Region IX Conference

FQHC Payment Reform
June, 2016
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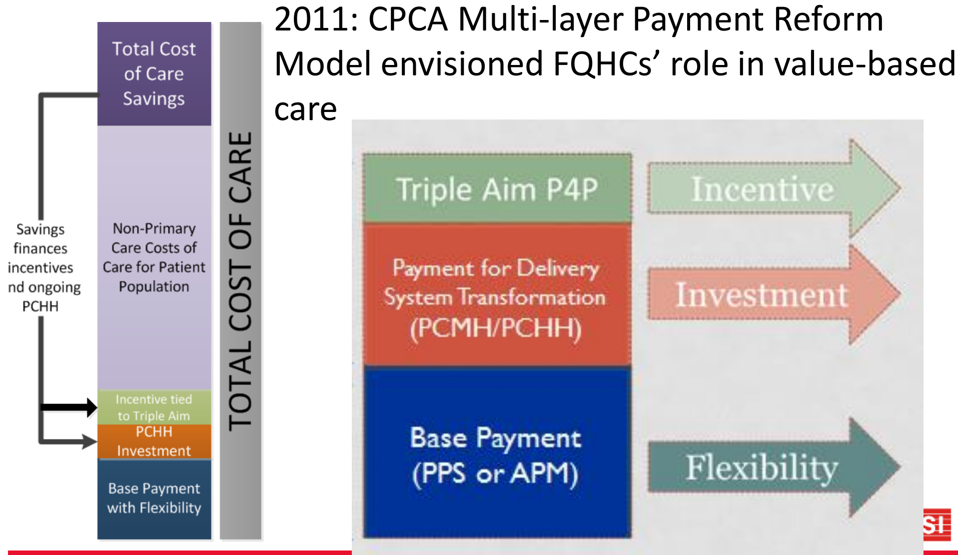
Outline

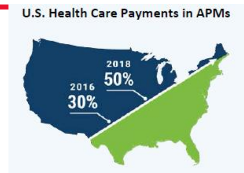
- CPCA's Payment Reform Framework
- Fit into National & State Landscape
- Lessons from CPCA Payment Reform Efforts
- Questions

CPCA Payment Reform Model

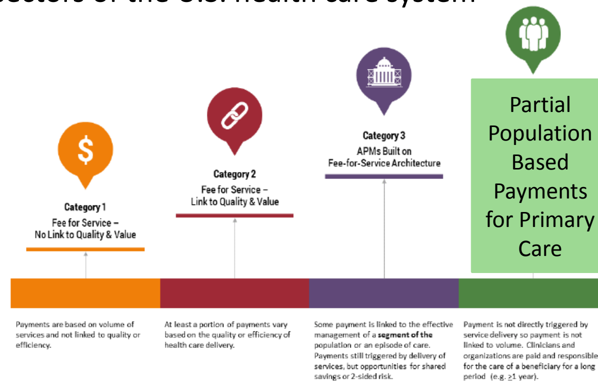
2011: CPCA Multi-layer Payment Reform Model envisioned FQHCs' role in value-based care



National Landscape



2015: **Health Care Payment Learning and Action Network** created by CMS Alliance to Modernize Healthcare to drive alignment in payment approaches across the public and private sectors of the U.S. health care system

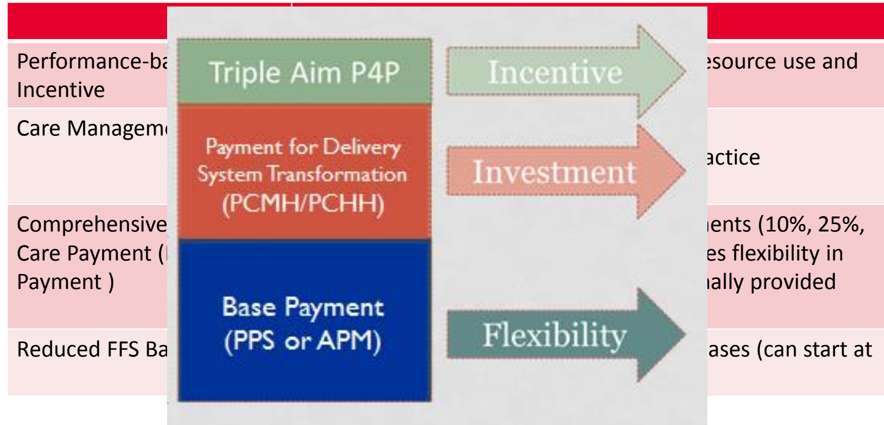


"the Work Group recommends that over time, the U.S. health care system should move concertedly towards APMs in Categories 3 and 4."

