



**Department
of Health**

Medicaid
Redesign Team

Value Based Payment Reform: Update

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July, 2017

VBP MCO Contracting Survey

Managed Care Organization (MCO) Year 1 (CY 2015) VBP Contracting Survey

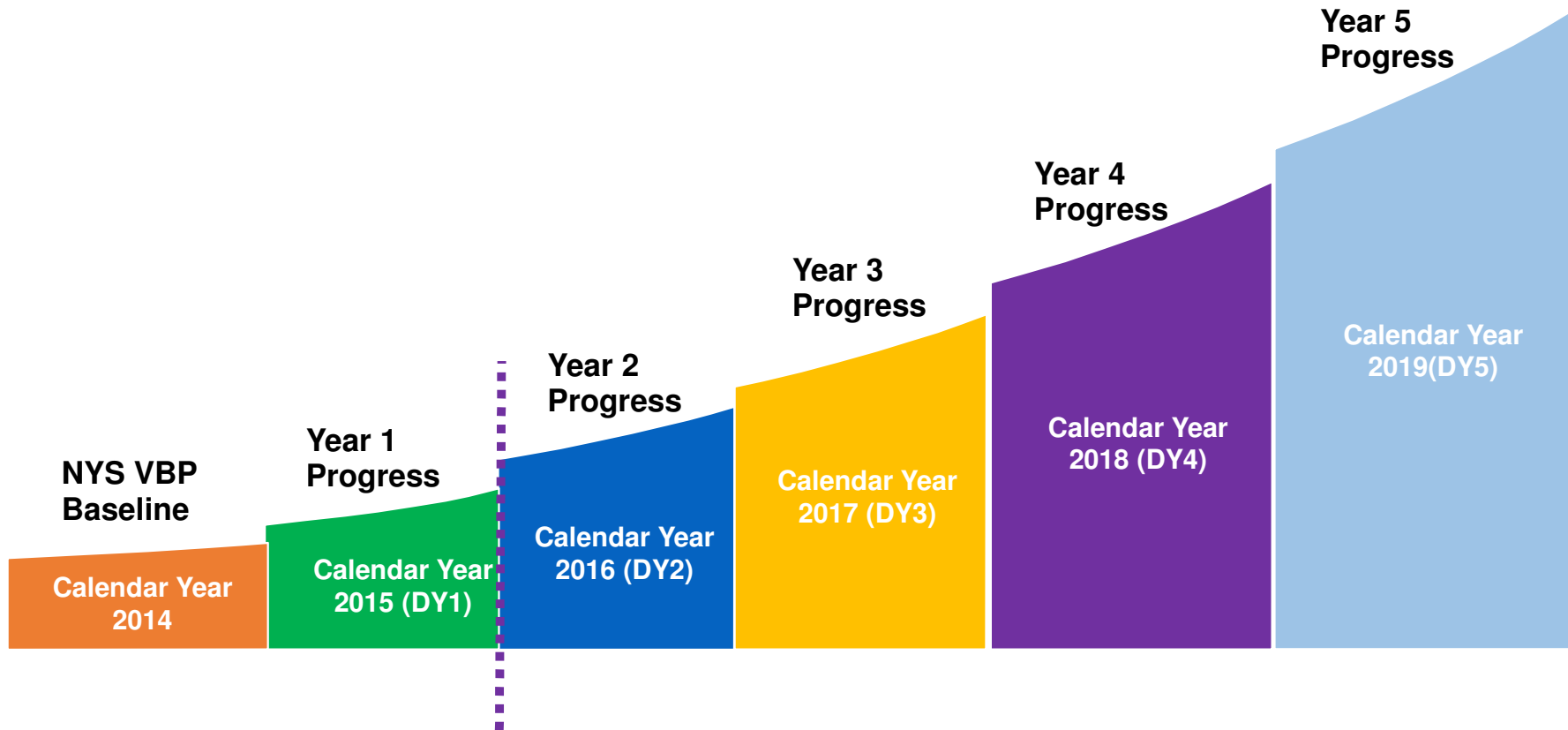
- Purpose of MCO VBP Contracting Survey
- Survey Outline
- Overview of the Results by VBP Level, Arrangement/Population and Region
- Next Steps

Purpose of the MCO VBP Contracting Survey

The purpose of this survey is to measure statewide progress towards both the overall progress towards increasing payments from MCOs to providers in VBP arrangements.

