ALLOCATION OF VALUE-BASED PAYMENT INCENTIVE PAYMENTS TO OPTIMIZE PERFORMANCE

Presented By:
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The source of funding for this grant award is District appropriated funds earned based on the American Rescue Plan Act (ARPA) of 2021.The obligated amount funded by Grantor shall not exceed $999,000 in the first year per year, and one option year of up to $500,000 unless changes in the obligated amount are executed in accordance with ARTICLE XV of this agreement.

DHCF
Department of Health Care Finance

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AGENDA

I. Strategic considerations for VBP incentive payments distribution
II. The VBP incentive distribution model continuum
III. Common methods and metrics for incentive distribution amongst a network or group of providers

Learning Objectives:

1. Help attendees understand effective principles in developing incentive distribution models
2. Help attendees learn the full realm of possibilities under which VBP incentives could be distributed
3. Help attendees understand common methods and metrics that are used in Medicaid VBP models to distribute earned incentives

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STRATEGIC CONSIDERATIONS FOR VBP INCENTIVE PAYMENTS DISTRIBUTION

STRATEGIC CONSIDERATIONS

Common guiding principles in incentive distribution model design

When CINs, ACOs, or provider groups are designing distribution models for their value-based payment arrangements, there are multiple considerations and guiding principles from which groups can work.

- Establishing the allocation methodology before the performance year starts vs. retrospectively
- Balancing infrastructure cost with expected earnings so that there is enough left to distribute to participating providers
- Considering a provider participation fee vs. having complete dependence on the incentive pool to cover infrastructure costs
- Reserving is a critical part of the plan
  - e.g. A future year when earnings do not cover operating expenses or to address the need to assume some downside financial risk
- Similar to reserving, consider setting aside a portion of the incentive funds to support improvement activities

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STRATEGIC CONSIDERATIONS

Common guiding principles in incentive distribution model design (continued)

- Recognize that multiple factors contribute to the size of the incentive pool and creating balance among them is important (such as size of assigned membership to each provider or provider group, achieving performance targets for quality metrics, cost of care improvement compared to a target or benchmark)
- Don’t discount the importance of leading indicator process metrics (such as follow up appointments after a hospital stay within 7 days) as well as outcomes metrics, especially in the early years of participation in the value-based payment contract
- Don’t allow decision-makers to decide on the allocation formula after reviewing how it would affect their individual entities’ portion
- Risk-adjusting assigned membership is important when assigning performance goals and assessing individual provider performance
- Keeping every provider participant engaged no matter where their starting performance lies is critical - Establishing attainment goals for each metric and also setting improvement targets can support this approach

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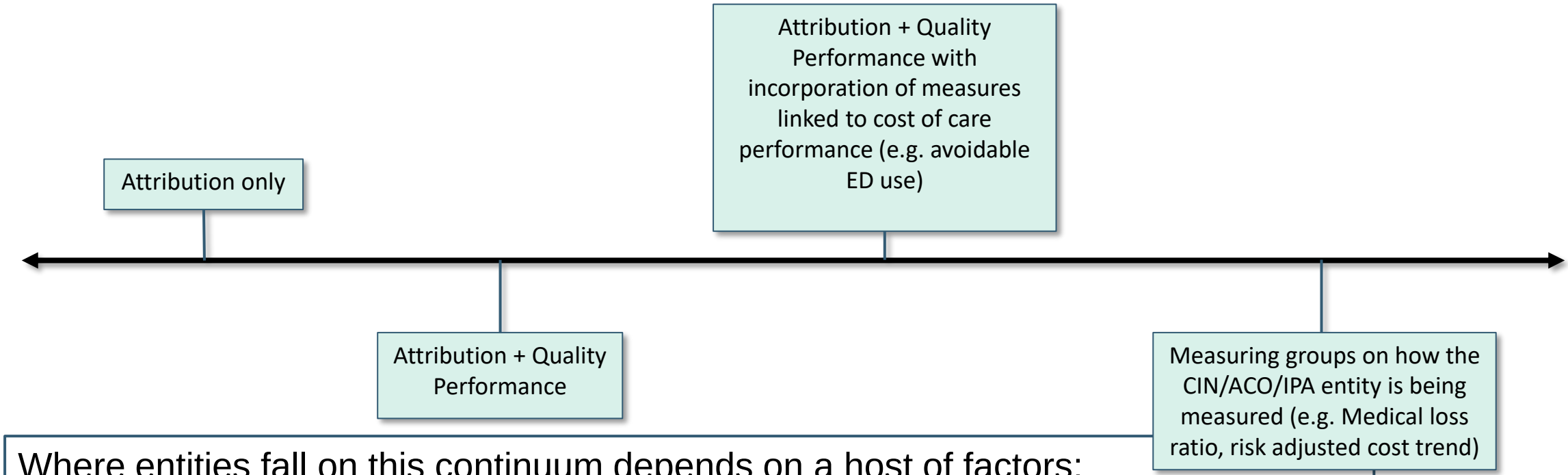
VBP INCENTIVE PAYMENTS DISTRIBUTION – MODEL COMPLEXITY AND MATURITY

