Payment Models Workgroup
July 13, 2015

Healthier People. Health Care Value.

Alternative Payment Models:

WHAT Are Other SIM States Doing?

State Innovation Models (SIM) Initiative Evaluation - Model Test

- CMS contracted with RTI to develop an evaluation of the first year of implementation of the SIM Model Test states

- This is a summary of the findings of the payment reform efforts in the Model Test states
  - *The full 331 page report is available in Google Drive: https://drive.google.com/open?id=0B0zbRC4FqnMWa0E0U3AxbUdZLTA*
  - *Brief summary/overview of payment models proposed in Round 1 Model Design states is also included*

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SIM State Payment Reform Initiatives

Round 1 Model Design & Model Test

State	Patient Centered Medical Home	Health Home	Accountable Care	Episode of Care
Arkansas	✓			✓
California		✓		
Colorado	✓	✓	✓	
Connecticut	✓			
Delaware			✓	
Hawaii	✓			
Idaho	✓			
Illinois	✓		✓	
Iowa			✓	
Maryland	✓			
Maine	✓	✓	✓	
Massachusetts	✓		✓	
Michigan	✓		✓	
New Hampshire		✓		
New York	✓			
Ohio	✓			✓
Oregon	✓		✓	
Pennsylvania	✓		✓	✓
Rhode Island	✓			
Tennessee	✓			✓
Texas	✓	✓		
Utah			✓	
Vermont			✓	✓
Washington			✓	

✓- Indicates model is proposed in state Plan.

Payment Reform Analysis

The specific payment strategies states and organizations will use in paying providers.

State	Payment Methods
Arkansas	PCMH receives: Care coordination fees on a PMPM basis. Shared savings payment based on performance. Health Homes (institutions on the ACS Waiver) receive: Care coordination payment not contingent on performance. The state plans to move toward a Performance based PMPM. Case-management payment not based on performance. Both PCMH and Health Homes receive: Episode-based payment with retrospective risk sharing for selected medical episodes and behavioral health conditions.
Maine	Primary care based, multi-stakeholder, multi-payer ACO with shared risk. The model phases in alternative payment methods into the ACO along the continuum from shared savings, to partial capitation, to full global capitation
Massachusetts	Multi-payer ACO and PCMH Model supported by a shared savings/risk payment framework with quality incentives and an aligned multi-payer operational structure. Massachusetts Medicaid's Duals Demonstration Integrated Care Organizations are encouraged to use alternative payment methodologies including shared savings/shared risk arrangements
Minnesota	Shared Savings in the Virtual ACO Health Care Delivery System (HCDS) based on the difference between annual expected and actual realized total cost of care if savings are achieved, contingent on meeting quality and patient experience outcomes. The Integrated ACO HCDS builds toward a two-way risk-sharing model that distributes the difference between the annual expected and actual realized total cost of care, contingent on meeting quality and patient experience outcomes.

Source: https://www.statesforum.org/state-innovation-model-chart#sthash.M3ounQjC.dpuf

Payment Reform Analysis *continued*

The specific payment strategies states and organizations will use in paying providers.

State	Payment Methods
Oregon	Alternative payment methodologies via the Coordinated Care Model (CCM), including: - Pay-for-performance (P4P) incentive payments built on a fee-for-service (FFS) base. - Shared savings payments built on a FFS base. - Bundled or episode payments for all services connected to an episode of care. - Primary care base payments to support activities that FFS does not reimburse.
Vermont	Expands the Medicare shared savings ACO model to include Medicaid and commercial payers across the state's ACO systems; employs bundled payments for two programs. Medicare will use P4P programs for all providers, Medicaid will work to expand P4P programs to all participating providers, and commercial providers are expected to participate in varying scope. The state currently provides services to dual-eligibles in a managed care model and hopes to expand this model to include Medicare dollars for this population.

Source: https://www.statesforum.org/state-innovation-model-chart#sthash.M3ounQjC.dpuf

Payment Reform Analysis *continued*

The specific payment strategies states and organizations will use in paying providers.

