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 called the Medicaid Innovation Accelerator Program (IAP). The goals of IAP are to improve health and health care for Medicaid beneficiaries and to reduce associated costs by supporting states in their ongoing payment and delivery system reforms. IAP represents CMS' unique commitment to support state Medicaid agency efforts toward system-wide payment reform and delivery system innovation. The Value-Based Payment and Financial Simulations functional area support began in summer 2017. IAP is also working with states on other health care delivery system reform efforts in data analytics and program areas such as reducing substance use disorders, improving care for Medicaid beneficiaries with complex care needs and high costs, promoting community integration via long-term services and supports, and supporting physical and mental health integration.

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

Starting in July 2017, IAP supported Medicaid agencies from nine states and the District of Columbia for a 12-month period, providing hands-on technical support to help advance their 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 states in designing, developing, and/or implementing VBP approaches and conducting financial simulations and forecasts that analyze the impact of these VBP strategies. The participants (Idaho, Illinois, Kentucky, Massachusetts, Minnesota, New Hampshire, New Jersey, Oregon, Virginia and the District of Columbia) had access to a range of resources—peer-to-peer learning webinars, shared materials on VBP issues, and tailored technical support. These activities helped the Medicaid agencies plan various VBP reforms and lay the groundwork for using them more effectively in future implementation efforts.

DISTRICT OF COLUMBIA

The District of Columbia (DC) Department of Health Care Finance sought information and resources on the design of VBP approaches for long-term services and supports (LTSS). In particular, DC explored comprehensive VBP models to support the redesign of DC's community-based LTSS waivers and programs, with a focus on personal care aid (PCA) services. IAP developed three VBP options papers exploring issues such as: how DC could incorporate pay-for-reporting and then pay-for-performance in its PCA program; the impact of comprehensive VBP models and the strengths and risks associated with targets for health outcomes and efficiencies; as well as a paper reviewing features of past and current LTSS models. DC will continue to use these resources with internal and external stakeholders as it advances its VBP approach in LTSS.

District of Columbia Contact: Katherine Rogers, katherine.rogers@dc.gov

IDAHO

The Idaho Department of Health and Welfare developed two shared savings payment models for its regional care organizations and patient-centered medical homes. IAP provided Idaho with information on existing shared savings payment models and modeling results for 13 different payment scenarios. IAP also shared with Idaho various methodological decisions and considerations required for designing a shared savings program—including challenges and lessons learned from other state and federal shared savings models. The state used the IAP financial simulation modeling support to inform the VBP specification development and to better understand the financial impact of these specifications for the state and providers. Idaho continues to work with both internal and external stakeholders to finalize the state's two shared savings payment model approaches.

Idaho Contact: Meg Hall, meg.hall@dhw.idaho.gov

ILLINOIS

Illinois' Department of Healthcare and Family Services' IAP project goals were to explore strategies for introducing VBP approaches into a future hospital supplemental payment policy and develop fully integrated health homes, which had been proposed in its 1115 waiver application. Initially, IAP delivered a memo to the state describing example strategies for establishing pool payments as a mechanism for distributing hospital supplemental payments. The support related to integrated health homes focused on how to develop adequate systems for monitoring and oversight and included IAP creating a memo on health home performance measures used for VBPs such as the Medicaid Adult Core Set of measures, as well as connecting the state with DC to discuss their robust health homes program.

Illinois Contacts: Dan Jenkins, dan.jenkins@illinois.gov; Teresa Hursey, teresa.hursey@illinois.gov

KENTUCKY

Kentucky's Department of Medicaid Services' primary objective through IAP was to explore strategies using the state's Medicaid managed care organization (MCO) purchasing influence to improve health outcomes for its beneficiaries, while also reducing administrative burden for providers and increasing alignment with other federal initiatives. IAP's technical support centered on specifying and modeling an approach for incentivizing VBP through a quality withhold arrangement. Using Washington State's VBP withhold approach as an example[1], IAP developed a modeling tool that analyzed the impact of using a payment withhold arrangement aligned with other parameters specified in its HEALTH (Helping to Engage and Achieve Long Term Health) Section 1115 waiver. Furthermore, IAP provided support to help align Kentucky's VBP efforts with the Medicare Access and CHIP Reauthorization Act of 2015 Quality Payment Program and the state included VBP language in their MCO contracts.

Kentucky Contact: Evette Rhodes, evette.rhodes@ky.gov

MASSACHUSETTS

MassHealth's, Massachusetts Medicaid agency, two primary objectives for IAP support were to understand VBP approaches to inform the state's LTSS programs being paid under FFS arrangements and to develop an LTSS service-specific financial simulation modeling tool that would allow the state to assess the financial impact of proposed VBP approaches, such as a payment withhold. Through IAP support, MassHealth learned about possible VBP approaches to pursue for its Adult Foster Care (AFC) LTSS program. In addition, IAP trained state staff on the application of an IAP-developed tool for analyzing the financial impact of different VBP specifications that will be useful in supporting the state's efforts to advance VBP within its AFC LTSS program.

