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Department of Health Care Access and Information

OHCA Investment and Payment Workgroup

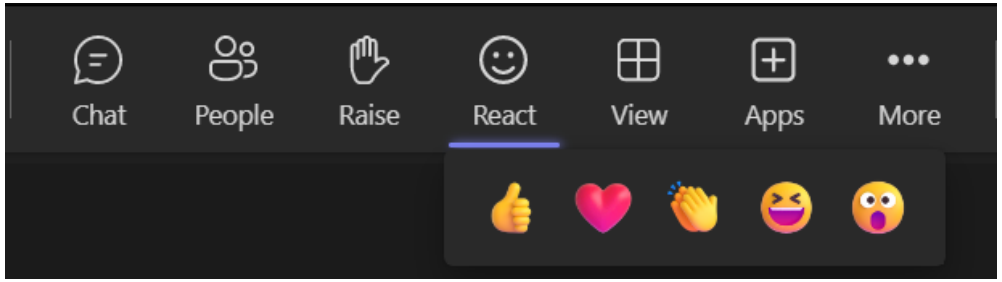
August 16, 2023

Agenda

9:00 a.m.	**1. Welcome, Updates, and Strengthening Health Equity Language in Charter**
9:15 a.m.	**2. Incorporating Health Equity into Alternative Payment Model (APM) Adoption**
9:45 a.m.	**3. Examples of APM Contracting Standards**
10:00 a.m.	**4. Criteria to Inform APM Standards**

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, August 16, 2023

Time:
9:00 am PST

Microsoft Teams Link
for Public Participation:

Meeting ID: 231 506 203 671
Passcode: XzTN6r

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

Conference ID:
261 055 415#

Investment and Payment Workgroup Members

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Consumer Reps & Advocates

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Chief Financial Officer, Inland Empire Health Plan (IEHP)

Mohit Ghose
State Affairs, Anthem

Charter Feedback

- Workgroup feedback has been incorporated to add additional language to promote “equitable, high-quality, and cost-efficient care” in several places

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Incorporating Health Equity into Alternative Payment Model (APM) Adoption

Robert Seifert, MPA, Consultant

Payers and Health Plans Are Addressing Equity in APMs By:

- Elevating equity as a goal and developing strategies to achieve it
- Adding flexibility to provide supplemental benefits
- Developing screening tools and quality measures
- Improving data collection to identify health disparities
- Adjusting payments to identify and address social determinants of health

We Are Seeking Input On

- How can equity be incorporated into APM measurement and reporting?
- How can APM contracting standards accelerate adoption of APMs that encourage high-quality, equitable care?

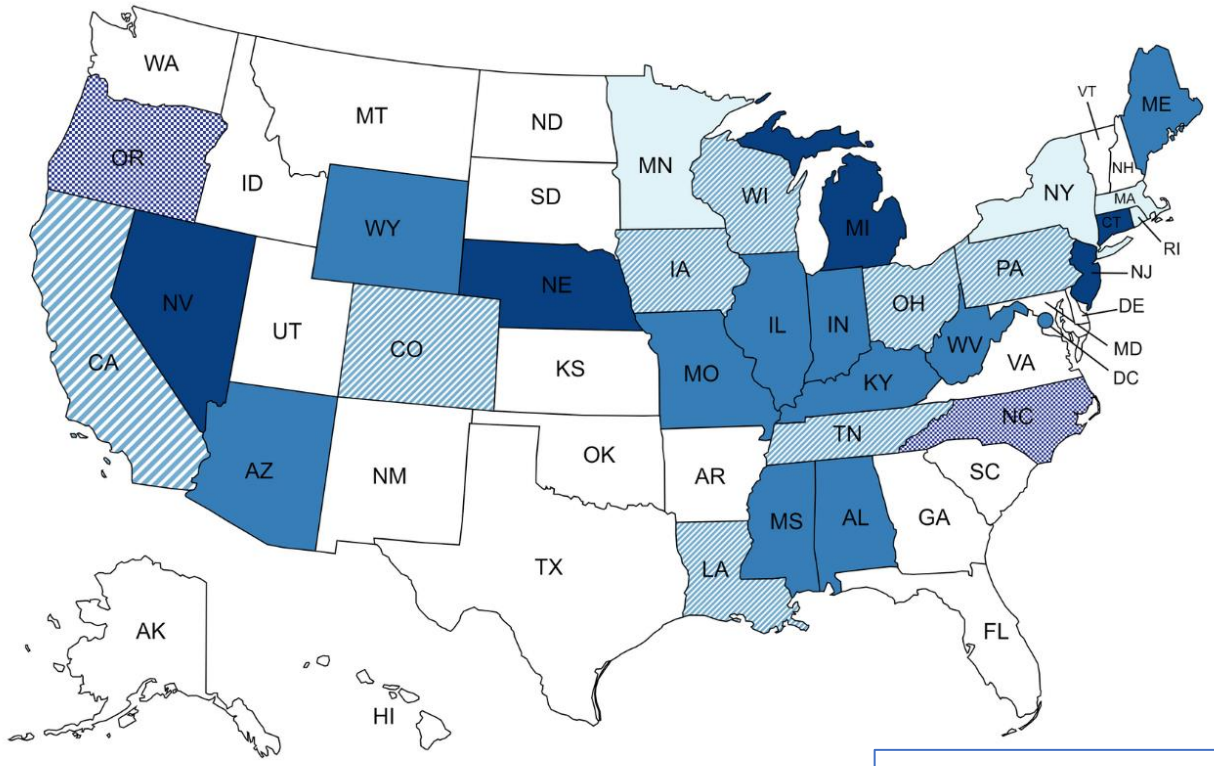
Examples of Incorporating Equity in APMs

