



ALTERNATIVE PAYMENT MODELS & THE WAIVER

Recording Link:

<https://safetyinstitute.webex.com/safetyinstitute/lsr.php?RCID=5798f0c28e334f9fbb8d558a2dde82f6>

Agenda

- Overview of APMs
- Waiver Requirements
 - Individual vs. Aggregate Requirement
 - Required APM Features
 - Accepted Forms of APM
 - Public Health Care Systems & APM Today
- Resources & Next Steps
- Q&A

Why APM?



Volume

Value

CMS Priority

- Payment must change to help achieve better care, smarter spending, and healthier people
- Set a goal of tying 50% of Medicare fee-for-service payments to quality or value through APMs by 2018
- MACRA encourages APMs
- CMMI experimentation

How is APM Part of the Waiver?

PRIME seeks to support sustainable delivery system reform through a requirement that public health care systems use APMs in which the system assumes some risk for the cost and quality of services provided to Medi-Cal managed care members

Waiver STCs

- “To ensure support for sustainability beyond the demonstration, systems must demonstrate, in the aggregate, a **shift from a fee for service to value-based managed care payments** by 2020. Generally this will be in the form of capitation, though other APMs may be acceptable.
- APMs must provide **payment at the provider level that is, tied to value and quality** and provides incentives to clinicians to provide the right care, at the right time, at the right place.” (STC 72)

Two Waiver Requirements

- **Aggregate:** 50% of Medi-Cal managed care beneficiaries who are assigned to any one of California's public health care systems must receive all or a portion of their care under a contracted APM by January 2018
 - By January 2019, the goal increases to 55%, and to 60% by 2020
- **Individual:** all public health care systems must contract with at least one Medi-Cal managed care plan in the service area they operate in, using an APM by January 2018

Aggregate Requirement

50% of Medi-Cal managed care beneficiaries who are assigned to any one of California's public health care systems must receive all or a portion of their care under a contracted APM by January 2018

- By January 2019, the goal increases to 55%, and to 60% by 2020

Consequences of not meeting the requirement

- In 2019 and 2020, lose up to 5% of the statewide yearly allocated PRIME pool funding
 - How the cut would be administered at Department's discretion

Individual Requirement

All public health care systems must contract with at least one Medi-Cal managed care plan in the service area they operate in, using an APM

Consequences of not meeting the requirement

- Unlike the aggregate requirement, there is no minimum percentage of Medi-Cal managed care patients that the APM contract needs to cover
- Consequences for not meeting the requirement are not well defined in the waiver STCs

Checklist: Required APM Features

An APM must include the following features:

1) Defined patient population

2) Set of quality accountability metrics

3) Some contractual level of risk for cost of care

1. Defined Population

- Contract should specify the population that is covered by the APM
 - For example:
 - Assigned lives
 - Services delivered to a designated population, such as specialty or inpatient care for a health plan's Medi-Cal members

2. Quality Accountability

- Payment must be affected by quality performance in some way
- Quality accountability could be in the form of:
 - Pay-for-performance
 - Bonus payments for meeting or exceeding quality benchmarks
 - Withholds or clawbacks of FFS or capitated rates for failing to meet quality benchmarks
 - A lower/higher percentage of shared savings/losses being paid for meeting/exceeding/failing to meet quality benchmarks

3. Financial Risk

Accepted Forms of APM:

- **Different types of capitation specified in STCs**
 - Partial (primary care only)
 - Partial-plus (primary care and some specialty care)
 - Global (primary, specialty, ancillary and/or hospital care)
- **Additional models yet to be approved by the State and CMS in Attachment R**

3. Financial Risk

Details NOT finalized and approved yet, but we expect Attachment R to include:

- Bundled payments with shared savings and potential downside risk phased in over time
- Episode-based payments with shared savings and potential downside risk phased in over time
- Shared savings tied to total cost of care with potential downside risk phased in over time
- Bundled payments with full risk for the bundled services
- Episode-based payments with full risk

What We Know: PHS & APM

Several members currently have some form of capitation

- Primary care cap most common
- 2 members report taking full capitation

Some members interested in exploring non-capitated models:

- Shared savings and/or shared risk arrangements
- Bundled payments
- Episode of care-based payments

Recap: APM Essentials

Financial Risk

Do I have a Medi-Cal managed care contract that employs one of the accepted forms of APM?

- e.g. primary care capitation

Quality Accountability

Does the managed care plan hold me accountable for quality by tying some payment to performance?

- e.g. Pay-for-performance incentives

Resources

- **APM Requirements**
 - APM fact sheet developed by CAPH/SNI
 - [Waiver STCs](#), see #72 on page 50
 - *CAPH/SNI will distribute Attachment R once finalized and approved by CMS*
- **Background on APMs**
 - Health Care Payment Learning & Action Network's [APM Framework White Paper](#)

What else would be helpful?

Email ideas to Allison at ahomewood@caph.org

Request: APM Contact

- Please coordinate internally to designate 1 person as your system's main point of contact for APM
 - Send name and contact information to Allison by July 7th
 - ahomewood@caph.org



Next Steps

- Send CAPH/SNI your primary contact on APM
- CMS to approve Attachment R
 - Goal by summer 2017
- CAPH/SNI to work with DHCS on reporting requirements that will be needed for each system to demonstrate compliance
- If your system doesn't currently meet the individual APM requirement, coordinate with your plan to begin discussions to meet the January 2018 requirement!



Q&A

- **Do children count?**
 - Yes, it is acceptable for the APM to apply to Medi-Cal managed care members who are children
- **What documentation will we need to provide to the State to demonstrate that we are meeting the requirement?**
 - This has yet to be determined, but we expect the submission of contracts and attestation