Request for Information

#YH21-0110 Value Based Purchasing Strategies

Procurement Officer: **ISSUE DATE:** 5/19/2021

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RFI NAME: Value Based Purchasing Strategies

RESPONSE DUE DATE: July 7, 2021 no later than 3:00 p.m. AZ time

QUESTIONS CONCERNING THIS RFI SHALL BE SUBMITTED TO THE PROCUREMENT OFFICER VIA E-MAIL BY **June 23, 2021** 5:00 P.M. ARIZONA TIME ON THE Q &A FORM PROVIDED WITH THIS RFI. ANSWERS TO QUESTIONS WILL BE POSTED ON THE AHCCCS WEBSITE FOR THE BENEFIT OF ALL POTENTIAL RESPONDENTS.

Responses to this RFI must be in the actual possession of AHCCCS on or prior to the time and date indicated above.

This is a Request for Information ("RFI") only and as such will NOT result in any award of contract.

AHCCCS is in the information gathering stage and no decisions have been made concerning the agency's intent to issue a formal Request for Proposal. Responding to this RFI is appreciated and will NOT prohibit the respondents from responding to any future procurements.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the person responsible for this request as identified below.

REQUEST FOR INFORMATION

1. OVERVIEW

AHCCCS is the Medicaid agency for the State of Arizona. In that capacity it is responsible for operating the Title XIX and Title XXI programs through the State's 1115 Research and Demonstration Waiver, which was granted by the Centers for Medicare and Medicaid Services (CMS), U.S. Department of Health and Human Services. As of April 1, 2021, AHCCCS provides coverage to over 2.2 million members in Arizona. Arizona's Medicaid program has been delivered primarily as a managed care program with a relatively small, fee-for-service (FFS) component. Additional information may be found on the AHCCCS website reporting page: https://azahcccs.gov/Resources/Reports/population.html.

Over 86 percent of the AHCCCS program's expenditures in State Fiscal Year (SFY) 2020 were through managed care programs. AHCCCS contracts with Managed Care Organizations (MCOs) that are responsible for providing acute, long term care, and behavioral health services. A list of contracted plans can be found here: https://azweb.statemedicaid.us/HealthPlanLinksNet/HPLinks.aspx

The program has a total fund budget for SFY 2021 of approximately $14 billion. AHCCCS has over 99,500 active providers in Arizona, that include individual medical and behavioral health practitioners, therapy disciplines, institutions, durable medical equipment companies, and transportation entities. Additional information may be found on the AHCCCS website reporting page: https://www.azahcccs.gov/Resources/Reports/federal.html

2. PURPOSE of RFI and Background

AHCCCS is soliciting input from stakeholders to inform the development and implementation of its Value Based Purchasing (VBP) strategies for Contract Year Ending (CYE) 2022 and CYE 2023.

Background

One of AHCCCS' Strategic Priorities in the AHCCCS Strategic Plan is to pursue and implement long-term strategies that bend the cost-curve while improving member health outcomes. A critical tool in achieving this strategic priority is Value-Based Purchasing (VBP).

VBP arrangements seek to reward providers for providing high-quality care to members with financial incentives. The financial incentives also seek to promote value, meaning payments are tied to improving health outcomes while reducing the cost of care. In Medicaid managed care models, VBP arrangements are often done through contract requirements. Through VBP, AHCCCS is committing resources to leverage the State's successful managed care model to address inadequacies of the current health care delivery system such as fragmentation and paying for volume instead of quality. AHCCCS VBP encompasses a variety of initiatives for payment reform including:

- Alternative Payment Models (APM) -
  - APMs are a payment model that rewards providers for providing high quality and cost efficient care.
- Differential Adjusted Payments (DAP) -

    - DAPs are positive adjustments to the AHCCCS Fee Schedule for providers who achieve designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. AHCCCS health plans are required to pass through DAP increases to their contracted rates to match the corresponding AHCCCS Fee-For-Service rate increase percentages.
- Directed Payments -
    - Directed payments require AHCCCS health plans to pay specific amounts to providers under their managed care contracts. The directed payments work to advance delivery system reforms and/or performance improvement initiatives.
- Performance Based Payments (PBP) -
    - PBPs are incentive payments to providers for meeting certain performance measure targets incorporated in VBP/APM arrangements.

