

Cost Effectiveness Bonus Methodology Updates

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Today's Objectives

- Review of PCP Payment Structure and Timeline
- Review of Cost Effectiveness Methodology
- Updates to the Cost Effectiveness Methodology
- Q&A

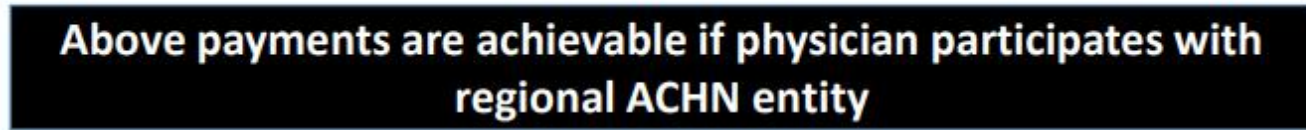
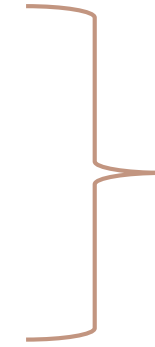
PCP Payment Structure

BONUS PAYMENTS

This is a Bonus pool in the amount of \$15 million annually to fund three Bonus payments for Participating PCP groups.

The Bonus Payment pool is paid quarterly and allotted as follows:

- 50% for Quality
- 45% for Cost Effectiveness
- 5% for PCMH Recognition



* Providers currently eligible for BUMP Payments will still be able to receive BUMP rates if they choose to not participate with the ACHN but will **NOT** be eligible for Participation Rates or Bonus Payments.

PCP Bonus Payment Timeline

ACHN PCP Bonus Payment Timelines																																								
	Fall 2019			Winter 2020			Spring 2020			Summer 2020			Fall 2020			Winter 2021			Spring 2021			Summer 2021			Fall 2021			Winter 2021			Spring 2022									
Base Timeline Model For Initial Calculated Payment	October-19	November-19	December-19	January-20	February-20	March-20	April-20	May-20	June-20	July-20	August-20	September-20	October-20	November-20	December-20	January-21	February-21	March-21	April-21	May-21	June-21	July-21	August-21	September-21	October-21	November-21	December-21	January-22	February-22	March-22	April-22	May-22	June-22							
Patient Attribution	Rolling 24 Month Lookback																																							
Quality				Calendar Year w 6 Months Run Out																																				
Cost Effectiveness	12 Months Data w 3 Months Run Out																																							
PCMH																																								
	Data Source Month												First Calculated Payment Date																											

Guiding Principles for Cost Effectiveness

- Consistency with ACHN's principles of paying for activity with a focus on preventative care and health outcomes.
- Acknowledgement that risk levels vary across practices.
- Results are risk-adjusted, using validated methodologies.
- Evaluation of activities at the group level.
- Consistently reviewed and revised, when necessary, to ensure all costs are appropriately risk-adjusted and methodology is consistent with other payers' practices.

Cost Effectiveness Overview

- All participating PCP groups will be eligible for a performance payment if the PCP group meets or exceeds the cost effectiveness criteria established by Medicaid.
- Medicaid utilizes software developed by MARA (Milliman Advanced Risk Adjusters) to determine risk scores for each individual Medicaid recipient. Several statistical models are employed for these processes. Risk scores are standardized metrics used to evaluate a member's previous health experience and/or to predict health outcomes.
- Until this point in the ACHN program, PCP groups must have a score less than or equal to the statewide median Cost Effectiveness score to qualify for the Cost Effectiveness bonus.

