



# Paying for Value and Aligning with Other Purchasers

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# Agenda

- Value-Based Purchasing
  - What is it
  - Plan-focused strategies
  - Provider-focused strategies
- Alignment with other Purchasers
- State Perspective: Rhode Island
- Discussion

# Value-based Purchasing: A Definition

*A broad set of performance-based payment strategies that link financial incentives to providers' performance on a set of defined measures in an effort to achieve better value by driving improvements in quality and slowing the growth in health care spending.*

*- Measuring Success in Health Care Value-based Purchasing Programs, C. Damberg et al, RAND Corporation, 2014*

# Impetus for Value-Based Purchasing

## Impetus for VBP

- Develop payment approaches to create incentives for value not volume
- Shift risk and rewards closer to point of care to foster local accountability
- Realize return on federal and state investments
- Improve access to care, outcomes, and information for the beneficiary

## Desired Outcomes

- Value = Quality + Cost
- Integrated prevention, wellness, screening and disease management
- Coordinated care across care cycle
- Real-time data to monitor utilization and compare and share information across care team
- New reimbursement structures, including incentives that encourage integrated practice models

# Value-Based Purchasing Efforts So Far...

- For the most part, fragmented and organic in Medicaid, although gaining momentum
  - P4P is ubiquitous but affect is mixed<sup>2</sup>
  - New care/payment models – medical homes, ACOs, shared savings, episode-based payments – primarily limited to regional pilots or plan-specific initiatives
- Medicare providing strong leadership
- Large employers increasingly aggressive
- ACA has accelerated VBP opportunities

J. James. "Health Policy Brief: Pay-for-Performance," *Health Affairs*, October 11, 2012. Available at [http://www.healthaffairs.org/healthpolicybriefs/brief.php?brief\\_id=78](http://www.healthaffairs.org/healthpolicybriefs/brief.php?brief_id=78)

# Change Is Slow Going...



- Concerns about making new demands on a fragile provider network
- Lack of information about existing VBP initiatives
- Lack of VBP expertise and evidence base on outcomes
- Limitations of data analytics
- Misalignment of stakeholders - little to no collaboration with other purchasers
- Other more pressing priorities (i.e., ACA mandates)
- Requires change to status quo and relationship building

# Leveraging Health Plans to Purchase Greater Value

- VBP experts across the county: *How can states leverage plans more effectively to advance VBP?*
- Overwhelming response: *Be more directive in terms of overall VBP strategy.*
- Then give plans flexibility in how to implement.
- Key steps:
  1. Set a vision of VBP;
  2. Establish clear expectations of plans;
  3. Choose measures for plans to demonstrate progress towards expectations; and
  4. Meet regularly with plans to discuss progress.

# Examples of Plan-Facing VBP Strategies

- Linking percentage of health plan total spend or percentage of members to VBP payment or VBP providers
- Requiring plans to invest in provider infrastructure (e.g., medical home, health homes, ACOs, EHRs, learning collaboratives, etc.)
- Requesting information from health plans about VBP programs or plans via procurement process
- Requiring adoption of VBP strategies (e.g., ACOs, episode of care payments) as part of the RFP or contract

# State Examples of VBP in Managed Care

- Arizona
- Delaware
- Ohio
- Minnesota
- Tennessee

# Examples of Provider-Facing VBP Strategies

- Beyond traditional P4P, VBP strategies include:
  - Care and complex care management initiatives
    - Patient-centered medical home
    - Super-utilizer programs
    - Health homes
  - Capitated or partial capitation payments to PCPs
  - ACO with shared savings arrangements
  - Non-payment for never events/hospital-acquired conditions
  - Bundled or episode-based payments

# State Examples of VBP in PCCM

- Arkansas
- Maine
- Massachusetts
- South Carolina

# Alignment with Other Purchasers

- Medicaid cannot be an island - it cannot transform health care delivery and payment by itself
- Cross-purchaser initiatives = larger market share = greater influence on providers
- Other potential partners: Medicare, public employee benefits purchaser, large employers, QHP agency, etc.
- Alignment makes VBP goals clearer for all

# Opportunity

- Increasing momentum on purchasing value, not volume, across purchasers, plans and increasingly providers
  - Are we reaching a tipping point?
- Increasing recognition of and growth around multi-payer initiatives
  - State Innovation Model (SIM) initiative
  - Expansion of all payer claims databases (APCDs)
  - Growth of regional health improvement collaboratives

# What Alignment Might Look Like

- Alignment across care delivery and payment reform initiatives
  - Rhode Island
- Consistency in procurement or contracting tools across payers
  - Oregon
- Alignment across performance metrics and reporting strategies
  - Minnesota

# Issues for Consideration

- “We need to figure out the geography of payment reform .”
- Bridging existing cultural divides
- Changing how Medicaid partners
- Figuring out the role of health plans
- Setting providers up for success
- Addressing erosion of claims data

# State Perspective: Rhode Island

*Deidre Gifford, MD, Medicaid director, former Medical director, co-parent of Chronic Care Sustainability Initiative*

1. Why is it important for Medicaid to be at the multi-payer table?
2. What are the challenges and opportunities facing Medicaid in terms of multi-payer collaboration?
3. What are some key steps Medicaid leaders can take?