AHCCCS Update - Finance & Rates Update

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Topics

1. COVID-19 Financial Response
2. Flu Vaccine Initiative
3. CYE 21 Capitation Rate Development
4. Catastrophic Reinsurance Coverage Decisions
5. CYE 21 ACC Risk Adjustment
6. CYE 21 Rate Guidance
7. Value-Based Purchasing (VBP) Updates
8. SB 1523 - Mental Health Omnibus
COVID-19 Financial Response

• Implementing 3 new directed payments for ALTCS-EPD
  – Retention payments, NF/ALF increase, and HCBS increase
• Amended 3 existing directed payments across programs
  – Access to Professional Services Initiative (APSI)
  – Pediatric Services Initiative (PSI)
  – Nursing Facility Supplemental Payment
• Developed major new directed program and rate increases
  – Hospital Enhanced Access Leading to Health Improvements Initiative (HEALTHII)
  – Health Care Investment Fund (HCIF) provider rate increases
**CYE 20 - EPD Directed Payments**

- NF/ALF and HCBS COVID-19 directed payment guidance:
  [https://www.azahcccs.gov/PlansProviders/MedicalCodingResources.html](https://www.azahcccs.gov/PlansProviders/MedicalCodingResources.html)
  - CMS Approved on 8/31/20
  - AHCCCS has posted updated guidance online

- AHCCCS discussed with EPD MCOs on 9/11/20
  - MCOs must return attestation summary by 10/9/20
  - Payments to providers by 10/28/20
Flu Vaccine Initiative

• Information posted to COVID-19 FAQ under “Flu Shot”
  https://www.azahcccs.gov/AHCCCS/AboutUs/covid19FAQ.html#FluShot

• Rate increase public notice:

• MCO Guidance issued on 8/31/20 regarding:
  – Reimbursement by pharmacists for children
  – Increasing rates for vaccination and admin codes by 10%
  – Provide $10 gift card as member incentive

• Round 1 MCO Q&A sent 9/9/20; Round 2 MCO Q&A Forthcoming
CYE 21 Capitation Rate Development

• Prioritization of COVID-19 has impacted timelines
• Email on 05/20/20 with revised timeline
  – Capitation rates finalized after 10/01/20
  – Plan to pay CYE 20 rates in Oct/Nov, with retroactive adjustment in Dec 2020 to pay new CYE 21 rates eff. 10/01/20
  – AHCCCS to send Rates with Summary of Key Items on or before 10/16/20
• No changes to risk corridors and reinsurance deductibles for CYE 21
# CYE 21 Capitation Rate Timeline

<table>
<thead>
<tr>
<th>Key Activity</th>
<th>Date</th>
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<tbody>
<tr>
<td>AHCCCS Send Projected Case Management (if applicable) to Contractors</td>
<td>On or before 06/30/20</td>
</tr>
<tr>
<td>Contractor Feedback to AHCCCS</td>
<td>(2 weeks after sent)</td>
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<tr>
<td>AHCCCS Send Projected HCBS Mix % (if applicable) to Contractors</td>
<td>On or before 06/30/20</td>
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<tr>
<td>Contractor Feedback to AHCCCS</td>
<td>(2 weeks after sent)</td>
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<tr>
<td>AHCCCS Send Projected Trends to Contractors</td>
<td>On or before 06/30/20</td>
</tr>
<tr>
<td>Contractor Feedback to AHCCCS</td>
<td>(2 weeks after sent)</td>
</tr>
<tr>
<td>AHCCCS Send Projected Admin to Contractors</td>
<td>On or before 07/31/20</td>
</tr>
<tr>
<td>Contractor Feedback to AHCCCS</td>
<td>(2 weeks after sent)</td>
</tr>
<tr>
<td>AHCCCS Send Rates to Contractors with Summary of Key Items</td>
<td>On or before 10/16/20</td>
</tr>
<tr>
<td>Contractor Feedback to AHCCCS</td>
<td>(1 week after sent)</td>
</tr>
<tr>
<td>AHCCCS Submit Actuarial Certifications to CMS and Contractors</td>
<td>On or before 11/13/20</td>
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CYE 21 Capitation Rates - Approach

