



The Medicare-Medicaid Accountable Care Organization (MMACO) Model

Welcome to Today's Webinar

We will begin at 1:00 PM ET

Dial-in: 1-800-832-0736

*Meeting Room: *6291628#*

Note: All attendee phone lines are muted to prevent audio feedback



The Medicare-Medicaid Accountable Care Organization Model



Beneficiary Assignment and Financial Methodology

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*Center for Medicare and
Medicaid Innovation (CMMI)*

Tips for a Successful Event

- **Telephone**

- All attendee phone lines are muted
- This session will be recorded for posting online

- **Webinar Environment Features**

- Please submit any questions you have in the Q & A box. The model team will review and post any unanswered questions on the model team website.
- Download the slides in the box in the lower right corner of your screen
- A short survey will be available at the end of the presentation

Type questions here and hit "Enter"

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MMACO Model Webinars

- **May 11, 2017: Model Overview**

Recording Link: <https://innovation.cms.gov/resources/mmaco-webinar.html>

- **TODAY: Beneficiary Assignment and Financial Methodology**

- **June 15, 2017: Medicare State Shared Savings Methodology**

Registration Link:

<https://preaward.adobeconnect.com/ezwuwlop7l9c/event/registration.html>

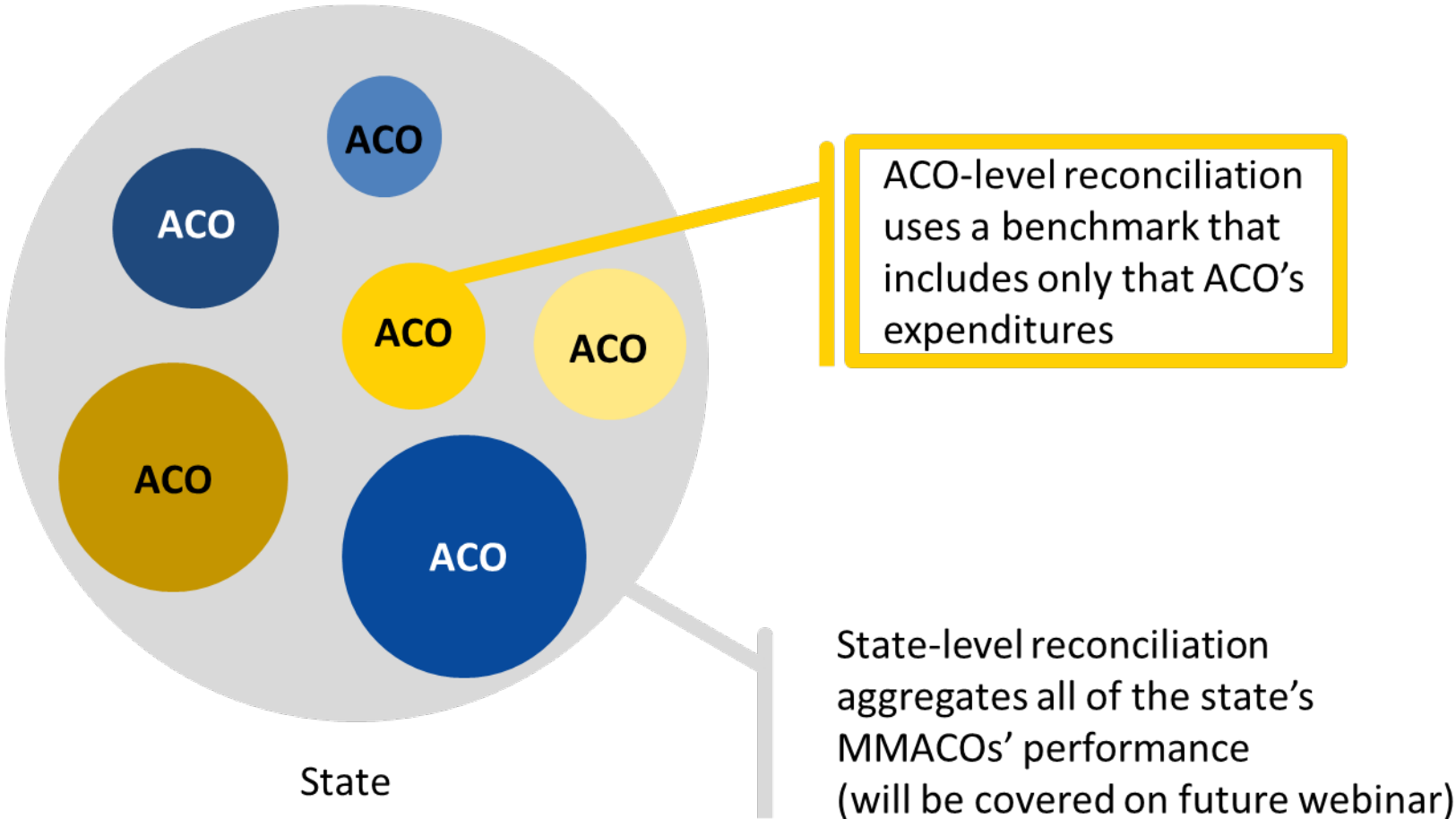
Presentation Overview

- Overview of beneficiary assignment and financial methodology
- Target population
- Beneficiary assignment
- Expenditure calculation
- Benchmark calculation
- Shared savings/loss calculation

