Commonwealth of Kentucky
Cabinet for Health and Family Services (CHFS)
Office of Health Policy (OHP)

State Innovation Model (SIM) Model Design

June Payment Reform Workgroup

June 16, 2015
9 AM – 12 PM

Agenda

▪ **Welcome and Introductions**	**9:00 AM – 9:10 AM**
▪ **Review Draft Payment Reform Guiding Principles**	**9:10 AM – 9:30 AM**
▪ **Review of Draft Straw Person and Detailed Review of Payment Reform Components**	**9:30 AM – 10:30 AM**
▪ **Patient Centered Medical Home (PCMH)**	
▪ **Accountable Care Organization (ACO)**	
▪ *Break*	*10:30 AM – 10:45 AM*
▪ **Review of Draft Straw Person and Detailed Review of Payment Reform Components *(continued)***	**10:45 AM – 11:45 AM**
▪ **Health Home**	
▪ **Bundled Payments/Episodes of Care**	
▪ **Multi-payer Innovation Support Center**	
▪ **Outline Next Steps**	**11:45 AM – 12:00 PM**

Welcome and Introductions

Review Draft Payment Reform Guiding Principles

How We Got Here

Over the course of the past three months, the Payment Reform workgroup has covered a variety of different topics and discussed multiple options as it relates to designing value-based payment initiatives for the Commonwealth as part of SIM.

March Workgroup Recap

- "As-Is" Payment Reform National and Kentucky Landscape
- National and Kentucky SIM Goals for Payment Reform
- Drivers of Population Health Improvements

April Workgroup Recap

- Value-Based Purchasing Models
- Others SIM State Payment Reform Strategies
- Strengths and Challenges of the Current System
- Alignment with Medicare Reimbursement
- Payment Reforms Along the Delivery System Continuum

May Workgroup Recap

- Bundled Payment and/or Episodes of Care Models
- Advantages and Disadvantages of Leveraging Payment Reform Strategies in Nearby SIM States
- Payment Reform Strategies to Improve Population Health

As a result of this work, we were able to compile a set of guiding principles for payment reform in Kentucky that will be used to shape the components of the SIM Model Design.

Draft: Payment Reform Guiding Principles

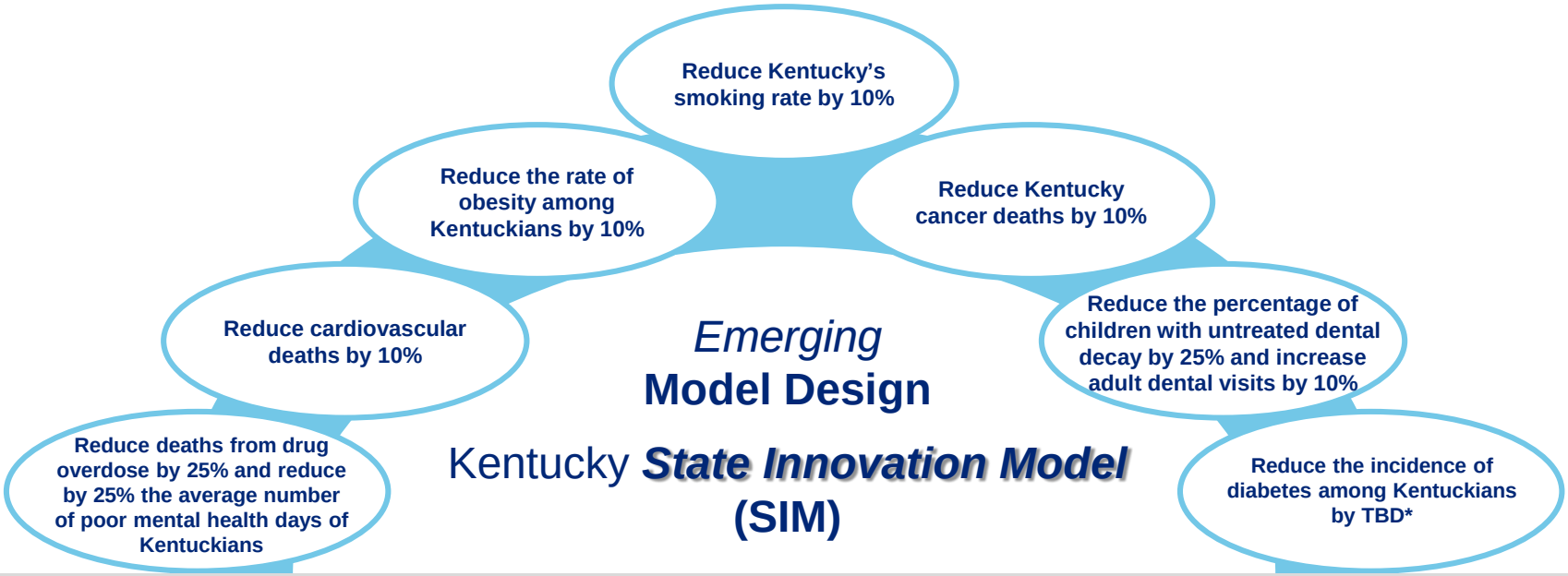
Based on discussions and activities with the Payment Reform workgroup, the following guiding principles have been proposed in developing payment reform initiatives as part of SIM.

