HCAi
Department of Health Care Access and Information

OHCA Investment and Payment Workgroup

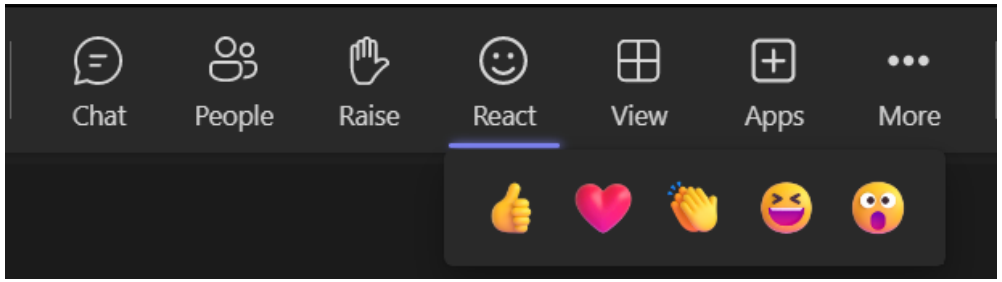
June 21, 2023

Agenda

9:00 a.m.	**1. Welcome and Introductions**
9:30 a.m.	**2. Overview of the Work Ahead**
9:50 a.m.	**3. Review and Discuss Workgroup Charter**
10:05 a.m.	**4. Introduce Components of APM Measurement, Reporting, Goals for Adoption, and Standards**
10:30 a.m.	**5. Adjournment**

Meeting Format

- Remote participation via Teams Webinar only
- Meeting recurs the third Wednesday of every month
- We will be using reaction emojis, breakout rooms, and chat functions:



Date:
Wednesday, June 21, 2023

Time:
9:00 am PST

Microsoft Teams Link
for Public Participation:
Click here to join the meeting

Meeting ID: 231 506 203 671
Passcode: XzTN6r

Or call in (audio only):
+1 916-535-0978

Conference ID:
261 055 415#

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Welcome and Introductions

Margareta Brandt, MPH, Assistant Deputy Director, Health System Performance

OHCA Team

Vishaal Pegany, MPP/MPH
Deputy Director

Mr. Pegany is a dedicated public service official with extensive involvement in health care policy development. As Deputy Director of the Office of Health Care Affordability he leads efforts to collect data on total health care expenditures, analyzing the health care spending trends and drivers of spending, and assessing market consolidation. In addition, he promotes strategies for managing costs and improving affordability with an eye on improving quality and equity and enforcing spending targets.

Margareta Brandt, MPH
Assistant Deputy Director

Ms. Brandt is an experienced health official with years of experience in quality improvement and delivery system reform. She currently directs the Health System Performance Branch of the Office of Health Care Affordability in monitoring quality and health equity, workforce stability, alternative payment model adoption, and primary care and behavioral health spending in California.

OHCA Team

Jill Yegian, PhD
Consultant

Dr. Yegian is an accomplished health care leader with expertise in health care markets, cost and quality, payment innovation and value-based models, performance measurement, health insurance and the uninsured. She is passionate about improving the way the health care system works for patients, providers, and payers.

Freedman HealthCare Team

Mary Jo Condon, MPPA
Principal Consultant

Ms. Condon has led consulting engagements on complex, data driven health care policy projects requiring extensive stakeholder engagement, communications strategies, analytic methodologies and clear, concise presentation of cost and quality outputs.

Vinayak Sinha, MPH, CSM
Consultant

Mr. Sinha has managed multi-stakeholder projects on primary care reform, reduction of total cost of care and affordability standards. He leads work on data collection and reporting of non-claims payments for various use cases, including primary care and behavioral health investment.

Freedman HealthCare Team

Summer Preg
Project Manager

Ms. Preg is a supportive project manager with years of public service experience at the state level. She is skilled at data visualization, technical writing, and engaging a wide variety of audiences.

Julia Sledzik, MPH, CSM
Project Associate

Ms. Sledzik has supported Maryland's alternative payment model data collection process. She created the code set for the CHCF's *Investing in Behavioral Health* report which documents the codes states use to define behavioral health for measurement and reporting.

