ASSEMBLY, No. 4932

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED JANUARY 17, 2019

Sponsored by:
Assemblywoman GABRIELA M. MOSQUERA
District 4 (Camden and Gloucester)
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District 3 (Cumberland, Gloucester and Salem)
Assemblyman DANIEL R. BENSON
District 14 (Mercer and Middlesex)

Co-Sponsored by:
Assemblywomen Murphy, Reynolds-Jackson, Lampitt, Assemblyman
Greenwald and Assemblywoman Tucker

SYNOPSIS
  Establishes perinatal episode of care pilot program in Medicaid.

CURRENT VERSION OF TEXT
  As introduced.

(Sponsorship Updated As Of: 3/19/2019)

1   **AN ACT** establishing a Medicaid perinatal episode of care pilot
2   program.
3
4   **BE IT ENACTED** *by the Senate and General Assembly of the State*
5   *of New Jersey:*
6
7   1.   As used in this act:
8   "Commencement date" means the date in which the perinatal
9   episode of care pilot program is first implemented pursuant to this
10   act, which shall be no later than January 1, 2020.
11   "Division" means the Division of Medical Assistance and Health
12   Services in the Department of Human Services.
13   "Perinatal episode of care" or "episode" means all pregnancy-
14   related care including prenatal care, labor and birth, and postpartum
15   care provided to a mother and infant, beginning 40 weeks prior to the
16   delivery and ending 60 days after the delivery of the infant, or as
17   otherwise defined by the perinatal episode of care learning network,
18   as established pursuant to section 2 of this act, and approved by the
19   division.
20   "Perinatal episode of care learning network" or "learning
21   network" means a group of ten or more members including but not
22   limited to Medicaid managed care organizations, maternity
23   healthcare providers, and division representatives, convened by the
24   division or a multi-stakeholder entity well versed in alternative
25   payment models designated by the division.
26   "Perinatal episode of care payment model" means a provider
27   reimbursement model based on target total cost of care for services
28   provided within a perinatal episode of care.
29   "Medicaid" means the Medicaid program established pursuant to
30   P.L.1968, c.413 (C.30:4D-1 et seq.).
31   "Participating provider" means an obstetrical provider or group
32   of obstetrical providers approved to participate in the Medicaid
33   program that meet a specified minimum volume of Medicaid live
34   births per year, as defined by the learning network and approved by
35   the division, and that has entered into a voluntary provider
36   agreement with a Medicaid managed care organization to
37   participate in the perinatal episode of care pilot program.
38   "Total cost of care" means all costs for a perinatal episode of
39   care as calculated by claims data, with a risk adjustment for clinical
40   factors that affect the cost of delivering an episode for specific
41   patients.
42
43   2.   a.   The division shall establish a perinatal episode of care
44   learning network. The learning network may be administered by
45   the division, or a designated entity, at the division's discretion.
46   Any entity designated by the division to administer the learning
47   network shall enter into a data sharing agreement with the division
48   in order to fulfill the provisions of this act.

1　　　The learning network shall consist of ten or more members with
2　knowledge regarding alternative payment methodologies for
3　pregnancy-related services within Medicaid, including but not
4　limited to: the Director of the division, or the director's designee;
5　representatives from each of the current Medicaid Managed Care
6　Organizations contracted with the division to provide Medicaid
7　benefits; and at least three maternity healthcare providers,
8　representing Northern, Central, and Southern New Jersey, approved
9　to participate in Medicaid.
10　　b.　The learning network, as approved by the division, shall
11　develop the parameters for a three year perinatal episode of care
12　pilot program within Medicaid. The purpose of this pilot program
13　is to improve perinatal health care outcomes and to reduce the cost
14　of perinatal care. To effectuate the goals of the program, the
15　learning network shall design a perinatal episode of care payment
16　model, which shall be approved by the division and implemented by
17　Medicaid managed care organizations (MCOs), according to section
18　3 of this act.
19　　c.　Subject to the approval of the division, the learning network
20　shall:
21　　(1) Identify the services to be covered under each episode,
22　including wrap around patient support services, such as childbirth
23　education and community doula services for the mother;
24　　(2) Establish patient volume minimums for participating
25　providers;
26　　(3) Identify quality metrics and quality metric targets to be
27　included in the episode;
28　　(4) Establish a methodology to calculate the target total cost of
29　care for an episode and the distribution of any shared savings
30　between a MCO and a participating provider. The methodology for
31　shared savings shall align payments to a participating provider with
32　the quality metrics and quality metric targets, as determined by the
33　learning network, regarding the provider's provision of care; and
34　　(5) Establish additional episode parameters including the
35　episode trigger, duration, principal accountable provider,
36　exclusions, adjustments, and quality reporting methodology
37　between providers and managed care organizations.
38　　d.　The learning network shall report to the Governor, and to the
39　Legislature, pursuant to section 2 of P.L.1991, c.164 (C.52:14-
40　19.1), four years following the commencement date, on the
41　effectiveness of the perinatal episode of care pilot program in
42　improving the quality and reducing the cost of maternity and infant
43　care and make any recommendations that the learning network
44　deems appropriate to revise, restrict, or expand the program. The
45　division shall make copies of the learning network's report
46　available to the public on the Department of Human Services'
47　website.

