Value-based Payment Overview

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Cost Growth Target Educational Webinar
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Oregon Health Authority

Agenda

- Overview of value-based payment (VBP)
- VBP activities in Oregon
- Data on VBP adoption in Oregon
- Resources to support VBP implementation

Overview of value-based payment (VBP)

What is value-based payment?

- Supports the delivery of evidence-based, person-centered, efficient care that contributes to improved quality and positive health outcomes at an appropriate cost
- Aims to minimize the volume incentives of fee-for-service payment and reward improved quality and efficiency, paying providers for health outcomes
- Links payment to quality

The current volume-based, fee-for-service (FFS) payment system is a barrier to good care.

- Patients with some conditions don’t reach optimal outcomes due to the lack of incentives to focus on quality.
- The full care team is often not able to be used in the most efficient manner because only certain services delivered by certain providers are reimbursed.
- Providers routinely cannot deliver the most timely, convenient and equitable care.

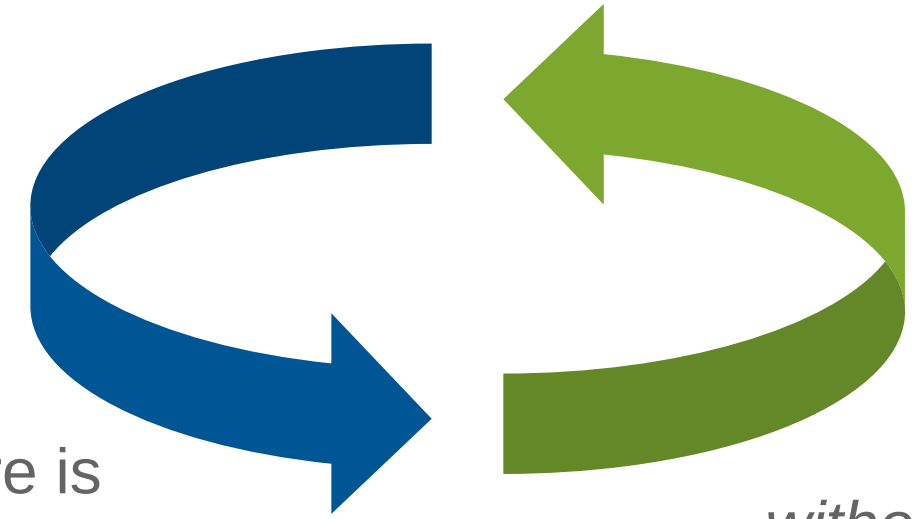
Value-based payment allows providers to deliver good care.

- Providers are incentivized to deliver care that patients need; reduces cost growth; and improves health care quality and population health.
- The volume incentives of FFS are minimized and replaced with rewards for improved quality and efficiency.
- Patients are more likely to get the convenient and timely, coordinated, high-quality and affordable care they want.

Payment reform and delivery system reform are both necessary to improve care.

Delivery System Transformation

Changing the way care is delivered *without* a financial model is not sustainable.

