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Workgroup 3: Alternative Payment Models and Value-based Payment Contract Language

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APM Workgroup Legislative Report Overview (1 of 8)

Background: Alternative payment models (APMs) with providers are a key strategy to achieve value-based care in Texas Medicaid. Starting in 2018, HHSC established APM percentage targets for Medicaid managed care organizations.

- APMs range from bonuses for reporting or performance to more advanced models that may include shared savings, shared risk and population-based payments.
- HHSC gives MCOs flexibility regarding which APMs and outcome measures to use to meet these required percentages.



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APM Workgroup Legislative Report Overview (2 of 8)

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



APM Workgroup Legislative Report Overview (3 of 8)

Based on the Health Care Payment Learning & Action Network's APM Framework, HHSC required that in 2021, 50% of MCO payments to providers be in some type of APM (Category 2-4) and 25% of MCO payments to providers be in a risk-based APM (Cat. 3B-Cat. 4).*

* With possible exceptions



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Recommendation #1: HHSC should adopt a more comprehensive contractual APM framework to assess MCO achievement.

- Move away from a specific focus on meeting APM percentage targets.
- Provide a menu of approaches to give MCOs credit for a broader range of work promoting value-based care. (e.g., sharing more data with providers, reporting on evaluation results for APMs, addressing non-medical drivers of health, collaborating with another MCO on standard measures/models).
- Revise the current APM reporting tool to collect only needed data in as streamlined a format as possible.



APM Workgroup Legislative Report Overview (5 of 8)

Background:

- There is growing consensus that high-value primary care – continuous, relationship-based care that considers the needs of individuals, families and communities – is critical to deliver preventive care, manage chronic diseases, and improve population health and health equity.
- The Centers for Medicare & Medicaid Services (CMS) Innovation Center recognized this in its 2021 strategy refresh.
 - One of its goals is that the vast majority of Medicaid beneficiaries be in a care relationship with accountability for quality and total cost of care by 2030.



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APM Workgroup Legislative Report Overview (6 of 8)

Background (cont.):

- While much of Texas' APM activity is in primary care, many providers struggle to participate in APMs, and especially more advanced APMs, due to panel size, administrative complexity, and the infrastructure required to succeed in such models.



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APM Workgroup Legislative Report Overview (7 of 8)

Recommendation #2: HHSC should work to align next steps for its APM program with the CMS Innovation Center's strategy refresh released in October 2021, including working to increase the number of Medicaid beneficiaries in a care relationship with accountability for quality and total cost of care.



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- For Texas to work toward this goal, it would be beneficial for HHSC to endorse a standard primary care health home model that MCOs may adopt for some providers, possibly starting with alignment with the CMS Primary Care First model, a pregnancy medical home model, and/or key Texas Health Steps measures.
- In addition, consider a more formal structure for dissemination of best practices of value-based payment models.



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APM Workgroup: Next Steps (1 of 2)

- HHSC is moving forward to amend the Medicaid managed care contract and manual to implement the Committee's recommendations regarding the APM program.
 - The Committee should request an update from HHSC on how its recommendations are operationalized and monitor the impact of these changes.
- The Committee should partner with HHSC to better understand what would be required for HHSC to endorse one or more standard APM models.



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APM Workgroup: Next Steps (2 of 2)

- Explore next steps to create a formal structure for dissemination of best practices of value-based payment models.
 - Look to other states/think tanks that have a structure to disseminate best practices.
 - Partner with a university or stakeholder association to support dissemination?



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