

Direct Contracting Model Global and Professional Options

Financial Companion to Operating Guide Overview: Standard DCE

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Reference Documents

Title
Direct Contracting Model Global and Professional Options: Financial Operating Guide: Overview
Direct Contracting Model Global and Professional Options: Financial Companion to Operating Guide Overview: New Entrant DCE
Direct Contracting Model Global and Professional Options: Financial Companion to Operating Guide Overview: High Needs Population DCE
Direct Contracting Model Global and Professional Options: Financial Operating Policies: Capitation and Advanced Payment Mechanisms
Direct Contracting Model Global and Professional Options: Financial Companion to Capitation and Advanced Payment Mechanisms
Direct Contracting Model Global and Professional Options and Kidney Care Choices Model: DC/KCC Rate Book Development
Direct Contracting Model Global and Professional Options and Kidney Care Choices Model: Risk Adjustment
Direct Contracting Model Global and Professional Options: Financial Reconciliation Companion
Direct Contracting Model Global and Professional Options: Beneficiary Alignment Document
KCC Financial Operating Guide: Overview

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1.0 Introduction

This document is a companion to the *Direct Contracting Financial Operating Guide: Overview* paper. It describes the full calculation of the financial benchmark for a Standard Direct Contracting Entity (DCE). There are separate companion documents that illustrate the financial benchmark calculations for High Needs DCEs and New Entrant DCEs.

2.0 Financial Benchmark Calculation

The calculation of the DCE Performance Year Benchmark is summarized in Section 4 of the *Direct Contracting Financial Operating Guide: Overview*. As explained there, benchmarks are developed separately for both the Aged & Disabled (A&D) and End Stage Renal Disease (ESRD) beneficiary categories, then combined for the final Performance Year Benchmark.

2.1 A&D Benchmark Calculation

This section describes the step-by-step calculations of the A&D Benchmark through a series of figures.

Claims-aligned beneficiaries. Lines 1 through 4 (**Figure 2.1**) tabulate the number of beneficiaries and beneficiary-months that accrue to the A&D Benchmark.

Figure 2.1: Claims-Aligned Beneficiaries

	Baseline Experience		
	CY2017	CY2018	CY2019
DCE Aligned Beneficiary Experience			
1 Aligned Beneficiaries			
2 ... Claims Aligned	6,277	6,307	6,414
3 Eligible Months			
4 ... Claims Aligned	69,042	69,378	70,551

Historical Baseline Expenditure. In lines 6 through 8 (**Figure 2.2**) all fee-for-service (FFS) claims experience of aligned beneficiaries that occurred in each of the 3 base years (BYs) are summed. All FFS claims, including the value of any associated claims reductions that occurred from all providers, including non-DCE provider claims, are summed in lines 6–9 to generate the total FFS claims experience.

Figure 2.2: Historical Baseline Expenditure

	Baseline Experience		
	CY2017	CY2018	CY2019
6 Non-DCE Provider Claim Payments & Claims Reductions	\$32,034,345.07	\$33,036,067.79	\$34,467,102.52
7 PLUS: Participant Provider Claim Payments & Claims Reductions	\$11,722,245.23	\$11,924,634.11	\$12,612,741.12
8 PLUS: Preferred Provider Claim Payments & Claims Reductions	\$17,944,490.46	\$18,349,268.21	\$18,725,482.24
9 EQUALS: Total DCE Claims Aligned Beneficiary Expenditure	\$61,701,080.76	\$63,309,970.11	\$65,805,325.89

Application of Prospective Trend. Line 9 displays the total DCE aligned beneficiary expenditure for each base year (**Figure 2.3**). These total expenditure values are then trended forward to the performance year. The prospective trend factor (line 10) is based upon an adjusted FFS US Per Capita Cost (USPCC) growth trend, which removes costs related to uncompensated care and adds in hospice expenditures. Calculations for the values that appear in line 10 are available in [Figure A.1](#).

