

Medicaid Innovation Accelerator Program

Beneficiaries with Complex Needs and High Costs (BCN)

**Using Alternative
Payment Strategies to
Support BCN Programs**
IAP BCN State-to-State Workshop

June 20, 2016

2:00 PM – 3:30 PM (ET)



Oklahoma's Experience with Population-Based Payment

**Julie Cox-Kain, Deputy Commissioner
Health and Human Services**

Alex Miley, SIM Project Director

Oklahoma State Department of Health



Oklahoma State Innovation Model

June 20, 2016



State Innovation Model Goals



- **State Innovation Model (SIM):** The SIM is a grant that was awarded to States by the Centers for Medicare and Medicaid Services (CMS)
 - The grant provides technical and financial support to states to develop state-led, multi-payer healthcare service delivery and payment models. The SIM is part of a growing portfolio of CMS projects that seek to achieve the goals of the Triple Aim



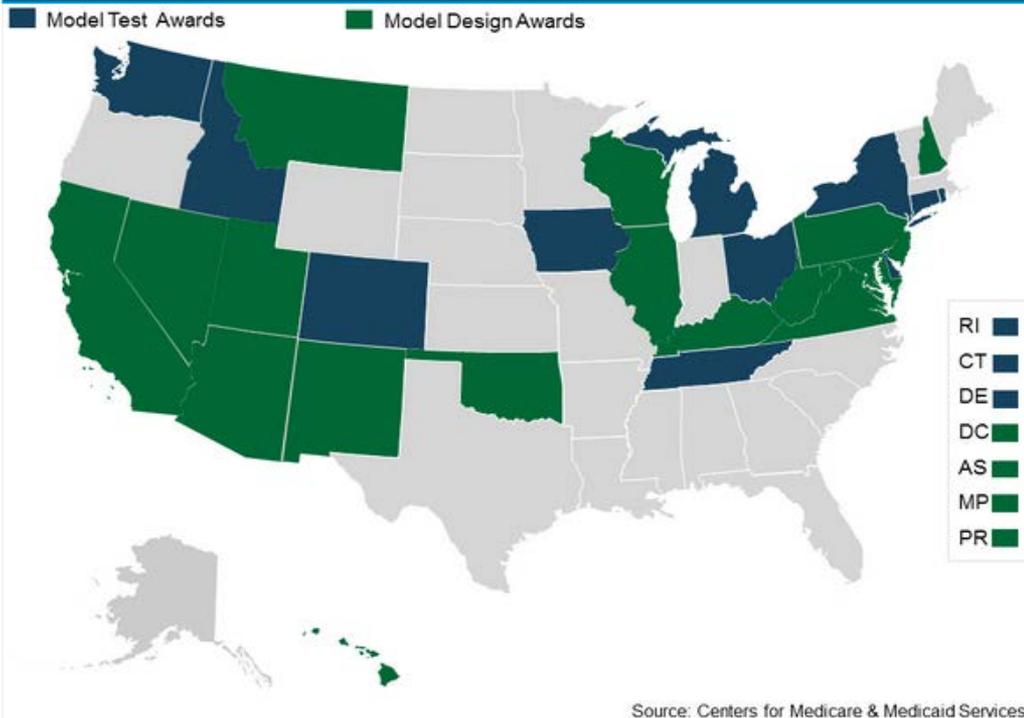
- **Oklahoma SIM Project:** Oklahoma was awarded \$2,000,000 for a SIM Model Design Grant. The grant period runs from February 2015 to March 2016
 - State Health System Innovation Plan (SHSIP): By March 2016, the Oklahoma SIM Project Team will use stakeholder input and subject matter expertise to develop a detailed plan for state-wide health system transformation, called the SHSIP

State Innovation Model Round II



In Round II, CMS awarded **32 states** cooperative agreements to design and implement strategies for service delivery and payment reform, including Oklahoma

Map of Round II SIM Grant Recipients



Round II SIM Grant Recipients

- CMMI added additional parameters in Round 2 that better correlate with successful statewide health transformation. CMMI also selected Model Test/Model Design applications based on their potential to impact the health of the entire state population
- In December 2014, more than **\$660 million** was provided to **32 awardees** (28 states, three territories, and the District of Columbia) for Round 2
- Awardee Breakdown:
 - **Model Testing Awards: 11**
 - **Model Design Awards: 21**

Goals of the Oklahoma State Innovation Model (SIM)



