

# Alabama Integrated Care Network

June 27, 2017



# Meeting Agenda



Time	Topic	Objective
9:00-9:10	Welcome and Introductions	
9:10-10:00	Overview of Where We Are Now	Review the modified ICN concept based on comments received and additional analysis
10:00-10:10	CMS Meetings	Provide update on CMS discussions to date
10:10-10:40	ICN Administrative Rules	Review new administrative rules for the ICN program
10:40-11:00	Timeline and Next Steps	Discuss timeline and immediate next steps

# Overview of Where We Are Now



- The Agency released the ICN Concept Paper April 5, 2017, which reflected ICN legislative requirements, stakeholder input, best practices from other states, and national CMS guidance
- Comments were accepted through May 4, 2017 – comments received from payers, providers, advocates, and others
- The Agency has carefully reviewed the comments in the context of:
  - ICN legislation
  - Utilization of LTSS services
  - Limited State General Fund Resources
- Today, we will share a modified ICN concept based on these factors



# ICN Legislation: Refresher of Key Elements

- Implemented by October 1, 2018
- Allows for one or more ICNs
- Provider sponsored
- At risk for comprehensive Medicaid services
- ICNs to operate statewide
- Competitive procurement process
- Applies to recipients not covered by RCOs

# Matching Resources with Historic Utilization of Services



- State General Fund Resources are limited but have matched recent utilization of LTSS services
- Acceleration of service utilization is expected to be gradual in the near term (5 – 10 years)
- The combined impact of the state's limited resources and historic use of LTSS services contribute to a program design the Agency believes will address both, leading to a lean, non-medical load component of the capitation rate
- The Agency is proposing a model that matches resources to existing utilization, while developing an infrastructure to accommodate greater utilization in the future, related to population growth while developing a system that improves quality outcomes for our recipients



# ICN Target Population – Individuals Receiving LTSS

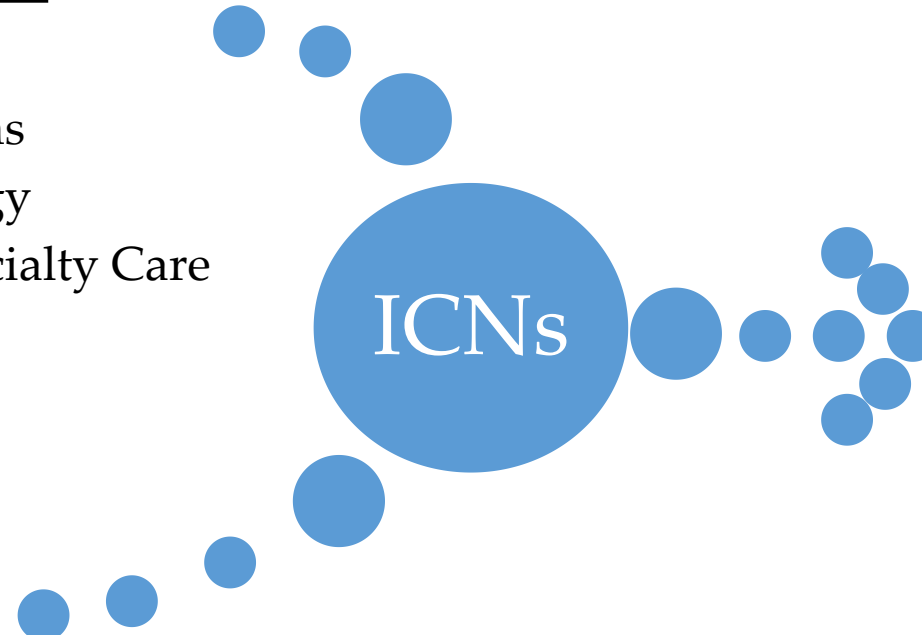
- Populations either in a nursing facility long-term or who receive HCBS waiver services
- HCBS Waivers include the following:
  - Alabama Community Transition (ACT)
  - Elderly & Disabled
  - HIV/AIDS
  - Note that the State of Alabama Independent Living (SAIL) waiver and the Technology Assisted (TA) waiver are no longer included in ICN program
- RCO and ICN programs are mutually exclusive in membership
  - RCOs exclude individuals in nursing facility or HCBS waivers
  - Individuals transitioning from RCO to ICN when they meet level of care



# Health and Long-Term Care Under the ICN Program

## Medicaid Healthcare<sup>(1)</sup>

- Hospitals
- Emergency Rooms
- Lab and Radiology
- Primary and Specialty Care
- Hospice
- Eye Care



## **GOAL:**

Improved,  
Quality, Access,  
Sustainability

## Medicaid LTC

- Nursing Homes
- HCBS

**Note:**

(1) Behavioral health, home health, and pharmacy will remain a covered benefit under Medicaid FFS, ICNs will be expected to coordinate this service for members, but will not be at-risk for this.





