National Perspective on Value-based Purchasing

DSRIP Statewide Learning Collaborative
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Overview

• Background and Context

• State and Federal Landscape of Value-based Purchasing

• Conclusions
Background: NAMD

- Standalone association
- 56 Medicaid directors, including DC and territories
- Our mission:
  - Represent the consensus voice of state Medicaid to federal policymakers
  - Support sharing of best practices
Background: Medicaid Landscape

- Federal/state partnership
- States operate their program within broad federal rules
- Responsible for 72 million vulnerable Americans
- State-to-state variation in program and innovations
- Common state objective: improve outcomes and deliver value.
Medicaid Value-based Purchasing

- NAMD/Bailit Health report on Medicaid value-based purchasing (34 states and 5 MCOs)

- Overarching findings:
  - Value-based purchasing generally refers to payment models that hold providers accountable for quality of care and costs
  - How alternative payment models are being implemented varies by state
  - Occurring through MCOs and direct contracting with providers
  - Initial focus typically in acute care; some states beginning to focus on long-term care
  - States with State Innovation Model grants and DSRIPs tend to be further along
Role of MCOs in Medicaid VBP

- 72% of Medicaid beneficiaries nationally are enrolled in managed care

- A number of states require or encourage MCOs to increase amount of value-based purchasing without specifying models

- Interviewed MCOs all have a number of different models they support – which mirror what states have
  - All MCOs included P4P as an alternative payment model
  - All stressed importance of meeting providers where they are
Most Common Medicaid Alternative Payment Models

- **Additional Payments to Providers in Support of Delivery System Reform**
  - PMPMs on top of fee-for-service payments for care management or to fund practice transformation
  - Typically used to support patient-centered medical homes and/or Health Homes

- **Episode-based Payments**
  - Provider accountability for a defined and discrete set of services over limited time
  - Focused on identifying and improving clinical pathways

- **Population-based Payments**
  - Providers responsible for a comprehensive set of services for a patient population and have potential to share in savings/risk based on actual costs & quality
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<tr>
<th>Model</th>
<th>Currently Implemented</th>
<th>States</th>
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<td>Additional Payment in Support of Delivery System Reform</td>
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<td>Episode-Based Payment</td>
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<td>Population-Based Payment</td>
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- **Additional Payment in Support of Delivery System Reform**: 12 states are currently implemented. We expect many more states to have implemented this model but did not report it in our survey.
- **Episode-Based Payment**: 3 states are currently implemented. 4 more states are in the process of or considering implementation.
- **Population-Based Payment**: 9 states are currently implemented. 2 states are making significant changes or expanding their population-based payment model.

Path Forward in Medicaid VBP: Opportunities

- Multi-payer Alignment
- LTSS
- Social Determinants
- BH Integration
Path Forward in Medicaid VBP: Challenges

- Complexity
- PPS for Safety-net Providers
- State Operational Capacity
- Data Sharing
- Quality Alignment
- Provider Readiness
Federally-Led VBP Initiatives

- **MACRA Advanced APM program and MIPS**
  - Medicaid models can count & help provider achieve Medicare bonus payment
  - Qualifying other payer models must:
    - Use of Certified EHR Technology
    - Quality measures comparable to MIPS measures
    - Assume more than nominal risk

- **HHS Health Care Payment Learning and Action Network**
  - Developing whitepapers & recommendations for multi-payer APMs
  - Interest in testing recommendations with payers

- **CMMI models**
Conclusions

- Alternative payment models differ by state but broadly fall into three categories:
  - Additional payments in support of delivery system reform
  - Episode-based payments
  - Population-based payments
- Managed care plans are playing a key role in value-based purchasing efforts
- LTSS is likely to be the next frontier of alternative payment models
- Increasing need for federal policymakers to understand and reflect state experience in national VBP efforts
Questions?

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