Building Value Based Purchasing in Medicaid Managed Care

TAHP 2016 Managed Care Conference & Trade Show

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Today’s Outline

Mercy Care Plan Key Facts
• Description and Capabilities of this MCO within the AHCCCS System

Our value-based purchasing experience from pilot to “scale”

Lessons learned
Mercy Care Key Facts

501 c(3) non-profit organization

Provider sponsored and governed through a committee structure with management services provided under contract with Aetna Medicaid Administrators

Promotes the plan sponsor’s mission and community reinvestment by keeping dollars in the state
Mercy Care Key Facts

One of the largest AHCCCS contractors in the state with over 400,000 members

Multiple lines of business
- Acute (TANF, SCHIP, ABD/SSI, Expansion)
- ALTCS (MLTSS)
- DD (I/DD)
- Mercy Care Advantage (D-SNP)

Affiliated Plan - Mercy Maricopa Integrated Care
- Integrated health plan for people with SMI
- Behavioral health carve out for Acute members in Central Arizona
Mercy Care Plan

Membership By County/Line of Business on July 2012

Data as of 8/5/2012

[Map showing membership by county/line of business with specific counties and their membership numbers shaded in different colors.]
Mercy Care Key Facts

Full risk capitation contract with AHCCCS

Full range of traditional Health Plan capabilities
• Operations
• Medical Management
• Quality Management

> 10,000 contracted providers
• Mostly independent hospitals and practices, but some large systems with employed providers

Historically, providers paid on a Fee For Service basis
• Limited sub-capitation for services such as laboratory and some special payment programs for providers of high-risk membership (SNF, Home-bound)
Value-based Purchasing Experience

Mercy Care’s approach to payment reform is always evolving and builds on experience

• From a 2010 Pilot and through several phases
• Describing the experiences in each phase to demonstrate capabilities we had to develop
Value Based Purchasing

Approximate % of spend included in a VBP contract (Acute)

- Projection for 2017 based on new provider estimated current contract values
- Graph is for Acute Line of Business only.
Phase 1

Pilot/Phase 1: Patient Centered Medical Homes

• Practices were identified using a mix of strategic relationship and objective data
• Paid using three payment strategies:
  — Care Management Fee
  — Annual performance target incentives (upside only)
  — Enhanced FFS rate – 2 levels
    1. 115% for MCP identified PCMH
    2. 125% for NCQA level III designation
Evaluation Cycles

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Maricopa County – circa 2013
2012 Results: Comparison to baseline

Methodology: Comparison of member costs attributed to practice in measurement year as compared to baseline year

- Three groups in the evaluation set
- For the participating providers, a total of $1,959,233 in savings due to reductions in ED visits and hospitalizations
- Of that, $879,304 was distributed to the providers in the form of performance incentives, care management fees, and enhanced fee for service payments
- This leaves $1,079,928 as the AHCCCS share of the savings
2013 & 2014 Results:
Year over year improvement of 10%+

2013 count of included PCMH practices: 10; 2014 count of included PCMH practices: 14

Percent of PCMH Practices Meeting or Exceeding Measure Targets
Value Based Purchasing

Approximate % of spend in VBP contracts (Acute)

- Projection for 2017 based on new provider estimated current contract values
- Graph is for Acute Line of Business only.
Phase 2: Accountable Care Organizations

- Accountable Care Organizations (ACOs) or similar Clinically Integrated Networks
  - Shared savings on total member costs
  - Quality targets as separate incentives
VBP Provider sites – Phoenix Metro – Phase 2
## Value Based Purchasing Outcomes for Two Cost of Care Contracts

<table>
<thead>
<tr>
<th>Contract Year</th>
<th>Total Cost of Care</th>
<th>Reduction in Medical Spend</th>
<th>Percentage Reduction in Spend</th>
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<tr>
<td>2014</td>
<td>$104,496,045</td>
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<td>2015</td>
<td>$270,422,809</td>
<td>$4,648,707</td>
<td>1.72%</td>
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<td>2016</td>
<td>$284,586,610</td>
<td>TBD</td>
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- **Staggered starts in 2014 and 2015**
Value Based Purchasing

Approximate % in VBP contracting (Acute)

- Projection for 2017 based on new provider estimated current contract values
- Graph is for Acute Line of Business only. Other lines are showing higher %’s
Phase 3

Phase 3: Development of problem-focused initiatives and building an infrastructure to catch up with our progress:

Physical health-behavioral health integration
- Physical health-behavioral health integration for existing partners using joint contracting with our behavioral health plan with the goal of aligning payment models to reward integrated care

Center of Excellence
- With emphasis on special problems such as Individuals with Autism Spectrum Disorder, Joint Replacement, Chronic Pain and Opiate Addiction and working to develop bundles and episodes of care processes

Building of a multi-disciplinary committee structure to help govern our programs
Alternative Payment Model (APM) Framework and Progress Tracking Whitepaper (https://hcp-lan.org/)
Projection for 2017 based on new provider estimated current contract values

Graph is for Acute Line of Business only.
Lessons Learned: Technical

Information resources required to support a program are significant
• Some due to systems infrastructure
• Some due to the wide variation in how health care is delivered

Evaluation is challenging – necessary, but should not inhibit innovation
• We are in a real-life process improvement environment – this is not research, we can not prove causation

Measurement of Progress has been incremental
• Not only in % spend growth, but in performance, measurement
• There are methodological, process, and execution challenges
• Some may simply reflect the current status of this journey
• Directional change is a positive outcome
Lessons Learned: Working with Providers

Collaboration with providers and others is critical

• Need for practice support is great
• Via a CMS CMMI Transforming Clinical Practice Initiative (TCPI) Grant, we have developed a Practice Transformation Network we call the Practice Innovation Institute (Pii) to help develop providers’ capacity to succeed.
• Partnership with health systems, DSRIP, Graduate and Post-graduate education where ever possible
Lessons Learned: Plans

Payment reform touches every part of the health plan and the need for coordination and collaboration is constant

• It is best managed as a health care initiative
• Health plans will need to plan how they will change to succeed
• Delegation, UM, QM
• Common vocabulary is helping our multidisciplinary teams work better

Specific performance measures may be responsive to incentives, but with multiple-payer initiatives, it is not clear that overall traction will be gained without some coordination

• At minimum align with the measures important to the State
• May require multi-payer collaboration
• Understanding where CMS is going (MACRA, CMMI, HCP-LAN) is important
Thank you