



## Request for Information

**#YH21-0069 Differential Adjusted Payment Strategies**

**Procurement Officer:**

**ISSUE DATE:** 11/5/2021

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**OFFICE ADDRESS: AHCCCS**  
Procurement Office  
801 E. Jefferson, MD 5700  
Phoenix, AZ 85034

**RFI NAME: Differential Adjusted Payment Strategies**

**RESPONSE DUE DATE: December 3, 2021, no later than 3:00 p.m. AZ time**

QUESTIONS CONCERNING THIS RFI SHALL BE SUBMITTED TO THE PROCUREMENT OFFICER VIA E-MAIL BY **November 19, 2021** 5:00 P.M. 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.**

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.

# REQUEST FOR INFORMATION

## 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 September 1, 2021, AHCCCS provides coverage to over 2.2 million members in Arizona. Arizona's Medicaid program has been delivered primarily as a managed care program with a relatively small, Fee-for-Service (FFS) component. Additional information may be found on the AHCCCS website reporting page:

<https://azahcccs.gov/Resources/Reports/population.html>.

Over 87 percent of the AHCCCS program's expenditures in SFY 2021 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 2022 of approximately \$18.3 billion. AHCCCS has over 110,000 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) 2023 and CYE 2024.

### Background

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

- CYE 2018 Proposal:
  - [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicCommentProposal\\_011317.pdf](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/DifferentialAdjustedPaymentDAP_20181001.pdf)
  - [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPayment\\_DAP\\_20181001\\_FinalNotice.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DifferentialAdjustedPayment_DAP_20181001_FinalNotice.pdf)
- CYE 2020 Proposal:

# REQUEST FOR INFORMATION

- o [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAPPreliminaryNotice\\_CYE2020.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAPPreliminaryNotice_CYE2020.pdf)
- o [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/FinalNoticeOfPublicInformationDifferentialAdjustedPaymentsEffectiveOctober\\_1\\_2019-September\\_30\\_2020\\_DatesOfService.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/FinalNoticeOfPublicInformationDifferentialAdjustedPaymentsEffectiveOctober_1_2019-September_30_2020_DatesOfService.pdf)
- CYE 2021 Proposal:
  - o [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAP\\_Preliminary\\_Notice\\_CYE2021.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAP_Preliminary_Notice_CYE2021.pdf)
  - o [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAP\\_Final\\_Notice\\_CYE2021\\_Revised\\_09282020.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAP_Final_Notice_CYE2021_Revised_09282020.pdf)
- CYE 2022 Proposal:
  - o [https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/CYE2022PreliminaryDAPPublicNotice01\\_28\\_2021revised.pdf](https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/CYE2022PreliminaryDAPPublicNotice01_28_2021revised.pdf)
  - o <https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/DAPFinalNoticeCYE2022.pdf>

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 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,
- IHS/638 Tribally Owned and/or Operated Facilities,
- Critical Access Hospitals,
- Other Hospital and Inpatient Facilities,
- Nursing Facilities,
- Integrated Clinics,
- Behavioral Health Outpatient Clinics,
- Physicians, Physician Assistants, and Registered Nurse Practitioners,
- Dental Providers,
- Home and Community Based Services (HCBS) Providers, and
- Behavioral Health Providers.

AHCCCS is considering implementing new DAPs, modified DAPs and DAPs with updated milestones for the following providers in CYE 2023 and CYE 2024:

1. Hospitals Subject to APR-DRG Reimbursement

# REQUEST FOR INFORMATION

- a. CYE 2023 - Continuing the development and execution of a data quality improvement effort, as defined by the qualifying HIE organization.
  - b. CYE 2023 - Require usage of the Closed Loop Referral System at least 10 times per month as a milestone in the HIE DAP.
2. Critical Access Hospitals
    - a. CYE 2023 - Continuing the development and execution of a data quality improvement effort, as defined by the qualifying HIE organization.
    - b. CYE 2023 - Require usage of the Closed Loop Referral System at least 10 times per month as a milestone in the HIE DAP.
3. Other Hospitals and Inpatient Facilities
    - a. CYE 2023 - Continuing the development and execution of a data quality improvement effort, as defined by the qualifying HIE organization.
    - b. CYE 2023 - Require usage of the Closed Loop Referral System at least 10 times per month as a milestone in the HIE DAP.
4. IHS/638 Tribally Owned and/or Operated Facilities
    - a. CYE 2023 - Development and execution of a data quality improvement effort, as defined by the qualifying HIE organization.
5. Integrated Clinics
    - a. CYE 2023 - Development of a DAP to incentivize providers to serve members with serious mental illness designations who are enrolled in the American Indian Health Program
    - b. CYE 2023 - Development and execution of a data quality improvement effort, as defined by the qualifying HIE organization.
    - c. CYE 2023 - Add a minimum threshold of an average of 10 monthly referrals through the Closed Loop Referral System
6. Behavioral Health Outpatient Clinics
    - a. CYE 2023 - Development of a DAP to incentivize providers to serve members with serious mental illness designations who are enrolled in the American Indian Health Program
    - b. CYE 2023 - Development of a data quality improvement plan with a qualifying HIE organization as well as accessing patient health information via a qualifying HIE organization utilizing one or more HIE services.
    - c. CYE 2023 - Add a minimum threshold of an average of 10 monthly referrals through the Closed Loop Referral System
7. Nursing Facilities
    - a. CYE 2023 - Development of a data access plan with a qualifying HIE organization
8. Physicians, Physician Assistants, and Registered Nurse Practitioners
    - a. CYE 2023 – E-prescribing, increase criteria from 75% to 80%

## REQUEST FOR INFORMATION

- b. CYE 2023 - Six-week postpartum visits, increase criteria from 20% to 25%
  - c. CYE 2023 - Accessing patient information via a qualifying HIE organization utilizing one or more HIE services, such as the HIE portal, ADT Alerts, Clinical Notifications, or an interface that delivers patient data into the entity's electronic health record (EHR)
  - d. CYE 2023 - Add a minimum threshold of an average of 10 monthly referrals through the Closed Loop Referral System
9. HCBS Providers
- a. CYE 2023 - For providers subject to EVV, the provider meets the established percentage of visits logged for their membership.
  - b. CYE 2023 - Accessing patient information via a qualifying HIE organization utilizing one or more HIE services, such as the HIE portal, ADT Alerts, Clinical Notifications, or an interface that delivers patient data into the entity's EHR (Assisted Living Facilities only)
  - c. CYE 2024 - For providers subject to EVV, the provider meets the established percentage of claims passing EVV Claims Validation
  - d. CYE 2024 – For Providers required to comply with the HCBS Rules, passing a quality monitoring audit without a Corrective Action Plan (CAP).
10. Multiple Provider Types
- a. CYE 2023 – Completion of a Social Determinants of Health (SDoH) Screening Tool
  - b. CYE 2023 - American Society of Addiction Medicine Continuum Software Integration

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.

Under a given DAP initiative, the DAP increase may be applicable to all claims paid to a provider or may be limited to claims for a subset of select services. The DAP increases do not apply to payments made on the basis of a cost-to-charge ratio. This notice describes how the DAP increase will be applied for each initiative.

AHCCCS MCOs (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

# REQUEST FOR INFORMATION

Centers for Medicare and Medicaid Services (CMS) must approve all 438.6(c) payments prior to annual implementation.

Please note – Funding for DAP rate increases is subject to the appropriation of State funds and State budget constraints. Federal funding for DAP rate increases is contingent upon federal approval. 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 2023 and CYE 2024. AHCCCS will evaluate strategies for consideration based on the following guiding principles:

- 3.1. 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.
- 3.2. 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.
- 3.3. 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.
- 3.4. Criteria thresholds are binary (yes/no) – either a provider meets or does not meet a criterion. 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 DAP initiatives.
- 3.5. 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 April 1 preceding the October 1 beginning of the

# REQUEST FOR INFORMATION

contract period. A provider generally does not gain or lose a 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.

