



## Request for Information

#YH20-0070 RFI - Differential Adjusted Payment (DAP) Strategies

**Procurement Officer:**

**Issue Date:** December 2, 2019

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Phoenix, AZ 85034

**RFI NAME:** Differential Adjusted Payment (DAP) Strategies

**RESPONSE DUE DATE:** December 27, 2019 no later than 3:00 pm AZ time

QUESTIONS CONCERNING THIS RFI SHALL BE SUBMITTED TO THE PROCUREMENT OFFICER VIA E-MAIL BY **December 11, 2019** 5:00 PM ARIZONA TIME ON THE Q & A FORM PROVIDED WITH THIS RFI. ANSWERS TO QUESTIONS WILL BE POSTED ON THE AHCCCS WEBSITE FOR THE BENEFIT OF ALL POTENTIAL RESPONDENTS.

**Responses to this RFI must be in the actual possession of AHCCCS on or prior to the time and date indicated above.**

**This is a Request for Information ("RFI") only and as such will NOT result in any award of contract.**

AHCCCS is in the information gathering stage and no decisions have been made concerning the agency's intent to issue a formal Request for Proposal. Responding to this RFI is appreciated and will NOT prohibit the respondents from responding to any future procurements.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the person responsible for this request as identified below.

# REQUEST FOR INFORMATION

## 1. OVERVIEW

AHCCCS is the single state Medicaid agency for the State of Arizona. In that capacity it is responsible for operating the Title XIX and Title XXI programs through the State's 1115 Research and Demonstration Waiver, which was granted by the Centers for Medicare and Medicaid Services (CMS), U.S. Department of Health and Human Services. As of October 1, 2019, AHCCCS provides coverage to approximately 1.9 million members in Arizona. Arizona's Medicaid program has been delivered primarily as a managed care program with a relatively small residual, fee-for-service (FFS) component. Additional information may be found on the AHCCCS website reporting page:

<https://azahcccs.gov/Resources/Reports/population.html>

Over 85% of the AHCCCS program's expenditures in SFY 2018 were through managed care programs. AHCCCS contracts with Managed Care Organizations (MCOs) that are responsible for providing Acute, Long Term Care, and Behavioral Health Services. A list of contracted plans can be found here:

<https://azweb.statemedicaid.us/HealthPlanLinksNet/HPLinks.aspx>

The program has a total fund budget for SFY 2020 of approximately \$14.2 billion. AHCCCS has over 70,000 active providers in Arizona, such as individual medical and behavioral health practitioners, therapy disciplines, institutions, durable medical equipment companies and transportation entities. Additional information may be found on the AHCCCS website reporting page:

<https://www.azahcccs.gov/Resources/Reports/federal.html>

## 2. PURPOSE of RFI and Background

AHCCCS is soliciting input from stakeholders to inform the development and implementation of its Differential Adjusted Payment (DAP) reimbursement strategies for Contract Year Ending (CYE) 2021 and CYE 2022.

In previous years, AHCCCS has sought public comment on DAP activities as reflected in the following documents:

### 2.1 CYE 2017 Proposal:

2.1.1 <https://www.azahcccs.gov/shared/Downloads/News/ValueBasedPaymentRateDifferentialPublicNotice1232015Final.pdf>

2.1.2 <https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentRateDifferentialPublicNoticeForICs04222016Final.pdf>

### 2.2 CYE 2018 Proposal:

2.2.1 [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicCommentProposal\\_011317.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicCommentProposal_011317.pdf)

2.2.2 <https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicComment.pdf>

### 2.3 CYE 2019 Proposal:

2.3.1 [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPaymentDAP\\_20181001.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPaymentDAP_20181001.pdf)

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2.3.2 [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPayment\\_DAP\\_20181001\\_FinalNotice.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPayment_DAP_20181001_FinalNotice.pdf)

