

National Perspective on Value-based Purchasing

DSRIP Statewide Learning Collaborative
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Overview

- Background and Context
- State and Federal Landscape of Value-based Purchasing
- Conclusions

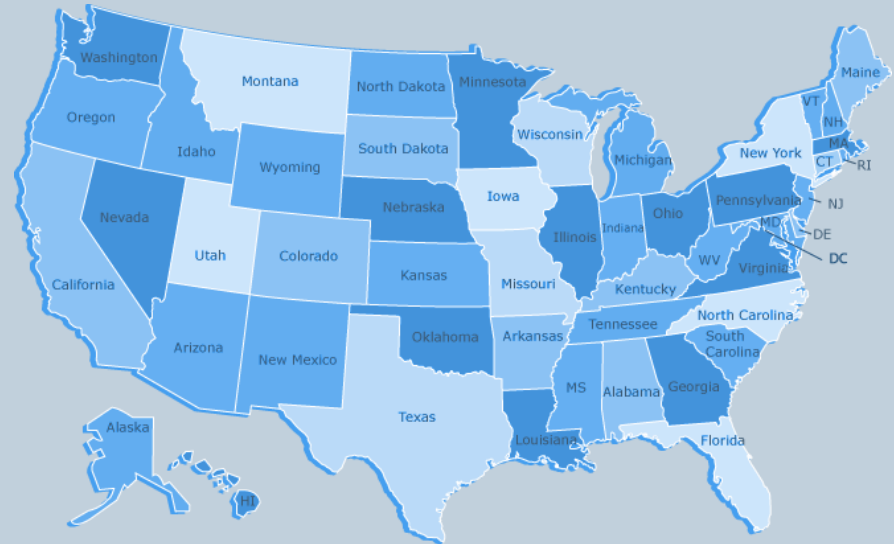
Background: NAMD

- Standalone association
- 56 Medicaid directors, including DC and territories
- Our mission:
 - Represent the consensus voice of state Medicaid to federal policymakers
 - Support sharing of best practices



Background: Medicaid Landscape

- Federal/state partnership
- States operate their program within broad federal rules
- Responsible for 72 million vulnerable Americans
- State-to-state variation in program and innovations
- **Common state objective: improve outcomes and deliver value.**



Medicaid Value-based Purchasing

- NAMD/Bailit Health report on Medicaid value-based purchasing (34 states and 5 MCOs)
- Overarching findings:
 - Value-based purchasing generally refers to payment models that hold providers accountable for quality of care and costs
 - How alternative payment models are being implemented varies by state
 - Occurring through MCOs and direct contracting with providers
 - Initial focus typically in acute care; some states beginning to focus on long-term care
 - States with State Innovation Model grants and DSRIPs tend to be further along

Role of MCOs in Medicaid VBP

- 72% of Medicaid beneficiaries nationally are enrolled in managed care
- A number of states require or encourage MCOs to increase amount of value-based purchasing without specifying models
- Interviewed MCOs all have a number of different models they support –which mirror what states have
 - All MCOs included P4P as an alternative payment model
 - All stressed importance of meeting providers where they are

Most Common Medicaid Alternative Payment Models

- **Additional Payments to Providers in Support of Delivery System Reform**
 - PMPMs on top of fee-for-service payments for care management or to fund practice transformation
 - Typically used to support patient-centered medical homes and/or Health Homes
- **Episode-based Payments**
 - Provider accountability for a defined and discrete set of services over limited time
 - Focused on identifying and improving clinical pathways
- **Population-based Payments**
 - Providers responsible for a comprehensive set of services for a patient population and have potential to share in savings/risk based on actual costs & quality

Additional Payment in Support of Delivery System Reform

12

Currently Implemented

We expect many more states to have implemented this model but did not report it in our survey

