Leslie Vasquez: I'd like to thank everyone for joining today's webinar. I'd like to welcome you. The event today is entitled Medicare State Shared Savings. Before we get into the session in earnest, I would just like to go over a couple of housekeeping items for you. First of all, my name is Leslie Vasquez and I'm going to be the moderator for the event. I'd like to let you know that we are recording this session and we are going to make it available on the CMMI webpage.

Next, we have a formal Q&A session at the end of the event. We'd like to encourage you to submit any questions that you have into the chat window, which you see in the upper right hand corner of the screen. If you have a technical question as well, just type it into the chat window and we will address it accordingly. A PDF copy of the slides is available in the download presentation pod, which is just below the chat window. You can just click on the link listed in the download presentation and download the slides for your reference.

With that, I'd like to go ahead and welcome our presenter, Breda Eschliman, who's going to be representing the model team.

Breda Eschliman: Thanks, Leslie. Before we begin, I wanted to read a brief disclaimer so please bear with me. All the comments made on this call are offered only for general informational and educational purposes. As always, the agency positions on matters may be subject to change. CMS's comments are not offered as, and do not constitute legal advice or legal opinions and no statement made on this call with preclude the agency and/or it's law enforcement partners from enforcing any and all applicable laws, rules, and regulations. Participants are responsible for ensuring their actions fully comply with applicable laws, rules, and regulations and we encourage you to consult with your own legal counsel to ensure such compliance. Furthermore, to the extent that we may piece together facts and information from you during this call, we intend to gather your individual opinion only. CMS is not seeking group advice.

With that, we'll go ahead and get not this webinar. To remind you of where we are in our webinar series, today is our third and final webinar. First we went over our model overview. If you look at the slide, you'll see the link where you can listen to that recording if you missed it. Last week we went over the beneficiary assignment and financial methodologies and that recording link will come soon. Today we're going over the Medicare State Shared Savings methodology. I know that the second and third webinars probably look pretty similar in their titles. As a reminder, the second webinar, which was last week, really covered the ACO level reconciliation for both Medicare and Medicaid expenditures and today's webinar is completely different. It's about the [inaudible 00:03:24] reconciliation. We have [inaudible 00:03:27] of this model where states can be eligible to share in Medicare savings.

Leslie Vasquez: It looks like we've got a little bit of background noise. If those who are not speaking can go ahead and mute their lines, that will help us to preserve the quality of the presentation.

Breda Eschliman: Thanks, Leslie.

And I was saying, there's a unique feature of this model where if the MMACOs in the state do generate Medicare savings, then states may have the opportunity to share those savings. And that's really what we're going over today.

As a reminder, there are two levels of reconciliation in the MMACO model. There's the ACO level reconciliation, which we covered last week, and there's also the state level reconciliation which we're going over today. State level reconciliation aggregates the performance of all the ACOs in the state and then shares the savings with the state if such savings occur.

You probably are in Medicare/Medicaid ACO model. The ACO is both Medicaid and Medicare savings, obviously. For Medicare and Medicaid savings, if ACOs generate those then they will be eligible to share in them. And for Medicare savings only, if the MMACOs in the state do generate Medicare savings, then CMS shares those savings with the state following financial reconciliation. We are obviously not sharing Medicaid savings with the state because the state is the one achieving those savings and the state shares those savings with the MMACOs.

So for today, when we're talking about the state level reconciliation that is the just referring to the process for sharing any Medicare savings generated by MMACOs with the state's participating in the MMACO program model.

There are two different pieces to the methodology for sharing Medicare savings with the state. The first set is pre-conditions. So there are three pre-conditions that must be met in order for states to be eligible to share in Medicare savings. And we will go over what those pre-conditions are. Once those pre-conditions are met, assuming that they are met, then there's a separate methodology for determining the amount of Medicare savings, if any, that will be shared with the state.

So we broke it out into these two components and we will go over each of these components today.

To start, we'll go over the three pre-conditions that must be met in order for states to be eligible to share in savings.

And I wanted to show this diagram to discuss which of the populations are used to calculate the Medicare state-shared savings. This might be familiar if you were present for the last webinar, but as a reminder, we have Medicare shared savings program target population. Actually, this will be their live population. And then sub-set of that population of beneficiaries who were assigned to MMACOs through the Medicare shared savings program are also assigned to MMACOs for Medicaid eligibility. That's the middle box that you see here in light blue and that's essentially the beneficiaries who were assigned to the Medicare shared savings program, and who also have Medicaid coverage.

