HEALTH CARE AUTHORITY

Michelle Lujan Grisham, Governor
Kari Armijo, Secretary
Dana Flannery, Medicaid Director

Letter of Direction #51

Date: **February 3, 2025**

To: **Turquoise Care Managed Care Organizations**

From: **Dana Flannery, Director, Medical Assistance Division**

Subject: **Healthcare Delivery and Access Act (HDAA) Directed Payment (previously) Hospital Value Based Program (HVBP) and Hospital Access Program (HAP) Directed Payments**

Title: **Healthcare Delivery and Access Act (HDAA) Directed Payment**

The purpose of this Letter of Direction (LOD) is to provide instructions to the Turquoise Care (TC) Managed Care Organizations (MCOs) for implementation of the Healthcare Delivery and Access Act (HDAA). The New Mexico Health Care Authority (HCA)/Medical Assistance Division (MAD) has been given approval from the Center for Medicare & Medicaid Services (CMS) to begin administering the Healthcare Delivery and Access Act effective July 1, 2024-December 31, 2024. This program was previously referred to as Senate Bill 17 (SB17) in 2024 Legislative session. HDAA imposes a quarterly access and annual quality assessment on HDAA hospitals. The assessment will be based on inpatient days, excluding Medicare, and outpatient net patient service revenue, excluding Medicare. The inpatient and outpatient assessments are established by MAD every year. Out-of-state facilities are not subject to the assessment; therefore, out-of-state facilities are not eligible to receive rate increases or quality payments under the HDAA program. The list of eligible HDAA hospitals is provided under *ATTACHMENT A-HDAA HOSPITALS* under this LOD.

Healthcare Delivery and Access Act (HDAA) Background

In Calendar Year 2020 (CY20), HCA/MAD established the Hospital Access Program (HAP) Directed Payment with the pool of dollars previously allocated to the Safety Net Care Pool (SNCP) Hospital Uncompensated Care (UC) which CMS required HCA to sunset December 31, 2019. In CY22, HCA began working with provider advocacy groups and MCOs in the development and transition into the Hospital Value Based Program (HVBP). The HVBP sunset on June 30, 2024. As of July 1, 2024, the HVBP program has transitioned to the Healthcare Delivery and Access Act.

Payment to the MCO

The HDAA Directed Payment is structured as a uniform dollar increase for inpatient and outpatient hospital services for HDAA hospitals. All services provided by the eligible hospital will receive the same uniform increase. To support the HDAA, funding will be allocated to the MCOs and subsequently paid by the MCOs to the hospitals based on actual utilization during July 1, 2024-

December 31, 2024. HDAA Directed Payments will be made on a separate payment term basis outside of the monthly capitation rates. The MCOs will distribute the separate payment term amount to contracted hospitals as directed by HCA/MAD.

- For July 1, 2024, through - December 31, 2024, HCA shall transfer the uniform dollar increase, for the access payment to MCOs in one installment by March 14, 2025, and the quality payment, in one installment, by May 15, 2025.
- For CY25 and thereafter, HCA/MAD shall transfer the uniform dollar increase, for the access payment to the MCOs on a quarterly basis no later than seventy-five days after the end of the quarter and the quality payment by May 15 of the subsequent calendar year.

Distribution of Data Intermediary Payment

The Healthcare Delivery and Access Act requires the use of a Data Intermediary to calculate the quality metrics for participating HDAA hospitals. The MCOs entered into an agreement with the Data Intermediary for this program, and the cost has been incorporated into the capitation amount. The Data Intermediary's total fees for its performance of the program is prorated proportionately among the participating TC MCOs.

Data Sharing and Reporting

As part of the agreement the Data Intermediary will be sharing hospital performance information with the hospitals, MCOs, and HCA. The MCOs are also required to submit their HDAA payments and supporting documentation to HCA/MAD on the following quarterly HCA "VBP FIN" report after payments have been submitted to the HDAA hospitals. Payments are reported cumulatively throughout the year on the "HDAA" work tab and finalized on the Annual Supplemental report.

HealthCare Delivery and Access Act Payments

Access Payment

HCA/MAD will inform the MCOs to make a one-time access payment to all HDAA contracted hospitals based on HCA's calculations of access amounts owed to each hospital for the period of July 1, 2024, through – December 31, 2024, and through the MCO contract consistent with the CMS-approved Directed Payment. MCOs must make electronic deposits for the HDAA Directed Payment program to contracted hospitals based on HCA's calculations and the payment must be received by the provider as directed by HCA. For CY25 and subsequent years, the HDAA access payment will be paid on a quarterly cadence.