Episode-Based Payment

3

Currently Implemented

4 more states are in the process of or considering implementation

Population-Based Payment

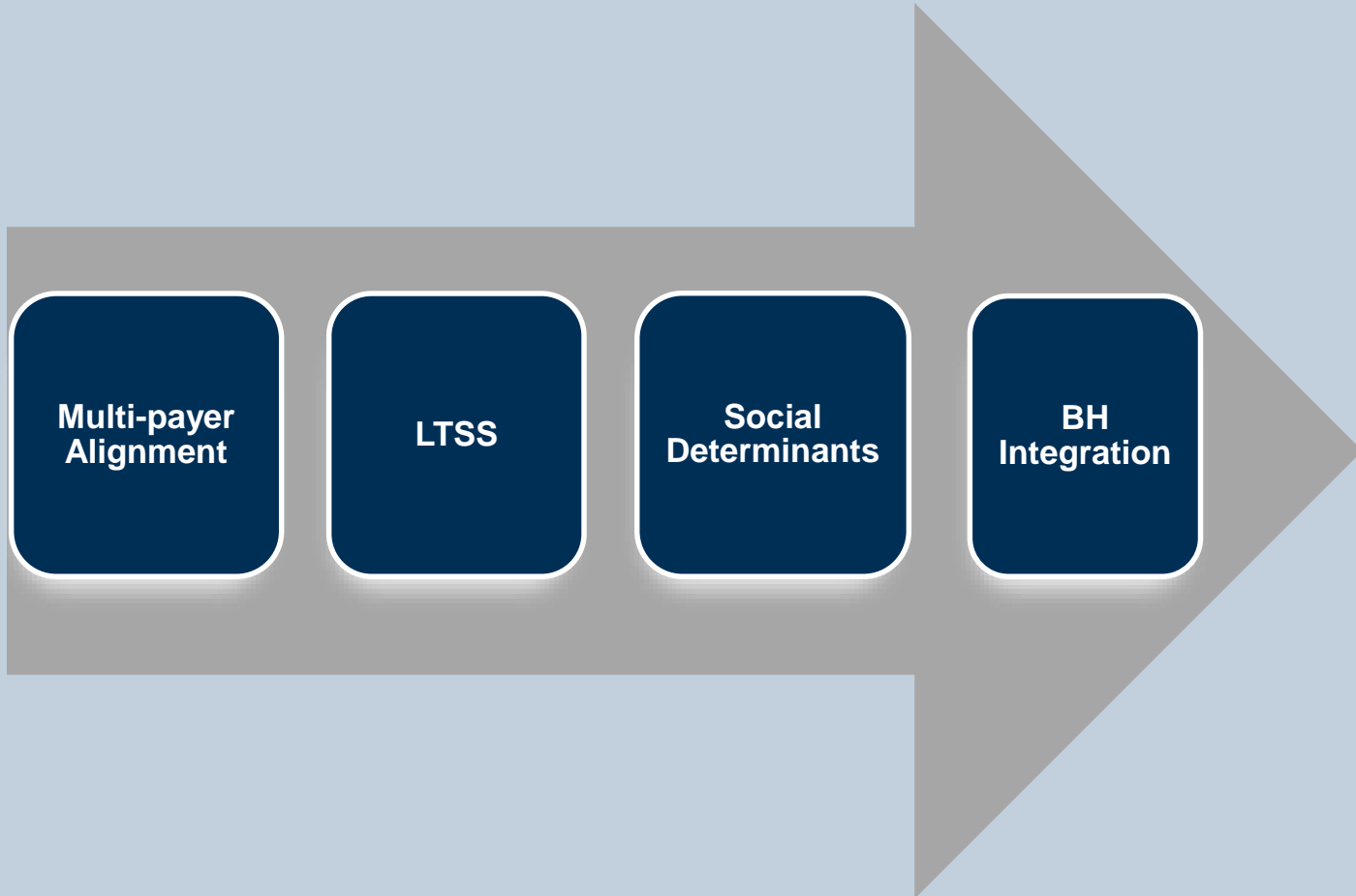
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Currently Implemented