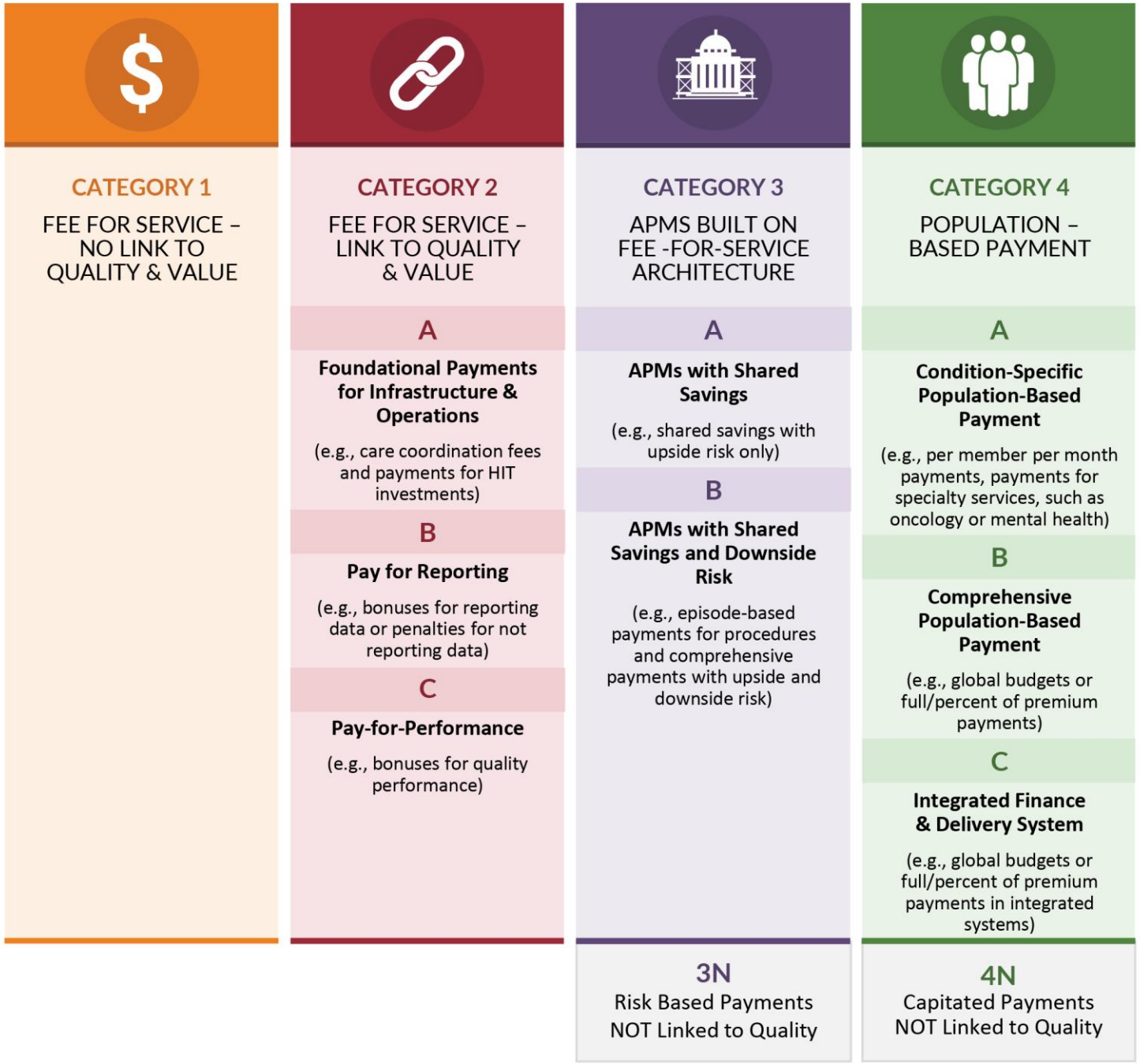


VBP/Payment System Transformation

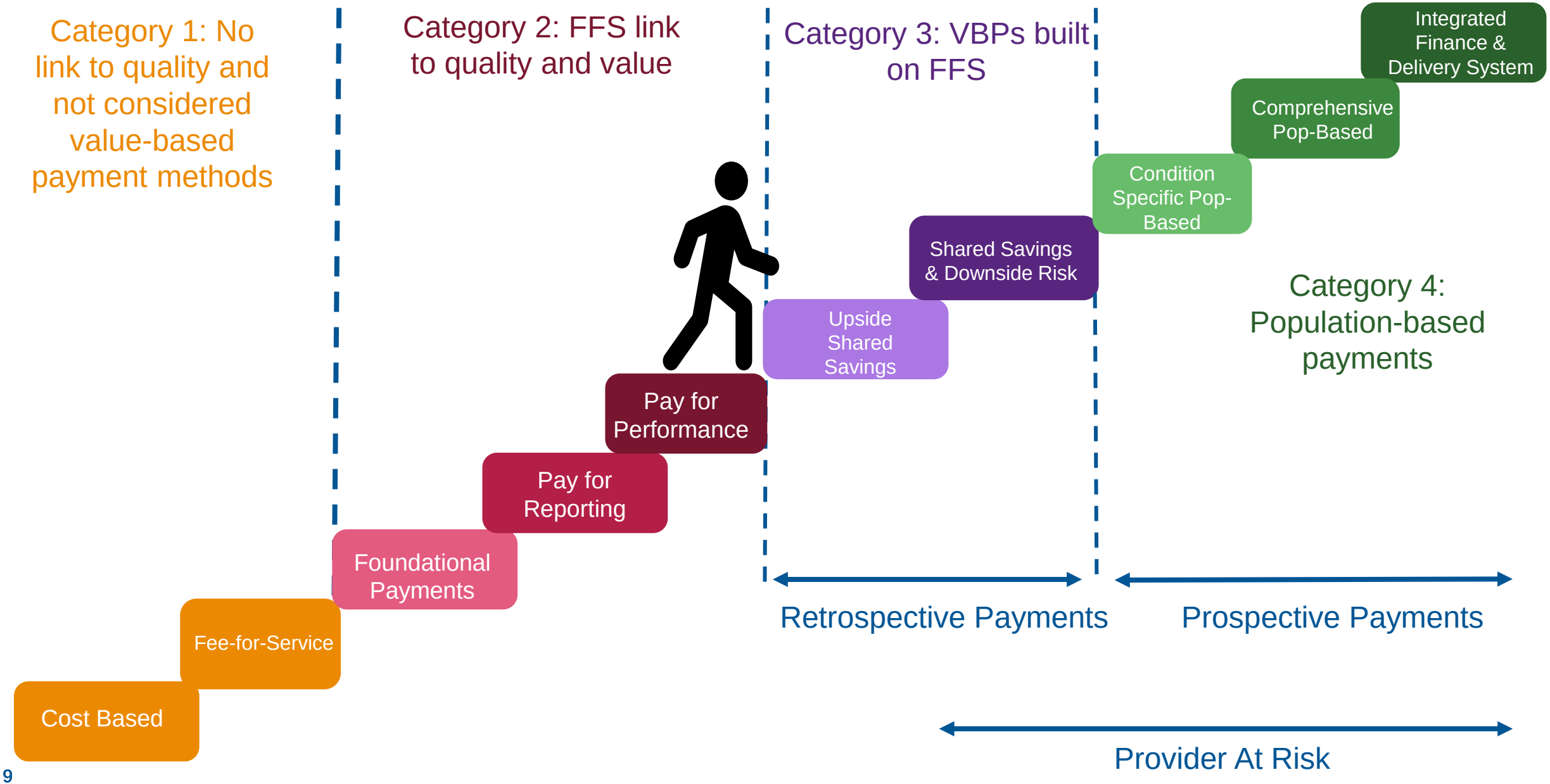
Payment reform *without* changing the way care is delivered does not change outcomes.

- The Health Care Payment Learning & Action Network (HCP-LAN) is a group of public and private health care leaders providing thought leadership, strategic direction, and ongoing support to accelerate the adoption of VBPs.
- The HCP-LAN created this VBP framework to accelerate the shift to value-based care to achieve better outcomes at lower cost.

https://hcp-lan.org



The HCP-LAN value-based payment framework is a continuum of payment models.