To guide its VBP strategy, AHCCCS has identified the following guiding principles:

1. Engagement with Stakeholders
   Ongoing communication with AHCCCS health plans, providers, advocacy groups, and other stakeholders is critical to the success of VBP arrangements. This engagement allows AHCCCS to solicit input, ensure clarity of expectations, identify challenges and areas for improvement, and evaluate progress.
2. Movement Along the LAN-APM Continuum
   In its APM Framework, the Health Care Payment (HCP) Learning and Action Network (LAN) presents a continuum of APM models. A continued, thoughtful effort toward VBP/APM models with higher degrees of financial risk on behalf of providers is essential for achieving maximum value. AHCCCS works to move providers throughout the continuum by establishing contractually-required targets for health plans to contract with providers at a selected percentage of overall medical spend under VBP/APM arrangements, as well as a selected percentage of VBP/APM arrangements in LAN Categories 3 and 4, where providers take on some financial risk.
3. Balance Prescriptive Requirements While Preserving Health Plan Flexibility
   AHCCCS seeks to balance the need for prescriptive policies that create transparency and alignment in the marketplace while still providing its health plans flexibility. This flexibility allows health plans to innovate and create arrangements that are best suited to their providers.
4. Data-Driven Decision Making
   Performance measurement is an integral part of VBP arrangements, both in determining the payments themselves and evaluating the success of the program. Data sharing, analysis, and transparency in measurement methods are essential for both payers and providers operating under these arrangements. Data analysis also allows AHCCCS to make informed decisions when implementing new strategies for its VBP policies and requirements.

REQUEST FOR INFORMATION

AHCCCS is considering implementing several new initiatives for its VBP strategies in CYE 2022 and CYE 2023. This RFI requests input and feedback from interested parties regarding the design and implementation of the AHCCCS VBP initiatives. Below is an outline of the various initiatives AHCCCS intends to implement during CYE 2022 and CYE 2023.

ACOM 306 - Alternative Payment Model - Withhold and Quality Measure Performance (QMP) Incentive

1. CYE 2022 - Conduct a stakeholder workgroup with the health plans to:
    a. Develop reliable sources, methodologies, and systems for reliable data that can identify health equity opportunities.
    b. Identify focus areas to have a cohesive, statewide approach to address the most significant areas of identified disparities.

ACOM 307 - Alternative Payment Model - Performance Based Payments Initiative

1. CYE 2022 - Publish Attribution and Assignment Modeling Guidelines for health plans.
2. CYE 2022 - Maintain the 0.75 percent of medical spend reimbursement limit for Performance Based Payments (PBPs) for health plans.
    a. Health plans may continue to make PBPs to providers above the 0.75 percent reimbursement limit, as long as it is paid out of profit and reported in accordance with the Financial Reporting Guide.
3. CYE 2022 - Require a specified percentage of PBPs be allocated to align with the AHCCCS Withhold and QMP Incentive (ACOM 306) performance measures and/or Centers for Medicare and Medicaid (CMS) Scorecard performance measures to receive AHCCCS reimbursement. (see more detail about this proposed requirement in Section 3.3).
4. CYE 2022 - Require a specified percentage of PBP be allocated to integrated practice providers and specialty behavioral health providers, inclusive of Targeted Investments Program (TI) participants and similarly situated (e.g. primary care providers, behavioral health outpatient clinics or integrated clinics) providers. This requirement would ensure that PBPs fund the TI principles of integrated care (see more detail about this proposed requirement in Section 3.4).
5. CYE 2022 - Implementation of an AHCCCS review process for VBP/APM contracts between health plans and providers.
6. CYE 2022 and CYE 2023 - Continue to evaluate LAN-APM target requirements for percent of health plan medical spend in VBP arrangements.
7. CYE 2022 - Evaluate the role of Medicaid Accountable Care Organizations (ACOs) and/or Clinically Integrated Networks (CINs) (or similar entities) in APMs and establish guardrails regarding MCO delegation of activities to these entities (see more detail about this proposal in Section 3.5)
8. CYE 2023 - Implement LAN-APM 3 & 4 Encounter Reporting Requirements (see more detail about this proposed requirement in Section 3.6).

