Turning Compliance into a Competitive Advantage: Lessons Learned from Medicare-Medicaid ("Duals") Demonstration Program Implementations

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Introductions

PwC and our client plans in several states have experienced the growing pains of implementing the Medicare-Medicaid Demonstration Programs

Agenda

• Overview of the Medicare-Medicaid Financial Alignment Demonstration
• California’s Cal MediConnect MMP Demonstration
• An Integrated Approach to Compliance
• Q&A
Overview of the Medicare-Medicaid Financial Alignment Demonstration (Duals Demonstration)

The Alignment Initiative

Although both Medicare and Medicaid are administered by CMS, they have very different rules, payment methodologies and guidelines resulting in disparate funding, misalignment of incentives and confusion for providers.

“Partnering with States, health care providers, caregivers and beneficiaries, CMS will work to improve quality, reduce costs and improve the dual eligible beneficiary experience. Through the Alignment Initiative the Medicare-Medicaid Coordination Office seeks to transcend boundaries, facilitating a national conversation with stakeholders from around the country to identify opportunities for alignments and improve the two programs.”

Types of Duals Demonstrations

States can enter into one of two types of dual demonstrations as part of the financial alignment initiative.

Capitated Model: A State, CMS, and a health plan enter into a three-way contract, and the plan receives a prospective blended payment to provide comprehensive, coordinated care.

Managed Fee-for-Service Model: A State and CMS enter into an agreement by which the State would be eligible to benefit from savings resulting from initiatives designed to improve quality and reduce costs for both Medicare and Medicaid.

Source: [http://healthandwelfare.idaho.gov/Portals/0/Medical/Managed%20Care/Idaho%20Division%20of%20Medicaid%20Duals%20Demonstration%20Draft%20Proposal%20presentation.pdf](http://healthandwelfare.idaho.gov/Portals/0/Medical/Managed%20Care/Idaho%20Division%20of%20Medicaid%20Duals%20Demonstration%20Draft%20Proposal%20presentation.pdf)
National Landscape of Participating States

Twenty-one (21) states are moving forward with the Duals Demonstration – PwC has been working with five plans in four states and one state agency.

Critical Success Factors

Success in the Duals market will require new delivery models, skill sets, and relationships as well as the right market conditions.

- The right market conditions
  - Physician incentives
  - Changing community practice patterns
  - Engaged beneficiaries
  - Understanding and managing the true costs of care
  - Demonstrated financial and medical effectiveness

- The right skills
  - Physician incentives and receptiveness
  - Adequate state and risk factors
  - State and federal program design features

- The right delivery model
  - Enhanced operational competencies
  - Care management competencies
  - Data and analytics
  - Change management
  - Compliance culture

- A truly integrated model across the full continuum of care supported by real time data and analytics

- Involved members
  - Medicare/Medicaid

Common Threads Nationally

Our clients have faced many similar issues:

1. Two sets of requirements
   - A lot of learning for many plans

2. Readiness Reviews are a big effort
   - P&Ps / Desk Review
   - On-site Review
   - Remediation & Final Review

3. The Demonstration is integrated to the beneficiary, but not necessarily operations

4. Regulations and guidance on key processes
   - Marketing, enrollment, data sharing with state agencies
California’s Cal MediConnect MMP Demonstration

Timeline of the Duals Demonstration in California

- May 31: DHCS submits final Demonstration proposal to CMS
- January: 3-way contracts signed
- Jan 27: RFS released by DHCS
- April 4: Sites selected by DHCS
- April 5: Health Net begins design and implementation
- April 1: Health plans receive RFP
- March 20: Final rates released
- September: Readiness review findings
- March: MOU signed by DHCS and CMS
- April 19: Desk review documents submitted
- March 28: Health plans receive Readiness Tool from CMS
- June 14: Network submitted for approval
- July 17: Site reviews in LA begin
- October: 3-way contract released
- March: MOU signed by DHCS and CMS

Highlights of California’s Cal MediConnect Demonstration

- Counties participating: Orange County is postponed due to readiness issues
- Planned go-live: Dual eligible members voluntarily enrolling for an initial period in some counties, all-at-once in others
- Estimated eligible beneficiaries (inclusive of Orange county)
- Maximum enrollment in Los Angeles County

Source: CalMedica.org, CA Department of Health Care Services
Introducing New Requirements into Operations

Requirements originated from a variety of key sources including:

- 3-way contract
- OIG's guidance on elements of effective compliance programs
- CMS Medicare Managed Care Manual & Prescription Drug Benefit Manual
- HPMS memos

Examples of changes from current processes include but are not limited to:

- Finalizing marketing materials based on CMS review and approval
- Processing specific enrollment transaction types (e.g., Transaction Code 72 - 4Rx Data Change)
- Disbursement of interest payments (in cases of untimely claims processing)
- Monitoring and addressing CTMs

Sample List of Operational Differences by Plan Type

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<th>Medicaid</th>
<th>Duals</th>
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Building Compliance into the Program