1 3. A managed care organization that has contracted with the
2 division to provide benefits under the Medicaid Program shall enter
3 into a provider agreement with an obstetrical provider or group of
4 obstetrical providers to implement the perinatal episode of care
5 payment model, as established by the learning network, and
6 approved by the division, pursuant to section 2 of this act.
7
8 4. a. A participating provider shall submit all information
9 required to fulfill the provisions of this act to the learning network,
10 in a format and at a frequency to be determined by the learning
11 network and approved by the division.
12 b. A participating provider shall conduct a risk assessment for
13 all episodes using the Perinatal Risk Assessment form, as used by
14 the division, to determine each mother's level of need for State
15 sponsored support services. When the assessment tool indicates a
16 need for services, the provider shall provide the mother with the
17 appropriate referrals. The referral of services shall include, but not
18 be limited to: home visitation programs, mental health and
19 substance use disorder treatment, domestic violence support and
20 intervention; transportation and housing assistance; and group
21 prenatal counseling.
22
23 5. The Commissioner of Human Services shall apply for such
24 State plan amendments or waivers as may be necessary to
25 implement the provisions of this act and to secure federal financial
26 participation for State Medicaid expenditures under the Medicaid
27 program.
28
29 6. The Commissioner Human Services, pursuant to the
30 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et
31 seq.), shall adopt rules and regulations necessary to implement the
32 provisions of this act.
33
34 7. This act shall take effect immediately, with the pilot
35 program commencing no later than January 1, 2020, and shall
36 expire upon the submission of the report by the learning network to
37 the Governor and the Legislature pursuant to subsection d. of
38 section 2 of this act.
39
40
41   STATEMENT
42
43 This bill implements a three-year perinatal episode of care pilot
44 program in Medicaid, to be developed by the perinatal episode of
45 care learning network, as established under the bill. Under the bill
46 the learning network is to design a perinatal episode of care
47 payment model, also known as a bundle payment model, in which
48 provider reimbursement is based on target total cost of care for