Differential Adjusted Payments (DAPs)

1. CYE 2023 - Implement TI Sustainability DAPs (see more detail about this proposed requirement in Section 3.7).

3. REQUIREMENTS

AHCCCS is requesting information from interested parties regarding the design and implementation of VBP strategies mentioned above as well as any other initiatives for CYE 2022 and CYE 2023. AHCCCS will evaluate strategies for consideration based on the following VBP Strategy Goals and Objectives:

1. Pay for Value -
   a. Increase health plan implementation of APMs, and
   b. Advance APMs along the LAN-APM continuum.

2. Align Provider and Payer Incentives -
   a. Incentivize health plan implementation of APMs,
   b. Align a proportion of PBPs with AHCCCS priority performance measures (e.g. ACOM 306 and/or CMS Coreset/Scorecard measures) in health plan provider VBP agreements, and
   c. Sustain and advance TI care integration.

3. Innovate through Competition -
   a. Incentivize provider performance in APMs,
   b. Incentivize health plan performance, and
   c. Promote health plan flexibility within alignment/transparency initiatives.

4. Improve Quality -
   a. Maintain and enhance access to care for members,
   b. Improve provider performance measure performance, and
   c. Improve health plan performance measure performance.

5. Demonstrate Results -
   a. Produce consistent data and reporting for APM/PBP outcomes,
   b. Track and report VBP payments transparently, and
   c. Make system, health plan, and provider results accessible.

3.1 Additional Considerations: Attribution and Assignment Modeling Requirements

AHCCCS seeks input on the following seven requirements for Assignment and Attribution Modeling:

3.1.1 Health plans must review Primary Care Physician (PCP) assignment in relation to each member's utilized PCP provider group (TIN and/or facility) to reconcile assignment at least quarterly (March, June, September, December) during a calendar year, with the reassignment happening on the first day of the following quarter.

a. Health plans shall realign members based on PCP claims at least quarterly, based on date of service.
    i. PCP claims are defined as services rendered by a PCP.
b. For the first reconciliation (occurring no later than March 2022), Health plans shall use the last six months of PCP claims to determine if a member shall be reassigned to a different PCP.
c. If a member sees a PCP provider that is not their assigned provider (or a provider in the TIN/assigned group), the health plan must assign the member to the new PCP provider after just one visit.
d. If a member requests a certain PCP, then the health plan must honor that request and reassign by the first day of the following calendar quarter.
e. Health plans must send a communication (e.g., letter or email) to members letting them know that their assigned PCP has been changed no less than 30 days after the reassignment.

3.1.2 Health plans must ensure that VBP PCP attribution aligns with reconciled PCP assignment described above.

3.1.3 Health plans must share VBP/APM measure-specific denominator lists and methodology with providers at least quarterly and no later than the 30th of each month following the reassignment deadline discussed in 3.1.1.d (April, July, October, January).

a. See ACOM 416 for additional information.
b. Health plans must identify a Subject Matter Expert (SME) as a Point of Contact (POC) for answering provider questions regarding denominator lists.

3.1.4 Health plans must share interim performance year-to-date reporting for prior periods with providers at least quarterly and no later than the 30th of each month following the reassignment deadline (April, July, October, January).

a. Health plans must identify a SME as a POC for answering provider questions regarding the interim reporting.

3.1.5 Health plans must explain to providers when/why measures deviate from the NCQA/HEDIS methodology within 60 days after changing the methodology.

3.1.6 The preference is for health plans to create a self-serve portal for providers to access their current assignment panels and denominator lists. But, if a health plan does not have a self-serve portal, the health plan must provide current assignment panels and denominator lists within two business days of a request.

a. Health plans shall have a designated POC for requests.

3.1.7 Health plans must implement technical assistance and training for providers' VBP/APM arrangements. Health plans must have the following types of technical assistance available to providers:

a. Performance Measure Technical Specification Guides,
b. SMEs available at the Health plans for provider questions and sharing best practices,

c. Monthly and/or quarterly Joint Operating Committee (JOC) meetings, and
d. Training for providers on how to pull data from their self-serve portals (if applicable).

