# CCO 2.0:
# Increasing Value-based Payment

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Oregon Health Authority

# Agenda

- CCO 2.0 Background
- CCO 2.0: VBP Policy Overview

- Full report:
  - *CCO 2.0 Recommendations of the Oregon Health Policy Board*
    - www.health.Oregon.gov
    - Report: https://apps.state.or.us/Forms/Served/le9830.pdf

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# What is CCO 2.0 and Why is It Important?

- Coordinated Care Organizations (CCOs) started in 2012 with the promise to improve health, provide better care, and lower health care costs for Oregon Health Plan members.
  - We now have over five years of data about what is working and what needs more work.

- CCO 2.0: The next five-year CCO contracts; start in 2020

- CCO 2.0 is important because of large amount of people and dollars
  - One in four Oregonians—nearly one million people—receive health coverage through the Oregon Health Plan; most are CCO members
  - Oregon's Medicaid budget is about $14 billion, accounting for 19% of the state's budget

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# CCO 2.0: Continued Health System Transformation

# CCO 2.0 RFA Timeline



Timeline showing: **OHPB Listening Tour** (2017), **CCO 2.0 Public Input, Phase 1**, **CCO 2.0 Public Input, Phase 2** (You are here ★, 2018), **Final OHPB recommendations**, **Request For Application (RFA)**, **Selection** (2019), **New CCO contracts** (2020).
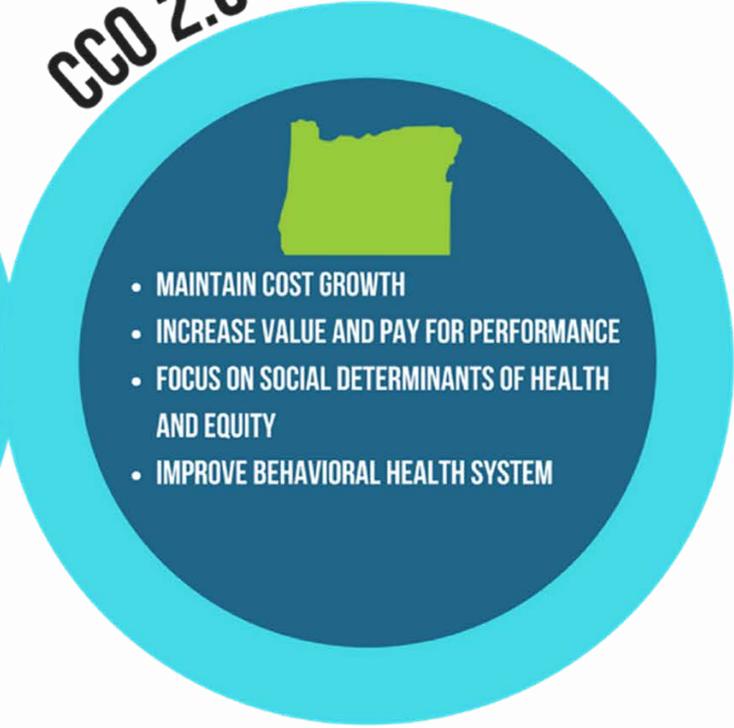
## CCOs will be selected through a Request for Application (RFA) process

Only current CCOs and companies with an existing Oregon "footprint" can apply.

❖ October - December 2018: RFA development begins. Formal question-and-answer process will be launched. OHA will amend rules, develop rates, and finalize technical details.

❖ November 19: OHA will hold an additional technical forum on open enrollment/member transition and rates and member attribution.

❖ January 2019: RFA released.

❖ February 2019: Letters of intent due.

❖ April to June 2019: Evaluation, CCO selection, and negotiations.

❖ June 2019: Award CCO contracts.

❖ September to December 2019: Readiness review.

❖ January 2020: New CCO contracts implemented.

# Value-based Payments (VBP)

- Most health care in the U.S. is paid for using a fee-for-service (FFS) model, which pays for each health care service, visit, or test. This system incentivizes the delivery of more health care, instead of better health care.