Figure 2.3: Application of Prospective Trend

	Baseline Experience		
	CY2017	CY2018	CY2019
9 EQUALS: Total DCE Claims Aligned Beneficiary Expenditure	\$61,701,080.76	\$63,309,970.11	\$65,805,325.89
10 TIMES: Prospective Adjusted FFS USPCCT Trend	1.101	1.061	1.049
11 EQUALS: Prospective Trended Total DCE Aligned Beneficiary Expenditure	\$67,917,003.24	\$67,183,079.10	\$69,061,398.44

Standardization of Baseline Expenditure. In lines 11 through 17, the trended expenditure values are divided by the eligible beneficiary-months to express the expenditure values on a per-beneficiary-per-month (PBPM) level (**Figure 2.4**). Within each base year, this PBPM value is divided by the DCE risk score (line 14) and multiplied by the Geographic Adjustment Factor (GAF) (line 16) for that base year. After all adjustments and standardization, line 17 presents the DCE Risk-Standardized and GAF-Adjusted Baseline Expenditure for each base year on a PBPM basis.

Figure 2.4: Standardization of Baseline Expenditure

	CY2017	CY2018	CY2019
11 EQUALS: Prospective Trended Total DCE Aligned Beneficiary Expenditure	\$67,917,003.24	\$67,183,079.10	\$69,061,398.44
12 DIVIDED BY: Eligible Months	69,042	69,378	70,551
13 EQUALS: Claim-based Expenditure PBPM	\$983.71	\$968.36	\$978.88
14 DIVIDED BY: DCE Risk Score	1.232	1.208	1.201
15 EQUALS: DCE Trended Risk-Standardized Baseline Expenditure	\$798.43	\$801.85	\$815.27
16 TIMES: GAF-Adjusted Prospective Trend	0.997	1.011	1.039
17 EQUALS: DCE Risk-Standardized, GAF-Adjusted Baseline Expenditure	\$796.04	\$810.78	\$847.13

Historical Baseline (3-year average). The DCE Trended Risk-Standardized and GAF-Adjusted Baseline Expenditure for each of the 3 performance years are then combined, with more weighting placed on the more recent historical experience. BY1 is weighted 10%, BY2 is weighted 30%, and BY3 is weighted 60%. The result is a weighted 3-year average that serves as the final historical baseline. In line 17 (**Figure 2.5**), the calculation is as follows:

$$\begin{aligned} \text{Historical Baseline} &= (BY_1 \times 10\%) + (BY_2 \times 30\%) + (BY_3 \times 60\%) \\ &= (\$796.04 \times 10\%) + (\$810.78 \times 30\%) + (\$847.13 \times 60\%) = \$831.12 \end{aligned}$$

Figure 2.5: Historical Baseline (3-Year Average)

	CY2017	CY2018	CY2019	Three Year-Benchmark
17 EQUALS: DCE Risk-Standardized, GAF-Adjusted Baseline Expenditure	\$796.04	\$810.78	\$847.13	\$831.12

Regional Rate for Claims-Based Alignment. Line 18 displays the DCE Regional Rate based on the DC/KCC Rate Book for the performance year, weighted by the beneficiaries aligned to each county in each of the base years (**Figure 2.6**). (For a simplified example of how these DCE regional rates are calculated, see [Figure A.2](#).) The regional rates are combined using the same weighting as the historical expenditure to arrive at the 3-year benchmark value in line 18.

Figure 2.6: Regional Rate for Claims-Aligned Beneficiaries

	CY2017	CY2018	CY2019	Three Year-Benchmark
18 DCE Regional Rate based on DC/KCC Rate Book	\$858.88	\$858.31	\$858.66	\$858.58

Blended Benchmark. Three-year benchmark values for the baseline expenditure and DCE Regional Rate (lines 17 and 18) are then blended together to arrive at a blended benchmark. In PY1, the blend is 65% historical and 35% regional, and the result is \$840.73 on line 20 (**Figure 2.7**). The difference between the blended benchmark and the DCE Baseline Expenditure (line 21) is then compared with the ceiling (line 22) and floor (line 23), on the blended benchmark adjustment. In this case, the value does not exceed either limit. Therefore, the blended benchmark is maintained on line 24. (The benchmark calculation example in **Figure A.4** illustrates an application of the ceiling on regional blend adjustment being applied.)

