

Montgomery Cares Reimbursement Workgroup Report

August – September 2022

Report prepared by Primary Care Coalition
as support staff to Montgomery Cares Reimbursement Workgroup

Introduction:

The Montgomery Cares Reimbursement Workgroup convened over three sessions to discuss, develop and endorse a proposal for a Montgomery Cares primary care rate for FY 2024. The workgroup considered the perspectives and experience of participating clinic organizations, learned about reimbursement rates provided in similar health care safety-net programs in neighboring jurisdictions, and gained insights from DHHS and Council staff regarding the processes through which the ultimate recommendation would go forward.

Workgroup Goal:

Incorporating the interests and perspectives of clinics, DHHS, and MCAB (making best effort to bring in insights, but not commitments from County Executive and Council), the workgroup's goal was to develop and endorse a proposal for a Montgomery Cares primary care rate that supports the deliverables and expectations for patient-centered health care and related services delivered by participating safety-net clinics/health centers between FY24 and the eventual phase-in of a new value-based care reimbursement rate.

Method:

Participating clinic organizations provided their costs per encounter. Unsurprisingly, there was variation in costs that reflect the diversity of the Montgomery Cares network. Factors such as clinic size, geographic location, and staffing models impact cost variability. Site-specific costs ranged from \$200 to \$300 per encounter; the workgroup agreed upon an average of \$250 to represent the cost per encounter for Montgomery Cares at the system level.

Workgroup Recommendation:

In FY24, the Workgroup recommends a Montgomery Cares reimbursement rate of \$175 per encounter, which reflects 70% of the average actual cost of care.

Justification:

To sustain Montgomery Cares' unique public-private partnership, the reimbursement rate must support the actual cost of caring for Montgomery Cares patients. The current rate of \$76.50 is not sufficient to support services required in the current Montgomery Cares contract. The current base rate has been in place since FY2020 and the gap between actual costs of providing care and Montgomery Cares reimbursement increases every year. During the transition to a VBC model, clinics anticipate the need to meet benchmarks and implement best practices of a Primary Care Medical Home. Four of the ten organizations are either FQHCs or recognized as a patient-centered medical home and adhere to these best practices while

earning a reimbursement rate that is well below all other forms of insurance and reimbursement rates of similar programs in neighboring jurisdictions.

The Workgroup's proposed reimbursement rate:

- Adjusts for stagnation in reimbursement that has occurred over the years when there was no rate adjustment or when the rate adjustment was less than inflation.
- Anticipates continued inflationary surge and significant increases in market compensation for the health care workforce and clinic operating supplies, which have been exacerbated by the pandemic.
- Considers the actual cost of care, incorporating costs associated with service delivery that were not previously factored into the rate (e.g., medication dispensing, case management and care coordination, in-person interpretation, phlebotomy and coordination of lab and imaging services, and administrative and reporting costs). As Medicaid providers, nine of the 10 clinic organizations also implement after-hours call support and coverage and implement enhanced managed care for patients with co-morbidities.
- Is competitive with rates offered by similar programs in neighboring jurisdictions, specifically Prince George's Health Assures, which has a more complex fee schedule for different types of encounters but reimburses at \$180 per encounter for primary care visits. The D.C. Health Alliance program enables FQHCs to negotiate rates directly with the Alliance and/or managed care organizations and therefore there is greater variability. On average, the Alliance's primary care reimbursement is \$95, but this is for the most basic services. As noted above, the primary care encounter rate alone does not capture the full cost associated with service delivery, and in the Alliance model, providers have other mechanisms to recoup these expenses.
- Is reflective of the expectations and service levels that clinics deliver while recognizing that Montgomery Cares is a partnership program in which clinics share responsibility to raise funds and leverage value through volunteers and pro-bono services. The current cost vs Montgomery Cares reimbursement ratio leaves a gap of 53-57% (or higher as experienced by some FQHCs) that the organizations must close.

Summary of Proceedings:

Session One — August 2, 2022: This session focused on group formation with review and adoption of the workgroup charter, and discussion of the process for engagement and participation. Participants affirmed that it is essential to hear the perspective of all stakeholders to arrive at a productive conclusion. It was acknowledged that there may be constraints in that not all representatives can make commitments for their organizations, but that all have a valuable point of view to offer as part of the proceedings.

In addition, time was spent learning about the scope of services delivered and associated cost pressures from representatives of clinic organizations. The following key themes emerged:

- Market pressures of inflation, staffing recruitment and retention issues, and the need to offer competitive salaries to attract health care workers to work in a safety-net setting cause significant operating strain for clinic organizations.
- All clinics provide a higher level of service than current reimbursement can sustain and have even greater aspirations.

- Historically, reimbursement has been benchmarked to rates for primary care evaluation and management CPT codes. This approach has obscured the much wider range of services that clinics provide, which range from in-clinic specialty services, labs, case management, and screening and referrals to address social determinants of health.