State	Payment Methods
Delaware	Incentives for meeting quality goals and containing utilization, shared risk and savings. Capitation Care coordination support paid by payers to PCPs (either through per-member-per month fees or new CPT codes as established by Medicare) -Create >$1 billion in total savings to the system through 2020 -Reinvest about half of savings in care delivery to ensure sustainability for providers -Pass about half of savings on to consumers and purchasers to preserve affordability
Idaho	Statewide, multi-payer PCMH and Medical Neighborhoods integrate population health with the healthcare delivery system
Iowa	Will start with Medicaid and Primary care ACOs, w/FFS+ pmpm payments for coordinated care then expand to behavioral health and LTC. Want to expand further but depends on how plan accepted by providers.
Michigan	Patient Centered Medical Homes, Accountable Systems of Care, and Community Health Innovation; Care Management Reimbursement, Pay-for-Performance, Partial Risk-Based Capitation, Shared Savings, Population- Specific Global Payment; Accountable Systems of Care are financed by payment models that align incentives across the delivery system towards producing value over service volume; glide path from a low risk, yet still accountable, payment model based on shared savings, to comprehensive payment models that offer more flexibility and more rewards

Payment Reform Analysis *continued*

The specific payment strategies states and organizations will use in paying providers.

State	Payment Methods
New York	Health Homes, Managed Long Term Care, a Fully-Integrated Duals Advantage; Providing payers with incentives to achieve penetration of value-based payment models and benefit design, as part of the rate-review approval process; innovative, tiered payments that cover the incremental costs of registries, care coordination and care management, a variety of gain-sharing incentives for better managing care and costs, and up-front funding to help support technical assistance for practice transformation during the transitions; encourage broad use of value-based insurance design (VBID) by helping to create transparency about best practices in VBID and encouraging broad based adoption of such practices across payers
Rhode Island	These payment models may include pay for performance, bundled payments, shared savings inclusive of Accountable Care Organizations(ACOs)and ACO like structures and other forms of shared financial responsibility. 80% of people covered; Patient Centered Medical Home (PCMH) and Health Homes models hold promise to achieve our vision. These models are already well-developed in Rhode Island; Value-based care practice coaching, training and technical assistance
Ohio	Quality incentives. Require Medicaid providers to forms PCMH's. Goal of 80-90% in Value based payment system. Ohio itself will focus on PCMH creation but if providers or others want to form ACO's or other models, Ohio will permit it. Incorporate population health measures into all of its regulatory and payment programs

Source: https://www.statesforum.org/state-innovation-model-chart#sthash.M3cunDJC.dpuf

Payment Reform Analysis *continued*

The specific payment strategies states and organizations will use in paying providers.

State	Payment Methods
Tennessee	Currently pay 5-10 medical interventions (knee replacements, Asthma flare ups etc) as episode payments rather than FFS, are transitioning towards paying more things by a per episode basis. PCMH and practice transformation
Washington	Washington as a purchaser will change the way it purchases coverage for almost 2 million public employees (PEB program) and Medicaid beneficiaries, totaling more than one-third of the state's non-elderly population; Accountable Care Program

Payment Reform Analysis *continued*

The specific payment strategies states and organizations will use in paying providers.

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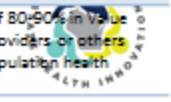


Source: https://www.statesforum.org/state-innovation-model-chart#sthash.M3cunDJC.dpuf

Payment Reform Participants

The patients, providers, and health plans that will be affected when the model is implemented.