Figure 2.7: Blended Benchmark

	Three Year-Benchmark
17 EQUALS: DCE Risk-Standardized, GAF-Adjusted Baseline Expenditure	\$831.12
18 DCE Regional Rate based on DC/KCC Rate Book	\$858.58
19 Blend Percentage (% historical)	65%
20 Blended Benchmark (before applying ceiling/floor)	\$840.73
21 Difference between Blended Benchmark and DCE Baseline	\$9.61
22 Ceiling on Blended Benchmark Adjustment	\$41.66
23 Floor on Blended Benchmark Adjustment	(\$16.66)
24 Blended Benchmark	\$840.73
25 DCE Regional Rate Baseline Adjustment	0.979

The 3-year blended benchmark (line 24) is then divided by the 3-year DCE Regional Rate based on the DC/KCC Rate Book (line 18) to calculate the DCE Regional Rate Baseline Adjustment (line 25) (**Figure 2.7**). This value represents the ratio of the blended benchmark to the regional rate for that DCE in the historical period. This value is then multiplied by the performance year DC/KCC Rate Book (line 18) to calculate the performance year A&D Blended Benchmark for claims-aligned beneficiaries (line 25). In this example, the DCE Regional Rate Baseline Adjustment factor of 0.979 establishes that in the historical period, the blended benchmark is 97.9% of the Regional Rate; this same rate is then applied in the performance year to the benchmark. By directly incorporating the regional rate based upon performance year alignment, this approach accounts for any significant changes in the counties where the DCE's aligned population resides over time.

All benchmark calculations to this point are calculated prospectively, based on the historical period. That is, the DCE Regional Rate Baseline Adjustment Factor is calculated before the start of the performance year and does not change for the duration of the performance year.

The Final Performance Year Benchmark for claims-aligned beneficiaries is calculated in **Figure 2.8**. The DCE Regional Rate, based on the DC/KCC Rate Book and beneficiaries aligned in the performance year (line 2), is multiplied by the DCE Regional Rate Baseline Adjustment (line 3), the final performance year risk score (line 4), and the number of performance year A&D months (line 5), to calculate the total benchmark before discount or quality withhold (line 6). This number can also be expressed on a PBPM amount (line 8). These final calculations occur at the end of the performance year.

Figure 2.8: Final PY Benchmark Calculation

		Benchmark to which Experience Accrues
		AD
DCE Benchmark Expenditure		
1.	Claims-Based Alignment	
2.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29
3.	TIMES: DCE Regional Rate Baseline Adjustment	0.979
4.	TIMES: PY Risk Score	1.194
5.	TIMES: PY Eligible Months	69,657
6.	EQUALS: Benchmark before Discount or Quality Withhold	\$69,875,061.57
7.	DIVIDED BY: PY Eligible Months	69,657
8.	EQUALS: Benchmark before Discount or Quality Withhold (PBPM)	\$1,003.13

The complete financial benchmark calculation process for claims-aligned beneficiaries is also illustrated in a single visual in the [Figure A.3](#).

Benchmark Expenditure for Voluntarily Aligned Beneficiaries. The benchmark for voluntarily aligned beneficiaries is based on the DC/KCC Rate Book for the performance year. [Figure A.2](#) illustrates how the regional rates for A&D for the DCE are calculated based on the counties in which the aligned beneficiaries live in the performance year. **Figure 2.9** demonstrates the application of the regional rate to the benchmark for voluntary beneficiaries.

Figure 2.9: Benchmark Expenditure for A&D Voluntarily Aligned Beneficiaries

		Benchmark to which Experience Accrues
		AD
DCE Benchmark Expenditure		
7.	Voluntary Alignment	
8.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29
9.	TIMES: DCE Regional Rate Baseline Adjustment	1.000
10.	TIMES: Risk Score	1.194
11.	TIMES: Eligible Months	31,208
12.	EQUALS: Benchmark before Discount or Quality Withhold	\$31,970,342.51

Combined Benchmark for all Beneficiaries. The benchmarks for the A&D claims-aligned and A&D voluntarily aligned are then added together to calculate the combined A&D Benchmark. As shown in **Figure 2.10**, the values from lines 6 and 12 are summed to arrive at the value in line 13.

Figure 2.10: Combined Benchmark Expenditure for A&D Claims and Voluntarily Aligned Beneficiaries

		Benchmark to which Experience Accrues
		AD
DCE Benchmark Expenditure		
1.	Claims-Based Alignment	
2.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29
3.	TIMES: DCE Regional Rate Baseline Adjustment	0.979
4.	TIMES: PY Risk Score	1.194
5.	TIMES: PY Eligible Months	69,657
6.	EQUALS: Benchmark before Discount or Quality Withhold	\$69,875,061.57
7.	DIVIDED BY: PY Eligible Months	69,657
8.	EQUALS: Benchmark before Discount or Quality Withhold (PBPM)	\$1,003.13
7.	Voluntary Alignment	
8.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29
9.	TIMES: DCE Regional Rate Baseline Adjustment	1.000
10.	TIMES: Risk Score	1.194
11.	TIMES: Eligible Months	31,208
12.	EQUALS: Benchmark before Discount or Quality Withhold	\$31,970,342.51
13.	Benchmark Expenditure for All Aligned Beneficiaries	\$101,845,404.08

2.2 ESRD Benchmark Calculation

The ESRD Benchmark calculation completely parallels the A&D Benchmark calculation. The full process is illustrated in [Figure A.4](#) and [Figure A.5](#).