1   services provided within a perinatal episode of care, rather than on
2   individual services provided within the episode of care. The bill
3   defines a "perinatal episode of care" as all pregnancy-related care
4   including prenatal care, labor and birth, and postpartum care
5   provided to a mother and infant, beginning 40 weeks prior to the
6   delivery and ending 60 days after the delivery of the infant.
7   Pregnancy, childbirth, and newborn care are the costliest and
8   most common hospital visits covered by Medicaid. In 2014,
9   Medicaid covered 42 percent of all births in New Jersey at an
10 estimated annual cost of nearly $700 million. The cost of maternity
11 care varies depending on the type of delivery and hospital. Care
12 coordination is essential to improving quality and reducing costs in
13 maternity care, but is complicated because prenatal care, labor, and
14 birth are often paid for and delivered as three distinct periods.
15   The Centers for Medicaid and Medicare Services uses value
16 based payment models, such as the episode of care payment model,
17 which is designed to aggregate prenatal care, labor, and birth
18 services and properly align the financial incentives to improve
19 quality, access, and care coordination. A well designed episode of
20 care model for perinatal care that incorporates new models for
21 engaging patients will address many of the challenges facing the
22 fragmented system of maternal health in New Jersey. Furthermore,
23 unlike other payment models, research has demonstrated that
24 episode of care payment models reduce the incentive to overuse
25 unnecessary services within the episode, and give health care
26 providers the flexibility to decide what services should be delivered,
27 rather than being constrained by fee codes and amounts.
28   Specifically, the bill directs the Division of Medical Assistance
29 and Health Services in the Department of Human Services to
30 establish a perinatal episode of care learning network. The learning
31 network may be administered by the division, or a designated
32 entity, at the division's discretion. Any entity designated by the
33 division to administer the learning network is to enter into a data
34 sharing agreement with the division in order to fulfill the provisions
35 of this act.
36   The learning network is to consist of ten or more members with
37 knowledge regarding alternative payment methodologies for
38 pregnancy-related services within Medicaid, including but not
39 limited to: the Director of the division, or the director's designee;
40 representatives from one of each of the current Medicaid Managed
41 Care Organizations contracted with the division to provide
42 Medicaid benefits; and at least three maternity healthcare providers,
43 representing Northern, Central, and Southern New Jersey, approved
44 to participate in Medicaid.
45   The learning network, as approved by the division, is required to
46 develop the parameters for a three year perinatal episode of care
47 pilot program within Medicaid. The purpose of this pilot program
48 is to improve perinatal healthcare outcomes and to reduce the cost

1 of perinatal care. To effectuate the goals of the program, the
2 learning network is to design a perinatal episode of care payment
3 model, approved by the division and implemented by Medicaid
4 managed care organizations (MCOs).
5   Subject to the approval of the division, the learning network is
6 required to:
7   (1) Identify the services to be covered under each episode,
8 including wrap around patient support services, such as childbirth
9 education and community doula services for the mother;
10   (2) Establish patient volume minimums for participating
11 providers;
12   (3) Identify quality metrics and quality metric targets to be
13 included in the episode;
14   (4) Establish a methodology to calculate the target total cost of
15 care for an episode and the distribution of any shared savings
16 between a MCO and a participating provider. The methodology for
17 shared savings shall align payments to a participating provider with
18 the quality metrics and quality metric targets, as determined by the
19 learning network, regarding the provider's provision of care; and
20   (5) Establish additional episode parameters including the
21 episode trigger, duration, principal accountable provider,
22 exclusions, adjustments, and quality reporting methodology
23 between providers and managed care organizations.
24   The learning network is also required to report to the Governor
25 and the Legislature four years following the commencement of the
26 pilot program on the effectiveness of the pilot program in
27 improving the quality and reducing the cost of maternity and infant
28 care, and make any recommendations that it deems appropriate to
29 revise, restrict, or expand the program. The division is also directed
30 to make copies of the learning network's report available to the
31 public on the Department of Human Services' website.
32   The bill also requires a MCO that has contracted with the division
33 to provide benefits under the Medicaid Program to enter into a
34 provider agreement with an obstetrical provider or group of obstetrical
35 providers to implement the perinatal episode of care payment model,
36 as established by the learning network, and approved by the division,
37 pursuant the bill.
38   Finally, the bill directs participating providers to submit all
39 information required to fulfill the provisions of the bill to the
40 learning network, in a format and at a frequency to be determined
41 by the learning network and approved division. The bill also
42 requires a participating provider to conduct a risk assessment for all
43 episodes using the Perinatal Risk Assessment form, as used by the
44 division, to determine each mother's level of need for State
45 sponsored support services. When the assessment tool indicates a
46 need for services, the provider must provide the mother with the
47 appropriate referrals. The referral of services shall include, but not
48 be limited to: home visitation programs, mental health and

1 substance use disorder treatment, domestic violence support and
2 intervention; transportation and housing assistance; and group
3 prenatal counseling.
4   The bill would take effect immediately upon enactment, with the
5 pilot program commencing no later than January 1, 2020, and
6 would expire upon the submission of the report by the division to
7 the Governor and Legislature, as required by the bill.