

**Direct Contracting (Global and Professional) Model Call
June 4, 2020**

...Model team call. The purpose of today's call is for the CMS Innovation Center and model team leadership to provide an overview of the flexibilities and adjustments to address the COVID-19 public health emergency. Please note that your phone lines will be placed on mute during the presentation, but you may ask a question at any time by submitting your query to the questions box on your Go-To menu. And after a brief review of the changes, we will answer as many questions as time allows. So now I will turn it over to Arrah Tabe-Bedward, the Deputy Director of the CMS Innovation Center, to begin. Arrah, you may begin. Alright, Arrah, I believe you might be muted, so we'll give it a second just for your line to open.

Hi. Good afternoon. This is Arrah Tabe-Bedward. Thank you so much for joining us. I am Deputy Director for the CMS Innovation Center. Let me begin by thanking all of you for your incredible dedication in responding to the COVID-19 public-health emergency. We are all immensely grateful for the sacrifices that you've made and for your willingness to put your lives at risk to care for patients during the public health emergency. We recognize that a pandemic of this proportion is unprecedented, and part of being a good partner with our model participants is ensuring that all of our models account for the uniqueness of the current situation.

We received and heard a lot of feedback from you through letters and comments and e-mails requesting flexibilities, and we've done a comprehensive review of our models in order to identify the appropriate changes. And in putting together the flexibilities and adjustments that we announced yesterday, some of the guiding principles that we used to inform those changes include utilizing the flexibilities that already existed in current model design, working to ensure that there were sufficient financial incentives that remained in place to encourage high-quality outcomes to participate in value-based arrangements.

We looked to ensure that there was still equity and consistency across our models. And where we could, we tried to align as much as possible with national value-based and quality payment programs. With regard to financial risk, we attempted to minimize risk to both model participants and the Medicare trust fund. And where we found it necessarily to delay the start for new models, we wanted to make sure that we were minimizing those delays to the extent possible and looking for opportunities to provide additional opportunities for participation in new models. We tried to minimize reporting burden, and, finally, where we could, we looked to complement and build off of the expansive CMS COVID-19 public health emergency flexibilities that have been outlined in regulation and waivers.

Yesterday's announcement is just the beginning. We're now starting to have conversations with stakeholders and participants and potential participants about implementing these flexibilities and adjustments. We're going to try to answer all of your questions today, and we may not be able to do that. But this is the first of many conversations, and we're looking forward to working with all of you on this. At this point, I'm going to turn things over to Meghan Elrington-Clayton, who is the Director of the Division of Financial Risk, and she's going to talk about the specific adjustments for the Direct Contracting Model. Meghan?

Thanks, Arrah. First I want to reiterate our thanks. I really appreciate the time many of you have spent talking with or writing to us about what you've seen and experienced over the past weeks. Fundamentally, we have heard two different requests from stakeholders about model timing. We heard from applicants who remain committed and ready to begin participation in 2021, despite the challenges of COVID-19. These applicants have made investments to become ready to participate in Direct Contracting and were concerned about the impact on planning and operations that a meaningful delay as the start date would require.

We also heard from many applicants who felt that the challenges posed by COVID-19 made it very difficult for them to be ready to participate in 2021, especially given some of Direct Contracting's innovative model features that require significant advanced planning. The response to COVID-19 has understandably diverted resources that would otherwise be focused on that preparation, but these stakeholders remain interested in Direct Contracting in the longer term. And so now I'd like to turn it over to Corey Rosenberg, co-lead of the Direct Contracting Model, to talk about the adjustments that we've made in response to these two sets of requirements. Next slide.

Thanks, Meghan. So, you know, as you mentioned, there are the two different requests that came in. I'm going to talk about some of the changes that are more relevant to the first one you described, which is those applicants who are sort of ready and able to start sooner. And then I'll turn it over to Perry to talk about some changes that are a little bit more relevant to the second stakeholder set of feedback we received.

Now, the changes that pertain to this first stakeholder group are sort of several-fold. First, we're going to delay the beginning of the implementation period to October 2020. And we plan to announce the IP applicants who were selected to participate in that implementation period by July. Next we're going to open the application portal for the first performance year today, June 4th, after this call. And we're going to close it on July 6th. So, that's the opportunity for folks who have not yet submitted an application for the implementation period to apply directly for the start of that first performance year. And we are then going to move the launch of that first performance year to April 1, 2020, which represents a delay of three months relative to the original date we publish, which is January 1 of 2021.

So, these first three changes I just mentioned are really intended to allow those participants who are ready for a 2021 start to do so with a minimal delay that will help ensure both that the participants and the model operations are poised for success once the performance period begins. And we felt that even the most prepared participants would benefit from a small delay, given the challenges posed by COVID-19, and to ensure that Model details can be communicated with enough time to inform their planning.

