CHCS
Center for
Health Care Strategies, Inc.

# Pay for Performance for Medicaid and Safety Net Providers: Innovations and Trends in 2009

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Dianne Hasselman

Center for Health Care Strategies

# Overview

- Background on CHCS
- P4P Innovations
  - Fee-for-service delivery system
  - Managed care delivery system
- Trends in 2009
- Recommendations for State Medicaid Programs

# CHCS Mission

**MISSION**: To improve health care quality for low-income children and adults, people with chronic illnesses and disabilities, frail elders, and racially and ethnically diverse populations experiencing disparities in care.

**CHCS Priorities**

- Improving Quality and Reducing Racial and Ethnic Disparities
- Integrating Care for People with Complex and Special Needs
- Building Medicaid Leadership and Capacity

**National Reach**

- 47 states
- 160+ health plans

# Creating National Leaders in Medicaid Quality Improvement

- **CHCS Purchasing Institutes** = Build the capacity of public purchasers to measure, publicly disclose, and reward quality.
- **Health Plan Quality Workgroups** = Build the capacity of health plans to implement and evaluate quality improvement programs in Medicaid managed care.
- **Multi-Stakeholder Collaboratives** = Work across stakeholders (e.g., states, plans, providers, consumer organizations, and others) to develop and implement innovative quality strategies at the point of care.
- **Medicaid Leadership** = Build the capacity of Medicaid Directors and staff.
- **National Initiatives** = Work with national leaders on standardizing measures relevant to Medicaid.

# Medicaid's Challenges and Opportunities

| | |
|---|---|
| 63 Million | Number of people covered by Medicaid |
| $361 Billion | Annual cost of Medicaid — the dominant health care purchaser in the United States |
| 1 Million | Number of additional Medicaid/SCHIP beneficiaries resulting from a 1% increase in unemployment |
| 41% | Percentage of births covered by Medicaid |
| 28% | Percentage of children covered by Medicaid |
| 41% | Percentage of total long-term care costs financed by Medicaid |
| 27% | Percentage of total mental health costs financed by Medicaid |
| 21% | Average percentage of entire state budget spent on Medicaid; ranges from 9% in Wyoming to 31% in Pennsylvania |

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# Innovations in Medicaid Fee-for-Service (FFS) Delivery Systems

# Oklahoma: Advancing the Medical Home

- Initiated in 2008
- Stage 1: Practice facilitation engagement ($500)
- Stage 2: Pay for reporting (quarterly)
  - Target chronic conditions: diabetes, CHF, CAD, asthma, others
  - Available for year 1 only
- Stage 3: Pay for improvement (annual)
  - 40% achievement is minimum requirement
  - 10% improvement in core measures

# Minnesota: Rewarding Optimal Diabetes Care

- Direct reward for optimal care for Medical Health Care Program (MHCP) enrollees
- FFS enrollees with diabetes
- P4P program for providers (physicians or clinics) serving patients remaining in fee-for-service
- $125 per patient with optimal diabetes care (every 6 months)
- MHCP participates in Bridges to Excellence
  - Participation via managed care delivery system
  - Concern: payments are based on proportion of patients covered by each payer, not actual performance; therefore, are MHCP patients truly receiving optimal diabetes care?
- Opportunity to compare FFS and managed care outcomes

# Indiana: Strengthening Care Coordination

- *CareSelect* program for aged, blind and disabled
- State withholds 20% from Care Management Organization's contract
- State parses out payments for specific quality and financial targets
  - Conducting and completing member assessments in a timely manner
  - Assigning stratification code to members
  - Completing care plan and sharing with medical team
  - Reporting PQI measures *and* achieving targets
  - Achieving ER utilization targets
- Addresses challenge of adding risk to non-risk arrangement

# Alabama: Sharing Savings with Providers

- **Payment recognizes:**
  - Efficiency: The actual amount Medicaid spent on behalf of a PMP's panel compared to the expected expenditures.
  - Performance: Actual utilization by the PMP's panel compared to what was expected for Generic Dispensing Rate, Non-Certified Emergency Room Visits, and Office Visits.
  - Calculation:
    - Percent variance was determined, and based on the ranking
    - of the variance of all PMPs, a score is applied.
    - Score is multiplied by the number of member months to determine the "share points."
    - Each point is worth $0.2105 from the efficiency pool and worth $0.0444 in from the performance pool.

