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Utilizing Payment Reform to Reduce Unwarranted Variation in Medicaid Managed Care Program

2017 Wennberg International Collaborative

Fall Research Meeting

11 – 13 September 2017

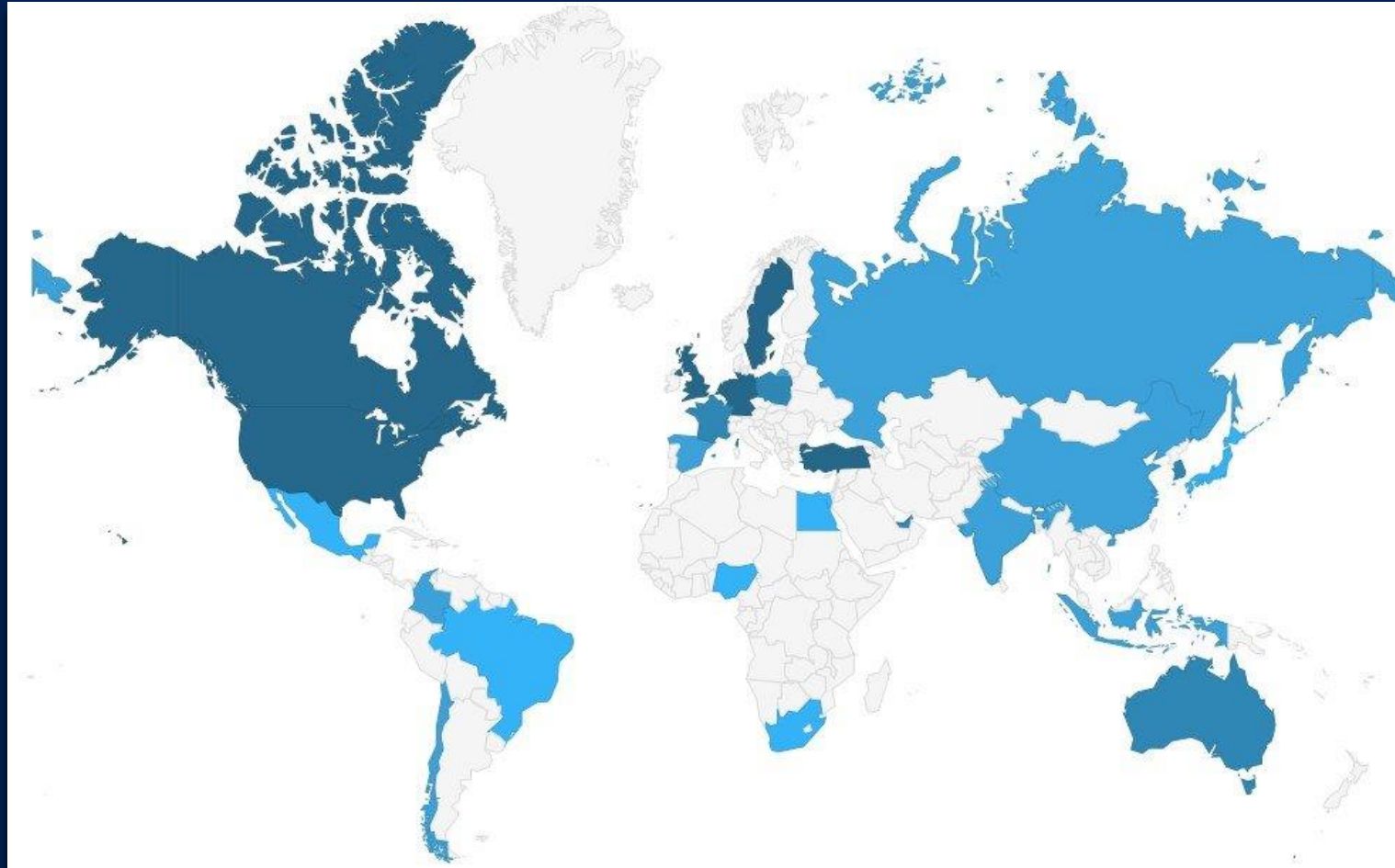
State of Texas Health and Human Services

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VBHC Global Assessment



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<http://vbhcglobalassessment.eiu.com/>

VBHC → VBP Context

- What is Value-Based Purchasing
 - From “Volume to Value” to obtain “Efficiency through the removal of waste, harm, and variation”
- Why it is important
 - Internationally, we are facing rising demands with a competing pressure to contain costs whilst maintaining quality



