



Request for Information

#YH19-0048 Differential Adjusted Payment Strategies

Procurement Officer:

ISSUE DATE: 10/31/2018

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RFI NAME: Differential Adjusted Payment Strategies

RESPONSE DUE DATE: November 30, 2018 no later than 3:00 pm AZ time

QUESTIONS CONCERNING THIS RFI SHALL BE SUBMITTED TO THE PROCUREMENT OFFICER VIA E-MAIL BY **November 14, 2018** 5:00 PM ARIZONA TIME ON THE Q&A FORM PROVIDED WITH THIS RFI. ANSWERS TO QUESTIONS WILL BE POSTED ON THE AHCCCS WEBSITE FOR THE BENEFIT OF ALL POTENTIAL RESPONDENTS.

Responses to this RFI must be in the actual possession of AHCCCS on or prior to the time and date indicated above.

This is a Request for Information ("RFI") only and as such will NOT result in any award of contract.

AHCCCS is in the information gathering stage and no decisions have been made concerning the agency's intent to issue a formal Request for Proposal. Responding to this RFI is appreciated and will NOT prohibit the respondents from responding to any future procurements.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the person responsible for this request as identified below.

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1. OVERVIEW

AHCCCS is the single state Medicaid agency for the State of Arizona. In that capacity it is responsible for operating the Title XIX and Title XXI programs through the State's 1115 Research and Demonstration Waiver, which was granted by the Centers for Medicare and Medicaid Services (CMS), U.S. Department of Health and Human Services. As of May 1, 2018, AHCCCS provides coverage to approximately 1.85 million members in Arizona. Arizona's Medicaid program has been delivered primarily as a managed care program with a relatively small residual, fee-for-service (FFS) component. Additional information may be found on the AHCCCS website reporting page: <https://azahcccs.gov/Resources/Reports/population.html>.

Over 85% of the AHCCCS program's expenditures in SFY 2017 were through managed care programs. AHCCCS contracts with Managed Care Organizations (MCOs) that are responsible for providing Acute, Long Term Care, and Behavioral Health Services. A list of contracted plans can be found here: <https://azweb.statemedicaid.us/HealthPlanLinksNet/HPLinks.aspx>

The program has a total fund budget for SFY 2019 of approximately \$14.1 billion. AHCCCS has over 70,000 active providers in Arizona, such as individual medical and behavioral health practitioners, therapy disciplines, institutions, durable medical equipment companies and transportation entities. Additional information may be found on the AHCCCS website reporting page: <https://www.azahcccs.gov/Resources/Reports/federal.html>

2. PURPOSE of RFI and Background

AHCCCS is soliciting input from stakeholders to inform the development and implementation of its Differential Adjusted Payment (DAP) reimbursement strategies for Contract Year Ending (CYE) 2020 and CYE 2021.

Background

In previous years, AHCCCS has sought public comment on DAP activities as reflected in the following documents:

- CYE 2017 Proposal:
 - <https://www.azahcccs.gov/shared/Downloads/News/ValueBasedPaymentRateDifferentialPublicNotice1232015Final.pdf>
 - <https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentRateDifferentialPublicNoticeForICs04222016Final.pdf>
- CYE 2018 Proposal:
 - https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicCommentProposal_011317.pdf
 - <https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicComment.pdf>
- CYE 2019 Proposal:
 - https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPaymentDAP_20181001.pdf
 - https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPayment_DAP_20181001_FinalNotice.pdf

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As a component of AHCCCS Value Based Purchasing (VBP) activities, and in alignment with the [AHCCCS Quality Strategy](#), select AHCCCS-registered Arizona providers which meet agency established performance criteria receive DAP rate increases. AHCCCS has implemented DAP rates to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available at least to the extent that such care and services are available to the general population in the geographic area.

AHCCCS has previously implemented DAP for the following providers:

- Hospitals Subject to APR-DRG Reimbursement
- Other Hospital and Inpatient Facilities
- Nursing Facilities
- Integrated Clinics
- Physicians, Physician Assistants, and Registered Nurse Practitioners
- Federally Qualified Health Centers (FQHCs)

AHCCCS is considering implementing DAP for the following additional providers in future years:

- Behavioral Health Outpatient Clinics
- Dental Providers
- Home and Community Based Services (HCBS) Providers – relative to Electronic Visit Verification (EVV) readiness activities
- HCBS Providers – relative to Workforce Stability activities
- HCBS Providers – relative to employment of AHCCCS members as Direct Care Workers (DCWs)
- Hospitals Subject to APR-DRG Reimbursement – relative to entering into a care coordination agreement

Please note – Indian Health Services (IHS) and 638 tribally owned and/or operated facilities have been exempt from these initiatives with respect to the services for which they are reimbursed at the federally-mandated all-inclusive rate (AIR). However, AHCCCS welcomes comments and proposals from tribal providers in response to this RFI.

