HCA Value-based Roadmap 2017-2021

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Introduction
This is the second edition of the Health Care Authority’s (HCA) Value-based Roadmap. This Roadmap is a refresh of the original HCA Value-based Roadmap, which HCA published in June 2016, featuring the framework from the original Roadmap, key updates and successes that occurred in 2017, and a look ahead at upcoming priorities.

This Roadmap describes HCA’s value-based purchasing goals, delivery system transformation strategies, innovation successes to-date, and future plans to accelerate broad transition into value-based payment models. Specifically, this Roadmap highlights HCA’s key successes in value-based payments and reforms since June and upcoming projects and priorities to drive positive change across the state’s health system over the next year.

Background
In 2016, the Centers for Medicare and Medicaid Services (CMS), the largest health care purchaser in the U.S., led a national imperative to move away from traditional volume-based health care payments to payments based on value. Medicare declared its own commitment to value and quality and announced its own purchasing goals. While CMS has altered its approach regarding mandated payment models, CMS remains committed to voluntary participation and has made substantial progress in meeting its goals. Additionally, 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) beginning in 2019. To date, the federal government under the Trump Administration has signaled its continued commitments to APMs as well as announcing new priorities, including strengthening patient engagement and reducing provider burdens, such as regulations.

Like Medicare, the HCA is transforming the way it purchases health care. As directed by legislation passed in 2014, and as a key strategy under Healthier Washington, HCA has pledged that 90 percent of HCA provider payments under state-financed health care programs—Washington Apple Health (Medicaid) and the Employees and Retirees Benefits (ERB) programs (comprising the Public Employees Benefits Board [PEBB] and School Employees Benefits Board [SEBB] programs)—will be linked to quality and value by 2021. HCA’s ultimate goal is that Washington’s annual health care cost growth will be less than the national health expenditure trend.

On January 9, 2017, Washington State and CMS reached agreement on a groundbreaking five-year Medicaid Transformation demonstration (Demonstration) that allows the state to invest in

1 For more information on HCA’s Roadmap activities and Paying for Value strategy, visit: www.hca.wa.gov/about-hca/healthier-washington/paying-value. If you would like a copy of the first edition of HCA’s Value-based Roadmap, please contact J.D. Fischer at jd.fischer@hca.wa.gov.
comprehensive Medicaid delivery and payment reform efforts through a Delivery System Reform Incentive Payment (DSRIP) program.

This agreement presents a unique opportunity to leverage state-purchased programs to accelerate payment and delivery service reforms and reward regionally based care redesign approaches that promote clinical and community linkages.

Value-based Roadmap Foundational Principles

The HCA Value-based Roadmap lays out how HCA is fundamentally changing the way that health care is delivered by implementing new payment models that encourage population-based care. This HCA VBP Roadmap braids together major components of Healthier Washington (payment redesign model tests, the Statewide Common Measure Set and Accountable Communities of Health (ACHs), for example), the Medicaid Transformation Demonstration, and the Bree Collaborative care transformation recommendations and bundled payment models. HCA built The Roadmap upon the following foundational principles:

• Reward the delivery of patient-centered, high value care;
• Reward improved performance of HCA’s Medicaid, PEBB, and SEBB health plans and their contracted health systems;
• Align payment and delivery reform approaches with CMS, where appropriate, for greatest impact and to simplify implementation for providers;
• Improve quality outcomes and patient experience;
• Drive standardization and care transformation based on evidence;
• Increase the long-term financial sustainability of state health programs; and
• Continually strive for the Triple Aim of better health, better care, and lower costs.

HCA’s VBP Framework and Purchasing Goals

As the largest health care purchaser in Washington State, HCA purchases care for more than 2 million Washingtonians through the Apple Health and the public employee benefits programs. Annually, HCA spends more than $10 billion between the two programs. As the largest purchaser in Washington and a 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, via the Health Care Payment & Learning Action Network (HCP-LAN), to define VBPs, or Alternative Payment Models (APMs) (see Chart 1, next page).
### Chart 1: HCP-LAN APM Framework for Value-based Payments or Alternative Payment Models

