# Getting Value over Volume in Health Care, Payment Systems

April 28, 2023

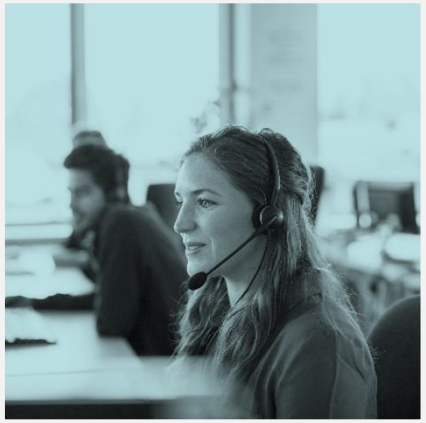
# How NCSL Strengthens Legislatures

## Policy Research

NCSL provides trusted, nonpartisan policy research and analysis

## Connections

NCSL links legislators and staff with each other and with experts



## Training

NCSL delivers training tailored specifically for legislators and staff

## State Voice in D.C.

NCSL represents and advocates on behalf of states on Capitol Hill

## Meetings

NCSL meetings facilitate information exchange and policy discussions

# Speakers

**Tequila Terry**

Director, State & Population Health Group

CMS Innovation Center

**Rob Houston**

Director, Delivery System and Payment Reform

Center for Health Care Strategies

**Rob Saunders**

Senior Research Director, Health Care Transformation

Duke Margolis

**Alicia Cooper**

Director of Managed Care Operations

Vermont Medicaid

# Agenda

Introduction to Value-Based Care

National Overview
- CMS Innovation Center
- Value-Based Care Models

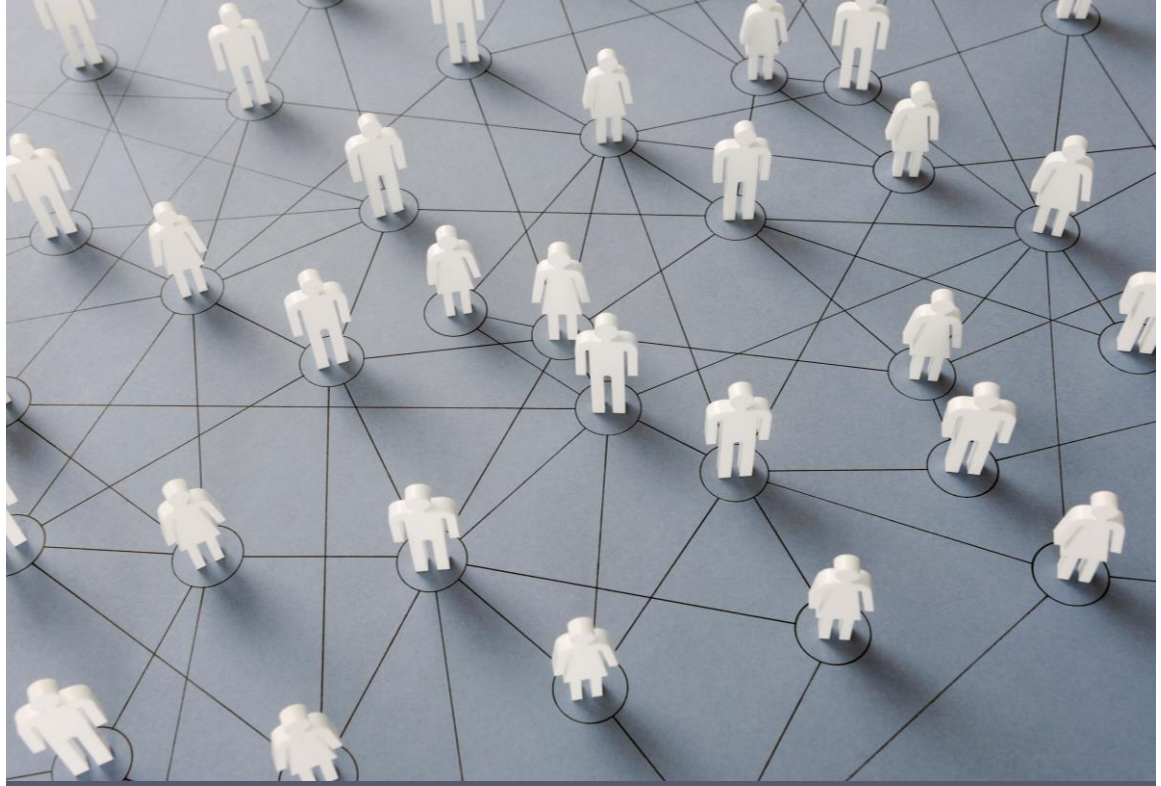
State Examples
- North Carolina
- Vermont

Discussion & Questions

Walk Away with a Takeaway

Enter your answer into the chat

On a scale of 0-5 please enter in the chat your familiarity with value-based care and payment models.



# Introduction to Value-Based Care

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# Introduction to Value-Based Care

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## Fee-For-Service

- Pays providers for **each service** performed.
- Payment **not linked** to patient outcomes, quality, or costs.
- High-value or patient-centered care **not** incentivized.

## Value-Based Care

- Providers **at risk** for quality and outcomes.
- Payment **linked** to patient outcomes, quality or costs.
- High-value and patient-centered care **incentivized.**

# State Legislative Role

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## Fund

State funding for one-time startup costs or ongoing value-based care models and initiatives.

