



Intro to Value-based Purchasing

JD Fischer

Value-based Purchasing Manager

July 2021

HCA: the state's largest health care purchaser

We purchase care for
1 in 3 non-Medicare
Washington residents.



- ▶ We purchase health care for more than 2.5 million Washington residents through:
 - ▶ Apple Health (Medicaid)
 - ▶ 2 million people
 - ▶ The Public Employees Benefits Board (PEBB) Program
 - ▶ 380,000 people
 - ▶ The School Employees Benefits Board (SEBB) Program
 - ▶ 250,000 people
- ▶ Driving change through incentives
 - ▶ Reward patient-centered, high-quality care
 - ▶ Reward health plan and system performance
 - ▶ Drive standardization

What is value-based purchasing (VBP)?

Lingo

▶ Value-based Purchasing



▶ Value-based Payments



▶ Value-based Care



Health Care Payment Learning & Action Network Alternative Payment Models (APM) framework



State's VBP
standard:
categories 2C
and above

Why VBP?

Changing the incentive structure

Value-based Payment

When a health care provider is paid for providing high-quality and high-value care to their patients.



Fee-for-service

When a health care provider is paid for each service they provide, regardless of the quality or patient's need for that service.

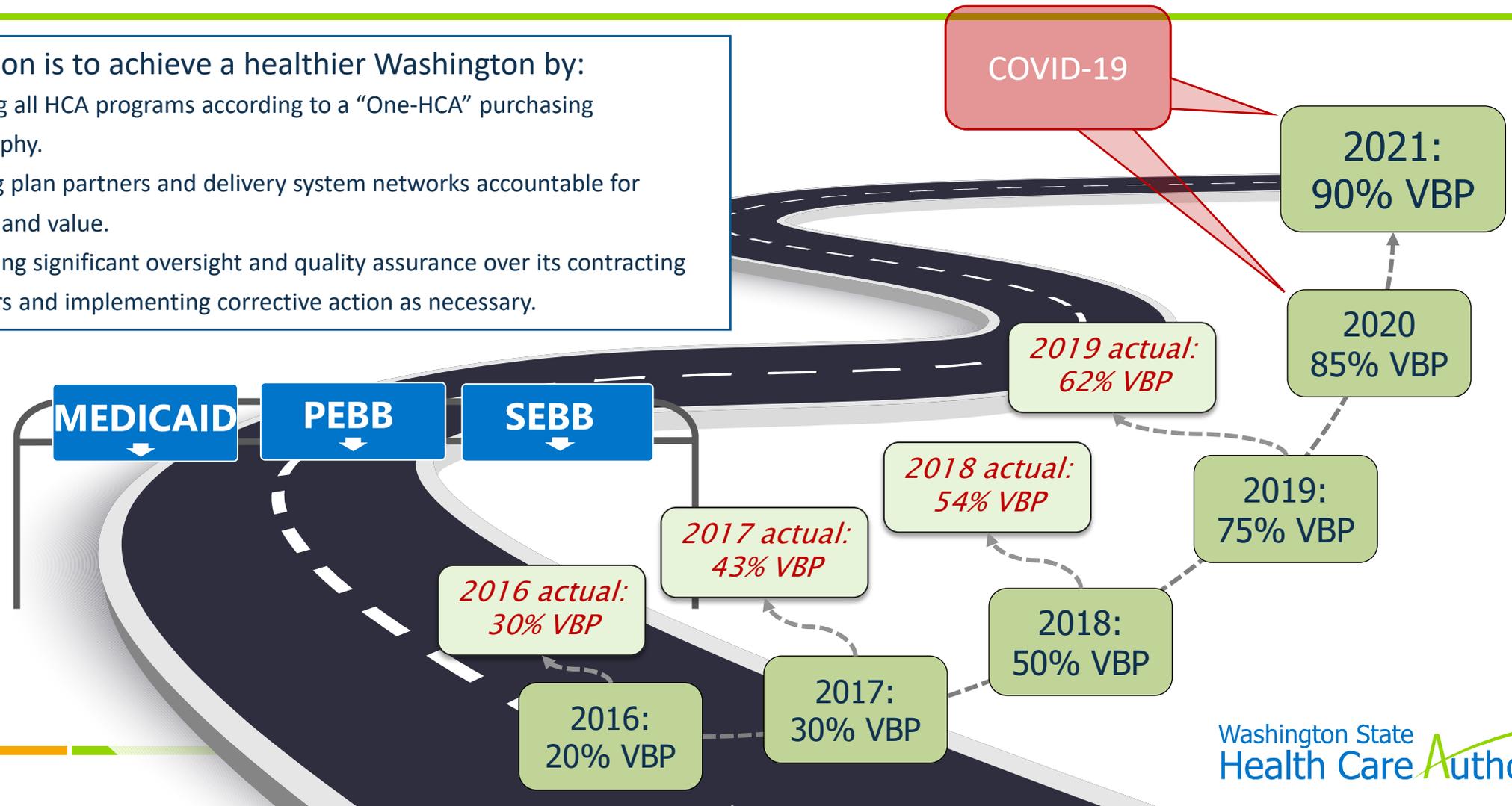


HCA's VBP roadmap and goals

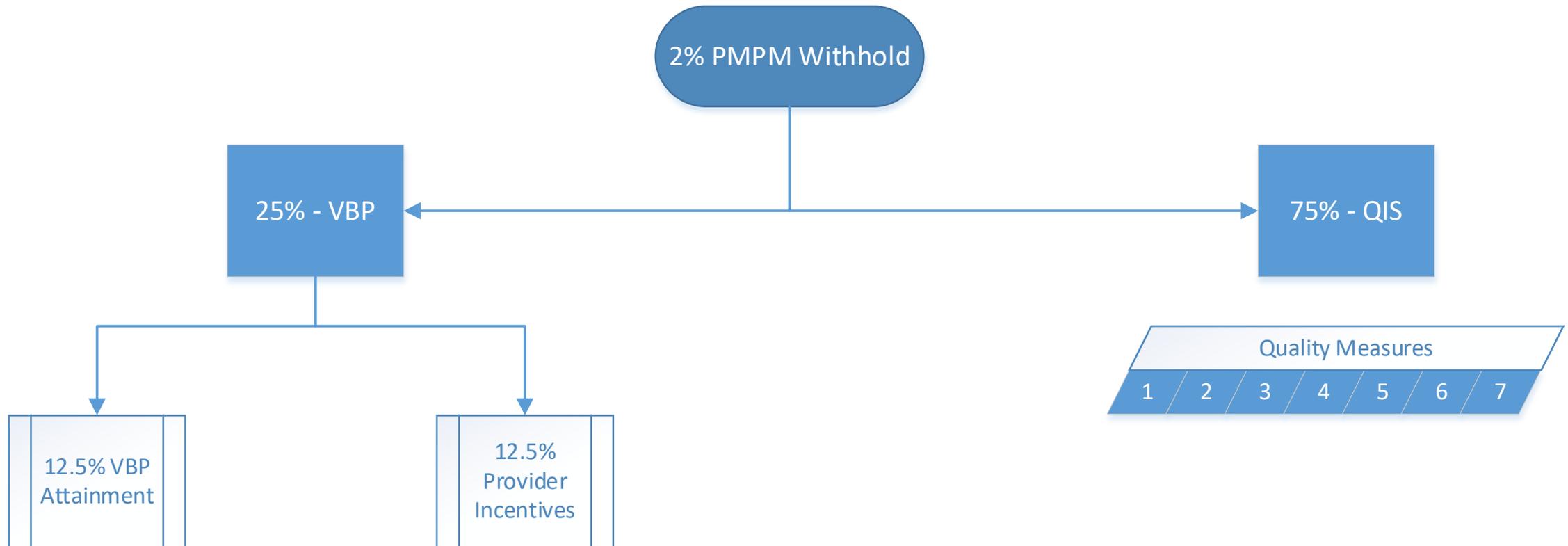
VBP roadmap

HCA's vision is to achieve a healthier Washington by:

- Aligning all HCA programs according to a "One-HCA" purchasing philosophy.
- Holding plan partners and delivery system networks accountable for quality and value.
- Exercising significant oversight and quality assurance over its contracting partners and implementing corrective action as necessary.