Quality Payment

Forty percent (40%) of each HDAA hospital's estimated CY payment will be set aside for the annual quality payment. HDAA hospitals are divided into four hospital groups: Acute Care Hospitals (ACH); designated as Frontier or Rural/Urban, Long-Term Care Hospitals (LTCH), Inpatient Rehabilitation Facilities (IRF), and Inpatient Psychiatric Facilities (IPF). ACHs, designated as Frontier, have different quality metrics and payment calculation methodologies than ACHs designated as Rural/Urban, LTCHs, IRFs, and IPFs. The quality score will utilize CMS reported outcomes and New Mexico Medicaid State Specific MMIS data for the Data Intermediary to calculate the quality scores. HDAA Hospitals will have access to a quality dashboard to monitor their potential annual quality payout. The quality dashboard will be managed through the Data Intermediary. Access utilization calculations are not provided on the HDAA Quality Dashboard.

- For July 1, 2024, through - December 31, 2024, and subsequent years, the MCOs are directed to make directed payments to HDAA hospitals no more than fifteen calendar days after receipt of access and quality payments from HCA.

CY24 July-December HDAA Payment Dates:

CY24 July-December	Exhibits to MCO by:	MCO to HDAA Hospital Payment
Access Payment Dates	March 14, 2025	March 28, 2025
Quality Payment Dates	May 15, 2025	May 30, 2025

Payment Distribution

The HDAA Hospitals can earn Hospital Quality Performance and Residual Funds payments based on their Medicaid inpatient and outpatient utilization and quality scores. Residual funds reside within each of the six HDAA hospital classes and are distributed amongst that specific group. Successful administration of the program depends on the hospital's timely and appropriate submission of claims data to the MCOs, attestations to structural measure requirements, data submission to CMS as applicable, and review of hospital specific information within required timeframes. Quality Payments, based on each hospital's performance, depend on the timely finality of Quality metrics; the payments will be calculated annually. Once the annual quality payment is finalized with the Data Intermediary, the Data Intermediary will provide quality dashboards to the hospitals and the MCOs. These quality dashboards will determine for each MCO how much to pay for the HDAA quality program based on each MCOs distribution of membership. The MCO is to make the payment in accordance with the contract that the participating HDAA Hospital signed.

- HDAA Hospital Classes
  - Acute - Urban/Rural
  - Acute - Frontier
  - IRF
  - IPF
  - LTCH
  - ER Small Urban

Evaluation Plan Metrics

HCA/MAD will review the pre-and-post comparisons results of the measures indicated for this state directed payment to determine performance outcomes. Note that the hospitals' performance against the performance measures do not impact eligibility for the uniform dollar increase on utilization during the July 1, 2024, through – December 31, 2024, rating period. The below table features the metrics and baselines for the program for July 1, 2024, through – December 31, 2024:

Measure Name	Measure Steward/Developer	State Baseline
Acute Care Hospital Rural/Urban Performance Measures		
1. Hospital-Wide All-Cause Unplanned Readmission Measure (HWR) [NQF #1789]	CMS	CY 2023
2. Patient Safety Indicator (PSI) 90: Patient Safety and Adverse Events Composite (serious complications that patients experience during a hospital stay or certain inpatient procedures) [NQF #0531]	CMS	CY 2023
3. Early Elective Delivery [Percentage of mothers whose deliveries were scheduled too early (1-2 weeks early), when a scheduled delivery wasn't medically necessary] ** *To be replaced beginning 1/1/2025 with: Maternal Morbidity Structural Measure: Hospital has obtained "Birthing Friendly" hospital quality designation.***	CMS State-Specific New Mexico	CY 2023 CY 2024
4. Severe Sepsis and Septic Shock: Management Bundle (Composite Measure) [NQF #0500]	CMS	CY 2023
5. HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) Hospital Inpatient Survey: Communication with Doctors [NQF #0166]	CMS	CY 2023
6. HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) Hospital Inpatient Survey: Communication with Nurses [NQF #0166]	CMS	CY 2023
7. Screening, Brief Intervention, and Referral to Treatment (SBIRT) - structural measure with attestation	State-Specific New Mexico	CY 2024
8. Care Coordination for Emergency Department Visits for Mental Health– structural measure with attestation	State-Specific New Mexico	CY 2024
Acute Care Hospitals Frontier Performance Measures		
1. Screening, Brief Intervention, and Referral to Treatment (SBIRT) Training – structural measures with attestation	State-Specific New Mexico	CY 2024
2. Care Coordination for Mental Health Emergency Department Visit Follow-Up – structural measure with attestation	State-Specific New Mexico	CY 2024

