An Update on Value Based Care (VBC)

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Agenda and Overview

Agenda

• State of VBC Arrangements Today: Adoption Rates
  – Health Care Payment & Learning Action Network Survey

• Taking Stock of VBC Results to Date
  – CMMI CBO report
  – Cross sector innovation

• Future of VBC
  – AHIP, AMA, NAACOS partnership
  – Future outlook
  – Recommendations

Key Terms

• Value-based care (VBC): Arrangements that promote higher quality care, enhanced patient experience, and health equity, at lower costs; and tie payments to meeting goals.

• Alternative payment model (APM): HHS term for VBC payment arrangements. Used synonymously with “VBC” in this presentation.

• One-sided or upside-only financial risk: Providers share in any savings generated for payers but are not financially penalized for not achieving savings relative to an established benchmark.

• Two-sided or downside financial risk: Providers who incur care costs that exceed financial benchmark must refund the payer for all or a portion of the losses.
State of Play: VBC Adoption Rates
The LAN established a framework for categorizing APMs to drive standardization across the industry. This framework forms the basis of the LAN’s annual APM Measurement Effort. The LAN also serves other functions like promoting state transformation, convening stakeholders, and setting APM adoption goals.

**LAN 2030 Goals**
Percent of payments in two-sided risk models.

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<th>Medicare Advantage</th>
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Downside risk adoption is growing
1 out of 4 of payments flowed through two-sided APM in 2022, compared to 1 in 5 in 2021.

MA continued to lead the way
...over other lines of business, with 57% of payments in an APM, and 39% in APM with downside risk

Nearly all plans are leveraging VBC for health equity
85.6% of plans surveyed report doing at least one health equity activity, e.g., data collection, measuring or reducing clinical outcome inequalities.

Survey representative of national trend
Survey represents 86.7% of people who covered in the US, showcasing how this is the premier survey of its kind.
State of Play: VBC Results
CBO Estimate: Sept. 2023 Federal Budgetary Effects of CMMI Activities

Overview

Center for Medicare & Medicaid Innovation (CMMI) is main source of Medicare VBC models. To date, only 6 of almost 50 models have generated substantial cost savings.

Sept. 2023 CBO report estimates between 2011 and 2020, CMMI increased direct spending in Medicare increased by $5.4B vs. original projection of $2.8 billion reduction.

CBO modified estimate for 2021-2030 from a $77.5B net reduction to a $1.3B increase.

*0.1% of net Medicare spending
State of Play: VBC Results

At the same time, researchers have observed a mysterious slowdown in health care per capita costs and that Medicare spending is $3.9 trillion below expectations…

• NYT article: "the direction of recent federal policies and choices by private insurers have caused doctors, nurses and hospital administrators to become more cost-conscious."

• CBO report: operation of many payment models, both in Medicare’s FFS program and among other payers, makes it difficult to identify comparison group not participating in other models.

Difficult to measure effect of prevention, positive changes like decreased utilization of low-value care, care coordination, focus on patient experience, effort to address inequities. CBO report, CMMI evals also do not measure changes beyond CMMI demos, cross-sector progress.
Cross Sector VBC Progress

• Overall, systematic **review** of commercial VBC models from 2000 – 2020 showed 81% achieved positive quality results and 56% achieved cost savings.
• **Models** for small and rural providers that address unique needs
• VBC arrangements that **incent** provision of culturally appropriate behavioral health care
• **Commitment** to equity through innovative programs; taking **action** to address SDOH
• Full-risk **arrangements** for providers prepared for more advanced models, with tools made available to support coordinated, timely care
• Investments in in-home **specialty** care, **primary** care arrangements
• Voluntary **efforts** from plans in advanced primary care to align with other payers on finance, support, measure of primary care models
• **Support** for providers transitioning to VBC in form of clinical, operational, financial tools to help with administrative and operational changes
• **Programs** that target independent providers and provide extra resources like technology platforms with insights into quality and cost measures with real time feedback
• VBC results that show **increased preventative care**, **higher** patient satisfaction vs. FFS, cost savings from **reduced** inpatient admissions and emergency visits; cost savings **generated** for both plans and their contracted providers.
Future of VBC

Collaboration // Refinement // Upcoming
FoV: Voluntary Best Practices for Data Sharing

1. **Create an Interoperable Data Ecosystem:** Adopt consistent content and exchange standards to simplify and expand data sharing.

