



Value Based Purchasing for MCO Procurements

Highlights from the Medicaid Managed Care Toolkit

Bailit Health

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STATE
Health & Value
STRATEGIES

*Driving Innovation
Across States*

A grantee of the Robert Wood Johnson Foundation

Webinar Presenter: State Health and Value Strategies

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About State Health Value Strategies

State Health and Value Strategies (SHVS) assists states in their efforts to transform health and health care by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University's Woodrow Wilson School of Public and International Affairs. The program connects states with experts and peers to undertake health care transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies, and brings together states with experts in the field. Learn more at www.statenetwork.org.

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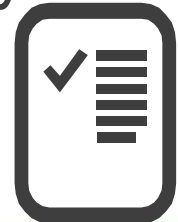
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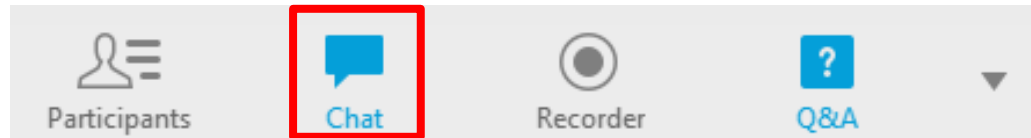
Logistics

- This webinar is being recorded.
 - The recording and slides will be available following the webinar.
- Telephone lines will remain muted.
 - We want everyone to be able to hear our presenters!
- Questions can be submitted electronically at any time.

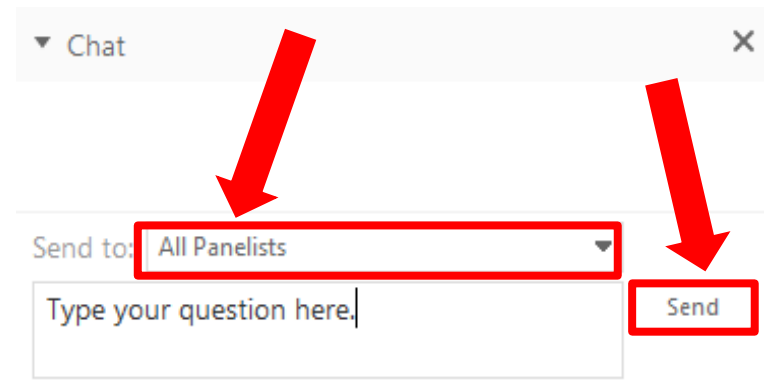


Asking Questions Electronically

- Right click on the Chat button in the top right of the WebEx program.



- Type your question in the chat box. Select “All Panelists” and click “Send.”
- The Q&A function can also be used in a similar way.



Resources

- Webinar materials will be emailed to participants and made available on the SHVS website
 - <http://www.statenetwork.org/resource/medicaid-managed-care-toolkit/>

Overview

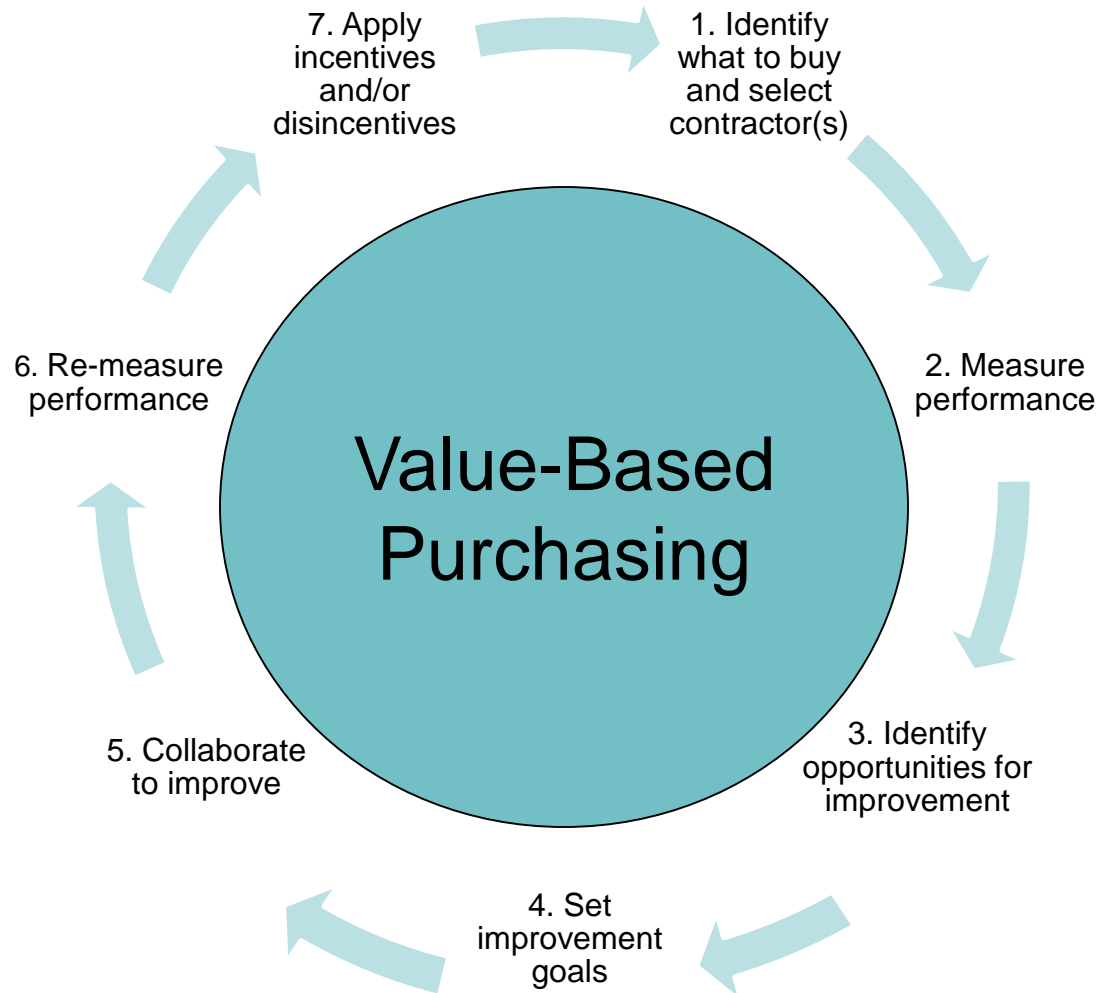
- Distinguishing between value-based purchasing and value-based payment
- *Steps in the Medicaid managed care procurement process:*
 - *Phase I: Strategic Planning*
 - *Phase II: Solicitation Development*
 - *Phase III: Bidder Selection*
 - *Phase IV: Ongoing Contract Management*

