



# **State Payment Policies That Promote Value: Iowa**

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## Iowa Snapshot

- Iowa is a rural state with 3 million citizens
- Health Care sector \$9.9 billion
- Medicaid Program:
  - 519,000 current enrollees
  - \$3.7 billion budget (\$1.5B state funds)
- Iowa has a high quality / low cost health care system:
  - 2<sup>nd</sup> in Commonwealth Fund ranking
  - 9<sup>th</sup> in Gallup Healthwise Poll

“Our goal is to make Iowa the healthiest state in the nation in just five years... Making Iowa the healthiest state in the nation is not only critical to the economic viability of our state, but also critical to the quality of life for all Iowans.



## Why change?

- Health care delivery system is fragmented
- Reimbursement methods reward volume not value
- Cost of health care is unaffordable and unsustainable for citizens and taxpayers
- We need to increase quality/outcomes & lower cost



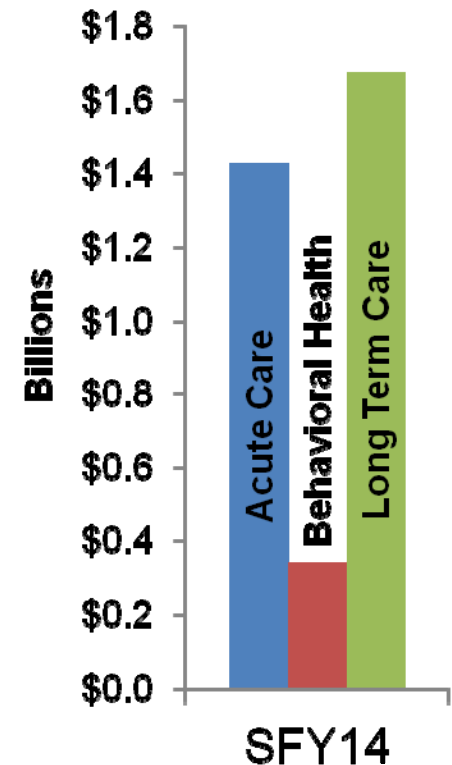
## What is Medicaid's role in Delivery Reform?

- Medicaid relies on the same health care system as all others to deliver care to our covered members
- Medicaid uses very similar payment and contracting methods
- Whatever is driving the rest of the health care system is also driving Medicaid
- Medicaid is a significant payor - 2<sup>nd</sup> largest payor, covers 23% of Iowans



## Value-based Payment Strategies in Medicaid

- Medicaid is the same...but also different
  - Medicaid goes beyond physical health care:
    - Primary funder of long term care - More than half of spending is for long term care
    - Dental care
    - Behavioral Health for chronic mental illness
  - Fragmentation in Acute care...PLUS:
    - Medicaid has disparate, specialized delivery systems for long-term care, behavioral health and dental
  - **Medicaid has to figure out how to create value-based systems across multiple delivery systems**





## Key Iowa Initiatives

Accountable Care Organizations

**Core Principles:**

Accountability for value (providers & members)

'One size does not fit all'

Fit the strategy to the population/delivery system

Integrated Health Homes

Dental Wellness



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## Multi-Payor ACO

- Iowa provider systems' ACOs are underway with Medicare and Wellmark (largest commercial insurer)
- Medicaid will align with other payors to implement ACOs in Medicaid
- Critical mass – Wellmark and Medicaid cover 70% of Iowans
- Shared Savings model
  - Reach quality benchmark (Treo Solutions Value Index Score) to be eligible for shared savings
  - No risk year 1, adds risk over time
  - Goal to be fully risk based in 5 years





# Iowa Department of Human Services

## State Innovation Model (SIM) Design

- Strategy 1: Implement multi-payer ACO\* methodology across Iowa's primary health care payers
- Strategy 2: Expand multi-payer ACO methodology to address integration of long term care services and supports and behavioral health services
- Strategy 3: Incorporate population health, health promotion, member incentives

\* *'Accountable Care Organizations' are a reimbursement method that incents accountability for outcomes and lowers costs*



## ACO Acceleration...

- Iowa took new approach to Medicaid expansion
  - Iowa Health and Wellness Plan
- January 1, 2014, Begins to implement Strategy 1 and 3:
  - Implements medical homes and ACOs
    - No claims history = no ability to do shared savings
    - Year 1 and 2 paying PMPM incentives on Value Index Score performance
    - NEXT – implement in rest of Medicaid with shared savings



## Integrated Health Homes

### Why?

- People with chronic mental illness **die 25 to 30 years earlier** than peers without a mental health condition, often due to unaddressed physical conditions
- Much of this is preventable

2006. National Association of State Mental Health Program Directors. "Morbidity and Mortality in People with Serious Mental Illness." Alexandria, VA.

[http://www.nasmhpd.org/general\\_files/publications/med\\_directors\\_pubs/Technical%20Report%20on%20Morbidity%20and%20Mortality%20-%20Final%2011-06.pdf](http://www.nasmhpd.org/general_files/publications/med_directors_pubs/Technical%20Report%20on%20Morbidity%20and%20Mortality%20-%20Final%2011-06.pdf).



## Integrated Health Homes

### What do Integrated Health Homes Do?

“Use health teams to integrate an individual’s health care, addressing the physical, behavioral and other key social needs of members in a holistic manner to achieve better health, better care, greater satisfaction and lower cost.”

- For **adults with serious mental illness** and **children with serious emotional disturbances**
- Integrated care / team-based care model based on patient-centered medical home approach -- specialized design due to the unique expertise needed to manage the population
- **Locus of the Health Home team is in the Behavioral Health delivery system**



## Iowa IHH Model

- ‘Whole person’ care coordination and performance regardless of who is paying for services
- System of Care approach with embedded peer support, nursing, social work care coordination in IHH team
- Iowa contracts with managed care plan (Magellan) who manages IHH network, supports IHHs, and provides practice transformation coaching
- PMPM payment to health home with hold back for meeting physical and behavioral quality benchmarks



## Dental Wellness

- Numerous studies have linked dental care to physical health conditions
- Medicaid has low access to dental providers ( due to low reimbursement rates, administrative burdens, patient ‘no shows’)
- Self-reported oral health of low-income adults is much lower than physical health
- Dental delivery system is not coordinated with physical health system, even though poor dental health contributes to physical conditions



## Dental Wellness Plan

- Iowa Medicaid implementing new approach to dental care
- Based on principles of coordination of care and population health
- **Goals:** increase use of preventive services and treatment, increase coordination with physical health, reduce ER usage for untreated dental issues



## Dental Wellness Plan Design

- Commercial dental plan to address rates, administrative burdens
- Contract accountability for population health outcomes
- Incentives for dental providers
- Focus on coordinating care with health homes and ACOs
- Dental risk assessment to measure clinical outcomes





## Plan Design: Earned Benefit

- Key design element to incent members to engage in ongoing preventative care and treatment
- Additional benefits will be earned through healthy behaviors:
  - All members have access to basic set of benefits
  - Access to higher cost services such as root canals, crowns, partials, ‘earned’ by completing appointments and follow up care



## Observations

- One size does not fit all in Medicaid
  - Pay attention to vulnerable populations and provider systems
- Find ways to build on strengths and retain flexibility (let ‘many flowers bloom’)
- Implementing payment reforms is very complex and challenging
- You just have to start somewhere



# Questions?

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