Coordinated Care Organizations: An Introduction

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Overview

• Introduction and Disclaimer
• Background
• CCO Essentials
• Application Frenzy
Background

• HB 3650 (2011)
• OHA Implementation Proposal for HB 3650
  – Finalized January 24, 2012
  – Adopts the “Triple Aim” objective
• SB 1580 (2012)
  – Sec. 1 adopts OHA Implementation Proposal
  – Immediate adoption of patient protections and provider appeals procedures
  – Details Community Advisory Council ("CAC") functions
  – Sets up interim working group on tort reform
  – Expands on governance and financial requirements
  – Directs development of outcome & quality metrics
The “Triple Aim: is:

1. Utilization Review, Quality Assurance and Peer Review

2. Better Health, Better Health Care and Lower Costs

3. Patient Protection, Community Involvement and Quality Measurement
CCO Essentials

• The “Triple Aim”
  – Better health, better health care, and lower per capita costs
  – Achieved through:
    • Integration and coordination of benefits & services
    • Local accountability and resource allocation
    • Use of quality and outcome metrics
    • A global budget tied to sustainable growth
    • Shared responsibility for long-term care population
Background

• The 20% and the 1%
  – Primary care is CCO emphasis, particularly the “patient centered primary care home”
  – Low hanging fruit:
    • Inappropriate care settings
    • Chronic disease management
    • Identifying and coordinating care for mentally ill or noncompliant enrollees
CCO Essentials

• Organizational Structure and Governance

  – “A single corporate structure or a network of providers” (HB 3650)
  – Governance involves a “majority interest” of risk-sharing providers, but a majority of directors or other specifics is unspecified

  – Also represented in governance:
    • “Major components” of delivery system, and
    • The “community at large”
    • A CAC representative
How Do CCO Providers Get Paid?

1. Fee for service at discounted rates
2. Per member per month prepayment
3. Global Budget administered by CCO
CCO Essentials

• Global Budgeting
  – Fixed budget for all CCO services
  – CMS waiver would permit combining Medicare and Medicaid revenues for dual eligibles
  – “Sharing risk” means sharing responsibility for expenses or service delivery either through contractual agreements or as a result of global budget administration (RFA, pp. 15-16)
CCO Essentials

- **CCO Providers**
  - Nondiscrimination on basis of licensure
    - Internal appeal for claims of discrimination, then resort to OHA (contested case?) procedure
  - No unreasonable refusal to contract with CCO
    - Below cost service a defense
    - OHA arbitration process for disputes re: refusal to contract with CCO
  - No unreasonable refusal by CCO either
CCO Essentials

• CCOs vs. ACOs
  • Dual eligibles (CCO) v. Medicare only (ACO)
  • Global budget (CCO) v. fee for service (ACO)
  • One-sided risk (CCO) v. two-sided risk/reward (ACO)
  • Integration of physical, mental and dental care (CCO) v. doctors and hospitals (ACO)
  • ACOs require at least 5,000 Medicare beneficiaries
  • Quality criteria?
CCO Essentials

• Capitalization (reportedly in flux)
  – Restricted reserves of $250k plus 50% of CCO’s projected liabilities above $250k
  – Net worth equal to at least 5% of average combined revenue of participating providers in the past two quarters
  – Tri-county CCO reportedly estimates reserves for 210,000 members at ~ $40M
Can My Group Create a CCO?

1. Yes, if you have the required capitalization

2. No, if you did not submit a timely letter of intent

3. Yes, if you complete and submit the relevant application on time
Application Frenzy

- Medicaid Application
  - RFA posted March 19
  - Letters of Intent due to OHA April 2
  - Technical Applications due April 30
  - Financial Applications due May 14
  - CCOs Certified May 28
  - Medicaid Contracts signed June 29
  - CCO-Medicaid Contracts to CMS By July 3
Application Frenzy

• Dual eligible Application
  – Letter of Intent due to CMS April 2
  – New Part D Formulary due to CMS April 30
  – Medication Management Plan due to CMS May 7
  – Formulary due to CMS May 14
  – Dual Eligible Benefit Package due to CMS June 4
  – CMS & OHA certification for dual eligibles July 31
  – Contract signed September 20
  – Dual eligible benefits effective January 1, 2013
Conclusion and Q&A

• Concluding remarks
  – We live in interesting times . . .

• Questions?