IAP | Medicaid Innovation Accelerator Program

Value-Based Payment and Financial Simulations

In July 2014, the Centers for Medicare & Medicaid Services (CMS) launched a collaborative between the Center for Medicaid and CHIP Services and the Center for Medicare & Medicaid Innovation (CMMI) called the Medicaid Innovation Accelerator Program (IAP). The goals of IAP are to improve health and health care for Medicaid beneficiaries and to reduce costs by supporting states in their ongoing payment and delivery system reforms. The Value-Based Payment and Financial Simulations functional area began in September 2016.

Value-Based Payment (VBP) and Financial Simulations Technical Assistance

In March 2020, IAP began supporting a third cohort of seven Medicaid agencies for a six-month period (2020). This support included hands-on technical assistance to help advance state VBP approaches [i.e., payment models that range from rewarding for performance in fee-for-service (FFS) to capitation, including alternative payment models and comprehensive population-based payments]. IAP collaborated with these Medicaid agencies in designing, developing, and implementing VBP approaches and conducting financial simulations and forecasts that analyze the impact of these VBP strategies. The participants (Iowa, Minnesota, New York, Oklahoma, Pennsylvania, Texas, and Washington) had access to a range of resources—peer-to-peer calls, materials on VBP issues, and tailored technical assistance. Technical assistance from IAP helped the Medicaid agencies plan VBP reforms and lay the groundwork for more effective reform in future implementation efforts.

Iowa

The Iowa Medicaid Enterprise (IME) sought information and resources on the design of VBP approaches within Iowa's Medicaid managed care program in order to develop a roadmap for implementing more advanced VBP approaches in the state. IAP completed an environmental scan and two options memos exploring VBP in managed care, considerations for a VBP roadmap, and quality measurement. The environmental scan explored VBP approaches within Medicaid managed care programs in a sample of states, such as how they structured VBP targets and incentives or penalties. Drawing on the scan and managed care organization (MCO) survey results, the first options memo provided information on VBP elements for Iowa to consider when developing a VBP roadmap, including strategies for tying VBP targets to capitation withholds, downside risk arrangements, bundled payments, and VBP approaches for improving member social determinants of health (SDOH). The second options memo provided examples of measures from the CMS Adult and Child Core Sets that could be used as part of its VBP approach. Iowa is using these materials for internal and external stakeholder engagement to support future roadmap development.

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Minnesota

The Minnesota Department of Human Services requested technical assistance related to its Integrated Health Partnerships (IHP) 2.0 program, an accountable care organization (ACO) model in its Medicaid program. The first technical assistance request was to identify strategies and considerations to support IHP provider organizations in driving better value in their interventions aimed at addressing SDOH. IAP conducted an environmental scan and produced a corresponding memo which identified strategies utilized by other states and health plans for leveraging VBP to enhance current SDOH interventions. The state's second technical assistance request was to identify examples of ACOs sharing savings with non-ACO providers, with a particular focus on maternal and behavioral health. IAP developed a memo that summarized the results of an environmental scan of states operating total cost of care (TCOC) programs to identify VBP contractual or incentive language for the sharing of shared savings. The memo outlined the two state models that were identified with elements similar to Minnesota's IHP program that operate under a TCOC environment and incentivize VBP contracts with behavioral health and maternal health providers. The state plans to use the findings from both memos as they consider ways to enhance the VBP approach in future iterations of the IHP model.

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New York

The New York State Department of Health sought technical assistance from IAP related to services for individuals with intellectual and/or developmental disabilities (I/DD). The first technical assistance request was to assist the state in gaining a better understanding of the available and applicable options for advancing VBP in the I/DD services environment. IAP prepared a memo that explored options to leverage VBP models to drive improved care, including care coordination, more patient-centered care plans, and better record keeping by health homes, for the state's I/DD population. Second, New York requested help in engaging with stakeholders to better understand their readiness and ability to participate in VBP arrangements. IAP provided New York a stakeholder engagement guide that would allow New York to examine provider readiness for advancing VBP approaches within the I/DD population. Finally, New York requested technical assistance in developing its own internal forecast of the potential impacts of a VBP scenario for the I/DD population. IAP provided an example analytic plan and explored possible steps for undertaking a financial simulation, including facilitating a call with IAP actuarial experts to provide feedback and answer questions. New York can use the information provided by IAP as it considers how to design, model, and implement a VBP strategy to advance its goals for the I/DD population.

