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# Primary Care Payer Action Collaborative (PAC) Designing and Implementing an Alternative-to-FFS Payment in CPC+ Track 2

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**Lab 4: Implementing Primary Care Population-Based Payments in Medicaid**

**November 14, 2017**  
**3:00 – 5:00 PM ET**



If you require technical assistance, please contact  
***Kristian Motta*** at [kmotta@rippleeffect.com](mailto:kmotta@rippleeffect.com).

# Welcome and Introductions

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# Welcome



Edith Coakley Stowe  
Senior Manager  
Manatt Health (DC)



Susan Stuard  
Independent Consultant (NY)



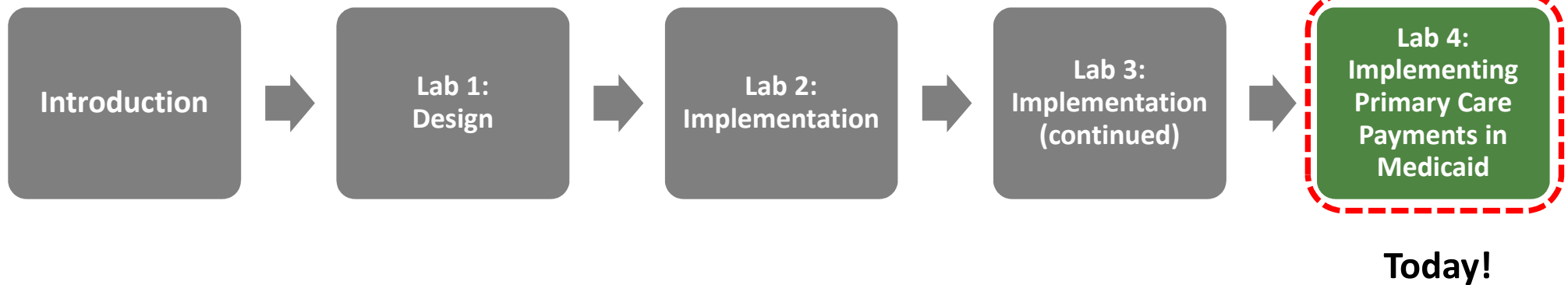
Dori Glanz Reyneri  
Senior Manager  
Manatt Health (DC)



Reni Ellis  
Consultant  
Manatt Health (NY)

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# Curriculum, Topics and Calendar



# Today's Agenda

	Timeframe (ET)	Topic	Facilitators/Presenters
1	3:00 – 3:05	Today's Objectives	<i>Dori Reyneri</i>
2	3:05– 3:55	<b>Medicaid-Specific CPC + Track 2 Considerations</b> <ul style="list-style-type: none"><li>• Medicaid Authority</li><li>• Track 2 Payment Principles</li><li>• Q&amp;A</li></ul> <b>Pathways to Medicaid Payment Models</b> <b>Aligned with CPC+ Track 2:</b> <ul style="list-style-type: none"><li>• State Plan Amendment</li><li>• Section 1115 Demonstration Authority</li><li>• Managed Care</li><li>• Q&amp;A</li></ul>	<i>Dori Reyneri</i> <i>Rayva Virginkar</i>
3	3:55 – 4:45	Discussion and Interactive Polling	<i>Edith Coakley Stowe</i>
		Wrap Up and Thank You!	<i>Edith Coakley Stowe</i>

# Today's Objectives

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# Objectives for Lab 4

- Review considerations and processes specific to Medicaid in implementing a Track 2 alternative to fee-for-service payment model
- Review the use of State Plan Amendments to authorize Track 2
- Clarify when 1115 demonstration authority is needed and what the demonstration application process entails
- Discuss State experiences so far in designing and implementing alternative to FFS CPC+ Track 2 payments in Medicaid
- Identify open questions for possible future LAN PAC activity around Medicaid and CPC+

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# Antitrust Statement

PAC Participants agree that all activities are in compliance with federal and state antitrust laws. In the course of discussion, **no financial information from payer participants will be shared with other payers or the general public.**

During meetings and other activities, including all formal and informal discussions, each payer participant will refrain from discussing or exchanging information regarding any competitively sensitive topics. Such information includes, but is not limited to:

- PMPM
- Shared savings or incentive payments
- Information about market share, profits, margins, costs, reimbursement levels or methodologies for reimbursing providers, or terms of coverage