DAP rates represent a positive adjustment to the AHCCCS FFS rates. The purpose of the DAP is to distinguish providers which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. Fee schedule adjustments are limited to dates of services within the given contract year. Each DAP is time-limited for one-year only, although a similar DAP may be implemented in the subsequent year. Providers must re-qualify for a DAP each year even when the DAP criteria remain the same.

AHCCCS MCO (including Regional Behavioral Health Authorities – RBHAs) are required to pass-through DAP increases to their contracted providers, maintaining rates to match the corresponding AHCCCS FFS rate increase percentages. DAPs with respect to MCOs are authorized under 42 C.F.R. 438.6(c)(1)(iii), which provides States with the flexibility to implement provider payment initiatives, which require certain payment levels by MCOs to providers, which provide specific services critical to ensuring timely access to high-quality care. AHCCCS implements DAP as a uniform percentage increase under this authority. The Centers for Medicare and Medicaid Services (CMS) must approve all 438.6(c) payments prior to annual implementation.

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Please note – Funding for DAP rate increases is subject to the appropriation of State funds and State budget constraints. AHCCCS intends to propose incremental and sustainable DAP adjustments, subject to the availability of funds.

3. REQUIREMENTS

AHCCCS is requesting information from interested parties regarding the design and implementation of DAP strategies for CYE 2020 and CYE 2021. AHCCCS will evaluate strategies for consideration based on the following guiding principles:

1. Qualifying criteria should be aligned with the AHCCCS Quality Strategy.
AHCCCS is required to demonstrate how DAPs are driven by the AHCCCS Quality Strategy in order to obtain federal approval from CMS. Criteria can address measurable performance outcomes or measurable readiness activities that have been completed by providers in the specified data period.
2. Criteria should be based on publicly available, official, and non-controversial data.
In order to ensure the fair and efficient administration of the DAP program, the data used to evaluate providers against the qualifying criteria should, when possible, be independently produced and validated outside of AHCCCS. When feasible, established quality metrics already measured by another governmental entity are preferable. Using publicly available data not subject to interpretation by AHCCCS ensures transparency and clarity in these initiatives.
3. Not all providers should qualify – providers should be differentiated based on performance.
The qualifying criteria should be defined such that 100% of providers will not likely qualify for DAP. The *Differential Adjusted Payment* model requires that criteria are used to *differentiate* providers based on performance in order to receive corresponding *differentiated* payments. If all providers receive the differential payment, there is no incentive to drive performance.
4. Criteria thresholds are binary (yes/no) – either a provider meets or does not meet a criteria.
While a given threshold may be represented as a ratio, percentage, or measurement of change between data points, the ultimate determination as to if a provider qualifies is either yes/qualifies or no/does not qualify for any given DAP. This approach ensures clarity in determining which providers do or do not qualify for each initiative and is required in order to support implementation of the DAP in the AHCCCS and MCO payment systems. Note – In a given year, if a provider is eligible for two DAP initiatives, depending upon its performance relative to established criteria for each of the two initiatives, it could qualify for none, one, or both of the DAP initiatives.
5. All qualifying providers must be identified in advance of the contract period.
In order to meet the deadlines associated with key activities outlined in the timeline below, all qualifying providers must be identified by the May 1st preceding the October 1st beginning of the contract period. A provider may not gain or lose DAP during a given contract year. The DAP rate is a prospective adjustment for the entire one-year period and there is no corresponding reconciliation or subsequent adjustment to account for current year performance.

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6. Qualifying for a DAP in one year does not guarantee qualifying for a DAP in future years. In order to continue to drive increases in performance over time, AHCCCS intends to continue to design DAP qualifying criteria that may differentiate different providers from year to year. Therefore, a DAP rate increase is temporary, time-limited, and only applicable to dates of service within the one year DAP period. DAP funding is not considered a component of the base rate or underlying rate structure and is subject to change from year to year.

DAP Initiative Example:

The following is an example of a previously implemented DAP that is consistent with the guiding principles outlined above and is being implemented in CYE 2019.

1. Qualifying Provider – Nursing Facilities (Provider Type 22)
2. Qualifying Criteria – Provider’s percentage of high-risk residents with Pressure Ulcers is less than or equal to the Arizona average.
3. Data Source – The percent of High-Risk Residents with Pressure Ulcers (Long Stay) based on the facility’s performance results for long-stay, high risk residents with Stage II-IV pressure ulcers reported in Minimum Data Set (MDS) 3.0 for this CMS Nursing Home Quality Measure metric. Facility results are compared to the accompanying Arizona Average results for the measure, for the most recently published rate as of April 30, 2018.

