

# PERSON-CENTERED MEDICAL HOME PLUS (PCMH+) YEAR 1 RESULTS

## SHARED SAVINGS CALCULATIONS

### **ORIGINALLY PRESENTED DECEMBER 2018**

**UPDATED 2/13/2019:** *This updated presentation includes a correction resulting from a Mercer error in the allocation of awards in the Challenge Pool. The corrected figures can be found on slides 14 and 15. The error in awards affected only the distribution of Challenge Pool funds and did not affect any other part of the Shared Savings calculation.*

# OUTLINE

- Shared Savings Overview
- Model Specifications
- 2016 PMPM Development
- 2017 PMPM Development
- Savings Calculations
- Individual Savings Pool Funding
- Challenge Pool Funding
- Challenge Pool
- Total Shared Savings
- Shared Savings Summary
- Claims Utilization



**DRAFT**

Connecticut Medicaid has now completed and evaluated the first year of its **first ever shared savings program**. The Wave 1 Performance Year was from January 1, 2017 through December 31, 2017.

As expected, **we saw considerable “ramp-up”** during the first half of the performance year. This is common among all enhanced care coordination demonstrations.

**Considerable freedom and attention was given to Participating Entities (PEs)** in order to allow staffing based on suggested parameters, but not specific standards. This allowed each PE to focus on Medicaid member needs rather than simply meeting reporting requirements.

**Key implementation results included** low member opt-out rate, low rate of member complaints, and successful PE implementation of care coordination activities and establishment of community partnerships.

## PCMH+ model design was guided by a number of important values:

- 1 Protecting the interests of Medicaid members
- 2 Improving overall health and wellness for Medicaid members
- 3 Creating high performance primary care practices with integrated support for both physical and behavioral health conditions
- 4 Building on the platform of the Department's PCMH Program, as well as the strengths and analytic capability of the Medicaid program's medical ASO
- 5 Enhancing capacity at practices where Medicaid members are seeking care, to improve health outcomes and care experience
- 6 Encouraging the use of effective care coordination to address the social determinants of health

- A review by NEJM of more than 30 studies showed that providers paid through shared savings arrangements **improve** how they deliver **care**.<sup>1</sup>
- State-based **Medicaid** alternative payment arrangements are **increasingly** being incorporated into state Medicaid reimbursement to improve health, control costs and increase accountability.
- CHCS has created an inventory of state activity. **12 states** have active Medicaid ACO-type **programs** (including Connecticut), many of which have not reported results yet. **10 more states** have shared savings programs under discussion.<sup>2</sup>
- Only a few states' shared savings programs have been in existence for multiple consecutive years, but multi-year results show quality and/or savings improve after the first year.

1. <https://catalyst.nejm.org/state-evidence-payment-reform-shared-savings/>

2. <https://www.chcs.org/resource/medicaid-aco-state-update/>

# YEAR 1 SHARED SAVINGS CALCULATION

## SHARED SAVINGS OVERVIEW

- For a new program with many new requirements and interventions, savings can be difficult to achieve in just one year.
- Some interventions have relatively immediate costs, but savings that may take more than one year to realize.
- As such, it is not unlikely that shared savings may not be realized until later years.
- Shared savings calculations include all claims except:
  - Hospice
  - Long-term services and supports
  - Waiver services
  - Non-emergency medical transportation
- PCMH+ is an upside only model. Entities do not share losses.
- More information can be found in the August 2017 Shared Savings deck found here:  
[https://portal.ct.gov/-/media/Departments-and-Agencies/DSS/Health-and-Home-Care/PCMH-Plus/pcmhplus\\_shared\\_savings\\_calculation\\_presentation.pdf?la=en](https://portal.ct.gov/-/media/Departments-and-Agencies/DSS/Health-and-Home-Care/PCMH-Plus/pcmhplus_shared_savings_calculation_presentation.pdf?la=en)

# YEAR 1 SHARED SAVINGS CALCULATION MODEL SPECIFICATIONS

- General Assumptions:
  - Dollars are truncated at \$100,000 before being risk adjusted.
  - Risk scores are normalized for each measurement year.
  - Comparison Group (CG) members satisfied all PCMH+ eligibility requirements.
  - The same cohort of members are included in both 2016 and 2017 calculations.
  - Claims for 2016 and 2017 had a claims runout period of 6 months for both PCMH+ members and members of the CG.
  - All other requirements outlined in the State Plan Amendment.