Investment and Payment Workgroup Members

Providers & Provider Organizations

Bill Barcellona, Esq., MHA
Executive Vice President of Government Affairs, America's Physician Groups

Paula Jamison, MAA
Senior Vice President for Population Health, AltaMed

Cindy Keltner, MPA
Vice President of Health Access & Quality, California Primary Care Association (CPCA)

Catrina Reyes, Esq.
Vice President of Advocacy and Policy, California Academy of Family Physicians

Janice Rocco
Chief of Staff, California Medical Association

Adam Solomon, MD, MMM, FACP
Chief Medical Officer, MemorialCare Medical Foundation

To be selected

Academics/ SMEs

Sarah Arnquist, MPH
Principal Consultant, SJA Health Solutions

Crystal Eubanks, MS-MHSc
Vice President Care Transformation, California Quality Collaborative (CQC)

Kevin Grumbach, MD
Professor of Family and Community Medicine, UC San Francisco

Reshma Gupta, MD, MSHPM
Chief of Population Health and Accountable Care, UC Davis

Kathryn Phillips, MPH
Associate Director, Improving Access, California Health Care Foundation (CHCF)

State & Private Purchasers

Lisa Albers, MD
Assistant Chief, Clinical Policy & Programs Division, CalPERS

Palav Babaria, MD
Chief Quality and Medical Officer & Deputy Director of Quality and Population Health Management, California Department of Health Care Services (DHCS)

Monica Soni, MD
Chief Medical Officer, Covered California

Dan Southard
Chief Deputy Director, Department of Managed Health Care (DHMC)

Consumer Reps & Advocates

Beth Capell, PhD
Contract Lobbyist, Health Access California

Nina Graham
Transplant Recipient and Cancer Survivor, Patients for Primary Care

Cary Sanders, MPP
Senior Policy Director, California Pan-Ethnic Health Network (CPEHN)

Hospitals & Health Systems

Ben Johnson, MPP
Vice President Policy, California Hospital Association (CHA)

Sara Martin, MD
Program Faculty, Adventist Health, Ukiah Valley Family Medicine Residency

Ash Amarnath, MD, MS-SHCD
Chief Health Officer, California Health Care Safety Net Institute

Health Plans

Joe Castiglione, MBA
Principal Program Manager, Industry Initiatives, Blue Shield of California

Keenan Freeman, MBA
Chief Financial Officer, Inland Empire Health Plan (IEHP)

To be selected

Investment and Payment Workgroup Introduction Instructions

Welcome Investment and Payment Workgroup members! We look forward to getting to know you and connecting you with each other.

Please keep introductions brief today and include the following:

1. Name
2. Organization
3. Title/Role
4. Location

Example: Hi, I'm Julia Sledzik, a Project Associate with Freedman HealthCare. I live in Boston.

Then, in the chat please provide one goal for advancing high-value care, primary care or behavioral health care. We encourage members to respond or react to other members' goals.

Etiquette for Easy Collaboration

- Mute your microphone when you are not speaking to avoid background noises
- Use of your camera is encouraged
- Raise your hand to make a comment, provide feedback, or offer an idea
- Use the chat box, reactions, and emojis to contribute to the conversation
- Be present and practice active listening, we want to hear your insights
- Be respectful of differences in understanding and perspective
- Hold the tension of both/and thinking, rather than either/or thinking

Participation from Other Stakeholders: Stakeholders who are not workgroup members are welcome to join Investment and Payment Workgroup meetings. At various points during the meetings, the facilitator will provide an opportunity for these stakeholders to ask questions and offer input or feedback.

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Overview of the Work Ahead

Margareta Brandt, MPH, Assistant Deputy Director, Health System Performance

Mary Jo Condon, MPPA, Principal Consultant

Vinayak Sinha, MPH, CSM, Consultant

OHCA Key Components

- Slow Spending Growth
- Promote High Value
- Assess Market Consolidation

Focus areas for promoting high value system performance

APM Adoption	• Define, measure, and report on alternative payment model adoption • Set standards for APMs to be used during contracting • Establish a benchmark for APM adoption
Primary Care Investment	• Define, measure, and report on primary care spending • Establish a benchmark for primary care spending
Behavioral Health Investment	• Define, measure, and report on behavioral health spending • Establish a benchmark for behavioral health spending
Quality and Equity Measurement	• Develop, adopt, and report performance on a single set of quality and health equity measures
Workforce Stability	• Develop and adopt standards to advance the stability of the health care workforce • Monitor and report on workforce stability measures

