



# Rapidly Transforming Delivery Systems

2017 NASHP Annual Conference

**Medicaid and CHIP Payment and Access  
Commission**

Benjamin Finder

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## MACPAC

- Statutory authority at §1900 of Social Security Act
- Non-partisan legislative branch agency
- Provide analyses and advice to Congress and HHS on Medicaid and CHIP policy issues
  - Report annually on March 15 and June 15
  - Provide technical assistance to Congress
  - Serve as an information resource to the broader health policy community
- 17 commissioners appointed by GAO
  - Meet 6–8 times per year in public

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2

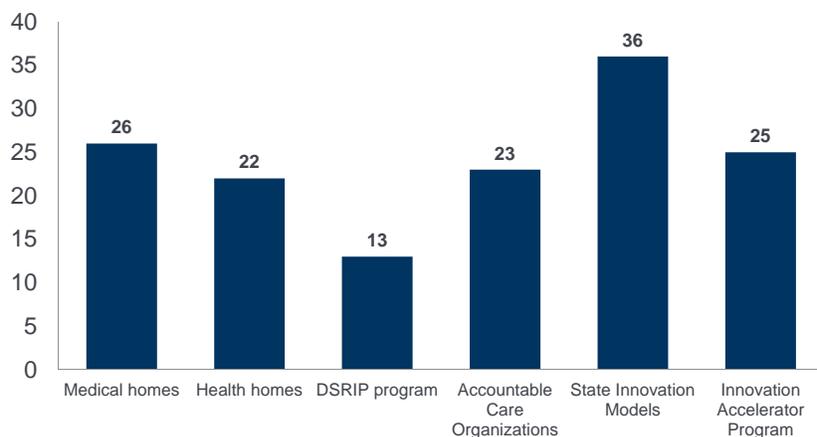
# Overview

- MACPAC research
  - State Reforms to Change Care Delivery at the Provider Level (August 2015)
  - A Study of Safety-Net Providers Functioning as Accountable Care Organizations (July 2015)
  - Delivery System Reform Incentive Payment Programs (DSRIPs) (2015 and 2017)
- Common challenges across delivery system reform initiatives

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## Number of States with Delivery System and Payment Reform Activities



**Note:** Count of DSRIP programs includes DSRIP-like programs, such as those in Arizona. Alabama received CMS approval but will not implement its DSRIP program. Accountable Care Organizations includes 10 states with active Medicaid ACOs and 13 states pursuing Medicaid ACOs.

**Source:** CHCS 2017, CMS 2017a, CMS 2017b, NASHP 2015

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## State Reforms to Change Care Delivery at the Provider Level

- Between 2013 and 2015, MACPAC visited seven states to learn about their efforts to use Medicaid payment policies to transform care delivery
  - Additional payments to PCMHs (CT, MD, OK, and PA)
  - Episode-based payments (AR)
  - Global payments (MD and OR)
- States implementing payment models that influence provider behavior in different ways
- Most payment reforms carried out under existing Medicaid authorities

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## Safety-Net ACOs

- Between 2014 and 2015, MACPAC visited seven providers operating as Medicaid ACOs
  - Implemented under existing Medicaid authority
  - At the time of the study, few providers take downside risk for the total cost of care for Medicaid patients
- Strategies include:
  - Implement a care management program
  - Improve data collection and analysis
  - Some focus on measures of population health and social determinants of health

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## Delivery System Reform Incentive Payment Programs

- DSRIP programs provide incentive payments to providers that undertake delivery system reform projects and meet milestones
  - Payment is tied to meeting implementation, reporting, and performance milestones
- Authorized under Section 1115 waiver authority
- MACPAC reported on DSRIP programs in its June 2015 report, and conducted a follow-up study between August 2016 and August 2017

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## DSRIP Projects

- Number and nature of projects varies by state, from 4 projects in Kansas (\$60 million/3 years) to over 1,400 in Texas (\$15.2 billion/6+ years)
- Projects focus on:
  - Reducing readmissions
  - Better coordinating or managing care for patients with complex needs
  - Improving access to care
  - Integrating behavioral and physical health services
  - Addressing social determinants of health