- The goal of increased use of VBPs is to incentivize delivery system reform that focuses on *value* instead of volume of care delivered, *rewarding* providers for a combination of *high-quality care, positive member health outcomes* and *cost savings.*

# OHA VBP Opportunities

Enhancement of VBP in the Oregon Health Plan
- Oregon Health Authority payments to CCOs
- CCO payments to their providers ◀ **Focus of CCO 2.0**

Opportunities for VBP alignment
- Within OHA:
  - Public Employees' Benefit Board
  - Oregon Educators Benefit Board

- Between OHA and other payers
  - Comprehensive Primary Care Plus
  - Primary Care Payment Reform Collaborative

# VBP and the Triple Aim



**Triple Aim**
- Improve Patient Experience
- Improve Health of Population
- Reduce Costs

**Payment Reform**

**Fee-for-service** → **Value-Based**

- Volume-driven care
- Focused on acute singular event
- Payer and provider incentives not aligned

- Value (not volume) of care
- Prevention and care coordination for improved quality and health outcomes
- Aligned incentives between payers and providers
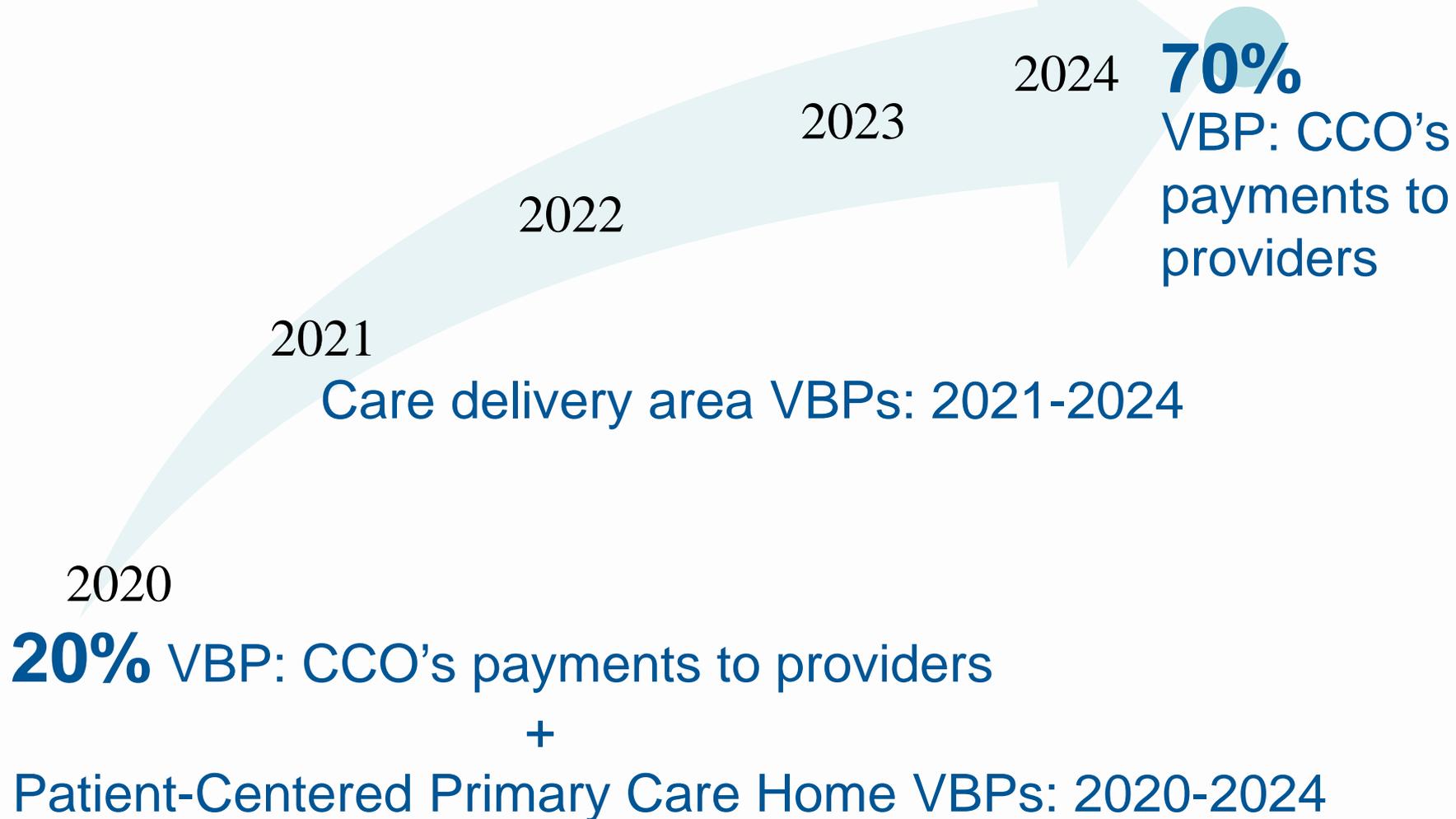
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# CCO 2.0 VBP Public Engagement

