

# **Health Care Payment Reform:** Special Topics: State Levers, Multi-payer Approaches, and Measurement

*Part Three of a Three-Part Series*

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June 24, 2014

bailit  
health  
PURCHASING

# Presentation Overview

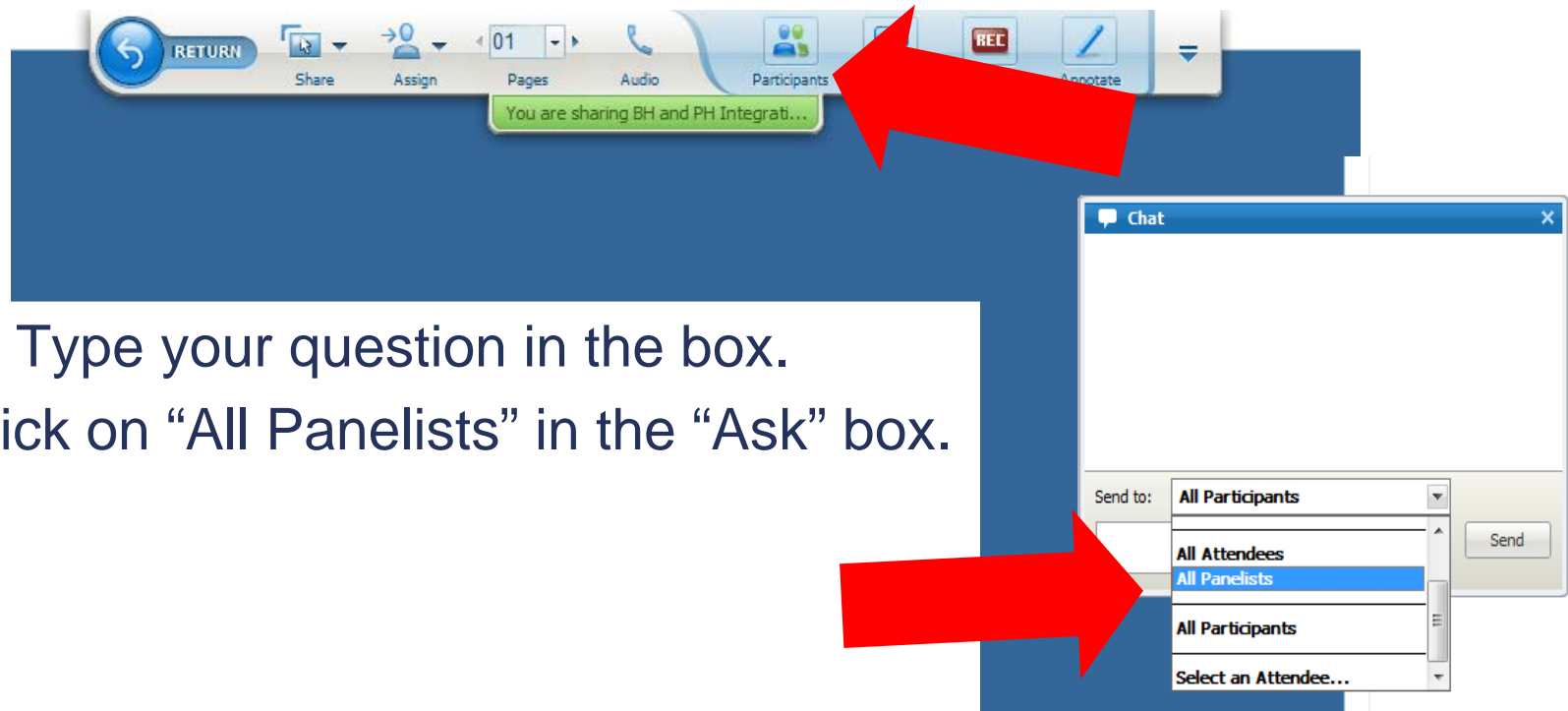
1. *Webinar Logistics*
2. State Health and Value Strategies Program
3. Payment Reform Webinar Series
4. State Levers, Multi-payer Approaches, and Measurement
  - Using state levers to implement payment reform
  - Multi-payer approach or go it alone?
  - Performance measures in payment reform models
  - State presenter on performance measures (Sarah Bartelmann – Oregon)
5. Questions and Discussion
6. Contact Information and Wrap-Up