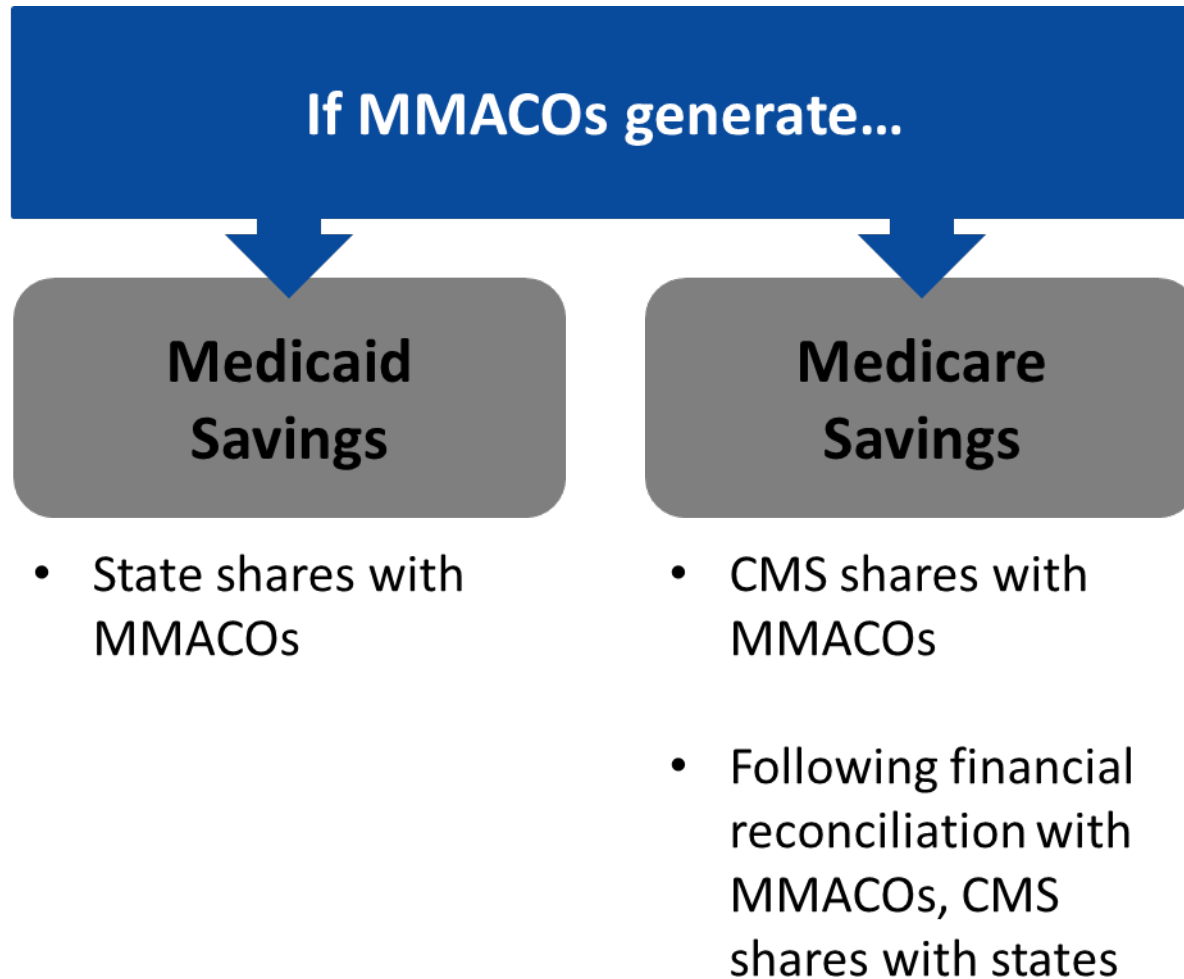
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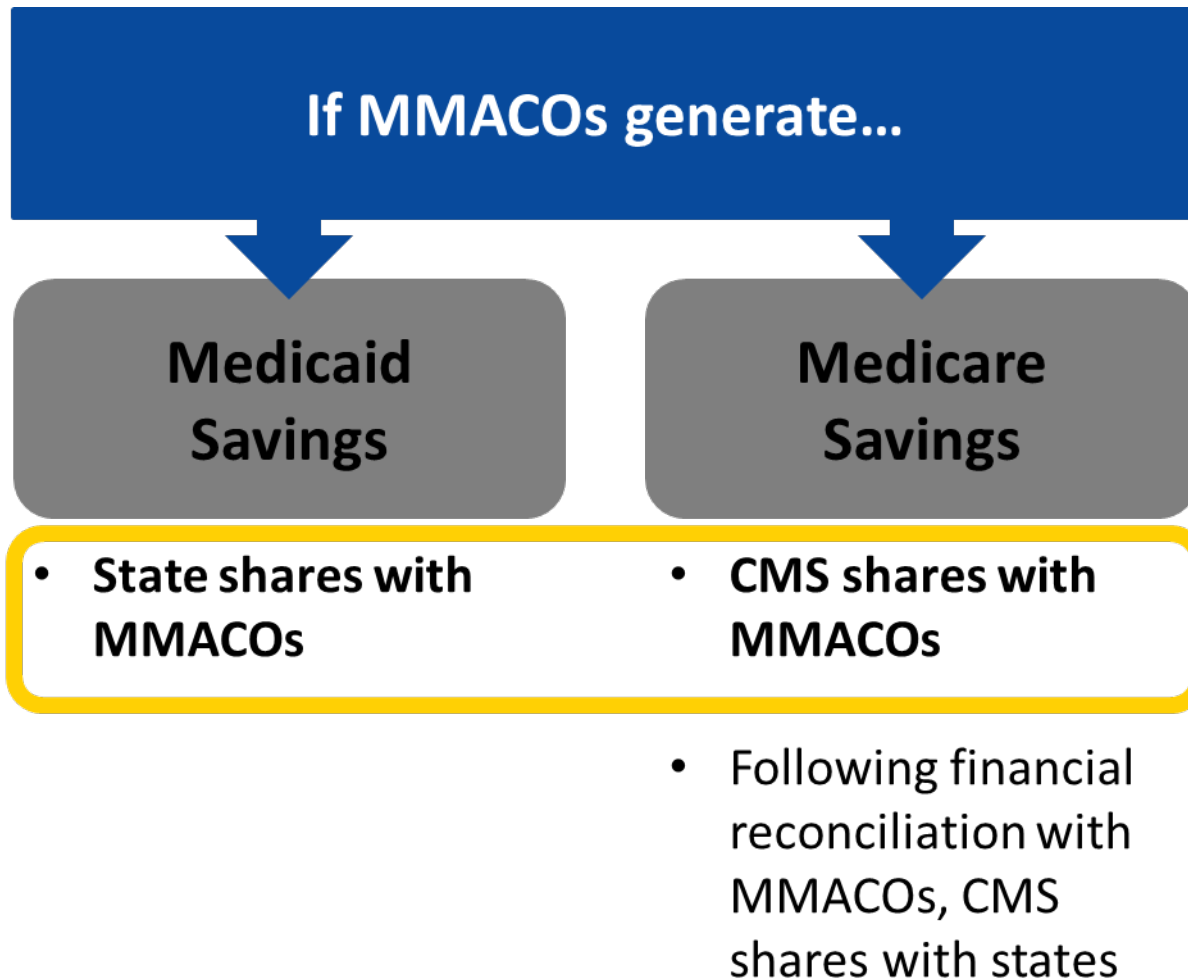
Two Levels of Reconciliation



