

# EXHIBIT G.2

## Roles & Responsibilities in the PASSE Program

The Provider-led Shared Savings Entity (PASSE) program is regulated by the PASSE contracts with the Department of Human Services (DHS); federal Medicaid provider regulations; and Arkansas Insurance Department (AID) regulations. Below are details about the roles and responsibilities of the State and the PASSEs.

### What type of protections are in place for PASSE members and providers?

- The PASSE must reimburse providers for delivering authorized services for a PASSE member. The PASSE must follow all federal and state requirements, including:
  - Process 70% of all clean claims submitted within 7 days;
  - Process 95% of all clean claims submitted within 30 days;
  - Process 99% of all clean claims submitted within 60 days.
- The PASSE must comply with any applicable consent decrees impacting Arkansas Medicaid providers.
- Members and providers can appeal adverse decisions/actions, file a grievance, or make a complaint. If the member requests, the PASSE must continue the member's benefits during the appeal.
- Target of 92.5% of global payment for reimbursement for medical and home- and community-based services provided to members.

### What type of protections are in place for the State?

- PASSEs function as insurance companies and are subject to AID rules and monitoring to ensure financial solvency.
  - Each PASSE must have minimum net capital reserves of \$6 million plus additional reserves sufficient to meet Risk Based Capital (RBC) requirements related to the premium funds the PASSE receives and other asset and liability requirements under RBC.
  - The RBC is calculated annually, but each PASSE is required to send a quarterly report for AID to determine if the estimated reserves are enough, considering the PASSE's capital, liabilities, and number of members in the PASSE.
  - The AID Commissioner may require monthly financial reporting if there appears to be financial liquidity issues, and the Commissioner may require an increase in the reserve amounts as needed if financial surveillance indicates financial solvency issues
  - PASSEs that reach financially hazardous conditions and insolvency can be placed into receivership and have assets liquidated.
- The PASSEs also are Medicaid providers, making them subject to federal requirements for all enrolled Medicaid providers:
  - Medicaid provider manual and enrollment agreement that contain the policies and procedures of the Arkansas Medicaid Program

- PASSE program manual that is reviewed by Centers for Medicare and Medicaid Services(CMS) and promulgated as required by state law
- Finally, the PASSEs also have agreements with DHS, which include requirements for use of the global payment made to PASSEs:
  - Target of 92.5% reimbursement for medical, home- and community-based services, and other benefits provided to members;
  - Allowable administrative costs up to 4% (margin of 1%);
  - And 2.5% collected for Arkansas state premium tax;
  - If a portion of the global payment is not used as required, DHS has the authority to recover the funds. AID does not regulate the disposition of global payments.
- If the PASSE fails to provide the required, medically necessary services to a member, DHS may impose a fine of up to \$25,000 for each failure to provide services. DHS may also:
  - Appoint temporary management to the PASSE;
  - Grant impacted members the right to choose and enroll in a different PASSE;
  - Suspend new enrollments and payment for new enrollments until CMS or DHS determines the reason for the sanction no longer exists and is not at risk of occurring again.

### **What is the process if a PASSE fails?**

While it is not expected that a PASSE or DHS would terminate a PASSE Agreement, there are protections that ensure members receive services and providers are paid for services that were provided to members of that PASSE. Both DHS and the PASSEs have very specific requirements around the actions they must take if either were to terminate the agreement. The PASSE must provide DHS as least one-hundred and twenty (120) calendar days of advanced notice, and the PASSE is required to pay claims for services provided to its members during this period.

The PASSE also must submit a detailed Transition Plan to DHS and AID. That plan must include information on how the PASSE will assist DHS to transition existing members to a new PASSE, including ensuring all member information and files are provided to the new PASSE. The purpose of this plan is to ensure services are not interrupted or reduced for PASSE members and that major components of the program are not negatively affected by the Agreement termination.

# EXHIBIT G.3

## PASSE Ownership

### Arkansas Total Care

- Mercy Health System
- LifeShare Management Group
- Arkansas Health and Wellness Health Plan, Inc.

