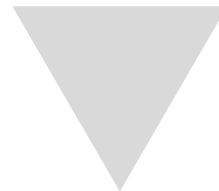
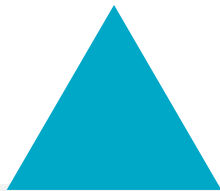


HEALTH WEALTH CAREER

MASSHEALTH TECHNICAL ACO/MCO PRICING MEETING

MAY 17, 2017



TODAY'S AGENDA

- Recap: Total Cost of Care (TCOC) Benchmark and Capitation Rate Development
- Risk Mitigation Techniques

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The information provided in this document is subject to change and is not binding on EOHHS.

All information provided in this document, including example calculations, is for information and illustrative purposes only. Examples incorporate illustrative numbers (e.g., for administrative rates, capitation payments, etc.) that may not reflect actual values, and example calculations use simplifying assumptions that may not reflect actual calculations.

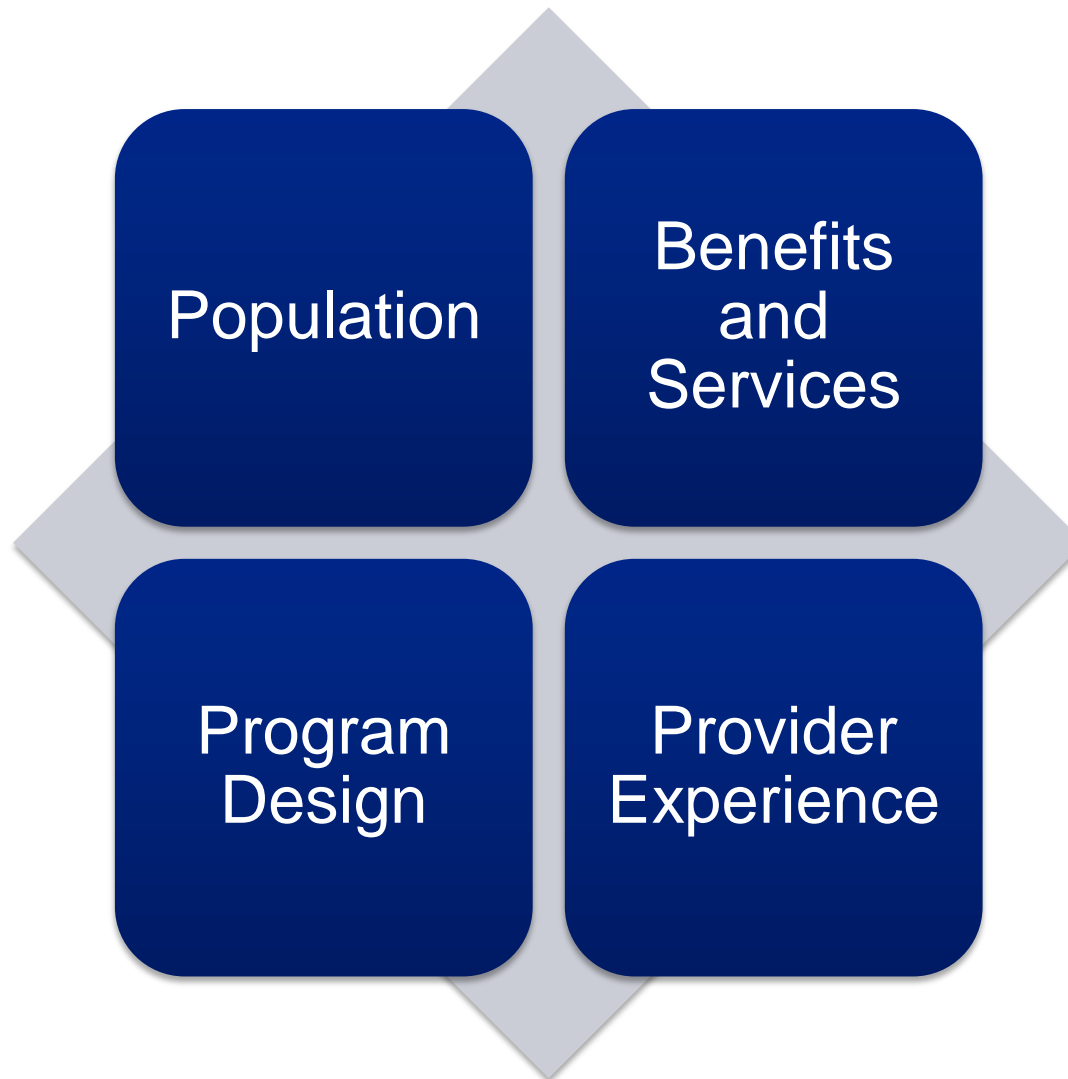
Methodologies set forth herein may be subject to federal approval, and all information provided in this document is subject to change as required to comply with any applicable laws or regulations.

