Section-by-Section Summary of S. 298 and H.R. 546
"Advancing Care for Exceptional Kids Act of 2015" (ACE Kids Act of 2015)

Section 1: Title –"Advancing Care for Exceptional Kids Act of 2015" (or "ACE Kids Act of 2015")

Section 2: Findings – Approximately three million U.S. children suffer from medically complex conditions, with approximately two million enrolled in Medicaid and CHIP. These children account for an estimated 6 percent of children in Medicaid, and the cost of their care represents about 40 percent of Medicaid spending on children. Nationally designated children's hospital networks focused on better coordination and integration of care for this population will result in improved outcomes and savings under the Medicaid and CHIP programs.

Section 3: Establishment of Medicaid and CHIP Care Coordination Program for Children with Medically Complex Conditions as Medicaid State Option

(a) Establishment - Allows states to opt into the Medicaid Children's Care Coordination (MCCC) program, as of January 1, 2016.

(b) MCCC Program Requirements - Outlines minimum requirements necessary to qualify for consideration by the Secretary as a MCCC program, including: coordinating care for eligible children; enrollment of eligible children; and meeting defined network adequacy standards.

(c) Eligibility Determinations; Assignment – Eligible children shall be prospectively assigned to a nationally designated children's hospital network for an initial period of up to 90 days beginning on the date on which the child is assigned to such hospital network, unless the child opts not to participate. The state assignment would be based primarily on the existing providers of the child and family choice. The location of the primary residence of the child and the proximity of the child to regional referral networks would only be considered for assignment if existing providers and family choice were not evident. If assignment is determined based on location considerations, then the network in question needs to ensure medical home access within 30 miles of the child's primary residence. If the child opts not to participate in the network they are assigned to, they could choose a different network or remain in the existing Medicaid structure.

(d) Program Agreements – The Secretary, working with state Medicaid agencies, will establish procedures for entering into, extending, and terminating program agreements. The terms of the program agreements shall address: service area; care management and coverage; out of state payments; network adequacy standards; data collection and recordkeeping requirements; and shall require the entity to accept payment using a risk-based methodology.

In designating the service area for the networks, the Secretary, working with states, shall ensure convenient access to program services without limiting the size or number of nationally designated children's hospital networks while also ensuring there are sufficient numbers of children to avoid unnecessary duplication of services and the impairment of the financial and service viability of the MCCC program.

Data collection and recordkeeping requirements: 1) the hospital network shall collect data on claims submitted for children furnished services under an MCCC program in a standardized format, which will be made available to the public for purposes of establishing a national database; 2) the network shall maintain and provide the Secretary and the State agency access to records relating to the MCCC program, including pertinent financial, medical, and personnel records; 3) the network shall submit to the Secretary and the State

agency such reports as the Secretary finds necessary to monitor the operation costs and effectiveness of the MCCC program.

Requires Secretary to issue regulations establishing circumstances under which the Secretary or State agency may terminate a MCCC program and when a nationally designated children's hospital network may terminate an agreement.

(e) Quality Assurance – Requires the Secretary to establish national quality assurance and improvement protocols and procedures to apply to MCCC programs. Further requires the Secretary to develop pediatric quality measures; develop pediatric network adequacy standards accessible by eligible children to MCCC program services; and develop criteria for national pediatric-focused care coordination for eligible children.

(f) Standard Medicaid Data Set – Requires collaboration between networks and states regarding obtaining and sharing data to support collaborative planning and care coordination for medically complex children, including a report to Congress. Would provide for pay-for-reporting incentives during the first two years of any MCCC program agreement.

(g) Payments to Nationally Designated Children's Hospitals Networks – In general, payments to networks shall gradually transition over a five year period from fee-for-service to a risk-based payment model. For the first two years of this period, a network may receive, in addition to any fee-for-service payments, per capita care coordination payment for items and services furnished to eligible children through medical home programs and other care coordination activities for which an all-inclusive payment model is more suitable than fee-for-service reimbursement.

The states shall develop actuarially sound payment methodologies that include: a risk adjustment method, re-insurance system and risk-corridor procedure to account for variations in acuity of the eligible children enrolled in MCCC programs; a shared savings approach; and that may provide for a model for making payments other than on a per-member, per-month basis.

(h) Waivers of Requirements – Would provide for specific waivers of laws that might impede creation of the networks including, but not limited to, the federal anti-kickback law waivers that the Secretary has issued relating to ACOs.

(i) Application in States Operating under Demonstration Projects – Ensures that a state that has already enrolled children with medical complexity into Medicaid managed care would not need to go back and revise their entire waiver with CMS. Allows those states to enroll children into nationally designated children's hospital networks without any type of waiver approval process.

(j) Preemption of State Law – A state may not impose state laws on a children's hospital network's operation of a program that are more stringent than the provisions included in the bill.

(k) Definitions

Defines a "child eligible to take part in an MCCC" as an individual under 18 eligible for Medicaid or CHIP and who has a chronic, physical, developmental, behavioral or emotional condition that affects two or more body systems; requires intensive care coordination to avoid excessive hospitalizations or emergency

department visits; or meets the criteria for medical complexity using risk adjustment methodologies (such as the Clinical Risk Groups or another recognized pediatric population grouper) agreed upon by the Secretary in coordination with pediatric experts.

Defines an "MCCC program" as a Medicaid coordinated care program that provides services through a nationally designated children's hospital network.

Defines "MCCC program services" as the full range of items and services for which medical assistance is available under a State plan for children, including pediatric care management services and pediatric-focused cared coordination and health promotion.

Defines a "Qualified Children's Hospital" that serves as the anchor(s) of a children's hospital network as either: 1) a CHGME eligible hospital, or; 2) or a hospital that meets 3 of 6 clinical criteria, including: at least 5,000 annual pediatric discharges (including neonates, but excluding obstetrics and normal newborns); a minimum of 100 licensed pediatric beds (not including neonatal intensive care units but including beds in pediatric intensive care units and other acute care beds); access to pediatric emergency services; at least 30 percent of pediatric discharges or inpatient days attributable to children eligible for Medicaid or CHIP; affiliation with an accredited pediatric residency program; or an established and implemented demonstrable pediatric medical home program dedicated to medically complex children.

Defines a "Nationally Designated Children's Hospital Network" as a network of hospital(s) and health care providers, that is anchored by a children's hospital or hospitals [which meets the definition of a qualified hospital and has primary governance responsibility], and in which the full complement of health care providers needed to provide the best care for children in the network participate.

Defines a "Program Agreement" with respect to a nationally designated children's hospital network as an agreement between the network, the Secretary, and a state administering agency for the operation of an MCCC program by the network in the state.

Requires the Secretary to issue regulations to carry out the amendments made under the section on definitions within 120 days of enactment.