

<b>Policy Title:</b> Primary Care Capitation (PCC) Payment Mechanism			
<b>Department Responsible:</b> THN Network Development	<b>Policy Number:</b> OP-009	<b>THN's Effective Date:</b>	<b>Next Review/Revision Date:</b> September 30, 2026
<b>Title of Person Responsible:</b> Director Payor Relations and Contracting	<b>THN Approval Council:</b> THN Operating Committee	<b>Date Approved:</b> June 12, 2025	<b>Date Approved by THN Board of Managers:</b>

- I. **Purpose.** The purpose of OP-009 is to outline the policies of THN related to the Capitation Mechanism.
- II. **Policy.** It is the policy of THN to ensure it is meeting all compliance requirements related to its election to participate in PCC Payment for any Performance Year.
- III. **Procedures.**
  - A. THN may elect to participate in the Primary Care Capitation (PCC) Payment Mechanism for a Performance Year. This election must:
    1. Apply for the entire Performance Year;
    2. Be submitted in a timely manner, as required by CMS;
    3. Include the maximum Enhanced PCC Percentage, if any, from within the range specified by CMS;
    4. Include a complete list of Participants and Preferred Providers that have agreed to participate in PCC Payment at the start of the Performance Year;
      - a. Participants and Preferred Providers who are added to THN during the Performance Year may not be included in PCC Payments until the start of the subsequent Performance Year.
    5. Include a certification that THN has obtained a fully executed ACO REACH Model: Fee Reduction Agreement as detailed in Paragraph D, below; and
    6. Include a certification that THN has satisfied the notice and education requirements outlined in Paragraph E, below.



- B. If THN elects to receive the Enhanced PCC for a Performance Year, THN will ensure funds are available to repay to CMS the Enhanced PCC portion of all PCC Payments received during a Performance Year as Other Monies Owed.
- C. In order for a Participant or Preferred Provider to be identified as participating in PCC Payment, THN will ensure a written PCC Payment Arrangement is in place which establishes how THN will compensate the Participant or Preferred Provider for PCC Eligible Services furnished to Beneficiaries.
  - 1. Remuneration furnished by THN under a PCC Payment Arrangement is negotiated in good faith and consistent with fair market value.

All PCC Payment Arrangements will:

- a. Require Medically Necessary Covered Services to be made available to Beneficiaries in accordance with all applicable laws and regulations.
  - b. Prohibit THN from requiring prior authorization for services furnished to Beneficiaries.
  - c. Prohibit THN Related Individuals from interfering with a Beneficiary's freedom to receive Covered Services from the Medicare-enrolled provider or supplier of his or her choice, regardless of whether the provider or supplier is participating in PCC Payment or with THN.
  - d. Require THN to compensate the Participant or Preferred Provider for PCC Eligible Services no later than **30 days** after receiving notice of the processed claim for such services, as indicated in claims data sent by CMS.
  - e. Require the Participant or Preferred Provider to maintain records and provide the government with access to records regarding the PCC Payment Arrangement.
  - f. Include the procedures outlined in Paragraph H, below, for requesting reconsideration by THN of a determination regarding compensation.
  - g. Meet the requirements of Section 3.04 of the ACO REACH PA.
- D. Prior to identification of a Participant or Preferred Provider as



participating in the Capitation Mechanism, THN obtains a completed ACO REACH Model: Fee Reduction Agreement which:

1. is a CMS template document used without modification, except as otherwise allowed by CMS;
  2. is signed by an individual legally authorized to act for the entity through whose TIN the individual or entity bills Medicare;
  3. specifies the PCC Fee Reduction and, if applicable, the APO Fee Reduction agreed upon by the individual or entity;
  4. provides written confirmation that each individual or entity listed on the Participant or Preferred Provider List as participating in PCC Payment has consented to participation and agreed to a PCC Fee Reduction for that Performance Year;
  5. requires the individual who signs the agreement to verify the accuracy of the list of individuals and entities billing under that TIN; that these individuals and entities have affirmatively consented to participate in the Capitation Mechanism and, if applicable the APO; and the amount of the PCC and, if applicable, APO Fee Reduction.
- E. THN provides annual notice and education to all Participants and Preferred Providers regarding THN's intended participation in PCC Payment. This education includes information regarding the associated PCC Fee Reduction for those Participants and Preferred Providers that agree to participate in the PCC Payment.
1. THN sends a Welcome Packet to Participant Providers and Preferred Providers during the Provider Notification period which includes a link to the THN Learn portal where provider education is provided.
  2. Providing a copy of the ACO REACH Model: Fee Reduction Agreement does not constitute notification and education for purposes of this requirement.
- F. Not all Participants or Preferred Providers must agree to participate in PCC Payment, even if other providers who bill under the same TIN participate in PCC Payment. *Practical Note: Beginning in PY 2022 all Participants will be required to participate in order to be included on the Participant List.*
- G. Providers who bill under the same TIN do not have to agree to the same PCC Fee Reduction percentages.
- H. Participants and Preferred Providers may request reconsideration by THN of a determination regarding compensation pursuant to a PCC



Payment Arrangement by contacting their THN Practice Relations representative. THN Practice Relations will route to the THN Chief Clinical Officer for review and response.

- I. **Notice of Termination.** If THN’s selection to participate in the PCC Payment for a Performance Year is rejected or terminated, THN shall, within 10 days, notify all Participants and Preferred Providers that it is not participating in the PCC Payment Mechanism for that Performance Year or for the remainder of that Performance Year, as applicable.
- J. THN, Participants and Preferred Providers participating in the PCC Payment Mechanism shall maintain records of all remuneration paid or received pursuant to each PCC Payment Arrangement in accordance with **RR-001**.

Date	Reviewed	Revised	Notes
May 2023			New REACH policy
December 2024	X		No changes
September 2025	X		No changes