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Value Based Purchasing

Perspectives from National, State, MCO, and Provider Levels

August 30, 2016

DSRIP Statewide Learning Collaborative

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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

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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

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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

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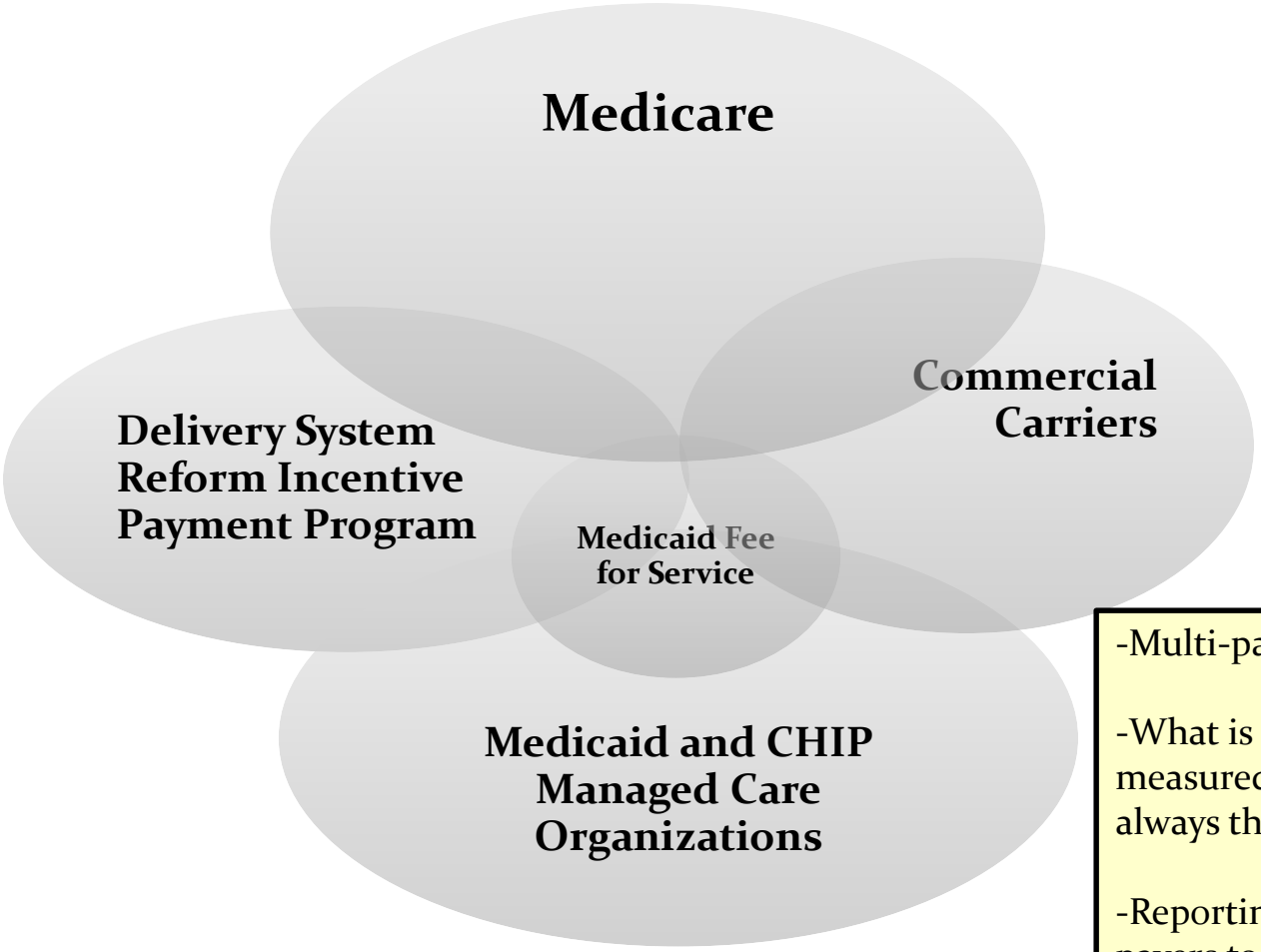
Challenge: Multiple Payers/Systems are Shaping Value Based Payment Approaches



