

Accountable Care Organizations and Alternative Payment Methods

Opportunities for Community Health Workers

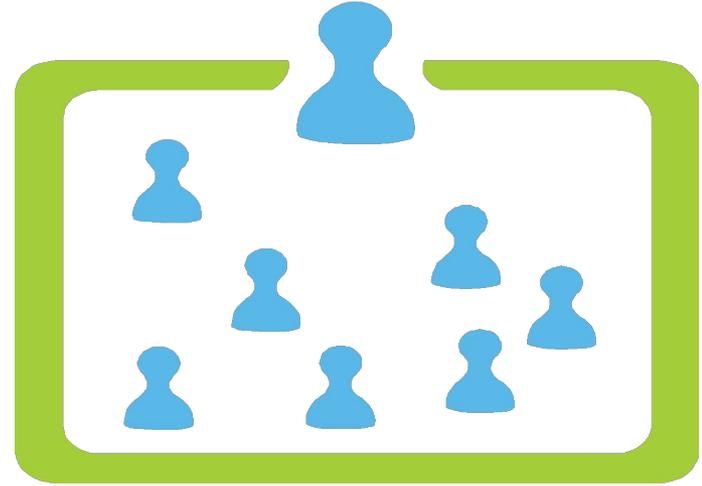
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The 8th Annual Community Health Worker/Patient Navigator Conference

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Overview

- Health system reform includes
 - Organizing the health care system differently using Accountable Care Organizations
 - Paying for health care services differently using Alternative Payment Methods
- MassHealth Approaches
- *Each approach can support CHW services*