Alternative Payment Models

Statutory Requirements

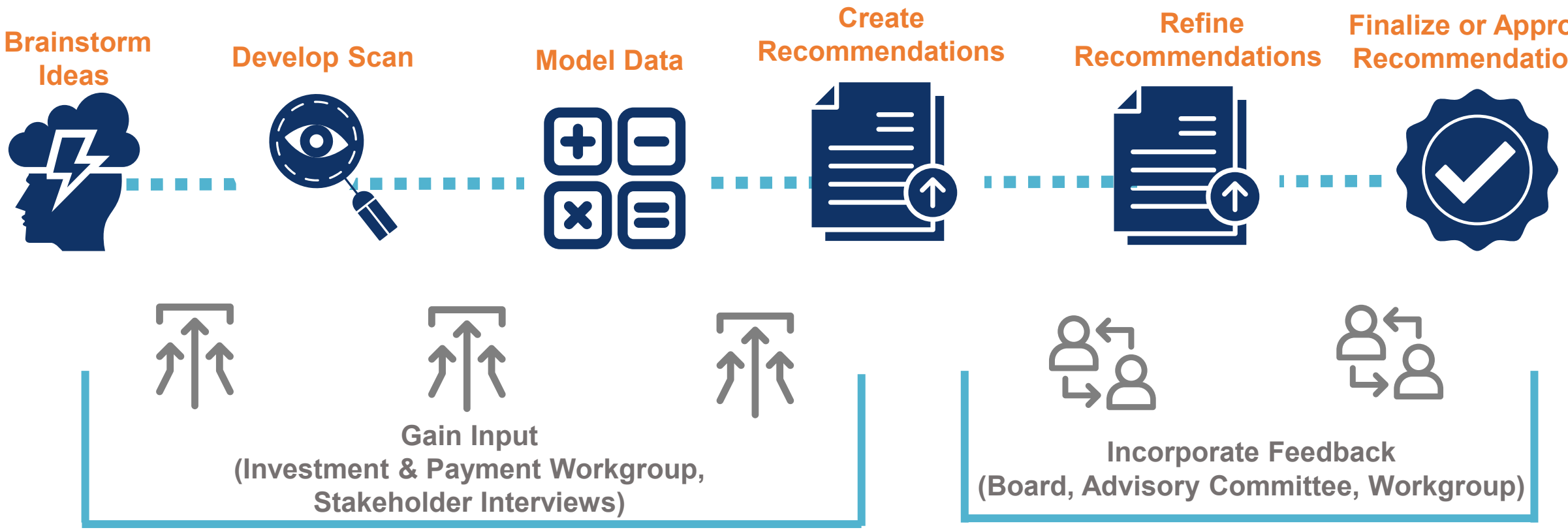
- Promote the shift of payments based on fee-for-service (FFS) to alternative payment models (APMs) that provide financial incentive for equitable high-quality and cost-efficient care.
- Convene health care entities and organize an APM workgroup, **set statewide goals** for the adoption of APMs, **measure the state's progress** toward those goals, and **adopt contracting standards** healthcare entities can use.
- Set benchmarks that include, but are not limited to, increasing the percentage of total health care expenditures delivered through APMs or the percentage of membership covered by an APM.

Primary Care & Behavioral Health Investments

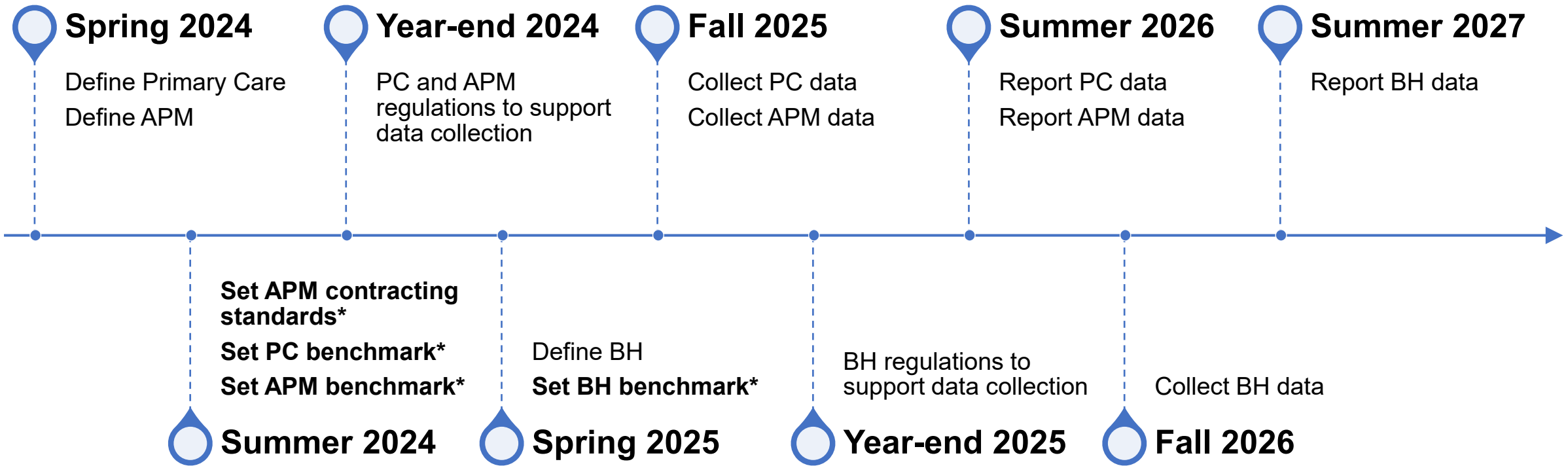
Statutory Requirements

- Measure and promote a sustained systemwide investment in primary care (PC) and behavioral health (BH).
- **Measure the percentage of total health care expenditures allocated to PC and BH** and set spending benchmarks that consider current and historic underfunding of primary care services.
- **Develop benchmarks** with the intent to build and sustain infrastructure and capacity and shift greater health care resources and investments away from specialty care and toward supporting and facilitating innovation and care improvement in PC and BH.
- Promote improved outcomes for PC and BH.

