Value Based Purchasing

Perspectives from National, State, MCO, and Provider Levels

August 30, 2016
DSRIP Statewide Learning Collaborative
Purpose

- Engage the DSRIP Community on Potential Sustainability Strategies
- High Level Overview of HHSC Value Based Purchasing Efforts and Operational Challenges
- Perspective on VBP from Experts:
  - National Level
  - State Level
  - MCO Level
  - Provider Level
- Segue to Interactive Discussion on provider and MCO opportunities and barriers
Value Based Purchasing Overview

- Value Based Contracting, Value Based Purchasing, Quality Based Payments, Alternative Payment Models, Payment Reform—all basically mean the same thing...... moving away from volume-based payment models with no linkage to quality or value and toward payment models that link increasing portions of healthcare payments to quality or value
- HHSC oversees numerous VBP initiatives at different levels
- It is a complex and long term endeavor, and occurs in a dynamic environment
- It is inevitable
- Maintaining administrative simplification is critical
- Coordination, communication and to the extent possible harmonization, is extremely important
Why Value Based Purchasing?

- Has the potential to more appropriately direct clinical services in the most appropriate manner
- All parties better "internalize" right care in right amount
- Linking greater percentages of healthcare payments to value should result in improved outcomes and greater efficiencies over time
Challenge: Multiple Payers/Systems are Shaping Value Based Payment Approaches

- Multi-payer environment
- What is being measured/incentivized is not always the same across payers
- Reporting systems/processes by payers to providers is not uniform across payers
Challenge: Value Based Payment Efforts in Medicaid/CHIP Are Occurring at Multiple Levels

VBP “Layers”
- HHSC /Other Payer → MCO Level
- MCO → Provider level
- Agency → Provider Level

Additionally, non-medical services and supports, which are often critical to improving outcomes and cost effectiveness are often outside of VBP approaches.
Challenge: Continued movement thru the VBP “Continuum”

Notes:

VBP at HHSC-MCO Level: MCO/DMO Pay for Quality

- Percentage of MCO capitation is placed at-risk, contingent on performance on targeted measures---risk/reward
- Program has evolved over time:
  - Percentage of capitation at–risk
  - Selection of measures
  - Overarching structure of program
- Ideally, MCO value-based contracting/payment models with providers and Performance Improvement Projects (PIPs) goals should align with P4Q metrics
- Program challenges:
  - Design and risk/reward scaled to the measures of focus
  - Expansions of managed care
  - Measures selection
  - Data sources/data collection
  - Knowledge transfer
- Program is being re-tooled
VBP at HHSC-MCO/Provider Level: Hospital Pay-for-Quality

- Potentially Preventable Re-admissions (PPR)
- Potentially Preventable Complications (PPC)
- FFS reimbursement adjustments (reductions) to hospitals based on PPR and PPC rates in excess of established threshold
  - PPR: 1% to 2% reduction of inpatient claims (based on high rates)
  - PPC: 2% to 2.5% reduction of inpatient claims (based on high rates)
  - Re-calculated annually
- Hospital adjustments are also made in each MCO’s experience data and adjustments are then made to MCO capitation rates
- Introducing an incentive component this fiscal year (leveraging PPR and PPC metrics)
- Technical assistance and “customer service” function at HHSC
- Challenges:
  - Data lags vs Real time
  - Knowledge transfer
VBP at MCO-Provider Level: MCO Value-Based Contracting with Providers

- Operates under the premise (supported by literature) that FFS payment models tend to reward based on volume and not necessarily quality
- Recent provision in the MCO/DMO contract has strengthened the requirements for MCO/DMO-provider payment structures to focus on quality, not volume
- Requires MCOs/DMOs to submit to HHSC their plans for alternative payment structures (value-based purchasing) with providers

- Describes types of models, metrics used, volume (approximate dollar amount and enrollees impacted), and process for evaluation
- Regular Quality Improvement meetings with MCOs to discuss progress and barriers
- Data collection tools and interaction with MCOs/DMOs will enable HHSC to better assess MCO/DMO progress in this area
Challenges:

- Medicaid is not the only book of business for providers
- The science and methods behind this are not fully evolved
- Measurement of progress is challenging
- Complexity and readiness at State, MCO and provider levels
- MCO and provider willingness (although many now see this process as inevitable)
- Need to maintain administrative simplification in Medicaid while undertaking this endeavor
- Wide range of sophistication and administrative infrastructure among provider types
- VBP tends to work more effectively with providers with large patient panels—Texas has many providers with small patient panels
Challenges:

- Texas has a large number of MCOs, and has separated managed care into different programs. This shrinks the plan enrollment sizes making VBP more difficult.
- Appropriately crediting MCOs for "medical expense" (although HHSC efforts in this area are progressing).
- MCO rate setting methods may need to become less linked to FFS fee schedules.
- Ensuring encounter data integrity and completeness.
- Investment may be needed.
- It is a challenge to develop effective VBP models when multiple providers are involved in a patient’s care.
- Continual movement through the VBP continuum (toward more risk based models) is essential, difficult and slow.
Key Question: How do we sustain these efforts and continue the forward progress on high impact progress?

HHSC is actively working toward aligning MCO quality efforts with DSRIP projects by exploring ways that projects with a high impact to Medicaid can become integrated into managed care.

A thoughtful, coordinated and sustained effort is needed.

Challenges:
- Getting the MCO’s attention—what would help them?
- Packaging a proposal/Quantifying ROI
- Having a sufficient number of patients
- Adapting to an MCO payment structure
Helpful Web-links

HHSC Main Quality Webpage (data on different HHSC initiatives):
http://www.hhsc.state.tx.us/hhsc_projects/ECI/index.shtml

Value Based Purchasing subpage (summary information on MCO VBP with providers):
http://www.hhsc.state.tx.us/hhsc_projects/ECI/Value-Based-Payments.shtml

Potentially Preventable Events Page (data and reports related to hospital level PPR and PPC)
http://www.hhsc.state.tx.us/hhsc_projects/ECI/Potentially-Preventable-Events.shtml

Data and Reports subpage (MCO/regional HEDIS and PPE measures over multiple time periods):
http://www.hhsc.state.tx.us/hhsc_projects/ECI/Data-Reports.shtml

Questions? HCPC_Quality@hhsc.state.tx.us
Perspectives from Other Experts

- Lindsey Browning, National Association of Medicaid Directors (NAMD)

- Shelli Silver, Arizona Health Care Cost Containment System (AHCCCS)

- Robert Wells, Superior Healthplan

- Cliff Fullerton, Baylor Scott and White Quality Alliance