

Opportunities for Value-Based Payment to Improve Behavioral Health Care

National Conference of State Legislatures

State Policy Seminar: Levers to Address Health Costs

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Center for Health Care Strategies

Dedicated to strengthening the U.S. health care system to ensure better, more equitable outcomes, particularly for people served by Medicaid.

Together with our partners, our work advances:



Effective models for prevention and care delivery that harness the field's best thinking and practices to meet critical needs.



Efficient solutions for policies and programs that extend the finite resources available to improve the delivery of vital services and ensure that payment is tied to value.

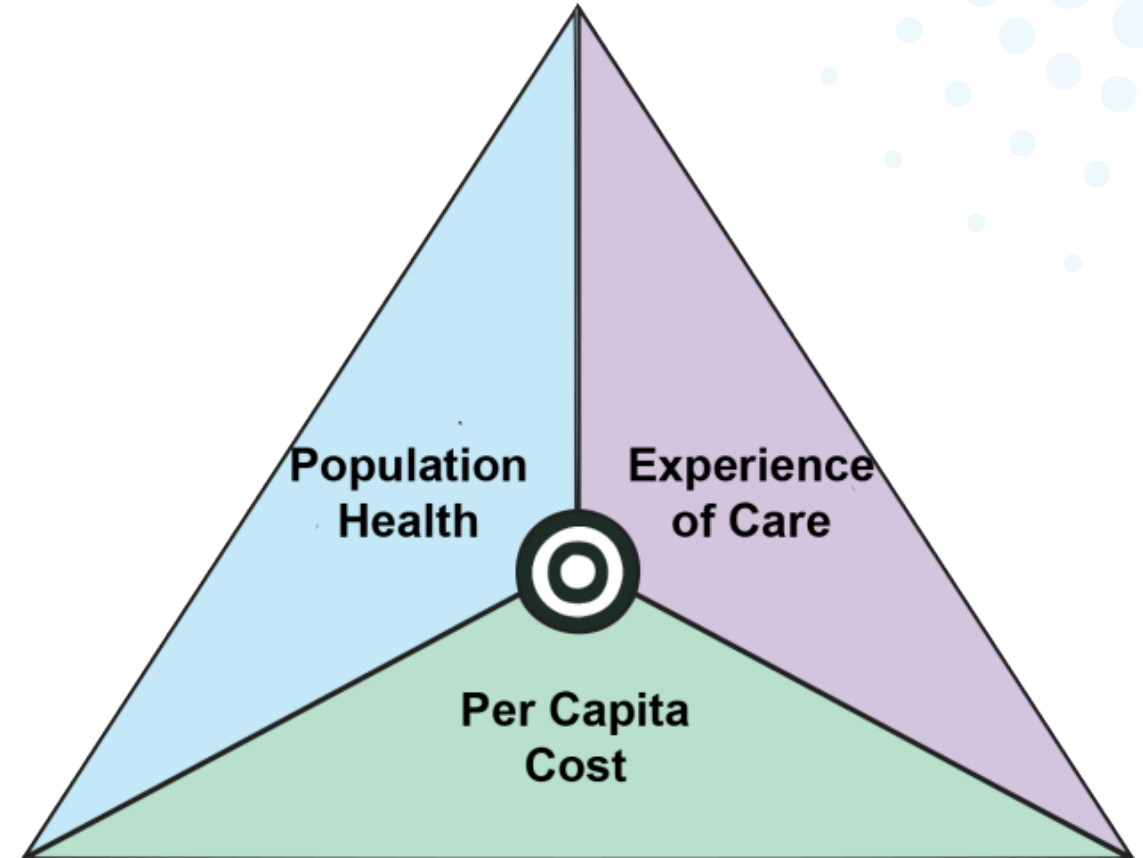


Equitable outcomes for people that improve the overall wellbeing of populations facing the greatest needs and health disparities.



What is Value-Based Payment?