## Oversee and Evaluate

Oversee models implemented in the state and evaluate impacts on cost and quality.

## Set Standards

Direct state agencies, payers, or providers to adopt value-based care models and establish standards for adoption.

## Data and Research

Authorize or require data collection and research to understand health care costs and quality in the state and policy options.

# State Legislative Role

## Fund

**Pennsylvania**

**Act 108 (2019)**

Establishes and funds a Rural Health Redesign Center to administer the PA Rural Health model, a CMS Innovation Center model. The Center also provides technical assistance to rural hospitals.

## Oversee and Evaluate

**Oregon**

**SB 934 (2017)**

Requires the Primary Care Transformation Initiative to report spending outcomes of primary care value-based payment reforms to the legislature annually.

## Set Standards

**Maryland**

**HB 1148 (2023)***

Establishes the Behavioral Health Care Coordination Value-Based Purchasing Pilot Program

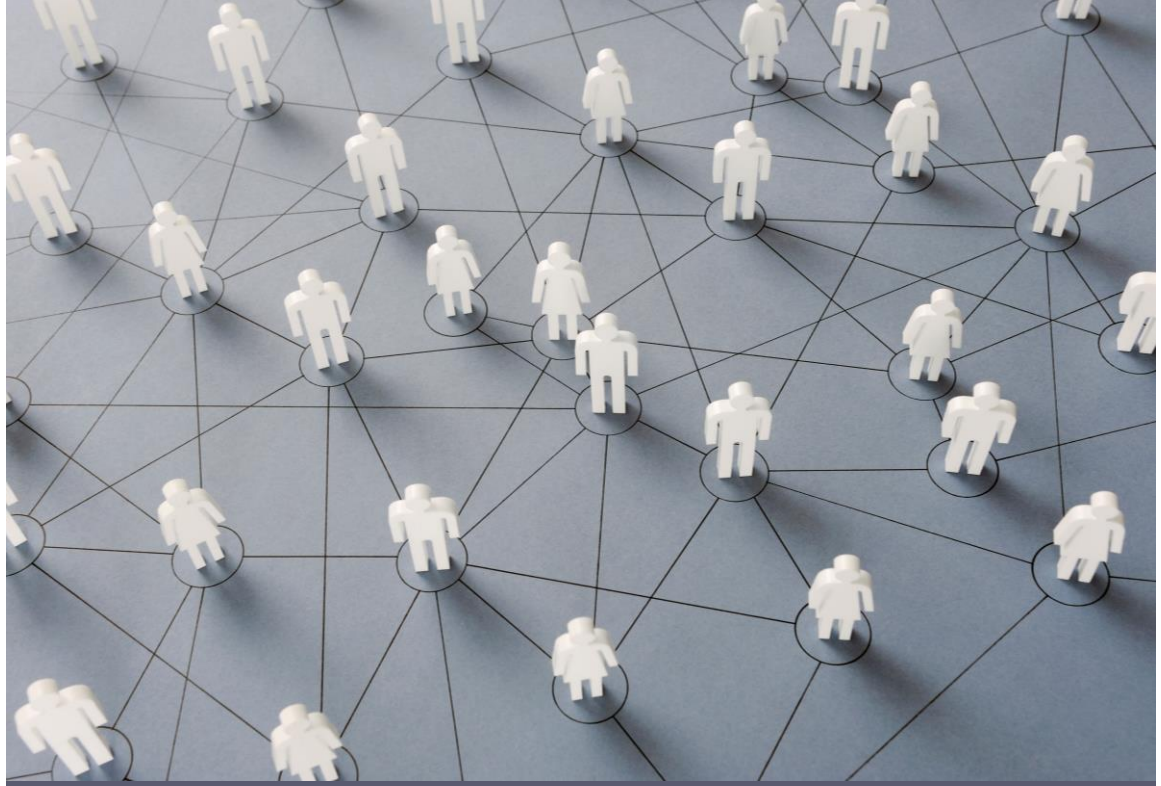
## Data and Research

**Louisiana**

**HCR 83 (2022)**

Creates a task force to study and make recommendations regarding implementation of an all-payer claims database to aggregate insurance and government benefit claims data.

*Pending governor signature.



# National Overview - CMS Innovation Center Initiatives

# CMS Innovation Center

Tequila Terry
Director, State & Population Health Group
U.S. Department of Health & Human Services
Center for Medicare and Medicaid Innovation
April 28, 2023

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

# What is Value-Based Care?

Value-based programs reward health care providers with incentive payments for the quality of care they give. These programs are part of our larger quality strategy to reform how health care is delivered and paid for.

Value-based programs also support our three-part aim:

**Better Care for Individuals**

**Better health for Populations**

**Lower Cost**

**Why are value-based programs important?**

Value-based programs are important because they're helping us move toward paying providers based on the quality, rather than the quantity of care they give patients.

