Kidney Care Choices (KCC) Model
Financial Methodology and Structure for the Graduated, Professional, and Global Comprehensive Kidney Care Contracting (CKCC) Options
Financial Summary
CKCC Options Payment Summary

Kidney Contracting Entities (KCEs) have the choice of three CKCC options with increasing opportunity for risk.

<table>
<thead>
<tr>
<th>Description</th>
<th>Graduated Risk Option</th>
<th>Professional PBP Risk Option</th>
<th>Global PBP Option</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>KCEs will have one-sided risk in the first performance year (PY) and then graduate to downside risk in the subsequent PYs. This option is based on the one-sided risk track in the CEC Model.</td>
<td>KCEs will share in 50% of shared savings or losses in the total cost of care for Part A and B services.</td>
<td>KCEs will be at risk for 100% of the total cost of care for Part A and B services.</td>
</tr>
<tr>
<td><strong>Risk Sharing</strong></td>
<td>One-sided; transitioning to two-sided after one or two years</td>
<td>50% shared savings / losses</td>
<td>100% shared savings / losses</td>
</tr>
<tr>
<td><strong>Benchmark Discount</strong></td>
<td>None</td>
<td>None</td>
<td>3% for PY1 and PY2, increasing 1% each subsequent PY</td>
</tr>
<tr>
<td><strong>Eligible for Total Care Capitation (TCC)</strong></td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>
• The Graduated Risk Option is only available to KCEs without dialysis organizations or that have <35 facilities.
• KCEs can choose to enter at Levels 1 or 2.
• Each PY, KCEs must progress to the next level of risk.
  - A KCE entering at Level 1 must progress to Level 2 the subsequent PY.
  - A KCE entering at Level 2 must progress to Professional Model the subsequent PY.
• KCEs can remain in the Graduated Risk Option for a maximum of two PYs.
• Level 1 KCEs will be subject to a Minimum Savings Rate (MSR) determined by volume of beneficiaries needed for statistical confidence.
# CKCC Quality Scores

<table>
<thead>
<tr>
<th>Option</th>
<th>Quality Score’s Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduated Risk Option, Level 1</td>
<td>Shared losses or savings adjusted by their quality score, but no quality withhold.</td>
</tr>
<tr>
<td>Graduated Risk Option, Level 2</td>
<td>2.5% of KCE’s trended, risk adjusted benchmark dependent on performance on a set of quality measures</td>
</tr>
<tr>
<td>Professional PBP, Global PBP</td>
<td>5% of KCE’s trended, risk adjusted benchmark dependent on performance on a set of quality measures</td>
</tr>
</tbody>
</table>
Payment Mechanisms
Key Payment Mechanisms

1. **Adjusted Monthly Capitated Payment (AMCP):** Capitated payment paid to model participants to managed End Stage Renal Disease (ESRD), based on the monthly capitated payment (MCP)

2. **Chronic Kidney Disease Quarterly Capitated Payment (CKD QCP):** Capitated payment paid to model participants to manage CKD 4 / 5 patients

3. **Kidney Transplant Bonus (KTB):** Incremental reimbursement for successful kidney transplant

4. **Shared Savings / Losses:** Based on total cost of care compared to benchmark (available to CKCC option participants only)
Adjusted Monthly Capitated Payment (AMCP)

Monthly Capitated Payment (MCP)
Status Quo

Capitated rate varies depending on dialysis location and volume of monthly nephrologist visits

- 4+ monthly nephrologist visits & in center dialysis
- 2 – 3 monthly nephrologist visits & in center dialysis
- Home dialysis
- 1 monthly nephrologist visit & in home dialysis

AMCP
Flat rate independent of nephrologist visits or dialysis location

Capitated rate set at the MCP’s 2-3 monthly nephrologist visit rate
CKD Quarterly Capitated Payment (CKD QCP)

The CKD QCP are capitated payment paid to model participants to manage CKD 4 and 5 patients. This will not impact billing, but it will impact payment for the following services:

<table>
<thead>
<tr>
<th>Services Included in QCP</th>
<th>CPT Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office / Outpatient Visit Evaluation and Management (E/M)</td>
<td>99201-99205, 99211-99215</td>
</tr>
<tr>
<td>Prolonged E/M</td>
<td>99354-99355</td>
</tr>
<tr>
<td>Transitional Care Management Services</td>
<td>99495-99496</td>
</tr>
<tr>
<td>Advance Care Planning</td>
<td>99497-99498</td>
</tr>
<tr>
<td>Welcome to Medicare and Annual Wellness Visits</td>
<td>G0402, G0438, G0439</td>
</tr>
<tr>
<td>Chronic Care Management Services</td>
<td>99490</td>
</tr>
</tbody>
</table>
Rates:
The CKD QCP will be set to one third of the AMCP rate, paid quarterly for aligned beneficiaries with CKD stage 4 or 5, replacing the amount that nephrologists would have received for billing those codes. For example, if a participant receives AMCP of $180 per month, then the participant’s CKD QCP will be $180 per quarter.

Leakage:
The CKD QCP will be adjusted to account for “leakage rates” that will apply an individual leakage rate for each practice, based on the aggregate CKD nephrology services (i.e., primary care E/M services) furnished outside of the practice for the practice’s aligned CKD beneficiaries.
Kidney Transplant Bonus (KTB)

Bonus payment of $15,000 per aligned beneficiary who receives a kidney transplant and remains alive with a functioning transplant.

<table>
<thead>
<tr>
<th>Transplant Received</th>
<th>Transplant + 1 Year</th>
<th>Transplant +2 Years</th>
<th>Transplant +3 Years</th>
<th>Transplant +4 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Provider receives $2500</td>
<td>Provider receives $5000</td>
<td>Provider receives $7500</td>
<td></td>
</tr>
</tbody>
</table>

Timing of KTB payments

KTB paid over the next 3 years following the transplant, provided the transplant remains successful.
Benchmark Construction
• CMS will determine the historical baseline expenditure for beneficiaries aligned to the KCE during the baseline period.

• The historical baseline expenditures are calculated using a weighted average of 2017, 2018, and 2019 beneficiary Fee-for-service (FFS) claims expenditures, with more recent years given disproportionate weight.

• Throughout the model demonstration, the Baseline years will remain 2017-19, trended forward. There will be no rebasing.
Benchmark Construction

Step 1: Calculate Historical Baseline

Step 2: Trend the Baseline & Apply GAF

- The historical baseline expenditures will be trended forward each PY prospectively using the projected United States per capita cost (USPCC) (developed annually by CMS Office of the Actuary).

- The model will use the general FFS trend rate for the CKD population and the ESRD trend rate for the ESRD population.

- Adjustments to the USPCC growth trend may be made to account for Geographic Adjustment Factor (GAF) regional price differences or in response to unforeseeable events (e.g., pandemics).

- CMS will apply a PY GAF to account for variations in the cost-of-doing-business across geographies.
Benchmark Construction

**Step 1: Calculate Historical Baseline**
- Adjust the Medicare Advantage (MA) Rate Book to make it appropriate for a FFS population. Adjustments may include exclusion of the quality bonus and quartile adjustments.
- Each year, apply that year’s Adjusted MA Rate Book to the trended historical baseline (i.e., in PY1 the 2021 Adjusted Rate Book will be used, in PY2 the 2022 Adjusted MA Rate Book will be used, etc.)

**Step 2: Trend the Baseline & Apply GAF**

**Step 3: Incorporate Regional Expenditure**
- There will be upward and downward revenue adjustment bounds resulting from blending the historical baseline with the Adjusted MA Rate Book.
  - Overall upward adjustment: Limited to 5% of the FFS USPCC for the PY.
  - Overall downward adjustment: Limited to 2% of the FFS USPCC for the PY.

