Marc Leib, MD, JD

Chief Medical Officer, Arizona Health Care Cost Containment System

In his position Dr. Leib's duties include developing medical policies, determining coverage criteria for new procedures, overseeing quality assurance and improvement activities, investigating member and provider complaints, evaluating regulatory requirements, and assuring that the approximately one million AHCCCS members receive appropriate medical services.

Dr. Leib practiced anesthesia in Tucson, AZ for approximately two decades and was very active in the medical community, serving as president of both the Arizona Society of Anesthesiologists and the Arizona Medical Association. He later attended law school and subsequently practiced health care law at a large firm in Washington, D.C., concentrating on Medicare regulatory affairs and Health Insurance Portability and Accountability Act (HIPAA) issues.
Using ROI Forecasting to Support a Pay-For-Performance Program

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Chief Medical Officer
Arizona Health Care Cost Containment System (AHCCCS)
Program Overview

- Over 1 million members in AHCCCS.
- Over 90% of AHCCCS members are in mandatory Medicaid Managed Care.
- Extensive oversight of Contractors:
  - Contract Performance Measures
  - Performance Improvement Projects
- Active Quality Management program
Results of Current MCO Oversight Activities

- Immunization rates exceed national HEDIS Medicaid Managed Care means for every required childhood vaccination series.
- Immunization rates exceed commercial MCO HEDIS means for 6 out of 7 series.
- Other Performance Measures exceed commercial or Medicaid HEDIS means.
- AHCCCS requires MCO performance; MCOs utilize P4P to achieve results.
Why Implement State-wide P4P If MCO P4P Results Are Successful?

- Multiple MCO P4P programs burden physicians with disjointed requirements, performance measures and payments.
- Statewide program is less burdensome and more rewarding to providers, resulting in greater provider participation.
- Alleviates “small numbers problem” when members aggregated in state-wide P4P.
P4P Performance Measures

- Members with Diabetes receive all the following tests during measurement year
  - Hgb A1c
  - Lipid profile
  - Renal panel

- Members turning two years old during measurement year receive all required immunizations before second birthday
Targeted Population

- Members with Diabetes: ~125,000 continuously enrolled individuals during the measurement year
- Members anticipated to turn 2 years old during the measurement year: ~45,000
P4P Payments

- P4P payment for meeting diabetes performance measure—$25 for every diabetic member in practice, if
  - Practice has at least 50 diabetic members
  - All measures performed on at least 50% of diabetic members
P4P Payments

- P4P payment for immunization program performance measure—$25 for every 2-year old in practice if
  - Practice has at least 50 qualifying members
  - At least 80% of qualifying members receive all recommended immunizations
Estimated Program Costs

- Estimated costs over three year period:
  - P4P payments to providers meeting one of the performance measures: $3.5 million
  - Estimated administrative costs for the Agency and contracted MCOs: $1.1 million
- Total costs: $4.6 million over three years
ROI Forecast for Program

- Estimated savings from net change in utilization: $10.1 million over 3 years
  - Increased costs for lab tests, office visits
  - Decreased costs for ER visits, inpatient admissions
- Estimated program costs: $4.6 million over 3 yrs
- Predicted ROI: approximately 2.2:1 over 3-year period
Political Process

- Requires explicit legislative approval to implement new programs
- CHCS ROI Calculator utilized in making presentations on proposed P4P program
- If approved, funds will be available after July 1, 2008
- BUT, . . .
Political Reality

- Arizona currently has $1.2 billion shortfall in current budget year ending June 30, 2008
- Projected 2009 shortfall of $1.5 billion
- Few new spending initiatives are likely to be approved by the legislature
- P4P program will be updated regularly and ready to implement when approved
Value of ROI Forecasting

- Identified that a planned initiative (asthma) would not have yielded a good ROI because of the success of previous efforts that had been made.

- Developed an informed legislative request to fund a P4P program. These requests have been put on hold due to current budget issues, but can be updated and implemented whenever funded.
Why Others Should Use ROI Forecasting

- Identifying the population served, cost drivers, and opportunities to improve quality while decreasing expenses is critical in achieving ROI.
- Forces the use of data, shifting the analysis from what you “know” to what the data actually shows.
Future Plans with ROI

- Selection and development process for programmatic changes.
- Sharing with contracted Health Plans for use in developing P4P and value-based purchasing initiatives.
- Developing and defending legislative requests to fund value-based and P4P programs to improve quality of care and achieve ROI.
Thank You

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