National Centers for Medicare and Medicaid Services VBP Goals

	Commercial	Medicare Advantage	Traditional Medicare	Medicaid
2024	25%	55%	50%	25%
2025	30%	65%	60%	30%
2030	50%	100%	100%	50%

Categories 3B and 4 VBP Goals

Shared risk and population-based payment

https://www.hcp-lan.org

VBP activities in Oregon

Adoption of VBP in Oregon goes back over 10 years. (1 of 6)

CMS Comprehensive Primary Care Initiative (2013 – 2016)

- Collaboration between CMS and private/public payers in seven states/regions aimed to improve primary care delivery to positively impact the Triple Aim
- Payment model included a per-member-per-month payment to support activities that are not billable, such as care coordination, email response to patients and health information technology and the opportunity to share in any net savings to the Medicare program
- In Oregon: seven payers, 65 practices with 704 providers serving 544,036 patients

https://www.cms.gov/priorities/innovation/innovation-models/comprehensive-primary-care-initiative

https://www.oregon.gov/oha/HPA/dsi-tc/SB231%20Meeting%20Docs/CPCI%20Presentation-Stock-Dorr.pptx

Adoption of VBP in Oregon goes back over 10 years. (2 of 6)

Primary Care Payment Reform Collaborative

- Multi-stakeholder advisory group established by the legislature in 2015
- Charged with 1) increasing investment in primary care, 2) moving to value-based payment, and 3) aligning payment
- Legislature further defined the charge in 2017 to include using VBP methods, supporting behavioral and physical health integration, aligning metrics and set the primary care spend target at 12%

https://www.oregon.gov/oha/HPA/dsi-tc/Pages/SB231-Primary-Care-Payment-Reform-Collaborative.aspx

Adoption of VBP in Oregon goes back over 10 years. (3 of 6)

CMS Comprehensive Primary Care + (2017 – 2021)

- Primary care medical home model collaboration between CMS and private/public payers in 14 states/regions aimed to strengthen primary care through regionally-based multi-payer payment reform and care delivery transformation
- Payment model included a care management fee, a performance-based incentive payment and a prospective payment for a percentage of payments for a defined set of primary care services
- In Oregon: 14 payers and 155 practices participated

https://www.cms.gov/priorities/innovation/innovation-models/comprehensive-primary-care-plus

https://cpcplusoregon.org/resources

Adoption of VBP in Oregon goes back over 10 years. (4 of 6)

Primary Care Payment Reform Collaborative voluntary primary care VBP model, developed 2018

- Collaboratively developed payment model including a foundational payment for infrastructure and operations, performance-based incentive payments and a prospective payment for a defined set of primary care services
- Support primary care and behavioral health integration by fostering alignment of payment and performance methodologies
- Not implemented by any payers

https://www.oregon.gov/oha/HPA/dsi-tc/SB231%20Meeting%20Docs/PCPRC2018Report-1.28.19.pdf

Adoption of VBP in Oregon goes back over 10 years. (5 of 6)

- VBP was one of four 2020 contract priorities identified by the Governor
- CCO VBP Roadmap
  - To advance VBP, OHA developed a VBP Roadmap for Coordinated Care Organizations (CCOs) to ensure at least 70% of their payments to providers are in the form of a VBP by 2024
  - The VBP Roadmap also includes VBP models in key care delivery areas, infrastructure payments for Patient-Centered Primary Care Homes (PCPCHs), and strategies to promote equity in VBP design
- 2020 CCO contract requirements
  - Annual VBP targets
  - Care delivery area VBP models – hospital care, maternity care, behavioral health care, oral health care, and pediatric care
  - PCPCH program investments, a foundational payment for infrastructure and operations

https://www.oregon.gov/oha/HPA/dsi-tc/Pages/Value-Based-Payment.aspx

https://www.oregon.gov/oha/HSD/OHP/CCO/2024-M-CCO-Contract-Template.pdf

Adoption of VBP in Oregon goes back over 10 years. (6 of 6)

Oregon Educators' Benefit Board (OEBB) and Public Employees' Benefit Board (PEBB) contracts

- Starting in 2023, contract requirements for health plans that cover public employees and educators include the VBP Compact annual targets

CCO 2.0 VBP Requirements

2020	2021	2022	2023	2024

Annual VBP % Target – LAN Category 2C, pay for performance, or higher

20%	35%	50%	60%	70%

CDAs began in 2022 and all are implemented by 2024

Implementation of Care Delivery Area (CDA) VBP Models; Must be LAN Category 2C or higher

