

**VT Health Care Innovation Project - Payment Model Design and Implementation Work Group Meeting Agenda**  
**Monday, September 19, 2016 1:00 PM – 3:00 PM.**  
**DVHA Large Conference Room, 312 Hurricane Lane, Williston**  
**Call in option: 1-877-273-4202 Conference Room: 2252454**

Item #	Time Frame	Topic	Presenter	Decision Needed?	Relevant Attachments
1	1:00-1:05	Welcome and Introductions; Approve meeting minutes	Cathy Fulton, Andrew Garland	Y – Approve minutes	Attachment 1: July Meeting Minutes
2	1:05-1:20	Program Updates <ul style="list-style-type: none"> <li>• Y2 SSP Results Timeline</li> <li>• Sustainability Update</li> <li>• ACH Learning Lab</li> </ul>	Alicia Cooper, Pat Jones Georgia Maheras, Heidi Klein	N	
3	1:10-1:40	Simplifying Clinical Quality Measure Collection	Leah Fullem, Heather Skeels	N	
4	1:40-2:50	Medicaid Pathway: Payment Model Update	Georgia Maheras/Selina Hickman, Kara Suter	N	Attachment 4: Medicaid Pathway Presentation
5	2:50-2:55	Public Comment	Cathy Fulton, Andrew Garland	N	
6	2:55-3:00	Next Steps and Action Items	Cathy Fulton, Andrew Garland	N	



# Attachment 4: Medicaid Pathway Presentation

# MEDICAID PATHWAY: PAYMENT MODEL DISCUSSION

SEPTEMBER 19, 2016

FOR DISCUSSION PURPOSES

# Big Goal: Integrated health system able to achieve the triple aim

## Implement Next Generation-type ACO:

- Requires all-inclusive population based payment model.
- Way to pursue goal of integrated system for certain services and providers.
- Implementation led by DVHA with support from others.

## Medicaid Pathway:

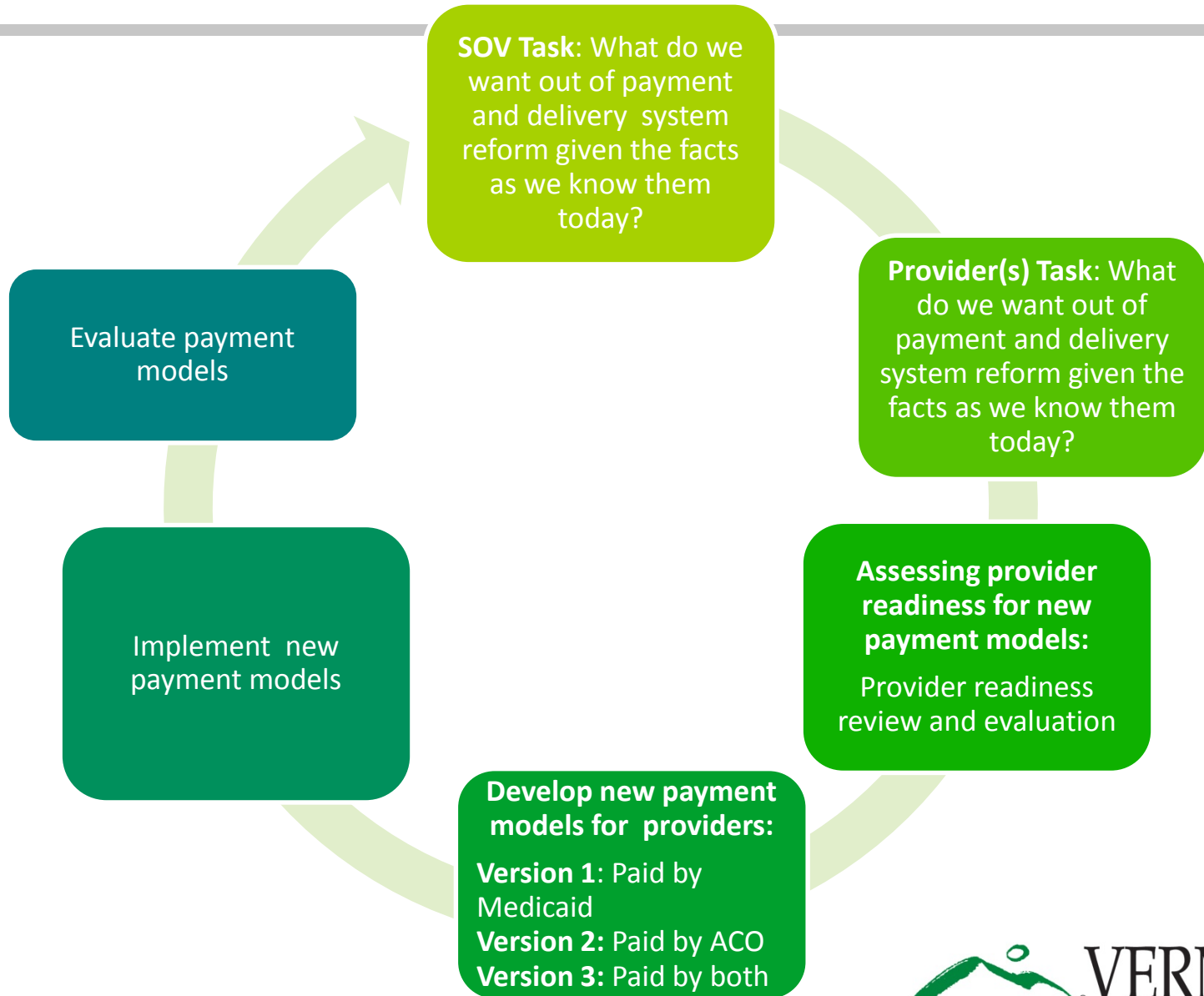
- Task of pursuing goal of integrated system for services outside of financial caps of all-payer model.
- AHS led project that interacts with ongoing AHS reform efforts and SIM.

