Alabama Medicaid Agency – Regional Care Organization Program

Section 1115 Progress Report to the Centers for Medicare & Medicaid Services

Five-year Demonstration: April 1, 2017 – March 31, 2022

Reporting Period: July 1, 2017 – September 30, 2017

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Table of Contents

I. Introduction

On February 9, 2016, the Centers for Medicare & Medicaid Services (CMS) approved Alabama's five-year 1115 demonstration waiver for the implementation of a Regional Care Organization program (Program), which aims to improve the delivery of care and health benefits of its beneficiaries by moving from a fee-for-service delivery system to enrollment into locally-administered, provider-based Reginal Care Organizations (RCO). On March 30, 2017, CMS approved an amendment to the 1115 demonstration waiver, to delay implementation and extend the demonstration by one year. Additional information regarding the Program can be found on Alabama Medicaid's website and in Alabama's 1115 demonstration waiver proposal.

Pursuant to CMS's Special Terms and Conditions (STCs), Alabama is required to provide a quarterly monitoring/progress report to CMS:

- *Quarterly Progress Reports* (STC 38 - Quarterly Progress Reports*)* - The purpose of the quarterly report is to inform CMS of significant demonstration activity related to the Program from the time of approval through completion of the 1115 demonstration waiver. The reports are due to CMS 60 days after the end of each quarter.

This quarterly progress report summarizes the Program's development and implementation activities for the period from April 1, 2017 through June 30, 2017. Please note that the Alabama Medicaid Agency (AMA) has not included appendices as part of this quarterly progress report submission. Due to the delay in the Program, there is no data to support the appendices at this time.

Subsequent to the end of the April 1, 2017 through June 30, 2017 reporting period, the State of Alabama announced the termination of the RCO program July 27, 2017. The announcement by Alabama Medicaid Commissioner Stephanie Azar read in part: That in light of known federal administration changes and potential congressional adjustments the Alabama Medicaid Agency will pursue an alternative to the Regional Care Organization (RCO) initiative to transform the Medicaid delivery system. Moving forward, the State will work with the Centers for Medicare and Medicaid Services (CMS) to create a flexible program which builds off the Agency's current case management [Health Home] structure as a more cost-efficient mechanism to improve recipients' healthcare outcomes.

AMA has completed this progress report based on the activity that occurred during the July 1, 2017 through September 30, 2017 reporting period, prior to the termination of the RCO program.

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II. Operational Development

The Operational Development section will discuss key demonstration issues, achievements, Health Information Technology (HIT) progress, and updates regarding AMA's enrollment of Medicaid beneficiaries into the Program.

Key Operational Issues - Identify all significant program developments/issues/problems that have occurred in the current period and how AMA will address them. Include a summary of any sanctions and corrective action plans issued to the RCOs.

RCO Implementation Terminated
On July 27, 2017, Commissioner Azar announced that AMA would be pursuing an alternative to the RCO initiative to transform the Medicaid delivery system. Commissioner Azar cited major changes in federal regulations, funding considerations and the potential for new opportunities for state flexibility regarding Medicaid spending and services under the Trump Administration as key factors in the decision to employ a new strategy for the state Medicaid program.

A letter dated August 29, 2017 was sent to Brian Neale, CMS, formally requesting to withdraw amended STCs submitted to CMS on July 6, 2017.

Key Achievements - Identify all significant achievements that have occurred in the current period.

Monitoring Process
AMA terminated all monitoring activities as the implementation of the RCOs were terminated as of July 27, 2017. The Agency began archiving all documents, policies, and communications related to the RCO development in the attempt to possibly reutilize some as the Agency begins preparations for a possible pivot plan.

Health Information Technology (HIT) Standards – Updates regarding HIT activities and achievement of HIT standards in the current period.

AMA terminated all connections with the P-RCOs and the Enrollment Broker due to the termination of RCO implementation.

Enrollment – Updates regarding beneficiary enrollment in the current period. See **Appendix A** of this report for a summary of AMA's beneficiary enrollment into the Program.

Due to the termination of the Program, AMA did not enroll beneficiaries into RCOs during the reporting period, and therefore AMA has not completed Appendix A.

Encounter Data – Summarize any issues, activities or findings related to the collection and verification of encounter data for the RCOs:

P-RCOs terminated the testing process during the reporting period.

III. Regional Care Organization Compliance/Performance

AMA's Managed Care Division will review monthly, quarterly and annual reports submitted by the RCOs which will cover a wide range of topics. These reports require RCOs to provide information on care coordination, quality management, utilization management and finance and solvency using standardized reporting templates and instructions. In addition to analyzing the reports and following up with P-RCOs, the Managed Care Division meets with P-RCOs on a quarterly basis to discuss operational issues, share performance results, and identify opportunities for improvement based on data and reporting. These meetings will promote transparency of RCO performance, foster shared learning, and create an opportunity to discuss program trends and leading practices. The quarterly meetings will have standing agenda items on important program topics and focus on identifying issues, strategies, approaches or concerns that may impact multiple RCOs or the Program overall.

