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Advancing Healthcare Value

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HHSC

Value Based Purchasing (VBP): The What and Why

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What is VBP?

Often referred to as **Alternative Payment Models (APMs**), they are payment approaches that incentivize high-quality and cost-efficient care (i.e. link portions of healthcare payment to measure(s) of value). They can apply to a specific clinical condition, a care episode, or a population. They could incorporate financial risk and rewards or simply be rewards-based.

Value Based Purchasing (VBP): The What and Why

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Why VBP?

Numerous Studies on healthcare "waste" (i.e. opportunities for improved outcomes and increased efficiency) indicate fee-for-service payment models contribute to a large percentage of excess expenditures, as they do not align payment with value, but rather billable patient encounters (incentivize volume over value).

In Texas Medicaid/CHIP, most populations, services and supports have been subsumed under managed care…BUT… provider payments by MCOs historically have been largely rooted in fee for service payment

VBP/APM in Texas and Nationally

- Past legislative sessions have provided HHS with many tools for aligning payment with value and driving value through the Medicaid/CHIP programs
- Advisory Committees to help provide guidance to HHSC
- Most Medicaid programs around the country are proceeding down this path, some very aggressively
- Medicare and Commercial carriers have moved in this direction
- Takes place in an dynamic, multi-payer environment

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A Common Framework for Different Initiatives

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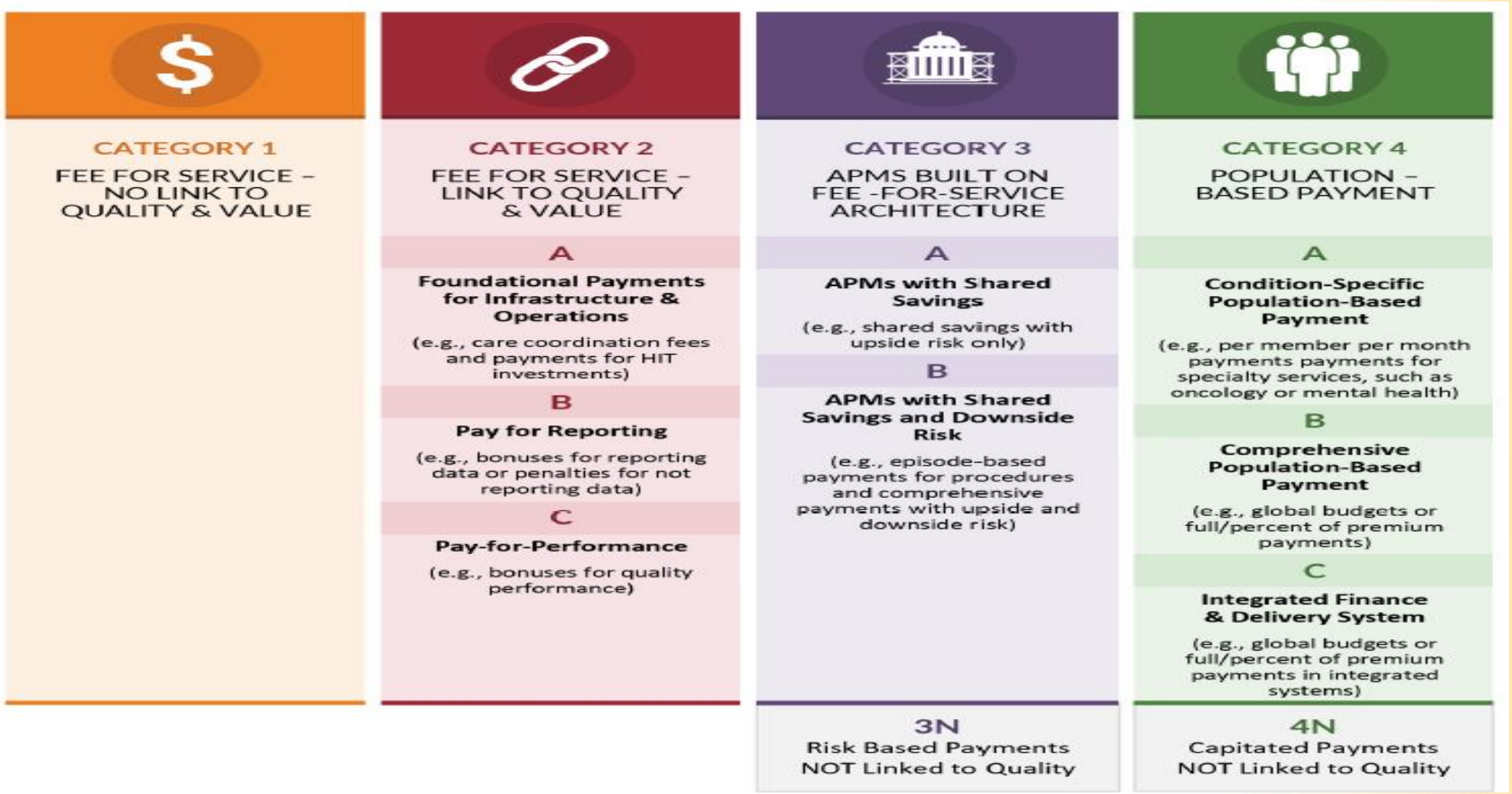

