



**Department
of Health**

**Medicaid
Redesign Team**

VBP Bootcamp Contracting Course

January 9, 2018

Agenda

| Area | Details |
|-----------------|---|
| Timing | The same 1-hour class will be offered twice. |
| | Class 1 |
| Setting | Classroom setting with pauses in the presentation to: a) Field questions from the audience b) Clarify roadmap language, intent, meaning and VBP terms |
| Topics | Contract Life Cycle Contracting Dos and Don'ts <ul style="list-style-type: none"> - Best Practices - What to avoid Contracting Checklist <ul style="list-style-type: none"> - On Menu - Off Menu DOH Contract Review Process |
| Speakers | DOH <ul style="list-style-type: none"> - Jonathan Bick - Anesa Brkanovic - Susan Bentley |

Contracting Course Syllabus

| | |
|--|--|
| Intended Audience: | Contracting courses are intended for providers and payers. The contracting course content will be beneficial for contracting parties and is intended for payers and providers who intend to enter into VBP arrangements. Individuals in charge of or involved with payer or provider contracting functions may find this content most valuable. |
| Course Description: | This course will inform the audience of key contracting concepts that payers and providers may take into account as they negotiate and submit their VBP arrangements. The course will also review contracting best practices – what to do and what to avoid. Class discussion will also review the contract lifecycle and core components of an “on menu” and “off menu” contract. |
| Class Overview | |
| This class will highlight components providers need to know related to VBP contracting, understanding contracting dos and don'ts, and utilizing best practices and provider contracting strategies. The class will also review the contract lifecycle and key components of a VBP contract that should be addressed when negotiating and submitting a VBP contract, taking into account “on menu” and “off menu” arrangements. | |

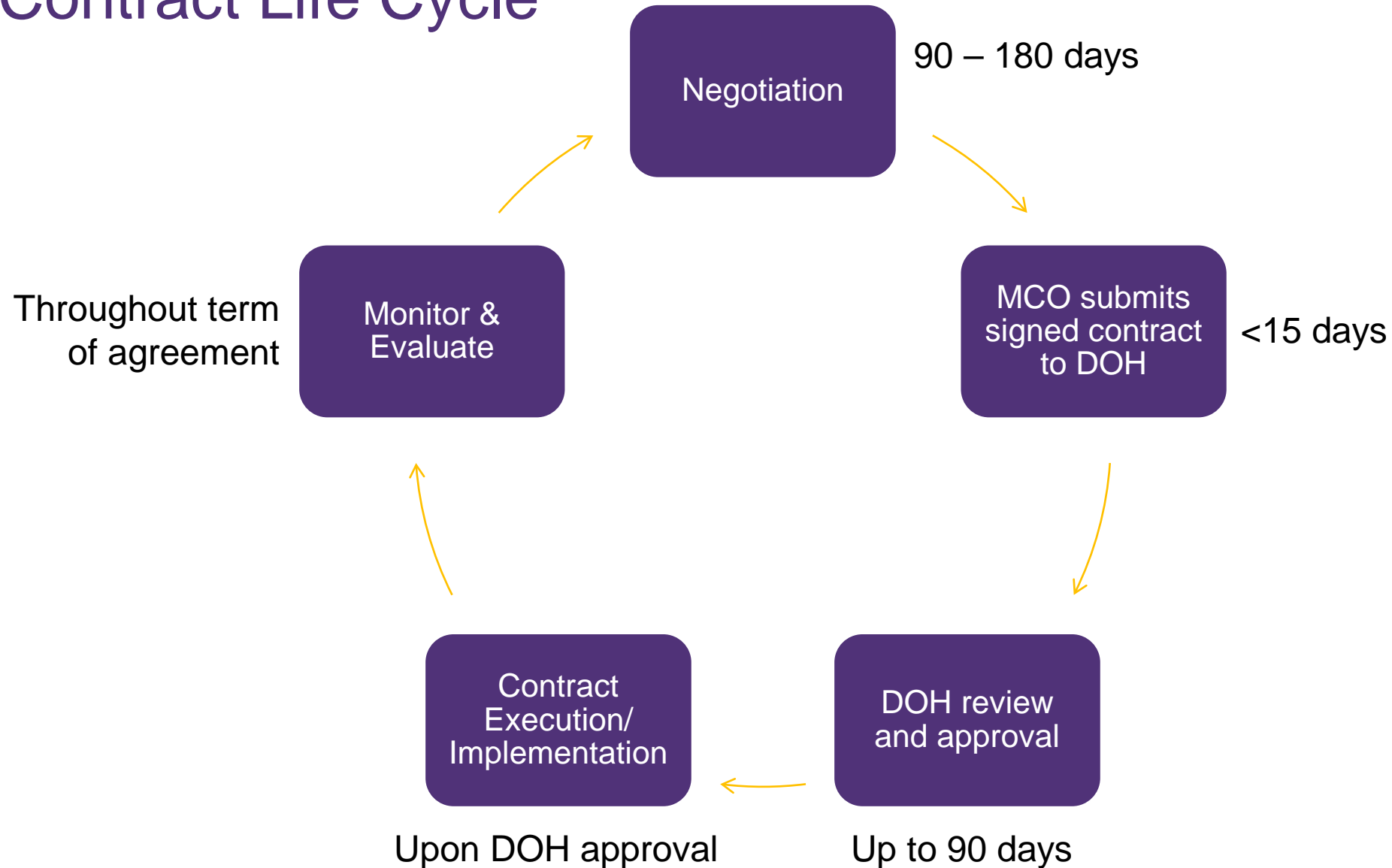
Disclaimer:

This material is provided for general information and educational purposes only. It does not constitute legal advice or opinions. The information is not intended to create, and the receipt does not constitute, an attorney-client relationship between presenter and participant. For legal advice specific to VBP contracting, you should consult an attorney.

MCO-Provider Contract Life Cycle

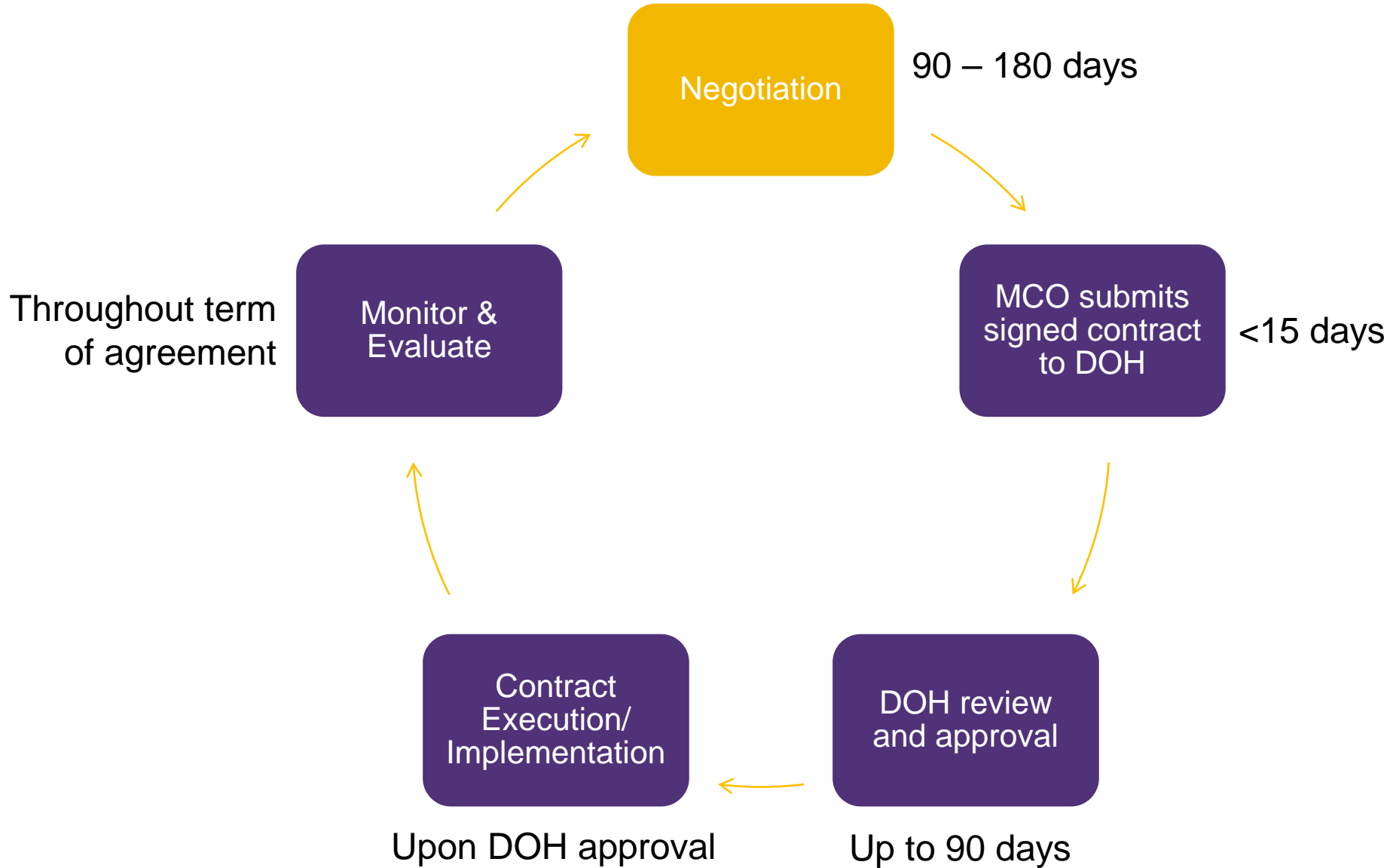
For the arrangement and provision of healthcare services