- State strategies to improve completeness of Medicaid data
  - Requirements that managed care organizations collect and report data from members, and other approaches to improve the completeness of demographic data (for example, RELD-SOGI*) needed to measure equity
- Payment for social determinants of health (SDOH) screening
  - Quality metrics for ACOs related to screening members for social risks
- Payments for SDOH services or partnerships
  - Incentives or requirements for health plans to partner with community organizations
- Social needs risk adjustment
  - Value-based payment adjusted to account for social factors, in addition to clinical and demographic

*Race, Ethnicity, Language, Disability - Sexual Orientation & Gender Identity

Where is Equity Considered in APM Payment and Measurement?

Ways Equity is Considered	
A	Medicaid MCO financial incentives[1]
B	State strategies to improve completeness of Medicaid race, ethnicity, and language (REL) data[1]
C	Payment for SDOH screening[2]
D	Payments for SDOH services/partnerships[3]
E	Social needs risk adjustment[4]



*Massachusetts: A-E
Minnesota: A, B & E
New York: B & D
Rhode Island: B, C & D

1. Kaiser Family Foundation. How the Pandemic Continues to Shape Medicaid Priorities: Results from an Annual Medicaid Budget Survey for State Fiscal Years 2022 and 2023. 2022.
2. Milbank Memorial Fund. Marrying Value-Based Payment and the Social Determinants of Health through Medicaid ACOs: Implications for Policy and Practice. 2020.
3. Milbank Memorial Fund. How are Payment Reforms Addressing Social Determinants of Health? Policy Implications and Next Steps. 2021.
4. State Health Access Data Assistance Center at the University of Minnesota. Risk Adjustment Based on Social Factors: State Approaches to Filling Data Gaps. 2020.

Medicaid Examples from Other States

- Most state activity is in Medicaid programs
  - Payments for SDOH screening (MA, RI)[1]
    - Majority of states with Medicaid managed care require social needs screening and referral
  - Incentives to address health disparities[2]
    - Withholds (LA, MI)
    - Risk corridor adjustments (MN)
    - Pay for performance (P4P) (CT, PA, MA)[3]
    - Medical Loss Ratio expenses (NC)
    - Requirements to develop value-based payments (VBP) strategies that address health equity (NE, NV, NC)
  - Payments for SDOH services/partnerships (NC, NY, MA, RI, OR)[4]
  - Social needs risk adjustment (MN, MA)[5]
- The 2022 NCQA Health Equity Measurement Framework for Medicaid Accountability, funded by the California Health Care Foundation, advances standardized health equity measurement