Planned Approach for APM Adoption, Primary Care, and Behavioral Health Workstreams



Preliminary Timeline for APM, Primary Care, and Behavioral Health Workstreams



***Board approval required**

All included in the first annual report, due June 2027

Examples of Workgroup Discussion Topics

Alternative Payment Models

Definitions, Measurement, Reporting: Categorizing APMs, unit of reporting, health and social risk adjustment

Standards for APM Contracting: Common requirements/incentives for high quality equitable care, accelerate adoption of APMs

Statewide Goal for Adoption: Variation by market (Commercial, Medi-Cal), target timeline, unit of reporting (percent of payments, members, and/or provider contracts)

Primary Care

Definitions, Measurement, Reporting: Primary care providers, services, site of service, non-claims, integrated behavioral health

Investment Benchmark: Variation by market (Commercial, Medi-Cal) or population (adult vs. pediatric)

Behavioral Health

Definitions, Measurement, Reporting: Behavioral health providers, services, site of service, non-claims; spending on social supports; capturing carved out behavioral health spending

Investment Benchmark: Variation by market (Commercial, Medi-Cal) or population (adult vs. pediatric)

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Review and Discuss Workgroup Charter

Margareta Brandt, MPH, Assistant Deputy Director, Health Systems Performance

Mary Jo Condon, MPPA, Principal Consultant

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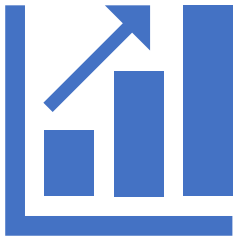
Introduce Components of APM Measurement, Reporting, Goals for Adoption and Standards

Vinayak Sinha, MPH, CSM, Consultant

Why Alternative Payment Models?

- Alternative Payment Models (APMs), or value-based payments, align payer-provider payment approaches to incent high-quality, cost-efficient care.
  - Models span the continuum of clinical responsibility and financial risk moving from volume to value.

- In 2016, the Centers for Medicare and Medicaid Services (CMS) and large payers established the Health Care Learning and Action Network (HCP-LAN) framework for categorizing APM arrangements according to the level of risk assumed by a provider. It is one of a few commonly used categorizations of value-based payments.



- In 2021 in California's commercial market, almost 2/3rds (64%) of members were in **capitation-based arrangements**, with 1/3rd (36%) in **fee-for-service arrangements**.

