



Charter Overview

Workgroup: Payment Reform

Date of Charter: 3/30/2015

Deliverables: Payment reform plan, Regulatory levers available to implement change plan, Alignment with state and Federal innovation plan

Background

The Center for Medicare and Medicaid Innovation (CMMI) established the SIM initiative to help drive improvements in service delivery and payment reform. In doing so, CMMI highlights the importance of exploring payment models that directly align with one or more existing Medicare programs, demonstrations, and/or models, such as accountable care organizations (ACOs), patient centered medical homes (PCMHs), and bundled payment programs. CMMI also emphasizes the importance of including but not limiting these models to the state's Medicaid population, state employee population, and commercial payers' populations.

To deliver upon these goals, Kentucky will work with a diverse set of stakeholders to develop a multi-payer strategy and detailed payment reform plan that aligns economic incentives with improved population health outcomes and quality of care. In developing this payment reform plan, Kentucky will also explore the necessary regulatory levers and innovative strategies for capturing at least 80% of the Commonwealth's covered population in its Model Design.

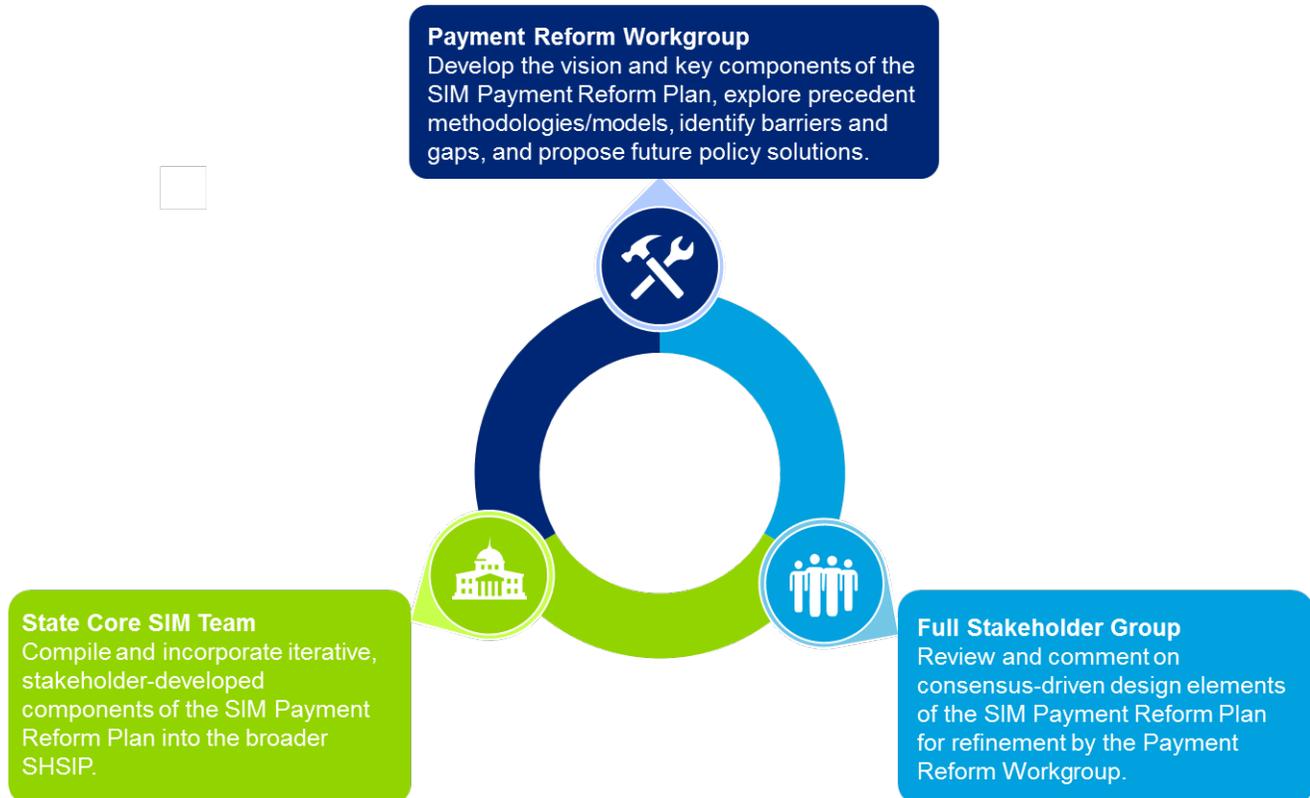
Mission Statement

The Payment Reform Workgroup has been formed to establish a vision for comprehensive payment reform mechanisms that align economic incentives with population health goals, and the use of policy levers to advance Kentucky's SIM Model Design. The workgroup will develop a multi-payer strategy and gain-share opportunities that incorporate concepts and themes from the Population Health Improvement Plan (PHIP). Throughout its work, the workgroup will pay particular attention to using payment methodologies to improve chronic disease prevention and management and setting evidence-based benchmarks for care.