Please also refer to prior year public notices for more detailed examples of DAP initiatives that have been considered and implemented.

Additional Considerations:

AHCCCS is specifically interested in receiving suggestions and input on DAP strategies for HCBS providers, which serve members through the Arizona Long Term Care System (ALTC) Developmental Disabilities (DD) and Elderly and Physically Disabled (EPD) programs. For planning purposes, AHCCCS is currently considering potential initiatives in the following categories:

1. HCBS Providers – relative to Electronic Visit Verification (EVV) readiness activities
One of the primary challenges in implementing the state-wide EVV system is provider engagement and readiness. DAP initiatives could be used to incentivize provider activities required for EVV implementation.
 - In CYE 2020 (October 1, 2019 through September 30, 2020), AHCCCS would consider a DAP for providers with no EVV system currently in place based on the provider establishing a data sharing agreement with the EVV Vendor by May 1, 2019.
 - In CYE 2020, AHCCCS would consider a DAP for providers with an EVV system currently in place based on the provider establishing a data sharing agreement with the EVV Vendor, and submitting an attestation that it will comply with EVV mandated components for submission of data to the EVV Vendor, by May 1, 2019.
 - In CYE 2021 (October 1, 2020 through September 30, 2021), AHCCCS would consider a DAP for providers with no EVV system currently in place based on the provider completing specified training objectives by May 1, 2020.

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- In CYE 2021, AHCCCS would consider a DAP for providers with an EVV system currently in place based on submission and acceptance of a data file transfer by May 1, 2020.

- 2. HCBS Providers – relative to Workforce Stability activities

One of the primary challenges in ensuring a Direct Care Workforce that is sufficient to meet members’ needs is mitigating employee turn-over while promoting workforce retention. Currently, AHCCCS is working with ALTCS MCOs to develop a standardized set of metrics for measuring workforce stability in order to support and inform the development and implementation of their respective Workforce Development Plans. These metrics include: Average Time to Fill, Turnover, and Retention. A DAP initiative could be used to incentivize providers to achieve results in this goal area.

 - In CYE 2021, AHCCCS would consider a DAP based on the provider meeting established targets for workforce stability metrics in the period January 1, 2019 through December 31, 2019, as compared to baseline data from the period January 1, 2018 through December 31, 2018.

- 3. HCBS Providers – relative to employment of AHCCCS members as direct care workers (DCWs)

AHCCCS seeks to provide opportunities for its members to gain and maintain meaningful employment, while aligning with workforce stability activities to support the recruitment and retention of DCWs. Accordingly, AHCCCS seeks input on options to incentivize HCBS providers to hire and retain AHCCCS members as DCWs to provide services to members in the ALTCS program. Participating members could be enrolled with any AHCCCS Contractor, including ALTCS, RBHA, and AHCCCS Complete Care (ACC). AHCCCS anticipates such an initiative would align with multiple goals, including increasing self-sufficiency through employment, increasing quality outcomes for members as employees, addressing provider capacity issues, and reducing the overall cost of care.

 - In CYE 2021, AHCCCS would consider a DAP based on a provider meeting established targets for hiring and retention of AHCCCS members as DCWs in the period January 1, 2019 through December 31, 2019, as compared to baseline data from the period January 1, 2018 through December 31, 2018.

Timeline

The following table is a summary of key activities in the DAP Strategies decision making and communication processes. Note – There is not an associated Request for Proposal (RFP) associated with this RFI.

Deadline	Key Activities
10/31/2018	Request for Information (RFI) Posted
11/30/2018	RFI Responses Due
1/31/2019	Preliminary Public Notice
4/30/2019	Final Public Notice
5/1/2019	Qualifying Providers Identified
7/1/2019	438.6(c) Request for Approval Due to CMS
8/15/2019	MCO Capitation Rates Due to CMS (including prospective funding for DAPs)

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4. FINANCIAL/TOTAL COST OF OWNERSHIP

This RFI does not constitute a solicitation for proposals, a commitment to conduct procurement, or an offer of a contract or prospective contract; AHCCCS will not award a contract as a result of this RFI. AHCCCS will not be liable for any costs incurred by respondents in the preparation and submission of information in response to this RFI.

Information received by AHCCCS becomes the property of AHCCCS and will not be returned to the sender. There will be no acknowledgement by AHCCCS of receipt of the information. Acceptance of responses to this RFI imposes no obligations of any kind upon AHCCCS.

