VALUE-BASED PAYMENT:

IS IT DISRUPTING HEALTH CARE FOR THE BETTER?

ROLE OF A CAPITATED ALTERNATIVE PAYMENT MODEL

August 23, 2023

Presented By:
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DHCF
Department of Health Care Finance

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AGENDA AND LEARNING OBJECTIVES

I. Review the limitations of strict Fee-for-Service (FFS) reimbursement to support optimal outcomes and efficiency.

II. Review how a capitated alternative payment (APM) model can be used to improve patient access to care and outcomes and improve competitiveness in the market.

III. Describe clinical models of care made uniquely feasible under primary care capitation.

IV. Q & A

After this webinar, participants will be able to:

- Describe the linkages between payment methodology and health outcomes.
- Understand how a capitated APM facilitates more patient-centric models of care
- Identify at least 2 models of care made uniquely feasible under a capitated APM.
- Describe the role a capitated APM can play to address primary care workforce shortages.
- Recognize how a capitated APM facilitates savings in total cost of care APMs

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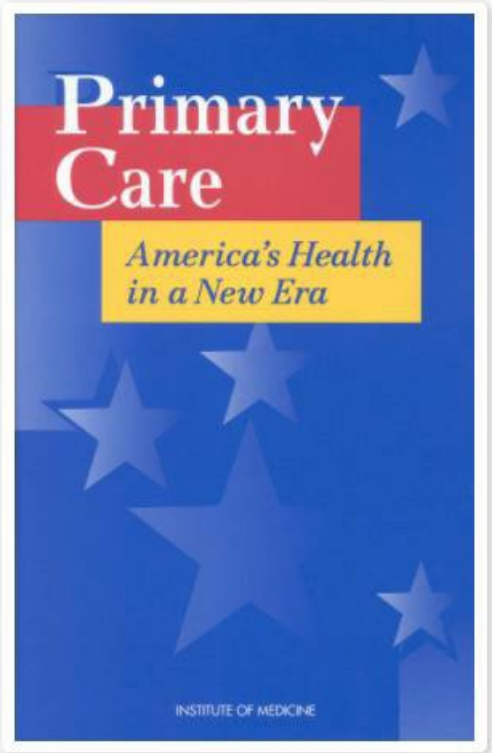
HAS PRIMARY CARE LIVED UP TO EXPECTATIONS?

- Primary care is ideally conceptualized as accessible, timely, first-contact, coordinated, long-term, and holistic ambulatory care for most common conditions and most people.
- Accessible: Minimal obstacles to obtaining primary care.



Institute of Medicine Committee on the Future of Primary Care (1996)

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HIGH QUALITY PRIMARY CARE IN 2022

- "Provision of whole-person, **integrated**, accessible, and **equitable** health care **by interprofessional teams** who are **accountable** for addressing the majority of an individual's **health and wellness** needs **across settings**, and through **sustained relationships** with patients, **families and communities**."

Source: National Academy of Sciences' Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care; 2021

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PRIMARY CARE HAS NOT LIVED UP TO EXPECTATIONS
NATIONAL FQHC UDS 2018-2022

Reducing barriers to patient self-management and improved outcomes

Hypertension: 6% of FQHC 63-65-58-60-63% of hypertensive patients have a BP of <140/90

Diabetes: 33-32-36-32-30% of FQHC diabetic patients have no HbA1c or >9.0

Depression: 14-14-14% Depression Remission at Twelve Months

Source: https://data.hrsa.gov/tools/data-reporting/program-data/national

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PROGRESS IN IMPROVING HYPERTENSION CONTROL

National data

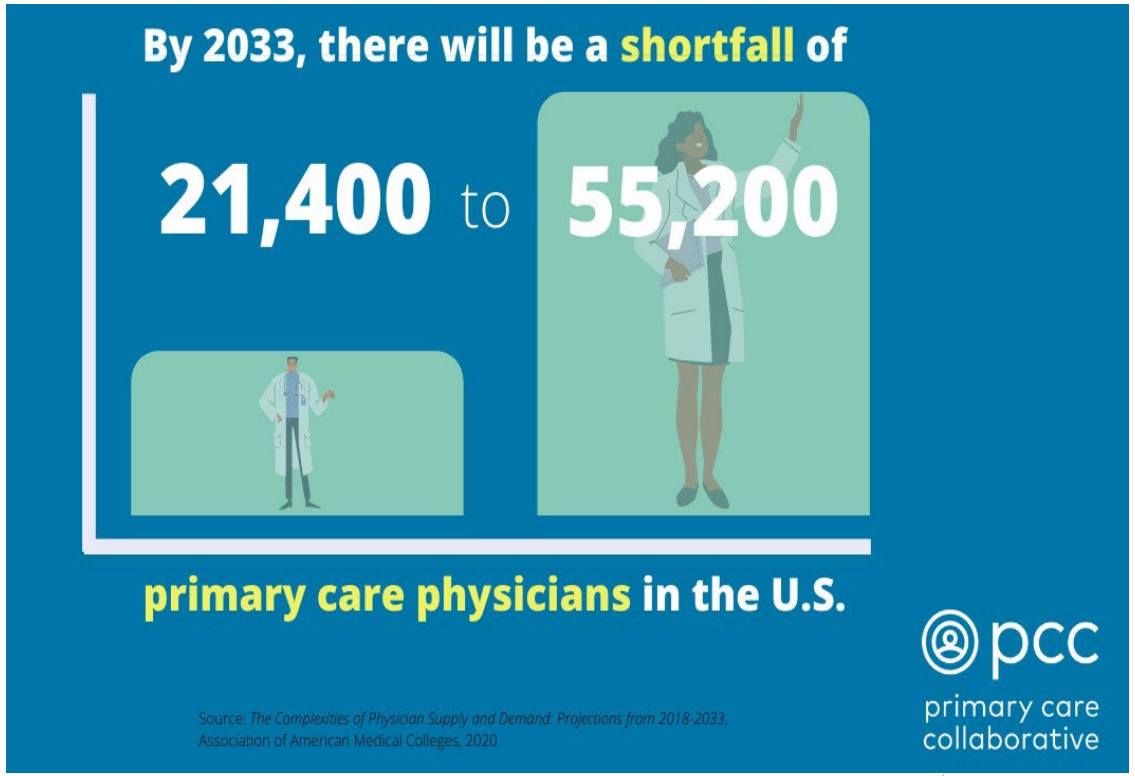
- In 2017, the American College of Cardiology and the American Heart Association published new guidelines for hypertension management and defined high hypertension as a blood pressure at or above 130/80 mmHg
- Only about 1 in 4 adults (24%) with hypertension have their condition under control.
- About half of adults (45%) with uncontrolled hypertension have a blood pressure of 140/90 mmHg or higher. This includes 37 million U.S. adults.
- Nationwide study published in the journal Hypertension in June 2021 American Heart Association journal Hypertension of more than 4,000 adults from 2015 to 2018 found high blood pressure control had fallen by 7.5% compared to during the prior 6 years.
- AHA recommends all individuals with hypertension to self-monitor with “support from their primary care team”.

Source: https://www.cdc.gov/bloodpressure/facts.htm

PRIMARY AND BEHAVIORAL HEALTH CARE WORKFORCE – FACING SHORTAGES

- A usual source of care is associated with better population health, more equity, and lower costs.
- The percentage of Americans with an ongoing primary care relationship has been declining, falling 10% between 2000-2019, from 84% to 74%.
- There is a maldistribution of primary care, with growing shortages in under resourced urban and rural communities, undermining the supply of primary care and contributing to individuals' inability to find and retain primary care.