- CCO 2.0 survey and public forums

- CCO Value-based Payment Work Group
  - Three facilitated meetings with all CCOs represented

- VBP Provider Survey

- Presented at standing committees, including:
  - Quality and Health Outcomes Committee, Primary Care Payment Reform Collaborative, Medicaid Advisory Committee, Healthcare Workforce Committee, Health Information Technology Oversight Committee

- Written comments submitted by external partners (and many more, all posted at https://www.oregon.gov/oha/OHPB/Pages/CCO-2-0-recommendations.aspx)
  - Oregon Academy of Family Physicians, Oregon Medical Association, CareOregon, Oregon Primary Care Association, OCHIN, Coalition of Local Health Officials, Trillium Community Health Plan, OHPB Health Equity Committee

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# Public Engagement – Key Themes

- Written comments by stakeholders
  - Largely supportive of increased use of VBPs; requests for meaningful incentives and metric alignment for providers; concerns around data-sharing; consideration of VBPs within rate-setting.

- CCO 2.0 VBP Survey Themes
  - Comments mixed between VBP being the right direction and VBP challenges in implementation and practice.

- VBP Provider Survey Themes
  - Experience with VBPs; blended model of FFS and capitation has been effective to shift from FFS to VBP; concerns regarding meaningful incentives and metric alignment, sufficient/timely data, and behavioral health integration.

# CCO 2.0: VBP Policy Summary

2024 **70%** VBP: CCO's payments to providers

2023

2022

2021 Care delivery area VBPs: 2021-2024

2020
**20%** VBP: CCO's payments to providers
+
Patient-Centered Primary Care Home VBPs: 2020-2024

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# VBP for PCPCH clinics

Require per-member, per month "infrastructure" payments (i.e., payments based on PCPCH tier level):
- Provide financial support for PCPCHs to implement and sustain a robust PCPCH model of care
  - Supports staff and activities not reimbursed through FFS
- Enhance PCPCHs' ability to adopt more advanced VBPs
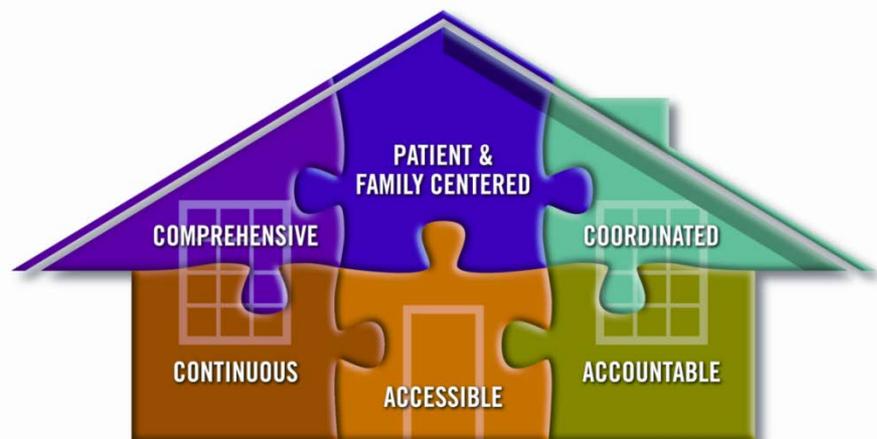