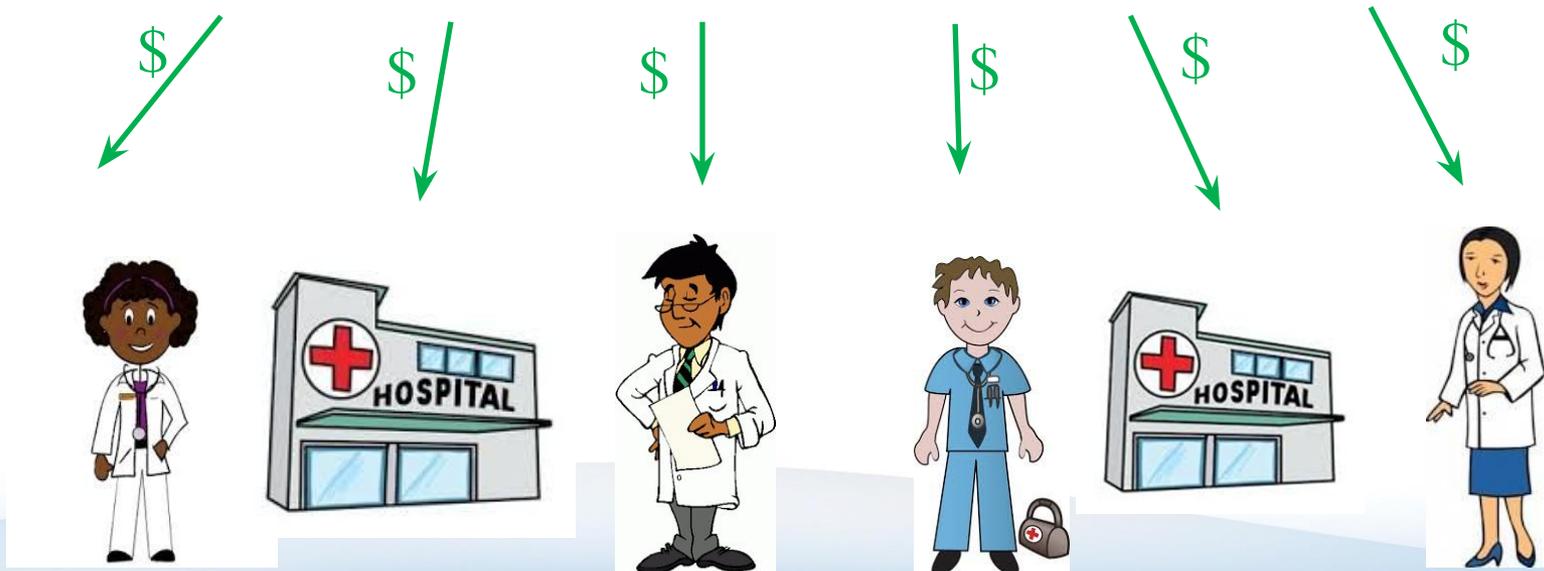
DELIVERY SYSTEM

Overview of delivery system discussion

- Traditional payment and delivery system
- Fee for service
- Paying for volume vs. paying for value
- Accountable care organizations

Traditional payment & delivery system

Payer (Medicare, Medicaid, BCBS, etc.)
pays each provider a fee for each service





Payment Method: Fee for Service

Definition: Health care providers receive a separate fee for each service they deliver

Payers often establish a fee for each service code, for example:

- Physician visit, new patient
- Physical therapy 15 minutes
- Hospital stay for asthma

- Providers only paid for covered services
- There are codes for CHW services, but most payers won't pay for them
- MN & PA Medicaid pay FFS for CHW services

Pay for volume vs. pay for value



Pay for volume: Traditional payment and delivery system rewards providers for providing more services and more expensive services

- Health care costs rising
- Payers hesitate to cover new services because of cost

Pay for value: Reward providers for providing high quality care (evidence-based practices, healthier patients, better patient experience) and containing costs

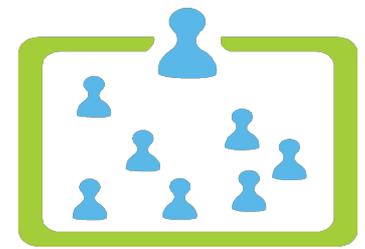
- Hold provider organizations **accountable** for quality and cost
- *Can pay for new services that improve quality and contain cost*

Accountable care organizations (ACOs)

Payer (Medicare, Medicaid, BCBS, etc.)
pays ACO an amount for all services



Providers join together into ACOs



Accountable Care Organizations (ACOs)

CMS/Medicare definition:

“**Accountable Care Organizations (ACOs)** are:

- groups of doctors, hospitals, and other health care providers,
- who come together voluntarily
- to give coordinated high quality care

“The goal of **coordinated care** is to ensure that

- patients, especially the chronically ill,
- get the right care at the right time,
- while avoiding unnecessary duplication of services and preventing medical errors.”

Source: <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/index.html?redirect=/aco/>



ALTERNATIVE PAYMENT METHODS

Overview of alternative payment discussion

1. Pay for Performance (P4P)
2. Shared Savings
3. Bundled Payment
4. Global Payment

Key terms:

- Financial risk
- Risk corridor
- Risk adjustment

Opportunity



Alternative payment methods:

- Aim to reward providers for outcomes rather than volume of service provided
- Give providers flexibility to provide care that best meets patients' needs
- Support preventive care that helps to contain total health care costs

Payment method 1: Pay for Performance

Definition: Providers receive bonus payments for meeting specific quality improvement goals or targets

