Value-Based Purchasing for Children: Overview of Report and Next Steps

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Background

The **Schuyler Center for Analysis and Advocacy**, with the support of the **United Hospital Fund**, contracted with payment experts at **Bailit Health** to develop a report to inform policymakers, providers, plans and other stakeholders about the unique considerations that should inform value-based payment (VBP) approaches designed specifically for children in New York Medicaid.

In addition to this report, ***Value-Based Payment Models for Medicaid Child Health Services***, additional resources focused on children in the context of health system transformation in NYS include several recent United Hospital Fund reports examining utilization, quality, and primary care (www.uhfnyc.org).

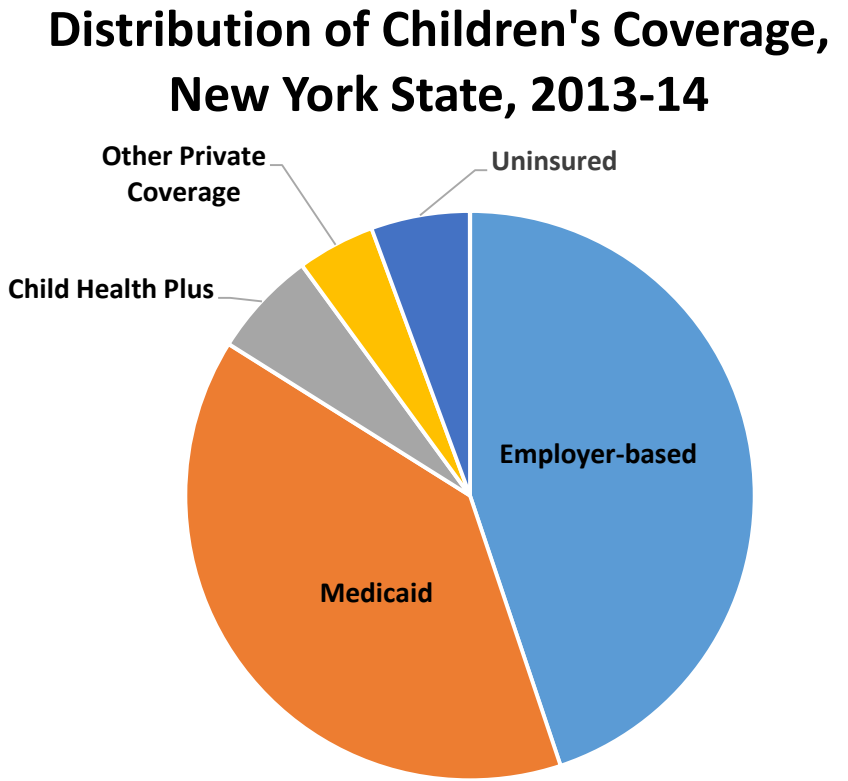
With sincere thanks to the United Hospital Fund, much of the presentation that follows is based on a joint presentation that we developed for the Georgetown Center on Children and Families.

Overview

- Context: The Opportunity in New York
- The Quality Component of “Value”
- The Payment Component of “Value”
- Social Determinants of Health and Children
- Building Momentum for Value for Children
- Discussion

Context: New York Medicaid Reform

- 43% of NY children are covered by Medicaid, with widespread enrollment in managed care organizations
- In 2015 New York Medicaid released a "Value-Based Payment Roadmap"
- Goal of having 80 – 90% of *all* managed care payments to providers be value-based by 2020



Context: What is Value-Based Payment?

- An umbrella term for different ways insurers pay providers
- Typically, goal is to maintain or improve quality while decreasing cost
- Changes provider incentives to focus on outcomes and efficiency
- In Medicaid, value-based payment can happen in fee-for-service, primary care case management, or managed care organization models

$$\text{Value} = \frac{\text{Quality*}}{\text{Payment}}$$

*A composite of patient outcomes, safety, and experiences

Why Focus On Quality?

- Increasing value for kids should come from better outcomes because there are comparatively few opportunities to save money in children's health care
- Growing recognition that we need better measures than we have today, especially to take into account whole-child well-being and development
- Yet without concerted focus on quality, value-based payment arrangements – depending on whether or not they include strong quality measures for kids – could put the "quality agenda" at risk

Existing Measures

- New York generally performs well on the child core set, compared to other state Medicaid programs
- Areas for opportunity and improvement remain
- Need to push the envelope and develop measures that go beyond service utilization

Measure	Median of Reporting States	New York Performance	New York Quartile Ranking
Six or More Well-Child Visits in the First 15 Months	62.1	68.5	Next to Top
One or More Well-Child Visits in Years 3–6	67.4	83.1	Top
One or More Well-Care Visits in Years 12–21	43.5	63.9	Top
Follow-up After Mental Illness Hospitalization Within 7 Days; Ages 6–20 Years	43.9	70.4	Top
Follow-up After Mental Illness Hospitalization Within 30 Days; Ages 6–20 Years	65.2	84.5	Top
ED Visits per 1,000 Enrollees; Ages 0–19 Years (lower is better)	45.7	40.5	Next to top
Asthma Medication Management; Ages 5–20 Years	31.2	28.6	Next to bottom

Who's Pushing the Envelope?