Contract Life Cycle



Contracting Best Practices and What to Avoid

Stage 1 - Negotiation





Contracting Best Practices

Identify who you are contracting with

- MCOs, IPAs, ACOs and individual providers are the **ONLY** parties that may contract for the delivery of healthcare services under the law. Use the full legal names of the parties in your contract.
- Engage downstream providers. VBP Contractors will want a robust network to cover the full care continuum and to ensure that providers that drive attribution are included.
- Consider partnerships with Community Based Organizations (CBOs), which are critical for population health and the social determinants of health, but have historically been somewhat siloed from more traditional healthcare systems.*

*For more guidance related to CBO contracting, please see [VBP University Semester 3](#): CBO Contracting Strategy Guidance document



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Negotiate with the right people

- The people negotiating should have the authority to make decisions and have a vested interest in making sure the obligations of the contract will be met.
- Engage early and often. Coming to an agreement may take time.

*For more guidance related to CBO contracting, please see [VBP University Semester 3: CBO Contracting Strategy Guidance](#) document



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Be prepared

- Know your business by understanding your mission, finances, ability to take on risk, data capabilities, your partnerships, and timeline for state approval. Assess your readiness and your capabilities to take on risk.

*For more guidance related to CBO contracting, please see [VBP University Semester 3: CBO Contracting Strategy Guidance](#) document

Contracting Best Practices (cont'd)

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Specify Payment Terms

- The payment methodology should be clear, especially in relation to the value based components of the contract.

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Monitor Progress

- Decide how deliverables and data, such as target budget and utilization, will be collected, monitored, reported and exchanged.
- Share data when and where feasible. Successfully implementing a VBP arrangement requires a fundamental understanding of the population you serve. A strong partnership will enable a successful implementation.

Contracting Best Practices (cont'd)

Keep It Confidential

- As covered entities, the parties must agree to exchange Protected Health Information in accordance with HIPAA.
 - Since the parties may gain knowledge of each other's sensitive business information, the agreement should contain mutual promises to keep this information confidential.
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Agree on Circumstances That Terminate the Contract

- The circumstances under which the parties can terminate the contract must be clear.