# Webinar Logistics

- The recording and slides will be available following the webinar.
  - [www.rwjf.org/en/grants/grantees/state-health-and-value-strategies--shvs.html](http://www.rwjf.org/en/grants/grantees/state-health-and-value-strategies--shvs.html)
  - An email with this information will also be sent to all webinar participants
- Due to the number of participants, we will not open the telephone lines for questions. Please use the webinar Q&A feature instead to ask questions.

# Asking Questions

- Roll over the green bar at the top of the page and left click on Q&A or Chat.



- Type your question in the box.  
Click on “All Panelists” in the “Ask” box.

# Robert Wood Johnson Foundation's State Health and Value Strategies Program

- Committed to providing technical assistance to support state efforts to enhance the quality and value of health care by improving population health and reforming the delivery of care services
- Connects states with their peers and experts to develop tools to undertake new quality improvement and cost management initiatives
- Places an emphasis on building systems capacity, engaging stakeholders, and promoting payment and other purchasing reforms

[www.rwjf.org/en/grants/grantees/state-health-and-value-strategies--shvs.html](http://www.rwjf.org/en/grants/grantees/state-health-and-value-strategies--shvs.html)

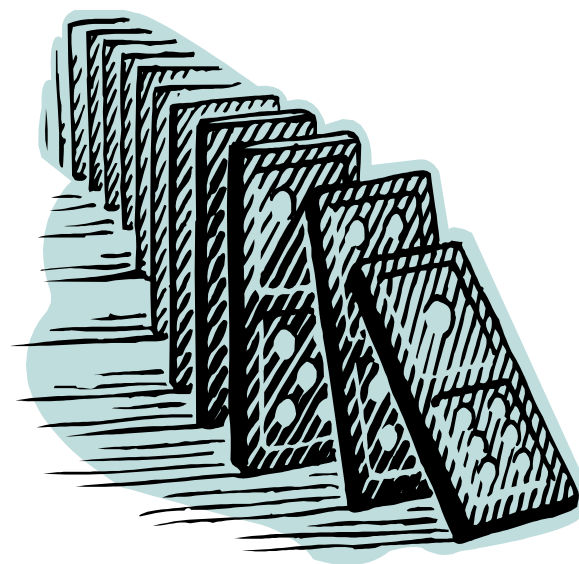
# Payment Reform Webinar Series

Three-part series on Tuesdays from 1:30-2:30 p.m. EDT:

- May 21: Payment Reform 101: Why Payment Reform? What is it?
- Today: State-based Payment Reform Models
- June 24: *Special Topics in Payment Reform: State Levers, Multi-payer Approaches, and Measurement*

# Reminders from Prior Webinars

- ***Payment is the first domino:*** payment influences provider behavior
- FFS payment creates strong economic incentives to deliver high volumes of high-margin services – and barriers to delivering high-value non-reimbursed services
- Payment reform *is not an end in itself*, but rather a means to motivate improvement in the way that providers deliver health care.



# Payment Reform Models

1. Supplemental Payments
2. Pay-for-Performance
3. Episode-based Payments
4. Population-based Payments
5. Global budgets



- “Remember, it’s not about putting lipstick on a pig – it’s about the pig.” [Aidan Petrie, March 2011](#)
- The more popular and promising models today are among the most complex and furthest from FFS.
- Models 3 through 5 are “budget-based” models.



