

ACO Update

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DEPARTMENT OF
**Managed
Health Care**



What Triggers KKA Jurisdiction?

- Any person who undertakes to arrange for the provision of health care services to subscribers or enrollees, or to pay for or to reimburse any part of the cost for those services; *and*
- Is compensated based on a prepaid or periodic charge paid by or on behalf of the subscribers or enrollees.

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ACOs for Commercial Coverage

- **Licensure could be required depending on the nature of the arrangement.**
- **Factors:**
 - **Arranging for health care services and compensated on a prepaid or periodic basis?**
 - **Health Plan creating a narrow network that includes specific hospitals and RBOs**

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Medicare Shared Savings Program (MSSP) ACO Update

- Fee for Service arrangement that doesn't fit the description of a health plan
- Risk pool payment at end of year appears to include institutional costs
- Department determination on “amount” of downside risk that is allowable
- Does it, or should it trigger RBO oversight?
- Does it, or should it trigger plan licensure requirement?

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Pioneer ACO Update

- Global population-based payments beginning in 2014 appear to trigger licensure requirement
- Arguments are being made that population-based payment is **not** a global payment
- It is not known how many California ACOs will continue
- It is not known which payment arrangements will be selected
- If the payment arrangements trigger licensure, the ACO needs to be part of the licensed entity, not a subsidiary
- Does it or should it trigger plan licensure requirement?

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Questions?

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