Medicaid and CHIP MAC Learning Collaboratives

Value-Based Purchasing Literature Survey *August 2012*

This document highlights a selection of briefs, reports, and commentaries on value-based purchasing payment reform methods as well as how payment reforms are used in the context of certain delivery systems. These payment reform methods attempt to go beyond fee-for-service (FFS) toward the implementation of various Integrated Care Models (ICMs), moving from a focus on volume to value. Some of these documents provide foundational information on particular payment reform methods, while others highlight examples of past or ongoing reform activities.

Payment Reform Methods

General Payment Reform/Value Based Purchasing

L. Nelson "Lessons from Medicare's Demonstration Projects on Value-Based Payment." Congressional Budget Office. January 2012.
http://www.cbo.gov/ftpdocs/126xx/doc12665/WP2012-02_Nelson_Medicare_VBP_Demonstrations.pdf.
This paper summarizes the results of Medicare demonstrations of four value-based payment programs, one of which yielded significant savings for the Medicare program. In that demonstration, Medicare made bundled payments to hospitals and physicians to cover all services connected with heart bypass surgeries, and Medicare spending for those services declined by about 10 percent.

H. D. Miller "Transitioning to Accountable Care: Incremental Payment Reforms to Support Higher Quality, More Affordable Health Care." Center for Healthcare Quality and Payment Reform. January 2011.
http://www.chqpr.org/downloads/TransitioningtoAccountableCare.pdf.
This report outlines a set of transitional payment reforms that can be used by providers and provider organizations to help them achieve improvements in cost and quality while transitioning to greater levels of accountability. The author provides payment reform options for acute care, medical homes and specialty care. Topics addressed include pricing, establishing appropriate limits on risk, the need to ensure quality, and the importance of alignment among multiple payers.

E. C. Schneider, P. S. Hussey and C. Schnyer "Payment Reform: Analysis of Models and Performance Measurement Implications." RAND Health. 2011.
http://www.rand.org/content/dam/rand/pubs/technical_reports/2011/RAND_TR841.sum.pdf.
This summary document synthesizes a technical report that catalogued nearly 100 implemented and proposed payment reform models, including a description of model types and performance measurement needs. The synthesis discusses priorities for performance measure development and identifies challenges related to the use of performance measures as a basis for payment reform.

H. D. Miller "From Volume to Value: Better Ways to Pay for Health Care." *Health Affairs*, 2009, 28(5):1418-1428.
http://www.nrhi.org/downloads/NRHI-PaymentReformPrimer.pdf.
This report details two proposed methods of payment -- "episode-of-care payment" and "comprehensive care payment" (condition-adjusted capitation) -- as methods to facilitate higher quality and lower cost by avoiding the problems of both fee-for-service payment and traditional capitation. The author details transitional approaches such as "virtual bundling" to help providers make the shift to new payment strategies.

Shared Savings

M. Bailit and C. Hughes, "Key Design Elements of Shared-Savings Payment Arrangements." The Commonwealth Fund. August 2011.
http://www.commonwealthfund.org/~/media/Files/Publications/Issue%20Brief/2011/Aug/1539_Bailit_key_design_elements_sharedsavings_ib_v2.pdf.
This brief provides an overview of shared savings as a payment reform method, based on interviews with payer and provider organizations and state agencies. It addresses populations and services covered, the assignment of providers, the use of risk adjustment, the way savings are calculated and distributed, as well as critical issues in shared-savings design and implementation.

Bundled/Episodes of Care Payments

M. H. Bailit and M. E. Burns. "Bundled Payment Across the U.S. Today: Status of Implementations and Operational Findings." Health Care Incentives Improvement Institute. May 2012.
http://www.bailit-health.com/articles/052912_bhp_hci_issuebrief_4L7.pdf.
This brief examines 19 early bundled payment programs, including a description of key features, targeted medical conditions, how bundles are defined, how risk is handled and, how the programs make payments.

R. E. Mechanic. "Opportunities and Challenges for Episode-Based Payment." *New England Journal of Medicine,* 2011, 365(9): 777-779.
http://www.nejm.org/doi/pdf/10.1056/NEJMp1105963.
This report documents challenges and opportunities associated with episode-based payment. Opportunities identified include: (1) allowing provider organizations to ease into more complex forms of payment reform; (2) basing episode-based payments on clinical guidelines to engage clinicians in quality improvement; and (3) using episode-based payment to create incentives to improve clinical integration for specialty service lines.