There's a third bucket, which we talked about last week, which is if the state decides to broaden their target population they can include beneficiaries who are outside of the assigned population under the Medicare shared savings program. That's a completely optional additional target population. And it could be beneficiaries who have Medicare and Medicaid coverage, or it could be beneficiaries who only have Medicaid coverage. But for today's presentation, we're really only looking at two of these buckets.

For the preconditions, we're looking at the total population of beneficiaries who have been assigned to the state's MMACOs through the Medicare shared savings program. That includes those that are not included for Medicaid accountability, as well as those who are included for Medicaid accountability. So you see the bracket across the top where it says preconditions is referring to both the left most and the middle box. And then when we get into the methodology for how we determine the amount of Medicare savings to be shared with the state, we're really focusing on that population of beneficiaries that is assigned to MMACOs for both Medicare and Medicaid accountability.

Finally, that last bucket, the optional additional target population for the state, is not used at all in today's calculations. So this is a reminder that yes, that population might exist, and it might be used for ACO level reconciliation, but it is not relevant to the calculation of the Medicare savings to be shared with states.

So to start with our discussion of preconditions, as I said, the population that is used for the precondition calculation is this entire population assigned to the MMACOs in the state through the Medicare shared savings program. And that includes both those beneficiaries for whom the MMACOs are only responsible for Medicare expenditures as well as the beneficiaries for whom MMACOs are responsible for both Medicare and Medicaid expenditures.

These are the three preconditions that must be met in order for states to be eligible to share in Medicare savings.

First, we ask the question, "Do Medicare savings exist for the state's MMACOs?". So we will aggregate all of the Medicare savings generated by the state's MMACOs and we'll take a look at that number. Of course, some MMACOs might generate Medicare savings and some might generate Medicare losses. So that's why we have to ask this question of, at the state level, were there Medicare savings for all the MMACOs in the state? If the answer is no, then the state is not eligible to share in Medicare savings and the calculations end there.

However, if the answer is yes, then we move on to the second precondition. That questions is, "Are those savings significant?". So we will compare the aggregate Medicare savings for all of the MMACOs in the state to a significance factor to determine whether or not those savings are significant or whether they're essentially statistical noise. If those aggregate savings do not exceed the significance factor, then again, there will be no Medicare savings shared with the state, and calculations will end there.

However, if the savings exceed the factor and they are determined to be significant, then we move onto our third precondition. The question we ask at this point is, "Do those savings still exist after we account for the amount that was shared with, or received from the MMACOs?". We have to ask this, because of course, the savings that MMACOs generate, is not equivalent to the savings, the shared savings payments that they received from CMS. So at this point, we will net out any shared savings payments made to, or shared losses payments received from the MMACOs in the state. Again, to remind everybody, we are just talking about Medicare right now. So the Medicaid reconciliation for MMACOs has nothing to do with this.

Once we net out those Medicare shared savings payments, or shared losses recoupments that were made to, or received from the MMACOs in the state, if there are still Medicare savings at the state level, then all three preconditions have been met, and then we continue the calculation of Medicare state shared savings from that point.

So very brief summary of what this slide just said, to remind everybody, first we say, "Do Medicare savings exist?". Next we say, "Are they significant? Are they of a sufficient amount?". Then third we say, "Do they still exist after we account for the payments that are already shared with the MMACOs.".

If all of those preconditions are met, then we actually calculate the amount of savings that the state is eligible to share in.

As I mentioned at the beginning of the presentation, there's a different population that is used for these calculations than is used for the preconditions. So while the preconditions included all beneficiaries who were assigned to the MMACOs through the Medicare shared savings program, the actual calculation of how much Medicare savings are to be shared with the state only focuses on those beneficiaries who were assigned to the MMACOs for both Medicare and Medicaid accountability. Those who are assigned to the Medicare shared savings program and are also included in the Medicare benchmark of the MMACO model.

This diagram shows all the steps that we're about to discuss for how the Medicare shared savings with states are calculated. So I'm not going to walk through these right now, because we'll walk through them one by one.

So in this first step, we aggregate the state Medicare savings. We net out the aggregate shared savings, or shared losses and we calculate the preliminary state shared savings. To go into a little bit more detail, as I said, these are aggregate state Medicare savings for that population of beneficiaries who are assigned to both the MMACO model and the Medicare Shared Savings Program. We net out any Medicare Shared Savings paid to, or shared losses received from MMACOs from this aggregate state Medicare savings for this population. And I should mention the amount of Medicare shared savings or losses that we are netting out is the proportion that is attributable to this population of beneficiaries. So these steps in this calculation might look really similar to what we did in the preconditions, but it's important to remember that it's for a different population of beneficiaries.