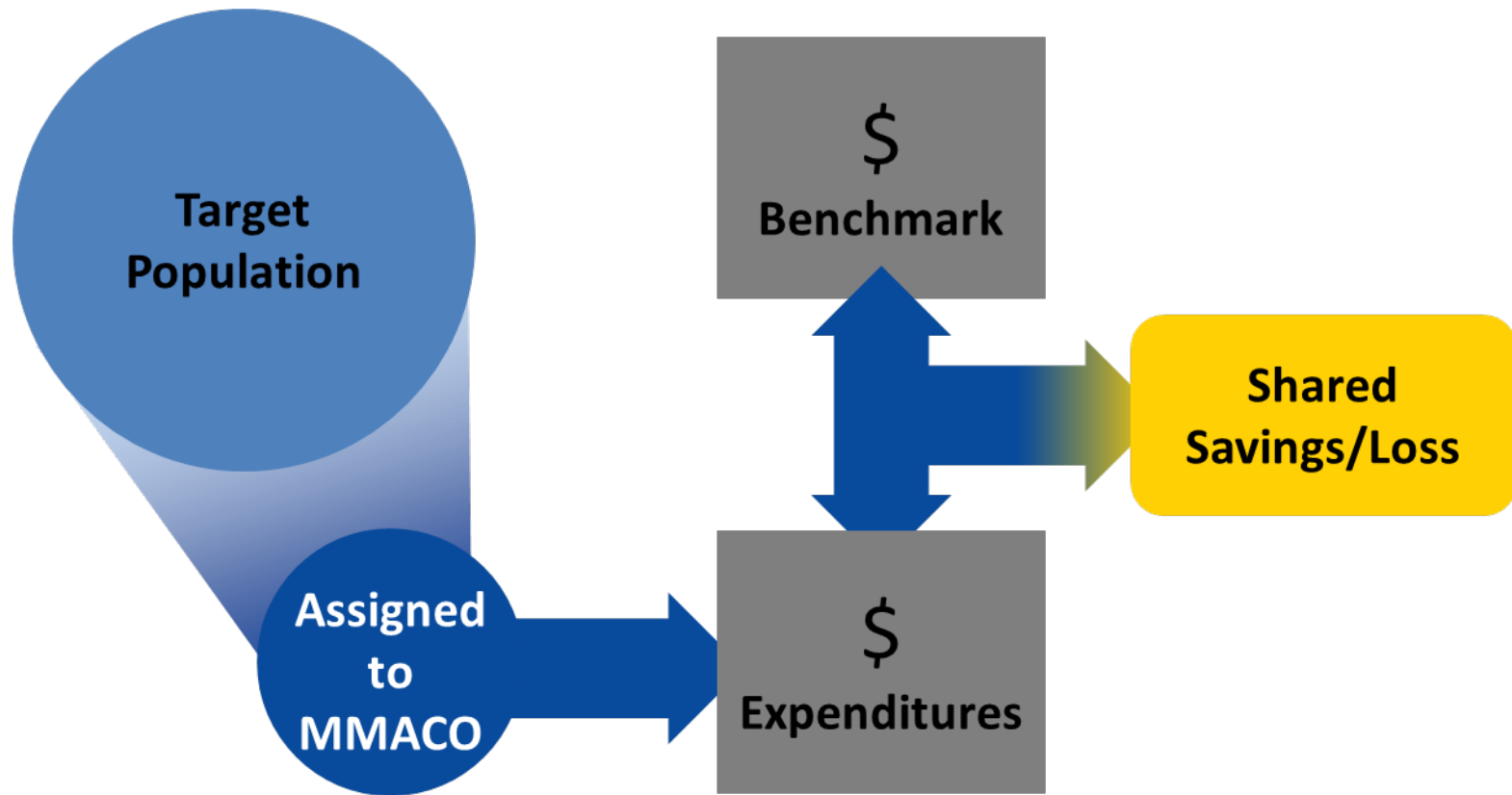
Medicare State Shared Savings



Medicare State Shared Savings



Beneficiary Assignment and Financial Methodology



MMACO Model

- The MMACO Model builds on the existing Medicare Shared Savings Program, which holds ACOs accountable for *Medicare* savings/losses
- MMACO Model adds *Medicaid* accountability for Medicare Shared Savings Program beneficiaries who have dual Medicare-Medicaid coverage
- States work with the Centers for Medicare & Medicaid Services (CMS) to develop a financial methodology for calculating Medicaid savings/losses
- CMS will calculate Medicare and Medicaid benchmarks separately for each MMACO

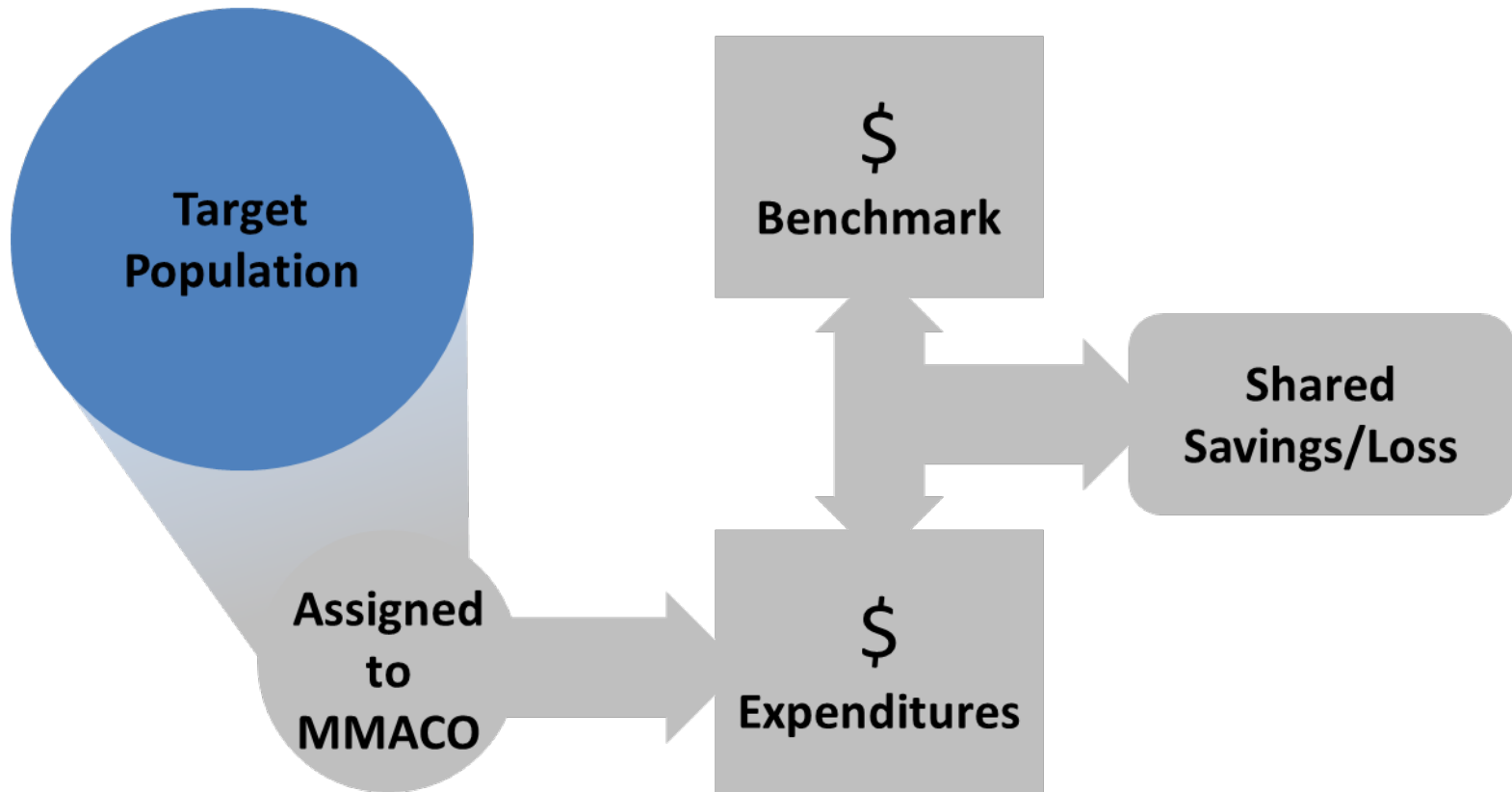
MMACO Model

- All MMACOs must also participate in the Medicare Shared Savings Program
- CMS calculates *Medicare* savings/losses using the Medicare Shared Savings Program methodology:
 - For Medicare-only and Medicare-Medicaid beneficiaries assigned to MMACOs through the Medicare Shared Savings Program
- CMS calculates *Medicaid* savings/losses using the Medicaid financial methodology developed by states and CMS:
 - For Medicare-Medicaid beneficiaries assigned to MMACOs through the Medicare Shared Savings Program
 - For additional Medicare-Medicaid or Medicaid-only beneficiaries assigned to MMACOs through the MMACO Model, if the state chooses to expand the target population to include them

