



Update on MACPAC Work on Value-Based Payment and Delivery System Reform

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Medicaid and CHIP Payment and Access Commission

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Overview

- Background on current state and federal delivery system reform efforts
- Review of prior MACPAC studies:
 - Paying for value in Medicaid
 - Medicaid safety-net accountable care organizations (ACOs)
 - Delivery system reform incentive payment (DSRIP) programs
- Preview of forthcoming DSRIP study

Background

- Nearly all state Medicaid programs are implementing at least one payment and delivery system reform initiative, such as:
 - Patient-centered medical homes (PCMH)
 - Accountable care organizations (ACOs)
 - Delivery system reform incentive payment (DSRIP) programs
- Federal grants, waivers, and technical assistance from CMS are supporting state efforts
- The Medicare and CHIP Reauthorization Act of 2015 (MACRA) includes federal incentives for providers to participate in alternative payment models from all payers (including Medicaid)

Paying for Value in Medicaid

- 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 were able to implement most payment reforms using existing Medicaid authorities
- States faced challenges making upfront investments in data, analytics, and other infrastructure needed to support transformation

Safety-Net ACOs

- Between 2014 and 2015, MACPAC visited seven providers operating as Medicaid ACOs
- Unlike in Medicare, there is no common definition of ACOs in Medicaid
 - We found few providers taking downside risk for the total cost of care for Medicaid patients
- Safety-net providers reported challenges accessing the capital needed to form ACOs
- Hospital-led ACOs faced additional challenges shifting to shared savings payment models that incentivize reduced hospital use

Initial DSRIP Study

- Between 2014 and 2015, MACPAC reviewed DSRIP and DSRIP-like programs in seven states
 - Early DSRIP programs (e.g. CA and TX) used Section 1115 demonstrations to preserve supplemental payments when transitioning to managed care
 - Newer DSRIP programs (e.g. NY) were not directly related to prior supplemental payments and were more explicitly focused on delivery system reform goals
- States reported that financing, implementing, and evaluating DSRIP was challenging
- States and providers expressed concern about the sustainability of DSRIP programs

Current DSRIP Study

- MACPAC is currently finishing another study on DSRIP
 - Five additional states have approved DSRIP or DSRIP-like programs (AL, AZ, NH, RI, and WA)
 - CA and MA have renewed their DSRIP programs
- Preliminary findings
 - Increased reliance on federal financing of DSRIP
 - Increased standardization of DSRIP, but the waiver approval process remains lengthy and complicated
 - States and CMS are exploring opportunities to sustain DSRIP through managed care, but this model is still in the early stages of development

Policy Questions

- What role should Medicaid play, at both the state and federal level, in financing delivery system reform?
- How should Medicaid delivery system reform efforts align with other payers?
- How should delivery system reform efforts align with managed care?
- Are changes to Medicaid payment policies needed to support the development of value-based payments?
- How should delivery system reform efforts be evaluated?



Update on Medicaid Payment Policies Supporting Delivery System Reform

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