
Section 438.6(c) Preprint

Section 438.6(c) provides States with the flexibility to implement delivery system and provider payment initiatives under MCO, PIHP, or PAHP Medicaid managed care contracts. Section 438.6(c)(1) describes types of payment arrangements that States may use to direct expenditures under the managed care contract – paragraph (c)(1)(i) provides that States may specify in the contract that managed care plans adopt value-based purchasing models for provider reimbursement; paragraph (c)(1)(ii) provides that States have the flexibility to require managed care plan participation in broad-ranging delivery system reform or performance improvement initiatives; and paragraph (c)(1)(iii) provides that States may require certain payment levels for MCOs, PIHPs, and PAHPs to support State practices critical to ensuring timely access to high-quality care.

Under section 438.6(c)(2), contract arrangements that direct the MCO's, PIHP's, or PAHP's expenditures under paragraphs (c)(1)(i) through (iii) must have written approval from CMS prior to implementation and before approval of the corresponding managed care contract(s) and rate certification(s). This preprint implements the prior approval process and must be completed, submitted, and approved by CMS before implementing any of the specific payment arrangements described in section 438.6(c)(1)(i) through (iii).

Standard Questions for All Payment Arrangements

In accordance with §438.6(c)(2)(i), the following questions must be completed.

DATE AND TIMING INFORMATION:

1. Identify the State's managed care contract rating period for which this payment arrangement will apply (for example, July 1, 2017 through June 30, 2018):

The Mississippi Division of Medicaid (DOM) requests directed payments for the managed care contract rating period from July 1, 2017 through June 30, 2018.

2. Identify the State's requested start date for this payment arrangement (for example, January 1, 2018):

The requested start date for the payment arrangement is July 1, 2017.

3. Identify the State’s expected duration for this payment arrangement (for example, 1 year, 3 years, or 5 years):

The expected duration of the payment arrangement is 10 years.

STATE DIRECTED VALUE-BASED PURCHASING:

4. In accordance with §438.6(c)(1)(i) and (ii), the State is requiring the MCO, PIHP, or PAHP to implement value-based purchasing models for provider reimbursement, such as alternative payment models (APMs), pay for performance arrangements, bundled payments, or other service payment models intended to recognize value or outcomes over volume of services; or the State is requiring the MCO, PIHP, or PAHP to participate in a multi-payer or Medicaid-specific delivery system reform or performance improvement initiative. *Check all that apply; if none are checked, proceed to Question 6.*

- Quality Payments / Pay for Performance (Category 2 APM, or similar)
- Bundled Payments / Episode-Based Payments (Category 3 APM, or similar)
- Population-Based Payments / Accountable Care Organization (ACO) (Category 4 APM, or similar)
- Multi-Payer Delivery System Reform
- Medicaid-Specific Delivery System Reform
- Performance Improvement Initiative
- Other Value-Based Purchasing Model

5. Provide a brief summary or description of the required payment arrangement selected above and describe how the payment arrangement intends to recognize value or outcomes over volume of services (the State may also provide an attachment). If “other” was checked above, identify the payment model. If this payment arrangement is designed to be a multi-year effort, describe how this application’s payment arrangement fits into the larger multi-year effort. If this is a multi-year effort, identify which year of the effort is addressed in this application.

STATE DIRECTED FEE SCHEDULES:

6. In accordance with §438.6(c)(1)(iii), the State is requiring the MCO, PIHP, or PAHP to adopt a minimum or maximum fee schedule for network providers that provide a particular service under the contract; or the State is requiring the MCO, PIHP, or PAHP to provide a uniform dollar or percentage increase for network providers that provide a particular service under the contract. *Check all that apply; if none are checked, proceed to Question 10.*

- Minimum Fee Schedule
- Maximum Fee Schedule
- Uniform Dollar or Percentage Increase

7. Use the checkboxes below to identify whether the State is proposing to use §438.6(c)(1)(iii) to establish any of the following fee schedules:

- The State is proposing to use an approved State plan fee schedule
- The State is proposing to use a Medicare fee schedule
- The State is proposing to use an alternative fee schedule established by the State

8. If the State is proposing to use an alternative fee schedule established by the State, provide a brief summary or description of the required fee schedule and describe how the fee schedule was developed, including why the fee schedule is appropriate for network providers that provide a particular service under the contract (the State may also provide an attachment).

DOM will utilize four classes of providers: Non-CAH Inpatient Hospitals; Non-CAH Outpatient Hospitals; CAH Inpatient Hospitals; and CAH Outpatient Hospitals.

For inpatient hospital services, DOM is proposing to use a uniform per discharge Fee Schedule Adjustment per class for two classes of network providers, Critical Access Hospitals (CAH) and non-Critical Access Hospitals (non-CAH).

