# MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made by and between the MHA Management Services Corporation (MSC), an affiliate of the Missouri Hospital Association, Home State Health Plan (Home State), Missouri Care, Inc. (Missouri Care) and UnitedHealthcare of the Midwest, Inc. (UHC). Home State, Missouri Care and UHC are collectively referred to herein as MCOs.

WHEREAS, MHA's members consist of Missouri hospitals that participate in the Federal Reimbursement Allowance (FRA) program, through which they pay a provider tax to the state which, in turn, generates federal matching dollars under the Medicaid program; and

WHEREAS, the FRA program funds Medicaid reimbursements to hospitals by the MO HealthNet Division; and

WHEREAS, MSC currently administers a voluntary pooling arrangement by which participating hospitals pool their Medicaid reimbursements; and

WHEREAS, the pool employs a methodology for distributing pooled funds among pool participants; and

WHEREAS, that formula currently accounts for direct Medicaid add-on payments made by the MO HealthNet Division to hospitals; and

WHEREAS, the MO HealthNet Division has decided to expand the managed care program for children and low-income parents statewide, effective May 1, 2017; and

WHEREAS, the MO HealthNet Division has awarded contracts to Home State, Missouri Care and UHC to serve as the managed care organizations for its beneficiaries; and

WHEREAS, based on recent federal guidance, the MO HealthNet Division will transition the direct Medicaid add-on payments from fee-for-service to managed care for the managed care population; and

WHEREAS, the MO HealthNet Division has adjusted the capitated rates to incorporate the additional costs associated with direct Medicaid add-on payments; and

WHEREAS, the MO HealthNet Division's contracts with the MCOs note the MCOs must use the increased hospital funds for reimbursement of inpatient and outpatient hospital services; and

WHEREAS, CMS issued final guidance on January 18, 2017, which clarifies that the MO HealthNet Division cannot incorporate the direct Medicaid add-on payments into the capitation rates as a pass-through; and

WHEREAS, the parties wish to establish an agreed upon process for distributing the direct Medicaid add-on payments in a manner that complies with CMS guidance while maintaining the financial soundness of MHA's members.

NOW, THEREFORE, in consideration of the foregoing and good and valuable consideration hereinafter described, the parties agree as follows:

I. Mutual Understanding and Representations

A. The MO HealthNet Division intends to expand its managed care program for children and low-income parents to a statewide program effective May 1, 2017.
B. Under the fee-for-service program, hospital payments for treating Medicaid beneficiaries are comprised of claims payments (for both inpatient and outpatient services) and direct Medicaid add-on payments.
C. Inpatient direct payments are designed to supplement per diem payments to ensure hospitals are compensated for their inpatient cost-per-day, including increased allowable costs attributable to the FRA assessment. Outpatient direct payments are designed to recognize hospitals' increased allowable costs attributable to the FRA assessment.
D. The MO HealthNet Division publishes an inpatient and outpatient hospital rate list which represents Full Medicaid Pricing, hereinafter referred to as the "rate list". MHD periodically updates the rate list as rate changes occur.
E. Add-on payments are currently calculated as part of the total reimbursement paid to hospitals under fee-for-service to determine Full Medicaid Pricing.
F. The FRA funds 100 percent of the state share of direct Medicaid add-on payments that will be transitioned from fee-for-service to managed care. In addition, FRA funds a significant portion of claims payments.
G. Both the claims payments and the direct Medicaid add-on payments related to managed care have been incorporated into the capitated rates.
H. The MO HealthNet Division's contracts with the MCOs note the MCOs must use the increased hospital funds for reimbursement of inpatient and outpatient hospital services; however, federal regulation prohibits such contracts from specifying which hospitals must receive the funds or that the amount distributed must equal the amount incorporated into the capitated rates.
I. The MO HealthNet Division's contracts with the MCOs require the MCOs to submit a monthly questionnaire to the MO HealthNet Division containing key data elements necessary for tracking payments to hospitals.
J. The parties agree to work together in good faith to ensure stability through an orderly transition for the hospital industry and the continued success of the FRA program. The transition is keeping with the spirit of the Medicaid and CHIP Managed Care Final Rule, and will provide time and flexibility to integrate current payment arrangements into different payment structures as needed to comply with federal and state standards as those standards are clarified.
K. The parties agree that the memorandum of understanding is conditional on their understanding of information as available at that time from the State and Mercer related to the direct Medicaid add-on payments.