# YEAR 1 SHARED SAVINGS CALCULATION

## 2016 PMPM DEVELOPMENT

Prior Year	Calculation Step	CG <sup>1</sup>	All PEs	Northeast Medical Group AN	St. Vincent's AN	Charter Oak Health Center	Community Health Center, Inc.	Cornell Scott-Hill Health Center	Fair Haven Community Health Center	Generations Family Health Center	Optimus Health Care, Inc.	Southwest Community Health Center, Inc.
Prior Year Member Months	(a)	789,915	1,024,885	55,323	134,152	54,093	334,648	107,817	59,618	58,647	157,732	62,855
Prior Year Cost [Thousands]	(b)	\$325,465	\$549,281	\$26,017	\$67,509	\$26,904	\$175,439	\$71,936	\$26,343	\$38,354	\$71,237	\$45,543
Prior Year PMPM Cost	(c) = (b) / (a)	\$412.03	\$535.94	\$470.27	\$503.22	\$497.36	\$524.25	\$667.20	\$441.86	\$653.98	\$451.64	\$724.58
Prior Year Normalized Revenue Neutral Risk Score	(d)	0.8943	1.0753	1.0307	1.0632	1.0445	1.0360	1.2691	0.9757	1.4815	0.8795	1.2514
<b>Risk-adjusted Prior Year PMPM Cost</b>	(e) = (c) / (d)	<b>\$460.74</b>	<b>\$498.40</b>	<b>\$456.25</b>	<b>\$473.33</b>	<b>\$476.17</b>	<b>\$506.02</b>	<b>\$525.74</b>	<b>\$452.88</b>	<b>\$441.44</b>	<b>\$513.52</b>	<b>\$579.02</b>

1. Comparison Group (CG) is comprised of a group of non-participating FQHC and non-FQHC PCMH practices.



# YEAR 1 SHARED SAVINGS CALCULATION

## 2017 PMPM DEVELOPMENT

Performance Year	Calculation Step	CG	All PEs	Northeast Medical Group AN	St. Vincent's AN	Charter Oak Health Center	Community Health Center, Inc.	Cornell Scott-Hill Health Center	Fair Haven Community Health Center	Generations Family Health Center	Optimus Health Care, Inc.	Southwest Community Health Center, Inc.
Performance Year Member Months	(f)	789,249	1,027,995	55,498	134,501	54,259	335,648	108,139	59,801	58,783	158,299	63,067
Performance Year Cost [Thousands]	(g)	\$321,381	\$540,338	\$26,673	\$67,401	\$29,337	\$169,540	\$71,646	\$26,053	\$36,427	\$71,344	\$41,917
Performance Year PMPM Cost	(h) = (g) / (f)	\$407.20	\$525.62	\$480.61	\$501.12	\$540.68	\$505.11	\$662.54	\$435.66	\$619.68	\$450.69	\$664.65
Performance Year Normalized Revenue Neutral Risk Score	(i)	0.8930	1.0767	1.0609	1.0750	1.2359	1.0097	1.2770	0.9708	1.3780	0.9195	1.1850
Care Coordination Add-on Payments [Thousands]	(j)		\$4,792	\$0	\$0	\$313	\$1,925	\$605	\$340	\$342	\$908	\$359
<b>Risk-adjusted Performance Year PMPM Cost<sup>1</sup></b>	(k) = [ (h) / (i) ] + [ (j) / (f) ]	<b>\$455.98</b>	<b>\$492.83</b>	<b>\$453.04</b>	<b>\$466.17</b>	<b>\$443.23</b>	<b>\$506.01</b>	<b>\$524.41</b>	<b>\$454.44</b>	<b>\$455.52</b>	<b>\$495.90</b>	<b>\$566.57</b>

