New York State Medicaid Value Based Payment: Data Driven Strategies

Bundled Payment Summit

June 27, 2017

Panelists

Paloma Hernandez

President and CEO
Urban Health Plan Inc.,
Bronx, NY

Anthony Thompson

Program Director
Provider Strategy
Empire BCBS HealthPlus,
New York, NY

Moderator

Marc Berg

Principal
Government Health Care
Transformation Lead
KPMG LLP

What to expect today

KPMG

Value Based Payment in NYS Medicaid

The problem we face

- Current payment system pays for individual services, regardless of outcome for patients

- No incentive for coordination or integration across the continuum of care

- **Significant Value is destroyed along the way:**
  - Poor patient experience
  - Avoidable costs due to lack of coordination and integration
  - Poor quality of care leading to avoidable complications

Silo's are resilient because they are embedded in regulatory, governance and budgetary frameworks

MEDICAID SPENDING BY CATEGORY OF SERVICE ($'s in thousands)	
Category of Service:	**GROSS**
Inpatient	**$4,000,000**
Outpatient/Emergency Room	**$800,000**
Clinic	**$1,000,000**
Nursing Homes	**$6,000,000**
Other Long Term Care	**$1,000,000**
Personal Care	$800,000
Home Health	$3,000,000
Home Nursing	
Non-Institutional	**$3,000,000**
Pharmacy	
Dental	
Medical Supplies	
Other Practitioners	
Eye/DME	
Lab/X-ray	
Case Management / Health Homes	
Hospice	
Transportation	
Rehab/Therapy	
Physician	

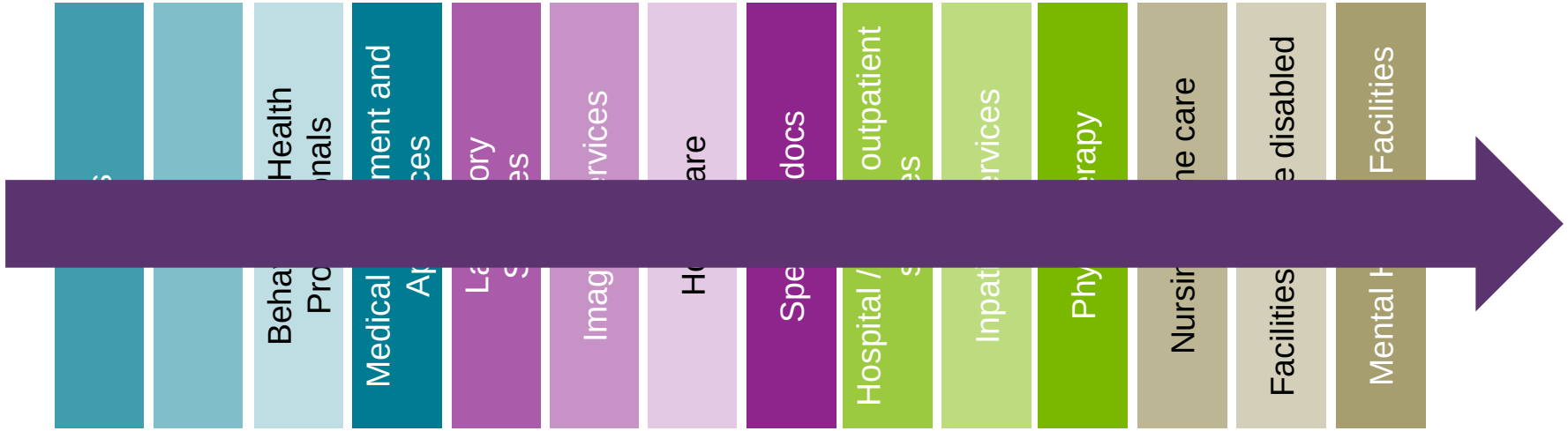
Categories from NYS Medicaid Budget. List is incomplete, and numbers are for illustration only.

Move to managed care has not significantly changed the provider incentives

With some exceptions, Managed Care Organizations tend to continue Fee for Service:

- Volume of services controlled primarily through managing access to individual services (e.g. pre-authorization)
- Costs per service: price negotiation, narrow networks
- Care remains fragmented and not patient centered
- ‘Care Management’ is rarely integrated in the care delivered by providers

New World: Paying for Value

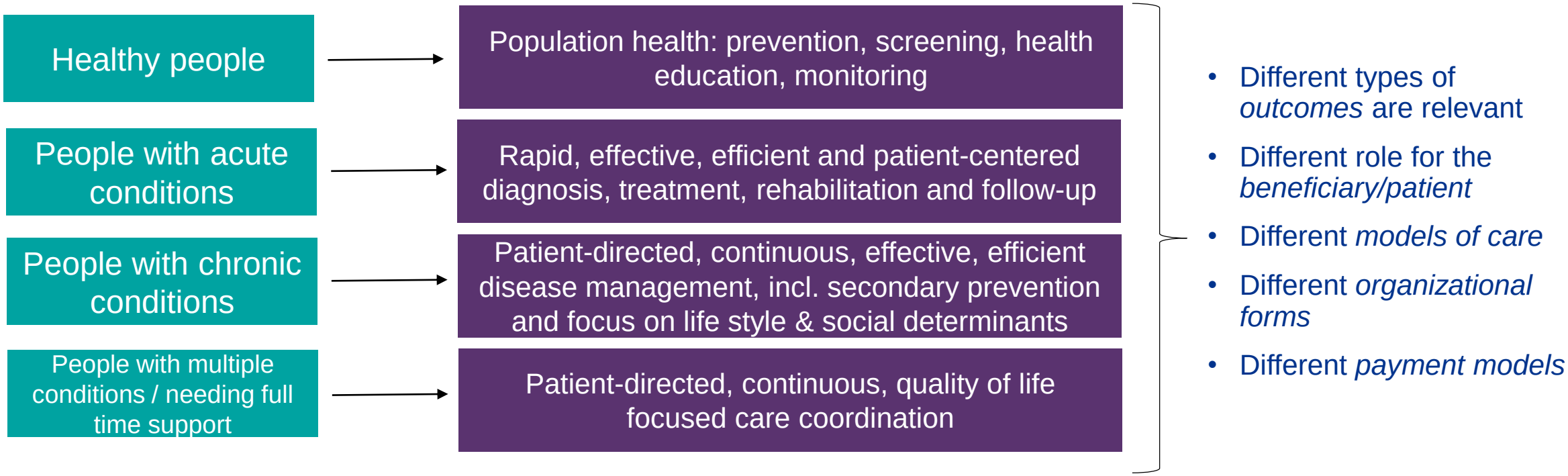


Key is to uncouple payments from individual activities and silo's and tie these to outcomes (costs/quality) *across* the continuum of care