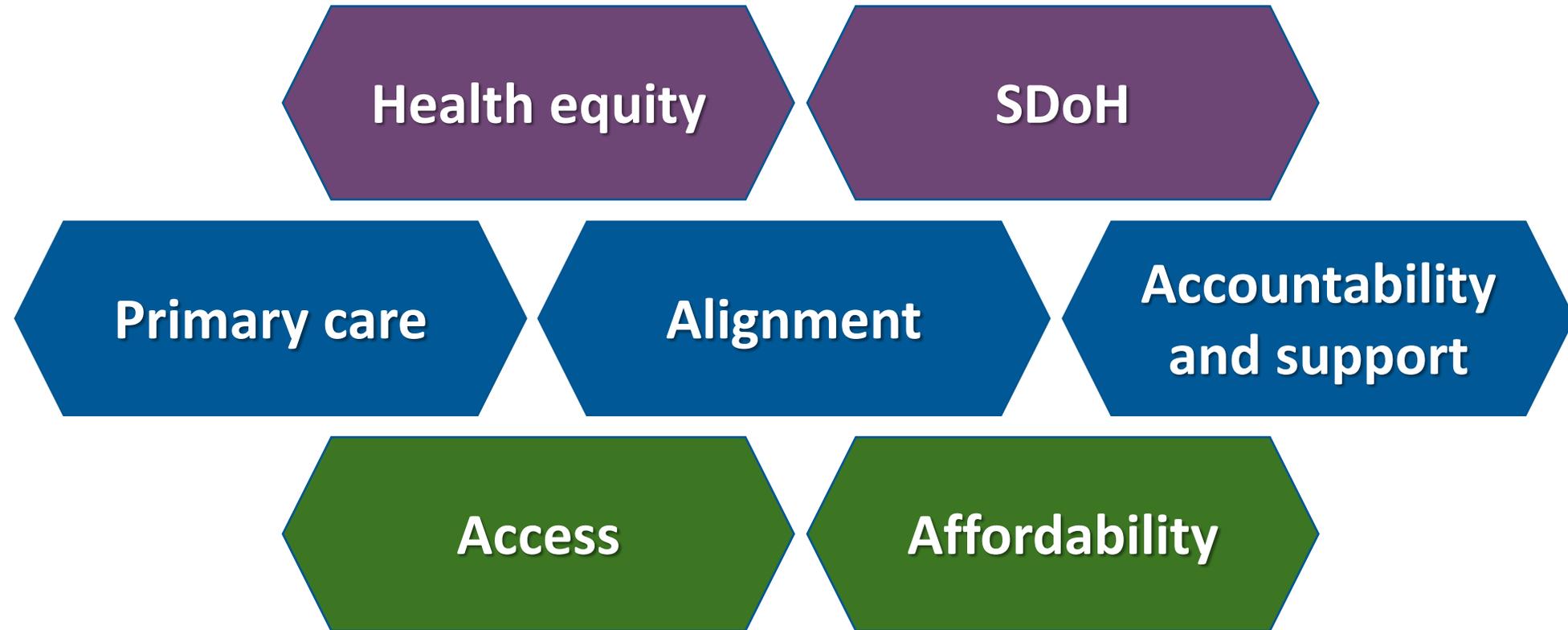
VBP with Medicaid MCOs



HCA's long-term VBP roadmap: 2022-2025

- ▶ Published October 2020, HCA's long-term VBP roadmap outlines HCA's vision for health system transformation through 2025
 - ▶ Continuing the shift from *paying for volume* to *paying for health and value*
 - ▶ Ensuring payment drives:
 - ▶ Higher quality services
 - ▶ Lower costs
 - ▶ Greater health equity
 - ▶ Improved access
 - ▶ Improved patient and provider experience

2022-2025 key priorities



VBP: what's next?

- ▶ Primary care transformation
- ▶ Advancing health equity
- ▶ Addressing social determinants
- ▶ Cost transparency
- ▶ HCP-LAN APM Framework: continue measurement but further refine targets and goals (TBD)
- ▶ Medicaid Transformation extension & renewal

Contact us

- ▶ Rachel Quinn (Rachel.Quinn@hca.wa.gov)
 - ▶ Special Assistant for Health Policy and Programs
- ▶ JD Fischer (JD.Fischer@hca.wa.gov)
 - ▶ Value-based Purchasing Manager
- ▶ Suzanne Swadener (Suzanne.Swadener@hca.wa.gov)
 - ▶ Senior Health Policy Analyst
- ▶ Jean Marie Dreyer (Jeanmarie.Dreyer@hca.wa.gov)
 - ▶ Senior Health Policy Analyst

APPENDIX

Primary Care Transformation model components

Payers work to:

Align payment and incentives across payers to support the model

Finance primary care
(% of spend on primary care)

Providers work to:

Improve provider capacity and access

Apply actionable analytics (clinical, financial, social supports)

In support of:

Primary care as integrated whole person care, including BH and preventive services

Shared understanding of care coordination and providers in that continuum

Resulting in:

Aligned measurement of "value" from the model
(triple aim outcome measures)

VBP definitions

Value

Value, as defined in the context of “value-based care” or “value-based purchasing,” refers to the combination of quality – as measured based on defined outcome or performance metrics – and cost efficiency in health care delivery or purchasing.



Value-based purchasing (VBP)

A strategic approach to purchasing healthcare services for a defined population (e.g., Apple Health, PEBB, Medicare members), through which contractors and partners (e.g., managed care organizations, ERB contractors, TPAs) are incentivized to meet specified quality, cost, patient experience, and outcomes-based metrics and to incorporate similar incentives in their payment arrangements with providers. Washington State defines VBP arrangements between payers and providers as those alternative payment models (APMs) in categories 2C and above in CMS’s HCP-LAN APM framework.



Alternative payment arrangement (APM)

A payment arrangement between a payer (e.g., Apple Health MCO, ERB contractor) and a provider that includes added incentives through payments or risk to provide high-quality and cost-efficient care. APMs can apply to a specific clinical condition, a care episode, or a population.



