



Paying for value survey:
Assessing baseline managed care organizations on
value-based purchasing 2017

SURVEY SCHEDULE	
Survey released	June 2, 2017
Potential respondent questions due by 3 p.m. PDT (please email all questions to J.D. Fischer @ jd.fischer@hca.wa.gov)	June 7, 2017
Responses to respondent questions posted to paying for value web page, Healthier Washington web site, by 3 p.m. PDT	June 9, 2017
Survey responses due by 3 p.m. PDT (please email completed survey to PayingforValue@hca.wa.gov)	July 7, 2017

Survey Link:

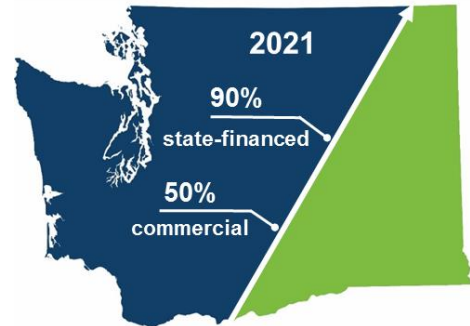
www.hca.wa.gov/about-hca/healthier-washington/paying-value

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Introduction

Traditionally, health care reimbursement has been based on the volume rather than the value of services provided, contributing to wasteful, unnecessary spending and fragmented care. New payments are necessary to drive delivery system reform and transform our health care system into one that rewards value. The Washington State Health Care Authority (HCA), as the largest purchaser of health care services in the state and a prudent steward of public tax monies, is committed to paying for value. Its goal is to drive 90 percent of state-financed health care –Medicaid (Apple Health) and the Public Employee Benefits program (PEB) - and 50 percent of the commercial market into value-based payments (VBPs)¹ by 2021.



Survey purpose

Beginning with the January 1, 2017 premium payment, HCA began withholding one percent of the medical portion of the monthly premium payment received by the Apple Health Managed Care Organizations (MCOs). The MCOs are eligible to earn back the entirety of the one percent withhold by making qualifying provider incentive payments, adopting value-based purchasing arrangements, and achieving quality improvement in performance measures, as described below²:

1. Up to 12.5 percent of 1 percent may be earned back by making qualifying provider incentive payments tied to quality and/or financial attainment or losses;
2. Up to 12.5 percent of 1 percent may be earned by having value-based purchasing arrangements; and
3. Up to 75 percent of 1 percent may be earned by achieving quality attainment and improvement targets.

HCA is issuing this survey to establish a baseline measure of VBP attainment for MCOs, corresponding to items 1 and 2 above, as reported by total payments made to providers and total covered lives. Further, this survey will establish a statewide and regional (designated by Accountable Communities of Health) baseline for VBP attainment for VBP incentives under the Medicaid Transformation Demonstration Project. Responding MCOs should include the full 2016 calendar year (January 1, 2016 – December 31, 2016) as the reporting period.

Washington State’s vision for health care transformation

Washington State is transforming its health care ecosystem to one that delivers better health, better care, and lower costs through the Healthier Washington initiative. Healthier Washington,³ funded in large part by Washington’s State Innovations Model (SIM) Round Two federal grant, builds capacity to incentivize value through purchasing strategies, improve the health of state residents, and deliver coordinated whole-person care.

¹ Value-Based Payments means a payment reimbursement method for health care services aimed at rewarding value (quality of health care), not volume (fee-for-service)

² MCOs can receive a portion of the 1 percent withhold if they achieve a portion of the target

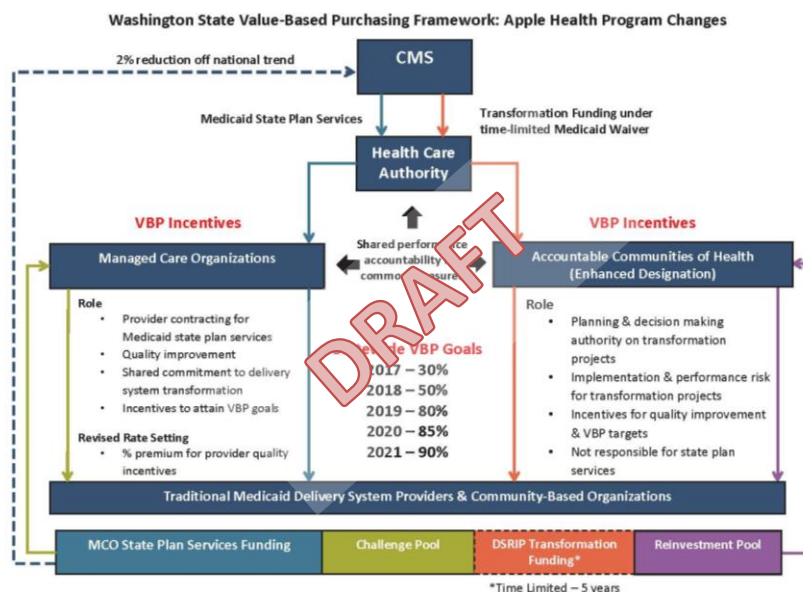
³ For more information on the Healthier Washington initiative see www.hca.wa.gov/hw.