To note: These requirements were sent to the AHCCCS health plans for feedback in late April 2021. AHCCCS is currently reviewing feedback from the health plans.

3.2 Additional Considerations: Behavioral Health Attribution Modeling Guidelines

In future years, AHCCCS is exploring the implementation of additional behavioral health attribution modeling guidelines. AHCCCS seeks feedback from stakeholders on the steps necessary to create and implement such guidelines.

3.3 Additional Considerations: PBP Performance Measure Alignment

AHCCCS intends to require health plans to allocate a specified percentage of PBPs to AHCCCS Withhold and QMP Incentive (ACOM 306) performance measures and/or Centers for Medicare and Medicaid (CMS) Scorecard performance measures to receive AHCCCS reimbursement.

AHCCCS is currently seeking feedback on how to structure the percentage requirement, including:

1. Should the percentage requirement be in aggregate across all lines of business, or should there be individual percentage requirements for each line of business?
2. What percentage requirement should AHCCCS set for CYE 2022?
3. Should AHCCCS increase the percentage requirement annually?

3.4 Additional Considerations: TI PBP Alignment

AHCCCS intends to require health plans to allocate a specified percentage of PBPs to integrated primary care practice providers and behavioral health providers, inclusive of TI participants and similarly situated providers. This requirement would ensure that PBP fund the TI principles of integrated care.

Health plans will be required to structure contracts so they are able to meet the specified percentage of PBPs allocated to TI participants and similarly situated providers. Actual payments will depend upon performance by providers. The target requirement will be aggregated across all Lines of Business (LOB).

AHCCCS is currently seeking feedback on how to structure the percentage requirement, including:

1. What percentage requirement should AHCCCS set for CYE 2022?
2. Should AHCCCS increase the percentage requirement annually?

3.5 Additional Considerations: Evaluate the role of Medicaid ACOs and CINs in APMs

AHCCCS intends to evaluate the role of Medicaid ACOs, CINs, and similar organizations to better understand how these organizations work within the delivery system. This evaluation will allow AHCCCS to determine if its necessary to establish guardrails that ensure transparency and accountability.

To gain a better understanding, AHCCCS is seeking feedback from stakeholders on the following questions:

1. What role do these organizations play/what activities are performed in expanding VBP/ APMs in Arizona?
2. If you are an AHCCCS health plan, describe the activities you have transferred to these organizations that you previously performed.
    a. How do we ensure there is not a duplication of administrative activities between contracted health plans and these organizations?
3. What benefits do these organizations provide to AHCCCS contracted health plans?
4. What benefits do these organizations provide to AHCCCS contracted providers?
5. What do you see as the future of these organizations in the Arizona delivery system?
6. If you are an AHCCCS contracted provider, what items do you take into consideration when assessing whether or not to join one of these organizations to participate in VBP/APM agreements?

3.6 Additional Considerations: Implement LAN-APM 3 & 4 Encounter Reporting Requirements

AHCCCS intends for CYE 2022 to maintain its current exclusion of non-encountered VBP payments from risk corridor reconciliations and the development of capitation rates. However, beginning in CYE 2023, AHCCCS plans to develop and implement a process for health plans to submit LAN-APM Category 4 VBP payments as sub-capitated encounters which can be included in capitation rate development.

AHCCCS is currently seeking feedback on the following data requirements, including:

1. Encounter data submission requirements,
2. Medicaid ACO administrative/profit cost reporting, and
3. Medicaid ACO sub-capitated risk corridors.

Additionally, in CYE 2023, AHCCCS plans to create guidelines to mitigate duplication of administrative and services costs for health plans and Medicaid ACOs. AHCCCS seeks feedback from stakeholders on what information and data AHCCCS should take into consideration when creating these guidelines. Stakeholders may also provide draft guideline recommendations.