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Beneficiary Assignment and Financial Methodology



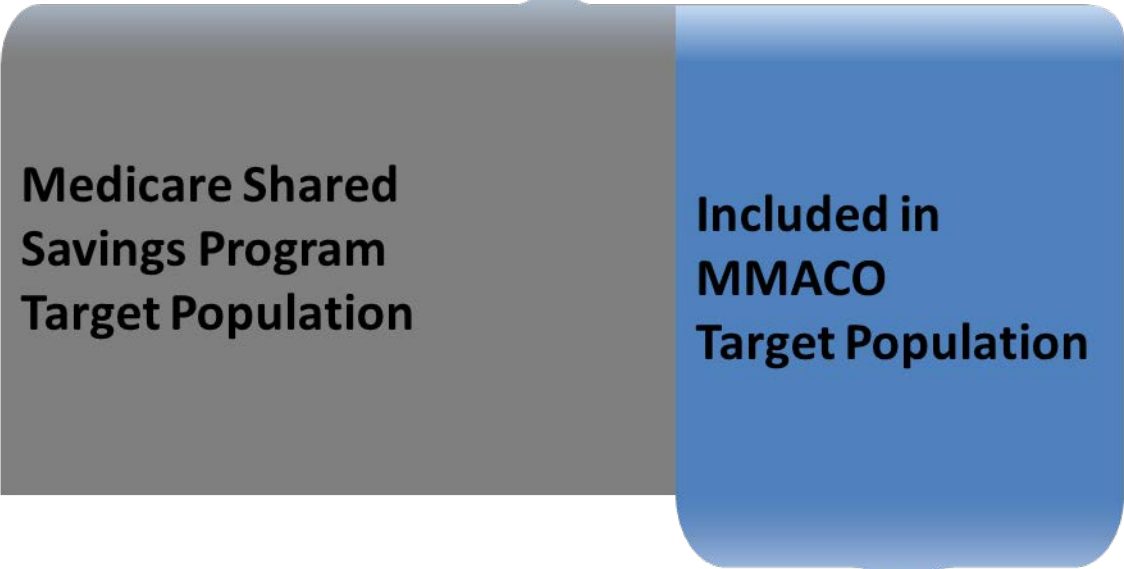
MMACO Target Population

***Medicare Benchmark
(Medicare Shared Savings Program)***

**Medicare Shared
Savings Program
Target Population**

MMACO Target Population

*Medicare Benchmark
(Medicare Shared Savings Program)*



*Medicaid Benchmark
(MMACO Model)*

MMACO Target Population

*Medicare Benchmark
(Medicare Shared Savings Program)*



Medicaid Benchmark (MMACO Model)

MMACO Target Population

**Medicare Benchmark
(Medicare Shared Savings Program)**

CMS will use Medicare Shared Savings Program eligibility criteria

Medicare Shared Savings Program Target Population

Included in MMACO Target Population

Additional Subset of MMACO Target Population (optional)

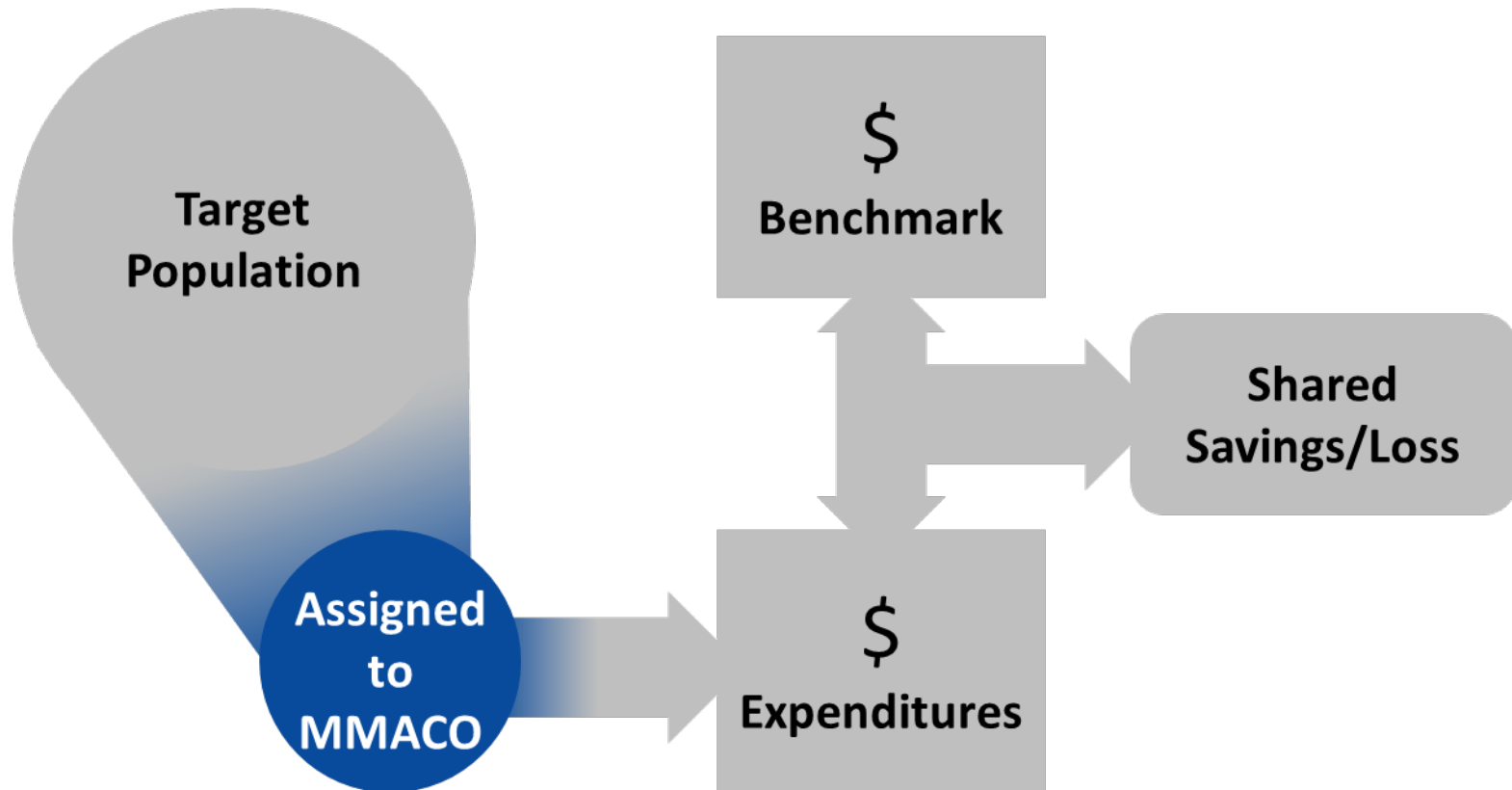
States, with CMS, will determine eligibility criteria (to include Medicaid FFS coverage)

Medicaid Benchmark (MMACO Model)

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Beneficiary Assignment and Financial Methodology



