January 15, 2025

Kate McEvoy, JD
Executive Director
National Association of Medicaid Directors
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Suite 740
Washington D.C. 20001

RE: Recommendations to Improve the Managed Medicaid Procurement Process

Dear Kate,

On behalf of the Alliance of Community Health Plans (ACHP), thank you for your leadership in representing the priorities of state Medicaid leaders from all fifty states and the U.S. territories. We strongly support NAMD's steadfast commitment to supporting states and territories in ongoing efforts to improve and innovate the Medicaid program. As we transition to a new Administration, a strong partnership between issuers, providers and the National Association of Medicaid Directors (NAMD) is more crucial than ever.

Over the past several years, ACHP convened a series of forums with our nonprofit, payer-provider aligned health plans that participate in state Medicaid programs to explore challenges within the managed Medicaid procurement process. The primary objective was to explore strategies for ensuring the long-term viability of regional health plans within the competitive Medicaid procurement landscape. Our health plan executives report a troubling trend: despite stating a desire to include local carriers in state Medicaid programs, the process in many states now tips in favor of the largest, national players.

We write to share recommendations from the forums and initiate an ongoing dialogue with NAMD and interested states to identify opportunities to improve the managed Medicaid procurement processes.

ACHP represents the nation's top-performing, nonprofit, provider-aligned health plans that deliver high-quality coverage and care to tens of millions of Americans across 40 states and D.C. Our member companies serve diverse populations across all lines of business, particularly in Medicaid where they collectively cover more than 4 million consumers across 21 states.

As you know, managed Medicaid is the predominant care delivery system in the nation, with 75 percent of all Medicaid enrollees receiving services via managed care. Procurement is the primary strategy used by states to select plans to provide care and coverage to their residents. Medicaid managed care delivers an innovative, robust model of care and services that rivals the quality and affordability of offerings in the commercial market.

ACHP has consistently supported efforts to modernize the Medicaid program by introducing standards that foster consistency, rigor, discipline and alignment across Medicaid fee-for-service and managed care delivery. While there are some general federal requirements for Medicaid managed care, such as the need

for an open and competitive process, federal procurement rules specifically designed for government contracting do not directly apply to Medicaid managed care. Additionally, state proposal requirements often curb plans' ability to respond to a request for proposal. As a result, state-by-state variances lead to a lack of standardization of criteria and evaluation procedures that would ensure robust competition in various regions across the country.

The procurement process is a significant undertaking that is dependent upon internal staffing across several functional areas, as well as external expertise. Unlike large national for-profit conglomerates, most nonprofit provider-aligned health plans do not participate in Medicaid across multiple states and do not have the resources to support dedicated procurement teams. Nonprofit, provider-aligned health plans retain a local presence and are grounded in the communities and needs of the people they serve. The local plans remain in their communities unlike for-profit entities but participation in Medicaid procurements has become increasingly lopsided.

ACHP offers the following recommendations to improve the managed Medicaid procurement process:

- Create greater transparency in managed Medicaid bid scoring
- Establish routine forums to debrief bidders to provide post procurement evaluations
- Increase transparency in Request for Proposals (RFP) release timelines
- Review both past and current health plan performance, rather than solely focusing on future proposals
- Facilitate greater alignment between procurement timelines among states and CMS
- Implement regional procurement models in states with exclusively state-wide procurement
- Evaluate the impact of the loss of Medicaid contracts on efforts to integrate Duals Special Needs Plans

Opportunities to Improve the Managed Medicaid Procurement Process

ACHP recommends that states create greater transparency in managed Medicaid bid scoring. Simplifying scoring criteria would create more transparency about the state's priorities, how their bid scores are calculated and how networks are evaluated. The current procurement processes rely heavily on subjective narrative questions, which can make it difficult for nonprofit, provider-aligned plans to compete. More transparent scoring criteria will enable health plans to provide evidence of performance and results, helping them stay competitive. The outcomes demonstrated by the health plan should be prioritized over the narrative articulated in the response.