### Summit Community Care

- Abilities Unlimited of Fort Smith, Inc.
- Abilities Unlimited of Hot Springs, AR Inc.
- Abilities Unlimited of Jonesboro, Inc.
- Advantages of Southeast Arkansas, Inc.
- Arkansas Counseling and Psychodiagnostics, Inc.
- Arkansas Enterprises for the Developmentally Disabled
- Baptist Health System
- BHC Pinnacle Pointe Hospital, Inc.
- Birch Tree Communities, Inc.
- Boone Co. Special Services
- Building Bridges Developmental and Community Services, Inc. (previously Lonoke Exceptional School, Inc.)
- Centers for Youth and Families
- Charles Corey Scott, MD
- Civitan Services
- Community School of Cleburne County, Inc.
- Counseling Associates, Inc.
- Counseling Clinic, Inc.
- Delta Counseling Associates, Inc.
- Easter Seals of Arkansas
- Evergreen Life Services
- Finnegan Health Services
- First Step, Inc.
- Focus, Inc.
- Franklin County Learning Center, Inc.
- Friendship Community Care
- Genoa Healthcare
- Goodwill Industries of Arkansas
- Group Living, Inc.
- Harbor House, Inc.
- Howard County Children's Center
- Independent Living, Inc.
- Integrity, Inc.
- Jenkins Memorial Center & Jenkins Industries, Inc.

### Summit Community Care (continued)

- Jodie Partridge Center
- Lawrence County Cooperative School, Inc.
- Life Strategies of Arkansas
- Life Styles, Inc.
- Little Rock Community Mental Health
- Mid-South Health Systems, Inc.
- Milestones Services, Inc.
- Network of Community Options, Inc.
- Omega Home, Inc.
- Ouachita Behavioral Health and Wellness
- Ouachita Enrichment Centers, Inc.
- Ozark Guidance Center, Inc.
- Pathfinder, Inc.
- PNC, Inc.
- Polk County Developmental Centers, Inc.
- Quapaw House, Inc.
- Rainbow of Challenges, Inc.
- Recovery Centers of Arkansas
- South Arkansas Developmental Center for Children & Families
- South Arkansas Regional Health Center
- Southeast Arkansas Behavioral Healthcare System, Inc.
- Southwest Arkansas Counseling and Mental Health Center, Inc.
- St. Francis Area Developmental Center
- Stepping Stone School for Exceptional Children
- Sunshine School & Development Center
- The BridgeWay, LLC
- The Doni Martin Center for Developmental Services, Inc.
- The Learning Center of North Arkansas
- Treatment Homes, Inc.
- UHS of Benton, LLC
- UHS of Springwoods, LLC
- United Cerebral Palsy of Arkansas, Inc.
- United Methodist Behavioral Health System, Inc.
- Western Arkansas Counseling & Guidance Center
- Woodridge of Forrest City, LLC
- Woodridge of West Memphis, LLC
- Youth Bridge, Inc.
- Youth Home, Inc.
- Anthem Partnership Holding Company, LLC

**Empower Healthcare Solutions**

- Arkansas Community Health Network (ACHN)
  - Baxter Regional Health System
  - North Arkansas Medical System
  - Unity Health
  - White River Health System
  
- Beacon Health Options
- Independent Case Management (ICM)
- Statera
  
- The Arkansas Healthcare Alliance, LLC.
  - Kids for the Future
  - Families, Inc.
  - Perspective Behavioral Health, Inc.
  - Life Strategies Counseling, Inc.
  - Vantage Point of Northwest Arkansas
  - Millcreek Behavioral Health
  - Conway Behavioral Health
  - Piney Ridge Treatment Center
  - Valley Behavioral Health
  - Riverview Behavioral Health
  - Lakeland Hospital Acquisition
  - Pediatrics Plus
  - Miracle Kids Success Academy
  - Hometown Behavioral Health
  - Therapeutic Family Services
  - From the Beginning
  - Grow
  - KidsSpot
  - Star Academy
  - Hope Behavioral Healthcare
  - Absolute Care Management Corporation
  - Living Hope
  