# The CMS Innovation Center Statute

"The purpose of the [Center] is to test innovative payment and service delivery models to reduce program expenditures…while preserving or enhancing the quality of care furnished to individuals under such titles"

**Three scenarios for success from Statute:**

1. **Quality improves; cost neutral**
2. **Quality neutral; cost reduced**
3. **Quality improves; cost reduced (best case)**

If a model meets one of these three criteria and other statutory prerequisites, the statute allows the Secretary to expand the duration and scope of a model through rulemaking

# Defining “Innovation” in Health Care Payment & Delivery

The CMS Innovation Center tests **alternative payment models (APMs)** which reward health care providers for novel approaches to delivering cost-efficient, high-quality care.

APMs can apply to a specific:

- **Health condition**, like end-stage renal disease
- **Care episode**, like joint replacement
- **Provider type**, like primary care providers
- **Community**, like rural areas
- **Innovation** within Medicare Advantage or Medicare Part D

# CMS Innovation Center's Range of Impact

## More than 41 million beneficiaries touched*

CMS Innovation Center models impact more than 41 million beneficiaries **in all 50 states**

## More than 314,000 providers participating*

More than 314,000 health care providers and provider groups [2] **across the nation** are participating in CMS Innovation Center programs

* Source: 2022 **Report to Congress: Center for Medicare and Medicaid Innovation.** Represents two years of data. Includes CMS beneficiaries (i.e., individuals with coverage through Medicare FFS, Medicaid, both Medicare and Medicaid (as Medicare-Medicaid enrollees), CHIP, and Medicare Advantage) and individuals with private insurance, including in multi-payer models. The CMS Innovation Center counts impacted beneficiaries and individuals by model test. In specific circumstances, it is possible that a beneficiary or other individual might be included in multiple model tests.

# Evaluating Results and Advancing Best Practices

CMMI uses **independent evaluators** to routinely and rigorously assess the impact of each model on quality of care and program expenditures

CMMI seeks to advance models that generate net savings and represent **high-value investments of taxpayer dollars** while maintaining or improving quality of care

The Secretary of Health & Human Services has the authority[1] **to expand the duration and scope of a model** being tested… including implementation on a nationwide basis[2].

[1]Under Section 1115A(c) of the Social Security Act
[2]pending model expansion determinations performed by CMS under section 1115A(b)(4).

# Vision: What's to Come Over the *Next* 10 Years



Increase the number of people in a **care relationship with accountability** for quality and total cost of care

**Embed health equity** in every aspect of CMMI models and increase focus on underserved populations

**Enable integrated, person-centered care** through tools such as actionable data, technology, and dissemination of best practices

Pursue **strategies to address health care prices,** out of pocket costs, and reduce unnecessary or duplicative care

Align priorities & policies across CMS and **engage other payers, purchasers, and states**

# CMMI Strategy Roadmap| Models, Initiatives, & Engagement

## Stakeholder Engagement & Learning

- **Health Care Payment Learning and Action Network (LAN)**: State Transformation Collaboratives, Health Equity Advisory Team, Accountable Care Action Collaborative
- **Listening Sessions and Webinars:** Engaging Beneficiary Perspectives across Life Cycle of Models, Informing New Model Development and Cross-model Issues

### 2022

- Kidney Care Choices Model launched
- **Announced models**:
  - ACOs Realizing Equity, Access, & Community Health (REACH) Model
  - Enhancing Oncology Model (EOM)
  - Two-year extension of Bundled Payment for Care Improvement Advanced (BPCI Advanced) Model

### 2023-2024

- Advanced primary care model tests
- **State total cost of care model tests**
- Population and condition-specific accountable care models
- Bundled payment models to support population health
- Prescription drug models

### 2025-2029

- ACO model tests that support primary care and accountability for total cost of care and outcomes
- Bundled payment models to support population health
- Population & condition-specific accountable care models
- Specialty integration models

## Cross-Model Issues

- Health equity data collection
- Risk adjustment
- Multi-payer alignment
- Data access and transparency
- SDoH screening and referral
- Beneficiary engagement
- Medicaid alignment
- Benchmarking



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# Where can innovators go for more information?