# Medicaid Pathway

## What is it?

- It refers to several critical ideas:
  - There is payment and delivery system reform that must happen alongside the all-payer model (APM) regulated revenue/cap conversation.
  - There is a process for Medicaid providers to engage in with the State alongside the APM regulated revenue/cap conversation.
  - This process is led by AHS-Central Office in partnership with the Agency of Administration and includes Medicaid service providers who provide services that are not included in the initial APM implementation, such as LTSS, mental health, substance abuse services and others.
  - The Medicaid Pathway advances payment and delivery system reform for services not subject to the additional caps and regulation required by the APM. The goal is alignment of payment and delivery principles that support a more integrated system of care.

# Medicaid Pathway: Payment and Delivery System Reform Continuous Cycle



# Why Pay Differently Than Fee-for-Service?

- Health care cost growth is not sustainable.
- Health care needs have evolved since the fee-for-service system was established more than fifty years ago.
  - More people are living today with multiple chronic conditions.
  - CDC reports that treating chronic conditions accounts for 86% of our health care costs.
- Fee-for-service reimbursement is a barrier for providers trying to coordinate patient care and to promote health.
  - Care coordination and health promotion activities are not rewarded by fee-for-service compensation structure.



# A New Payment System Should Promote Value for Money

**“The ultimate objective of any payment reform is to motivate behavioral change that leads to lower costs, better care coordination, and better quality.**

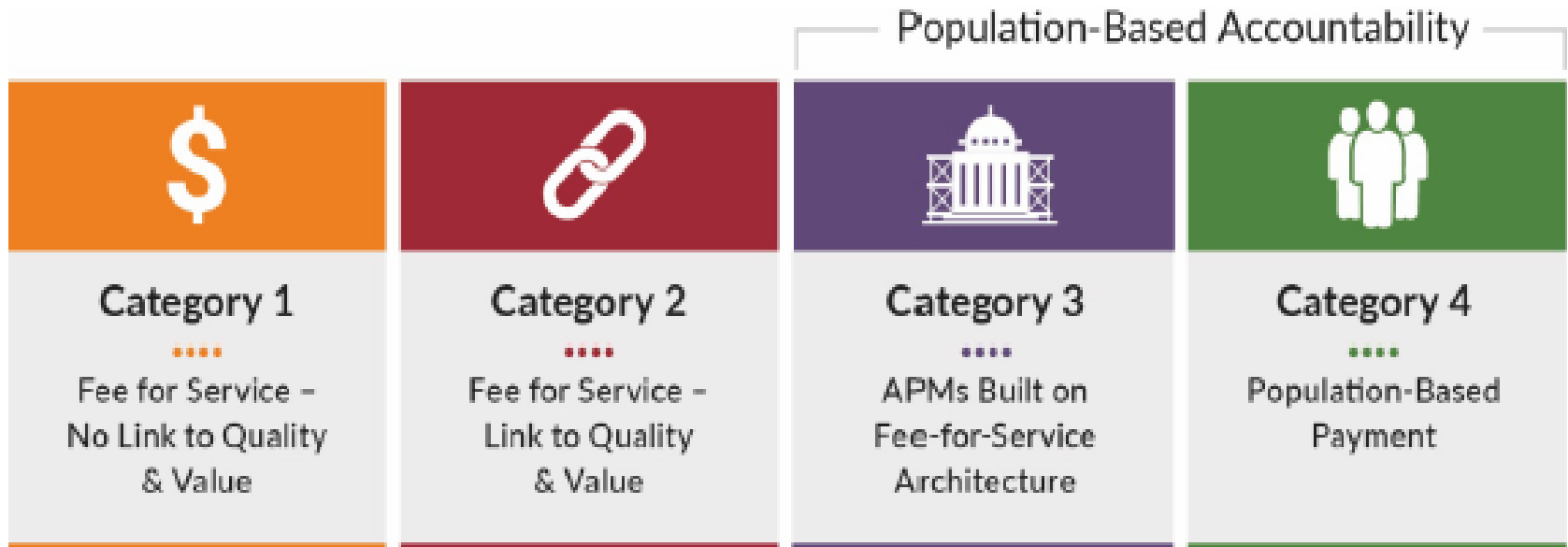
Providers will be better able to achieve these objectives if the payment methodology:

- Is clinically meaningful
- Communicates actionable information in a form and at a level of detail sufficient to achieve sustainable behavior changes.”

Cutler, David M., Ph.D., and Ghosh, Kaushik, Ph.D. (March 22, 2012) The Potential for Cost Savings through Bundled Episode Payments, *N Engl J Med* 2012; 366:1075-1077. DOI: 10.1056/NEJMp1113361



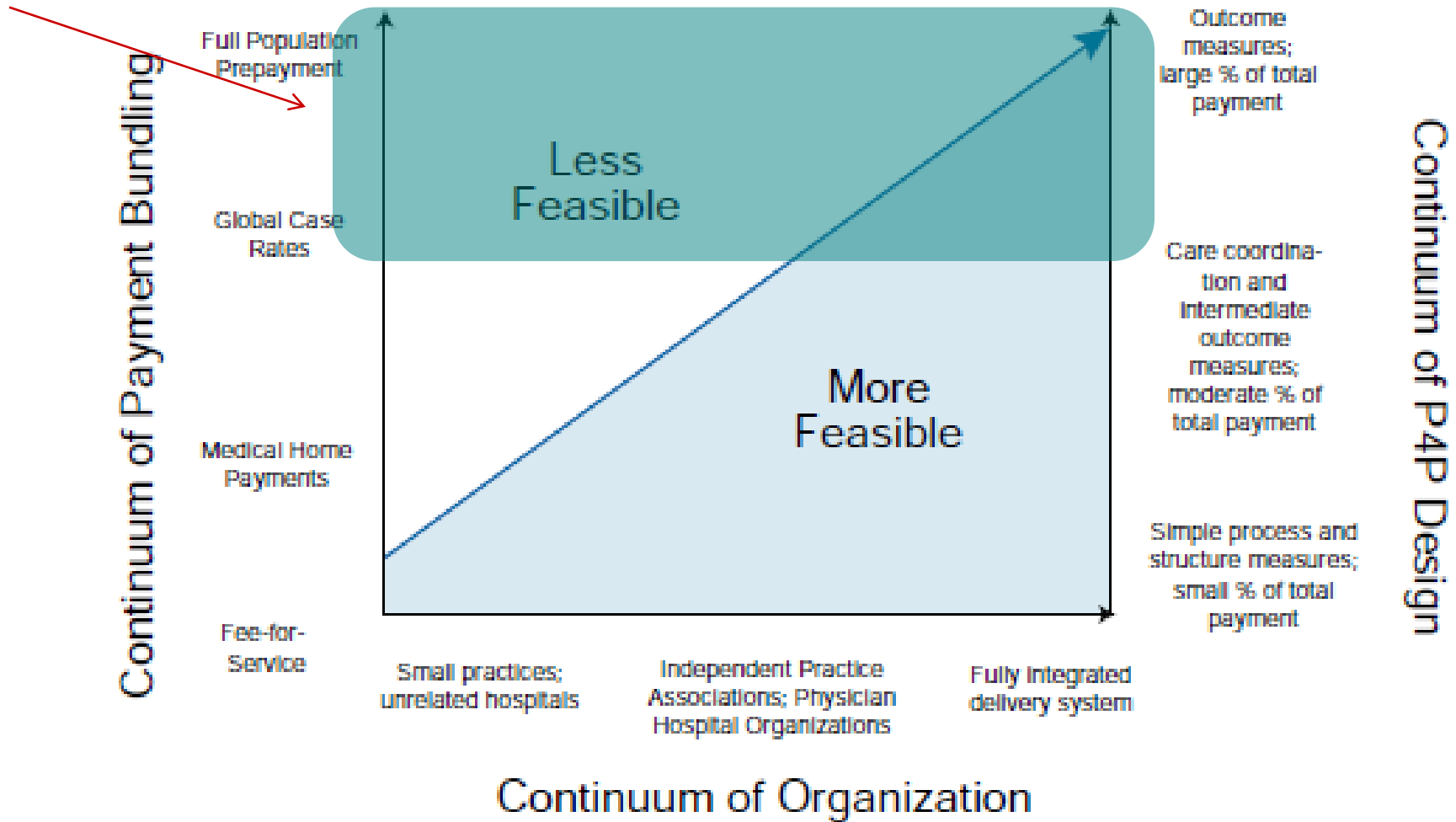
# Federal Framework for APM Development



Source: [Alternative Payment Model \(APM\) Framework and Progress Tracking Work Group](#)

The Health Care Payment and Learning & Action Network (HCP LAN). Accelerating and Aligning Population-based Payment Models: Financial Benchmarking. 2016. <https://hcp-lan.org/groups/pbp/fb-final-whitepaper/>.

