

Chapter 29

Section 5

Accountable Care Organization (ACO) Demonstration

Revision: C-62, January 28, 2020

1.0 PURPOSE

1.1 The purpose of the ACO Demonstration is to implement requirements set forth in the National Defense Authorization Act for Fiscal Year 2017 (NDAA FY17), Section 705. The statute requires the implementation of value-based incentive programs to encourage health care providers under the TRICARE program (including physicians, hospitals, and other persons and facilities involved in providing such health care services) to improve the following:

- The quality of health care provided to covered beneficiaries under the TRICARE program;
- The health of covered beneficiaries;
- Enhance the experience of covered beneficiaries in receiving health care; and
- Lower per capita costs to the Department of Defense (DoD), for the total cost of health care provided to covered beneficiaries.

1.2 In addition, Section 705 requires the use of financial incentives for contractors and health care providers to receive an equitable share in the cost savings to the Department resulting from improvement in health outcomes and experiences for covered beneficiaries in receiving health care.

2.0 BACKGROUND AND OBJECTIVES

2.1 Value-Based Purchasing (VBP) is an emerging strategy in the health care industry that seeks to reward better health outcomes, enhance the beneficiary's experience of care, and reduce health care costs over time. The ACO Demonstration is a value-based initiative that seeks to improve health outcomes and reduce cost and risks to the Government. The purpose of the Demonstration is to test the hypothesis that an integrated delivery model will result in higher levels of efficiency, effectiveness of care, and beneficiary satisfaction. As an integrated delivery system, the Kaiser Foundation Health Plan of Georgia, Inc., which is part of the Kaiser-Permanente (KP) organization, will be accountable, through Humana Government Business (HGB), for the quality, cost and overall care of the TRICARE beneficiaries enrolled in the Demonstration, as well as to consistently improve the experience of care, meet established quality of care and effectiveness metrics, and reduce the per capita total cost of health care.

2.2 The Demonstration objectives are:

- 2.2.1** Provide a high-quality care experience for TRICARE beneficiaries, including convenience, access, service, and readiness;
- 2.2.2** Encourage beneficiary participation in wellness and prevention programs to improve health outcomes while reducing cost;
- 2.2.3** Support the Defense Health Agency's (DHA's) goal to utilize different types of value based payments to achieve the Military Health System (MHS) Quadruple Aim;
- 2.2.4** Enable the DHA to satisfy three key provisions of NDAA 2017.
 - 2.2.4.1** Provide value-based incentive programs. (NDAA §705(a)).
 - 2.2.4.2** Improve access, outcomes, quality and experience, at lower cost. (NDAA §705(c))
 - 2.2.4.3** Although not specifically addressed by the Demonstration design, lessons learned may influence the application of methodologies to improve health outcomes and control of costs of health care for covered beneficiaries. (NDAA §729)

3.0 APPLICABILITY

The ACO Demonstration is applicable to designated zip codes in the Atlanta, Georgia area from January 1, 2020 through December 31, 2022, subject to the exercise of annual options under the Managed Care Support Contract (MCSC) and DHA approval of annual rates.

4.0 PROGRAM OVERVIEW

From the ACO Demonstration enrollee's perspective, this will be a TRICARE Prime option, with KP providing Primary Care Managers (PCMs) through their contracted medical group, the Southeast Permanente Medical Group, Inc (TSPMG), and coordinating referrals to other KP specialty providers, or certain KP providers that contract with HGB for the Demonstration ("KP Participating Providers"), as appropriate. To ensure a sufficient number of beneficiaries participate in the Demonstration, a target of 3,000 to 4,000 Demonstration enrollees is set for year one with a goal of 8,000 to 10,000 enrollees by the beginning of year three. The total number of eligible beneficiaries is approximately 66,000. This Demonstration will be implemented as an integrated ACO model with HGB serving as the DHA Managed Care Support Contractor (MCSC), and KP working under a network provider agreement with HGB. HGB shall provide oversight, management, billing and enrollment, operational support, customer service, a provider network for out-of-area care, and management of claims payments, encounter reporting, reconciliation and true up of contracted provider costs and beneficiary eligibility. In addition, HGB shall support the DHA's management of network pharmacy credits from enrolled beneficiaries' use of TRICARE network pharmacy. KP shall provide ACO Demonstration enrollees access to all KP primary and specialty providers and KP pharmacies in the Atlanta, Georgia area, virtual and video visits and consults, coordinate medical management and referral services for beneficiaries enrolled in the Demonstration, as well as match the current TRICARE Prime benefit and prescription benefits to include copayments, cost-shares, deductibles, and coinsurance (exceptions are listed below in [paragraph 5.2.2](#)).

