

STEPS TO SUCCEED ALONG THE GLIDE PATH TO ADVANCED ALTERNATIVE PAYMENT MODELS

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INTRODUCTION

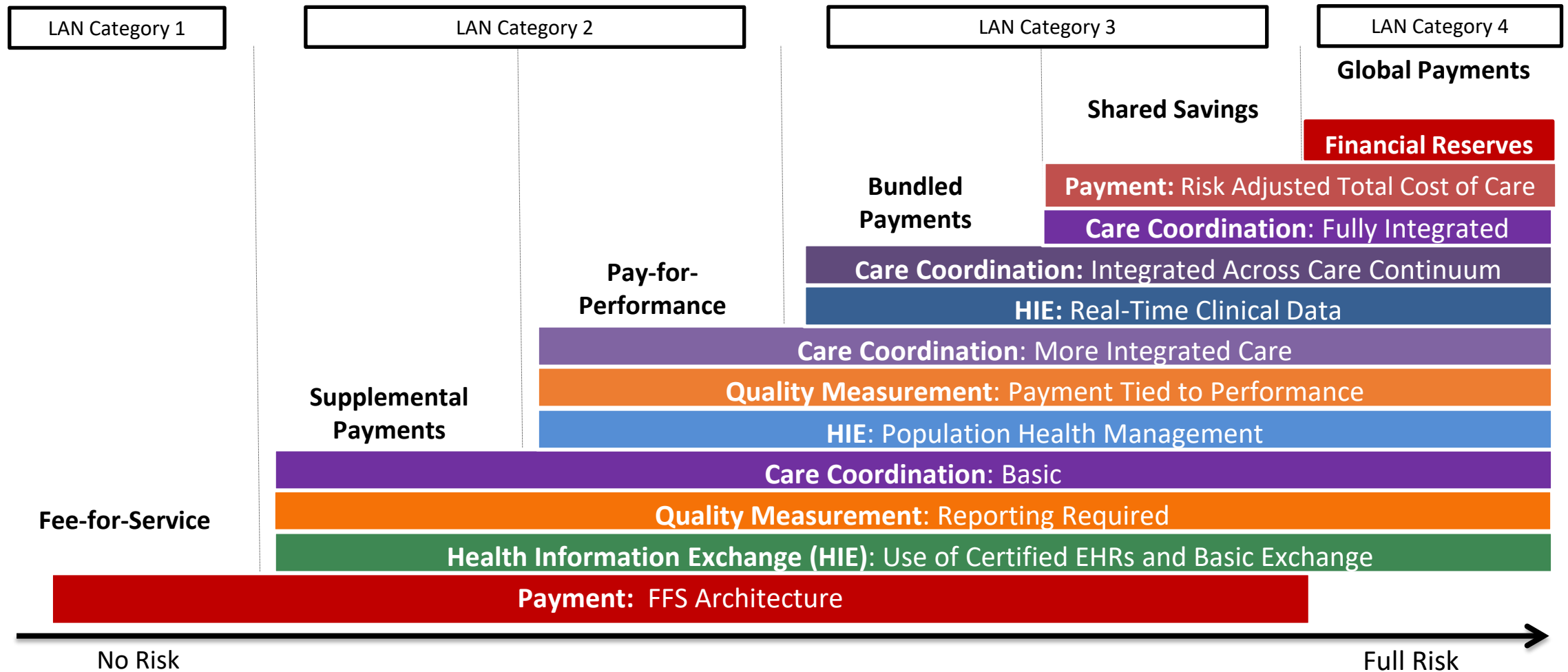
- » Value-Based Purchasing (VBP) is an approach that ties payment to the quality and efficiency of healthcare services delivered.
- » This resource describes the competencies that providers must systematically master to thrive within each Health Care Payment Learning Action Network (LAN) category. At the very least, all alternative payment models (APMs) necessitate providers to achieve performance targets related to quality metrics. As providers advance to a LAN Category 3 APM, they must possess the capability to exert a positive influence across the entire care continuum, extending beyond their direct services. The progression to a LAN Category 4 signifies a significant paradigm shift, as revenue is no longer tied to fee-for-service reimbursement. Success now hinges on delivering the most timely and convenient access to services in the most cost-effective setting, facilitated by the most cost-effective member of the care team, regardless of their status as a "billable" provider.

>> What is the Health Care Payment Learning & Action Network (HCPLAN or LAN)?

- HCPLAN or LAN (commonly referred to as the LAN) is an active group of public and private health care leaders dedicated to providing thought leadership, strategic direction, and ongoing support to accelerate our care system's adoption of alternative payment models (APMs).
- The APM Framework is the LAN's landmark achievement, establishing a common vocabulary and pathway for measuring successful payment models. Originally published in 2016 and refreshed in 2017, the Framework classifies Alternative Payment Models (APMs) in four categories and eight subcategories, specifying decision rules to standardize classification efforts.

