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State/Territory Name: Alabama

State Plan Amendment (SPA) #: 19-0007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
61 Forsyth Street S.W. Suite 4T20
Atlanta, Georgia 30303-8909



Atlanta Regional Operations Group

November 21, 2019

Stephanie McGee Azar
Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Montgomery, AL 36103-5624

Re: Title XIX State Plan Amendment (SPA), AL #19-0007

Dear Ms. Azar:

We have reviewed the proposed amendment to the Alabama State Plan, submitted under transmittal number AL-19-0007. This SPA amends the reimbursement methodology with an Alternative Payment Methodology (APM) allowing Rural Health Clinics (RHC) to be eligible for performance payments if the RHC meets the requirements outlined in the in the Alabama coordinated Health Network (ACHN) program as defined in the ACHN (AL-09) 1915(b) waiver.

Based on the information provided, this amendment was approved on November 19, 2019. The effective date is October 1, 2019. We are enclosing the approved CMS Form 179 and plan pages.

If you have any questions, please contact Joseph Raymundo at 404-562-7406 or joseph.raymundo@cms.hhs.gov

Sincerely,

/s/

Davida R. Kimble
Acting Deputy Director
Division of Medicaid Field Operations South

cc: Dan Yablochnikov, Center for Medicaid and CHIP Services

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
AL-19-0007

2. STATE
Alabama

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
October 1, 2019

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR 447.400

7. FEDERAL BUDGET IMPACT:
This program is expected to budget neutral

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 1a, 1b, 1c, 1d, 1e

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Page 1a, NEW

10. SUBJECT OF AMENDMENT:

The primary purpose for this amendment is to amend the payment methodology for Rural Health Clinics providing services pursuant to the Alabama Coordinated Healthcare Network effective October 1, 2019.

11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Governor's designee on file
via letter with CMS

12. SIGNATURE OF STATE AGENCY OFFICIAL:
/s/

13. TYPED NAME:
Stephanie McGee Azar

14. TITLE:
Commissioner

15. DATE SUBMITTED:
08/23/19

16. RETURN TO:
Stephanie McGee Azar
Commissioner
Alabama Medicaid Agency
501 Dexter Avenue
Post Office Box 5624
Montgomery, Alabama 36103-5624

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
08/23/19

18. DATE APPROVED: 11/19/19

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
10/01/19

20. SIGNATURE OF REGIONAL OFFICIAL:
/s/

21. TYPED NAME: Davida R. Kimble

22. TITLE: Acting Deputy Director
Division of Medicaid Field Operations South

23. REMARKS: Approved with following changes to block 8 and 9 as authorized by state agency on email dated 11/19/19.

Block # 8 changed read: Attachment 4.19-8, Page 1, page 1a, page 1b(new) and page 1c(new)

Block # 9 changed to read: Attachment 4.19-B, Page 1 and Attachment 4.19-8, Page 1a

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE OF ALABAMA

Payment for Medical Care and Services, Excluding Inpatient Hospitals and Long Term Care Services

A description of the policy and methods to be used in establishing payment rates for each type of service, except for inpatient hospital and long term care services, listed in Section 1905(a) of the Social Security Act and included in the Alabama Medical Assistance Program, is set forth in this attachment. Payment methodology for inpatient hospital services is covered in Attachment 4.19-A. Payment for long-term care services is covered in Attachment 4.19-D.

1. Rural Health Clinic

Alabama Medicaid uses a Prospective Payment System (PPS) for RHCs as required by S.S.A. §1902(a)(15) [42 U.S.C. § 1396a (a)(15)] and S.S.A. §1902(bb) [42 U.S.C. § 1396a(bb)]. The PPS for RHCs was implemented and took effect on January 1, 2001.

A. Prospective Payment System (PPS) rates

The baseline Prospective Payment System (PPS) for each RHC in FY2002 was developed by weighing the RHC's provider specific reasonable costs for Fiscal Years 1999 and 2000 by the number of Medicaid encounters provided in each year. The RHC is entitled to the previous year's PPS, increased by the percentage increase by the Medicare Economic Index (MEI) for primary care services, and adjusted to take into account any increase (or decrease) in the scope of services furnished by the RHC during that fiscal year.