After we've aggregated the state-wide Medicare savings, and netted out any shared savings payments, or any shared losses recoupments, and we have the preliminary state shared savings number, next we go through the middle sequence of steps, which looks at whether or not there were federal Medicaid losses in this state through the MMACO model and then also adjusts the state shared savings for quality. And we'll go through each of these steps in detail.

The next thing that we do is we determine whether there were any federal Medicaid losses for this population. If federal Medicaid savings existed then obviously that means there were no federal Medicaid losses and so no federal Medicaid losses will be netted out from the preliminary Medicare shared savings number. However, if federal Medicaid losses do exist, then we will determine whether they exceed the state's Medicaid significance factor. So I mentioned a similar factor before when we were determining whether or not the state's Medicare savings were significant. This is similar, this is determining whether the state's federal Medicaid losses were significant. So there will be a Medicaid significance factor that is calculated for each state and we will compare any federal Medicaid losses to this number. If the losses are lower than that number then we will not net out any federal Medicaid losses. However, if losses exceed that number then we determine the federal Medicaid losses to be significant and we will net them out from the preliminary Medicare shared savings.

After we've determined whether or not to net out the federal Medicaid losses, for either branch of the pathway, whether we are netting out the federal Medicaid losses or whether we are not, the next step will be to calculate the state aggregate quality score and this is a weighted average of the MMACO quality scores for all of the MMACOs in the state. I should mention these are the quality scores, the Medicare quality scores. We will multiply the preliminary state shared savings by that aggregate quality score. One thing that's important to note here is the population of who are, who scores quality scores come from, for this program, are not the population that we've been discussing so far in this methodology. Instead, it's the entire population of beneficiaries who are assigned to the MMACOs through the Medicare Shared Savings Program. This is because we are using the Medicare quality scores and there's no way to segregate out the quality scores for the population of beneficiaries who are accountable for both Medicare and Medicaid so instead we're using the quality scores for the entire population of beneficiaries who are assigned to the MMACOs through the Medicare Shared Savings Program. This is the one step in this process where we're looking at a slightly different population.

So, I'll summarize the steps we just went over and then we'll cover the final steps in this calculation.

So what we just discussed was we checked whether or not federal Medicaid losses exist, depending on that answer and depending on whether or not those federal Medicaid losses exceed the Medicaid significance factor, we will either net out the federal Medicaid losses or leave the preliminary state shared savings number as is. However, for either path, the next step will be to multiply the preliminary state shared savings by the weighted average quality score for all of the MMACOs in the state. The final number that we get from that is the quality adjusted state shared savings. So the final steps take that number, the quality adjusted state shared savings, we apply a cap to it, we apply a sharing rate to it and finally that yields the state shared saving payment. So we'll walk through what those steps entail now.

There are two different caps that might be applied to the Medicare shared savings at this point and we will apply whichever of the caps is lower for a given state. The two caps are the preliminary state savings, that's from step three, with any federal net Medicaid losses subtracted or any federal net Medicaid savings added. That's the first cap. The second cap is 6% of the aggregate state Medicare benchmark for the shared savings program beneficiaries who are concurrently assigned to the MMACO model for the Medicaid accountability. I know that's a long phrase. That's the population of beneficiaries that we've been talking about for this whole calculation. So at 6% of the aggregate state Medicare benchmark for those beneficiaries, whichever of these caps is lower, will be applied to the state shared savings.

After we have applied one of those caps, we will apply a sharing rate and this is essentially saying what percent of those savings the state will share in. So the sharing rate will be 50% for all states, that's 50% of the value back from step 5 and finally we pay out those shared savings to the state after applying that sharing rate.

Here again, is all the steps that we just walked through. So I'll walk through all of them very quickly again. And remember, this is after the three preconditions have been met so this assuming all three preconditions have been met.

First, we aggregate the state Medicare savings, then we net out the aggregate shared savings or shared losses, that equals the preliminary state shared savings. After that, we ask the question, "Do federal Medicaid losses exist?". Our two options are "No" or "Yes, but not exceeding the MSF" or "Yes, and they meet or exceed the MSF". Depending on that answer, we determine whether or not to net out federal Medicaid losses. And finally, we multiply the result of that by the state quality score to get the quality adjusted state shared savings. We take that quality adjusted state shared savings amount and we apply the lesser of two caps. We apply a 50% sharing rate and finally we get the final state shared savings payment.