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Agree on a Way to Resolve Disputes

- Write into your agreement what you and the other party will do if something goes wrong. You can decide that you will handle your dispute through arbitration or mediation instead of going to court, which can take up time and money.

Financial Protection Considerations

Before entering a VBP agreement, ask:

- Would you see yourself taking risk for a specific VBP arrangement? As a lead, as a partner? Or perhaps joining a Level 2 arrangement while yourself taking minimal risk?
- When considering Level 2, do you have the ability to engage in risk-based contracts, supported by legal and compliance expertise?

Financial Protections

- Letter of Credit
- Reserve Fund
- Stop Loss
- Certified Financials

Explore opportunities to stratify risk

- VBP Contractors may not be willing to take on risk for the total care of a population, but can take on a combination of VBP arrangements at different risk levels
 - E.g. contract IPC at Level 2 (upside and downside risk) & TCGP at Level 1 (upside only)—contractors can share in the potential savings realized outside the scope of the IPC bundle without sharing in the risk.

Organizations lacking financial strength and understanding will find it difficult to maintain VBP contracts

What to avoid

Allowing a pain point to suspend contact negotiations

- Do not allow one element of a VBP contract to hold up the entire negotiation. Table the items that you cannot agree on and continue to move forward on the items you can agree on.
- Avoid data paralysis. Parties can (a) be overwhelmed by data being provided to them, (b) may focus on the wrong aspects of data, or (c) halt negotiations by a lack of data rather than progressing conversations with payers.

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Being a passive participant

- Develop and foster relationships. Partner with entities that are adequate for the arrangement you chose and can help you reach success by holding their end of the bargain. Review prior performances and check references in the community.

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Rolling the dice

- Be cautious of unacceptable risk for services you can manage. Know your patients and understand their utilization patterns and health care needs. Understand State guidelines for VBP contracting and be knowledgeable of expected outcomes.
- Level 1 arrangements, which include potential shared savings and no downside risk, can be an effective tool to accelerate adoption for payers/providers that do not wish to take on risk.

✘ What to avoid (cont'd)

Going “Off Menu”

- Stay on menu! Understand the Provider Contracting Guidelines and the corresponding documents (e.g., DOH 4255, Standard Clauses for Medicaid). Use accepted and recognized Roadmap arrangement (TCGP, IPC, HARP, etc.). Understand and utilize CAGs and other Roadmap specific requirements (attribution, target budget, contracting with CBO) to stay on menu and be counted as a VBP arrangement.

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Ignoring nuts and bolts

- Data exchange is key to VBP contracting. Understand what you are responsible to measure and how frequently, especially if your payment is tied to providing such metrics to the other party. Understand your systems and your staffing resources as well as their capabilities and weakness prior to signing a contract.

Top 5 Steps for Beginners

1

Assess your readiness for VBP; keep in mind Level 1 is an upside-only arrangement

2

Determine if you have an existing contract that can easily be amended to include VBP

3

Align your VBP arrangement to the strengths of your business model. Keep in mind the types of services that you provide, and consider your attributed population. Remember – outcome measures will impact the potential for shared savings.

4

Build partnerships – Choose the partners that will help you succeed and that are appropriate for the contracts you choose

5

Familiarize yourself with and utilize available resources (data from the State, technical assistance from potential partnering contractors, etc.)

Top 5 Steps for Experienced Contractors

1

Understand current VBP contracts that you may have in place and what adjustments may be made to fulfill the State's definition of VBP: check definitions, adjust quality measures, check levels of risk, partner with CBOs, etc.