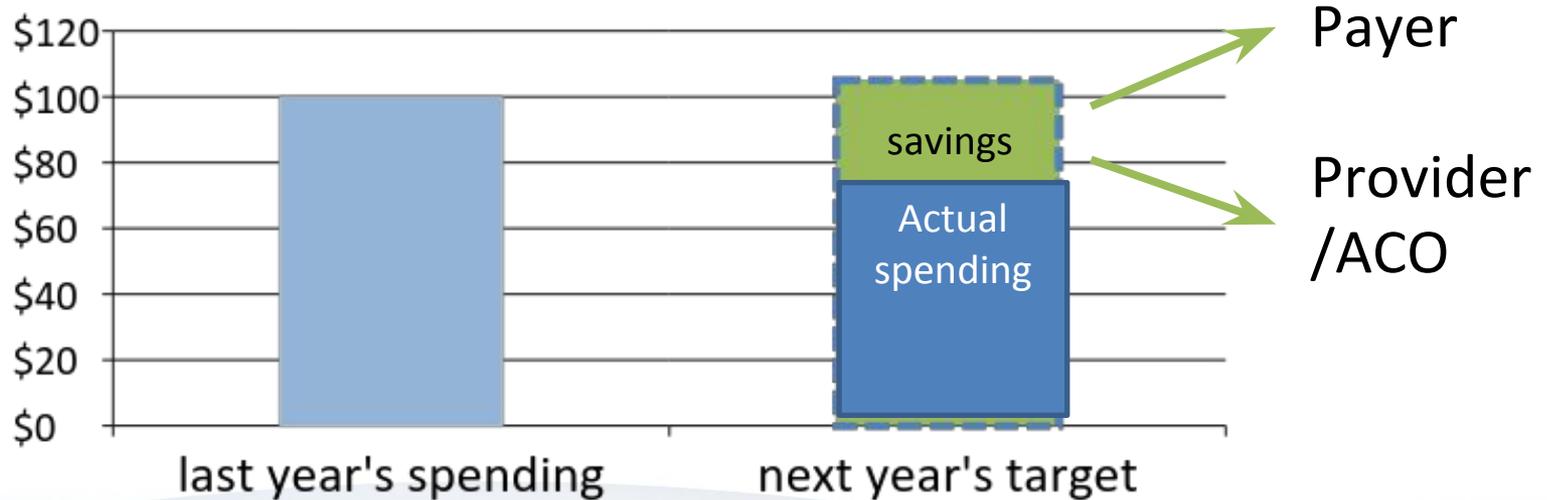
For example, a provider might receive a bonus for:

- Increasing by 10% the share of patients with diabetes who have good glycemic control (HbA1c < 7%)
- Ensuring 95% of patients with asthma have an Asthma Action Plan
- *Providers can invest in services that help achieve these outcomes and bonus payments can pay for those services*
- Providers receive bonus after end of year



Payment method 2: Shared Savings

Definition: Savings that accrue - when actual spending for a population is less than a target amount - are shared between the payer and the provider/ACO



- *Providers can invest in services that produce savings*
- Providers receive savings after end of year



Payment method 3: Bundled Payment

Definition: A single payment to cover the cost of services to treat one episode of care (a knee replacement surgery, or a year's worth of asthma care), delivered by multiple providers

- *Provider has flexibility to spend payment on CHW and other services*
- Most episodes of care don't have clear boundaries like knee replacement: difficult to figure out what costs/services to include in the bundle
- Administratively very difficult to implement

Payment method 4: Global Payment

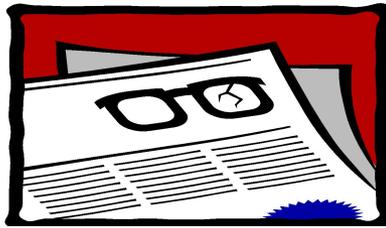


Definition: a fixed-dollar payment (“capitation”) for **all** the care that a group of patients receive in a given time period, such as a month or year.

