VALUE-BASED PAYMENT UPDATE

Insure the Uninsured Project Conference

Sacramento, CA

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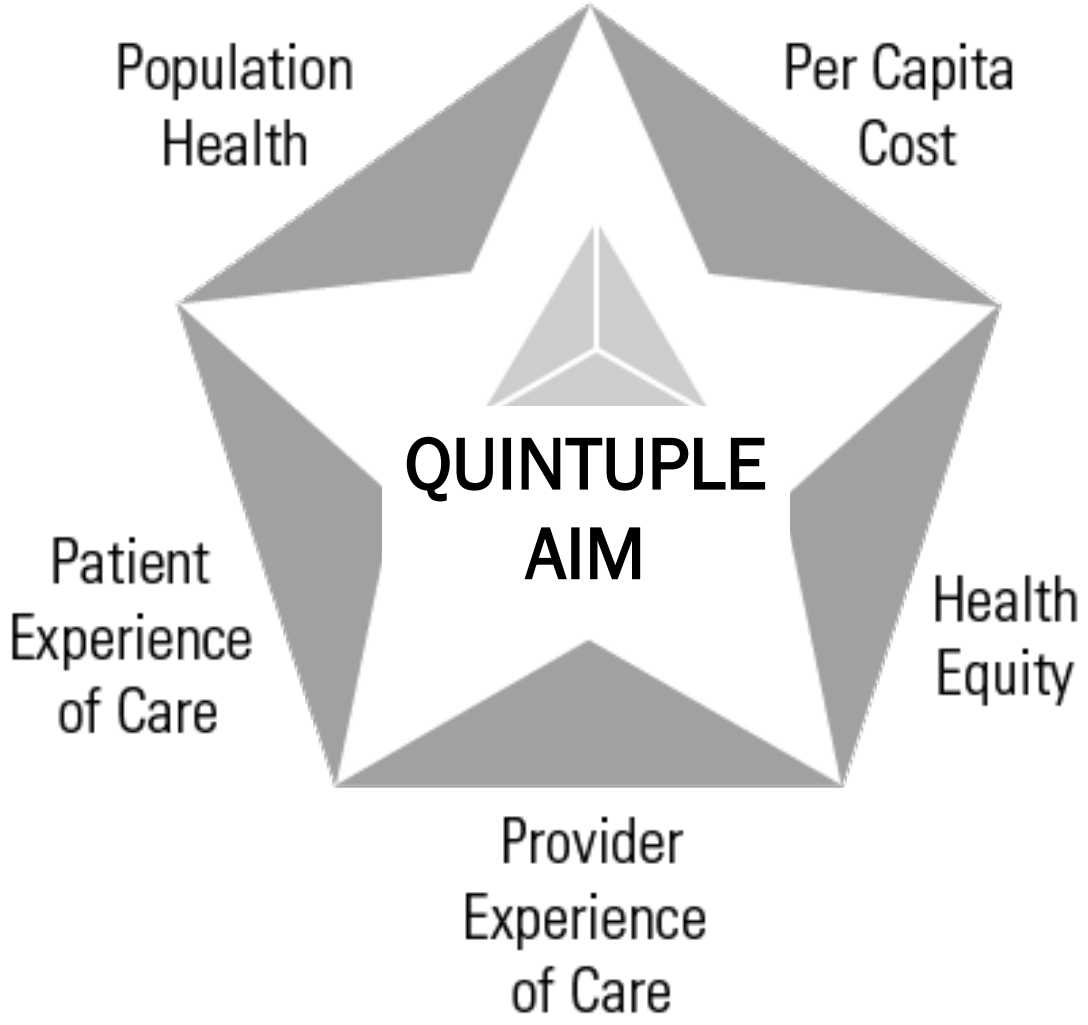
JSI CALIFORNIA

JSI is a public health research and consulting organization dedicated to improving the health of individuals and communities and providing a place where people of passion and commitment can pursue this cause.

Our California clients include:

- Foundations/philanthropies
- Government agencies (e.g., CA cities & counties)
- Safety-net providers (e.g., community health centers, integrated delivery systems)
- Medi-Cal health plans

Value-Based Payment & Care: Why?



Value-Based Payment & Care: Why?