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## Evolution of DSRIP Program Design

- During our follow-up study, we noted several differences between early DSRIPs (approved before 2014) and more recent DSRIPs
- Compared to earlier DSRIPs, newer DSRIPs:
  - Do not have a relationship to prior supplemental payment programs
  - Use designated state health program (DSHP) funds to finance the non-federal share of DSRIP
  - Support the formation of provider networks made up of hospital and non-hospital providers
  - Are more explicitly focused on statewide delivery system reform goals

## Common Challenges Across Delivery System Reform Initiatives

## Provider Participation is Critical for Achieving Efficiency and Value

- Difficulty accessing capital to invest in infrastructure and additional staff
  - Data analytic tools are necessary to monitor patients or measure quality improvement
  - Additional staff needed to coordinate care or assist with implementation
- Existing financial incentives may limit provider interest in delivery system reform initiatives
  - The hospital conundrum: challenges aligning business interest in keeping beds full with incentives to reduce avoidable admissions or ED use

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## Designing Strategies for Delivery System Reform

- Create incentives for providers
  - Providers play active role in designing and developing the initiative
  - DSRIPs include requirements for providers to create regional partnerships
- Use payment policy to design financial incentives
  - Provide upfront investment
  - Tie payments to value or outcomes
  - Design initiatives that transition payments from upfront investment to value-based payment over time

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## Managing Unique Challenges of Medicaid Population

- Medicaid enrollees may have high need for behavioral health care and social supports
- Delivery system reform initiatives allow providers to spend on social determinants of health
  - ACOs developed and implemented a plan to address this need through improved care management or population health strategies
  - Providers can use DSRIP funds to support investments in population health and other services not covered by Medicaid

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## Evaluating Delivery System Reform Initiatives

- There are challenges in evaluating the effect of these initiatives on health care quality or costs
  - Challenges with isolating the effect of one initiative given concurrent policy changes and other initiatives
  - There hasn't been enough time to observe sustainable change
  - Other payers may have similar initiatives, but are not measured or evaluated consistently
- DSRIP program evaluations so far show:
  - Providers are meeting most milestones
  - DSRIP programs are demonstrating some improvement in health outcomes

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# Resources

- MACPAC studies
  - **State Reforms to Change Care Delivery at the Provider Level**, August 2015. <https://www.macpac.gov/publication/state-reforms-to-change-care-delivery-at-the-provider-level/>
  - **A Study of Safety-Net Providers Functioning as Accountable Care Organizations**, July 2015. <https://www.macpac.gov/publication/a-study-of-safety-net-providers-functioning-as-accountable-care-organizations/>
  - **Using Medicaid Supplemental Payments to Drive Delivery System Reform**, June 2015. <https://www.macpac.gov/publication/using-medicaid-supplemental-payments-to-drive-delivery-system-reform/>
- Other sources
  - Center for Health Care Strategies (CHCS). 2017. Medicaid Accountable Care Organizations: State Update. June 2017. Hamilton, NJ: CHCS. <http://www.chcs.org/resource/medicaid-aco-programs-promising-results-leading-edge-states/>.
  - Centers for Medicare & Medicaid Services (CMS). U.S. Department of Health and Human Services (HHS). 2017a. Approved Medicaid health homes state plan amendments. May 2017. Baltimore, MD: CMS. <https://www.medicare.gov/state-resource-center/medicaid-state-technical-assistance/health-homes-technical-assistance/downloads/hh-map.pdf>.
  - Centers for Medicare & Medicaid Services (CMS). U.S. Department of Health and Human Services (HHS). 2017b. State Innovation Models: General Information. Baltimore, MD: CMS. <https://innovation.cms.gov/initiatives/state-innovations/>.
  - National Academy for State Health Policy (NASHP). 2015. State delivery system and payment reform map. Portland, ME: NASHP. <http://nashp.org/state-delivery-system-payment-reform-map/>.

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