Direct Contracting: Global and Professional Options

Payment Office Hours: Part 2

February 11, 2020

Center for Medicare and Medicaid Innovation
Centers for Medicare & Medicaid Services (CMS)

Office Hours Agenda

Today's Q&A Topics

- **Payment / Finance**

- **Benefit Enhancements and Patient Engagement Incentives**

- **Application and Eligibility**

- **Alignment**

- **Open Q&A**

The financial methodology described in this webinar is still in development and is subject to change. CMS will release additional information as it becomes available.

Payment / Finance

What Claims are Included in the Capitation and Advanced Payments?

	Primary Care Claims			Non-Primary Care Claims				Other FFS Claims
	DC Participant Providers	**Preferred Providers**		**DC Participant Providers**		**Preferred Providers**		**Other Providers**
	All Claims	*% of Claims Reduced*	*% of Claims NOT Reduced*	*% of Claims Reduced*	*% of Claims NOT Reduced*	*% of Claims Reduced*	*% of Claims NOT Reduced*	*All Claims*
Total Cost of Care	Total Cost of Care							
Primary Care Capitation	Enhanced PCC / Primary Care Capitation		Paid through FFS Claims	Advanced Payment	Paid through FFS Claims	Advanced Payment	Paid through FFS Claims	
Total Care Capitation	Total Care Capitation		Paid through FFS Claims	Total Care Capitation	N/A – All Claims Reduced	Total Care Capitation	Paid through FFS Claims	

Example of Final Reconciliation (Global, TCC)

After the Performance Year is completed, CMS compares all Medicare FFS expenditures for services delivered to aligned beneficiaries against the DCE's performance year benchmark to determine shared savings or shared losses

| Final PY Benchmark | − | Total PY Expenditures | = | Gross Savings | × | Application of Risk Corridors | = | Shared Savings |

Gross Savings

$60 PBPM
(6% of benchmark)

| Performance Year Benchmark

$1000 PBPM | vs. | **FFS Claims Payments**

$410 PBPM

Total Care Capitation[1]

$530 PBPM | $940 PBPM |

Global Risk	
Corridor	0-25%
DCE Risk	100%

$60 x 100% = $60 PBPM

$60 PBPM

---
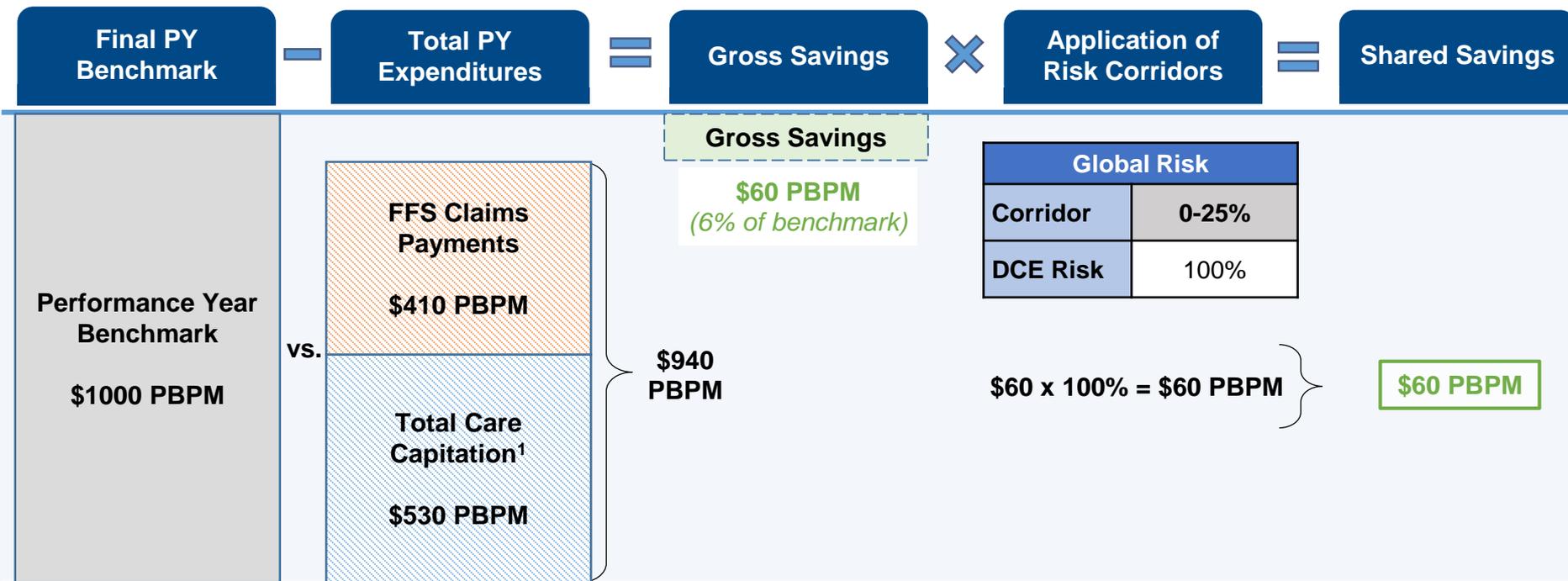
1. The Total Care Capitation amount will not be reconciled directly against claims covered by the TCC and will be *included in expenditures* as it was paid to the DCE

