Why Value Based Payments Could Be the Best Thing That Ever Happened to Community Behavioral Health Providers… Or Not
The Triple Aim

Quality

Cost

Experience
What Impacts Health Outcomes?

Social Determinants of Health

The Social Determinants of Health

- Financial Stability
- Health Care Access
- Neighborhood and Environment
- Community Context
- Education
Integration: SAMHSA’s Six Level Framework

- **Coordinated**
  - Level 1: Minimal Collaboration
  - Level 2: Basic Remote Collaboration

- **Co-located**
  - Level 3: Basic On-Site Collaboration
  - Level 4: Close On-Site Collaboration

- **Integrated**
  - Level 5: Approaching Integration
  - Level 6: Transformed Integrated Practice

---

PCMH #NATCON16
The Biggest Challenges Facing the Medical System Today

• Behavior Change
• Care management
• Social determinants of health
• Patient-centered, culturally competent care
• Outreach to difficult to engage populations
Within Ten Years, Public Programs Will Cover 56% of All Americans

134 Million (42% of Americans)

172 Million (52% of Americans)

191 Million (56% of Americans)

Source: HMA, 2014.
Some questions to start

• By a show of hands, how many of you…
  – Think your organizations are overpaid for the services you provide?
  – Think your organizations are fairly compensated for the services you provide?
  – Have ever spent money on a client’s needs for which you knew you were not going to be reimbursed?
  – Provided services to a client for which you knew you were not going to be paid?
  – Think the way reimbursement for your services is currently structured is great?
The Theory Behind VBP

• Paying for volume (FFS) provides the wrong set of incentives
  – Expensive intervention instead of an inexpensive one
  – Focus on illness, not health
    • Lack of accountability for the wellbeing of the consumer
  – Doesn’t promote innovation
    • Inconsistent with virtual and technological interventions
  – No payment for important parts of the service
The Theory Behind VBP

Current State
*Increasing the value of care delivered more often than not threatens providers’ margins*

Future State
*When VBP is done well, providers’ margins go up when the value of care delivered increases*

Source: NYS DOH Medicaid Redesign Team, A Path toward Value Based Payment
Key Elements of Value-Based Payment Models

• Payments are not based on service volume
  – Based on the population’s size and characteristics
• Payment is not limited to “billable encounters”
• Rewards for reaching performance measures
  – Care cost
  – Care process
  – Care outcome
  – Structural changes
  – Consumer satisfaction/perception of care
What is value?

\[ V = Q \times S \]

(Value) (Quality) (Service Volume)

(Cost)
Key VBP Concepts

- Benchmarking: What is the baseline spend against which the future spend will be measured?
- Risk Adjustment: A change to the benchmark to reflect consumer characteristics (e.g. age, sex, health status)
- Attribution: How and to whom is the care and wellbeing of the consumer assigned?
- Predictive Modeling: Analyzing data to create a statistical model of expected future performance or results
- Stop loss: An upper limit on the amount a provider can lose in a shared risk arrangement
Attribution: Who Has Better Leverage?

PCP: 3 hours per annum

Residential Provider: 3300 hours per annum
Accountability and Risk Go Together

- Provider Financial Risk
- Provider Integration and Accountability
- Fee For Service
- Incentive Payments
- Pay for Performance (P4P)
- Bundled Payments
- Shared Savings
- Partial Capitation
- Shared Risk
- Full Capitation

Provider Integration and Accountability
Follow the Money: National Trends In SMHA Funding

Source: SAMHSA. State Mental Health Agency-Controlled Expenditures and Revenues for Mental Health Services, State Fiscal Year 2009.
Follow the Money: National Spending On Mental Health And Substance Abuse

Which Piece of the Pie Looks More Filling?

What Impacts Health Outcomes?

