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Letter of Direction #35

Date: July 9, 2020

To: Centennial Care 2.0 Managed Care Organizations

From: Nicole Comeaux, Director, Medical Assistance Division

Subject: University of New Mexico Hospital Directed Payment

Title: UNM Hospital Directed Payment



Background

The State of New Mexico Human Services Department (HSD) Medical Assistance Division (MAD) has submitted required documentation to the Centers for Medicare and Medicaid Services (CMS) for a directed payment in accordance with Section 438.6(c) for University of New Mexico (UNM) Hospital. HSD intends to distribute the approved funding to the Centennial Care 2.0 (CC 2.0) managed care organizations (MCOs) as described in this letter of direction. The distribution of the payment by HSD will be separate from the regular capitated payment and the MCO will distribute the funds to UNM Hospital.

Distribution of Directed Payment

MAD will make a payment to each MCO on a quarterly basis. The amount of the quarterly payment for each MCO will be based on the distribution of claims. For example, in April 2020 MAD will evaluate utilization by MCO for the period between January 1, 2020 to March 31, 2020 and use that as a basis to distribute the estimated quarterly payment funds to the MCO. The payment schedule is provided in the table below. MAD recognizes that the data will not be 100% for any period. For each quarter MAD will evaluate the claims data to determine the quarterly distribution and update the directed payment for each MCO. This approach will:

- Provide MAD the opportunity to evaluate emerging data and more closely align the directed payment amounts to the MCO over a twelve (12) month period.
- Provide MAD with information for federal claiming, reporting Waiver expenditures and for inter-governmental transfer tracking purposes.

Payment Distribution Schedule

Directed Payment Date	Incurred and Paid Data Analysis Period
April 2020	1/1/20 – 3/31/20
July 31, 2020	1/1/20 – 6/30/20
October 31, 2020	1/1/20 – 9/30/20
April 30, 2021*	1/1/20 – 12/31/20

*Final payment will be made in April 2021 to account for claims run-out

Quality Metrics and Payment Distribution Schedule

The performance targets were determined in conjunction with the provider based on a review of current performance by the provider, setting reasonably achievable goals for performance improvement. Payment of the 10 percent withheld amount will be contingent on meeting agreed-upon quality improvement targets. The state will release 1 percent of the total for each measure for which the target has been met. After the end of the year, the provider will report to the state on its performance on the quality metrics. Based on the number of targets met, the state will approve payment of the relevant portion of the withheld amount to be paid out as a bonus payment. The bonus payment will be allocated among the MCOs based on their proportional share of utilization by the eligible provider, and they will be directed to make payments to the provider accordingly.

The quality payments for Year 1 of the UNMH directed payment will be based on the quality metrics below.

1. Patient experience using HCAHPS Survey Indicator;
2. 30-day Readmission;
3. Well Child Visits first 15 months;
4. Weight Assessment/Counseling for Children/Adolescents: Counseling for Physical Activity;
5. Antidepressant medication management continuous phase;
6. Prenatal and Postpartum Care: Postpartum Visit;
7. Childhood Immunization Status: Combo 3;
8. Follow up after Hospitalization for Mental Illness 30 day;
9. Follow up after ED visit for Mental Illness 30 day;
10. Diabetes Screening for People with Schizophrenia or Bipolar Disorder who are using Antipsychotic Medication.

All quality payments for CY 2020 will be made based on the distribution schedule below:

Quality Period	Deadline to Pay UNMH
January 1, 2020 – December 31, 2020	April 30, 2021

Other Directed Payment Details

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 quarterly payments will include gross-up amounts to reflect applicable risk/margin and premium taxes.
 - MAD will provide each MCO the amount of the directed payment and break out the gross-up amounts for each rate cohort.
- The directed payment will be included in the MCO’s Medical Loss Ratio and Underwriting Gain calculations outlined in the CC 2.0 Contract Amendment #1 (Section 7.2).

- MAD directs each CC 2.0 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 CC 2.0 MCO to report the amount paid by the MCO to UNM Hospital 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.
 - Amounts paid by the MCO to UNM Hospital 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 do not identify submission errors.
- Reconciliations performed as part of the CC 2.0 MCO contract (Retroactive Period, Hepatitis C and Patient Liability) will not include the directed payment revenue or expense.
- The directed payment amount paid by the MCO to UNM Hospital should not be included in encounter data submissions.

Reporting of UNM Hospital Paid Claims

The CC 2.0 MCO is required to submit utilization and paid amounts by procedure code, rate cohort and month in which the service occurred for each month and as prescribed below. This data will be refreshed monthly and will be the source for quarterly directed payment amounts. Data is due each quarter. **MCOs must submit the data no later than ten (10) business days after the last business day of the prior quarter.**

Acceptable File Formats:

- Delimited text file (*.txt or *.csv)
- Microsoft Access (*.accdb)

Requirements:

- Table 1 illustrates the data required and information about how the field should be formatted and Table 3 provides an example of the data output.
- Data should be limited to UNM Hospital. The National Provider Identification (NPI) numbers for Billing Provider NPI that identify UNM Hospital are provided in Table 2.
- The report should be based on incurred **and** adjudicated paid claims.
- Denied or voided claims should be excluded.
- The claim type should represent hospital claims.
- Rate cohort assignment **must** be based on the cohort assignment for the member as of the incurred date of the claim.
- Each run of the report should include a refresh of the prior reported data periods and include:

- Changes that may occur in the member’s cohort assignment.
- Removal of data when a member loses eligibility.
- The amount paid by the MCO to the UNM Hospital.

Table 1 - Data File Fields

Field Name	Field Information	Format
Month of Service	The date of service must be formatted as 4-character year and 2-character month. “YYYYMM”	Text
Billing Provider NPI	1689747552	Text
Hospital Stay Type	Either “Inpatient” or “Outpatient” depending on hospital stay	Text
Rate Cohort	This should be the rate cohort assigned by MAD to the member for the month the service was incurred. If a member cohort is changed retroactively by MAD the report should reflect the cohort assigned as of the date of the report. Acceptable values align with Financial Reporting Package Rate Cohorts: 001, 002, 003, 004, 005, 006, 007, 008, 009, 010, 011, 012, 300, 300B, 300C, 301, 302A, 302B, 302C, 303, 304, 310, 312, 320, 322, 110, 111, 112, 114, 115, 116, 117, 118, 119, 120, 121, 122 (<i>113 does not exist</i>)	Text
Paid Claims	Number of paid claims	Number
Paid Amount	Amount paid by the MCO	Number

Table 2 - UNM Hospital Billing Provider NPIs

UNM Hospital	1689747552
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Table 3 - Data File Example

Month of Service	Billing Provider NPI	Hospital Stay Type	Rate Cohort	Paid Claims	Paid Amount
201901	1689747552	Inpatient	002	46	\$4,462.92
201902	1689747552	Inpatient	003	92	\$4,781.24
201902	1689747552	Outpatient	009	81	\$7,128.00