Innovators:

- Oregon Health Authority
- Nationwide Children's Hospital (Ohio)
- Colorado Pediatric Collaborative

"The Oregon Story"

Dedicated process (and mandate!) to think about how to improve child health through VBP

Began with the goal of families being "happy, health, and successful in achieving… life goals"

Measures are outcome-oriented

Exploring "kindergarten readiness" as a joint health and education accountability measure

How to Advance Child Health Quality in New York?

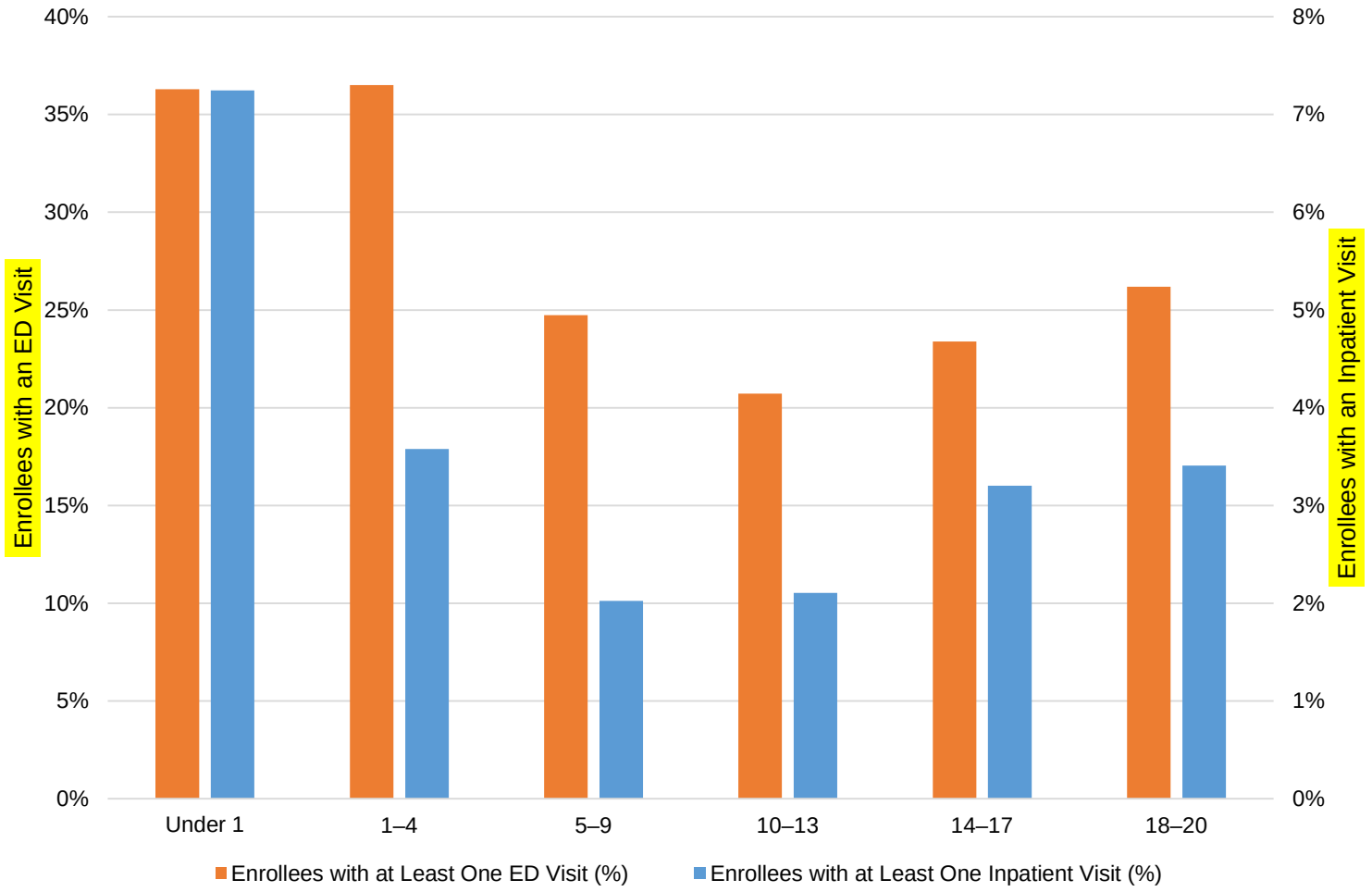
1. Government and public programs, particularly Medicaid, will likely have to lead the way in development of new measures for children
2. High-value care for children goes beyond what New York currently measures. More ambitious measures needed.
3. Establishing VBP measures for medically complex children is going to be methodologically complex.
4. VBP measures could encourage integration of BH, oral health, and social determinants of health services into primary care