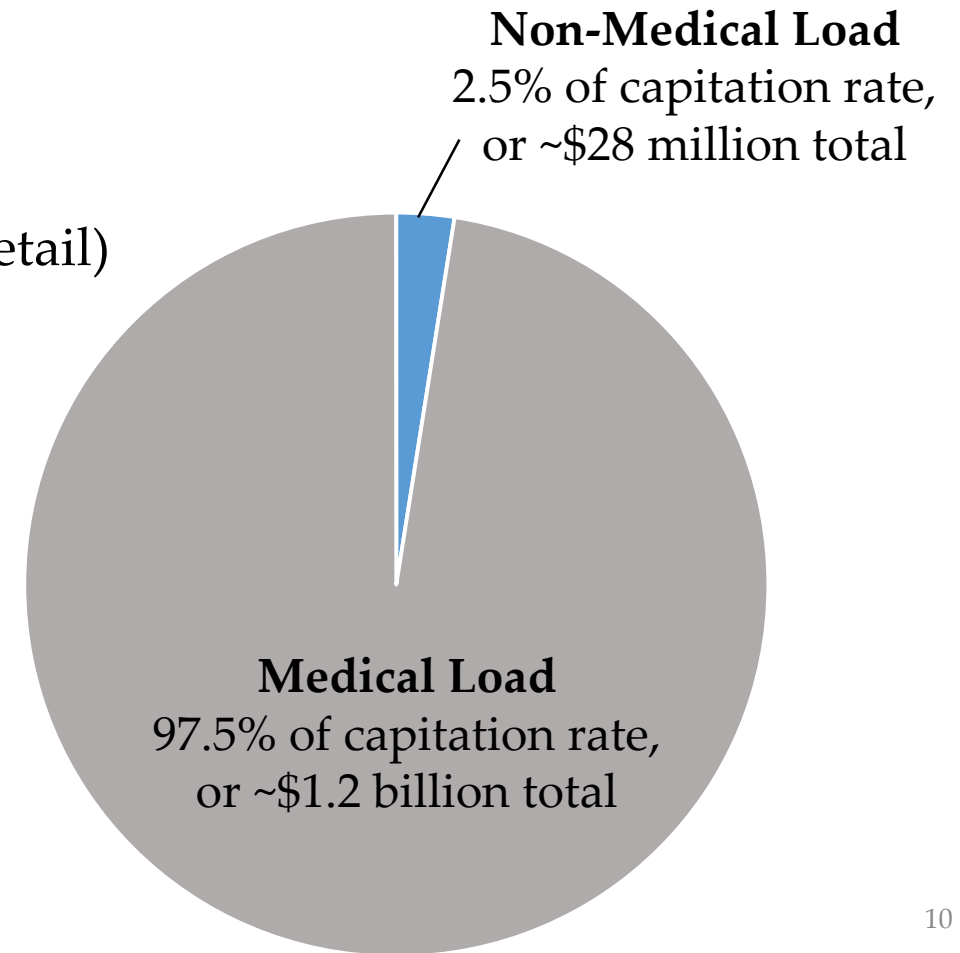
- The Agency anticipates paying an ICN using a blended capitation rate that is built from historic costs for Medicaid covered nursing facility and HCBS services for the covered waivers; the blended capitation rate will be based on assumptions regarding the mix of enrollees in nursing facilities vs. receiving HCBS
- There will be separate capitation rates for dually and non-dually eligible populations
- The Agency is considering using a risk corridor around the mix of nursing facility and HCBS enrollees and/or medical costs for non-duals

# ICN Capitation Approach – Non-Medical Load



- The Agency estimates that approximately 2.5% of the capitation payment would be reasonable for the current utilization of services for the non-medical load, which consists of:

- Administration (see following slide for more detail)
- Medical management (see following slide for more detail)
- Profit
- Risk
- Contingency margins





# Assumptions for Non-Medical Load

- Administration and Medical Management/Care Management components of Non-Medical loading will include the following for the first two-year contract cycle:

## Administration

- The Agency will process and pay claims on behalf of the ICNs
- The ICN will have very low overhead for activities such as: staffing, information technology systems, care management systems, quality improvement activities, etc.

