



Mechanics of the MSSP Repayment Mechanism

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August 15, 2022
3 PM

Agenda



1. Housekeeping and Introductions
2. Presentations:
 - Jill Watson
 - Dr. Stephen Nuckolls
3. Audience Q&A and follow-up

Housekeeping



1. Speaker will present for around 40 minutes
2. Q&A will take the remainder of the time
 - You can submit written questions using the Questions tab on your dashboard to the right of your screen at any time during the webinar, if you would like to ask your question verbally, please indicate that when submitting your question and we will unmute you during the appropriate time of the Q&A session.
 - When you are called on, if your unmute button does not work try *6
3. Webinar is being recorded
 - Slides and recording will be available on the NAACOS website within 24 hours. You will receive an email when they are available.



Melody Danko-Holsomback, VP of Education, NAACOS

Melody Danko-Holsomback, MSN, CRNP is the Vice President of Education for NAACOS. She has over 11 years of population health experience and was the CAO and Director of Keystone ACO prior to her current role. She has over 28 years of experience in nursing, including positions in outpatient and inpatient care, as a CRNP healthcare provider and as an IT analysts and performance consultant.



Jill Watson, Executive Director, Centrus Health of Kansas City

Jill Watson leads Centrus Health Kansas City, a clinically integrated network comprised of three health systems and their employed physicians and more than 30 independent physician practices of nearly 3000 physicians. Centrus Health Kansas City has participated in the Medicare Shared Savings Program (MSSP) and value based contracts with commercial payers since 2018. Centrus Health launched its first direct to employer contract with a self-insured employer in 2022.

Before Centrus Health, Jill was chief executive officer of the Kansas City Metropolitan Physician Association, LLC. KCMPPA formed Kansas City's first MSSP ACO in 2013 in the Advance Payment model. Jill has been a member of NAACOS since its inception. Her career began in health care policy in Washington, DC.



Stephen Nuckolls, CEO Coastal Carolina Quality Care, Inc.

Stephen is the CEO of Coastal Carolina Health Care and their ACO, Coastal Carolina Quality Care, Inc. which currently participates in the MSSP Enhanced Track, and holds multiple other value-based-contracts. His responsibilities include the direct management of the 60 provider multi-specialty physician-owned medical practices and its ACO. Mr. Nuckolls facilitated the formation of the group in 1997 and has served in his current role since that time. Prior to the formation of this organization, Mr. Nuckolls helped guide physicians and integrated hospital organizations in the formation of larger systems.

Mr. Nuckolls earned his BA in economics from Davidson College and his MAC from UNC's Kenan-Flagler Business School. He is a founding member of the National Association of ACOs and served in a number of roles on the executive committee including board chair from 2016-2017. In addition to these responsibilities, he serves on the board of Community Care of NC as well as several advisory boards and committees for the **North Carolina Medical Society** and is a **frequent speaker on ACOs and related topics.**

CMS Resources



- [MSSP key application actions and deadlines.pdf](#)
- [CMS Repayment Mechanism Guidance.pdf](#)
 - [Appendix A: Escrow Agreement Template \(Updated 6/01/2022\) \(PDF\)](#)
 - [Appendix B: Escrow Agreement Amendment Sample \(Updated 5/10/2021\) \(DOCX\)](#)
 - [Appendix C: Letter of Credit Sample \(Updated 5/10/2021\) \(DOCX\)](#)
 - [Appendix D: Surety Bond Sample \(Updated 5/10/2021\) \(DOCX\)](#)
 - [Appendix E: Repayment Mechanism Documentation Cover Sheet \(Updated 5/10/2021\) \(DOCX\)](#)
 - [Appendix F: ACO-Initiated Request to Edit Repayment Mechanism Task in ACO-MS \(Updated 6/01/2022\) \(DOCX\)](#)
 - [Appendix G: Repayment Mechanism Checklist \(Updated 06/01/2022\) \(PDF\)](#)

MSSP Repayment Mechanisms

Stephen W. Nuckolls, MAC, CEO
Coastal Carolina Health Care, P.A.
Coastal Carolina Quality Care, Inc.