3.7 Additional Considerations: Targeted Investment (TI) Program Sustainability Through DAP

If not extended as a part of the 1115 waiver renewal, the TI Program will end in CYE 2021. The TI program makes incentive payments to Medicaid providers that adopt processes to integrate physical care and behavioral health services. AHCCCS is specifically interested in receiving suggestions and input on DAP strategies intended to support specific provider activities that sustain and advance TI care integration initiatives in CYE 2023, including the continuation of certain milestones that TI participants have implemented to support progress toward integration. By discussing potential DAP initiatives in CYE

2021, AHCCCS hopes that providers are able to achieve the performance measure results that would be used for determining the TI DAP in CYE 2023.

AHCCCS is interested in the following concepts but seeks input related to how it might implement specific DAP initiatives:

3.7.1 - Primary Care Providers - Participation in the statewide HIE
Effective exchange of patient information is foundational to coordinated and integrated care.

- In CYE 2023, AHCCCS would consider a DAP for qualifying providers who participate in the statewide HIE and implement receipt of Admission/Discharge/Transfer (ADT) alerts in the period January 1, 2021 through December 31, 2021, as compared to baseline data from the period January 1, 2020 through December 31, 2020.

- In CYE 2023, AHCCCS would consider a DAP for qualifying providers who participate in the statewide HIE and implement a bi-directional data exchange.

3.7.2 - Integrated Clinics and Behavioral Health Outpatient Clinics - Participation in the statewide HIE Effective exchange of patient information is foundational to coordinated and integrated care.

- In CYE 2023, AHCCCS would consider a DAP for qualifying providers who participate in the statewide HIE and implement a bi-directional data exchange.

3.7.3 - Primary Care Providers, Integrated Clinics, and Behavioral Health Outpatient Clinics - Implementation of the Collaborative Care Model (CoCM)
The CoCM is a behavioral health integration model that enhances primary care by adding care management support for patients receiving behavioral health treatment and regular psychiatric inter-specialty consultation to the primary care team. CoCM is a widely accepted integration model, adopted by several TI participants.

- In CYE 2023, AHCCCS would consider a DAP for qualifying providers who implement and use a CoCM. AHCCCS seeks input on how to validate provider participation for this potential DAP.
    - Additionally, what is an appropriate minimum threshold for participation?

3.7.4 - Primary Care Providers - Screening of child and adolescent members for depression and/or anxiety when receiving an EPSDT/adolescent well visit.
Behavioral health screening in primary care is a TI milestone requirement and an important component to linking physical and behavioral care.

- In CYE 2023, AHCCCS would consider a DAP for qualifying providers meeting established screening targets associated with EPSDT and adolescent well visits.

- What would be an appropriate target for providers to qualify for this potential DAP (e.g., percentage of claims)?
- How would AHCCCS be able to validate provider participation for this DAP?
- What potential issues may AHCCCS run into when validating this DAP?

3.7.5 - Integrated Clinics – Behavioral Health or Primary Care Services Utilization
In CYE 2021, AHCCCS implemented a DAP to apply a 10 percent increase for select physical health services for Integrated Clinics where behavioral health services for the provider must account for at least 40 percent of total AHCCCS claims and encounters. Modifying this DAP to include both or either behavioral health services and primary care services may support greater integration for both primary care and behavioral health organizations that have transitioned to become Integrated Clinics.

- In CYE 2023, AHCCCS would consider a DAP for Integrated Clinics where either behavioral health claims and/or primary care claims for the provider must account for at least 40 percent of the total AHCCCS claims.

Please Note: AHCCCS TI Sustainability strategies may be modified depending upon implementation of other initiatives and/or federal approval of TI 2.0 (an 1115 Waiver proposal for a second, five year TI program), to ensure efforts are not duplicative.

3.8 Additional Considerations: General Questions

In addition to the questions regarding specific initiatives above, AHCCCS is also interested in stakeholders thoughts to the following two questions:

1. Are current financial incentives enough to transform the delivery system from high-volume care to high-value care?
2. Are there any additional thoughts or considerations you would like to make AHCCCS aware of?