# Previous Input & Questions on Medicaid

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# What We Have Heard

*How do common existing Medicaid primary care payment structures align or not align with CMMI Track 2 principles?*

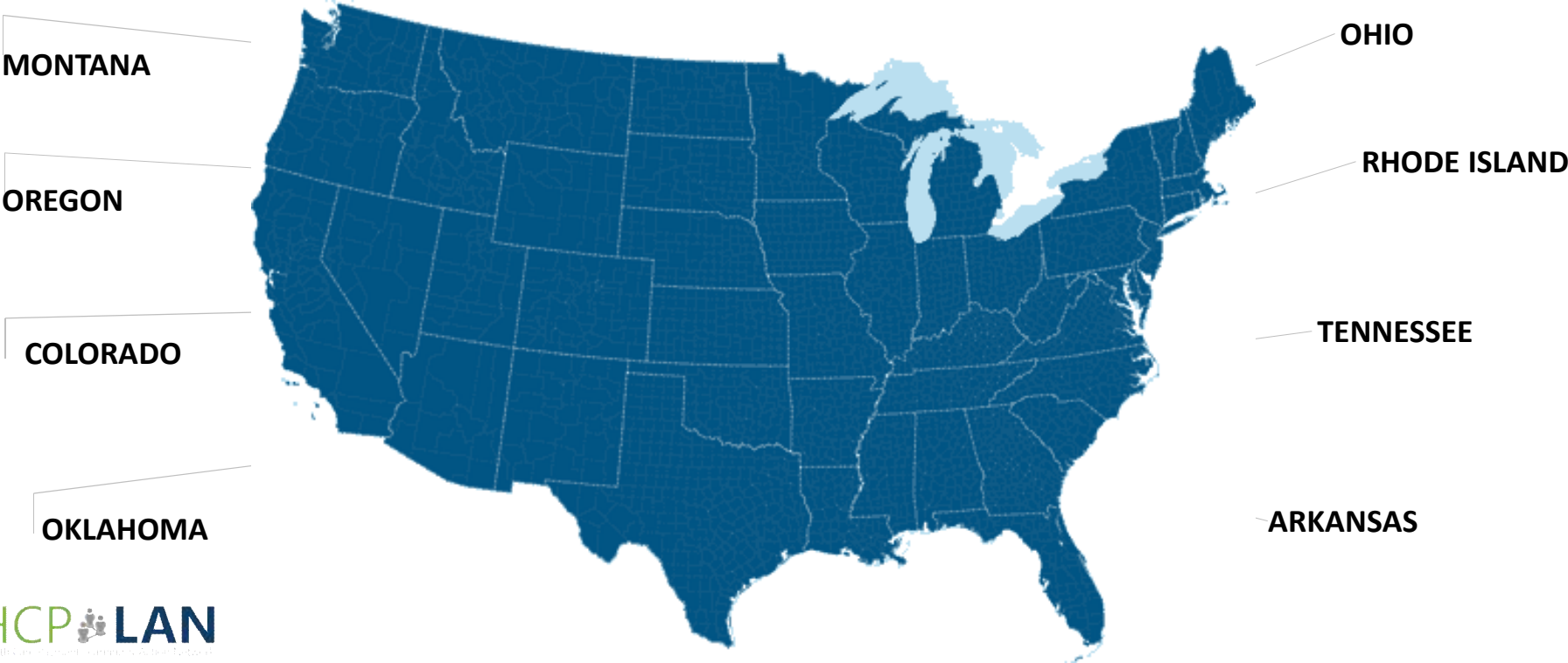
*What are other state Medicaid agencies in CPC+ doing for Track 2?*