NATIONALLY



Source: https://thepcc.org/sites/default/files/resources/pcc-evidence-report-2022-es.pdf

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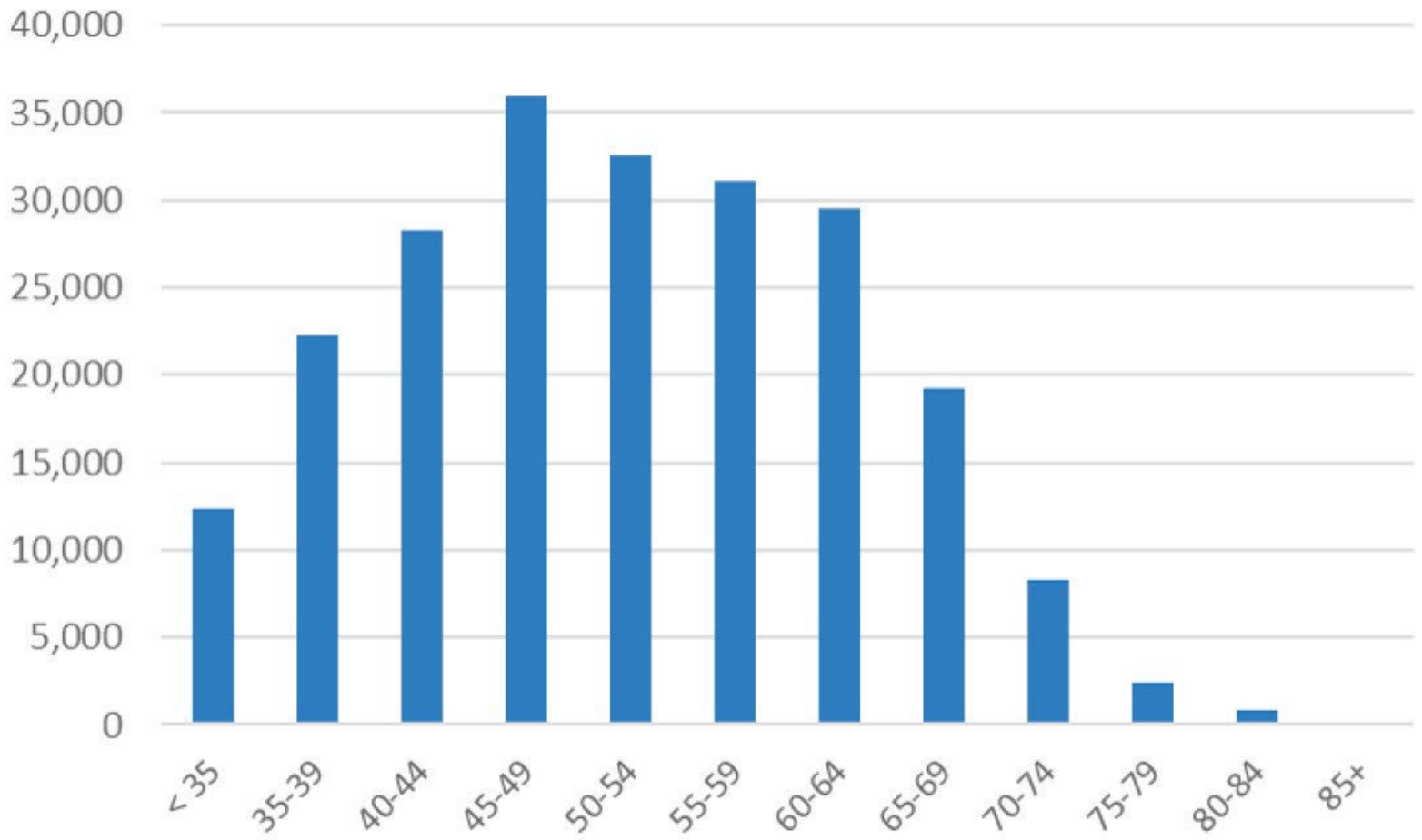
PRIMARY CARE WORKFORCE – FACING SHORTAGES
AGE DISTRIBUTION OF PRIMARY CARE PHYSICIANS IN 2019



Source: https://www.graham-center.org/content/dam/rgc/documents/publications-reports/reports/PrimaryCareChartbook2021.pdf

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WHAT CAN HEALTH CARE LEARN FROM OTHER SERVICE INDUSTRIES?

Source: Airbnb

Source: International Business Machines Corporation (IBM)

Source: Kodak

Source: iStock

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HEADWINDS FACING FQHCS: INCREASED MARKET COMPETITION

amazon + one medical

CVS + Oak St. Health

Walgreens + VillageMD

Walmart

Source: Daniel Acker | Getty Images

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WALMART PUBLIC ANNOUNCEMENT APRIL 5, 2022

» "Walmart is opening **five new Walmart Health locations in Florida** starting Tuesday, adding o its footprint of **20 locations** currently operational in Arkansas, Georgia and Illinois…

» The centers deliver primary and urgent care, labs, X-rays and diagnostics, dental, optical, hearing and behavioral health and counseling in one facility, with transparent pricing for patients at the point of service…

» The Florida locations will be the **first Walmart Health centers to use a medical record built by health IT software giant Epic**…

» Walmart has been focused on building out its omnichannel care offerings as it moves into **direct healthcare delivery, leveraging telemedicine, home touchpoints** and perhaps its biggest competitive advantage, a national network of more than 5,000 brick-and-mortar stores…

» Walmart is vying with competitors..."

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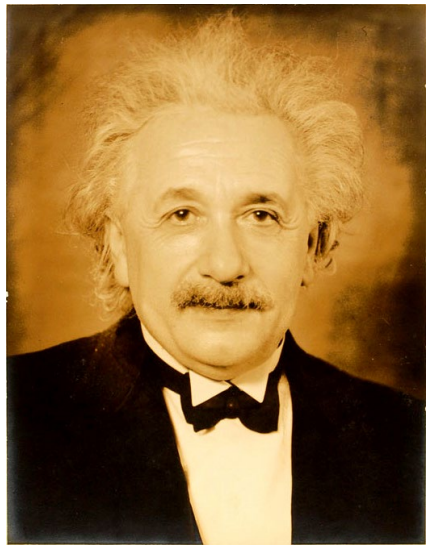
WHY ARE WE FAILING TO MAKE PROGRESS?

1. Unhealthy lifestyle
2. Poor adherence to treatment plans
3. Affordability of health care services
4. OR



Source: Sophie Delar

"Insanity is doing the same thing over and over and expecting different results."