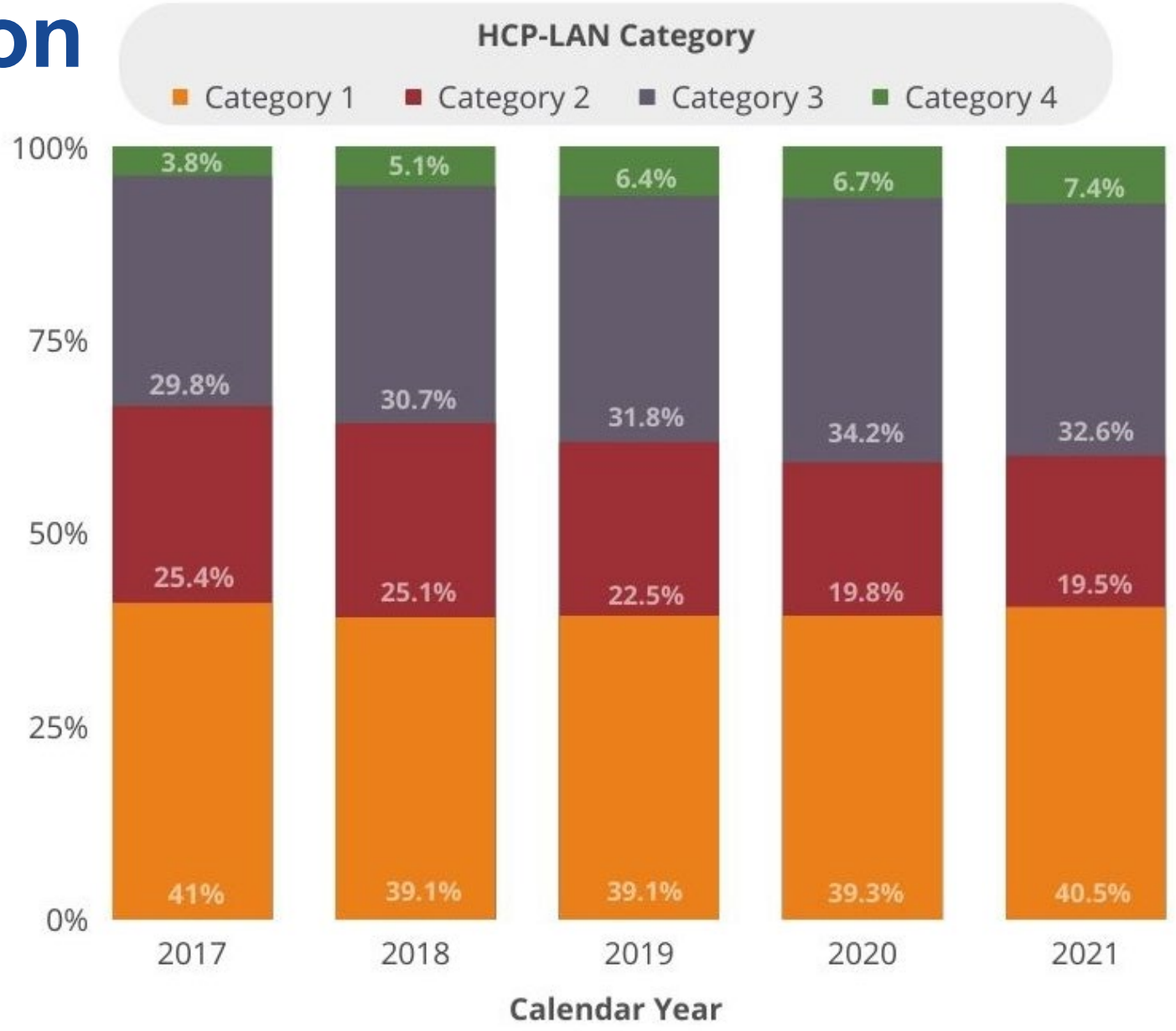
Health Care Payment Learning and Action Network, HCP-LAN APM Measurement Effort Results APM Measurement Survey, 2022
California Regional Health Care Cost & Quality Atlas, Integrated Healthcare Association, 2023.