2

Re-assess your capabilities and network partnerships; and gain understanding in readiness for advancement in VBP risk levels and expansion in scope

3

Consider re-investing savings in other innovative interventions to continually improve member health and consequently generate further savings; consider innovative Social Determinants of Health interventions

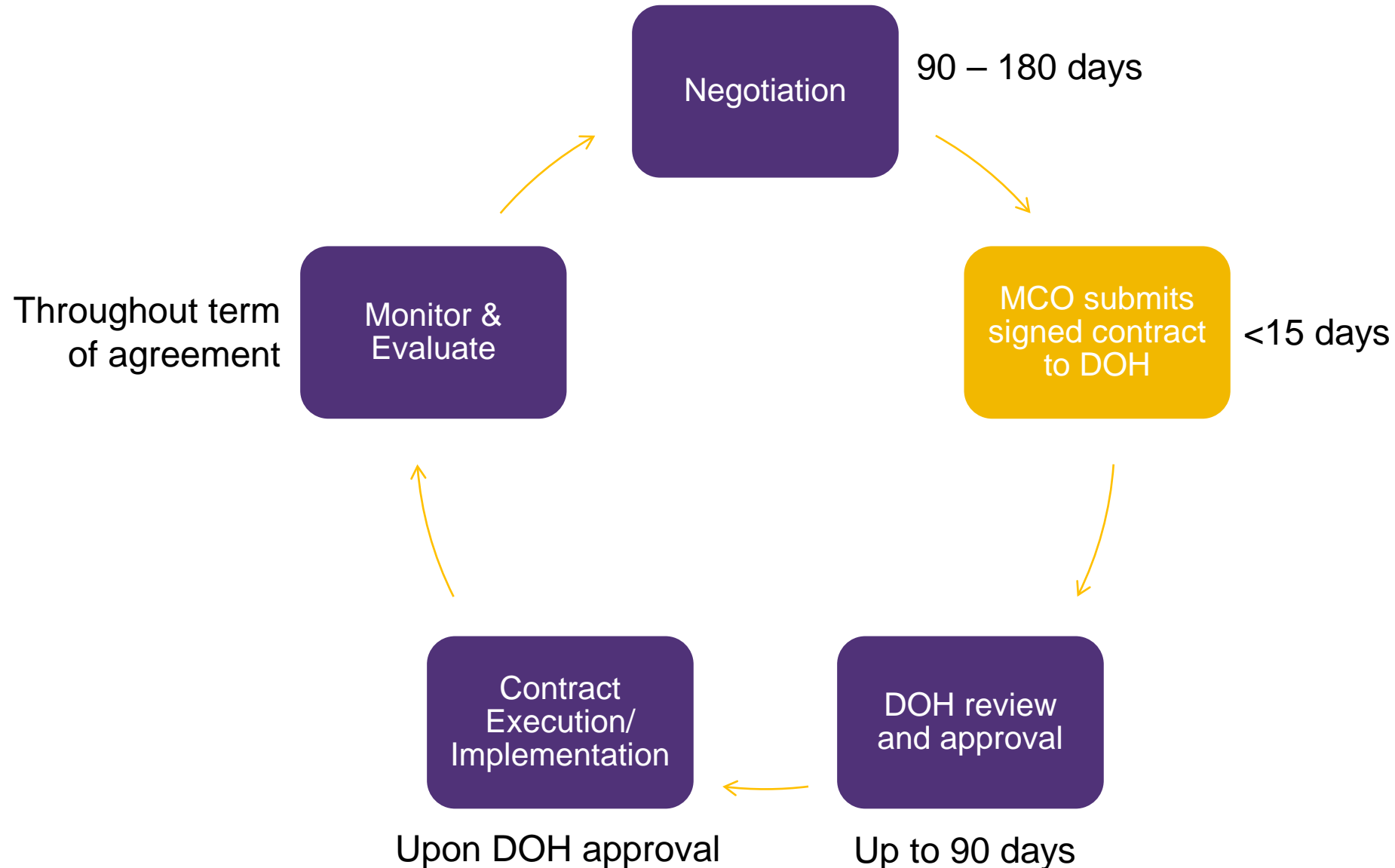
4

Keep current with yearly benchmarks and modify strategy and risk arrangements based on performance

5

Where feasible, continue to improve and strengthen your data & analytics capabilities to understand the services you provide and the population you serve

Stage 2 – Submission of Contract to DOH



Contracting Checklist

Before submitting a contract to DOH for review, please refer to the [VBP On Menu Contracting Checklist](#).