1. Millbank Memorial Fund. Marrying Value-Based Payment and the Social Determinants of Health through Medicaid ACOs, Implications for Policy and Practice. 2020
2. Princeton University with Bailit Health. State Health & Value Strategies: Compendium of Medicaid Managed Care Contracting Strategies to Promote Health Equity. 2023
3. KFF. How the Pandemic Continues to Shape Medicaid Priorities: Results from an Annual Medicaid Budget Survey for State Fiscal Years 2022 and 2023. 2022
4. Millbank Memorial Fund. How are Payment Reforms Addressing Social Determinants of Health? Policy Implications and Next Steps. 2021
5. State Health Access Data Assistance Center at the University of Minnesota. Risk Adjustment Based on Social Factors: State Approaches to Filling Data Gaps. 2020

Commercial Example from Massachusetts

Blue Cross and Blue Shield of Massachusetts

- Contracts include financial incentives to reward clinicians for eliminating racial and ethnic disparities
- Contracts will initially focus on measuring and rewarding equity in care in several clinical areas where disparities have been identified, including colorectal cancer screenings, blood pressure control, and care for diabetes. Additional categories will be added as the payment model evolves.
- Will seek to sign value-based contracts with equity provisions with other Massachusetts health systems in the months and years ahead
- Contracts with advanced health systems may also include screening and interventions to address SDOH

1.Coverage: Blue Cross and Blue Shield of Massachusetts. A bold step to address health inequities. 2022.
2.Massachusetts Health Care Transformation Task Force. Applying Value-Based Payment to Health Equity: Spotlight on BCBS Massachusetts Equity Efforts with Provider Organizations. 2023

Medicare Example from Maryland

HEART (Health Equity Advancement Resource and Transformation) Payments

- A Per Member Per Month (PMPM) payment to Maryland Primary Care Program participants for patients with high medical complexity living in an area with a High Area Deprivation Index
- Provides additional financial investments to practices serving socioeconomically disadvantaged populations to improve health outcomes and lower costs, ultimately advancing health equity
- Not subject to recoupment based on a participant's performance on quality, utilization, and cost measures

Lessons Learned from Other States

- **RELD-SOGI* Data Incomplete (all payers):** Incentives introduced to improve collection and completeness; results TBD
- **Limited Evidence**: SDOH requirements, incentives for ACOs and MCOs are new
- **Wide Variation**: Requirements and goals vary across states
- **"Bridge to Nowhere"**: Under-resourced social service systems may lack capacity to address social needs indicated by screening
- **Provider buy-in essential and complex**: Clinicians appreciate flexibility and dollars to address social needs, but have limited capacity and resources
- **Adjustments needed but complex**: Adjusting for social risk aims to avoid penalizing those caring for high-need, high-cost patients without compromising their care. Methods for adjusting payments and performance continue to evolve.
- **Misaligned incentives**: As in many areas of health care, the benefits of addressing health inequities will be dispersed across the health care system and may not accrue immediately or to those who made the investments directly.

*RELD-SOGI: Race, Ethnicity, Language, Disability - Sexual Orientation & Gender Identity

Millbank Memorial Fund. Marrying Value-Based Payment and the Social Determinants of Health through Medicaid ACOs, Implications for Policy and Practice. 2020

Considerations for California

- Align with ongoing work across state agencies
- APM contracting standards could incorporate incentives for screening for social needs and/or addressing health disparities
- Measurement will evolve as data improve
  - Data collection and reporting of RELD-SOGI* data
  - Assessing quality and cost by demographic factors, such as income levels
  - Analysis by geography
  - Social needs risk adjustment
- Emerging recommendations to adjust payment for social risk factors in APMs

*RELD-SOGI: Race, Ethnicity, Language, Disability - Sexual Orientation & Gender Identity

"Addressing Social Risk Factors In Value-Based Payment: Adjusting Payment Not Performance To Optimize Outcomes and Fairness", Health Affairs Blog, April 19, 2021.

Questions for Discussion

- How can equity be incorporated into APM measurement and reporting?
- How can APM contracting standards accelerate adoption of APMs that encourage high-quality, equitable care?