Review of Cost Effectiveness Calculations

1. Calculate the Practice Risk Score

$$\text{Practice Risk Score} = \frac{\Sigma(\text{Normalized Individual Risk Scores})}{\Sigma(\text{Members})}$$

2. Calculate the Actual PMPM of the Provider Group

$$\text{Practice Actual PMPM Costs} = \text{Group} \frac{\Sigma(\text{Member Amount Paid})}{\Sigma(\text{Member Months})}$$

3. Calculate the ACHN Statewide PMPM

$$\text{ACHN Statewide PMPM} = \text{Population} \frac{\Sigma(\text{ACHN Member Amount Paid})}{\Sigma(\text{ACHN Member Months})}$$

4. Calculate the Provider Group's Expected PMPM

$$\text{Group Expected PMPM} = \text{Practice Risk Score} \times \text{ACHN Statewide PMPM}$$

5. Calculate the Provider Group's Cost Effectiveness Score

$$\text{Group Cost Effectiveness Score} = \frac{\text{Group Actual PMPM}}{\text{Group Expected PMPM}}$$

Past Cost Effectiveness Adjustments

- Adjustments have already been made to account for some factors specific to Alabama Medicaid
 1. Exclude inpatient psychiatry costs (ADMH claims)
 2. Include crossover (Medicare) claims in MARA input dataset
 3. Include 40 diagnoses in MARA input dataset (previously only the top 7 were included)
- UA and the Agency's Analytics team have been analyzing different scenarios to identify patients that have extreme costs compared to their MARA risk scores (outliers).
- Providers requested consideration of an alternate cutoff point of who receives a cost effectiveness bonus.

Adjustments to the current method

Beginning April 2022, the following adjustments will be in place:

- Outlier adjustments – Remove the recipients with total costs > \$250,000 from the statewide PMPM calculations and individual provider PMPM calculations
- Cutoff adjustments – Change the cost effectiveness score cutoff from median to '<1'

Outlier Adjustments and Outcome

- Remove patients that have total costs > \$250,000 from both the provider's attributed group PMPM and from the State PMPM calculation
 - Patients are only removed for the calculation of the Cost Effectiveness Score for a given provider
 - Patients will still be listed in the Provider Profiler Report
 - Pros: Consistent with Milliman, BCBSAL, and national risk adjustment standards
 - Cons: Methods involve more assumptions (such as reaching the cutoff amount), sometimes removes patients that are adequately risk adjusted
- Results:
 - An average of 0.04% of ACHN Recipients are removed from the statewide PMPM
 - The state PMPM changes by an average of -7.83%
 - Clinical profiles of these patients often contain NICU stays, Cystic Fibrosis, Hemophilia, Transplants, and some Rare Diseases.

Cutoff Adjustments and Outcome

Change the cutoff point to a CE score of <1 (previously cutoff was the median CE score)

- More inclusive to providers that are meeting the benchmark of Provider PMPM $<$ Expected PMPM
- Rewards all provider groups that are cost effective, rather than just groups that fall in the lower 50% of scores
- Bonus is still a pool, distributed to all cost effective groups, weighted by attribution

Results

- Estimated 26% increase in number of provider groups that will receive a bonus payment
- More provider groups receive payment = less money per provider group
- Providers that previously received a bonus can expect a 38.87% decrease in the amount of their CE bonus payment

Adjustment Impacts on Provider Groups and ACHN Regions

A comparison analysis using 3 bonus periods (April 2021 – October 2021), showed that all the providers that received bonus payments in the past continue to receive bonus with the adjustments.

Practice Group Size	Attributed Recipients	Old Scenario	New Scenario	% Change
Small	<500	135	198	46.60%
Medium	<500 and <2,500	86	128	47.90%
Large	>2,500`	28	52	85.70%

ACHN Region	Average # of Providers Receiving Bonus per Qtr	Average # of Providers Receiving Bonus per Qtr	% Change
	Old Scenario	New Scenario	
My Care Alabama Northwest	41	60	46%
My Care Alabama Central	28	41	45%
Gulf Coast Total Care	40	57	42%
My Care Alabama East	38	64	71%
Alabama Care Network Mid-State	20	38	89%
North Alabama Community Care	58	82	41%
Alabama Care Network Southeast	30	44	44%