



Payment and Delivery Reform: Medicaid in the Time of COVID-19

Recorded in May 2020 For On-Demand Access

THE NACHC MISSION

America's Voice for Community Health Care

The National Association of Community Health Centers (NACHC) was founded in 1971 to promote efficient, high quality, comprehensive health care that is accessible, culturally and linguistically competent, community directed, and patient centered for all.



Webinar Information

This webinar presentation has been made available as a recording for access on demand. This webinar comes with an accompanying Q&A document found [here](#).

Having issues viewing or hearing the presentation?

- Double check the volume on your device and the application you are using to run the recording.

For assistance:

- Contact the State Affairs team at state@nachc.org

Project Supported by HRSA

This project was supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under cooperative agreement number U30CS16089, Technical Assistance to Community and Migrant Health Centers and Homeless for \$6,375,000.00 with 0% of the total NCA project financed with non-federal sources. This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by HRSA, HHS or the U.S. Government.

Special Instructions

This is a part of NACHC's 3-part virtual peer learning opportunity on "Medicaid in the Time of COVID-19," provided as our year-end wrap-up to the 2019 Payment and Delivery Reform Summit.

PCAs/HCCNs are encouraged to view the pre-recorded webinars (Sessions 1 and 2) prior to the live virtual session (Session 3), which is designed for smaller cohorts to engage in peer-to-peer learning, share promising practices and lessons learned, leverage resources, and receive tailored T/TA from NACHC and other experts. **Session recordings and materials are available at anytime using the link to [Dropbox](#).**

After viewing/attending each session, please complete a 3-question evaluation to help us track utilization and usefulness.

Session 1

COVID Emergency Enhanced Medicaid FQHC Payment Options

Purpose

To promote awareness of options for enhanced **Medicaid fee for service (FFS)** and **managed care payment** available to states for FQHC services provided during the COVID-19 public health emergency.

Facilitators

Mary Cieslicki, MHS

Formerly of CMS and Currently Consultant to NACHC

Roger Schwartz, Esq.

Formerly of NACHC and Currently Consultant to NACHC

Edward T. Waters, Esq.

of Feldesman Tucker Leifer Fidell LLP

Moderated by

Bethany Hamilton, Esq., and Kate Friedman

of NACHC State Affairs (state@nachc.org)

COVID Emergency Enhanced Medicaid FQHC Payment: **The Options**

Presented by

Mary Cieslicki

Roger Schwartz

Medicaid FFS authorities during the COVID emergency

The Medicaid State Plan

- The Medicaid state plan is an **agreement between a state and the Federal government** describing **how that state administers** its Medicaid and CHIP programs.
- It gives an assurance that a state will **abide by Federal rules and may claim Federal matching funds** for its program activities.
- The state plan sets out groups of individuals to be covered, services to be provided, methodologies for providers to be reimbursed and the administrative activities that are underway in the state.”
- When a state is planning to make a change to its program policies or operational approach, states send SPAs to CMS for review and approval.
- **FQHC fee for service payment, including payment at the PPS rate and under an alternative payment methodology (APM) is described in the Medicaid state plan.**

Medicaid state plan: <https://www.medicaid.gov/medicaid/medicaid-state-plan-amendments/index.html>

Medicaid Disaster Relief for the COVID-19 National Emergency

In March of 2020, CMS issued a Medicaid Disaster Relief SPA template that allows states to request the following waivers pursuant to section 1135 of the Social Security Act:

- (a) a waiver to modify the submission date requirements,
- (b) a waiver of the requirement to provide public notice prior to submitting this SPA, and/or
- (c) a waiver to modify timeframes associated with the tribal consultation requirements for this SPA.

There is no waiver of the requirement to pay at least the PPS rate for FQHC services.

A Disaster Relief SPA may become effective as early as March 1, 2020. The waivers (listed above) will no longer be available upon termination of the public health emergency, including any extensions.

Link to Emergency SPA: <https://www.medicaid.gov/resources-for-states/disaster-response-toolkit/state-plan-flexibilities/index.html>

Medicaid Disaster Relief for the COVID-19 National Emergency (continued)

Provisions not allowed in a Disaster Relief SPA

- 1135 waivers are not a grant or financial assistance program
- Do not allow reimbursement for services otherwise not covered
- Do not allow individuals to be eligible for Medicare who otherwise would not be eligible
- Should NOT impact any response decisions, such as evacuations.
- Do not last forever and appropriateness may fade as time goes on.

