



December 30, 2019

*Wayne A. Smith  
President & CEO*

Director Steve Groff  
Division of Medicaid and Medical Assistance  
Planning, Policy and Quality Unit  
Delaware Department of Health and Social Services  
1901 North DuPont Highway, P.O. Box 906  
New Castle, Delaware 19720-0906  
(Submitted Via Email to [Nicole.M.Cunningham@delaware.gov](mailto:Nicole.M.Cunningham@delaware.gov))

*Alfred I. duPont Hospital  
for Children  
Jay Greenspan, MD,  
Interim Chief Executive  
of Nemours Delaware  
Valley Operations*

RE: Authorization and Regulation of Medicaid/CHIP Accountable Care Organizations

Dear Director Groff,

*Bayhealth  
Terry Murphy,  
President & CEO*

*Beebe Healthcare  
Rick Schaffner  
Interim CEO*

*Christiana Care Health  
System  
Janice E. Nevin, M.D.  
MPH  
President & CEO*

*Nanticoke Health Services  
Steven A. Rose, RN, MN  
President & CEO*

*Saint Francis Healthcare  
Daniel Sinnott  
President & CEO*

*Delaware Healthcare  
Association  
Wayne A. Smith  
President & CEO*

The Delaware Healthcare Association (DHA), representing hospitals and health care delivery systems in Delaware, appreciates the opportunity to comment on the Delaware Division of Medicaid & Medical Assistance (DMMA) Authorization and Regulation of Medicaid/Children's Health Insurance Program (CHIP) Accountable Care Organizations [proposed regulation](#). DHA supports DMMA's efforts to set standards that would allow for Accountable Care Organization contracts with Medicaid/CHIP. We urge DMMA to ensure flexibility in those standards, with consideration as to the progress already made by Delaware hospitals in undertaking value-based payment arrangements, and we echo the comments made by Delaware's hospitals and health systems in response to this proposed regulation.

The proposed regulation intends to set standards for the authorization and regulation of Accountable Care Organizations for Medicaid/CHIP beneficiaries in the State of Delaware to improve health outcomes while reducing costs. This regulation is part of an important initiative to advance the adoption of value-based payment models in Delaware, an effort that DHA strongly supports.

Indeed, Delaware's hospitals and health care systems are leading the way on payment reform and have committed to the goal of having 60 percent of patients under value-based contracts by 2021. Accountable Care Organizations (ACOs) are nationally recognized as an important step in the move toward value-based payment models. All adult general acute care hospitals in Delaware have been Medicare ACO participants since 2016, and these organizations are providing real value. Our Delaware hospital-affiliated ACOs – eBrightHealth ACO and Delaware Care Collaboration -- have produced total savings of \$21.4 million for Medicare in 2018 alone.

Delaware hospitals have invested significant resources in developing ACOs, and other alternative payment models, contributing to their success. Investments needed to have the

infrastructure ready to transform into ACO includes IT systems, increasing and staffing care coordination teams, and assessing data and outcomes in order to manage value-based care. These investments cost millions of dollars.

DHA supports DMMA's effort to create a system that would encourage value-based payment models, focused on improving outcomes and reducing unnecessary costs, for Delaware's Medicaid/CHIP beneficiaries. However, we urge DMMA to ensure the standards used to authorize Medicaid/CHIP ACOs allow enough flexibility so as not to undermine the tremendous investments, progress and success of the value-based payment models in which Delaware hospitals participate. Moving forward, we would appreciate the opportunity to engage in constructive dialogue given our experience in the value-based care arena and our understanding of how critical program details are to ensuring success.

Finally, we wish to echo the comments filed by DHA member hospitals and health systems in response to the proposed regulation.

We appreciate the opportunity to comment on the proposed Authorization and Regulation of Medicaid/CHIP Accountable Care Organizations. Please feel free to contact me with any questions.

Sincerely,



Wayne A. Smith  
President & CEO