*Can I use a SPA, or is 1115 Demonstration Authority required?*

# Medicaid-Specific Track 2 Considerations

# Medicaid Payers Participating in CPC+

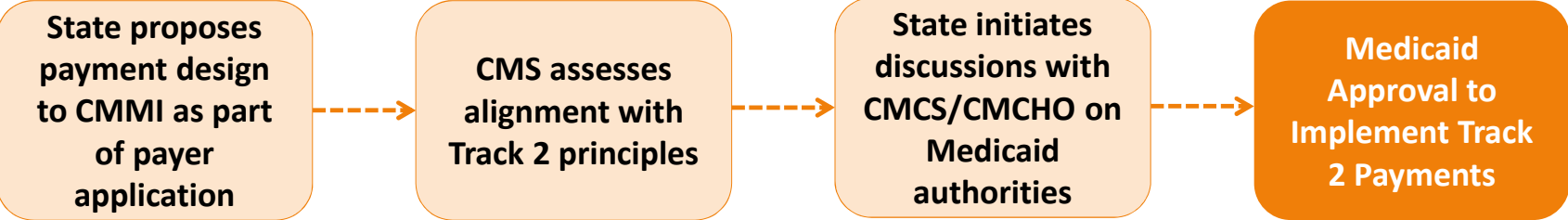
*CPC+ includes a mix of Medicaid FFS and Medicaid Managed Care payers spanning 11 regions; 8 Medicaid Agencies are participating in the model. And, more than half of the participating payers in CPC+ offer a Medicaid Managed Care line of business.*



# Medicaid Authority & CPC+

- *Eight State Medicaid Agencies have signed MOU with CMMI to implement CPC+, including Track 2 payment.*
- *CMS is looking to work with states, taking advantage of Medicaid flexibility on payment, to figure out the best pathway that aligns with Track 2. However, States must also seek Medicaid authority to require specific Track 2 payment models in managed care or to implement Track 2 under a FFS system.*
  - Depending on design, state plan amendment (SPA), 1115 demonstration, or other authority will be needed

### Process for Medicaid Track 2 Payment Approval



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# Reminder: CPC+ Alignment Principles for Track 2 Alternative to FFS

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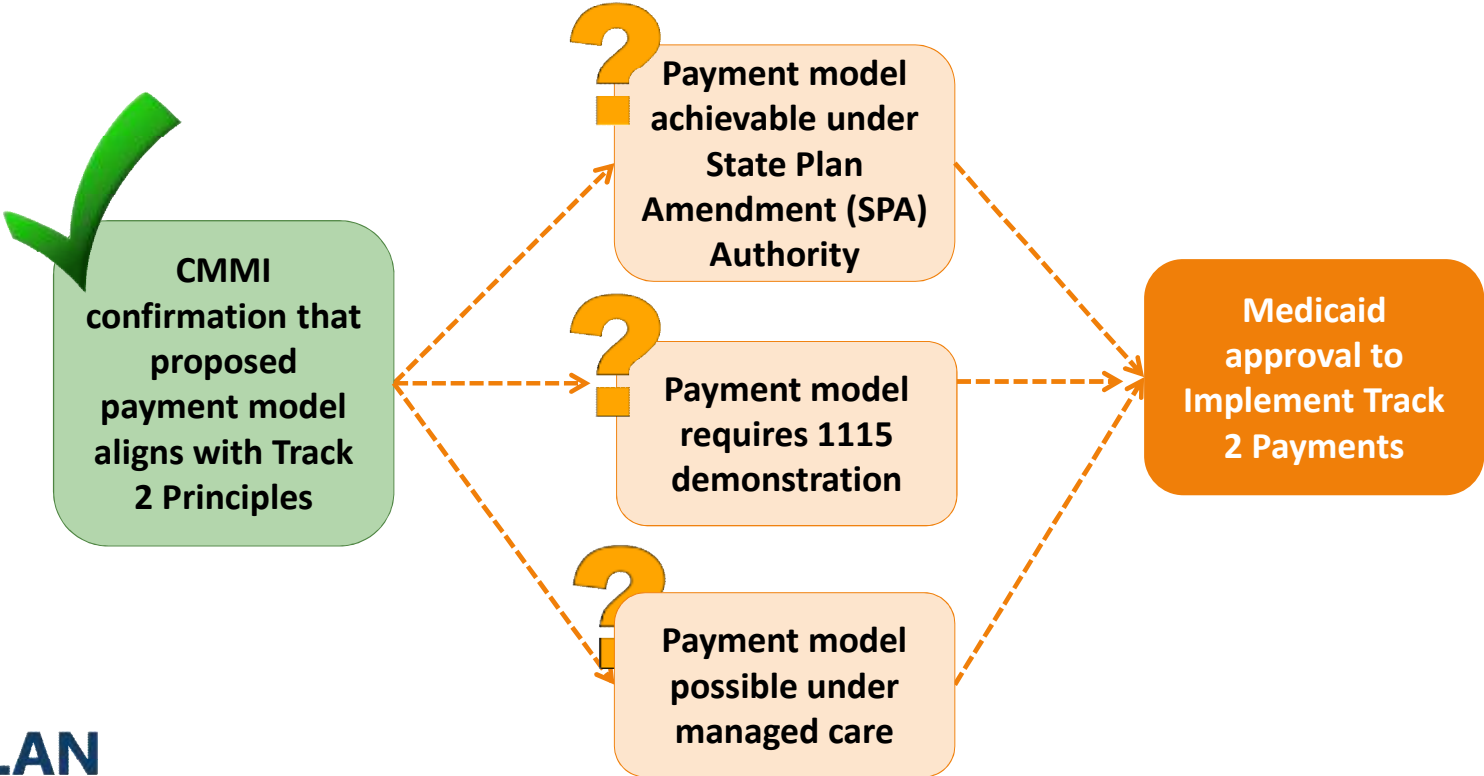
## Track 2 Alternative-to-FFS Hallmarks:

- Depart from fee for service in a way that would be a relative improvement to fee for service
- Payment is sufficient to bring patients into alternative forms of care
- Payment does not preclude comprehensiveness (e.g., screening for unmet social needs and creating linkages to social services)
- Work drives towards a regional, multi-payer initiative

# Pathways to Track 2 Payments in Medicaid

# Pathways to Track 2 Payments in Medicaid

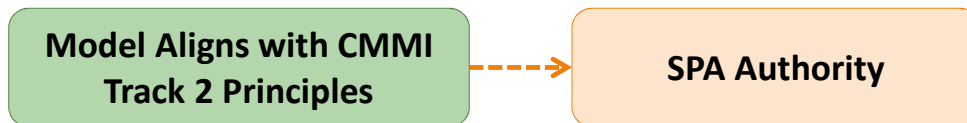
*Different authorities in Medicaid can be used to authorize Track 2 payment, depending on payment model design*





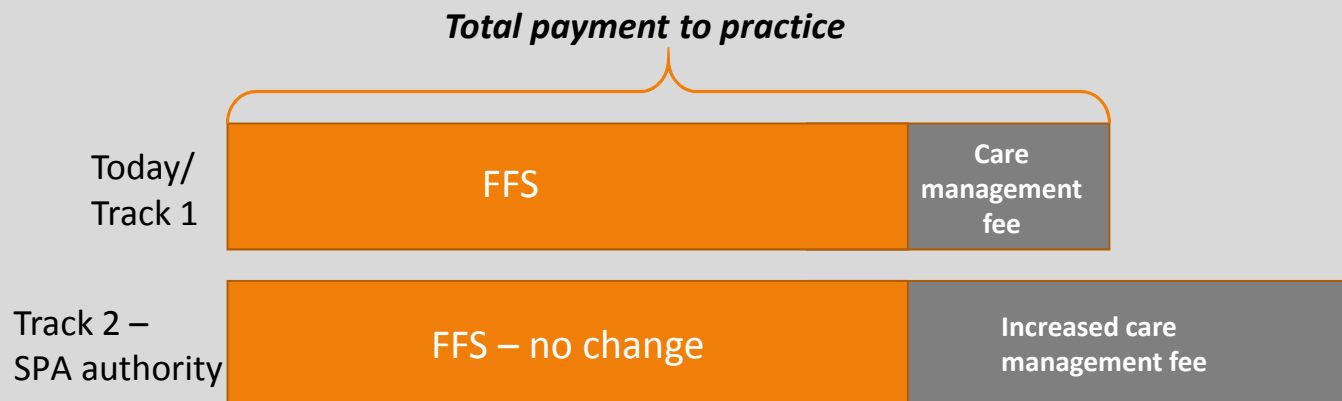
# Pathways to Track 2 Payments in Medicaid: Streamlined State Plan Amendment Option

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## ***Traditional Primary Care Payment + Increased Care Management Fee Under SPA Authority***

- Under this model design, practices would receive an additional care management fee, in excess of that provided under Track 1, to allow more flexibility for provision of non-visit-based services, as a supplement to traditional primary care payment
- Payment model needs to align with State Plan Rules under this pathway (e.g. cannot include pre-payment of FFS payments)



