Staten Island
Performing Provider System
Value Based Payment
EDUCATION

VBP Education Program

December 4, 2017

VBP Transformation: Overall Goals and Timeline

Goal: To improve population and individual health outcomes by creating a sustainable system through integrated care coordination and rewarding high value care delivery.

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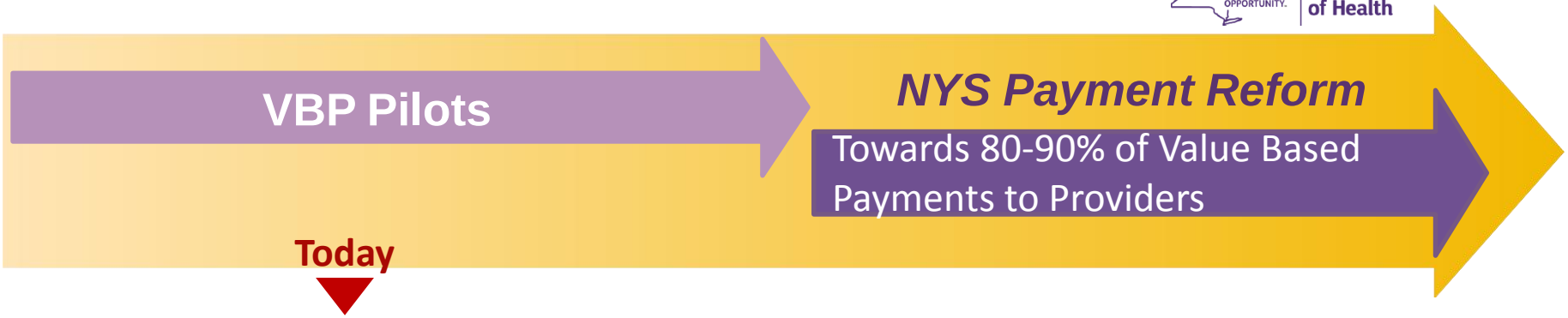

2017	2018	2019	2020
April 2017	***April 2018***	***April 2019***	***April 2020***
PPS requested to submit growth plan outlining path to 80 - 90% VBP	≥ 10% of total Managed Care Organization (MCO) expenditure in Level 1 VBP or above	> 50% of total MCO expenditure in Level 1 VBP or above. > 15% of total payments contracted in Level 2 or higher.	80-90% of total MCO expenditure in Level 1 VBP or above. > 35% of total payments contracted in Level 2 or higher.

1. Why Are We Here?

2. Transition to VBP Overview

GOAL = DEVELOP FOUNDATIONAL / COMMON UNDERSTANDING OF TRANSITION TO VBP

Value Based Payments: Why is this important?

- By DSRIP Year 5 (2020), all MCOs must employ VBP systems that reward value over volume, for at least 80 – 90% of their provider payments.
- Currently, 38.32% of Medicaid payments are value based.

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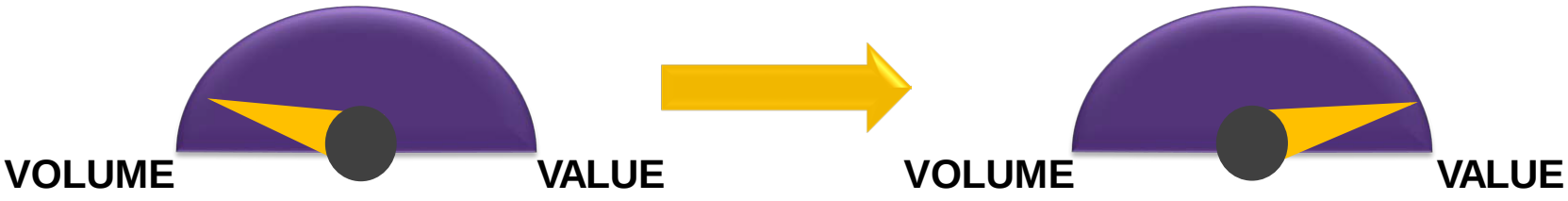
Value Based Payments (VBP)

An approach to Medicaid reimbursement that rewards value over volume	An approach to incentivize providers through shared savings and financial risk	A method to directly tie payment to providers with quality of care and health outcomes	A component of DSRIP that is key to the sustainability of the program