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Background

Alignment with national trend

- Quality Payment Program
<https://qpp.cms.gov/apms/overview>
- Triple Aim
<http://www.ihl.org/Topics/QualityCostValue>
- Health Care Payment Learning and Action Network
<http://hcp-lan.org/workproducts/apm-refresh-whitepaper-final.pdf>



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APM Framework*



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CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4
FEE FOR SERVICE – NO LINK TO QUALITY & VALUE	FEE FOR SERVICE – LINK TO QUALITY & VALUE	APMs BUILT ON FEE-FOR-SERVICE ARCHITECTURE	POPULATION-BASED PAYMENT
	A	A	A
	Foundational Payments for Infrastructure & Operations (e.g. care coordination fees and payments for HIT investments)	APMs with Shared Savings (e.g. shared savings with upside risk only)	Condition-Specific Population-Based Payment (e.g. per member per month payments for specialty services, such as oncology or mental health)
	B	B	B
	Pay for Reporting	APMs with Shared Savings and Downside Risk (e.g. episode-based payments for procedures and comprehensive payments with upside and downside risk)	Comprehensive Population-Based Payment (e.g. global budgets or full/percent of premium payments)
	C	C	C
	Pay for Performance		Integrated Finance & Delivery Systems (e.g. global budgets or full/percent of premium payments in integrated systems)
		3N Risk Based Payments NOT Linked to Quality	4N Capitated Payments NOT Linked to Quality

* [Alternative Payment Model \(APM\) Framework](#)

State of Texas HHS

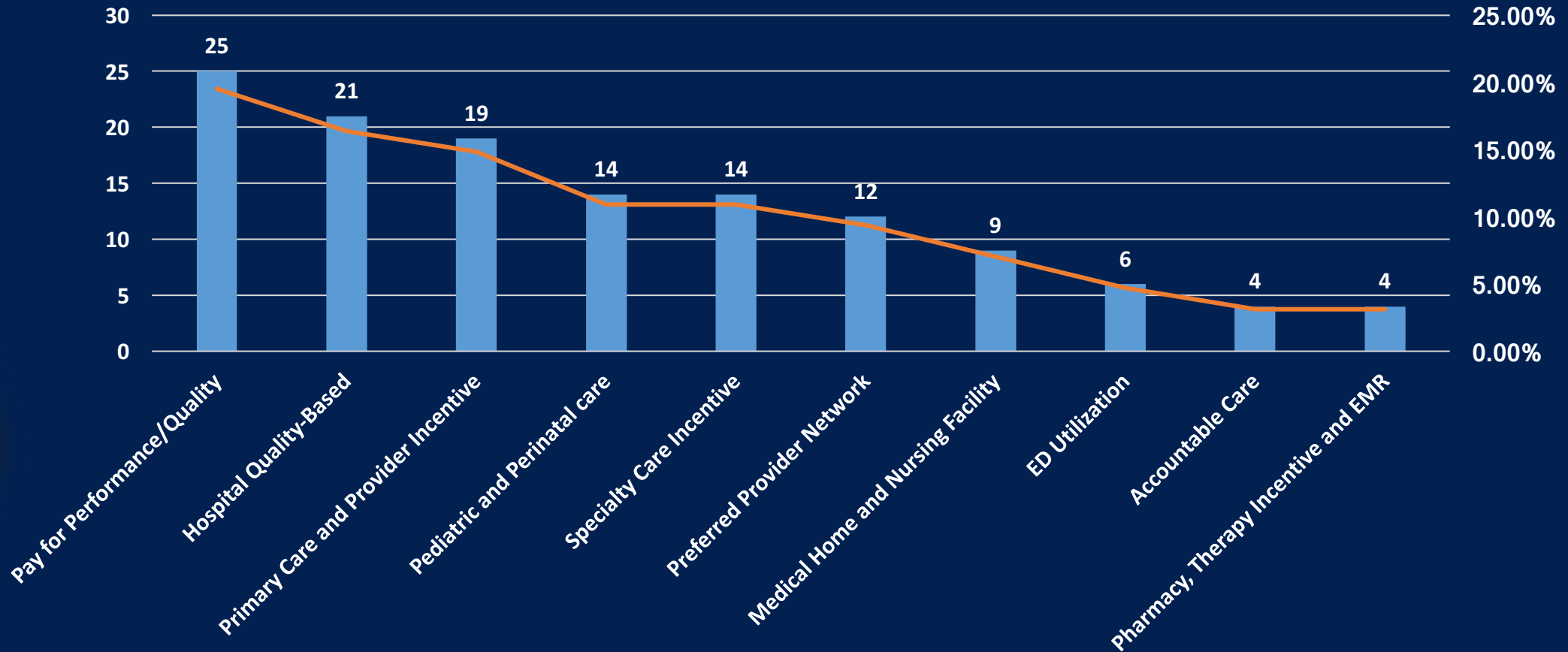
- HHS Quality Improvement and Payment Transformation Strategy
- Timeline 2012 - 2021
- Quality Plan
- VBP Roadmap
- MCO & DMO Reporting – November 1st, 2016
- VBP Survey to MCOs, DMOs and Providers – March 2017
- Stakeholder Engagement – July 2017