**PCPCH program evaluation* findings:**
- PCPCH Program encouraged clinics to embrace team-based care.
- Every $1 increase in primary care expenditures related to the PCPCH Program led to $13 average health care system savings.

*Portland State University, 2016

# CCO 2.0 VBP Targets & Timeline

**Increase VBPs with shared savings and downside risk**

**Launch care delivery area VBPs**

2024

70% VBP Target

2023

2022

60% VBP target

2021

50% VBP target
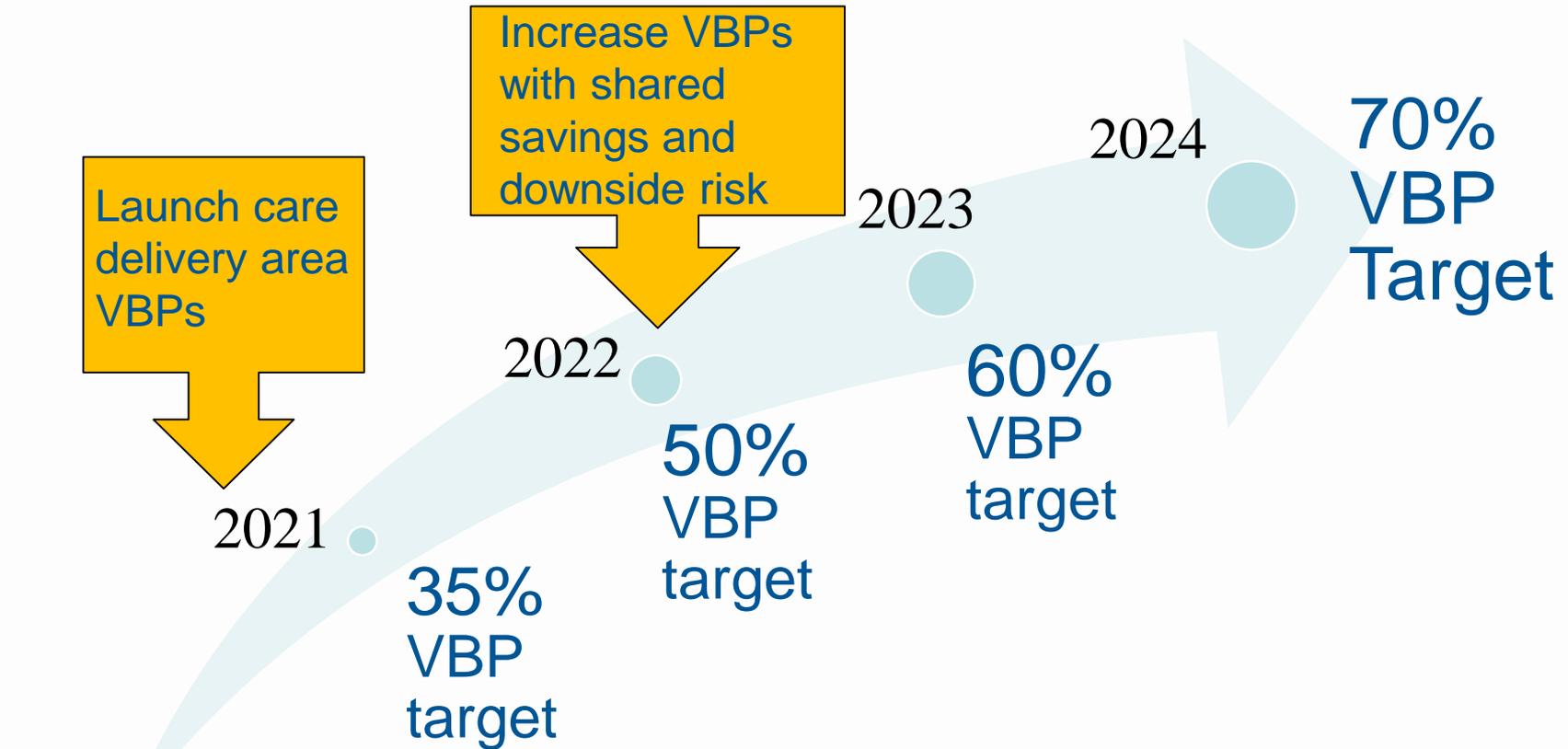
35% VBP target

2020

20% VBP

CCO's payments to providers must be in the form of a VBP and fall within LAN Category 2C (Pay for Performance) or higher

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# CCO 2.0 VBP Targets



**PCPCH Infrastructure Payments**
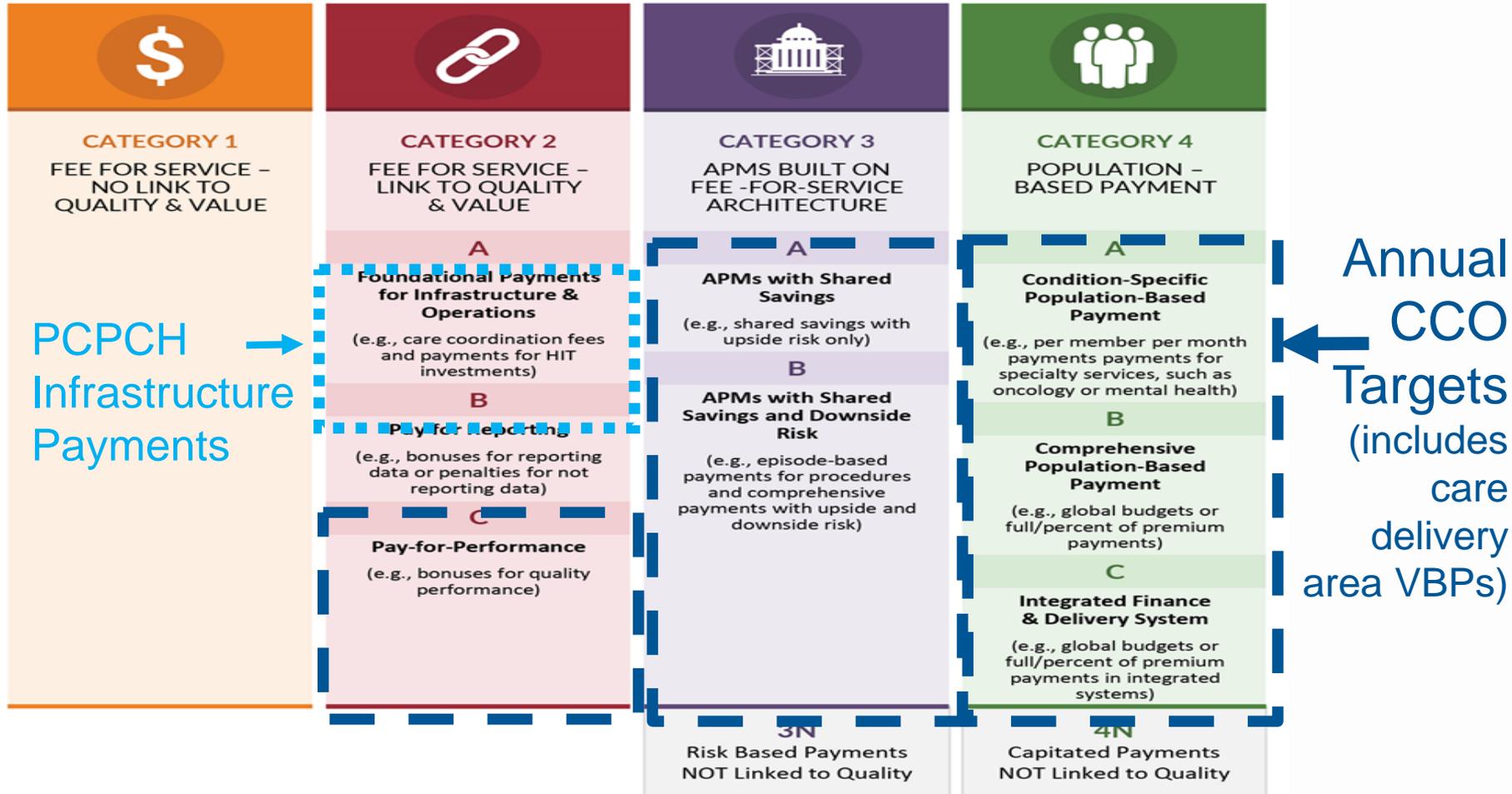
**Annual CCO Targets** (includes care delivery area VBPs)