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# P4P Innovations in Medicaid Managed Care Delivery Systems

# Rhode Island: Advancing a Multi-Payer Medical Home Pilot

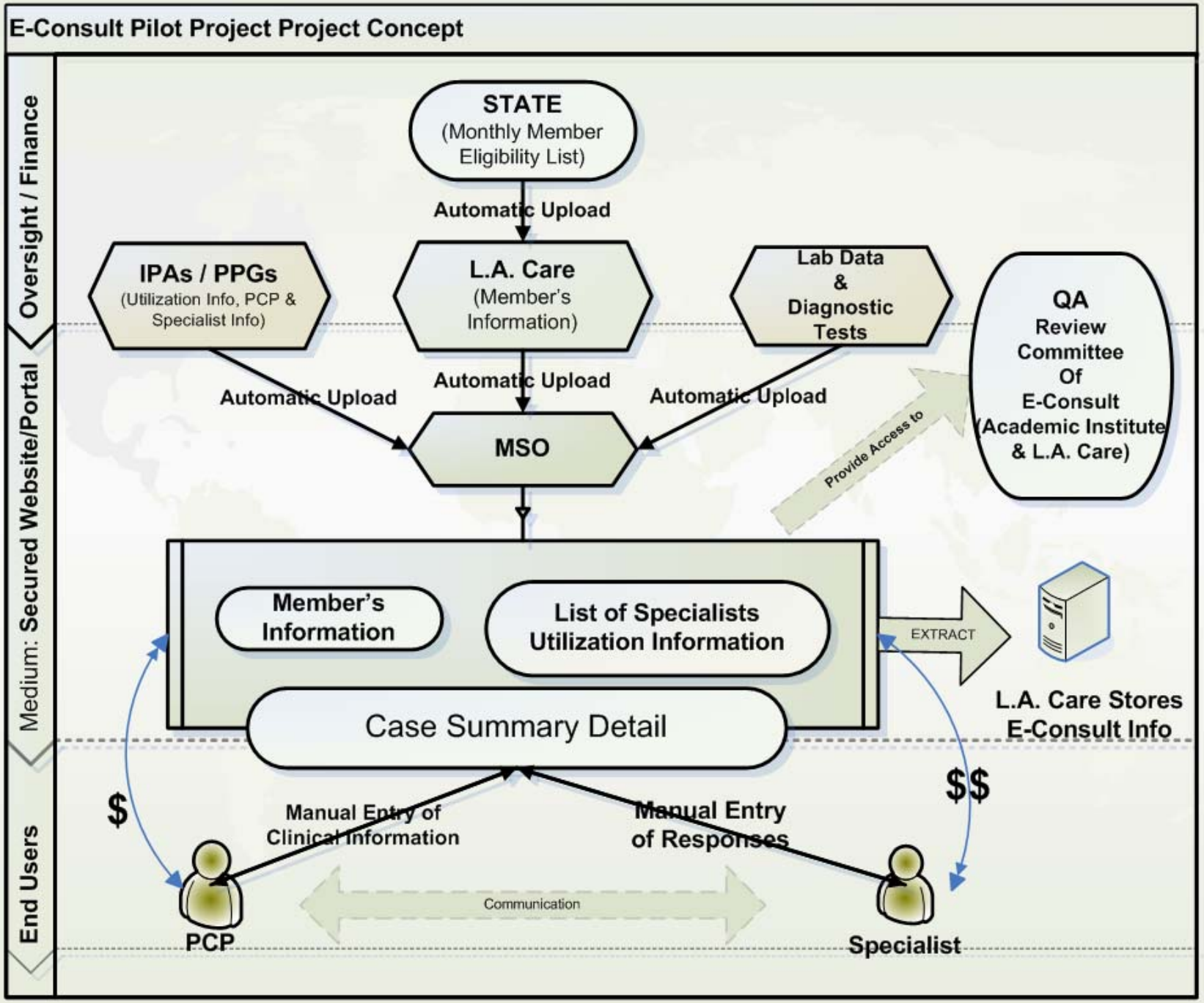
- Patient-centered medical home pilot funded by public and commercial payers and plans
- 5 primary care practices participating in pilot (covering 67% of insured residents in state)
- Payers, plans and practices agree to:
  - Common practice sites
  - Common performance measures
  - Common services provided to practices
  - Common chronic conditions
- Consistent Payment Model
  - FFS payment for service rendered
  - PMPM payment for care management/ coordination
  - P4P payment for achieving clinical outcomes

# Pennsylvania: Using P4P to Reduce Disparities

- Three health plans supporting intensive practice improvement in 14 primary care practices in Philadelphia
  - Common registry
  - Common performance measures
  - Common nurse care manager/quality coach
  - Common financial incentives through P4P
- Practices are high-volume, high-opportunity, “low resource”
- Practices are eligible for financial incentives for 1) participation and 2) for process measures related to diabetes care
- Practices are shown the total amount of financial dollars “on the table”