Patient Centered Care*, meaning:

- Clinician takes time to get to know me and understands me as a person, not just an illness
- Clear communication and help navigating the broader health care system
- Convenient access to the people who take care of me — prompt appointments, a place to go evenings and weekends, no excessive waits for care

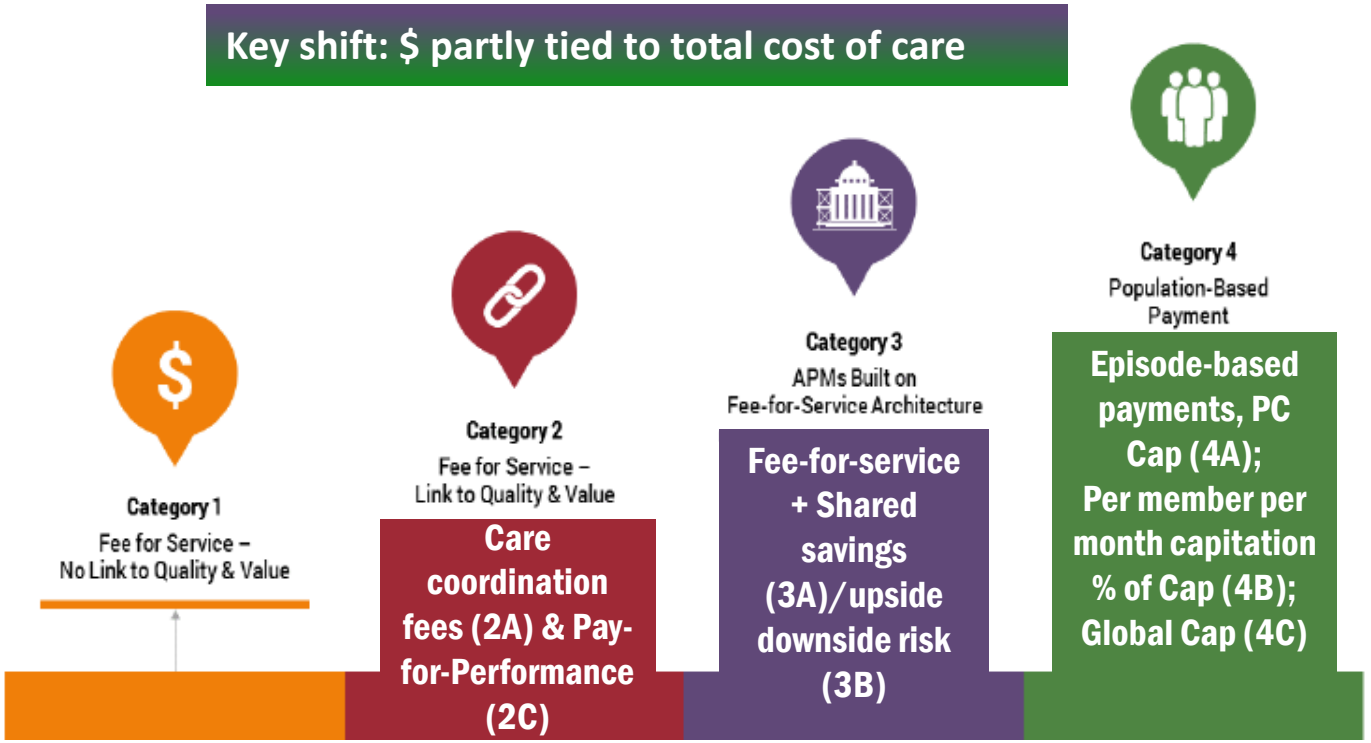
The result is better outcomes and less high-cost utilization of the healthcare system.

"What healthcare providers really want is to do is the right thing for their patients. They just need sustainable financial support for doing that." --Mark McClellan, MD, PhD

*National Partnership for Women and Families, Survey: What people want in a "patient-centered" health care system

National Landscape

Health Care Payment Learning and Action Network (HCP-LAN)



Goal: Accelerate the percentage of US health care payments tied to quality and value in each market segment through the adoption of two-sided risk alternative payment models.

	Medicaid	Commercial	Medicare Advantage	Traditional Medicare
2020	15%	15%	30%	30%
2022	25%	25%	50%	50%
2025	50%	50%	100%	100%

Source: HCP-LAN APM Measurement October 2018

Value-Based Payment Framework: Through the Eyes of a Provider

Multi-layer Value-Based Payment:		How it Changes Incentives in Care:
Layer 3:	Performance-Based $	Incentives/Rewards and/or Financial Risk/Penalties Tied to Quality + Total Cost of Care Outcomes
Layer 2:	Infrastructure, Case Coordination + Care Management $	Investments in New Capacities + Services
Layer 1:	Fee-for-Service or Capitation	Increased Flexibility for Care Delivery

Supplemental Payment

Base Payment

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Payment Reform Framework: Through the Eyes of a Provider

Multi-layer Value-Based Payment….