TOTAL COST OF CARE DEVELOPMENT BASE DATA DEVELOPMENT

RECAP FROM MAY 3, 2017

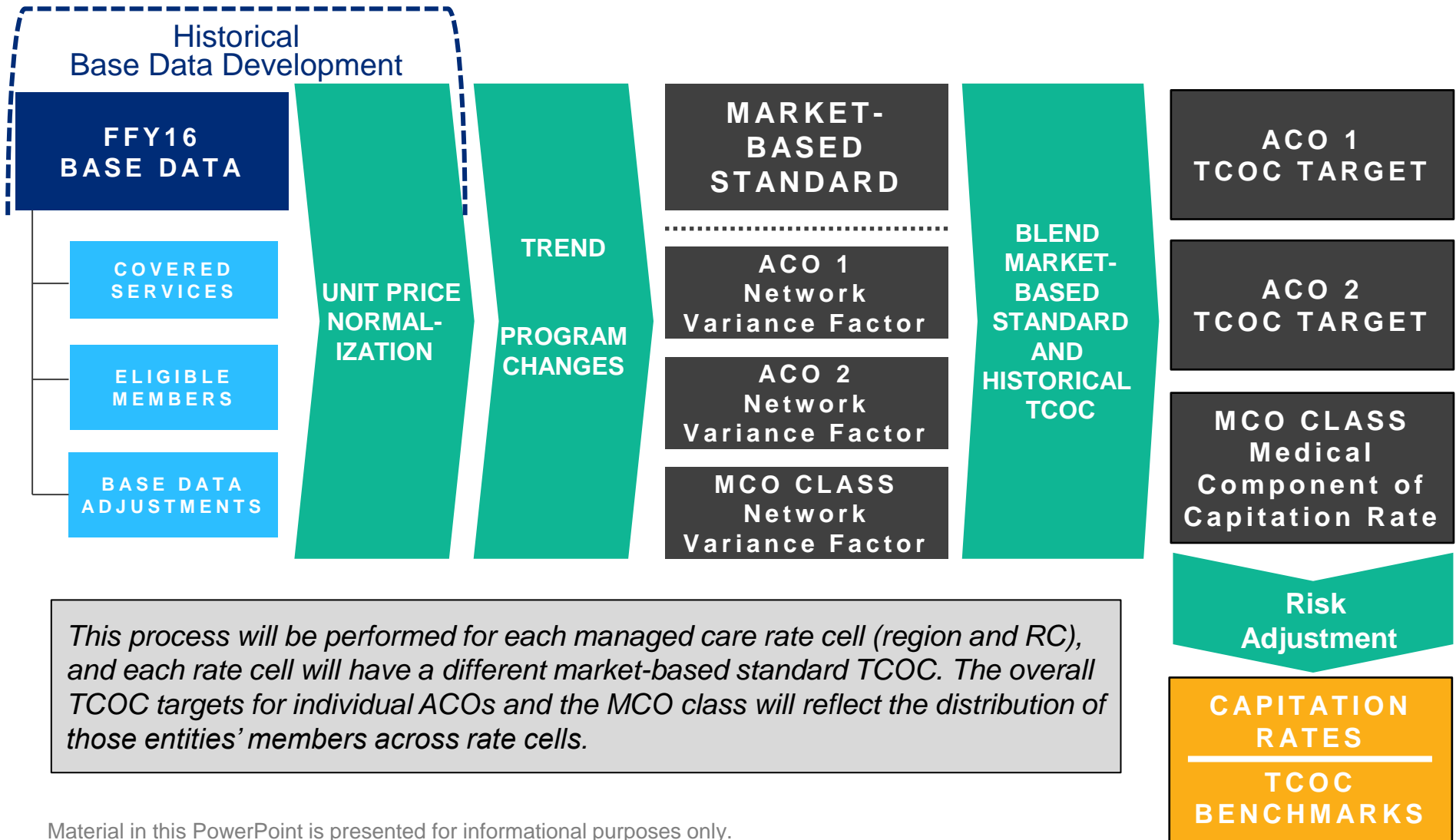
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TOTAL COST OF CARE DEVELOPMENT MATCH RATES TO ACCOUNTABILITY