5. INFORMATION REQUESTED:

If a stakeholder is interested in providing information or input on DAP strategies, AHCCCS requests a written response that outlines relevant information and data that AHCCCS should consider in the development of its approach.

AHCCCS welcomes specific proposals for DAP initiatives and requests each discrete proposal to be communicated in the following specific format:

1. Qualifying Providers

- a. What provider type(s) should qualify?
- b. What services provided by the provider should qualify?
- c. Why prioritize these providers and services?

2. Qualifying Criteria

- a. What is the specific criteria and qualifying threshold? Please express as a percentage, ratio, or whole number.
- b. How does this metric align with the AHCCCS Quality Strategy?
- c. How are providers anticipated to be differentiated in this metric? For example, based on the most recent data period, what percentage of providers would have qualified under the proposed metric?
- d. How does the criteria/metric incentivize performance by these providers?

3. Data Source

- a. What is the data source that would be used for the criteria/metric?
- b. What is the time period for the data source that will be evaluated?
- c. Is the information publicly available, official, readily accessible, and non-controversial?

6. CONTENTS OF YOUR RESPONSE

If you are interested in responding to this RFI, AHCCCS is requesting the following:

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- 6.1 **Detailed Written Response** to any or all of the areas listed above. Response should be no more than twelve pages, clearly legible, sequentially page-numbered and include the respondent's name and RFI number at the top of each page.
- 6.2 **A completed Attachment A**, Respondent's Information, which includes contact information, including name, title, mailing address, email address, authorized signature, and phone number of the contact person for questions relating to the RFI.

7. HOW TO RESPOND

- 7.1 Submit one (1) electronic copy of the RFI response electronically (or by mail/physically) to the procurement officer listed on the front of this RFI via
 - 7.1.1 CD; or other electronic device
 - 7.1.2 Secure Email attachment.
- 7.2 Submit response no later than the time indicated on the front page of this RFI. Please take into consideration the Arizona time zone.

8. CONFIDENTIAL/PROPRIETARY INFORMATION:

- 8.1 To the extent allowed by law, information contained in a response to a request for information shall be considered confidential until a formal procurement process is concluded or for two (2) years, whichever occurs first. AHCCCS reserves the right to use outside consultants to assist staff in reviewing this request for information. A Procurement Disclosure Statement (PDS) is signed by all reviewers to ensure that the legal mandate to maintain strict security and confidentiality of the information is met. This RFI and responses to the RFI are subject to the Arizona Public Records law and as such, are open to public inspection after this time.
- 8.2 **Detailed Legal Analysis:** If a Respondent believes that a specific portion of its response contains information that should be withheld from public inspection due to confidentiality, the Respondent shall submit to the Procurement officer a detailed legal analysis, prepared by legal counsel, which sets forth the basis for the requested non-disclosure and the specific harm or prejudice which may arise if disclosed. The analysis shall be presented to the Procurement Officer at the same time as the bid, proposal, offer, specification, or protest.
- 8.3 **Redacted Version of Response:** If any pieces of a response are being requested to be kept confidential, and withheld from public viewing, an additional redacted copy of the proposal on a separate CD or in a separate document is required. This will ensure that no confidential information is advertently shared publicly as opposed to the version that contains confidential information for AHCCCS viewing only.
 - 8.3.1 An entire response shall not be identified as confidential; only those very limited and distinct portions which are considered by the respondent as confidential may be identified as such.
 - 8.3.2 In the event that AHCCCS receives a request for disclosure of the information, AHCCCS shall disclose the information in accordance with the law. Prior to disclosure, AHCCCS will inform the respondent of such request and provide the respondent a period of time to take action it deems appropriate to support non-

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disclosure. The respondent shall be responsible for any and all costs associated with the nondisclosure of the information.

9. REIMBURSEMENT:

AHCCCS will not reimburse any respondent for the cost of preparing and submitting a response to the RFI or for travel costs associated with presenting the demo.

10. NO AWARD OF CONTRACT:

This is a Request for Information ("RFI") only and as such will NOT result in any award of contract. AHCCCS is in the information gathering stage and no decisions have been made concerning the agency's intent to issue a formal Request for Proposal. Responding to this RFI is appreciated and will NOT prohibit the respondents from responding to any future procurement.

Attachment A: Respondent's Contact Information

Company Name
Address
Federal Employer ID Number

For Clarification of this Response Contact:

Name
Title
Phone
Email

Signature of Authorized Person
Name
Title
Date

END OF DOCUMENT

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