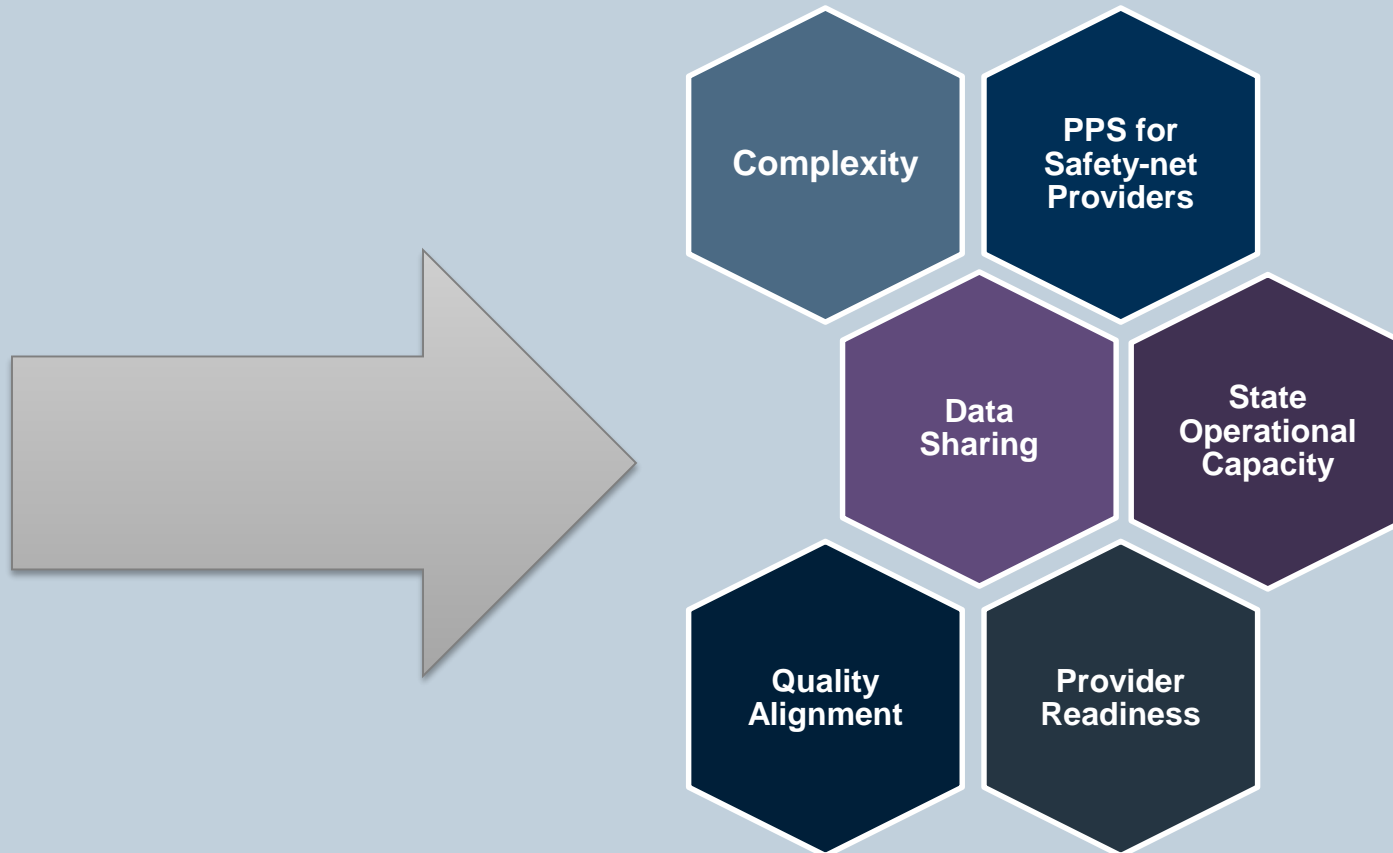
2 states are making significant changes or expanding their population-based payment model

Source: NAMD and Bailit Health Purchasing; The Role of State Medicaid Programs in Improving the Value of the Health Care System; <http://medicaiddirectors.org/publications/namd-report-the-role-of-state-medicaid-programs-in-improving-the-value-of-the-health-care-system/>

Path Forward in Medicaid VBP: Opportunities



Path Forward in Medicaid VBP: Challenges



Federally-Led VBP Initiatives

➤ **MACRA Advanced APM program and MIPS**

- Medicaid models can count & help provider achieve Medicare bonus payment
- Qualifying other payer models must:
 - Use of Certified EHR Technology
 - Quality measures comparable to MIPS measures
 - Assume more than nominal risk

➤ **HHS Health Care Payment Learning and Action Network**

- Developing whitepapers & recommendations for multi-payer APMs
- Interest in testing recommendations with payers

➤ **CMMI models**

Conclusions

- Alternative payment models differ by state but broadly fall into three categories:
 - Additional payments in support of delivery system reform
 - Episode-based payments
 - Population-based payments
- Managed care plans are playing a key role in value-based purchasing efforts
- LTSS is likely to be the next frontier of alternative payment models
- Increasing need for federal policymakers to understand and reflect state experience in national VBP efforts

Questions?

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