| CATEGORY 1 | CATEGORY 2 | CATEGORY 3 | CATEGORY 4 |
|---|---|---|---|
| FEE FOR SERVICE – NO LINK TO QUALITY & VALUE | FEE FOR SERVICE – LINK TO QUALITY & VALUE | APMS BUILT ON FEE -FOR-SERVICE ARCHITECTURE | POPULATION – BASED PAYMENT |

**Category 2:**
- **A** — Foundational Payments for Infrastructure & Operations (e.g., care coordination fees and payments for HIT investments)
- **B** — Pay for reporting (e.g., bonuses for reporting data or penalties for not reporting data)
- **C** — Pay-for-Performance (e.g., bonuses for quality performance)

**Category 3:**
- **A** — APMs with Shared Savings (e.g., shared savings with upside risk only)
- **B** — APMs with Shared Savings and Downside Risk (e.g., episode-based payments for procedures and comprehensive payments with upside and downside risk)
- **3N** — Risk Based Payments NOT Linked to Quality

**Category 4:**
- **A** — Condition-Specific Population-Based Payment (e.g., per member per month payments payments for specialty services, such as oncology or mental health)
- **B** — Comprehensive Population-Based Payment (e.g., global budgets or full/percent of premium payments)
- **C** — Integrated Finance & Delivery System (e.g., global budgets or full/percent of premium payments in integrated systems)
- **4N** — Capitated Payments NOT Linked to Quality

- VBP Framework from the Health Care Payment Learning and Action Network

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# VBP in Key Care Delivery Areas

Beginning January 2021, CCOs are required to implement VBPs in key care delivery focus areas:

- ➢ Flexibility of VBP models, design and size (i.e., no spend or population size requirement) but must be LAN category 2C or higher
- ➢ Uses VBP as a lever to advance OHA goals
- ➢ VBP models may include more than one care delivery area
- ➢ Hospital and maternity care VBP required to be in place by 2022

| Care Delivery Area | Rational for focus |
|---|---|
| Hospital care | High-cost; minimal CCO VBP experience |
| Maternity care | Governor's priority;  major area of spending; upstream |
| Children's health care | Governor's priority; widespread public support |
| Behavioral health care | CCO 2.0 priority; VBP can promote integration |
| Oral health care | Foundational to CCO model; VBP can promote integration |

# VBP Reporting

- Require CCO applicants to demonstrate necessary information technology (IT) infrastructure for VBP reporting

- Streamline reporting by using All Payer All Claims (APAC) database for VBP reporting

- Collect supplemental data and annual interviews

# VBP Implementation Support

Planned OHA Transformation Center VBP technical assistance for CCOs includes:

- Developing equitable VBPs, including risk adjustment on medical *and* social complexity

- Developing VBP models in care delivery areas

- Developing more advanced, risk-based VBPs

# Thank you!
# Questions?