CMS CENTERS FOR MEDICARE & MEDICAID SERVICES

Example of Final Reconciliation (Professional, PCC)

After the Performance Year is completed, CMS compares all Medicare FFS expenditures for services delivered to aligned beneficiaries against the DCE's performance year benchmark to determine shared savings or shared losses

Final PY Benchmark	−	Total PY Expenditures	=	Gross Savings	×	Application of Risk Corridors	=	Shared Savings

Performance Year Benchmark

$1000 PBPM

vs.

FFS Claims Payments

$410 PBPM

Advanced Payments[1]

$500 PBPM

Base PCC[2]
$30 PBPM

Enhanced PCC[3]
$40 PBPM

$940 PBPM

7% of Benchmark ($70 PBPM)

Gross Savings

$60 PBPM
(6% of benchmark)

Professional Risk		
Corridor	**0-5%**	**5-10%**
DCE Risk	50%	35%

$50 x 50% = $25 PBPM

+

$10 x 35% = $3.5 PBPM

$28.5 PBPM
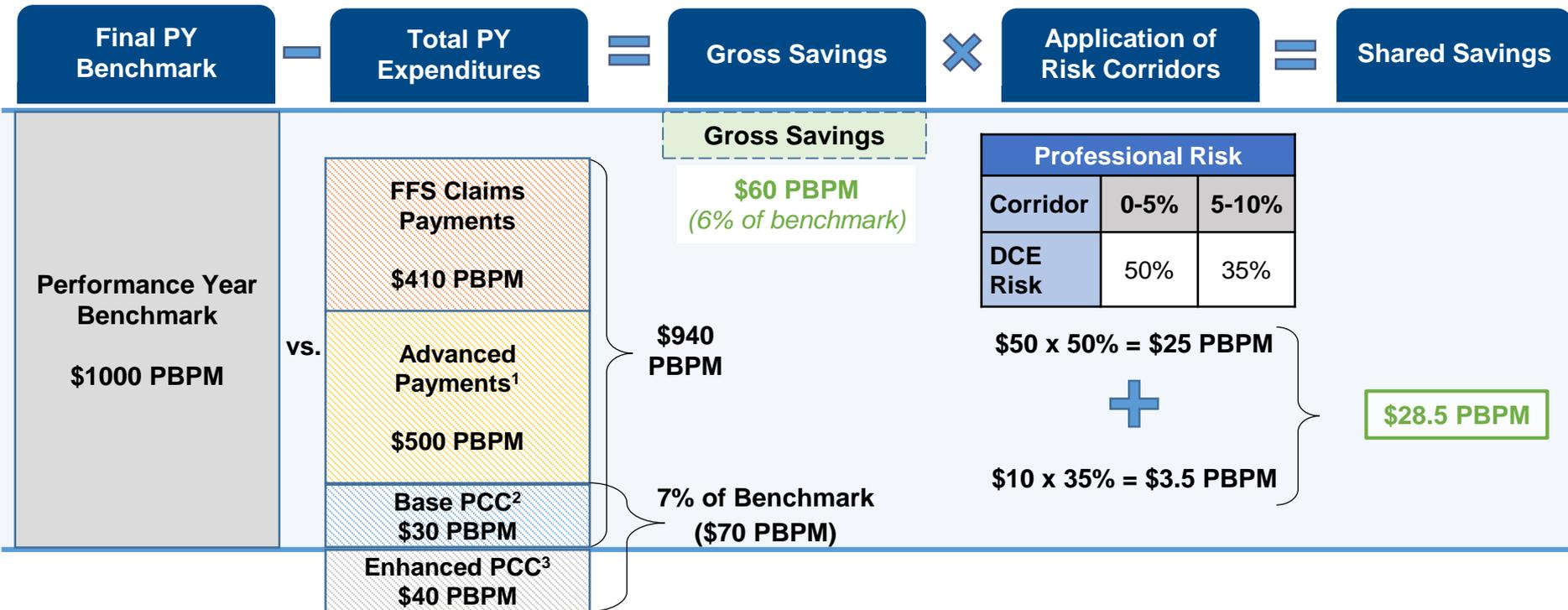
1. Advanced Payments will be *directly reconciled* against claims reductions *before calculation of total expenditures*
2. The Base PCC amount will not be reconciled directly against claims covered by the PCC and will be *included in expenditures*
3. The Enhanced PCC amount will be *fully recouped* by CMS before determination of savings / losses; it is *not part of expenditures*