HCP-LAN Framework

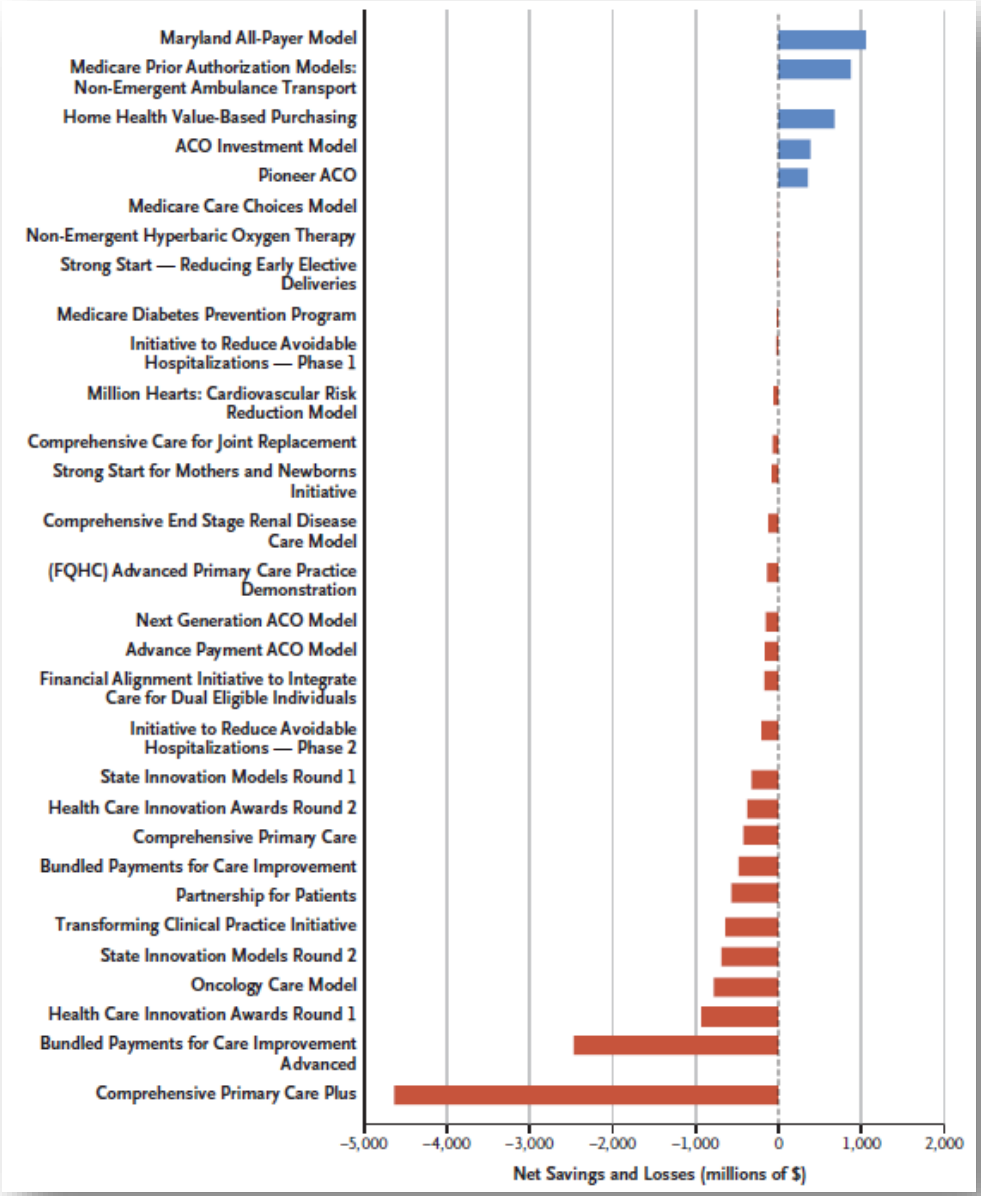
Category 1	Category 2	Category 3	Category 4
FEE FOR SERVICE- NO LINK TO VALUE	FEE FOR SERVICE- LINK TO QUALITY & VALUE	APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE	POPULATION-BASED PAYMENT
	A	A	A
	Foundational Payments for Infrastructure & Operations	APMs with Shared Savings	Condition-Specific Population-Based Payment
	B	B	B
	Pay for Reporting	APMs with Shared Savings and Downside Risk	Comprehensive Population-Based Payment
	C		C
	Pay-for-Performance		Integrated Finance & Delivery System
		3N Risk Based Payments NOT Linked to Quality	4N Capitated Payments NOT Linked to Quality

National APM Adoption Has Been Slow

- Overall, movement to APMs has been slower than many hoped.
- Nationally in 2021, over 40% of payments were still in FFS payment arrangements (Category 1).
- Some dollars have moved from Category 2 (pay for performance or reporting) to Category 3 (shared savings and risk) & 4 (capitation and global budgets).



Impact of APMs on Care Delivery and Cost



Impact of APMs on Care Delivery and Cost

Fee-for-Service Challenges:

- Incentive to do more, not better
- Lack of flexibility, provider innovation
- "It's Still the Prices Stupid"

APM Trade Offs:

- Recognizes quality and value but mixed outcomes
- Review of 30 CMS Innovation Center APMs: Five produced significant savings; several others improved quality
- "With a small number of exceptions, value-based payment has yet to improve (or even explicitly address) access to care or health outcomes for populations with social risk factors..."
- More provider risk may result in more consolidation; more flexible payments often results in less transparency in how dollars were spent

Health Affairs Vol. 38, NO. 1: Substance Use, Payment & More. It's Still The Prices, Stupid: Why The US Spends So Much On Health Care, And A Tribute To Uwe Reinhardt. 2019
The New England Journal of Medicine. CMS Innovation Center at 10 Years - Progress and Lessons Learned. 2021
Penn LDI. Health Care Access & Coverage Brief. The Future of Value-Based Payment: A Road Map to 2030. 2021