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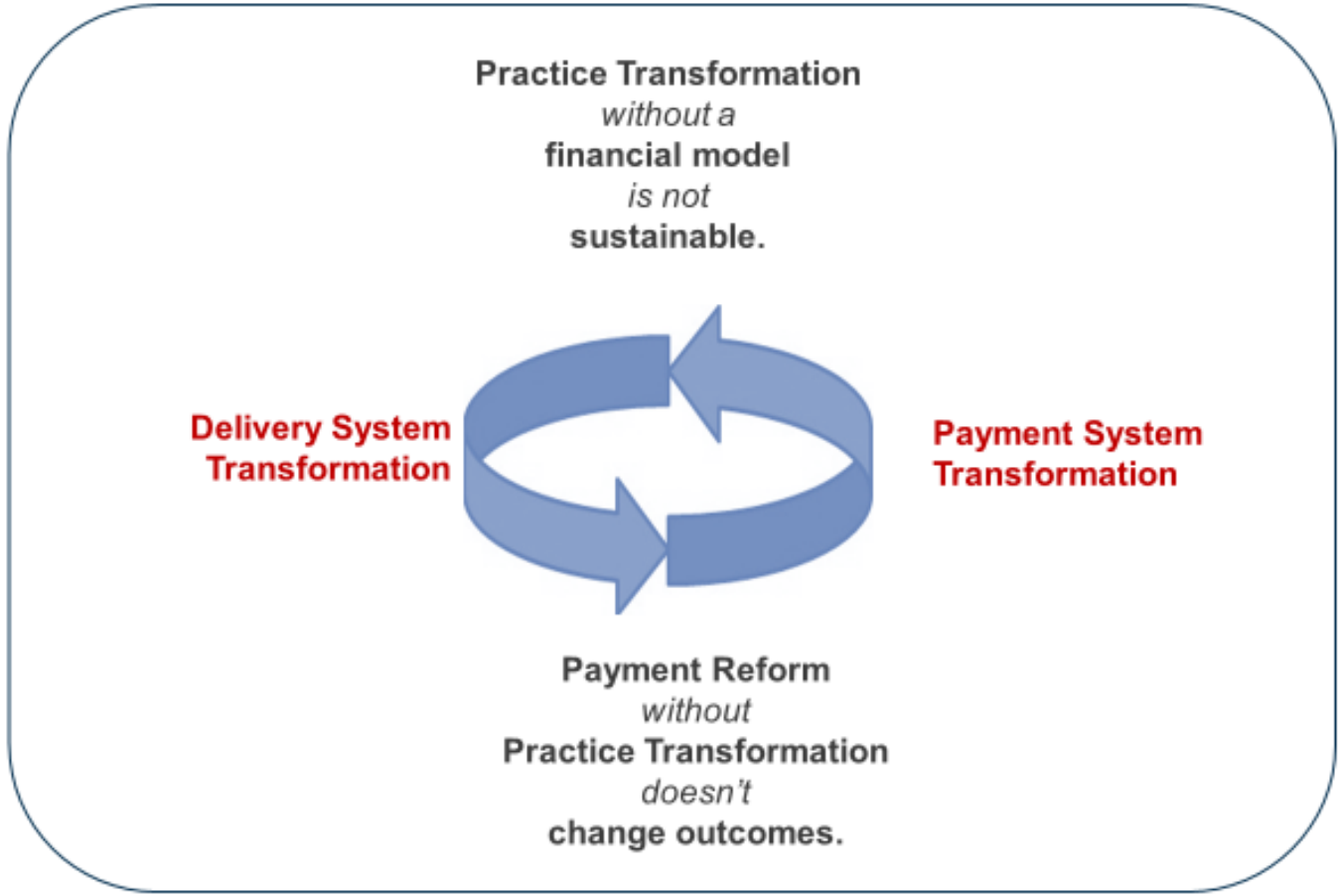
INTERDEPENDENCE OF PAYMENT REFORM AND PRACTICE REDESIGN



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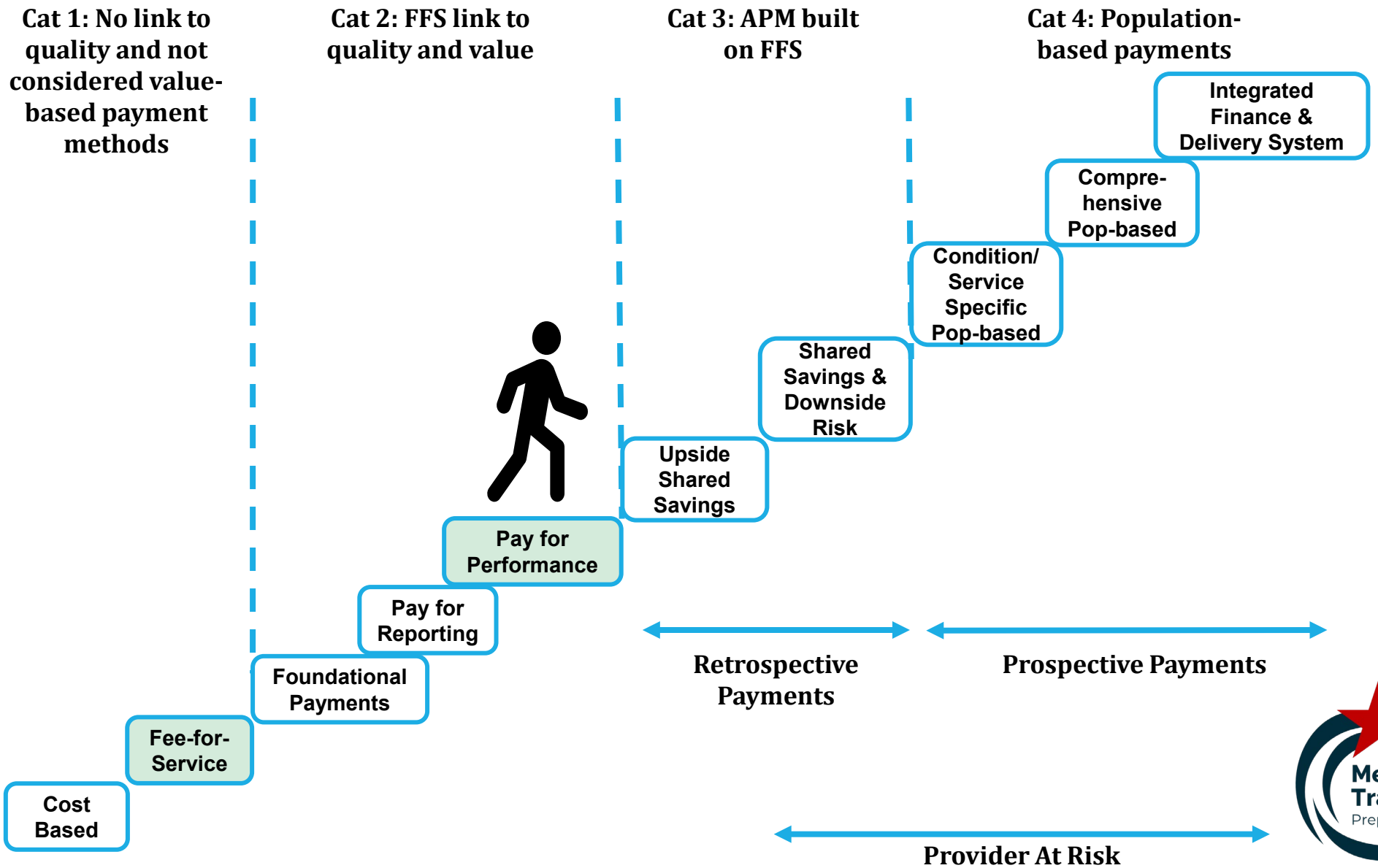
VALUE-BASED CARE FOR DC FQHCS