INCENTIVE DISTRIBUTION MODEL CONTINUUM



Where entities fall on this continuum depends on a host of factors:

1. Number, size, and type of providers within the organization
2. How many different lines of business in which they have value-based arrangements
3. The level and granularity of data they receive from their payer partners
4. The LAN category of the value-based arrangements
5. The maturity of the organization (both in years of experience within the various LAN categories and with the organization's infrastructure)

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TYPE OF PARAMETERS USED TO DETERMINE INCENTIVE DISTRIBUTION

- IPA / ACO / CIN ownership stake
- Credit for "citizenship"
- Assigned or attributed membership
- Unique members served during the performance year
- Contribution to reaching quality metric targets (attainment +/- credit for improvement toward target)
- Contribution to reaching utilization metric targets (attainment +/- credit for improvement toward target)
- Contribution to the shared savings pool with and without risk adjustment
- Combination of above using one or more as a gate to accessing the incentive pool and others to determine amount of payment

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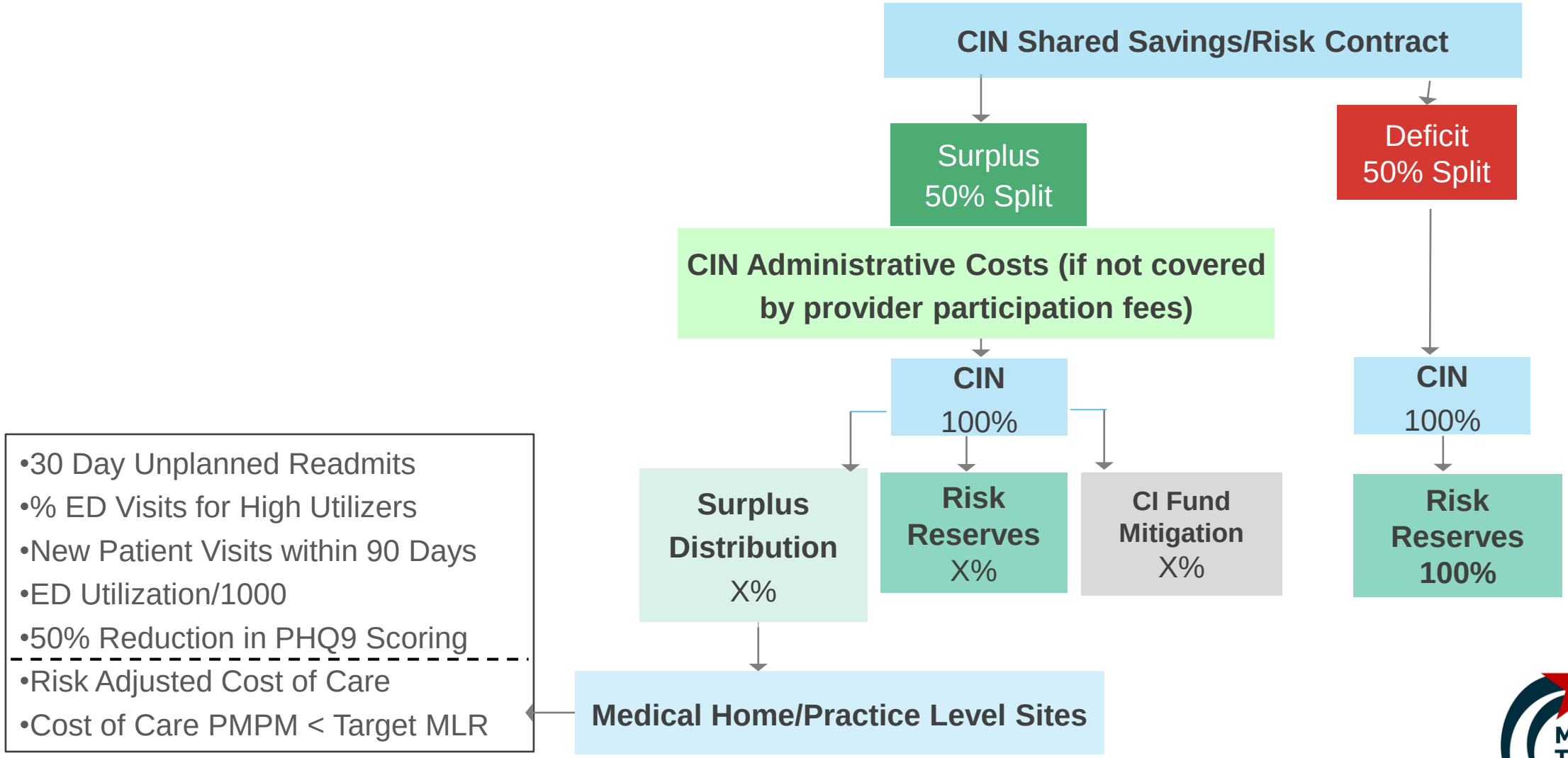
INVESTING INCENTIVE FUNDS TO IMPROVE FUTURE OUTCOMES AND ADVANCE TO RISK



