Washington State Health Care Authority

HCA VALUE-BASED ROAD MAP, 2017-2021

INTRODUCTION

There is a national imperative led by Medicare, the biggest payer in the U.S., to move away from traditional volume-based health care payments to payments based on value. Over the past year this movement has gained significant traction since Medicare declared its own commitment to value and quality, announced its own purchasing goals (similar to HCA), and made substantial progress in meeting its goals. At the same time, federal legislation—the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015, supports Medicare's acceleration of value-based purchasing by rewarding providers through higher Medicare reimbursement rates for participation in advanced value-based payments (VBPs) or Alternative Payment Models (APMs) starting in 2019.

Like Medicare, the Washington State Health Care Authority (HCA) is transforming the way it purchases health care. As directed by the Legislature in statute, and as a key strategy under Healthier Washington, HCA has pledged that 80 percent of HCA provider payments under State-financed health care programs—Apple Health (Medicaid) and the Public Employees Benefits Board (PEBB) program—will be linked to quality and value by 2019. HCA's ultimate goal is that, by 2019, Washington's annual health care cost growth will be 2 percent less than the national health expenditure trend.

To further align with the Centers for Medicare and Medicaid Services (CMS) payment reform efforts and accelerate the transition to value-based payment, HCA is currently in negotiations with CMS for an 1115 Medicaid transformation waiver. If approved, the waiver presents a unique opportunity to accelerate payment and delivery service reforms and reward regionally-based care redesign approaches that promote clinical and community linkages through State-purchased programs. Moreover, if the waiver is approved, HCA commits that 90 percent of its provider payments under state-financed health care will be linked to quality and value by 2021.

PURPOSE AND GOALS

The HCA Value-based Road Map lays out how HCA will fundamentally change how health care is provided by implementing new models of care that drive toward population-based care. This HCA VBP Road Map braids together major components of Healthier Washington (Payment Redesign Model Tests, Statewide Common Measure Set and Accountable Communities of Health (ACHs), for example), the Medicaid transformation waiver, and the Bree Collaborative care transformation recommendations and bundled payment models. The Road Map is built on the following principles:

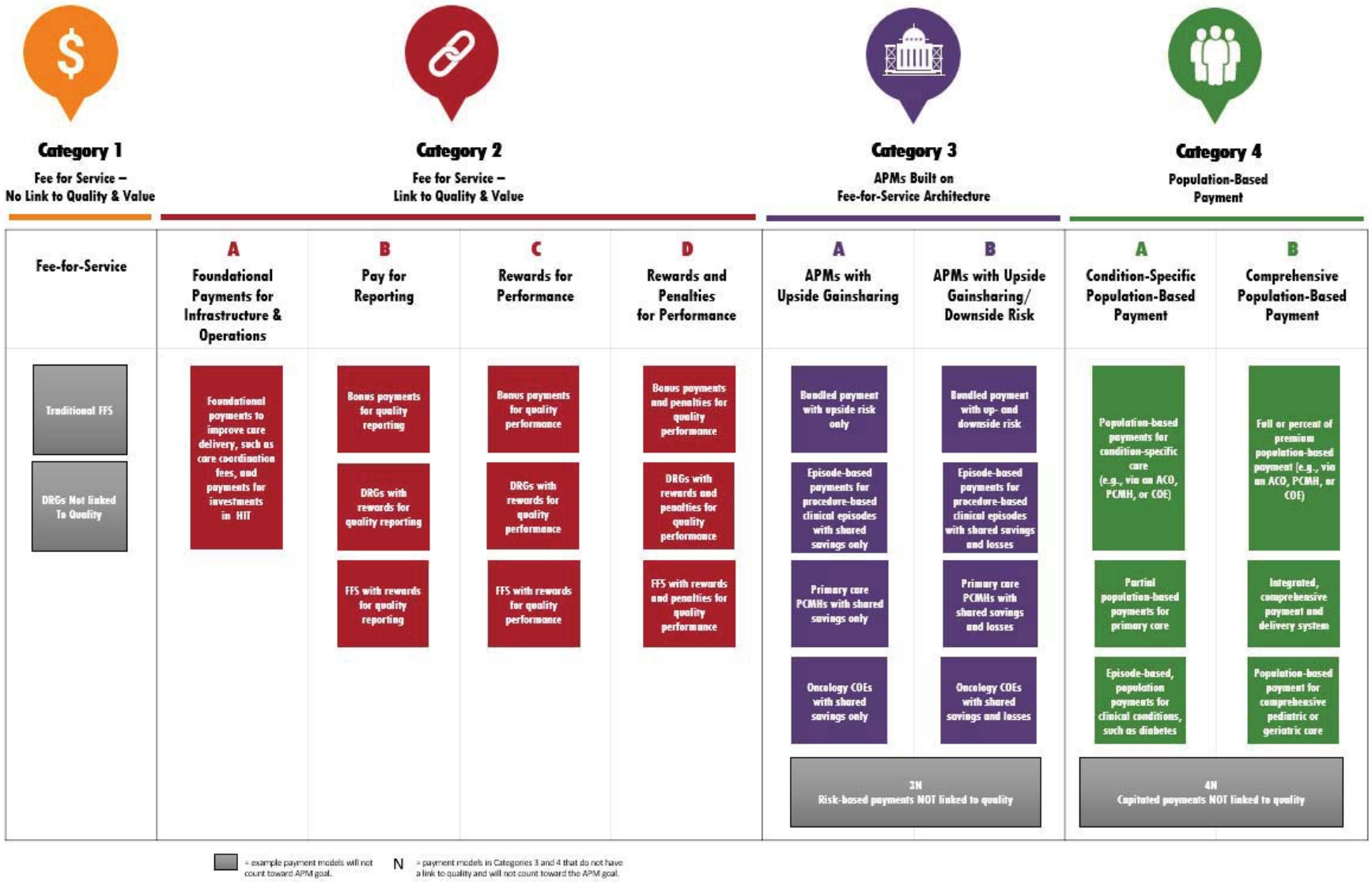
- Reward the delivery of patient-centered, high value care and increased quality improvement;
- Reward performance of HCA's Medicaid and PEBB Program health plans and their contracted health systems;
- Align payment and delivery reform approaches with CMS for greatest impact and to simplify implementation for providers;
- Improve outcomes for patients and populations;
- Drive standardization based on evidence;
- Increase long-term financial sustainability of state health programs; and
- Continually strive for the Triple Aim of better care, smarter spending and healthier people.