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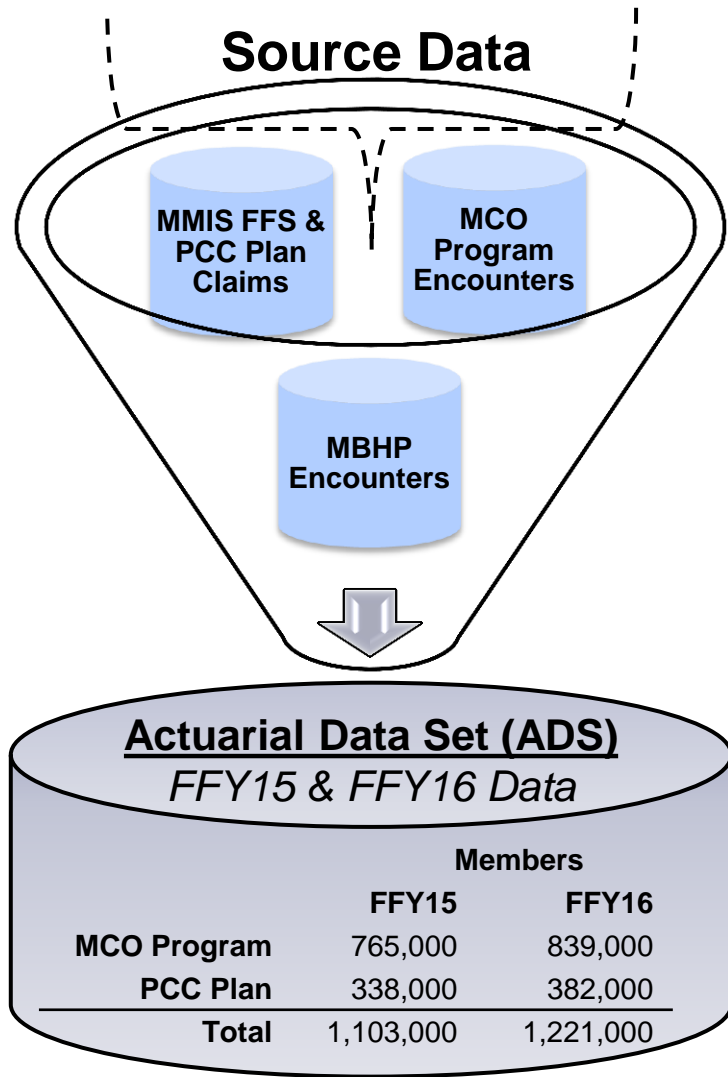
TCOC BENCHMARKS AND CAPITATION RATE DEVELOPMENT



This process will be performed for each managed care rate cell (region and RC), and each rate cell will have a different market-based standard TCOC. The overall TCOC targets for individual ACOs and the MCO class will reflect the distribution of those entities' members across rate cells.

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BASE DATA DEVELOPMENT



- Validation
- Standardization (e.g., COS, provider types, Rating Categories)



- Data Enhancements
- Price Normalization



- ADS: Single source of standardized and normalized data

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ACTUARIAL DATA SET

UNIT PRICE NORMALIZATION

- MassHealth will align and “reprice” claims and encounters across major COS
 - Inpatient Hospital
 - Outpatient Hospital
 - Professional services
 - Behavioral Health
 - Outpatient services normalized to MBHP standard fee schedule
 - Inpatient services normalized to MBHP provider-specific fees
 - CHC
 - Pharmacy
- For the above COS, the Price Normalized Databook reflects fees at 100% of the most recently available fee schedules. These unit prices do not reflect final RY18 pricing and TCOC benchmark assumptions. Items not reflected in the Price Normalized Databook include:
 - Fee schedule increases and unit price inflation
 - Changes in mix of services
 - Behavioral health price differentials between MCO and ACO models

