Pay for Performance and Medicaid

IHA Audio Conference

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Center for Health Care Strategies
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Driving Forces

Centers for Medicare & Medicaid Services

Value-Driven Health Care
Transparency: Better Care Lower Cost

Rewarding Results
Aligning Incentives with High-Quality Health Care

NCQA
Measuring the Quality of America’s Health Care

INSTITUTE OF MEDICINE
OF THE NATIONAL ACADEMIES

INTEGRATED HEALTHCARE ASSOCIATION
Driving Forces within Medicaid

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<tr>
<th>Step 5</th>
<th>Focus</th>
<th>Examples</th>
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<td></td>
<td>Quality/Efficiency</td>
<td>• Managing and integrating care (top 1-3%)</td>
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<td>• Paying for performance</td>
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<td>• Making the business case</td>
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<td>• Using HIT/HIE</td>
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<th>Step 4</th>
<th>$$-Driven Desperate Measures</th>
<th>TBD as states are figuring out that just cutting is not slowing the rate of growth….</th>
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<th>Step 3</th>
<th>Eligibility</th>
<th>• Increasing premiums (e.g., CHIP kids)</th>
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<td>• Capping enrollment / eliminating optional groups</td>
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<th>Step 2</th>
<th>Services</th>
<th>• Capping benefits/visits (e.g., 4 Rx limit)</th>
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<td>• Eliminating optional services (e.g., dental)</td>
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<th>Step 1</th>
<th>Reimbursement</th>
<th>• Across the board rate cuts</th>
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<td>• Eliminating inflationary adjustments</td>
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<th>Level of Difficulty</th>
<th>LOW</th>
<th>HIGH</th>
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Trends in Medicaid Pay for Performance
Trend #1: Medicaid P4P is Growing

- More than 50% of Medicaid programs are operating 1 or more P4P initiatives (hospital, HMO, BHO, DMO, nursing home, physician)
- In next five years, nearly 85% of states will be operating Medicaid P4P programs

Source: Kuhmerker, K. and Harman, T. *Pay for-Performance in State Medicaid Programs: A Survey of State Medicaid Directors and Programs, April 2007*
Trend #2: Moving towards physician level incentives

- More Medicaid health plans implementing P4P
- States with PCCM and Disease Management Programs implementing P4P (e.g. PA, ID)
- States with managed care programs considering standardized P4P approaches across all HMOs (e.g., AZ, CT)
Physician Level Incentives

- CHCS Purchasing Institute
- 7 states (AZ, CT, ID, MA, MO, OH, WVA)
- Developing standardized physician level P4P programs
- Implementing within managed care, primary care case management, and disease management programs
- Working closely with CMS
**Trend #3: Moving Measurement Beyond Moms and Kids**

| Stage 1: Moms and Kids | • Prenatal/Post Partum Care  
|                       | • Breast/Cervical Cancer Screening  
|                       | • Well Child Care  
|                       | • Adolescent Care  
|                       | • EPSDT |
| Stage 2: Chronic Care | • Asthma  
|                     | • Diabetes  
|                     | • CHF  
|                     | • CAD  
|                     | • Depression |
| Stage 3: Future Needs | • Care Coordination  
|                     | • Medical Home  
|                     | • Physical Health/Behavioral Health Integration |
Trend #4: Also, Paying for Participation

- Enrollment of both members and providers in chronic disease management programs (e.g., PA, ID)
- Participation in quality improvement initiatives either sponsored by state, health plan, professional societies, or NCQA (e.g., CA plans, Rochester plans)
Trend #5: Also, Paying for Infrastructure

- Investment in clinical information systems such as registries, EMRs, e-prescribing (e.g. AL, NY, MO)
- Investment in practice site improvement (e.g. NC, Partnership Health Plan, Monroe Health Plan)
Trend #6: Improving Quality and Raising All Boats

- Medicaid generally avoids tiering or relative scales
- Per unit and improvement bonuses more common (e.g. Local Initiative Rewarding Results project)
- Not wanting to “penalize” providers
- Concerns about low base payment rates and access
- General philosophy of providing support to as many providers as possible
Trend #7: Aligning Physician and Consumer Incentives

- Concern about patient engagement
- Dearth of studies about effectiveness
- Administratively complex
Trend #8: CMS Medicaid Engagement

- CMS Medicaid and SCHIP Quality Strategy includes Performance-Based Payment
- State Medicaid Director policy letter
- Additional policy guidance
  - 105% cap on MCO and physician level incentives
Trend #9: Linking P4P and ROI

- **CHCS Return on Investment Purchasing Institute** – 8 states participating, several with P4P programs

- **Use of Return on Investment Forecasting Calculator**
  - Help determine where to make investments in quality
  - Make a financial case for obtaining resources for quality investments
  - Analyze trade-offs associated with resource allocation alternatives

- **Calculator also provides source of assumptions for predicting financial impacts** (evidence Base)
Trend #10: Moving Towards Regional Collaboration?

- Medicaid plans considering joining IHA
- States considering or have joined RWJF regional Aligning Forces for Quality (WA, OR, OH) and are leading CHCS Regional Quality Improvement program (AR, RI, Rochester)
- Medicaid participation with BTE (MN)
- Potential synergies between Medicare and Medicaid on nursing home efforts
Challenges

For regional collaboration:
- Limited scope of national measures for Medicaid populations
- Different networks between Medicaid and commercial

For Medicaid in general:
- Low payment rates
- Access concerns
- Link between P4P and broader payment reform efforts
- Payment to “public” providers
“Is there a doctor who accepts Medicaid in the house?”
To improve the quality and value of health care services for people with chronic health needs, the elderly, and racially and ethnically diverse populations.