



Community Health Centers and the MassHealth ACO Primary Care Sub-Capitation Program

December 2022

Starting April 1st, 2023, a new value-based sub-capitation model for primary care providers participating in the MassHealth Accountable Care Organization (ACO) program will launch. MassHealth will invest more than \$115 million for primary care through this program, which requires providers to meet standards for access and team-based, integrated care, while providing more flexibility in the delivery of care to meet their patients' needs. In addition to shifting reimbursement for primary care services into a per-member-per-month (PMPM) model, practices will receive additional funding to support new care delivery expectations based on the practice's selection of one of three tiers.

Community Health Centers are critical participants in this new flexible payment model.

- All Community Health Centers (CHCs) in the Commonwealth are part of ACOs that have been selected to participate in the ACO program under new contracts starting April 1st, 2023.
- Nearly 50% of patients served at CHCs are MassHealth members, and CHCs provide more than 20% of MassHealth members' primary care. As a result, CHCs' participation and success is critical to achieving MassHealth's policy goals for strengthening primary care.
- CHCs are well positioned to lead the way in the sub-capitation program, including the focus on behavioral health integration, team-based care, health equity and health-related social needs.
- **CHCs are expected to receive new financial investments of \$50-\$70+ million through the sub-capitation program**, over and above the \$120 million invested through the CHC rate restructuring in January 2022.

The sub-capitation program will work together with the CHC prospective payment system (PPS) methodology to maintain assurance of CHCs' federally-required PPS minimum *and* provide new financial investments to support care delivery.

- MassHealth is preserving the investments in CHC rates and underlying PPS methodology implemented as of January 1, 2022 by continuing to ensure that CHCs are paid at least what they would have been paid under their individual PPS rates.
- The PPS wrap methodology for CHCs participating in the ACO sub-capitation program consists of two separate wrap calculations, comparing each to its appropriate PPS benchmark, which will be paid on a quarterly basis:
 1. Services paid prospectively under the sub-capitation program (i.e., all zero-paid services), excluding sub-capitation "Tier payments" from this calculation, and
 2. Services with claims-based payments (i.e., non-sub-capitation services, including behavioral health, and out-of-network or unattributed member claims)
- **This approach ensures that all sub-capitation funding – including the "Tier payments" intended to support new care delivery requirements – directly supports primary care.**
- In addition, MassHealth has worked closely with CHCs to establish a Change in Scope process for PPS rates, which is near completion. This process is expected to accommodate changes in scope related to the sub-capitation program, and we are open to future updates to the process should they become necessary as care models evolve.

The new methodologies and protections for CHCs will be documented and approved by CMS.

- MassHealth submitted a state plan amendment (SPA) to CMS in March 2022 to describe the PPS and alternative payment methodologies (APMs) implementing the January 1, 2022 investments referenced above; that SPA is pending approval by CMS.
- MassHealth will also submit a new SPA, effective April 1, 2023, to reflect how PPS wrap payments are calculated for CHCs participating in the ACO sub-capitation program and any other information that may be required to implement the sub-capitation program; the SPA will be submitted by June 2023.



- Sub-capitation rates are governed by ACO program contracts and will be updated annually as a part of MassHealth's overall managed care rate-setting process.
- MassHealth develops and requires via its ACO contracts that both Model A and Model B ACOs pay CHCs that are subject to PPS requirements 100% of their individual organization PMPM rates.
- Sub-capitation rates and methodology, including protections for CHCs, will be annually submitted to CMS for approval via managed care rate certifications and the 1115 Waiver's Primary Care Payment Protocol.

CHCs have been key partners with MassHealth from the beginning of policy development for the sub-capitation program as part of the 1115 waiver, and MassHealth continues to work closely and collaboratively with CHCs and other stakeholders as the new reimbursement structure is implemented.

- MassHealth has hosted several sessions in the fall of 2022 to provide methodology and policy detail on the sub-capitation program.
- Currently, MassHealth has been offering individual meetings with CHCs and their ACO partners to review sub-capitation rates and answer any questions.
- MassHealth is committed to continuing to work with individual CHCs on any concerns related to PMPM rates and wrap methodologies.
- MassHealth will continue to work with health centers, the Mass League of CHCs, and health centers' partner ACOs throughout the implementation process to meet our shared goals to improve the delivery, experience and outcomes of care for MassHealth members.