1. Achieve the Triple Aim by improving:
 - Quality
 - Cost
 - Population Health
2. Create opportunities for multi-payer initiatives that pay for outcome improvement across the primary drivers of poor health and healthcare cost increases:
 - Tobacco
 - Obesity
 - Hypertension
 - Diabetes
 - Behavioral Health
3. Integrate healthcare and population/community health
4. Create a scalable, flexible model that can be implemented in rural Oklahoma settings
5. Address social determinants that prevent optimal health outcomes. Includes implementing payment mechanisms or processes that address or mitigate the following barriers to health:
 - Poverty
 - Poor Education/Literacy
 - Poor Housing
 - Employment/Working Conditions
 - Physical Environment
6. Focus on the total health system

Proposed Model: Conceptual Design Tenets



The Oklahoma SIM Project Team has identified several key tenets of the proposed model

Incorporate What Drives Health Outcomes

- Expand from an integrated clinical view of patients to include a focus on social determinants of health and associated health enabling elements
 - Address behavioral health needs
 - Develop stronger relationships with social services and community resources

Integrate The Delivery Of Care

- Ensure that various aspects of patient care are integrated and managed collectively, rather than in an isolated fashion
 - Leverage Care Coordination practices already in place
 - Enhance and expand use of health information technology
 - Fully integrate primary care and behavioral health

Drive Alignment To Reduce Provider Burden

- Engage with external stakeholders to align quality metrics from OSIM
- Acknowledge and work to sustain activities, practices, and/or processes that are showing that they meet the Triple Aim.
 - Preserve and successfully integrate preexisting health care delivery models and meet the Triple Aim goals with this health system transformation.

Move Toward VBP With Realistic Goals

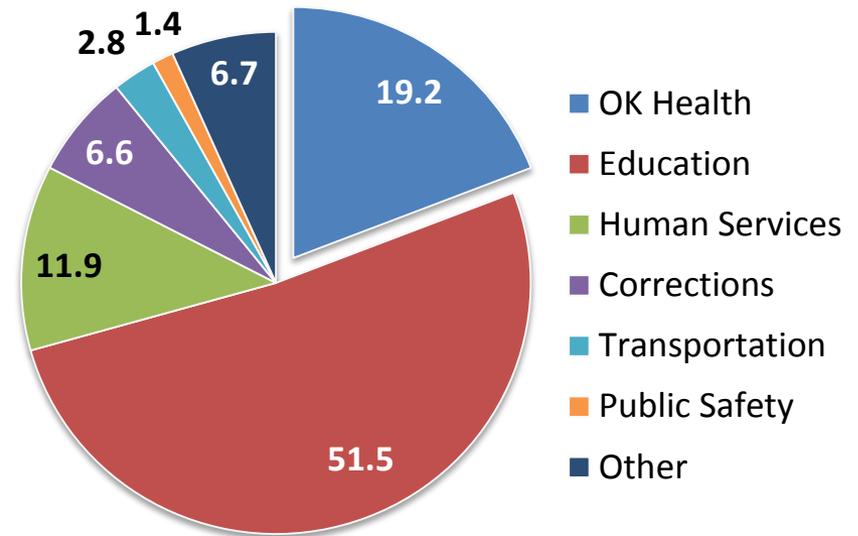
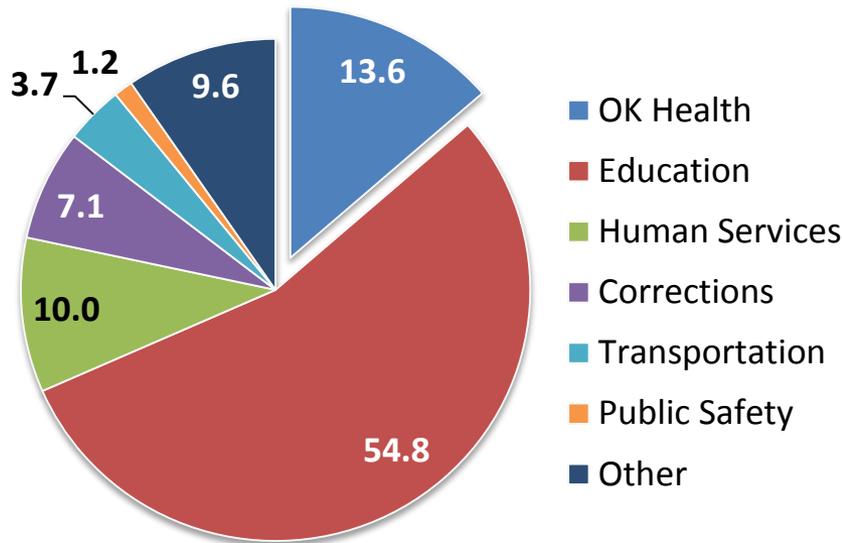
- Understand that value-based purchasing will need a transition period
- Have collaboration to enable transformation to occur at the practice level