II. MSC Responsibilities

A. MSC staff will continue to administer a voluntary pooling arrangement to handle the payments that are transitioned to the MCOs.

B. Upon completion of this MOU, MSC staff will hold a series of webinars to educate hospitals about the agreed upon process for handling this transition and explain the flow of funds and its implications for hospitals that contract or do not contract with the MCOs.
C. MSC staff will work with hospitals to provide the MCOs with the necessary bank account information to administer payments, and MSC will facilitate the appropriate permissions from the hospitals to allow the MCOs to meet the reporting requirements of this MOU.

## III. MCO Responsibilities

A. The MCOs agree to utilize a common process, outlined in Exhibit A, for calculating and remitting amounts owed to hospitals as direct Medicaid add-on payments.
B. The MCOs agree to use the principles outlined in section IV below as the basis for developing the process outlined in Exhibit A.
C. The MCOs will negotiate confidential inpatient and outpatient claims payments directly with the hospitals for the component of hospital costs deemed to not be attributable to the direct Medicaid add-on payment.

## IV. Direct Medicaid Add-On Principles

A. Amount to be Distributed
   1. Each MCO will use their actual membership experience and cash payment received from the MO HealthNet Division, reflecting adjustments that may be applied by MHD to determine their total monthly direct Medicaid add-on payment to hospitals. Once the MCOs receive payment from the MHD, each MCO will subsequently process the payment and distribute funds accordingly.
   2. The total amount distributed for the direct Medicaid add-on payment will not exceed the amount of capitation, including adjustments, defined by the MO HealthNet Division as the Full Medicaid Pricing impact and paid to each MCO, except as agreed upon pursuant to Section VI.A of this MOU. The amount to be distributed will be allocated to inpatient and outpatient based on capitation information provided by the MO HealthNet Division, with Emergency Room capitation payments categorized as Outpatient.

B. MCO Payment Structure for Hospitals That Have Agreements with MCOs (Participating Hospitals)
   1. Inpatient Direct Medicaid Payment
      a. The MCO will use the inpatient direct Medicaid payment as a per diem from column E published on the rate list for determining the inpatient direct Medicaid payments.
      b. The MCO will use the projected managed care days provided by the MO HealthNet Division for determining the inpatient direct Medicaid payments.

c. For each facility on the rate list, multiply step 1.a. times 1.b. to establish the facility-specific allocation of the inpatient direct Medicaid payments to be made annually by all of the MCO payers.

2. Outpatient Direct Medicaid Payment
   a. The MCO will use the outpatient direct Medicaid payment as a percentage from column I published on the rate list for determining the outpatient direct Medicaid payments.
   b. The MCO will use the projected managed care charges provided by the MO HealthNet Division for determining the outpatient direct Medicaid payments.
   c. For each facility on the rate list, multiply step 2.a times 2.b to establish the facility-specific allocation of the outpatient direct Medicaid payment to be made annually by all of the MCO payers.

3. Timing and Flow of Inpatient and Outpatient Direct Medicaid Payments
   a. The annual inpatient and outpatient direct Medicaid payments will be divided by twelve payrolls to determine the monthly payment.
   b. Monthly payments will be processed and paid no later than the second provider check date of each month based on the Claims Processing and Payment Schedule published by the MO HealthNet Division on its website at: http://manuals.momed.com/ClaimsProcessingSchedule.html.
   c. The monthly payments will begin after the May capitation payment is received on Friday, June 5, 2017, for both the current managed care areas of the state and the expansion areas of the state.
   d. The direct Medicaid payments will be deposited into each hospital's Central Bank account unless otherwise indicated by the hospital.
   e. Two days prior to making the monthly payment, each MCO will send a report to MSC that includes the facility name, the NPI number, the bank and routing account numbers, and the total amount that will be paid to each facility.