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Examples of APM Contracting Standards

Vinayak Sinha, MPH, CSM, Consultant

We Are Seeking Input On

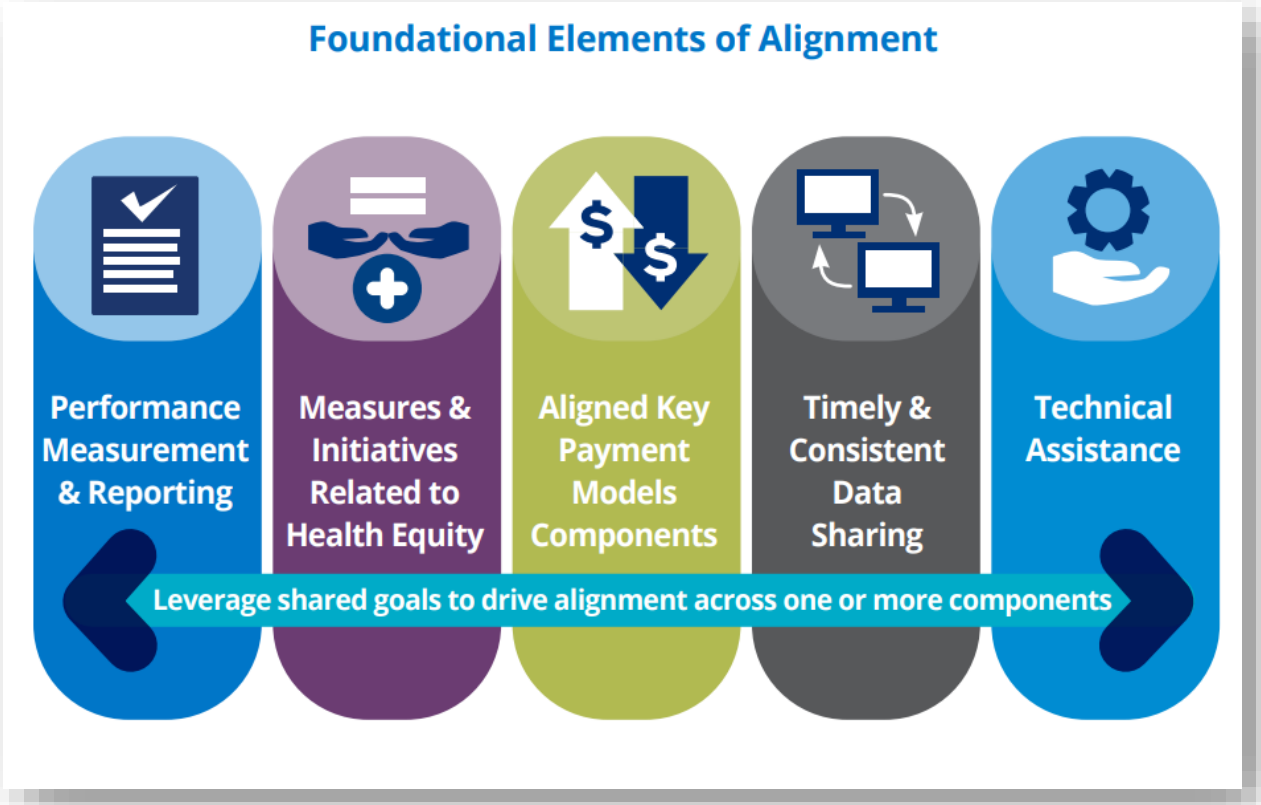
- Are there are additional examples of APM contracting standards that should inform OHCA's work?
- Do HCP-LAN's foundational elements of alignment include your organizations' priorities for APM contracting?

Multi-Payer Alignment Blueprint

HCPLAN
Health Care Payment Learning & Action Network

Blueprint Purpose: Released in July 2023, it compiles successful state and national multi-payer alignment initiatives

Connection to Our Discussion: APM standards aim to foster multi-stakeholder alignment, which is necessary for APM standards to be effective



Blueprint framework may be helpful for organizing APM standards

Health Care Payment Learning & Action Network (HCP-LAN). Multi-Payer Alignment Blueprint. 2023
Duke University Margolis Center for Health Policy. A Path Forward for Multi-payer Alignment to Achieve Comprehensive, Equitable and Affordable Care. 2022

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Foundational Elements of Alignment

Aligning Key Payment Model Components: Develop attribution, benchmarking, and risk adjustment to reduce administrative burden and create shared value-based design principles.