Non allowed 1135 waiver provisions: <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertEmergPrep/Downloads/CMS-Presentation-1135-Waivers.pdf>

About Medicaid FFS Payment Options for FQHC Services

- In “Section E – Payments” of the Emergency SPA Template the state describes increases to established state plan rates and rates for newly added benefits
- FFS rate changes may be targeted to certain providers
- FFS rate changes may be made by adding supplemental payment or modifying the existing payment rate
- Other methodology

About Medicaid FFS Payment Options for FQHC Services (continued)

- FQHCs must be paid at least PPS and may not be placed at risk of receiving less than this amount
- Any methodology that results in payment higher than PPS would be characterized as an Alternative Payment Methodology (APM)
- If a state elects to pay a supplemental in addition to the PPS there is no requirement to reconcile to PPS because the statutory requirement to pay at least PPS has been met
- A state may target which FQHCs receive enhanced payment
- The state plan must contain a comprehensive description of the APM
- Rates must be consistent with efficiency, economy, and quality of care, as specified in section 1902(a)(30)(A) of the Social Security Act

Medicaid managed care authorities during the COVID emergency

Roger Schwartz

FQHC Managed Care Basics

The Medicaid statute requires, in the case of FQHCs contracting with MCOs to provide FQHC services to their enrollees, **that an MCO pay the FQHC no less than what it would pay other providers for similar services, and that the State Medicaid agency pay (“wrap-around”) the FQHC the difference, if any, between what the MCO paid the center and what the center would have received under PPS for these services.** Wrap around payments must be made to FQHCs no less often than every three months

FQHC Managed Care Basics (continued)

CMS policy on MCOs paying wrap around directly to FQHCs:

In **SHO #16-006 (April 26, 2016)**, CMS recognized that some states wanted to essentially delegate the FQHC wrap-around to the MCOs with whom the FQHC is contracting. CMS states:

“To accomplish this goal, a state could amend its state plan to implement an APM, which is an optional alternative to the PPS requirements, including the supplemental payment requirements described above, as authorized under section 1902(bb)(6) of the Act. In order to use an APM to accomplish this goal, two conditions must be met: (1) the state and FQHC or RHC agree to use the APM; and (2) the APM results in FQHCs or RHCs receiving at least their full PPS reimbursement rate from the managed care organization.”

Managed Care Enhanced Payment Strategy – State Directed Payment

- CMS' managed care regulations allow states to implement payment arrangements that direct expenditures under Medicaid managed care contracts.
- These arrangements are state directed payments that act as supplemental payments made in addition to capitation.
- States have the flexibility to determine the amount and frequency of payment. 42 CFR 438.6(c)

Managed Care Enhanced Payment Strategy – State Directed Payment (continued)

In **CMCS Informational Bulletin (11/2/17)** CMS outlines three categories of state directed payment:

- **value-based purchasing,**
- multi-payer or Medicaid-specific **delivery system reform or performance improvement initiatives;** and
- directing managed care plans to **adopt specific types of parameters for provider payments for providers of a particular type of service** under the contract, including minimum fee schedules, a uniform dollar or percentage increase, or maximum fee schedules.

Managed Care Enhanced Payment Strategy – State Directed Payment (continued)

- **Value-based purchasing:** This methodology may provide the most appropriate path to increased payment during the COVID emergency. It could be done through contract amendments between FQHCs and MCOs, but CMS' Guidance provides that CMS must provide written approval of these arrangements before they are implemented.
- CMS is reportedly working to prioritize and expedite reviews of COVID-19 related managed care actions.
- For more detail about the parameters of state directed payment, examples, and CMS's preprint for states, see: <https://www.medicaid.gov/medicaid/managed-care/guidance/state-directed-payments/index.html>

Other Managed Care Options

- Capitated APM (requires APM and contract amendment, if methodology applied in managed care)
- Delegated wrap, via APM and MCO contract amendment
- Accelerated wrap – state plan amendment
- Advance payments (interim) state plan amendment
- Requiring plans to make payment on a capitation basis – no delegated wrap (i.e., plans are required to make capitation payments based on recent claims history / fee schedule amounts – separate wrap still applies) (may require contract amendment)
- Other types of supplemental payments for services (if outside the PPS rate) that might benefit FQHCs (e.g., for transportation services) [may be done under state plan]

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

COVID Emergency Enhanced
Medicaid FQHC Payment:

Case Study – Managed Care State Directed Payment

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

Sample Language for State Directed Managed Care Payment

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

Sample Language for State Directed Managed Care Payment

Proposal Overview

- The state is directing and contractually requiring their managed care plans to pay additional monthly retainer payments to all FQHCs in an amount no less than one-twelfth of the total capitated payment made to each FQHC during the last state fiscal year (SFY) prior to the COVID-19 emergency. This monthly state directed payment will be made as a lump sum amount by the 15th of each month, without regard to current utilization by Medicaid and CHIP beneficiaries. a FQHC will not receive more in the aggregate from the state directed payment than (define the payment ceiling here). The state also requires the managed care plans to offer this monthly retainer payment to all FQHCs in the state that participate in managed care.

