

April 23, 2014

Subject: Quality Incentive / Vital Access Provider Pool Program

Dear Administrator:

The purpose of this letter is to provide managed care plans serving members in New York City with information in regard to wage parity policy and a Quality Incentive/VAP pool program focused on quality home and personal care services in MLTC. As home health and personal care are the major services provided in managed long term care, this program will reward plans that invest in their network providers.

Quality Incentive/VAP Pool (QIVAPP)

To implement the QIVAPP, funding in the amount up to \$70 million has been identified within the Medicaid global cap. In order to help secure federal financial participation, eligible entities for this program are Managed Long Term Care (MLTC) plans, including Partial Capitation, PACE and MAP plans.

In order for a plan to qualify for payment, they must meet certain pool standards. The plan must also show full compliance with the public health law, including the wage parity statute (§ 3614-c, Home Care Worker Wage Parity). The pool standards include the specific components below:

- Plans agree to pay a Qualified Incentive Pool Provider (QIPP) a base contracted amount that reflects the cost of investments for home and personal care aide services effective 4/1/14, and begin such payments for services provided after this date in conjunction with contract payment terms.
- A QIPP shall maintain or participate in a specialty training program for home health aides and personal care aides, and shall provide a letter of support for that training program from labor organizations. If a QIPP can demonstrate a specialty training program but cannot obtain a letter of support from a labor organization, the Department will consider exceptions to that element.
- The QIPP has a written quality assurance program (already required by DOH regulations) that has been successfully implemented.
- The QIPP participates in a health benefit fund for their home health care and/or personal care aides and/or provides comprehensive health insurance coverage to their employees.
- MLTC plans provide network survey data to the Department and any other data as needed.
- If a provider cannot meet any of these standards, the Department will consider exceptions on a case by case basis, if they can be justified.

Calculation of pool payments

The Department will calculate the current number of QIPP hours based on survey results provided by MLTC plans. The QIVAPP will be divided into a per-hour add-on based upon the hours provided and distributed between 4/1/2014 and 3/31/2015. Such add-on will be passed through by the plans to the QIPP providers. The Department may adjust the amount of the add-on based on subsequent reports of the actual hours provided by QIPPs.

The Department will evaluate managed care rates and the pool structure after no later than October 1, 2014 to determine rate adequacy as well as the need for continuing the pool funding. The QIVAPP funding will be available for services provided up to and including December 31, 2014. Payments will be made over the 4/1/14 to 3/31/15 period.

Wage Parity Compliance

The Department will require health plans to submit home care agency contract rate data. If the Department determines that a rate is unduly low, evidence will be required that demonstrates the provider is complying with living wage law and all home care agency regulatory requirements. The Department may reject contracts if it determines that a rate is insufficient.

To ensure stability as the industry transforms, the Department will institute a continuity of care policy through December 31, 2014 requiring Department approval to terminate contracts with QIPP's that are serving more than 100 cases or 10% of a plan's total MLTCP volume, whichever is smaller.

Reporting Requirement

Each MLTC plan and QIPP shall report to the Department by March 1, 2015, on the use of the funds and their financial viability in the future. It is the expectation of the Department that QIPPs work through the plans to compile such reports

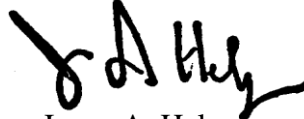
Managed Long Term Care Rate Development

The Department is implementing the April 1, 2014 premiums in three phases as outlined below, including a wage parity adjustment and the incorporation of QIVAPP funding. The Department will also consider eliminating the payment lag to health plans in need of cash flow relief. This will provide a cash advance sufficient until an appropriate rate is available.

- Phase I - includes an annualized wage parity adjustment, which allows for the timeliest adjustment. Draft rates were shared with plans on April 14, 2014.
- Phase II - includes rolled risk scores, updated geographic factors and updated trends. Draft rates available by May 2014.
- Phase III - includes updated model, cost weights, base data and risk scores. Draft rates available July 2014.

Any questions you may have regarding the Home Care Worker Parity provision and its implementation should be forwarded via email to: hcworkerparity@health.state.ny.us, with Home Care Worker Parity indicated in the subject line.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Helgerson". The signature is stylized and cursive.

Jason A. Helgerson
Medicaid Director
Office of Health Insurance Programs