C. MCO Payment Structure for Hospitals That Do Not Have Agreements With MCO (Non-Participating Hospitals)
   1. Inpatient Direct Medicaid Payment
      a. The MCO will use the inpatient direct Medicaid payment as a per diem from column E published on the rate list for determining the inpatient direct Medicaid payments.
      b. The MCO will use the projected managed care days provided by the MO HealthNet Division for determining the inpatient direct Medicaid reserve.
      c. The MCO will use the hospital's actual inpatient utilization for determining the inpatient direct Medicaid payments. The actual inpatient utilization used in this calculation will be limited to the projected managed care days provided by MHD.

d. For each facility on the rate list, multiply step 1.a. times 1.b. to establish the facility-specific inpatient direct Medicaid payment to be made, reflecting adjustments based on variances in utilization.

2. Outpatient Direct Medicaid Payment

a. The MCO will use the outpatient direct Medicaid payment as a percentage from column I published on the rate list for determining the outpatient direct Medicaid payments.
b. The MCO will use the projected managed care charges provided by the MO HealthNet Division for determining the outpatient direct Medicaid reserve.
c. The MCO will use the hospital's actual outpatient charges for determining the outpatient direct Medicaid payments. The actual outpatient charges used in this calculation will be limited to the projected outpatient charges provided by MHD.
d. For each facility on the rate list, multiply step 2.a times 2.b to establish the facility-specific outpatient direct Medicaid payment to be made, reflecting adjustments based on variances in utilization.

3. Timing and Flow of Inpatient and Outpatient Direct Medicaid Payments

a. Payments to Non-PAR hospitals will use actual paid claim experience versus using a prospective payment methodology. Each MCO will reserve the portion of the direct Medicaid add-on payment for Non-PAR facilities in a liability account as cash is received from the MO HealthNet Division. Payment will be drawn from this reserve as claims are paid to these Non-PAR hospitals.
b. The monthly payments for actual claims experience will begin once the May capitation payment is received on Friday, June 5, 2017, for both the current managed care areas of the state and the expansion areas of the state.
c. Monthly payments will be processed and paid no later than the second provider check date of each month based on the Claims Processing and Payment Schedule published by the MO HealthNet Division on its website at: http://manuals.momed.com/ClaimsProcessingSchedule.html.
d. The direct Medicaid payments will be deposited into each hospital's Central Bank account unless otherwise indicated by the hospital.
e. Two days prior to making the monthly payment, each MCO will send a report to MSC that includes the facility name, the NPI number, the bank and routing account numbers, and the total amount that will be paid to each facility.

D. Distribution of Unspent Funds.

1. A reconciliation of the direct Medicaid add-on payments received by MCOs versus distributed by MCOs will be completed 180 days after the state fiscal year to allow sufficient time for claims run-out. This reconciliation does not apply to NICU payments. The NICU payments reconciliation will be completed 365 days after the state fiscal year to allow sufficient time for claims run-out.

2. Any unspent funds will be distributed to hospitals no later than 210 days following the end of each state fiscal year for which the payments related. For NICU, any unspent funds will be distributed 395 days following the end of each state fiscal year for which the payments related.
3. Any unspent funds will be distributed proportionally to all hospitals based on forward-looking utilization estimates as outlined in Exhibit A.
4. Following the later of the distribution of unspent funds or the applicable reconciliation period as identified in section 1 or 2 above, there shall be no further request, reconciliation or settlement of funds related to direct Medicaid add-on payments for the associated state fiscal year.

E. Inpatient and Outpatient Claims Payments
   1. Inpatient and outpatient claims will be processed and paid based on each health plan's established payment schedule.
   2. The claims payments will be deposited into a bank account as directed by each hospital.
   3. Nonparticipating hospitals will be paid the rate published by the MO HealthNet Division.

V. Term and Termination

A. This MOU shall be effective on the date of the last signature below and shall continue until June 30, 2018, unless MSC and all MCOs agree to an alternative agreement to be effective prior to June 30, 2018.
B. This MOU will terminate effective June 30, 2018, unless MSC and all MCOs agree to extend it. At a maximum, this MOU may renew for four successive, one-year terms only in the event the MO HealthNet Division exercises its option to renew the contracts of the MCOs.
C. This MOU shall automatically terminate if there is a change in state law or federal regulation that prevents implementation of statewide managed care or that regulates the FRA payment process in a way that conflicts with this MOU.