Bundled Payments: "An AHA Research Synthesis Report." American Hospital Association Committee on Research. May 2010.
http://www.aha.org/research/cor/content/BundledPayment.pdf
This report provides an overview on bundled payments and examines the evidence base related to bundled payments. It also identifies knowledge gaps where further research is necessary.

"Implementing Bundled Payments." *Catalyst for Payment Reform.*
http://www.catalyzepaymentreform.org/uploads/CPR_Action_Brief_Bundled_Payment.pdf.
This brief explores opportunities for bundled payment, including the problems this payment strategy can address as well as the challenges associated with implementation. It provides brief descriptions of bundled payment methods that have been implemented throughout the country.

Global Payments/Capitation

Implementing Global Payments. ***Catalyst for Payment Reform.***
http://www.catalyzepaymentreform.org/uploads/CPR_Action_Brief_Global_Payment.pdf.
This brief provides an overview of global payments, describes challenges associated with global payments and includes examples of global payments in use. It describes how global payments can be used to address problems associated with a fee-for-service system.

Z. Song, D. G. Safran, B.E. Landon, Y. He, R. P. Ellis, R. E. Mechanic, M. P. Day and M. E. Chernew. "Health Care Spending and Quality in Year 1 of the Alternative Quality Contract." ***New England Journal of Medicine,*** **2011, 365:909-18.**
http://www.commonwealthfund.org/~/media/Files/Publications/In%20the%20Literature/2011/Jul/1524_Song_hlt_care_spending_and_AQC_NEJM_07132011_ITL_v2.pdf.
In 2009, Blue Cross Blue Shield of Massachusetts implemented a global payment system called the Alternative Quality Contract (AQC). This report provides a summary of results from Year 1 of its implementation. In brief, though average spending increased for enrollees in both the intervention and control groups in 2009, the increase was smaller for enrollees in the intervention group. Savings derived largely from shifts in outpatient care toward facilities with lower fees; from lower expenditures for procedures, imaging, and testing; and from a reduction in spending for enrollees with the highest expected spending.

Delivery Systems

Accountable Care Organizations

T. McGinnis and D. Small. "Accountable Care Organizations in Medicaid: Emerging Practices to Guide Program Design." Center for Health Care Strategies. February 2012.
http://www.chcs.org/usr_doc/Creating_ACOs_in_Medicaid.pdf.
This brief summarizes safety-net ACO programs being developed in five states and highlights emerging best practices from state ACO activities. It outlines issues for federal and state agencies, health plans, providers, and communities to consider in designing ACO models to serve low-income beneficiaries.

S. F. Delbanco, K. M. Anderson, C. E. Major, M. B. Kiser and B.W. Toner. "Promising Payment Reform: Risk-Sharing with Accountable Care Organizations." The Commonwealth Fund. July 2011.
http://www.commonwealthfund.org/~/media/Files/Publications/Fund%20Report/2011/Jul/1530Delbancopromisingpaymentreformrisksharing%202.pdf.
This report profiles accountable care organizations (ACO) in the private market that use shared-risk models. The authors stress that there are varying definitions of shared risk, and shared-risk initiatives use a variety of program designs. They caution that most providers lack the infrastructure required to take on and manage risk successfully.

H. D. Miller. "How to Create Accountable Care Organizations." Center for Healthcare Quality and Payment Reform. September 2009.
http://www.chqpr.org/downloads/HowtoCreateAccountableCareOrganizations.pdf.
This report describes key considerations for those developing an ACO, including payment strategies that can support ACOs. It addresses organizational structures that can support ACOs; what an ACO should be accountable for; and what communities and state governments can do to help foster an environment that supports ACOs.

Health Homes

"Health Home Considerations for a Medicaid Managed Care Delivery System: Avoiding Duplication of Services and Payments." Integrated Care Resource Center. February 2012.
www.chcs.org/usr_doc/HH_Managed_Care_Options_Matrix_020312_.pdf.
This brief provides options for developing health home approaches that avoid duplication of services and payments for states where managed care entities are engaged in service delivery. It addresses a range of options from a health home operating independently from the managed care system to models where a managed care organization serves as the health home provider.