For outpatient hospital services, DOM is proposing to use a uniform percentage Fee Schedule Adjustment per class for two classes of network providers, CAH and non-CAH.

This approach and funding mechanism was developed to preserve access to care as well as critically needed MHAP funding to Mississippi hospitals in an amount that approximated current MHAP funding levels.

Additional detail regarding the proposed fee schedule is outlined in response #12 of this preprint.

9. If using a maximum fee schedule, use the checkbox below to make the following assurance:

- In accordance with §438.6(c)(1)(iii)(C), the State has determined that the MCO, PIHP, or PAHP has retained the ability to reasonably manage risk and has discretion in accomplishing the goals of the contract.

APPROVAL CRITERIA FOR ALL PAYMENT ARRANGEMENTS:

10. In accordance with §438.6(c)(2)(i)(A), describe in detail how the payment arrangement is based on the utilization and delivery of services for enrollees covered under the contract (the State may also provide an attachment).

Under the Fee Schedule Adjustment, Mississippi’s Managed Care Organizations also known as Coordinated Care Organizations (CCOs) will make a uniform per discharge adjustment for each inpatient hospital discharge within the CAH class of network providers as well as the non-CAH class of network providers. For outpatient hospital services, CCOs will make a uniform percentage increase to each payment within the CAH class of network providers as well as the non-CAH class of network providers. This program is predicated exclusively on utilization and delivery of services.

11. In accordance with §438.6(c)(2)(i)(B), identify the class or classes of providers that will participate in this payment arrangement.

For the Fee Service Adjustment directed payments, the following classes will participate:

<u>Inpatient Hospital Services</u>	<u>Outpatient Hospital Services</u>
Critical Access Hospitals	Critical Access Hospitals
Non Critical Access Hospitals	Non Critical Access Hospitals

12. In accordance with §438.6(c)(2)(i)(B), describe how the payment arrangement directs expenditures equally, using the same terms of performance, for the class or classes of providers (identified above) providing the service under the contract (the State may also provide an attachment).

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148 (CMS-10398 #52). The time required to complete this information collection is estimated to average 1 hour per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

DOM will utilize four classes of providers: Non-CAH Inpatient Hospitals; Non-CAH Outpatient Hospitals; CAH Inpatient Hospitals; and CAH Outpatient Hospitals.

For inpatient hospital services, DOM is proposing to use a uniform per discharge Fee Schedule Adjustment (FSA) per class for two classes of network providers, Critical Access Hospitals (CAH) and non-Critical Access Hospitals (non-CAH).

For outpatient hospital services, DOM is proposing to use a uniform percentage Fee Schedule Adjustment per class for two classes of network providers, CAH and non-CAH.

Funding pools for each class of network providers will be established as follows:

Non-CAH Inpatient Hospitals - \$87,861,481.00
CAH Inpatient Hospitals - \$833,978.00
Non-CAH Outpatient Hospitals - \$20,679,636.00
CAH Outpatient Hospitals - \$1,494,229

Interim FSAs for each of the class of network providers will be calculated using calendar year 2016 discharges and payments. Once CMS approval has been received, the interim FSAs and FY 2018 claims will be used to calculate adjusted payments and compared to actual payments. Any underpayments will be paid via a lump sum payment and any overpayment will be required to be returned. The interim FSAs for each of the network providers maybe adjusted at this time based on the interim settlement to ensure there are no large under/overpayments at the end of the fiscal year.

At the end of the fiscal year a final settlement will be calculated in order to pay out 100% of the established funding pool amounts. It is anticipated that the final settlement would occur during the 2nd quarter of the following fiscal year to allow for three months of run off on claims. Any underpayments will be paid via a lump sum payment and any overpayment will be required to be returned. In addition the interim FSAs for each of the network providers will be evaluated and adjusted if necessary.

This approach and funding mechanism was developed to preserve critically needed MHAP funding to Mississippi hospitals in an amount that approximated current MHAP funding levels.

QUALITY CRITERIA AND FRAMEWORK FOR ALL PAYMENT ARRANGEMENTS:

13. Use the checkbox below to make the following assurance (and complete the following additional questions):

- In accordance with §438.6(c)(2)(i)(C), the State expects this payment arrangement to advance at least one of the goals and objectives in the quality strategy required per §438.340.

- a. Hyperlink to State’s quality strategy (consistent with §438.340(d), States must post the final quality strategy online beginning July 1, 2018; if a hyperlink is not available, please attach the State’s quality strategy):

The Division of Medicaid is in the process of updating the MississippiCAN quality strategy. The current version is available at: https://www.medicaid.ms.gov/wp-content/uploads/2014/04/MississippiCAN-Quality-Strategy_RFP20120127.pdf

b. D

ate of quality strategy (month, year):

The Division of Medicaid is in the process of updating the MississippiCAN quality strategy. The current version is from January 2012.