- Woodruff Health Group, LLC (ARcare/pharmacist)

# EXHIBIT G.4

## Medicaid Provider Enrollment and Revalidation Enhancements

### Steps Taken to Date

- Leadership and staff changes have been made at Arkansas Medicaid and DXC, Medicaid's provider enrollment contractor.
- Provider Enrollment added nine call center staff, reducing average call center wait time from over one hour last fall to under two minutes last month.
- Provider Enrollment added an additional 27 contract employees to help address the large number of pending enrollment and revalidation applications, with the goal of resuming normal application volume by June 30, 2019.
- Providers can now track enrollment and revalidation application status via the online portal.
- Federal requirements have been clarified with the Centers for Medicare & Medicaid Services (CMS), including categorical risk levels.
- A checklist of required documents by provider type and step-by-step instructions on completing the online application are now available on the website.
- Site visits and fingerprint-based background checks have been implemented to align with federal requirements for enrolling and revalidating moderate and high-risk provider types.
- Federal data matching has been utilized to streamline enrollment and revalidation.

### Phase 1: August 1, 2019

- A fully completed application will be required to allow submission of the application on the portal (June 30, 2019).
- Complete applications submitted online will be processed within 30 days of submission.
- Site visits will be completed within 21 days of application.
- Revalidation dates will be added to the portal for provider reference (July 30, 2019).
- Revalidation applications will be partially pre-populated to limit provider inputs to the federally-required components. This is a best practice recommended by CMS (July 30, 2019).
- Federal data matching will be automated and conducted in advance to reduce the number of providers required to submit a revalidation application.
- The DXC contract will be amended to ensure sufficient call center and analyst staff to process at least 1,500 applications per month.

## **Phase 2: January 1, 2020**

- The Department of Human Services will promulgate rules to implement the following changes:
  - Enrollment and revalidation applications will be required to be submitted online (except for hardship exemptions).
  - All enrollment and revalidation communications will be available via the portal and sent via email, rather than traditional mail.
  - A deadline of 30 days will be set for processing a clean and complete application.
  - A limit of 90 days from the time of application will be set for approval, denial, or automatic denial of applications that are missing information.
  - New providers who are eligible to bill Medicaid will be required to participate in billing training or decline the training in writing within 30 days of their enrollment.


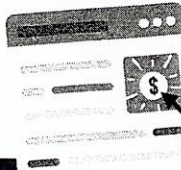
An important part of the PASSE organized care program is that it creates new ways of providing home- and community-based services to Arkansans with developmental and intellectual disabilities.

Under the rules of the program, each PASSE will pay a 2.5 percent premium tax. Annually, the tax will raise at least \$10 million, creating a new source of funding for services that will draw federal match.

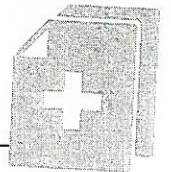
## PREMIUM TAX FUNDED SERVICES

### Developmental Disabilities Services (DDS) Waiver Waitlist

- At least half (1/2) of the premium tax must be used to create new slots on the DDS Waiver waitlist.
- In the fall of 2019, this will fund 500 new slots.
- 3,137 Arkansans are currently on the DDS waitlist.

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- 737 not eligible for traditional Medicaid
  - 2,400 Medicaid eligible assigned to PASSE

### Interim Services Package



- The 2,400 Arkansans currently on the DDS Waiver waitlist who are eligible for traditional Medicaid services will also be served by the premium tax.
- The PASSEs are serving those clients now with care coordination.
- In fall 2019, the premium tax will allow the PASSEs to provide additional services through an interim service package as the clients wait for a waiver slot to open.

### Quality Incentives

In addition to providing more services in fall 2019, the premium tax will help to drive more high-quality, innovative services for Arkansans in the future.



