

Vermont Health Care Innovation Project

MEDICAID UPDATE

January 30, 2014

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Current System

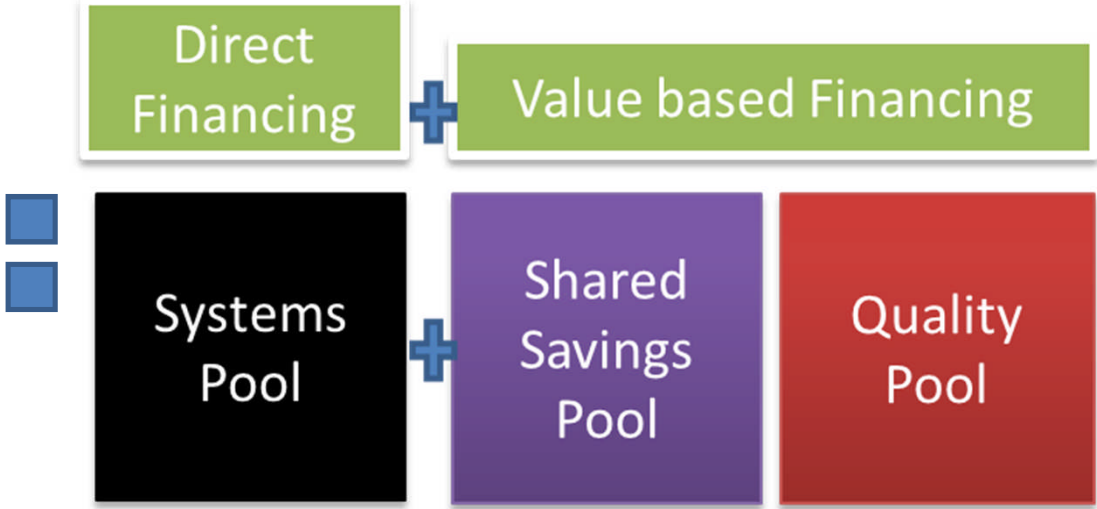


Misaligned financial incentives across payers and providers has led to **fragmentation** in our medical and social systems.

Linking financing to **value** will fill gaps and strengthen the system

Future System

Total Payments



Each year, increasing the proportion of total payment linked to value

We get what we pay for under a fee-for-service system



A lack of accountability about the range and types of care that patients may receive



Limited payments for coordinating care across clinicians and providers or over time