Hospital, maternity & behavioral health care	Children's health or oral health care	Remaining CDA: Children's health or oral health care

Shared Savings/Shared Risk Target; Must be LAN Category 3B or higher

20%	25%

Patient-centered Primary Care Home (PCPCH) PMPM Investment

Must increase over time and by PCPCH tier level

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From Cost Growth Target to VBP

Cost Growth Target legislation established Implementation Committee (2019)

Committee recommended principles for accelerating adoption of advanced VBP as key strategy to meet the Cost Growth Target (2020)

VBP Compact and Workgroup developed based on Committee's principles (2021)

The Value-Based Payment Compact is a voluntary commitment by payers and providers to spread VBP models by meeting specified VBP targets and timelines.

The goal of the Compact is to increase the use of VBP to:

- Lower the rate of cost growth
- Foster health equity
- Improve quality and outcomes

The Compact includes principles that:

Set VBP targets

Center health equity

Focus on advanced VBP models

https://ohlc.org/partner-initiatives/vbp-compact/
https://ohlc.org/wp-content/uploads/2022/07/VBP-Compact-Roadmap-1.pdf

VBP Compact

63 signatories, including commercial payers, Medicaid, Medicare Advantage, health systems and clinics.

73% of Oregonians are represented by compact signatories.

https://ohlc.org/partner-initiatives/vbp-compact/

Oregon VBP Compact targets

2021	2022	2023	2024	2025
Percent of payments that are shared savings (HCP-LAN 3A) and higher				
35%	40%	50%	60%	70%
Percent of payments to primary care practices and general acute care hospitals that are shared risk (HCP-LAN 3B) and higher				
25%	40%	50%	60%	

VBP implementation in Oregon

2022 VBP data takeaways: CCOs

- 60% of all payments made by CCOs were shared savings or more advanced models
- 11 of 16 CCOs ***met*** the 2022 contractual VBP target of 50% of payments in pay for performance or more advanced VBP models.
- All 16 CCOs signed the VBP Compact; 11 ***met*** the Compact target of 40% of payments in shared savings or more advanced VBP models.
- CCOs are implementing VBP more than other payers; since 2019, the payments that included shared savings or more advanced models, ***grew*** from 25% to 60%.
- When VBP is required, implementation increases.

2022 VBP data takeaways: Medicare Advantage

- 40% of all payments made by Medicare Advantage health plans were shared savings or more advanced models, ***just meeting*** the VBP Compact target of 40%.
- 13 of 16 Medicare Advantage health plans signed the Compact; only 3 of the 13 ***met*** the Compact target.
- 8 of 16 Medicare Advantage health plans ***had 0%*** of their payments in VBP arrangements; 5 ***did not*** implement any VBP models between 2019 and 2022.
- Since 2019, the percent of Medicare Advantage payments that included shared savings or more advanced models ***grew*** from 27% to 40%.

2022 VBP data takeaways: Commercial

- 33% of all payments made by commercial health plans were shared savings or more advanced model; however, this is heavily influenced by Kaiser Permanente.
- Commercial health plans ***did not*** meet the VBP Compact target of 40%.
- 11 commercial health plans signed the VBP Compact; only 2 ***met*** the Compact target of 40%.
- 8 of 11 commercial health plans ***had 0%*** of their payments in VBP arrangements; 6 ***did not*** implement any VBP models between 2019 and 2022.
- Since 2019, the percent of commercial payments that included shared savings or more advanced models ***dropped*** from 34% to 33%.