"Five Key Considerations for Exploring the Medicaid Health Homes Opportunity." Integrated Care Resource Center. October 2011.
http://www.integratedcareresourcecenter.com/pdfs/Exploring_HH_Opportunity_5_Considerations.pdf.
This brief identifies key issues states should consider in determining whether to pursue implementation of a health homes program. It also outlines steps states should take to develop a health homes program.

D. Hasselman and D. Bachrach. "Implementing Health Homes in a Risk-Based Medicaid Managed Care Delivery System." Center for Health Care Strategies. June 2011.
http://www.chcs.org/usr_doc/Final_Brief_HH_and_Managed_Care_FINAL.pdf.
This brief provides background on health homes and describes how states can implement a health homes program in the context of existing Medicaid managed care infrastructures. The brief highlights advantages and challenges associated with health home programs in Medicaid managed care.

Hospital Value-Based Purchasing

"The Delivery System Reform Incentive Program: Transforming Care Across Public Hospital Systems." California Association of Public Hospitals and Health Systems. June 2011.
http://www.caph.org/AssetMgmt/getDocument.aspx?assetid=257.
This brief describes California's Delivery System Reform Incentive Program (DSRIP), a component of the state's Section 1115 Medicaid waiver. The DSRIP program includes 21 California public hospital systems which are implementing multiple initiatives to expand access to care, enhance quality and care coordination, improve population health, and contain or reduce costs. These efforts will allow the hospital systems the opportunity to share in federal funding of up to $3.3 billion over five years, if project milestones are achieved.

Patient Centered Medical Homes

R. A. Berenson and E. C. Rich. "How to Buy a Medical Home? Policy Options and Practical Questions." *Journal of General Internal Medicine,* 2010, 25(6):619-24.
http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2869420/pdf/11606_2010_Article_1290.pdf.
This paper describes various payment options that can support patient-centered medical homes (PCMH), including four fee-for-service models. In addition, the paper discusses the use of comprehensive payments combining capitation for traditional primary care medical services and new medical home services. The authors also explore the use of performance measurement and pay-for-performance in PCMHs.

"Paying for the Medical Home: Payment Models to Support Patient-Centered Medical Home Transformation in the Safety Net." Safety Net Medical Home Initiative. Bailit Health Purchasing and Qualis Health. October 2010.
http://www.safetynetmedicalhome.org/sites/default/files/Policy-Brief-1.pdf
This brief describes and explores 10 payment models to support PCMHs. It compares the 10 models along a set of characteristics, including whether a model is feasible for small practices, includes upfront payments, emphasizes value over volume, and simplifies payments, among others.

Payment Reform to Support High-Performing Practice – "Report of the Payment Reform Task Force*." Patient-Centered Primary Care Collaborative.* July 2010.
http://www.pcpcc.net/files/paymentreformpub.pdf.
This report assesses the strengths and shortcomings associated with various payment reform methodologies, particularly in relation to integration or implementation alongside patient-centered medical homes. The report includes detailed analyses of four payment reform systems, comparing each against a set of criteria.

*This document was developed by the Center for Health Care Strategies for the **Value-Based Purchasing Learning Collaborative**, one of five state-federal collaboratives being coordinated through the **Medicaid and CHIP Learning Collaboratives** initiative.*

ABOUT THE MEDICAID & CHIP LEARNING COLLABORATIVES

The ***Medicaid and CHIP Learning Collaboratives*** -- known as the **MAC Collaboratives** -- were established by the Centers for Medicare & Medicaid Services (CMS) to help states and their federal partners work together to achieve high-performing state health coverage programs. Five collaborative workgroups are addressing critical topics for establishing a solid health insurance infrastructure: (1) early innovator information technology (IT) solutions; (2) coverage expansion; (3) data analytics and performance measurement; (4) IT efficiency and effectiveness; and (5) value-based purchasing. The MAC Collaboratives are coordinated by Mathematica Policy Research, the Center for Health Care Strategies, and Manatt Health Solutions, in close association with CMS. For more information, visit http://www.Medicaid.gov.