Accountable Care Organizations and Alternative Payment Methods: Opportunities for Community Health Workers

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Accountable Care Organizations and Alternative Payment Methods

Opportunities for Community Health Workers

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The 8th Annual Community Health Worker/Patient Navigator Conference

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Center for Health Law and Economics, UMass Medical School
Overview

• Health system reform includes
  – Organizing the health care system differently using Accountable Care Organizations
  – Paying for health care services differently using Alternative Payment Methods

• MassHealth Approaches

• Each approach can support CHW services
DELIVERY SYSTEM
Overview of delivery system discussion

- Traditional payment and delivery system
- Fee for service
- Paying for volume vs. paying for value
- Accountable care organizations
Traditional payment & delivery system

Payer (Medicare, Medicaid, BCBS, etc.) pays each provider a fee for each service

$  $  $  $  $  $
Payment Method: Fee for Service

Definition: Health care providers receive a separate fee for each service they deliver.

Payers often establish a fee for each service code, for example:

- Physician visit, new patient
- Physical therapy 15 minutes
- Hospital stay for asthma

- Providers only paid for covered services
- There are codes for CHW services, but most payers won’t pay for them
- MN & PA Medicaid pay FFS for CHW services
Pay for volume vs. pay for value

Pay for volume: Traditional payment and delivery system rewards providers for providing more services and more expensive services

➢ Health care costs rising
➢ Payers hesitate to cover new services because of cost

Pay for value: Reward providers for providing high quality care (evidence-based practices, healthier patients, better patient experience) and containing costs

➢ Hold provider organizations **accountable** for quality and cost
➢ **Can pay for new services that improve quality and contain cost**
Accountable care organizations (ACOs)

Payer (Medicare, Medicaid, BCBS, etc.) pays ACO an amount for all services

Providers join together into ACOs
Accountable Care Organizations (ACOs)

CMS/Medicare definition:

“Accountable Care Organizations (ACOs) are:
• groups of doctors, hospitals, and other health care providers,
• who come together voluntarily
• to give coordinated high quality care

“The goal of coordinated care is to ensure that
• patients, especially the chronically ill,
• get the right care at the right time,
• while avoiding unnecessary duplication of services and preventing medical errors.”

Source: http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/index.html?redirect=/aco/
ALTERNATIVE PAYMENT METHODS
Overview of alternative payment discussion

1. Pay for Performance (P4P)
2. Shared Savings
3. Bundled Payment
4. Global Payment

Key terms:
- Financial risk
- Risk corridor
- Risk adjustment
Opportunity

Alternative payment methods:
• Aim to reward providers for outcomes rather than volume of service provided
• Give providers flexibility to provide care that best meets patients’ needs
• Support preventive care that helps to contain total health care costs
Payment method 1: Pay for Performance

Definition: Providers receive bonus payments for meeting specific quality improvement goals or targets

For example, a provider might receive a bonus for:

• Increasing by 10% the share of patients with diabetes who have good glycemic control (HbA1c < 7%)
• Ensuring 95% of patients with asthma have an Asthma Action Plan

• *Providers can invest in services that help achieve these outcomes and bonus payments can pay for those services*
• Providers receive bonus after end of year
Payment method 2: Shared Savings

Definition: Savings that accrue - when actual spending for a population is less than a target amount - are shared between the payer and the provider/ACO.

➢ Providers can invest in services that produce savings
➢ Providers receive savings after end of year
Payment method 3: Bundled Payment

Definition: A single payment to cover the cost of services to treat one episode of care (a knee replacement surgery, or a year’s worth of asthma care), delivered by multiple providers

- Provider has flexibility to spend payment on CHW and other services
- Most episodes of care don’t have clear boundaries like knee replacement: difficult to figure out what costs/services to include in the bundle
- Administratively very difficult to implement
Payment method 4: Global Payment

Definition: a fixed-dollar payment ("capitation") for all the care that a group of patients receive in a given time period, such as a month or year.

- Providers are at financial risk for both the occurrence of medical conditions (whether people get sick) as well as the management of those conditions (providing services)
- Because of financial risk, usually paid to a large organization like an ACO
- Flexibility to provide services that best meet patients’ needs

Key Terms: Financial Risk

Financial risk: Assuming liability for the financial loss that could occur if actual costs exceed expected costs (shared savings and losses)
Key Terms: Risk Corridor

**Risk corridor**: A provision that limits a provider’s financial losses or profits to a specified percentage above and below its break-even point, to prevent the provider from experiencing excessive profits or catastrophic losses.