2.3 Combined A&D and ESRD Benchmark Calculation

After all the benchmarks have been separately calculated, the A&D and ESRD Benchmarks are then combined to calculate the final Performance Year Benchmark. As shown in **Figure 2.11**, this can be expressed as an aggregate or a PBPM amount. In the aggregate examples, the amount for the total in line 13 is the sum of lines 6 and 12; in the PBPM example, the total in line 13 is the aggregate totals in lines 6 and 12, divided by the aggregate total number of eligible months in lines 5 and 11.

Figure 2.11: Combined Benchmark for a Standard DCE (Aggregate and PBPM)

		Benchmark to which Experience Accrues		
		AD	ESRD	TOTAL
DCE Benchmark Expenditure				
1. Claims-Based Alignment				
2.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29	\$6,868.03	\$1,238.84
3.	TIMES: DCE Regional Rate Baseline Adjustment	0.979	1.074	0.985
4.	TIMES: PY Risk Score	1.194	1.063	1.185
5.	TIMES: PY Eligible Months	69,657	4,709	74,366
6.	EQUALS: Benchmark before Discount or Quality Withhold	\$69,875,061.57	\$36,919,741.13	\$106,794,802.70
7.	DIVIDED BY: PY Eligible Months	69,657		
8.	EQUALS: Benchmark before Discount or Quality Withhold (PBPM)	\$1,003.13		
7. Voluntary Alignment				
8.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29	\$6,868.03	\$953.25
9.	TIMES: DCE Regional Rate Baseline Adjustment	1.000	1.000	1.000
10.	TIMES: Risk Score	1.194	1.063	1.185
11.	TIMES: Eligible Months	31,208	501	31,709
12.	EQUALS: Benchmark before Discount or Quality Withhold	\$31,970,342.51	\$3,656,796.62	\$35,627,139.13
13.	Benchmark Expenditure for All Aligned Beneficiaries	\$101,845,404.08	\$40,576,537.75	\$142,421,941.83
		Benchmark to which Experience Accrues		
		AD (PBPM)	ESRD (PBPM)	TOTAL (PBPM)
DCE Benchmark Expenditure				
1. Claims-Based Alignment				
2.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29	\$6,868.03	\$1,238.84
3.	TIMES: DCE Regional Rate Baseline Adjustment	0.979	1.074	0.985
4.	TIMES: PY Risk Score	1.194	1.063	1.185
5.	TIMES: PY Eligible Months	69,657	4,709	74,366
6.	EQUALS: Benchmark before Discount or Quality Withhold	\$1,003.13	\$7,840.25	\$1,006.79
7.	DIVIDED BY: PY Eligible Months			
8.	EQUALS: Benchmark before Discount or Quality Withhold (PBPM)			
7. Voluntary Alignment				
8.	DCE Regional Rate based on DC/KCC Rate Book	\$858.29	\$6,868.03	\$953.25
9.	TIMES: DCE Regional Rate Baseline Adjustment	1.000	1.000	1.000
10.	TIMES: Risk Score	1.194	1.063	1.185
11.	TIMES: Eligible Months	31,208	501	31,709
12.	EQUALS: Benchmark before Discount or Quality Withhold	\$1,024.43	\$7,299.00	\$8,323.42
13.	Benchmark Expenditure for All Aligned Beneficiaries			\$1,342.65

2.4 Discount & Quality Withhold

The discount applied to the total benchmark expenditure is determined by the risk arrangement selected by the DCE. For DCEs participating in the Global risk track there is a 2% discount applied to the trended, regionally blended, risk-adjusted benchmark in PY1 (2%–5% in PY2–PY6). For Professional DCEs, the Performance Year Benchmark does not include this discount. For both Global and Professional DCEs a 5% quality withhold is also applied to the total benchmark expenditure for all aligned beneficiaries.

