

## Value-based Payment CCO 2.0 Policy Development Proposed Work Plan

### Background

The development of a payment system that rewards improvement in health outcomes and not volume of services delivered, or value-based payment (VBP), has been a key strategy of Oregon’s health system transformation to achieve the triple aim of better health, better care and lower costs. The two largest opportunities for enhanced VBP in Oregon’s Medicaid program, the Oregon Health Plan (OHP) are:

- (1) OHA’s payments to Coordinated Care Organizations (CCOs); and
- (2) Encouraging CCOs’ use of VBP approaches with their contracted providers.

In September 2017, Governor Brown asked the Oregon Health Policy Board (OHPB) to provide recommendations to increase the use of VBP approaches and performance-based payment when considering the future of CCOs.

OHA pays CCOs using a VBP comprised of a global budget and an incentive metrics quality pool. OHA pays CCOs using a global budget that grows at a fixed rate and incorporates payments connected to performance on incentive metrics. The CCO incentive metric quality pool rewards CCOs for the quality of care provided to Medicaid members, based on their performance on 17 metrics.

Oregon’s recent 1115 Medicaid Demonstration Waiver renewal requires OHA to advance CCOs’ use of VBPs by ensuring “through its CCO contracts that VBP arrangements, structured to improve quality and manage cost growth, are used by CCOs with their network providers. The state will develop a VBP plan that describes how the state, CCOs and network providers will achieve a set target of VBP payments by the end of the demonstration period.”

### Definitions

**Value-Based Payment (VBP):** The Centers for Medicaid and Medicare Services (CMS) defines VBP for Medicare as “programs that reward health care providers with incentive payments for the quality of care they give to people.” CMS further defines VBP through its Medicaid Innovation program as, “payment models that range from rewarding for performance in fee-for-service (FFS) to capitation....” and “ties provider payment directly to specific indicators of quality or efficiency and can be built through rewards and penalties.”

**Pay-for-Performance:** Generally considered to be a synonym for value-based payment.

**CCO 2.0 questions for 2018 investigation and policy options associated with each question:**

| Questions   | Policy Options   |
|---|--|
| 1) Should the percentage of CCO global budgets tied to performance and quality, and the bar for awards, increase? ( <i>OHA payments to CCOs</i> )             | #1 CCO incentive measure benchmarks/targets (setting the bar higher)   |
|   | #2 CCO global budget incentive methodology (i.e. increasing lump [bonus or withhold] payments)                     |
| 2) How can OHA encourage VBPs between the CCOs and their providers and hold CCOs accountable? ( <i>CCO payments to providers</i> )                            | #3 VBP targets and goals for CCOs  |
|   | #4 Payments to Patient-centered Primary Care Homes (PCPCHs) by PCPCH tier level                                    |
| 3) Should VBPs that reduce health disparities and address the social determinants of health (SDOH) be incented for CCOs? ( <i>CCO payments to providers</i> ) | #5 Incentive payments (i.e., incorporating lump [bonus or withhold] payments) ( <i>CCO payments to providers</i> ) |
| 4) Should VBPs that foster improvements in behavioral health outcomes be incented for CCOs? ( <i>CCO payments to providers</i> )                              | #6 Incentive payments (i.e., incorporating lump [bonus or withhold] payments) ( <i>CCO payments to providers</i> ) |
| 5) What changes to data collection are necessary to track progress on, and improve our understanding of, VBP utilization? ( <i>CCO to provider payments</i> ) | #7 CCO reporting requirements: Modify/using APACs Appendix G (non-claims) reporting                                |
|   | #8 CCO reporting requirements: Supplemental data   |
|   | #9 OHA CCO monitoring requirements   |

**Opportunities for public input on value-based payment policy options:**

| Date and Stakeholder Engagement Opportunity |  | Policy Options Considered |    |    |    |    |    |    |    |
|---|--|---------------------------|----|----|----|----|----|----|----|
|   |  | #1                        | #2 | #3 | #4 | #5 | #6 | #7 | #8 |
| 3/15-4/15                                   | Online survey on overall CCO 2.0 process and policy areas, available on OHPB webpage | x                         | x  | x  | x  | x  | x  |    |    |
| 4/9   | Quality and Health Outcomes Committee (QHOC)   | x                         | x  | x  | x  | x  | x  | x  | x  |
| 4/12  | CCO VBP Workgroup  | x                         | x  | x  | x  | x  | x  | x  | x  |
| 4/16-4/26                                   | OHA VBP survey to providers  |                           |    | x  | x  | x  | x  | x  | x  |
| 4/19  | Primary Care Payment Reform Collaborative  | x                         | x  | x  | x  | x  | x  | x  | x  |
| 4/20  | Metrics & Scoring Committee  | x                         |    |    |    |    |    |    |    |
| 5/2   | Healthcare Workforce Committee   |                           |    | x  | x  | x  | x  |    |    |
| 6/5   | OHPB June Board Meeting  | x                         | x  | x  | x  | x  | x  | x  | x  |
| 6/7   | Health Information Technology Oversight Committee (HITOC)                            |                           |    |    |    |    |    | x  |    |
| 6/6-7/4                                     | Public input opportunities   | x                         | x  | x  | x  | x  | x  | x  | x  |