That covers the calculation of the state shared savings. We will have an opportunity for questions, so please be ready to ask if you have them. We do want to, we did want to provide some links for where you can find some additional information. There's our model's website on the Innovation Center website, there's the request for Letters of Intent link, there's a link to some FAQs and there's an email where if you have any additional questions you can feel free to reach out to us.

And at this time, I think we're ready to take questions so I'll pass it back over to Leslie who will lead that.

Leslie Vasquez: Thanks so much Breda. I'd like to go ahead and invite everyone to answer any questions you have in the chat window and we'll address those in the order in which they are received. Team, we've already got our first question in the chat window.

The question is, "On slide 12, under what conditions would savings be payable to MMACOs but there'd be nothing left to share with the state?". So Breda, I'll go ahead and flip back to slide 12 just to aid in the conversation.

Breda Eschliman: Thank you.

Under what conditions would savings be payable to MMACOs but there'd be nothing left ... So I think this question is asking about question three, "Do they still exist after accounting for the amount shared with or received from MMACOs?". So, I think where this is getting at is the fact that we are aggregating both the savings or losses and the shared saving payments or shared losses recoupments from all the MMACOs in the state. So while it's true that for any individual MMACO we, they could achieve, if they achieve Medicare savings and they share in those savings, there will always be an amount that's left over. What we're doing here is we're aggregating it across the state so there may be some MMACOs who achieve Medicare savings but did not, were not eligible to share in those savings because they did not exceed their significance rate. There could be MMACOs who generate losses but are only in, for example, one sided risk track so they're not eligible to pay back those losses. There's also MMACOs who will end up receiving shared savings payments and having to pay back shared losses payments. So there's a whole variety of scenarios that could happen in a state and this is just ensuring that when we aggregate all of those up, we still have Medicare savings that can be shared with the state.

Leslie Vasquez: Thank you so much.

Our next question in the chat window, "Can you supply a web link to a description of the calculation of the Medicaid spending benchmark that would be the basis for the determination in step 2? Do federal Medicaid losses exist? Also, can you link to or describe the calculation of the MSF?". So a two part question there.

Breda Eschliman: Sure, I'll start with the second part of the question. The MSF will be calculated specifically for states based on their Medicaid spending so I can't, we would have to work with states to provide individual information to them and that would not be something that's calculated before states are signing participation agreements, for example. So that's not information that we have available for each individual state but it's something that we would calculate when we have states who are submitting Letters of Intent and when we're working through the process of calculating all these things. Let me remind myself of the first half of the question ... Do federal Medicaid losses exist?

So, what we mean by federal Medicaid losses is, of course, when there's Medicaid losses, both the state and CMS experience losses, because of the sharing of Medicaid expenditures by CMS and by the state. So what we're referring to there is the percentage of Medicaid losses that are felt by CMS because of the percent of Medicaid expenditures that we're responsible for. I'm not sure if that answers your question. There's, at this time, there's not a link to that exact calculation but there is more information in the request for Letters of Intent about this methodology generally, so if you want to refer to that and see if that makes any more sense or feel free to ask another question either here or through our email box.

Leslie Vasquez: Thanks Breda. Looks like the next two questions still pertain to this topic. Well, the next question we have is a two part question again. One is, "How will the significance factor on slide 12 by determined?" And the second part is, "What about the Medicaid significance factor (on the current slide)? Are the significance factors based on raw differences or risk adjusted differences?"

Breda Eschliman: Sure. I should say that we don't have absolute percentages that we've decided upon to use for these factors. We will be developing the exact percentages that make sense for a given state in collaboration with our actuarial experts and the reason for all of these significance factors is to try to tell the different between statistical noise and actual difference and it will depend on the state's, the size of their beneficiary population, in particular the beneficiary population participating in this model and what their expenditures look like. So that's why we don't have set percentages that we can share right now because it is very state dependent and it's work that we would undertake with our actuarial experts to make sure that's statistically valid.

Leslie Vasquez: Thank you. The next question is really just a comment just saying that there is a need for conceptual outline regarding how the significance factor will be calculated. So it looks like there is a desire to see more information about what, how that's potentially calculated.

Breda Eschliman: Sure, I think if you have specific questions about that, please reach out to us. We'd be happy to hear feedback on what interested states might find helpful there.

Leslie Vasquez: Thank you. Our next question, "Is CMS intending to use CMS 64 data for the source of Medicaid spending data. If yes, how will the spend for the applicable population be identified? Is it a separate schedule?".