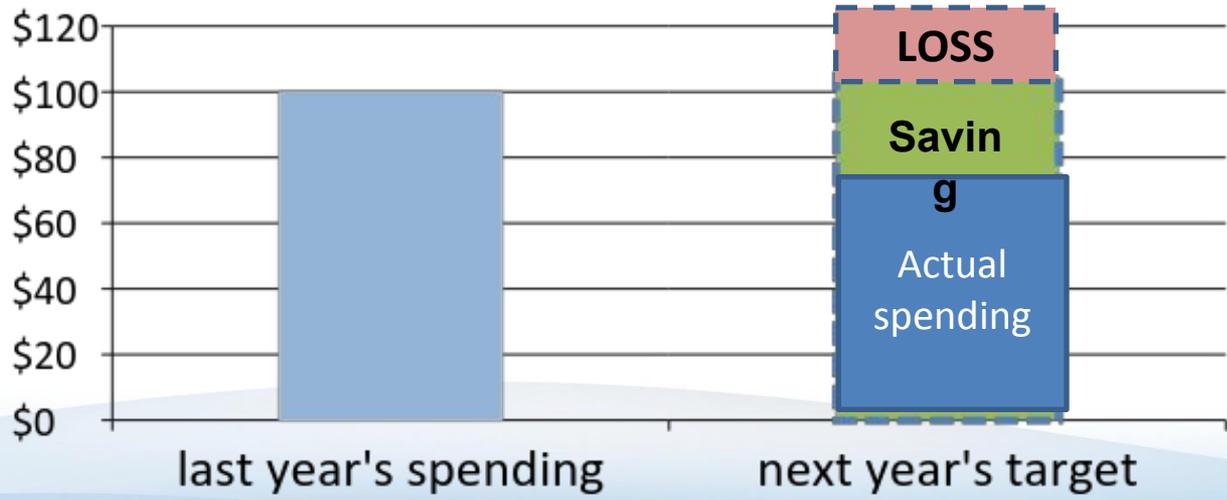
- Providers are at **financial risk** for both the occurrence of medical conditions (whether people get sick) as well as the management of those conditions (providing services)
- Because of financial risk, usually paid to a large organization like an ACO
- *Flexibility to provide services that best meet patients’ needs*

Source: Adapted from “Payment Reform: Bundled Episodes vs. Global Payments: A debate between Francois de Brantes and Robert Berenson.”
Timely Analysis of Immediate Health Policy Issues, September 2012.

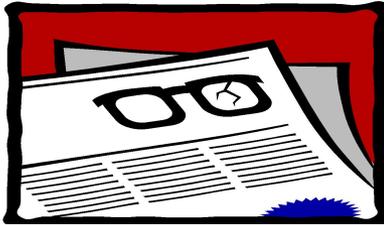
Key Terms: Financial Risk



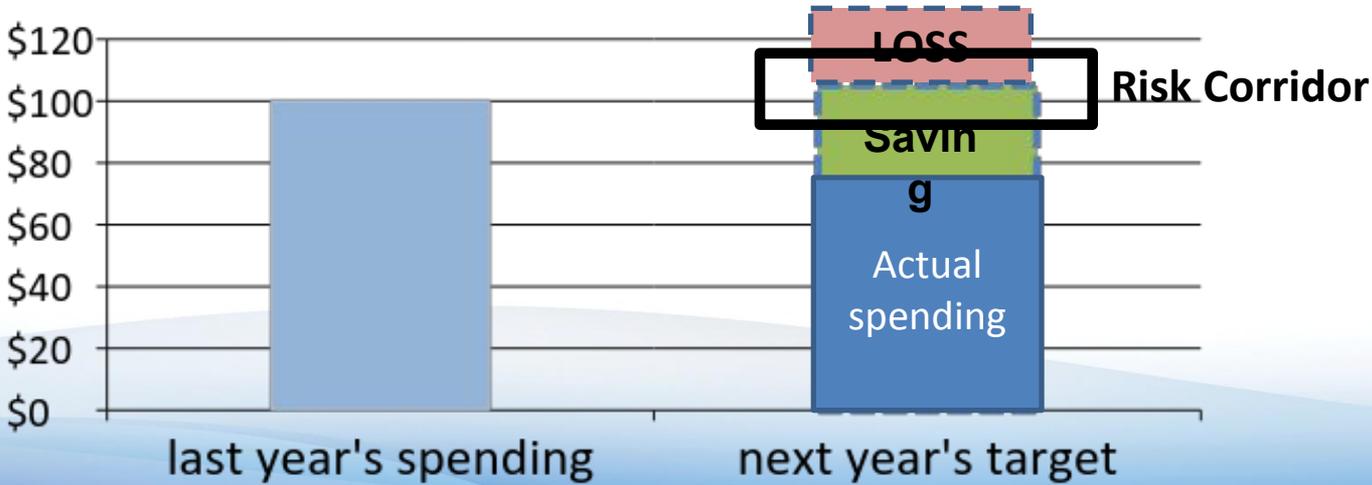
Financial risk: Assuming liability for the financial loss that could occur if actual costs exceed expected costs (shared savings and losses)