National Landscape

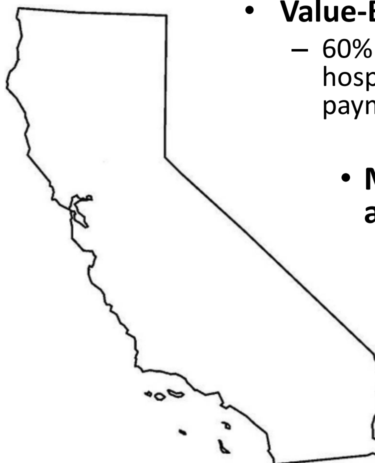
Example of Advanced APM: **Comprehensive Primary Care Plus** – Track 2

Performance-ba Incentive	esource use and
Care Managem	actice
Comprehensive Care Payment (Payment)	ents (10%, 25%, es flexibility in ally provided
Reduced FFS Ba	ases (can start at



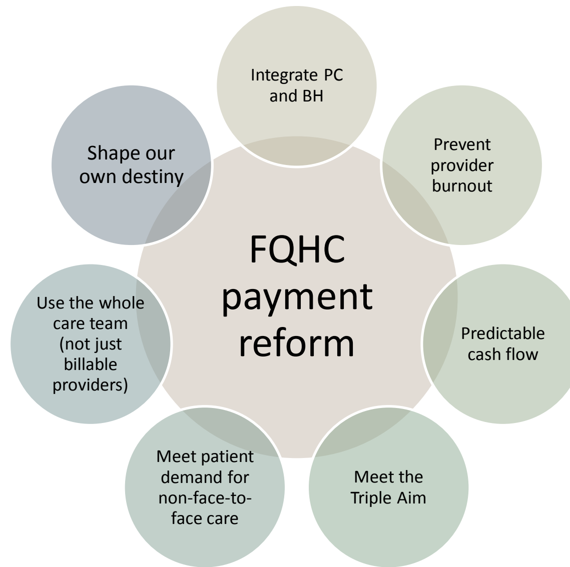
- Validates CPCA model – even though FQHCs not eligible

State Landscape



- **Value-Based Payment:** Medi-Cal 2020 Waiver
  - 60% of Medi-Cal beneficiaries assigned to public hospitals will be paid for through alternative payment methodologies by 2020
- **More Medi-Cal lives: need new care approaches**
  - Medi-Cal – expected to exceed 13M in 2016
  - CCHCs' market share: 33% in 2013 to 41% in 2015
  - 54% of all new Medi-Cal enrollees assigned to CHCs
  - Vast majority in managed care

Payment Reform in FQHCs: WHY?



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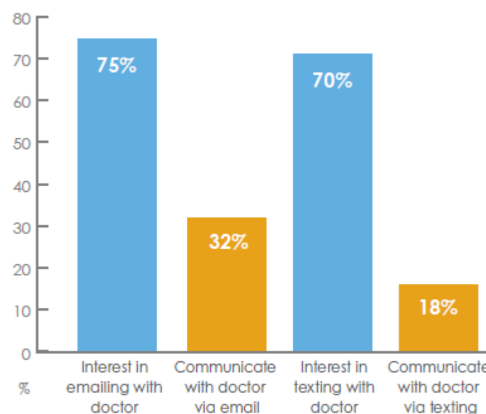
Payment Reform in FQHCs: WHY?