So, in addition to these changes, you know, there's several other implications that are required. So, first we're going to plan for a nine-month performance period in 2021. And that period would have a provisional reconciliation that would occur in mid-2022, so, about six months after the end of that period, and then a final reconciliation that would occur in mid-2023. We're going to adjust the financial methodology to reflect this nine-month shortened performance period, and we're going to adjust the quality benchmarks, if necessary, to reflect the timing change. Ultimately, these changes are required by the three-month model delay. So, in keeping with

previous programs, we find that it's beneficial to keep the model timeline for the most part aligned to calendar years. And that's why we made the decision in part to shorten the first performance period by three months rather than delay the entire model and have each year start in April. So, with that said, I'd now like to turn it over to Perry Payne, my co-lead for Direct Contracting, to talk about some of the additional adjustments that we'll be making for the model.

Okay. Thanks, Corey. Yeah, so, we've made some additional changes that are going to address the concerns and needs of applicants who are requesting even more time to prepare to participate in this model. So, the first change we're going to make is that we are going to have a second cohort, and the application for that second cohort will open during the spring of 2021, for a start date of January 1, 2022. Again, the application will open during the spring of 2021. We'll provide you with those dates in future communications. And the start date for that second cohort will be January 1, 2022.

The second thing that we're offering is that we're going to allow any applicants who've already selected participation -- sorry -- who've already been selected for participation in the implementation period or the performance period starting in April of 2021 -- you can also defer your participation until January of 2022. So, again, if you've applied already for the implementation period and we accept you -- and we have not sent out acceptances yet, those should be coming out soon -- or you apply for the first performance period for 2021 and you decide that you want to wait, then you can defer participation until January of 2022. That allows you -- That prevents the need for you to submit a second application. Alright, so again, you will receive additional updates with more details regarding the second cohort and the second application period.

As a reminder, we plan to release a series of specification papers over the summer that will contain additional details about model policy, including benchmarking and risk-adjustment details. And as we turn to the question-and-answer period and portion of this call, I want to once again emphasize our gratitude for your continued commitment to the Direct Contracting Model even in the face of COVID-19. And we also thank you for all the work that you're doing in your various communities related to COVID-19. So, thank you very much for your ongoing efforts, and now we're going to move on to our question-and-answer period.

Okay, thank you. Alright, as a reminder to everybody on the line, if you would like to ask a question, please submit it via the chat box on your screen, and we will read them out loud for the model team leads to respond. Alright, so, your first question asks, "Can you please address the status of the geographical model?"

I can take that one. We are actively working on that model. Again, future details will be provided to the public, but that model is still under development. We had a request for information last year related to that model, and we received a number of comments and thoughts on how the model should be designed. And we're taking those into account as we engage in the development of that option.

Great, thank you. Alright, next -- "If an application is submitted for the performance year zero, do they need to apply?" To re-apply, I believe.

Well, yeah, as stated -- Go ahead, Ilana. Go ahead.

So, this is Ilana Portnoy. Hello, everyone. You don't need to re-apply. However, if you were not accepted into the IP period, you may want to re-apply now for PY-1 to make sure you kind of cover all your bases.

Great. Thanks. Alright, next, can you please define cohort one and cohort two as described in the announcement? Is number one the group that applied for the 2020 implementation period and get -- sorry -- cohort two would be the group that would have been in the 2021 performance year? And will other groups that haven't sent a letter of intent yet be able to apply to enter the application cycle in 2021?

Yeah. Hey, this is Corey. I can take this question. And I believe it pertains to the table that was published on the CMS website. So, it's a good question. When we say cohort one on this table, what we mean is any DCE that would start the performance period on April 1, 2021. So this actually includes two subgroups. One subgroup would be the group that applied for and participates in the implementation period, as I mentioned, which will start in October of 2020. The other subgroup included in cohort one is the DCE that either applies directly for PY-1 or elects to sort of skip or defer participation from the implementation period.

But in either case, cohort one corresponds to a performance-period start date of April 1, 2021. Cohort two, therefore, would be the group of DCEs that applies for or begins participation in the performance period on January 1, 2022. Hopefully that helps clarify. I believe the last part of the question was, "If you have not submitted a letter of intent, are you still able to apply?" And I believe at this time we are limiting applications to only those who have already submitted a letter of intent.

Great, thank you. Okay, your next question asks, "Do IP applicants that want to participate beginning on April 1, 2021, need to submit a new application? And what about if an IP applicant wants to delay the start until January 1, 2022?"

I can speak to that one again. I think, as Perry mentioned, we're allowing entities -- you know, applicant entities to defer participation, you know, to their desired start date. So, in this case, you would not need to re-apply for a later date, but, once accepted, could decide, you know, when is best for your organization to start.

Great, thank you. Okay, next, if you, Corey, could please cover the dates that you announced and let us know when these are going to be released.

Sure. I assume -- So, I think I saw a question where, you know, maybe not all the dates that I mentioned were on the slides, and we can, you know, publish these dates. But I think the dates I covered were, one, the delay of the implementation period to October 2020 and the delay of the start of performance year one to April 1, 2021, from January 1, 2021. And then the dates that might not have made it into the slide were the dates for the application portal for performance year one. So, that will be opening today, right after this call, and it will close on July 6th. So, opening June 4th, closing on July 6th. And I believe there will be some communication, you know, sent out in the immediate future so that folks have those in writing in their inbox.

