



NORMATIVE LETTER 21-0318

March 18, 2021

TO: MANAGED CARE ORGANIZATIONS (MCOS) CONTRACTED TO OFFER SERVICES UNDER THE GOVERNMENT HEALTH PLAN (PLAN VITAL), DENTISTS, PRIMARY MEDICAL GROUPS (PMGS) AND PARTICIPATING PHYSICIANS

RE: ADDITIONAL INSTRUCTIONS TO PASS-THROUGH INCREASE OF SUBCAPITATED AMOUNTS

Section 10.3.2.1.7 of the Vital Contracts with its MCO Contractors states:

Require PMGs reimbursed by Contractor under a Subcapitated Arrangement to certify that the PMG has passed through any increase of Subcapitated amounts to its affiliated physicians. ASES and Contractor shall track any complaints filed by PMG-affiliated physicians and conduct the appropriate investigation and diligence to ensure compliance with this section. The Contractor shall provide to ASES an attestation to certify compliance with this section. If PMGs refuse to certify the pass-through of the increase of Subcapitated amounts to its affiliated physicians, or otherwise fail to comply with this section's requirements, Contractor may escalate the issue to ASES and shall not be obligated to remit to impacted PMGs the increased amounts set forth under Section 10.5.1.5.3 until ASES has resolved the issue.

Based on this contractual provision, ASES issued Circular Letter 20-1022, informing the abovementioned requirements to the MCOs and PMGs. The purpose of this contractual provision pursues the heightened public policy interest of safeguarding the retention of Plan Vital's participating medical providers, particularly those primary care physicians affiliated to all types of Primary Medical Group (PMG) and Behavioral Health providers providing services to Vital beneficiaries. The intent of this Normative Letter is to clarify the management of payments by the PMGs organized under a wage compensation model (staff model) to the medical providers in its workforce. The distribution by the PMGs of the incremental funds disbursed per Section 10.3.2.1.7 of the MCO Contracts to its providers under wage compensation or staff model, shall be through actions separate from the agreed salary and/or salary scales used by the PMGs to compensate their

medical providers. These measures may include, without limitation: bonuses, payment of professional/continued education courses, payment of licenses, or any other payment or benefit arrangement to incentivize the hired or staff medical providers. None of the foregoing prevents the PMGs with wage compensation or staff model arrangements with its providers to allow salary increases to its hired medical staff should an individual PMG decide to do so.

The Contract section 10.3.2.1.7 requires the MCOs to certify to ASES compliance with the pass-through by the PMGs in the manner detailed above. Therefore, the following time frame for compliance of disbursement and attestation of same shall apply:

- Disbursement of payment to PMGs by MCOs: **5 days from the date of this letter.**
- PMG's certification of implementation of the chosen incentive model or models, including execution timeline: **15 days from the receipt of funds from the MCOs.**
- MCOs final attestation to ASES, including a detail of those funds it has been unable to disburse along with a brief narrative explaining the reason (s) for non-disbursement: **15 days from the receipt of the PMGs certification of implementation.**

ASES shall strictly monitor compliance with the directives set forth in this communication.

Cordially,

Jorge E. Galva, JD, MHA
Executive Director