August 15, 2022

Coastal Carolina Health Care, PA

60+
Providers
(60%
PCP)

- Internal Medicine
- Family Medicine
- Emergency Medicine
- Cardiology
- Hematology/Oncology
- Gastroenterology
- Neurology
- Pulmonary/CC
- Rheumatology
- Endocrinology
- Podiatry

16 Clinic Locations

- Urgent Care
- Imaging Center
- Sleep Lab
- CT Scan

Single Enterprise-wide EHR

More Concentrated/Rural Market

78% of PCP Patients in Total Coast
of Care Contracts

ACO Overview

- Medical Practice (CCHC) Owns Medicare ACO (CCQC)
- Started Medicare ACO - April 1, 2012
- Enhanced Track Started July 1, 2019
- Prospective Assignment
- >11,000 MSSP Assigned Beneficiaries

Purpose and Types of Mechanisms

- Purpose: “To assure CMS that they can repay losses for which they may be liable for each year they accept **performance based-risk** (42CFR Sec. 425.204(f))”
- 3 Types
 - **Funds placed in escrow** established with an insured institution;
 - A **line of credit** as evidenced by a letter of credit that the Medicare program could draw upon, established at an insured institution; or
 - A **surety bond** issued by a company included on the U.S. Depart. of the Treasury’s List of Certified (Surety Bond) companies.

How does CMS Calculate the Amount?

- The repayment mechanism amount must be equal to the lesser of the following:
 - One-half (.5) percent of the total per capita Medicare Parts A and B fee-for-service (FFS) expenditures for its assigned beneficiaries, based on expenditures for the most recent calendar year for which 12 months of data are available; or
 - One percent of the total Medicare parts A and B FFS revenue of its ACO participants, based on revenue for the most recent calendar year for which 12 months of data are available.



Calculating Your Repayment Mechanism

CALCULATION COMPONENT	VARIABLE DESCRIPTION & ENUMERATION	CALCULATION NOTES	BENCHMARK-BASED ESTIMATED VALUES	REVENUE-BASED ESTIMATED VALUES
Assigned Beneficiaries	2021 Assigned Beneficiaries (A) [precision: whole number shown]		10,000	10,000
	Assignment Growth (B) [precision: 5 decimal places shown]		1,00000	1,00000
	Projected 2023 Assigned Beneficiaries (C) [precision: whole number shown]	=AxB	10,000	10,000
Estimated Dollar Amount	2021 Dollars Per Beneficiary (D) [precision: whole number shown]		\$10,000	\$1,000
	Dollar Trend (E) [precision: 5 decimal places shown]		1.05406	1.05406
	Projected 2023 Dollars Per Beneficiary (F) [precision: 2 decimal places shown]	=DxE	\$10,540.60	\$1,054.06

Calculating Your Repayment Mechanism

Forecast Repayment Requirement	Projected 2023 Total Dollars (G) [precision: 2 decimal places shown]	=FxC	\$105,406,000.00	\$10,540,600.00
	Required Percentage (H)		0.5%	1%
	Forecast Repayment Mechanism Amount (I) [precision: whole number shown]	=GxH	\$527,030	\$105,406
Estimate for Repayment Requirement	Existing Repayment Mechanism Amount (K) [precision: whole number shown]	Informational for applicants. Amount of the two-sided model ACO's previously established repayment mechanism (if available)	\$1,000,000	
	Initial Determined Repayment Mechanism Amount (L) [precision: whole number shown]	L = Lesser of I (Benchmark-based) or I (Revenue-based)	\$105,406	

Repayment Mechanism - Key Dates

- Phase 1 – June 8th – May submit documentation
- Phase 1 RFI-1 - Jul 21st – Resubmit to correct deficiencies
- **Phase 1 – RFI-2 – August 25th – Submit documentation**
- Phase 2 – RFI – 2 – October 28th – Correct any deficiencies



Where in ACO MS do I Find the Amount?

ACO Management System

Medicare Shared Savings Program

- Dashboard
- My ACOs**
- ACO Signing Event
- Change Request
- Reporting
- Data Hub
- Knowledge Library
- API Credentials

Coastal Carolina Quality Care, Inc.

ACO Information

ACO ID	ACO TIN
A1051	454031780
Track	
ENHANCED track (two-sided model)	

Status

Agreement Status
Approved
Re-Entering
N/A

[Agreement Details](#) | [Performance Year](#) | [Application Cycle](#) | [Documents](#) | [ACO Participants](#) | [SNF Affiliates](#)

Start / Termination

Agreement Start Date:
04/01/2012

Renewal Date:
07/01/2019

Where in ACO MS do I Find the Amount?

