



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 (HEALTHIII)
 - 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>
 - 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:
<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/FluVaccinePublicNoticeFinal.pdf>
- 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

| Key Activity | Date |
|--|-----------------------|
| AHCCCS Send Projected Case Management (if applicable) to Contractors | On or before 06/30/20 |
| Contractor Feedback to AHCCCS | (2 weeks after sent) |
| AHCCCS Send Projected HCBS Mix % (if applicable) to Contractors | On or before 06/30/20 |
| Contractor Feedback to AHCCCS | (2 weeks after sent) |
| AHCCCS Send Projected Trends to Contractors | On or before 06/30/20 |
| Contractor Feedback to AHCCCS | (2 weeks after sent) |
| AHCCCS Send Projected Admin to Contractors | On or before 07/31/20 |
| Contractor Feedback to AHCCCS | (2 weeks after sent) |
| AHCCCS Send Rates to Contractors with Summary of Key Items | On or before 10/16/20 |
| Contractor Feedback to AHCCCS | (1 week after sent) |
| AHCCCS Submit Actuarial Certifications to CMS and Contractors | On or before 11/13/20 |

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

CYE 21 Capitation Rates - Admin

- 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
 - Provide BH services to children uninsured/underinsured, referred by school, and with parental consent
 - Services can be provided both on and off school grounds
 - 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!