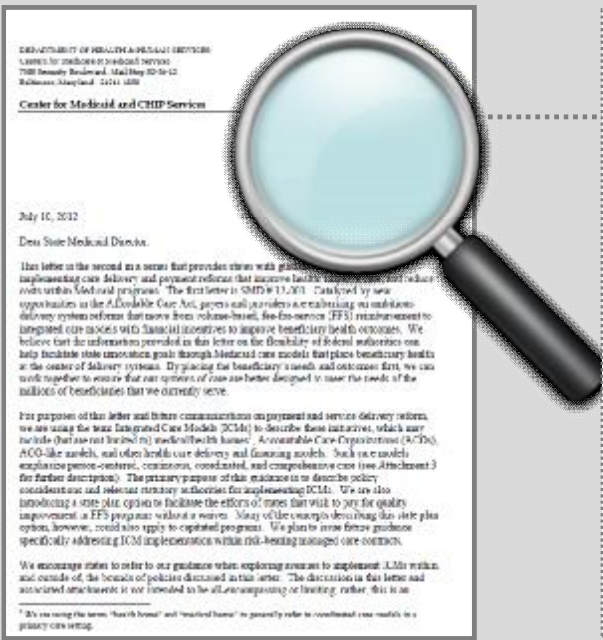
# Pathways to Track 2 Payments in Medicaid: Streamlined State Plan Amendment Option

Model Aligns with CMMI Track 2 Principles



SPA Authority

*Traditional Primary Care Payment + Increased Care Management Fee Track 2 payment model is allowable under State Plan Authority*



## State Medicaid Director Letter #12-002 on Integrated Care Models

Section 1905(a)(25) and, by reference, 1905(t)(1) of the Act authorizes “coordinating, locating, and monitoring” services under the State Plan.

States may use care coordination payments to offer incentives to providers who demonstrate improved performance and/or perform a set of defined activities or services for enrolled beneficiaries.

“PMPM payments may reimburse providers for direct and indirect actions (e.g. monitoring patient treatment gaps or offering extended hours of operation) that aim to improve health and outcomes for all beneficiaries.”

- ICMs apply to broad range of provider types including individual physicians, nurse practitioners, physician assistants, and group practices
- ICM payment arrangements must still follow statutory and regulatory requirements (e.g. comparability, freedom of choice, beneficiary protections, etc.)

# Pathways to Track 2 Payments in Medicaid: Streamlined State Plan Amendment Option

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Model Aligns with CMMI  
Track 2 Principles

State plan authority  
(SPA)

## ***Traditional Primary Care Payment + Increased Care Management Fee option aligns with CMMI Track 2 Hallmarks:***

- **Depart from fee for service in a way that would be a relative improvement to fee for service**
  - *Enhanced CM fee would be larger than Track 1 and meant to capture services not billable under standard FFS*
- **Payment is sufficient to bring patients into alternative forms of care**
  - *Aligned because significant new revenue may support delivery of services outside the traditional visit*
- **Payment does not preclude comprehensiveness (e.g., screening for unmet social needs and creating linkages to social services)**
  - *Aligned because significant new revenue may support delivery of services outside the traditional visit*
- **Work drives towards a regional, multi-payer initiative**
  - *Aligned because includes Medicaid among multiple payers participating in region*

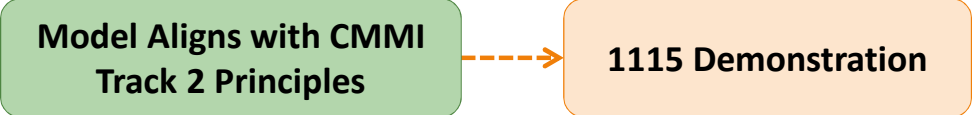
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# Questions or Comments?

