

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

H2537

Ms. Liz Keller
Medicare Compliance Officer
Spiritrust Lutheran Life
2700 Luther Drive
Chambersburg, PA 17202

VIA EMAIL: lkeller@lutheranhomecare.org

RE: Failure to Maintain Fiscal Soundness

Dear Ms. Keller:

The Centers for Medicare & Medicaid Services (CMS) is issuing this determination for a Corrective Action Plan (CAP) to Spiritrust Lutheran Life H2537, 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 unsubordinated liabilities. 42 C.F.R. §460.192 PACE requirements under 42 C.F.R. Part 460, including compliance with these fiscal soundness requirements.

Spiritrust Lutheran Life has been operating a PACE contract with CMS since September 1, 2008, 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, Spiritrust Lutheran Life's independently audited financial statements as of December 31, 2019 show a negative net worth after subordinated debt of (\$2,982,398). 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 December 11, 2017 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 Spiritrust Lutheran Life 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.

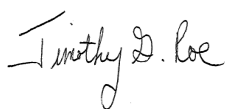
CMS requests that Spiritrust Lutheran Life implement a detailed Corrective Action Plan (CAP). As part of this CAP, Spiritrust Lutheran Life should address the actions it will take to correct this deficiency. The CAP should be submitted to the CMS Financial Review Mailbox at FinancialReview@cms.hhs.gov 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,



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
Judy Gushue, Regional Account Manager, RO #3