-Multi-payer environment

-What is being measured/incentivized is not always the same across payers

-Reporting formats/methods by payers to providers are not uniform across payers

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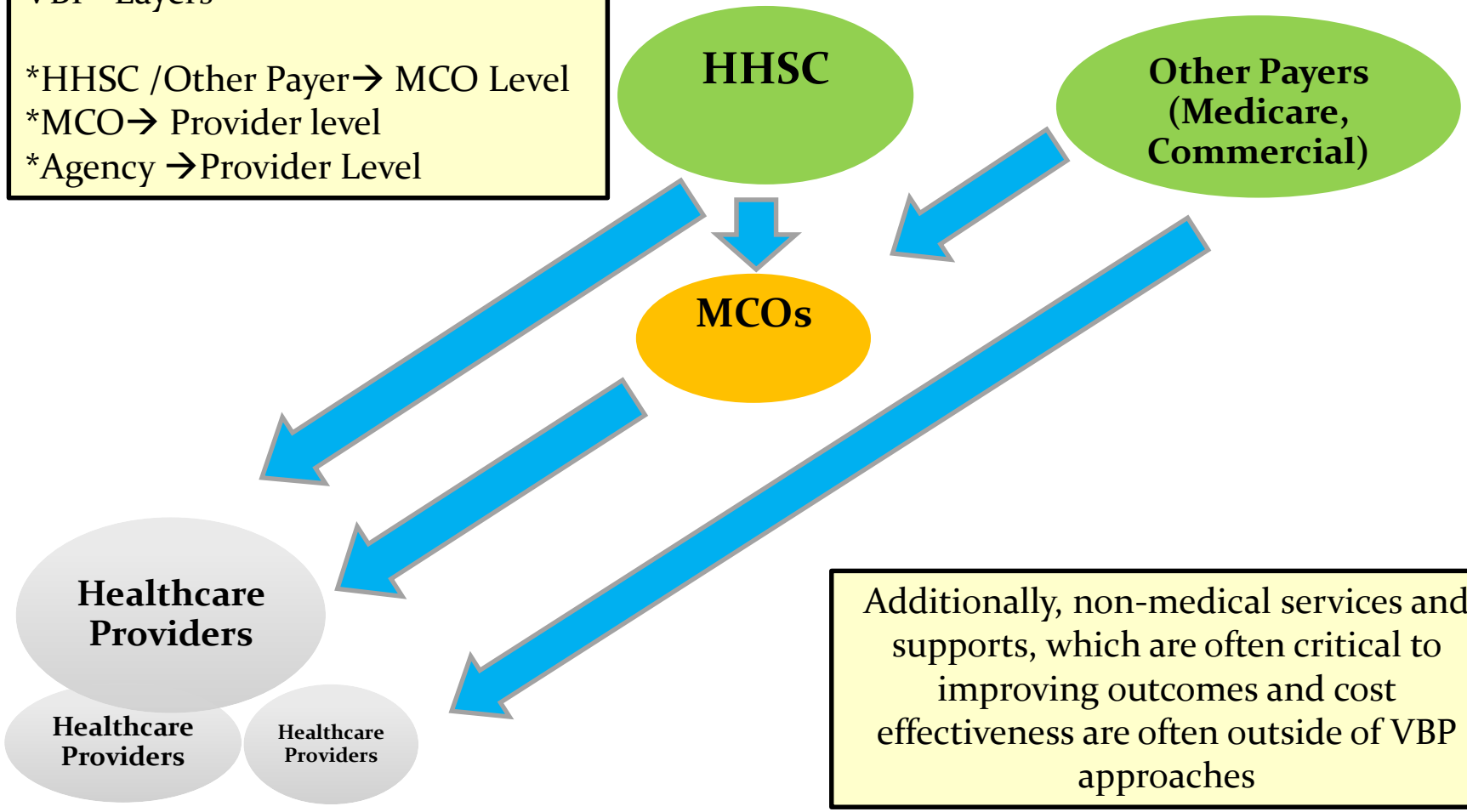
Challenge: Value Based Payment Efforts in Medicaid/CHIP Are Occurring at Multiple Levels