5

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Direct Contracting Payment / Finance

Payment / Finance Q&A

Please **submit questions via the Q&A pod** to the right of your screen.
Specific questions about your organization can be submitted to DPC@cms.hhs.gov

Benefit Enhancements

Direct Contracting Benefit Enhancements

Benefit Enhancements and Patient Engagement Incentives Q&A

Please **submit questions via the Q&A pod** to the right of your screen.
Specific questions about your organization can be submitted to DPC@cms.hhs.gov

Application & Eligibility

Direct Contracting Application & Eligibility

Application & Eligibility Q&A

Please **submit questions via the Q&A pod** to the right of your screen.
Specific questions about your organization can be submitted to DPC@cms.hhs.gov

Alignment

Direct Contracting Alignment

Alignment Q&A

Please **submit questions via the Q&A pod** to the right of your screen.
Specific questions about your organization can be submitted to DPC@cms.hhs.gov

Open Q&A

Direct Contracting Open Q&A

Open Q&A

Please **submit questions via the Q&A pod** to the right of your screen.
Specific questions about your organization can be submitted to DPC@cms.hhs.gov

Model Timeline

Model Timeline

Timeline	Implementation Period (IP) DCE Applicants	Performance Period (PY1) DCE Applicants
Application Period	November 25, 2019 – February 25, 2020 *(Application tool opened December 20, 2019)*	March 2020 – May 2020
DCE Selection	May 2020	September 2020
Deadline for applicants to sign and return Participant Agreement (PA)	June 2020 *(IP PA)* December 2020 *(Performance Period PA)*	December 2020
Initial Voluntary Alignment Outreach and start of IP or PY	June 2020	January 2021

This timeline may be subject to change. Please check the Directing Contracting webpage for webinar and office hour dates and times.

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Audience Poll
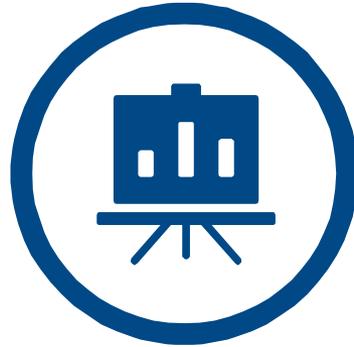
How likely are you to apply to participate in the Direct Contracting model?

a) Very likely

b) Likely

c) Unlikely

d) Very unlikely

e) Unsure

Contact Information

Direct Contracting Webpage

(includes link to application):
https://innovation.cms.gov/initiatives/direct-contracting-model-options/

Email:

DPC@cms.hhs.gov

Salesforce Support:

CMMIForceSupport@cms.hhs.gov