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GAP CLOSURE METHODOLOGY

EXAMPLE: Improvement and attainment of performance targets

Attainment Goal (absolute score)			80%
Improvement Goal over Baseline (example for illustration)			10%
	Baseline Score	**Performance Target**	
FQHC #1	40%	44%	
FQHC #2	60%	62%	
FQHC #3	90%	80%	

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INCENTIVE POOL DISTRIBUTION BASED ON ATTRIBUTED MEMBERSHIP

Model 1: Distribution Based on CHC Membership					
CHC	Member Months	# Num	# Den	Performance	Distribution
1	44058	170	200	85.0%	$19,526
2	22029	70	100	70.0%	$9,763
3	66087	170	300	56.7%	$29,289
4	22029	40	110	36.4%	$9,763
5	66087	110	330	33.3%	$29,289
6	30841	150	150	100.0%	$13,668
7	61681	85	300	28.3%	$27,336
8	52870	140	265	52.8%	$23,431
9	26435	70	125	56.0%	$11,716
10	48464	170	250	68.0%	$21,478
Total	440580	1175	2130	55.2%	$195,259

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INCENTIVE POOL DISTRIBUTION BASED ON ATTRIBUTED MEMBERSHIP PROVIDERS HITTING THE PERFORMANCE TARGET OF 55%

Model 2: Distribution Based on Membership of Performing CHCs							
CHC	Member Months	# Num	# Den	Performance	Member Months	Percent	Distribution
1	44058	170	200	85.0%	44058	18.5%	$36,159
2	22029	70	100	70.0%	22029	9.3%	$18,080
3	66087	170	300	56.7%	66087	27.8%	$54,239
4	22029	40	110	36.4%			$0
5	66087	110	330	33.3%			$0
6	30841	150	150	100.0%	30841	13.0%	$25,311
7	61681	85	300	28.3%			$0
8	52870	140	265	52.8%			$0
9	26435	70	125	56.0%	26435	11.1%	$21,695
10	48464	170	250	68.0%	48464	20.4%	$39,775
Total	440580	1175	2130	55.2%	237913	100.0%	$195,259

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INCENTIVE POOL DISTRIBUTION BASED ON # MEMBERS OF PROVIDERS MEETING THE METRIC TARGET