As illustrated in **Figure 2.12**, the percentage for both the discount (line 14) and quality withhold (line 16) are both calculated with the benchmark expenditure for all aligned beneficiaries (line 13) and are independent of each other.

Figure 2.12: Discount and Quality Withhold for a Global Risk DCE, in PY1

13.	Benchmark Expenditure for All Aligned Beneficiaries	\$142,421,941.83
14.	LESS: Discount	(\$2,848,438.84)
15.	EQUALS: Benchmark Expenditure after Discount	\$139,573,502.99
16.	LESS: Quality Withhold	(\$7,121,097.09)
17.	PLUS: Earned Quality Withhold	\$7,121,097.09
18.	EQUALS: Benchmark Expenditure after Earned Quality	\$139,573,502.99

3.0 Financial Benchmark Calculation: Changes in PY5 and PY6

Beginning in PY5, the benchmark for voluntarily aligned beneficiaries will be calculated similarly to claims-aligned beneficiaries, as a blend between an historical baseline and a regional rate. However, the approach for voluntarily aligned beneficiaries will still differ slightly from the approach previously described for claims-aligned beneficiaries, because there is a different baseline period for the voluntarily aligned beneficiaries. For the claims-aligned beneficiaries, the baseline period for the historical expenditure component of the benchmark will continue to be 2017–2019. For voluntarily aligned beneficiaries, however, the baseline period for the historical expenditure component of the benchmark will come from the claims for all beneficiaries voluntarily aligned to the DCE during those earlier performance years (2021–2023 for PY5 and 2022–2024 for PY6).

Figure 3.1 illustrates an abbreviated version of this different process, using PY5 and the Aged & Disabled Benchmark as an example.

Figure 3.1a: Financial Benchmark Calculation, Claims-Aligned Beneficiaries, PY5

Direct Contracting Model Standard DCE Example				
Aged & Disabled Experience and Benchmark for Beneficiaries Aligned based on Claims				
	Baseline Experience			
	CY2017	CY2018	CY2019	Three Year-Benchmark
DCE Aligned Beneficiary Experience				
1	Aligned Beneficiaries			
2	... Claims Aligned	5,926	5,996	5,715
3	Eligible Months			
4	... Claims Aligned	65,189	65,955	62,865
DCE Claims Aligned Beneficiary Claims & Claims Reductions				
6	Non-DCE Provider Claim Payments & Claims Reductions	\$17,226,710.84	\$17,615,297.48	\$17,976,462.95
7	PLUS: Participant Provider Claim Payments & Claims Reductions	\$30,752,971.27	\$31,714,625.08	\$33,088,418.42
8	PLUS: Preferred Provider Claim Payments & Claims Reductions	\$11,253,355.42	\$11,447,648.74	\$12,108,231.48
9	EQUALS: Total DCE Claims Aligned Beneficiary Expenditure	\$59,233,037.53	\$60,777,571.31	\$63,173,112.85
10	TIMES: Prospective Adjusted FFS USPCC Trend	1.113	1.073	1.061
11	EQUALS: Prospective Trended Total DCE Aligned Beneficiary Expenditure	\$65,914,049.60	\$65,201,769.75	\$67,024,695.22
12	DIVIDED BY: Eligible Months	65,189	65,955	62,865
13	EQUALS: Claim-based Expenditure PBPM	\$1,011.13	\$988.59	\$1,066.17
14	DIVIDED BY: DCE Risk Score	1.098	1.096	1.100
15	EQUALS: DCE Trended Risk-Standardized Baseline Expenditure	\$920.71	\$901.99	\$969.24
16	TIMES: GAF-Adjusted Prospective Trend	0.995	1.011	1.039
17	EQUALS: DCE Risk-Standardized, GAF-Adjusted Baseline Expenditure	\$916.11	\$912.05	\$1,007.13
18	DCE Regional Rate based on DC/KCC Rate Book	\$904.24	\$903.64	\$904.01
19	Blend Percentage (% historical)			65%
20	Blended Benchmark (before applying ceiling/floor)			\$946.55
21	Difference between Blended Benchmark and DCE Baseline			-\$22.95
22	Ceiling on Blended Benchmark Adjustment			\$42.11
23	Floor on Blended Benchmark Adjustment			(\$16.85)
24	Blended Benchmark			\$952.66
25	DCE Regional Rate Baseline Adjustment			1.054

Figure 3.1b: Financial Benchmark Calculation, Voluntarily Aligned Beneficiaries, PY5