What is Value-Based Purchasing?

- Value-Based Purchasing is managing a contractor in a manner that will maximize the **value** received by the purchasing entity.

- It is:
 - Structured
 - Disciplined
 - Data-driven
 - Collaborative
- It is not:
 - Rocket science

Value-Based Purchasing Cycle



Support for this presentation was provided by the Robert Wood Johnson Foundation's State Health and Value Strategies program.

How is VBP different from a traditional state-contractor relationship?

- VBP focuses on achieving objective, measurable improvements in performance.
- VBP is NOT a passive monitoring process. *Monitoring doesn't generate value.*
- VBP is working actively and collaboratively to move performance along a continuum.
- VBP requires coordinated activity across agency functions (contracting, clinical, quality, finance, analysis).

Overall Medicaid MCO Procurement Sample Timeframe

	Task	Timing
Phase I	Strategic planning	6-12 months prior to procurement release
Phase II	Procurement development	As soon as strategic planning underway
Phase III	Bidder selection	Provide bidders with sufficient time to respond (ideally 6 weeks minimum); expect to need 4-5 weeks to review bids
Phase IV	Contract management	Ongoing!

Phase 1

STRATEGIC PLANNING

Phase 1: Defining a Vision

Tip: Take the time to define your strategic objectives and vision for the MCO procurement before you get caught up in line-by-line editing of the MCO scope of work. Think big!

- *Answer the question “what does the state want to accomplish with the procurement?”*
- *Continually come back to the vision throughout the process*

Phase I: Review Roles & Assumptions

- Consider your MCO **procurement/contracting team**
 - What is the role of the Medicaid Agency (and the managed care department) compared to other state agencies or departments including separate procurement and legal staff?
- Engage variety of involved staff/entities **early**
 - Medicaid managed care staff, legal, other Agency staff, state procurement officials, executive decision makers
- **Review key assumptions** for each phase.
- Define **strategic vision** for procurement:
 - Identify high-level goals; specific objectives



Strategic Approach

- *States should consider which purchasing decisions are most likely to positively affect the care and health status of managed care beneficiaries. Keep the legislative, budgetary and managed care context in mind.*
- *Key questions to contemplate:*
 - What do you want to achieve in your managed care program next year? In three years?
 - Are there key gaps in current performance that need to be addressed within the procurement?
 - Does the state seek to align the procurement with payment reforms or other innovations? How prescriptive does the state want to be with its plans?

Key Questions to Contemplate

- Does the state plan to include new services or populations?
- Is the state hoping to generate Medicaid savings or improve budget predictability?
- Does the state intend to set the price (rate) or request bidders to submit price proposals?
- How will provisions in the new Medicaid managed care rule affect your approach?
- Does the state intend to better integrate care and services for members being served by other state agencies or programs (e.g., public health, justice system, early intervention programs, housing assistance)? For which populations and services?
- Is the state bound by legislative language, court decisions, and/or specific policy objectives relative to this procurement?

