

## ISSUE

Did Respondent properly terminate Petitioner's enrollment in PACE?

### *FINDINGS OF FACT*

The ALJ, based upon the competent, material, and substantial evidence on the whole record, finds as material fact:

1. Respondent is an organization that contracts with the Michigan Department of Health and Human Services ("MDHHS" or "Department") and oversees PACE in Petitioner's geographical area.
2. Petitioner is a REDACTED Medicaid beneficiary who has been enrolled as a participant with Respondent since February of 2020. (Testimony of Center Manager).
3. Over the course of 2023, 2024, and 2025, Petitioner engaged in multiple incidents of inappropriate behavior, including disruptive behavior, disrespectful behavior toward Respondent's staff, inappropriate or sexual comments toward staff or other participants in PACE, and inappropriate physical contact with other participants. (Testimony of Center Manager).
4. The inappropriate behavior continued despite conversations with Petitioner. (Testimony of Center Manager).
5. Moreover, following an incident involving physical contact with another participant who has impaired cognition in May of 2025, Petitioner was suspended from attending Respondent's Day Center. (Testimony of Center Manager).
6. In July of 2025, Petitioner signed a Behavior Contract in which he agreed to limit himself to appropriate physical contact initiated by someone else and appropriate language. (Testimony of Petitioner; Testimony of Center Manager).
7. His suspension was then lifted, and he was permitted to return to Respondent's Day Center. (Testimony of Center Manager).
8. However, in October of 2025, Petitioner directed inappropriate sexual comments toward a staff member employed by Respondent's transportation provider. (Testimony of Center Manager).
9. That transportation provider then suspended Petitioner from receiving transportation through it. (Testimony of Center Manager).

10. Respondent also determined that Petitioner's enrollment in PACE should be terminated due to his behaviors. (Testimony of Center Manager).
11. In doing so, Respondent conferred with MDHHS, who approved the disenrollment. (Testimony of Center Manager).
12. On December 15, 2025, Respondent sent Petitioner written notice that, effective January 31, 2026, Petitioner's PACE enrollment would be terminated. (Exhibit A, pages 5-9).
13. With respect to the reason for the denial, the notice stated:

PACE has determined that involuntary disenrollment is necessary for repeated violations of the Participant Code of Conduct that have impacted the safety of staff and other participants. Despite prior intervention, including suspension and a behavior plan, additional serious incidents occurred, including physical altercations and inappropriate comments. As a result of the most recent incident, transportation services were suspended indefinitely under the transportation provider's [sic] zero-tolerance policy. Because the participant is unable to safely participate in the required PACE services, continued enrollment is not possible. The participant will continue to receive services through the effective date of disenrollment.

*Exhibit #1, page 5*

14. On January 13, 2026, MOAHR received the request for hearing filed with respect to that decision. (Exhibit #1, pages 1-10).

### *CONCLUSIONS OF LAW*

The Medical Assistance Program (MA) is established pursuant to Title XIX of the Social Security Act and is implemented by Title 42 of the Code of Federal Regulations (CFR). It is administered in accordance with state statute, the Social Welfare Act, the Administrative Code, and the State Plan under Title XIX of the Social Security Act Medical Assistance Program.

PACE services are available as part of the Medicaid program and, with respect to the program and eligibility for it, the Medicaid Provider Manual (MPM) provides:

#### **SECTION 1 – GENERAL INFORMATION**

The Program of All-Inclusive Care for the Elderly (PACE) is an innovative model of community-based care that enables

elderly individuals, who are certified by their state as needing nursing facility care, to live as independently as possible.

PACE provides an alternative to traditional nursing facility care by offering pre-paid, capitated, comprehensive health care services designed to meet the following objectives:

- Enhance the quality of life and autonomy for frail, older adults;
- Maximize the dignity of, and respect for, older adults;
- Enable frail, older adults to live in the community as long as medically and socially feasible; and
- Preserve and support the older adult's family unit.

The PACE capitated benefit was authorized by the federal Balanced Budget Act of 1997 and features a comprehensive service delivery system with integrated Medicare and Medicaid financing.

An interdisciplinary team, consisting of professional and paraprofessional staff, assesses beneficiary needs, develops a plan of care, and monitors delivery of all services (including acute care services as well as nursing facility services, when necessary) within an integrated system for a seamless provision of total care.

Typically, PACE organizations provide social and medical services in an adult day health center supplemented by in-home and other services as needed.

The financing model combines payments from Medicare and Medicaid, allowing PACE organizations to provide all needed services rather than be limited to those reimbursable under the Medicare and Medicaid fee-for-service systems. PACE organizations assume full financial risk for beneficiary care without limits on amount, duration, or scope of services.

Physicians currently treating Medicaid patients who are in need of nursing facility care may consider PACE as an option. Hospital discharge planners may also identify suitable candidates for referral to PACE as an alternative to a nursing facility. (Refer to the Directory Appendix for PACE contact information.)

## **SECTION 2 – SERVICES**

The PACE organization becomes the sole source of services for Medicare and Medicaid beneficiaries who choose to enroll in a PACE organization.