5.0 POLICY

5.1 Eligibility

TRICARE Prime-eligible beneficiaries residing in the ACO designated service area may voluntarily elect to enroll in the Demonstration with the following exceptions:

- Beneficiaries with Other Health Insurance (OHI);
- Beneficiaries with Medicare Part A or B coverage;
- Beneficiaries enrolled in the DoD Comprehensive Autism Care Demonstration ([Chapter 18, Section 4](#)) (for continuity of care reasons) and beneficiaries receiving any other Autism Spectrum Disorder (ASD) related care (treatment with the primary diagnosis of ASD in the past 365 days) (see [paragraph 5.5.3](#));
- Active Duty Service Members (ADSMs); and
- Foreign force family members.

5.2 Benefit

5.2.1 The Demonstration will match the TRICARE Prime benefit plan, consistent with the contract year offerings, except for the differences listed under [paragraph 5.2.2](#).

5.2.2 Differences in benefit administration:

5.2.2.1 Smoking Cessation.

| | ACO DEMONSTRATION | TRICARE |
|-----------------|------------------------------|--|
| Copayment | Same as TRICARE | |
| Age Limitations | None | Must be at least 17 years of age |
| Authorization | None | Needs physician's authorization for third attempt at smoking cessation |
| Supply Source | KP mail order or KP Pharmacy | TRICARE mail order only |

5.2.2.2 Vaccines. Education materials sent to ACO Demonstration enrollees shall include KP method for obtaining vaccines.

5.2.2.3 Medical Supplies. Medical supplies covered by the TRICARE medical benefit will be accessed through the KP pharmacy benefit.

5.2.2.4 The ACO Demonstration will use the KP formulary pursuant to the requirements in [paragraph 5.9](#).

5.2.2.5 Breastfeeding Supplies:

TRICARE Operations Manual 6010.59-M, April 1, 2015

Chapter 29, Section 5

Accountable Care Organization (ACO) Demonstration

| | ACO DEMONSTRATION | TRICARE |
|--|--|--|
| Breast Pumps | One electric breast pump kit per pregnancy at no charge; manual pumps are not covered. A prescription is not required. | With a prescription, one breast pump kit (manual or electric) per birth at no charge. |
| | Enrollees go to the nearest KP Medical Office Building to pick up their breast pumps. | With a prescription, two sets of nipple shields and one Supplemental Nursing System (SNS) per birth. |
| Replacement Items | Replacement items are not covered. | Without a prescription: replacement items/accessories (bottles, power adapters, valves, flanges/shields, tubing, breast milk bags, and nipple shields). |
| | | With a prescription: additional replacement supplies. |
| Breast Pump Rentals | Not covered. | Covered with a prescription. |
| Breastfeeding/ Lactation Counseling | Covered at no charge. | Counseling at no charge (up to six individual outpatient counseling session). These classes are in addition to classes during the inpatient maternity stay, outpatient obstetric visits and well-child visits. |
| | Breastfeeding lactation counseling sessions are unlimited. | |

5.2.2.6 HGB shall ensure a document to explain all benefit differences is available on the website. See also [paragraph 5.5.5](#).

5.3 Beneficiary Liability

5.3.1 Beneficiary liability will match the TRICARE Prime benefit plan with respect to out-of-pocket (OOP) maximums (copayments, cost-shares, deductibles, Point of Service (POS), and catastrophic caps). One exception: Telemedicine video appointments on the KP.org platform will not have any beneficiary cost-share.