Phase I: Solicitation Timeline

- Develop and confirm detailed procurement timeline in conjunction with procurement team related to:
 1. Development & review of procurement documents
 2. Bidder Q&A
 3. Submission of bids
 4. Review of bids/applications
 5. Award notices and dealing with potential protests
 6. Contractor readiness reviews
 7. Effective enrollment dates

Phase I: Discussion

- How did your state approach the strategic planning process?
 - Did the state define a clear vision for the procurement?
 - Did you feel like you had sufficient time for the strategic planning?
- Were you able to garner the appropriate resources up front to assist in the procurement process?
 - What staff were most essential to the success of the procurement process?
- How realistic was your overall timeline that you developed to guide the process?
 - Where did you need more time than expected?

Phase II

SOLICITATION DEVELOPMENT

Timeframes for Phase II Activities

Task	Timeframe
Develop high level SOW	Begin as part of strategic planning process; allot 3-4 weeks
Establish detailed purchasing specifications	Allow at least 8 weeks for this process – can be much more, depending on level of review and change from previous model contracts
Develop key questions for bidder response based on SOW requirements and agency priorities	Allow at least 3 weeks to develop and refine these questions; can be done simultaneously with SOW development
Identify and produce additional documentation to be shared as part of procurement process	Begin as part of strategic planning; allow minimum of 12 weeks for this – can be much more, depending on availability of data and documents

Phase II: Medicaid Procurement Tips

Tip: To develop integrated RFP documents, the vision statement should clearly link to measurable scope of work requirements. RFP submission questions and evaluation criteria should reflect the value and priorities the state seeks and link to the state's purchasing specifications.

- Have a **clear vision** for what you want to achieve.
- Use a **specification-driven** Medicaid scope of work.
- **Link** procurement questions to key MCO requirements.
- Request some quantitative **data** in consistent format.
- Draft submission requirements that enables state to consider performance of bidders that are **not current contractors**.

High Level Goals and Objectives

- In developing objectives for your state's Medicaid managed care program, consider available data, particularly if you are re-procuring managed care contracts:
 - In what areas are MCOs or providers performing farthest from best practice or defined desired performance?
 - Are there MCO or region-specific opportunities for improvement?
 - To what extent can MCOs/providers influence improvement in different areas?
 - Can the state use the procurement process to address specific managed care program issues or expectations raised by providers, beneficiaries and other stakeholders? Which ones?
 - Which MCO program improvements are priorities for the state?

What to Include in the SOW

- The SOW included as part of the procurement is the roadmap for your managed care expectations, your assessment of proposals, your future contract requirements and your management of contractors.
- Overall, the SOW should align MCO requirements with the state's value expectations
- Generally, the SOW should include:
 - All aspects of the MCOs responsibility
 - Formal aspects of the relationship between the state and MCO

What Questions to Ask Prospective Bidders?

Tip: Spend time identifying the exact scope and wording of RFP procurement questions. If the submission questions do not clearly and consistently reflect how the state determines “value,” the state will miss opportunities to differentiate bidders likely to achieve the agency’s core objectives.

- Do not ask a question about every scope of work component.
- Focus on questions likely to show **meaningful differences** across bidders and that indicate potential performance under the contract
- Consider asking about collaborations with providers and vendors, such as behavioral health integration, LTSS, and Rx strategies, **whether or not such services are carved in.**
- Consider how a question can be scored.

Additional Documentation to Be Released as part of a Procurement Library

- Reports:
 - History of Medicaid and managed care program in state
 - Program annual reports
 - Evaluations
- Data books
 - Covered populations and geography
 - Utilization
 - Financial data

Releasing RFI to Public for Comment

- A number of states have recently released draft procurements to obtain stakeholder feedback
 - Allows comment on approach to MCO contracting as well as specific policies to be implemented through MCOs
- Considerations prior to releasing for comment:
 - What areas is the Medicaid agency willing to change based on feedback?
 - Ask specific questions that limit the response from stakeholders to those areas
 - How can the process be completed most efficiently?
 - Public Hearing? Written process? Combination?
- Make sure to build in time to incorporate stakeholder feedback!

Phase II: Questions for Discussion

- How did your state approach the SOW development and RFP question process?
- How did your state include VBP within its contract and how did you decide on the approach?
- What was the most meaningful RFP question asked of prospective bidders? What was the least meaningful question?
- Did your state consider sharing the procurement with stakeholders in advance? How did it impact your ultimate product and/or buy-in for your approach?

Phase III

BIDDER SELECTION

Phase III: Bid Review and Selection

Tip: Consider the bid review, evaluation criteria and selection process early in the procurement development process.

- Seek “best value” proposals.
- Utilize subject matter expertise.
- Have priorities, criteria, and tools for bid evaluation to ensure the process is systematic, fair, and documented.