2.4 CYE 2020 Proposal:

2.4.1 [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAPPreliminaryNotice\\_CYE2020.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAPPreliminaryNotice_CYE2020.pdf)

2.4.2 [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/FinalNoticeOfPublicInformationDifferentialAdjustedPaymentsEffectiveOctober\\_1\\_2019-September\\_30\\_2020\\_DatesOfService.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/FinalNoticeOfPublicInformationDifferentialAdjustedPaymentsEffectiveOctober_1_2019-September_30_2020_DatesOfService.pdf)

2.5 As a component of AHCCCS Value Based Purchasing (VBP) activities, and in alignment with the [AHCCCS Quality Strategy](#), select AHCCCS-registered Arizona providers which meet agency established performance criteria receive DAP rate increases. AHCCCS has implemented DAP rates to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available at least to the extent that such care and services are available to the general population in the geographic area.

AHCCCS has previously implemented DAP for the following providers:

- Hospitals Subject to APR-DRG Reimbursement
- Critical Access Hospitals
- Other Hospital and Inpatient Facilities
- Nursing Facilities
- Integrated Clinics
- Behavioral Health Outpatient Clinics
- Physicians, Physician Assistants, and Registered Nurse Practitioners
- Dental Providers
- Home and Community Based Services Providers

AHCCCS will consider implementing DAP initiatives that share goals or performance measures with those currently implemented for CYE 2020. In addition, AHCCCS is considering implementing the following new DAP for additional providers in future years:

1. Hospitals Subject to APR-DRG Reimbursement
  - a. CYE 2021 – Entering into a Care Coordination Agreement with an Indian Health Services and 638 tribally owned and/or operated (IHS/638) Facility.
  - b. CYE 2021 – Meeting Leapfrog Hospital Safety Grade, qualifying criteria to be specified.
2. Critical Access Hospitals
  - a. CYE 2021 – Entering into a Care Coordination Agreement with an IHS/638 Facility.
3. Other Hospitals and Inpatient Facilities
  - a. CYE 2021 – Entering into a Care Coordination Agreement with an IHS/638 Facility.
4. Nursing Facilities

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- a. CYE 2021 – Winners of at least a Bronze distinction from the National Quality Award Program.
5. Physicians, Physician Assistants, and Registered Nurse Practitioners
  - a. CYE 2021 – E-prescribing, increase criteria from 65% to 70%.
6. Multiple Provider Types
  - a. CYE 2021 – Completion of a Social Determinants of Health (SDoH) Screening Tool.
7. Dental Providers in Rural Areas
  - a. CYE 2021 – Supporting dental providers in rural areas to improve access to care.

Please note –IHS/638 facilities have been exempt from these initiatives with respect to the services for which they are reimbursed at the federally-mandated all-inclusive rate (AIR). However, AHCCCS welcomes comments and proposals from tribal providers in response to this RFI.

DAP rates represent a positive adjustment to the AHCCCS FFS rates. The purpose of the DAP is to distinguish providers which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. Fee schedule adjustments are limited to dates of services within the given contract year. Each DAP is time-limited for one-year only, although a similar DAP may be implemented in the subsequent year. Providers must re-qualify for a DAP each year even when the DAP criteria remain the same.

AHCCCS MCO (including Regional Behavioral Health Authorities – RBHAs) are required to pass-through DAP increases to their contracted providers, maintaining rates to match the corresponding AHCCCS FFS rate increase percentages. DAPs with respect to MCOs are authorized under 42 C.F.R. 438.6(c)(1)(iii), which provides States with the flexibility to implement provider payment initiatives, which require certain payment levels by MCOs to providers, which provide specific services critical to ensuring timely access to high-quality care. AHCCCS implements DAP as a uniform percentage increase under this authority. The Centers for Medicare and Medicaid Services (CMS) must approve all 438.6(c) payments prior to annual implementation.