Provider	Member Months	# Num	# Den	Performance	# Numerator	Percent	Distribution
1	44058	170	200	85.0%	170	21.3%	$41,493
2	22029	70	100	70.0%	70	8.8%	$17,085
3	66087	170	300	56.7%	170	21.3%	$41,493
4	22029	40	110	36.4%			$0
5	66087	110	330	33.3%			$0
6	30841	150	150	100.0%	150	18.8%	$36,611
7	61681	85	300	28.3%			$0
8	52870	140	265	52.8%			$0
9	26435	70	125	56.0%	70	8.8%	$17,085
10	48464	170	250	68.0%	170	21.3%	$41,493
Total	440580	1175	2130	55.2%	800	1	$195,259

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MODEL COMPARISON

					Distribution Based On		
Provider	Member Months	# Num	# Den	Performance	# Assigned Members	# Assigned Members if Hit Target	# Members Hitting Metric if Provider Hit the Target
1	44058	170	200	85.0%	$19,526	$36,159	$41,493
2	22029	70	100	70.0%	$9,763	$18,080	$17,085
3	66087	170	300	56.7%	$29,289	$54,239	$41,493
4	22029	40	110	36.4%	$9,763	$0	$0
5	66087	110	330	33.3%	$29,289	$0	$0
6	30841	150	150	100.0%	$13,668	$25,311	$36,611
7	61681	85	300	28.3%	$27,336	$0	$0
8	52870	140	265	52.8%	$23,431	$0	$0
9	26435	70	125	56.0%	$11,716	$21,695	$17,085
10	48464	170	250	68.0%	$21,478	$39,775	$41,493
Total	440580	1175	2130	55.2%	$195,259	$195,259	$195,259

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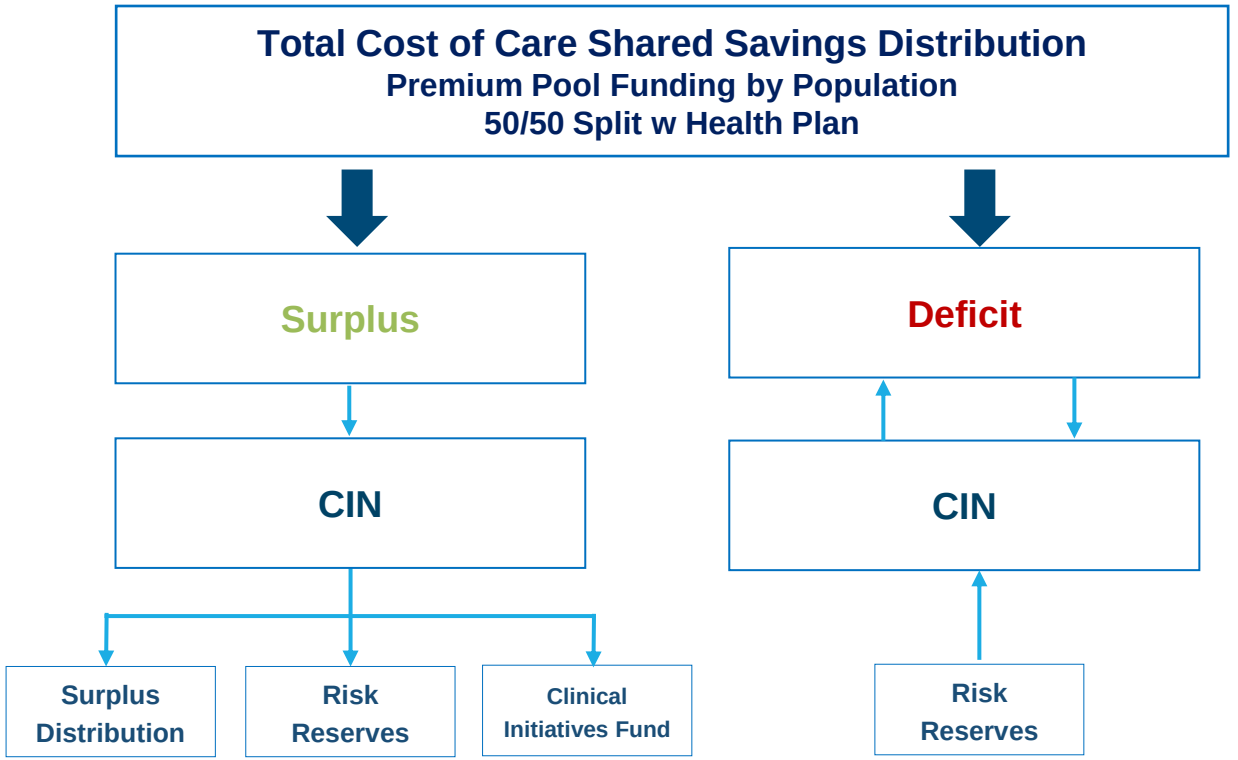
SHARED SAVINGS FUND DISTRIBUTION AND INCENTIVE MODEL