Layer 3: Performance-Based $

Layer 2: Infrastructure, Case Coordination + Care Management $

Layer 1: Fee-for-Service or Capitation

Supplemental Payment

Base Payment

…Viewed through HCP-LAN Lens

P4P (2C) | Shared savings (3A) | Downside risk (3B)

Care management & coordination fees (2A)

Partial Capitation Payment (4A)

Fee-for-Service Payments for Select Services

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Value-Based Payment: A Work in Progress

- Multi-layered VBP is being pursued by Medicare, Commercial, and Medicaid providers nationally and in California
  - Particularly common in primary care
- The portion of total revenue in each type of payment matters but has not been studied much to date
- Providers will reference a "tipping point" when enough $ is in VBP that they change their practice significantly

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Medicare: Investing In & Rewarding Primary Care

- Medicare Primary Care First is a significant primary-care-centric payment reform based on an acknowledgement that "**primary care is central to a high-functioning healthcare system**" (CMMI)

Layer 3: Performance-based Incentive/Penalty

Layer 2: Population Health= $28 - $175 per member per month depending on Hierarchical Condition Category score

Layer 1: Reduced Fee-for-Service Base Payment = $40.82 per visit before geographic adjustment

Quality Gateway

Patient Experience of Care Survey (CAHPS® with supplemental items)
Diabetes: Hemoglobin A1c (HbA1c) **Poor Control** (>9%) (eCQM)
Controlling High Blood Pressure (eCQM)
Advance Care Plan (MIPS CQM measure)
Colorectal Cancer Screening (eCQM)

If Quality Gateway not met, Performance Adjustment is either 0% or -10%

If Quality met, significant $ tied to Acute Hospital Utilization

ACUTE HOSPITAL UTILIZATION: Compared to all regional practices	Regional Performance Adjustment	Improvement Adjustment (over prior year)
Top 10%	34%	16%
Top 11-20%ile	27%	13%
Top 21-30%ile	20%	10%
Top 31-40%ile	13%	7%
Top 41-50%ile	6.5%	3.5%
Bottom 51-75%	0%	3.5%
Bottom 25%	-10%	3.5%

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California Public Health & Hospital Systems: The Journey Continues

- California's Public Health & Hospital Systems were early movers to VBP, with **$0 tied to performance in 2009 and ~$2.8B tied to performance annually in 2019.**

Layer 3: PRIME, Quality Incentive Program, Pay-for- Performance with plans

Layer 2: Whole Person Care Health Homes

Layer 1: Base Payment: Global Payment Program, Enhanced Payment Program, 3 systems have Global Capitation, 18 have Partial Capitation

Current waiver goal: By 2020, 60% of all Medi-Cal enrollees assigned to a Public Health & Hospital System will receive some or all of their care under a contracted Alternative Payment Methodology.

Notable results:

- **DSRIP**: 97% of 3,764 milestones achieved over 5 years
- **PRIME**: Comparing Public Health & Hospital Systems to national 90th %ile of Medicaid providers:
  - Almost all are above for managing blood sugar for diabetics
  - 65% are above for managing high blood pressure
  - 70% are above for tobacco screening
- **Global Payment Program**: Inpatient and Emergency Department use decreased while outpatient and "non-traditional services" increased

Source: CAPH/SNI March 2019 California's Public Health Care Systems' Journey to Value-Based Care

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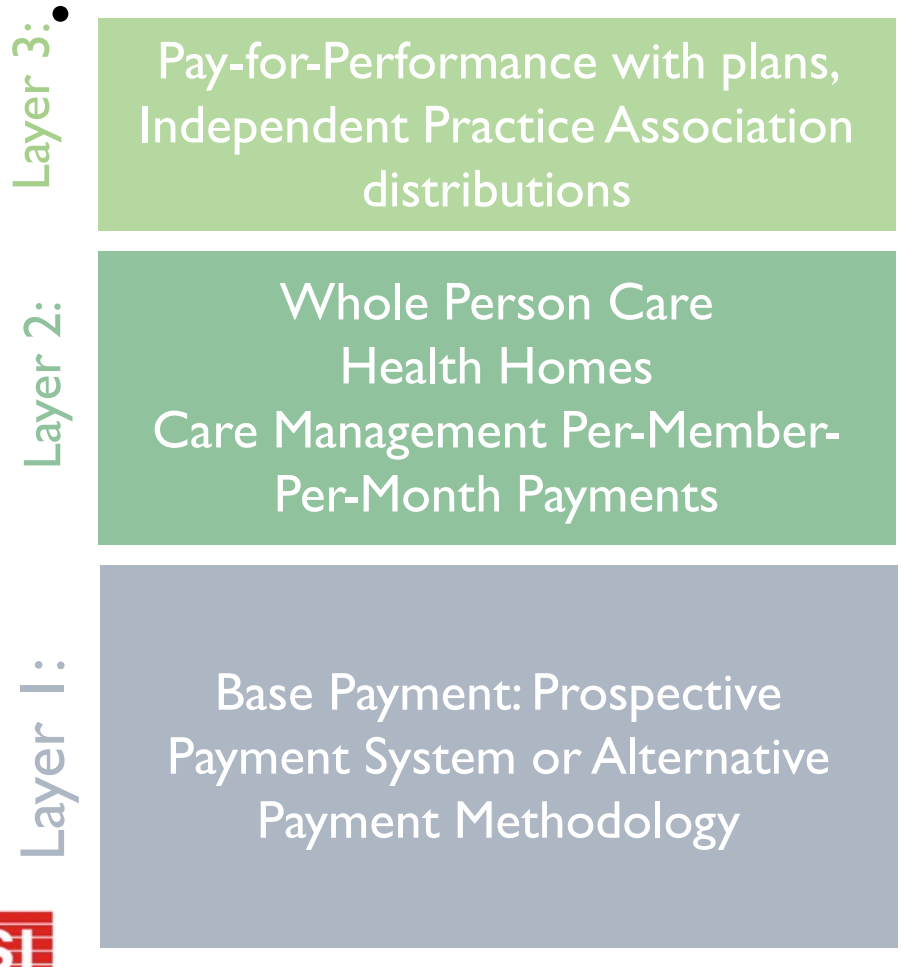
California Health Centers: Value-Based Payment One Step at a Time