• Continue to enhance transparency of rate setting process
• Increase opportunities for MCOs to review preliminary rate components and provide feedback to AHCCCS
• Provide timely responses to MCO feedback and questions
• Maximize flow of information between MCOs and AHCCCS
CYE 21 Capitation Rates - Trends

• AHCCCS provided preliminary trends on 6/30/20
  – MCOs submitted feedback and questions by 7/14/20
  – AHCCCS provided written responses to all feedback on 8/7/20
• Based on feedback, AHCCCS reviewing preliminary pharmacy trends and will consider if a higher trend may be appropriate
• Final trends will be reflected in rate information on 10/16/20
• AHCCCS provided preliminary admin rates on 7/31/20
  – MCOs submitted feedback and questions by 8/14/20
  – AHCCCS has engaged with MCOs to clarify numerous items
• AHCCCS is working with MCOs to identify additional costs for:
  – NCQA accreditation requirements
  – Interoperability requirements
  – Other contract changes and requirements
• Anticipated increase in Health Current MCO fees will also be funded
CYE 21 ACC Fixed Admin Recon

• Original CYE 21 ACC contract eliminated Fixed Admin Cost Component Reconciliation that was included in CYE 19 and CYE 20

• AHCCCS received MCO feedback raising concerns about member month projection impacts on fixed component of admin rates
  – Continued uncertainty regarding the timeframe for which the COVID-19 Public Health Emergency (PHE) will be in effect
  – Corresponding uncertainty in member month projections due to the suspension of enrollment terminations during the PHE

• Based on this feedback, AHCCCS will amend the ACC contract to reinstate this reconciliation for CYE 21 (See Email on 9/10/20)
CYE 21 ACC Base Period Data

• AHCCCS provided detailed base data information on 8/31/20
  – Showed step by step adjustments by rate cell
• First year using experience incurred under new ACC contracts
• AHCCCS feels confident in the CYE 19 base data with completion and adjustment for encounter issues, given that:
  – the adjusted completed data is approximately 0.2% higher than MCO financial medical expenses and
  – 0.4% lower than MCO claims data
CYE 21 Catastrophic Reinsurance Decisions

Biological/High Cost Speciality Drug Coverage Additions:

• Trikafta, Orkambi, and Symdeko (for Cystic Fibrosis)
• Ruconest (for Hereditary Angioedema (HAE))
• Tecartus (for Mantle Cell Lymphoma via transplant contracts)

Look for the Reinsurance Hot News for additional communication
CYE 21 ACC Risk Adjustment

- Dec 2019 – Meeting with Contractors and Wakely
- May 2020 – Whitepaper and Risk Scores/Adjustments
- June 2020 – Contractor feedback/questions received
  - Received and responded to 51 total questions
- July 2020 – Answers/Amended Whitepaper
- August 2020 – Meeting with Contractors and Wakely (8/11/20)
- September 2020 – Member Level Risk Data shared (9/16/20)
CYE 21 Rate Guidance

• Please refer to detailed guidance sent on 9/4/20

• Base Rate Increase - Pass-Through Requirements
  – BHOP targeted rate increases
  – HCIF funded rate increases for physician, MSIC, and dental

• DAP Rate Increase Requirements

• 438.6(c) Lump Sum Payment Information
  – AHCCCS to engage with MCOs on contracted status of providers
VBP Timeline of Key Activities

- AHCCCS Memo Sent - 5/21/20
- Stakeholder Meeting - 6/5/20
- Performance Based Payments (PBP) Meeting - 6/19/20
- TI Sustainability/Attribution Meeting - 7/1/20
- Stakeholder Meeting - 7/31/20
VBP Considerations & Issues

• Alignment of PBP time periods on a Calendar Year basis
• “ACO-Type Entity” → Value-Based Network (VBN)
• Workgroup on Subcapitated Arrangements (To Be Scheduled)
  – Inclusive of only MCOs at this time
  – Encouraging providers and VBNs to work through MCOs
SB 1523 - Mental Health Omnibus

• Establishes the Children's Behavioral Health Services Fund with $8M one-time appropriation
  o Provide BH services to children uninsured/underinsured, referred by school, and with parental consent
  o Services can be provided both on and off school grounds
  o AHCCCS to provide funding to the RBHAs

• AHCCCS developing policies and procedures, including conducting a survey of all public schools regarding BH
Questions & Discussion
Thank You!