- End of DY 3 (April 1, 2018): at least 10% of total MCO expenditures in Level 1 or above.
- End of DY 4 (April 1, 2019): at least 50% of total MCO expenditure in Level 1 or above of which at least 15% of which are in Level 2 or higher.
- End of DY 5 (April 1, 2020), 80-90% of total MCO expenditures in Level 1 or higher of which At least 35% of total payments contracted through Level 2 VBPs or higher for fully capitated plans and 15% contracted in Level 2 or higher for not fully capitated plans.

MCO Year 1 Survey



Mainstream Medicaid MCOs Surveyed

- Results presented here are reflecting data submissions by:
 - 16 Mainstream Managed Care (MMC);
 - 6 Health and Recovery Plans (HARP); and
 - 3 HIV Special Needs Plans (HIV/ SNP).

MCO Baseline Survey Outline

The survey is broken down into the following five sections:

Section 1: Contact and Organization Information

Section 2: Costs Excluded from the VBP Calculations (optional)

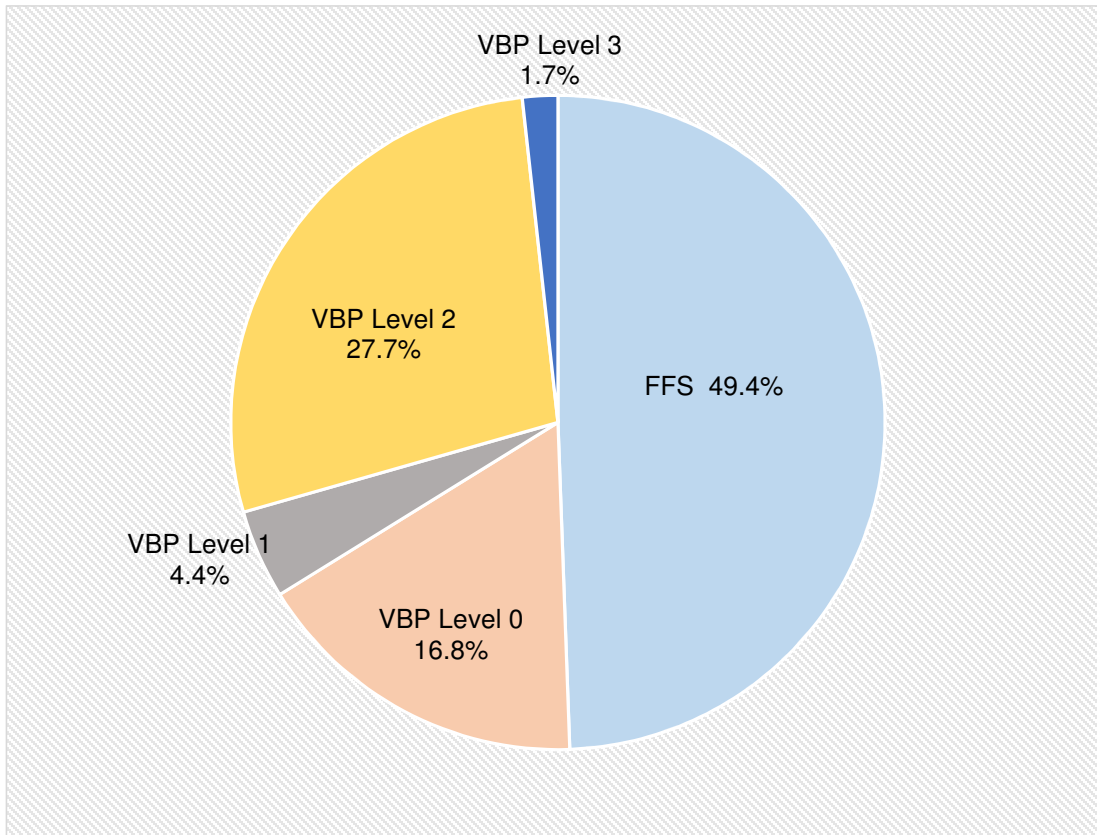
Section 3: Medicaid Managed Care Spending by Category & Reimbursement Methods

Section 4: Regional Spending

Section 5: Use of Quality Metrics

Broad Overview of Results – (Combined MMC, HARP and HIVSNP)