Behavioral Patterns: 40%
Social Circumstances: 15%
Health Care: 10%
Environmental Exposure: 5%
Genetic Predisposition: 30%

We Are Spending More on Healthcare as a Percentage of GDP

Source: stats.oecd.org with thanks to Elizabeth H. Bradley and Lauren A. Taylor
We Have Lower Life Expectancy

Source: stats.oecd.org with thanks to Elizabeth H. Bradley and Lauren A. Taylor
We Have Higher Infant Mortality

Infant Mortality per 1,000 Live Births

Source: stats.oecd.org with thanks to Elizabeth H. Bradley and Lauren A. Taylor
When Social Services Spending is Included, We’re Middle Of The Pack

Source: stats.oecd.org with thanks to Elizabeth H. Bradley and Lauren A. Taylor
Lack of Social Connections Lead to Mortality Like Grade 2 and 3 Obesity

![Graphs showing hazard and odds ratios for obesity and lack of social connections.]

- **Obesity**
  - Hazard Ratio: All Grades = 1.18, Grade 1 = 0.95, Grades 2-3 = 1.29, BMI >= 35

- **Lack of Social Connections**
  - Odds Ratio: Social Isolation = 1.29, Loneliness = 1.26, Living Alone = 1.32

Flegal et al. JAMA 2013

Holt-Lunstadet et al. Perspectives on Psychological Science 2015
VBP is a Chance to Get Paid By The Medical System For Work We’ve Been Doing

• Helping people get jobs
• Helping people get into and stay in school
• Helping people get and stay housed
• Helping people stay out of jails
• Helping people stay out of the hospital
Why VBP is An Opportunity

• Spending on community-based BH care has been shrinking as a percentage of total healthcare spending
• People with behavioral health disorders are expensive, and therefore potential savings are high
  – Even if the only savings is on the medical/surgical side, the savings are significant
• The vast majority of spending on the people served by the community BH sector has been spent outside of the community BH sector
The Promise

• The work you do impacts most of the expected health outcome of the people you serve
• You’re not even getting 10% of the money
• The skills you’ve developed over the last fifty years are *precisely* the skills the medical system has figured out it needs
• This is your moment—*if* you seize it
VBP is a Market Based Solution

• Competition
• The ‘invisible hand’
• Joseph Schumpeter
• What gets measured gets paid for
  – What gets measured is contested, complex and critical
  – How can we reduce the work of our community to a de Minimis set of performance indicators?
VBP Advantages Providers With Certain Characteristics

• Size
• Sophistication
• Data capture and analysis capacity
• Risk-readiness
• Strong, strategic leadership
• Administrative depth
The Overarching Challenges

• Define “value” for people with SMI, SED and Chronic SUD
• Service delivery transformation
  – Population health
    • Stratification
  – Care coordination and management
  – Client-centered
  – Integrated comprehensive care
  – Linguistic and cultural competence
  – Social determinants of health
The Overarching Challenges

- Infrastructure, infrastructure, infrastructure
- Information technology
  - Data capture and analysis
  - Interoperable HIT
  - Combine financial and clinical data
- Finance and operations
  - Detailed financial analytics and projections
- Organizational leadership
  - Break down silos
- Change management
  - CQI
Other challenges

• Cash reserves
• Leverage
• Partnerships
  – Within the sector and between sectors
• Attribution
• Benchmarking
Defining “Quality” for HCBS

- Person-driven
- Optimizes individual choice and control in the pursuit of self-identified goals and life preferences
- Promotes social connectedness and inclusion
- Flexible range of services
  - Accessible
  - Appropriate
  - Effective
  - Dependable
  - Timely
  - Respond to individuals’ strengths, needs, and preferences
  - Provided in a setting of the individual’s choosing
- Integrates healthcare and social services
- Promotes well-being
- Promotes privacy, dignity, respect, and independence

Source: National Quality Forum: Addressing Performance Measure Gaps in Home and Community-Based Services to Support Community Living: Synthesis of Evidence and Environmental Scan
Defining “Quality” for HCBS

- Freedom from abuse, neglect, exploitation, coercion, restraint
- Protects human and legal rights
- Balances personal safety and dignity of risk
- An adequate and appropriately skilled workforce
- Supports family caregivers
- Engages individuals in design, implementation, and evaluation
- Offers equitable access to services that are culturally sensitive and linguistically appropriate
- Maximizes affordability and long-term sustainability
- Adequately funded
- Valid, meaningful, accessible, outcome-oriented data
- Accountability through measurement and reporting of outcomes

