

InnovAge: Company to Undergo Rare Focused Audit; Penalties Can Vary Depending on the Severity of the Findings

Regulators will conduct a focused audit of InnovAge's (INNV) programs in Colorado later this month, according to a source familiar with the matter, with auditors investigating the quality and timeliness of care that InnovAge provides. The new audit comes after regulators in California and Colorado conducted an unannounced audit of the company's facilities last month in response to complaints.

InnovAge is the country's largest provider of senior healthcare services under the government's Program for All-Inclusive Care for the Elderly (PACE). Because PACE is a joint Medicare and Medicaid program, PACE providers are regulated by both the Centers for Medicare and Medicaid Services and an equivalent state regulator for each state in which they operate.

It is not known which regulator will be spearheading the focused audit. Spokespeople for CMS and the Colorado Department of Healthcare Policy and Financing declined to comment for this article, with HCPF stating that it would not comment on active audits. A records request to HCPF was similarly denied, with the agency citing an "ongoing civil or administrative investigation conducted by the state or an agency of the state in furtherance of their statutory authority to protect the public health, welfare, or safety."

A spokesperson for InnovAge did not respond to questions regarding the focused audit, but had previously told *The Capitol Forum* that the company "is fully cooperating with Colorado regulators."

Established PACE programs are audited by CMS and the appropriate State Administering Agency every two years, but focused audits appear to be rare. A review of 193 PACE audits between 2017 and 2019 finds that only one audit was a focused audit, with the rest being routine or trial audits as prescribed by PACE regulations.

According to CMS [regulations](#), a focused audit "may be performed if CMS or the State Administering Agency determines that additional monitoring or auditing is required due to identified issues of non-compliance, operational deficiencies or significant audit findings."

It's unknown what the focused audit will reveal and what, if any, an enforcement action against InnovAge would look like. The organization that was subject to the only focused audit, Via Christi HOPE in Kansas, was required to stop enrolling new participants into its program immediately after the audit found that patients were experiencing significant delays in receiving care.

“The violations described below, which form the primary basis for this enforcement action, resulted in participants experiencing delays and/or denials of medically necessary items and services and inadequate management of their medical conditions,” the CMS’ sanction [letter](#) to Via Christi HOPE reads.

The enrollment restrictions for Via Christi Hope remained in effect for about a year until CMS and the Kansas Department of Aging and Disability Services determined that the program’s deficiencies had been sufficiently corrected. Via Christi Hope was also expected to “conduct post sanction monitoring activities,” according to a [letter](#) sent by CMS.

A *Capitol Forum* review of five other PACE providers that received enforcement actions stemming from their routine audits between 2017 and 2019 finds that a failure to provide required medical services in a timely manner was the primary basis for the enforcement action in every case. Those enforcement actions ranged from civil monetary penalties to barring new enrollments.

The Capitol Forum has previously [reported](#) that InnovAge has struggled to provide medical services to participants in a timely manner, with participants waiting months and sometimes years for necessary medical procedures. A company email obtained by *The Capitol Forum* instructed staff to cancel hundreds of medical orders that were more than six months outstanding and reorder them if they were still needed, with management citing compliance concerns regarding orders that were more than 180 days old.

Additionally, current and former employees of InnovAge told *The Capitol Forum* that their respective PACE centers had nowhere near the necessary level of staff to handle the number of participants enrolled at the center, with some employees saying that they were responsible for hundreds of patients. A March [letter](#) sent to InnovAge by HCPF informed the company that it had received a complaint that staff levels at its Thornton facility were “dangerously low.”

Understaffing issues may be accelerating at the company as more employees leave and create additional work for those that remain. A *Capitol Forum* analysis of InnovAge’s careers page finds that open positions at the company jumped by about 15% over the past week; currently, there are 211 open positions across the company’s 16 centers, with the Thornton center continuing to have the most open positions.

In an interview with *The Capitol Forum*, Kasey Ciolfi, an associate with Summit Health Law Partners who specializes in Medicare and PACE compliance and audits, said that, while PACE regulations can be broad when it comes to service metrics like timeliness for specialist care and staffing ratios, CMS will determinate a program’s compliance with the PACE regulations by evaluating multiple areas, and in particular, patient outcomes.

“The language is ‘as expeditiously as the participants health requires.’ Depending on the request, I would expect that CMS would want to see that within the next couple of weeks. You try to effectuate care in a reasonable amount of time,” Ciolfi said.

Regarding staffing ratios, Ciolfi stated that “there are no specific staff to patient ratio requirements like in an ICU unit,” but an auditor “may evaluate how much staff a center has compared to enrolled participants and determine whether there are enough staff to make sure participants have as many days at the center as they require, things like that.”

Ultimately, Ciolfi said, “failing to provide services and medical care to patients or having an unsafe environment, that is what CMS will really care about. Similarly, misrepresenting facts during an audit or providing false documentation, really egregious issues can be what trigger harsher penalties. Those can include civil monetary penalties, sanctions such as enrollment limits, and termination from the PACE program.”

Unannounced audit update. As previously mentioned, regulators in Colorado and California conducted an unannounced audit of InnovAge facilities on May 26, though it is unclear what relationship those unannounced audits may have to the coming focused audit. A source familiar with the matter told *The Capitol Forum* that regulators in Colorado were referring findings from the unannounced audit to CMS.

Like a focused audit, an unannounced audit also appears to be rare, as PACE programs are typically given notification of an audit 60 days in advance, [according](#) to the National PACE Association. InnovAge did not appear to receive such an advanced warning.

“[CEO] Maureen was called early yesterday and within two minutes of being called was told that auditors would be on site at all of the PACE locations and in Sacramento,” Dr. Melissa Welch, InnovAge’s Chief Medical Officer, told employees on a Zoom call.

While InnovAge management had told employees that they expected the most recent audits to be over by Memorial Day weekend, sources familiar with the matter told *The Capitol Forum* that auditors were still at some InnovAge facilities conducting interviews with employees and participants as of Friday of last week.

Additionally, another source familiar with the matter told *The Capitol Forum* that auditors had rebuffed InnovAge’s request to have management sit in on those interviews.