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UNIT PRICE NORMALIZATION

PCC PLAN PRIMARY CARE CLINICIAN ENHANCED FEE

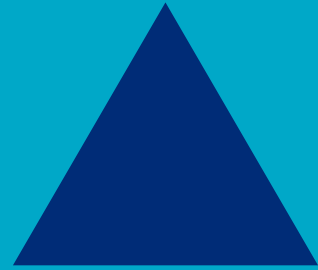
- Price normalization for the Primary Care Clinician (PCC) enhanced fee will be consistent with current RY17, and previous, professional re-pricing methodology for the MCO / CarePlus Program
- MassHealth PCC Plan PCCs receive a \$10 enhanced rate, *added to the visit rate*, for certain types of primary and preventive care visits
 - This fee will continue to be paid for providers in the PCC Plan and will be paid to providers participating in the Primary Care ACOs
- However, the PCC enhanced fee is not included in:
 - Base data price normalization
 - TCOC Benchmark and performance measurement calculations

UNIT PRICE NORMALIZATION

PCC PLAN PRIMARY CARE CLINICIAN ENHANCED FEE

- For more information regarding the PCC Plan PCC enhanced fee, please refer to:
 - The PCC Plan Handbook: <http://www.mass.gov/eohhs/docs/masshealth/provider-services/forms/pcc-handbook.pdf>
 - the PCC Plan PCC Contract: <http://www.mass.gov/eohhs/docs/masshealth/provider-services/forms/pcc-contract-fourth-amended.pdf>
 - Attachment A of the PCC Plan PCC Contract:
<http://www.mass.gov/eohhs/docs/masshealth/provider-services/forms/pcc-enhanced-fee.pdf>

TOTAL COST OF CARE DEVELOPMENT RISK MITIGATION TECHNIQUES



RISK MITIGATION TECHNIQUES OVERVIEW

- Overall principles of risk mitigation
 - Protect plans from high cost, low frequency, difficult-to-manage risk
 - Retain claims and encounters that are manageable for plans to generate savings
- Risk mitigation techniques in existence today
 - HCV Risk Corridor
 - CBHI/ABA Risk Corridors
 - Medical risk corridor
- Risk mitigation techniques that are new
 - Stop-loss per inpatient admission: Primary Care ACOs and MCO-Administered ACOs only
 - Other high cost drug risk corridor (for MCOs and Partnership Plans) or risk carve-out (for Primary Care ACOs and MCO-Administered ACOs)
 - Criteria for inclusion in the other high cost drug risk corridor / carve-out: used for Chronic on-going therapy and used by a small population and no/few other effective drug treatments available for the condition and cost >\$100K per year per person and not used for cancer treatment
 - Or, used for HIV Pre-Exposure Prophylaxis
 - Supplemental maternity payment/adjustment

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RISK MITIGATION TECHNIQUES MANAGED CARE ORGANIZATIONS & PARTNERSHIP PLAN ACOS

Risk mitigation techniques in MCO/CarePlus program today

Medical Risk Corridor

- +/- 3.0% risk corridor with 50% risk outside corridor

Hepatitis C

- +/- 5% risk corridor with 5% risk outside corridor

CBHI/ABA

- Losses/gains within \$100,000 with 1% risk inside corridor
- Losses/gains in excess of \$100,000 with 0% risk outside corridor