4. FINANCIAL/TOTAL COST OF OWNERSHIP

This RFI does not constitute a solicitation for proposals, a commitment to conduct procurement, or an offer of a contract or prospective contract; AHCCCS will not award a contract as a result of this RFI. AHCCCS will not be liable for any costs incurred by respondents in the preparation and submission of information in response to this RFI.

Information received by AHCCCS becomes the property of AHCCCS and will not be returned to the sender. There will be no acknowledgement by AHCCCS of receipt of the information. Acceptance of responses to this RFI imposes no obligations of any kind upon AHCCCS.

5. INFORMATION REQUESTED

If a stakeholder is interested in providing information or input on outlined VBP strategies, AHCCCS requests a written response that outlines relevant information and data that AHCCCS should consider in the development of its approach. For the Additional Considerations section, each

response should cite the specific item (e.g., 3.1.1) to which it pertains. AHCCCS also welcomes new, specific proposals for VBP initiatives for CYE 2022 and future years.

6. **CONTENTS OF YOUR RESPONSE**

If you are interested in responding to this RFI, AHCCCS is requesting the following:

a. **Detailed Written Response** to any or all of the areas listed above. Response should be no more than 12 pages, clearly legible, sequentially page-numbered, and include the respondent's name and RFI number at the top of each page.
b. **A completed Attachment A,** Respondent's Information, which includes contact information, including name, title, mailing address, email address, authorized signature, and phone number of the contact person for questions relating to the RFI.

7. **HOW TO RESPOND**

a. Submit one (1) electronic copy of the RFI response electronically (or by mail/physically) to the procurement officer listed on the front of this RFI via
   i. CD; or other electronic device.
   ii. Secure email attachment.
b. Submit a response no later than the time indicated on the front page of this RFI. Please take into consideration the Arizona time zone.

8. **CONFIDENTIAL/PROPRIETARY INFORMATION**

a. To the extent allowed by law, information contained in a response to a request for information shall be considered confidential until a formal procurement process is concluded or for two (2) years, whichever occurs first. AHCCCS reserves the right to use outside consultants to assist staff in reviewing this request for information. A Procurement Disclosure Statement (PDS) is signed by all reviewers to ensure that the legal mandate to maintain strict security and confidentiality of the information is met. This RFI and responses to the RFI are subject to the Arizona Public Records law and as such, are open to public inspection after this time.

b. Detailed Legal Analysis: If a Respondent believes that a specific portion of its response contains information that should be withheld from public inspection due to confidentiality, the Respondent shall submit to the Procurement Officer a detailed legal analysis, prepared by legal counsel, which sets forth the basis for the requested non-disclosure and the specific harm or prejudice which may arise if disclosed. The analysis shall be presented to the Procurement Officer at the same time as the bid, proposal, offer, specification, or protest.

c. Redacted Version of Response: If any pieces of a response are being requested to be kept confidential, and withheld from public viewing, an additional redacted copy of the proposal on a separate CD or in a separate document is required. This will ensure that

no confidential information is inadvertently shared publicly as opposed to the version that contains confidential information for AHCCCS viewing only.

i. An entire response shall not be identified as confidential; only those very limited and distinct portions which are considered by the Respondent as confidential may be identified as such.
ii. In the event that AHCCCS receives a request for disclosure of the information, AHCCCS shall disclose the information in accordance with the law. Prior to disclosure, AHCCCS will inform the respondent of such a request and provide the respondent a period of time to take action it deems appropriate to support non-disclosure. The respondent shall be responsible for any and all costs associated with the nondisclosure of the information.

9. REIMBURSEMENT

AHCCCS will not reimburse any respondent for the cost of preparing and submitting a response to the RFI or for travel costs associated with presenting the demo.

10. NO AWARD OF CONTRACT

This is a Request for Information (RFI) only and as such will NOT result in any award of contract. AHCCCS is in the information gathering stage and no decisions have been made concerning the agency's intent to issue a formal Request for Proposal. Responding to this RFI is appreciated and will NOT prohibit the respondents from responding to any future procurement.

Attachment A: Respondent's Contact Information

Company Name	
Address	
Federal Employer ID Number	

For Clarification of this Response Contact:

Name	
Title	
Phone	
Email	

Signature of Authorized Person	
Name	
Title	
Date	

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