Contracting Program



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Volumes of Members and Payments

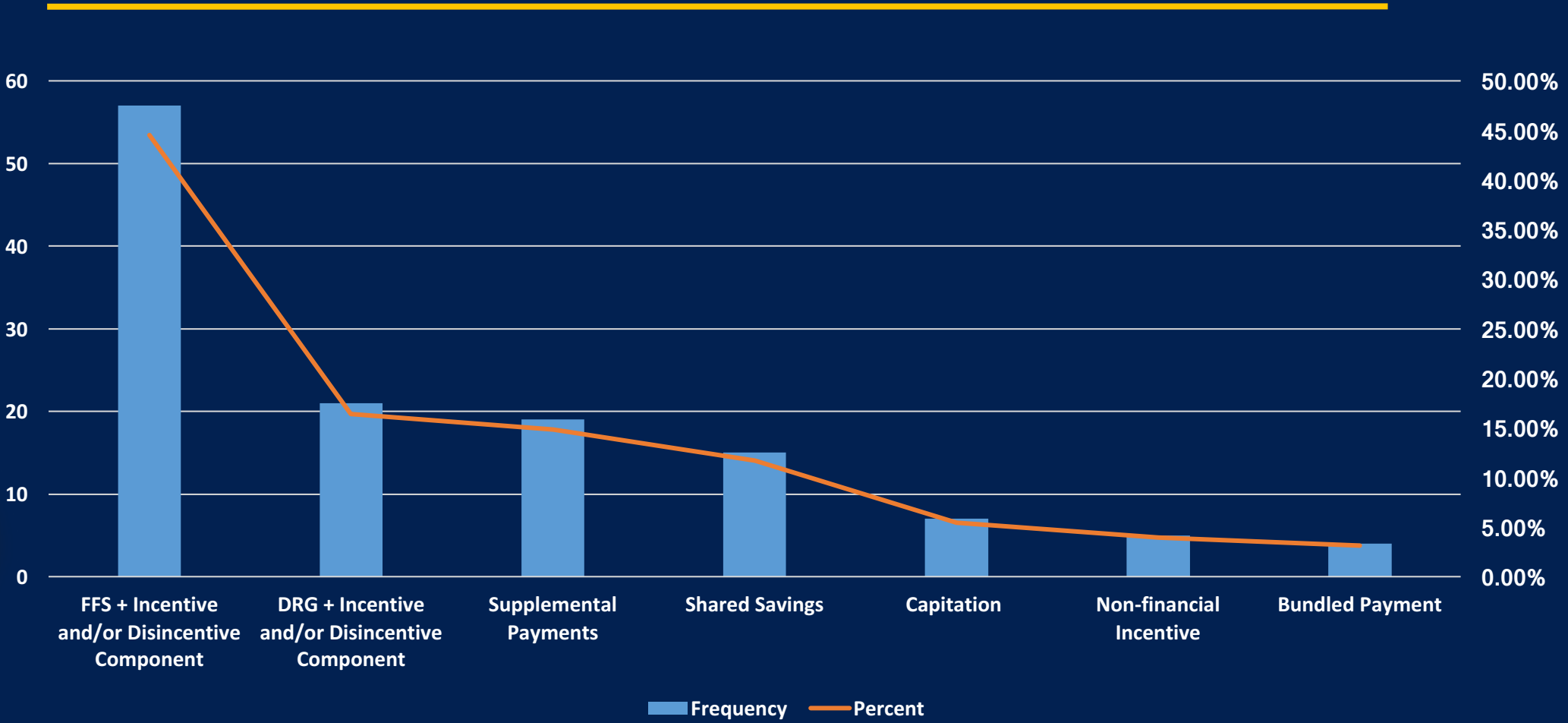
MCO Contracts Volumes	Number	Mean	Standard Deviation	Minimum	Maximum
Number of Members Impacted	128	23,268	55,966	9	398,713
Total Claims Paid to Providers	126	\$ 28,843,532	\$ 100,979,023	0	\$ 914,452,611



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MCOs & DMOs Volumes	Number	Mean	Standard Deviation	Minimum	Maximum
Number of Members Impacted	131	46,798	195,497	9	1,654,316
Total Claims Paid to Providers	129	\$ 28,224,301	\$ 99,870,130.54	0	\$ 914,452,611