Prospective Payment System (PPS) Reimbursement for New Facilities

The rate established for a new RHC shall be equal to 100% of the reasonable cost used in calculating the rates of like RHCs located in the same or an adjacent area during the same fiscal year. The costs that must be considered in calculating the payment rate are those reasonable costs used in calculating the rates for neighboring clinics with similar caseloads.

Change in Scope of Services

The PPS rate for a RHC shall be adjusted to take into account a change (either increase or decrease) in the scope of services furnished by the RHC. A change in scope of services occurs if the RHC has added or dropped any service that meets the definition of RHC services as provided in section 1905(a)(2)(B) and (C) of the Social Security Act or if the service is included as a covered Medicaid service in the state plan. A change in the scope of services is defined as a change in the type, intensity, duration, and/or amount of services provided during a RHC visit. A change in the cost of a service is not considered in and of itself a change in the scope of services.

B. Alternative Payment Methodology (APM) Reimbursement

Beginning October 1, 2019, RHCs that are Alabama Coordinated Health Network (ACHN) Certified are eligible to receive an APM reimbursement in addition to the PPS rate, but only if the following statutory requirements are met. First, the APM must be agreed to by Alabama Medicaid and by each individual RHC that participates in the program. Second, the methodology must result in a total payment (PPS plus APM) that is at least equal to the amount to which the RHC is entitled under the Medicaid PPS.

ACHN Certified Delivering Healthcare Professionals (DHCPs) Enhanced Payment

ACHN Certified DHCPs will receive an enhanced payment for:

- i. an initial prenatal visit in the first trimester and/or
- ii. a post-partum visit.

ACHN Certified Provider Performance Payments

Performance Payments for ACHN Certified Primary Care Provider (PCP) Groups:

A performance payment pool will be established in the amount of \$15 million annually to fund three (3) performance payments for ACHN Certified PCP groups. The performance payments' pool is allotted as follows: 50% for quality, 45% for cost effectiveness, and 5% for PCMH Recognition.

a. Quality Performance Payments

1. Eligibility: All ACHN Certified PCP groups will be eligible for a performance payment if the PCP group meets the requirements described below.
2. Methodology:
 - i. ACHN Certified PCP groups that achieve annual performance benchmarks determined by the Agency are eligible to receive performance payments.
 - ii. Benchmarks will be posted at www.medicaid.alabama.gov by September 1, 2019 and will be updated annually at least 30 days prior to the contract period.
 - iii. The quality benchmarks will be posted to: www.medicaid.alabama.gov
Click the ACHN tab/Provider
 - iv. The amount available for the quarterly quality payment will be one-quarter (1/4) of the annual amount described above.
 - v. The first payment will be made in October 2019. Subsequent payments will be made on a quarterly basis.
 - vi. Level One Quality Performance Payment for the period between October 1, 2019 and June 30, 2021:
 - a. The Agency will make quarterly payments in the first month of the quarter based on provider reporting of necessary data and other activities including provider engagement in the ACHN and their review and response to quality data provided by the Agency, implementing any policies and processes to improve the efficiency of their practices, and engaging with the ACHNs in preparation to be paid based on performance-based quality payments. Providers will also be readjusting their practice guidelines to manage attributed patient populations rather than Agency assigned panels.
 - b. Payments made in this period are based on the engagement by the PCP group and not for the achievement of quality measurements.
 - c. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.
 - vii. Level Two Quality Performance Payment for the period of July 1, 2021 and beyond:
 - a. The Agency's quarterly payments beginning with the July 2021 payment will be based on actual quality measure performance as soon as the previous calendar year's performance has been calculated (anticipated date six months after the start of the second contract year). For example, the quarterly payments made in July 2021, October 2021, January 2022, and April 2022 will be based on the actual quality measure performance calculated for the period between January 1, 2020 and December 31, 2020.