# YEAR 1 SHARED SAVINGS CALCULATION

## SAVINGS CALCULATIONS

Savings (Losses)	Calculation Step	CG	All PEs	Northeast Medical Group AN	St. Vincent's AN	Charter Oak Health Center	Community Health Center, Inc.	Cornell Scott-Hill Health Center	Fair Haven Community Health Center	Generations Family Health Center	Optimus Health Care, Inc.	Southwest Community Health Center, Inc.
Annual Risk-adjusted Trend Percentage	$(l) = \frac{[(k)/(e)]}{-1}$	-1.03%	-1.12%	-0.70%	-1.51%	-6.92%	0.00%	-0.25%	0.34%	3.19%	-3.43%	-2.15%
Expected Performance Year PMPM	$(m) = (e) * [1 + (l)_{CG}]$		\$493.25	\$451.53	\$468.43	\$471.25	\$500.79	\$520.31	\$448.20	\$436.88	\$508.22	\$573.03
Expected Performance Year Costs [Thousands]	$(n) = (m) * (f)$		\$507,062	\$25,059	\$63,005	\$25,570	\$168,089	\$56,266	\$26,803	\$25,681	\$80,450	\$36,140
Risk-adjusted Savings [PMPM Basis]	$(o) = (m) - (k)$		\$0.42	(\$1.51)	\$2.26	\$28.02	(\$5.22)	(\$4.10)	(\$6.24)	(\$18.64)	\$12.32	\$6.47
Risk-adjusted Savings [Thousands] <sup>1</sup>	$(p) = (o) * (f)$		\$433	(\$84)	\$304	\$1,520	(\$1,754)	(\$443)	(\$373)	(\$1,096)	\$1,951	\$408

1. PEs with trends 2.00% greater than/less than CG trend are considered credible losses/savings per the Minimum Savings Requirement (MSR).

# YEAR 1 SHARED SAVINGS CALCULATION

## INDIVIDUAL SAVINGS POOL FUNDING

Savings	Calculation Step	Northeast Medical Group AN	St. Vincent's AN	Charter Oak Health Center	Community Health Center, Inc.	Cornell Scott-Hill Health Center	Fair Haven Community Health Center	Generations Family Health Center	Optimus Health Care, Inc.	Southwest Community Health Center, Inc.
Risk-adjusted Savings [Thousands]	$(p) = (o) * (f)$	(\$84)	\$304	\$1,520	(\$1,754)	(\$443)	(\$373)	(\$1,096)	\$1,951	\$408
MSR Threshold [Thousands]	$(q) = 0.02 * (n)$	\$501	\$1,260	\$511	\$3,362	\$1,125	\$536	\$514	\$1,609	\$723
MSR-adjusted Savings [Thousands]	$(r) = \text{if } [  (p)  > (q) \text{ then } (p), \text{ otherwise } 0 ]$	\$0	\$0	\$1,520	\$0	\$0	\$0	(\$1,096)	\$1,951	\$0
Savings Cap [Thousands]	$(s) = 0.10 * (n)$	\$2,506	\$6,300	\$2,557	\$16,809	\$5,627	\$2,680	\$2,568	\$8,045	\$3,614
Capped MSR-adjusted Savings [Thousands]	$(t) = \text{if } [ (p) \leq 0 \text{ then } 0, \text{ otherwise } \min\{(p), (r), (s)\}]$	\$0	\$0	\$1,520	\$0	\$0	\$0	\$0	\$1,951	\$0
<b>Individual Savings Pool Funding [Thousands]</b>	$(u) = 0.50 * (t)$	\$0	\$0	\$760	\$0	\$0	\$0	\$0	\$975	\$0