We recommend recalibrating scoring criteria by:

- Creating scoring prioritization for local not-for-profit health plans or provider-led entities
- Implementing preferential scoring for evaluating an organization's community charitable giving and impacts to the community at large
- Establishing higher weighted quality scoring for health plans who have demonstrated success in achieving high quality outcomes

ACHP requests that states establish routine forums to debrief bidders and provide post procurement evaluations to discuss results, provide feedback and improve future processes. States should debrief providers included in health plan RFP submissions during the scoring process to verify the accuracy of the agreements between providers and health plans. We suggest that state agencies follow up on commitments made by health plans to ensure what is promised aligns with what providers can

realistically offer. This step can protect community-based providers from overstated claims and help maintain the integrity of the procurement process. For new entrants, we recommend considering national experience related to state-specific goals for populations carved into managed care. Additionally, offering debriefs for non-winning bidders will permit regional plans to understand where improvements can be made in future bids. Continuous feedback loops between state agencies and health plans create a more collaborative procurement environment and enhance transparency. States should also make procurement documents, such as bidder responses with proprietary information redacted and scoring results publicly available, in a timely manner, upon release of the awards. Evaluating past and current health plan performance in previous procurement cycles would allow bidders to learn from others' experiences.

ACHP urges states to consider both past and current health plan performance, rather than solely focusing on future promises, to promote greater transparency. Solely focusing on future promises of health plans in the procurement process disregards prior experience and the ability to leverage these past results for future improvement. Considering past and current efforts provides assurance that the plans are putting forward strategies that they have previously implemented and can translate appropriately to the population served by the procurement. Further, **ACHP requests NAMD support CMS requiring all health plans provide performance data across all markets in which they have contracts**. This will prevent the cherry-picking of only high-performing markets, offering a more accurate and fair comparison.

ACHP recommends greater alignment of procurement timelines among states and NAMD supporting CMS shortening the Medicaid procurement process. Currently, managed care procurement is a resource-intensive process that usually takes 18 to 24 months. States typically hire additional staff and contractors to develop procurement specifications that reflect program goals. However, states cannot always obtain sufficient funding to fill these roles. Further, the timelines for state and federal CMS Medicaid procurement processes do not align. Timeline pressures can limit public input, response quality and time for implementation, all of which inflict further demands on staff.

This is particularly evident in the procurement process for Medicare Advantage Special Needs Plans (SNPs). For instance, while the SNP Model of Care is due to CMS in February 2025 for 2026, in some states, plans may not receive notification of contract awards until November 2024 for 2026. This narrow window of just three months between the contract award and the Model of Care submission deadline imposes undue administrative burdens on regional health plans.

ACHP recommends NAMD support CMS increasing consistency across states for managed Medicaid procurement criteria. While CMS plays a limited role in state-managed care procurements, there are opportunities for CMS to provide oversight, technical assistance and additional resources to states to ensure a fair evaluation process. One of the biggest challenges for smaller, nonprofit health plans is the variability of procurement criteria across states. Consistent expectations across states, especially for plans operating in multiple regions, will allow for more streamlined responses and planning.

ACHP requests states evaluate nonprofit, provider-aligned health plans' long-term presence and commitment to their communities. Nonprofit, provider-aligned plans have a deeper understanding of their local communities and can tailor services accordingly, as these health plans have a demonstrative history of involvement in local initiatives and understand local needs. They are uniquely able to provide high quality, personalized care due to their local staffing and integration with community resources.

ACHP recommends states consider implementing regional geographic procurement models to allow nonprofit, provider-aligned health plans to compete in smaller geographic areas. Implementing a regional procurement model in states with exclusively state-wide procurement would help level the playing field and provide a better opportunity for all health plans to effectively compete for managed care

contracts. States already have extensive flexibility and independence in administering managed care procurements which work to foster innovation in program delivery in smaller geographic areas.

ACHP requests states evaluate the series of challenges with D-SNP integration within the managed Medicaid procurement process. As regulatory requirements promulgate the integration of Medicare and Medicaid products, health plans that have achieved a fully integrated Dual Eligible Special Needs Plan (D-SNP) stand to lose their integration status once they fail to procure a Medicaid contract. Discrepancies between Medicaid service areas and Highly Integrated D-SNP awarded service areas can create challenges for plans that do not offer Medicaid in certain counties. The loss of a Medicaid contract in smaller regions is even more detrimental for dual enrollees due to their high-need, complex care health profiles.

Conclusion

Creating an environment that enables regional health plans' unique model to support Medicaid managed care members is critical to improve quality and outcomes for the Medicaid population. ACHP is excited to continue collaborating with NAMD to improve consumer experience, access and health plan options within the managed Medicaid care delivery system. Please contact Nissa Shaffi, ACHP's Associate Director of Public Policy, at nshaffi@achp.org or (202) 524-7773 for further information.

Sincerely,

Ceci Connolly
President & CEO
Alliance of Community Health Plans