



August 31, 2021

Impact of COVID-19 on PCMH Outcome Payments

Dear PCMH Organizations,

Thank you for the care you have tirelessly provided and continue to provide to our TennCare members during the COVID-19 pandemic. TennCare remains committed to supporting and rewarding efficient and high quality primary care through the Patient Centered Medical Home (PCMH) program. The 2020 Program Year (PY) was unprecedented in many ways and required strategic programmatic decisions to account for the impact of COVID-19 while maintaining the goals of the PCMH program.

PCMH Outcome Payments are intended to reward providers who meet quality and efficiency metrics that reflect improved management of care for the members they serve. TennCare has been evaluating the impact of the COVID-19 pandemic on PCMH outcome payments in order to fairly reward providers during an unconventional year and maintain stability in performance measurement. As you all know, in anticipation of these impacts, TennCare communicated in December 2020 that the health plans will pay each PCMH organization based on the better of its PY 2019 or PY 2020 performance for the outcome payments paid in 2021. Additionally, it is clear COVID-19 had a significant impact on healthcare utilization broadly across the TennCare program which also impacted the PCMH program.

Overall, the pandemic caused a decrease in health care utilization which affected low and high-volume organizations via emergency department (ED) visits, hospital admissions, and TCOC. Specifically, the following observations were noted in many cases

- Low volume organizations experienced lower rates of ED visits and hospital admissions which led to large improvements in efficiency.
- High volume organizations experienced a decrease in TCOC in PY 2020 which led to a larger savings amount.

After careful consideration, TennCare has determined there will be no revisions to the outcome payment formulas in response to the COVID-19 impact. Under this approach, it is anticipated the PCMH outcome payments paid in 2021 may be substantially higher than those paid in past and future years. The driving factors for these higher payments are attributed membership and the methodology for calculating Total Cost of Care (TCOC) and efficiency metric thresholds. The outcome payment methodology incorporates previous data to set future metric thresholds. (See the [PCMH Provider Operating Manual](#) for more details.)

It is important to TennCare that the PCMH outcome payment formulas adequately support program goals and care delivery expectations both now and into the future. Since no revisions to the outcome payment formulas will be made to adjust for the impact of COVID-19 this year, it will result in future thresholds incorporating the impact of COVID-19 which will impact PCMH outcome payments in 2022 and beyond. Please note that TennCare does not intend on modifying the current outcome payment formulas for future years to account for the impact of utilization changes in PY2020 due to COVID-19. As utilization returns to pre-pandemic or more expected levels, and threshold setting methodologies are maintained to incorporate previous years' data, organizations will be measured against increased efficiency and/or decreased



TCOC benchmarks. This may result in lower outcome payments for some PCMH organizations than the payment they receive in 2021.

TennCare will continue to monitor and assess approaches to appropriately measure and reward PCMH organization for high quality, efficient primary care. PCMH organizations are important partners to the TennCare program and it is important to proactively communicate these decisions and impacts to you all for future planning.

Sincerely,

Karly Campbell
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Division of TennCare