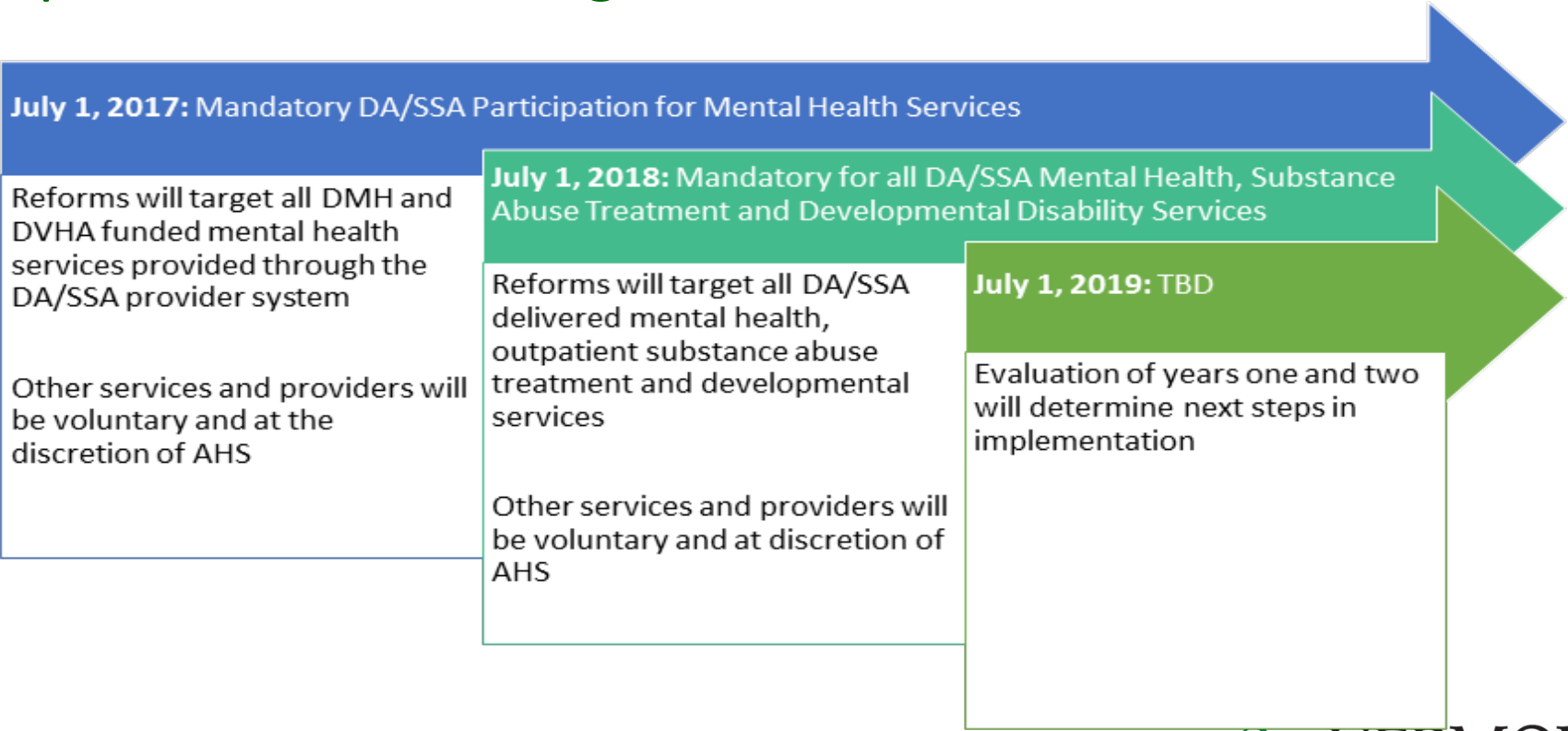
# Moving Away from Fee-for-Service



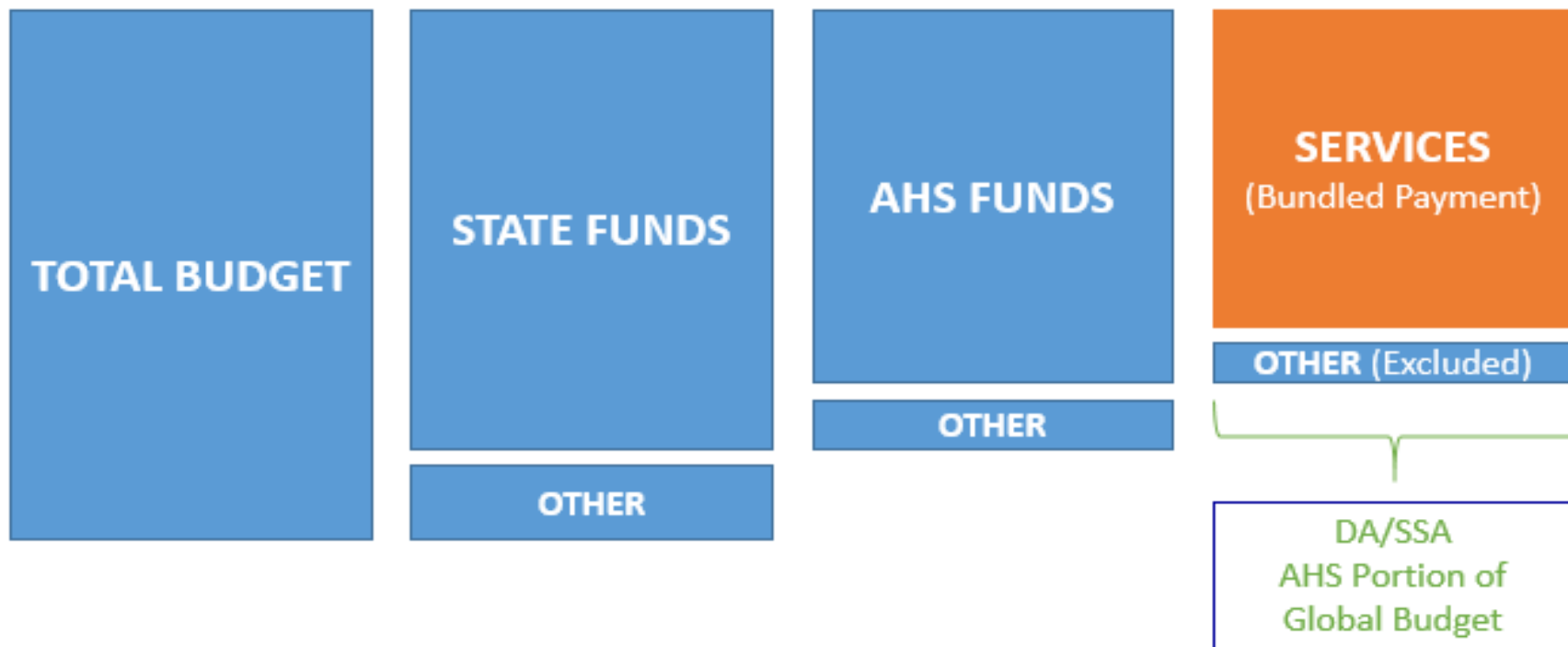
Source: The Commonwealth Fund, 2008

# Focus of Reform

Mental Health, Substance Use, and Developmental Disabilities Services provided by Designated Agencies, Specialized Service Agencies, and Preferred Providers.