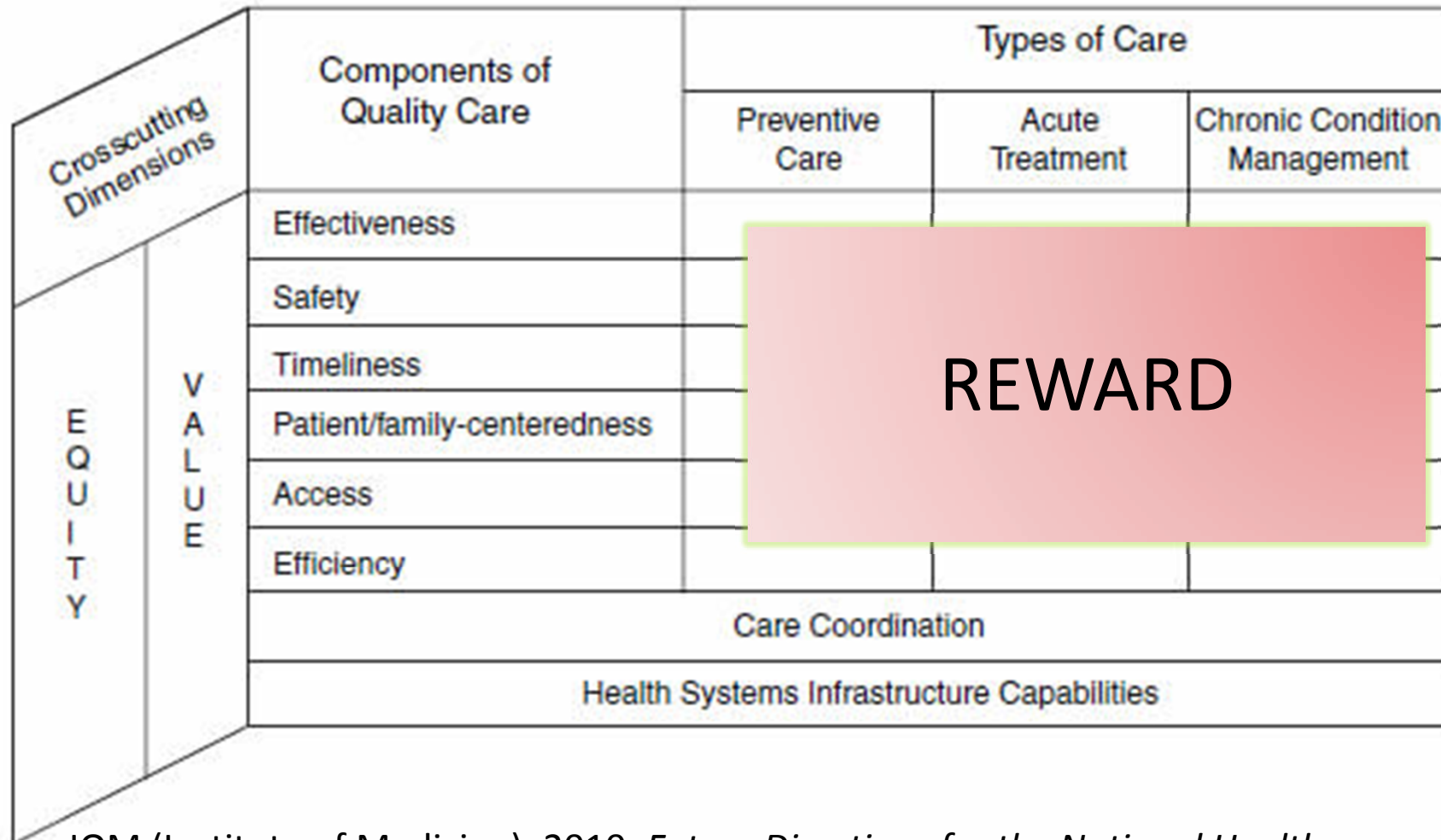


Limited incentives for improving quality or reducing costs



No incentives for constraining the volume of care

Payments should be linked to components of quality of care across all types of care and support services



IOM (Institute of Medicine). 2010. *Future Directions for the National Healthcare Quality and Disparities Reports*. Washington, DC: The National Academies Press.

What do we mean by “payment reform”

“The ultimate objective of any payment reform is to motivate behavioral change that leads to lower costs, better care coordination, and better quality.”