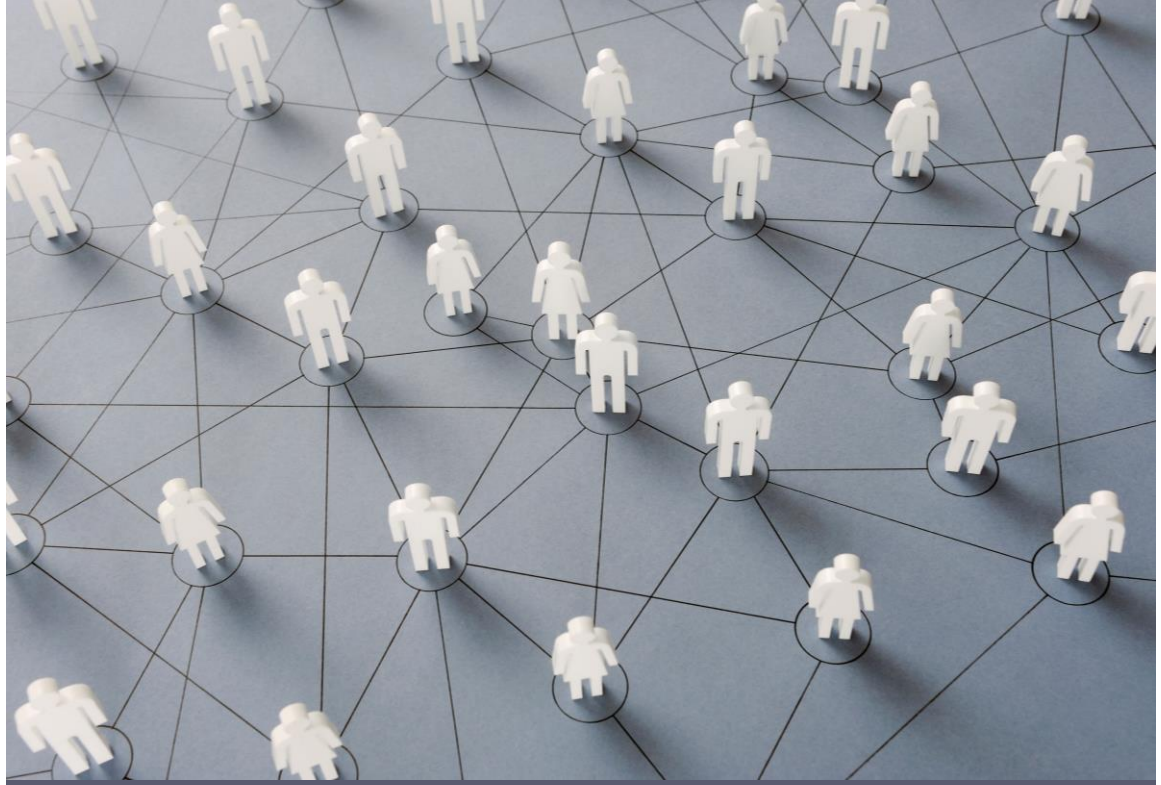
Sign up to receive regular email updates about the CMS Innovation Center, including opportunities to engage with, provide input on and potentially participate in model tests.

Visit the CMS Innovation Center website and Strategic Direction webpage.

Visit the CMS Innovation Center Models webpage to see current participant geographic and contact information*. You can also see which models are currently enrolling.

Follow us @CMSinnovates on Twitter.

*CMS cannot connect innovators directly with participants



# National Overview - Value-Based Care Models

Center for Health Care Strategies
Better care where it's needed most

# Moving from Volume to Value: Value-Based Care Overview and Options

Rob Houston

Getting Value Over Volume in Health Care, Payment Systems Webinar

National Conference of State Legislatures

April 28, 2023

# 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.



Center for Health Care Strategies

# Why Value-Based Care?

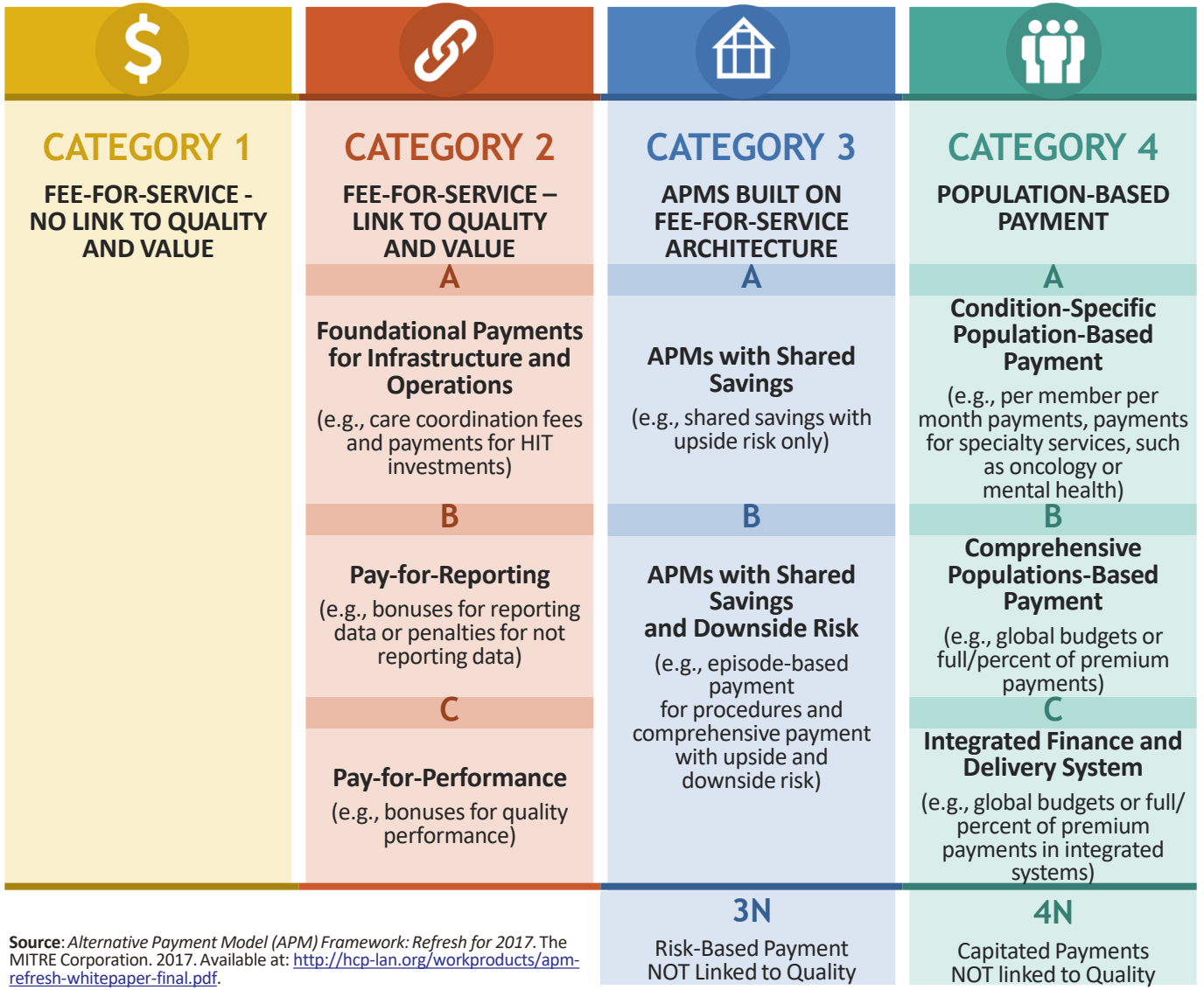
- Value-Based Care (VBC) and Value-Based Payment (VBP) aim to move from the volume-based Fee-For-Service payment model to one that rewards value
- VBC aims to pay providers to keep you well, not treat you when you are sick