Key Terms: Risk Corridor

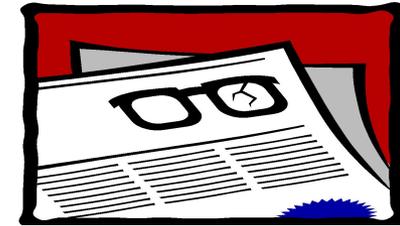


Risk corridor: A provision that limits a provider's financial losses or profits to a specified percentage above and below its break-even point, to prevent the provider from experiencing excessive profits or catastrophic losses.

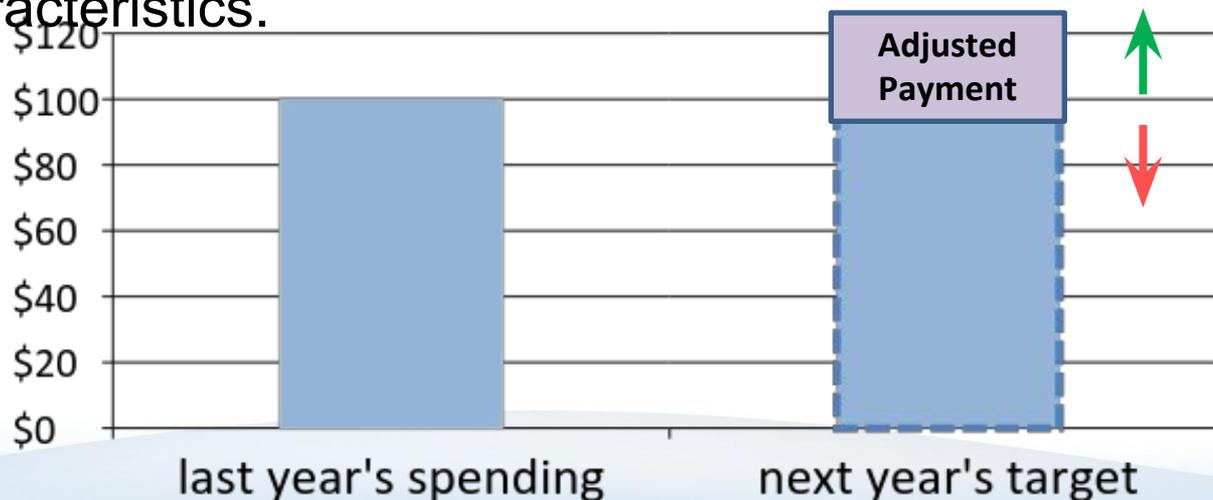


Source: Adapted from "Payment Reform: Bundled Episodes vs. Global Payments: A debate between Francois de Brantes and Robert Berenson." Timely Analysis of Immediate Health Policy Issues, September 2012.

Key Term: Risk Adjustment



Risk adjustment: A process of adjusting payments to providers (up or down) to reflect patient characteristics, especially health status, age, sex, and other demographic characteristics.



Source: Adapted from “Payment Reform: Bundled Episodes vs. Global Payments: A debate between Francois de Brantes and Robert Berenson.” Timely Analysis of Immediate Health Policy Issues, September 2012.



MASSHEALTH APPROACHES

Overview of MassHealth Approaches

Delivery System Reform

- Accountable Care Organizations
- Flexible services
- Community Partners

Alternative Payment Methods

- Global payments
- Shared savings and losses
- Risk adjusted payments

Additional Funding

- DSRIP

Three MassHealth ACO Models

MassHealth

Accountable Care Partnership Plan

Contract between
MassHealth and
Accountable Care
Partnership Plan
= MCO and ACO
joining together

➤ **Global
payment**

➤ *ACOs can use global payments
and shared savings to pay for
additional services*