- 3.6. 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.

#### 4. **DAP Initiative Example:**

The following is an example of a previously implemented DAP that is consistent with the guiding principles outlined above and was implemented in CYE 2020.

- 4.1. Qualifying Provider – Nursing Facilities (Provider Type 22)
- 4.2. Qualifying Criteria – Provider’s percentage of high-risk residents with Pressure Ulcers is less than or equal to the Arizona average.
- 4.3. 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 May 12, 2020.

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

#### 5. **Additional Considerations: HCBS Provider Focus**

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 (ALTCS) Developmental Disabilities (DD) and Elderly and Physically Disabled (EPD) programs. For planning purposes, AHCCCS is currently considering potential initiatives in the following categories for CYE 2023 and CYE 2024:

- 5.1. HCBS Providers - relative to meeting EVV claims criteria
  - 5.1.1. In CYE 2023, AHCCCS would consider a DAP for providers that log EVV visits for 80% of membership as of March 31, 2022.
  - 5.1.2. In CYE 2024, AHCCCS would consider a DAP for providers that meet 95% of claims passing EVV Claims Validation during the period of July 2022 - March 2023.
- 5.2. HCBS Providers - relative to meeting HCBS Compliance Standards
  - 5.2.1. In CYE 2023 - AHCCCS would consider a DAP for providers required to comply with HCBS Rules, that pass a quality audit without a CAP for the period of March 2021-March 2023.

# REQUEST FOR INFORMATION

## 6. Additional Considerations: Physicians, Physicians Assistants, and Nurse Practitioners

AHCCCS is interested in receiving suggestions and input on DAP strategies for physicians, physicians assistants, and nurse practitioners. For planning purposes, AHCCCS is considering implementing a HIE DAP incentive in CYE 2023. With that in mind, AHCCCS is posing the following question to providers:

- 6.1. Would an HIE DAP incentivize physicians, physicians assistants, and nurse practitioners within smaller practices and/or private practices to participate in the HIE?

## 7. 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
11/5/2021	Request for Information (RFI) Posted
12/3/2021	RFI Responses Due
1/28/2022	Preliminary Public Notice
3/18/2022	Final Public Notice
4/1/2022	Qualifying Providers Identified
7/1/2022	438.6(c) Request for Approval Due to CMS
8/15/2022	MCO Capitation Rates Due to CMS (including prospective funding for DAPs)

## 8. OUTCOME

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.

## 9. 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:

- 9.1. Qualifying Providers
  - 9.1.1. What provider type(s) should qualify?
  - 9.1.2. What services provided by the provider should qualify?
  - 9.1.3. Why prioritize these providers and services?



# REQUEST FOR INFORMATION

## 9.2. Qualifying Criteria

- 9.2.1. What is the specific criteria and qualifying threshold? Please express as a percentage, ratio, or whole number.
- 9.2.2. How does this metric align with the AHCCCS Quality Strategy?
- 9.2.3. 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?
- 9.2.4. How does the criteria/metric incentivize performance by these providers?

## 9.3. Data Source

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

## 10. **CONTENTS OF YOUR RESPONSE**

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

- 10.1. **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.
- 10.2. **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.

## 11. **HOW TO RESPOND**

- 11.1. Submit one (1) electronic copy of the RFI response via email attachment to the listed at [PROCUREMENT@azahcccs.gov](mailto:PROCUREMENT@azahcccs.gov). Please indicate the RFI number and your company name in the subject line of your email.
- 11.2. Submit your response no later than the time indicated on the front page of this RFI. Please take into consideration the Arizona time zone.

## 12. **CONFIDENTIAL/PROPRIETARY INFORMATION**

- 12.1. 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. 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.
- 12.2. Please do not submit anything considered "proprietary" or "confidential".
- 12.3. Information received by AHCCCS becomes the property of AHCCCS and will not be returned to the sender.

# REQUEST FOR INFORMATION

**6. 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 if applicable.

**13. 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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