Contracting Type



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CATEGORY 1	CATEGORY 2	CATEGORY 3	CATEGORY 4
FEE FOR SERVICE NO LINK TO QUALITY & VALUE	FEE FOR SERVICE – LINK TO QUALITY & VALUE	APMs BUILT ON FEE-FOR- SERVICE ARCHITECTURE	POPULATION-BASED PAYMENT
	A	A	A
	Foundational Payments for Infrastructure & Operations 57 (44.53%)	APMs with Shared Savings 15 (11.72%)	Condition-Specific Population-Based Payment 7 (5.47%)
	B	B	B
	Pay for Reporting 21 (16.41%)	APMs with Shared Savings and Downside Risk 4 (3.13%)	Comprehensive Population- Based Payment
	C	C	C
	Pay for Performance 19 (14.84%)		Integrated Finance & Delivery System
	Non-financial Incentive 5 (3.91%)	3N Risk Based Payments NOT Linked to Quality	4N Capitated Payments NOT Linked to Quality

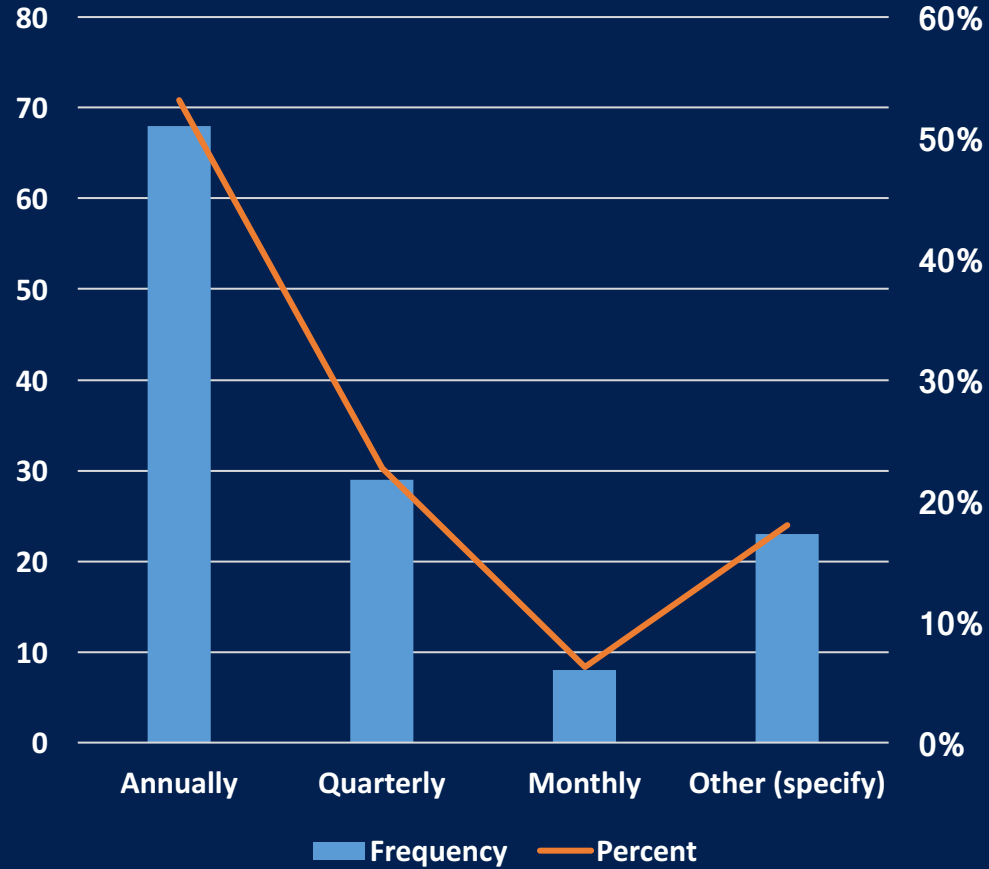
* [Alternative Payment Model \(APM\) Framework](#)