As we get started… a few guiding principles

VBP is transformation in the way we think about health care and Medicaid. It drives us to:

a) **Improve the overall quality of care** (Think NYS' VBP arrangements and population health)

b) **Focus on the root causes of poor health** (Think Social Determinants of Health and the importance in VBP)

c) **Evaluate appropriate levels of care** (Think value of care over volume of care)

d) **Improve the patient experience** (Think quality outcomes tied to the NYS VBP arrangements)

e) **Create a mechanism to reinvest in our health care system** (Think shared savings and the opportunity to reinvest in infrastructure, capacity, delivery of care, etc., a cornerstone of the NYS VBP program.)

f) **Reduce cost and increase efficiency** (Think about rewards based on quality improvements and increased efficiency)

g) **Enable and encourage innovation…** (Think flexibility and cutting edge practices in the system to address root causes of poor health)

These are the key principles of NYS's VBP program

What should my organization be doing to transition?

Begin to think holistically about your organization:

- **Your Role in VBP:** Larger, more robust entities (typically Lead VBP Contractors) may be more likely to contract directly with an MCO, whereas smaller providers (typically downstream providers) and CBOs, may contract with the Lead VBP Contractor to support the provider network.
- **Governance:** Consider your organizational and legal structure. Determine if it supports your role in VBP.
- **Finance:** Evaluate your organization's ability to take on and manage risk. Understand your opportunities to improve quality and efficiency. Determine where you should focus your investment.
- **Business Strategy**: Align your arrangement to your business model (Primary care networks consider IPC, behavioral health (BH) providers may consider focusing on BH aspects of each arrangement, etc.) Develop a strong value proposition for yourself and your partners.
- **Stakeholder Engagement:** Engage your partners early and often. Identify key partners. Consider how they strengthen your network. (payers, provider partners, CBOs, patients, etc.)
- **Data:** Understand your capabilities and leverage opportunities to access and share data.

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Key takeaway for Providers…

Your role in VBP will impact how you structure your organization.

Consider if you will become:

- **Lead VBP Contractor:** These are typically a larger provider system experienced and capable of contracting with an MCO.

- **Provider Partners:** These are typically smaller or downstream providers that will contract with the Lead VBP Contractor. These providers may fill gaps in the type of care a Lead VBP Contractor can provide. Their inclusion in a provider network will strengthen the collective network's ability to provide higher quality care, across the care spectrum. These providers will also support the network's ability to generate shared savings.

- **Community Based Organization (CBOs):** CBOs are uniquely positioned to address root causes of poor health. Similarly to smaller providers, CBOs will support Lead VBP Contractors and the broader provider network in improving population health.

Understanding Financial Incentives

VBP incentives for MCOs are designed to encourage not only higher value, but also to encourage increased (and earlier) adoption of VBP contracting

Performance Adjustments (Quality & Efficiency)	• The measurement of efficiency and quality for the purposes of MCO performance adjustments takes into consideration **all eligible members**, regardless of whether or not they are covered by a VBP contract
Stimulus Adjustment	• Stimulus adjustments incentivize early adoption of Level 2 and Level 3 arrangements by providing an upwards rate adjustment for two years for contracts that start in SFY 2017-18, one year for those that start in SFY 2018-19
Penalty Adjustments	• Penalty adjustments beginning in SFY 2018-2019 will increase each year to support the attainment of state-wide contracting targets
Target Budget	• VBP Roadmap guideline establishes method for target budget setting. (Baseline, Trend, Risk Adjustment, Performance Adjustment)

Key finance takeaways

It is important to understand the overarching finance structure when negotiating your contract