- c. In the table below, identify the goal(s) and objective(s) (including page number references) this payment arrangement is expected to advance:

Table 13(c): Payment Arrangement Quality Strategy Goals and Objectives		
Goal(s)	Objective(s)	Quality strategy page
Improve Access to Medically Needed Services	to improve health outcomes through improved beneficiary access to necessary health care services	19

- d. Describe how this payment arrangement is expected to advance the goal(s) and objective(s) identified in Question 13(c). If this is part of a multi-year effort, describe this both in terms of this year’s payment arrangement and that of the multi-year payment arrangement.

The requested Fee Service Arrangement in year one will advance the goals of the MississippiCAN Quality Strategy by improving hospital provider payments which will ensure and promote continued access to care.

14. Use the checkbox below to make the following assurance (and complete the following additional questions):

- In accordance with §438.6(c)(2)(i)(D), the State has an evaluation plan which measures the degree to which the payment arrangement advances at least one of the goal(s) and objective(s) in the quality strategy required per §438.340.

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- a. Describe how and when the State will review progress on the advancement of the State's goal(s) and objective(s) in the quality strategy identified in Question 13(c). If this is any year other than year 1 of a multi-year effort, describe prior year(s) evaluation findings and the payment arrangement's impact on the goal(s) and objective(s) in the State's quality strategy. If the State has an evaluation plan or design for this payment arrangement, or evaluation findings or reports, please attach.

The state's evaluation strategy will measure the directed payment plan's success in improving access to quality and appropriate health care services in a timely manner. To evaluate access and the success of the directed payments toward this goal, DOM will assess the following:

Hospital Network Access: DOM's targeted goal for year one is to incur no loss of hospital provider participation. The baseline for year one will include a count of active hospital providers participating in the MississippiCAN network as of July 1, 2017. Performance measurements during year one will include interim quarterly measurements of hospital participation in the network as well as an annual participation assessment. Any decrease in hospital provider participation will be reviewed, and the reasons for the decrease will be explored and follow up will be conducted under DOM's direction. Any increase in hospital participation in the MississippiCAN program will also be noted.

Community Needs Assessment: To ensure access needs are identified and met, DOM will review the results of community needs assessments completed by the hospitals as part of its evaluation plan. These community needs assessments will be completed by the end of the first year of the directed payment program. This aspect of the assessment is necessary to evaluate needed services to promote appropriate use of the emergency department and other hospital services and to identify any access barriers. The inclusion of the community needs assessment in the evaluation plan will identify improvement opportunities that can be deployed to further improve access to necessary and appropriate services.

Health Information Technology Assessment: By the end of the first year of the directed payment program, the hospitals will complete a health information technology assessment which will identify health information technology adoption and use as well as the ability to share health information across a health information exchange. Hospitals will complete the health information technology assessment utilizing the tools and instructions endorsed by DOM. Inclusion of the health information technology assessment in the evaluation plan will assist in identifying opportunities to leverage health information technology to improve care and provide more appropriate and timely utilization of health care services.

Stakeholder Engagement: The evaluation plan will also include stakeholder engagement whereby the hospitals and other parties will be engaged in discussions regarding barriers and opportunities to improve timely access to appropriate health care services. The input from stakeholders will help assess success to date and influence future strategies for improving access and quality.

- b. Indicate if the payment arrangement targets all enrollees or a specific subset of enrollees. If the payment arrangement targets a specific population, provide a brief description of the payment arrangement’s target population (for example, demographic information such as age and gender; clinical information such as most prevalent health conditions; enrollment size in each of the managed care plans; attribution to each provider; etc.).

The payment arrangements will target all Medicaid enrollees of the MississippiCAN program. DOM has contracts with CCOs, who are responsible for providing services to the Mississippi Medicaid members who participate in the MississippiCAN program. As of October 2017, MississippiCAN enrollment was 481,590 members from two health plans: Magnolia Health (enrollment 248,688) and UnitedHealthcare Community Plan (enrollment 232,902). The MississippiCAN program accounts for approximately 68% of all Medicaid enrollment. For State fiscal year 2017, the average per member per month paid was \$481.57. The MississippiCAN rate cells, age requirements, and categories of eligibility are as follows:

Table 4 Mississippi Division of Medicaid Rate Cell Definitions		
Rate Cell	Age Requirement	Category of Eligibility (COE)*
Children		
SSI / Disabled Newborns	Ages 0 – 12 months (13 month duration)	01, 19
Non-SSI Newborns – age 0 – 2 months	Ages 0 – 2 months (3 month duration)	03, 26, 71, 85, 87, 88, 91
Non-SSI Newborns – age 3 – 12 months	Ages 3 – 12 months (10 month duration)	03, 26, 71, 85, 87, 88, 91
MA Children	Ages 1 – 19	72, 73, 85, 87, 91
Quasi-CHIP	Ages 1 – 19	74
Pregnant Women		
Pregnant Women	Ages 8 – 64	88
Delivery Kick Payment**	Ages 1+	75, 85, 88
Other Populations		
MA Adults	Ages 19+	75, 85
Non-Newborn SSI / Disabled	Ages 1+	01, 19, 25
Foster Care	Ages 1+	03, 26
Breast and Cervical Cancer	N/A	27

* DOM updated COE codes effective January 1, 2014 to reflect new MAGI eligibility standards. COE codes 71, 72, 73, 74, and 75 are new codes and COE codes 85, 87 and 91 will be phased out. In addition, COE 88 changed from Pregnant Women and Infants to only Pregnant Women, with Infants covered under COE 71.

**Delivery kick payment is only available for individuals in the MA Adult or Pregnant Women rate cells.

Source: Milliman Client Report – SFY 2017 MississippiCAN Capitation Rate Development

- c. Describe any planned data or measure stratifications (for example, age, race, or ethnicity) that will be used to evaluate the payment arrangement.

Under the Fee Schedule Adjustment arrangement, the planned data stratification during the evaluation will include inpatient and outpatient hospitals further stratified by the hospital types of Critical Access Hospital and non-Critical Access Hospital.

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- d. Provide additional criteria (if any) that will be used to measure the success of the payment arrangement.

No additional criteria.

REQUIRED ASSURANCES FOR ALL PAYMENT ARRANGEMENTS:

15. Use the checkboxes below to make the following assurances:

- In accordance with §438.6(c)(2)(i)(E), the payment arrangement does not condition network provider participation on the network provider entering into or adhering to intergovernmental transfer agreements.
- In accordance with §438.6(c)(2)(i)(F), the payment arrangement is not renewed automatically.
- In accordance with §438.6(c)(2)(i), the State assures that all expenditures for this payment arrangement under this section are developed in accordance with §438.4, the standards specified in §438.5, and generally accepted actuarial principles and practices.

Additional Questions for Value-Based Payment Arrangements

In accordance with §438.6(c)(2)(ii), if a checkbox has been marked for Question 4, the following questions must also be completed.

APPROVAL CRITERIA FOR VALUE-BASED PAYMENT ARRANGEMENTS:

16. In accordance with §438.6(c)(2)(ii)(A), describe how the payment arrangement makes participation in the value-based purchasing initiative, delivery system reform, or performance improvement initiative available, using the same terms of performance, to the class or classes of providers (identified above) providing services under the contract related to the reform or improvement initiative (the State may also provide an attachment).

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148 (CMS-10398 #52). The time required to complete this information collection is estimated to average 1 hour per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

QUALITY CRITERIA AND FRAMEWORK FOR VALUE-BASED PAYMENT ARRANGEMENTS:

17. Use the checkbox below to make the following assurance (and complete the following additional questions):

- In accordance with §438.6(c)(2)(ii)(B), the payment arrangement makes use of a common set of performance measures across all of the payers and providers.
- a. In the table below, identify the measure(s) that the State will tie to provider performance under this payment arrangement (provider performance measures). To the extent practicable, CMS encourages States to utilize existing validated performance measures to evaluate the payment arrangement.

TABLE 17(a): Payment Arrangement Provider Performance Measures					
Provider Performance Measure Number	Measure Name and NQF # (if applicable)	Measure Steward/ Developer (if State-developed measure, list State name)	State Baseline (if available)	VBP Reporting Years*	Notes**

*If this is planned to be a multi-year payment arrangement, indicate which year(s) of the payment arrangement the measure will be collected in.
**If the State will deviate from the measure specification, please describe here. Additionally, if a State-specific measure will be used, please define the numerator and denominator here.

- b. Describe the methodology used by the State to set performance targets for each of the provider performance measures identified in Question 17(a).

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REQUIRED ASSURANCES FOR VALUE-BASED PAYMENT ARRANGEMENTS:

18. Use the checkboxes below to make the following assurances:

- In accordance with §438.6(c)(2)(ii)(C), the payment arrangement does not set the amount or frequency of the expenditures.

- In accordance with §438.6(c)(2)(ii)(D), the payment arrangement does not allow the State to recoup any unspent funds allocated for these arrangements from the MCO, PIHP, or PAHP.