Contracts Scheduling

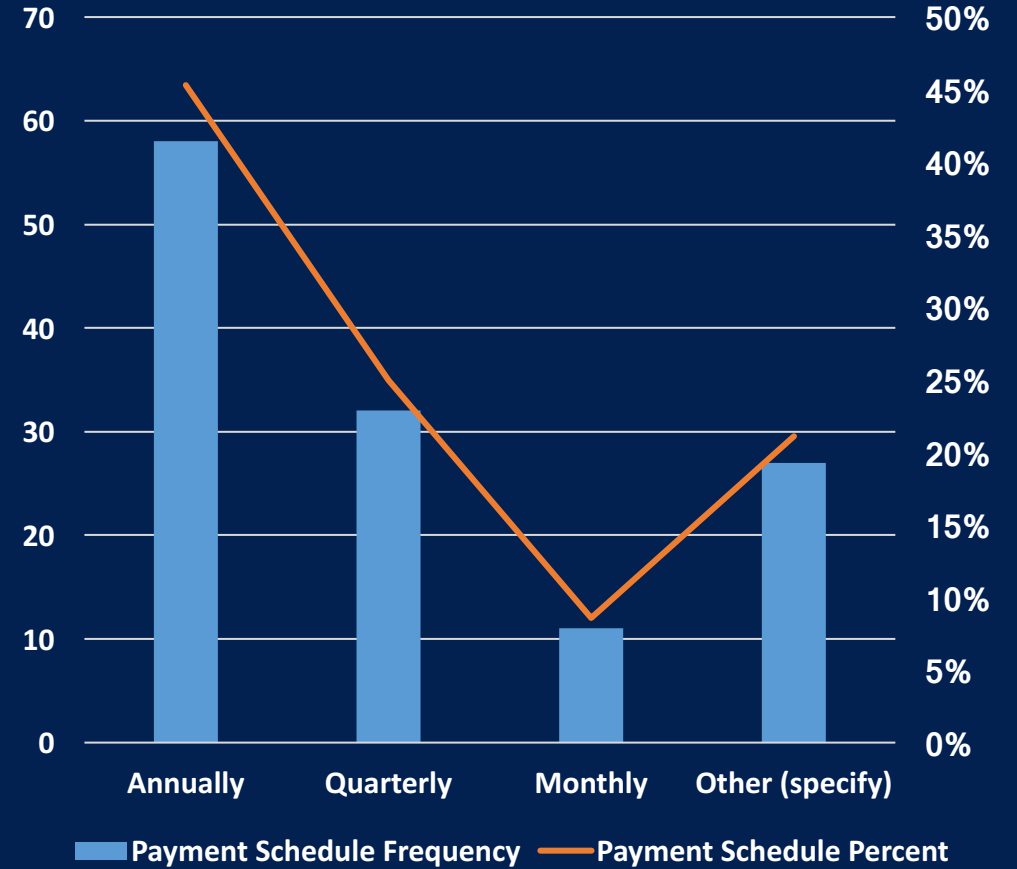


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