# PASSE ORGANIZED CARE MODEL

## *General Overview*

### ORGANIZED CARE

While managed care is not new to Medicaid throughout the United States, Arkansas has created a unique Medicaid program centered on a provider-led, consumer-driven, care-coordination model. This provides unique opportunities for the care of individuals diagnosed with serious mental illness and/or individuals with intellectual and developmental disabilities. The organized care model is designed to enable these beneficiaries to control their care and be wrapped around by support within their communities throughout Arkansas.

- **Member Education and Access-** PASSEs maintain large catalogs of member education materials and each member receives a packet from their assigned PASSE including coverage overview, ID cards and applicable education materials. FAQs and website based education is also provided with all education materials being approved through Arkansas Department of Human Services (DHS). Each PASSE also maintains a call center for providers and members when issues or concerns develop.
- **Consumer Driven-** The PASSEs have multiple consumer based checks and balances on their operations. This includes regular consumer satisfaction surveys gauging the effectiveness of the program, as well as, regularly scheduled consumer advocacy council meetings to review complaints, solicit input on program improvements and gauge effectiveness of the program through those impacted most by it each day.
- **Care Coordination Model-** Each PASSE beneficiary is assigned a care coordinator to educate them and guide their health care choices and needs to better utilize appropriate services and diminish acute emergency incidents of care.
  - Identify and engage high risk beneficiaries
  - Creation of a Person Centered Service Plan for each member to drive their health care
  - Coordinate services, including all medical needs and other needs such as transportation while providing access to referrals through robust provider networks
  - Care is provided face to face in monthly interactions with beneficiaries and their parents and guardians
  - Provide links to community based services as experts in wrap around services available in the beneficiaries' communities beyond health care
- **Access-** The PASSEs must build strong provider partnerships through contracted provider networks based on DHS established adequacy standards. PASSEs have freedom to contract with providers utilizing different payment methodologies with rates focused on ensuring access to the best care while developing payments based on the quality of care rendered.

# PASSE ORGANIZED CARE MODEL

## *General Overview*

- **Innovation-** Through shifting risk to PASSEs based on capitated payments, the PASSEs are free to create innovative programs based on increased quality of care while establishing modern payment methodologies to providers based on outcome driven best practices. The PASSE contracts include metrics for improved health outcomes and results based quality of care improvements.
- **Shifting Financial Risk-** The full financial risk for all health care services shifted to the PASSE assigned to each beneficiary providing budget certainty for the State of Arkansas.
  - PASSE is a licensed risk based provider organization
  - Must meet specific provider ownership requirements with provider majority ownership
  - Strong financial solvency requirements through required funding levels
- **Actuarially Established Rates-** Each beneficiary is assigned a specific payment classification on a per member per month basis based on the acuity of their conditions established through independent assessments performed by a DHS contracted third party vendor. Rates were developed using historical claims payment data for the PASSE beneficiary population assigned to the PASSE program and are actuarial sound.
  - Rates include Caps on administrative costs and profits
  - Contractually developed minimum medical based direct beneficiary care expenditure percentages
- **State and Federal Oversight-** PASSEs are licensed by the Arkansas Insurance Department; have a signed contract with establish metrics and reporting requirements with DHS; and are monitored by CMS in compliance with all applicable federal regulatory and waiver standards. Penalties for noncompliance include:
  - Corrective action plans, fines, sanctions, and liquidated damages
  - Audits of each PASSE's claims payments, financial reporting and operations
- **Fraud, waste and abuse-** The PASSE contracts create a collaborative partnership with the state to combat fraud, waste and abuse. Comprehensive programs will be developed by each PASSE to utilize best practices in third party liability recovery, data analytics, investigations and audits to ensure compliance and recover improperly paid funds on behalf of the state.

The PASSE program will provide full operational services including medical management, care coordination, compliance monitoring, provider network development, financial management, claims adjudication, quality accreditation and customer service to all beneficiaries. In addition, the PASSE program will reduce cost through established quality measures driving better health care results, educating beneficiaries and their parents and guardians and wrapping them with the community supports necessary to lead healthy lives in the communities where they live. All of this is done through a fixed, easily budgeted, actuarial sound payment model driven by metrics on improving beneficiary access and quality of care.