Primary Care ACO

Contract between
MassHealth and
Primary Care ACO

➤ **Shared savings
and losses**

MCO

Contract between MassHealth
and MCO

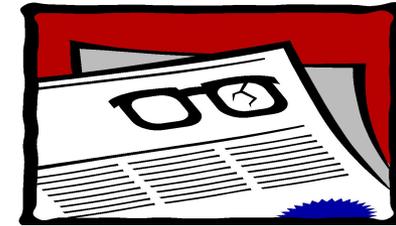
- Capitation payment
- MCO must contract with
MassHealth-certified
MCO-administered ACOs

MCO-Admini stered ACOs

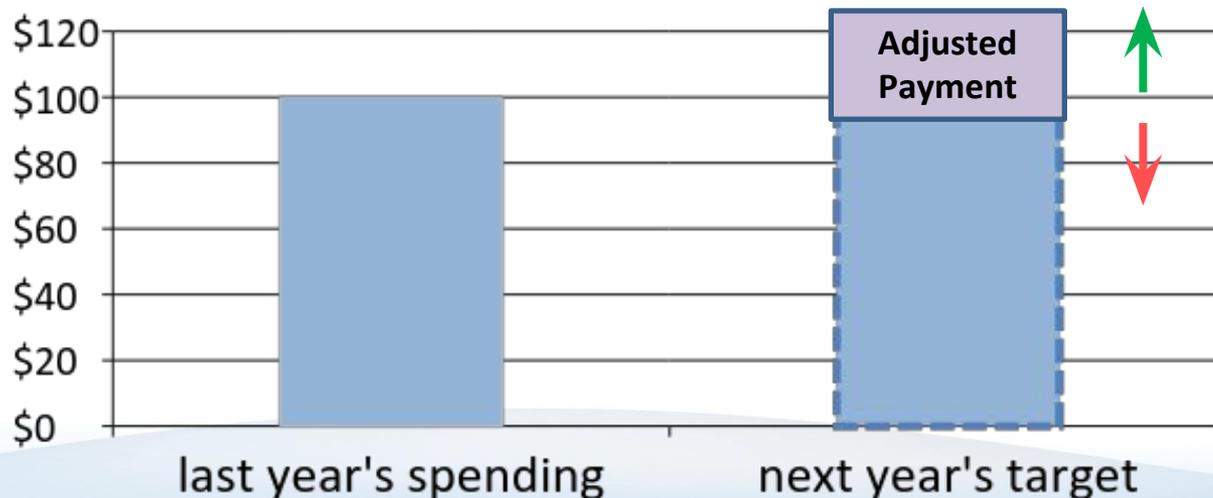
Contract between MCO and
MCO-Administered ACOs

- Approved by MassHealth
- **Shared savings and losses**

Risk Adjustment



MassHealth adjusts payments to each MCO and ACO (up or down) to meet its members' expected need for health care resources



Source: Adapted from "Payment Reform: Bundled Episodes vs. Global Payments: A debate between Francois de Brantes and Robert Berenson." Timely Analysis of Immediate Health Policy Issues, September 2012.

MassHealth risk adjustment - new method

New method adjusts payments to address social determinants of health, avoid penalizing providers in disadvantaged neighborhoods

Variables included in risk adjustment	Sample additional payment per member
All Managed Care	\$5000
[adjustments for age, sex, geography, diagnoses]	varies
DMH client	\$13,650
DDS client (not DMH)	\$2,550
All other disabled	\$1,400
Serious mental illness (SMI)	\$2,250
Substance use disorder (SUD)	\$2,000
Homeless (coded in claims) or Unstable housing (3+ addresses)	\$550
Neighborhood stress score*	\$50

* Neighborhood Stress Score is a measure of how stressed a neighborhood (census block) is relative to other neighborhoods in terms of share of adults who have low income, are unemployed, receive public assistance, have no car, are a single parent, have less than a HS education

Risk adjustment – hypothetical example

ACOs that serve different populations would receive different payments

	ACO 1: lower risk patient pool	ACO 2: higher risk patient pool
Number of patients	1000	1000
Base payment	\$5,000,000	\$5,000,000
<i>Adjustments</i>		
All BH	\$293,000	\$1,171,900
Unstable housing	\$31,700	\$126,700
Neighborhood stress	(\$100,000)	\$100,000
Total payment	\$5,224,700	\$6,398,600