5.3.2 HGB shall collect medical encounter data from KP showing services provided and beneficiary cost-share amount to ensure accurate tracking towards the OOP maximums. Pharmacy claims data shall be processed, maintained and captured by the TRICARE Pharmacy contractor.

5.3.3 See [paragraph 5.9](#) for Pharmacy specific information.

5.4 ACO Provider Network

5.4.1 The network, consisting of KP Medical Group Providers, certain KP providers that contract with HGB for the Demonstration ("KP Participating Providers"), and HGB contracted providers shall be robust enough to meet TRICARE Prime access to care standards in the ACO designated service area.

5.4.2 HGB shall monitor and report care rendered outside the KP network. The DHA may elect to remove specific enrollees from the Demonstration (or decline to re-enroll them), and require the beneficiary to make a new plan election (e.g., TRICARE Prime or Select) in accordance with TRICARE procedures if the beneficiary does not follow KP processes.

5.4.3 HGB, through KP, shall educate ACO Demonstration enrollees to use the on-line KP provider network directory (to include national vendors for durable medical equipment (DME), ambulance transport, and transplants) for non-PCM care.

5.4.4 See [paragraph 5.9](#) for Pharmacy specific information.

5.5 Enrollment

5.5.1 HGB shall implement enrollment procedures within the restrictions of [Chapter 6](#) and TRICARE Policy Manual (TPM), [Chapter 10](#) except as otherwise noted.

5.5.2 Enrollment Fee Waiver

5.5.2.1 The annual enrollment fee is waived for the first year of enrollment for new Demonstration enrollees during the first year of the Demonstration (2020). This is a one-time only enrollment fee waiver and is only good for the beneficiary's initial year of enrollment. See [paragraph 5.5.2.4](#) if enrollment targets are not met.

5.5.2.1.1 If the family has at least two members enrolled in the ACO Demonstration, other family members enrolled in TRICARE Prime do not owe any TRICARE Prime enrollment fees.

5.5.2.1.2 If the family only has one member enrolled in the ACO Demonstration, any other family members enrolled in TRICARE Prime, will still owe the amount for a single enrollment.

5.5.2.2 Only one waiver credit per individual. Beneficiaries under the Demonstration with a fee waiver under another authority may not use more than one waiver per individual. The enrollment fee waiver will not apply if the beneficiary changes to a TRICARE product outside this Demonstration.

5.5.2.3 Waiver is valid for 12 months from initial enrollment. If a beneficiary returns to the ACO Demonstration within the same year, the enrollment waiver will be re-initiated from new date of enrollment through the original 12 month termination date.

5.5.2.4 Enrollment fees will be waived in the second year of the Demonstration for new enrollees if the enrollment target of 6,700 is not met by May 31, 2020. Enrollment fees will be waived in the third year of the Demonstration for new enrollees if the enrollment target of 10,100 is not met by May 31, 2021.

5.5.3 Enrollment Requirement Related to ASD

5.5.3.1 If an ACO Demonstration enrolled beneficiary is diagnosed with ASD and desires to receive services or care related to the diagnosis of autism, they shall be disenrolled from the ACO Demonstration and re-enrolled in TRICARE Prime or TRICARE Select within 90 days. The diagnosis is also a Qualifying Life Event (QLE) (as of the diagnosis date) for all family members.

5.5.3.2 HGB shall ensure the beneficiary is enrolled in TRICARE Prime or TRICARE Select within 90 days of disenrollment from the Demonstration. The diagnosis of ASD is a QLE (as of the diagnosis date) for all family members to decide their health plan.

5.5.4 TRICARE rules for changing enrollment and disenrollment apply. See [Chapter 6](#) and TPM, [Chapter 10, Section 2.1](#). Beneficiaries do not have to be already enrolled in TRICARE Prime to choose ACO Demonstration enrollment.