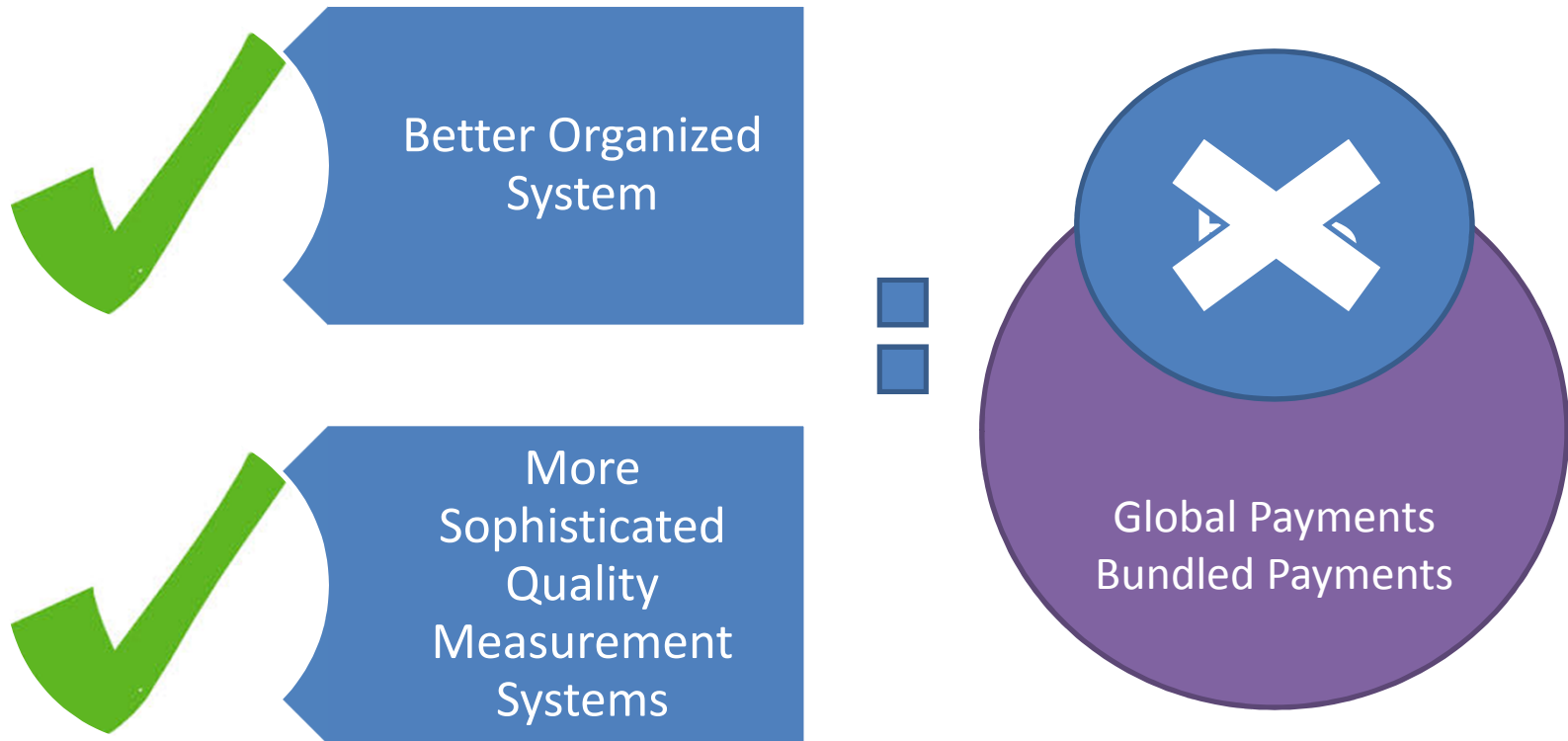


Cutler, David M., Ph.D., and Ghosh, Kaushik , Ph.D. (March 22, 2012) The Potential for Cost Savings through Bundled Episode Payments, *N Engl J Med* 2012; 366:1075-1077. DOI:

10.1056/NEJMp1113361

1/30/2014

Adoption of alternatives to FFS require a better organized system with more sophisticated capture and use of performance data and metrics



Medicaid's payment reform strategies under the VHCIP aim to:

1) Shared Savings ACO Program

Align and continue to support care transformation by participation in the Blueprint for Health, Enhanced Primary Care Program, Medicaid Health Homes and other ongoing related work

Incent care delivery transformation and better organization of the health system through a focus on value instead of volume

2) Episodes of Care Program

Incent use of data, analytics and quality reporting to improve care delivery and succeed under value-based payment systems

