

# Guidance for Organizations Interested in Offering Capitated Financial Alignment Demonstration Plans



Medicare-Medicaid Coordination Office  
Centers for Medicare & Medicaid Services  
Vanessa Duran, Senior Technical Advisor

# Medicare-Medicaid Coordination Office

## Section 2602 of the Affordable Care Act

- Purpose: Improve quality, reduce costs, and improve the beneficiary experience.
  - Ensure dually eligible individuals have full **access** to the services to which they are entitled.
  - Improve the **coordination** between the federal government and states.
  - Develop **innovative** care coordination and integration models.
  - Eliminate financial **misalignments** that lead to poor quality and cost shifting.

# Financial Alignment Demonstrations to Support State Efforts to Integrate Care

- **Capitated Model:** Three-way contract among State, CMS and health plan to provide comprehensive, coordinated care in a more cost-effective way.
- **Managed FFS Model:** Agreement between State and CMS under which States would be eligible to benefit from savings resulting from initiatives to reduce costs in both Medicaid and Medicare.
- More detail for organizations interested in offering Capitated Financial Alignment Demonstration Plans in January 25, 2012 CMS memo: <http://www.cms.gov/medicare-medicaid-coordination/downloads/FINALCMSCapitatedFinancialAlignmentModelplanguidance.pdf>

# Payment Principles

- Participating plans receive capitation rate reflecting the integrated delivery of Medicare and Medicaid benefits
- Rates for participating organizations developed by CMS in partnership with States based on:
  - Baseline spending in both programs; and
  - Anticipated savings resulting from integration & improved care
- Part D rate based on risk-adjusted standardized national average amount

# Standards in Key Programmatic Areas

- **Summaries of key programmatic areas in the demonstration:**
  - Medicare and Medicaid requirements
  - Pre-established parameter
  - Preferred requirement standard
- **Medicare Part D requirements will be applicable to demonstration plans.**
- **Interested organizations should consider working with a PBM with Medicare Part D experience**

# State Demonstration Key Dates

- **State Letter of Intent** – October 2011
- **State Planning & Designing Process** – October 2011 – Ongoing
- **Demonstration Proposal** – Spring – Summer 2012
- **Memorandum of Understanding** – Summer – Fall 2012
- **Three-way Contract** – by mid-September 2012



# Plan Selection Process

- Joint CMS/State plan selection process
- The instructions in our January 25, 2012 guidance are the first step in the process of establishing qualification to participate
- CMS is interested in working with **all** interested organizations with experience coordinating and delivering care to Medicare-Medicaid enrollees
- CMS is providing technical assistance and training on demonstration requirements.

# Plan Selection Process

- Use of standard Medicare Advantage and Prescription Drug Plan application and contracting timelines, with demonstration-specific flexibilities wherever possible
- Interested organizations **must** meet the established deadlines in order to participate as demonstration plans in 2013
- We expect most State demonstration proposals to be public by early April



# Key Dates for Interested Organizations

Key Date	Required Action
February 17, 2012	Release for public comment of Contract Year 2013 Parts C and D Draft Call Letter
March – July 2012	CMS-State joint plan selection process
March 26, 2012	Release of Part D formulary submission module in the Health Plan Management System (HPMS)
April 2, 2012	Release of Contract Year 2013 Parts C and D Final Call Letter
April 2, 2012	Last date for submission of a Notice of Intent to Apply
April 9, 2012	Last date for CMS to receive HPMS User ID connectivity forms
April 23, 2012	Release of the 2013 Medication Therapy Management Program (MTMP) module in HPMS

# Key Dates for Interested Organizations

Key Date	Required Action
April 30, 2012	Part D formulary submissions due for organizations submitting a new formulary
May 7, 2012	MTMP submission deadline
May 14, 2012	Part D formulary crosswalk must be submitted for organizations that have already submitted a non-demonstration plan formulary for 2013 and intend to use the same formulary for demonstration plans
June 4, 2012	Submission of proposed plan benefit package (including all Medicare and Medicaid benefits)
July 30, 2012 (target date)	Demonstration plan selection completed
Late July – September 2012	CMS and State conduct readiness reviews for selected plans

# Key Dates for Interested Organizations

Key Date	Required Action
September 20, 2012 (target date)	Three-way contracts must be finalized no later than this date
October 1, 2012	Beneficiaries passively enrolled in demonstration plans are sent notice and provided information about opt-out procedures.
October 1, 2012	Contract Year 2013 marketing activity begins.
October 15 – December 7, 2012	Annual Coordinated Election Period
January 1, 2013	Enrollment effective date

# Notice of Intent to Apply (NOIA) Process

- Completion of a NOIA is non-binding
- Organizations **must** meet the established deadlines to participate as demonstration plans in 2013
- Separate application/plan selection processes for organizations currently offering or intending to offer non-demonstration MA or PDP products and demonstration plans

# NOIA Process

Date	Required NOIA Activity
January 2012 – April 2, 2012	Organizations may submit a NOIA. NOIAs submitted after April 2, 2012 will <b>not</b> be accepted.
Following interested organization submission of NOIA	CMS assigns organizations a pending contract number and notifies them via email of the contract number and instructions for applying for a CMS User ID
April 9, 2012	Last date for CMS receipt of User ID connectivity forms.

# NOIA Process Support

- **NOIA tool available at:**  
<http://vovici.com/wsb.dll/s/11dc4g4ddb7>
- **Technical Questions:**
  - HPMS user access: [hpms\\_access@cms.hhs.gov](mailto:hpms_access@cms.hhs.gov).
  - Demonstration NOIA: Linda Anders (410-786-0459),  
[Linda.Anders@cms.hhs.gov](mailto:Linda.Anders@cms.hhs.gov)
- Please note: Organizations must submit a separate NOIA for each State

# Network Adequacy Determinations

- **CMS' preferred requirement standard:**
  - Medicare standards for medical services
  - Medicaid standards for LTSS
  - Areas of overlap, the appropriate standard will be negotiated in the Memorandum of Understanding
- **Exceptions process:**
  - For areas where Medicare's medical service network adequacy standards cannot be met
  - Joint CMS/State exceptions review team



# Next Steps

- More detailed guidance on the plan selection process to be provided in the coming weeks in CMS guidance documents
- Organizations should continue to monitor State activity on their demonstration proposals, including posting for public comment and stakeholder input processes

# Resources for More Information

- **Financial Alignment Initiative:**  
[http://www.cms.gov/medicare-medicaid-coordination/08\\_FinancialModelstoSupportStatesEffortsInCareCoordination.asp](http://www.cms.gov/medicare-medicaid-coordination/08_FinancialModelstoSupportStatesEffortsInCareCoordination.asp)
- **New MMCO mailbox for questions about the Capitated Financial Alignment Demonstration:**  
[MMCOcapsmodel@cms.hhs.gov](mailto:MMCOcapsmodel@cms.hhs.gov)