# YEAR 1 SHARED SAVINGS CALCULATION

## INDIVIDUAL SAVINGS POOL FUNDING

Savings	Calculation Step	Northeast Medical Group AN	St. Vincent's AN	Charter Oak Health Center	Community Health Center, Inc.	Cornell Scott-Hill Health Center	Fair Haven Community Health Center	Generations Family Health Center	Optimus Health Care, Inc.	Southwest Community Health Center, Inc.
Individual Savings Pool Funding	(w) = (u)	\$0	\$0	\$760,241	\$0	\$0	\$0	\$0	\$975,257	\$0
Aggregate Quality Score	(x)	59.72%	58.33%	57.41%	49.07%	37.96%	65.00%	40.28%	49.07%	73.15%
<b>Savings Awarded via Individual Savings Pool</b>	(y) = (w) * (x)	<b>\$0</b>	<b>\$0</b>	<b>\$436,435</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$478,598</b>	<b>\$0</b>
Unclaimed Individual Savings	(z) = (w) - (y)	\$0	\$0	\$323,806	\$0	\$0	\$0	\$0	\$496,659	\$0

# YEAR 1 SHARED SAVINGS CALCULATION CHALLENGE POOL FUNDING

Individual Savings Pool	Calculation Step	All PEs
Aggregate MSR-adjusted Savings	$(v) = \sum [ (r) ]$	\$2,375,366
Unclaimed Individual Savings	$(z)$	\$820,465
Savings Awarded via Individual Savings Pool	$(aa) = \sum (y)$	\$915,033
Challenge Pool Limit	$(ab) = \text{maximum} [ (v) - (aa), 0 ]$	\$1,460,333
<b>Challenge Pool Funding</b>	$(ac) = \text{minimum} [ (z), (ab) ]$	<b>\$820,465</b>

# YEAR 1 SHARED SAVINGS CALCULATION

## CHALLENGE POOL – CORRECTED

Summary of Savings Distributions	Calculation Step	Northeast Medical Group AN	St. Vincent's AN	Charter Oak Health Center	Community Health Center, Inc.	Cornell Scott-Hill Health Center	Fair Haven Community Health Center	Generations Family Health Center	Optimus Health Care, Inc.	Southwest Community Health Center, Inc.
Challenge Pool Eligible	(ad)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of Challenge Measures Passed	(ae)	2	4	2	3	1	3	2	2	1
Member-weighted Challenge Measures	(af) = if [ (ad) = Yes, then (f) * (ae), otherwise 0 ]	110,996	538,004	108,518	1,006,944	108,139	179,403	117,566	316,598	63,067
Challenge Pool Distribution Percentage	(ag) = (af) / $\sum$ (af)	4.35%	21.10%	4.26%	39.50%	4.24%	7.04%	4.61%	12.42%	2.47%
<b>Challenge Pool Award</b>	(ah) = if [ (ac) $\leq$ 0 then 0, otherwise (ac) * (ag) ]	<b>\$35,724</b>	<b>\$173,155</b>	<b>\$34,926</b>	<b>\$324,082</b>	<b>\$34,804</b>	<b>\$57,740</b>	<b>\$37,838</b>	<b>\$101,896</b>	<b>\$20,298</b>

# YEAR 1 SHARED SAVINGS CALCULATION

## TOTAL SHARED SAVINGS – CORRECTED

Summary of Savings Distributions	All PEs	Northeast Medical Group AN	St. Vincent's AN	Charter Oak Health Center	Community Health Center, Inc.	Cornell Scott-Hill Health Center	Fair Haven Community Health Center	Generations Family Health Center	Optimus Health Care, Inc.	Southwest Community Health Center, Inc.
Savings Awarded via Individual Savings Pool	\$915,033	\$0	\$0	\$436,435	\$0	\$0	\$0	\$0	\$478,598	\$0
Savings Awarded via Challenge Pool	\$820,465	\$35,724	\$173,155	\$34,926	\$324,082	\$34,804	\$57,740	\$37,838	\$101,896	\$20,298
<b>Total Shared Savings</b>	<b>\$1,735,498</b>	<b>\$35,724</b>	<b>\$173,155</b>	<b>\$471,361</b>	<b>\$324,082</b>	<b>\$34,804</b>	<b>\$57,740</b>	<b>\$37,838</b>	<b>\$580,495</b>	<b>\$20,298</b>