- Investment in coordination, performance monitoring, care pathways across provider types becomes possible and profitable

From Theory to Practice: Creation of Value in New York State Medicaid

Medicaid (as health care in general) covers many different populations with different needs, requiring different types of care. *How to create high value care will likely differ per (sub)population.*



From Theory to Practice: Medicaid VBP in NYS

Two types of Value Based Payment Arrangements tailored to these patient populations:

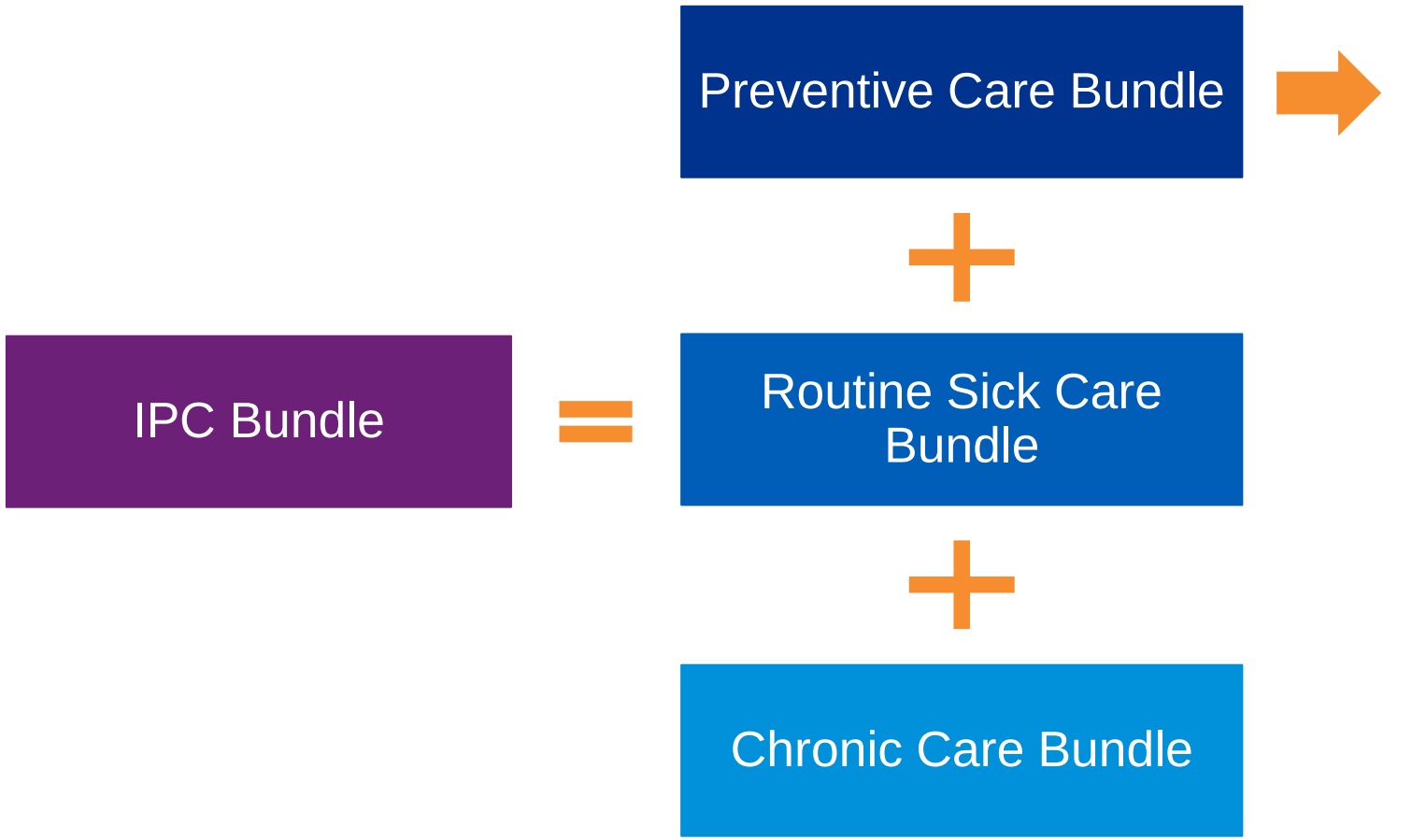
- Episode-based VBP Arrangements
  - *Integrated Primary Care*
  - *Maternity Care*
- Population-based VBP Arrangements
  - *Members with severe BH and co-morbidity care needs*
  - *Members with HIV/AIDS*
  - *Members requiring LTC*
  - *All other members*

Similar to Medicare VBP models, all VBP Arrangements can be contracted as:

- Upside only
- Up- and downside
- Prepaid capitation / bundle

Managed Care Organizations contract with IPAs, ACOs or other Provider entities

Integrated Primary Care Bundle

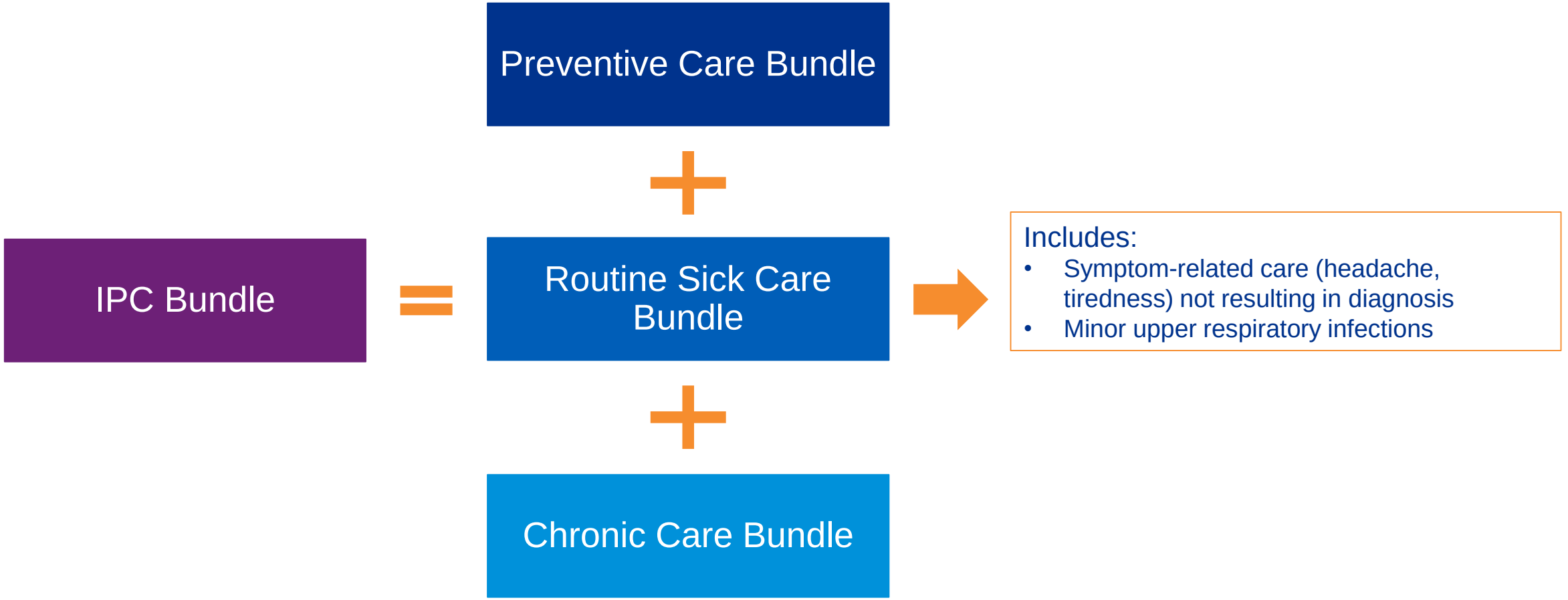


Includes e.g.:

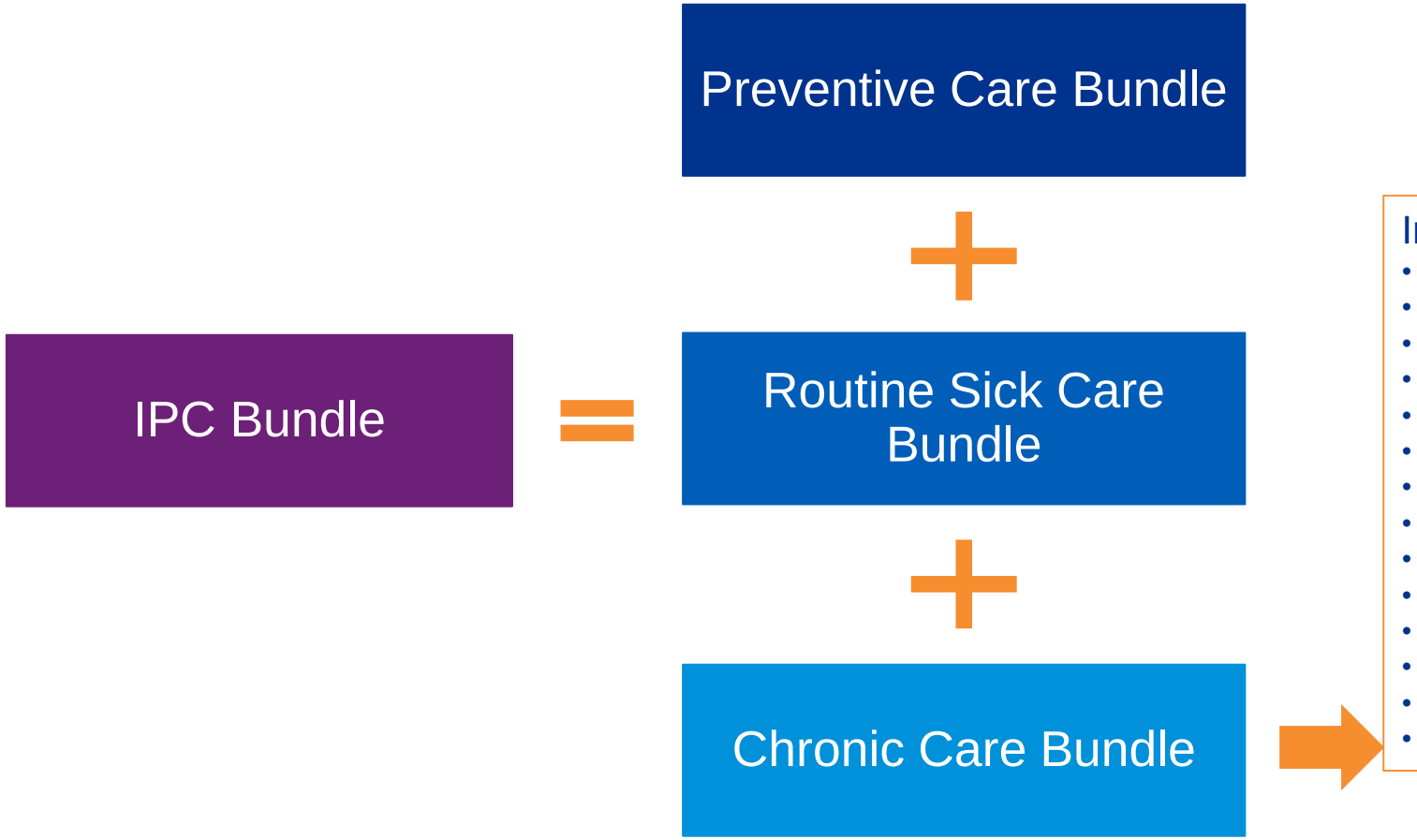
- Wellness visits
- Immunizations, vaccinations (Medicaid-covered)
- Screening
- Routine diagnostics

Similar to ACA list of preventive care activities.