Repayment Mechanism

Repayment Mechanism Type:

A line of credit at an insured institution, as evidenced by a letter of credit that the Medicare program can draw upon

Total Repayment Mechanism Amount:

\$205,461.00 ⓘ

Where in ACO MS do I Find the Amount? (Footnote)

More Info

The “Total Repayment Mechanism” amount displayed is the ACO’s currently approved Total Repayment Mechanism amount.

- If no amount is displayed, then either: (1) the applicant ACO does not yet have a currently approved Repayment Mechanism, and the amount will be populated after the Repayment Mechanism amount has been finalized, or (2) the ACO is currently participating in a one-sided model.
- If an amount is displayed, the amount is either: (1) the ACO’s currently approved Repayment Mechanism amount from its current agreement period, or (2) if the ACO is renewing and the Repayment Mechanism for the current application cycle has been finalized then the amount will be the newly updated total amount for the agreement period(s), or (3) if the ACO has multiple active repayment mechanisms, then the amount will be the sum of all active repayment mechanisms established by the ACO.

Will My Repayment Mechanism Amount Change?

- CMS will recalculate the ACO's repayment mechanism amount for the second and each subsequent performance year in the agreement period.
- ACOs may be required to adjust their repayment mechanism arrangements during its agreement period if the recalculated repayment mechanism amount exceeds the existing repayment mechanism amount by \$1,000,000.
- If this occurs CMS will issue you a written notice informing you of the new amount.
- ACO's receiving this notice have 90 days to submit documentation of the new amount.

General Terms of the Repayment Mechanism

- CMS is the Beneficiary
- The ACO is the Liable Party
- Term of for new repayment mechanisms must be either
 - The repayment mechanism covers the entire duration of the agreement period plus 12 months following the conclusion; or
 - The repayment mechanism covers a term of at least the first two performance years in which the ACO is participating and provides for automatic, annual 12-month extensions of the repayment mechanism such that the repayment mechanism will eventually remain in effect for the duration of the agreement period plus 12 months following the conclusion.

General Terms of the Repayment Mechanism

- Automatic extension clauses should state that the financial institution will notify CMS at least 90 days in advance if it elect not to extend the repayment mechanism or if it wishes to terminate the repayment mechanism before it expires. CMS only makes a demand on the repayment mechanism if the ACO fails to pay shared losses.
- If repayment mechanism is used it must be replenished in 90 Days.
- CMS must be provided with notice of any change in the amount funded by the repayment mechanism or term of the repayment mechanism.

General Terms of the Repayment Mechanism

- Documentation should allow for payment to CMS in response to a written notice from CMS (This is typically referred to as a demand letter.)
- All fees are the responsibility of the ACO

Funds Placed in Escrow

- CMS and the U.S. Bank national Association (“U.S. Bank”) have a standard escrow account agreement in place for use between the U.S. bank and third parties, where CMS is the recipient of funds help in escrow if payment is due to CMS. The ACO should contact Stephanie Haysley at 804-343-1567 or Stephanie.haysley@usbank.com to open a U.S. Bank escrow account.
- You can use any banking institution , but CMS strongly encourages the adoption of the CMS-approved escrow agreement tem (See Appendix A)



Funds Placed in Escrow

- The following conditions must be met if you use a different bank and/or template.
 - The institution is insured.
 - Funds are invested in a money market account, treasury backed securities, or both.
 - The instructions for disbursement of the assets, escrow termination and asset replenishment are consistent with CMS' standard instructions.
 - The costs, fees, and expenses associated with the escrow account, including any legal expenses incurred by the escrow agent or the ACO, are not burn by CMS and are not charged to the principal.
 - The principal cannot be encumbered for any other purpose



Funds Placed in Escrow, Continued

- CMS is not required to indemnify any person or entity against any loss, claim, damages, liabilities, or expenses, including the cost of litigation arising from the escrow agreement or the subject of the agreement.
- CMS will receive advance notice of any change in the amount of funds held in escrow
- The escrow account is fully funded up the final repayment mechanism amount by the date specified by CMS.
- CMS requires the financial institution to provide proof in the form of a letter that they have received the correct amount. The letter must be provided by CMS' deadline.
- CMS is not required to indemnify any person or entity.



Funds Placed in Escrow-Common Errors

- The funds are not invested in a permissible type of investment: a money market account, treasury backed securities, or both.
- The instructions for disbursement of assets were not consistent with the CMS standard instructions.
- The banking institution did not provide CMS with a letter detailing that the funds are on deposit in the required amount.
- Modification to the indemnification article within the escrow agreement. (See template in Appendix A.)



