide the same benefit package to all PACE participants regardless of source of payment and ensure non-discrimination in the delivery of services as required at 42 CFR §§ 460.92(a) and 460.112(a), respectively. Your organization also clarified that no corrective action had been taken to remediate this failure and did not volunteer any potential steps for remediation.

On August 28, 2025, CMS informed your organization again that charging PETI to non-Medicaid participants was non-compliant with CMS regulations and requested more information on the full financial impact of this failure. On October 28, 2025, your organization provided CMS with detailed documentation regarding the financial impact on each participant, which totaled \$454,198.68. On January 2, 2026, CMS requested an update regarding remediation efforts. Your organization responded on January 7, 2026, stating that you are conducting an analysis to determine how best to account for the funds given that several impacted participants are now deceased. Your organization expected to complete remediation by March 31, 2026. As of the date of this letter, CMS has not received any updates.

CMS requests that your organization develop and implement a detailed CAP. This CAP should address the improper PETI charges identified since 2015, including a description of how your organization plans to reimburse impacted participants, new processes your organization will implement to ensure the improper charging of PETI to non-Medicaid participants does not occur in the future, and a timeline for each step. This CAP should also include any other actions that your organization identifies as necessary to correct improper cost sharing and prevent it from re-occurring. Because of the complexity and sensitivity of this matter, CMS will review materials and intermediary implementation steps throughout the process.

CMS is issuing this compliance notice pursuant to 42 C.F.R. § 460.50(b)(2), which requires CMS to afford an organization 30 days to develop and successfully initiate a CAP to correct deficiencies. Therefore, by May 8, 2026, please send a timeline for implementing each element of the CAP to your CMS Account Managers. CMS expects that the correction timeline will be no longer than necessary and will reflect an appropriate level of urgency in resolving this matter.

Please be aware that this letter will be included in the record of your organization's past performance, which CMS will consider as part of the review of any application for new or expanded program agreements your organization may submit. CMS notes that this compliance notice is being issued based exclusively on information that was obtained from sources other than your organization's self-disclosure.

CMS has the authority to impose sanctions, penalties, and other enforcement actions as described in federal regulations at 42 C.F.R. Part 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 activities), civil money penalties, or termination of your organization's PACE program

agreements.

If you have any questions about this notice, please contact your CMS Account Managers Kristie Sciara at: (445) 218-0334, or Kristie.Sciara@cms.hhs.gov and Arica Butler at: (214) 767-6437, or Arica.Butler@cms.hhs.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Willard', with a stylized flourish at the end.

Jeremy C. Willard, Director  
Division of Surveillance, Compliance & Marketing  
Medicare Drug & Health Plan Contract Administration Group  
Centers for Medicare and Medicaid Services

CC via email:

Arica Butler, Kristie Singley, CMS

Christine Reinhard, Theresa Wachter, CMS