Maximizing APM Benefits

Measurement

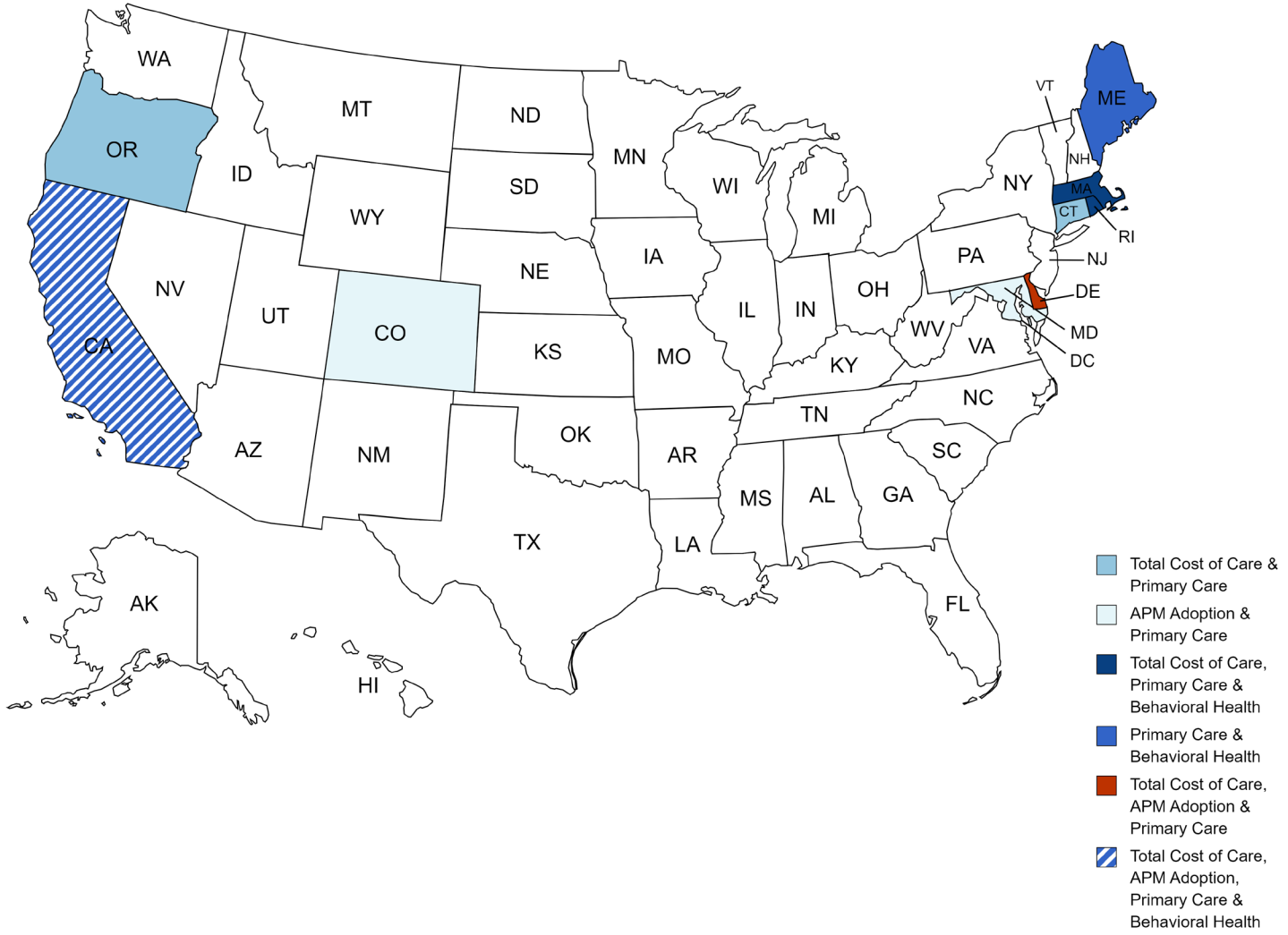
- Tracks progress toward quality, value, and equity goals
- Offers transparency into what's working

Standards

- Help accelerate APM adoption
- Protect against unintended consequences

What's Occurring in Other States

- There are nine states collecting APM data from payers with different authority and use cases.
- Some states collect data through multiple avenues for different use cases.
- Definitions and categories of value-based payments vary.
- Payers report little insight into the distribution of non-claims payments within provider organizations.



Created with mapchart.net

Freedman HealthCare analysis of state reports and data collection materials

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Lessons Learned from Other States

- Data collection and definitions should align with priority use cases
- HCP-LAN provides an example of a standardized framework, but payers require additional guidance on categorization
- Total medical expense flowing through APM contracts and the actual non-claims payments moving through APM arrangements are different
- Data collection by provider organization can help identify opportunities for increased APM adoption and aligned financial incentives
- Payers often don’t know how dollars were spent inside the provider organization and contract structure may not align with provider compensation model
- Payments are typically finalized six to nine months post experience period