1. Tie payment reforms to specific delivery system reforms and/or system delivery goals
2. Use payment reform to transition to a value-based reimbursement system
3. Support and encourage team-based approaches to care delivery
4. Create the opportunity to expand existing payment reform initiatives in Kentucky
5. Support innovation at the community level
6. Identify the need to be multi-payer as a critical success factor
7. Extend financial incentives to all provider types across the care continuum
8. Assure equal risk and gain sharing opportunities among all providers
9. Align shared savings and/or risk strategies to achievable measures

Payment Reform Guiding Principles

Review of Draft Straw Person and Detailed Review of Payment Reform Components

At a Glance: KY's Health Care Delivery System Transformation Plan



Potential Reform Initiatives (based on workgroup input and guiding principles to date)

Expanded Patient Centered Medical Homes (PCMH)	**Expanded Accountable Care Organizations (ACO)**	**Expanded Health Homes**	**Expanded Bundled Payment Initiatives/Episodes of Care**

A Multi-payer Community Innovation Support Center

A program for providers and communities to develop new delivery model & payment reform pilots with multi-payer support

Increased Access Strategies	**Quality Strategies**
HIT Strategies	**Other Supporting Strategies**

**The current goals included with kyhealthnow and therefore the PHIP do not contain a specified reduction goal for diabetes. Over the course of the Model Design process, CHFS will work alongside key stakeholders to develop this target for inclusion in the final PHIP.*

Level-setting: Core and Supporting Elements

Each component of Kentucky's proposed SIM Model Design contains a set of core design elements developed based on stakeholder input and a set of supporting design elements for future workgroup review and discussion.

Core Elements of KY's Model Design

- The *core design elements* to be reviewed for each component of the proposed SIM Model Design have been identified as "high-priority" items to consider by both the Commonwealth and its stakeholders to date
- These elements should be viewed as "starting points" to design the reforms proposed within SIM and may serve as future criteria to be used in developing these initiatives