The Evolution of the Triple Aim into the Quintuple Aim.
**Source**: Helwig, A. *"Defining The Current State Of Connected Care."* RTI Health Advance. August 16, 2022.



Center for Health Care Strategies

# HCP LAN Alternative Payment Model Framework




**Source**: *Alternative Payment Model (APM) Framework: Refresh for 2017*. The MITRE Corporation. 2017. Available at: http://hcp-lan.org/workproducts/apm-refresh-whitepaper-final.pdf.



Center for Health Care Strategies

# The Four Most Common VBP Approaches

Pay-for-Performance (P4P)

Bundled Payments

Shared Savings/Risk

Capitation/ Global Payments

Center for Health Care Strategies

# Pay-For-Performance (P4P)

- **Snapshot:** Providers that improve performance on quality measures are rewarded with a financial bonus and/or providers that perform worse on quality measures are assessed a financial penalty.
  - → Measures typically track use of health outcomes, evidence-based processes, or patient experience ratings
- Category 2C in HCP LAN Framework
- **Examples:** Almost every state has done this in some way, and you'd be hard-pressed to find a provider who has not participated in a P4P program.
  - → Many Patient-Centered Medical Home (PCMH) and Health Home programs utilize P4P
- **Results:** Lackluster

# Shared Savings/Risk


- **Snapshot:** Providers that succeed in keeping costs below a total cost of care benchmark keep a percentage of the savings
  - → In downside risk models, providers pay a share of "losses" if costs go up
  - → Incentivizes activities, such as coordination and effective care management across all services, to lower the total cost of care
  - → Utilized primarily in accountable care organizations (ACOs)
- Categories 3A and 3B in HCP LAN Framework
- **Examples:** Medicare Shared Savings Program (MSSP), CPC +, Minnesota's Integrated Health Partnerships, Massachusetts' ACO Program
- **Results:** Mixed, Primary Care-based ACOs in MSSP have had success, some Medicaid successes



Center for Health Care Strategies

# Bundled Payments

- **Snapshot:** 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
  - → Incentivizes coordination across physicians, hospitals, etc. to provide care at a cost below a specific target for the episode
  - → Payment contingent on quality performance
  - → Popular episodes include: knee/hip replacement, perinatal care, acute asthma exacerbation, diabetes management
- Category 4A on HCP LAN Framework
- **Examples:** Medicare Bundled Payments for Care Initiative (BPCI); Medicaid episodes of care models attempted to get there
- **Results:** Some cost and quality improvements, but typically for discrete clinical events

# Global or Capitated Payments

- **Snapshot:** Providers receive an upfront per member per month (PMPM) payment to cover a wide range of services
  - → Providers bear full financial risk for services
  - → Access to upfront funding to invest in care coordination, quality improvement, and efficiency across the full continuum of care
  - → Utilized with advanced ACOs, hospitals, and multi-specialty provider groups
- Categories 4B and 4C in APM Framework
- **Examples:** Maryland All-Payer Hospital Model, New York VBP Innovator Program
- **Results:** Many programs are new, but promising results from mature programs

# Ways to Implement VBC Models

- Legislation
  - → Could create models or instruct department to do so
- Department-driven models
  - → Medicaid Agencies
  - → Departments of Health
  - → Departments of Insurance
- Medicaid MCO contract language
  - → Contract requirements/incentives
  - → "Choose-Your-Own-Adventure" Approach