The workgroup concluded with questions about the goal of the reimbursement discussions and whether there was room to discuss other more imaginative approaches. The aim is for Montgomery Cares reimbursement to support community and population health strategies.

Session Two – August 30, 2022: Picking up with the conclusion of session one, this session was spent clarifying DHHS’s vision for population and community health and the five phases of transitioning to VBC. However, it was emphasized that DHHS’s request of the workgroup is to recommend a FFS rate for FY24. In other words, a rate that would be in effect prior to any payment adjustments that might occur in the future as part of the VBC transformation process. Dr. Rogers reiterated that DHHS intends to engage an independent consultant to develop a rate recommendation for VBC at a later stage.

Guest speaker, Sharon Zalewski of the Regional Primary Care Coalition provided context on the payment rates used by safety-net health care programs in Prince George’s County and Washington, DC:

- Established in 2018, Prince George’s Health Assures is a younger program than Montgomery Cares. This program contracts with six FQHCs to provide primary medical, behavioral health, and dental care for low-income adults and children. The program does not use a flat per-encounter fee schedule but has more variety in the type of visits and associated rates. For example, participating clinics charge different amounts for behavioral health and oral health care. The base rate for a primary care encounter is \$180.
- Established in 2001, the DC Healthcare Alliance functions like a Medicaid Managed Care plan. Participating providers negotiate their rates with the Alliance or an MCO and bill more like conventional insurance with a variety of codes and associated charges affiliated with different encounters. For this reason, it is difficult to draw a direct comparison between the Alliance and Montgomery Cares regarding the average cost paid per primary care encounter. In the simplest sense, the Alliance reimburses \$95 for primary care codes, but this is not the total reimbursement, as other codes on the fee schedule can be charged with associated primary care visits.

The session concluded with a request for participating clinic organizations to deliberate on the information learned, reflect on actual costs and structure (flat rate vs. different amounts for different services) and be prepared to discuss a recommended FY24 FFS rate at the final session.

Session Three – September 28, 2022: During the final workgroup session participants discussed the range of factors that contribute to costs and approaches for arriving at a system-wide rate. Participating clinics reported average costs per encounter between \$200 and \$300 with some outliers. Contributing factors including clinic locations, rents and overhead, different technology and insurance costs etc. Furthermore, encounter costs encompass more than direct services; it is important to consider other associated costs, including case management, coordination, and administrative costs.

The third session also highlighted vulnerabilities associated with FFS reimbursement. Operating and infrastructure costs such as salaries and rent are fixed and do not scale up and down with the seasonal variance in encounters. However, FFS revenue is unstable and can be an impediment.

Reducing variability emerged as a strong theme in relation to introducing a more complex fee schedule. In the current context, participants felt that a single FFS rate that is consistent across the Montgomery Cares network makes the most sense, regardless of different fixed costs that may arise. Considerable time was spent to discuss the cost variability related to different types of specialty and dental care delivered at the clinics. While the group acknowledged these differences, the consensus at the end of the meeting was to recommend a single FFS rate for all encounters. The meeting concluded with two options to consider:

- Option 1: Take the simple average between highest and lowest rates. Then adjust based on inflation as needed. The average is \$250/encounter.
- Option 2: 70% of average = \$175 to reflect historic cost-sharing under MCares public-private partnership.

A post-meeting poll yielded the final recommendation of a rate request of \$175, which represents 70% of the average encounter cost.

Participants:

Workgroup Representative	Affiliation
Aparicio, Zulma	Mary's Center
Ballard, Betsy	Montgomery Cares Advisory Board
Bruton, Sonya	CCI Health Services
Capaci, Denise	Catholic Charities Health Clinic
Clemons, Tara	Montgomery County Council Staff
Cornejo, Christian	Mary's Center
Ejaz, Azad	Muslim Community Center Clinic
Foraker, Mark	Mercy Health Clinic
Graham, Leslie	Primary Care Coalition
Kamus, Abdulaziz	Muslim Community Center Clinic
Kelly, Jessica	Holy Cross Health Centers
Lowet, Peter	Mobile Medical Care, Inc.
Lu, Kate	Pan Asian Volunteer Health Clinic
McGuire, Essie	Montgomery County Council Staff
Palacios, Cesar	Proyecto Salud
Rios, Judith	Holy Cross Health Centers
Rogers, Christopher	DHHS, Public Health Service
Saenz, Agnes	Community Reach of Montgomery - Kaseman Clinic
Uppal, Jamshed	Muslim Community Center Clinic
Velis, Edwin	Catholic Charities Health Clinic
Wilson, Jessica	CCI Health Services

PCC Support Staff:

Arend Dutta, Elizabeth
Carter, Danielle
Hovhannisyan, Arpine
Robinson, Aisha
Tsumba, Hillery