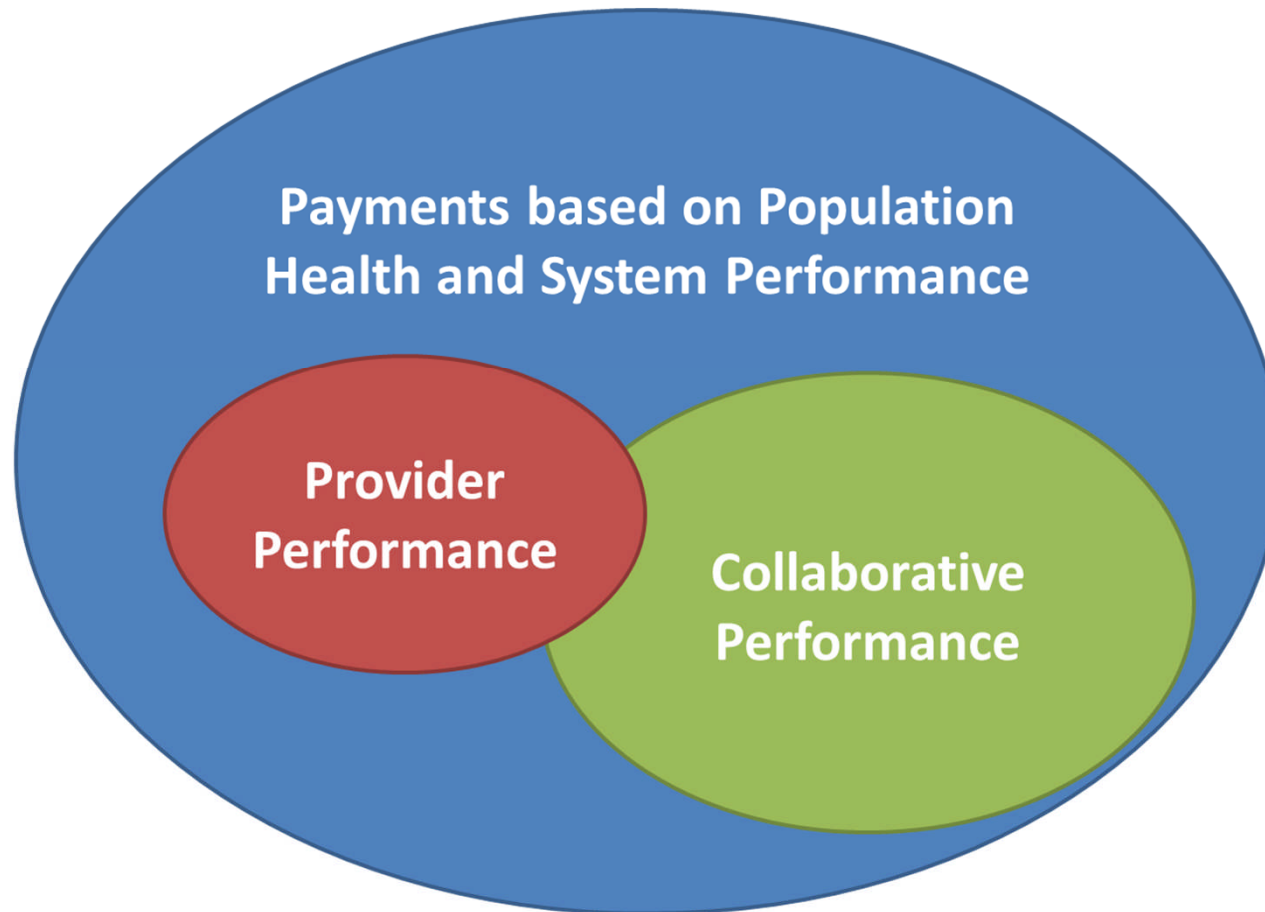
Work with all stakeholders to ensure broad participation and support

3) Pay-for-Performance (P4P) Program

Work with other payers to mirror programs to increase the magnitude of rewards and limit administrative burden

Allow for incremental independent study of feasibility and implications of adoption of alternative payment models across more organized provider groups and across types of services

Using Complementary Financial Models to Drive System Change and Bend the Cost Curve



Complementary Models

ACO SSP

- System-wide performance
- Wide range of providers across specialty types and sites of care
- Total resource use and quality for attributed population across all providers who provide care
- Focus on collaboration and use of data to inform better care delivery and experience of care
- Leads to more organized system of care

