Making the Shift to Value-Based Payments: State of Play and Planning for New York State

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Agenda

• Introduction to Beacon Health Options

• Lessons learned

• Early view of our planned approach to NYS
Beacon Health Options Footprint

BROAD REACH IN THE US AND UK

5,000 employees nationally and in the U.K., serving 50 million people

LEADER IN QUALITY

NCQA- and URAC-Accredited Companies

KEY OPERATIONAL AREAS

• UM/CM
• QM
• IT
• Customer Service
• Data Analytics
• Reporting
• Processing
• Sales Support

LINES OF BUSINESS

• Commercial
• EAP
• Exchange
• Federal
• Medicaid
• Medicare

MEMBERSHIP

- Over 2.5 Million
- 1,000,000 – 2,500,000
- 500,000 – 1,000,000
- 500,000 – 100,000
- Under 100,000

CENTERS

- Corporate Headquarters
- Regional Service Centers
- Corporate Operation Centers
- Engagement Centers
Beacon’s scale in NY makes us an attractive partner to providers for BH value-based payment

BEACON MANAGES NY MEDICAID MEMBERS ON BEHALF OF 10 PLANS

- 900k Medicaid members under management statewide
- Across 8 QMP and 7 HARP plan partners
- OMH/OASAS- contracted network

Note: excludes commercial and employer lines of business
We take a “problem statement” approach to value-based payments

STANDARD APPROACH: DECIDE TO INNOVATE AND THEN DETERMINE WHY

- Many organizations make a determination to follow a specific path for reasons unclear
  - Senior leadership may pronounce an edict
  - Key customer may ask/demand it
  - Smart sales rep convinces organization it’s a good idea
- We can think of this as “innovation for innovation’s sake,” where we may learn something amazing…or not
- Hard to determine if the innovation made an impact as you are searching *ex post* for what you are looking to impact/change

BEACON APPROACH: DEFINE PROBLEM TO SOLVE, THEN EVALUATE INNOVATION

- We believe in a “problem statement” approach to innovation, including value-based payments
- Spend considerable time to accurately define *the outcome we are trying to achieve* and to lay out how we will know if we achieve it
- Then we break the problem into components and determine where, if anywhere, innovation has a role to play

Simple concept, but it requires diligence to keep out the noise and focus on the problems and the desired results
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VBPs offer a huge opportunity for well-positioned providers

CAPITATION MEANS BIG CHANGES AND POTENTIAL FOR BIG REWARDS

Performance imperative
Changes to VBP will create winners and losers; to win providers will need to operate effectively as a delivery system (e.g., manage the care of diverse populations, especially high utilizers)

Shift in frame of reference
VBPs for BH require offsetting avoidable medical costs - providers/ACOs need to pivot to treating specialty services and hospital admissions as costs instead of revenue

Redefined relationship with patients
Providers will have direct economic interest in closely managing the costs of care for its patients; they must handle customer service thoughtfully to preserve close and supportive relationships

Operations restructuring
Change to processes for a core set of capabilities (e.g., finance, contracting, etc.) and the complicated calculus of how to pay staff in a model where weekly fee-for-services (FFS) billing is not the measure of productivity

Our experience indicates a wide range of expectations and capabilities across providers

Source:
United Hospital Fund, “Capitation and the Evolving Roles of Providers and Payers in New York
Lessons learned from early experiences

- When the **contracting process** is finished, the work is just beginning

- A **strong technical assistance program** is required to support changes to the clinical and operating models

- Defining the right outcomes measures is essential to ensuring the quality of care

- Invest in **robust system capabilities** to enable successful payment reconciliation and eligibility determination

- It is important to **show quick wins**: start small and minimize complexity

- Do not expect immediate administrative savings
Beacon believes in building strong partnerships

WE THINK OF TRANSITION TO FULL CAPITATION AS A FIVE STEP PROCESS

1. Mirror FFS payment model with shadow VBP accounting method
2. Move to VBP for some cohort of services and make only small changes to outcomes
3. Tie outcomes to performance by paying provider for specific quality outcomes
4. Implement full-risk capitation or meaningful-risk case rates for defined services and populations
5. Share risk/savings on total medical expense for target populations

Our approach is to meet providers where they are and grow with them to effect real changes in outcomes.

Increased risk-sharing

Increased VBP complexity
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We will adhere to several principles when designing New York VBPs

1. **Start small and scale intentionally** - test what works, and build necessary capability to scale

2. **Be clear on program’s clinical goals**; Among others, major goals will include improving integrated care, reducing **avoidable admissions** and decreasing **ER visits** to what is medically necessary and efficient

3. **Align incentives to reduce TME** by addressing “multiplier effect” between unmanaged BH and medical comorbidities

4. **Shift risk responsibly to improve medical cost predictability**

5. **Organize programs logically**, based on **current patterns of utilization**. For example, organize programs for SMI around BH centers in their communities

6. **Respect and complement health home structure**

7. **Leverage community-based providers and services** in order to extend member tenure within the community
We are considering rolling out VBPs differently by level of care and population type.

Targeting the launch of 3 – 5 pilots over the next 6 - 12 months.

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<thead>
<tr>
<th>Levels of Care</th>
<th>Inpatient</th>
<th>Outpatient</th>
<th>Diversionary</th>
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<tbody>
<tr>
<td><strong>QMP/Other</strong></td>
<td>1</td>
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<td><strong>HARP</strong></td>
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<td>2</td>
<td>Global Payment</td>
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<td>BH through Hospital Systems</td>
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<td>3</td>
<td>Capitation</td>
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<td>BH centered around CMHCs</td>
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<td><strong>Bulk purchasing for IP stays</strong></td>
<td>4</td>
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<td>Bundled Payment</td>
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<td>Providers with IP/OP w/MAT</td>
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BH: Behavioral Health
THE VBP PRODUCT INNOVATION FORM HELPS US THINK THROUGH THE CLINICAL AND OPERATIONAL DETAILS OF EACH PROPOSAL

- **What**: the specific problem that the proposed program is addressing

- **Who**: the members that will be targeted by the intervention (e.g., HARP, transition age youth, etc.)

- **Why**: the expected return in improved health outcomes and/or medical expense reduction

- **How**: the clinical workflow, financial reimbursement structure, staffing plan, IT infrastructure investment, outcomes measurement, stakeholder responsibilities, etc.

- **When**: the steps, and duration of each, necessary to launch the program
Thank you!

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