

**Responses to Questions Posed by Health Plans on the Advancing Care for Exceptional Kids Act of 2015  
(ACE Kids Act, S. 298/HR 546)  
June 8, 2015**

**The ACE Kids Act is voluntary for states, children and providers.**

**1. Would the ACE Kids Act be a state mandate?**

No, the ACE Kids Act is voluntary for states. The legislation is not a mandate and we have been very clear that this would be a choice for states. We have been working the language through the legal process for several years now, and our continued analysis does not support the contention that the current language provides a mandate for states to participate. However, to the extent that a technical change from one part of the Medicaid Act to another solves the issue, we would not oppose changes that provide clarity that this program would not be mandatory for states. We will discuss with the bill's champions.

**2. If the state opts in, are children with medical complexity and their providers required to participate?**

No, the ACE Kids Act is voluntary for children and providers. If a state opts in, the state would assign children with medical complexity to a nationally designated children's hospital network (ACE network), similar to how Medicaid managed care enrollment works in many states today. Assignment would be made preserving existing care relationships between the children and their providers to the degree possible. Once assigned, the children and their families may choose if they wish to participate and if they do not, would immediately return to the current Medicaid program provided in their state. Similarly, providers are not required to join or create networks to provide care for children with medical complexity. We expect many children and families and providers will want to participate in a more integrated coordinated network to provide the best care for this population, but participation is not mandatory.

**In many states, the ACE Kids Act will be a partnership between health plans and the ACE networks.**

**3. Does the ACE Kids Act take children out of Medicaid managed care and place them in FFS?**

No, the legislation does not take children out of Medicaid managed care and put them in FFS. The ACE Kids Act provides great flexibility for states to implement in the best way for the children with medical complexity in their states and to align with their existing Medicaid structure. We expect that in states where children with medical complexity are already enrolled in Medicaid managed care, the ACE networks would be a subcontractor to the health plan to provide and coordinate the care for children with medical complexity. For other states, the state could directly contract with the ACE networks to provide care for children with medical complexity under a risk based payment. After a phase in period, all ACE networks will be paid a risk-based payment by the state or health plan.

**4. Does the ACE Kids Act "carve out" a population of kids from Medicaid managed care?**

No, the ACE Kids Act would not take children out of the managed care system for services. ACE networks would operate as an accountable part of the managed care system, being financially at risk, and operating as coordinated systems of care with quality, cost and outcomes measures. The ACE Kids Act is a complementary element for

Medicaid managed care health plans, creating a consistent set of coordinated medical homes (which must exist if children with medical complexity are to move to managed care successfully) and engaging the same highly specialized providers the health plans require in any scenario to manage the utilization. The fact that these networks will be national with a common set of quality standards engaging the same high cost providers these children require and access makes the ACE Kids Act a great deal for plans.

In some states, we expect the ACE Kids Act brings these children into managed care, some of whom may have been outside the managed care system. As noted above, we believe this would be a partnership between the health plans and the ACE networks and would result in the best care, smarter spending and healthier families for a very medically complex population. We expect the networks will be most helpful to the managed care plans with regard to managing this complex population given most plans have sponsored these children under FFS conditions and have not been at risk for the financial outcome.

**5. Under the ACE Kids Act, what happens when medically complex children are enrolled in Medicaid managed care? What are the options for care?**

Medically complex children will be enrolled in Medicaid managed care in accordance with the state system established for enrollment. As part of the enrollment process, the state will offer the choice of the ACE network, either directly or through a Medicaid managed care organization in accordance with their enrollment process. Once assignment takes place, the ACE network will be able to work with the families to ensure primary care, specialty care, ancillary services, resource navigators, DME, home health, behavioral health and medication management services are accessible within their network to maximize the opportunity for quality care and cost savings within the network.

**The ACE networks will take on a risk based payment and be financially accountable.**

**6. Do the ACE networks have “skin in the game”? That is, what is the networks incentive to save money and why wouldn’t this model cost more money?**

The ACE Kids Act requires the ACE networks to accept a risk-based payment after a phase-in period. In states that opt in, the state and health plans would work with the ACE networks to decide on the specific payment methodology/rate. Regardless of the specific at-risk payment, in every case the ACE networks will take on a risk-based payment and will have “skin in the game” and be financially accountable for providing the care for children with medical complexity within the payment amount. The model does not cost more money because it is using existing Medicaid dollars in a way that better aligns payment with good outcomes for children with medical complexity. The new payment models will allow more flexibility to pay for services and supports that have been proven to reduce high cost health care services in the hospital setting.

**The ACE networks are provider networks, not Medicaid managed care plans.**

**7. Aren’t the ACE networks another form of Medicaid managed care or essentially mini-plans?**

The ACE networks are provider entities and will be responsible for providing health care – hospital, physician, behavioral health, etc. to the kids assigned to them for the payment negotiated. As noted above, the legislation allows a lot of flexibility on implementation to the state so the payor may be the state or in many cases we expect the health plan. We expect in many cases this will be a partnership between the ACE networks and the health plans. ACE networks are not “mini” plans and cannot substitute for the health plans’ concept of serving the entire family. The

ACE networks play a role and part of the solution for families, targeting children with medical complexity, but would not necessarily be stand-alone operations.

**8. Shouldn't the ACE networks be subject to the same rules as Medicaid managed care plans?**

The ACE networks will necessarily be subject to Medicaid managed care plan rules by virtue of the contract that is entered into with the state, either directly or indirectly. Whether the ACE network contracts with an MCO or a state with Medicaid managed care in place, the state contracts all require that state and national Medicaid managed care rules apply. All entities that provide service to individuals under the Medicaid managed care program in states are subject to the national Medicaid managed care rules, and to state specific rules.