Supporting Elements for Consideration

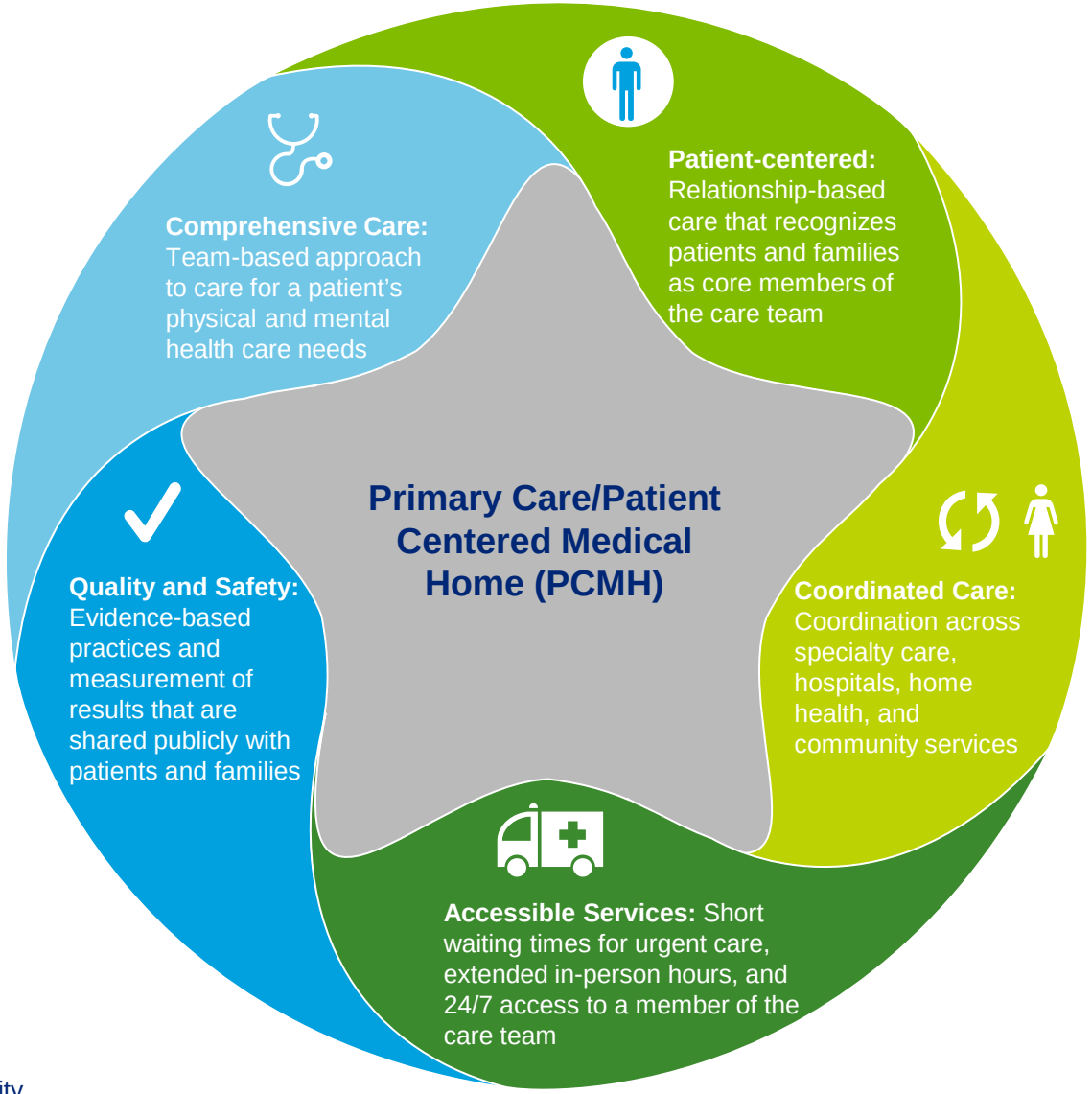
- The *supporting elements for consideration* to be reviewed for each component of the proposed SIM Model Design have been listed as secondary items. They represent recommendations and/or viewpoints expressed by stakeholders in the workgroups to date
- These supporting elements would benefit from additional stakeholder input, further Commonwealth review and research, and more detailed descriptions prior to being considered as core design elements of the SIM initiatives

All core design elements and/or supporting elements for consideration within each component of the proposed Model Design will be revisited and discussed in-depth with those stakeholders participating in the upcoming workgroup meetings.

Definitions: Patient Centered Medical Home (PCMH)

The PCMH model seeks to transform the method of primary care delivery.

PCMH Key Tenets



Source: Agency for Healthcare Research and Quality

Expanded PCMHs

Kentucky has proposed four core elements of its vision to expand PCMHs as part of SIM, with several supporting elements listed to help achieve the core elements.

Core Elements of KY's Model Design

- Expand the scope and reach of the care team to include oral health, public heath, in-school providers, pharmacists, physical therapists, community health workers (CHW), and community mental health centers (CMHC)
- Expand the reach of PCMHs to coordinate with schools, grocery stores, faith communities, and other community resources
- Develop multi-payer PCMH support by aligning PCMH compensation and measures across all payers
- Encourage employers to promote PCMH primary care for covered employees

