

## MODEL OVERVIEW

The Financial Alignment Initiative (FAI) aims to provide individuals dually enrolled in Medicare and Medicaid with a better care experience and to better align the financial incentives of the Medicare and Medicaid programs. CMS is working with States to test two integrated care delivery models: a capitated model and a managed fee-for-service (MFFS) model.

Rhode Island and CMS launched the Integrated Care Initiative (ICI) demonstration in July 2016. The demonstration has been extended and is currently anticipated to continue through December 31, 2023.

### Key Features of the Rhode Island Demonstration

- Uses the capitated model based on a three-way contract between the Medicare-Medicaid Plan (MMP), CMS, and the State to finance all Medicare and Medicaid services.
- The MMP provides care coordination and flexible benefits to its enrollees.
- The ICI demonstration operates statewide.

## PARTICIPANTS



### MEDICARE-MEDICAID PLANS

- One MMP participates in the ICI demonstration.
- The MMP contracts with a network of Medicare and Medicaid providers to meet the needs of its enrollees.
- All enrollees receive care coordination services.
  - These services include the development of a comprehensive care plan to support the health and wellness of high risk enrollees and the coordination of health services and supports, including medications, long-term services and supports (LTSS) and behavioral health services.



### BENEFICIARIES

As of December 31, 2019,



**were enrolled in the ICI plan.**

**13,876 of the total 34,532 eligible Medicare-Medicaid beneficiaries were participating in the ICI demonstration.**

## FINDINGS



### IMPLEMENTATION

- Although the MMP had experience as a Medicaid managed care plan, **it had not previously operated as a Medicare Advantage plan.**
- The State and the MMP reported **a steep learning curve** associated with Medicare policies and compliance requirements. Implementation also required **State and MMP investments in systems upgrades.**
- Integrating **Medicare and Medicaid eligibility and enrollment systems created challenges for the State**, especially as the start of the demonstration coincided with the rollout of a new State Medicaid eligibility system.
- The State established a **member-led Implementation Council** to support ongoing **stakeholder engagement.**
- **Over two-thirds** of Consumer Assessment of Healthcare Providers and Systems (CAHPS) respondents participating in the ICI demonstration **rated their health plan as a 9 or 10 in 2018 and 2019**, with 10 being the highest rating.

**FINDINGS** *(continued)*



**MEDICARE EXPENDITURES**

Regression analyses of the demonstration impact on Medicare Parts A and B costs found a statistically significant effect in demonstration year 1 and cumulatively, indicating increased costs of \$62.21 and \$49.56 per member per month (PMPM), respectively, as a result of the demonstration, relative to the comparison group. However, the analysis found no impact on costs for demonstration year 2.

**Monthly demonstration effect on Medicare Parts A and B costs, by demonstration year**

Demonstration Period	Average Demonstration Effect on Medicare Expenditures, PMPM
DY 1 (July 2016–December 2017)	\$62.21*
DY 2 (2018)	\$25.46
Demonstration period (Years 1–2, cumulative)	\$49.56*

DY = demonstration year; PMPM = per member per month

\*p<0.05.

Note: Estimates for demonstration effect on Medicaid total cost of care (TCOC) were not calculated in this report due to incompleteness of the capitated payment data in the Transformed Medicaid Statistical Information System (T-MSIS) for Rhode Island during the reporting period.



**SERVICE UTILIZATION AND QUALITY OF CARE:  
Demonstration Years 1 through 2 (2016–2018)**

Favorable Results	Unfavorable Results
↑ Increased number of physician E&M visits	
↓ Decreased probability of ED visit	None
↓ Decreased number of preventable ED visits	

ED = emergency department; E&M = evaluation and management

- There were no unfavorable results for the reporting period.
- There were no demonstration effects on inpatient admissions, skilled nursing facility admissions, long-stay nursing home use, 30-day all-cause readmissions, ambulatory care sensitive condition admission (overall and chronic), or 30-day follow-up after mental health discharge.

**KEY TAKEAWAYS**

Although the demonstration increased Medicare Parts A and B costs in demonstration years 1 and 2, it showed favorable results in several service utilization and quality of care measures. Some operational challenges continued for the State and MMP, but many resolved or lessened over time. Beneficiaries generally had a favorable opinion of the demonstration, which, in part, led to an extension through December 2023.