Arizona Value-Based Purchasing Initiatives

Shelli Silver, Assistant Director
AHCCCS
August 30, 2016
AHCCCS Value-Based Purchasing

Contract mandate to leverage MCO model:

• Members’ experience and population health are improved

• Per-capita health care cost is limited to rate of general inflation through aligned incentives with provider partners

• Commitment to continuous quality improvement and learning
Initiatives Under VBP Umbrella

• VBP Contracting – MCO incentives/penalties, including capitation withhold, tied to performance on a range of quality measures
  o aligned incentives between payers/providers
  o minimum % of revenue under VBP contracts
• Valued Providers – direct members to providers who participate in VBP and offer value using measurable outcomes
Initiatives Under VBP Umbrella, cont.

• Centers of Excellence – incentivize utilization of valued providers for evidenced based, high volume procedures/conditions

• E-Prescribing – improve members’ health outcomes and reduce costs

• APR-DRGs – shift from per diem rates focusing on quality of care over quantity of services – includes a readmit disincentive
AHCCCS VBP Journey

• VBP effective CYE 14 – MCOs active prior but with no compensation from AHCCCS for improved outcomes, reduced costs, non-encounterable provider payments

• Commitment by AHCCCS to identify mechanism to reimburse for provider incentive payments, as well as rewards for outcomes (latter included starting CYE 14)
AHCCCS VBP Journey, cont.

- Effective CYE 16 - VBP payments made by MCOs to providers reimbursed through post-year reconciliation
- Most provider contracts on low end of VBP Strategy continuum, i.e. low level of risk – e.g. primary care incentives and performance based contracts – very few contracts with any downside risk
AHCCCS VBP Journey, cont.

• No shortage of providers in urban areas willing to contract despite having 7 MCOs in largest AZ County

• Challenges with provider penetration in rural areas due to small numbers of members – more difficult to incentivize providers due to increased requirements without sufficient member assignment
Next Steps in Journey

• Not much evidence to prove that pay for performance models are effective
• Effective CYE 18, move to Health Care Payment Learning and Action Network (LAN) Alternative Payment Model (APM) Framework with focus on Categories 3/4
  o APMs with upside and downside risk
  o Population-based payments
Lessons Learned

- Role of State: leadership, commitment, establish broad goals for system
- Resources needed both at State and MCOs
- Culture of learning; goals and progress are incremental; vision will evolve
- System design matters - true VBP requires integration to align incentives
- Requires improved access to actionable data – HIE; AHCCCS mandated MCOs to join