Phase III: Bid Review and Selection

- Each review panel member should independently review each bid prior to meeting together.
- The review panel should review bids vertically and horizontally, documenting its assessments.
- Clearly document and justify consensus scores for each bid based on consistent process and criteria used.

Multiple Evaluation Objectives

- Identify bidder(s) most likely to meet the needs of the covered populations and the state Medicaid program based on bidder(s) responses to the RFP questions.
- Clearly and fairly document the evaluation process to ensure that the state is not vulnerable to a legal challenge from an aggrieved bidder.
- Inform Medicaid managed care program staff of areas requiring improvement for any selected bidder for contract management purposes.

Phase III: Examples of Scoring Criteria (Generic Questions)

- *Did bidder describe approach?*
- *Does bidder have sufficient experience?*
- *Did bidder provide detailed examples?*
- *Did bidder show how it uses data-driven approach?*
- *Does answer provide sufficient detail?*
- *Did bidder provide references?*
- *Did the references support bidders description?*

Criteria help evaluators assess fundamental questions:

1. Did bidder provide the requested information?
2. Does the bidder's response indicate that the bidder meets, or will meet, scope of work/contractual requirements?

Phase III: Conducting a Fair Review Process

- Each submission requirement must be separately considered and scored.
- Many steps should be built into the process to:
 - protect against any potential for bias in the evaluation process, and
 - ensure comprehensive documentation in support of the review team's recommendation.
- Don'ts:
 - Don't discuss the proposals with anyone outside of the Review team meetings
 - Don't leave any evaluation tools or notes in a location where another party could view them or access them.



Phase III: Questions for Discussion

- Who participated in the procurement review? Did you have the right group of people to make a decision?
- How was the procurement team trained? Was the staff prepared for the process?
- What were the most important considerations in making your decision?
 - Did your procurement questions help you distinguish bidders?
 - Is there a question that you wished you asked but didn't?
- Was there a challenge to your bidder selection? How did the materials you developed help support/defend the challenge?

Phase IV

CONTRACT MANAGEMENT

Phase IV:

Recommendations for Managing Vendors

- **Define how the agency will actively:**
 - Develop contract goals and management strategies.
 - Establish and lead regular management meetings with contractors and senior agency staff involvement.
 - Disseminate information to plans and others.
 - Use reports to identify key issues and trends.
- **Define agency's highest priority performance objectives for initial contract period:**
 - Leverage procurement process to prioritize performance improvement
 - Define a process by which priorities will be updated periodically over the term of the contract.

Prioritizing Opportunities for Improvement

- Begin with the procurement and on an annual basis, use data to identify the most important purchasing goals. Consider:
 - In what areas are contracted plans performing farthest from best practice or defined desired performance?
 - Are there plan or region-specific opportunities for improvement?
 - Are there state priorities that would be appropriate for MCO improvement goals?
 - To what extent can plans influence improvement in different areas?
 - How can the state be of assistance?

Collaborate to Improve

- Sponsor health plan/provider meetings and work groups to foster collaboration and performance improvement
- Assist providers by providing expert resources and advice
- Encourage collaboration across plan partners
- Encourage interagency collaboration
- Consider collaborations with Medicare and other payers

Mechanisms for Monitoring Managed Care Contractor Performance

- Performance measures for all relevant dimensions of performance
 - Ensure plan performance requirements are unambiguous and that compliance can be objectively measured
- Face-to-face discussion and review of systems contractors have in place to address the specific area, e.g. integration of behavioral health and primary care services.
- Audits and surveys of contractor performance, including financial performance, and performance related to grievances or customer satisfaction.
- Collect data at regular intervals (monthly, quarterly, annually) to assess performance.

Use of MCO Data/Reports

- Ensure MCO monitoring does not default into checking whether plans submitted complete, timely reports or data.
- Make sure contracted plans know you are reviewing and using the performance data being collected
- Develop and use MCO dashboards that allow the state to quickly identify trends – positive or negative – and compare performance to standards.
- Create meaningful consequences – *positive and negative* – for performance, and follow through either way

Phase IV: Questions for Discussion

- How have you created successful partnerships with your MCOs to move forward agency priorities?
- What are the biggest challenges you have in managing your plans?
- What is the most important report you receive from your MCOs and how do you use it?

Effective Managed Care Purchasing: Lessons Learned

- Define “value” in clear, measurable terms.
- Implement a management and staffing structure with a technical understanding of “value,” skills to assess its attainment, and the ability to manage contractors.
- Holding vendors accountable is more than just creating good contracts, incentives, and penalties.
 - Good contracts and strong performance incentives matter – a lot - but they aren’t sufficient to generate value from contracted vendors.
- ***Shared purpose, active relationship management and technical support matter too.***



Thank you

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