# YEAR 1 SHARED SAVINGS CALCULATION SUMMARY

Comparison Group Trend: -1.03%

All Participating Entities Trend: -1.12%

Aggregate MSR-adjusted Savings: \$2,375,366

Two Participating Entities earned savings in the Individual Savings Pool

All Participating Entities earned a Challenge Pool Award



# YEAR 1 CLAIMS UTILIZATION OVERVIEW

The same cohort of members were used for the shared savings calculation and the claims utilization review.

No adjustments for claims runout, risk adjustment or claims truncation were made.

# YEAR 1 CLAIMS UTILIZATION OVERVIEW

## Claims per 1,000 Member Months Year Over Year Change

Category of Service	All Participating Entities	Comparison Group
Dental	-7.30%	-5.89%
Durable Medical Equipment	-4.19%	0.99%
Inpatient	-9.93%	-11.22%
Lab/Rad	-16.26%	-12.25%
Other	24.01%	33.64%
Other Practitioner	19.56%	9.66%
Outpatient	-0.75%	-7.00%
Outpatient - Emergency	-12.61%	-11.98%
Pharmacy	1.15%	0.46%
Professional	-2.44%	-2.10%
<b>All COS</b>	<b>-0.46%</b>	<b>0.07%</b>

# YEAR 1 CLAIMS UTILIZATION

## CLAIMS PER 1,000

### 2016 Claims per 1,000 Member Months

Category of Service	Northeast Medical Group AN	St. Vincent's AN	Fair Haven Community Health Center	Cornell Scott-Hill Health Center	Generations Family Health Center	Southwest Community Health Center, Inc.	Community Health Center, Inc.	Optimus Health Care, Inc.	Charter Oak Health Center	All Participating Entities Average	Comparison Group Average
Dental	1,585	1,639	1,978	1,755	1,811	1,910	2,205	1,912	2,091	1,945	1,879
Durable Medical Equipment	587	555	775	671	642	897	651	500	815	644	480
Inpatient	95	91	102	179	114	116	94	83	111	105	77
Lab/Rad	1,563	1,422	1,821	4,125	1,911	3,074	2,149	1,733	2,082	2,187	1,170
Other	1,292	1,198	1,497	1,615	1,133	1,087	1,735	1,009	1,398	1,411	1,350
Other Practitioner	2,062	2,983	760	946	1,358	885	1,067	731	802	1,281	1,772
Outpatient	2,087	2,391	1,430	1,752	2,812	1,228	1,824	1,547	1,951	1,866	1,750
Outpatient - Emergency	618	646	792	1,219	1,193	1,041	931	700	1,011	889	669
Pharmacy	16,257	16,896	14,982	18,326	21,577	20,717	16,030	14,247	16,305	16,681	12,894
Professional	10,387	10,598	10,320	17,496	13,639	13,035	12,512	9,838	12,046	12,204	9,603
<b>All COS</b>	<b>36,532</b>	<b>38,419</b>	<b>34,457</b>	<b>48,084</b>	<b>46,190</b>	<b>43,988</b>	<b>39,199</b>	<b>32,301</b>	<b>38,613</b>	<b>39,213</b>	<b>31,644</b>