5.5.5 HGB shall ensure that beneficiaries are informed of any benefit or process differences compared to the traditional (non-Demonstration) TRICARE Prime program. HGB shall collect beneficiary consent to these differences at the time of Demonstration enrollment.

5.5.6 PCM Assignment

5.5.6.1 HGB shall assign ACO Demonstration enrollees a generic PCM identifier. Demonstration enrollees shall be able to change their KP PCM on KP.org, via telephone with KP member services, or while in a KP provider's medical office.

5.5.6.2 HGB may allow KP, at KP's expense, to issue membership cards to ACO Demonstration enrollees for use inside of KP facilities. The TRICARE ID card will be used by Demonstration enrollees outside of KP facilities.

5.6 Medical Management (MM)

HGB shall ensure that all care delivery and associated functions meet all TRICARE reporting and performance requirements.

5.6.1 Second Level Review

KP shall utilize KP practicing physicians in like specialties that are employed in KP practices (financially non-conflicted and accredited) outside of the Atlanta market for initial or standard of care determination when the denial is based on lack of medical necessity or other reason relative to reasonableness, necessity, or appropriateness.

5.6.2 Nurse Advice Line (NAL)

HGB, through KP, shall provide ACO Demonstration enrollees necessary education to use the KP 24x7 clinical NAL for medical care questions or to obtain advice or appointments.

Note: The TRICARE NAL contractor requirements are not in this Manual.

5.6.3 Referrals

HGB will not process referrals for ACO Demonstration enrollees to access KP specialists in TSPMG.

5.6.4 Special Programs

5.6.4.1 With oversight from HGB, KP shall ensure that ACO Demonstration enrollees who are also enrolled in or eligible for special and/or high profile programs, including (but not limited to) the TRICARE Extended Care Health Option (ECHO), and ECHO Home Health Care (EHHC), are managed to ensure continuity of care in areas to include (but not limited to) timely program enrollment and registration, care coordination, medical supplies and durable medical equipment.

5.6.4.2 HGB shall ensure that staff managing the interface with the ACO for special and high profile programs understand the eligibility, benefits and benefit exclusions of these programs as articulated in the Code of Federal Regulations (CFR), Section 199 and relevant TRICARE Manuals, have access to program guides and are capable of working with the ACO to ensure that the benefit is provided as prescribed.

5.7 Claims

5.7.1 See the TRICARE Systems Manual (TSM), [Chapter 2, Section 2.8](#) for the Special Processing Codes.

5.7.2 Claims submitted on an institutional claim form indicating an inpatient place of treatment are considered Part A care. Claims submitted on an institutional claim form indicating an outpatient place of treatment are considered Part B care. Claims submitted on a professional claim form indicating any place of treatment are considered Part B care. Claims processed through ESI are considered Part D care.

5.8 Customer Service and Education

5.8.1 The education of TRICARE beneficiaries and providers about the ACO Demonstration in the ACO-designated area shall be accomplished through a collaborative effort by HGB and KP, subject to approval of HGB, and with oversight and assistance from DHA, to proactively educate eligible beneficiaries about the ACO Demonstration through links from the TRICARE website and through marketing materials presented by HGB or KP. Approvals shall ensure that such efforts effectively and accurately distribute information about the TRICARE Program and ACO Demonstration. Marketing materials shall explain the ACO Demonstration to the beneficiaries while allowing TRICARE sponsors and beneficiaries to make the best choice for their families. HGB shall ensure that differences in the benefit are explained to the beneficiary before or at the time of enrollment.

5.8.2 HGB, through KP, shall include information educational materials for Demonstration enrollees about receiving specialty care, the NAL and pharmacy. HGB, through KP, shall inform Demonstration enrollees traveling overseas that they will follow TRICARE Prime overseas travel procedures.

Note: This is not an exhaustive list. Educational materials may be provided to beneficiaries regarding additional topics.

5.8.3 The last four digits of the Sponsor's Social Security Number (SSN) shall not be put on letters sent to Demonstration enrollees.