2. **Share More Complete, Comprehensive Data:** Empower value-based care participants with complete, accurate, and consistent data that paints a more comprehensive picture of a patient population.

3. **Improve Data Collection and Use to Advance Health Equity:** Collect and share data to identify and address health disparities as well as barriers to care beyond the clinical setting, while ensuring transparency, appropriate use, and confidentiality.

4. **Share Timely, Relevant, and Actionable Data:** Prioritize sharing focused insights and data early, often, and in accessible ways, to improve care.

5. **Make Data Methodologies, Calculations, and Context Readily and Easily Available:** Share detailed information on how and what data were derived from to foster trust among VBC participants in the data they receive, use, and by which performance is measured.

**Up next:** Voluntary best practices for VBC payment structures (in development)
AHIP, AMA, and NAACOS created a partnership (“Future of Value” or “FoV”) to design the next phase of VBC by moving in phases across key building blocks of VBC arrangements, with focus on private sector reform.

By sharing what works, health plans, clinicians, and VBC entities will have access to best practices that are informed by real-world experiences to voluntarily consider during the future design, implementation, and evaluation of their own VBC participation.
What Could Lie Ahead

- Clear commitment from HHS/CMS on progressing toward having 100% of beneficiaries in accountable care arrangements; health plan surveys showing expected uptick in adoption → VBC progress expected to continue
- CMMI AHEAD Model: State-based total cost of care program; state adoption of growth targets
- State transformation progress under LAN program
- Specialty models and how to coordinate these with TCOC primary care models
- How to refine metrics to position VBC for success
- Growth in MA, commercial sector VBC programs
- Equity-focused initiatives
- Payer-provider-VBC entity collaboration, like FoV partnership, to develop cross-stakeholder buy-in
- Mandatory models from CMMI?
- Glidepaths to financial risk
AHIP Recommendations

**Cross Sector Partnership.** Private payers bring a novel approach and significant local and national experience to bear in the design of VBC models and should be partners in the development of Medicare models to ensure participation and long-term success in aligning provider incentives and improving outcomes.

**Quality Measure Alignment.** Seek greater alignment of public and private quality measurement and reporting, as this is essential to ensure innovative programs incentivize evidence-based care.

**Enable VBC to Reduce Health Inequities.** Work with industry stakeholders and other agencies to develop and incorporate appropriate SDOH programs, including reporting and metrics for model participants, and consider the types of beneficiary incentives that would be permissible and the waivers of applicable rules that would be needed. Work across the public and private sector to identify best practices for incorporating SDOH into clinical settings.

**Maintain Flexibility to Innovate.** Ensure there is adequate room to allow for refinements based on lessons learned, data insights; priorities.

**Leverage VBC to Help Lower Costs, Increase Quality.** VBC models can enable innovation in priority areas like shifting patients to lower cost care settings; enable greater patient choice through hospital at home, home dialysis, or virtual care offerings by testing innovative payment or care delivery models that support these programs.
Appendix
AHIP Resources

AHIP Resource: Improving Maternal Health through Value-Based Care

- On Mar. 18, AHIP published an issue brief that offers solutions for maternal mortality rates and high spending that leverage value-based care. The issue brief also spotlights several real-world solutions that are working today to improve patient care, care coordination, and patient value through value-based maternity care.

Issue Brief: Integrating Behavioral Health and Primary Care

- AHIP published an issue brief on Feb. 17 that spotlights the leading role health insurance providers are taking to deliver affordable and innovative behavioral health solutions to their members by integrating behavioral health with their primary care. including novel programs specifically designed to address the behavioral health needs of children and adolescents.
APM Adoption Rates Over Time: Models with One or Two-Sided Risk

APM Adoption Trends – Aggregate Comparison of APM Adoption (Categories 3-4) vs. Down-side Risk APM Only (Categories 3B-4)
VBC Spectrum

Degree of Provider Accountability

Level of Financial Risk

- FFS
- Pay for Performance
- Shared Savings
- Downside Risk
- Per Member, Per Month
- Global Budget
- Integrated Delivery Network

LAN Category
- LAN Category 1
- LAN Category 2
- LAN Category 3A
- LAN Category 3B
- LAN Category 4A
- LAN Category 4B
- LAN Category 4C