VI. Miscellaneous

A. The parties foresee that the transition from Medicaid fee-for-service payments to Medicaid managed care will cause an interruption in payments to hospitals. The MCOs will consider in good faith, on a case-by-case basis, a short-term cash advance for those hospitals for which such interruption causes financial hardship. MHA will provide a listing of these hospitals, the amount and timing of the requested cash advance for each hospital and detailed information to support the requested cash advance for MCO review prior to May 31, 2017.

B. The parties agree that the administrative costs incurred by the MCOs to comply with the requirements of this MOU should be considered an allowable cost that should be incorporated into the actuarially sound rates paid by the state. For purposes of determining the allowable administrative costs, the percentage applied to the direct Medicaid add-on payments shall mirror the administrative percentage applied by MSC.

C. The parties agree to create an FRA Working Group that will include representatives from each MCO and from MSC. The FRA Working Group will examine the process and assumptions underlying this MOU at least quarterly and make adjustments as required to be in compliance with all laws and regulations, and address any unforeseen gaps in the process or calculations.

D. The MHA membership will continue to evaluate alternative methodologies for payment as permitted under federal regulation to transition to a more value-based and quality centered payment solution. Any alternative payment methodologies will be presented by MSC staff to the FRA Working Group. Upon approval by the parties, such a proposal shall be implemented and supplant the initial proportional distribution.

E. This MOU only may be amended by written agreement of all parties.

F. For purposes of this MOU, Central Bank is Central Bank of Jefferson City, and the ABA Routing Number shall be provided by MSC.

G. Any and all data shared between MSC and the MCOs pursuant to this MOU are deemed confidential and are not to be used for any other purpose except as set forth in this paragraph. Disclosure of such data is permissible to comply with the requirements of this MOU or federal or state law or regulation and for the purposes of an audit. MSC may disclose such data to the board of trustees of MHA, the board of directors of MSC, any committees and task forces of the boards, and any member hospitals that are participants in the voluntary FRA pool. Any additional exception to such confidentiality not contemplated by this MOU shall be permitted only if such disclosure is agreed to in writing by MSC and the MCOs. Any breach of this confidentiality that is not covered by an exception shall result in the immediate termination of this agreement.

H. This MOU is intended to comply with any and all federal and state statutes, regulations and rules, including but not limited to HIPAA, 42 U.S.C. § 1320a-7b(b) (the "Fraud and Abuse Statute"), 42 U.S.C. §1395nn and 42 U.S.C. § 1395nn (the "Stark Law"), federal and state antitrust statutes, and the safe harbors and exceptions promulgated pursuant the Fraud and Abuse Statute and the Stark Law, as amended from time to time. In the event

that any law, regulation or administrative or judicial interpretation is adopted, amended, promulgated, modified or issued which prohibits or restricts all or any party of this MOU, the Parties shall either: (i) renegotiate this MOU in the manner intended to comply with such law, regulation or decision; or (ii) terminate the MOU without penalty to either party.

Each person signing this MOU represents that he or she is duly authorized and has the legal capacity to execute and deliver this MOU.

MHA MANAGEMENT SERVICES CORPORATION

Herb B. Kuhn (Mar 17, 2017)

Herb B. Kuhn
President and CEO

03/17/2017

Date

HOME STATE HEALTH PLAN

Ryan Litteken:
Sr. Director Finance

3/17/2017

Date

MISSOURI CARE, INC.

Lou Gianquinto (Mar 17, 2017)

Lou Gianquinto
President, Missouri Care

3/3/16/2017

Date

UNITEDHEALTHCARE OF THE MIDWEST, INC.

Jamie Bruce (Mar 17, 2017)

Jamie A. Bruce
Missouri Health Plan CEO

03/17/17

Date

jcd/mk

## Exhibit A

This Exhibit A sets out the actual, definitive process covered by this understanding. The MCO FRA Reconciliation Tool, or "MFRT," which is attached to this Exhibit A as Attachment 1, contains many of the data points and calculations that would be used to execute the processes in this MOU. The three MCOs agree to the following, specific steps for calculating direct Medicaid add on payments:

In simplest terms, each MCO would do the following steps each month:

1) Enter MCO Name, dates etc.
2) Enter MCO paid membership from the 820.
3) Enter or update FRA Facility Information
4) Enter any adjustments from prior periods, such as retroactive adjustments to rates or membership
5) Bring over any ending FRA reserve balances from prior periods where applicable for Non-Participating FRA Facilities
6) Enter utilization on paid claims for current period where applicable for Non-Participating FRA Facilities
7) Print for submission
    a. Reports and EFT banking forms are set to print
    b. Check work
8) Make any notes for next period

The steps above are illustrative, the information below sets out the actual, definitive process covered by this process.