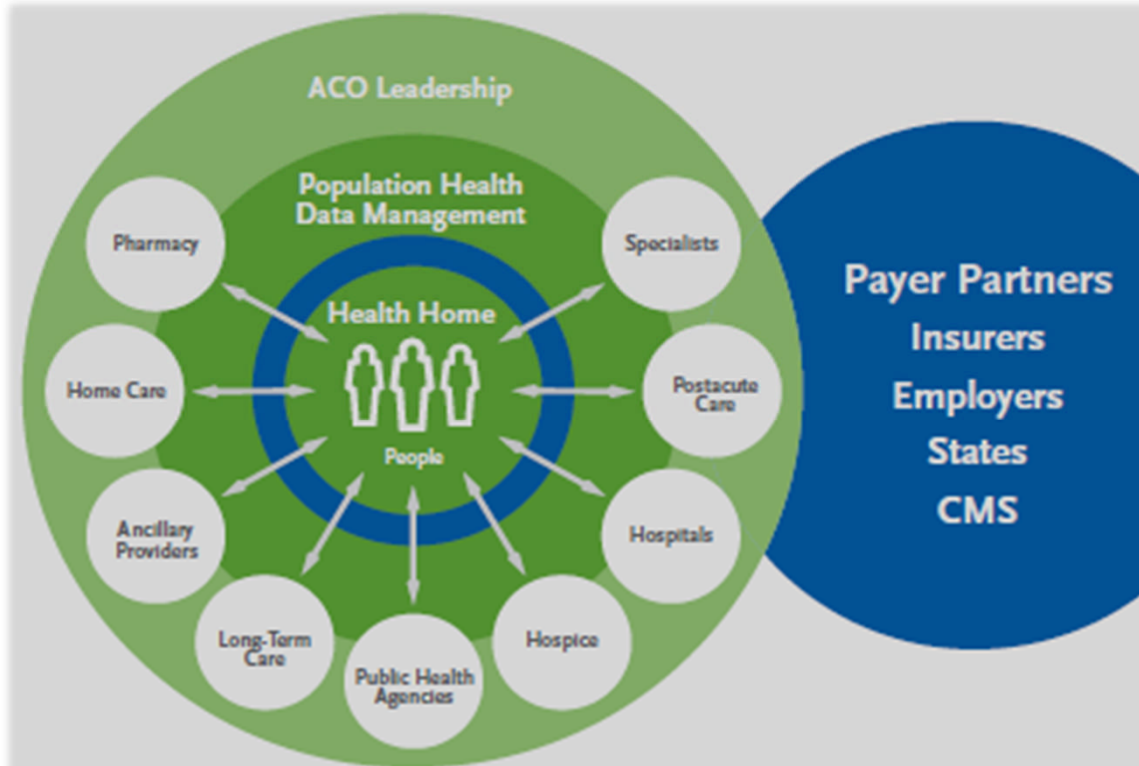
EOC

- Performance related to treatment of specific condition
- Providers specifically accountable for care of a particular condition
- Resource use and quality of treatment of a condition for sub-set of population
- Focus on collaboration and use of data related to treatment of specific condition
- Leads to more organized system of care

P4P

- Individual /Practice/Site of Care performance
- Providers accountable for population they serve
- Resource use and quality of treatment under their individual control
- Focus on individual performance and how to use data for internal quality improvement

Multi-Payer Shared Savings ACO Program



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A performance-based contract between a payer and provider organization that sets forth a value-based program to govern the determination of sharing of savings between the parties.

VERMONT STATE INNOVATION MODEL

http://www.commonwealthfund.org/~media/Files/Publications/Fund%20Report/2012/Aug/1618_Forster_accountable_care_strategies_premier.pdf

What Does this Mean for Beneficiaries?

The Program is designed to improve beneficiary outcomes and increase value of care by:

- Promoting accountability for the care of beneficiaries
- Requiring coordinated care for all services provided under FFS systems
- Encouraging investment in infrastructure and redesigned care processes

Care delivery redesign is expected to reduce:

- lost or unavailable medical charts
- duplicated medical procedures
- having to share the same information over and over with different doctors
- Reduce complications
- Reduce avoidable readmissions
- 1/24/2014 Acute admissions and ED visits



ACOs versus HMOs

- No restrictions on access or choice in health care providers
- No “gate keeper”
- No change to coverage and benefits
- Governed by the same providers who provide care

