



*Inspire. Serve. Advocate.*

## LeadingAge Texas Network Development

### Frequently Asked Questions

- I. **What is the provider network being considered?** Members of LeadingAge Texas are considering the development of an organization whose mission will be to maximize the health and well-being of seniors in its member communities through innovative, cost-effective care management practices and quality improvement activities through contracting relationships with managed care plans. LeadingAge Texas members participating in the network will have opportunities to secure value-based and pay-for performance contracts enhancing their reimbursement through these quality-based programs. The network would be governed by a board elected by its members and is only available to LeadingAge Texas members.
  
- II. **Why do we need to work with health plans?**  
Skilled nursing facilities and other post-acute housing and service providers need to work more closely with health plans for the following reasons:
  1. Over 35% of seniors in Texas select a health plan that offers a Medicare Advantage product that includes coverage for skilled nursing home care (SNF-A benefits) as well as home care and other services your organization may provide. Last year, the number of Texas Medicare beneficiaries choosing Medicare Advantage products grew by more than 20% and will likely continue to grow in the years ahead. It is important to have contracts under multiple plans so that you can serve these patients across your care continuum.
  2. The state of Texas is experiencing the movement in several different Alternative Payment Models (APM) such as bundled payments for hip and knee replacements, pay for performance, ACOs and value-based purchasing. These APMs will impact the way we do business as aging services providers. Coming together as a group to leverage our market presence with both payors and hospital partners will ensure our sustainability as the health care system changes.
  3. Health plans have expressed a strong preference to working with collaborative organizations, such as a network of LeadingAge Texas members, rather than with individual facilities.
  
- III. **What are the benefits of joining a provider network?**
  1. Joining will provide greater leverage in negotiating higher rates and other payment arrangements, such as pay for performance plans, with health plans. Stand alone facilities have less ability to negotiate and influence these rates and plans.
  2. The Network will provide educational and other resources to help your facility staff better understand how to maximize the payment components of the contracts, and to learn from other members regarding adoption of best practices and improving performance metrics.
  3. The Network will provide opportunities to apply for other types of innovative funding offered via the Centers for Medicare and Medicaid Innovation (CMMI), the state and other private grant opportunities.
  4. The Network will expand opportunities to accept more post-acute patients from hospitals as a result of contracts with multiple health plans. Health plans may be reluctant to contract with a single facility, but will be more receptive to a network of providers.
  
- IV. **What services will the network provide?** The network would partner with Strategic Health Care who will be responsible for contract negotiations, health systems relationships and educational resources for member facilities; credentialing and administrative support. Consider the administrative burden your facility experiences from trying to secure a contract with a payor, managing that contract, the calls to provider relations regarding prior authorization, claim denials and audits. This burden is relieved through membership in the network

**V. What will be my responsibilities as network member?**

1. Adhere to contracts negotiated by the Network, including compliance with billing, payment and data reporting responsibilities.
2. Submit necessary credentialing information required by the health plan; also meet or exceed application requirements.
3. Submit claims pursuant to health plan requirements.
4. Submit cost and performance data as required by Network to promote best practices across organizations.
5. Participate on Network's board/committee structure as needed and participate in educational and training opportunities.

**VI. What would be the cost of joining the network?** The Network's expenses would be limited to support only those activities that can directly benefit its member organization. There are many ways to determine a dues structure and the members of the network will determine what they agree to the most fair and equitable

One fee model is based on SNF member services, regardless of size, paying a flat fee of \$1,000 to cover basic administrative costs, and a user fee based on a percentage of each members annual patient net revenue.

Another model used by some networks calculate on a per bed/or unit costs as approved by the Board. For the first year, the annual user fee would be \$/per nursing home bed, \$/ per adult day bed, \$/ per bed for residential care facility and \$/ per licensed capacity for adult day. There is no facility fee for assisted living or adult day if it is part of a continuum of care.

**VII. What are the potential cost benefit /return on my investment for joining the network?** Senior service health organizations need to contract with health plans to be able to serve residents and patients that are covered under Medicaid managed care (MLTSS) or who have selected a Medicare Advantage product for their Medicare benefits.

The network would offer a cost efficient way to contract with these health plans as a network to maximize reimbursement and obtain pay for performance plans. Administrative fees for joining the network can be more than offset through anticipated higher reimbursement rates negotiated by the Network versus a facility that negotiates as a single entity or through other networks that charge a percent of claims. Skilled nursing facilities should also be able to expand their transitional care /short term admissions and increase revenues due to these expanded health plan relationships. Finally, the potential to negotiate payment incentives tied to quality and utilization incentives (e.g. reduced hospital readmissions) will further enhance the ROI to Network members.

For Example, following the Ohio managed care model, they realized a 5% increase on their bed rates through their network efforts. So, if a SNF has a \$162/day bed rate and the network negotiates a rate that is at least 5% higher, the new rate would be \$173.25/day (\$8.25 increase). In this case above, the facility would need 2-3 beds at that rate to make back their fees for network membership.

**Existing LeadingAge Affiliate Networks:**

Ohio Aging Services Network (OASN): 63 LeadingAge Ohio members. In existence since 2013. Over 20 payor contracts. Average annual dues: \$7,350

Indiana Health Services Network (IHSN): 33 LeadingAge Indiana members. Inexistence sine 2016. Three payor contracts. Average annual dues \$5,460

Iowa Aging Service network (IASN): 45 LeadingAge Iowa members. Inexistence since 2017. Four payor contracts. Average annual dues: \$5,500

Illinois Aging Services Network (ILASN): 65 LeadingAge Illinois members. In existence since 2017. Eight payor contracts. Average annual dues \$7,455

**VIII. How do I join?** Facilities will need to submit an Operating-Participation Agreement and submit the necessary documentation verifying membership to LeadingAge Texas.