[About Us - Health Care Payment Learning & Action Network \(hcp-lan.org\)](http://hcp-lan.org)

THE LAN FRAMEWORK



* Alternative Payment Model (APM) categories are based on the [2017 Update to the Health Care Payment Learning and Action Network Framework](https://www.springer.com/us/book/9783319969046). (LAN). In essence, category 1 is fee for service (FFS) with no link to quality; category 2 is FFS with a link to quality such as pay for reporting or a bonus payment for quality outcomes; category 3 is an APM built on a fee for service architecture (e.g. shared savings, or shared savings with downside risk); and category 4 is population-based payment for populations or conditions. Source: Edmunds, Hass, Holve (eds.), *Consumer Informatics and Digital Health* <https://www.springer.com/us/book/9783319969046>

READINESS TO SUCCEED IN VALUE-BASED CARE

Categories of Competencies

- » Leadership and Governance
- » Clinical Care
- » Health Information Technology, Analytics, and Reporting
- » Finance

LEADERSHIP AND GOVERNANCE

**PRECONTRACTING
CONTRACTING**

ADVANCED APMS (CATEGORIES 2, 3, 4)

LEADERSHIP AND GOVERNANCE : PRECONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Educate staff and board leadership on what value-based care is and local market opportunities that reward for improved population outcomes and cost efficiency, not just for providing services.		
>> Come to organizational agreement that value-based care aligns with mission and vision.		
>> Incorporate the pursuit of value-based care as a key strategic initiative with metrics, performance goals and timeline for progressing along the glide path to more advanced alternative payment models.		
>> Undergo a formal assessment of organizational readiness to successfully participate in an alternative payment model.		

LEADERSHIP AND GOVERNANCE : PRECONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Develop a strategic plan to address identified gaps in VBP readiness.		
>> Explore risk/benefits and options for partnering with other providers in the pursuit of value-based care.		
>> Adjust board structure, bylaws and composition, if needed, to advance a value-based care agenda.		
>> Invest in and monitor clinical and administrative leadership development to build leaders needed to succeed in value-based care.		

LEADERSHIP AND GOVERNANCE : CONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Meet with payers to understand the APMs they are offering and gauge their interest in contracting with you under an APM.		
>> Review historical performance under the proposed APM to determine how you would have fared if that arrangement had been in place at the time.		
>> Determine the degree of improvement required from baseline to succeed under the APM.		
>> Identify an improvement plan to succeed under the proposed APM, the likelihood of success, and the upfront cost of implementing that plan.		

LEADERSHIP AND GOVERNANCE : LAN CATEGORIES 3 AND 4

VBP Readiness Activity	Needed?	Completed
>> Watch DC BTTA webinar “Clinically Integrated Networks: Build, Buy or Stay on the Sidelines?” posted on the website August 15, 2023		
>> Develop a customized criteria for evaluating potential clinically integrated network (CIN) options. <ul style="list-style-type: none"> • Leadership • Information technology, data analytics and reporting • Care Delivery • Finance 		
>> Explore CIN options in your service area that are serving your targeted patient populations.		
>> Determine whether to join an existing CIN or help to establish a new CIN.		

LEADERSHIP AND GOVERNANCE : LAN CATEGORIES 3 AND 4

VBP Readiness Activity	Needed?	Completed
>> Establish a multidisciplinary managed care committee (operations, clinical, care coordination, finance, data, executive) charged with monitoring and improving performance under the APM.		
>> Create a standing agenda to guide the managed care committee.		
>> Create a dashboard of key performance indicators inclusive of membership trends, performance on quality metrics with financial implications, and if applicable, utilization and cost parameters.		
>> Assign responsibility for populating each metric on the dashboard with performance data.		
>> Assess current staff roles and need to modify them to improve success under the APM.		

LEADERSHIP AND GOVERNANCE : LAN CATEGORIES 3 AND 4

VBP Readiness Activity	Needed?	Completed
>> Recruit new staff if indicated.		
>> Train staff in their new roles and responsibilities		
>> Meet with payer representatives regularly to review performance and resolve issues.		
>> Review contractual arrangements and renegotiate terms as needed annually to improve prospects for success.		

CLINICAL CARE
PRECONTRACTING
CONTRACTING
ADVANCED APMS (CATEGORIES 2, 3, 4)

CLINICAL CARE: PRECONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Take a measurement-based care approach.		
>> Identify the quality and utilization metrics and performance targets being used by CMS and the state Medicaid agency that have financial implications for health plans or direct value-based payment programs with your provider type.		
>> List existing quality improvement initiatives your organization has for those metrics.		
>> Develop an approach to outreach and engagement of managed care members who are assigned/attributed but who are not active patients.		