Value-Based Payment and Kids

- Is “value” the same for kids as adults?
- Children have different health care and psychosocial needs than adults, especially in early childhood
- Children account for a small proportion of Medicaid costs
- Most value-based payment efforts focus on one-year savings, but many childhood prevention efforts have **long-term returns** that **don’t necessarily accrue to the health care system** (e.g. education, justice)

New York Data – National Implications

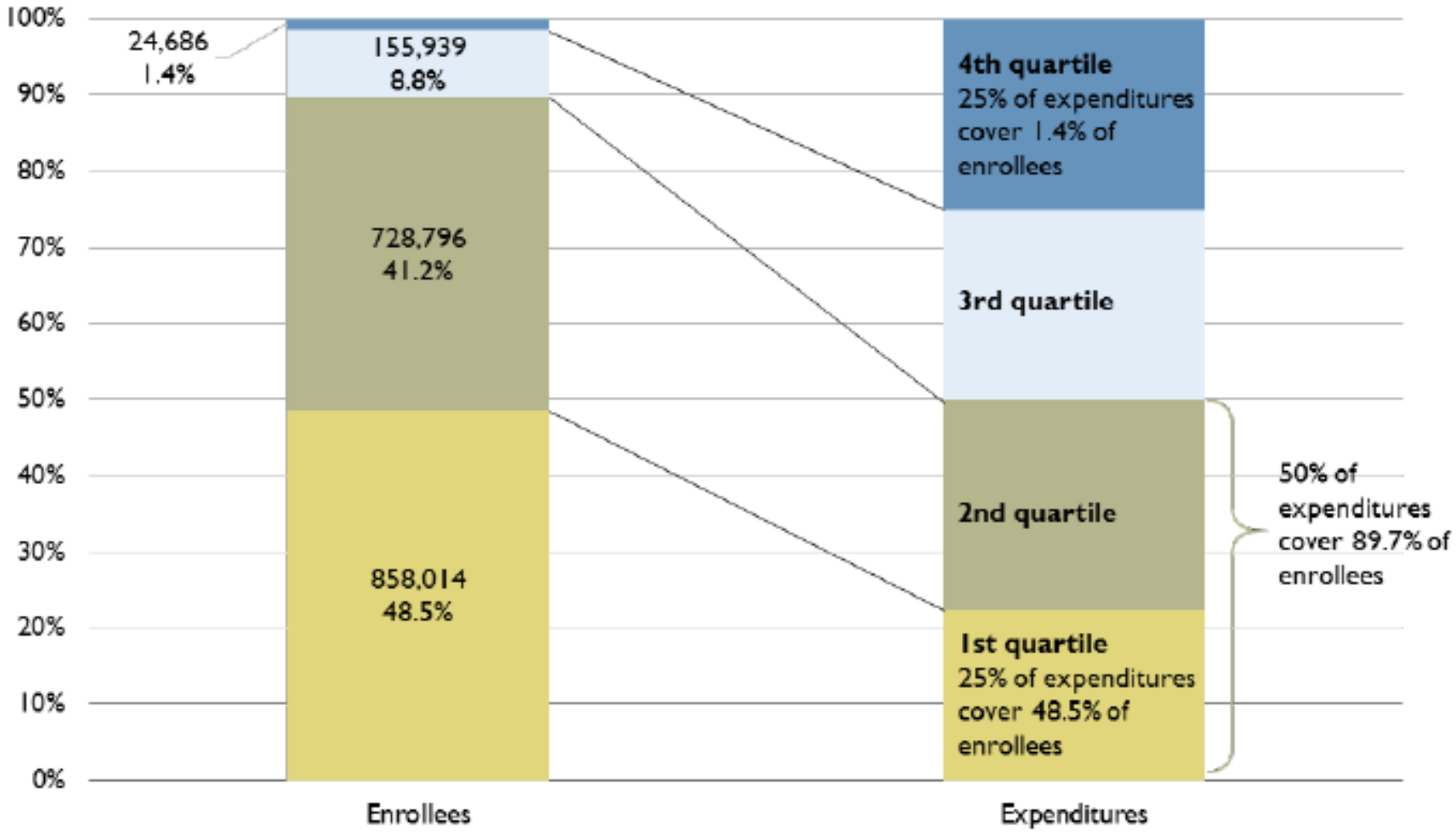
CE Children with at Least One Inpatient or ED Visit by Age Group, 2014