The PACE organization is able to coordinate the entire array of services to older adults with chronic care needs while allowing elders to maintain independence in the community for as long as possible. The PACE service package must include all Medicare and Medicaid covered services, in addition to other services determined necessary by the interdisciplinary team for the individual beneficiary. Services must include, but are not limited to:

- Adult day care that offers nursing, physical, occupational and recreational therapies, meals, nutritional counseling, social work and personal care
- All primary medical care provided by a PACE physician familiar with the history, needs and preferences of each beneficiary, all specialty medical care, and all mental health care
- Interdisciplinary assessment and treatment planning
- Home health care, personal care, homemaker and chore services
- Restorative therapies
- Diagnostic services, including laboratory, x-rays, and other necessary tests and procedures
- Transportation for medical needs
- All necessary prescription drugs and any authorized over-the-counter medications included in the plan of care
- Social services
- All ancillary health services, such as audiology, dentistry, optometry, podiatry, speech therapy, prosthetics, durable medical equipment, and medical supplies

- Respite care
- Emergency room services, acute inpatient hospital and nursing facility care when necessary
- End-of-Life care

\* \* \*

## **SECTION 3 – ELIGIBILITY AND ENROLLMENT**

### **3.1 ELIGIBILITY REQUIREMENTS**

To be eligible for PACE enrollment, applicants must meet the following requirements:

- Be age 55 years or older.
- Meet applicable Medicaid financial eligibility requirements. (Eligibility determinations will be made by the Michigan Department of Health and Human Services (MDHHS).)
- Reside in the PACE organization's service area.
- Be capable of safely residing in the community without jeopardizing health or safety while receiving services offered by the PACE organization.
- Receive a comprehensive assessment of participant needs by an interdisciplinary team.
- A determination of functional/medical eligibility based upon the online version of the Michigan Medicaid Nursing Facility Level of Care Determination (LOCD) that was conducted online within fourteen (14) calendar days from the date of enrollment into the PACE organization.
- Be provided timely and accurate information to support Informed Choice for all appropriate Medicaid options for Long Term Care.
- Not concurrently enrolled in the MI Choice program.

- Not concurrently enrolled in an HMO.

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### 3.7.B. DISENROLLMENTS

<b>Voluntary</b>	A signed disenrollment form must be uploaded to CHAMPS.
<b>Involuntary</b>	Once the electronic form has been completed, PACE providers will submit appropriate supporting documentation to their MDHHS contract manager. MDHHS will review and approve or deny the electronic disenrollment in CHAMPS and determine the appropriate date of disenrollment.
<b>Death</b>	Providers will enter the date of death with the electronic disenrollment. A completed disenrollment will end-date the corresponding PET code.

*MPM, October 1, 2025 version  
PACE Chapter, pages 1-3, 5*

Here, Respondent terminated Petitioner’s PACE enrollment and Petitioner has appealed that determination.

In support of Respondent’s decision, its Day Center Manager described the course of Petitioner’s enrollment with PACE, including his repeated incidents of inappropriate behaviors. She also testified that the behaviors continued despite multiple conversations with Petitioner and a suspension after an incident in May of 2025 with another participant who has impaired cognition. She further testified that, after another incident in October of 2026, Respondent’s transportation provider indefinitely suspended Petitioner; Respondent decided to terminate his enrollment, and MDHHS approved the termination.

In response, Petitioner testified that, if his records are examined closely, they will show that the allegations against Petitioner are all retaliation against Petitioner for grievances he filed against Respondent's staff. Petitioner also testified that, while some of the comments identified by Respondent occurred, he treats Respondent's staff in the same way they treat him, and that he is only disrespectful to them if they are disrespectful toward him first. Petitioner further denied any inappropriate physical contact, noting that both his fiancé and the alleged victim from the purported incident in May of 2025 were willing to testify on his behalf. Petitioner also testified that he is a happy and "touchy" person given the way he grew up, and that he cannot help it if people nowadays do not like to be touched or talked to as signs of affection.

In appealing Respondent's decision, Petitioner bears the burden of proving by a preponderance of the evidence that Respondent erred. Moreover, the undersigned ALJ is limited to reviewing the decision in light of the information that was available at the time the decision was made.

Given the available information and applicable policies in this case, Petitioner has not met that burden of proof, and Respondent's decision must therefore be affirmed.

Respondent's Day Center Manager's testimony regarding the basis for the termination is credible and it is undisputed that other entities found similar grounds for taking action, with Respondent's transportation also suspending Petitioner and MDHHS approving involuntary disenrollment.

Moreover, given the repeated nature of Petitioner's behaviors, as well as the fact they have continued despite multiple conversations, an earlier suspension and Petitioner signing a Behavior Contract, the undersigned ALJ likewise finds that termination was warranted.

Additionally, while Petitioner disputes Respondent's allegations, the undersigned ALJ does not find him to be credible. For example, while Petitioner claims that records or other witnesses would support his claim that Respondent is only retaliating against him, no such records or witnesses were produced. Petitioner's testimony was also inconsistent as to whether his alleged actions happened at all, were misunderstood due to his method of showing affection, or were justified by disrespect shown to him.

Petitioner has therefore failed to meet his burden of proof, and Respondent's decision to terminate his enrollment must be affirmed.

## ***DECISION AND ORDER***

The Administrative Law Judge, based on the above Findings of Fact and Conclusions of Law, decides that Respondent properly terminated Petitioner's enrollment in PACE.

**IT IS THEREFORE ORDERED** that:

- Respondent's decision is **AFFIRMED**.