Allocated based on Cost, Quality, and Assigned Members

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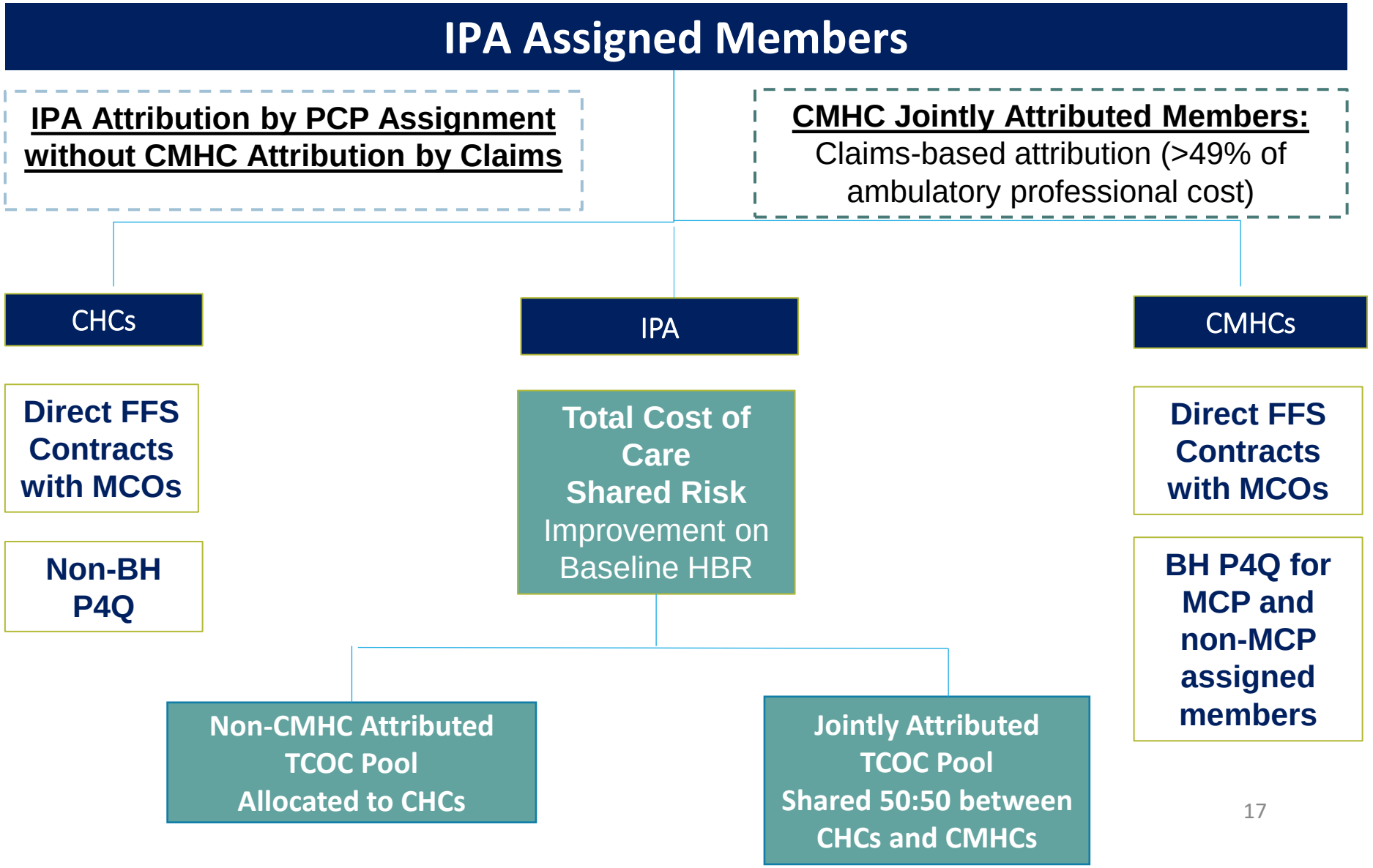
INCENTIVE DISTRIBUTION IN A CIN WITH PRIMARY CARE AND BH PROVIDERS