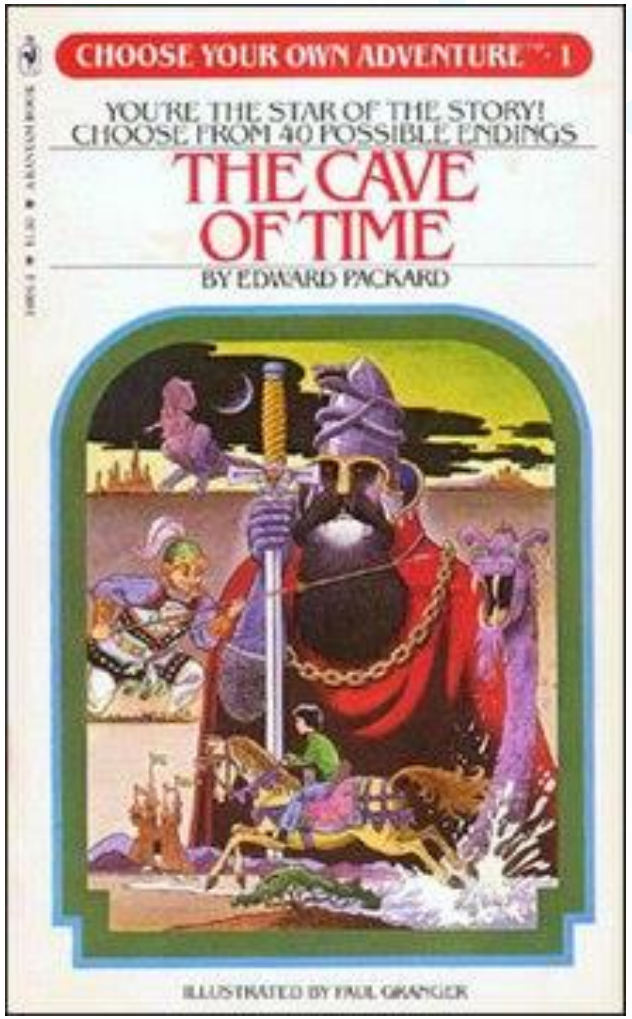




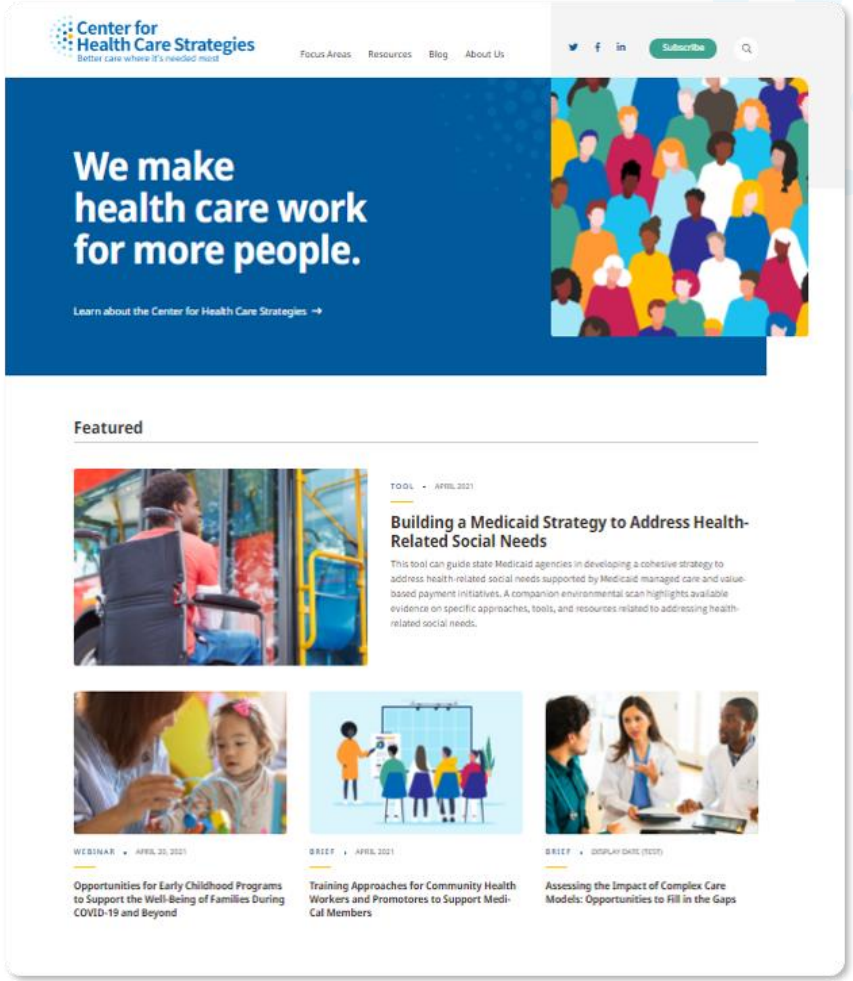

**Image source**: Edward Packard and Paul Granger (Illustrator). *"Choose Your Own Adventure #1: The Cave of Time."* Bantam Books. 1979.

# Key Questions to ask for VBC Program Design

- What are your program goals?
  - → What are you trying to achieve or improve?
  - → Are there specific actions that you want to encourage?
- What populations will you serve?
- What services will be included?
- How sophisticated are your providers and health plans?
  - → Can they actually do the things you are setting out to do?
- How will you measure success?

# Visit CHCS.org to…

- **Download practical resources** to improve health care for people served by Medicaid.
- **Learn about cutting-edge efforts** from peers across the nation to enhance policy, financing, and care delivery.
- **Subscribe to CHCS e-mail updates**, to learn about new resources, webinars, and more.
- **Follow us on Twitter** @CHCShealth.