5.9 Pharmacy

5.9.1 The ACO Demonstration shall use the KP formulary. The DHA will ensure the TRICARE Pharmacy contractor loads KP's formulary into their system so copays can be calculated correctly. Beneficiaries will not be locked out of the TRICARE Pharmacy retail network. KP is at risk for 1st fill at retail and TRICARE is at risk for all subsequent fills. One exception is for "outsourced KP specialty medications." KP is at risk for all specialty medication fills. Demonstration enrollees will be locked out of the TRICARE Mail order pharmacy. The TRICARE Pharmacy contractor shall turn off automatic refills in the mail order pharmacy for Demonstration enrolled beneficiaries.

5.9.2 KP shall make its formulary available on-line for beneficiaries to view before they enroll so that differences in tier costs and availability of pharmaceuticals under KPs formulary are readily visible to beneficiaries.

5.9.3 Cost-shares shall match TRICARE copays.

TRICARE Operations Manual 6010.59-M, April 1, 2015

Chapter 29, Section 5

Accountable Care Organization (ACO) Demonstration

5.9.4 ACO Demonstration enrollees may fill prescriptions at KP pharmacies. Demonstration enrollees that use a non-KP pharmacy will follow TRICARE pharmacy benefit rules and the prescription cost will be deducted from the Per Member Per Month (PMPM).

5.9.5 The DHA prescription monitoring program does not apply.

6.0 EXCHANGE OF BENEFICIARY INFORMATION

6.1 All data shared shall be in compliance with the Data Sharing Agreement between HGB and DHA, and the provider agreement between HGB and the ACO.

6.2 Information flow shall meet Health Insurance Portability and Accountability Act (of 1996) (HIPAA) information protection requirements:

| INFORMATION FILE | FREQUENCY | ORIGINATOR | RECIPIENT(S) |
|-----------------------------------|--|------------|--------------|
| Enrollment File | Weekly. | HGB | KP, ESI, DHA |
| Pharmacy Claim History Onboarding | Annually for new enrollees. No later than December 21st or first business day after if the 21st falls on a weekend or holiday. | DHA | HGB to KP |
| Pharmacy Paid Claim File | Monthly, 15th of each month or first business day after if the 15th falls on a weekend or holiday. | DHA | HGB to KP |
| Pharmacy Transaction File | Weekly. Tuesday or the first business day after if Tuesday is a holiday. | DHA | HGB to KP |
| Open Refill Transfer File | Monthly, 15th of each month or first business day after if the 15th falls on a weekend or holiday. The first file after close of open season shall be sent no later than Dec 21st. The Open Refill Transfer File for Mail Order applies to new enrollees after the annual enrollment period ends, much like the onboarding claims file. New enrollees, outside of open season, shall be managed individually. | ESI | KP |
| Value Summary Outcomes Data | Annually. No later than February 15th. | KP | HGB to DHA |

7.0 EVALUATION OF DEMONSTRATION

The ACO Demonstration will assist the DHA in evaluating whether integrated care models reimbursed on a capitated basis will result in a reduction in health care spend and/or improvements in health care quality as measured by health care cost and outcomes for TRICARE beneficiaries. The Demonstration will add to the DHA's body of knowledge regarding the requirements for implementing successful value-based payment arrangements. Regular status reports and a full analysis of the Demonstration outcomes will be conducted consistent with the requirements in Section 705(a) of the NDAA FY17.

8.0 EXCLUSIONS

All TRICARE Manual sections apply to this Demonstration unless listed in [Addendum D](#). Chapter and Section titles and numbers listed in [Addendum D](#) are current as of September 27, 2019.

9.0 REPORTS

Existing Contract Data Requirements Lists (CDRLs) apply. ACO Demonstration specific information shall be submitted for CDRLs M080, M100, M220, and Q050.

10.0 EFFECTIVE AND TERMINATION DATES

The ACO Demonstration shall begin with activities supporting the 2019 open enrollment season and continue through December 31, 2022, subject to the Government's discretion under [Section 1, paragraph 4.2](#).

- END -