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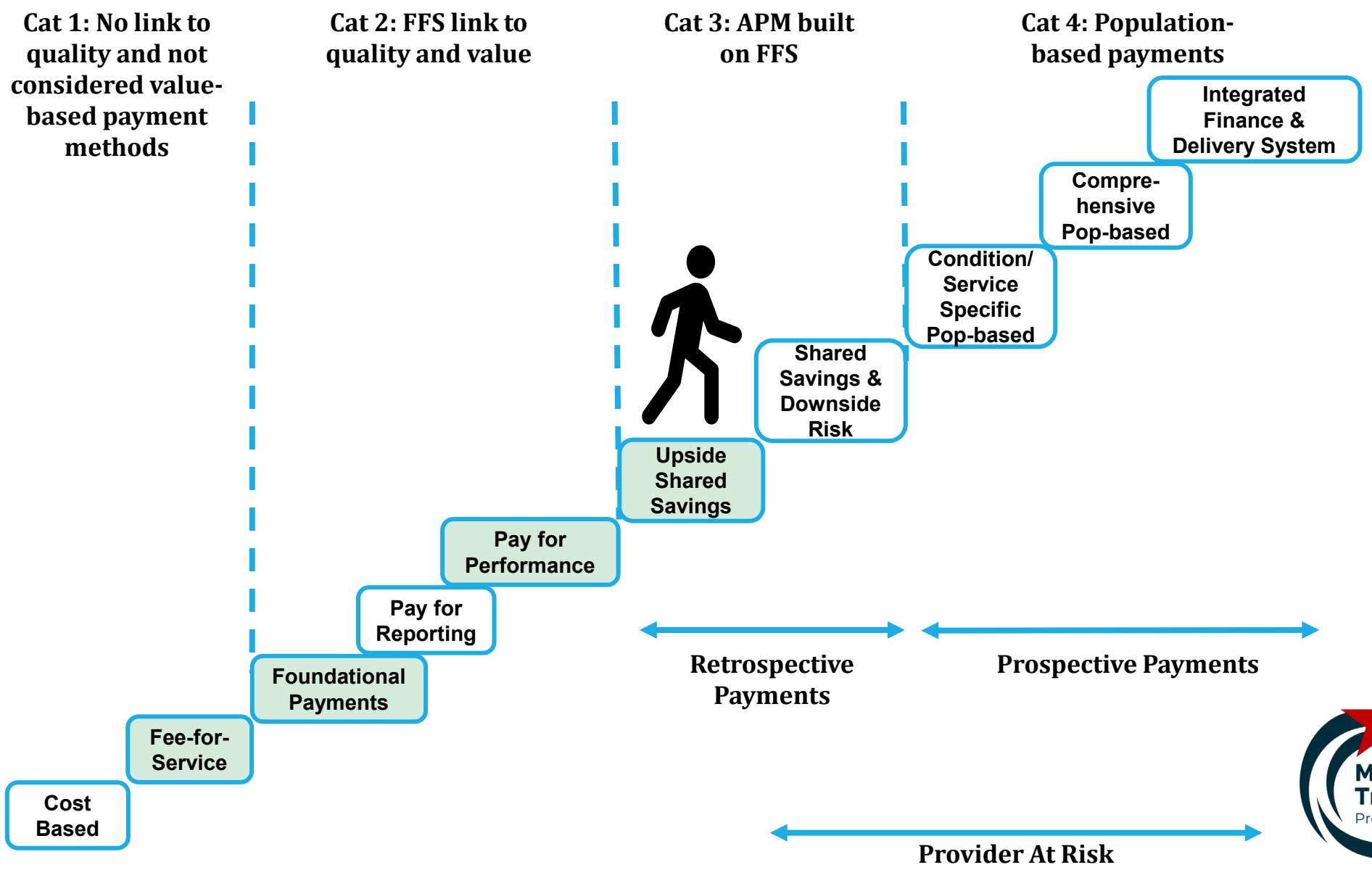
VALUE-BASED CARE FOR DC FQHCS: IS THE FUTURE HERE?



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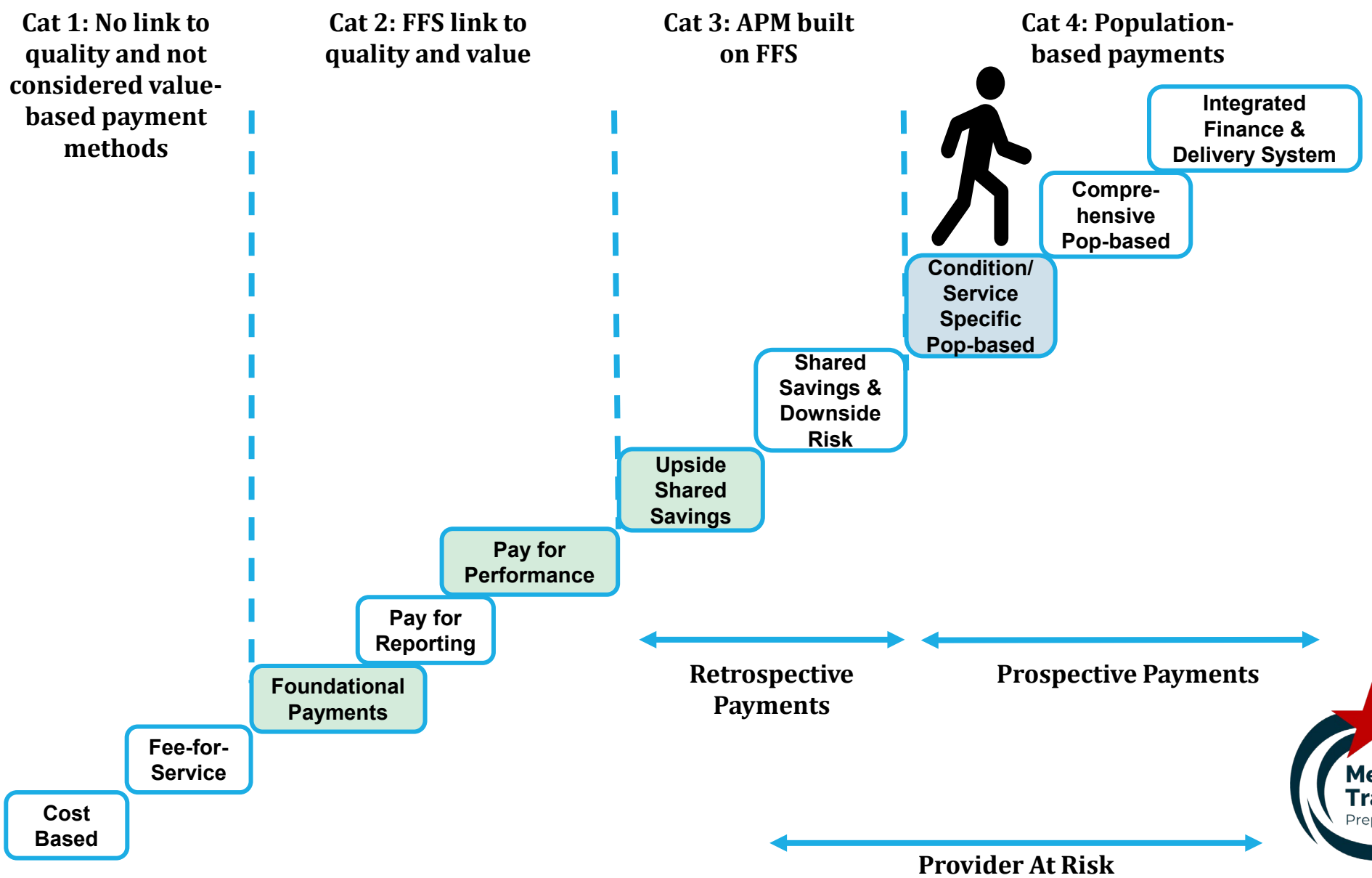
OR HERE?