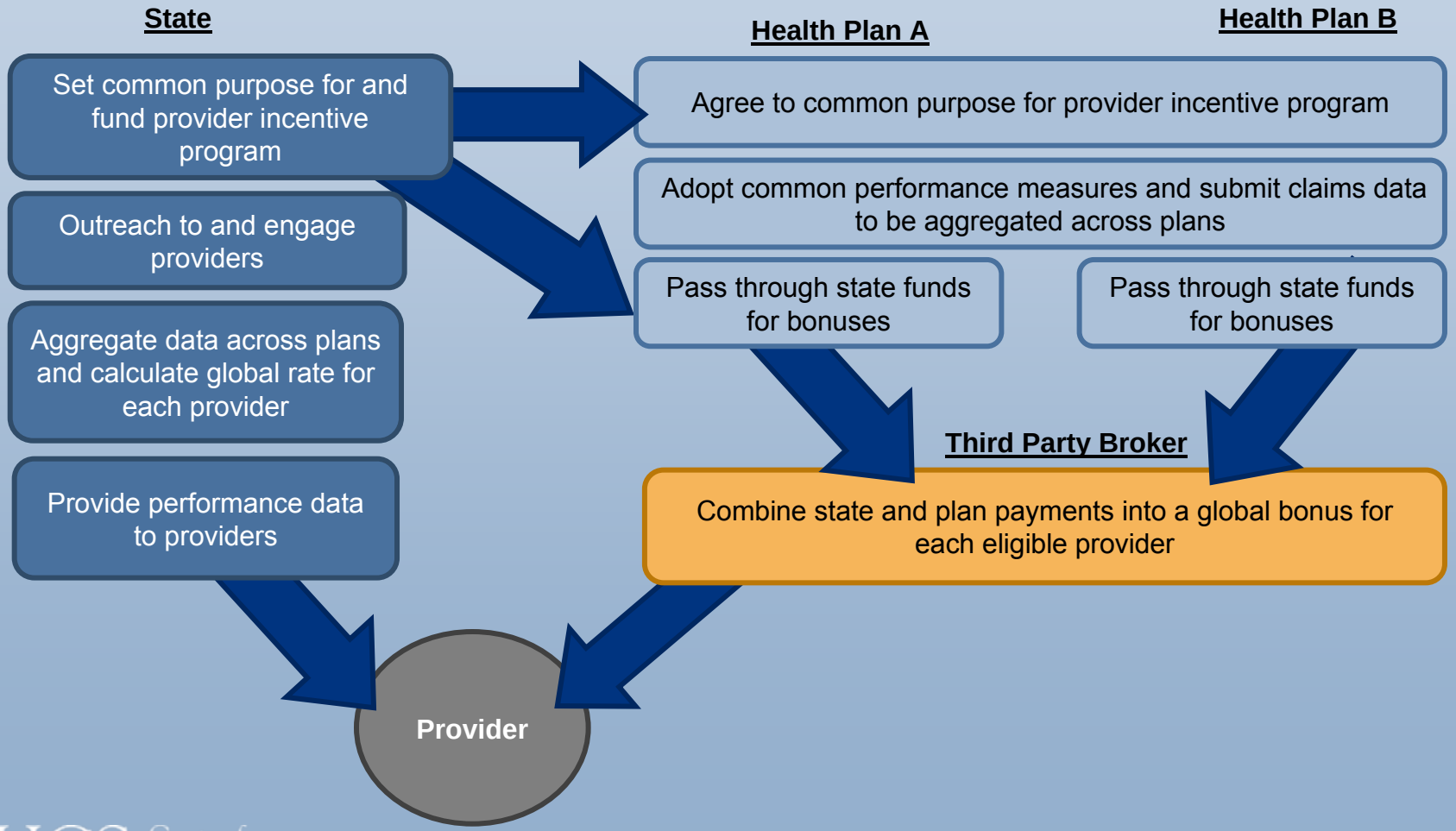
# California's LA Care: Improving Access by Paying E-Consults

- E-consults
  - PCPs receive non-urgent consults from specialists through an e-consult platform
  - Helps address the challenges (access and communication), inefficiencies, and costs incurred in accessing specialty physician network
  - PCP and specialists receive payment for e-consults