On Menu VBP Arrangement Checklist

The following questions must be addressed to meet the VBP contracting requirements outlined in the VBP Roadmap.

| VBP Contracting Element | Relevant Question |
|---|--|
| Type of Arrangement (as per the Roadmap) | Does the contract match the Roadmap arrangement definition? |
| Definition and Scope of Services | Does the contract either state that it matches the VBP Roadmap definition or list all of the services included in the arrangement? |
| Quality Measures/Reporting | Does the contract commit to reporting on all reportable Category 1 quality measures approved by the State? OR Does the contract list all of the reportable Category 1 quality measures that the MCO will report? |

On Menu VBP Arrangement Checklist (continued)

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| Risk Level | Does the contract describe the level of risk chosen by the contracting parties? |
| Shared Savings/Losses | Does the risk level correspond with the shared savings/losses minimums? AND Does the contract list at least one (1) Category 1 P4P quality measure to be used for calculating shared savings and losses? |
| Attribution | Does the contract describe the attributed population? |

On Menu VBP Arrangement Checklist (continued)

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| Shared Savings/Losses | Does the risk level correspond with the shared savings/losses minimums? AND Does the contract list at least one (1) Category 1 P4P quality measure to be used for calculating shared savings and losses? |
| Attribution | Does the contract describe the attributed population? |
| Target Budget | Does the contract describe the Target Budget in this arrangement? |
| Social Determinants of Health | If this is a Level 2 or higher contract, does it commit to implementing at least one intervention to address Social Determinant(s) of Health? |
| Contracting with CBOs (starting Jan 2018) | If this is a Level 2 or higher contract, does it commit to contract with at least one Tier 1 Community Based Organization? |

Off-menu Arrangements

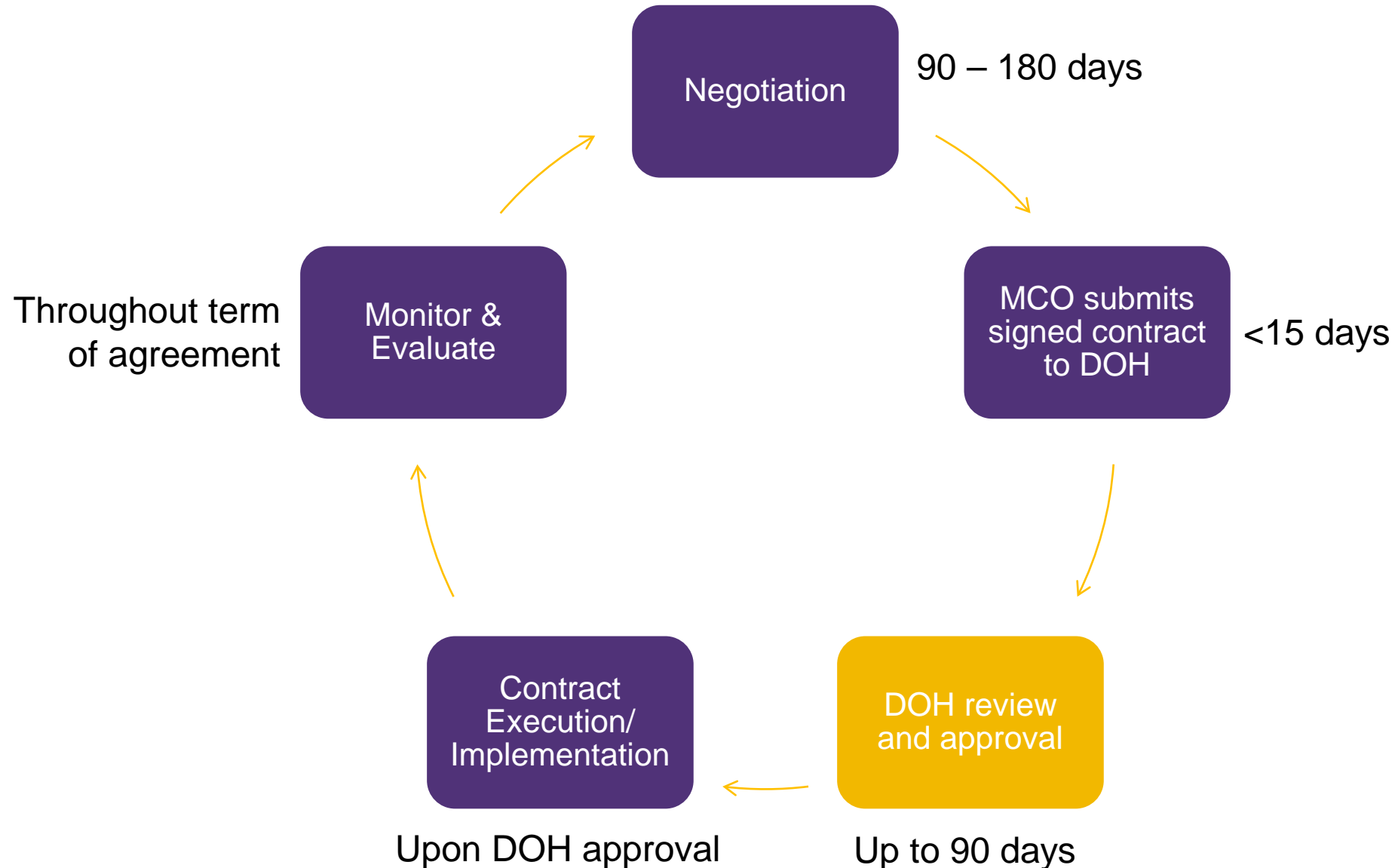
MCOs and providers may agree to contract off-menu arrangements*. The following criteria need to be fulfilled to count as VBP arrangements:

