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State/Territory Name: OH

State Plan Amendment (SPA) #: 15-023

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519

January 12, 2017

Barbara Sears, Director
Ohio Department of Medicaid
P.O. Box 182709
50 West Town Street, Suite 400
Columbus, Ohio 43218

RE: TN 15-023

Dear Ms. Sears:

Enclosed for your records is an approved copy of the following State Plan Amendment (SPA):

Transmittal #15-023 - Value-Based Purchasing: Episode-Based Payments
- Effective Date: January 1, 2016

If you have any questions regarding this SPA, please have a member of your staff contact Christine Davidson at (312) 886-3642 or by email at christine.davidson@cms.hhs.gov.

Sincerely,

/s/

Alan Freund
Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure

cc: Sarah Curtin, ODM
Carolyn Humphrey, ODM
Becky Jackson, ODM
Greg Niehoff, ODM

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: **15-023 (Revised)**	2. STATE **OHIO**
FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE **January 1, 2016**	

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ **AMENDMENT**

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT:
Section 1115A(b)(2)(B)(xi) of the Social Security Act	a. FFY 2016 $0 b. FFY 2017 $0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-A, Supplement 1 to Item 1, page 1 of 1	(New)
Attachment 4.19-B, Supplement 1 to Item 2-a, page 1 of 1	(New)
~~Attachment 4.19-B, Supplement 1 to Item 2-b, page 1 of 1~~ cl	~~(New)~~
~~Attachment 4.19-B, Supplement 1 to Item 2-c, page 1 of 1~~	~~(New)~~
Attachment 4.19-B, Supplement 2 to Item 5-a, page 1 of 1	(New)
Attachment 4.19-B, Supplement 1 to Item 6-d-(6), page 1 of 1	(New)
Attachment 4.19-B, Supplement 1 to Item 9-a, page 1 of 1	(New)
Attachment 4.19-B, Supplement 1 to Item 9-b, page 1 of 1	(New)
Attachment 4.19-B, Supplement 1 to Item 9-c, page 1 of 1	(New)
Attachment 4.19-B, Supplement 1 to Item 17, page 1 of 1	(New)
Attachment 4.19-B, Supplement 1 to Item 24-e, page 1 of 1	(New)
Supplement 1 to Attachment 4.19-A, pages 1 through 3 of 3	(New)
Supplement 2 to Attachment 4.19-B, pages 1 through 3 of 3	(New)

10. SUBJECT OF AMENDMENT: Value-Based Purchasing: Episode-Based Payments

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☒ OTHER, AS SPECIFIED: **The State Medicaid Director is the Governor's designee**

12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:
13. TYPED NAME: [redacted]	**Carolyn Humphrey** **Ohio Department of Medicaid** **P.O. BOX 182709** **Columbus, Ohio 43218**
14 TITLE: **STATE MEDICAID DIRECTOR**	
15. DATE SUBMITTED: December 31, 2015	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/31/2015	18. DATE APPROVED: 01/12/2017

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/2016	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Alan Freund	22. TITLE: Acting Associate Regional Administrator

23. REMARKS:

RHC (Item 2-b) + FQHC (Item 2-c) services are not included in episode-based payments.

Instructions on Back

FORM CMS-179 (07-92)

1. Inpatient Hospital Services.

   There may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 1 to Attachment 4.19-A.

Episode Based Payments. Incentives to pay for the value of medical care provided to Medicaid recipients.

Purpose: Medicaid has established Ohio-specific Episode-Based Payments. Episode-Based Payments:

1. Support Ohio's shift to value-based purchasing by rewarding high-quality care and outcomes;
2. Encourage clinical effectiveness;
3. Encourage referral to providers who deliver high-quality care, when provider referrals are necessary;
4. Use episode-based data to evaluate the costs and quality of care delivered and to apply incentive payments; and
5. Establish Principal Accountable Providers (PAPs) for defined episodes of care.

Complete details including technical information regarding specific quality and reporting metrics, performance thresholds and incentive payments are available at the Ohio Medicaid payment innovation website available at: www.medicaid.ohio.gov and are effective for the performance period beginning January 1, 2016.

Notice: Except in cases of emergency as defined in division (G) of section 119.03 of the Ohio Revised Code, providers will receive at least 30 days written notice of changes to Episode Based Payments.

Episodes: An "episode" is a defined group of related Medicaid covered services provided to a specific patient over a specific period of time. The characteristics of an episode will vary according to the medical condition for which a patient has been treated. Detailed descriptions and definitions for each episode are found in the Ohio Medicaid payment innovation website located at www.medicaid.ohio.gov.

PAPs: A PAP is the provider who is held accountable for both the quality and cost of care delivered to a patient for an entire episode. The State, in consultation with clinical experts, designates a PAP based on factors such as decision making responsibilities, influence over other providers, and episode expenditures.

Payments: Subject to the incentive payments described below, providers, including PAPs, deliver care to eligible beneficiaries and are paid in accordance with the Medicaid reimbursement methodology in effect on the date of service.