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Oklahoma

As part of the second cohort of IAP technical assistance (2018-2019), Oklahoma's Department of Human Services sought to explore potential VBP arrangements for Supported Employment services for Individuals with I/DD and to formulate a stakeholder engagement strategy for including employment providers serving I/DD beneficiaries in the rate restructuring process. For the third cohort of IAP technical assistance (2020), Oklahoma extended the previous technical assistance by requesting analytic and research support to change its approach towards payments for Supported Employment services for individuals with I/DD in order to incentivize competitive integrated employment (CIE). To support the design and implementation of the proposed payment changes, IAP identified performance milestones used by other states to reward Supported Employment providers who support beneficiaries in moving

along the employment continuum towards CIE. IAP also identified language from other states' waivers and rate setting documents that could serve as useful models for Oklahoma's future waiver amendment submissions that include payment changes. To build a case for the proposed VBP changes, IAP developed an analytic plan and conducted a financial simulation of bonus/milestone payments that incentivize providers to move individuals towards CIE in Oklahoma's waiver-based Supported Employment program. The financial simulation report quantifies the impact of the proposed payment changes on provider payments, including the impacts by provider, geographic area, and level of disability. Together the memo and financial simulation report can serve as a reference for state staff as they conduct additional research to update their 1915c waiver renewal application.

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Pennsylvania

Pennsylvania's Department of Human Services sought technical assistance from IAP to estimate the financial impact of a potential pilot global budget program on urban and suburban health system revenue and state expenditures. This urban/suburban pilot model would follow Pennsylvania's Rural Health Model, which began pre-implementation operations in 2018 to transition rural hospital payments to global budgets. IAP first developed a specifications table that documented key components and considerations for a global budget methodology. The specifications table included elements of the Pennsylvania Rural Health Model and the Maryland All-Payer and TCOC models, as well as key questions for the state to consider for the urban/suburban model. IAP then produced an analytic plan and conducted financial simulations of Medicaid global budgets for 17 urban/suburban health systems using Medicaid encounter data provided by the state. The financial simulation report details the methods, results, limitations, and implications of the findings to illustrate the potential revenue impact and to allow the state to examine factors influencing the revenue changes for health systems and the state. Pennsylvania plans to use these findings to further develop the global budget methodology, conduct rate setting analyses, and for considering implementation of an urban/suburban health system global budget model in 2022.

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Texas

The Texas Health and Human Services Commission's first IAP technical assistance request was to develop a targeted environmental scan that describes possible methods to design VBP models for the Texas Medicaid program. The scan includes an examination of the rural payment models currently in development in Washington and Pennsylvania, considerations for incorporating SDOH initiatives in VBP arrangements, and options for establishing oversight of MCOs and providers implementing VBP. IAP also arranged peer-to-peer calls between Texas and both Washington and Pennsylvania to discuss successes, challenges and lessons learned from implementing rural health models. In addition, Texas requested assistance in gathering feedback on its VBP Roadmap, which will inform the state's broader VBP strategy. To fulfill this second request, IAP provided feedback on drafts of the state's Roadmap and shared examples from other states that Texas could use as a VBP roadmap framework. Lastly, IAP examined strategies for aligning quality metrics with other payers' (Medicare, commercial) VBP approaches. Texas has used the IAP deliverables to inform their broader strategy, including presenting them at meetings with state leadership.

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Washington

Washington State Health Care Authority's IAP technical assistance request was to assess and enhance the state's current approach to risk adjusting capitated payments made to MCOs operating under VBP arrangements in order to appropriately account for members who are experiencing homelessness. IAP connected Washington with Minnesota to exchange insights on risk adjusting for homelessness. In addition, IAP reviewed published documentation of Massachusetts' approach, as well as the latest literature on risk adjustment, to develop a technical report on best practices and approaches for incorporating homelessness into risk adjustment methodologies. The state plans to use the risk adjustment information provided to improve its current MCO capitation rate development. Washington's second technical assistance request was to explore options for expanding an existing perinatal episode of care (EOC) to incentivize postpartum care and integrate payment for pediatric services. IAP provided an options memo outlining potential approaches and considerations for implementing these elements individually and collectively. Finally, IAP examined the projected financial impact of the perinatal care elements outlined in the options memo, completing a financial simulation and producing a report discussing the findings and implications. Washington has used the IAP deliverables to inform key decisions related to the design and implementation of the perinatal EOC as it seeks to advance this model in the coming years.

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Additional information on the Value-Based Payment and Financial Simulations functional area can be found at: https://www.medicaid.gov/resources-for-states/innovation-accelerator-program/functional-areas/value-based-payment-financial-simulations/index.html.