

# Alternative Payment Methodology

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# Alternative Payment Methodology

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Under federal law, states may provide an alternative to PPS by submitting a State Plan Amendment for an Alternative Payment Methodology (APM) to CMS.



# Alternative Payment Methodology

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The federal government has issued only two requirements for APMs:

1. The rate must equal or exceed the PPS rate.
2. Clinic participation must be voluntary.



# APM Payment Methodology

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- The new APM methodology will convert a clinic's current PPS rate into an equivalent per-member-per-month (PMPM) rate.
- MCOs will pay a PMPM rate comparable to other primary care provider rates, and RHCs will receive monthly wraparound payments from the state.



# Payment Comparison

## PPS

Total Allowable Costs	\$	500,000
Encounters		4000
Rate per Encounter	\$	125

## APM

Total Allowable Costs	\$	500,000
Unique Patients		1200
Cost per Patient/Year	\$	416.67
PMPM	\$	34.72



# APM Operating Parameters

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- Clinics and the state will sign a three-year contract agreeing to the new APM. Clinics will have an annual exit clause for extreme financial hardship.
- The APM payment will cover services for physical health only.



# APM Payment Operating Parameters

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- Open card patients will be included.
- Inpatient care is carved out.
- Prenatal care is included, but deliveries are excluded.



# APM Payment Operating Parameters

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- Clinics will be required to provide process and outcome data to the state and to MCOs. Data will include the type of PCPCH work needed to improve the health status of each patient (face-to-face, email or phone visits with providers; nurse case manager work; panel management work; prevention; group visits).
- Other specifics of the data requirements are to be determined.





# Attribution

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- MCOs will design appropriate attribution systems for patient enrollment, disenrollment, and payment reconciliation procedures.
- The state is working on a system of attribution for Open Card patients.
- Clinics will require shared procedures for confirming patient enrollment, communicating and assisting patients with enrollment changes as appropriate, and redirecting patients of other providers.

# Questions?

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