Please note – Funding for DAP rate increases is subject to the appropriation of State funds and State budget constraints. AHCCCS intends to propose incremental and sustainable DAP adjustments, subject to the availability of funds.

### 3. REQUIREMENTS

AHCCCS is requesting information from interested parties regarding the design and implementation of DAP strategies for CYE 2021 and CYE 2022. AHCCCS will evaluate strategies for consideration based on the following guiding principles:

- 3.1 Qualifying criteria should be aligned with the AHCCCS Quality Strategy.

AHCCCS is required to demonstrate how DAPs are driven by the AHCCCS Quality Strategy in order to obtain federal approval from CMS. Criteria can address measurable performance outcomes or measurable readiness activities that have been completed by providers in the specified data period.

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- 3.2 Criteria should be based on publicly available, official, and non-controversial data. In order to ensure the fair and efficient administration of the DAP program, the data used to evaluate providers against the qualifying criteria should, when possible, be independently produced and validated outside of AHCCCS. When feasible, established quality metrics already measured by another governmental entity are preferable. Using publicly available data not subject to interpretation by AHCCCS ensures transparency and clarity in these initiatives.
- 3.3 Not all providers should qualify – providers should be differentiated based on performance. The qualifying criteria should be defined such that 100% of providers will not likely qualify for DAP. The *Differential* Adjusted Payment model requires that criteria are used to *differentiate* providers based on performance in order to receive corresponding *differentiated* payments. If all providers receive the differential payment, there is no incentive to drive performance.
- 3.4 Criteria thresholds are binary (yes/no) – either a provider meets or does not meet a criteria. While a given threshold may be represented as a ratio, percentage, or measurement of change between data points, the ultimate determination as to if a provider qualifies is either yes/qualifies or no/does not qualify for any given DAP. This approach ensures clarity in determining which providers do or do not qualify for each initiative and is required in order to support implementation of the DAP in the AHCCCS and MCO payment systems. Note – In a given year, if a provider is eligible for two DAP initiatives, depending upon its performance relative to established criteria for each of the two initiatives, it could qualify for none, one, or both of the DAP initiatives.
- 3.5 All qualifying providers must be identified in advance of the contract period. In order to meet the deadlines associated with key activities outlined in the timeline below, all qualifying providers must be identified by the May 1<sup>st</sup> preceding the October 1<sup>st</sup> beginning of the contract period. A provider may not gain or lose DAP during a given contract year. The DAP rate is a prospective adjustment for the entire one-year period and there is no corresponding reconciliation or subsequent adjustment to account for current year performance.
- 3.6 Qualifying for a DAP in one year does not guarantee qualifying for a DAP in future years. In order to continue to drive increases in performance over time, AHCCCS intends to continue to design DAP qualifying criteria that may differentiate different providers from year to year. Therefore, a DAP rate increase is temporary, time-limited, and only applicable to dates of service within the one year DAP period. DAP funding is not considered a component of the base rate or underlying rate structure and is subject to change from year to year.
- 3.7 DAP Initiative Example:  
The following is an example of a previously implemented DAP that is consistent with the guiding principles outlined above and was implemented in CYE 2020.
- 3.7.1 Qualifying Provider – Nursing Facilities (Provider Type 22)
- 3.7.2 Qualifying Criteria – Provider’s percentage of high-risk residents with Pressure Ulcers is less than or equal to the Arizona average.
- 3.7.3 Data Source – The percent of High-Risk Residents with Pressure Ulcers (Long Stay) based on the facility’s performance results for long-stay, high risk residents with Stage II-IV pressure

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ulcers reported in Minimum Data Set (MDS) 3.0 for this CMS Nursing Home Quality Measure metric. Facility results are compared to the accompanying Arizona Average results for the measure, for the most recently published rate as of April 30, 2019.

Please also refer to prior year public notices for more detailed examples of DAP initiatives that have been considered and implemented.