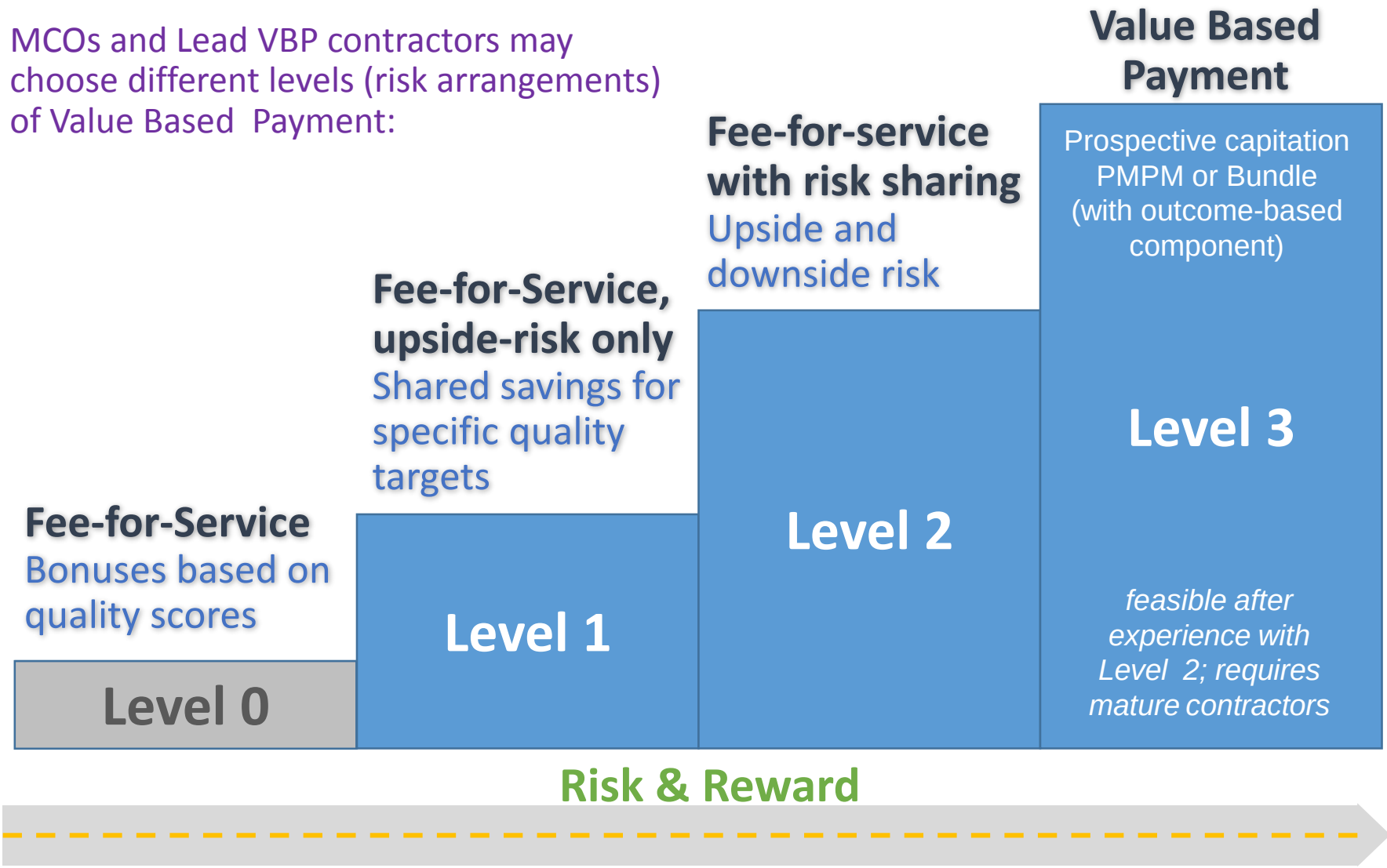
- **Lead VBP Contractors:**
  - Consider if stimulus funds are available as a result of your engagement in the transition to VBP.
  - Consider how you impact efficiency and quality of care.

- **Provider Partners or downstream providers contracting with the Lead VBP Contractor:**
  - Consider the services you provide and the impact on potential for shared savings, and understand your value proposition.
  - Consider your role in addressing social determinants of health. You support MCOs and Lead VBP Contractors fulfill a VBP Roadmap requirement!

- **All Parties:**
  - Understand the population you serve and how your organization has supported and will continue to support quality health outcomes for your population.