Breda Eschliman: That's a great question. So, there's two different sources of Medicaid data that will be important for this model. For the actual calculation ... So CMS will be conducting the calculations of Medicaid savings or losses of the MMACOs achieved and to do that we are not relying on CMS 64 data, we are actually relying on T-MSIS data. So we'll be pulling that claim data directly and making those calculation using that. But for this methodology in particular, when states will need to report the shared savings, the Medicaid shared savings payments that they pay out or the medicaid shared losses recoupments that they receive through their CMS 64 forms. So we will be using CMS 64 forms to gather that type of information but we will also be relying on T-MSIS data to get information to actually calculate the MMACO level savings or losses.

Leslie Vasquez: Thank you. If we have any additional questions for the model team, please go ahead and type those in the chat window. We'll be standing by, we do have plenty of time to address additional questions.

Emma: This is Emma Oppenheim on the model team. While we are waiting, I can talk a little more about conceptually how we're thinking about the MSF. I don't know if that's gets the, what the participants were asking about, but it's conceptually like the way we think about it for an individual ACO which was discussed in the previous webinar, I believe. The idea is that the inputs are going to be the size of the population and the variability of the [inaudible 00:30:25] within the population so if you have a population that's very large or has low variability or ideally both, you would have relatively small significance factor reflecting the fact that it's very unlikely due to chance and if your population is small or variance is high then the significance factor would be larger and the size of the population and the variance of the population are going to reflect state specific decisions about who is in their Medicaid programs generally and who they want to include in this model. So that is why, as Breda said, we would need to talk to individual states about their plans before we could generate a number.

Female: We can go to the next question Leslie.

Leslie Vasquez: All right, our next question ... And I would just like to remind folks who are not speaking or addressing Q&A to keep their lines on mute so we can preserve the audio quality. Our next question is, "Are these budgets fully funded given threat to Medicaid via AHCA?"

Maria Alexander: Hi, thanks for your question. This is Maria Alexander.

I don't expect that my answer to you will be as satisfying as you might hope. But as you can imagine we're limited in our ability to predict the future or answer questions like that but what I will say is that we can't speculate on the implications of pending legislation for existing CMS programs and the Affordable Care Act remains the law of the land so the future of the AHCA is dependent of the ongoing actions of congress. Asusual CMS will provide adequate notification of any regulatory or legal policy changes to it's program, which would include this program, but we're not, we don't have any further information beyond that.

Leslie Vasquez: Thanks Maria. I can see that we have additional questions that are being typed into the chat window so we'll stand by until we have the next question.

All right, our next question is, "Are calculations based on medical/services expenditures only or does any state or CMS or federal administrative costs factor into the calculations?".

Maria Alexander: These will be based just on expenditures for the services that are included in the Medicare and Medicaid financial methodologies. So, the webinar last week went over how savings or losses are calculated for MMACOs and what expenditures are included with that for both Medicare and Medicaid. These calculations will use the same set of expenditures.

Leslie Vasquez: Thank you. Do we have any additional questions?

If you have any additional questions for the model team we have plenty of time to address them, please go ahead and type them in the chat window.

Maria Alexander: While we're waiting to see if we have any more questions, I do want to just encourage folks to reach out to us as well, if you have state specific questions. A lot of this model has significant flexibility for states ad as you can tell is not yet defined because we wanted to be able to work with states to develop those pieces. So while we are doing these webinars for a broader audience, our intent is to engage with states on a one on one basis to work out many of the details so I definitely do encourage you to reach out. The email inbox is up on the slide and you can also find it on our website and then we're happy to set up calls and discuss with you further. Engaging with us in any of those conversations doesn't obligate you to go through the model so feel free to reach out with any questions and we're happy to discuss with you or any of the stakeholders in your state that are interested in learning more.

Leslie Vasquez: Thanks so much Maria. All right, if there are any other questions for the model team, we can address them now.

Maria Alexander: Doesn't look like we have more questions. I think it's fine to move to the survey questions, if you want to do that now Leslie.

Leslie Vasquez: Certainly, all right everyone, we'd like to thank you so much for joining today's session. Before the event closes formally, we would like to invite to provide any feedback. I'm going to pop a set of polling questions onto the screen very shortly and we would just appreciate any responses that you have. Responses to these questions are confidential in nature but we do use them to improve how we deliver events in the future. Thank you so much and please let us know if you have any questions or concerns.

Female: Leslie, you will need to reopen the polls, if you're able to do that.

Leslie Vasquez: Okay.

Thank you so much.