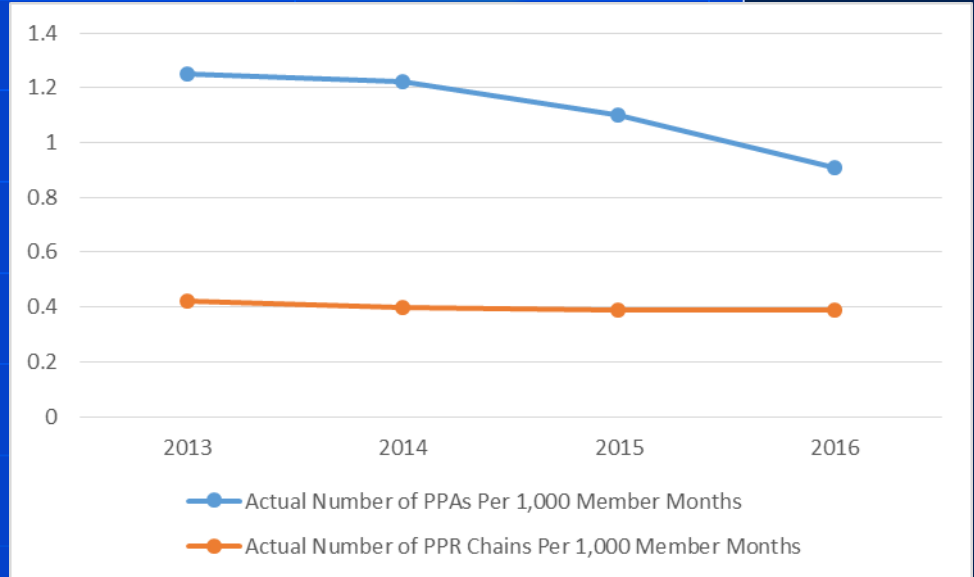
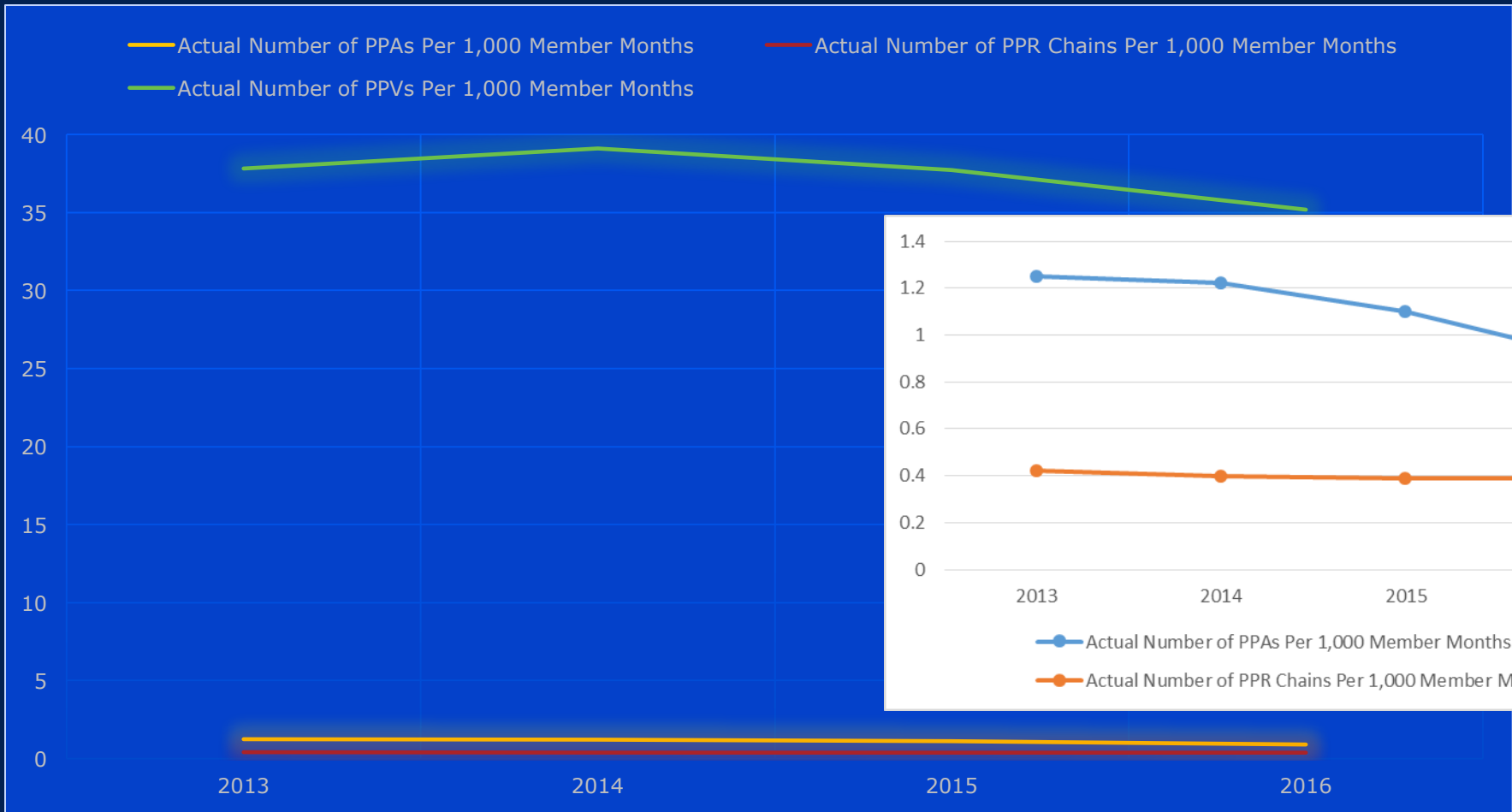
Evaluation Schedule