<table>
<thead>
<tr>
<th>Category 1</th>
<th>Category 2</th>
<th>Category 3</th>
<th>Category 4</th>
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<tbody>
<tr>
<td>Fee for Service – No Link to Quality &amp; Value</td>
<td>Fee for Service – Link to Quality &amp; Value</td>
<td>APMs Built on Fee-for-Service Architecture</td>
<td>Population-Based Payment</td>
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<tr>
<td><strong>Fee-for-Service</strong></td>
<td><strong>A</strong></td>
<td><strong>B</strong></td>
<td><strong>C</strong></td>
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<tr>
<td><em>Traditional FFS</em></td>
<td><em>Foundation payments for infrastructure &amp; operations</em></td>
<td><em>Bonus payments for quality reporting</em></td>
<td><em>Bonus payments for quality reporting</em></td>
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<tr>
<td><em>DRGs not linked to quality</em></td>
<td><em>DRGs with rewards for quality reporting</em></td>
<td><em>DRGs with rewards for quality reporting</em></td>
<td><em>DRGs with rewards and penalties for quality reporting</em></td>
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<tr>
<td><em>FFS with rewards for quality reporting</em></td>
<td><em>FFS with rewards for quality reporting</em></td>
<td><em>FFS with rewards and penalties for quality performance</em></td>
<td><em>APMs with upside Gainsharing/Downside Risk</em></td>
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**Legend:**
- FFS: Fee-for-Service
- DRGs: Diagnosis-Related Groups
- ACO: Accountable Care Organization
- PCMH: Patient-Centered Medical Home
- COC: Care Organization

*Note*: Payment models in Categories 1 and 4 do not have a link to quality and will not meet bundled APM goals.
To achieve its purchasing goal, HCA expects to have 90 percent of state-financed health care payments to providers in categories 2C-4B by 2021. HCA’s ultimate vision for 2021 is:

- HCA programs implement VBPs according to an aligned purchasing philosophy.
- Accountable delivery system networks and plan partners comprise most of HCA’s purchasing business.
- HCA exercises significant oversight and quality assurance over its contracting partners and implements corrective action as necessary.

The graphic below shows HCA’s interim purchasing goals and key VBP milestones along the path to 90 percent in 2021:
HCA Value-based Successes – A Year in Review

Since the release of the original roadmap, HCA has made significant progress towards its goals through innovative purchasing strategies and health systems transformation activities, and by convening collaborative stakeholder groups like the Health Innovation Leadership Network (HILN) and the Medicaid Value-based Payment Action Team (MVP Action Team), both created to advise on SIM and the Demonstration, respectively.

Value-based Payment and Purchasing in HCA programs

Between the Apple Health and PEBB programs, HCA measured its value-based purchasing at 30 percent for calendar year 2016, according to the annual VBP survey administered by HCA to providers and payers. HCA beat its target of 20 percent by 10 percentage points, an encouraging sign for the trajectory for the two programs. Key successes in 2017, across programs, include:

<table>
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<tr>
<th>Apple Health</th>
<th>PEBB</th>
<th>SEBB</th>
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<tr>
<td>Launched the Medicaid Transformation Demonstration</td>
<td>Launched the Total Joint Replacement Center of Excellence program in partnership with Virginia Mason and Premera</td>
<td>Governor signed House Bill 2242, directing HCA to create the School Employees Benefits Board to oversee benefits for school employees and their families, with benefits offered starting in 2020</td>
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<td>Implemented a 1 percent withhold, tied to quality and value-based payments, in managed care organization contracts</td>
<td>Expanded the Accountable Care Program to four additional counties</td>
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<td>Continued expanding fully integrated managed care</td>
<td>Released a Request for Information on bundled payment strategies</td>
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<td>Began exploring episodes of care and bundled payment strategies</td>
<td>Began exploring additional bundled payment procurement options</td>
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<td>Alternative Payment Methodology 4 (APM4) - Federally Qualified Health Center and Rural Health Center value-based payment approach implemented</td>
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For more information, see the ERB\textsuperscript{2} and Apple Health\textsuperscript{3} appendices

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\textsuperscript{2} For more information on ERB, visit: www.hca.wa.gov/public-employee-benefits

\textsuperscript{3} For more information on Apple Health, visit: www.hca.wa.gov/free-or-low-cost-health-care/apple-health-medicaid-coverage
Alignment Across HCA VBP Models

Strategic alignment across programs and initiatives is critical for the success of such broad transformation goals. From quality performance measurement to the assumption of risk, HCA is striving to adopt the same or similar approaches, where appropriate, to the following components of value-based payment models:

- Include quality measures from the Washington Statewide Common Measure Set into contracts and initiatives, as exemplified by the following:
  - 19 quality measures in ACP contracts
  - 9 quality measures in managed care organization (MCO) contracts
  - 19 quality measures in multi-payer pilot
  - 9 quality measures in APM4
- Ensure that the clinical and financial risk is at the provider level
- Implement HCA-designed quality improvement model in VBP contracts
  - Rewards improvement towards and attainment of targets
  - Implemented in ACP and MCO contracts
- Embed care transformation into contracts based on evidence
  - Leveraging recommendations from groups like the Dr. Robert Bree Collaborative
- Implement “data follows person” strategy by providing data on Apple Health and public employee patients to their providers for treatment and population health management purposes
- Streamline data governance policies and processes

Coordination with Medicare

HCA continues to monitor health systems transformation at the federal level, particularly MACRA and the Quality Payment Program (QPP). HCA participated in the public comment process for the annual proposed rules to the program and expects to align state-financed VBP programs with federal APMs, to the extent possible, and will seek certification as Advanced APMs for Apple Health, PEBB, and SEBB VBP models.