## 3.8 Additional Considerations: HCBS Provider Focus

AHCCCS is specifically interested in receiving suggestions and input on DAP strategies for HCBS providers, which serve members through the Arizona Long Term Care System (ALTCs) Developmental Disabilities (DD) and Elderly and Physically Disabled (EPD) programs. For planning purposes, AHCCCS is currently considering potential initiatives in the following categories:

### 3.8.1 HCBS Providers – relative to Electronic Visit Verification (EVV) readiness activities

One of the primary challenges in implementing the state-wide EVV system is provider engagement and readiness. DAP initiatives could be used to incentivize provider activities required for EVV implementation.

- In CYE 2021, AHCCCS would consider a DAP for providers with no EVV system currently in place based on the provider attesting to a plan for compliance and registering for required training by May 1, 2020.
- In CYE 2021, AHCCCS would consider a DAP for providers choosing to use an alternate EVV system based on the provider attesting to a plan for compliance and acknowledgement of receipt and review of technical requirements with the preferred alternate EVV vendor by May 1, 2020.
- In CYE 2022– AHCCCS would consider a DAP for providers using the state system and meeting utilization standards for the percentage of members served with scheduled and satisfied visits and percentage of devices furnished in use by May 1, 2021.
- In CYE 2022- AHCCCS would consider a DAP for providers choosing to use an alternate EVV system and meeting utilization standards for the percentage of members served with scheduled and satisfied visits and timely submission of required data to the data aggregator by May 1, 2021.

### 3.8.2 HCBS Providers – Home and Community Based Settings (HCBS) Rules compliance activities

One of the primary challenges in compliance with the HCBS Rules is provider engagement and the provider's transition of business and program practices to comply with quality monitoring aimed at evaluating compliance with the HCBS Rules. DAP initiatives could be used to incentivize providers to participate in AHCCCS training and share information that would assist the MCOs in prioritizing providers for quality monitoring visits and technical assistance to ensure compliance by March 2022.

- In CYE 2021 – AHCCCS would consider a DAP for providers that participate in AHCCCS training and complete a self-assessment pre-screening survey regarding compliance with the Home and Community Based Settings (HCBS) Rules by May 1, 2020.

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### 3.8.3 HCBS Providers – relative to Workforce Stability activities

Recruiting qualified personnel is one of the primary challenges in ensuring a long term care workforce that is sufficient to meet members’ needs when the industry has been plagued by high rates of attrition. Industry leaders believe that only a combination of actions will increase the capacity and improve capability of this workforce to be able to adequately serve the growing populations of individuals needing long term care. Currently, AHCCCS, ALTCS MCOs and the industry is focused on improving worker retention. A DAP initiative could be used to incentivize providers to achieve results in this goal area.

- In CYE 2022, AHCCCS would consider a DAP based on the provider reporting the number of licensed and unlicensed workers employed on January 1, and who remained employed through December 31, of that calendar year. The provider would report three years of retention data as follows:

January 1, 2018 through December 31, 2018

January 1, 2019 through December 31, 2019

January 1, 2020 through December 31, 2020

### 3.9 Timeline

The following table is a summary of key activities in the DAP Strategies decision making and communication processes. Note – There is not an associated Request for Proposal (RFP) associated with this RFI.

Deadline	Key Activities
11/29/2019	Request for Information (RFI) Posted
12/27/2019	RFI Responses Due
2/28/2020	Preliminary Public Notice
4/30/2020	Final Public Notice
5/1/2020	Qualifying Providers Identified
7/1/2020	438.6(c) Request for Approval Due to CMS

## 4. FINANCIAL/TOTAL COST OF OWNERSHIP

This RFI does not constitute a solicitation for proposals, a commitment to conduct procurement, or an offer of a contract or prospective contract; AHCCCS will not award a contract as a result of this RFI. AHCCCS will not be liable for any costs incurred by respondents in the preparation and submission of information in response to this RFI.