Performance Measurement & Reporting: Use quality measures to identify gaps, compare performance, and monitor progress toward shared multi-payer alignment goals.

Advancing Health Equity: Define, understand, measure, and address health disparities in a sustainable way. Additionally, identify and address social determinants of health impacting outcomes.

Timely & Consistent Data Sharing: Enable data-driven clinical decisions, support whole-person care, and increase interoperability for more uniform data access.

Providing & Leveraging Technical Assistance: Establish shared goals and the learning and support opportunities needed to meet those goals.

Integrated Healthcare Association's Align. Measure. Perform. Program

Evaluates provider performance using a common measure set and transparent benchmarking to calculate value-based incentive payments. Key features include:

- Common set of performance measures focused on clinical quality, patient experience, total cost of care and appropriate resource use
- Payment incentives can be earned for both attainment and improvement
- Some design elements are core (required), and others are optional to accommodate a range of provider organizations
- Payment incentive methodology differs for provider organizations with less than 5,000 member years

Covered California: Advancing Equity, Quality and Value

Requires contracted health plans implement specific initiatives and report on progress.

- Report percent primary care providers contracted under each Health Care Payment Learning and Action Network (HCP-LAN) category, percent total spend by category, and percent of primary care spend by category
- Expand the number of clinicians paid via population-based payments and shared savings contracts and meet specified targets
- Analyze impact of primary care investment and provider accountability on delivery system performance
- Engage with Covered California to review results

Medi-Cal Managed Care Contracting Requirements

Requires contracted health plans implement specific contracting, health equity, and FQHC provisions as part of the shift to APMs.

- Report on APM payment arrangements with providers and share best practices
- Report on percent primary care spend
- Identify and address physical and behavioral health disparities and inequities in access; utilization; and outcomes by race, ethnicity, language (including limited English proficiency), and sexual orientation
- FQHC APM aligns quality measures in CalAIM, Medi-Cal Managed Care, and Pay-for-Performance programs
- FQHC APM provides prospective payments to drive care transformation

Other Examples of APM Standards

American Academy of Family Physicians (AAFP)

Guiding Principles for Value-Based Payment

- Care teams should share in performance-based financial rewards
- Risk adjustment methodologies should incorporate demographic factors and social determinants of health; support should be community-based

National Association of ACOs (NAACOS)

APM Principles Statement

- Transparency in arrangement evaluation processes and calculations
- Acknowledge and give credit for start-up and ongoing costs for APM participation

American Academy of Family Physicians. AAFP Guiding Principles for Value-Based Payment. 2023
National Association of ACOs (NAACOS). NAACOS APM Principles Statement. 2023

Other Examples of APM Standards

Colorado

Primary Care Reform Collaborative Annual Report Recommendations

Align quality measures across payers to ensure accountability, standardization, and continuous improvement of primary care APMs

Incorporate social factors into risk adjustment models to advance health equity by ensuring providers have adequate support to treat high-need populations

New York

New York State Roadmap for Medicaid Payment Reform

Incorporate a strong evaluation component and technical assistance to ensure successful implementation

Reward improved performance as well as continued high performance

Lessons Learned

- Accountability mechanisms drive adoption of standards
  - Private and complex nature of contracts makes it difficult to monitor adoption
  - Public and private purchasers critical to achieving broad uptake via required procurement and contracting provisions

- Alignment across payers and state initiatives enable providers to achieve care transformation
  - Common goals improve efficiency and reduce administrative burden

- Greater adoption of APMs may hasten provider consolidation
  - Smaller provider organizations may lack size, capacity, and resources to take on risk

Questions for Discussion

- Are there are additional examples of APM contracting standards that should inform OHCA's work?
- Do HCP-LAN's foundational elements of alignment include your organizations' priorities for APM contracting?

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Criteria to Inform APM Standards

Margareta Brandt, MPH, Assistant Deputy Director

Mary Jo Condon, MPPA, Principal Consultant

Standards for Alternative Payment Models

Statutory Requirements

- **Promote the shift of payments based on fee-for-service (FFS) to alternative payment models (APMs)** that provide financial incentives 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.