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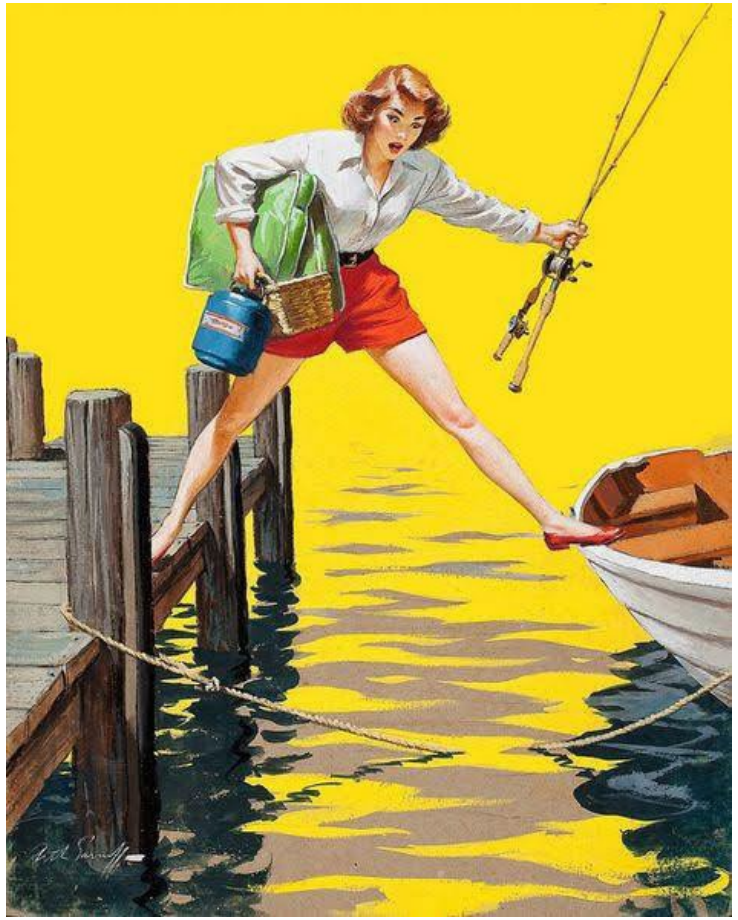
FEE-FOR-SERVICE VS. CAPITATION FOR DIRECT SERVICES?



Source: Arthur Sarnoff

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LAN CATEGORY 4: CAPITATED FQHC APM

PPS-derived Revenue for primary care and BH services in the Baseline Year for Medicaid MCO members assigned at date of service

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# of Empaneled Medicaid MCO Member Months in Baseline Year

= **PER MEMBER PER MONTH APM RATE***

*rate is inflated to reflect change from baseline period and annually by MEI thereafter

Note: revenue for visits to Medicaid managed care members assigned to an external PCP at date of service are not included in calculating the PMPM rate and such visits will be reimbursed under FFS while the APM is in place.

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ASSUMPTIONS FOR ILLUSTRATIVE PURPOSES

PPS rate	$235/visit
PCP productivity	3200 visits/yr.
PCP panel size	914
% Medicaid	52%
Medicaid panel size	475
Total PCP visits	3.5—3.1—2.8

Demand for PCPs willing to serve Medicaid recipients allows panel expansion to fill resultant capacity at same payer mix

PPS FFS equivalent revenue	$ 391,040

($235/visit X 3.5 average annual visits X 475 Medicaid member panel size)

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FINANCIAL IMPACT AS "BILLABLE" PCP VISITS DECREASE UNDER PRACTICE REDESIGN

Per FTE PCP	Baseline Year	Year One	Year Two
PCP Visits PMPY	3.5	3.1	2.8
PCP Panel Size	914	1032	1143
% Medicaid	52%	52%	52%
PCP Medicaid Panel Size	475	537	594
Medicaid Payment Equivalent PMPM	$68.54	$60.71 PPS $68.54 APM	$54.83 PPS $68.54 APM
PCP Panel Medicaid Revenue per FTE	$391,040	$391,040 PPS $441,497 APM	$391,040 PPS $488,800 APM
Increase PCP Panel Revenue per FTE		$0 current **$50,457** APM	$0 current **$97,760** APM

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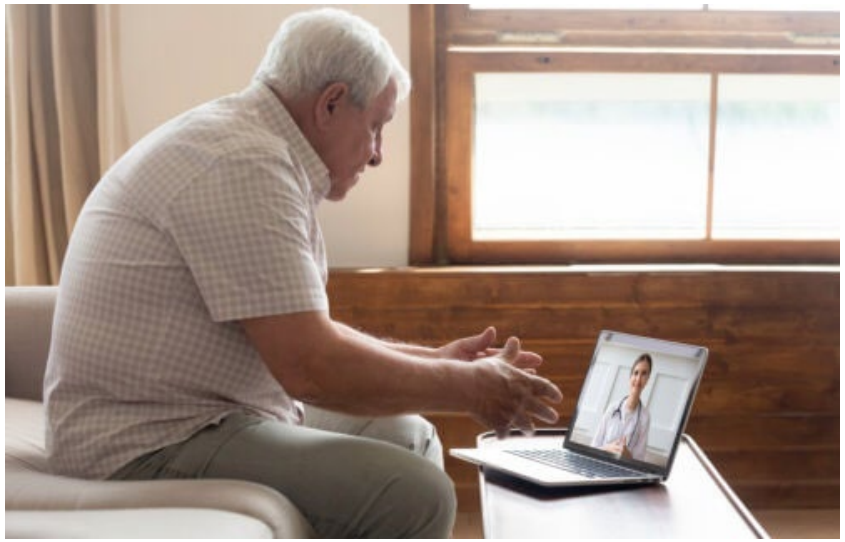
CHANGING PATIENT EXPECTATIONS

Source: iStock



Source: Adobe Stock

The use of telehealth services for Medicare-insured individuals rose tenfold: 53 million telehealth visits in Apr.-Dec. 2020 vs. 5 million during the same period in 2019.

Patients want more convenient and timely access to care.