Beneficiary Assignment - Medicare

Medicare Benchmark (Medicare Shared Savings Program)



- CMS will assign beneficiaries to MMACOs for Medicare accountability using the existing Medicare Shared Savings Program beneficiary assignment methodology
- ***Exception:*** All MMACOs will use the Track 3 prospective assignment methodology, regardless of the Medicare Shared Savings Program financial track they choose

Beneficiary Assignment - Medicaid

Medicare Shared
Savings Program
Target Population

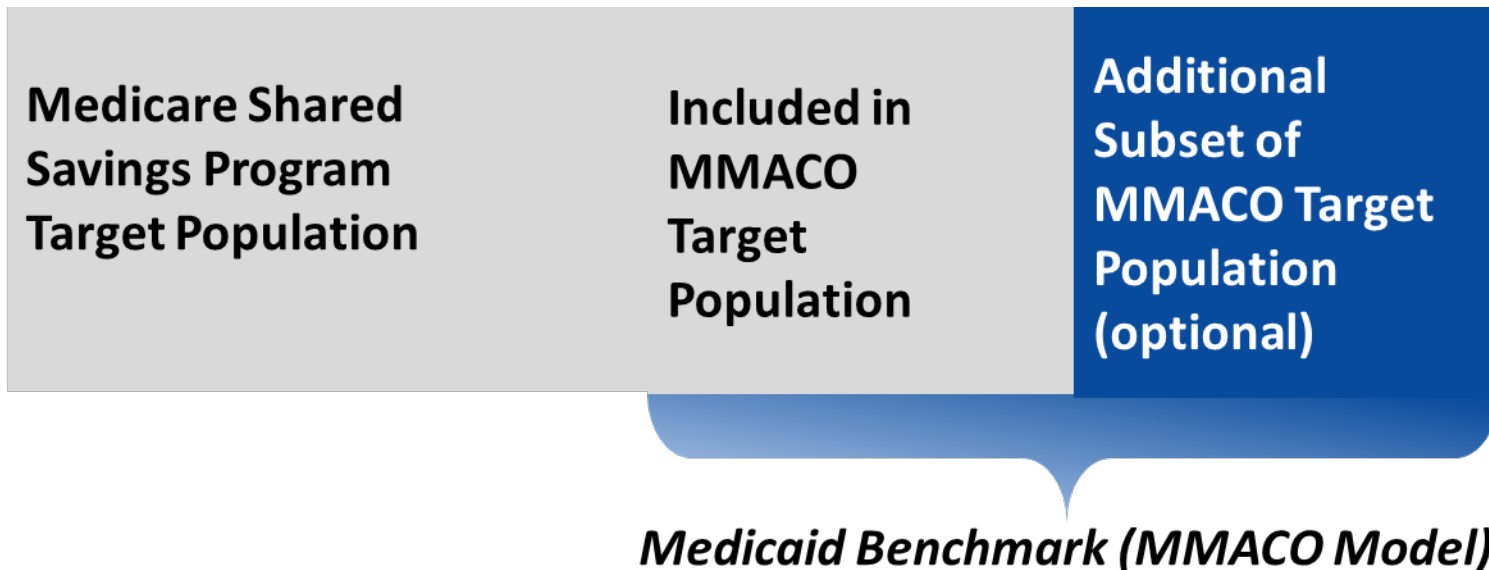
Included in
MMACO
Target
Population

Additional
Subset of
MMACO Target
Population
(optional)

Medicaid Benchmark (MMACO Model)

- States, with CMS, will determine eligibility criteria to identify which beneficiaries assigned to MMACOs for Medicare accountability should be assigned for *Medicaid* accountability as well

Beneficiary Assignment - Medicaid

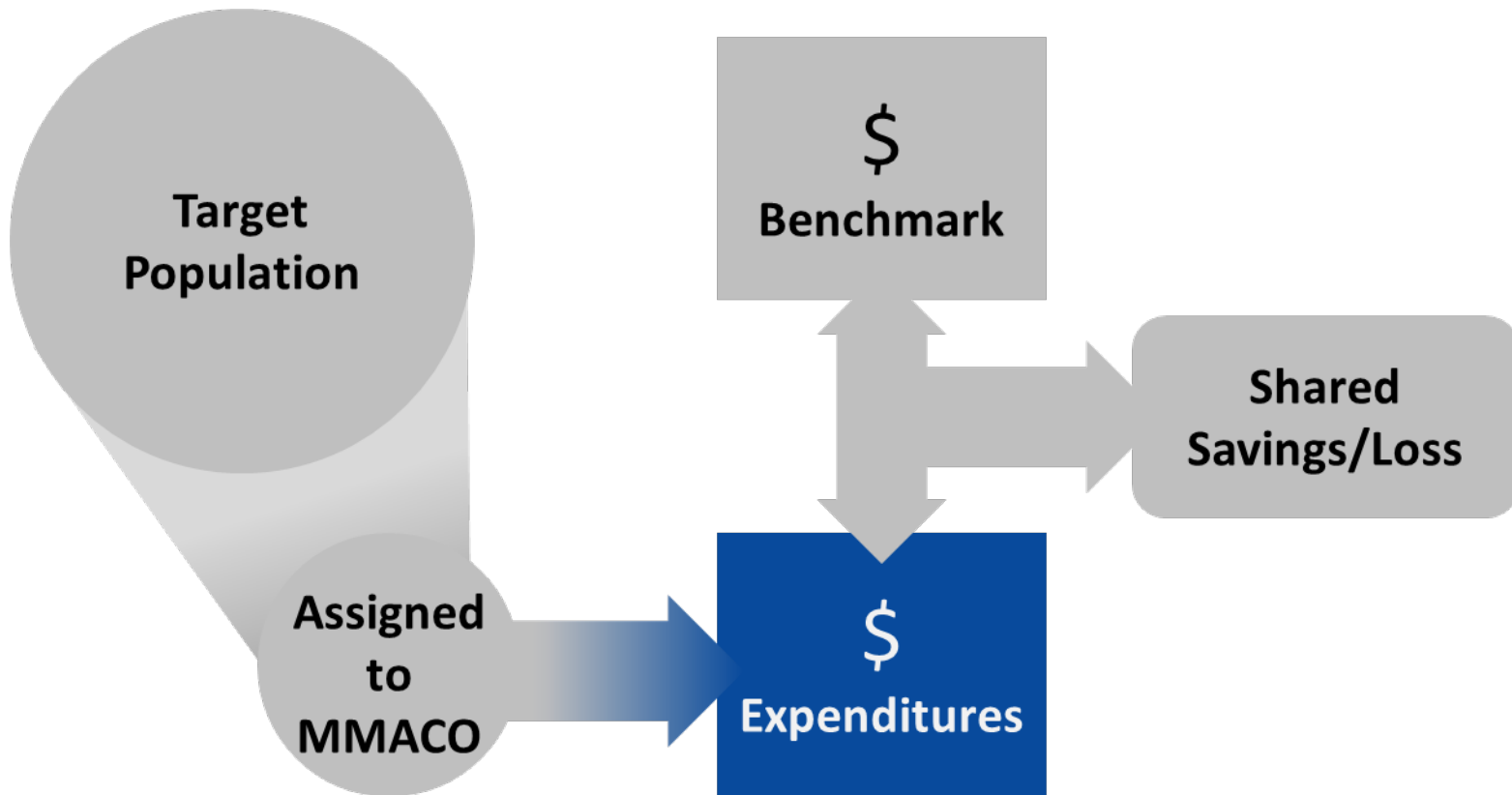


- States, with CMS, will determine the eligibility criteria for the optional, additional subset of beneficiaries to be included in Medicaid accountability
- States, with CMS, will determine a plurality of care methodology for assigning those beneficiaries to MMACOs