Key HHS Value Based Purchasing (VBP) Programs

- MCO Pay for Quality
- DMO Pay for Quality
- Hospital Pay for Quality
- MCO payment reform (VBP) effort with providers (contractual targets for VBP)
- Delivery System Reform Incentive Payment (DSRIP) program

- Quality Incentive Payment Program (QIPP)
- Other

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MCO Contract Targets for VBP/APM

- CY2018: 25% of MCO Medical Spend must be in a VBP/APM. 10% must be in risk-based VBP/APM
- CY2021: 50% of MCO Medical Spend must be in a VBP/APM. 25% must be in risk-based VBP/APM
- DMOs: 25%/2% in 2018., and 50%/10% in 2021
- Other required activities
- Exception
- PMPM Penalties for not hitting targets

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MCO Contract Targets for VBP/APM

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	VBP Model	Numerator	Denominator
1	FFS with upside bonus for achievement of quality metric or other identified measure (i.e. after hours)	Total base FFS payments based on provider claims processed by MCO plus bonuses earned by provider for period of measurement	Total medical expenses by MCO (medical and pharmacy) for period of measurement
2	FFS with bonus and downside risk	Total base FFS payments based on provider claims processed by MCO plus net bonuses earned by provider for period of measurement	
3	Partial Capitation	Total capitated payments made by MCO to provider plus net bonuses earned by provider for period of measurement	
4	Bundled Payment	Total bundled payments made by MCO to provider plus net bonuses earned by provider for period of measurement	
5	Episode of Care Payment	Total episode based payments made by MCO to provider plus net bonuses earned by provider for period of measurement	
6	VBP models 1-5 that have a provider risk/reward component based on total cost of care of enrollee	Total paid claims for enrollees served under VBP model for period of measurement plus bonuses/recoupments based on total cost of care targets established between MCO and provider	
7	Hospital Quality Based Payment Program for PPR/PPC	Total inpatient claims paid to network hospitals plus safety net hospital incentives paid to hospitals for period of measurement	
8	Full Capitation	Capitated payments made by MCO to provider plus net bonuses earned by provider for period of measurement	

VBP- Key Issues Going Forward

- Paradigm shift-examine roles/relationships, level of support and overall structure
- Keep administrative simplification at the forefront
- Workable solutions for wide variety of providers: rural-urban, high volume-low volume, those that have developed infrastructure-those that do not, etc.
- Data analytics and business intelligence infrastructure at the HHSC level, MCO level, and provider levels needs to be developed

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VBP- Key Issues Going Forward

- Regular, data-driven engagement of MCOs and providers to assess progress, highlight best practices, identify barriers (and remove if possible)
- Are investments needed?
- Examination of MCO rate setting in a value-based system
- Movement thru VBP continuum
- Patient attribution
- Knowledge transfer (topical webinars, sharing what works, lessons learned, etc.)
- Public reporting

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Helpful HHSC Web Resources

HHSC Medicaid/CHIP Quality Webpage: https://hhs.texas.gov/about-hhs/process-improvement/medicaid-chip-quality-efficiency-improvement

Quality Plan: https://hhs.texas.gov/sites/default/files//documents/laws-regulations/reports-presentations/2017/HHS-Healthcare-Quality-Plan-2017.pdf

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

Medicaid/CHIP Quality Data and Reports:

https://hhs.texas.gov/about-hhs/process-improvement/medicaid-chip-quality-efficiency-improvement/medicaid-chip-quality-efficiency-improvement-data-reports

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EQRO Portal: A Tool for MCOs and Providers

Origin and purpose:

- Tool for MCOs
- Public reporting
- Tool for providers

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Questions?

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