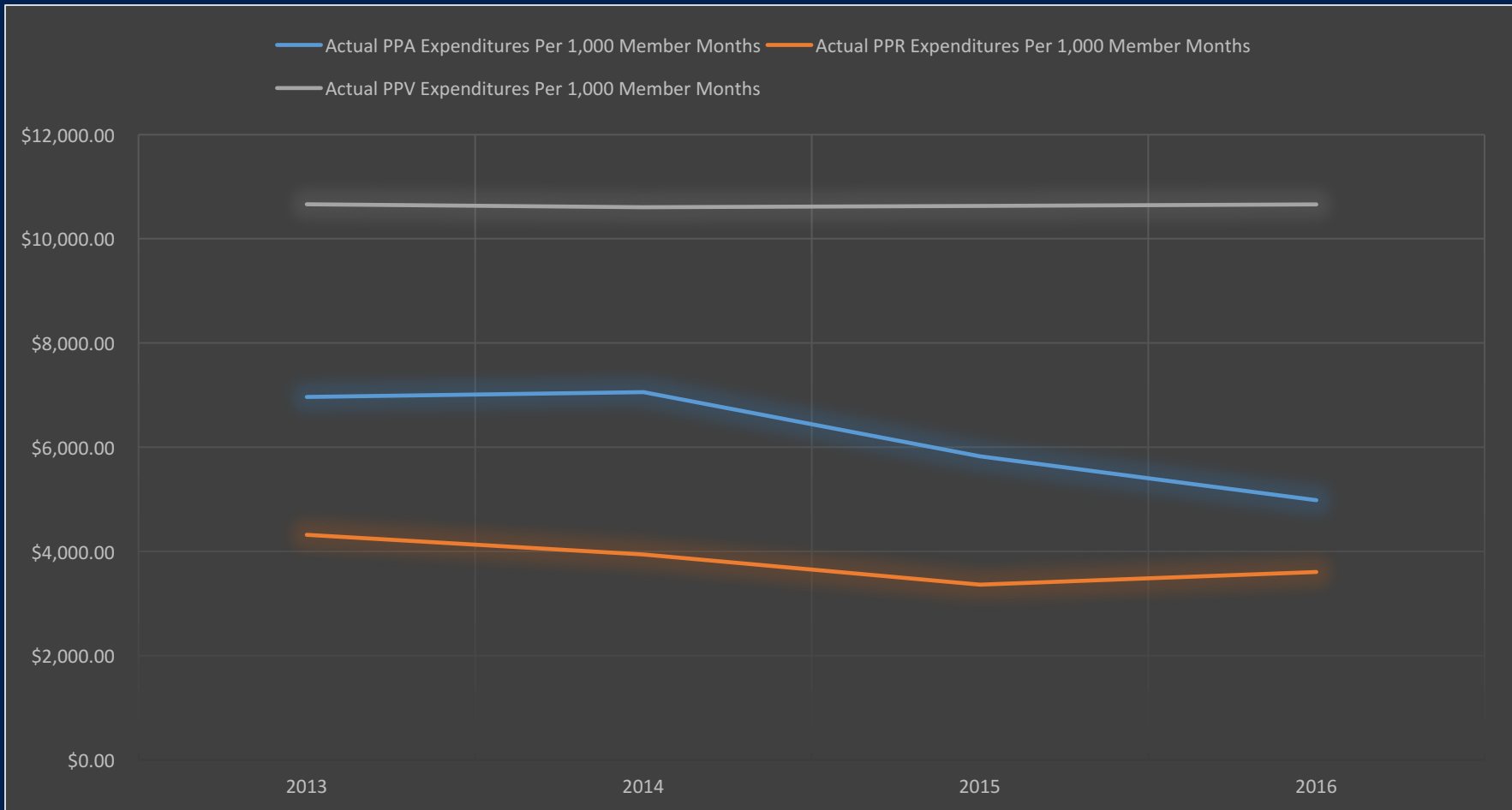
Payment Schedule



PPEs Trend



PPE Expenditure Trend



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VBP Reform Implementation Survey

- Conducted in March 2017
- Sent to MCOs, DMOs and their Providers
- Consisted of 17 questions (three dichotomous, rest open ended)
- Received 173 responses
- Interpreted and analyzed 87 complete responses



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Provider Improvements Targeted by VBPs*

- Access to Care
- Reduction in ER visits
- Increases Preventive Care Visits
- Collaboration between Providers, Members, and MCO's
- Provider much better educated in the health care delivery system for the entire community
- Improvements with incentive payment models

* MCO perspective



Challenges & Barriers to Implementing VBP*

- Organization (technology, capacity, culture, knowledge)
- Medicaid System (administrative burden, variation)
- Financial impact (inadequate incentives)
- VBP as Payment Transformation Concept (knowledge)
- Provider Participation (risk, willingness, knowledge)
- VBP Model (data, measures, validity, methodology)
- Relationship Structure (collaboration and partnership)

* Provider perspective



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General Perception

- Most MCOs (64%) considered there should be defined VBP models established by HHS and deployed by all MCOs
- More than half (56%) of providers engaged in VBP efforts, consider they were not supported with TA
- Most providers (65%) considered that VBP led to some degree of practice transformation



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Guiding Principles of VBP Roadmap

- VBP Concept (consistency, structure, flexibility, logic, validity, transparency)
- Roadmap Philosophy (simple, accountable, focus on care quality)
- Financial Arrangements and Payment Structure
- Data and Methodology (data sharing and inter-system operability, realistic measures, measurement, risk adjustment)



