DHSS Authorizes Four Medicaid Accountable Care Organizations

NEW CASTLE (Sept. 22, 2020) – The Department of Health and Social Services' Division of Medicaid and Medical Assistance has authorized four health-care provider groups to serve as Medicaid Accountable Care Organizations (ACOs), important participants in the state's effort to innovate around the quality and cost of health care, and to improve health outcomes for Delaware's Medicaid population.

The four ACOs are:

- Aledade Delaware ACO
- Delaware Care Collaboration, a partnership between Saint Francis Healthcare and the Medical Society of Delaware
- Delaware Children's Health Network, affiliated with Nemours Children's Health System
- Delaware Medicaid Quality Partners ACO, affiliated with ChristianaCare

The ACOs are now authorized to negotiate and enter into agreements directly with the state's two Medicaid managed care organizations (MCOs) – AmeriHealth Caritas Delaware and Highmark Health Options – which provide for the delivery of benefits and services. Under the program, the contracts are expected to begin July 1, 2021, and run through Dec. 31, 2024, provided that the MCO(s) maintain their own contracts with the Division of Medicaid and Medical Assistance (DMMA) for the term of the agreement.

ACOs, which grew from the federal Affordable Care Act passed in 2010, are groups of health-care practitioners – doctors, hospitals and other providers – who voluntarily agree to share responsibility for the quality, outcomes and cost of health

care for a group of patients.

Under Delaware's Medicaid ACO program, contracts between the ACOs and MCOs require participation by at least 5,000 Medicaid and/or Children's Health Insurance Program (CHIP) enrollees, excluding individuals in long-term care facilities, those eligible for both Medicaid and Medicare, and those receiving long-term services and supports. Enrollees voluntarily decide to participate in the ACO through their primary care provider or their managed care organization.

Using shared risk/shared savings models and calculations based on the total cost of providing care instead of fees charged per each service provided, ACOs establish financial incentives for individual providers. These incentives promote the value of care over the volume of services and encourage providers to coordinate care with other providers, address patients' behavioral health and social needs, and improve patients' overall experience of receiving care.

> *"The Medicaid ACO program advances our efforts to move Delaware's health care system toward a model that is sustainable and that meets the ongoing needs of the patients we serve," said DHSS Secretary Molly Magarik. "The program's value-based purchasing model is a pillar of our work to change how health care is delivered and paid for in Delaware, with the goal of reducing the cost of health care in the state while improving the overall health of our clients."*

Added Steve Groff, the state's Medicaid director: "We believe that by working together, Medicaid ACOs and MCOs can better coordinate care for Delaware's Medicaid and CHIP members, providing better health outcomes and lower costs. We look forward to working with the four authorized applicants and the MCOs to achieve these goals."

While Medicaid ACOs are a new concept in Delaware, ACOs have been operating in the state for several years, most of them

participating in the Medicare program.

Medicaid ACOs operate in about a dozen states, several of which have reported promising results from their programs. Minnesota, which launched its Medicaid ACO program in 2012, reported that it saved $213 million in health-care costs, reduced hospital readmissions by 14 percent and reduced emergency department visits by 7 percent in the program's first four years.

The ACO initiative, along with Delaware's health care spending and quality benchmarks, are major pieces in Delaware's Road to Value – a plan to transform the way that health care is delivered and paid for in the state. In 2018, Governor John Carney signed an executive order establishing health care spending and quality benchmarks as a way to manage the growth of future health care spending, increase transparency into how care is delivered and paid for, and improve the quality and cost of care. That same year, DHSS added value-based purchasing requirements to its Medicaid managed care contracts.

"Our Medicaid beneficiaries typically are among our most vulnerable residents, those who are more likely to face certain challenges to good health than people who receive Medicare or commercial health coverage," Secretary Magarik said. "These challenges include struggles with income, housing, food, and transportation, and a greater need for behavioral health support. The new Medicaid ACOs address these issues by promoting changes in how care is delivered and by fostering relationships among a variety of health-services organizations."