Source: National Quality Forum: Addressing Performance Measure Gaps in Home and Community-Based Services to Support Community Living: Synthesis of Evidence and Environmental Scan
Domains of Quality Measurement

Both medical and HCBS
- Health and wellbeing
- System performance
- Effectiveness/quality of services
- Service delivery
- Equity
- Workforce

HCBS-specific
- Consumer voice
- Choice and control
- Human and legal rights
- Community inclusion
- Caregiver support

Source: National Quality Forum: Addressing Performance Measure Gaps in Home and Community-Based Services to Support Community Living: Synthesis of Evidence and Environmental Scan
Care Management: Purpose

Encourage more personal responsibility so that consumers and families become more active participants in their own health and more efficient users of the health care system.
Care Management: Objective

• Enhance access to primary and preventive care
• Coordinate the delivery and management of care across the continuum
• Promote the use of home and community-based long term care services to facilitate independence and enable clients to remain living in the least restrictive setting
• Prevent, delay or minimize chronic disease, functional deterioration and progression of disability
Care Management: Objective

• Involve clients, their care givers and providers in care planning and management
• Support care providers through data, information, analytics, and care coordination resources
• Improve health outcomes and member satisfaction at a reduced cost with a positive return on investment
Care Management Components

- Health risk assessment
- Risk stratification
- Care Plan development
- Coordination of care and services
- Monitoring and reassessment
- Outreach, especially to hard to engage clients or clients attributed to you who you have never seen or who have disappeared
Evidence-Based Characteristics of Successful Care Management Programs

• Frequent in-person meetings with client plus telephonic contact
• Occasional in-person contact with PCP
  – CM assures PCP has all key external data
• Provide evidence-based education using motivational interviewing and behavioral-change techniques
• Strong medication management
• Timely and comprehensive transition of care including direct client contact
Client-Centered Care

- Client satisfaction surveys (e.g. CAHPS)
- Shared decision making/decision support tools
- Triage
- Care coordination
- Telephone consultation
- Evening and weekend hours
- Same day appointments
  - Urgent and non-urgent
- Cultural and linguistic competency
  - CLAS standards
Partnerships/Agreements

- BH providers will need to provide services or have partnerships in place across multiple service systems
Partnerships/Agreements

• Identify what other service providers are providing care to your clients
  – Establish collaborative relationships and data sharing agreements
• Full range of medical services
  – Primary care
  – Hospitals
  – Home health
  – Skilled nursing
  – Long term care
• Social services providers
  – Housing
  – Education
  – Child welfare
  – Supported employment
  – Correctional
**Business Functions**

### Population Health Management
- Member assessment: medical, social
- Health risk stratification and predictive modeling
- Empanelment and panel management
- Engagement of empaneled patients

### Person-Centered Care Management
- Care plan development
- Care coordination including care transitions
- Care management (medical and other services)
- Referral coordination
- Medication management

### Clinical Services
- Order management
- Service scheduling and access management
- Encounter information capture / documentation
- Data analytics and decision support (real time)
- Client decision support

### Relationship Management
- Customer service - members
- Customer service - network providers
### Business Functions (Cont.)

<table>
<thead>
<tr>
<th>Competency Assessment and Management</th>
<th>Benefit Management</th>
<th>Administration</th>
<th>Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Training and competency development</td>
<td>• Utilization management including pharmacy</td>
<td>• Management and governance</td>
<td>• Strategic planning</td>
</tr>
<tr>
<td>• Clinicians</td>
<td>• Referral and service authorization management</td>
<td>• Member intake and management</td>
<td>• Operational planning</td>
</tr>
<tr>
<td>• Other staff members</td>
<td></td>
<td>• Provider network management</td>
<td>• Budgeting</td>
</tr>
<tr>
<td>• Competency assessment</td>
<td></td>
<td>• Provider compensation mgmt</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Member incentive mgmt</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Resource mgmt (personnel, supply chain, facilities, equipment, external services)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Finance and accounting</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Receivables</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Payables</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cost accounting</td>
<td></td>
</tr>
</tbody>
</table>
Information Exchange is Foundational. Having the Information is Not Enough…