**Adjust the Medicare Advantage (MA) Rate Book**
- Adjust the MA Rate Book to make it appropriate for a FFS population. Adjustments may include exclusion of the quality bonus and quartile adjustments.
- Each year, apply that year’s Adjusted MA Rate Book to the trended historical baseline (i.e., in PY1 the 2021 Adjusted Rate Book will be used, in PY2 the 2022 Adjusted MA Rate Book will be used, etc.)

**Blend the trended historical baseline with the Adj. MA Rate Book**
- Blend the adjusted MA Rate Book with the KCE’s historical baseline expenditures.
  - The blended rate will be a weighted average of the trended historical baseline and that year’s Adjusted MA Rate.
  - The weight for the Adj MA Rate Book component will increase each PY.

**Cap the impact of applying Adjusted MA Rate Book**
- There will be upward and downward revenue adjustment bounds resulting from blending the historical baseline with the Adjusted MA Rate Book.
  - Overall upward adjustment: Limited to 5% of the FFS USPCC for the PY.
  - Overall downward adjustment: Limited to 2% of the FFS USPCC for the PY.
Benchmark Construction

- The historical baseline expenditures will be blended with the regional expenditures from the Adjusted MA Rate.
- The Adjusted MA Rate will have an increased impact on the blended rate in the later years.
Benchmark Construction

- After blending the historical baseline and regional rates, the benchmark will be risk adjusted.
- CMS anticipates communicating more details on risk adjustment in the coming months as CMS is exploring an innovative risk adjustment approach that will:
  - Mitigate the influence of coding intensity on risk adjustment.
  - Improve the accuracy of risk adjustment for organizations specializing in serving complex, high-risk patients.
## Benchmark Construction

<table>
<thead>
<tr>
<th>Discounts / Withholds</th>
<th>CKCC Options</th>
<th>Impacts on the Benchmark (by year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Withhold:</td>
<td></td>
<td><strong>PY1</strong> (2021)</td>
</tr>
<tr>
<td>Applied to the PY</td>
<td></td>
<td>0%</td>
</tr>
<tr>
<td>benchmark for KCEs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduated Level 1*</td>
<td></td>
<td>-2.5%</td>
</tr>
<tr>
<td>Graduated Level 2*</td>
<td></td>
<td>-5%</td>
</tr>
<tr>
<td>Professional</td>
<td></td>
<td>-5%</td>
</tr>
<tr>
<td>Global</td>
<td></td>
<td>-5%</td>
</tr>
</tbody>
</table>

*Quality withhold increases as KCEs graduate to high risk options

KCEs will earn back a portion of the withhold (up to the entire quality withhold amount) based on their total quality score, which will be the aggregate of their scores on the set of quality measures.
**Incentives**

*Quality Performance Earn Back:* Based on quality measure performance and continuous improvement

<table>
<thead>
<tr>
<th>CKCC Options</th>
<th>PY1 (2021)</th>
<th>PY2 (2022)</th>
<th>PY3 (2023)</th>
<th>PY4 (2024)</th>
<th>PY5 (2025)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduated Level 1*</td>
<td>N/A</td>
<td>Up to +2.5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
</tr>
<tr>
<td>Graduated Level 2*</td>
<td>Up to +2.5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
</tr>
<tr>
<td>Professional</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
</tr>
<tr>
<td>Global</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
<td>Up to +5%</td>
</tr>
</tbody>
</table>

*Quality Pool Bonus:* High performing KCEs will be evaluated against an additional quality challenge

| Global | Variable | Variable | Variable | Variable | Variable |

*Earn back increases as the KCEs Quality Withhold increases as KCEs graduate to high risk tracks*
Shared Savings and Shared Losses

- Shared savings and shared losses will be determined by comparing the KCE’s expenditures to a prospective per-beneficiary-per-month benchmark.
- The benchmark will cover all Medicare Part A and B costs, including those not related to kidney diseases, with few exceptions.
- Expenditures compared to the benchmark include:
  - CKD QCP
  - AMCP
  - Other non-kidney related Part A and Part B FFS expenditures
  - Total Care Capitation, if selected
- Expenditures excluded from shared savings calculation:
  - Dialysis access installation
  - Kidney transplant related costs including evaluation of recipient and donor, blood and tissue typing, organ acquisition and transplant execution
The Total Care Capitation (TCC) Payment *(available in Global only)*

**Overview**
- TCC is only available for KCEs selecting the Global.
- If a KCE elects to receive the TCC, Participant and Preferred Providers will have the option of opting into capitated payments where their claims are reduced.
- The TCC does not impact beneficiary cost sharing.

