COPE HEALTH SOLUTIONS

Preparing Your Organization for Medicare Direct Contracting

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Medicare Direct Contracting program is a unique opportunity for existing Medicare Shared Savings Program (MSSP) accountable care organizations (ACOs), NextGen ACOs, organizations that have experience serving Medicare fee-for-service (FFS) patients and organizations with limited Medicare FFS experience that wish to grow their market share.

Some of the opportunities that Medicare Direct Contracting presents include:

- Providing an additional mechanism to grow aligned Medicare membership
- Creating a positive cash flow that can help to fund population health management infrastructure
- Developing and curate a high performing network
- Gaining access to first dollar savings with the protection of risk corridors
- Calibrating both the cash flow and risk model depending on readiness, capital availability and risk tolerance[1] for the Direct Contracting Entities (DCEs)

A key feature of the new model is the voluntary attribution of Medicare FFS beneficiaries to participating providers and the opportunity for providers to outreach to Medicare FFS beneficiaries to encourage voluntary alignment, the specific rules and templates for which have not yet been finalized.

If your organization is considering the possibility of applying for the Medicare Direct Contracting model, and you did not formerly submit letter or intent, **it is critical that you submit a letter of intent no later than December 10th using this link: https://app1.innovation.cms.gov/dc**

Preparing to Become a Direct Contracting Entity

The first step in considering an application is understanding how the risk profile and payor mix of your current patient population aligns with the three (3) Medicare Direct Contracting Entity (DCE) options:

1. **Standard DCE**
   Organizations that will have at least 5,000 attributed Medicare FFS beneficiaries prior to the start of the Implementation Period (IP) and/or each performance year, including, but not limited to, MSSP and NextGen ACOs, may qualify for the Standard DCE option. New organizations, composed of existing Medicare FFS providers and suppliers, can be created in order to participate as this DCE type. Beneficiaries will be aligned through voluntary alignment and claims-based alignment.

2. **New Entrant DCEs**
   If your organization has not historically provided services to a Medicare FFS population, or if you do serve Medicare FFS but would not likely achieve a 5,000 attribution threshold in year one, New Entrant may be the right choice for you. You will receive claims based attribution but will primarily grow your membership over time through active beneficiary choice or voluntary alignment, with your DCE.

3. **High Needs Population DCEs**
   If a significant share of your organization's book of business is comprised of Medicare, dual-eligible beneficiaries, and other high-cost, complex members, the High Needs Population option might be right for you. There is opportunity for benefits coordination with managed care plans already specializing in the care for these high needs populations. High Needs DCEs are expected to use a model

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of care designed to serve individuals with complex needs, similar to the one employed by PACE programs, to coordinate care for their aligned beneficiaries. Beneficiaries will be aligned through voluntary alignment or claims based alignment.

Potential Risks and Considerations

Direct contracting is not going to be the right decision for everyone and should not be the primary driver of your value-based payment roadmap or strategy. With that said, Medicare Direct Contracting stands to reshape the competitive landscape for Medicare FFS providers. First to market movers may establish a significant competitive advantage. Organizations should certainly consider the impact of this new payment model on their local market, and prepare for a deliberate competitive response.

Considering Medicare Direct Contracting? Take our quick online quiz to see if your organization is a good fit for this program.

Endnotes

[1] Available only in the Global option.