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# Four State Levers for Payment Reform



1. **State as convener of stakeholders**
  - Engage stakeholders for collaboration on payment and delivery system reforms
2. **State as large purchaser of health care services**
  - State/municipal employees, dependents and retirees;
  - Medicaid beneficiaries
  - State-operated Health Insurance Exchange (if applicable)
3. **State as regulator of plans and providers**
  - Modify regulations to directly and indirectly support payment reform
4. **State as evaluator of payment reform**
  - Identify and utilize plan/provider performance measures
  - Assess market impact

# Examples of State Levers in Action



1. **State as convener of stakeholders**
  - Vermont convened payers and providers to advance population-based payment and episode-of-care payment
2. **State as large purchaser of health care services**
  - Covered California stipulated that exchange-offered health plans had to advance payment reform with providers
3. **State as regulator of plans and providers**
  - Rhode Island’s “Affordability Standards” require insurers to advance payment reform
4. **State as evaluator of payment reform**
  - Pennsylvania’s State Innovation Plan calls for formal evaluation of payment reform impact by the U of Pittsburgh

# Multi-Payer Approach or Go It Alone?

- **Option 1: Go It Alone**
  - Medicaid and state employee groups can require payment reforms in their insurer and TPA contracts (e.g., Mass GIC)
- **Option 2: Multi-payer strategy options**
  - 2A: Public Multi-payer:**
    - Leverage purchasing power by aligning payment reform for state employees, dependents and retirees, Medicaid beneficiaries and possibly exchange enrollees
  - 2B: Public-Private Multi-payer:**
    - Align public and private purchasing strategies to pursue delivery system improvements via a coordinated payment reform strategies.

# Pros and Cons of 'Going It Alone'



## Pros:

- Control over payment reform process, strategy, and timeline
- Typically faster to implement than a multi-payer approach
- Tailored to Medicaid and/or public employees, as appropriate

## Cons:

- State is out alone – in a glass house of sorts - without other purchasers
- Limited to resources available to the state purchaser
- May not have sufficient volume to:
  - motivate providers to implement hard delivery system improvements
  - implement certain payment reforms, such as episode-based payments
- Providers cannot “ride two horses” at the same time
- Uncoordinated payment reforms in the marketplace can cause confusion and reduce effectiveness of payment reform approaches

# Pros of 'Multi-Payer' Approach



- Sending a collective message publicly with other purchasers to providers
- More resources available than “Going It Alone”
- Coordinated payment reforms reduce provider confusion
- Increased likelihood of sufficient volume to:
  - motivate providers to implement hard delivery system improvements
  - Implement certain payment reforms, such as episode-based payments
- Increase potential effectiveness of payment reform approach

# Cons of 'Multi-Payer' Approach



- Need to negotiate with others over payment reform process, strategy, and timeline
- Typically slower to implement than a “Go It Alone” approach
- Less able to tailor to Medicaid and/or state employee groups as appropriate
- More challenging to implement, particularly in some markets

# Market and Internal Assessment

- Before deciding whether or not to ‘Go It Alone’, consider:
  - the dynamics of your purchasing marketplace
  - your internal resources, timeline and objectives
- Catalyst for Payment Reform has explored market dynamics related to payment reforms using five domains that can inform your decision:
  1. Purchaser Activation
  2. Provider Interest, Organization and Payment
  3. Market Competition
  4. Payer Readiness
  5. Regulatory and Legal Landscape

[www.catalyzepaymentreform.org](http://www.catalyzepaymentreform.org)



# Components of a Market Assessment

1. Presence/role of coalitions addressing payment reform
2. History/current stakeholder participation in reform efforts
3. Past/current attempts at innovating with payment
4. Interest in/future plans for various payment strategies
5. Operational readiness for payment reform
6. Strategies to implement member behavior change
7. Role of legal/regulatory environment in payment reform efforts, including laws/regulations that may impede health care payment reform

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# Performance Measures in Payment Reform

