

### Letter of Direction #36

Date: July 24, 2020

To: Centennial Care 2.0 Managed Care Organizations

From: Nicole Comeaux, Director, Medical Assistance Division

Subject: Hospital Access Program Directed Payment  
(Previously Safety Net Care Pool (SNCP) Directed Payment)

Title: Hospital Access Program (HAP) Directed Payment



The purpose of this Letter of Direction (LOD) is to provide instructions to the Centennial Care Managed Care Organizations (MCOs) for implementing the Hospital Access Program (this pool of dollars was previously allocated to the Safety Net Care Pool (SNCP) Directed Payment program which the Centers for Medicare and Medicaid Services (CMS) required the Medical Assistance Division (MAD) to sunset December 31, 2019).

#### 1. Hospital Access Program (HAP) Directed Payment Background

In January 2020 the MCOs CY 2020 capitation rates were increased to facilitate a HAP. In April 2020 those amounts were removed from the MCOs CY2020 capitation rates so that HSD could redesign the program. HSD has redesigned the HAP to be a Directed Payment program paid outside of the MCOs' capitation payment.

#### 2. HAP Payments for January 1 – June 30, 2020

For the first two quarters of the HAP Directed Payment (January 1, 2020 through June 30, 2020), the MCOs are directed to make payments to all contracted hospitals based on HSD's calculations of amounts owed to each hospital consistent with the CMS-approved Directed Payment. Claims reprocessing for the HAP Directed Payment will not be required. ***The MCOs must make electronic deposits for the first two quarters of the HAP Directed Payment program to contracted hospitals based on HSD's calculations and the payment must be received by the provider on or before August 14, 2020.***

All dollars for the HAP Directed Payments for this time period will be made on a separate payment term basis as an additional amount to the capitation rates and the MCOs will distribute the separate payment term amount to contracted hospitals as directed by HSD.

### **3. HAP Payments for July 1 – December 31, 2020**

HSD will inform the MCOs to make payments to all contracted hospitals based on HSD's calculations of amounts owed to each hospital for the period of July 1 – December 31, 2020 consistent with the CMS-approved Directed Payment.

All dollars for the HAP Directed Payments for this time period will be made on a separate payment term basis as an additional amount to the capitation rates and the MCOs will distribute the separate payment term amount to contracted hospitals as directed by HSD.

### **4. HAP Directed Payment Operational and Reporting Requirements**

The HAP Directed Payments are classified as revenue attributed to medical expenses and are therefore classified as “premium”. The quarterly payments will include gross-up amounts to reflect applicable underwriting gain and premium taxes. The directed payments will be included in the MCO's medical loss ratio and underwriting gain calculations outlined in the CC 2.0 Contract Amendment #2 (Section 7.2).

Reporting requirements for the HAP Directed Payments are set forth below:

- Each MCO is directed 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.
- Each MCO is directed to report the amount paid by the MCO to hospitals 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 hospitals 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 trigger submission errors.

Reconciliations performed as part of the CC 2.0 MCO contract (Retroactive Period, Hepatitis C and Patient Liability) will not include the HAP Directed Payment revenue or expense.