CLINICAL CARE: PRECONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Empanel patients to specific providers and their care teams		
>> Systematically screen patients for social drivers of health (SDOH)		
>> Develop a referral system to community-based social service agencies and other resources to address SDOH.		
>> Evaluate your quality improvement committee for its scope of work and effectiveness.		
>> Assess the organization's ability to provide timely and convenient access to care that optimizes patient-provider continuity of care.		

CLINICAL CARE: CONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Request your historic performance from the health plan on the quality, utilization and cost metrics being proposed in the APM.		
>> Compare that historic performance with the performance targets proposed in the APM.		
>> Identify the major barriers to closing gaps between historical performance and the targets in the proposed APM.		
>> Agree on clinical and care management models that could feasibly close those performance gaps.		

CLINICAL CARE: CONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Work with the finance team to determine the cost of modifying existing models of care or introducing new models of care needed to close performance gaps.		
>> Estimate a realistic amount of improvement for the first improvement year.		
>> Inform the contracting team with recommended selection of performance metrics and targets.		
>> Assess the health plan's networks (diagnostics, hospitals, specialists, ancillary providers) for gaps and match with what your clinicians and members are already using.		

CLINICAL CARE: LAN CATEGORIES 2-4

VBP Readiness Activity	Needed?	Completed
>> Structure the clinical committee with provider champions charged with finalizing the organization’s standard approach to reaching the performance targets for each quality metric that has financial implications in the value-based payment contract.		
>> Prioritize and sequence implementation of the models of care that will improve outcomes on the key performance indicators of the contracted APM including patient self-monitoring and self-management.		
>> Educate staff on what they need to do differently in patient care to succeed in the APM.		
>> Implement the plan to engage the assigned-but-not-yet-seen membership.		
>> Provide care teams with timely and actionable information of empaneled members to inform pre-visit planning, decisions at the point of care, and monitor performance improvement.		

CLINICAL CARE: LAN CATEGORIES 2-4

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>> Provide care teams with timely and actionable information of empaneled members to inform pre-visit planning, decisions at the point of care, and monitor performance improvement.		

CLINICAL CARE: LAN CATEGORIES 2-4

VBP Readiness Activity	Needed?	Completed
>> Develop an internal referral system of more seasoned primary care providers and select, high-volume specialist as the preferred network. Supplement that with a high-value external specialty network.		
>> Implement 24/7 nurse triage with warm handoffs to telehealth providers and select use of same-day open access appointments as clinically indicated.		
>> Establish and implement a transitions of care program triggered by electronic hospital admission, discharge, and transfer (ADT) notifications.		

CLINICAL CARE: LAN CATEGORIES 2-4

VBP Readiness Activity	Needed?	Completed
>> Develop and implement a NCQA-certifiable case management program if delegation from the health plan is feasible. Otherwise develop a common workflow with health plan care managers to includes actionable and timely two-way communication and collaboration.		
>> Develop a risk stratification algorithm to identify individuals who would most benefit from your clinical and care management programs that incorporates electronic health record, SDOH factors, and ADTs alerts in addition to member eligibility files and claims data.		
>> Monitor individual provider compliance with the model of care. Identify, report and address unwarranted variation in care.		

CLINICAL CARE: LAN CATEGORIES 3-4

VBP Readiness Activity	Needed?	Completed
<p>>> Develop and implement specialized approaches to subpopulations of assigned/attributed members who are complex, likely to be high-cost and will require a specialized approach. Examples could include:</p> <ul style="list-style-type: none"> a) Socially complex individuals such as those with unstable housing b) Frequent ED and/or inpatient utilizers c) Individuals with severe and persistent mental illness d) Individuals with substance use disorder e) Individuals with conditions appropriate for palliative and/or hospice care f) High-risk pregnant women. 		

HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING

PRECONTRACTING
CONTRACTING
ADVANCED APMS (CATEGORIES 2, 3, 4)

HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING: PRECONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Assure that your health information technology strategy adequately mitigates privacy and security risks.		
>> Using information from the electronic health record, create timely and actionable reports to inform quality improvement activities.		
>> Assess the local health information exchange and direct electronic connections with health systems to share information including admission, discharge, and transfer (ADT) notifications.		
>> Empanel patients to a provider and care team.		

HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING: PRECONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Evaluate purchase of a population health management module from your EHR vendor or a separate solution.		
>> Determine the feasibility to afford the required data warehouse and analytic solution needed to succeed in advanced APMs versus the need to partner with others in a CIN.		
>> Determine the feasibility of using your EHR for anticipated care management activities versus another care management platform.		

HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING: CONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Verify the ability to import, analyze and report the actionable information for each contract-specific key indicator.		
>> Negotiate access to health plan claims data in a timely manner including historical information.		

HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING: LAN CATEGORIES 2-4

VBP Readiness Activity	Needed?	Completed
>> Develop a performance dashboard that includes all the key performance indicators, current performance and targeted performance.		
>> Develop the ability to identify which of your patients and assigned-but-not-yet seen members meet NCQA HEDIS criteria for inclusion in the denominator of quality metrics with financial implications.		
>> Access the health plan's provider portal to inform care coordination efforts, monitor performance and reconcile performance vs. internally generated reports.		
>> Import patient self-monitoring information and translate it into actionable information.		
>> Collect, analyze and report patient experience of care data.		
>> Verify that care teams and administrators understand and are using the reports to improve outcomes.		

HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING: LAN CATEGORIES 3-4

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>> Develop a performance dashboard that includes all the key performance indicators, current performance and targeted performance.		
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HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING: LAN CATEGORIES 3-4

VBP Readiness Activity	Needed?	Completed
>> Import and analyze member eligibility files, claims data, ADT notifications, electronic records, and care management information into a data warehouse.		
>> Implement a platform to support care management activity including sharing the care plan with permissioned members of the patient care team.		
>> Develop a risk stratification algorithm that incorporates electronic health record, SDOH factors, and ADTs alerts in addition to member eligibility files and claims data to identify individuals who would most benefit from your clinical and care management programs.		

HEALTH INFORMATION TECHNOLOGY, ANALYTICS, AND REPORTING: LAN CATEGORIES 3-4

VBP Readiness Activity	Needed?	Completed
>> Monitor and report leakage of care to other primary care or behavioral health providers or out-of-network health care providers of specialty, diagnostic and inpatient services.		
>> Aggregate patient specific information to inform multi-disciplinary care reviews of individuals who have been refractory to usual clinical and care management approaches.		
>> Use data to evaluate the effectiveness of approaches to manage the full continuum of care.		

FINANCE

**PRECONTRACTING
CONTRACTING**

ADVANCED APMS (CATEGORIES 2, 3, 4)

FINANCE: PRECONTRACTING

VBP Readiness Activity	Needed?	Completed
» Assess the financial investment needed to succeed under value-based payment arrangements.		
» Determine the organization’s risk tolerance.		
» Set aside resources to pay for that financial investment and develop a plan to create those reserves.		
» Develop systems that can track financial performance for each type of value-based payment being considered.		
» Explore whether to contract for fee-for-service reimbursement for direct services versus a capitation or bundled payment approach.		
» Assure that there is adequate financial expertise on the managed care committee that understands and can speak to financial implications of any value-based payment contract.		

FINANCE: CONTRACTING

VBP Readiness Activity	Needed?	Completed
>> Developing a contracting term sheet and tolerance to vary from it if necessary to come to an agreement with the payer.		
>> Determine the need for an actuarial analysis of historical claims data to determine probability of success in any proposed total cost of care APM and to inform negotiations.		
>> Assess if the value-based payment contractual arrangement under consideration adequately mitigates financial risk to the organization. Do not accept financial risk that exceeds reserves under the worst care scenario by negotiating individual stop-loss insurance coverage and risk corridors.		
>> Assess value-based payments contract performance to inform renegotiations of the terms as needed on an annual basis.		

FINANCE: LAN CATEGORIES 2-4

VBP Readiness Activity	Needed?	Completed
>> Complete a financial proforma for any new or modified models of care designed to improve performance in the APM that predicts incremental cost, incremental value-based payment amount in the short and long term, and operating margin.		
>> Track actual financial performance against that financial proforma to modify the models of care.		
>> Modify or create a staff incentive program that aligns with the metrics for success in value-based contracts.		

FINANCE: LAN CATEGORIES 2-4

VBP Readiness Activity	Needed?	Completed
>> Set aside additional financial reserves in anticipation of accepting financial risk in exchange for enhanced financial opportunity in future contracts.		
>> Calculate the cost of the proposed care management model of care and compare it to the prospect of generating a positive return on investment.		
>> Monitor service utilization and cost across the full continuum of care, identifying opportunities to improve utilization and cost.		

MINI SELF ASSESSMENT



Knowledge

1 2 3 4 5 6 7 8 9 10

Comfortability

1 2 3 4 5 6 7 8 9 10

Confidence

1 2 3 4 5 6 7 8 9 10

Reflect & Connect:

What do you think your organization may look like 5 -10 years from now if you incorporate and build upon these concepts?

[Photo by Glenn Carstens-Peters on Unsplash](#)