Direct Contracting Model Standard DCE Example				
Aged & Disabled Experience and Benchmark for Voluntarily Aligned Beneficiaries				
	Baseline Experience			
	CY2021	CY2022	CY2023	Three Year-Benchmark
DCE Aligned Beneficiary Experience				
39	Aligned Beneficiaries			
40	... Voluntarily Aligned	3,591	3,619	3,632
41	Eligible Months			
42	... Voluntarily Aligned	39,501	39,809	39,952
DCE Claims Aligned Beneficiary Claims & Claims Reductions				
44	Non-DCE Provider Claim Payments & Claims Reductions	\$6,766,307.48	\$6,918,936.55	\$7,060,795.12
45	PLUS: Participant Provider Claim Payments & Claims Reductions	\$29,980,263.75	\$30,917,754.79	\$32,257,029.82
46	PLUS: Preferred Provider Claim Payments & Claims Reductions	\$4,172,067.22	\$4,244,099.50	\$4,489,003.84
47	EQUALS: Total DCE Claims Aligned Beneficiary Expenditure	\$40,918,638.46	\$42,080,790.83	\$43,806,828.78
48	TIMES: Prospective Adjusted FFS USPCC Trend	1.028	1.022	1.008
49	EQUALS: Prospective Trended Total DCE Aligned Beneficiary Expenditure	\$42,063,812.97	\$43,004,970.06	\$44,138,555.77
50	DIVIDED BY: Eligible Months	39,501	39,809	39,952
51	EQUALS: Claim-based Expenditure PBPM	\$1,064.88	\$1,080.28	\$1,104.79
52	DIVIDED BY: DCE Risk Score	1.020	1.013	0.998
53	EQUALS: DCE Trended Risk-Standardized Baseline Expenditure	\$1,044.00	\$1,066.42	\$1,107.00
54	TIMES: GAF-Adjusted Prospective Trend	0.985	0.941	0.922
55	EQUALS: DCE Risk-Standardized, GAF-Adjusted Baseline Expenditure	\$1,028.34	\$1,003.50	\$1,020.66
56	DCE Regional Rate based on DC/KCC Rate Book	\$911.48	\$910.87	\$911.24
57	Blend Percentage (% historical)			65%
58	Blended Benchmark (before applying ceiling/floor)			\$979.48
59	Difference between Blended Benchmark and DCE Baseline			(\$36.79)
60	Ceiling on Blended Benchmark Adjustment			\$42.11
61	Floor on Blended Benchmark Adjustment			(\$16.85)
62	Blended Benchmark			\$999.43
63	DCE Regional Rate Baseline Adjustment			1.097

Figure 3.1c: Final Performance Year Benchmark Calculation, PY5

72	Direct Contracting Model Standard DCE Example: PY5	Benchmark to which Experience Accrues		
73		AD	ESRD	TOTAL
74				
75				
76	Claims-Based Alignment			
77	DCE Regional Rate based on DC/KCC Rate Book	\$912.62	\$6,376.43	\$1,255.93
78	TIMES: DCE Regional Rate Baseline Adjustment	1.054	0.997	1.050
79	TIMES: PY Risk Score	1.091	1.162	1.095
80	TIMES: PY Eligible Months	64,626	4,333	68,959
81	EQUALS: Benchmark before Discount or Quality Withhold	\$67,815,475.86	\$32,014,220.55	\$99,829,696.41
82	Voluntary Alignment			
83	DCE Regional Rate based on DC/KCC Rate Book	\$915.66	\$6,198.03	\$999.12
84	TIMES: DCE Regional Rate Baseline Adjustment	1.097	1.031	1.096
85	TIMES: Risk Score	1.194	1.928	1.205
86	TIMES: Eligible Months	31,208	501	31,709
87	EQUALS: Benchmark before Discount or Quality Withhold	\$37,411,837.67	\$6,171,190.97	\$43,583,028.63
88	Benchmark Expenditure for All Aligned Beneficiaries	\$105,227,313.53	\$38,185,411.52	\$143,412,725.05

Appendix

Figure A.1: Calculation of the A&D Prospective Adjusted FFS USPPC Trend

		Baseline Experience			
		CY2017	CY2018	CY2019	PY Benchmark
28	Prospective Trend				
29	USPPC	\$738.80	\$769.91	\$781.02	\$818.53
30	LESS: UCC Component	(\$18.08)	(\$15.19)	(\$12.83)	(\$14.60)
31	PLUS: Hospice Component	\$36.16	\$30.38	\$25.66	\$29.20
32	Times: Adjusted FFS USPPC	\$756.88	\$785.10	\$793.85	\$833.13
33	Prospective Adjusted FFS USPPC Trend	1.101	1.061	1.049	

