Value-based payment: What does it mean for pediatrics?

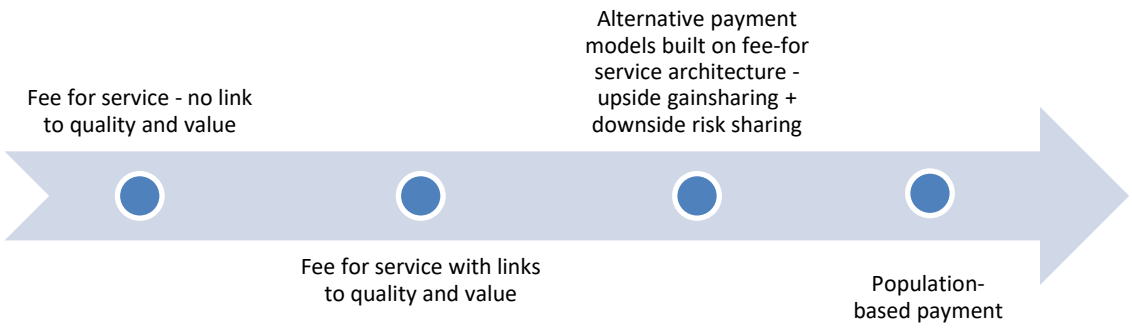
What is value-based payment?

Healthier Washington is the Health Care Authority (HCA) program to achieve better health, better care and lower costs through a collaborative regional approach that integrates physical and mental health care and pays for value instead of volume. In order to shift the payment paradigm, the goal is to leverage Washington's purchasing power to drive 80 percent of state-financed health care and 50 percent of commercial health care to value-based payment (VBP) by 2019. There are four VBP models currently being tested in our state:

- **Accountable Care Program**: Reimbursement based on performance across financial guarantees and Washington State Common Measures.
- **Multi-Payer**: Leverages existing data and tools to support providers to coordinate and manage care and share risk across multiple payers.
- **Physical and Behavioral Health Integration**: Accelerates delivery of whole-person care starting with Apple Health beneficiaries in Southwest Washington, making use of co-located services as well as care coordination between physical and behavioral health settings.
- **Encounter-based to Value-based**: Tests increased financial flexibility in Medicaid for Federally Qualified Health Centers, Rural Health Clinics and Critical Access Hospitals to support expanded care delivery options like telemedicine.

Where are we now?

In the coming years, you will be paid based on health outcomes, or measures, rather than strictly fee-for-service. Think of payment models as points on a continuum, with statewide VBP efforts enabling all Washington health care providers to move further along that continuum. This involves risk sharing and incentives to reward providers for achieving quality. The HCA convened a pediatric common measures workgroup to ensure the selection of appropriate measures for a pediatric patient population. You can view the 2017 set of common measures online: http://bit.ly/2q2ojyY



WCAAP The Washington Chapter of the AMERICAN ACADEMY OF PEDIATRICS

TCPi Transforming Clinical Practices Initiative Pediatrics

What's next?

Washington State's HCA has created a Value Based Road Map that outlines efforts for 2017-2021, with the goal of moving from 20% value-based payment in 2017 to 90% value-based payment in 2021. http://www.hca.wa.gov/assets/program/vbp_roadmapw-ah.pdf

Starting in 2017, there will be significant changes to Apple Health. These changes include:

- Managed Care Organization (MCO) contract requirement that a growing portion of premiums be used to fund direct provider incentives tied to attainment of quality.
- Time-limited funding under the Medicaid transformation waiver will allow MCOs to earn financial incentives for achieving annual VBP targets.
- Starting in 2018 and annually thereafter, MCO accountability for each of these new contract components will grow progressively.
- A "challenge pool" will be created to reward exceptional managed care performance and a "reinvestment pool" to provide similar regional incentives for exceptional performance attributable to the broader participants in an Accountable Community of Health (ACH).

Glossary of Key Payment Terms

1. **Payment Model**: model in which a provider is paid for the use of various health care services.
2. **Alternative Payment Model (APM):** differs from a standard payment model in that a provider agrees to a different set of methods and/or requirements which may include: payment tied to quality, overall cost, clinical episodes, comprehensive payment or capitation, and risk adjustment. Usually some added risk to the provider.
3. **Fee for Service Payment (FFS):** A specific amount of money is paid for a specific service that is delivered. Can be used in isolation, with quality or cost incentives, or in combination with the payments defined below.
4. **Episode Payment:** A specific amount of money is paid for a group or bundle of health services for a specific condition or procedure (covers the acute and immediate post-acute time frame). A knee replacement or labor and delivery is an example of a procedure where this may occur.
5. **Comprehensive or Population Based Payment:** One payment for a group or population over a specified period of time. Also termed global or capitated payments. These may be adjusted based on level of health risk in terms of members of the population.
6. **Downside Risk:** A provider's cost exceeds the payment for a given population.
7. **Upside Risk:** A provider's costs are less than the payment for a given population.
8. **Two-sided Risk:** Combination of 6 & 7.
9. **Risk Sharing:** A payer and a provider agree to share the excess or deficit, using some method when there is upside or downside risk.

For more details regarding these definitions, visit: chqpr.org