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2 **NEW HAMPSHIRE DEPARTMENT OF HEALTH AND HUMAN SERVICES**
3 **MEDICAID CARE MANAGEMENT PROGRAM**

Reference Number	20-0012
Authorized by	Henry D. Lipman, Medicaid Director
Division/Office/Bureau	Division of Medicaid Services
Publication Date	April 17, 2020
Effective Date	Immediately
Subject	Direct Payment Relief for Certain Provider Classes
Description	The State contractually requires the MCOs to pay prescribed directed payments to certain safety-net providers to ensure access to care for Medicaid managed care enrollees in light of the COVID-19 Public Health Emergency.

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5 1 **BACKGROUND**

6 There is concern that certain safety-net providers in New Hampshire are at financial risk due to
7 the decrease in elective visits and services during the COVID-19 Public Health Emergency. The
8 financial hardship may put access to care at-risk for Medicaid beneficiaries should provider
9 operations cease. Medicaid revenue is critical to maintaining the viability of safety net providers
10 that support the delivery of quality care for Medicaid enrollees in New Hampshire. The directed
11 payments described herein, subject to change as circumstances evolve in coming days, will help
12 ensure access to care for Medicaid managed care enrollees in light of the COVID-19 Public
13 Health Emergency.

14 2 **METHODOLOGY**

15 Fiscal relief for safety-net providers is proposed through repurposing of current managed care
16 contract funds. To that end, DHHS shall make the following changes to components of the
17 capitation rates in order to fund the proposed directed payment funding pool:

- 18 1. Reduce service costs by 1.5% for all services to recognize the expected net impact of
19 reductions in non-emergency and elective service costs due to the COVID-19
20 pandemic social distancing guidelines, increased COVID-19 treatment costs, the
21 impact of waiving certain prior authorization requirements, and reduced population
22 acuity due to projected enrollment increases related to the recession
- 23 a. DHHS shall require the MCOs to continue their capitation arrangement with
24 the community mental health centers (CMHCs) at current payment levels and

waive any related maintenance of effort (MOE) provisions for state fiscal year (SFY) 2020.

2. Reduce the per member per month (PMPM) administrative allowance for all rate cells by 1.5% to recognize that significantly fewer MCM program members are enrolled in care management programs compared to the 15% expectation in the MCM contract.
3. Further reduce the administrative allowance for the GAHCP Non-Medically Frail population by \$0.45 PMPM to remove costs related to the GAHCP work and community engagement requirement that was prohibited by the U.S. District Court for the District of Columbia. This reduction was made at the direction of CMS. The related funding is repurposed for the directed payment pool.
4. Reduce the gain/loss margin to reflect the shifting of revenue from at-risk services to the new non-risk directed payments. The gain/loss margin still represents 1.5% of at-risk revenue.
5. Calculate the amount available for the new directed payment funding pool, which is approximately \$11.7 million assuming the original projected enrollment level (i.e., not incorporating likely enrollment growth resulting from the recession).
6. The original CMHC directed payment remains unchanged.
7. The PMPM premium tax allowance remains unchanged because the capitation rates by rate cell are unchanged after the reallocation by component.

Safety-net Provider Payments

To effectuate safety-net provider payments DHHS will require each MCO to pay a percentage distribution and initial allocation for specific qualifying services provided by the six safety net provider classes based on January 2019 to June 2019 MCO encounter payments as described in Table 1 below.

Table 1 New Hampshire Department of Health and Human Services Medicaid Care Management Program Initial Allocation of Directed Payment Sub-Pools			
Safety Net Provider Class	Percentage Distribution of January to June 2019 MCO Payments for Selected Services Only	Approximate September 2019 to June 2020 Direct Payment (Total)¹	Approximate September 2019 to June 2020 Direct Payment (Monthly)¹
FQHCs and RHCs	32.0%	\$3,744,000	\$374,400
Critical Access Hospitals	29.8%	3,486,600	348,660
SUD Residential Treatment	16.8%	1,965,600	196,560
Home Health	4.9%	573,300	57,330
Private Duty Nursing	8.8%	1,029,600	102,960
Personal Care	7.7%	900,900	90,090
Total Pool	100.0%	\$11,700,000	\$1,170,000

¹ Approximate values of the direct payment pool are based on the initial enrollment projections in the January 14, 2020 rate setting report. Actual monthly pool funding will be determined by actual MCM program enrollment multiplied by the PMPM directed payment funding for each rate cell in the September 2019 to June 2020 MCM program capitation rates.

1 An identified portion of the actuarially sound per member per month capitation payment to the
2 MCOs multiplied by the member months the plan is paid for the month will form a pool to be
3 used every month to make percentage add-on payments to the defined safety net provider
4 classes. The pool will be 1.5% of the capitation payments made to the MCOs, or approximately
5 \$12 million for the September 2019 to June 2020 contract year (depending on actual enrollment).
6 DHHS will establish the percentage of the pool that will be allocated to a separate sub-pool for
7 each of the six safety net provider classes based on historical MCO payments to these providers.

8 At the end of the month, the amount in each sub-pool will be divided by the payments made by
9 the MCOs to the defined safety net provider class for qualifying services adjudicated in the
10 month. This calculation will determine the amount of the uniform percentage add-on for the
11 month. The additional payments will be sent to the safety net providers in the following month. It
12 is anticipated that payments will be made on the following schedule:

- 13 • May 2020 payment: based on September 2019 to April 2019 encounters
- 14 • June 2020 payment: based on May 2020 encounters
- 15 • July 2020 payment: based on June 2020 encounters

16 Every add-on payment will be directly tied to a qualifying paid encounter and include the ability
17 to tie each payment to a specific service provided to a specific beneficiary through the data
18 consistent with the managed care rule. As warranted to account for changes in the provider
19 environment, CMS has advised that DHHS may amend its directed payment request.

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Revision History

Activity Date	Version	Description of Activity	Author	Approved By
4/16/2020	20200416	Initial draft		H. Lipman

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