# Scope of funding covered:

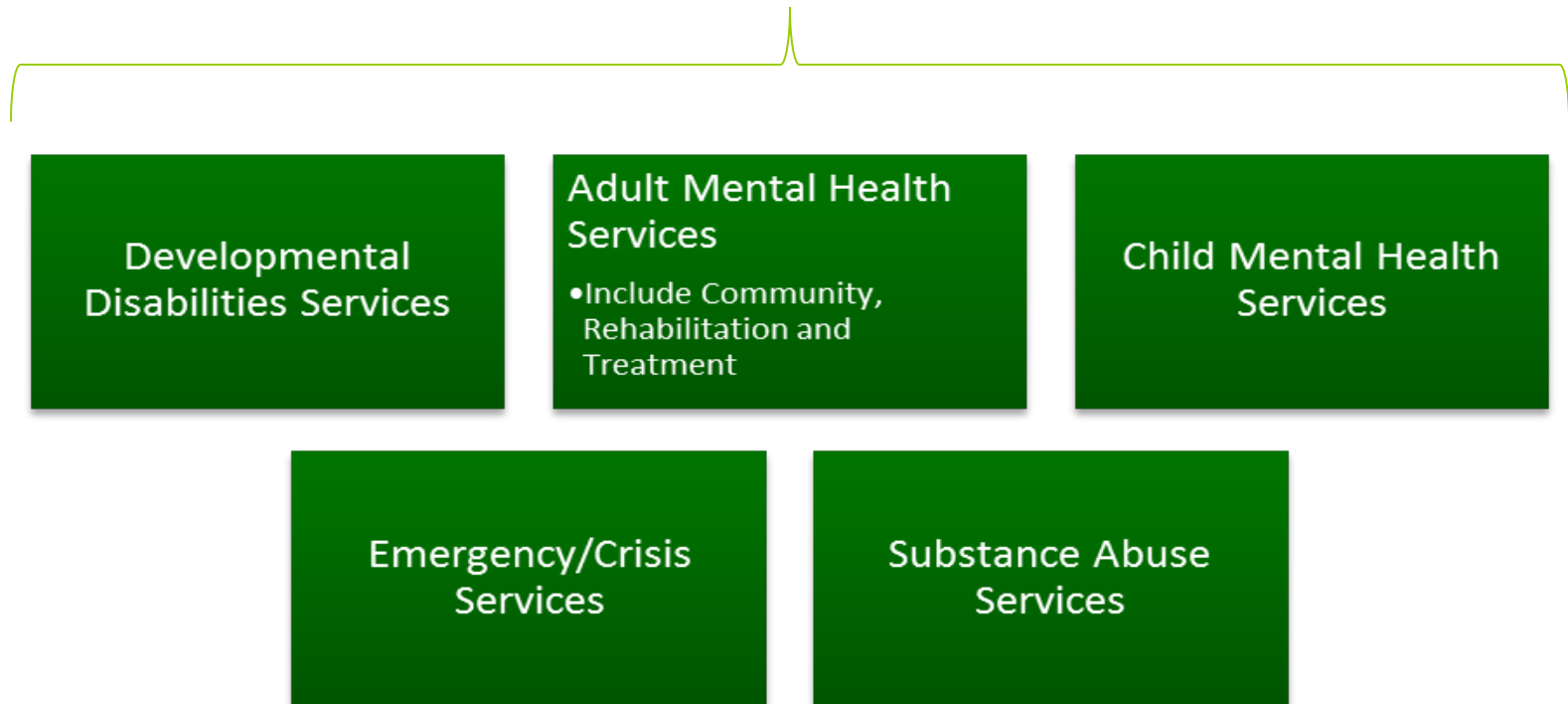


# What is the potential payment model structure?

- Overall capitated rate (i.e. Global Budget) to the organization:
  - Other (grants)
  - Bundle (5 cost categories where there are flexible funding options)
    - Some Case Rate/Bundled Rate elements built in (more detail later)
    - Built off of services; not by person
- Incentive payment for meeting certain quality (gate and ladder) and cost targets
  - Upside risk only to the providers for a certain time
  - Quality: reporting, monitoring, and payment measures

# What is the potential payment model structure?

## MONTHLY PAYMENT



# Draft Scope of Services/Programs