Thresholds: Thresholds are the upper and lower incentive benchmarks for an episode of care and are established and published prior to the beginning of a performance period. Thresholds may be reviewed annually by the State using historical data that is at a minimum, two years prior to the performance period, in order to account for updates to the episode definitions or changes in practice patterns.

The acceptable benchmark is the specific dollar value for each episode such that a provider with an average risk-adjusted reimbursement above the dollar value incurs a negative incentive payment. For each episode, this value is set based on historical performance such that ten percent of episode-specific, Medicaid PAPs are above the acceptable threshold.

The commendable benchmark is the specific dollar value for each episode such that a provider with an average risk-adjusted reimbursement below the dollar value is eligible for a positive incentive payment if all quality metrics linked to the incentive payment are met. This value is set at a level such that the balance of positive and negative incentive payments are budget neutral to the State.

The positive incentive limit (PIL) is a level set to avoid incentivizing care delivery at a cost that could compromise quality. PAPs below the PIL are still eligible for positive incentive payments, contingent upon meeting quality targets. Positive incentive payments are reduced based on the difference between the PIL and a PAP's average risk-adjusted episode reimbursement. The PIL is set at a level equivalent to the average of the five lowest episodes based on risk-adjusted reimbursement that pass the quality metrics linked to positive incentive payments.

Episode Risk Adjustment: For each PAP, risk adjustments are applied to enable comparison of a PAP's performance relative to the performance of other PAPs in a way that takes patient health risk factors and other health complications into consideration. Risk adjustments are episode-specific as described on the Ohio Medicaid payment innovation website available at www.medicaid.ohio.gov.

Incentive Payments: Episode Based Payments promote efficient and economic care utilization by making incentive payments based on the aggregate valid and paid claims across a PAP's episodes of care ending during the twelve month performance period specified for the episode. After the conclusion of the full performance period, eligibility for a positive or negative incentive payment is determined on an annual basis. Payments are made no earlier than six months after the end of the performance period and equal fifty percent of the difference between the average adjusted episode expenditures and the applicable threshold as described below. The fifty percent risk sharing percentage applies equally to both positive and negative incentive payments. Because the incentive payments are based on aggregated and averaged claims data for a particular performance period, payments cannot be attributed to specific provide claims. Performance reports will be sent to providers on a quarterly basis.

Positive Incentive Payments: If the PAP's average risk-adjusted episode reimbursement is lower than the commendable threshold and the PAP meets the quality requirements established by Medicaid for a given episode type, Medicaid will issue an incentive payment to the PAP. This incentive payment will be based on the difference between the PAP's average risk-adjusted episode reimbursement and the commendable threshold. Each PAP that is eligible for a positive incentive

payment and meets the performance requirements set out in this section shall receive any earned performance payment no later than 180 days after provider receipt of its prior year performance report.

Negative Incentive Payments: If the PAP's average risk-adjusted episode reimbursement is higher than the acceptable threshold, the PAP will incur a negative incentive payment. The negative incentive payment will be based on the difference between the PAP's average risk-adjusted episode reimbursement and the acceptable threshold. Each PAP that incurs a negative incentive payment shall have future payments withheld in the amount of the negative incentive payment no later than 180 days after provider receipt of its prior year performance report.

No Incentive Payments: If the average risk-adjusted episode reimbursement is between the acceptable and commendable thresholds, the PAP will not incur a positive or a negative incentive payment.

Episodes: Effective for those specific episodes with an end date on or after January 1, 2016, the defined scope of services within the following episodes of care are subject to incentive adjustments. Definitions and additional information about each episode are available on the Ohio Medicaid payment innovation website available at www.medicaid.ohio.gov.

Perinatal
Asthma
Chronic Obstructive Pulmonary Disease

Effective for those specific episodes with an end date on or after January 1, 2017, the defined scopes of services within the following episodes(s) of care are subject to incentive adjustments:

Cholecystectomy
Upper Respiratory Infection
Urinary Tract Infection
Gastrointestinal Bleed
Esophagogastroduodenoscopy
Colonoscopy

2. a. Outpatient Hospital Services.

There may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 2 to Attachment 4.19-B.

5. a. Physicians' services.

There may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 2 to Attachment 4.19-B.

6. Medical care and any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law.

    d. Other practitioners' services

        (6) Advanced practice nurses.

        For clinical nurse specialists' (CNS) services and certified nurse practitioners' (CNP) services, other than certified pediatric or family nurse practitioners' services, there may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 2 to Attachment 4.19-B.

9. a. Free-standing ambulatory health care clinics (AHCCs).

There may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 2 to Attachment 4.19-B.

9. b. Outpatient health facilities (OHFs).

There may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 2 to Attachment 4.19-B.

9. c. Ambulatory surgery centers (ASCs).

There may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 2 to Attachment 4.19-B.

17. Nurse-midwife services.

There may be positive or negative incentive payments, based on provider performance for episodes of care as described in Supplement 2 to Attachment 4.19-B.

24. e. Emergency hospital services.

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Urinary Tract Infection
Gastrointestinal Bleed
Esophagogastroduodenoscopy
Colonoscopy