- New Patient Data: Demand for Alternative Care
- Satisfied =retained for both providers & patients
- Strategy to increase market share



Source: BSCF 2015 Brief

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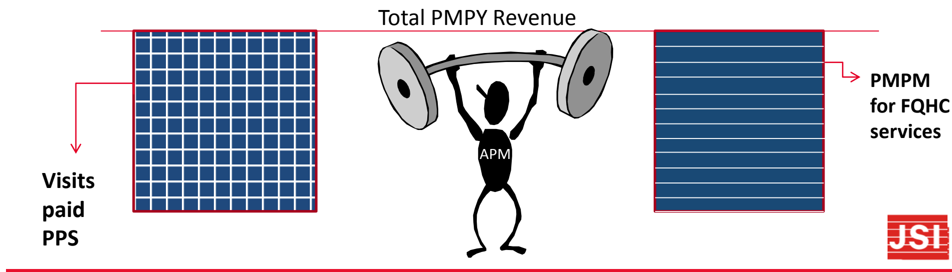
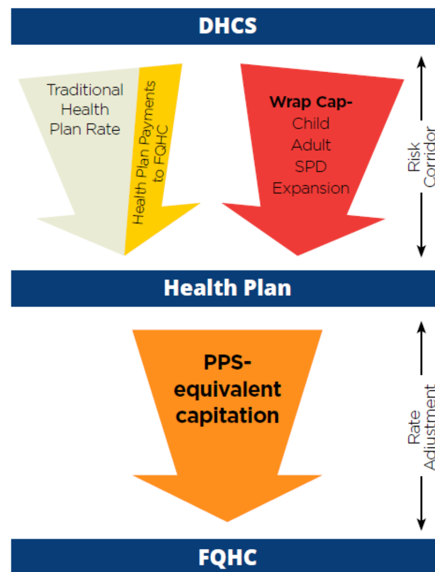
California's FQHC APM

Today: Volume-based PPS	PPS-Equivalent Capitation
• Volume-based payment • Face-to-face visits • Billable providers	• Monthly payment per member • Some visits converted to new modes of care (phone, email, group visits) • Care teams (including non-billable providers)



California APM Demonstration

- Plans pay FQHC PMPMs for all assigned members:
  - AID Category specific (Child, Adult, SPD, Expansion)
  - Health Plan specific
  - Covers all FQHC services
  - Prospectively set and paid
- State pays plans supplemental "Wrap Cap" for all pilot assigned members
  - aid-category-specific
  - flows through plans (and IPAs)



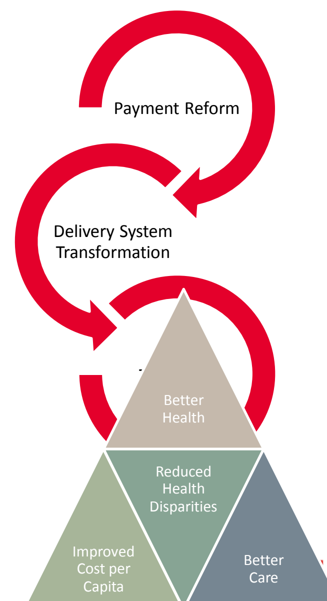
California's FQHC APM

Senate Bill 147 Goals:

1. **Provide patient-centered care** delivery options to California's expansive Medi-Cal population.
2. **Promote cost efficiencies, and improve population health and patient satisfaction.**
3. **Improve the capacity of FQHCs** to deliver high-quality care to a population growing in numbers and in complexity of needs.
4. **Transition away from a payment system that rewards volume** with a flexible alternative

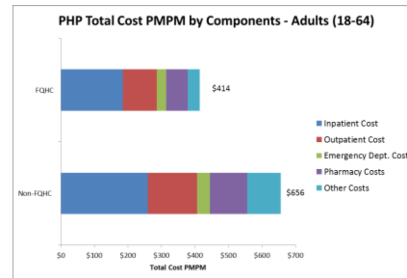
Lessons from CPCA Payment Reform

1. The WHY is important
   - The goal of **value-based care is improving outcomes and bending the total cost curve**
   - Payment reform is an essential but not sufficient facilitator
2. Leadership at multiple levels is critical
   - PCA (and in CA, CAPH)
   - Clinical, financial, administrative

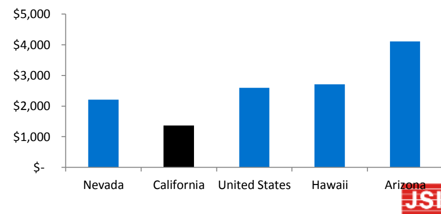


Lessons from CPCA Payment Reform

3. State context matters
   - Medicaid spend
   - Managed care
   - State appetite for innovation and other CMMI activity
   - Legislation
   - Governor



Medicaid Spending Parents and Children, 2010



Lessons from CPCA Payment Reform

4. Engage State and plans in conceptual discussions
   - Come prepared with a vision
   - Start with principles
   - Legislation can propel agreement
   - Make best case and be ready to compromise
     - What we would have done differently….