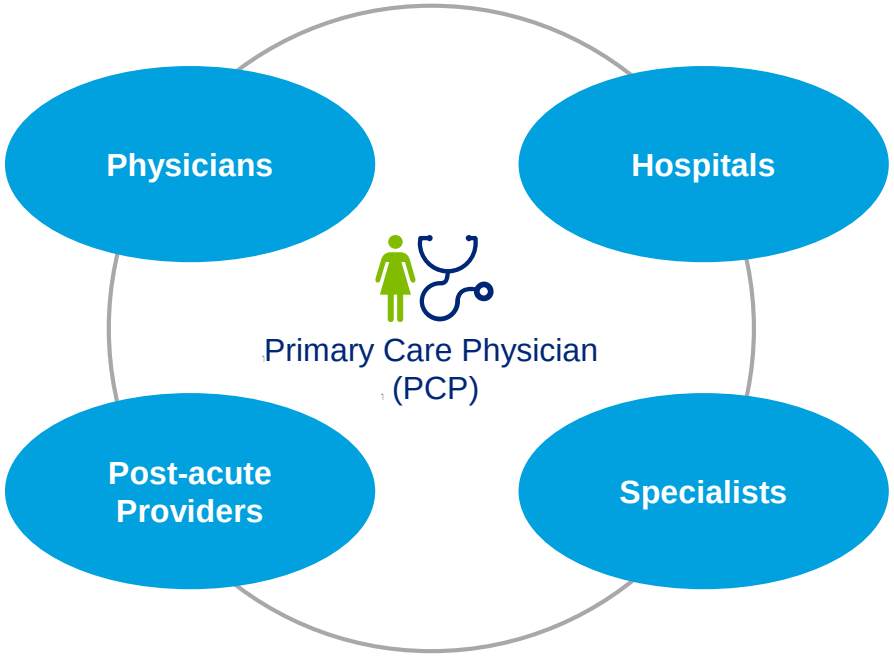
Supporting Elements for Consideration

- Develop quality targets aimed at promoting PHIP goals
- Provide infrastructure and training support to practices wanting to achieve PCMH
- Develop a "quick-win" strategy to generate support
- Increase provider motivation through the use of incentives
- Focus on medication adherence and including pharmacists in care coordination
- Develop reimbursement methods that support colocation
- Create incentives for physicians to conduct initial oral health screenings
- Assign individuals leaving the corrections system to a PCMH

Definitions: Accountable Care Organization (ACO)

ACOs share financial and medical responsibility for their members in an effort to provide coordinated care, reduce unnecessary services, increase the timeliness of treatment, and improve the overall health outcomes of their patients.

ACO Model



Key Elements

Comprehensive Provider Network

ACOs include physicians, hospitals, and other health care providers. PCPs are a required element of the ACO model

Quality Measures

The performance of ACOs is typically tied to certain quality measures. Medicare, for example, groups the quality measures into four categories:

- Patient/caregiver experience
- Care coordination/patient safety
- Preventive health
- At-risk population

Shared Savings

Providers within an ACO network share in the risk/savings that result from meeting or exceeding defined measures

Expanded ACOs

Kentucky has proposed four core elements of its vision to expand ACOs as part of SIM, with several supporting elements listed to help achieve the core elements.

Core Elements of KY's Model Design

- Expand the scope of ACOs to encourage participation across the full continuum of care and focus on behavioral health, public health, and community resources
- Establish a multi-payer, "open-door" policy whereby payers agree to add their populations to an ACO if the ACO desires
- Establish a harmonized attribution process and approach to measuring performance across all payers
- Assure equal risk-sharing and gain-sharing opportunities among all providers in the ACO

Supporting Elements for Consideration

- Develop quality targets aimed at supporting PHIP goals
- Allow creation of new Medicaid-focused ACOs
- Expand scope of ACOs to more complex populations (e.g., long-term services and supports)
- Expand scope of ACO care team to include oral health, public heath, in-school providers, pharmacists, physical therapists, CHWs, and CMHCs
- Increase provider coordination within and outside ACOs
- Encourage colocation of providers
- Create information technology connections between oral and physical health within ACOs

Break

Definitions: Health Home

Health Homes offer coordinated care to individuals with multiple chronic health conditions. Health home providers will integrate and coordinate all primary, acute, behavioral health, and long-term services and supports to treat the "whole-person" across the lifespan.

Health Home Eligibility

- Have two or more chronic conditions
- Have one chronic condition and are at risk for a second
- Have one serious and persistent mental health condition

Health Home Services

- Comprehensive care management
- Care coordination
- Health promotion
- Comprehensive transitional care/follow-up
- Patient and family support
- Referral to community and social support services

Health Home Providers	Definition
Designated Provider	May be a physician, clinical/group practice, rural health clinic, community health center, community mental health center, home health agency, pediatrician, OB/GYN, or other provider
Team of Health Professionals	May include physicians, nurse care coordinators, nutritionists, social workers, and behavioral health professionals and can be free-standing, virtual, hospital-based, or a community mental health center
Health Team	Must include medical specialists, nurses, pharmacists, nutritionists, dieticians, social workers, behavioral health providers, chiropractors, and licensed complementary and alternative practitioners

Source: Medicaid.gov

Expanded Health Homes

Kentucky has proposed three core elements of its vision to expand Health Homes as part of SIM, with two supporting elements listed to help achieve the core elements.