Oklahoma Department Spending Share 2005-2015



Oklahoma's health spending has increased its share of the total state budget by 5.6 percentage points, from 13.6% to 19.2%, since 2005

— Percentage Department Spending (%), 2005 — Percentage Department Spending (%), 2015 —



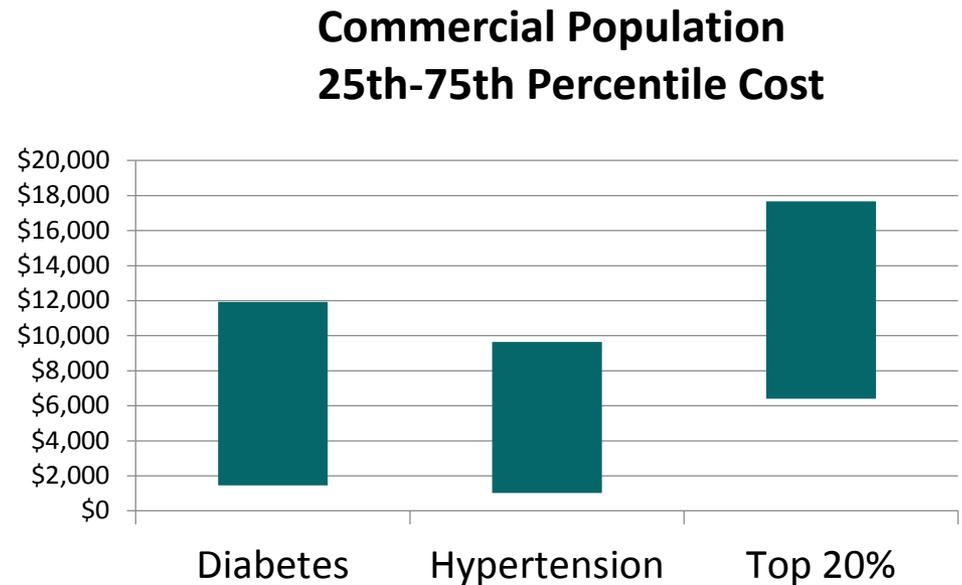
Source: Oklahoma Comprehensive Annual Financial Reports, CHIE Analysis

SIM: High Cost Services Report



In Oklahoma, more than 80% of all healthcare spending is on the top 20% highest utilizers, surpassing the 80/20 pareto principle

State of Oklahoma Top 20% Other Conditions-Commercial	
	Percent of Expenditures
Neoplasms	11%
Diseases of the heart	9%
Spondylosis and other back problems	5%
Non-traumatic joint disorders	4%
Diseases of the urinary system	4%
Mental Illness	2%



SIM: High Cost Services Report



State of Oklahoma Demographic Information-Commercial

	Average Age	Percentage of Population - Female	Per Member per Year
Obesity (population based on coding)	43.7	63%	\$17,136
Diabetes	51.8	46%	\$17,429
Hypertension	51.6	47%	\$14,129
Tobacco Usage (Population based on coding)	43.5	49%	\$17,216
Behavioral Health Conditions	41.4	61%	\$15,596
Top 20%	42.4	59%	\$24,446
Composite Population	33.7	50%	\$4,993

Proposed Model: Three Components



The three components of the proposed model are: Regional Care Organizations (RCOs), Multi-Payer Quality Metrics, and Multi-Payer Episodes of Care



Regional Care Organizations: Overview



What are Regional Care Organizations?

RCOs are local, risk-bearing care delivery entities that are accountable for the total cost of care for patients within a particular region of the state

Governed by a partnership of health care providers, community members, and other stakeholders in the health systems to create shared responsibility for health

RCOs will meet a high bar of patient centered care through a focus on primary care and prevention strategies, using care coordination and the integration of social services and community resources into care delivery

Utilize global, capitated payments with strict quality measure accountability to ensure cost and quality targets are being met statewide