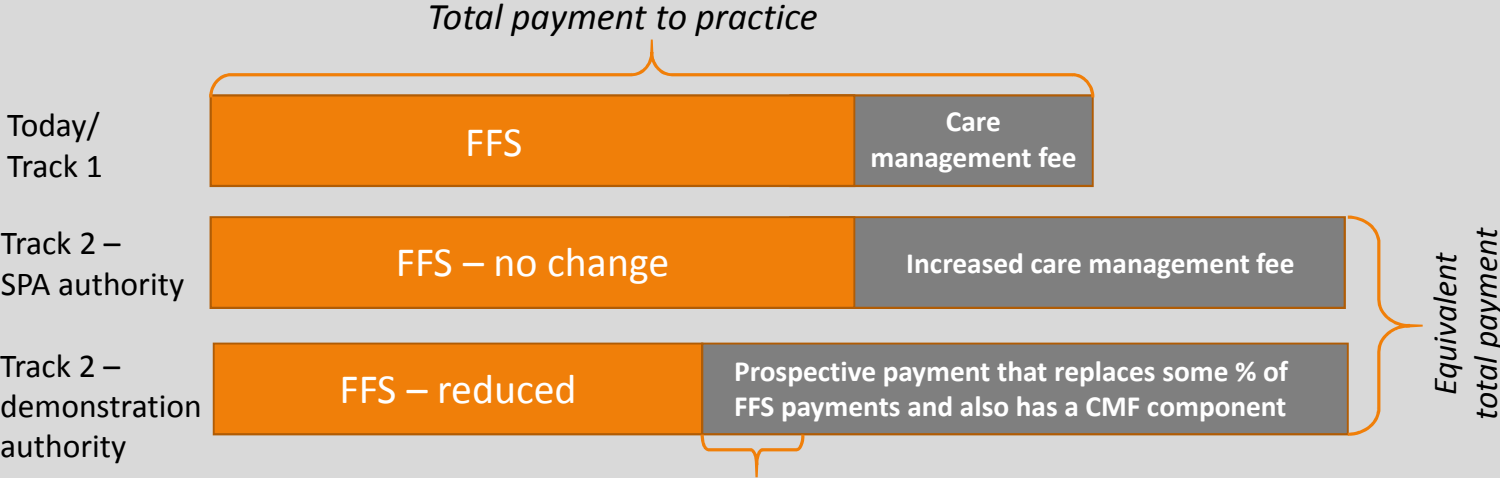


If you have any questions you would like to take offline,  
please follow up with **Lauren Icard** at [lauren.icard@us.gt.com](mailto:lauren.icard@us.gt.com)

# Pathways to Track 2 Payments in Medicaid: 1115 Demonstration Option



*Expenditure authority under a 1115 demonstration is needed when a proposed payment does not meet state plan rules (e.g. to pre-pay for services that otherwise would be reimbursable under FFS)*



**Cannot "pre-pay" any FFS payments via a SPA. Therefore, demonstration authority is required**

# Pathways to Track 2 Payments in Medicaid: 1115 Demonstration Option

Model Aligns with CMMI Track 2 Principles



1115 Demonstration

*1115 demonstration process is governed by federal law and corresponding regulations and policies*

(1) Section 1115 of the Social Security Act (42 U.S.C. 1315) is amended by inserting after subsection (c) the following:

"(d)(1) An application or renewal of any experimental, pilot, or demonstration project undertaken under subsection (a) to promote the objectives of title XIX or XXI in a State that would result in an impact on eligibility, enrollment, benefits, cost sharing, or financing with respect to a State program under title XIX or XXI (in this subsection referred to as a 'demonstration project') shall be considered by the Secretary, in accordance with the regulations required to be promulgated under paragraph (2).

"(2) Not later than 180 days after the date of enactment of this subsection, the Secretary shall promulgate regulations relating to applications for, and renewals of, a demonstration project that provide for—

"(A) a process for public notice and comment at the State level, including public hearings, sufficient to ensure a meaningful level of public input;

"(B) requirements relating to—

"(i) the goals of the program to be implemented renewed under the demonstration project;

"(ii) the expected State and Federal costs and coverage projections of the demonstration project; and

"(iii) the specific plans of the State to ensure that the demonstration project will be in compliance with title XIX or XXI;

"(C) a process for providing public notice and comment after the application is received by the Secretary, that is sufficient to ensure a meaningful level of public input;

"(D) a process for the submission to the Secretary of periodic reports by the State concerning the implementation of the demonstration project; and

"(E) a process for the periodic evaluation by the Secretary of the demonstration project.

"(3) The Secretary shall annually report to Congress concerning actions taken by the Secretary with respect to applications for demonstration projects under this section."