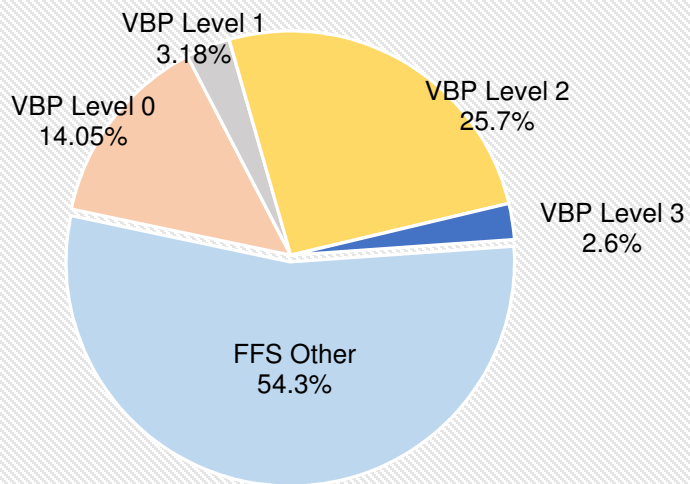
VBP Levels 1 - 3 for CY 2015: **33.82%**



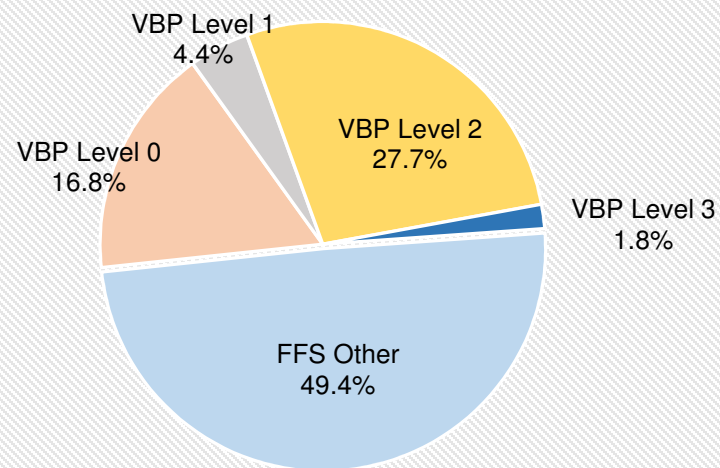
VBP Level	Spending or %
Total Spending	\$19,849,665,410
FFS	\$ 9,811,397,293 49.43%
VBP Level 0	\$ 3,325,306,318 16.75%
VBP Level 0 Quality	\$ 3,040,185,475 15.32%
VBP Level 0 No Quality	\$ 285,120,843 1.44%
VBP Level 1	\$ 873,313,157 4.40%
VBP Level 2	\$5,492,388,575 27.67%
VBP Level 3	\$347,260,066 1.75%

Y to Y Comparison Results: (Combined MMC, HARP, HIV-SNP)

CY2014 VBP 1-3: 31.45%



CY2015 VBP 1-3: 33.82%



Plan Type	Total	FFS/Other	VBP Level 0	VBP Level 1	VBP Level 2	VBP Level 3
MMC '14	\$ 17,290,312,058	\$ 9,392,580,916	\$ 2,429,094,296	\$ 549,827,893	\$4,441,358,780	\$ 477,450,172
MMC '15	\$19,849,665,409	\$9,811,397,293	\$3,325,306,318	\$873,313,158	\$5,492,388,575	\$347,260,066

Regional Breakout of Medicaid Spending (Non- VBP and VBP arrangements)

MMC Regional	Total Spending	FFS %	VBP 0 %	VBP 1 %	VBP 2 %	VBP 3 %
All Regions	\$19,849,665,410	49.43%	16.75%	4.40%	27.67%	1.75%
Central	\$1,037,509,936	52.14%	47.68%	0.09%	-	0.09%
Finger Lakes	\$623,951,951	83.08%	13.21%	-	3.67%	0.04%
Long Island	\$1,569,749,891	54.40%	15.31%	3.45%	21.60%	5.24%
Mid-Hudson	\$651,810,507	78.49%	20.08%	1.43%	-	-
New York City	\$12,084,434,370	36.98%	12.06%	6.61%	42.45%	1.90%
Northeast	\$725,355,217	73.60%	25.48%	-	-	0.92%
Northern Metro	\$890,563,418	71.63%	24.29%	1.06%	-	3.02%
Utica-Adirondack	\$594,698,997	71.82%	28.18%	-	-	-
Western	\$1,671,591,124	78.92%	21.02%	0.01%	0.04%	-