Source: U.S. Government Accountability Office https://www.gao.gov/products/gao-22-104454

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COLLABORATIVE CARE MODEL FOR MANAGING CHRONIC CONDITIONS

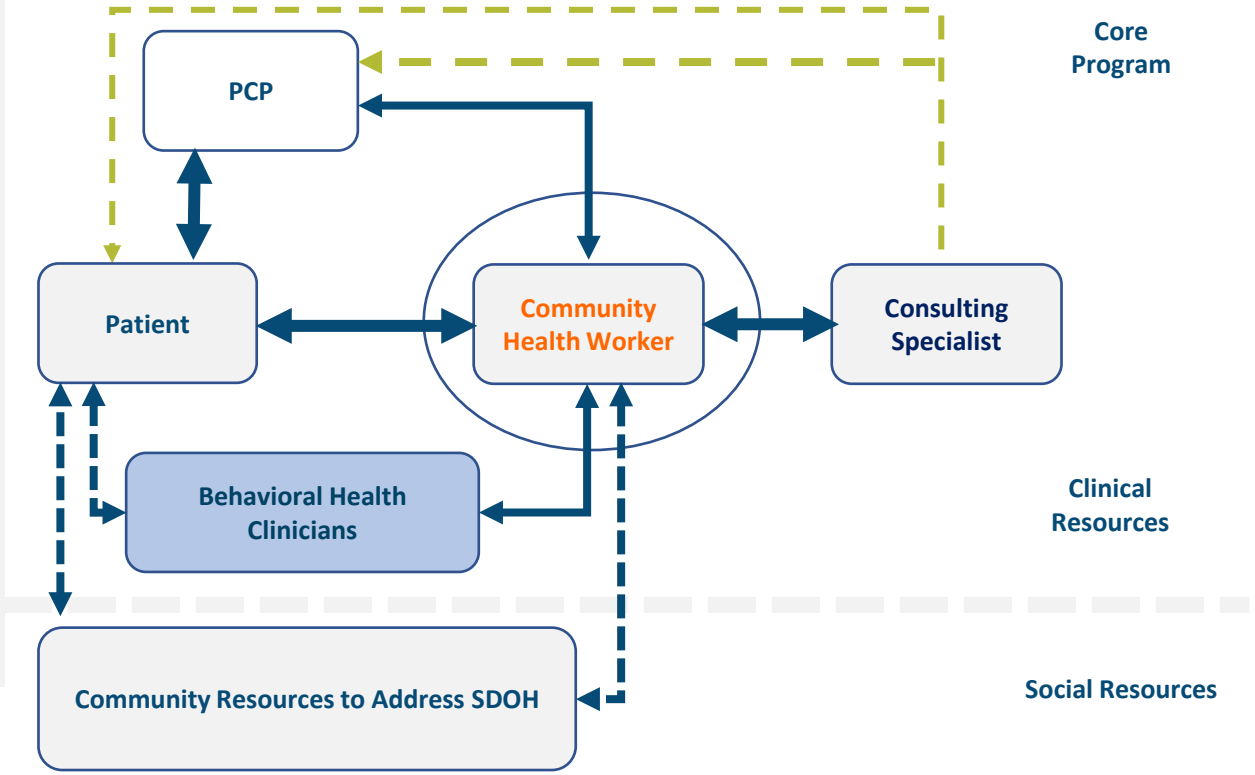
Medical or BH Home Embedded CHW

Patients

- ✓ Personalized, whole-person care
- ✓ Better navigation to access health care needs
- ✓ Engagement and trust

Providers

- ✓ Build trust with provider
- ✓ Allow care teams to be part of the medical home
- ✓ Facilitate free flow of timely information and warm handoffs



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COLLABORATIVE CARE MODEL FOR HYPERTENSION

Under Fee-for-Service Reimbursement

1. Identify which PCPs have enough patients with the condition to keep their MA busy at least 1/2 day per week with virtual care.
2. Medical assistant for each participating PCP is allocated 4 hours per week to provide virtual care for his/her assigned PCP.
3. PCP is scheduled for hypertension management clinic in which patients are scheduled by telehealth or in-person visits at 10-minute intervals to only address the patient's hypertension.
4. Medical assistant will "room" patients (virtually or in-person) and determine if there are additional conditions that need to be addressed and either arrange follow-up appt. to address those issues at another time or by a same-day nurse visit immediately after the PCP hypertension visit as clinically indicated.

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COLLABORATIVE CARE MODEL FOR HYPERTENSION

Under Capitated APM

1. Identify which PCPs have enough patients with the condition to keep their MA busy at least 1/2 day per week with virtual care.
2. Medical assistant for each participating PCP is allocated 4 hours per week to provide virtual care for his/her assigned PCP.
3. PCP is scheduled for hypertension management clinic in which patients **who are not at target control** are scheduled by telehealth or in-person visits at 10-minute intervals to only address the patient's hypertension.
4. Medical assistant will "room" patients (virtually or in-person) and determine if there are additional conditions that need to be addressed and either arrange follow-up appt. to address those issues at another time or by a same-day nurse visit immediately after the PCP hypertension visit as clinically indicated.

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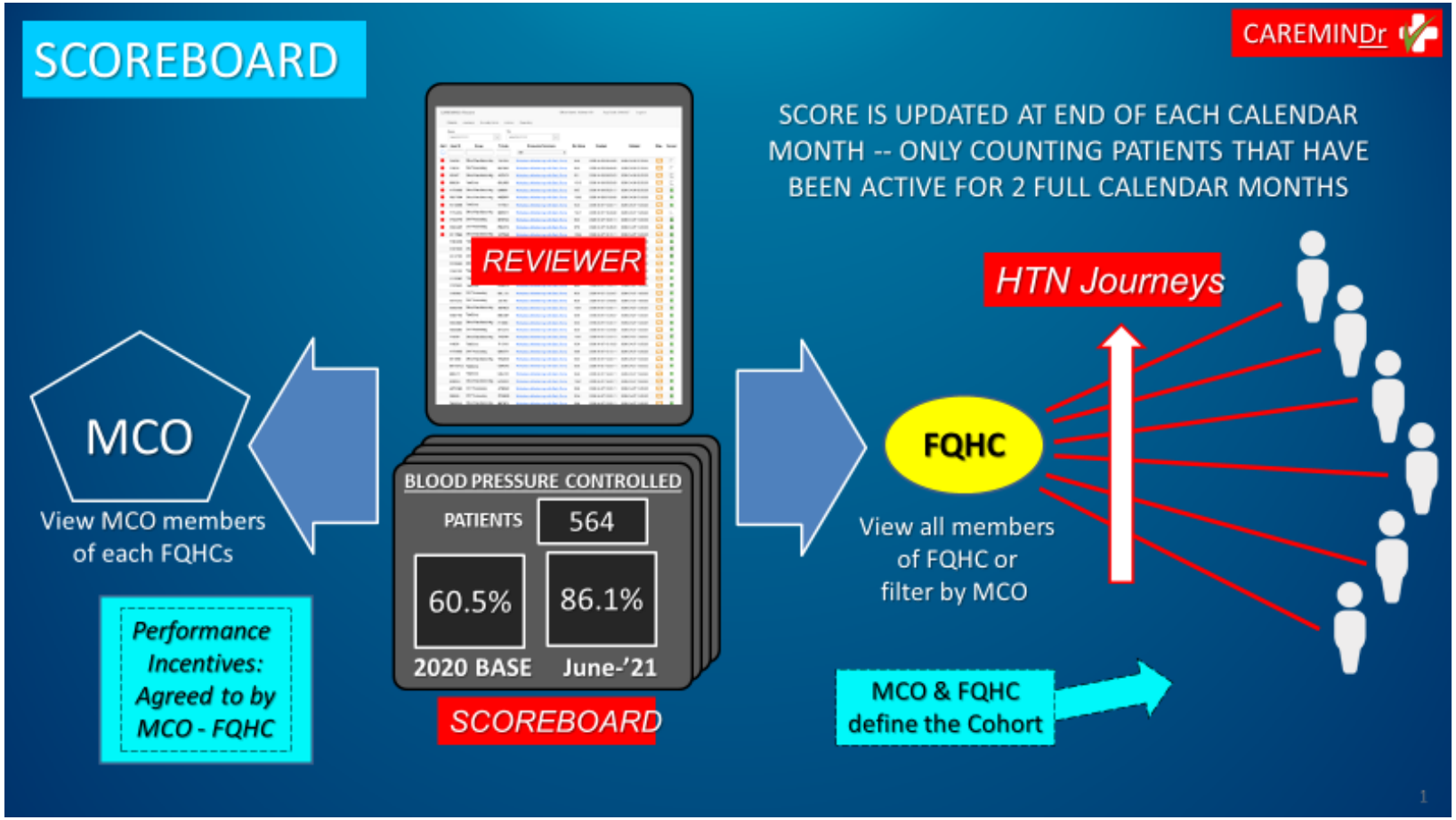
USING TECHNOLOGY TO EXPAND THE CHW/MA'S PANEL SIZE