Performance - Describe any RCO issues impacting the Program's ability to meet the goals of the demonstration, or any negative impacts to enrollee access, quality of care or beneficiary rights, as well as interventions taken to address these issues:

AMA did not identify any issues with the remaining P-RCOs impacting the Program's ability to meet the goals of the demonstration during this reporting period.

Network Adequacy – AMA monitors P-RCO provider networks against the network standards, as defined in the RCO Contract. P-RCOs are required to submit geographic access reports on a quarterly basis. These reports detail the number of providers in the P-RCO provider network, by provider type and the percentage of the beneficiary population with access to providers within the distance requirements, within each provider category. P-RCOs are also required to submit their complete provider file to AMA on a quarterly basis. This section provides an update regarding the Program's compliance with AMA's and CMS's network adequacy requirements, including the interventions taken for any P-RCOs that are not compliant with the network adequacy requirements. See **Appendix D** of this report for a summary of the P-RCOs' network adequacy.

P-RCOs did not submit any reports as the implementation was terminated July 27, 2017. As the Program is not operational, AMA has not completed Appendix D.

Financial Solvency – Describe the Program's financial performance and any concerns regarding the RCO's financial solvency in the current period:

As the RCO implementation was terminated, there were no financial issues to report regarding any of the P-RCOs during the reporting period.

Quarterly reporting and monitoring of the Health Home program continues and there were no significant issues to be noted during the quarter.

Quality Measures – There are 42 RCO quality measures, all of which were selected by the Regional Care Organization Quality Assurance (QA) Committee. Of the 42 quality measures, ten are related to AMA's quality withhold program and four are tied to DSHP targets. These quality measures evaluate performance across multiple categories, such as inpatient care, maternity/infant mortality, mental health/behavioral health, access to care and patient safety. The RCOs are required to submit interim quality reports after six months, nine months, and twelve months of performance each calendar year. These interim quality reports are not meant to provide validated quality measure rates; rather they indicate to AMA whether the RCOs are able to pull data and whether their measure performance is moving in the right direction. The RCOs are also required to submit annual quality measure calculations to AMA which will be validated by AMA's External Quality Review Organization (EQRO) and discussed in the EQRO's annual report. This section should describe the Program's overall quality measure performance. See **Appendix E** of this report for a summary of the RCOs' quality measure performance.

Due to the termination of the Program, the P-RCOs have not had the opportunity to calculate or report on RCO quality measures. Therefore, AMA has not completed Appendix E.

Partnerships with Other State Agencies - Describe any partnerships that the RCOs entered into with other state agencies:

There has been no change with other State Agencies during this reporting period. Other State Agencies were notified that the Agency was terminating the implementation of the Program on July 27, 2017.

Grievances, Appeals and Fair Hearings – Provide an update regarding the grievances, appeals and fair hearings for the Program:

Due to the termination of the Program, there were no grievances, appeals or fair hearings related to the Program during the reporting period.

Other Compliance Requirements – Provide an update regarding other Program requirements, not already discussed above, under 42 CFR Part 438 and the RCO Contract with AMA. In addition, describe any state statutory requirements (i.e., governance and organizational relationships) that an RCO failed to adhere to.

There are no additional updates. All P-RCOs were allowed to submit quarterly active supervision reports providing updates on their governance and organizational relationships and bi-annual collaborator reports providing updates on P-RCO development progress and negotiations during the reporting period even though the Program was terminated.

IV. Demonstration Evaluation

AMA is required to develop an evaluation design per STC 62, 64, and 65. The purpose of the evaluation design is to determine the outcomes of AMA's transformation from fee-for-service care

to the Program for designated demonstration beneficiaries, providers, RCO entities, market areas and public expenditures. The design will assess each goal and hypothesis in accordance with the CMS approved evaluation design and the 1115 demonstration waiver.

AMA identified modifications that would be needed to the demonstration evaluation as a result of AMA's termination of the RCO implementation. The Agency has retained the contractor as the 1115 Waiver will be maintained through this reporting period.

V. Designated State Health Program Expenditures

DSHPs are state-funded health care programs serving low-income and uninsured individuals in Alabama that are not otherwise eligible for federal matching funds. As stated in section XII of the STCs, CMS approved six DSHPs as qualifying for federal matching funds under the 1115 demonstration waiver. The unencumbered state dollars through DSHP will support the infrastructure development and will provide financial assistance to prepare AMA, P-RCOs and providers to operate in a managed care environment. AMA may claim federal financial participation (FFP) for the following state programs:

a. Department of Mental Health – Outpatient Mental Illness Community Programs
b. Department of Rehabilitation Services – Treatment of Hemophilia patients not eligible for Medicaid
c. Department of Senior Services – SenioRX Prescription Drug Assistance
d. Department of Youth Services – Community Diversion Program
e. Department of Public Health – Disease Prevention and Control Program
f. Jefferson County Indigent Care Fund Program

The table below describes the quality targets and metrics that the state is required to meet in order for AMA to qualify for DSHP funding. DSHP funding will be reduced if these targets are not met.