WRAP-UP/NEXT STEPS

BRIEF EVALUATION

1. Overall rating:

1. Poor 2. Fair 3. Average 4. Good 5. Excellent

2. Content Level:

1. Too Easy 2. Just Right 3. Too Advanced

3. Which TA modalities are you interested in for additional TA? *(Select all that apply)*

1. Webinars 2. Individual Coaching 3. Group Coaching

4. Which domains are you interested in receiving additional TA in? *(Select all that apply)*

1. Financial 2. Clinical 3. Legal 4. Business

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UPCOMING SESSIONS & MORE INFORMATION

Upcoming Cohort Sessions:

- **Clinical and Programmatic Implications of VBP**
  (Sept. 12, 3 – 4 pm ET)
- **VBP 101 – Teaching to the Tools**
  (Sept. 18, 12 – 1 pm ET)

Visit the Medicaid Business Transformation DC web page for more information and upcoming events:

www.integratedcaredc.com/medicaid-business-transformation-dc/

Don't miss this chance to elevate your practice and make a lasting difference in the lives of your patients. **Subscribe to our newsletter today** and embark on a journey towards delivering exceptional care through Integrated Care DC.
https://www.integratedcaredc.com/newsletter/

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September 21st

VBP Virtual Learning Collaborative

Registration is live!

www.integratedcaredc.com/event/value-based-payment-virtual-learning-collaborative/

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Register Now!

September 21st

1st session workshops: 9:00 – 11:00 a.m. ET
2nd session workshops: 1:00 – 3:00 p.m. ET

Value-Based Payment Virtual Learning Collaborative

Transitioning to payment models that support value-based care means doing business differently. Many District healthcare providers are requesting assistance preparing for and implementing this important change.

Join us for a virtual learning collaborative focused on legal agreements, contracting and financial topics, including revenue cycle management and assessing risk. Presenters will share scenarios, assessments and tools to advance capacity and understanding.

Session	Legal Track	Session	Financial Track
9 – 11 A.M. ET	Forming Community Partnerships to Participate in VBP Arrangements - Part 1	9 – 10:30 A.M. ET	Revenue Cycle Operational Excellence: A Foundation for Value-Based Payments
		9 – 10:30 A.M. ET	Evaluating Payment Models and Financial Modeling
1 – 3 P.M. ET	Forming Community Partnerships to Participate in VBP Arrangements - Part 2	1 – 3 P.M. ET	Clinical Documentation and CDPS+Rx Coding Guidelines for Value-Based Payment Optimization

Register Here:
www.integratedcaredc.com/event/value-based-payment-virtual-learning-collaborative/

- Intended audience: CEOs, COOs, CFOs, clinical directors, billing, coding and reimbursement staff.
- Offering up to 4 live AAFP prescribed continuing medical education (CME) credits and social work continuing education (CE) for participating providers. (Application for CME credit has been filed with the American Academy of Family Physicians. Determination of credit is pending.)

The session materials and recordings will be posted on the Medicaid Business Transformation webpage:
www.integratedcaredc.com/medicaid-business-transformation-dc/

Medicaid Business Transformation DC is a Department of Health Care Finance technical assistance initiative for District health care providers who serve Medicaid members.

Contact us!

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HMA

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