Value-based care

Care delivered by providers to consumers emphasizing performance on quality, outcomes, patient experience and cost.



VBP in Washington: Category 2C

- ▶ “Pay for Performance”
- ▶ Fee for Service base with additional rewards for performance
- ▶ Example: FFS contract based on encounter fee, but with additional payment for each eligible patient who meets a required metric
 - ▶ I.e., Payment for each newly depressed patient on meds at 12 weeks and 6 months

VBP in Washington: Category 3A/B

- ▶ Alternative payment model with upside (or upside and downside) risk
- ▶ Example: Bundled payment for episode of care
 - ▶ Bundled fee for knee replacement
 - ▶ Quality standards must be met
 - ▶ If provider keeps costs low, they keep/share savings
- ▶ Similar model could apply to initial care for SUD or depression

VBP in Washington: Category 4A

- ▶ Population based payment for condition-specific care, with quality requirements
- ▶ Example: “Partial capitation”
 - ▶ A provider is assigned a group of patients and given a monthly fee to address any mental health issues that arise
 - ▶ Quality standards must be met for payment

VBP in Washington: Category 4B

- ▶ Prospective population-based payments that cover all of an individual's care needs
- ▶ Example: “global budget”
 - ▶ A provider is assigned a group of patients and given a full or percent of premium population-based payment linked to quality
 - ▶ Target global budget is based on population served and linked to quality

VBP considerations for providers

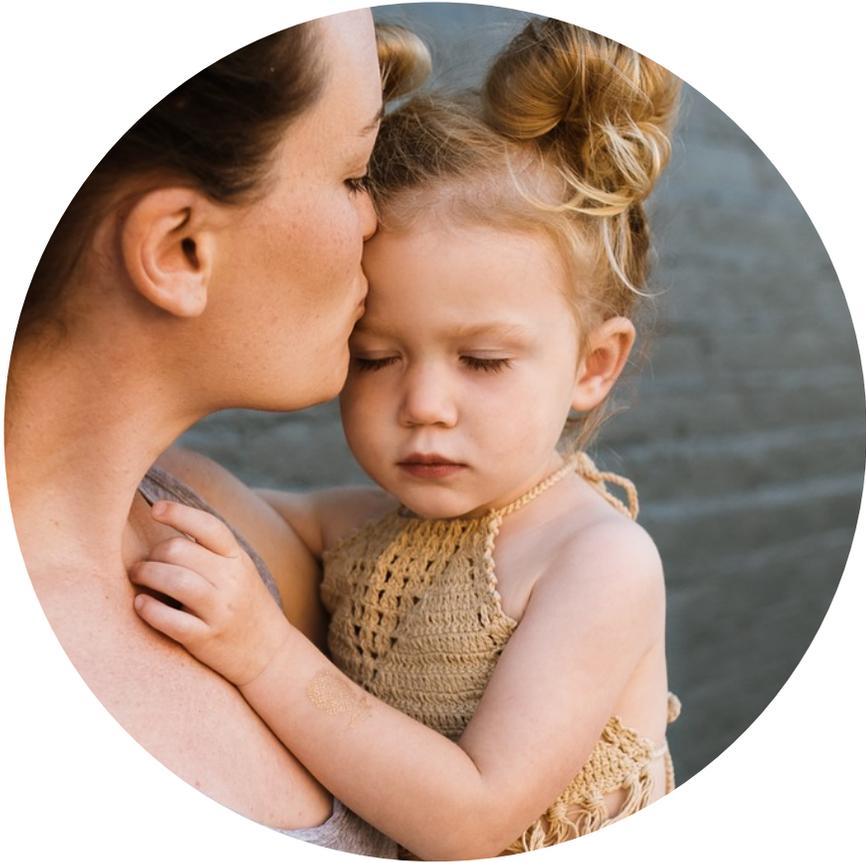
- ▶ ONE SIZE DOES NOT FIT ALL
- ▶ Potential benefits tend to increase as risk increases
- ▶ Which arrangement is best for a given provider depends on their strengths and capabilities, and may change over time

Addressing disparities

What is health equity?

- ▶ Health equity means that everyone has a fair and just opportunity to be as healthy as possible.
- ▶ This requires removing obstacles to health such as poverty, discrimination, and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care.
- ▶ Health equity is one of HCA's core values.

Social determinants of health (SDoH)



You're less likely to be healthy if:

- You don't have a home
- You don't have food
- You don't have a job

Medicaid Transformation: employment & housing support

Supported employment

- Open to anyone who wants to work
- Focus on competitive employment
- Systematic job development
- Prioritize rapid job search
- Client preferences guide decisions
- Individualized long-term supports
- Integrated with treatment
- Benefits counseling included

Supportive housing

- Assistance with:
 - Applications
 - Community resources
 - Outreach to landlords
- Education, training, coaching, resolving disputes, and recovery