

January 8, 2008

To: FCHP Plans

From: Jon Pelkey, Quality Improvement and Medical Section Manager

Subject: Physician Access Improvement Incentive Plan
Communication of Rate and Contract Amendment Timeline

The purpose of this memo is to provide additional information on the draft rate for the Physician Access Improvement Incentive Plan, as well as the timeline for the project.

- CMS has determined that the 5% limit on the rate applies to the aggregate and that it is not necessary to develop rates for each eligibility category;
- Based upon this direction from CMS, our Actuarial Services Unit has developed a rate for the Physician Access Improvement Incentive plan; the rate has been reviewed and approved by PricewaterhouseCoopers.
- The intent of this project is to completely expend all available funds over the course of the project year (April 1, 2008 to March 31, 2009);
- The project also crosses over two contract periods;
- There is a risk in any forecast that the caseload may either increase or decrease; in discussion with the FCHP plans on this project, we heard clearly that you prefer stable funding across the entire 12 months of the project; we concur that providing stable funding across the entire project is the best approach to support successful projects;
- Based on the above assumptions, the Actuarial Services Unit developed a “low risk caseload scenario rate”;
- The per member per month rate for 2008 will be: \$4.88;
- A Contract Amendment will be developed to reflect the addition of the Physician Access Improvement Incentive Project, effective April 1, 2008 with this rate;
- The 2009 Contract will be developed with the benefit of approximately 6 months of actual experience with the project. The rates for 2009 could go up or down depending upon the actual

caseload; However, taking a conservative low-risk caseload approach for 2008, it is more likely that the rate would increase in 2009; Again the intent of DMAP is to fully expend all total funds (\$7 million General Funds) upon completion of the project;

- Consistent with the proposal to CMS, at the conclusion of the project there will be a process to recoup funds based on performance and to redistribute funds to plans that met or exceeded targets. The intent of DMAP is to utilize a settlement process to achieve that objective.

Timeline for Physician Access Improvement Incentive Project:

- January 7th week – informational memo distributed to plans with rate information and timeline;
- January 17th – Contractors Meeting - Rules and Contracts Meeting – opportunity to review draft language for Contract Amendment
- February 1st – Contract Amendment language submitted to CMS for Physician Access Improvement Incentive Plan;
- Feb. 1st – March 15th – 45 day period for CMS review;
- March 16th – April 1st – Contract Amendment signed;
- April 1, 2008 to March 31, 2009 – Project Year:
 - Per member per month payment at \$4.88 begins utilizing supplemental payment separate from cap payment;
 - Project year for interventions
 - Plans track progress and provide regular quarterly reports
- October 1, 2008 to March 31, 2009
 - Project Measurement period;
 - Plans responsible for achieving targeted four percentage point increase above baseline for Health Services Commission Prioritized List Line 3 and 4 (prevention services)
 - Six months data will be annualized
- October, 2008 – Review of first 6 months project expenditures, including caseload – development of new rate for 2009 based upon project experience and caseload projections;
- October, 2008 – Finalize new rate for Physician Access Improvement Incentive project for remaining 3 months in 2009; included in 2009 Contract;
- Nov. 1, 2009 – final measurement for targeted performance improvement by FCHP; (7 months after end of project year);

- December, 2009 – Settlement process to either distribute remaining available funds, or re-coup payments from plans which have not achieved targeted performance;

We look forward to working with you in 2008 and 2009 on the Physician Access Improvement Incentive Plans.