Long-Term Care Hospitals (LTCH) Performance Measures		
1. LTCH QRP Measure #1. Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay) [CMIT Measure ID #00520 (CBE-endorsed)]	CMS	CY 2023
2. LTCH QRP Measure #4: Changes in Skin Integrity Post-Acute Care: Pressure Ulcer/Injury [CMIT Measure ID #000121 (not endorsed)]	CMS	CY 2023
3. LTCH QRP Measure #12: National Healthcare Safety Network (NHSN) Central Line-Associated Bloodstream Infection (CLABSI) Outcome Measure [CMIT Measure ID #00460 (CBE-endorsed)]	CMS	CY 2023
4. Care Coordination for Post Discharge Mental Health Follow-Up – structural measure with attestation	State-Specific New Mexico	CY 2024
Inpatient Rehabilitation Facilities (IRF) Performance Measures		
1. IRF QRP Measure #1: Application of Percent of Residents Experiencing One or More Falls with Major Injury (Long Stay) [CMIT Measure ID #00520 (CBE-endorsed)	CMS	CY 2023
2. IRF QRP Measure #10: National Healthcare Safety Network (NHSN) Catheter Associated Urinary Tract Infection (CAUTI) Outcome Measure [CMIT Measure ID #00459 (CBE-endorsed)]	CMS	CY 2023
3. IRF QRP Measure #17: Potentially Preventable Within Stay Readmission Measure [CMIT Measure ID #00576 (not endorsed)]	CMS	CY 2023
4. IRF QRP Measure #15: Discharge to Community– PAC IRF QRP [CMIT Measure ID #00210 (CBE-endorsed)]	CMS	CY 2023
5. Care Coordination for Post Discharge Mental Health Follow-Up – structural measure with attestation	State-Specific New Mexico	CY 2024
Inpatient Psychiatric Facilities (IPF) Performance Measures		
1. SUB-2: Alcohol Use Brief Intervention Provided or Offered [IPFQRP Measure]	CMS	CY 2023

2. TOB-3: Tobacco Use Treatment Provided or Offered at Discharge [IPFQRP Measure]	CMS	CY 2023
3. SMD: Screening for Metabolic Disorders [IPFQRP Measure]	CMS	CY 2023
4. Care Coordination for Post Discharge Mental Health Follow-Up – structural measure with attestation	State-Specific New Mexico	CY 2024

For the Care Coordination Structural Measure, it is the responsibility of the MCOs and hospitals to work collaboratively on the coordination of quarterly meetings that MCOs will facilitate.

HDAA Directed Payment Operational and Reporting Requirements

This section provides information about operational, and reporting requirements associated with the directed payment.

- The directed payments are classified as revenue attributed to medical expenses and therefore classified as "premium." The July 1, 2024, through – December 31, 2024, one time access and quality payments and subsequent years quarterly and annual payments will include gross-up amounts to reflect applicable risk/margin and premium taxes.
    - MAD will provide each MCO with the amount of the directed payment and break out the gross-up amounts for each rate cohort.
- The directed payments will be included in the MCOs Medical Loss Ratio and Underwriting Gain calculations outlined in the MEDICAID MANAGED CARE SERVICES AGREEMENT.
    - MAD directs each TC MCO to report the revenue received for the directed payment in the quarterly and annual Financial Reporting package as "other revenue". The amounts recorded in the financial reporting package must match the total payment made by MAD to the MCO by rate cohort.
    - MAD directs each TC MCO to report the amount paid by the MCO to hospitals for the directed payment in the quarterly and annual Financial Reporting package as "other services". The amounts recorded in the financial reporting package must match the total payment made by MAD to the MCO by rate cohort.
    - MAD directs the TC MCOs to support HDAA hospitals by providing support to Medicaid beneficiaries to improve quality of care outcomes.
- Amounts paid by the MCO to hospitals for the directed payment should also be reported in FIN-Report #5 for "Other Services" in the Shared Risk/Incentive Arrangements (All programs – Line 42). This will ensure that the FIN-Report Check Totals tab does not identify submission errors.
- The HDAA Shared Risk Arrangement, including Separate Payment Term Directed Payments should be reported in the "HDAA Directed Payment" column on the SRA Expense Detail worksheet in FIN Report #23.
- The HDAA separate payment term directed payment revenues can be reported in the Directed Payment Revenue worksheet, HDAA Directed Payment column in FIN Report #23.

- Reconciliations performed as part of the Turquoise Care (TC) MCO contract (Retroactive Period and Patient Liability) will not include the directed payment revenue or expense.
- The directed payment amount paid by the MCO to hospitals should not be included in encounter data submissions.

If you have additional questions related to this Letter of Direction (LOD) please email Rayna L. Fagus, Bureau Chief, Financial Management Bureau at rayna.fagus@hca.nm.gov and Eric Catanach at eric.catanach@hca.nm.gov.

This LOD will sunset when direction is provided in one or more of the following: Turquoise Care Managed Care Services Agreement, Managed Care Policy Manual, NMAC, Systems Manual, or BHSD Billing and Systems Manual. The LOD may also sunset upon HCA notification or completion of the Turquoise Care Program.