Paying for value is a core Healthier Washington strategy. As the largest purchaser of health care services in Washington State, HCA purchases health coverage for more than 2.2 million people through its Washington Apple Health (Medicaid) program and Public Employees Benefits Board (PEBB) Program, or one in three non-Medicare state residents. While each program has different rules and regulations and are administered separately, HCA's health care transformation strategies will be implemented across both programs.



Additionally, in January 2017 the Centers for Medicare & Medicaid Services (CMS) approved a Section 1115 Medicaid waiver for Washington State, known as the Medicaid Transformation Demonstration Project.⁴ Part of Healthier Washington, the five-year Demonstration includes three initiatives aimed at improving how we take care of individuals to better address local health priorities, deliver high-quality, cost-effective care that treats the whole person, and create linkages between clinical and community-based services, and is integral to Washington State's efforts to move Apple Health purchasing and payment strategies to value.

Moving Apple Health to Value



Alignment with federal framework and goals

The Centers for Medicare and Medicaid Services (CMS), the largest purchaser of health care in the United States, is leading the way towards adoption of VBPs. In January 2015, CMS launched the Health Care Payment Learning and Action Network (LAN)⁵ to help advance health transformation occurring across public and private sectors and to assist states, public and private purchasers, providers, and payers in the reimbursement transition. The LAN developed a framework to facilitate alignment around payment model definitions and ultimately to increase the adoption of VBPs

⁴ For more information on the Demonstration, see: <https://www.hca.wa.gov/about-hca/healthier-washington/medicaid-transformation>

⁵ For more information on the LAN, see: <https://hcp-lan.org/>

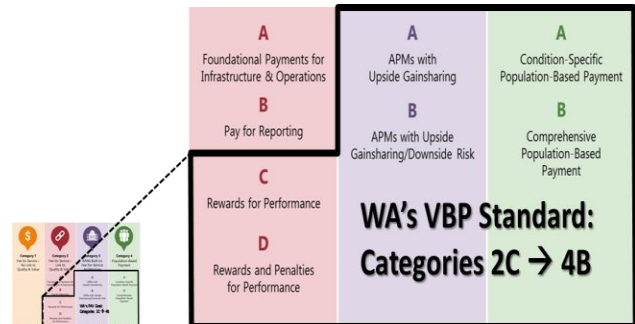
(referred to as Alternative Payment Models (APMs)⁶ in the framework). *Note: HCA considers the terms VBP and APM to be aligned and interchangeable.*

HCA has aligned with the original LAN-developed APM Framework⁷ below, for the purposes of defining and identifying VBP/APM strategies. HCA’s expectation for its paying for value goal is for 90 percent of state-financed health care payments to providers, and 50 percent of commercial health care payments to providers, to be in **Categories 2C through 4B** by 2021. Importantly, these categories, and respective sub-categories, include financial accountability for quality care and improved outcomes.

HCP-LAN APM Framework



HCA’s VBP Standard



Survey directions

HCA has developed a response template in Excel for respondents to complete (**Attachment A**) in an effort to standardize the response process and align with broader survey efforts. MCO respondents shall complete each table, on each sheet, to the fullest extent possible according to the following table:

Sheet	Required/Optional*
3. Total Medicaid Payments	Required
4. Non-Medicaid Payments	Optional
5. Total Covered Lives	Required
6. Non-Medicaid Covered Lives	Optional
7. Provider Incentives	Required (statewide row only)
8. Qualitative Questions	Optional
9. Attestation	Required

Please email completed survey to PayingforValue@hca.wa.gov by 3 p.m. PDT July 7, 2017.

⁶ Alternative Payment Models (APM), a term HCA considers interchangeable with value-based payments, has been used by the federal Health and Human Services agency to describe their framework of paying for services in which providers can voluntarily choose to participate and that is different from the standard payment method used to pay those providers

⁷ For more information, see: <https://hcp-lan.org/groups/apm-fpt-work-products/apm-framework/>

*While these tables/sheets are optional, MCOs are highly encouraged to complete the entire spreadsheet, which will inform HCA’s broader statewide VBP Survey effort.