### CMS Policies; Affordable Care Act Section 10201(i); 42 CFR Part 431

- Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of Medicaid and CHIP. Each demonstration requires individual discussions with CMS on budget neutrality and requested authorities.
- Budget neutrality requires that spending under the demonstration must not exceed the level of spending that would have been seen in absence of the demonstration; states must provide historical budgetary data to establish budget neutrality.
- States must ensure public input into the development and approval of new 1115 demonstrations and extensions, in accordance with regulations.

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# Questions or Comments?



If you have any questions you would like to take offline,  
please follow up with **Lauren Icard** at [lauren.icard@us.gt.com](mailto:lauren.icard@us.gt.com)

# Pathways to Track 2 Payments in Medicaid: Managed Care

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Model Aligns with CMMI  
Track 2 Principles



Managed Care

*Under risk based managed care States and plans generally have more flexibility to implement alternative payment methodologies than are described in the State Plan. Managed care regulations apply.*



## CMS Final Medicaid Managed Care Rule: 81 FR 27487, 42 CFR 438.6

- Outlines how States and plans must contract to provide services in Medicaid under managed care
- Aligns Medicaid managed care rules with other insurance programs
- Modernizes Medicaid managed care rules to better protect beneficiaries and improve the beneficiary experience
- Aims to strengthen delivery system reform efforts and promote innovation and flexibility to achieve high-value care
- Allows States to direct managed care plans to make specific payments/participate in reforms (e.g. CPC+ Track 2)
- Note: CMS is reviewing this rule to ensure “maximum State flexibility” as noted in Administrator Verma’s letter to Governors



# Pathways to Track 2 Payments in Medicaid: Managed Care

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Model Aligns with CMMI  
Track 2 Principles



Managed Care

## Discussion from Medicaid Managed Care Plans and Managed Care States

*Under managed care, States and plans generally have more flexibility to implement prospective and capitated payment than under State Plan authority. What issues are arising in Track 2 payment that are specific to the managed care context?*

*Which topics would managed care plans like to discuss in future LAN meetings related to the Track 2 Alternative to FFS payment?*

# Discussion and Interactive Polling

# Polling Question #1a:

## Which CPC+ Region are you from?

- a) *Arkansas*
- b) *Buffalo (2018 Start)*
- c) *Colorado*
- d) *Hawaii*
- e) *Kansas City*
- f) *Louisiana (2018 Start)*
- g) *Michigan*
- h) *Montana*
- i) *Nebraska (2018 Start)*
- j) *New Jersey*



# Polling Question #1b:

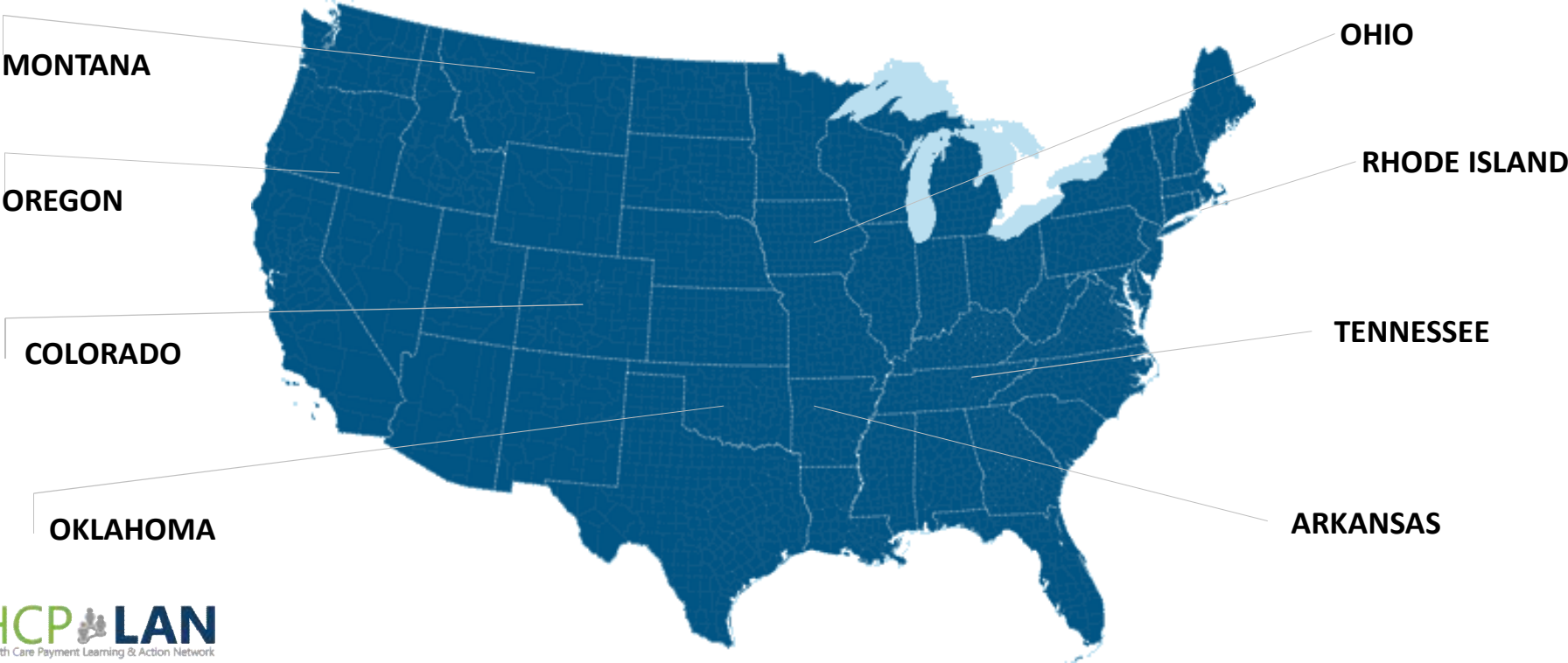
Which CPC+ Region are you from?