E-Consult Pilot Project Project Concept
Oversight / Finance
Medium: Secured Website/Portal
End Users
STATE
(Monthly Member Eligibility List)
Automatic Upload
IPAs / PPGs
(Utilization Info, PCP & Specialist Info)
L.A. Care
(Member's Information)
Lab Data & Diagnostic Tests
Automatic Upload
Automatic Upload
Automatic Upload
MSO
QA Review Committee Of E-Consult (Academic Institute & L.A. Care)
Provide Access to
Member's Information
List of Specialists Utilization Information
Case Summary Detail
EXTRACT
L.A. Care Stores E-Consult Info
$
$$
Manual Entry of Clinical Information
Manual Entry of Responses
Communication
PCP
Specialist

# Arizona: Aligning Measures and Incentives at the Physician Level across Plans….On Hold

**Alignment of Purpose, Measures and Payment Across Plans Using a Third Party Broker (Arizona)**



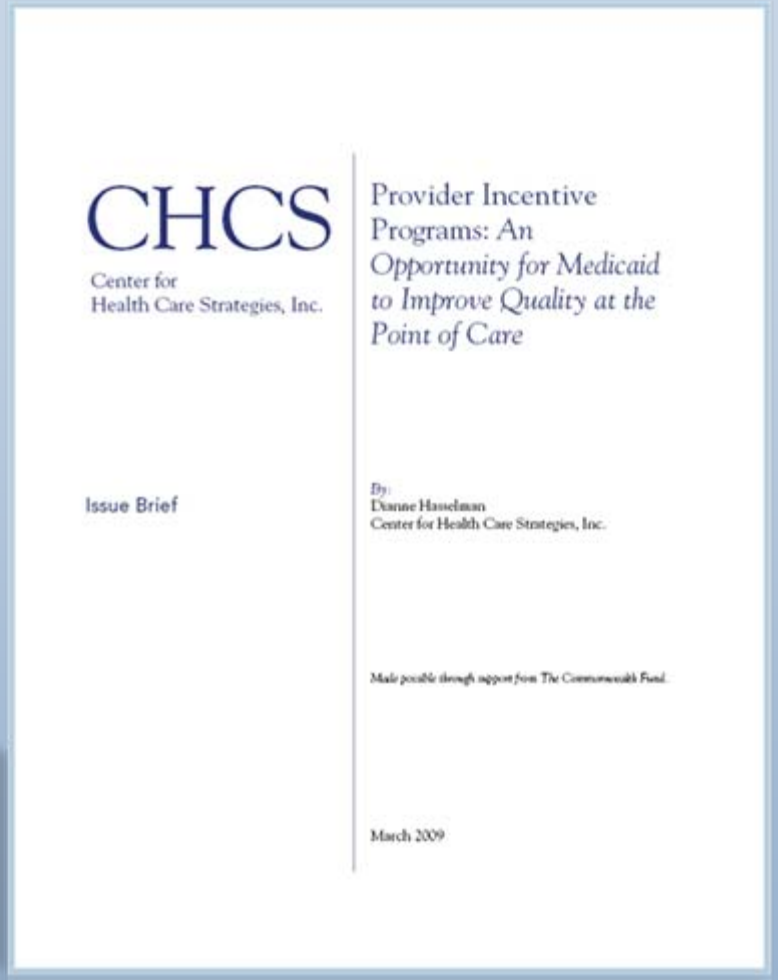
# Trends in Medicaid P4P in 2009

- States are:
  - Staying away from paying for outcomes
  - Using P4P to create much needed infrastructure, specifically in primary care
  - Struggling with fiscal realities
  - Straddling P4P and true payment reform
  - Sharing risk in a targeted way
  - Focusing on medical home, which mirrors goals of P4P

# What Steps Should States Take in 2009?

- Shift toward payment reform, particularly for primary care
  - Strengthen primary care infrastructure by recognizing what primary care physicians are worth
  - P4P is not the tool to do this
- Play larger role in funding EMRs for practices
  - Use stimulus package to significantly invest in infrastructure
- Require greater alignment across Medicaid plans
  - Work toward common measures, common requirements, common reporting, common QI support
- Seek out synergistic opportunities with the commercial sector by exploring:
  - Existing opportunities with local BTE initiative, or use Medicaid to initiate one
  - Opportunities with regional quality improvement initiatives, like Aligning Forces for Quality

# Provider Incentive Programs: An Opportunity for Medicaid to Improve Quality at the Point of Care



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- **Download** practical resources to improve the quality and efficiency of Medicaid services.
- **Subscribe** to CHCS eMail Updates to find out about new CHCS programs and resources.
- **Learn** about cutting-edge state/health plan efforts to improve care for Medicaid's highest-risk, highest-cost members.

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