Figure A.2: Calculation of a DCE Regional Rate based on DC/KCC Rate Book

DC/KCC Rate Book Amounts for Two DCE's Across Three Counties							
PY	BY	DCE	County	Eligible Beneficiary Months	Adjusted County Rate	Adjusted County Payment	
2021	2017	1	48201	12,093	\$1,001.50	\$12,111,139.50	
2021	2017	1	48339	1,573	\$986.86	\$1,552,330.78	
2021	2017	1	48157	1,032	\$914.47	\$943,733.04	
2021	2017	2	48201	786	\$1,001.50	\$787,179.00	
2021	2017	2	48339	712	\$986.86	\$702,644.32	
2021	2017	2	48157	319	\$914.47	\$291,715.93	
2021	2018	1	48201	11,655	\$1,001.50	\$11,672,482.50	
2021	2018	1	48339	1,320	\$986.86	\$1,302,655.20	
2021	2018	1	48157	1,019	\$914.47	\$931,844.93	
2021	2018	2	48201	735	\$1,001.50	\$736,102.50	
2021	2018	2	48339	719	\$986.86	\$709,552.34	
2021	2018	2	48157	375	\$914.47	\$342,926.25	
2021	2019	1	48201	132,201	\$1,001.50	\$132,399,301.50	
2021	2019	1	48339	18,724	\$986.86	\$18,477,966.64	
2021	2019	1	48157	11,427	\$914.47	\$10,449,648.69	
2021	2019	2	48201	10,650	\$1,001.50	\$10,665,975.00	
2021	2019	2	48339	7,146	\$986.86	\$7,052,101.56	
2021	2019	2	48157	3,050	\$914.47	\$2,789,133.50	
DCE Regional Rate based on DC/KCC Rate Book					Baseline Experience		
					CY2017	CY2018	
					CY2019		
DCE1	SUM: Adjusted County Payments				\$14,607,203.32	\$13,906,982.63	\$161,326,916.83
	DIVIDED BY: Sum Eligible Beneficiary Months				14,698	13,994	162,352
	EQUALS: DCE Regional Rate based on DC/KCC Rate Book				\$993.82	\$993.78	\$993.69
DCE2	SUM: Adjusted County Payments				\$1,781,539.25	\$1,788,581.09	\$20,507,210.06
	DIVIDED BY: Sum Eligible Beneficiary Months				1,817	1,829	20,846
	EQUALS: DCE Regional Rate based on DC/KCC Rate Book				\$980.48	\$977.90	\$983.75

Figure A.3: Calculation of A&D Benchmark for Claims-Aligned Beneficiaries

Direct Contracting Model Standard DCE Example				
Aged & Disabled Experience and Benchmark for Beneficiaries Aligned based on Claims				
	Baseline Experience			Three Year-Benchmark
	CY2017	CY2018	CY2019	
DCE Aligned Beneficiary Experience				
1 Aligned Beneficiaries				
2 ... Claims Aligned	6,277	6,307	6,414	
3 Eligible Months				
4 ... Claims Aligned	69,042	69,378	70,551	
5 DCE Claims Aligned Beneficiary Claims & Claims Reductions				
6 Non-DCE Provider Claim Payments & Claims Reductions	\$32,034,345.07	\$33,036,067.79	\$34,467,102.52	
7 PLUS: Participant Provider Claim Payments & Claims Reductions	\$11,722,245.23	\$11,924,634.11	\$12,612,741.12	
8 PLUS: Preferred Provider Claim Payments & Claims Reductions	\$17,944,490.46	\$18,349,268.21	\$18,725,482.24	
9 EQUALS: Total DCE Claims Aligned Beneficiary Expenditure	\$61,701,080.76	\$63,309,970.11	\$65,805,325.89	
10 TIMES: Prospective Adjusted FFS USPCC Trend	1.101	1.061	1.049	
11 EQUALS: Prospective Trended Total DCE Aligned Beneficiary Expenditure	\$67,917,003.24	\$67,183,079.10	\$69,061,398.44	
12 DIVIDED BY: Eligible Months	69,042	69,378	70,551	
13 EQUALS: Claim-based Expenditure PBPM	\$983.71	\$968.36	\$978.88	
14 DIVIDED BY: DCE Risk Score	1.232	1.208	1.201	
15 EQUALS: DCE Trended Risk-Standardized Baseline Expenditure	\$798.43	\$801.85	\$815.27	
16 TIMES: GAF-Adjusted Prospective Trend	0.997	1.011	1.039	
17 EQUALS: DCE Risk-Standardized, GAF-Adjusted Baseline Expenditure	\$796.04	\$810.78	\$847.13	\$831.12
18 DCE Regional Rate based on DC/KCC Rate Book	\$858.88	\$858.31	\$858.66	\$858.58
19 Blend Percentage (% historical)				65%
20 Blended Benchmark (before applying ceiling/floor)				\$840.73
21 Difference between Blended Benchmark and DCE Baseline				\$9.61
22 Ceiling on Blended Benchmark Adjustment				\$41.66
23 Floor on Blended Benchmark Adjustment				(\$16.66)
24 Blended Benchmark				\$840.73
25 DCE Regional Rate Baseline Adjustment				0.979