Freedman HealthCare analysis of state reports and data collection materials

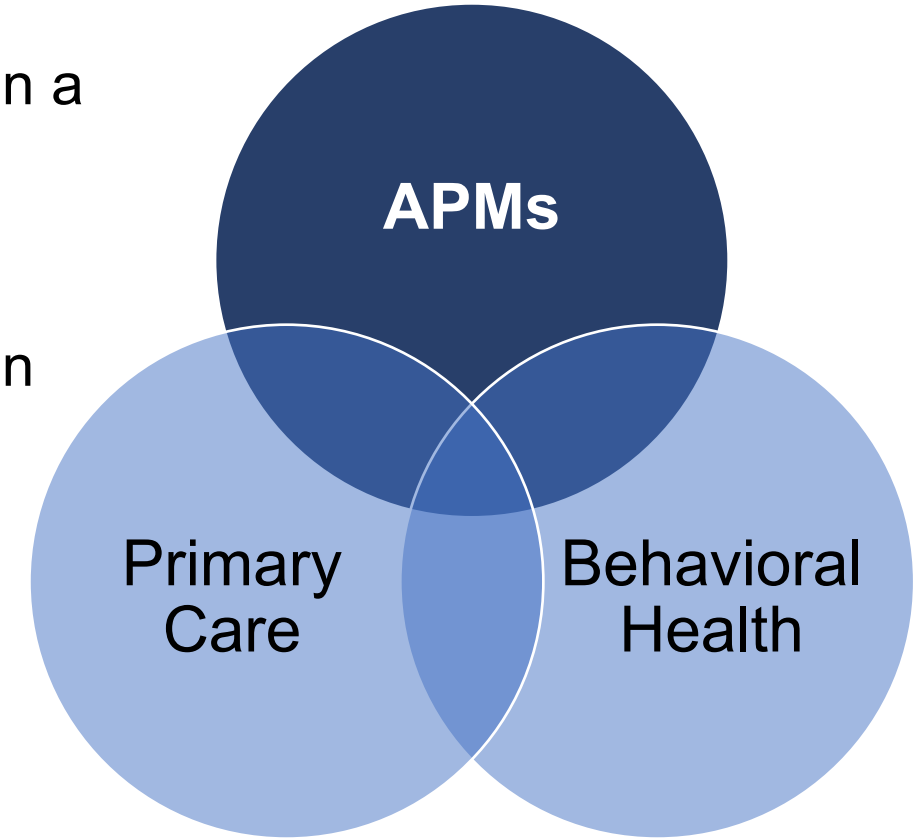
What's Measured and Reported Less Frequently

- Actual value of non-claims payments moving through APM arrangements or dollars "at risk"
  - Example: A payer-provider contract may be for $100m, but only include $1m at risk for meeting performance metrics and receiving incentive payments.
- Attributes of the provider organizations engaging in APMs e.g., size, geography, ownership, organization type
- Variation in total cost of care, quality performance by payment model type

Valuable information for understanding true progress toward value and to shape future policy and contracting

The Role of APMs in Strengthening Primary Care and Behavioral Health

- Financial success in many APM arrangements relies on a strong primary care infrastructure and performance frequently is tied to the primary care relationship.
- APMs typically bring more flexible payments, which can support advanced primary care including integrated behavioral health.
- Primary care practices cannot transform care delivery with “a foot in each canoe.” One study found capitated revenue needed to be more than 60% of practice payments to make infrastructure investments and changes in care delivery financially sustainable.



Sanjay Basu, Russell S. Phillips, Zirui Song, Asaf Bitton, Bruce E Landon, High Levels Of Capitation Payments Needed To Shift Primary Care Toward Proactive Team And Non-visit Care. Health Affairs 2017

Considerations for California

- A long history of capitation and integrated delivery systems will guide data collection and a statewide goal for APM adoption
- Capitation is not the only type of APM. Providers benefit from a range of models that reflect varying readiness to assume risk.
- Existing public and private purchaser contracting requirements show potential for alignment and offer strong foundation for measurement and standards
- California consumer advocacy is among the nation's strongest and will shape policy
- Understanding geographic variation in APM adoption including the impact on health equity will be important considering California’s size and multiple, diverse healthcare markets
- HCAI data collection efforts should serve priority use cases for each program with alignment whenever possible

APM Discussion Topics

- Definitions, measurement, and reporting
  - How to categorize APMs – HCP-LAN or another framework?
  - What are appropriate units of measurement and reporting for various types of APMs?
  - Should individuals' age, gender, health status and/or other factors be reflected in how APM information is collected and/or reported?
- Setting a statewide goal for APM adoption
  - Should goal vary by market segment (Medi-Cal, commercial, etc.)? Annual or multi-year?
  - Should goal be based on percent of payments delivered through APMs, membership or both?
- Developing standards for APM contracting
  - What common themes do APMs in California share? What are the strengths and opportunities?
  - What are the best ways to incent high quality equitable care and accelerate APM adoption without encouraging unintended consequences?

Looking Ahead

June 2023

- Begin stakeholder interviews on APMs
- Provide Investment and Payment Workgroup with APM background

July 2023

- Complete stakeholder interviews on APMs
- Discuss APM measurement and reporting and a statewide goal for APM adoption

August 2023

- Discuss purpose and goals for APM contracting standards
- Share stakeholder interview input with workgroup

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Adjournment

Margareta Brandt, MPH, Assistant Deputy Director

Health System Performance