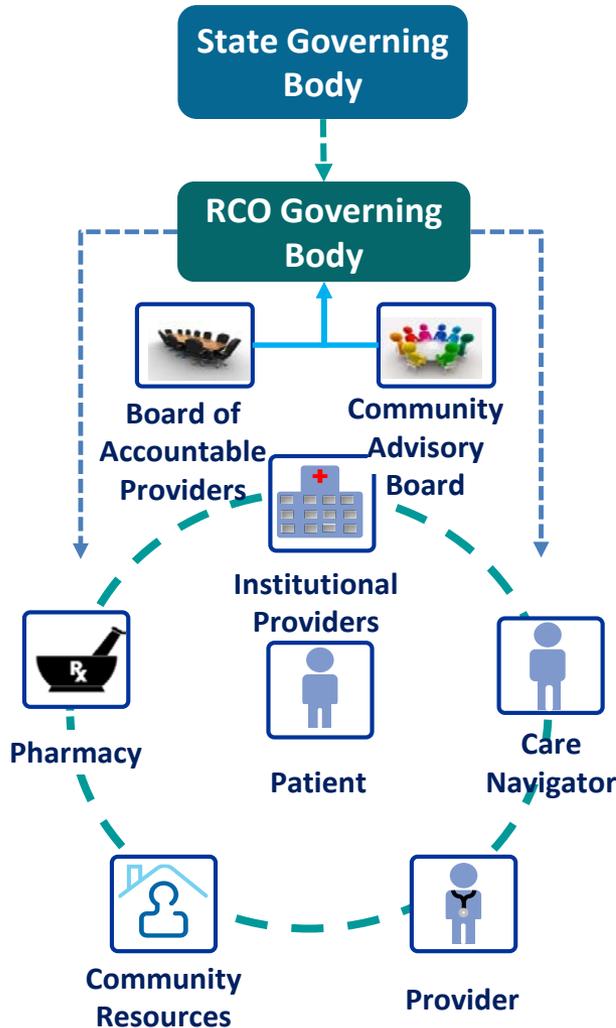
Will create local delivery strategies that best utilize current healthcare resources and non-traditional health care workers and services, such as community health workers, local community partners, housing, et al

Initially, this model is proposed for all state purchased health care, which comprises a quarter of the state's population



Regional Care
Organizations

Regional Care Organizations



- Risk adjusted PMPM, globally capitated rate to RCO
- 80% of payments made by RCO to providers will be in a selected APA by 2020
- X% withhold to meet quality metrics
 - Community Quality Incentive Pool pays bonuses for meeting additional quality benchmarks set by SGB
- Integrate the social determinants of health through CAB, flexible spending, human needs survey, quality measures, and resource guide
- RCO will articulate best delivery system for region to meet a high bar of quality care based on standards set by SGB
 - Specifically, each RCO will develop an individual primary care plan that will align with state and national primary care efforts
- RCOs will organize a governance structure that incorporates the providers and community they serve
- RCOs will connect to an interoperable HIE to ensure the data to best manage patient care and analyze performance is available to all participating

SIM: Financial Analysis - Milliman



- Projected \$140 million reduction in state expenditures over the projection period
- It is important to note that these savings do not consider the savings estimated to be realized under the managed care transition for the ABD population proposed by Oklahoma House Bill 1566

State of Oklahoma OSIM Financial Analysis Medicaid SIM Plan Projected Spend (in millions)							
Population	Projection Year 0	Projection Year 1	Projection Year 2	Projection Year 3	Projection Year 4	Projection Year 5	Projection Year 6
Insure Oklahoma	\$55	\$58	\$60	\$63	\$66	\$69	\$72
Aged	487	493	499	506	513	520	526
Blind/Disabled	1,521	1,565	1,615	1,670	1,723	1,781	1,841
TANF	1,518	1,553	1,612	1,673	1,738	1,805	1,876
Pregnant Women	151	154	158	162	166	170	175
All Other	34	35	36	38	40	41	43
Total Spend	\$3,766	\$3,858	\$3,980	\$4,112	\$4,246	\$4,386	\$4,533
Cumulative Savings	\$0	\$35	\$79	\$129	\$190	\$264	\$350

Oklahoma HB 1566



- 2015 Legislative session in Oklahoma produced HB 1566
 - “The Oklahoma Healthcare Authority shall initiate requests for proposals for care coordination models for aged, blind and disabled persons. Care coordination models for members receiving institutional care shall be phased in two years after the initial enrollment period of a care coordination program”
- November 2015
 - “Following five months of intensive planning, leaders of the Oklahoma Health Care Authority (OHCA) announced they will develop a Request for Proposals (RFP) aimed at contracting for a fully capitated, statewide model of care coordination for Oklahoma Medicaid’s Aged, Blind and Disabled (ABD) populations.”
- OHCA and OSDH are working together to ensure the RFP for HB 1566 is aligned with the RCO model and includes rigorous quality measures and community support/engagement