Key Term: Risk Adjustment

**Risk adjustment**: A process of adjusting payments to providers (up or down) to reflect patient characteristics, especially health status, age, sex, and other demographic characteristics.

MASSHEALTH APPROACHES
Overview of MassHealth Approaches

**Delivery System Reform**
- Accountable Care Organizations
- Flexible services
- Community Partners

**Alternative Payment Methods**
- Global payments
- Shared savings and losses
- Risk adjusted payments

**Additional Funding**
- DSRIP
Three MassHealth ACO Models

**Accountable Care Partnership Plan**
- Contract between MassHealth and Accountable Care Partnership Plan = MCO and ACO joining together
  - Global payment
  - ACOs can use global payments and shared savings to pay for additional services

**Primary Care ACO**
- Contract between MassHealth and Primary Care ACO
  - Shared savings and losses

**MCO**
- MCO and ACO joining together
- Contract with MassHealth
  - Capitation payment
  - MCO must contract with MassHealth-certified MCO-administered ACOs

- Contract between MCO and MCO-Administered ACOs
  - Approved by MassHealth
  - Shared savings and losses
Risk Adjustment

MassHealth adjusts payments to each MCO and ACO (up or down) to meet its members’ expected need for health care resources.

MassHealth risk adjustment - new method

New method adjusts payments to address social determinants of health, avoid penalizing providers in disadvantaged neighborhoods

<table>
<thead>
<tr>
<th>Variables included in risk adjustment</th>
<th>Sample additional payment per member</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Managed Care</td>
<td>$5000</td>
</tr>
<tr>
<td>[adjustments for age, sex, geography, diagnoses]</td>
<td>varies</td>
</tr>
<tr>
<td>DMH client</td>
<td>$13,650</td>
</tr>
<tr>
<td>DDS client (not DMH)</td>
<td>$2,550</td>
</tr>
<tr>
<td>All other disabled</td>
<td>$1,400</td>
</tr>
<tr>
<td>Serious mental illness (SMI)</td>
<td>$2,250</td>
</tr>
<tr>
<td>Substance use disorder (SUD)</td>
<td>$2,000</td>
</tr>
<tr>
<td>Homeless (coded in claims) or Unstable housing (3+ addresses)</td>
<td>$550</td>
</tr>
<tr>
<td>Neighborhood stress score*</td>
<td>$50</td>
</tr>
</tbody>
</table>

* Neighborhood Stress Score is a measure of how stressed a neighborhood (census block) is relative to other neighborhoods in terms of share of adults who have low income, are unemployed, receive public assistance, have no car, are a single parent, have less than a HS education
## Risk adjustment – hypothetical example

ACOs that serve different populations would receive different payments

<table>
<thead>
<tr>
<th></th>
<th>ACO 1: lower risk patient pool</th>
<th>ACO 2: higher risk patient pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of patients</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Base payment</td>
<td>$5,000,000</td>
<td>$5,000,000</td>
</tr>
<tr>
<td><strong>Adjustments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All BH</td>
<td>$293,000</td>
<td>$1,171,900</td>
</tr>
<tr>
<td>Unstable housing</td>
<td>$31,700</td>
<td>$126,700</td>
</tr>
<tr>
<td>Neighborhood stress</td>
<td>($100,000)</td>
<td>$100,000</td>
</tr>
<tr>
<td>Total payment</td>
<td>$5,224,700</td>
<td>$6,398,600</td>
</tr>
</tbody>
</table>

ACO 2 could use its additional revenues to pay for services to address its patients’ special challenges
Flexible Services

- ACOs may provide community goods/services that address health-related social needs
- Includes services not otherwise covered under Massachusetts’ Medicaid benefits
- Must be pre-approved by MassHealth
- Different ACOs may choose to address different needs
- Address social determinants of health in the following areas:

<table>
<thead>
<tr>
<th align="left">1. Transition services for individuals transitioning from institutional settings into community settings</th>
<th align="left">4. Home and Community-Based Services to divert individuals from institutional placements</th>
</tr>
</thead>
<tbody>
<tr>
<td align="left">2. Services to maintain a safe and healthy living environment</td>
<td align="left">5. Physical activity and nutrition</td>
</tr>
<tr>
<td align="left">3. Experience of violence support</td>
<td align="left">6. Other individual goods and services</td>
</tr>
</tbody>
</table>

