

**MEMORANDUM**

TO: Bryan Stout, Ohio Department of Medicaid

FROM: Sydney King, Regulatory Policy Advocate

DATE: July 15, 2016

RE: **CSI Review – Patient Centered Medical Homes (OAC 5160-1-71 and 5160-1-72)**

On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (O.R.C.) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

Analysis

This rule package consists of two new rules being proposed by the Ohio Department of Medicaid (ODM). The rule package was submitted to the CSI Office on June 23, 2016 and the public comment period was held open through June 30, 2016.

The rule packages establishes the requirements for the Patient Centered Medical Homes (PCMH) program. This is a voluntary program for providers that “emphasizes primary care and encourages providers to deliver medical services more efficiently and economically to achieve better health outcomes for the more than three million Ohioans covered by Medicaid.”¹ Participating providers that meet activity requirements and achieve a percentage of outlined metrics detailed in the regulations will receive additional compensation for services. The regulations align with the State Innovation Model which implements new healthcare delivery payments that reward the value of the services, not the volume. ODM's goal is to continue to expand the program over the next three years. The regulations include the requirements for provider eligibility, the activity

¹ Business Impact Analysis, page one

requirements that must be met within six months of initial enrollment and then annually, and the efficiency and clinical quality metrics.

ODM partnered with the Governor's Office of Health Transformation to perform significant stakeholder outreach while drafting the regulations. Several stakeholder groups were created that included members of the impacted community. Employers, health care providers, managed care organizations, commercial payers, state agencies, and consumer advocacy groups worked to design and develop the PCMH model. The BIA details the comprehensive stakeholder outreach and the significant impact the feedback had on the development of the PCMH program. During the CSI comment period, two comments were received. One comment, from a stakeholder that was heavily involved in the development of the regulations, expressed concern about the commercial payer support for the PCMH model and stated that it is imperative that the commercial payers are supportive and participate in implementing a similar model to avoid the providers complying with a Medicaid standard and a commercial standard. ODM explained that there are several methods to measure support from the commercial payers. Recently, members of the commercial payer industry applied to participate in a companion federal program. Because the companion federal program includes similar requirements for commercial payers, this indicates that commercial payers are adopting the model. ODM will also be able to measure annually commercial payer activity and support with reports that provide these details. The second comment received expressed concerns about the definition of primary care physicians. ODM explained that the association represented specialty physicians and that although their role is important to the success of the program, the primary care physician is in the best position to coordinate care with specialty physicians regarding specific illnesses.

During the CSI review, ODM made additional amendments to the rule language. ODM will now only have four metrics, instead of five, that impact payment. The fifth metric will be for reporting purposes only since it is a new data element that has never been reported by providers before. As a result of this amendment, ODM increased the "pass" standard to receive enhanced payment from thirty percent to fifty percent. ODM explained that this is necessary because it is difficult to measure thirty percent of the four metrics, and the change will have a minimal impact to providers.

The CSI Office also inquired about the several references to the Medicaid website in the rule language for additional information regarding the requirements. ODM assured the CSI Office the website will only provide additional details about the PCMH process and not include additional regulations on the providers.

Recommendation

For the reasons explained above, this office does not have any recommendations regarding this rule package.

Conclusion

Based on the above comments, the CSI Office concludes that the Ohio Department of Medicaid should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.