Core Elements of KY's Model Design

- Expand Medicaid health homes statewide after effectiveness is demonstrated in initial pilot
- Encourage other payers to adopt Medicaid Health Home payment and design structure to establish consistency in Health Homes across payers
- Expand Health Homes to include more comorbidities and chronic illnesses

Supporting Elements for Consideration

- Assign individuals leaving the corrections system to a Health Home
- Provide more robust transportation to Health Homes

Definitions: Bundled Payment Initiatives/Episodes of Care

Bundled and/or episodic payments are combined payments to cover services delivered by multiple providers for one service.

Definition

- A bundled/episodic payment is the reimbursement to health care providers, such as hospitals and physicians, on the basis of expected costs for clinically-defined episodes of care

Key Elements

- Episodes of care included in the bundled payment need to be well-defined
- Target rate/discount for the defined episodes of care needs to be calculated
- Gain-sharing mechanism needs to be established amongst various providers

Outcome

- Increased care coordination can be achieved amongst hospitals, post-acute care providers, physicians, and other practitioners by encouraging them to work together
- Higher quality of care and lower costs can be achieved by incentivizing providers through bundled/episodic payments

Key Needs

Technology Needs
- Identify operational challenges
- Web-enabled provider collaboration system
- Clinical care plan and workflow system

Analytical Needs
- Episodes of care identification
- Establishment of gain-sharing mechanism
- Financial impact analysis

Expanded Bundled Payment Initiatives/Episodes of Care

Kentucky has proposed five core elements of its vision to expand Bundled Payments and Episodes of Care as part of SIM, with three supporting elements listed to help achieve the core elements.

Core Elements of KY's Model Design

- Establish a multi-payer, "open-door" policy where payers agree to implement bundled payments at the request of providers
- Develop a roadmap for the phased implementation of Kentucky-specific, data-driven bundled payments/episodes of care
- Explore the creation of a joint bundled payment initiative between the Kentucky Employee Health Plan (KEHP) and Medicaid Managed Care Organizations (MCO)
- Review and leverage outcomes and successes of episodes of care used in surrounding SIM states and Medicare
- Increase coordination of care between acute and post-acute settings through the use of bundled payments

Supporting Elements for Consideration

- Expand risk agreements to all provider types
- Expand episodes of care across more segments of the delivery system
- Explore using new episodes of care strategies to better manage chronic disease

A Multi-payer Community Innovation Support Center

Akin to CMS' DSRIP waiver program, Kentucky could consider a multi-payer community innovation support center to potentially fund providers and/or communities who develop specific reforms that differ from the other key elements of the SIM Model Design and meet a set of pre-determined criteria.

Delivery System Reform Incentive Payment (DSRIP)

- DSRIP initiatives are part of broader Section 1115 Waiver programs and provide states with significant funding that can be used to support hospitals and other providers in changing how they provide care to Medicaid beneficiaries
- These waivers are intended to allow for experimental, pilot, or demonstration projects; however, there is no official federal guidance about what qualifies as a DSRIP program
- In general, DSRIP initiatives link funding for eligible providers to their progress toward meeting specific milestones through key elements of delivery system reform
- The details of what these key elements look like vary across states and waivers, but generally include projects focused on the following four areas: infrastructure development, system redesign, clinical outcome improvements, and population-focused improvements

Core Elements of a KY Multi-payer Community Innovation Support Center

1. **Create a program for providers and/or communities to develop new delivery system and payment model pilots focused on achieving PHIP goals with multi-payer support**
2. **Encourage innovations in response to community health needs assessments and other existing reporting mechanisms**
3. **Provide business process and practice transformation technical assistance (TA) to participating provider practices**

Source: Kaiser Family Foundation

Supporting Strategies

Kentucky has proposed four core elements of its plan to implement strategies to support the overall vision of the SIM Model Design. These strategies will continue to be developed with each workgroup.

Core Elements of KY's Model Design

- Reduce administrative burdens by standardizing:
  - Provider credentialing
  - Smoking cessation product formularies
  - Smoking cessation reimbursement policies
  - Prior authorization criteria for diabetes-related drugs and products
  - Reporting across payers
- Continue implementation of kyhealthnow initiatives
- Reduce administrative barriers to telehealth and telemedicine
- Develop a consumer engagement and accountability strategy

*Supporting Elements for Consideration**

**Strategies to support the overall vision of the SIM Model design will continue to be developed with all five workgroups.*

Next Steps

Upcoming Schedule

A monthly workgroup meeting will be essential for discussing key topics, reaching consensus, and driving the development of a successful Model Design. The exact meeting dates, times, and locations for the workgroups will be communicated in advance of each session.