- Children have high utilization in the early years, especially primary care and hospitalizations for asthma and gastroenteritis
- In the teen years utilization rises mostly due to behavioral health conditions

New York Data – National Implications (Con't)

- 90% of Children average only $2400 per year in expenditures
- Children are much cheaper than adults
- High-cost children have a range of conditions (e.g., DD, BH, complex chronic conditions)



Current Approaches are Insufficient

"…interviewees recognized the importance of a healthy childhood to becoming a productive adult and the key role that pediatricians have in providing critical developmental screenings, preventive services, anticipatory guidance, and in managing acute and chronic health care issues…payment models undervalue pediatric care because of the long-term payoff that is not reflected in current fee-for-service rates."

Value-Based Payment Models for Medicaid Child Health Services, Bailit Health 2016

- Research doesn't differentiate between delivery models (e.g., PCMH) and payment models (capitation, episodes, etc.)
- Pediatric Accountable Care Organizations and bundled payments initiatives to date have focused more on cost, than quality, and don't include accountability for social determinants of health
- Current primary care payment models don't reflect services necessary to generate real 'value' for children

Socioeconomic and Psychosocial Factors

- Poverty = more and longer hospitalizations, higher mortality
- Adverse Childhood Experiences = more chronic disease and risky behavior later in life
- Home environment and parental health affects child health
- These factors are cumulative and affect educational attainment, adult health and social productivity

"There are *many* social determinants of health… we specifically suggest considering the following as a non-exclusive list of opportunities:

- Parental depression and stress
- Kindergarten readiness
- Environmental triggers of asthma, and
- Parental education and support regarding ACEs"

Value-Based Payment Models for Medicaid Child Health Services, Bailit Health 2016

New Payment Models to Respond to Children's Needs

- Primary care capitation, increased from historical rates to encompass
  - American Academy of Pediatrics Bright Futures clinical guidelines
  - Child and parental screening for social determinants and other risk factors
  - Physician time for telephone interaction with patients
- + Care coordination payment for children with medical and social risk factors – especially for services associated with connecting families to a robust network of community based organizations that can help address social determinants
- + Performance incentive bonus for both excellence and improvement over time

New Payment Models (Con't)

- Children with medical complexity account for 40% of all hospitalizations for ambulatory-care sensitive conditions of children in Medicaid
- Payment for this small subpopulation in a total cost of care model provides financial flexibility and incentive to reduce unnecessary care
  - Requires a sufficiently large population
  - Can be shared savings or shared risk, but should never be full risk
  - Savings based on quality, not just cost
- + Care coordination payment that accounts for higher clinical credentials necessary to manage children with medical complexity

Social Determinants of Health

- Theory behind VBP is that consumer/patient will benefit when health care providers and payers (managed care orgs) are aligned to share savings/costs based on patient outcomes; AND
- There is growing recognition of the FACT that the vast majority of premature mortality and morbidity is attributable to social, behavioral, and environmental factors yet the US spends most health-related money on health care, not the social determinants.
- There is attention to social determinants of health (SDH) in New York's value-based care Roadmap.

SDH and VBP for Children

- Caregiver health and well-being
- Screening for social determinants of health
- Building stronger, more effective connections between/among pediatricians and other individuals, organizations, places that can effectively support children's healthy development.
- Structuring payment so that providers can and will get children and families connected to address social factors.
- Valuing evidence-based practices. Securing evidence for promising practices.

Building Momentum for Value for Children

- Concern that, as New York undertakes payment and delivery system reform, focus to date has been on adults
- Challenges associated with long-term value v short-term budget and election cycles
- Bringing child advocacy voice to the many tables/workgroups
- Bringing cross-sector child serving voices (child welfare, early care and learning) to health tables and discussions and vv.
- VBP report by outside payment expert -- credibility and audience
- Focusing beyond health agencies, because if we get this right, it will generate larger value

What's Next in NY

- Value-Based Payment (VBP) Children's Health Subcommittee / Clinical Advisory Group will have first meeting this month to develop recommendations regarding VBP for children. Upon approval by the VBP Workgroup and the DOH, the recommendations will be included in NYS's Value-Based Payment Roadmap.
- Medicaid Director announced pilot program in one community that will incentivize plans/pediatricians to undertake developmental screening of all children, connect children/families to appropriate services/interventions, and reward plans/pediatricians to the extent children enter kindergarten school-ready.
- Thinking about value long-term, across silos, beyond medical care.