Standards for Alternative Payment Models

Additional Statutory Guidance for Standards

The standards for alternative payment models shall focus on:

- Encouraging and facilitating multi-payer participation and alignment
- Improving affordability, efficiency, equity, and quality by considering current best evidence for strategies such as quality-based or population-based payments
- Including minimum criteria for alternative payment models but be flexible enough to allow for innovation and evolution
- Aligning with the quality and equity measures used in the OHCA quality and equity measure set to the extent possible
- Addressing appropriate incentives to physicians and other providers and balancing measures, including total cost of care and quality, access, and equity to protect against perverse incentives and unintended consequences
- Attempting to reduce administrative burden by incorporating APMs that facilitate multi-payer participation and align with other state payers and programs or national models

Objective and Proposed Criteria for APM Standards

Objective: Develop a set of contracting standards that health care entities can use as best practices to facilitate adoption of APMs, enhance alignment with other state initiatives, and promote equitable, high-quality, and cost-efficient care.

Proposed Criteria to Guide APM Standards Development:

- Support transition to value-based payment that incentivizes high-quality, equitable, and cost-efficient care
- Relevant across markets (commercial, Medi-Cal, Medicare Advantage) and products (HMO, PPO, EPO)
- Based on state and national research and experience
- Applicable to a wide range of providers
- Useful to purchasers, payers, and providers
- Reflect California's varied market and delivery system
- Informed by stakeholder input

Aligning Key Payment Model Components

Makes it possible to: Scale APMs and be successful in improving outcomes and reducing costs

Example Alignment Activities:

- Identify model goals and shared values
- Take a cascading and iterative approach to aligning model components
- Adopt core concepts in payment methodology
- Create transparency in payment model parameters
- Incorporate patient-centered care in model design

How might these example alignment activities inform APM contracting standards?

Adapted from Executive Summary of Health Care Payment Learning & Action Network (HCP-LAN) Multi-Payer Alignment Blueprint, 2023.

Performance Measurement & Reporting

Makes it possible to: Accurately monitor quality and outcomes, create aligned expectations across payers, and reduce provider burden

Example Alignment Activities:

- Develop and utilize nationally-stewarded approaches
- Standardize measurement and reporting approaches
- Integrate principles of equity and disparity reduction
- Improve accountability

How might these example alignment activities inform APM contracting standards?

Adapted from Executive Summary of Health Care Payment Learning & Action Network (HCP-LAN) Multi-Payer Alignment Blueprint, 2023.

Advancing Health Equity

Makes it possible to: Use value-based care to promote improvements in equity

Example Alignment Activities:

- Establish standards to collect health equity data
- Increase accountability for addressing health disparities and improving outcomes

How might these example alignment activities inform APM contracting standards?

Adapted from Executive Summary of Health Care Payment Learning & Action Network (HCP-LAN) Multi-Payer Alignment Blueprint, 2023.

Timely & Consistent Data Sharing

Makes it possible to: Support care coordination, quality reporting and benchmarking, and improve efficiency

Example Alignment Activities:

- Standardize data, including how it's stored and shared and improve its quality, timeliness, and completeness
- Reduce provider burden

How might these example alignment activities inform APM contracting standards?

Adapted from Executive Summary of Health Care Payment Learning & Action Network (HCP-LAN) Multi-Payer Alignment Blueprint, 2023.

Providing & Leveraging Technical Assistance

Makes it possible to: Support a broader range of providers, payers, and purchasers to have the knowledge and capacity to succeed in value-based care

Key Alignment Activities:

- Build off existing national-level support
- Develop and share evidence-based best practices

How might these example alignment activities inform APM contracting standards?

Adapted from Executive Summary of Health Care Payment Learning & Action Network (HCP-LAN) Multi-Payer Alignment Blueprint, 2023.

Next Steps for APM Standards

- OHCA develops draft standards based on today's discussion
- Workgroup discusses draft standards during September meeting
- OHCA shares draft standards with the workgroup seeking written comments

Adjournment

Margareta Brandt, MPH, Assistant Deputy Director

Health System Performance