**Approach**
1. **CMS Pays KCE Monthly Prospective, Unreconciled TCC:** KCEs can elect to a risk adjusted monthly payment for all Part A and Part B services provided by KCE participants and preferred providers to aligned beneficiaries. This payment is prospective and will not be reconciled against FFS claims.
2. **Providers Submit Claims:** Providers continue to submit claims for their services rendered.
3. **CMS Pays Reduced Claims to Providers Opting In:** Participant and Preferred Providers who opt into the capitated arrangement can have their claims for services rendered reduced by between 1 and 100% (i.e. zeroed out claims).
4. **CMS Pays 100% FFS Claims:** For providers in the KCE who opt not to participate in the TCC and for providers not affiliated with the KCE (i.e. providers who are neither Participant nor Preferred Providers), CMS continues to pay 100% of FFS claims.
5. **KCE Distributes TCC to Providers:** KCE’s pays providers. KCEs are not required to pay providers or suppliers 100% FFS and can negotiate their own compensation arrangements with participant and preferred providers.
Risk Mitigation Mechanisms

**Risk Corridors**
- Automatically applied for all KCEs; corridors vary based on type of KCE
- Mitigates extreme shared savings or losses for KCEs if their actual performance year expenditures are far lower or higher than the benchmark
- Calculated as an aggregate expenditure amount, relative to the total cost of care benchmark

**Truncation**
- Available for the Graduated Risk Model only
- CMS will truncate annualized expenditures at the 99th percentile for CKD/ESRD beneficiaries for KCEs in the Graduated Risk Model at Level 1

**Stop Loss**
- Optional – KCE benchmark is adjusted to account for this benefit
- Intended to reduce financial uncertainty associated with infrequent, but high-cost, expenditures for aligned KCE beneficiaries
- Calculated at the level of the individual beneficiary
- CMS anticipates communicating additional details on Stop Loss approach in the coming months
Reconciliation
Reconciliation

• In an effort to provide more timely distribution of shared savings/losses, CMS will provide the option for KCEs to select a provisional reconciliation option (selected at the start of the PY).
• Under this provisional reconciliation, CMS will distribute interim shared losses/savings, with a final reconciliation taking place once full data are available.

Provisional Reconciliation (optional):
Immediately following the PY, reflecting cost experience through first six months (with seasonality and claims run-out adjustments)

Final Reconciliation:
Following full claims run out and data availability, reflecting complete performance year
## Provisional vs. Final Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>Which claims are included?</th>
<th>What is the run out on claims?</th>
<th>Does this include the quality withhold?</th>
<th>Will this include the (optional) Net Stop-Loss amount?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provisional</strong></td>
<td>Claims through Quarter 2 (June 30)</td>
<td>6 months (through December 31)</td>
<td>Yes – a default score</td>
<td>No – it is excluded</td>
</tr>
<tr>
<td><strong>Final</strong></td>
<td>Claims through Quarter 4 (December 31)</td>
<td>3 months (through March 31)</td>
<td>Yes – it will include your quality withhold and bonus “payout”</td>
<td>Yes – it is included</td>
</tr>
</tbody>
</table>
For More Information on CKCC

- Sign up for our KCC listserv
- Apply at the RFA Online portal at https://app1.innovation.cms.gov/KCC/
- Follow us on Twitter at @CMSinnovates
- For any questions, please email the KCC Model team: KCF-CKCC-CMMI@cms.hhs.gov