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Beneficiary Assignment and Financial Methodology



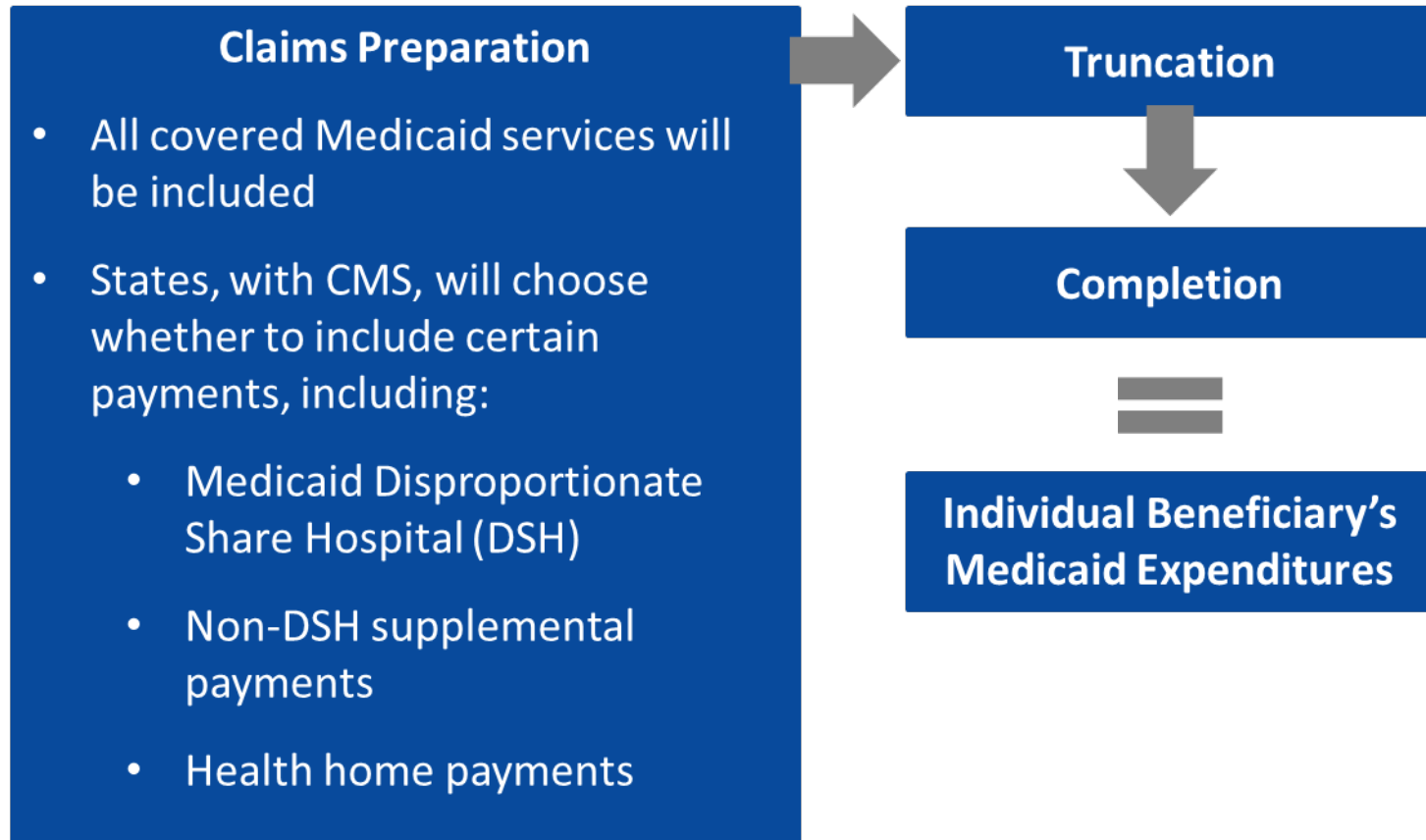
Medicare Expenditure Calculation

- CMS will measure Medicare Parts A and B expenditures for the assigned population through the Medicare Shared Savings Program
- For more information, see page 34 of the Medicare Shared Savings Program [Shared Savings and Losses and Assignment Methodology Specifications document](#)

Medicaid Expenditure Calculation: Beneficiary Level

- CMS will measure expenditures for all Medicaid covered services for each assigned beneficiary during the performance year
 - Includes costs for *all* Medicaid services provided to the beneficiaries assigned to the MMACO, not just the services provided by the MMACO
- Individual beneficiaries' expenditures will be capped at a truncation threshold to protect MMACOs from outliers
- A completion factor will be applied to account for claims submitted after the claims run-out period

Medicaid Expenditure Calculation: Beneficiary Level



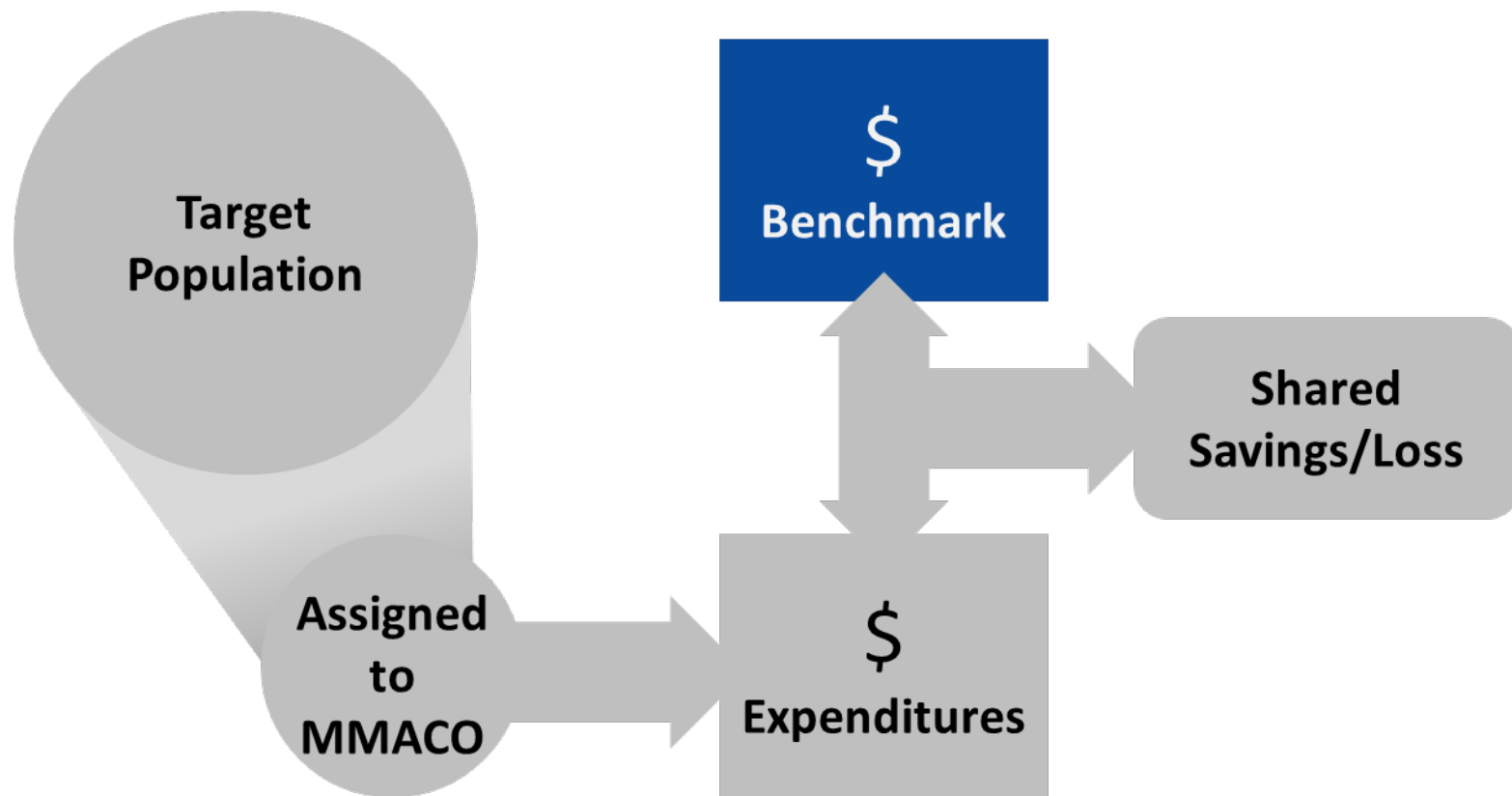
Medicaid Expenditure Calculation: MMACO Level