**Step 1 – PMPM FRA Estimate:** Each MCO calculates the FRA component of its monthly capitation payments received from the MO HealthNet Division. This can be done using the information contained in the data package from the State of Missouri for each population and category of service (inpatient, emergency room and outpatient). There is a spreadsheet job aid, "MCO FRA Reconciliation Tool" (or "MFRT"), that contains appropriate spaces to enter those PMPM amounts. Each MCO will enter that information into appropriate cells into their own MFRT. The PMPM FRA estimate will be updated as MHD publishes new information and adjusts the capitated rates, including MCO-specific adjustments such as risk scores.

**Step 2 – Enrollment Calculation and FRA Collected:** Each MCO calculates the monthly enrollment from the MHD 820 MCO payment file information for paid membership. The MFRT has designated cells to enter the membership by population, region and current versus retrospective the MO HealthNet Division adjustments. Enter the 820 information into the MFRT. This process would be performed monthly by each MCO as each MHD 820 is received. This enrollment is then multiplied by the PMPMs in Step 1 to establish the total inpatient ("820IPFRA") and outpatient ("820OPFRA") direct Medicaid included in the rates for the period.

**Step 3 – Allocation of Inpatient and Outpatient Direct Medicaid by Facility: Each MCO** Determines individual facility amounts using the "Inpatient and Outpatient Hospital Rates" list published by MHD.

1) **Inpatient**
   a) List the facilities designated by MHD to receive FRA funds (the "FRA Facilities"). List the respective FRA Facility's MHD Inpatient Direct Medicaid Payment As a Per Diem ("IPFRAPD") as published by MHD. The MFRT has appropriate spaces for both of these items. For each FRA Facility, multiply the "Inpatient Direct Medicaid Payment As a Per Diem" amount by the total projected managed care days for each hospital as provided by MHD, (the "IP Utilization Estimate" or "IPUX"). Calculate the product of IPUX and IPFRAPD for each FRA Facility ("IP Product"), and the sum of those IP Products for all FRA Facilities. The sum all IP Products equates to a forward looking, utilization based estimate of all MHD FRA funds for a relevant period. The MFRT has appropriate places for the FRA Facilities, IPFRAPDs, IPUXs and IP Products; each MCO enters it in their MFRT. These entries would only need to be updated as MHD publishes new information. The MFRT contains all of the appropriate calculations.
   b) Calculate the quotient of each FRA Facility's IP Product divided by sum of all IP Facility Products. This provides the estimated inpatient FRA portion ("IP Portion") for each facility based on forward looking utilization estimates. The MFRT contains all of the appropriate calculations.
   c) If there are inpatient adjustments from prior periods add them now to the 820IPFRA calculated above to get the IP FRA allocated to hospitals the current period (the "Period IPFRA"). The MFRT has a place to enter an adjustment amount.
   d) Calculate the IP MCO period allocation to each facility ("IP Facility Allocation") by taking the product of Period IPFRA and IP Portion for each FRA Facility. The MFRT contains all of the appropriate calculations.

2) **Outpatient** (Emergency Room/Outpatient Combined)
   a) List the facilities designated by MHD to receive FRA funds (the "FRA Facilities"). List the respective FRA Facility's MHD Outpatient Direct Medicaid Payment as a Percentage ("OPFRAPB") as published by MHD. The MFRT has appropriate spaces for both of these items. MHD will publish updates to that schedule periodically. For each FRA Facility, multiply the OPFRAPB by the total projected managed care outpatient billed charges for each FRA Facility hospital as provided by MHD, (the "OP Utilization Estimate" or "OPUX"). Calculate the product of OPUX and OPFRAPB for each FRA Facility ("OP Product"), and the sum of those OP Products for all FRA Facilities. The sum all OP Products equates to a forward looking, utilization based estimate of all MHD FRA funds for a relevant period. The MFRT has appropriate places for the FRA Facilities, OPFRAPBs, OPUXs and OP Products; each MCO enters it in their MFRT. These entries would only need to be

updated as MHD publishes new information. The MFRT contains all of the appropriate calculations.

