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SOLICITATION FOR ACCOUNTABLE CARE ENTITY (ACE)

Background and Overview

August 1, 2013

The Illinois Medicaid Program has been primarily a fee-for-service system, involving thousands of healthcare providers who have provided invaluable healthcare services and social supports to low-income individuals and families for many years. Aligned with national healthcare reform, the State of Illinois has embraced the vision of the Triple Aims: improving the experience of care, improving the health of populations, and reducing the growth in health care costs.

To accomplish the Triple Aims, Illinois Medicaid is in the process of redesigning the Medicaid healthcare delivery system. The new system will seek to address the ongoing problems with the fee-for-service model: (1) Medicaid clients must search for providers willing to accept Medicaid, with little help in navigating a fragmented system; (2) providers operate in silos, with few incentives to coordinate services or take a multidisciplinary approach to the client's holistic needs; and (3) fee-for-service payments reward for volume of services rather than their value, in order to improve the quality of care and produce better health outcomes.

The first phase of system redesign was launched in 2009 with a demonstration program, called the Integrated Care Program, that enrolled 36,000 seniors and persons with disabilities in mandatory managed care in Cook County suburbs and five collar counties. Divided into phases, this demonstration program allowed the State to test and evaluate policies and procedures being put in place with healthcare and behavioral healthcare providers, community-based organizations, sister state agencies, and two Managed Care Organizations.

In January 2011, the General Assembly adopted Public Act 96-1501, which requires 50% of Medicaid clients to be enrolled, by January 1, 2015, in some form of care coordination system with risk-based payments. As a result, an ambitious plan is underway to move Illinois from a fundamentally fee-for-service system to a system that aggressively promotes care coordination, payment reform and health outcomes.

In order to reach the 50% goal, the Department of Healthcare and Family Services (HFS) has incentivized the development of different models of care coordination to serve the various Medicaid

populations. Illinois is unique in the nation with ongoing development of innovative models: Care Coordination Entities (CCE) for seniors and persons with disabilities, Care Coordination Entities (CCE) for children with complex medical needs, Managed Care Community Networks (MCCN), and traditional Managed Care Organizations (MCO) for seniors and persons with disabilities, including dually eligible Medicaid-Medicare clients. In spring 2013, Public Act 98-104 added a new model of care, the Accountable Care Entity (ACE), which is the subject of this solicitation being released on August 1, 2013.

This solicitation invites Illinois provider-organized Bidders who are prepared to join the serious movement to create new integrated models of care, including payment reforms that benefit Medicaid clients and change provider practices. The ACE will be an integrated delivery system that will agree to manage populations who are children and their family members (initially), with an option to enroll “newly eligible” adults under ACA, and large enough to have real impact on the Triple Aims: at least 40,000 clients in Cook County, 20,000 in collar counties, and 10,000 downstate. It will organize and coordinate a network of critical Medicaid services required by Medicaid clients. The ACE will build an infrastructure to support care management functions among the providers in the network, such as health information technology, risk assessment tools and data analytics. Illinois Medicaid will use a common set of quality measures to evaluate the performance of all managed care entities: CCEs, MCCNs, MCOs and ACEs.

The ACE will agree to a 3-year path to a new payment structure different from the current fee-for-service system: care coordination fees and shared savings within the first 18 months, moving to pre-paid capitation with partial risk by month 19, and moving to full-risk capitation after 36 months. The State recognizes the need to invest in these new models with generous care coordination fees and protections for ACEs as they proceed on the path to risk.

In addition to its inclusion in Public Act 98-104, the ACE model is a key innovation to be incorporated in the State Health Care Innovation Plan (SCHIP), part of Illinois’ important multi-payer and multi-provider planning process called the “Alliance for Health”, funded by the Center for Medicare & Medicaid Innovation.

The State looks forward to working collaboratively with providers and other stakeholders to achieve the goals of national healthcare reform.

For comments or questions on the Accountable Care Entity solicitation, contact HFS.ACE@illinois.gov. All questions and answers during the solicitation process will be posted on the HFS website.