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

Sample Language for State Directed Managed Care Payment (continued)

State Objectives

- The state seeks to ensure that all Medicaid managed care enrollees will continue to have timely access to the primary care services FQHCs offer, thereby reducing cost associated with institutional care.
- The state seeks to assure that FQHCs currently experiencing reduced visit volume will be able to continue to sustain operations until the need for social distancing due to the COVID-9 emergency ends and visit volume returns to more normal levels.

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

Sample Language for State Directed Managed Care Payment (continued)

Type of Payment Arrangement

- Monthly lump sum payment that will vary by FQHC according to (link this to the above explanation about how the amount will be determined).

Targeted Provider Class

- All in-state FQHCs

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

COVID Emergency Enhanced Medicaid FQHC Payment: **Case Study - FFS**

Presented by

Edward T. Waters

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

Enhanced FFS Payment Model

Example

Edward T. Waters

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides.

Enhanced FFS Payment Model - Example

Variations on using last full year 2018 or 2019 for example to determine a monthly payment for all FQHC services –

1. Cost of providing Medicaid covered services to Medicaid Beneficiaries divided by 12 to get a monthly rate

$$\text{Total Cost for Covered Services} \times \text{Medicaid \% of Pts.} = \text{Cost of Medicaid}/12$$

2. Number of Medicaid encounters averaged to a monthly amount multiplied by PPS/APM rate to get a monthly payment

$$\text{Total Medicaid Encounters for year}/12 = \text{Ave. Medicaid Payment per Month}$$

Enhanced FFS Payment Model – Example (continued)

Easier but less robust models to increase PPS rate ---

1. Increase in Rates e.g. PPS rate X 1.25 = 25% increase in PPS rates to account for drop in volume
2. Some states (California for example) have provisions for “exigent circumstances” change in scope rate increase but have to do math! Does drop in visits overwhelm drop in costs? Possible avenue w/out special provision?

TIPS & RESOURCES

Tip: Understand the FMAPs

States' budgets are under extreme strain due to COVID-19. Think about the FMAPs.

When developing an enhanced payment proposal NACHC recommends that PCAs **attempt to estimate the total cost, including the federal and non federal share.**

We also recommend **identifying, if possible, the portion of total cost that could be matched at a higher federal medical assistance percentage due to COVID.** For example, the FMAP for services provided to an individual enrolled in the COVID-19 testing group is 100 percent.

Questions & Answers

This webinar comes with a [Q&A document](#) which helps to clarify the information presented in the slides. Download it from the Medicaid in COVID-19 Toolkit found in [Dropbox](#).



make their best efforts to insure, that the State 1135 applica
reimbursement. Put another way, these funds should be in add

Q3: Does the SPA template contemplate additional methods of in
A3: Yes, the template allows a state to utilize other un

Q4: Under the category of "other payment" could a state imp
For example, could a state make a monthly payment to a her
of encounters delivered within the month?

AA: A state may adopt an advance payment meth
the total number of Medicaid expected visits w
equivalent to PPS the state would need to rec
state plan, the monthly rate to the number r

In CMS' COVID-19 frequently asked questi
following guidance in Section IV Financial
following interpretative comments to C

CMS Guidance:

During the public health emergency period,
states receive federal funding to provide
advanced payments to providers as an int
payment and reconcile the advanced pay
with actual processed claims at a later r

Under state plan authority, states ca
SPA to add an interim payment me
says, under certain specified cond
make periodic interim payments

CMS Guidance:

The interim payment meth
how states will compute in
amounts for providers (e
provider's prior claims r
subsequently reconcil
final payments for wh
based on billed clai



COVID Emergency Enhanced Medicaid FQHC Payment Options Webinar Questions and Answers

Virtual Learning Series
Payment and Delivery Reform:
Medicaid in the Time of COVID-19

These questions and answers (Qs and As) complement NACHC's on-demand webinar *COVID Emergency Enhanced Medicaid FQHC Payment Options*, intended to promote awareness of options for enhanced Medicaid fee for service (FFS) and managed care payment available to states for FQHC services provided during the COVID-19 public health emergency. Additionally, NACHC provides links to authoritative source materials issued by CMS.

