ACHI
INSPIRING HEALTHY ACTS

PROVIDER-LED ENTITIES

In 2017, the Arkansas General Assembly passed legislation[1] establishing a provider-led, organized care and financing model for Medicaid populations with intellectual or developmental disabilities (IDD) or severe or persistent behavioral health needs.[2] Arkansas Medicaid spends about $1 billion annually for approximately 40,000 beneficiaries in this population.[3] The provider-led organizations, or Provider-led Arkansas Shared Savings Entities (PASSEs), aim to integrate care for beneficiaries by connecting primary care, specialty behavioral health, and IDD providers. Each PASSE must provide services statewide, develop a care plan for each beneficiary, and coordinate community-based services. Arkansas Medicaid anticipates cost reduction by shifting from fee-for-service to global payments, in which each PASSE assumes full financial risk for attributed beneficiaries.

PASSE PAYMENT

The PASSE model is being implemented in two phases. During Phase I, the Arkansas Department of Human Services (DHS) made payments on a per-member per-month (PMPM) basis to each PASSE for case management and care coordination.

MARCH 2017
PASSE legislation signed into law.

SEPTEMBER 2017
Federal waiver approval for the PASSE program; independent assessment for services begins.

OCTOBER 2017
PASSEs become licensed.

JANUARY 2018
Beneficiary attribution begins; care coordination payments to PASSEs begin.

FEBRUARY 2018
Phase I care coordination begins.

FEBRUARY 2019
Lawsuit asking Pulaski County court to postpone Phase II implementation filed; court declines.

MARCH 2019
Phase II initiation.

PHASE I

- Each PASSE provides care coordination.
- Beneficiaries requiring higher levels of specialized services are attributed to one of four currently licensed PASSEs.

PHASE II

- PASSEs transition to a full-risk managed care organization.
- PASSEs receive global payment to cover each beneficiary's total cost of care.
- Each PASSE becomes eligible to receive incentive payments.

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ATTRIBUTION

Beneficiaries are enrolled in a PASSE using an attribution method that more heavily weighs utilization of behavioral health and developmental disability providers and associated claims costs.

The average estimated PMPM payment during Phase I was $173.97.[4] In addition, a PASSE will receive a one-time $208 payment upon the beneficiary's initial attribution to the PASSE. Prospective PMPM payments for care coordination were sent to each PASSE in January 2018. Ongoing, each PASSE will be paid prospectively near the first of the month. Phase II launched on March 1, 2019, with responsibility for all clinical services in addition to case management and care coordination transferring to the PASSE. During Phase II, each PASSE will receive a global payment from DHS to provide all services to assigned beneficiaries. The amount of the global payment will be based on historical utilization.[5] Providers will be reimbursed based on rates negotiated with each PASSE. DHS may provide incentive payments to PASSEs that meet specific performance measures.

STATE AGENCY OVERSIGHT[1,6]

- Develop PASSE rules (DHS).
- Establish criteria that determine the level of service need for PASSE beneficiaries (DHS).
- Establish and maintain the "Quality Incentive Pool" used to award incentive payments (DHS).
- Develop capitated rates for a defined scope of services (DHS).
- Develop reporting requirements and performance measures (DHS).
- Oversee PASSE provider network adequacy (DHS).
- Establish PASSE licensure and solvency requirements, which includes having reserves or capital totaling at least $6 million[1] (Arkansas Insurance Department).

CONCLUSION

The PASSE model seeks to provide a more comprehensive and system-level approach to improving quality of care, increasing collaboration between providers, and reducing costs. As the model moves into Phase II, it remains to be seen what level of impact and potential disruption PASSEs will have on the quality of care and services required by beneficiaries. Notably, moving complex populations into managed care before less complex populations is not the approach typically used by states. As states consider managed-care options for high-needs populations, Arkansas's unique PASSE model can be used to educate other policymakers on how to implement an integrated, person-centered, organized care model across multiple systems.

[1] Act 775 of 2017 of the 91st Arkansas General Assembly, also known as the "Medicaid Provider-Led Organized Care Act." Signed into law by Arkansas Governor Asa Hutchinson on March 31, 2017.
[2] Arkansas Foundation for Medical Care. "PASSE: Getting to know the PASSE system." September 17, 2018. https://afmc.org/health-care-professionals/arkansas-medicaid-providers/policy-and-education/webinars/getting-to-know-passe-sept-2018/
[3] Arkansas Department of Human Services. Provider-Led Arkansas Shared Savings Entity (PASSE) Proposed Attribution Model Background Paper. June 27, 2017. https://humanservices.arkansas.gov/images/uploads/procurement/PASSE_Proposed_Attribution_Model.pdf
[4] Medicaid.gov. https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Downloads/AR_Provider-Led-Care-Coordination-Program_AR-07.pdf
[5] Arkansas Department of Human Services, Division of Medical Services. Provider-Led Arkansas Shared Savings Entity (PASSE) Program — 1915(b) waiver. 2017. http://170.94.37.152/REGS/016.06.17-017F-17410.pdf
[6] Arkansas Insurance Department. Provider-Led Organization Licensure Standards. Rule 117. https://insurance.arkansas.gov/uploads/pages/rule117_provider-led_organization_licensure_standards.pdf