Letter of Credit-General Terms

- The institution establishing the letter of credit is insured.
- The letter of credit is irrevocable.
- CMS is designated as the sole beneficiary.
- The appropriate credit amount is specified and aligns with the required final repayment mechanism amount.
- The terms allow CMS to demand payment for an amount available under the letter of credit upon presentation to the issuing institution of a dated statement signed by an authorized CMS official.
- Partial or multiple drawing are allowed.



Letter of Credit

- All of the issuing institution's charges and fees are paid by the ACO and shall not be deducted from any payments the issuing institution is entitled to make to CMS.
- If your ACO is providing an amendment to an existing letter of credit, ensure that the original letter of credit number is referenced on the amendment of the letter of credit.
- Contains the automatic extension clauses.
- Exclude any sanctioned entity clauses.



Letter of Credit-Common Errors

- The term allowing CMS to demand payment does not match the requirement
- The documentation did not designate CMS as the sole beneficiary
- The amendment letter of credit number much match the original letter of credit number



Letter of Credit


- Use the CMS-approved sample letter (See Appendix C)
- Submit a draft in Word format as early as possible (Even without the amount)
- Do not submit a signed/final Letter of Credit because, if a revision is needed, CMS will not provide a signature to cancel a non-approved letter.
- Make sure your bank does not insert the word “purportedly” when describing the documentation needed from CMS to demand payment.

Other Details

- Repayment mechanisms can be changed
- Contact and delivery of original documentation
 - Submit a scanned or an electronic copy of the original documentation to CMS (ACO MS)
 - Submit the original documentation to CMS (FedEx, UPS, DHL)
- Our reason for selection? Cost - 1% of the repayment amount.



The End



MSSP Repayment Mechanisms
August 15, 2022



Centrus Health

KANSAS CITY



Jill Watson, MBA

Centrus Health of Kansas City, LLC

- **3,000 physicians (400 PCPs)**
- **35 independent medical practices**
- **Three health systems**
- **One academic medical center**
- **180,000+ lives in value-based contracts**
- **Multiple EHRs and claims data aggregated**
- **Urban/suburban**

ACO Overview

- Health systems own population health services org LLC
- LLC owns Medicare ACO
- Currently one ACO becoming four ACOs in 2023
- Started in 2018, some TINs had previous experience from 2013 and 2014
- Extended through 2021 due to Public Health Emergency
- Renewed in 2022
- Preparing for Risk in 2023
- Prospective Assignment
- >42,000 beneficiaries

Surety Bond Tips

- Buy from a [CMS-approved company](#)
- Use the CMS-approved surety bond sample (See [Appendix D](#))
- Submit a draft of the bond in a Word format as soon as available

Surety Bond Terms

- Name the ACO as the Principal, CMS as the Obligee, the insurance/bond company as Surety;
- Bond company name and full address must match the CMS approved list;
- State surety bond amount to align with CMS required amount;
- State bond must pay only shared losses per agreement and CMS may collect up to the full amount.

Surety Bond Terms continued

- State the bond will pay within 30 days;
- Bond company must agree not to contest the amount owed;
- Bond company must notify CMS of lapse or change in coverage;
- Bond company must notify CMS 90 days prior to cancellation or termination;
- Bond must indicate ACO will remain liable for amount owed CMS prior to cancellation or termination of the bond.

Surety Bond Common Errors

1. Bond company contact info is missing or does not match the approved list.
2. Bond does not indicate amount owed will not be contested.
3. Bond company is not on the approved list.
4. Bond does not indicate ACO will remain liable for amount owed CMS prior to cancellation or termination of the bond.
5. Bond does not indicate CMS will be notified if there is a lapse or change in coverage.

Deciding which mechanism to use

- How large is the amount expected to cover?
- Escrow
 - Cash flow
 - Can the ACO afford to have cash tied up?
- Letter of credit
 - Will it be difficult to obtain?
 - New organization without a lot of banking history

Jill Watson, MBA

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Q and A

Upcoming Events



Sign up [here](#) for the Medicaid Learning Lab in-person meeting on Sept 7, 2022.

Specialty Integration and Incentives Learning Lab continues in-person on Sept 7, 2022. Participants to contact Emily Perron if attending: eperron@naacos.com

NAACOS Contacts



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NAACOS general questions: <https://www.naacos.com/contact-us>