HCA also has held leadership roles on the Health Care Payment & Learning Action Network’s (HCP-LAN) Guiding Committee and Purchaser Affinity Group, and the Health Care Transformation Task Force (HCTTF), and expects to continue active involvement in both.

Facilitating Community and Provider Linkages

Beyond its role as a purchaser, HCA is leveraging its role as a convener to drive delivery system reforms throughout geographical regions and local communities. Through Accountable Communities of Health (ACHs), the Medicaid Value-based Payment (MVP) Action Team, HCA is facilitating collaborative, multi-sector supports to help providers adopt and implement value-based strategies. The nine ACHs bring together leaders from multiple health sectors around the state with a common interest in improving health and health equity. ACH goals are to:

- Promote health equity throughout the state.
- Create, support, and collaborate on local health improvement plans.
- Support local and statewide initiatives such as Medicaid Transformation, practice transformation, and value-based purchasing.
Align resources and activities that improve whole-person health and wellness.

The MVP Action Team was formed in April 2017, and is designed to support the Demonstration and serve as a learning collaborative to support MCOs, providers, and ACHs as they implement value-based strategies. For more information, visit: www.hca.wa.gov/about-hca/healthier-washington/medicaid-transformation-resources

**Healthier Washington Symposium – A Commitment to Value**

HCA hosted the annual Healthier Washington Purchaser Conference and Symposium in October 2017, bringing together purchasers, providers, payers, and other health care system stakeholders to share and learn from their respective experience. The two-day event, A Commitment to Value, was designed to focus on ways attendees can collectively commit to value-based purchasing, payment, and care delivery, and better understand respective roles in moving value-based strategies from concept to practice. Presentations and other information from the symposium can be found on the HCA website at: www.hca.wa.gov/about-hca/healthier-washington/healthier-washington-symposium.

**VBP priorities over the next year**

While Washington State has made great progress, there is much work ahead. As Washington’s Round Two State Innovations Model Test Grant transitions into a focus on sustainability and the Demonstration continues through implementation, HCA will build on the successes and learn from the challenges faced to date. This includes transforming internal agency operations to bridge gaps across divisional silos, align program strategies, projects, and workflows, and ultimately operate as “One HCA.” Key focus areas will include:

- Launching a health literacy campaign, beginning with public employees, so members and their families have the right tools and information to make value-based decisions,
- Expanding the bundles program across HCA,
- Supporting ACHs and their project plans under the Demonstration, and
- Working with providers, health plans and the federal government to transform rural health care and payment

**VBP relies on system-wide community-based collaboration**

Realizing the vision of a transformed health system will require significant, multi-sector, system-wide collaboration, and individual commitments to take action to improve how we collectively pay for services. This approach will ensure that care focuses on the whole person and supports the development of healthier and better integrated communities. HCA supports the following action steps from the following stakeholder groups:

**Providers**

- Enter into value-based contracts, assuming accountability for clinical quality and financial performance
- Actively participate in ACHs and leverage community and social supports to advance VBP
- Implement state-certified shared decision making tools
Payers

- Actively promote VBP products to purchasers
- Offer carrier-led ACOs that align with HCA’s common elements:
  - Reward quality improvement and attainment of target benchmarks
  - Require care transformation strategies based on evidence (e.g. recommendations from the Bree Collaborative)
  - Use HCP-LAN APM Framework to define payment models
  - Apply measures from the Statewide Common Measure Set to all provider contracts
- Support providers with broader access to data (multi-payer alignment) and participate in All Payer models, including adopting a “data follows person” approach by sharing claims data from attributed patients with all contracted providers
- Participate in HCA Rural Multi-Payer model

Purchasers

- Ask plan partners to include measures from the Statewide Common Measure Set into provider contracts
- Use the Washington Health Alliance’s Community Checkup to evaluate provider and health plan performance and inform employees
- Implement employee wellness programs that tie to high-value uses of health care services (for example, primary care provider selection and preventive care visits)
- Use publicly available drafts and copies of HCA’s purchasing initiatives and HCA’s purchaser toolkit, which includes copies of HCA’s Accountable Care Program and bundle/Center of Excellence procurement documents and contracts.

Patients

- Explore the Washington Health Alliance’s Community Checkup
- Demand value, on quality and cost, from employers and health plans
- Become informed consumers, including asking for Shared Decision Making tools

ACHs

- Engage the provider community in VBP
- Align community and social resources to support the provider community, and vice versa
- Support integration of behavioral and physical health services