Risk mitigation techniques that are new

Other High-Cost drugs

- +/- 2% risk corridor with 0% risk outside corridor

Deliveries

- Supplemental Maternity Payment

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RISK MITIGATION TECHNIQUES

PRIMARY CARE AND MCO-ADMINISTERED ACOS

Risk mitigation techniques

Shared Savings or Losses

- Risk-sharing varies by track
- Capped at 10% of the TCOC Benchmark

Hepatitis C

- +/- 5% risk corridor with 5% risk outside corridor

CBHI/ABA

- Carved out of TCOC calculations

Other High-Cost drugs

- Carved out of TCOC calculations

Deliveries

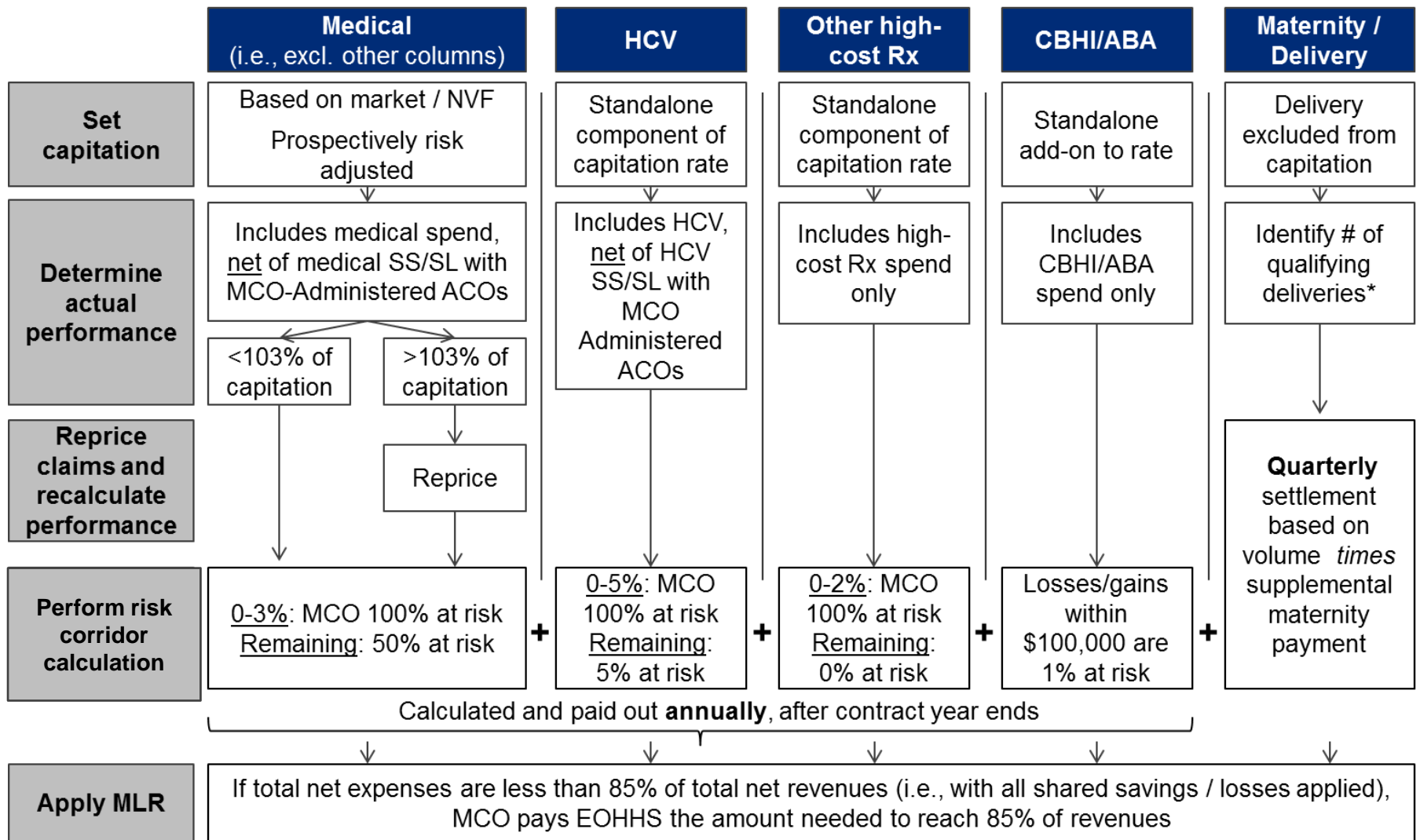
- Supplemental Maternity Adjustment

Stop-loss

- \$150K attachment point per inpatient admission with 5% risk above the attachment point