# YEAR 1 CLAIMS UTILIZATION

## CLAIMS PER 1,000

### 2017 Claims per 1,000 Member Months

Category of Service	Northeast Medical Group AN	St. Vincent's AN	Fair Haven Community Health Center	Cornell Scott-Hill Health Center	Generations Family Health Center	Southwest Community Health Center, Inc.	Community Health Center, Inc.	Optimus Health Care, Inc.	Charter Oak Health Center	All Participating Entities Average	Comparison Group Average
Dental	1,515	1,556	1,976	1,644	1,509	1,668	2,039	1,799	1,867	1,803	1,768
Durable Medical Equipment	629	553	636	665	643	705	623	468	915	617	484
Inpatient	84	81	89	159	107	107	83	74	117	94	69
Lab/Rad	1,402	1,304	1,694	2,613	1,655	2,642	1,849	1,560	2,097	1,831	1,027
Other	1,629	1,510	1,834	1,763	1,274	1,166	2,164	1,591	1,439	1,749	1,804
Other Practitioner	2,558	3,318	975	1,289	1,925	1,205	1,153	928	1,191	1,531	1,943
Outpatient	2,171	2,267	1,575	1,890	2,588	1,338	1,711	1,587	2,172	1,852	1,628
Outpatient - Emergency	614	587	746	1,075	1,005	903	791	643	768	777	589
Pharmacy	16,896	16,896	15,165	18,588	21,228	21,483	16,057	14,101	18,296	16,872	12,953
Professional	10,347	10,406	9,812	16,353	13,011	12,948	12,083	9,808	13,294	11,907	9,401
<b>All COS</b>	<b>37,845</b>	<b>38,478</b>	<b>34,501</b>	<b>46,039</b>	<b>44,947</b>	<b>44,165</b>	<b>38,555</b>	<b>32,560</b>	<b>42,155</b>	<b>39,035</b>	<b>31,666</b>

# YEAR 1 CLAIMS UTILIZATION

## CLAIMS PER 1,000

### Year over Year Change Claims per 1,000 Member Months

Category of Service	Northeast Medical Group AN	St. Vincent's AN	Fair Haven Community Health Center	Cornell Scott-Hill Health Center	Generations Family Health Center	Southwest Community Health Center, Inc.	Community Health Center, Inc.	Optimus Health Care, Inc.	Charter Oak Health Center	All Participating Entities Average	Comparison Group Average
Dental	-4.41%	-5.09%	-0.13%	-6.28%	-16.68%	-12.68%	-7.54%	-5.92%	-10.69%	-7.30%	-5.89%
Durable Medical Equipment	7.24%	-0.31%	-17.89%	-0.96%	0.18%	-21.39%	-4.29%	-6.26%	12.32%	-4.19%	0.99%
Inpatient	-11.67%	-10.39%	-12.67%	-11.51%	-5.80%	-7.90%	-11.58%	-11.23%	4.86%	-9.93%	-11.22%
Lab/Rad	-10.33%	-8.25%	-6.98%	-36.65%	-13.39%	-14.05%	-13.97%	-10.00%	0.68%	-16.26%	-12.25%
Other	26.11%	26.02%	22.57%	9.17%	12.49%	7.26%	24.68%	57.66%	2.90%	24.01%	33.64%
Other Practitioner	24.08%	11.25%	28.30%	36.35%	41.80%	36.16%	8.09%	27.03%	48.53%	19.56%	9.66%
Outpatient	4.00%	-5.20%	10.09%	7.85%	-7.97%	8.98%	-6.18%	2.59%	11.29%	-0.75%	-7.00%
Outpatient - Emergency	-0.60%	-9.18%	-5.78%	-11.76%	-15.75%	-13.22%	-15.00%	-8.14%	-24.10%	-12.61%	-11.98%
Pharmacy	3.93%	0.00%	1.22%	1.43%	-1.61%	3.70%	0.17%	-1.02%	12.21%	1.15%	0.46%
Professional	-0.39%	-1.81%	-4.93%	-6.53%	-4.60%	-0.67%	-3.43%	-0.31%	10.36%	-2.44%	-2.10%
<b>All COS</b>	<b>3.59%</b>	<b>0.16%</b>	<b>0.13%</b>	<b>-4.25%</b>	<b>-2.69%</b>	<b>0.40%</b>	<b>-1.64%</b>	<b>0.80%</b>	<b>9.17%</b>	<b>-0.46%</b>	<b>0.07%</b>



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