- CMS will aggregate individual beneficiaries' expenditures into overall per-beneficiary-per-year (PBPY) Medicaid figures for the MMACO
- The expenditures will be stratified by at least:
 - Three categories of care delivery: Medicaid medical institution, Home and Community Based Services (HCBS), and community-other
 - Two categories of mental illness: the presence or absence of serious mental illness (SMI) including substance use disorders
 - Two categories of age: 65 and older, and under 65

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- Expenditure calculation
- **Benchmark calculation**
- Shared savings/loss calculation

Beneficiary Assignment and Financial Methodology



Benchmark Calculation: Medicare

- The Medicare benchmark estimates what assigned beneficiaries' Medicare Parts A & B costs would have been in the absence of the program
- For more information, see page 46 of the Medicare Shared Savings Program [Shared Savings and Losses and Assignment Methodology Specifications document](#)

Benchmark Calculation: Medicaid

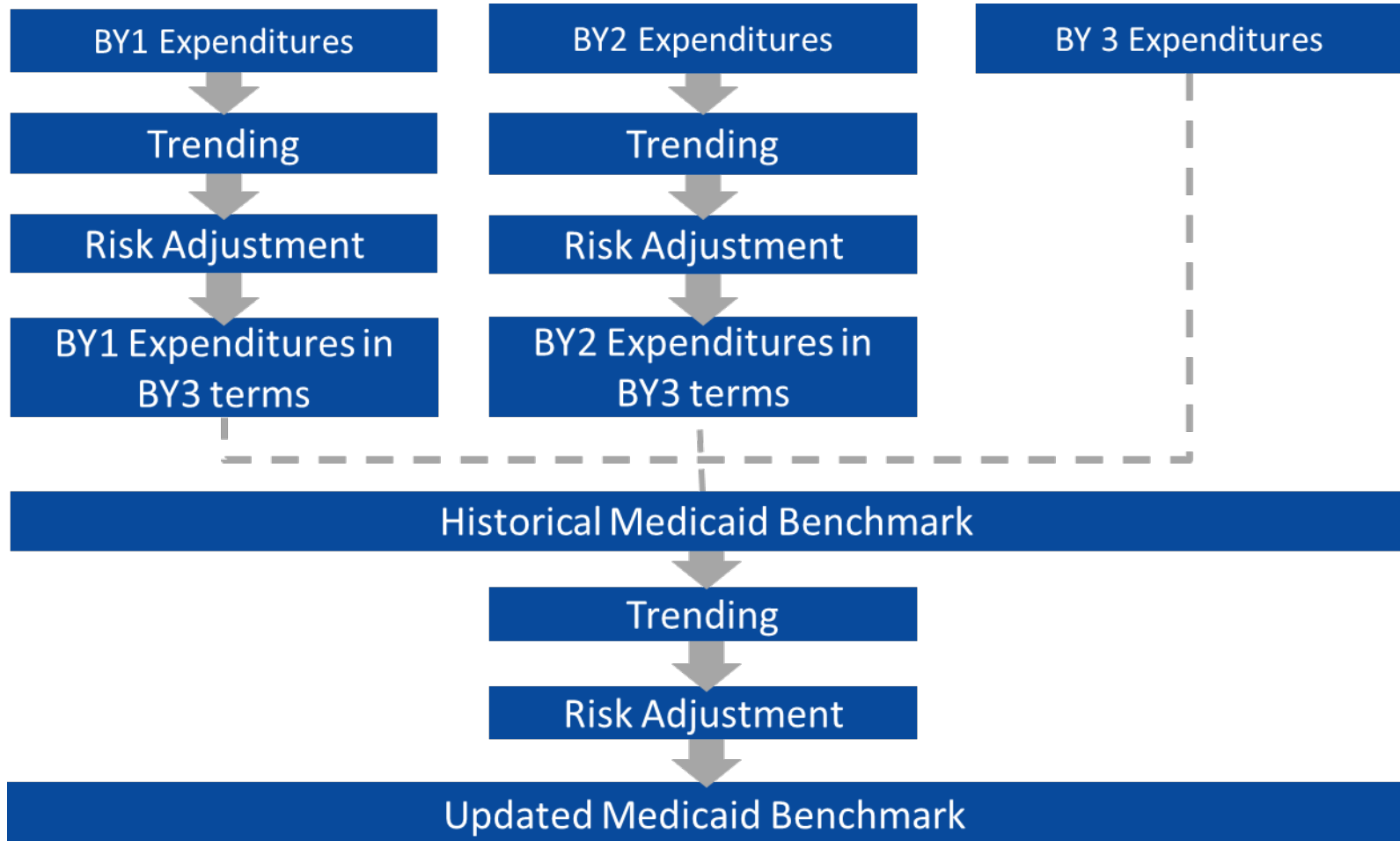
- The Medicaid benchmark estimates what assigned beneficiaries' Medicaid costs would have been in the absence of the Model
- First, CMS calculates an MMACO's Medicaid expenditures for three historical baseline years

→ *Historical Medicaid Benchmark*

- Next, the Model adjusts those baseline expenditures to account for changes in risk and regional cost growth between the baseline years and the performance year