July 2015

M	T	W	T	F
		1	2	3
6	7	8	9	10
13	14	15	16	17
20	21	22	23	24
27	28	29	30	31

August 2015

M	T	W	T	F
3	4	5	6	7
10	11	12	13	14
17	18	19	20	21
24	25	26	27	28
31				

September 2015

M	T	W	T	F
	1	2	3	4
7	8	9	10	11
14	15	16	17	18
21	22	23	24	25
28	29	30		

Calendar Legend

Workgroup Meeting

Stakeholder Meeting

Next Steps

- The July full stakeholder meeting is scheduled for **Wednesday, July 8, 2015** from **1:00 PM – 4:00 PM** at the **Kentucky Historical Society** (100 W. Broadway Street, Frankfort, KY 40601). No advance registration is required.

- Mark your calendars! The next Payment Reform workgroup will be held on **WEDNESDAY**, **July 22, 2015.** Please note that shift from Tuesday to Wednesday in July due to meeting space constraints. We will return to our regular rhythm in August.

Workgroup	July Date	July Time	July Location
HIT Infrastructure	Tuesday, July 21, 2015	9 AM to 12 PM	KY Department for Public Health (DPH), Conference Suite **A**, 275 E Main St, Frankfort, KY 40601
Payment Reform	Wednesday, July 22, 2015	9 AM to 12 PM	KY Department for Public Health (DPH), Conference Suites **B-C**, 275 E Main St, Frankfort, KY 40601
Integrated & Coordinated Care	Wednesday, July 22, 2015	1 PM to 4 PM	KY Department for Public Health (DPH), Conference Suites **B-C**, 275 E Main St, Frankfort, KY 40601
Increased Access	Thursday, July 23, 2015	9 AM to 12 PM	KY Department for Public Health (DPH), Conference Suites **B-C**, 275 E Main St, Frankfort, KY 40601
Quality Strategy/ Metrics	Thursday, July 23, 2015	1 PM to 4 PM	KY Department for Public Health (DPH), Conference Suites **B-C**, 275 E Main St, Frankfort, KY 40601

- Please visit the dedicated Kentucky SIM Model Design website: http://chfs.ky.gov/ohp/sim/simhome

- Please contact the KY SIM mailbox at sim@ky.gov with any comments or questions

Thank you!

Q&A

Appendix

BCBS Value-Based Care Recommendations for Government Partners

A recently released whitepaper by the Blue Cross and Blue Shield (BCBS) Association – *Transforming Healthcare Delivery: A Pathway to Affordable, High-Quality Care in America* – outlines the BCBS four-part, patient-oriented strategy and offers multiple recommendations that federal and state government insurance programs can implement to magnify the impact of private-sector initiatives

Change the Way Doctors and Hospitals are Paid

- Expedite the planned transition from fee-for-service to a system that rewards healthcare practitioners for quality over quantity
- Allow Medicare the flexibility to tailor benefits to the needs of specific populations and subpopulations and test complementary alternative payment arrangements
- Strengthen Medicare Advantage by encouraging the development of new, innovative delivery systems — such as ACOs — within the program
- Enhance primary care
- Reform the care and payment model for post-acute care

Help People be Active Partners in Their Own Healthcare

- Provide individuals in traditional Medicare with meaningful transparency tools so they can make informed choices and develop cost-conscious behaviors
- Establish rewards and incentives for patients
- Enable new innovative benefit designs in Medicare Advantage
- Promote a broad range of network options in Medicare Advantage

Promote Savings

- Provide greater transparency into drug valuation
- Produce more studies on the clinical effectiveness and safety of drugs
- Shorten the exclusivity period for brand-name biological drugs to seven years
- Ensure flexibility in formulary design
- Repeal the health insurance tax
- Equalize payment across care settings
- Ensure government policies do not further anticompetitive arrangements or consolidation among physician practices and hospitals
- Eliminate barriers to make telehealth part of the continuum of care
- Work to reduce medical errors and unnecessary treatments
- Fully fund efforts to combat fraud, waste, and abuse

Work with Doctors and Hospitals by Providing them with the Tools and Data they Need

- Empower healthcare practitioners with actionable data
- Assist with practice transformation
- Develop a comprehensive technology roadmap and timelines for sharing information in ways that enhance care
- Obtain healthcare data from multiple payers via distributed data collection rather than costly and inefficient centralized data collection
- Accelerate quality improvement efforts

Source: Blue Cross Blue Shield Association Whitepaper