State	Participants in Payment Innovation
Arkansas	**Patients Covered**: Medicaid and Medicare, Medicare/Medicaid dual eligible individuals, CHIP, those covered by participating private plans. **Providers Included**: Medical Home and Health Home providers. **Health Plans**: Medicaid, Arkansas BlueCross BlueShield, potentially Medicare.
Maine	**Patients Covered**: Medicaid, Medicare, those covered by participating private plans. Providers Included: Health Home and Patient Centered Medical Home providers and providers in MHMC. **Health Plans**: Medicaid, State Employees, Bath Ironworks, Maine University System. Maine has also partnered with the Maine Health Management Coalition (MHMC), a multi-stakeholder purchaser-led collaborative representing employers, providers, payers, and consumers.
Massachusetts	**Patients Covered**: Medicaid and Medicare, Medicare/Medicaid dual eligible individuals, state employees, those covered by participating private plans. **Providers Included**: All primary care providers. Massachusetts has established a goal of having all PCPs functioning as medical homes by 2015. PCPs are defined broadly to include group practices, hospital based PCPs, and community/health mental health centers that provide primary care services. **Health Plans**: Medicaid, Medicare, state employees, Blue Cross Blue Shield of Massachusetts, Tufts Health Plan.

Source: https://www.statesforum.org/state-innovation-model-chart#sthash.M3ounQjC.dpuf

Payment Reform Participants

The patients, providers, and health plans that will be affected when the model is implemented.

State	Participants in Payment Innovation
Minnesota	**Patients Covered**: Medicaid, CHIP, MinnesotaCare, Medicare, those covered by participating private plans. Providers Included: Current ACOs, provider organizations selected through a competitive RFP will participate as ACOs, Hennepin Health, current Health Care Homes and those seeking to become certified. **Health Plans**: Medicaid, Medicare, Medica, Blue Plus (Blue Cross Blue Shield of Minnesota), HealthPartners, UCare, PrimeWest, South Country Health Alliance, Itasca Medical Care.
Oregon	**Patients Covered**: Medicaid (will also allow CCOs to serve as integrated Medicare and Medicaid plans for dually eligible individuals), state employees, and those purchasing qualified health plans on Oregon's health insurance exchange. **Providers Included**: Oregon's CCO's and those practices that have achieved PCPCH status. **Health Plans**: Medicaid, state employees, qualified private health plans on state exchange.
Vermont	**Patients Covered**: Medicare, Medicaid, those covered by participating private plans. Providers Included: Fletcher Allen and Dartmouth-Hitchcock ACO, Community Hospitals, FQHCs, statewide networks and independent physicians. **Health Plans**: Medicaid, Medicare, and participating commercial plans.

Source: https://www.statesforum.org/state-innovation-model-chart#sthash.M3ounQjC.dpuf

Savings Potential

State cost savings estimatesto be achieved through model implementation

State	Potential Savings
Arkansas	Estimated at $1.1 billion over the 3-year Model Testing period and $8.9 billion through 2020.
Maine	Estimated at $472 million for Medicaid, $554 million for commercial payers, and $248 million for Medicare over 3 years.
Massachusetts	Massachusetts's innovation plan does not include an estimate on cost savings.
Minnesota	Projected $111.1 million savings over a three-year period. $90.3 million in Medicaid savings, $13.3 million in savings to private payers, and $7.5 million in Medicare savings.
Oregon	Estimated reduction of per capita Medicaid spending by 1 percentage point by July 2013 and 2 percentage points by July 2014. For state employees and dual-eligibles, an estimated reduction of 2 percentage points in its cost trend for selected populations.
Vermont	Vermont's innovation plan does not include an estimate on cost savings.

Source: https://www.statenforum.org/state-innovation-model-chart#sthash.M6cunQjC.dpuf

Alternative Payment Models:

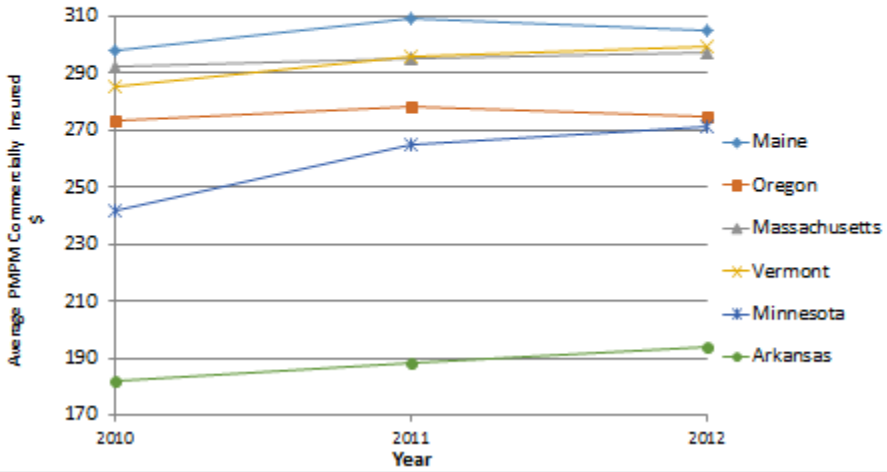
EARLY Results

Expenditures

- An expected outcome of SIM Initiative activities is a **reduction or slowing in rates** of health care expenditure growth
- A baseline assessment of total average PMPM commercial population health care expenditures across the Round 1 Test and comparison states yielded mixed results
- Overall, average PMPM expenditure rates for the Medicare population are substantially higher than for the commercially insured population

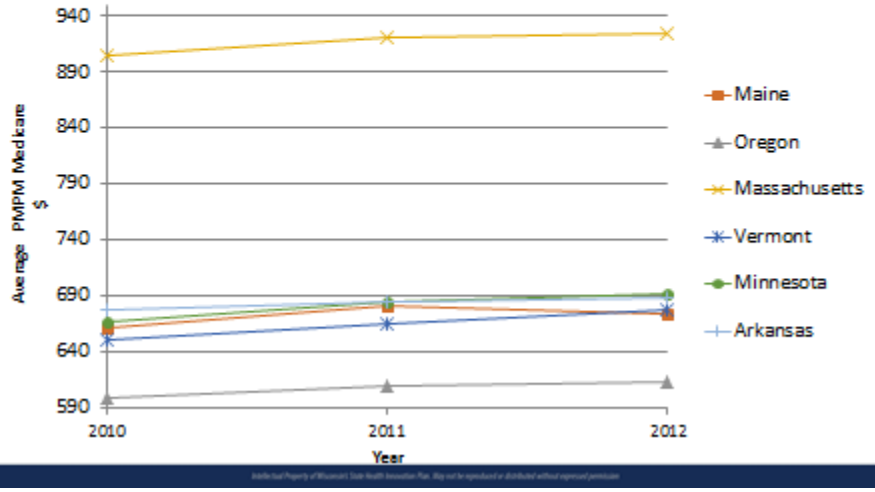
SIM State PMPM Expenditures – Commercially Insured

All Round 1 Test states exhibited increased total expenditure PMPM rates from 2010 to 2012, with the rate of increase varying by state



SIM State PMPM Expenditures – Medicare

Total average PMPM payments for Medicare beneficiaries increased from 2010 to 2012 for all Test states, though the rates of increase varied



Insights

- What is Medicare's involvement in SIM Model Test States payment models?
  - So far, nothing more than we could have guessed
    - MSSP
    - Medicare patient's involved in SIM populations
    - Providing data
    - Multi-payer Advanced Primary Care Practice Demonstration
- What's working?
  - Too soon to tell
  - ER admission rates and PMPM costs generally increasing in program year 1
  - No analysis yet of attribution of utilization and cost
- Total Cost of Care
  - Almost all states mention in their plans that they will measure total cost of care… so far, we have not been able to find the methodologies (except for MN) or definitions (much like WI's SIM application ☺)

Insights *continued*

- Commercial payer participation
  - Varies greatly across states
    - Almost all states have "commitment to participate" from at least one commercial payer
    - What that means is still TBD
    - Only New York mentions a diversified commercial landscape similar to WI
- Purchasers and employers
  - In most states where purchasers are mentioned in the SIM plans, they have not committed to engaging
  - In about half of SIM Test states, the state employee plans have committed to participating
- Chronic disease management
  - Almost all states that mention chronic disease management propose some type of medical home, ACO, or community/medical neighborhood

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