HMOs	ACOs
Economic growth period	Challenging financial climate
Insurance industry driven	Provider driven
Shift risk to PCPs	Shift risk to aligned, integrated systems
Capitated/fixed payment	Pay for outcomes and value
Provider centric	Patient centric
Sickness model of care	Wellness model of care
Fragmented delivery system	Clinically integrated delivery system
No consistent system entry point	Health home
Lack of data at the point of care	Data rich at the point of care
<p><i>**Table adopted from October 18, 2013 Dartmouth Hitchcock presentation “Creating a Sustainable Health System”</i></p>	

How the program works

People see their PCP as they usually do

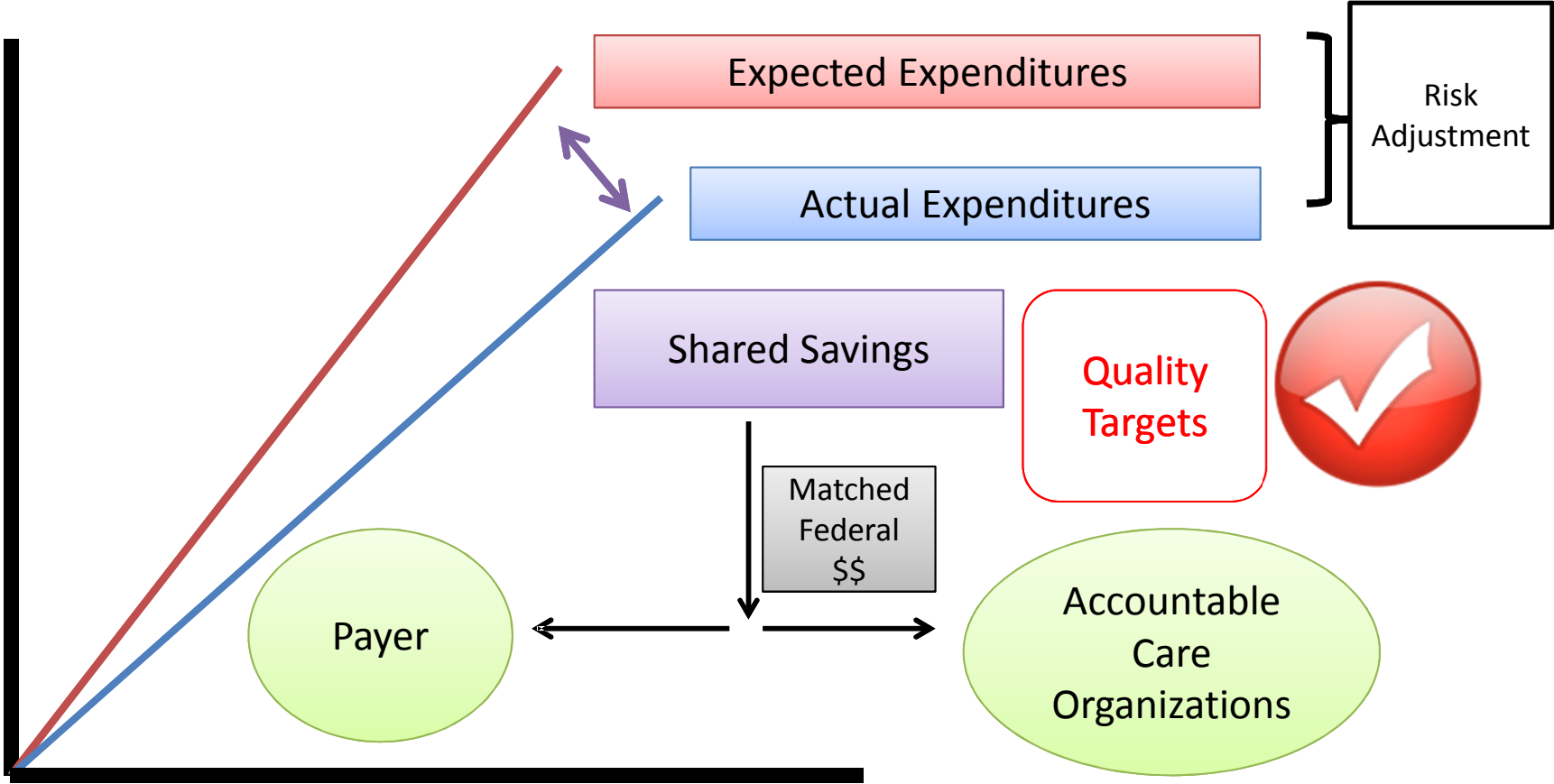


If their PCP belongs to an ACO, the ACO accepts responsibility for the cost and quality of care provided to that person

