Building a healthier future for all Arkansans

Arkansas’ Payment Initiatives: Overview and a focus on Retrospective Episodes of Care

Andy Allison, Arkansas Medicaid Director
Future of Medicaid Conference, Augusta, Maine
November 22, 2013
Summary of Health Policy Leadership in Arkansas

- **Arkansas Payment Improvement Initiative (APII)**
  - *Retrospective episodes of care (beg. October 2013)**
  - PCMH payments and shared savings (January 2014)**
  - Health homes and assessment-based payments for:
    - Behavioral health (expected 2014)
    - Developmental disabilities (expected 2014)
    - Long-term services and supports (expected 2014)

- **Health Care Independence Act of 2013**
  - “Private Option” premium assistance expansion 2014
  - Coverage extended to adults under 138% FPL
  - PCMH required in Marketplace in 2015
  - Private Option extended in 2015 to children, other adults
  - HSA pilot program to encourage patient responsibility

**Focus of today’s presentation**
Pattern of Growth in Medicaid Spending in Arkansas

Despite stagnant provider reimbursement rates, costs per person accounted for 61% of increased spending.

Breakdown of Total Growth in Medicaid Spending by Enrollment and Costs per Person
SFY 2007-2012

*Other includes adoption, foster care and ARHealthnetworks
Vision for Payment Improvement in Arkansas

**Objectives**

- **For patients**
  - Improve the health of the population
  - Enhance the patient experience of care
  - Enable patients to take an active role in their care

- **For providers**
  - Reward providers for high quality, efficient care
  - Reduce or control the cost of care

**How care is delivered**

- **Population-based care**
  - Medical homes
  - Health homes

- **Episode-based care**
  - Acute, procedures or defined conditions

**Four aspects of broader program**

- Results-based payment and reporting
- Health care workforce development
- Health information technology (HIT) adoption
- Consumer engagement
- Private coverage expansion to enhance access
Payment Improvement Initiative is a Multi-Payer Effort

Coordinated multi-payer leadership…

- Creates **consistent incentives** and standardized reporting rules and tools
- Enables **change in practice** patterns as program applies to many patients
- Generates enough scale to justify investments in **new infrastructure** and operational models
- Helps **motivate patients** to play a larger role in their health and health care
- **Codified** in Private Option legislation to extend patient centered medical home to Marketplace

1 Center for Medicare and Medicaid Services
Retrospective Episode-Based Model

Key Fact: Payments are NOT bundled. Incentives are paid at the end of the year, after FFS payments have already occurred.

The goal

- **Coordinated, team based care** for all services related to a patient's complete health care experience for a specific condition, procedure, or disability (e.g., pregnancy episode includes all care prenatal through delivery)

Accountability

- A provider ‘quarterback’, or **Principal Accountable Provider** (PAP) is designated as accountable for all pre-specified services across the episode (PAP is provider in best position to influence quality and cost of care)

Incentives

- **High-quality, cost efficient care** is rewarded beyond current reimbursement, based on the PAP’s average cost and total quality of care across each episode
Principle Accountable Providers that meet quality standards and have average costs below the commendable threshold will share in savings.

- **Shared savings**
- **Shared costs**
- **No change**

Average episode cost per patient for the year:

- **High**
- **Acceptable**
- **Commendable**
- **Low**

Gain sharing limit

Individual providers, in order from highest to lowest average cost.
PAPs are provided new tools to help measure and improve patient care

Reports provide performance information for PAP’s episode(s):

- Overview of **quality** across a PAP’s episodes
- Overview of **costs** (how a PAP is doing relative to cost thresholds and relative to other providers)
- Overview of **utilization** and drivers of a PAP’s average episode cost

Example of provider reports

**Overview of quality** across a PAP’s episodes

**Quality of service requirements**:
- Not acceptable
- Acceptable

**Upper Respiratory Infection – Pharyngitis**
- Average episode cost: Acceptable
- Your gain/risk share: $0

**Upper Respiratory Infection – Sinusitis**
- Average episode cost: Acceptable
- Your gain/risk share: $x

**Quality of service requirements**:
- Not acceptable
- Acceptable

**Sinusitis**
- Average episode cost: Acceptable
- Your gain/risk share: $x

**Performance summary** (Informational)

- **Total episodes included**: 233
- **Quality metrics**:
  - **% of episodes with multiple antibiotic filled**: 1%
  - **% of episodes with at least one test when an antibiotic was filled**: 3%
  - **% of episodes that had a strep test when an antibiotic was filled**: 12%