b) Calculate the quotient of each FRA Facility's OP Product divided by sum of all OP Facility Products. This provides the estimated outpatient FRA portion ("OP Portion") for each facility based on forward looking utilization estimates. The MFRT contains all of the appropriate calculations.

c) If there are outpatient adjustments from prior periods add them now to the 820OPFRA calculated above to get the OP FRA allocated to hospitals from the current period (the "Period OPFRA"). The MFRT has a place to enter an adjustment amount.

d) Calculate the OP MCO period outpatient FRA allocation ("OP Facility Allocation") for each facility by taking the product of Period OPFRA and OP Portion for each FRA Facility. The MFRT contains all of the appropriate calculations.

**Step 4 – Calculate Participating and Non-Participating Facility Inpatient and Outpatient Direct Medicaid Payments:**

1) **For Providers that have an agreement with a given MCO to participate in this process ("Participating FRA Facilities"), that MCO perform the following steps.**

- For each Participating FRA Facility add the IP Facility Allocation and the OP Facility Allocation together to calculate the FRA Facility Period Payment. If the FRA Facility is designated as "Participating FRA Facility" in the MFRT, this will calculate automatically and carry the figure over to the electronic funding template.
- Create an electronic banking transaction ("EFT PAR FRA") to each of the FRA Par Facilities in the full amount of their respective "FRA Facility Period Payment." These prospective payments are predicated on projected statewide utilization, with actual payments specific to each MCO based on their unique mix of membership. If this methodology is consistent across all MCOs, the providers will receive approximately the same dollars as originally projected by MHD.
- Two days prior to making the "FRA Facility Period Payments" to the FRA Par Facilities, send a report to MHA Management Services Corporation that includes the facility name, the NPI number, the bank routing and account number, and the total amount that will be paid to each Participating FRA Facility.
- Pay the "FRA Facility Period Payment" via the EFT PAR FRA on the second payroll date of each month as reflected on MHD's Claims Processing Schedule to the participating hospital. The payments should be deposited into the Central Bank accounts unless otherwise indicated by the hospital. The PAR FRA Facilities will provide all necessary codes to the MCOs directly or instruct MHA to do so on their behalf.
- The MFRT contains all of the relevant fields, calculations and exhibits.

**2) For providers that do not have an agreement with a given MCO to participate in this process ("Non-Participating FRA Facility"), that MCO performs the following steps so that the payments will be made consistent with the information published by MHD.**

- For each Non-Participating FRA Facility add the IP Facility Allocation and the OP Facility Allocation together to calculate the FRA Facility Period Reserve.
- Reserve that appropriate amount as a payable liability by adding the FRA Facility Period Reserve to the FRA Facility Total Reserve, which is the sum of historical FRA Facility Period Reserves (that remain after having deducted historical payments as indicated in the next step). For each Non-Participating FRA Facility, record any inpatient days ("IP Days") or outpatient billed charges ("OP Charges") incurred on or after May 1, 2017, and paid on claims during the period beginning the first day of the just completed calendar month through the end of the just completed calendar month.
- Calculate the FRA Facility Period Payment by taking a) the product of the IP Days and the IPFRAPD, plus b) the product of the OP Charges and the OPFRAPB.
- Calculate and create the EFT Non-Par FRA by taking the smaller positive number when comparing each FRA Facility Period Payment to the FRA Facility Total Reserve.
- To the extent there continues to be, with respect to a given Non-Participating FRA Facility, a positive balance of FRA Facility Total Reserve after prior period claims are estimated to be complete and the corresponding EFT Non-Par FRAs have been paid to that Non-Participating FRA Facility, the MCO will deduct those funds from the FRA Facility Total Reserve and distribute them by adding that amount to the next Period IP FRA or Period OP FRA, as most appropriate. The parties expect to allow a minimum of 180 days to account for adequate paid claims run-out to completion.
- The MFRT contains the relevant fields and calculations.