Compliance should be integral to program operations and corporate culture

- Compliant operations is only possible with a full understanding of program requirements
- Management must be fully conversant with:
  - MA rules
  - Medicaid rules
  - The State-CMS Memorandum of Understanding
  - The terms of the three-way contract
  - MMP-specific guidance
- High-quality training is needed for employees and FDRs
- Contractual and regulatory compliance becomes the cornerstone of the MMP's performance management activities
- Compliance staff are active members of the program management process

Preparing for Readiness Reviews

Preparation is a significant undertaking, requiring broad organizational involvement and lasting several months

Key lessons:

- Organization is critical
- Don’t forget basic program/project management
  - Develop a plan and manage to it
  - Resource adequately not just to perform the work, but to effectively coordinate
- Understand the program requirements and evaluation criteria
  - Make full use of the readiness tool
  - Respond completely and specifically to deficiency notices
- Prepare the team thoroughly for the Site Review
  - Identify the correct people to address the review objectives
  - Develop interview questions
  - Conduct mock interviews
- CMS and the states are serious about MMP readiness
A Programmatic View into Key Challenges
The complexity in meeting contractual and regulatory requirements presented challenges to MMPs working to launch Cal MediConnect

- Plans adherence/reconciliation of requirements between: 3-way contracts, CMS manuals, state-specific MMP manuals, and state Medicaid requirements.
- Variation across states is a concern for national health plans with a presence in more than one state.
- Vagueness of regulatory requirements as captured in guidance received from CMS Innovation Center and/or State.
- Compressed timelines to implement regulatory and contractual requirements.
- Marketing: Adjust current processes to provide adequate time for member materials to be reviewed and approved by both CMS and the State, including time to address (potential) conflicting guidance from the two regulatory agencies.
- Enrollment: Roles and requirements related to enrollment between States, CMS and health plans are not clearly defined, thus introducing challenges in managing the accuracy of enrollment data and in performing timely revenue reconciliation.

Lessons Learned
The MMP program experience provided key learnings from both a compliance and programmatic perspective

- Apply a similar level of discipline and rigor from existing compliance programs to guide operational areas in implementing contractual and regulatory requirements
- Adapting the current infrastructure (at both the parent and affiliate levels) resulted in decreased costs and effort and enhanced the organization’s ability to respond to change
- Seek a clear understanding of roles and responsibilities to be owned by the State versus the MMP (e.g. ownership of delivering timely enrollee notices)
- Leverage established communication processes with CMS and/or the State to remain informed of new and changing regulatory requirements and expectations
  - CA would have benefitted from a combined Plan-State-CMS work group that met regularly to discuss operational, compliance and implementation issues
  - Broader duals market / MMP guidance as disseminated through HPMS memos may not apply to specific state demonstrations (e.g. the use of the appropriate Integrated Denial Notice)
- Remain flexible in adapting to and incorporating new requirements into daily operations (e.g. weekly enrollment reconciliation process), as these may emerge even after key milestone dates

An Integrated Approach to Compliance
Establishing Compliance as the Foundation

Compliance should be embedded in an organization’s business operations, governance and employee rewards structures, where Compliance serves as the day-to-day foundation to support the organization in meeting / adhering to regulatory requirements.

PwC’s Compliance Program Effectiveness Framework

The ‘Compliance Program Effectiveness Framework’ consists of 10 compliance elements and over associated attributes.
- Each element is considered and measured to assess the design, implementation and effectiveness of an organization’s overall Compliance Program, from its foundation to the Board to vendor management through its business functions.

Re-thinking the Operating Model

MMP programs require plans to understand their operations and the degree of change required to successfully achieve compliance with contractual and regulatory requirements.

Integrating Compliance into Operations

Leveraging the elements of effective compliance programs serves as a framework for operationalizing contractual and regulatory requirements and for ultimately embedding compliance into operations on a go-forward basis.
Strategic Approach
With the need to embed Compliance into operations as the underlying driver for how business is conducted, the preparation for the initial go-live was treated like a new product launch.

Lessons Learned
Embedded compliance = good business

Operations:
- Re-visit business process design to identify opportunities to enhance operations, ensure that appropriate business activities are incorporated in the process to meet regulatory requirements, and update operational reporting (monitoring) to capture the “right data” at the “right time”.
- Appeals and Grievances: Adjust current processes to accommodate both CMS and the State rules and requirements, emphasizing coordination points between departments / business units.
- Claims: Verify claims payment rules and configuration to ensure that processes are in place to identify Medicare or Medicaid as primary, application of appropriate payment limitations and coordination between operational and encounter reporting to understand data prior to submission.

Compliance:
- Clearly delineate roles and responsibilities between the Compliance Officer and Contract Officer for oversight and accountability of Compliance with regulations (and contract terms).
- Allocate time in existing Compliance Committees to include MMP-specific to focus on addressing the specific risks, issues and other concerns for the MMP product.
- Establish and apply a standard checklist of key criteria to use in updating and reviewing policies, procedures and training, including guidance on writing easily understood process descriptions (for the intended audience, e.g. operational staff) with embedded regulatory requirement references.
- Utilize operational reports for monitoring regulatory compliance, providing consistency across compliance and operational metric reporting and streamlining oversight process.
Thank you!

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