

## ATTACHMENT J SCO CY2024 RISK SHARING ARRANGEMENTS

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**Note:** *The following is the SCO Contract Year 2024 risk sharing arrangement appearing in **Amendment 1 to the Third Amended and Restated Contract for Senior Care Organizations**. The Appendix is provided for informational purposes to demonstrate how EOHHS expects that Medicaid and Combined Medicare and Medicaid Gains/Losses will be used in the determination of Shared Medicaid Gains/Losses. EOHHS intends to amend the Model Contracts prior to Contract Execution to incorporate the approach below, as well as terminology changes and other updates necessary to align **Section 4.5** and **Appendix E** in the Model Contracts.*

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### SCO RISK SHARING ARRANGEMENTS Contract Year 2024 Subject to CMS Approval

#### Contract-Wide Risk Sharing Arrangement (Section 4.7.C.4)

##### 1. Overall Approach

- a. For purposes of this section, the following terms shall have the following meanings:
  - i. Actual Medical Expenditures - the amount determined in accordance with Section 4.7.C.2.
  - ii. Medical Component of the Capitation Rate Payment – the amount determined in accordance with Section 4.7.C.2.
  - iii. Medical Component of the Medicare Parts A and B Premium Payments – the amount equal to 85% of the Medicare Part A and B premium payments received by the Contractor for the Contract Year.
  - iv. Actual Medicare Expenditures – an amount equal to the numerator of the Contractor’s Medicare MLR.
  - v. Combined Medicare and Medicaid Revenue – an amount equal to the Medical Component of the Capitation Rate Payment plus the Medical Component of the Medicare Parts A and B Premium Payments.
  - vi. Combined Medicare and Medicaid Expenditures – an amount equal to the Actual Medical Expenditures plus the Actual Medicare Expenditures.
- b. EOHHS shall calculate the following:
  - i. Medicaid Gains/Losses

To calculate whether the Contractor had Medicaid Gains or Medicaid Losses for the Contract Year, EOHHS shall subtract the Actual Medical Expenditures from the Medical Component of the Capitation Rate. If such difference is equal to an amount greater than zero, such difference shall be the Contractor's Medicaid Gains. If such difference is an amount less than zero, such difference shall be the Contractor's Medicaid Losses. If such amount equals zero, the Contractor shall have neither Medicaid Gains nor Medicaid Losses for the Contract Year.

ii. Combined Gains/Losses

To calculate whether the Contractor had Combined Gains or Combined Losses for the Contract Year, EOHHS shall subtract the Contractor's Combined Medicare and Medicaid Expenditures from the Contractor's Combined Medicare and Medicaid Revenue. If such difference is equal to an amount greater than zero, such difference shall be the Contractor's Combined Gains. If such difference is an amount less than zero, such difference shall be the Contractor's Combined Losses. If such amount equals zero, the Contractor shall have neither Combined Gains nor Combined Losses for the Contract Year.

**2. Shared Medicaid Gains**

- a. If the absolute value of the Medicaid Gains is greater than 5% of the Medical Component of the Capitation Rate Payment, and the absolute value of the Combined Gains is greater than 2.5% of the Combined Medicaid and Medicare Revenue, the Contractor and EOHHS shall share Medicaid Gains as follows:
  - i. For the absolute value of Medicaid Gains that is less than or equal to 5% of the Medical Component of the Capitation Rate Payment, the Contractor share is 100% and the EOHHS share is 0%.
  - ii. For the absolute value of Medicaid Gains that exceed 5% of the Medical Component of the Capitation Rate Payment, the Contractor share is 5% and the EOHHS share is 95%.
- b. The Contractor's shared Medicaid Gains payments to EOHHS shall not exceed the amount that would result in an absolute value of Combined Gains less than or equal to 2.5% of the Combined Medicare and Medicaid Revenue.

### **3. Shared Medicaid Losses**

- a. If the absolute value of the Medicaid Losses is greater than 5% of the Medical Component of the Capitation Rate Payment, and the absolute value of the Combined Losses is greater than 2.5% of the Combined Medicare and Medicaid Revenue, the Contractor and EOHHS shall share Medicaid Losses as follows:
  - i. For the absolute value of Medicaid Losses that is less than or equal to 5% of the Medical Component of the Capitation Rate Payment, the Contractor share is 100% and the EOHHS share is 0%.
  - ii. For the absolute value of Medicaid Losses that exceed 5% of the Medical Component of the Capitation Rate Payment, the Contractor share is 5% and the EOHHS share is 95%.
- b. EOHHS's shared Medicaid Losses payments to the Contractor shall not exceed the amount that would result in an absolute value of Combined Losses greater than or equal to 2.5% of the Combined Medicare and Medicaid Revenue.

### **4. No Shared Medicaid Gains or Medicaid Losses**

EOHHS and the Contractor shall not share Medicaid Gains or Medicaid Losses (i.e., the Contractor's share shall equal 100% and EOHHS' share shall equal 0%) when:

- a. The absolute value of Medicaid Gains is less than or equal to 5% of the Medical Component of the Capitation Rate Payment.
- b. The absolute value of the Medicaid Gains is greater than 5% of the Medical Component of the Capitation Rate Payment and the absolute value of Combined Gains is less than 2.5% of the Combined Medicare and Medicaid Revenue.
- c. The absolute value of the Medicaid Losses is greater than 5% of the Medical Component of the Capitation Rate Payment and the absolute value of the Combined Losses is less than 2.5% of the Combined Medicare and Medicaid Revenue.
- d. The absolute value of Medicaid Losses less than or equal to 5% of the Medical Component of the Capitation Rate Payment.