- California's Health Centers' proposed an Alternative Payment Methodology for Federally Qualified Health Centers that did not move forward in 2016.



- Despite this setback, interest in value-based payment remains.
- Health centers are actively participating in value-based payment in non-base-payment layers:
  - In 2018, 68% of California health centers reported at least some value-based payment compared to 27% reporting value-based payments in 2013
  - Examples: Care management fees paid by health plans, Health Homes payments, pay-for-performance from health plans and Independent Practice Association "shared savings"
  - 22% of California health centers are part of health-center-owned, risk-bearing Independent Practice Associations

Source: JSI analysis of UDS data and Partnering to Succeed Analysis

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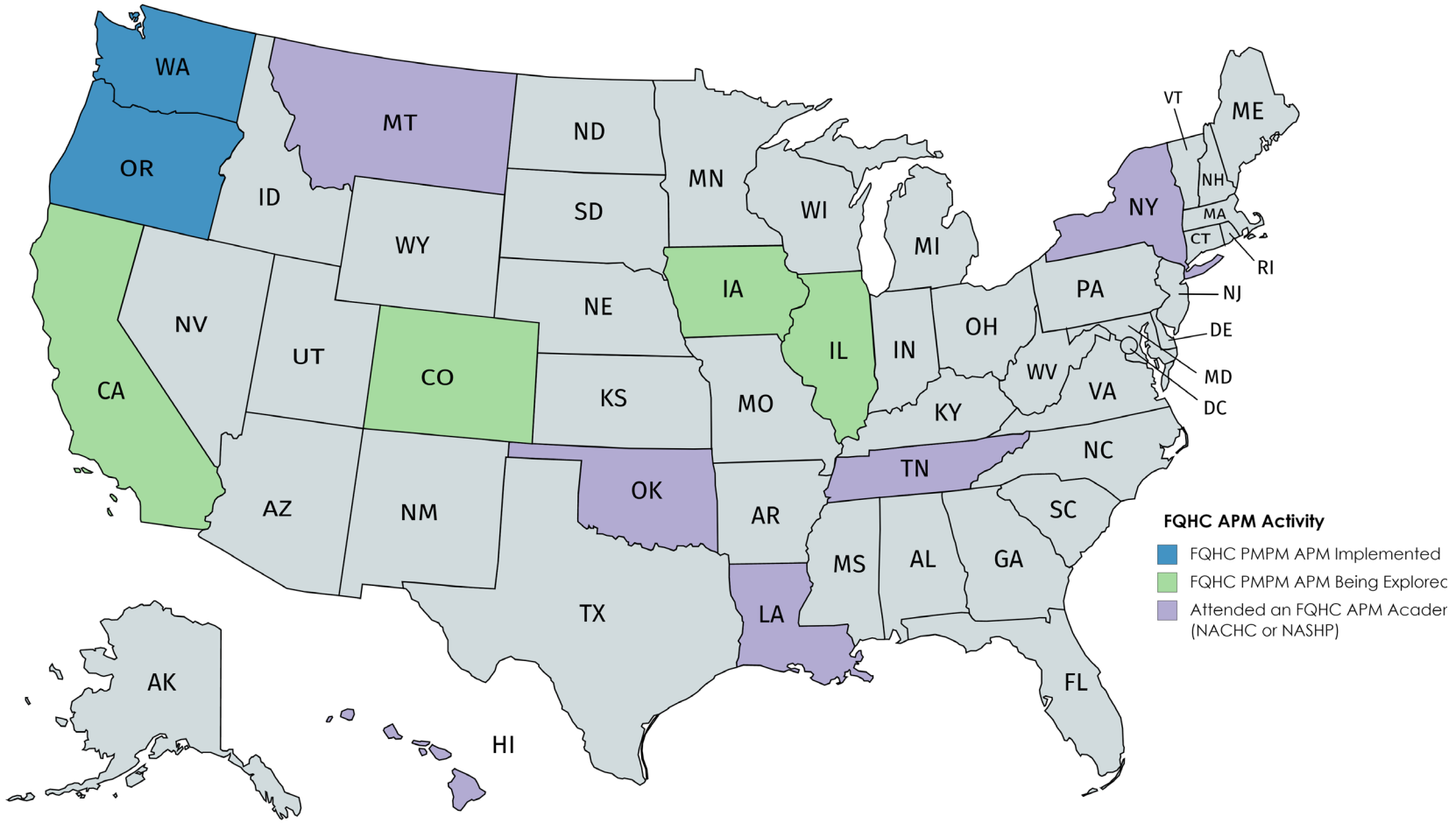
National Medicaid Value-Based Payment: Health Centers & Base Payment Reform