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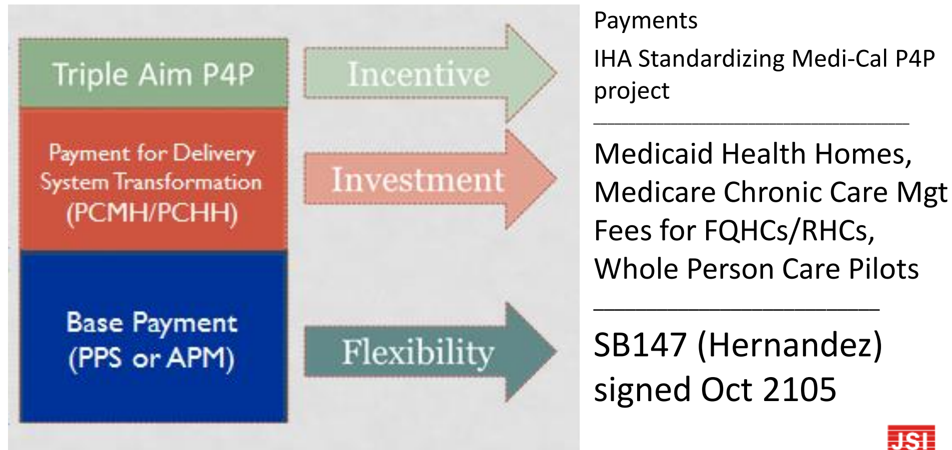
Lessons from CPCA Payment Reform

5. Embracing multi-faceted payment reform strategy can allow incremental progress



MCO/IPA P4P and Shared Risk Payments

IHA Standardizing Medi-Cal P4P project

Medicaid Health Homes, Medicare Chronic Care Mgt Fees for FQHCs/RHCs, Whole Person Care Pilots

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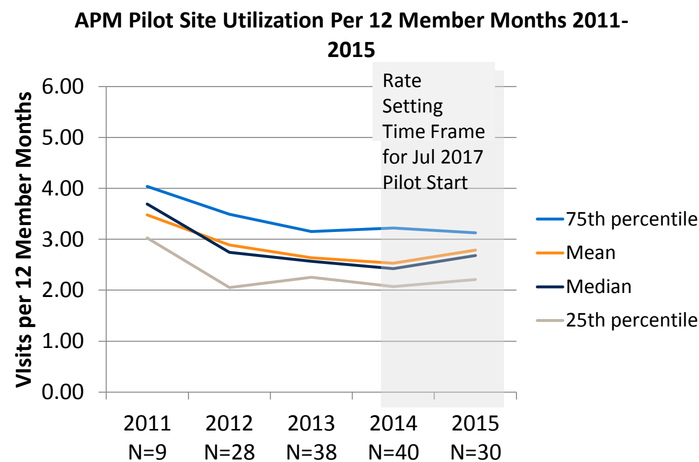
SB147 (Hernandez) signed Oct 2105

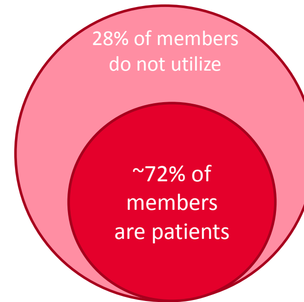
Lessons from CPCA Payment Reform

6. Having (good) data is essential



Lessons from CPCA Payment Reform

7. Conceptual shift from patients to members
   - Managed care is about members
   - UDS is about patients
8. Higher % of all visits under APM can strengthen incentive to transform care



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Lessons from CPCA Payment Reform

9. Have patience and persistence

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QUESTIONS?

Appendix: National Landscape

New Managed Care Medicaid Regulations

- MCOs must achieve 85% Medical Loss Ratio
- Clarifies MCOs can flexibly spend on alternative settings and services "in lieu of" covered services as long as plan and enrollee agree setting or service would provide medically appropriate care
- States can use quality withholds/incentives with plans
- States can encourage plans to develop and participate in broad-ranging delivery system reform or performance improvement initiatives (ex. PCMH)

HealthAffairs Blog

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Game Changer: CMS' Proposed Medicaid Managed Care Regulation

Sara Rosenbaum

June 10, 2015