



## Statement: Scrutiny needed in proposed PACE conversion

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*Elisabeth Arenales, Health Program Director for the Colorado Center on Law and Policy, issued the following statement about the proposed conversion of Total Community Options Inc. (InnovAge):*

Total Community Options Inc., d/b/a InnovAge, recently filed a conversion plan that calls for InnovAge to be acquired by the venture capital firm, Welsh, Carson, Anderson & Stowe. The buyer has offered \$180 million in cash and \$6 million in stock for the proposed transaction. InnovAge serves thousands of frail, elderly and disabled people -- almost all of whom are low-income Coloradans -- under the Programs of All-Inclusive Care for the Elderly (or PACE). Recent changes in federal and state law allow nonprofits that provide community-based plans through PACE to convert to for-profits.

The Colorado Center on Law and Policy (CCLP) is reviewing the proposed conversion to ensure that it is in the public interest and that elderly and disabled Coloradans will have access to services and programs that can help them remain independent. Colorado law requires that for-profit conversions reflect the fair-market value of the nonprofit. In the case of InnovAge, the value has been built up with tax exemptions and through payments by Medicaid and Medicare. The law also requires that those assets be held by a nonprofit going forward and continue to provide a public benefit, and that the quality of care provided by the for-profit entity is not degraded for existing clients.

CCLP has raised concerns about the completeness of the conversion plan with the Attorney General and will submit comments by Dec. 7, 2015. CCLP also expects to comment on how the conversion proceeds should be distributed. In past health-related conversions, funds have been used to establish a new foundation with independent directors who set the policies for the use of the assets. Often, a public-input process is set for the selection of the initial directors, as in the Blue Cross-Anthem conversion which led to the formation of the Caring for Colorado Foundation.

The conversion plan may be approved, rejected or amended by the Attorney General after public comments. The deadline for public comments is Dec. 7, 2015. CCLP has requested the Attorney General to hold one or more public hearings before that date to explain the proposed transaction to the public and to allow the public to comment. Information is available on the [Attorney General's website](#).

**Media contact:** Bob Mook, Communications Director, Colorado Center on Law and Policy, [bmook@cclponline.org](mailto:bmook@cclponline.org), 303-573-4947, ext. 311

*The Colorado Center on Law and Policy is a nonprofit, non-partisan research and advocacy organization that engages in legislative, administrative and legal advocacy on behalf of low-income Coloradans.*