## Medical Management / Care Management

- An ICN must contract with the Area Agencies on Aging, which will continue to provide HCBS waiver care management to ICN enrollees receiving HCBS waiver services
- ICN enrollees residing in nursing facilities will receive limited additional care management from the ICN, as the nursing facility per diem includes a care management component and will be priced into the ICN medical capitation rate
- An ICN will provide limited medical management to ICN non-dual enrollees receiving HCBS waiver services given the low non-medical load percentage. The cost associated with this for non-duals is less than 10% of the total capitation

*The Agency will have further discussions with CMS on these areas to confirm our approach will comply with federal managed care regulations.*

# ICN Projected Enrollment



- The Agency assumes there will be a 1% growth in program enrollment

## Enrollee Count – Assuming 1% Program Enrollment Growth

	FY18	FY19	FY20	FY21	FY22	FY23
<b>Baseline – Total</b>	22,969	23,198	23,430	23,665	23,901	24,140
<b>ICN – Total</b>	22,969	23,198	23,430	23,665	23,901	24,140
<b>Baseline – NF Beds</b>						
<b>Baseline – NF Beds</b>	16,083	16,243	16,406	16,570	16,736	16,903
<b>ICN – NF Beds</b>	16,083	16,083	16,083	16,083	16,083	16,083
<b>Baseline – HCBS Slots</b>						
<b>Baseline – HCBS Slots</b>	6,886	6,955	7,025	7,095	7,166	7,237
<b>ICN – HCBS Slots</b>	6,886	7,116	7,348	7,582	7,819	8,058

# Transition from Nursing Facilities to HCBS Waiver Settings



- Rate setting will assume deflection of newly entering enrollees (approximately 500 members per month plus 1% growth discussed on previous slide) from nursing facilities to HCBS settings under the ICN program

	FY18	FY19	FY20	FY21	FY22	FY23
<b>Baseline – NF Mix</b>	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
<b>ICN – NF Mix</b>	70.0%	69.3%	68.6%	68.0%	67.3%	66.6%

- This will require an increase in HCBS waiver slots



# Quality Measurement Update

- Appointed an ICN Quality Assurance Committee (QAC)
  - More than 20 members
  - Includes representatives from provider associations, advocacy groups, and state agencies
- In January 2017, the QAC voted on and selected 35 quality measures that will be used to evaluate ICN performance; these measures represent nine different quality domains:
  - Clinical
  - Long-Term Care
  - Service Delivery and Effectiveness
  - Person Centered Planning and Coordination
  - Caregiver Support
  - Choice and Control
  - Community Inclusion
  - Holistic Health and Functioning
  - System Performance and Accountability

# CMS Meetings



- The Agency has engaged with CMS regarding the ICN program; in particular, the Agency has had the following conference calls with CMS:

March  
2

Shared findings from town halls, surveys, and other public input forums

Shared key program concepts in anticipation of release of Concept Paper

June  
22

Provided update on program approach described in previous slides

Sought feedback from CMS regarding feasibility of approach



*The Agency will be beginning bi-weekly calls with CMS to confirm agreement with program approach*



# ICN Administrative Rules

# New Administrative Rules



- Several additional administrative rules have been filed since last Fall

- Governing Board of Directors
- Citizen's Advisory Committee
- ICN Quality Assurance Committee
- Service Delivery Network
- Active Supervision
- Solvency and Financial Requirements
- Financial Reporting and Audit Requirements
- Hazardous Financial Condition and Insolvency
- Qualification Criteria for Participation in the Mandated Competitive Procurement
- Probationary Certification of Organizations Seeking to Become ICNs

*Formal public comment period through Aug 4*

*Filed as an emergency rule*



## Financial Reporting and Audit Requirements Rule

Topics include but are not limited to:

- Periodic financial reports
- Changes in financial condition
- Certified audited and annual financial statements
- Agency audits of ICNs
- Medical loss ratio reporting

*See Rule 560-X-64-.10 for complete information.*

## Hazardous Financial Condition and Insolvency Rule

Topics include but are not limited to:

- Factors indicating a hazardous financial condition
- ICN requirements if found to be in a hazardous financial condition
- Determination of insolvency
- Actions of an ICN is found to be insolvent

*See Rule 560-X-64-.11 for complete information.*

# Procurement Process Defined by Administrative Rules



- The Agency will use a multi-step procurement process
  - 1) Probationary Certification process
  - 2) Mandated Competitive Procurement (MCP) process