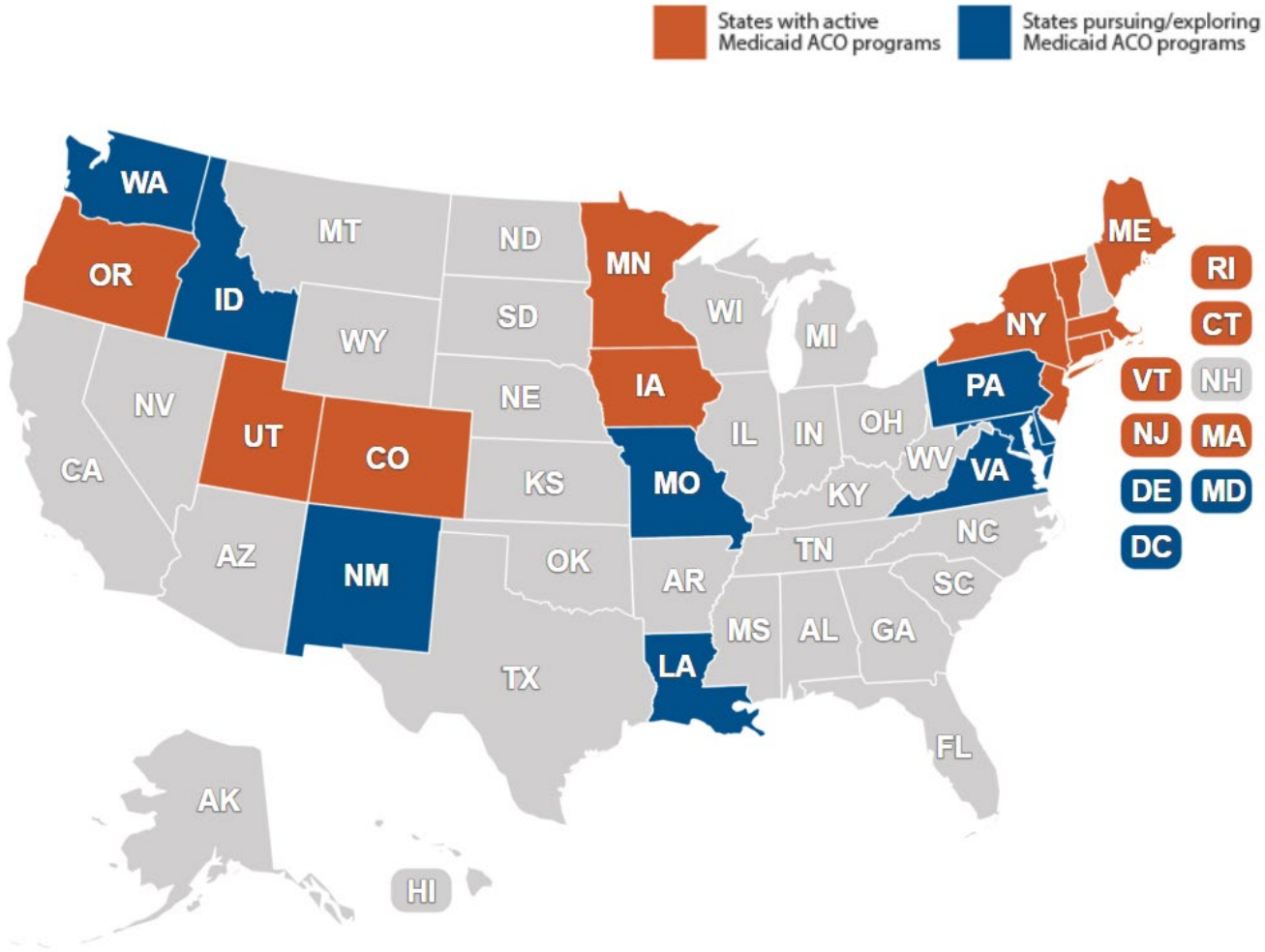


Source: Author's analysis of NASHP, NACHC and state PCA RFPs

National Medicaid Value-Based Payment: Accountable Care Organizations

States currently pursuing provider-led (including health-center-led) Accountable Care Organizations in Medicaid