ACO

Providers bill FFS as they usually do

How the program works

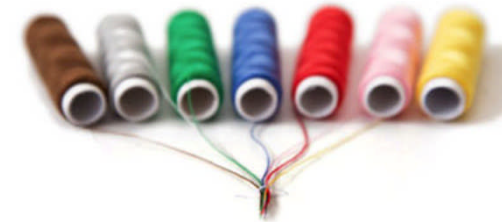


Multi-Payer Episodes of Care Program (under development)

What is an episode of care (EOC)?

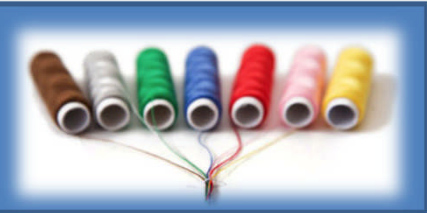
All related services for:

- one patient
- a specific diagnostic condition
- from the onset of symptoms until treatment is complete



Bundled Payments for Care Improvement (BPCI) Initiative: General Information
<http://innovation.cms.gov/initiatives/bundled-payments>

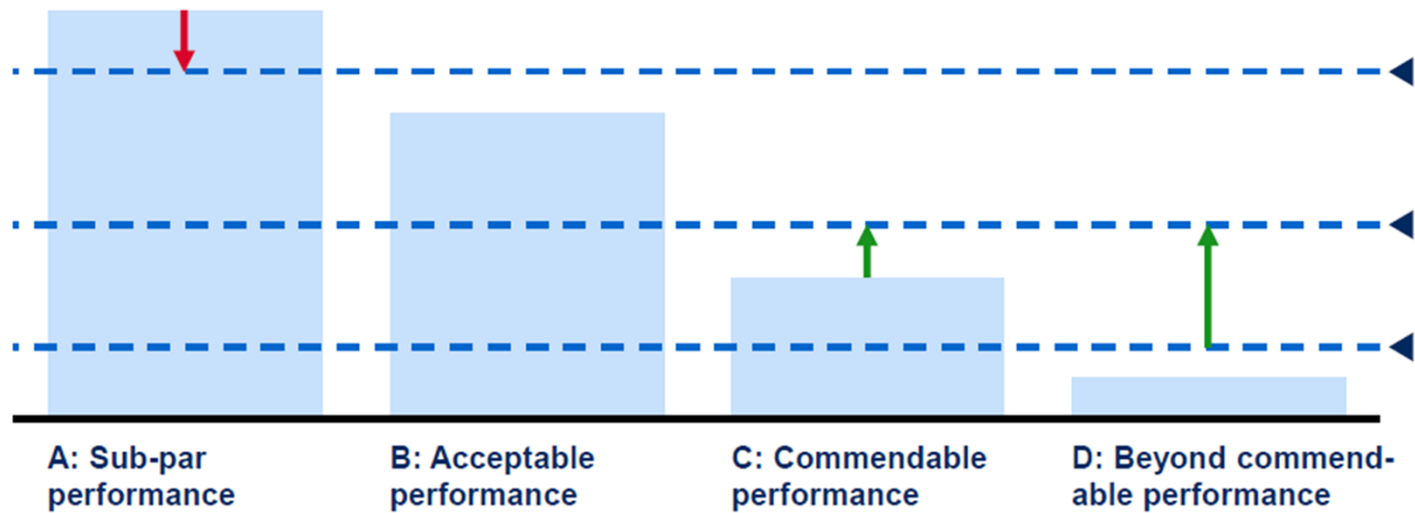
Multi-Payer Episodes of Care Program (under development)




Aggregating payment into clinically meaningful episodes

Bundled payments reward quality care and introduce risk to providers

Average cost per episode, for each Principal Accountable Provider



Medicaid P4P Program (under development)

Performance Drives Reward	
1	
2	
3	