Fee for Service (FFS) Payment – Medicaid State Plan¹ Options

In March of 2020, CMS issued a Medicaid Disaster Relief State Plan Amendment (SPA) template that allows states to request the following waivers pursuant to section 1135 of the Social Security Act: (a) a waiver to modify the SPA submission date requirements; (b) a waiver of the requirement to provide public notice prior to submitting this SPA; and/or (c) a waiver to modify timeframes associated with the tribal consultation requirements for this SPA.

Section 1135 waivers do not provide authority for waiver of the federal Medicaid statutory requirement that FQHCs be reimbursed based on the PPS as provided in 1902(bb) of the SSA.

A "Disaster Relief SPA" may become effective as early as March 1, 2020. The waivers (listed above) will no longer be available upon termination of the public health emergency, including any extensions.

In "Section E – Payments" of the Emergency SPA Template the state describes increases to established state plan rates and rates for newly added benefits.

FFS Payment Qs and As

Q1: Can FQHCs or selected health centers within a state receive higher payment?

A1: Yes, in the SPA template CMS indicates that "FFS rate changes may be targeted to certain providers." Note that prior to the issuance of the emergency SPA template states already had the ability to target payment to certain FQHCs with respect to the amount paid for each encounter and supplemental payments. NACHC assumes that after the emergency ends states will retain this payment flexibility.

Q2: What options does a state have when raising rates?

A2: CMS indicates in the SPA template that "FFS rate changes may be made by adding supplemental payment or modifying the existing payment rate." Applying this guidance to FQHC payment, a state may increase the amount paid for each FQHC encounter or pay a lump sum amount in addition to the PPS rate paid for each encounter. There would be no need to reconcile the supplemental payment to the PPS rate since payment in-total, including the encounter rate plus the supplemental amount, is at least PPS. But, PCAs and FQHCs are advised to be sure, or

¹ The Medicaid state plan is an agreement between a state and the Federal government describing how that state administers its Medicaid and CHIP programs. Changes are authorized through CMS-approved state plan amendments (SPA). For more information on the Medicaid State Plan at www.medicare.gov/medicaid/medicaid-state-plan-amendments/index.html.

“Medicaid in COVID-19” Toolkit in Dropbox

- Toolkit contains recordings of virtual sessions and guidance documents.

Direct Technical Assistance

- NACHC State Affairs and Facilitators are available to assist with policy proposals. Email us at state@nachc.org to start your inquiry.

Noddlepod Discussion Platform

- Online discussion platform where staff from NACHC, PCAs, HCCNs, and health centers frequently post questions and share information. Email shansen@nachc.org for access.

NACHC Toolkit & Support

For general questions or comments, contact state@nachc.org.

Resources from CMS

- CMS Disaster Response Toolkit – 1135 SPA template: <https://www.medicaid.gov/resources-for-states/disaster-response-toolkit/state-plan-flexibilities/index.html>
- Medicaid state plan: <https://www.medicaid.gov/medicaid/medicaid-state-plan-amendments/index.html>
- COVID Emergency SPA Template: <https://www.medicaid.gov/resources-for-states/disaster-response-toolkit/state-plan-flexibilities/index.html>
- 1135 waiver provisions: <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/SurveyCertEmergPrep/Downloads/CMS-Presentation-1135-Waivers.pdf>
- State directed payment: <https://www.medicaid.gov/medicaid/managed-care/guidance/state-directed-payments/index.html>
- FMAP during the COVID emergency: <https://www.medicaid.gov/state-resource-center/downloads/covid-19-section-6008-CARES-faqs.pdf> and <https://www.medicaid.gov/state-resource-center/downloads/covid-19-section-6008-faqs.pdf>

Please complete a 3-question evaluation to help us track utilization and usefulness.

See the evaluation link in the announcement or go to <https://bit.ly/2WUIVei>.

Evaluate this Resource

THANK YOU

We look forward to your engagement in Session 2 (pre-recorded) and Session 3 (live peer-to-peer) of the “Medicaid in COVID-19” virtual learning opportunities.

ARE YOU LOOKING FOR RESOURCES?

Please visit our website www.healthcenterinfo.org



HEALTH CENTER
RESOURCE
CLEARINGHOUSE