2022 VBP data takeaways: OEBB/PEBB

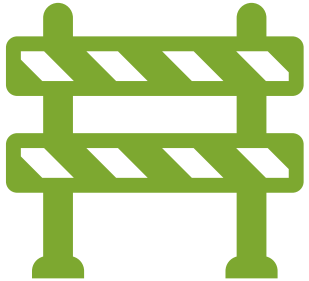
- 48% of all payments made by OEBB/PEBB health plans were shared savings or more advanced models, ***meeting*** the VBP Compact target of 40%.
- All 5 OEBB/PEBB health plans signed the VBP Compact; 4 of 5 ***met*** the target.
- 1 OEBB/PEBB health plan ***had 0%*** of their payments in VBP arrangements between 2019 and 2022.
- Since 2019, the percent of PEBB/OEBB health plan payments that include shared savings or more advanced models ***increased*** from 41% to 48%

2022 Oregon Health Care Value-Based Payment Report

Resources to support VBP implementation

Advancing VBP adoption is challenging for payers and providers.

- Transition from fee-for-service system to VBPs
- Multiple VBP models
- Provider concern about significant financial loss
- Lack of data infrastructure
- Lack of meaningful risk adjustment for both downside risk and prospective payment
- Diverse attribution models make advanced VBPs challenging
- Small patient populations



The VBP Compact Workgroup identified strategies actions and milestones to advance ambitious VBP goals in Oregon.

Short menu of VBP models

Mitigating financial risk

VBP toolkit

Policy alignment

Equity

Attribution

https://ohlc.org/wp-content/uploads/2022/07/VBP-Compact-Roadmap-1.pdf

Toolkit Goals

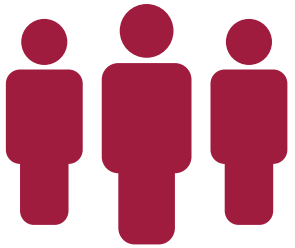
- Promote shared vision, process and understanding between providers and payors regarding VBP
- Provide tools and educational resources to support practice readiness to engage in or advance their VBP participation, across a continuum of adoption (early through advanced).
- Promote alignment of models and methods in support of VBP adoption
- Define recommended VBP models

https://vbptoolkit.ohlc.org/

VBP arrangements support the healthcare workforce.

Multidisciplinary team-based care supported through VBP arrangements can provide funding for:

- Behavioral health integration
- Pharmacy integration
- Traditional health workers
- Other staff and clinical support



Research shows that providers working as part of a multidisciplinary team often report reduced burnout. [1, 2, 3]

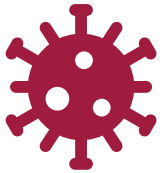
1. Wang, W., Atingabili, S., Mensah, I.A. *et al.* (2022). Teamwork quality and health workers burnout nexus: A new insight from canonical correlation analysis. *Human Resources for Health, 20*(52). https://doi.org/10.1186/s12960-022-00734-z
2. Galleta-Williams, H., Esmail, A., Grigoroglou, C., *et al.* (2020). The importance of teamwork climate for preventing burnout in UK general practices, *European Journal of Public Health*, *30*(4), iv36-iv38. https://doi.org/10.1093/eurpub/ckaa128
3. Lu, M.A., O'Toole, J., Shneyderman, M. *et al.* (2022). "Where you feel like a family instead of co-workers": A mixed methods study on care teams and burnout. *Journal of General Internal Medicine.* https://doi.org/10.1007/s11606-022-07756-2

VBP arrangements support multidisciplinary teams.

> My satisfaction derives from having created a highly functioning team in a multi-disciplinary ambulatory center... who help me address the nutritional, psychosocial, and other needs simultaneously.
>
> – *Primary care physician*

Lu, M.A., O'Toole, J., Shneyderman, M. *et al.* (2022). "Where you feel like a family instead of co-workers": A mixed methods study on care teams and burnout. *Journal of General Internal Medicine.* https://doi.org/10.1007/s11606-022-07756-2

VBP supports resilient provider organizations to meet the needs of patients.



VBP helped health care organizations remain financially resilient during COVID.

The flexible funding provided through VBP supports the infrastructure and staff capacity needed by provider organizations to develop social determinants of health screening and referral protocols.

VBP enables payment for services not allowable through traditional fee-for-service for health-related social needs services, supports, and navigation.

Thank you!

Questions?

Oregon Health Authority