→ *Updated Medicaid Benchmark*

Medicaid Benchmark Calculation



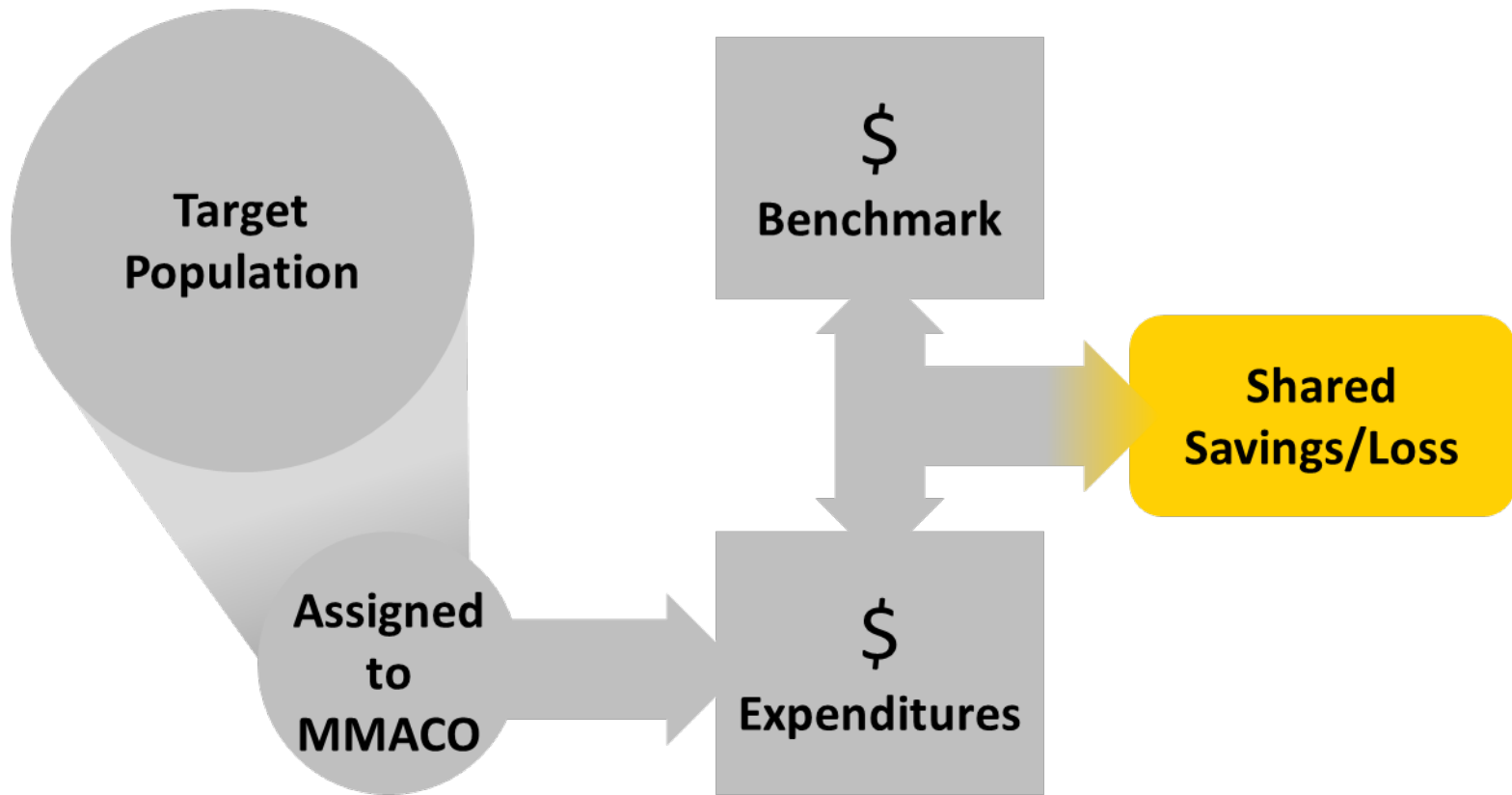
Medicaid Benchmark Calculation

- CMS will develop the risk adjustment methodology for Medicaid expenditures, which will be common across states
- CMS will develop the trend factors for Medicaid expenditures, with states' help identifying appropriate reference populations
- States and CMS will work together to determine the weights assigned to each baseline year for the Medicaid benchmark

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Beneficiary Assignment and Financial Methodology



Shared Savings/Loss Calculation: Medicare

- CMS will compare an MMACO's performance year Medicare expenditures to the Medicare benchmark to determine if the MMACO generated Medicare savings or losses
- For more information on Medicare savings/loss calculations, see page 45 Medicare Shared Savings Program [Shared Savings and Losses and Assignment Methodology Specifications document](#)

Shared Savings/Loss Calculation: Medicaid

- The Model will compare an MMACO's performance year Medicaid expenditures to the Medicaid benchmark to determine if the MMACO generated Medicaid savings or losses
- States, with CMS, will determine the Medicaid risk tracks to offer MMACOs, including both one-and two-sided risk
 - One-sided risk tracks will only share in savings
 - Two-sided risk tracks will share in both savings and losses

Medicaid Shared Savings/Loss Calculation

Preliminary Medicaid Savings/Losses

1) Compare to Minimum Savings/Loss Rate

2) Apply Savings/Loss Sharing Rate

3) Apply Savings/Loss Cap

Medicaid Minimum Savings Rate/ Minimum Loss Rate

- If the Medicaid savings or losses are greater than a Minimum Savings Rate/ Minimum Loss Rate (MSR/MLR), the MMACO remains eligible to share in the savings/losses

**Only MMACOs in two-sided Medicaid risk tracks will share in Medicaid losses*

- The MSR/MLR is a percentage of the Medicaid benchmark. States, with CMS, will determine what MSR/MLR (or range of MSR/MLRs) to use

Medicaid Sharing Rate/ Loss Rate

- If Medicaid savings/losses exceed the MSR/MLR, the Model will apply a sharing or loss rate to the Medicaid savings/losses
- The sharing rate will take quality scores into account (rewarding MMACOs for better quality)
- The loss rate may take quality into account
- States, with CMS, will determine the formulas for Medicaid sharing rates and loss rates

Medicaid Savings/Loss Cap

- Finally, the Model will cap Medicaid savings or losses at a percentage of the Medicaid benchmark
- States, with CMS, will determine the savings/loss cap
- States will pay the final Medicaid shared savings amount to MMACOs, or receive the final Medicaid shared loss amount from MMACOs

State Role in Designing Methodologies

State & CMS
Medicaid target population
Medicaid beneficiary assignment methodology
Medicaid risk tracks
Medicaid shared savings/losses calculation
Medicaid reference population/trend

CMS
Medicare assignment and financial methodologies (Medicare Shared Savings Program)
Medicaid risk adjustment

More Information

- **Innovation Center website**
<https://innovation.cms.gov/initiatives/medicare-medicaid-aco-model/>
- **Request for Letters of Intent**
<https://innovation.cms.gov/Files/x/mmaco-loi.pdf>
- **FAQs**
<https://innovation.cms.gov/Files/x/mmaco-faq.pdf>
- **Email inbox**
MMACO@cms.hhs.gov

Questions?

- We appreciate your feedback on this webinar
- You will have the opportunity to complete a brief survey shortly

Register for the Next Event!

- **June 15, 2017: Medicare State Shared Savings Methodology**

Registration Link:

<https://preaward.adobeconnect.com/ezwuwlop7l9c/event/registration.html>