Summary of VBP by Arrangement Type

Arrangement Types	MMC	HARP	HIV SNP	MMC/ SNP/HARP	% of Total
Integrated Primary Care	\$456,540,422	\$173,398	-	\$456,713,820	2.30%
Acute Care Bundles (Maternity)	\$121,945,040	\$9,466	\$356,839	\$122,311,345	0.62%
<i>Total Care for the General Population</i>	\$7,195,279,564	\$114,057,988	\$196,132,075	\$7,505,469,627	37.81%
HIV/AIDS Subpopulation	-	-	\$526,718,849	\$526,718,849	2.65%
MLTC Subpopulation	-	-	-	-	-
Behavioral Health Subpopulation	-	-	-	-	-
Off-Menu Arrangements	\$245,426,520	\$3,989,048	-	\$249,415,568	1.26%
<i>Fee-for-Service Arrangements</i>	\$10,641,725,986	\$37,971,172	-	\$10,679,697,158	53.80%
Other Arrangements	\$283,052,399	-\$437,752	\$26,724,396	\$309,339,043	1.56%
Total	\$18,943,969,931	\$155,763,320	\$749,932,159	\$19,849,665,410	100.00%

Next Steps

- CY 16 Survey results are now being reviewed
- Confirm and share results with MCOs
- Incorporation into the Medicaid Managed Care Operating Report (MMCOR) – will align with DY through quarterly submissions

MCO Incentives

Incentives for MCO Movement to VBP

- **Stimulus Adjustments** – increase capitation premium to MCOs who move dollars to VBP at higher levels
- **Penalty Adjustments** – downward adjustment to premium for lack of movement to VBP
- **Efficiency Adjustments** – rewards efficiency in delivery of care in VBP arrangements
- **Quality Adjustments** – incorporates new VBP measures into current program

Stimulus Adjustment

DOH has committed to \$85 million annually in new stimulus funding as a down-payment for VBP activity.

- Based on the VBP survey results
- Rewards MCOs & VBP Contractors that have moved to higher level VBP contracts.
- MCOs are expected to pass down 85-90% of this funding as target budget adjustments for providers moving into Level 2 or 3 arrangements

Stimulus Adjustment

SFY 2016-2017 & 2017-2018:

- \$25 million distributed evenly to MCOs based on relative size
- \$60 million distributed to non-publicly owned MCOs based on engagement in VBP Level 2 or higher contracting activity:
 - 1% - 25% in Level 2: 15% of pool
 - 26% - 50% in Level 2: 20% of pool
 - 51% - 75% in Level 2: 25% of pool
 - 76% - 100% in Level 2: 40% of pool

Stimulus Adjustment

SFY 2018-2019 & 2019-2020:

- Encourages MCOs and VBP contractors to engage in higher levels of VBP and undertake more risk, MCOs will receive an upward stimulus adjustment on new Level 2 or Level 3 arrangements
- To qualify for stimulus adjustments in SFY 2018-2019 and SFY 2019-2020, contracts must have score within a QIP Tier that is higher than the 5th tier (corresponds with auto-assignment cutoff)
- Stimulus payments will cease following the SFY 2019-2020 period

Penalty Adjustment

- Supports the State's commitment to move MCOs and providers to VBP contracting
- Based on results from the VBP Surveys
- Levied on the value of the margin between the VBP threshold and the plan's contracted amount
- Begins in Rate Year 2018-19 and becomes more stringent over time

Penalty Adjustment

Mainstream & SNP

- SFY 18-19: 0.5% penalty if 10% VBP Level 1 not met, based on 17-18 survey
- SFY 19-20: 1% penalty if 50% VBP Level 1 or 15% Level 2 not met based on 18-19 survey
- SFY 20-21: 1% penalty if 80% VBP Level 1 or 35% Level 2 not met, based on 19-20 survey

If the Statewide Transition to VBP is not progressing in line with Roadmap commitments, the State may discuss raising penalty percentages with CMS. Additional penalties will be reinvested into the system to stimulate movement to VBP.