➢ Flexible services may include CHW services

Source: EOHHS, MassHealth Delivery System Restructuring Open Meeting, March 2017, Boston, MA and Springfield, MA.
Community Partners (CPs)

“Certified Community Partners (CPs) are community-based organizations that offer members linkages and support to community resources that facilitate a coordinated, holistic approach to care”

- Waiver Extension, STC 63
## Community Partner Functions

**BH CP Functions**

1. Outreach and active engagement;
2. Facilitate access and referrals to social services, including following-up on flexible services;
3. Provide health and wellness coaching;
4. Conduct comprehensive assessment and person-centered treatment planning;
5. Identify, engage, and facilitate member’s care team;
6. Coordinate services across continuum of care; and
7. Support transitions of care between settings

**LTSS CPs Functions**

1. Outreach and engagement;
2. Facilitate access and referrals to social services, including following-up on flexible services;
3. Provide health and wellness coaching;
4. Perform LTSS care planning and choice counseling;
5. Participate on enrollee’s care management team, as directed by the member; and
6. LTSS care coordination and support during transitions of care

➢ **CPs can use CHWs to provide some of these functions**

Source: EOHHS, MassHealth Delivery System Restructuring Open Meeting, March 2017, Boston, MA and Springfield, MA.
DSRIP Funding

- MA will receive $1.8 billion in funding over the next five years from the federal Delivery System Reform Incentive Program (DSRIP)
- Funding phases down (higher in year 1 than year 5)
- Important to show positive ROI in first few years
- Funding is allocated for four key objectives:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Five Year Funding</th>
<th>Five Year Funding (%) of DSRIP Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACO development – upfront funding</td>
<td>$1.065B</td>
<td>(60%)</td>
</tr>
<tr>
<td>Community Partners</td>
<td>$546M</td>
<td>(30%)</td>
</tr>
<tr>
<td>Statewide Investments</td>
<td>$115M</td>
<td>(6%)</td>
</tr>
<tr>
<td>State Operations &amp; Implementation</td>
<td>$73M</td>
<td>(4%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1.8B</td>
<td></td>
</tr>
</tbody>
</table>

➢ Upfront DSRIP dollars could fund implementation of CHW services
MassHealth ACO/CP timeline

• ACOs
  – RFR responses due Feb 2017
  – Contract start – Summer 2017
  – New ACO enrollments begin December 2017

• CPs
  – RFR responses due end of May 2017
  – Selection and contract start - Summer 2017
  – CP enrollment begins April 2018
CONCLUSION:
DELIVERY SYSTEM REFORMS AND ALTERNATIVE PAYMENT METHODS PROVIDE OPPORTUNITIES FOR CHWs
Opportunities for CHW Funding

• New delivery systems can fund CHWs:
  – ACOs
  – Flexible services
  – CPs

• New payment methods make it easier to fund CHW services
  – Pay-for-Performance
  – Shared savings
  – Bundled Payments
  – Global Payments

• DSRIP funding – time-limited investments

• Providers and payers have flexibility to invest in new approaches if they are confident they will achieve:
  – Improved health outcomes
  – Positive return on investment
CHW services can provide benefits to a variety of stakeholders

<table>
<thead>
<tr>
<th><strong>Individuals</strong></th>
<th><strong>Providers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Better experience</td>
<td>➢ Improved patient communication</td>
</tr>
<tr>
<td>➢ Better quality of life</td>
<td>➢ Better patient outcomes</td>
</tr>
<tr>
<td>➢ Lower out-of-pocket costs</td>
<td>➢ Meet quality targets</td>
</tr>
<tr>
<td>➢ Fewer missed work days</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Society</strong></th>
<th><strong>Payers</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Lower health care costs</td>
<td>➢ Improved quality scores</td>
</tr>
<tr>
<td>➢ Increased work productivity</td>
<td>➢ Positive ROI</td>
</tr>
<tr>
<td>and school attendance</td>
<td></td>
</tr>
<tr>
<td>➢ CHW jobs created</td>
<td></td>
</tr>
</tbody>
</table>
Discussion