



**Department  
of Health**

Medicaid  
Redesign Team

# **VBP Bootcamp Finance Course, Supplemental Materials**

October 10, 2017

# MCO Adjustments – Stimulus – Full View



# MCO Adjustments – Penalty – Full View

Year	Penalty
2018	If less than 10% dollars of total MCO expenditure are captured in Level 1 or above VBP contracts then a penalty of 0.5% on the marginal difference between 10% of Medicaid Managed Care expenditure and their total expenditure on Level 1 or above VBP contracts, will be assessed.
2019	<p><b>Fully Capitated MCOs:</b> If less than 50% of the of total MCO expenditure is not captured in a Level 1 or higher arrangement then a penalty of 1.0% on the marginal difference between 50% of Medicaid Managed Care expenditure and their total expenditure on Level 1 or above VBP contracts, will be assessed.</p> <p>If less than 15% of total MCO expenditure in 2018 is captured in Level 2 or higher contracts, then a penalty of 1.0% on the marginal difference between 15% of Medicaid Managed Care expenditure and their total expenditure on Level 2 or above VBP contracts, will be assessed.</p> <p>If both penalties are incurred, then only the larger penalty will be applied.</p>
2020	<p><b>Fully Capitated MCOs:</b> If less than 80% of total MCO expenditure in 2019 is captured in Level 1 or higher contracts then a penalty of 1.0% on the marginal difference between 80% of Medicaid Managed Care expenditure and their total expenditure on Level 1 or above VBP contracts, will be assessed</p> <p>If less than 35% of total MCO expenditure in 2019 is captured in Level 2 or higher contracts, then a penalty of 1.0% on the marginal difference between 35% of Medicaid Managed Care expenditure and their total expenditure on Level 2 or above VBP contracts, will be assessed.</p> <p>If both penalties are incurred, then both will be applied.</p>

# VBP Rate Adjustment Timeline

★ April 2020: 80-90% in VBP

Year:	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
<b>Stimulus Measurement Year (using MMCOR)</b>		Impacts SFY '19 Stimulus Impacts SFY '20 Stimulus					
<b>Stimulus Rate Adjustment Year</b>	Guaranteed	Guaranteed	Tied to Contracting Level 2 & 3 arrangements	Tied to Contracting Level 2 & 3 arrangements			
<b>Penalty Measurement Year (using MMCOR)</b>		Impacts SFY '19 Penalty	Impacts SFY '20 Penalty	Impacts SFY '21 Penalty			
<b>Penalty Rate Adjustment Year</b>			Begins, .5% max penalty	1% max penalty 2 ways to incur, only one applied	1% max penalty, 2 ways to incur, both may be applied		
<b>Measurement Year (Efficiency)</b>	Historical data for performance targets	Historical data for performance targets	Historical data for performance targets	...			
<b>Performance Year (Efficiency)</b>			Plan efficiency determined	Plan efficiency determined	Plan efficiency determined	...	
<b>Rate Adjustment Year (Efficiency)</b>					± 1% max adjustment	± 2% max adjustment	± 3% max adjustment ...
<b>Measurement Year (Quality)</b>	Historical data for performance targets	Historical data for performance targets	Historical data for performance targets	...			
<b>Measure Set (Quality)</b>			QI Program components only	QI Program components, which will include increasing alignment with the VBP Measure Set, & increasing inclusion of PACs			...
<b>Performance Year (Quality)</b>			Plan quality determined	Plan quality determined	Plan quality determined	...	
<b>Rate Adjustment Year (Quality)</b>					± 1% max adjustment	± 2% max adjustment	± 3% max adjustment ...

Questions (write any questions you may have during the class here)