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HHS Facilitation of VBP Implementation

- **Establish Principles:** participation (provider and beneficiary), consistency, accountability, equity, open system
- **Data and Methods:** good data, analytics, information technology, model validity
- **Structured Process:** system (variation), infrastructure, administrative simplification, clear and transparent concept
- **Payment Reform:** philosophy (transition, logic, strategy), financial, perverse incentive, culture, legal

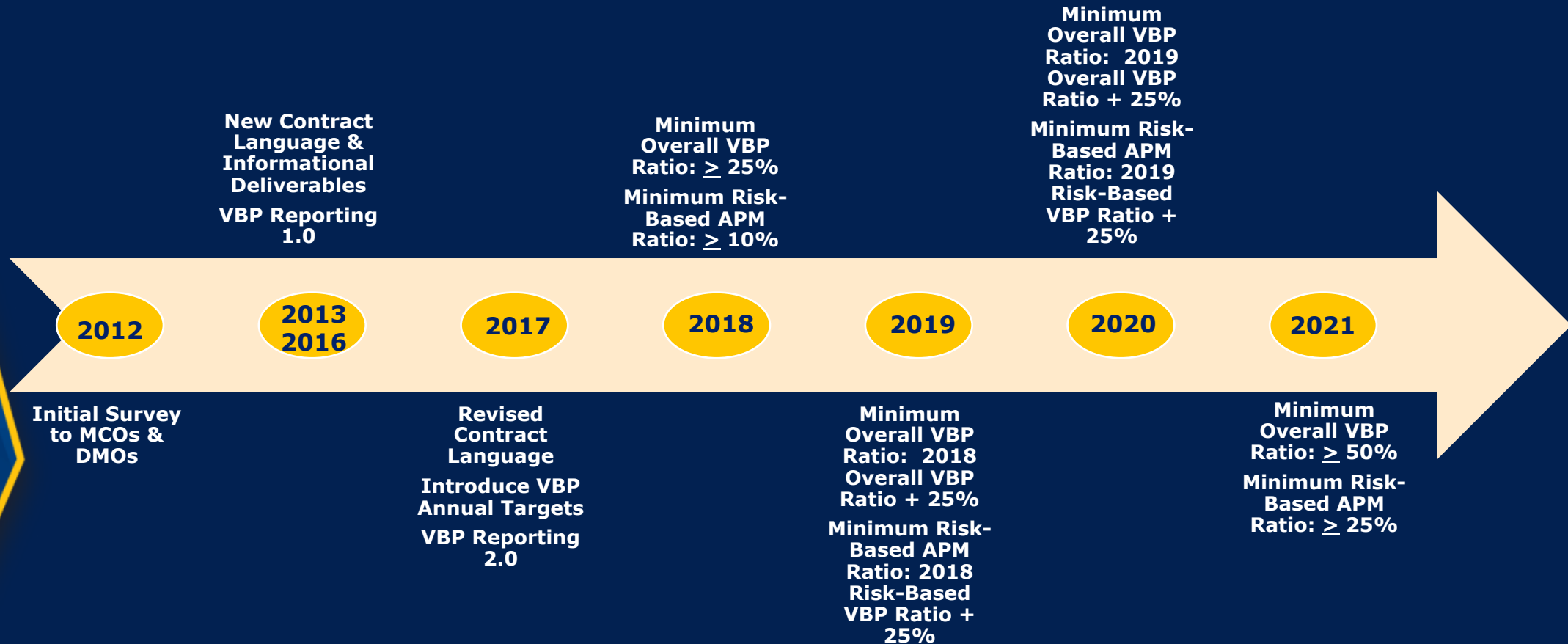


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Payment Transformation Timeline



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Conclusions

- Create organic and semantic monitoring system
- Clear language of VBP including definitions
- Establish criteria for APMs in VBP options
- Provide taxonomy of APMs that are VBPs
- Offer tools to providers and MCOs
- Maintain fluid data collection system
- Design evaluation process

Iterating the study of VBPs across all payers and providers, make possible to receive timely feed-back to take the learning and improve the approach!



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State Payment Transformation

Quality Oversight

<https://hhs.texas.gov/about-hhs/process-improvement/medicaid-chip-quality-efficiency-improvement>

Value-Based Payment Roadmap

<https://hhs.texas.gov/sites/default/files//documents/about-hhs/process-improvement/quality-efficiency-improvement/draft-texas-vbp-apm-roadmap-august-2017.pdf>

Value-Based Contracting Summary 2016

<https://hhs.texas.gov/about-hhs/process-improvement/medicaid-chip-quality-efficiency-improvement/value-based-contracting>



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Thank you

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