- a) *North Dakota (2018 Start)*
- b) *Hudson/N Capital NY*
- c) *Ohio/N Kentucky*
- d) *Oklahoma*
- e) *Oregon*
- f) *Philadelphia*
- g) *Rhode Island*
- h) *Tennessee*
- i) *Payer in multiple regions*



# Medicaid Payers Participating in CPC+

*CPC+ includes a mix of Medicaid FFS and Medicaid Managed Care payers spanning 11 regions; 8 Medicaid Agencies are participating in the model. And, more than half of the participating payers in CPC+ offer a Medicaid Managed Care line of business.*



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# Discussion from Medicaid Payers

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*What is the pre-CPC+ primary care payment model you are building on?*

*How are you thinking of the difference between Track 1 and Track 2 in Medicaid?*

*What questions do you have about Track 2 payment in Medicaid?*

*Are there Track 2 challenges or barriers specific to Medicaid other than the need to obtain Medicaid authority?*



**Wrap-up and Thank You!**

## Polling Question #2:

Please rate your overall satisfaction with this event.

- a. *Very satisfied*
- b. *Somewhat satisfied*
- c. *Somewhat dissatisfied*
- d. *Very dissatisfied*

*Please type additional thoughts in the chat*





## Polling Question #3:

Today's Lab enhanced my knowledge of the subject area.

- a. *Strongly Agree*
- b. *Agree*
- c. *Disagree*
- d. *Strongly Disagree*

*Please type additional thoughts in the chat*



## Polling Question #4:

I will take action or work with others in my organization to take action based on today's lab.

- a. *Strongly Agree*
- b. *Agree*
- c. *Disagree*
- d. *Strongly Disagree*

*Please use the chat to tell us what you will act on,  
or why the information was not actionable*



## Polling Question #5:

Of the implementation areas discussed today, which, if any, do you feel better equipped to move forward on?

- a. *Aligning w/CPC+ principles*
- b. *SPA Authority for Track 2*
- c. *1115 Demonstration Authority for Track 2*
- d. *Managed Care Authority and Track 2*

*Please type any additional thoughts in the chat.*



## Polling Question #6:

The PAC is helping my organization make progress towards its goals in CPC+.

- a. *Strongly Agree*
- b. *Agree*
- c. *Disagree*
- d. *Strongly Disagree*

*Please type any additional thoughts in the chat.*



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# Thank you!

*Thank you for participating in this series of LAN PAC webinars!*

Introduction



Lab 1:  
Design



Lab 2:  
Implementation



Lab 3:  
Implementation  
(continued)



Lab 4:  
Implementing  
Primary Care  
Payments in  
Medicaid

Today!