Great, thank you. Okay, "When do you anticipate releasing the financial methodology, including risk-adjustment methodology?"

Yeah, this is a good question, and one that we're well aware is, you know, at the top of everybody's minds. You know, hopefully we'll be able to give guidance on this in the future and give you guys, you know, some dates to look forward to over the coming months, similar to what we had done in the past prior to COVID. At this time, we're thinking that the financial specification papers will come out over the summer and into the fall. And, you know, we look forward to providing some more specificity on those dates, you know, as we move forward.

Great, thank you. Alright, next question asks, "Will there be an implementation period for the model?"

This is Perry. Yes, there will be an implementation period. And we'll -- we already had implementation period applicants apply. And so once we award -- send out awards to those applicants, they'll be given a timeline for when the implementation period will start.

Alright. Next, "When should applicants expect to get details on the financial moves and risk adjustments?"

This is Corey. So, I think that was fairly similar to a question we had a few minutes ago. As I mentioned, you know, on the one hand, we're looking to put out a calendar of key dates in the near future to give folks a little bit more certainty around what to expect for this. But the response specifically for the financial and risk-adjustment specification is that at this time, we're hoping to publish them over the summer and into the fall.

Great, thank you. Okay, "Will existing NGACOs who are planning to extend for 2021 be able to apply for performance year one and defer for 2022?" I can read that again. "Will existing NGACOs who are planning to extend for 2021 be able to apply for performance year one and then defer for 2022?"

Yes, that is the case. So, I think if I heard you correctly -- so, if you're an NGACO, you can apply to Direct Contracting during the -- well, during any of these periods. And you can defer your start until 2022. Did that address your question?

Yes, yes it did. Thank you for confirming that.

Yeah. Yeah, that's right.

Alright, great. Your next question asks, "Will we know if we are selected for April 1st before the new application window closes?"

Yes, I think that --

This is Ilana. We are --

Oh, go ahead, yeah.

Yeah, that is very much our goal, and we are working towards that to make sure that the applicants are aware of a CMS decision before the application period closes for PY-1.

Great, thank you. Okay, "If an application is completed by July 6th, would the directional benchmark be available before the September 22nd withdrawal deadline for MSSP?"

Can you repeat that question?

Yes, of course. "If an application is completed by July 6th, would the directional benchmark be available before the September 22nd withdrawal deadline for MSSP?"

That's a good question. I think that's one that we're going to want to provide a little bit more information on in the future once we are able to, you know, publish our calendar of key dates. It is our intent and desire to sort of get folks, you know, the information that they need to make participation decisions in time for when these deadlines are. If you recall, you know, prior to COVID and prior to some of these timeline changes, we had published some guidance around what that would look like for SSP before. And so, you know, I think that's something that we're going to need a little bit more time on to get you the specifics of. But hopefully look out for that in the future.

Great, thank you. Alright, "If an applicant wanted to start in 2021, but they were not accepted, can they reapply to start in 2022?"

Yeah. This is Corey. That is possible. So, folks who are, you know, not granted acceptance into the program in 2021 would have an opportunity to re-apply.

Okay, great. And, again, "Will applicants be notified if they were accepted?"

Yes, absolutely, applicants will be notified. Again, we're hoping to have information out to the applicants before the PY-1 application period closes on July 6th.

Great, thank you. And similarly, "Did you notify all applicants of their current application status?"

So, not yet. I think, as Ilana mentioned, we're hoping to provide, you know, decisions on the IP-submitted applications in the near future, by July and in time to, you know, have an opportunity re-apply for PY-1. But those decisions have not gone out yet.

Great, thank you for confirming. Okay -- "If you apply for cohort number one, can you decide not to do cohort number one or cohort number two and, for example, stay in MSSP?"

Yep, that's a good question. I think, you know, similar to how the program and applications have worked in the past, application in and of itself is not a binding commitment. We've offered -- We're offering flexibility in deferring to a later start date for folks who are accepted, but just by applying for cohort number one does not, you know, in any way require you to participate in the model at all, be it cohort number one or cohort number two. So it is possible to apply, and, you know, ultimately the participation decisions will come down to awards being made and then participation agreements being signed.

Alright, thank you for that information. Okay, it looks like that is all the time that we have for questions today, so I will turn it over to Pauline to conclude.

Thank you. Hello, everyone. I'm Pauline Lapin, the director of the Seamless Care Models Group at the CMS Innovation Center. Thank you again for joining us today. We want you to know that we'll continue to make adjustments when emergencies such as pandemics arise, and as we go forward, we will be working directly with participants on model-specific changes in how to implement them. We will also continue to review data from our models during the current pandemic to identify short and long-term lessons learned. We know that we'll eventually beat COVID-19, and our commitment to value-based care will remain as strong as ever as our country re-opens and far beyond. If you have additional questions or feedback regarding the Direct Contracting Model, please contact us at dpc@cms.hhs.gov. This concludes our call for today. We look forward to talking with you all over the next few weeks. Thank you very much.