Integrated Primary Care Bundle



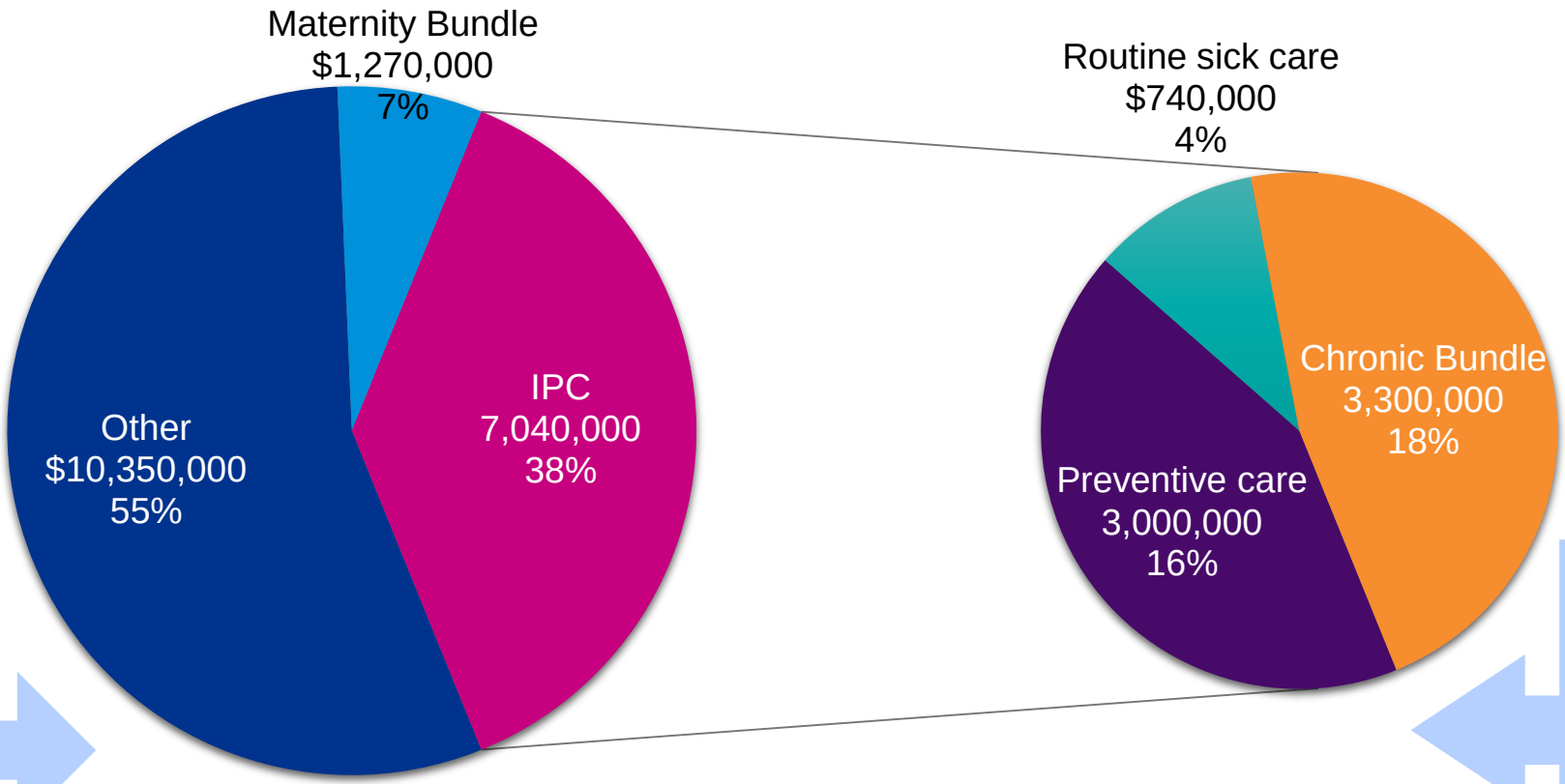
Integrated Primary Care Bundle



Includes 14 chronic episodes:

- Asthma
- Bipolar
- Diabetes
- Depression & Anxiety
- COPD
- CHF
- CAD
- Arrhythmia, Heart Block/Conduction Disorders
- Hypertension
- Substance Use Disorder
- Lower Back Pain
- Trauma and Stressors
- Osteoarthritis
- Gastro-Esophageal Reflux

Why the Integrated Primary Care Bundle is attractive to physician-led groups



Rather than being 'at risk' for total downstream costs…

… VBP contractor is at risk for the care that it most controls, and where potential savings are high.

Costs Included: Fee-for-service and MCO payments (paid encounters);
Source: CY2014 Medicaid claims (non-duals only), real pricing

KPMG

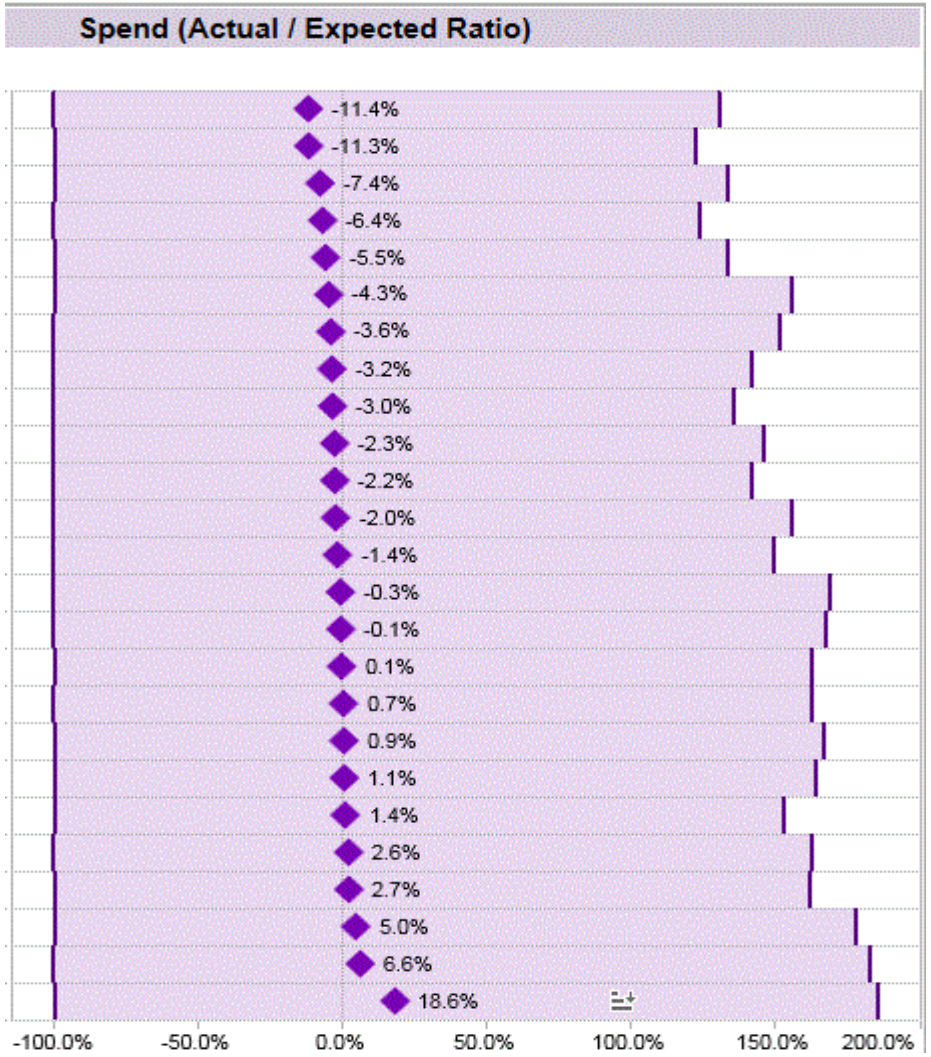
Measuring and Comparing the Value of Care