- Payment reform isn't just about motivating efficiency, but about motivating and rewarding performance in other domains.
- In order to motivate and reward, you first have to measure.
- Multiple roles of measure sets in payment reform:
  1. Setting performance improvement priorities
  2. Rewarding performance
  3. Managing for performance accountability
  4. Impact assessment

# Findings from State Measurement Set Study

1. Many measures in use today

2. Little alignment across measure sets

3. Non-alignment persists despite preference for standard measures

4. Regardless of how we cut the data, the programs were not aligned

5. Most programs modify measures

6. Many programs create homegrown measures

7. Most homegrown measures are not innovative

# Common Measure Sets – Why?

- Performance measurement can create significant administrative burden for providers, particularly when individual payers utilize different measures.
- There is a growing interest by Medicaid programs and other payers to develop common measure sets to:
  - reduce administrative burdens on providers
  - simplify the messaging about performance accountability that public and private purchasers are sending to providers
  - improve results of performance measurement, transparency, accountability and related payment reform efforts

# Key Questions When Creating a Measure Set

1. Whose performance is being measured?
  - e.g., PCMHs, health homes, hospitals, ACOs, health plans
2. For what purpose is performance to be measured?
  - If for payment, how will measures inform/modify payment?
3. Is measurement specific to a state program or intended for multi-payer use?
  - If multi-payer, will measures be aggregated across payers?
4. How often will measurement occur?
  - What are the data sources, and who will collect and analyze?
5. Who participates in the process and how are decisions made?

# Step 1: Measure Selection

- Set selection criteria to allow for a consistent review of potential measures informed by overall goals and outcomes for the measurement program.
- Selection criteria typically address:
  1. clinical and technical merits of the measure
  2. relation of the measure to goals and improvement opportunities
  3. operational considerations for generating the measure
  4. relation to pre-existing measure sets of interest



# Step 2: Measure Consideration and Selection

Some general advice.....

1. Consider how the measure set aligns with other:
  - Public measure sets
  - Commercial measure sets
  - Federally-required measure sets
2. Focus on standard measures (primarily those that are NQF-endorsed and those that come from HEDIS)
3. Resist the temptation to modify standard measures. If the standard specifications of a measure are unworkable, then choose a different measure.
4. Avoid creating homegrown measures, except when there is a strong rationale and no alternatives



## Step 3: Setting Performance & Improvement Targets

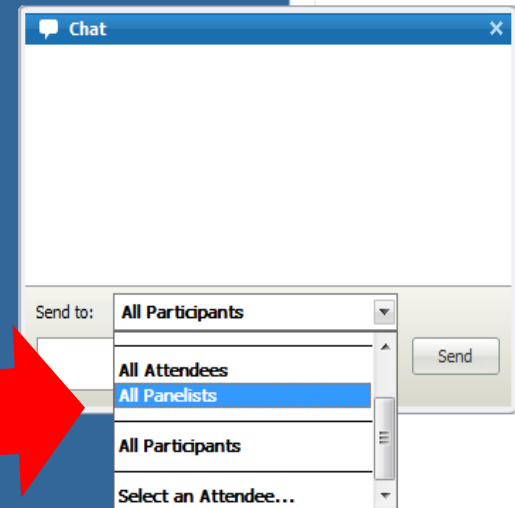
1. Identify external benchmarks for each measure.
2. Assess baseline performance for each measure.
3. Compare the baseline to external benchmarks to determine opportunity for improvement.
4. Solicit and consider stakeholder feedback about difficulty of improving on the measure.
5. Consider sample size of the measure (the smaller the denominator, the larger the increase needed to be meaningful).
6. Determine level of performance at which the State would feel comfortable if the entity did not improve further.