➤ *ACO 2 could use its additional revenues to pay for services to address its patients' special challenges*

Flexible Services

- ACOs may provide community goods/services that address health-related social needs
- Includes services not otherwise covered under Massachusetts' Medicaid benefits
- Must be pre-approved by MassHealth
- Different ACOs may choose to address different needs
- Address social determinants of health in the following areas:

1. Transition services for individuals transitioning from institutional settings into community settings	4. Home and Community-Based Services to divert individuals from institutional placements
2. Services to maintain a safe and healthy living environment	5. Physical activity and nutrition
3. Experience of violence support	6. Other individual goods and services

➤ *Flexible services may include CHW services*

Source: EOHHS, MassHealth Delivery System Restructuring Open Meeting, March 2017, Boston, MA and Springfield, MA.

Community Partners (CPs)

“Certified Community Partners (CPs) are **community-based organizations** that offer members linkages and support to **community resources** that facilitate a coordinated, holistic approach to care”

- Waiver Extension, STC 63

Community Partner Functions

BH CP Functions

1. **Outreach and active engagement;**
2. **Facilitate access and referrals to social services, including following-up on flexible services;**
3. **Provide health and wellness coaching;**
4. Conduct comprehensive assessment and person-centered treatment planning;
5. Identify, engage, and facilitate member's care team;
6. Coordinate services across continuum of care; and
7. Support transitions of care between settings

LTSS CPs Functions

1. **Outreach and engagement;**
2. **Facilitate access and referrals to social services, including following-up on flexible services;**
3. **Provide health and wellness coaching;**
4. Perform LTSS care planning and choice counseling;
5. Participate on enrollee's care management team, as directed by the member; and
6. LTSS care coordination and support during transitions of care

➤ *CPs can use CHWs to provide some of these functions*

DSRIP Funding

- MA will receive \$1.8 billion in funding over the next five years from the federal Delivery System Reform Incentive Program (DSRIP)
- Funding phases down (higher in year 1 than year 5)
- Important to show positive ROI in first few years
- Funding is allocated for four key objectives:

Objective	Five Year Funding) (% of DSRIP Funding)
ACO development – upfront funding	\$1.065B (60%)
Community Partners	\$546M (30%)
Statewide Investments	\$115M (6%)
State Operations & Implementation	\$73M (4%)
TOTAL	\$1.8B

➤ *Upfront DSRIP dollars could fund implementation of CHW services*

MassHealth ACO/CP timeline

- ACOs
 - RFR responses due Feb 2017
 - Contract start – Summer 2017
 - New ACO enrollments begin December 2017
- CPs
 - RFR responses due end of May 2017
 - Selection and contract start - Summer 2017
 - CP enrollment begins April 2018



CONCLUSION:
**DELIVERY SYSTEM REFORMS AND ALTERNATIVE
PAYMENT METHODS PROVIDE OPPORTUNITIES FOR
CHWs**

Opportunities for CHW Funding

- New delivery systems can fund CHWs:
 - ACOs
 - Flexible services
 - CPs
- New payment methods make it easier to fund CHW services
 - Pay-for-Performance
 - Shared savings
 - Bundled Payments
 - Global Payments
- DSRIP funding – time-limited investments
- Providers and payers have flexibility to invest in new approaches if they are confident they will achieve:
 - Improved health outcomes
 - Positive return on investment

CHW services can provide benefits to a variety of stakeholders

Individuals	Providers
<ul style="list-style-type: none">➤ Better experience➤ Better quality of life➤ Lower out-of-pocket costs➤ Fewer missed work days	<ul style="list-style-type: none">➤ Improved patient communication➤ Better patient outcomes➤ Meet quality targets
Society	Payers
<ul style="list-style-type: none">➤ Lower health care costs➤ Increased work productivity and school attendance➤ CHW jobs created	<ul style="list-style-type: none">➤ Improved quality scores➤ Positive ROI

Discussion