Measuring and comparing the *Efficiency* of Care of a VBP Arrangement

Comparison of efficiency of care delivery systems for Total Cost of General Population VBP Arrangement

Risk Adjustment:

- HCI3 for Episodes/Bundles
- 3M CRGs for Population-Based VBP Arrangements



Actual-to-Expected Spend %:

- Actual Spend – actual payments to providers
- Expected Spend – the payments which risk-adjustment models predict to be paid for a person/population with similar clinical history

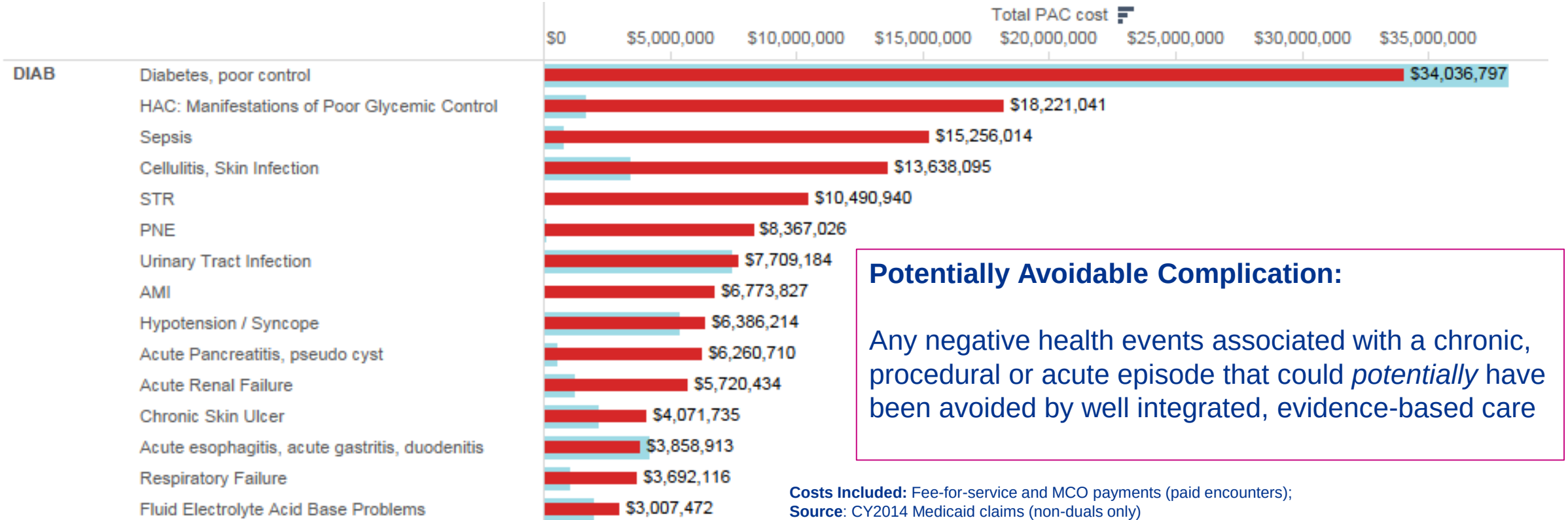
Costs Included: Fee-for-service and MCO payments (paid encounters);
Source: CY2014 Medicaid claims (non-duals only)

Measuring and comparing the *Quality* of Care of a VBP Arrangement

To appropriately measure VALUE of care implies measuring those outcomes that matter most to patients:

- Outcomes of total continuum of care

For routine sick care, chronic care and multimorbidity care: a key outcome measure is *Potentially Avoidable Complications (PACs)*



Potentially Avoidable Complication:

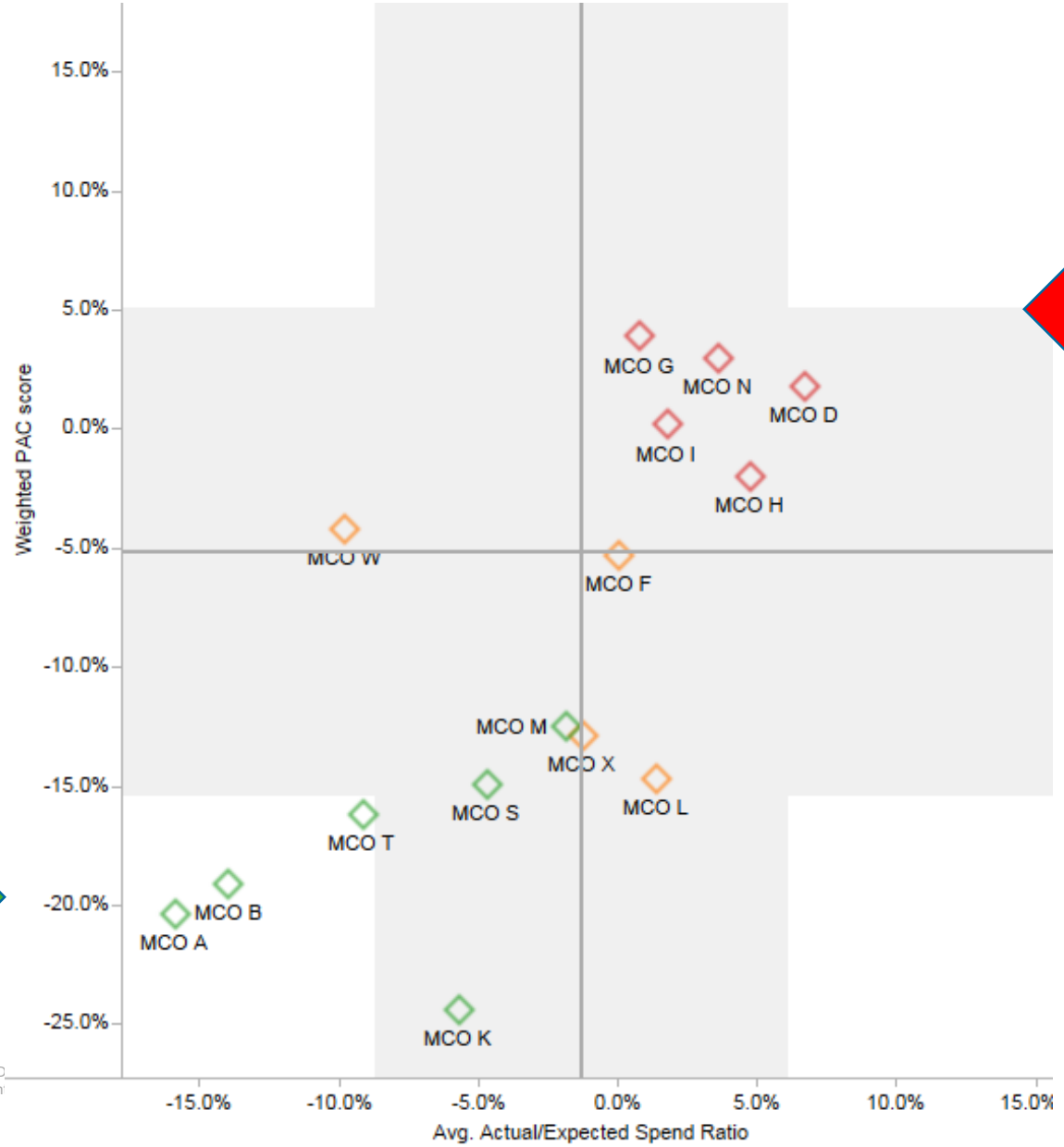
Any negative health events associated with a chronic, procedural or acute episode that could *potentially* have been avoided by well integrated, evidence-based care

Costs Included: Fee-for-service and MCO payments (paid encounters);
Source: CY2014 Medicaid claims (non-duals only)

Measuring and Comparing Value Between MCOs or VBP Contractors

:

VBP Arrangement:
Chronic Care Bundle



Poor performing MCOs

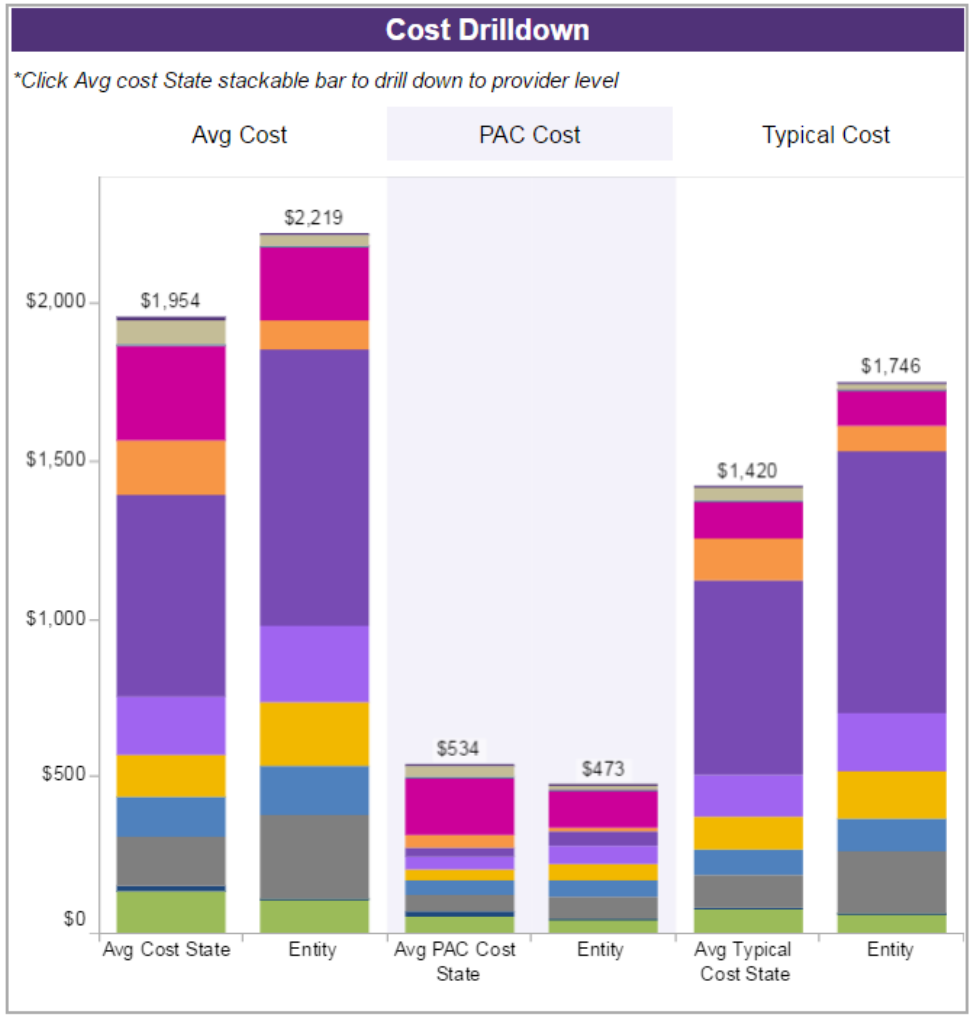
High performing MCOs

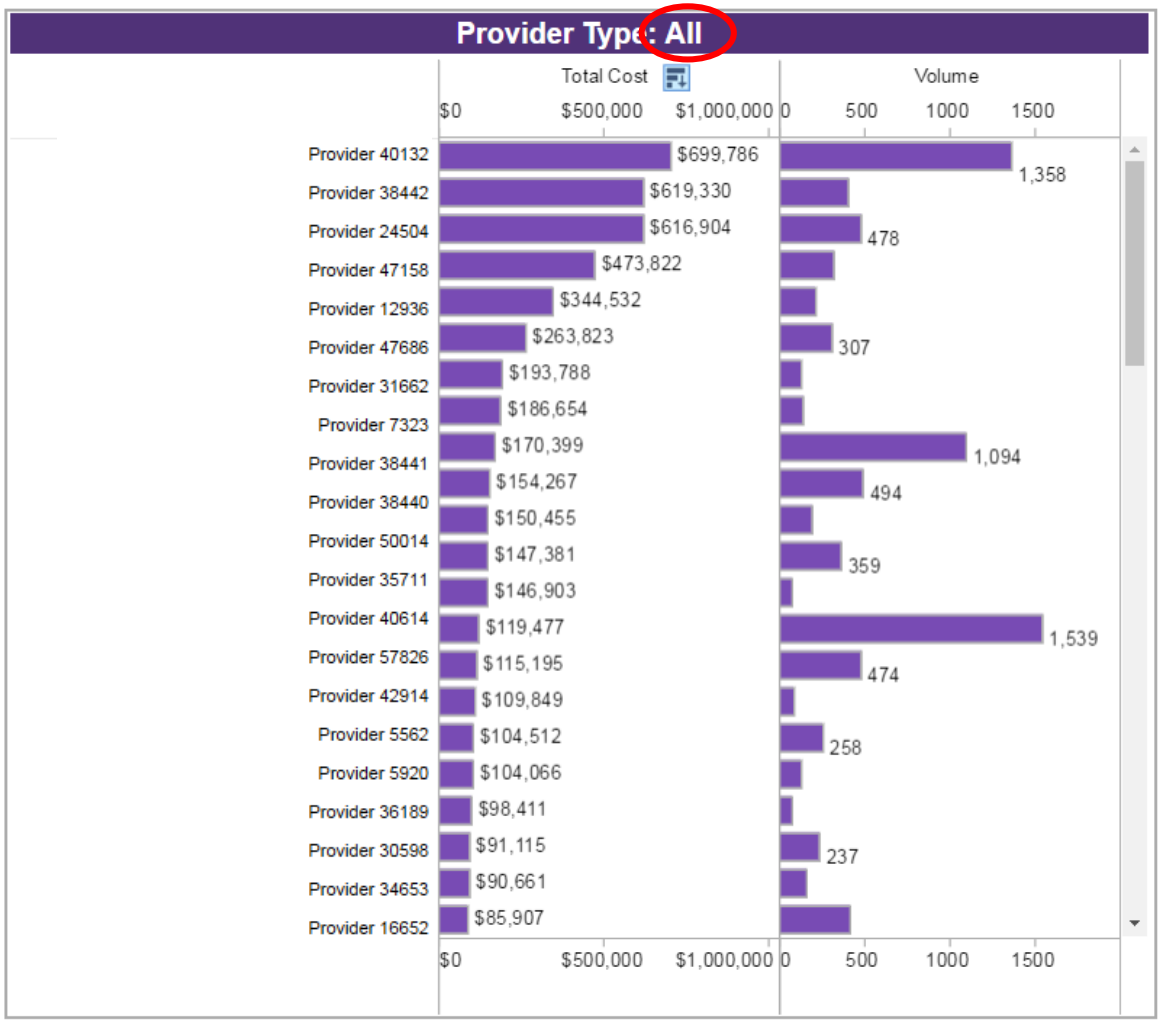
Actual - Expected values shown

NYS Medicaid Data (2014)

For illustrative purposes only

Dive into Performance: What (type of) providers are driving our costs?