- In a value-base care environment, information exchange needs to be secure yet unencumbered for these (and potentially other) purposes:
  - Following up on events in a timely manner (e.g. ER and hospitalization alerts)
  - Identifying trends before they lead to unnecessary utilization (e.g. non-adherence to medications)
  - Understanding utilization patterns across all providers
  - Making complex and costly processes more efficient and evidence-based (e.g. referrals)
Connectivity

• Health information exchange
• Telemedicine
• Remote patient monitoring
• E-consults
• Real time pharmacy data
• Real time alerts
Data-driven QI

• Store, retrieve, calculate and report on clinical quality metrics
• Review clinical/quality outcome measures with clinical leadership and clinicians
• Use quality reports to inform outreach
• Use client data from payers with program data for reporting, retrospective analysis and CQI
  – Data warehouse
Data-driven QI

• Provider alerts and decision-support tools
  – Evidence-based protocols and decision-support tools embedded in the medical record
    • Reminders re preventive services
    • Flags re open loops
  – Alerts re hospital/ER utilization
  – Workflows to act on data re admission, discharge or transfer
• Real time executive dashboards
What is Value?

\[ V = \frac{Q \times S}{\$} \]

(Value) (Quality) (Service Volume) (Cost)
$: Total Cost of Care

- Cost per visit/cost per service
  - NOT cost per program
- Total annual cost per client
  - Stratified
  - By diagnosis
- Fixed costs and marginal costs
- Provider cost compared to value
Getting There From Here

• Time and staff resources
  – Map out clinical workflows
  – Map out fiscal workflows
  – Map out operational workflows
  – Negotiation with MCOs
• Financial position/cash reserves
• HIT infrastructure/support
  – HIE capability, willingness and agreements
• Liability/audit risk
• Clinician buy-in
• Board of Directors support
• Know your risk tolerance
Organizational Leadership

Commitment to:

• Putting the needs of the clients first
• Venturing from the safety of the known
• New collaborations/integration with payers and providers
• Honestly assessing your ability to meet clinical targets and expectations
• Demanding delivery system and payment reform
CohnReznick/HMA Readiness Assessment

- Organizational readiness
- Partnership readiness
- Care delivery
- HIT/HIE readiness
- Financial health and operational readiness
Develop your strategic vision

• Start with the people you serve
  – No matter how the financing structure, service environment, regulatory environment, program names, billing systems change…
  …the people you serve will still need services

  *The question is how*

• Identify your role in the future system
• Build off of the value you can demonstrate
Options for Infrastructure Development

• Build v Buy considerations
  – Control
  – Economies of scale
  – Specialization

• Outsourcing
  – What?
  – To whom?
  – How are you going to oversee the contract?

• Collaboration Models
  – Independent Practice Association (IPA)
  – Management Services Organization (MSO)
  – Provider Sponsored Organization (PSO)
Key Collaborative Considerations

How do you provide the best possible service to your consumers?

• Time
• Money
• Control/Individual Organizational Identity
• Legal Complexities
• Start-Up Capital
• Governance
• Critical Mass to Achieve Economies of Scale

Merger Considerations Specifically

• Values
• Culture/Identity
• Cost/Synergies
• Integration
• Workforce
• Risk
• Ego/Control
• Antitrust
• Timeline
• Cost
• Horizontal v vertical integration
• Governance
• Excellence
Things you can do right now

• Educate and engage your Board
• Organizational assessment
  – VBP readiness levels
    • Assessment tool
  – Organizational risk tolerance
• Strategic planning
• Baby steps
  – Identify the low hanging fruit
The key takeaway

- VBP *could* be the best thing that ever happened to the community behavioral health sector

**IF**

- The sector makes the changes needed to leverage the opportunity, *and*
- The right advocacy efforts lay the groundwork for our success
Joshua Rubin
HEALTH MANAGEMENT ASSOCIATES
Phone: 212.575.5929
jrubin@healthmanagement.com
www.healthmanagement.com