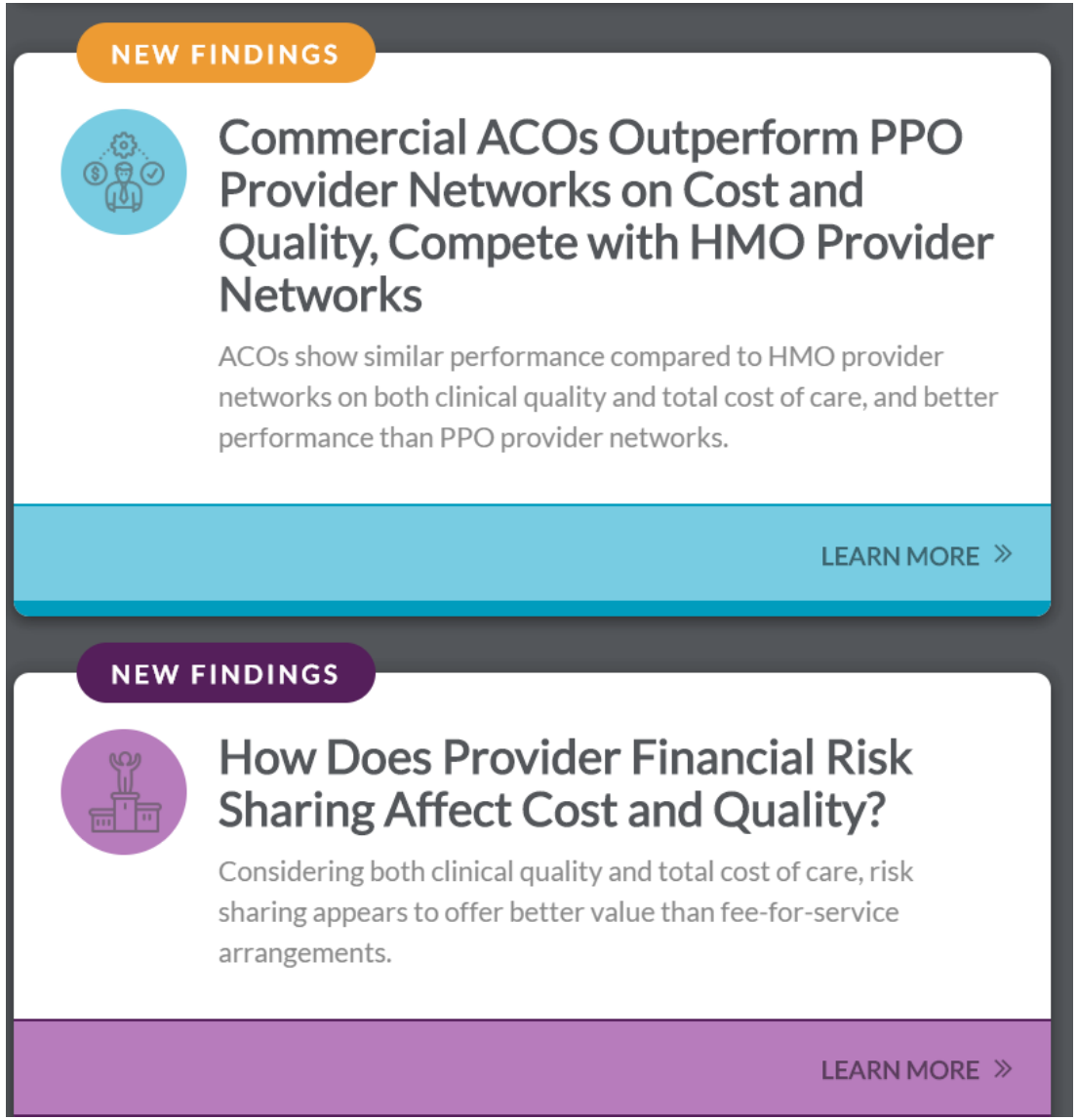
- Connecticut
- Iowa
- Massachusetts
- Maine
- Minnesota
- New York
- Vermont



Source: CHCS 2018

Commercial: Accountable Care Organizations

- The Integrated Healthcare Association reports that 8-11% of enrollment in each super region of California is in Accountable Care Organizations (ACOs)
- ACO results are beginning to rival Health Management Organization (HMO) results on cost and quality
- California providers are continuing lead the nation in pursuing financial risk arrangements and are delivering results