- **Value-Based Payment (VBP)** rewards high-value care by incentivizing providers to deliver value
 - Evidence-based practices
 - Patient-centered care
 - Equitable care
 - Cost-effective care



IHI Triple Aim

VBP Types



Pay-for-Performance (P4P)

Bonuses and/or penalties for improved quality performance



Shared Savings/Risk

Providers that succeed in keeping costs below a total cost of care benchmark and meet or exceed quality standards keep a percentage of the savings



Bundled Payments/ Case Rates

Providers receive an all-inclusive payment for a specific scope of services to treat an “episode of care” with a defined start and end point, payments are adjusted based on quality performance



Capitation/Global Payments

Providers receive an upfront per member per month (PMPM) payment to cover a wide range of services and tied to quality performance

Types and Examples of Behavioral Health VBP programs



VBP Targets in Medicaid MCO Contracts

Managed care plans must have a certain percentage of providers enrolled in VBP arrangements – many include behavioral health in this calculation

- **Almost all managed care states** have implemented managed care VBP targets



Behavioral Health-Specific VBP models

Specific VBP models applied to behavioral health services and/or providers only

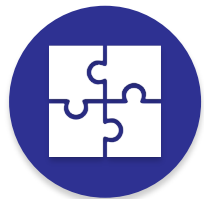
- **New Hampshire** MCOs' capitated payments for community mental health providers
- **Vermont's** mental health case rate payment for mental health agencies



Certified Community Behavioral Health Clinic Demonstration

Payment through a daily or monthly Prospective Payment System rate that reimburses the expected cost of demonstration services – states may also include quality bonus payments in the model

- National Council for Mental Wellbeing reports that more than 430 CCBHCs are operating in **44 states and territories**



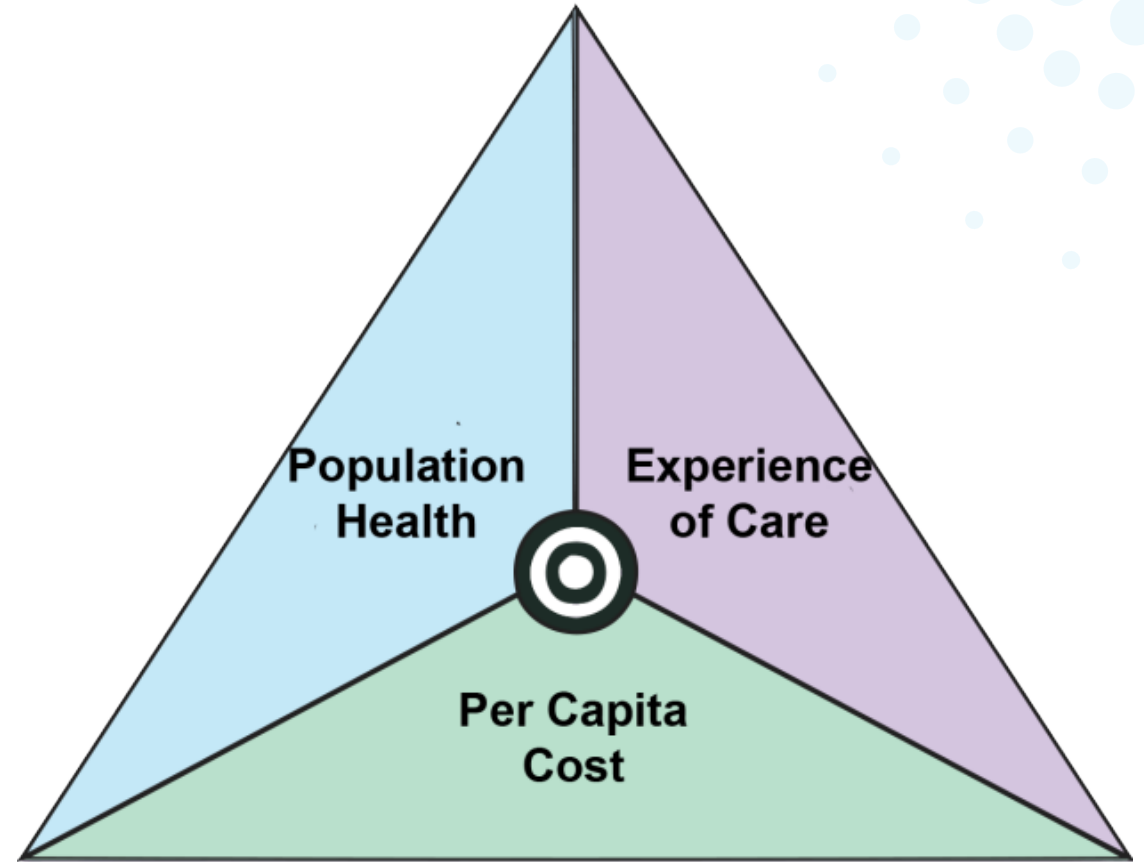
VBP Models Covering a Comprehensive Array of Services

VBP models that include behavioral health services and/or providers in addition to other services/providers

- **Massachusetts'** Accountable Care Organization and Community Partners programs
- Models in **New York's** Value Based Payment Roadmap
- **Tennessee's** episodes of care program

Why use VBP to Improve Behavioral Health?