DY	DSHP Targets
1	At least one fully risk-bearing RCO that can accept capitation payments in each region and AMA provides data for DSHP quality targets for DY2-DY4
2	RCOs demonstrate APR-DRG hospital payment, or similar AMA and CMS approved payment methodology, is implemented
3	a. Increase well-child visits by 7.22 percentage points from the current baseline for children ages 3-6 b. Increase well-care visits for adolescents age 12-21 by 4.8 percentage points from current baseline
4	a. Reduce the rate of ambulatory care-sensitive condition admissions by 9.0 percentage points from current baseline b. Increase percentage of deliveries that received a prenatal care visit in the first trimester or within 42 days of enrollment by 16.0 percentage points from the current baseline

DSHP Funding – Provide an update regarding AMA's DSHP funding. See **Appendix G** for a summary of AMA's DSHP funding by quarter.

AMA has not claimed any DSHP funding to date and therefore has not completed Appendix G.

DSHP Targets (Annual Report Only) – Describe AMA's progress towards meeting the DSHP targets identified in the table above:

Target	Progress Update
DY 1 - At least one RCO can accept capitation payments in each region	As of the termination of the Program, there were two P-RCOs in Region A and one P-RCO in Region C.
DY 1 - AMA provides data for DSHP quality targets for DY2-DY4	AMA has calculated the baseline for the DSHP quality targets and these baselines are included in STC 76.
DY 2 – APR-DRGs or other approved payment method is implemented	No updates for current reporting period.
DY 3 - Increase well-child visits	No updates for current reporting period.
DY 3 - Increase well-care visits for adolescents	No updates for current reporting period.
DY 4 - Reduce the rate of ambulatory care-sensitive condition admissions	No updates for current reporting period.
DY 4 - Increase percentage of deliveries that received a prenatal care visit	No updates for current reporting period.

VI. Integrated Provider System Program

The IPS program will provide support to providers, through provider-developed and P-RCO-sponsored projects, to achieve the Program objectives and the DSHP targets. Per STC 84, RCOs are required to submit quarterly IPS project status reports to AMA. The status reports will track progress for each IPS project according to approved project milestones, performance measures and related timeframes. IPS funding will also be distributed based on the IPS status reports. AMA will closely monitor the RCOs and participating providers to ensure that IPS project goals are met.

IPS Project Updates – Provide an update regarding IPS project performance and progress that occurred in the current period.

There are no performance or progress updates from P-RCOs and participating providers since the Program was terminated and the IPS program had yet to be launched.

Summary of Participating Providers - The table below summarizes the number of providers by provider type that meet the eligibility requirements to participate in the IPS program:

AMA has not completed this table, as AMA has not awarded IPS funding to providers. Therefore, there is not a count of participating providers in the IPS program.

Provider Type	# of Providers											
	DY 1 (XX - XX)				DY 2 (XX - XX)				DY 3 (XX - XX)			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Hospitals												
Federally Qualified Health Centers (FQHCs)												
Community Mental Health Centers (CMHCs)												
Primary Medical Providers (PMPs)												
Specialists												
TBD - Include Other Providers												
Total	0	0	0	0	0	0	0	0	0	0	0	0

IPS Projects Meeting Payment Milestones - The table below summarizes the number of IPS projects that have met the payment criteria and the total IPS funding that has been awarded to date.

AMA has not completed the table below, as AMA has not awarded IPS funding.

DY	Quarter	Total Projects	# Projects Met Payment Criteria	% of Projects Meeting Payment Criteria	Total Payments Awarded (1)
1	Q1: MM-MM				
	Q2: MM-MM				
	Q3: MM-MM				
	Q4: MM-MM				
Total DY 1		-	-		$ -
2	Q1: MM-MM				
	Q2: MM-MM				
	Q3: MM-MM				
	Q4: MM-MM				
Total DY 2		-	-		$ -
3	Q1: MM-MM				
	Q2: MM-MM				
	Q3: MM-MM				
	Q4: MM-MM				
Total DY 3		-	-		$ -
Total DY 1-3		-	-		$ -

Note
(1) The IPS funding limits are as follows: DY 1 = $137,500,000; DY 2 = $93,750,000; DY 3 = $46,875,000.

VII. Public Feedback

Post Award Forum - Per STC 11, AMA is required to provide the public with an opportunity to provide meaningful comments on the progress of this demonstration. AMA must conduct this outreach activity within six months of the demonstration's implementation, and annually thereafter. A summary of the public comments received, for the period in which the public forum was held, is discussed below:

AMA did not hold a public forum this reporting period. AMA held a public forum on September 21, 2016 which satisfied the annual requirement. AMA continued to answer stakeholder questions about the Program through a central inbox and through various stakeholder meetings.