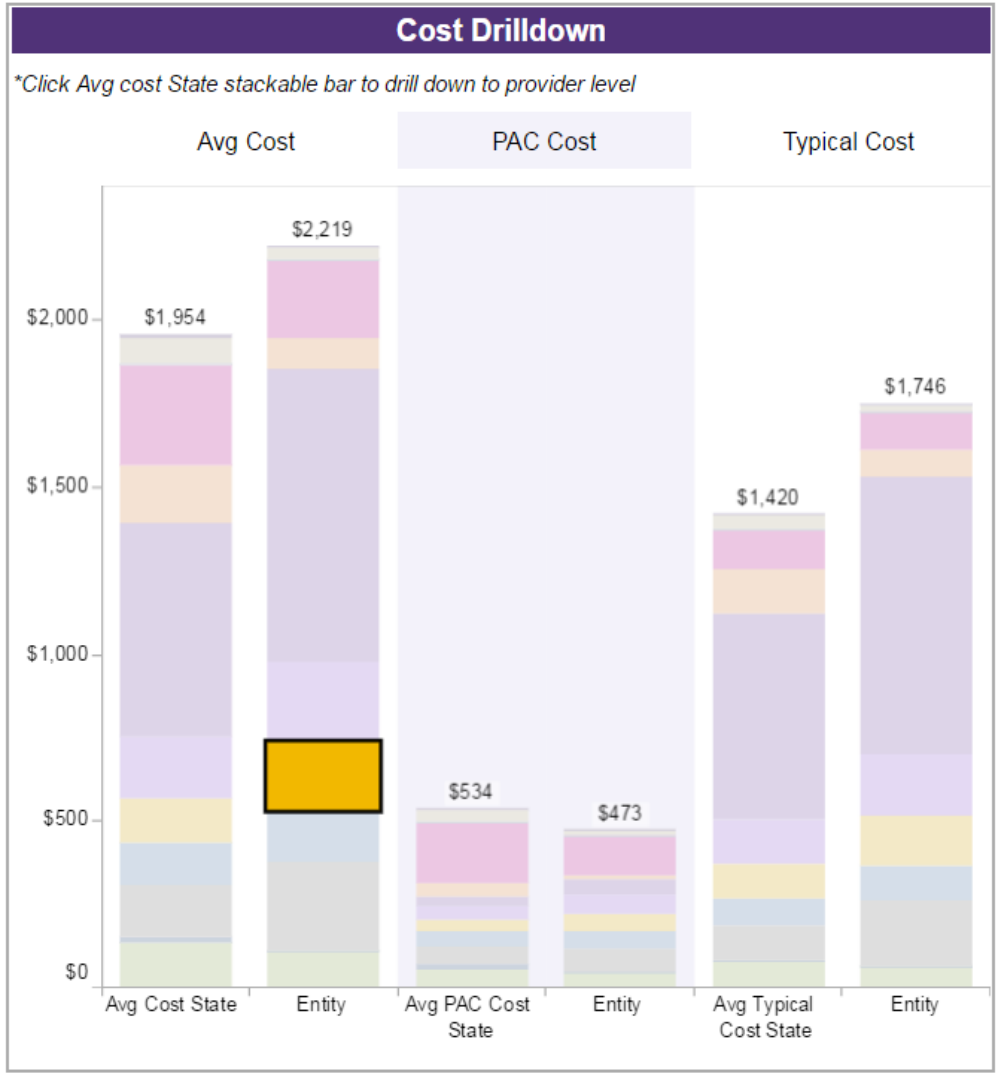


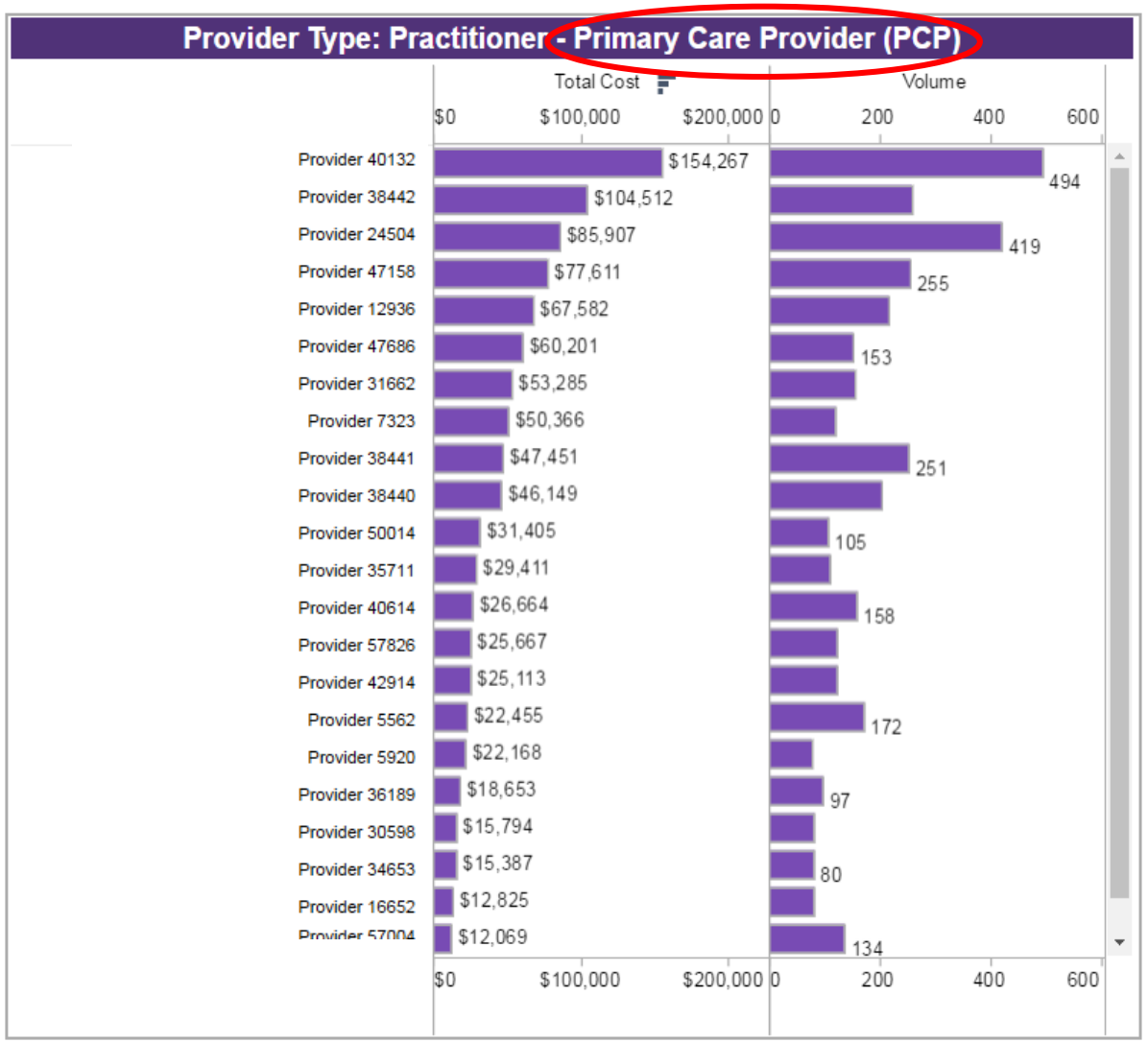


Claim Provider Type

- Case Management/Health Home
- Clinic
- Hospice
- Hospital
- Mental Health
- Pharmacy
- Practitioner - Non-Primary Care Provider (Non-PCP)
- Practitioner - Primary Care Provider (PCP)
- All Other
- NOT AVAILABLE
- Nursing Home
- Substance Abuse

Dive into Performance: What (type of) providers are driving our costs?





Claim Provider Type

- Case Management/Health Home
- Clinic
- Hospice
- Hospital
- Mental Health
- Pharmacy
- Practitioner - Non-Primary Care Provider (Non-PCP)
- Practitioner - Primary Care Provider (PCP)
- All Other
- NOT AVAILABLE
- Nursing Home
- Substance Abuse

KPMG

New Strategies for Providers and Payers