- Flexibility for providers to deliver needed care
- Data, measurement, and oversight
- Triple Aim goals
 - Potential for improved quality
 - Potential to improve experience
 - Potential for reduce systemwide costs
 - However, reduced BH costs are unlikely



IHI Triple Aim

Don't Expect VBP to Reduce Behavioral Health Costs

- Behavioral health access problems exist – reducing costs could exacerbate them
 - Supply issues
 - Few providers, especially in Medicaid
 - Demand issues
 - Opioid epidemic
 - COVID-19
- Instead, focus on **total cost of care**: VBP models covering a comprehensive array of services may be the best approach to reducing costs
 - Behavioral health costs may increase, but **total costs** may decrease
 - 2020 study found that 57% of the top 10% of high-cost commercial patients had a behavioral health diagnosis, and that 5.7% of the population contributed to 44% of all commercial health care spending ¹
 - Authors expected that percentages in the Medicare and Medicaid populations would be even more pronounced

Plus – Comprehensive Models Tend to Perform Well

Oregon – Coordinated Care Organizations



- Global budget including physical health, behavioral health, and other services
- Saved the state an estimated **\$2.2 billion** in avoided health care costs from 2014-2018 ²
- Quality results were favorable, including reduced ED utilization among members with mental illness ³

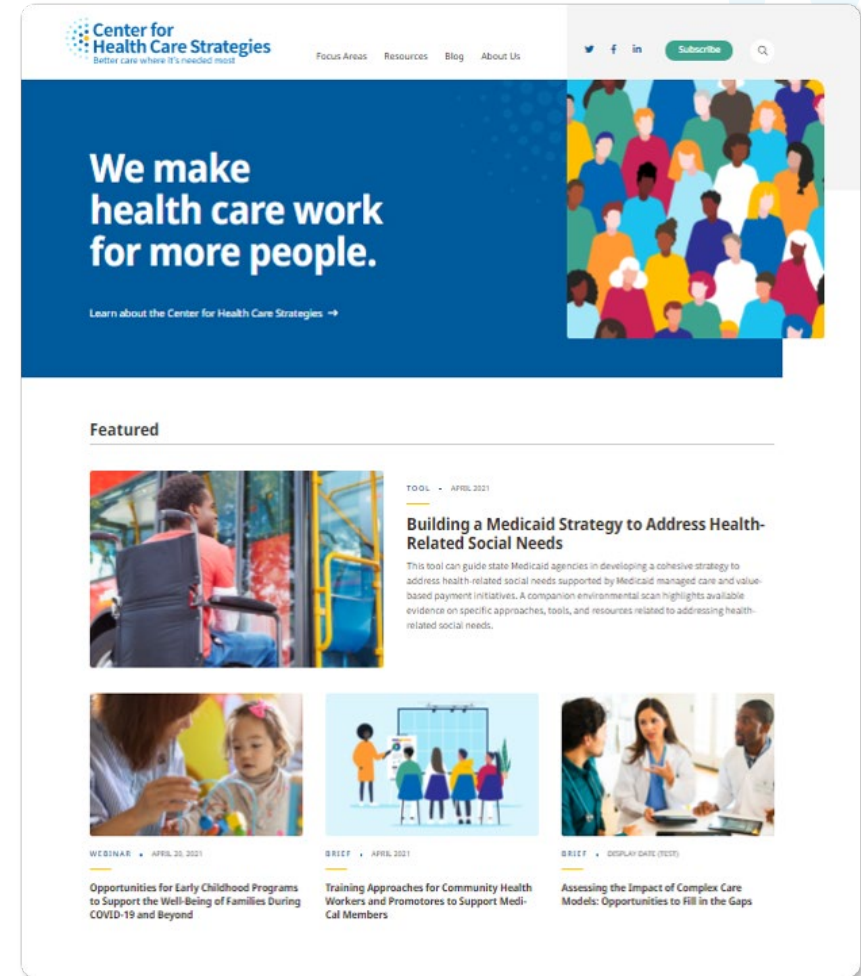
Minnesota – Integrated Health Partnerships



- Shared savings model including physical health, behavioral health, and other services
- Saved **\$277 million** from 2013-2017 ⁴
- 14% reduction in hospital stays, 7% reduction in ED visits ⁵

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