# Questions and Discussion

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# Oregon's Quality & Accountability Metrics

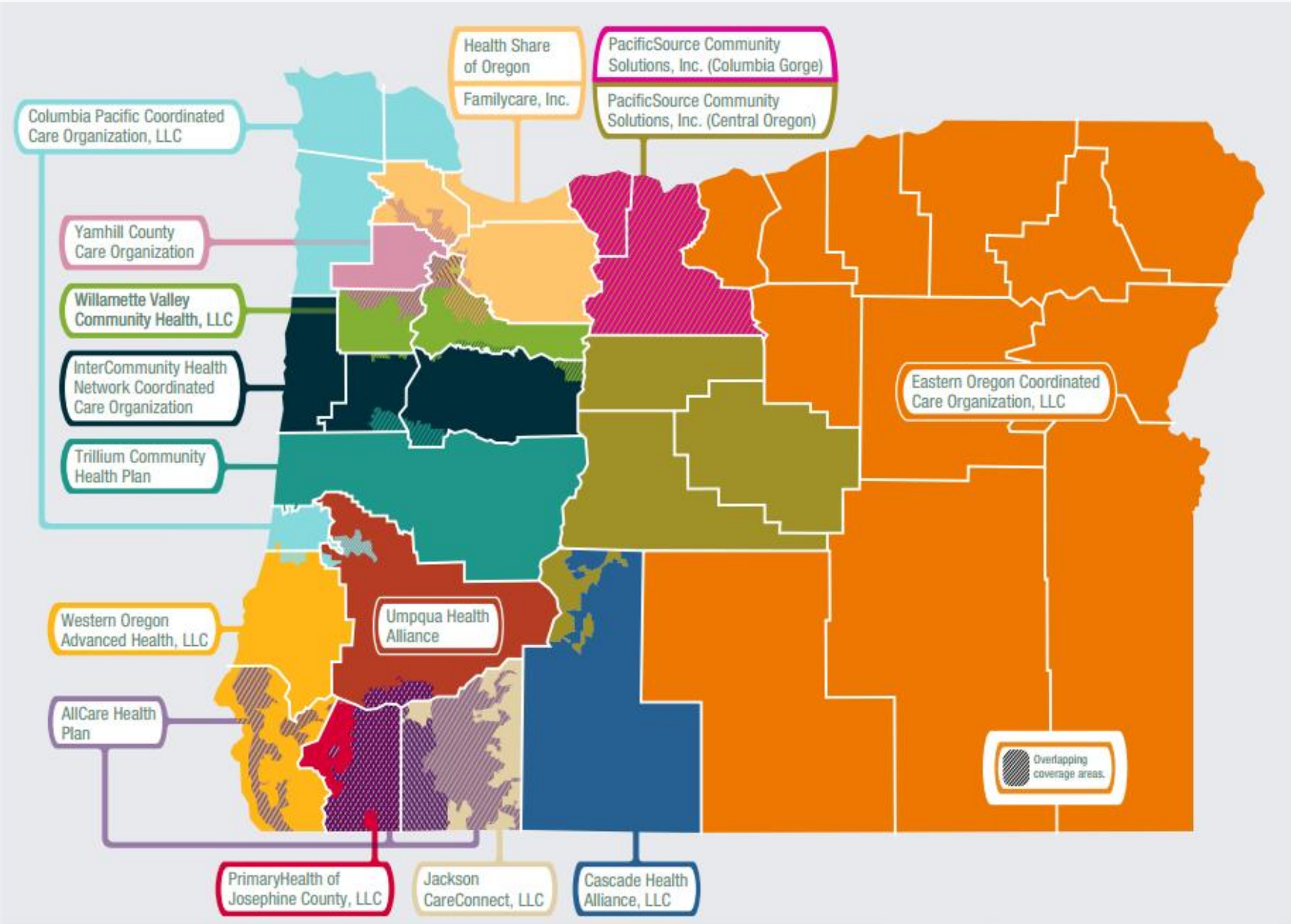
June 24, 2014

Sarah Bartelmann, MPH  
Office of Health Analytics



Oregon  
Health  
Authority





# Components of Coordinated Care Model

Benefits and services are integrated and coordinated

One global budget that grows at a fixed rate

Metrics: standards for safe and effective care

Local accountability for health and budget

Local flexibility

# CCO Incentive Metrics

- Annual assessment of CCOs' performance on 17 measures
- First year – compare 2013 performance to 2011 baseline
- Incentives paid for performance (quality pool) on the measures.
- 2% of the aggregate amounts paid to CCOs for 2013 at risk.