- b. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.

b. Cost Effectiveness Performance Payments

1. Eligibility: All ACHN Certified PCP groups will be eligible for a performance payment if the PCP group meets or exceeds the cost effectiveness criteria established by the Agency.
2. Methodology:
 - i. ACHN Certified PCP groups that achieve annual performance benchmarks determined by the Agency are eligible to receive performance payments.
 - ii. Benchmarks will be posted at www.medicaid.alabama.gov by September 1, 2019 and will be updated annually at least 30 days prior to the contract period.
 - iii. The cost effectiveness performance payment criteria will be posted to:
www.medicaid.alabama.gov
Click the ACHN tab/Provider
 - iv. The amount available for the quarterly cost effectiveness payment will be one-quarter (1/4) of the annual amount described above.
 - v. The first payment will be made in October 2019. Subsequent payments will be made on a quarterly basis.
 - vi. Level One Cost Effectiveness Performance Payment for the period between October 1, 2019 and December 31, 2020:
 - a. The Agency will make quarterly payments in the first month of the quarter for review and response to cost effectiveness data provided by the Agency, implementing any policies and processes to improve the efficiency of their practices, and engaging with the ACHNs in preparation to be paid based on performance-based cost effectiveness payments. Providers will also be readjusting their practice guidelines to manage attributed patient populations rather than Agency assigned panels.
 - b. Payments made in this period are based on the engagement by the PCP group and not for the achievement of cost effectiveness measurements.
 - c. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.
 - vii. Level Two Cost Effectiveness Performance Payment for the period of January 1, 2021 and beyond:
 - a. The Agency's quarterly payments beginning with the January 2021 payment will be based on actual cost effectiveness performance.
 - b. The cost effectiveness performance calculation compares a 12-month per member per month (PMPM) to a risk-adjusted expected PMPM based on the costs of similar PCP groups that treat Medicaid recipients. Groups will be ranked by an efficiency score that is derived from actual PMPM versus the expected PMPM. Performance payment will be made for PCP groups at or below the median efficiency score. This calculation will occur as soon as the previous calendar year's performance has been calculated (anticipated date three months after the start of the second contract year). For example, the quarterly payments made in January 2021, April 2021, July 2021 and October 2021 will be based on the actual cost effectiveness calculated for the period between October 1, 2019 and September 30, 2020 providing three months of claims payment run-out.
 - c. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.

Patient Centered Medical Home (PCMH) Performance Payments

The purpose of the PCMH Recognition performance payment is to incentivize providers to attain PCMH Recognition thereby ensuring Medicaid Recipients are receiving care through a nationally recognized medical home model.

1. Eligibility: All ACHN Certified PCP groups who receive PCMH recognition as described below.
2. Methodology:
 - i. PCMH Recognition information may be obtained at: www.medicaid.alabama.gov
Click the ACHN tab/Provider
 - ii. The PCP group can obtain PCMH Recognition or certification through a nationally recognized entity such as National Committee for Quality Assurance (NCQA). Details from NCQA can be found at <https://www.ncqa.org/programs/health-care-providers-practices/patient-centered-medical-home-pcmh>.
 - iii. The amount available for the quarterly PCMH Recognition payment will be one-quarter (1/4) of the annual amount described above.
 - iv. The first payment will be made in October 2019. Subsequent payments will be made on a quarterly basis.
 - v. Level One PCMH Performance Payment for the period between October 1, 2019 and September 30, 2020:
The Agency will make quarterly payments in the first month of the quarter for PCMH Recognition performance payments.
 - a. Payments made in this period are for PCP groups that have already obtained the Recognition or certification and PCP groups that are progressing toward attainment of Recognition or certification. To be eligible for the PCMH Recognition performance payment, PCP groups must attest to the status of their attainment of PCMH Recognition or to their progress towards attainment.
 - b. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.
 - vii. Level Two PCMH Performance Payment for the period October 1, 2020 and beyond
 - a. Payments made in this period are for PCP groups that attest they have obtained the Recognition or certification. The Agency will review the PCP groups attestation on an annual basis on the last business day of the month prior to the first quarterly payment for the ensuing year. For example, the quarterly payments made in October 2020, January 2021, April 2021, and July 2021 will be based on the PCP groups attestation of their achievement of recognition or certification as of the last business day in September 2020.
 - b. The amount of the performance payment distributed to each PCP group will be based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.
 - c. If a PCP group does not meet PCMH Recognition and does not show adequate progress toward meeting recognition, the Agency will not pay the PCMH performance payment.

2. Other Laboratory and X-Ray Services

Effective Date: 04/01/83

- a. Payment to laboratories and x-ray facilities will be based on customary charges calculated by methods consistent with Federal Regulations.