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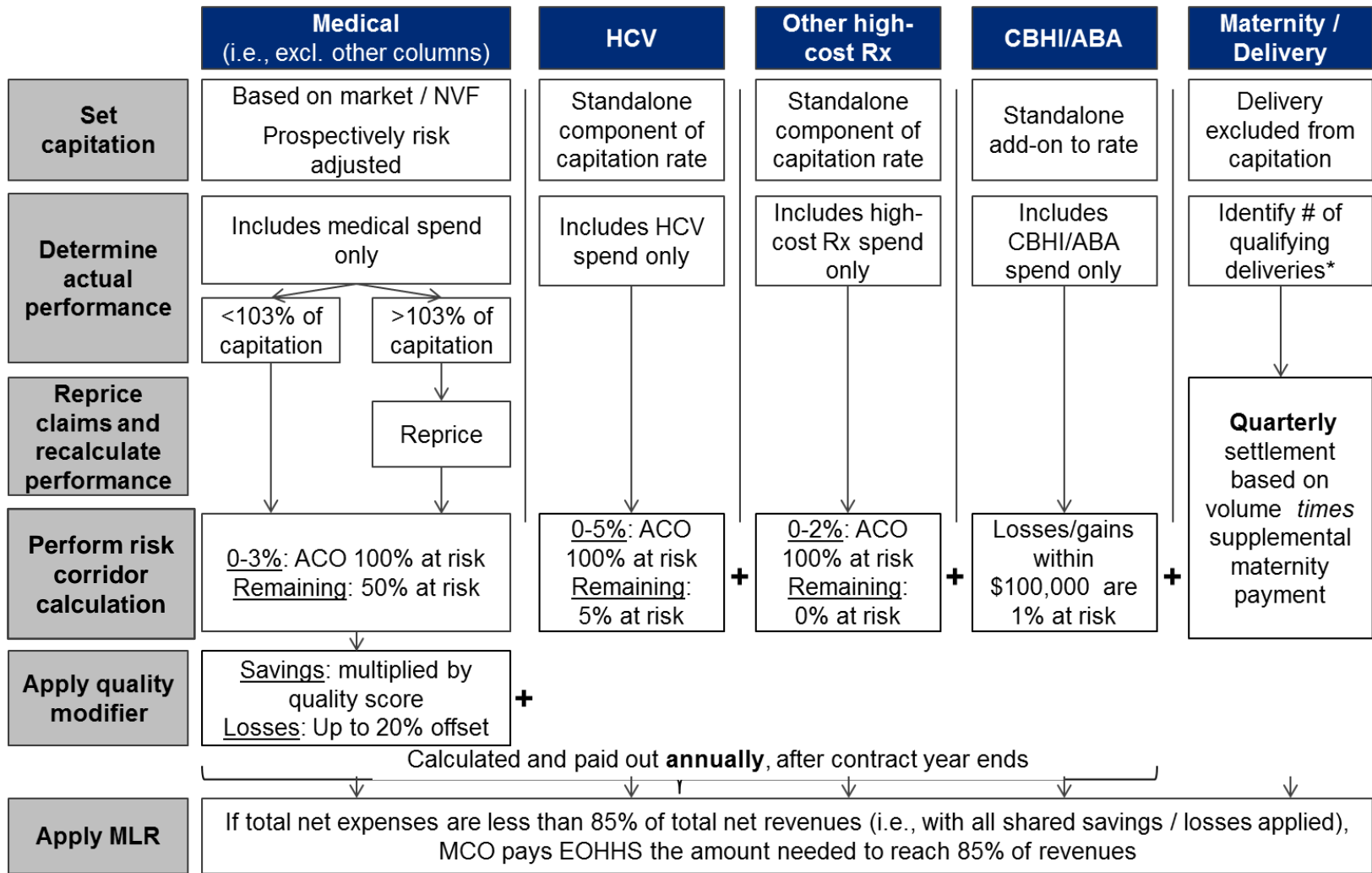
RISK MITIGATION TECHNIQUES FOR MCOS



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* Includes facility delivery charges only. The Supplemental Maternity Payment will not include costs associated with newborn infant admission post-partum or ante-partum, or costs of inpatient care associated with any maternity cases that end in termination or miscarriage.

RISK MITIGATION TECHNIQUES FOR PARTNERSHIP PLAN ACOS



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RISK MITIGATION TECHNIQUES FOR PRIMARY CARE AND MCO-ADMINISTERED ACOS

	Medical (i.e., excl. other columns)		HCV	Other high-cost Rx	CBHI / ABA
	Non-maternity	Maternity			
Determine preliminary benchmark	Based on market / NVF from base data (excluding other columns)	Excluded from preliminary benchmark	Standalone benchmark	Excluded	Excluded
Determine final TCOC benchmark	Exclude 95% of spend >\$150K per admission	Add to benchmark: # of qualified deliveries times supplemental maternity adjustment*	Retrospectively risk adjust	Excluded	Excluded
	Retrospectively risk adjust for actual acuity during measurement year				
Determine performance for reconciliation	Exclude 95% of spend >\$150K per admission	Include actual delivery cost	Includes HCV spend only	Excluded	Excluded
	Adjusted medical spend				
	98-102% of benchmark	<98 / >102% of benchmark			
Apply 2% MSR / MLR	No SS/SL				
Perform SS/SL calculation	Risk sharing varies by track Gains / losses counted up to 10% of benchmark		0-5%: ACO 100% at risk Remaining: 5%		
Apply quality modifier	Savings: multiplied by quality score Losses: Up to 20% offset				

* Includes facility delivery charges only. The Supplemental Maternity Adjustment will not include costs associated with newborn infant admission post-partum or ante-partum, or costs of inpatient care associated with any maternity cases that end in termination or miscarriage.

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