1. Reflect the underlying goals of payment reform as outlined in the Roadmap and sustain the transparency of costs versus outcomes
2. Focus on conditions and subpopulations that address community needs but that are not otherwise addressed by VBP arrangement in the Roadmap
3. Patient rather than provider centric
4. Through sharing savings and/or losses, off-menu VBP arrangements include a focus on both components of 'value': outcomes and cost of the care delivered
5. 'Off-Menu' VBP arrangements should utilize standard definitions and quality measures from the Roadmap where possible

**For detailed information please refer to Appendix II of the Roadmap.*

DOH Contract Review Process

Stage 3 – DOH Review and Approval



Review and Approval Entities

Department of Health (DOH)

- Has statutory / regulatory responsibility and authority* to **review and approve MCO-Provider contract arrangements**.
- Such authority requires **DOH to review VBP arrangements**, ensuring providers are capable of assuming risk, will not constitute improper incentives, or result in deterioration of access or quality of care to enrollees.

Department of Financial Services (DFS)

- Authorized** to **regulate pre-paid arrangements for services where the risk for provision of such services is being transferred from an insurance entity (Article 44 or Article 43) to a provider**.

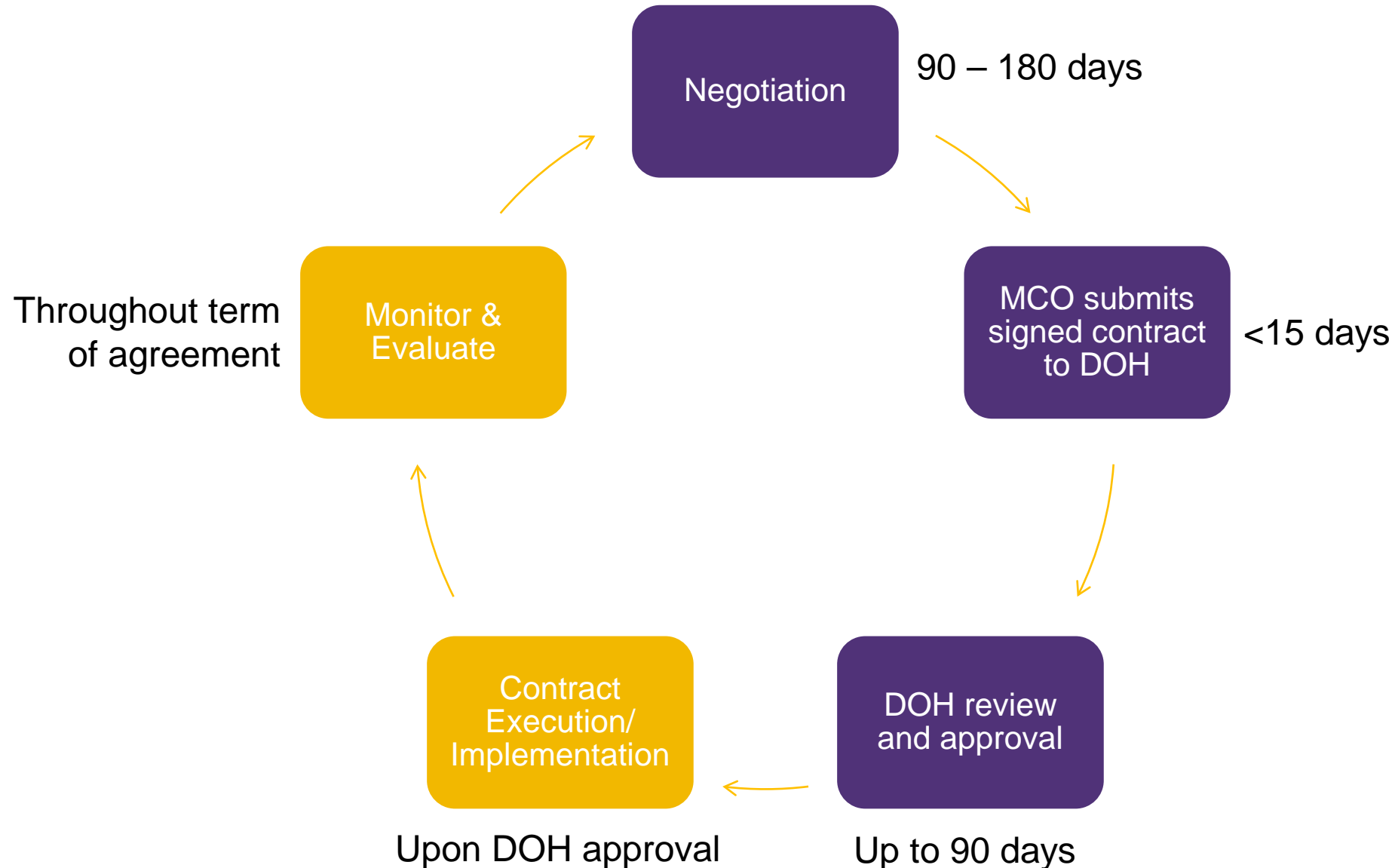
*PHL Sec 4402 (2)(a) and 10 NYCRR Part 98

**Insurance Law and 11 NYCRR Part 101 – Regulation 164

- Contract Execution/Implementation
- Monitoring & Evaluation

Stage 3 – Contract Execution/Implementation

Stage 4 – Monitoring & Evaluation



Contract Execution/Implementation, Monitoring & Evaluation

Contract Implementation

After DOH review and final approval of a VBP contract, the contract can be implemented

Monitoring & Evaluation

- Throughout the term of the agreement, both parties evaluate performance and monitor compliance with the terms and conditions in the contract on an on-going basis
- Should any material issues or material changes* arise during the term of the contract, the contract can be renegotiated/amended which would restart the MCO-Provider Contract Lifecycle

*Refer to Provider Contracting Guidelines for amendment process and review

Useful Links

- [Value Based Payment \(VBP\) Roadmap](#)
- [VBP University Semesters 1 - 3](#)
- [VBP Quality Measure Sets](#)
- [Provider Contracting Guidelines](#)
- [VBP On-Menu Contracting Checklist](#)

Thank you!

Contact us with questions at:

Bmcfhelp@health.ny.gov