



# Payment Reform and Alternative Payment Methodology Strategy

Michigan State Innovation Model Kick-Off Summit

August 10-11, 2016

Kellogg Hotel Conference Center

# This Session

- Looking beyond 2017- future PCMH payment reform through CPC+ and the Custom Option
- Results from MDHHS' Custom Option stakeholder engagement effort

# Looking Beyond 2017

- Michigan's selection as a CPC+ region by CMS introduced a new opportunity and new considerations for our PCMH transformation and payment reform strategy
- Positioning Michigan for success in this multi-model environment is everyone's foremost objective
- The two most significant primary care models we know today, future years of the CPC+ program and the potential for development of a Custom Option as part of the PCMH Initiative, each have strengths and weaknesses to balance

# Looking Beyond 2017 – The Custom Option

- Blending the original concepts contained in Michigan’s Custom Option concept paper with the work of implementing the CPC+ program and 2017 PCMH Initiative changes the role of the Custom Option
- Given our current landscape, the Custom Option can compliment CPC+ by focusing on three groupings of providers:
  1. Providing an “on ramp” to PCMH transformation and payment reform for practices that were not ready to participate when the CPC+ program began
  2. Engaging providers excluded from CPC+ or not accepted due to capacity limitations in PCMH transformation efforts and payment models (to the greatest extend feasible)
  3. Providing opportunities to participate in advanced alternative payment models for practices interested in and prepared for payment reform beyond CPC+

# Group Discussion

- Considering our conversation today, what strategic considerations are top of mind as your practice or physician organization weighs these opportunities?
- What outstanding questions do you have?

Program	Potential Roles and Contributions
PCMH Initiative (including Custom Option)	<ul style="list-style-type: none"> <li>• Provide a near term (2017) mechanism to ensure Medicaid engagement and payment participation for CPC+ selected practices               <ul style="list-style-type: none"> <li>• This will require an effort on the part of all stakeholders to match participating providers across programs</li> </ul> </li> <li>• Through the custom option:               <ul style="list-style-type: none"> <li>• Provide an “on ramp” to PCMH transformation for practices that were not ready to participate when the CPC+ program began</li> <li>• Engage providers excluded from CPC+ in PCMH transformation efforts and payment models</li> <li>• Advanced alternative payment models for providers interested in and prepared for further payment reform</li> </ul> </li> </ul>
CPC+	<ul style="list-style-type: none"> <li>• Sustain the multi-payer payment (including Medicare) model collaboration needed to build on MiPCT’s PCMH transformation without interruption</li> <li>• Continue advancement in comprehensive primary care functions</li> </ul>

# Custom Option Design: Phase 1 – Targeted Investment

Original Proposed Draft	Proposed Updates Based on Stakeholder Feedback
<p>Select primary care practices, who are making efforts to transform their practices into high-functioning patient centered medical homes, will be eligible to receive practice transformation payments for one year to support their efforts.</p>	<ul style="list-style-type: none"><li>• Expanded Phase 1 timeline from one year to up to two years (with a high degree of accountability for the transformation investment and documented progress for continued Phase 1 participation)</li><li>• In the second year of Phase 1, introduce care management payment in addition to practice transformation payment</li><li>• Enhanced focus on Phase 1 participation among smaller, independent practices and practices located in underserved areas</li><li>• Utilize practice transformation objectives which correspond with CMS clinical practice improvement activities</li></ul>

# Custom Option Design

## Phase 2 - Comprehensive Care Advancement

Original Proposed Draft	Proposed Updates Based on Stakeholder Feedback
<p>Support advanced primary care capabilities in practices, including risk-based care management, that will prepare practices for APM success. In phase two, will receive tiered care management payments, an “at-risk” incentive payment that links performance to accountability for quality and utilization and practice transformation funds targeted toward specific primary care capability advancements.</p>	<ul style="list-style-type: none"><li>• Extend Phase 3 timeline from a variable time period to three years for all participating practices</li><li>• Align care management tiers with CPC+ payment approach (risk stratification methodology will differ)</li><li>• Align performance incentive payment measures and methodology with CPC+ (to the greatest extent possible)</li><li>• Utilize practice transformation objectives which correspond with CMS clinical practice improvement activities</li></ul>

# Custom Option Design

## Phase 3 – Delivery System Transformation

Original Proposed Draft	Proposed Updates Based on Stakeholder Feedback
<p>Transition PCMH reimbursement to a risk-adjusted prospective payment for a comprehensive set of primary healthcare services.</p>	<ul style="list-style-type: none"><li>• Allow practices falling below a multi-payer attributed patient threshold (i.e. smaller practices) the option to participate in a modified Phase 3 approach</li><li>• The modified Phase 3 payment option would more closely resemble Phase 2 with a greater degree of performance accountability through additional at-risk incentive payment and variation in FFS payment</li></ul>



# Custom Option Design

## Phase 4 – Network Integration

Original Proposed Draft	Proposed Updates Based on Stakeholder Feedback
<p>Introduce a year-long episode payment focused on the combination of primary and specialty care for a specific condition such as diabetes or heart disease.</p>	<ul style="list-style-type: none"><li>Remove Phase 4 as originally proposed from the custom option concept paper (functionally discontinuing the episode payment strategy at this time unless pursued by payers individually under separate APM opportunities)</li></ul>

# Custom Option Design: Concepts to Emphasize

- Numerous stakeholders emphasized concepts already included in the original proposed draft which MDHHS recognizes are critical
  - Reliable attribution processes based in Michigan's HIE strengths
  - Shared quality metrics across payer populations (to the greatest extent possible)
  - Progress in use of more advanced HIT/HIE capabilities like ADT notification, medication reconciliation and electronic quality data exchange
  - Compatibility with other CMS programs, particularly CPC+ and the MSSP
  - Opportunity to continue payment flow to physician organizations and other integrator organizations
  - Support for broadening care team members roles
  - Stronger coordination of care management and coordination services at the practice and payer levels
  - Opportunities for commercial payers to differ in payment approach for segments of their beneficiary population where payment alignment is not practical

# Group Discussion

- Do the proposed Custom Option updates demonstrate tangible coordination between this aspect of the PCMH Initiative and other models?
- Are there provider audiences beyond the three describer earlier in this presentation which the Custom Option should attempt to engage?

# Summit Q&A

- Thinking back on the day thus far, where do you have additional questions?
- Where would you like to see MDHHS focus the content of upcoming sessions?
- Reminder: Look for the PCMH Initiative Application Soon
- Reminder: Complete and Return the Event Evaluation

**Thank You For Attending!**