Approach

The Payment Reform Workgroup will take a consensus-based approach to identifying payment models needed to transform the health care delivery system in Kentucky. It will begin by evaluating the appropriate policy levers for this level of reform and payer alignment, while examining the precedent-setting value of Medicaid, Medicare, or Kentucky Employees' Health Plan (KEHP) models or pilots. The workgroup will then develop a payment reform strategy that more fully incorporates value-based purchasing and aligns payments with quality of care. Once a consensus has been reached regarding the vision, the workgroup will identify barriers to multi-payer alignment, and propose initiatives and policy for inclusion in the state health system innovation plan (SHSIP) to address these gaps.

Taking a consensus-based approach to developing components of the SHSIP will promote broad stakeholder input and inclusion, and allow for an iterative review and comment process. This approach will also contain a continuous feedback loop between the workgroup, the full stakeholder group, and the Commonwealth. Specifically, as plans are developed and refined, each point of consensus reached by the workgroup will be presented to the full stakeholder group on a monthly basis and reviewed by the State's Core SIM Team for inclusion in the final SHSIP.



Proposed Workgroup Topics

The Payment Reform Workgroup will cover a variety of different topics during the SIM initiative, including but not limited to:

1. Strategies for Capturing at least 80% of the Covered Population in Kentucky
 - a. Have we included all payers needed to reach 80%?
2. Incentivize Greater Prevention to Improve Health Outcomes
 - a. What payment reform strategies can be used to strengthen public health initiatives underway, separately from DPH, in Kentucky?
 - b. Are there targeted payment reform strategies we should develop for our three focus areas?

3. Improve Chronic Disease Prevention and Management
 - a. Can we use bundled and/or episodic payment structures for certain defined health populations as a way to provide cost-effective chronic disease management?
4. Incentivize Adoption of Integrated and Coordinated Care Models
 - a. Should we employ Health Homes, ACOs, or other similar models?
 - b. How can we leverage the models currently underway in Kentucky to improve coordination of physical health, behavioral health, etc.?
 - c. How can we ensure provider engagement and recognize the impacts that transitioning from fee-for-service (FFS) to pay for performance (P4P) has on providers?
 - d. How can we develop models that will support both smaller and larger provider organizations?
 - e. How can we recognize the disproportionate Medicaid population in rural hospitals compared to larger facilities?
5. Align Payments with Quality of Care
 - a. What are the financial consequences for avoidable mistakes, readmissions, and problematic provider behaviors?
 - b. What existing Medicare initiatives (e.g., financial withholds for certain readmissions) can be explored in parallel to Medicaid and the commercial sector?
 - c. What existing commercial pay-for-performance initiatives can be explored in parallel to Medicaid and/or KEHP?
 - d. How do we incent payers to improve quality and access to health care services?
6. Setting Evidence-based Benchmarks for Care
 - a. How can we align economic incentives of providers with the CMS Core Population Health Metrics?
 - b. How can we address the clinical and/or financial challenges of the lack of accurate and timely data, and the ability to validate it?
7. Value-based Purchasing
 - a. How can we align the current value-based purchasing strategies used by the various payers/purchasers in Kentucky?
 - b. What are strengths and challenges of the current strategies?
 - c. What changes to the current array of value-based purchasing strategies should be considered?
 - d. What parts of the delivery system continuum should we target payment reform initiatives?



Timeline

Task	2015								
	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.
	Workgroup Sessions								
Phase 1: Assess Current Landscape and Discuss Key Topics <ul style="list-style-type: none"> Review workgroup charter Conduct as-is review of current initiatives in Kentucky Conduct driver diagram/goal setting exercise Discuss key topics related to integrated and coordinated care: <ul style="list-style-type: none"> Identify strategies for capturing at least 80% of the covered population Explore value-based purchasing options Incentivize greater prevention to improve health outcomes Improve chronic disease prevention and management Align payments with quality of care Establish evidence-based benchmarks for care 									
Phase 2: Design Plans for Regulatory Levers, Payment and/or Service Delivery Reform, and Alignment with State/Federal Innovation <ul style="list-style-type: none"> Develop straw person outlines for relevant SHSIP components Reach consensus on plans for Regulatory Levers, Payment and/or Service Delivery Reform, and Alignment with State/Federal Innovation 									
Phase 3: Review Plans for Regulatory Levers, Payment and/or Service Delivery Reform, and Alignment with State/Federal Innovation <ul style="list-style-type: none"> Review draft plans for Regulatory Levers, Payment and/or Service Delivery Reform, and Alignment with State/Federal Innovation Incorporate workgroup feedback into SHSIP components 									

★ Final Workgroup Meeting