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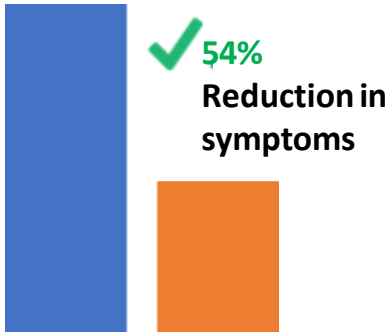
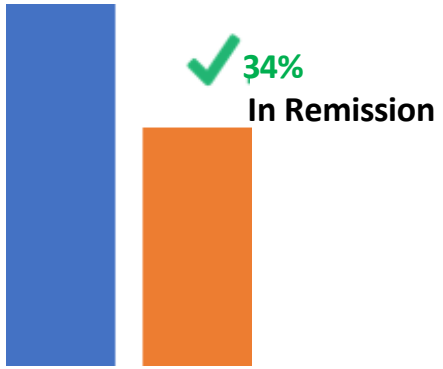
COLLABORATIVE CARE MODEL – INTEGRATING PRIMARY CARE AND BEHAVIORAL HEALTH

- Medical Home Network (MHN), a FQHC-led clinically integrated network in Chicago, recognized the need to integrate physical and behavioral health in the primary care setting, while also reducing strain on, and improving access to, psychiatry services.
- MHN self-funded a roll out of an evidence-based approach to enhancing behavioral health access for our population.
- 3,659 patients have been enrolled in the Collaborative Care Program. 54% of patients actively engaged in the program demonstrated a 50% reduction in depression symptoms and 34% reached full remission from depression.





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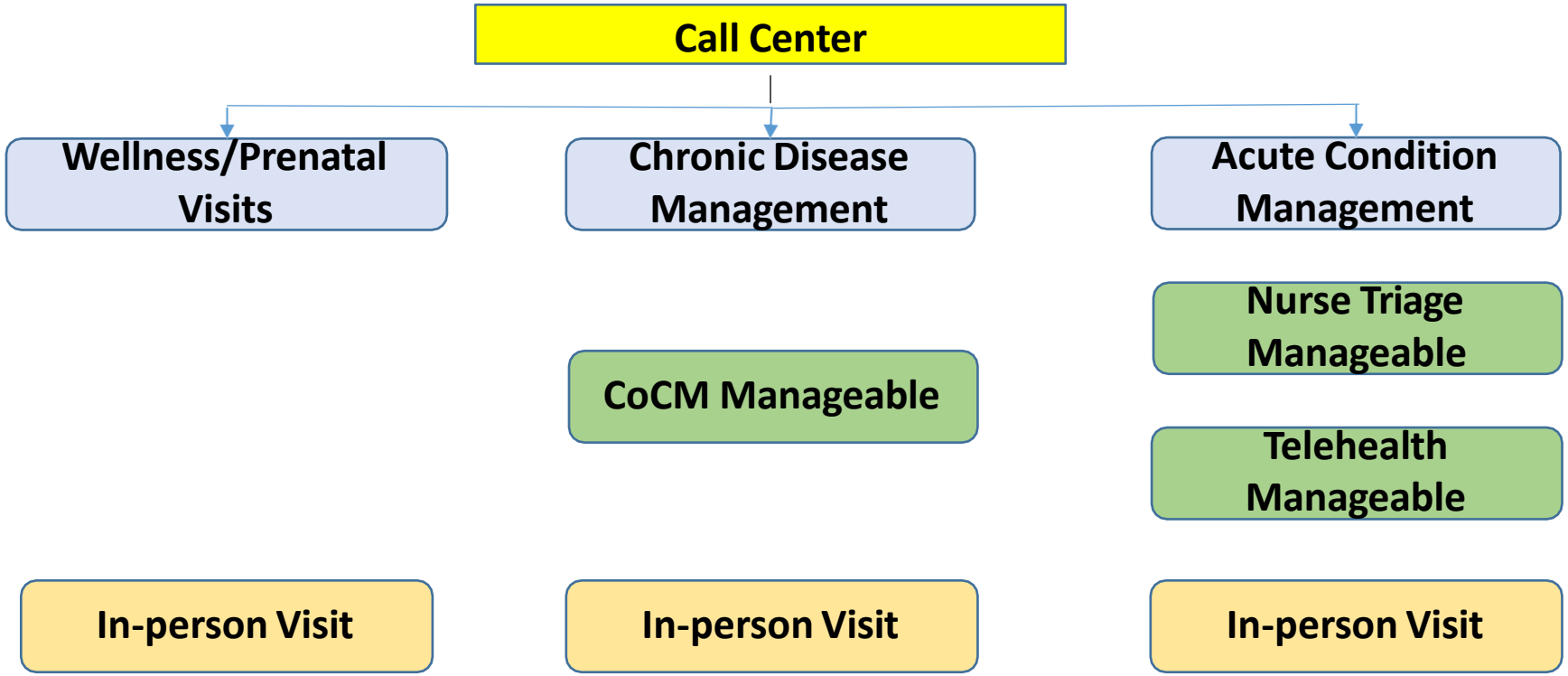
TRIAGE OF PATIENTS CALLING FOR AN APPOINTMENT UNDER THE CAPITATED APM