Efficiency Adjustment

$$\text{Efficiency} = \frac{\text{Actual Cost}}{\text{Expected Cost}}$$

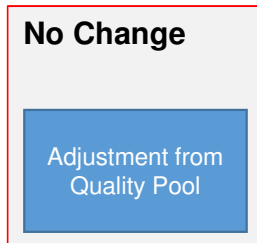
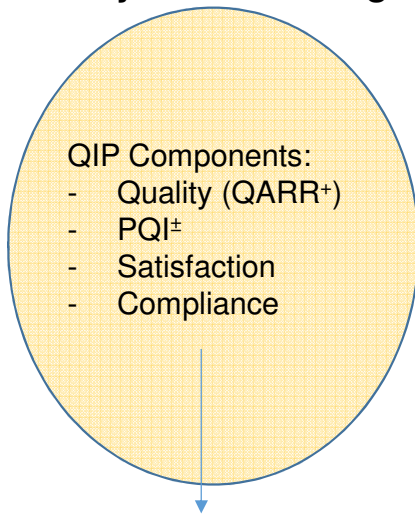
- Based on MCO ranking and VBP contracting
- Reward greater efficient in care delivery through rate adjustments from -1% to +1% starting in SFY 19-20
- Risk adjustment: 3M CRGs for populations and HCI3-Prometheus for episodes
- State will employ prospective risk adjustment methodology and MCOs may employ prospective, concurrent or retrospective methodologies in provider contracting

Quality Adjustment

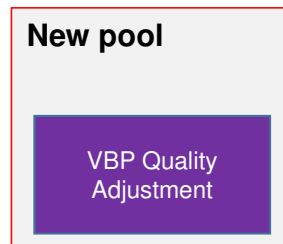
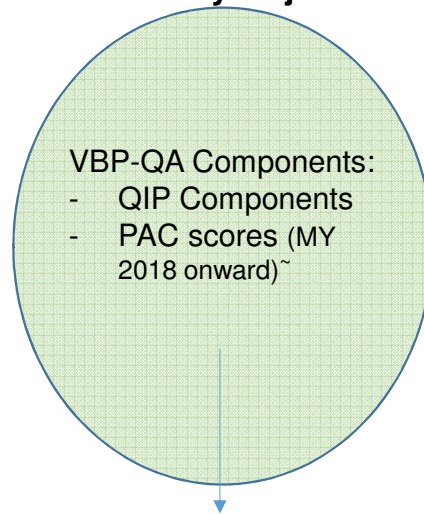
- Create a new VBP-QA modelled after the existing Medicaid Managed Care Quality Incentive Program
- Phase-in MCO-level PAC rate into VBP-QA to incrementally replace Prevention Quality Indicators at a conservative rate
- Share PAC results with MCOs and discuss impact and timing of phase-in

Quality Adjustment

Quality Incentive Program



VBP Quality Adjustments



SFY 2019-2020 VBP-QA:

- Only the New York State (NYS) Medicaid Managed Care Quality Incentive Program (QIP)* is included.
- Measurement year (MY) 2017 data for QIP will impact the SFY 2019-2020 VBP-QA. ~

Funding:

QIP Pool Remains – no change
 VBP-QA: new pool

+ New York's Quality Assurance Reporting Requirements (QARR) measures

± Prevention Quality Indicators

~ PACs will be a component of VBP quality adjustments in MY 2018. The State is committed to reviewing PAC results with plan stakeholders for reasonableness prior to final implementation as a determinant of rate adjustment

Quality Adjustment

Next Steps:

- PAC results for 2015 currently being processed
- Analyze potential VBP-QA distributions to plans
- DOH and MCOs to discuss phase in of PACs into the VBP-QA
- Investigate with stakeholders the feasibility relating to capture, calculation and reporting of measures, including feedback on proposed reporting file structure and timeline.

VBP Education & Outreach

VBP Education & Outreach Overview

NYS DOH has developed a VBP University to continue to provide educational materials to the provider community. VBP University will include 3 'Semesters' with the 4th being a series of Bootcamp 2.0 sessions. The VBP University will:

- Provide VBP Contractors and payers with high-level information to facilitate moving into VBP
- Disseminate relevant **collateral to support the VBP Bootcamps**
- Support in **PPS engaging network partners related to VBP as required per DSRIP Domain 1 Financial Sustainability Milestone #6**
 - Special emphasis on PCP, BH, and CBO provider types

VBP University course curriculum will include educational videos, visuals and briefing documents.

Bootcamps 2.0 will take form of interactive educational sessions that emphasize instructor to peer and peer to peer engagement.

Stay tuned for updates on the VBP University



VIDEO

Introduction to VBP Levels