

## **Table of Contents**

**State/Territory Name: Alabama**

**State Plan Amendment (SPA) 22-0005**

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  
Center for Medicaid & CHIP Services  
233 North Michigan Ave., Suite 600  
Chicago, Illinois 60601



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**Financial Management Group**

August 19, 2022

Stephanie McGee Azar, Commissioner  
Alabama Medicaid Agency  
501 Dexter Avenue  
Montgomery, AL 36103-5624

Re: Alabama State Plan Amendment (SPA) 22-0005

Dear Ms. Azar:

We have reviewed the proposed Alabama State Plan Amendment (SPA) 22-0005, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on May 23, 2022. This amendment update cost effectiveness payment methodology from median to agency set criteria.

Based upon the information provided by the State, we have approved the amendment with an effective date of April 15, 2022. We are enclosing the approved CMS-179 (HCFA-179) and a copy of the new state plan page.

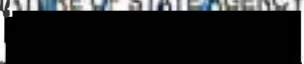

If you have any additional questions or need further assistance, please contact Monica Neiman at: [Monica.Neiman@CMS.HHS.GOV](mailto:Monica.Neiman@CMS.HHS.GOV)

Sincerely,



Todd McMillion  
Director  
Division of Reimbursement Review

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>		1. TRANSMITTAL NUMBER <u>2 2 — 0 0 0 5</u>	2. STATE <u>AL</u>
		3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>April 15, 2022</b>	
5. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447.252		6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a FFY <u>2022</u> \$ <u>0</u> b FFY <u>2023</u> \$ <u>0</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  Attachment 4.19-B page 1b Attachment 4.19-B page 2e Attachment 4.19B page 10b.3		8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  Attachment 4.19-B page 1b Attachment 4.19-B page 2e Attachment 4.19-B page 10b.3	
9. SUBJECT OF AMENDMENT This primary purpose of this amendment is to update the Alabama Coordinated Health Network Cost Effectiveness (CE) Bonus Payment Methodology from median to the Agency's set criteria. The reason for the change is to align the CE payment methodology with other insurance carriers and to address provider concerns.			
10. GOVERNOR'S REVIEW (Check One) <input type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="radio"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="radio"/> OTHER, AS SPECIFIED: Governor's designee on file via letter with CMS			
11. SIGNATURE OF STATE AGENCY OFFICIAL 		15. RETURN TO Stephanie McGee Azar Commissioner Alabama Medicaid Agency 501 Dexter Avenue Post Office Box 5624 Montgomery, Alabama 36103-5624	
12. TYPED NAME Stephanie McGee Azar			
13. TITLE Commissioner			
14. DATE SUBMITTED <u>5/23/2022</u>			
<b>FOR CMS USE ONLY</b>			
16. DATE RECEIVED <u>May 23, 2022</u>		17. DATE APPROVED <u>August 19, 2022</u>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
18. EFFECTIVE DATE OF APPROVED MATERIAL <u>April 15, 2022</u>		19. SIGNATURE OF APPROVING OFFICIAL 	
20. TYPED NAME OF APPROVING OFFICIAL <u>Todd McMillion</u>		21. TITLE OF APPROVING OFFICIAL <u>Director, Division of Reimbursement Review</u>	
22. REMARKS			

1. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.

**B. Cost Effectiveness Performance Payments**

- a. Eligibility: All ACHN Certified PCP groups will be eligible for a performance payment if the PCP group meets or exceeds the cost effectiveness criteria established by the Agency.
- b. Methodology:
  - i. ACHN Certified PCP groups that achieve annual performance benchmarks determined by the Agency are eligible to receive performance payments.
  - ii. Benchmarks will be posted at [www.medicaid.alabama.gov](http://www.medicaid.alabama.gov) by September 1, 2019 and will be updated annually at least 30 days prior to the contract period.
  - iii. The cost effectiveness performance payment criteria will be posted to: [www.medicaid.alabama.gov](http://www.medicaid.alabama.gov)  
Click the ACHN tab/Provider
  - iv. The amount available for the quarterly cost effectiveness payment will be one-quarter (1/4) of the annual amount described above.
  - v. The first payment will be made in October 2019. Subsequent payments will be made on a quarterly basis.
  - vi. Level One Cost Effectiveness Performance Payment for the period between October 1, 2019 and December 31, 2020:
    1. The Agency will make quarterly payments in the first month of the quarter for review and response to cost effectiveness data provided by the Agency, implementing any policies and processes to improve the efficiency of their practices, and engaging with the ACHNs in preparation to be paid based on performance-based cost effectiveness payments. Providers will also be readjusting their practice guidelines to manage attributed patient populations rather than Agency assigned panels.
    2. Payments made in this period are based on the engagement by the PCP group and not for the achievement of cost effectiveness measurements.
    3. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.
  - vii. Level Two Cost Effectiveness Performance Payment for the period of January 1, 2021 and beyond:
    1. The Agency's quarterly payments beginning with the January 2021 payment will be based on actual cost effectiveness performance.
    2. The cost effectiveness performance calculation compares a 12-month per member per month (PMPM) to a risk-adjusted expected PMPM based on the costs of similar PCP groups that treat Medicaid recipients. Groups will be ranked by an efficiency score that is derived from actual PMPM versus the expected PMPM. Performance payment will be made for PCP groups that meet a cost effectiveness score of less than 1.0.
    3. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.

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      2. Payments made in this period are based on the engagement by the PCP group and not for the achievement of cost effectiveness measurements.
      3. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.
    - vii. Level Two Cost Effectiveness Performance Payment for the period of January 1, 2021 and beyond:
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      3. Payments will be distributed to each PCP group based on the number of Medicaid members attributed to the PCP group for the prior quarterly period.

- vi. Level One Cost Effectiveness Performance Payment for the period between October 1, 2019 and December 31, 2020:
  - 1. The Agency will make quarterly payments in the first month of the quarter for review and response to cost effectiveness data provided by the Agency, implementing any policies and processes to improve the efficiency of their practices, and engaging with the ACHNs in preparation to be paid based on performance-based cost effectiveness payments. Providers will also be readjusting their practice guidelines to manage attributed patient populations rather than Agency assigned panels.
  - 2. Payments made in this period are based on the engagement by the PCP group and not for the achievement of cost effectiveness measurements.
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