HCA'S FRAMEWORK AND PURCHASING GOALS

As the largest purchaser in Washington State, HCA purchases care for over 2.2 million Washingtonians through Apple Health and PEBB. Annually, HCA spends 10 billion dollars between the two programs. As a purchaser and state agency, HCA has market power to drive transformation using different levers and relationships.

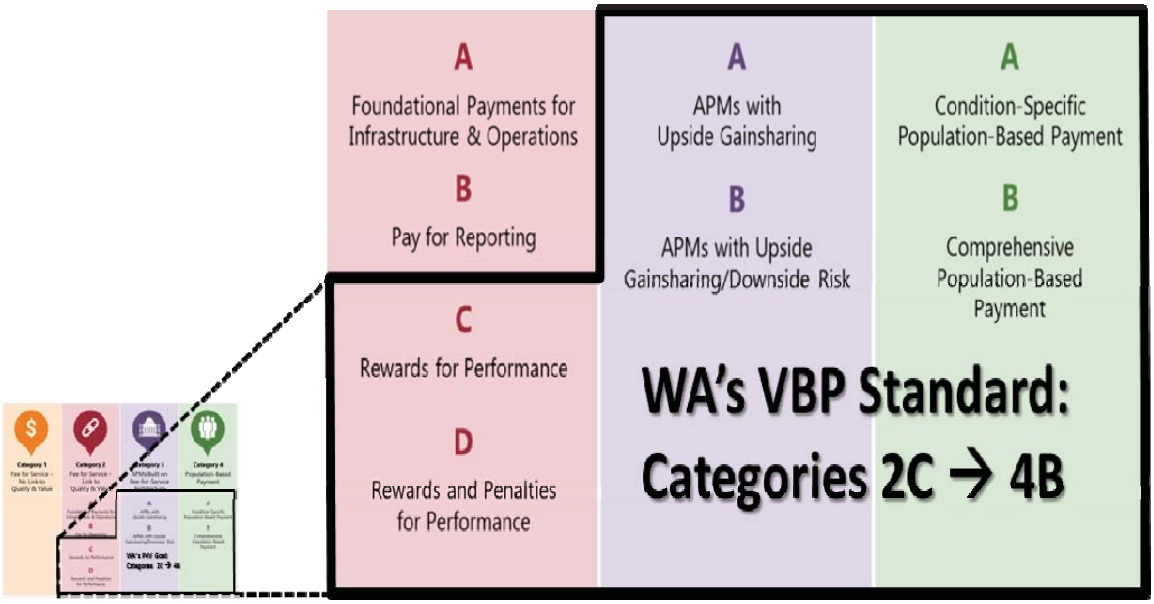
As stated in the HCA Paying for Value survey released in March 2016, HCA has adopted the framework created by CMS to define VBPs, or APMs (see Chart 1, next page).

Chart 1: CMS Framework for Value-based Payments or Alternative Payment Models



HCA's implementation of the CMS framework is shown below in Chart 2.

Chart 2: Washington State's Value-based Payment Framework



To reach its purchasing goal, HCA expects 90 percent of state-financed health care payments to providers will be in CMS' categories 2c-4b by 2021. HCA's ultimate vision for 2021 is:

- HCA programs implement VBPs according to an aligned purchasing philosophy.
- Nearly 100% of HCA's purchasing business is entrusted to accountable delivery system networks and plan partners.
- HCA exercises significant oversight and quality assurance over its contracting partners and implements corrective action as necessary.

HCA's interim purchasing goals and key VBP milestones along the path to 90 percent in 2021 are shown below.

- 2016: 20% in VBP
- 2017: 30%
- 2018: 50%
- 2019: 80%
- 2020: 85%
- 2021: 90%