Center for Health Care Strategies

# Trivia – Enter your answer in the chat

***How many states have an episode of care payment (a type of bundled payment) in their Medicaid program?***

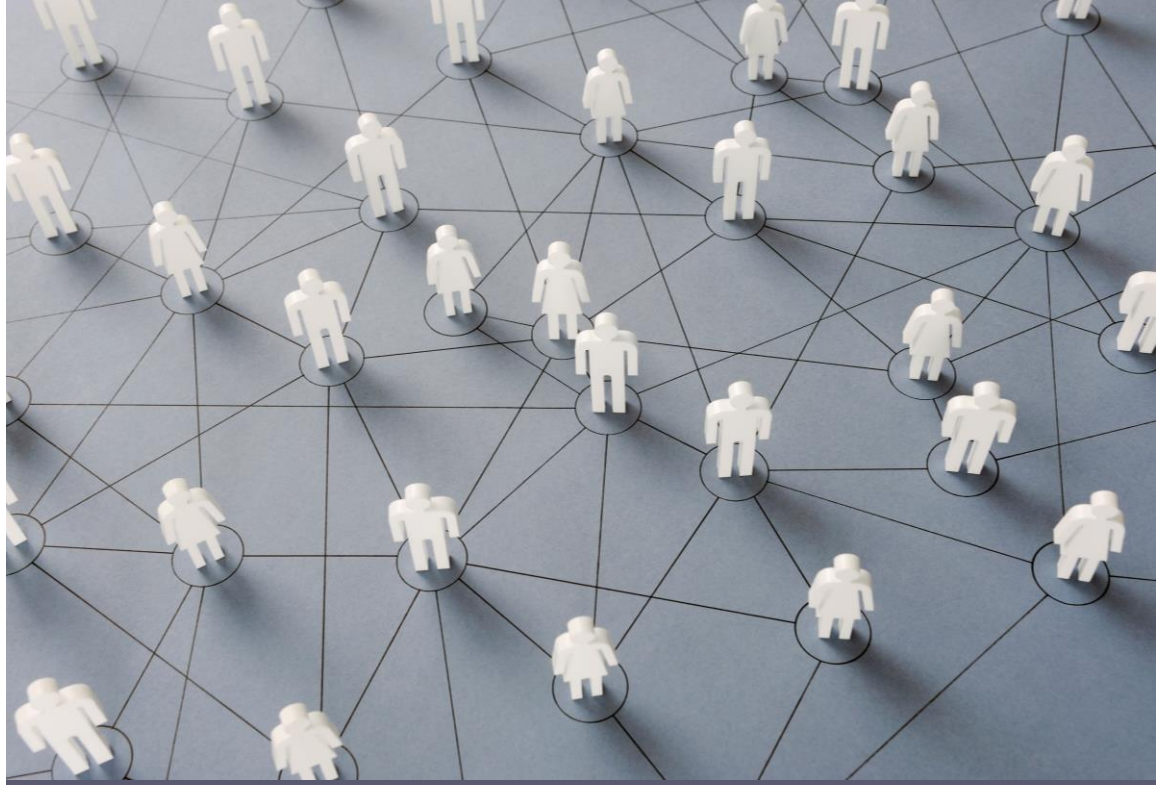
A. 5

B. 9

C. 14

D. 24

***B. 9*** **-** Colorado, New Mexico, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Tennessee, Vermont.



# State Examples

# North Carolina

# North Carolina's Value-Based Care Initiatives

## Presentation to National Conference of State Legislatures

Robert Saunders, PhD

Senior Research Director, Duke-Margolis Center for Health Policy

# Value-Based Payment Reforms in NC

- Landscape of Reforms in North Carolina
- North Carolina Medicaid Transformation
- State Transformation Collaborative
- NC Integrated Care for Kids

# Many Value-Based Reforms in North Carolina

| Payer/Purchaser | Example Initiative & Supporting Infrastructure |
|---|---|
| **NC Medicaid and Department of Health and Human Services** | • Transitioning to Medicaid Managed Care<br>• Requiring Medicaid Managed Care plans to substantially use value-based payment models<br>• Addressing social drivers of health through Healthy Opportunities Pilots<br>• Sharing health and social care referrals through NCCARE360<br>• NC Integrated Care for Kids focused on improving children's health across health care, schools, child welfare, early care |
| **Commercial Payers** | Examples:<br>• Blue Cross NC's Blue Premier ACO program and Accelerate to Value program for independent primary care<br>• Other payers (eg, Humana, United) partnering with Aledade for primary care, implementing bundled payments |
| **Medicare** | • NC health systems and practices participating in 35 Medicare ACOs |

# North Carolina Medicaid Transformation at a Glance

- In July 2021, the program transitioned from fee-for-service to **Medicaid Managed Care** with additional focus on:
  - Improving value by tying **90% of payments to quality** by Year 5
- In Spring 2022, **Healthy Opportunities Pilots** began providing select evidence-based interventions for social drivers of health
  - 50,000 services delivered related to housing, food, transportation, and interpersonal safety and toxic stress
- Medicaid VBP and Managed Care transition may be influenced by recent expansion of Medicaid in the state (which will add 600,000 to the program)

# State Transformation Collaboratives

*A private-public and state-federal partnership to continue to shift the economic drivers away from fee-for-service to a value-based, person-centered approach to health through **Medicaid**, **Medicare**, and **commercial** collaboration and partnership.*

Comprised of payers, providers, health systems, purchasers, patient advocates, and community organizations

Identifying commonalities in locally-driven approaches to enable cross-state learning and implementation of alternative health care payments

**Four distinct working groups:**

North Carolina

Arkansas

Colorado

California

# State Transformation Collaborative

**Our Goals**

- Improve Population Health
- Advance Health Equity
- Enhance Patient Experience
- Relieve Provider Burden
- Reduce Cost

**Our Strategies**

- Strengthen Primary Care
- Align Quality Measures
- Enhance Health Equity Data
- Improve Data Infrastructure

**Our Vision**

An innovative North Carolina health care delivery system that rewards better health outcomes, integrates physical and behavioral health, and invests in non-medical interventions aimed at reducing costs and improving the health of North Carolinians.