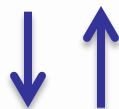
Quality Pool methodology online at:

<http://www.oregon.gov/oha/CCOData/ReferenceInstructions.pdf>

# Measure Selection: A Public Process

**Metrics & Scoring  
Committee**

9-member committee, public process, select measures and set benchmarks



**Metrics Technical  
Advisory Workgroup**

Ad hoc workgroup with CCO representatives, operationalize metric specifications, make recommendations to Committee

# Metrics & Scoring Committee Charge: Measures should...

1. Address multiple domains
  - Health outcomes, patient experience, quality, and access
2. Represent services CCOs provide
  - Ambulatory care, inpatient care, chemical dependency and mental health treatment, oral health care, care coordination, prevention, etc...
3. Represent populations CCOs serve
  - Adults, children, demographics such as race, ethnicity, disability, SPMI
4. Align with Quality Improvement Focus Areas
  - From Oregon's 1115 demonstration waiver
5. Be national / standardized measures




# Other Selection Criteria

- Transformative potential
- Consumer engagement
- Relevance
- Consistency with national and state measures (with room for innovation)
- Attainability
- Accuracy
- Feasibility of measurement (data source, timing)
- Reasonable accountability
- Range / diversity of measures
- Right number of measures

# General Process

Collect them all!  
Compile library of measures



Review each measure in library:  
determine in / out / maybe



Multiple passes through included and  
“maybe” lists – apply criteria



Review existing performance data and  
identify benchmarks

# Lessons Learned

- Transformational concepts are hard to measure.
- Modifying measures is challenging.
- Try not to create your own measures.
- Transparency in everything: specifications, data validation, reporting
- Incentive measures get all the attention -- \$\$ drives improvements
- Unintended consequences

# For more information...

- Metrics & Scoring Committee online at:  
<http://www.oregon.gov/oha/Pages/metrix.aspx>
- Measure specifications, benchmarks, methodology online at:  
<http://www.oregon.gov/oha/Pages/CCO-Baseline-Data.aspx>
- Public reporting online at:  
<http://www.oregon.gov/oha/Metrics/>

**Or contact me at:**

[sarah.e.bartelmann@state.or.us](mailto:sarah.e.bartelmann@state.or.us)



New report out today!

Final 2013 results and  
quality pool payout

# Contact Information for Presenters



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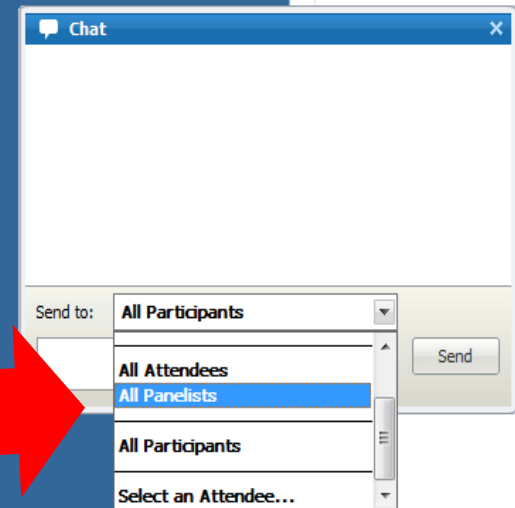
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  - An email with this information will also be sent to all webinar participants
- The two prior payment reform webinars and other State Health and Value Strategies documents are available on the above website.