**Quality of service** requirements:
- Not met

**Upper Respiratory Infection**
- **Quality of service requirements**: Not met
- **Average episode cost**: Acceptable

**Sinusitis**
- **Quality of service requirements**: Met
- **Average episode cost**: Acceptable

**Utilization metrics**:
- **% of provider average episode cost across a surgery**
- **% of provider average episode cost across a radiology / outpatient lab**

**Care episode metric**
- **% of episodes with multiple antibiotic filled**
- **% of episodes with at least one test when an antibiotic was filled**
- **% of episodes that had a strep test when an antibiotic was filled**

**NOTE**: Episode and health home model for adult DD population in development. Tools and reports still to be defined.
PAP performance reports have summary results and detailed analysis of episode costs, quality and utilization

Details on the reports

- First time PAPs receive detailed analysis on costs and quality for their patients increasing performance transparency
- Guide to Reading Your Reports available online and at this event
  - Valuable to both PAPs and non-PAPs to understand the reports
- Reports are issued
- Reports will be available online via the provider portal

NOTE: Episode and health home model for adult DD population in development. Tools and reports still to be defined.
The provider portal is a multi-payer tool that allows providers to enter quality metrics for certain episodes and access their PAP reports.

**Details on the provider portal**

- **Accessible to all PAPs**
  - Login with existing username/password
  - New users follow enrollment process detailed online

- **Key components of the portal are to provide a way for providers to**
  - Enter additional quality metrics for select episodes (Hip, Knee, CHF and ADHD with potential for other episodes in the future)
  - Access current and past performance reports for all payers where designated the PAP

---

**NOTE:** Episode and health home model for adult DD population in development. Tools and reports still to be defined.
# Episodes of Care Implemented in Arkansas

<table>
<thead>
<tr>
<th>Episode</th>
<th>First “Performance Period”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Respiratory Infection</td>
<td>October 1, 2012 to September 30, 2013</td>
</tr>
<tr>
<td>Perinatal</td>
<td>October 1, 2012 to September 30, 2013</td>
</tr>
<tr>
<td>ADHD</td>
<td>October 1, 2012 to December 31, 2013</td>
</tr>
<tr>
<td>Congestive Heart Failure</td>
<td>January 1, 2013 to December 31, 2013</td>
</tr>
<tr>
<td>Total Joint Replacement</td>
<td>January 1, 2013 to December 31, 2013</td>
</tr>
<tr>
<td>Cholecystectomy</td>
<td>October 1, 2013 to September 29, 2014</td>
</tr>
<tr>
<td>Colonoscopy</td>
<td>October 1, 2013 to September 29, 2014</td>
</tr>
<tr>
<td>Tonsillectomy</td>
<td>October 1, 2013 to September 29, 2014</td>
</tr>
<tr>
<td>ODD</td>
<td>January 1, 2014 to December 31, 2014</td>
</tr>
<tr>
<td>CABG</td>
<td>January 1, 2014 to December 31, 2014</td>
</tr>
<tr>
<td>PCI</td>
<td>January 1, 2014 to December 31, 2014</td>
</tr>
<tr>
<td>COPD</td>
<td>January 1, 2014 to December 31, 2014</td>
</tr>
<tr>
<td>Asthma</td>
<td>January 1, 2014 to December 31, 2014</td>
</tr>
<tr>
<td>ADHD/ODD Comorbid</td>
<td>First Quarter 2014</td>
</tr>
<tr>
<td>Neonatal</td>
<td>Third Quarter 2014</td>
</tr>
</tbody>
</table>
Changing Trends in Arkansas Medicaid Spending?

Growth in Medicaid Spending vs. long run trends (actual SFY 2013 versus 5-year trend FY 2007-2012)

- Average annual growth 2007-2012
- Growth in SFY 2013
For more information

Online

- More information on the Payment Improvement Initiative can be found at [www.paymentinitiative.org](http://www.paymentinitiative.org)
  - Further detail on PCMH
  - Printable flyers for bulletin boards, staff offices, etc.
  - Contact information for each payer’s support staff