COPE HEALTH SOLUTIONS

Top Considerations to Assess Readiness for CMS Medicare Direct Contracting

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Medicare Direct Contracting (MDC) is a unique opportunity for providers and payors to align financial incentives and redesign care for Medicare fee-for-service beneficiaries. To succeed under this model, risk bearing organizations need to be able to reduce total cost of care and improve performance against key quality metrics.

To maximize success in Medicare Direct Contracting consider the following:

1. **Make Medicare Direct Contracting part of your overall value-based payment (VBP) strategy and operations**
   a. Have you developed an overarching VBP roadmap for your organization with defined milestones for growth and goals for medical management capabilities?
   b. Do you have an employee health plan you can align with your MDC network, managed services organization (MSO) and contracting strategy?
   c. Do you have health plan value-based payment arrangements that you can negotiate to align the incentives and delegation models such that they can be coordinated with your MDC network, MSO and contracting strategy?

2. **Understand your target Medicare Direct Contracting attributed population, network, service area and geographic region**
   a. What primary care providers and specialists will be included in your network and what will your service area be?
   b. What is their actual or likely prospective attribution and opportunities for voluntary beneficiary alignment?
   c. How will your beneficiary-driven region impact your benchmarking?

3. **Ensure that you will have the required licensing and compliance apparatus in place before the start of either the 2020 Implementation Year or 2021 Performance Year**
   a. Are you licensed as required in your state to take and manage downside risk?
   b. Do you have the required Medicare compliance structure and processes in place?
   c. Do you have the appropriate legal entity and governance structure for your direct contracting entity (DCE)?
   d. Are you able to build or buy the required MSO competencies to manage capitation, and does this trigger the need for an additional license or certification in your state?
   e. Do you have the appropriate Healthcare Information Technolgy (HIT) infrastructure to ensure that you and your network can meet Certified Emergency Health Record Technology (CEHRT) requirements (42 C.F.R. 414.1305)?

4. **Assess your organization's ability to take on and manage risk**
   a. What is your experience to date with successfully reducing the medical loss ratio (MLR) for an attributed population under risk arrangements with an open network, such as MSSP ACO, NextGen ACO or commercial PPO Clinically Integrated Network (CIN)?
   b. Do you have existing infrastructure for care management, network management, provider detailing, member engagement and related population health management services, including the ability to specifically manage capitation payments?
   c. What is your likely investment requirement to optimize, build or buy in order

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to close MSO gaps?

d. Do you have a risk mitigation strategy that considers not only the risk corridors and stop-loss protections of MDC but also overall reinsurance and risk-based capital needs for all payors and lines of business?
e. Do you currently have or can you develop strong operational care coordination and contractual relationships with a high performing network, including hospitals, specialists, skilled nursing/post-acute providers and other community organizations that will be instrumental in managing medical costs for your attributed population?
f. Are you able to illustrate for your targeted DCE network providers how their participation in your DCE will impact their financial performance versus their current state, taking into consideration potential fee-for-service rate reductions?

5. **Develop a network optimization and management strategy**
   a. Are you able to identify those providers in your network who will be participating vs. preferred, and any preferred providers that you want to engage in a discounted rate program?
   b. Do you know which of your specialists, and those in your likely service area and region, are the highest performers from a total cost of care perspective?
   c. Do you have clear incentives, referral guidelines and protocols for primary care physicians (PCPs) related to alignment with your care model, total cost of care management, patient satisfaction and specialty referrals?
   d. Do you have an electronic referral system and e-consult capabilities?

6. **Ensure you have a plan for member engagement, membership growth and retention**
   a. Do you meet the minimum membership requirements for at least one of the MDC models?
   b. Do you have an existing MSSP or NextGen ACO, or attributed Comprehensive Primary Care Plus (CPC+) members, who can be transitioned to your DCE?
   c. Do you have a marketing plan for member engagement and supplemental benefit design?
   d. Do you have a member engagement strategy, process and infrastructure?
   e. Are you able to impact Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) scores across your network?

7. **Design a compliant governance model and funds flow**
   a. Are you planning to be an independent DCE or partner with other organizations?
   b. Are you able to determine each organization's relative contributions to overall beneficiary alignment, operational requirements, and baseline performance?
   c. Have you created a clear division of financial and operational responsibility for all parties, including MSO vendors and network participants?
   d. Do you have a mechanism to define risk pools, distribute MLR savings and a contracting strategy that supports this distribution?
   e. Have you created a pro-forma and ROI analysis to understand all benchmark and financial requirements leveraging existing data (e.g. MSSP ACO)?

While there is still much to be determined for Medicare Direct Contracting, the tenets of population health management and value based payment strategy still apply. In fact, many of these considerations support organizational preparedness for a variety of risk arrangements. Independent of the details, accounting for these seven key considerations will position your organization for what's to come.

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