**STC ROLE**

**Securing and implementing an agreed path forward for alignment and action.**

# NC Integrated Care for Kids (InCK)

- NC InCK is funded by a $16 million grant from the **Centers of Medicare & Medicaid Services** to:

Duke UNIVERSITY

THE UNIVERSITY of NORTH CAROLINA at CHAPEL HILL

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES


- NC InCK serves all **Medicaid** and **Children Health Insurance Program (CHIP)** recipients in this five-county area of NC.
  - Birth to age 20

# InCK Model Will Link Payments to Measures for Children's Health and Well-Being

**Performance is incentivized for six measures**

| | | |
|---|---|---|
| Kindergarten Readiness Promotion Bundle | Screening for Food Insecurity and Housing Instability | Completion of a Shared Action Plan |
| Screening for Clinical Depression and Follow-Up | Ambulatory Care: ED Visits | Well-Child Visits is First 15-Months |

**Administrative data from**

Schools

Child Welfare

Health Care

Juvenile Justice

# Summary

- Multiple payment reform initiatives underway in North Carolina in the public and private sector.

- While positive developments, the focus is now on implementation and aligning the many initiatives underway (to reduce implementation cost and clinician administrative effort, and focus improvement on biggest needs).

- Many initiatives are early, so still building evidence on what's working and what's not.

# Thank You

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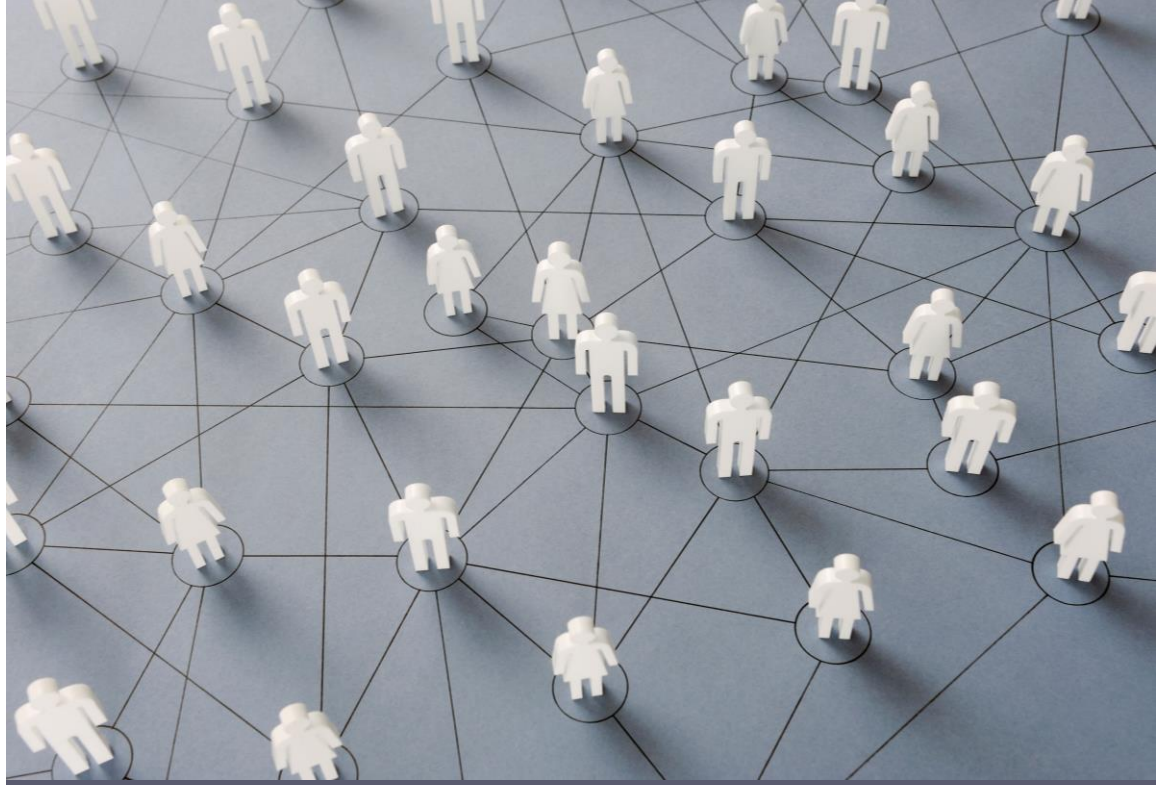
# Vermont



# Discussion and Questions

# Walk Away with a Takeaway!

-Enter one thing you've learned into the chat

# Additional Resources

**Slides and a recording of this webinar will be available on the webpage.**

*Coming Soon – NCSL Value Based Care Brief Series!*

# Stay Connected

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## Reach out anytime!


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# Thank you!