VBP Roadmap – VBP Levels

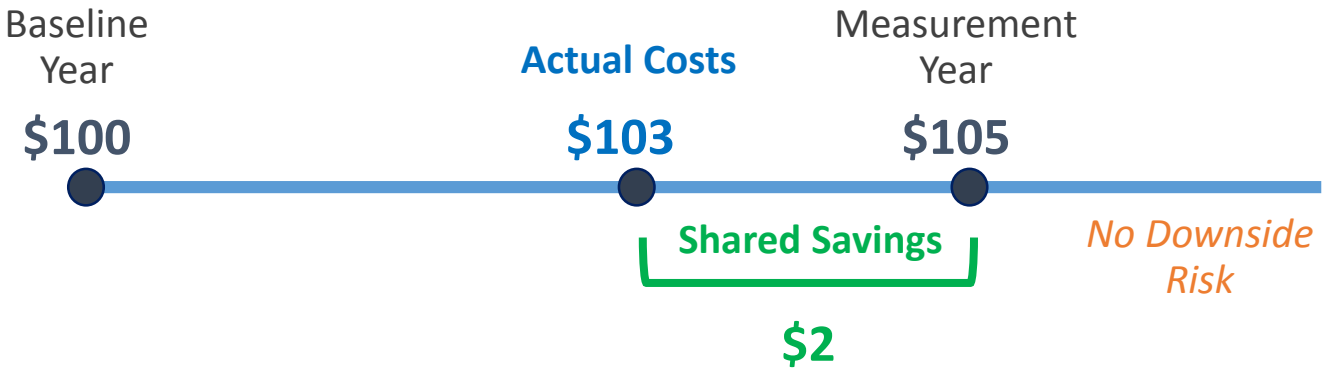
MCOs and Lead VBP contractors may choose different levels (risk arrangements) of Value Based Payment:



VBP Roadmap – Level 1 & Level 2

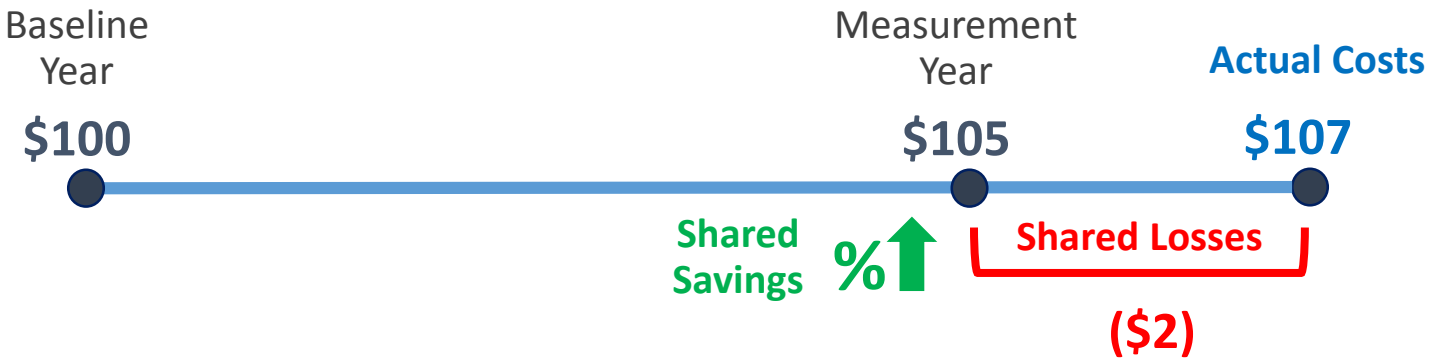
Level 1: Upside-Risk Only

Shared savings for specific quality targets



Level 2: Fee-for-service with risk sharing

Upside and downside risk



Key takeaways

Your role in VBP will influence how you contract and with who

- **Lead VBP Contractors:**
  - Must be legally structured to contract Medicaid with an MCO. Typical groups include:
    - Independent Practice Associations (IPA)
    - Accountable Care Organizations (ACO)
    - Individual Providers (Hospital systems, FQHCs, large medical groups)
  - May assume all responsibility and upside/downside risk or make arrangements with other providers (a provider partner) to share savings or downside risk.
  - Must adhere to the standards set forth in the VBP Roadmap (along with MCOs)

- **Provider Partners or downstream providers contracting with the Lead VBP Contractor:**
  - Do not have to take on risk. Shared savings and shared risk between the Lead VBP Contractor and their partners is dependent on their individual agreements.

- ❖ Individual provider could either assume all responsibility and upside/downside risk or make arrangements with other providers; or
- ❖ MCOs may want to create a VBP arrangement through individual contracts with these providers

Next Steps