Massachusetts Contacts: Ryan Prentiss, ryan.prentiss@state.ma.us; Jill Morrow-Gorton, jill.morrow-gorton@state.ma.us

MINNESOTA

The Minnesota Department of Human Services had two IAP goals. The first was to examine best practices and models for how social determinants of health (SDOH) could be used to risk-adjust Medicaid payment. The second was to model, based on SDOH factors, scenarios of savings and loss for its VBP Integrated Health Partnerships (IHP) 2.0 program, a shared savings/shared risk model that was entering its fifth year. To achieve these goals, IAP conducted an environmental scan and produced a document for the state outlining various methodologies used by other states and payers to adjust payments for SDOH factors. IAP conducted financial simulation analyses primarily to examine how a beneficiary's total cost of care varies by SDOH factors, in order to assess the reasonable savings associated with different payment arrangements. The models indicated that in general, including SDOH as a risk factor would result in a more accurate assessment of financial risk for beneficiaries in relatively good health. The results also indicated that in the first year, the state may not achieve noticeable savings (due to the shared savings structure), but by year five, Minnesota may accrue savings. These findings will be used by the state to inform the risk adjustment methodology and payments made to future IHP program improvements.

Minnesota Contact: Matthew Spaan, mathew.spaan@state.mn.us

NEW HAMPSHIRE

The focus of the New Hampshire Department of Health and Human Services' IAP work, consistent with the targets included in its approved Building Capacity for Transformation Section 1115 Demonstration waiver, was achieving greater adoption of VBP through its MCO contracts. New Hampshire's new MCO contracts build upon prior efforts to encourage VBP adoption. To increase the impact of past efforts, the state sought ways to be more prescriptive in its contracting approach and also to align new VBP approaches with the Integrated Delivery Networks that were also implemented through the Section 1115 Demonstration waiver. Through the IAP, New Hampshire made significant progress in narrowing its VBP approach and incorporating specific VBP language into the Medicaid MCO contract re-procurement, culminating in the release of its MCO request for proposal in July of 2018. The state benefitted from ongoing, in-depth discussions with the IAP coach team on VBP approaches and implications for plans and providers. The state was able to use this information and its technical support to narrow down its VBP approach, meet targets in their approved 1115 demonstration, and include additional requirements in its MCO Request for Proposal to help move plans and providers towards greater adoption of VBP arrangements.

New Hampshire Contacts: Henry Lipman, henry.lipman@dhhs.nh.gov; Deborah Scheetz, deborah.scheetz@dhhs.nh.gov

[1]Washington State Health Care Authority https://www.hca.wa.gov/assets/billers-and-providers/model_contract_ahmc.pdf

NEW JERSEY

The New Jersey Division of Medical Assistance and Health Services' initial IAP goals were to examine the possibility of incorporating a VBP into its Medicaid MCO contracts (which cover 95 percent of its beneficiaries) and select a VBP model to pursue. IAP provided New Jersey with examples of bundled payment programs from across the country, and connected the state with officials from Tennessee Medicaid to discuss their bundled payment program. Given the state's interest in a pediatric asthma bundled payment approach, IAP conducted a financial simulation of a pediatric asthma bundled payment model using New Jersey's Medicaid claims data and Tennessee's bundled payment framework. The New Jersey Team presented the results of the financial simulation to its Medicaid Director and the Department of Human Services Commissioner; as a result, the state is currently considering adding pediatric asthma bundled payment VBP language or requirements to forthcoming MCO contract updates.

New Jersey Contact: Pamela Orton, pamela.r.orton@dhs.state.nj.us

OREGON

The Oregon Health Authority sought support from the IAP to develop requirements within Coordinated Care Organization (CCO) contracts that promote VBP participation between CCOs and providers. To support the state's VBP goals, the IAP developed an environmental scan and analysis of state VBP approaches for driving adoption of VBP under Medicaid MCO arrangements, a summary of the evidence base assessing the impact of VBP models on quality and cost, and a financial modeling tool. The financial modeling tool that IAP developed used CCO-specific aggregate data and results from resources in the VBP evidence summary to estimate the impact of various VBP arrangements on cost and quality in Oregon. The IAP team also conducted an environmental scan of how states have addressed SDOH within VBP arrangements. Oregon has used this information to engage stakeholders in the VBP design process and inform its recommendations for VBP requirements to be included in an upcoming CCO reprocurement.

Oregon Contacts: Chris DeMars, chris.demars@state.or.us; Lisa Krois, lisa.r.krois@dhsoha.state.or.us

VIRGINIA

The Virginia Department of Medical Assistance Services' IAP goals were to gain a better understanding of VBP's potential for improving outcomes for selected priority areas within the state's Medicaid program. To achieve this objective, IAP developed a series of issue briefs with resource lists on a variety of topics including maternity care, behavioral health and physical health integration, access to primary care, and chronic conditions. IAP also prepared a resource guide for planning, designing and implementing bundled payment models in Medicaid. Finally, IAP supported Virginia to better understand how VBPs could be used to achieve their payment reform goals and advance its Medicaid MCO VBP design efforts.

Virginia Contact: Rusty Walker, rusty.walker@dmas.virginia.gov

Contact: If your state is interested in learning more about the Medicaid IAP Value-Based Payment and Financial Simulations program, email **MedicaidIAP@cms.hhs.gov**. Additional information on the IAP Value-Based Payment and Financial Simulations program, including materials from national webinars, is available **here**.