Source: Integrated Healthcare Association

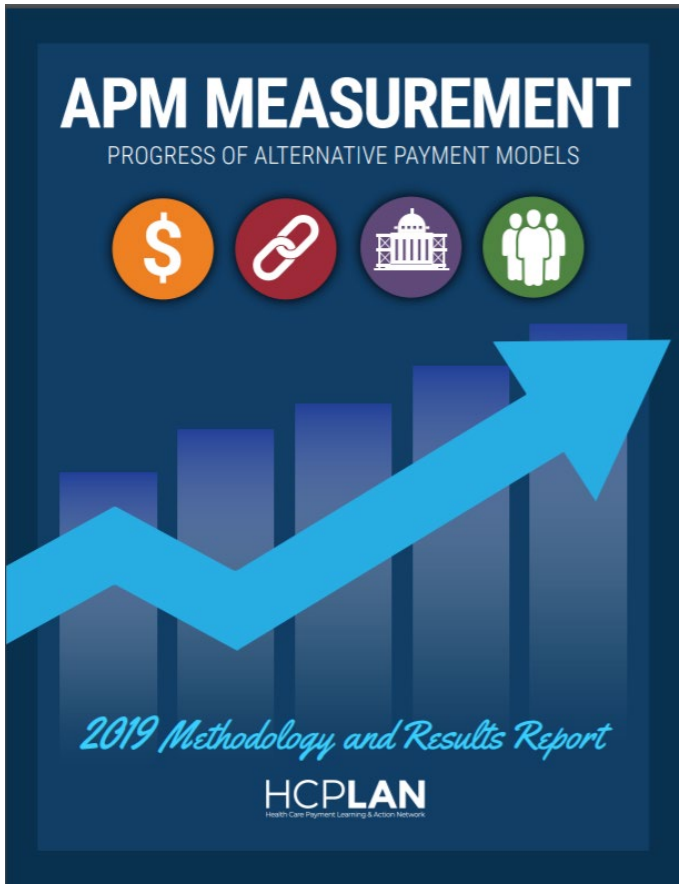
Looking Ahead

Percent of payers who believe Alternative Payment Model activity will increase in the future:

91%

Percent of payers who strongly agree that Alternative Payment Model adoption will result in better quality:

97%

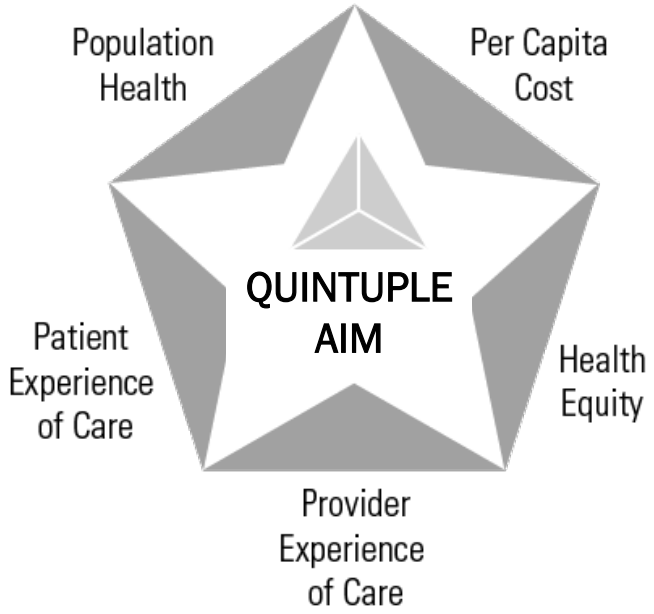


Source: HCP-LAN APM Measurement October 2018; Survey 2019 for CY 2018 or most recent 12 mo. for health, behavioral health and pharmacy (no dental/vision, LTSS); surveyed payers covering 77% of the national market (62 health plans, 7 FFS Medicaid states, and Traditional Medicare)

The Rationale for Health Center Base Payment Reform Persists

Incentivize improved quality outcomes

To invest in care management and coordination that lowers total cost of care



To meet patient demand for non-face-to-face visits

Better integrate primary care and behavioral health (increase equity in outcomes)

To use the whole care team (prevent provider burnout)

The Need for The Quintuple Aim Persists

- **We must continue to collect evidence for all aims:**
  - **Care management over time** associated with fewer ambulatory care-sensitive admission rates in Medicare nationally
  - An evidence-based **Community Health Worker program** showed a $2.47 return on investment for Medicaid payers within one year

Source: Baker, L; Pesko, M; Ramsay, P; Casalino, L; Shortell, S. *Are Changes in Medical Group Practice Characteristics Over Time Associated With Medicare Spending and Quality of Care?* Medical Care Research and Review, October 2018.
Sangovi et al. *Evidence-Based Community Health Worker Program Addresses Unmet Social Needs And Generates Positive Return On Investment, Health Affairs*, Feb 2020.