Information received by AHCCCS becomes the property of AHCCCS and will not be returned to the sender. There will be no acknowledgement by AHCCCS of receipt of the information. Acceptance of responses to this RFI imposes no obligations of any kind upon AHCCCS.

## 5. INFORMATION REQUESTED:

If a stakeholder is interested in providing information or input on DAP strategies, AHCCCS requests a written response that outlines relevant information and data that AHCCCS should consider in the development of its approach.

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AHCCCS welcomes specific responses for DAP initiatives and requests each discrete response to be communicated in the following specific format:

## 5.1 Qualifying Providers

- 5.1.1 What provider type(s) should qualify?
- 5.1.2 What services provided by the provider should qualify?
- 5.1.3 Why prioritize these providers and services?

## 5.2 Qualifying Criteria

- 5.2.1 What is the specific criteria and qualifying threshold? Please express as a percentage, ratio, or whole number.
- 5.2.2 How does this metric align with the AHCCCS Quality Strategy?
- 5.2.3 How are providers anticipated to be differentiated in this metric? For example, based on the most recent data period, what percentage of providers would have qualified under the proposed metric?
- 5.2.4 How does the criteria/metric incentivize performance by these providers?

## 5.3 Data Source

- 5.3.1 What is the data source that would be used for the criteria/metric?
- 5.3.2 What is the time period for the data source that will be evaluated?
- 5.3.3 Is the information publicly available, official, readily accessible, and non-controversial?

## 6. CONTENTS OF YOUR RESPONSE

If you are interested in responding to this RFI, AHCCCS is requesting the following:

- 6.1 **Detailed Written Response** to any or all of the areas listed above. Response should be no more than twelve pages, clearly legible, sequentially page-numbered and include the respondent's name and RFI number at the top of each page.
- 6.2 **A completed Attachment A**, Respondent's contact information, including name, title, mailing address, email address, authorized signature, and phone number of the contact person for questions relating to the RFI.

## 7. HOW TO RESPOND

- 7.1 Submit one (1) electronic copy of the RFI response via e-mail attachment to the procurement officer listed on the front page of this RFI.
- 7.2 Submit response no later than the time indicated on the front page of this RFI. Please take into consideration the Arizona time zone.

## 8. CONFIDENTIAL/PROPRIETARY INFORMATION:



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8.1 To the extent allowed by law, information contained in a response to a request for information shall be considered confidential until a formal procurement process is concluded or for two (2) years, whichever occurs first. AHCCCS reserves the right to use outside consultants to assist staff in reviewing this request for information. A Procurement Disclosure Statement (PDS) is signed by all reviewers to ensure that the legal mandate to maintain strict security and confidentiality of the information is met. This RFI and responses to the RFI are subject to the Arizona Public Records law and as such, are open to public inspection after this time.

8.2 Confidential/Proprietary Information:

8.2.1 To the extent allowed by law, information contained in a response to a request for information shall be considered confidential until a formal procurement process is concluded or for two (2) years, whichever occurs first. This RFI and responses to the RFI are subject to the Arizona Public Records law and as such, are open to public inspection after this time.

8.2.2 Please do not submit anything considered “proprietary” or “confidential”.

**9. REIMBURSEMENT:**

AHCCCS will not reimburse respondents for any costs associated with preparing and submitting a response to the RFI.

**10. NO AWARD OF CONTRACT:**

This is a Request for Information (“RFI”) only and as such will NOT result in any award of contract. AHCCCS is in the information gathering stage and no decisions have been made concerning the agency’s intent to issue a formal Request for Proposal. Responding to this RFI is appreciated and will NOT prohibit the respondents from responding to any future procurement.

## Attachment A: Respondent's Contact Information

Company Name
Address
Federal Employer ID Number

For Clarification of this Response Contact:

Name
Title
Phone
Email

Signature of Authorized Person
Name
Title
Date

**END OF DOCUMENT**

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