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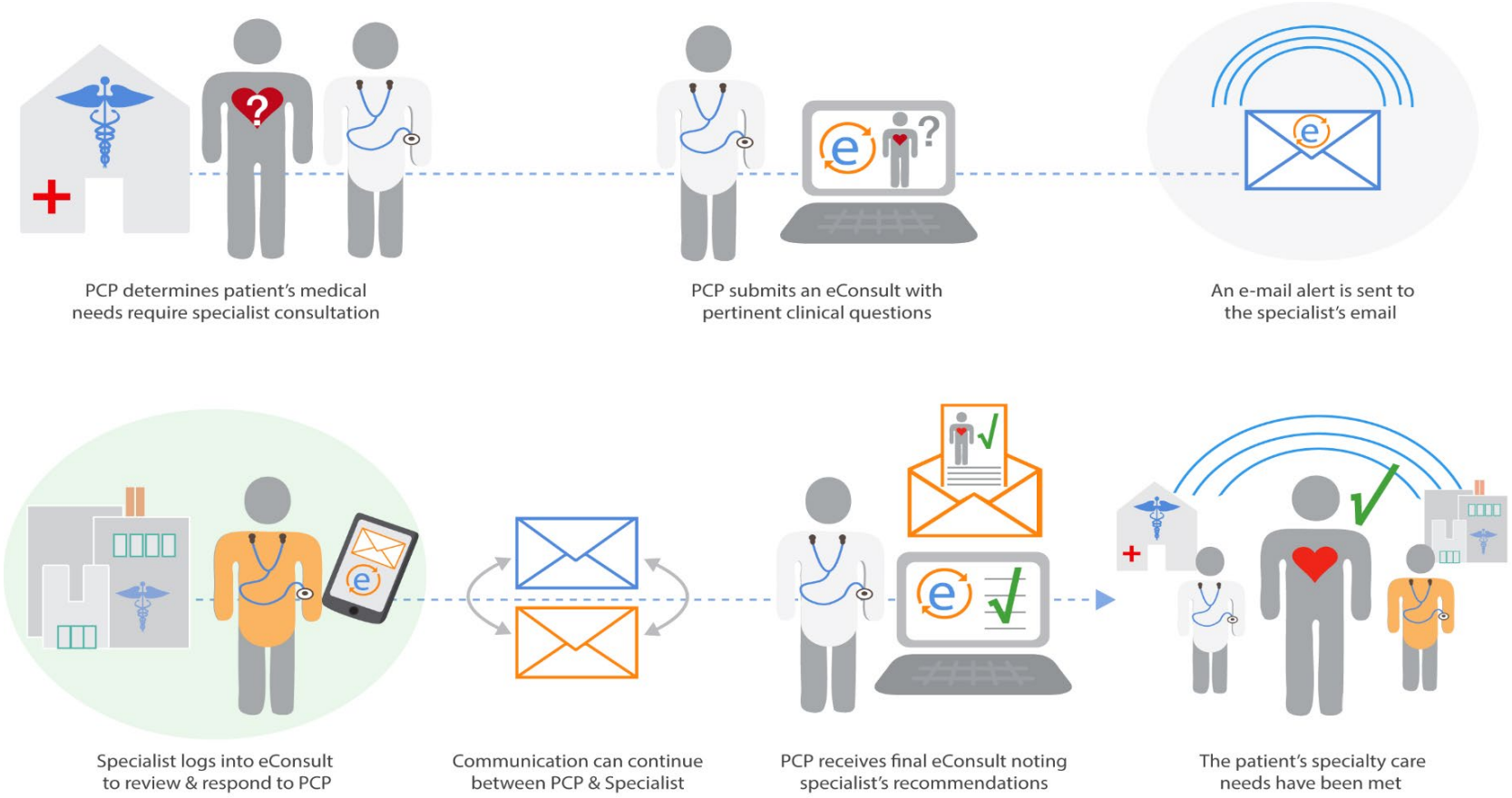
ECONSULT WORKFLOW: MEETING A PATIENT'S SPECIALTY CARE NEEDS

Internal and External Consultants



Source: Medical Home Network

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Q&A/DISCUSSION

BRIEF EVALUATION

1. Overall rating:

1. Poor 2. Fair 3. Average 4. Good 5. Excellent

2. Content Level:

1. Too Easy 2. Just Right 3. Too Advanced

3. Which TA modalities are you interested in for additional TA? *(Select all that apply)*

1. Webinars 2. Individual Coaching 3. Group Coaching

4. Which domains are you interested in receiving additional TA in? *(Select all that apply)*

1. Financial 2. Clinical 3. Legal 4. Business

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UPCOMING SESSIONS & MORE INFORMATION

Upcoming Cohort Session:

- **Value-based Payment: Is it disrupting health care for the better? Role of a Clinically Integrated Network**
  (September 13, 12 -1 pm)

Visit the Medicaid Business Transformation DC web page for more information and upcoming events:

www.integratedcaredc.com/medicaid-business-transformation-dc/

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https://www.integratedcaredc.com/newsletter/

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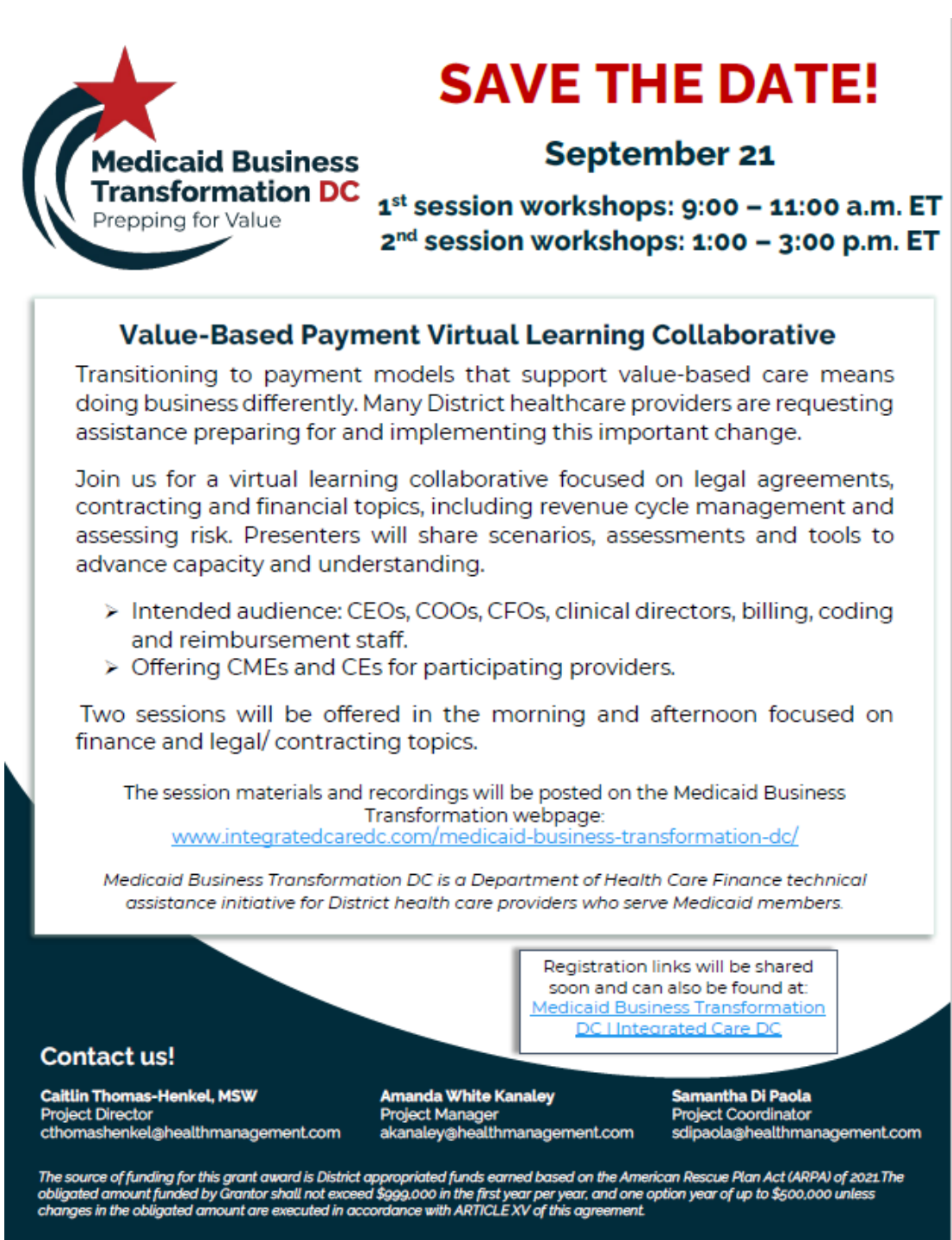
September 21st

VBP Virtual Learning Collaborative



HMA

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