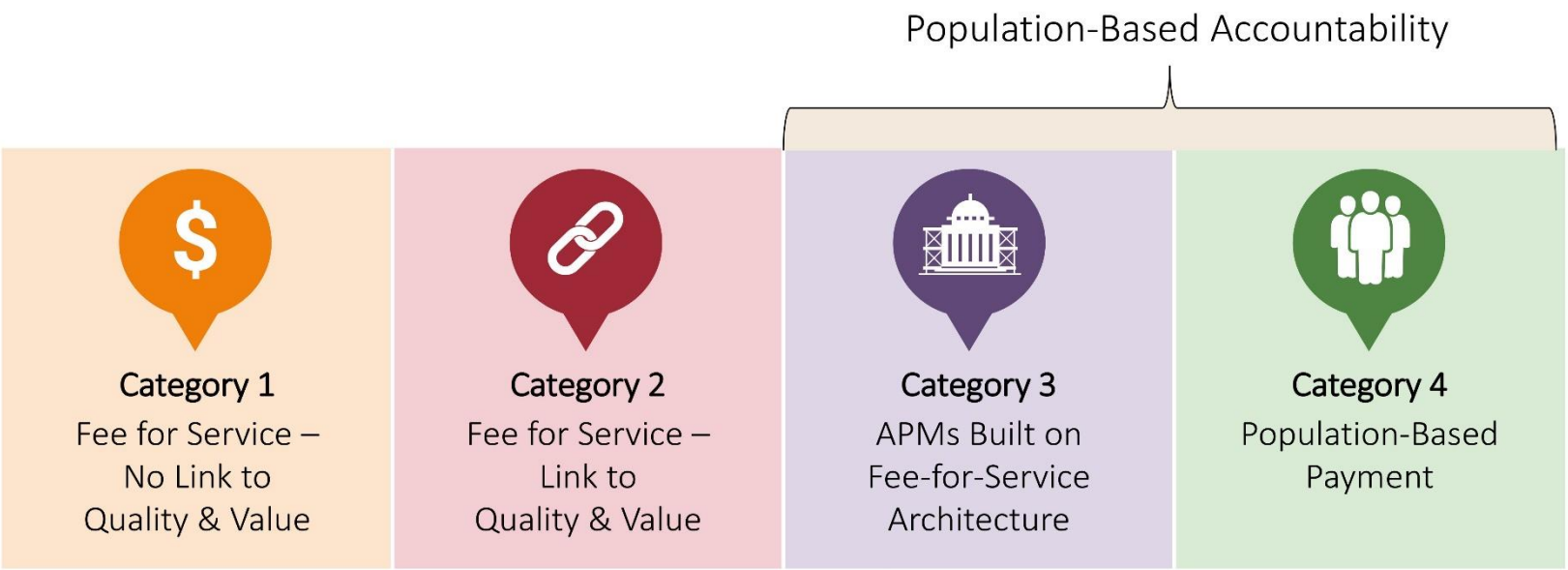
VBP "Layers"

*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:

Source: Alternative Payment Model (APM) Framework and Progress Tracking Work Group https://hcp-lan.org/

More detailed white paper: https://hcp-lan.org/workproducts/apm-whitepaper.pdf

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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

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VBP at HHSC-MCO/Provider Level: HHSC-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

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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

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VBP at MCO-Provider Level: MCO Value-Based Contracting with Providers (cont.)

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

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VBP at MCO-Provider Level: MCO Value-Based Contracting with Providers (cont.)

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

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VBP at HHSC-Provider Level: Delivery System Reform Incentive Payment Program (DSRIP)

- 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

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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

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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**