# Qualification Criteria for Participation in the Mandated Competitive Procurement for ICNs Rule



- The Agency will score responses to the MCP from Qualified Entities only
- A Qualified Entity is one that meets all of the following criteria:
  - **Submits an application for Probationary Certification** as an ICN (“Probationary Certification”) on or before the date set by the Medicaid Agency;
  - **Obtains a Probationary Certification** in accordance with, and on or before the date established in, Alabama Medicaid Administrative Code and **holds that Probationary Certification at the time responses to the MCP are due;**
  - Has **attended all meetings and training sessions** which the Medicaid Agency deems, in writing, to be mandatory; and
  - Complies with all other **qualification requirements contained in the MCP**, or any other regulation or policy of the Medicaid Agency which applies to organizations with Probationary Certification as an ICN

*See Rule 560-X-64-.09 for complete information.*

# Probationary Certification of Organizations Seeking to Become ICNs Rule



- An organization may receive probationary certification as an ICN (Probationary Certification) upon submission of an application to the Medicaid Agency
- An organization seeking Probationary Certification must have a governing board of directors acceptable to the Medicaid Agency
- Applications for Probationary Certification must include, but is not limited to:
  - A proposed organizational chart identifying the relationship among the members of the board of directors, officers, controlling persons, owners, participants, and administrators of the organization and any other persons responsible for the medical care and services of the organization, as applicable
  - Copies of any organizational, governing, and operational documents (e.g., articles of incorporation, bylaws, operating agreement)
  - A proposed plan for creating a citizens' advisory committee
  - Information regarding the organization's governing board of directors

*See Rule 560-X-64-.12 for complete information.*

# Probationary Certification Application Process



- Applications are Public Records. Redacted Copy May be Submitted with Original Application
- Deadline for submitting Applications is to be determined
- Must Substantially Meet Probationary Certification Requirements by October 1, 2017
- Probationary Certification Requirements (Rule 560-X-64-.12)
  - Organizational Information and Documents
  - Governing Board of Directors that Substantially Meets Requirements of Section 22-6-221(d) and Rule 560-X-64-.03
  - Plan for Creating Citizens' Advisory Committee that Meets Requirements of Section 22-6-222 and Rule 560-X-64-.04



- Once an organization submits an application for probationary certification as an ICN, they may complete a Data Sharing Agreement
- Data to be provided include:
  - Adjudicated claims data on Alabama Medicaid beneficiaries eligible for enrollment in the ICN program, including: inpatient, outpatient, pharmacy, HCBS Waiver claims (limited to the detail that is currently in the Agency's MMIS), and nursing home claims; and
  - Reference tables for Internal Control Number, Providers, Eligibility, Diagnosis, Drug, and Claims and
  - At the Agency's discretion, it may update and provide additional data including, but not limited to, Medicare claims data for the ICN population and any additional data that the Agency may obtain in the development of the ICN Program
  - \*\*The data will not contain social security numbers, but can be linked through the beneficiaries' Medicaid IDs. All datasets will include a unique identification number that Medicaid will be able to trace to the released datasets.
- The organization must provide the Agency periodic reports and detailed methodology for any analysis that utilizes the data that is provided.



# Timeline and Next Steps

# ICN Implementation Timeline



2016

**Phase I: AMA Planning**

- Address key program design concepts
- Think about rule making and look at specific requirements and laws

**Phase II: Stakeholder Engagement**

- Get input from key stakeholders
- Identify an ICN QAC
- Initiate Waiver and Concept Paper Development

2017

**Phase III: Waiver, Contract, and MCP Development**

• Develop and release Concept Paper	• Collect and process comments	• Finalize MCP and contract	• Release MCP
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**Phase IV: Procurement**

• MCP responses due	• Agency reviews proposals
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04/01/17 Establish ICN rules

2018

**Phase V: Readiness and Implementation**

• Agency conducts contract negotiation; ICNs complete readiness tools	• Desk reviews	• On-site reviews	• Complete readiness review
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**Phase VI: Transition**

- Member outreach, readiness, enrollment, and transition

04/01/18 Initiate competitive procurement

10/01/18 ICN to deliver services

— Indicates legislation milestones

\*Disclaimer: Subject to change

# Immediate Next Steps



- Continue discussions with CMS regarding the required administrative and care management responsibilities of ICNs to confirm compliance with federal managed care rules
- Release Probationary Certification application
- Finalize ICN contract and MCP
- Finalize 1915(b)/(c) waiver to obtain federal authority for the ICN program