# AMENDMENT TO MEMORANDUM OF UNDERSTANDING

This Amendment is entered into by the MHA Management Services Corporation (MSC), an affiliate of the Missouri Hospital Association, Home State Health Plan, Missouri Care, Inc. and UnitedHealthcare of the Midwest, Inc. Home State Health Plan, Missouri Care, Inc. and UnitedHealthcare of the Midwest, Inc. each are also referred to herein as an MCO.

WHEREAS, the parties entered into the underlying Memorandum of Understanding on March 17, 2017; and

WHEREAS, after that date, the MO HealthNet Division changed the method by which outpatient direct Medicaid payments will be made; and

WHEREAS, the parties wish to amend the Memorandum of Understanding to reflect the appropriate payment methodology.

The parties therefore agree to amend the Memorandum of Understanding as follows:

- Strike Section IV.B.2 in its entirety and insert the following language:

  2. Outpatient Direct Medicaid Payment

     a. The MCO will use the Estimated Total Charges from columns D and E as provided by the MO HealthNet Division on the Outpatient Billed Charge Summary.
     b. The MCO will use the Estimated Outpatient Direct Medicaid Payment Percentage Rate from columns F and G as provided by the MO HealthNet Division on the Outpatient Billed Charge Summary.
     c. For each facility on the Outpatient Billed Charges Summary, multiply the Estimated Total Charges Paid at Percentage of Billed Charge (Column D) times the Estimated Outpatient Direct Medicaid Payment Percentage Rate – Billed Charges (Column F).
     d. For each facility on the Outpatient Billed Charges Summary, multiply the Estimated Total Charges Paid at Fee Schedule (Column E) times the Estimated Outpatient Direct Medicaid Payment Percentage Rate – Fee Schedule (Column G).
     e. For each facility on the Outpatient Billed Charges Summary, add the result of Step 2.c and 2.d to establish the facility-specific allocation of the outpatient direct Medicaid payment to be made annually by all of the MCO payers.

- Strike Section IV.C.2 in its entirety and insert the following language:

  2. Outpatient Direct Medicaid Payment

     a. The MCO will use the Estimated Total Charges from columns D and E as provided by the MO HealthNet Division on the Outpatient Billed Charge Summary for determining the outpatient direct Medicaid reserve.
     b. The MCO will use the Estimated Outpatient Direct Medicaid Payment Percentage Rate from columns F and G as provided by the MO HealthNet Division on the Outpatient Billed Charge Summary.

c. For each facility on the Outpatient Billed Charges Summary, multiply the Estimated Total Charges Paid at Percentage of Billed Charge (Column D) times the Estimated Outpatient Direct Medicaid Payment Percentage Rate – Billed Charges (Column F) for determining the outpatient direct Medicaid reserve.
d. For each facility on the Outpatient Billed Charges Summary, multiply the Estimated Total Charges Paid at Fee Schedule (Column E) times the Estimated Outpatient Direct Medicaid payment Percentage Rate – Fee Schedule (Column G) for determining the outpatient direct Medicaid reserve.
e. For each facility on the Outpatient Billed Charges Summary, add the result of Step 2.c and 2.d to establish the facility-specific allocation of the outpatient direct Medicaid reserve to be made annually by all of the MCO payers.
f. The MCOs will use the hospital's actual outpatient charges instead of the Estimated Total Charges for determining the outpatient direct Medicaid add-on payments following the calculation as outlined above. The actual outpatient charges used in this calculation will be limited to the Estimated Total Charges provided by MHD.

Each person signing this Amendment represents that he or she is duly authorized and has the legal capacity to execute and deliver this Amendment.

MHA MANAGEMENT SERVICES CORPORATION

Herb B Kuhn
Herb B Kuhn (May 8, 2017)

Herb B. Kuhn
President and CEO

05/08/2017

Date

HOME STATE HEALTH PLAN

Kimberly D. Tuck
Kimberly D. Tuck (May 1, 2017)

Kim Tuck
Plan President and CEO

05/01/2017

Date

MISSOURI CARE, INC.

Lou Gianquinto
Lou Gianquinto (May 3, 2017)

Lou Gianquinto
President, Missouri Care

5/3/2017

Date

UNITEDHEALTHCARE OF THE MIDWEST, INC.

Jamie Bruce

Jamie A. Bruce
Missouri Health Plan CEO

05/05/2017

Date

jcd/mk