LOOKING AHEAD

Questions to consider in value-based payment and care…

- Will Medicaid "follow suit" in Medicare's bold move in primary care-centric value-based payment?
- Will pushing value-based pay down to care teams create better results?
- Will the "Healthy Adult Opportunity" "open the door" for states to pursue health center payment reform without guarantee of the Prospective Payment System?
- Will value-based payment be leveraged to reduce disparities?
- Will California state rate setting allow flexibility for plans and providers to focus on social and structural determinants of health?
- What is the amount of value-based payment necessary to "tip" the care model?

Questions?

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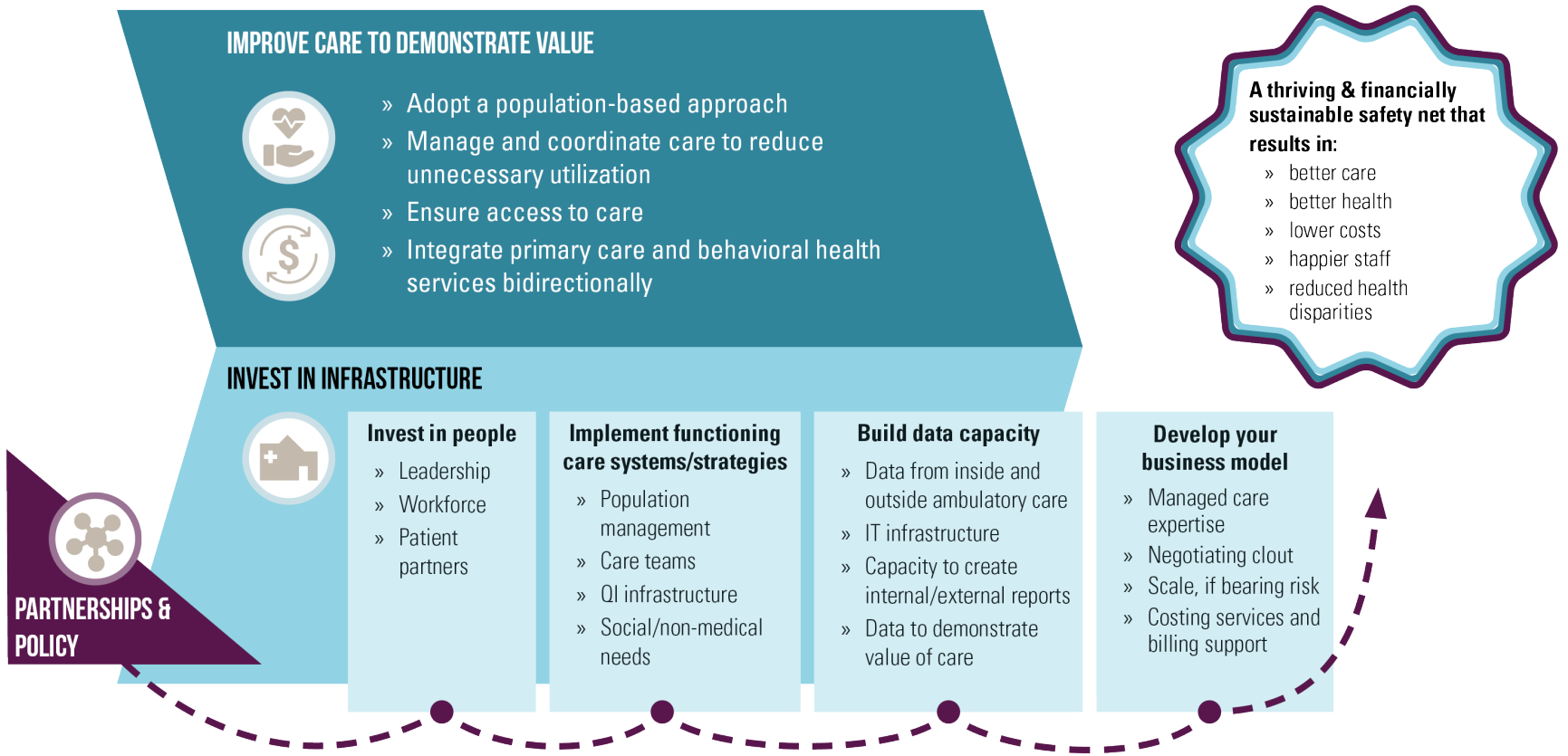
Additional Resources

MAHP 2.0: A Model for Advancing High Performance in Primary Care and Behavioral Health*



*Adapted 8/20/2018 from The MacColl Center for Health Care Innovation and JSI Research & Training Institute, Inc. (2018). *Partnering to Succeed: How Small Health Centers Can Improve Care and Thrive Under Value-Based Payment,* California Health Care Foundation. Available at: https://www.chcf.org/publication/partnering-succeed-small-health-centers/

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