Figure A.4: Calculation of ESRD Benchmark for Claims-Aligned Beneficiaries

Direct Contracting Model Standard DCE Example				
ESRD Experience and Benchmark for Beneficiaries Aligned based on Claims				
	Baseline Experience			Three Year-Benchmark
	CY2017	CY2018	CY2019	
DCE Aligned Beneficiary Experience				
1 Aligned Beneficiaries				
2 ... Claims Aligned	507	475	563	
3 Eligible Months				
4 ... Claims Aligned	5,581	5,223	6,188	
5 DCE Aligned Beneficiary Claims & Claims Reductions				
6 Non-DCE Provider Claim Payments & Claims Reductions	\$12,935,650.05	\$12,190,490.01	\$14,065,208.88	
7 PLUS: Participant Provider Claim Payments & Claims Reductions	\$23,715,358.42	\$22,349,231.68	\$25,786,216.29	
8 PLUS: Preferred Provider Claim Payments & Claims Reductions	\$4,311,883.35	\$4,063,496.67	\$4,688,402.96	
9 EQUALS: Total DCE Aligned Beneficiary Expenditure	\$40,962,891.82	\$38,603,218.36	\$44,539,828.14	
10 TIMES: Prospective Adjusted FFS USPPC Trend	1.039	1.045	1.049	
11 EQUALS: Prospective Trended Total DCE Aligned Beneficiary Expenditure	\$42,545,495.06	\$40,337,982.25	\$46,709,608.62	
12 DIVIDED BY: Eligible Months	5,581	5,223	6,188	
13 EQUALS: Claim-based Expenditure PBPM	\$7,623.33	\$7,722.79	\$7,548.22	
14 DIVIDED BY: DCE Risk Score	0.986	1.020	1.014	
15 EQUALS: DCE Trended Risk-Standardized Baseline Expenditure	\$7,732.48	\$7,573.30	\$7,447.39	
16 TIMES: GAF-Adjusted Prospective Trend	1.035	1.009	0.990	
17 EQUALS: DCE Risk-Standardized, GAF-Adjusted Baseline Expenditure	\$8,003.12	\$7,641.46	\$7,372.92	\$7,516.50
18 DCE Regional Rate based on DC/KCC Rate Book	\$6,865.11	\$6,866.15	\$6,867.34	\$6,866.76
19 Blend Percentage (% historical)				65%
20 Blended Benchmark (before applying ceiling/floor)				\$7,289.09
21 Difference between Blended Benchmark and DCE Baseline				(\$227.41)
22 Ceiling on Blended Benchmark Adjustment				\$351.34
23 Floor on Blended Benchmark Adjustment				(\$140.53)
24 Blended Benchmark				\$7,375.96
25 DCE Regional Rate Baseline Adjustment				1.074

Figure A.5: Benchmark Expenditure for ESRD Voluntarily Aligned Beneficiaries

		ESRD
DCE Benchmark Expenditure		
7.	Voluntary Alignment	
8.	DCE Regional Rate based on DC/KCC Rate Book	\$6,868.03
9.	TIMES: DCE Regional Rate Baseline Adjustment	1.000
10.	TIMES: Risk Score	1.063
11.	TIMES: Eligible Months	501
12.	EQUALS: Benchmark before Discount or Quality Withhold	\$3,656,796.62