### Value-based Payment Topic Area Team

OHA has convened an internal VBP CCO 2.0 team with members from Health Policy and Analytics (HPA) and Health Systems Division (HSD). Members were invited to participate based on their particular subject matter expertise to develop a comprehensive and integrated VBP plan.

|   |  |
|---|--|
| <b>VBP Lead and Subject Matter Expert</b>       | Chris DeMars, Transformation Center  |
| <b>Project management and policy lead staff</b> | Lisa Krois, Transformation Center  |
| <b>OHPB Policy Liaison</b>                      | Jeff Scroggin, Office of Health Policy   |
| <b>Additional subject area experts</b>          | Jon Collins, Office of Health Analytics<br>Jamal Furquan, Health Systems Division<br>Zachary Goldman, Office of Health Analytics<br>Summer Boslaugh, Transformation Center |

### 2018 CCO 2.0 work plan development process

At the January 2018 Oregon Health Policy Board retreat, OHPB members provided feedback on the overarching questions for investigation in 2018. These questions provide the overarching foundation for what to explore in order to improve CCOs in the future. Using these questions as a guide, OHA staff gathered existing recommendations from reports, evaluations and committees and researched best practices and innovative ideas within these topic areas in order to identify policy options that should be examined and discussed further. The work plans below list the steps that will be taken to build towards potential policy recommendations for review by the OHPB, including additional research needed, timelines and opportunities for expert and public input.

The VBP work plan begins on the next page.

| <b>1) Should the percentage of CCO global budgets tied to performance and quality, and the bar for awards, increase? (OHA payments to CCOs)</b> |                        |                                    |   |
|---|------------------------|------------------------------------|---|
| <b>Policy Option 1: CCO incentive measure benchmarks/targets (setting the bar higher)</b>   |                        |                                    |   |
| <b>Key next steps</b>   | <b>Completion date</b> | <b>Link with other topic areas</b> | <b>Comments</b>   |
| Meet with Office of Analytics to flesh out process for introducing and working with the Metrics and Scoring Committee                           | March 9                | Cost                               | Waiver evaluation recommendation: "Increase portion of total CCO payments awarded for quality and access, and raise the bar for awards" |
| Execute required process steps including research and MSC engagement  | April 9                |                                    |   |
| Committee engagement and input  | April 30               |                                    |   |
| Incorporate committee and public survey feedback into recommendations for OHA leadership  | May 4                  |                                    |   |
| Finalize draft recommendations for OHPB   | May 25                 |                                    |   |

| <b>Policy Option 2: CCO global budget incentive methodology (i.e. increasing lump (bonus or withhold) payments)</b> |                        |                                    |   |
|---|------------------------|------------------------------------|---|
| <b>Key Next Steps</b>   | <b>Completion Date</b> | <b>Link with other topic areas</b> | <b>Comments</b>   |
| VBP and Cost TAT collaboration to develop process and identify opportunities  | March 20               | Cost                               | Waiver evaluation recommendation: "Increase portion of total CCO payments awarded for quality and access, and raise the bar for awards" |
| Committee engagement and input  | April 30               |                                    |   |
| Incorporate committee and public survey feedback into recommendations for OHA leadership                            | May 4                  |                                    |   |
| Finalize draft recommendations for OHPB   | May 25                 |                                    |   |

| <b>2) How can OHA encourage VBPs between the CCOs and their providers and hold CCOs accountable? (CCO payments to providers)</b> |                        |                                    |                 |
|--|------------------------|------------------------------------|-----------------|
| <b>Policy Option 3: VBP targets and goals for CCOs</b>   |                        |                                    |                 |
| <b>Key next steps</b>  | <b>Completion date</b> | <b>Link with other topic areas</b> | <b>Comments</b> |
| Hold 2 <sup>nd</sup> CCO VBP Roadmap Workgroup meeting   | March 8                |                                    |                 |

|   |                    |  |  |
|---|--------------------|--|--|
| Hold 3 <sup>rd</sup> CCO VBP Roadmap Workgroup meeting                                    | April 12           |  | First CCO VBP Roadmap Workgroup meeting held 2/8/18<br><br>1115 Waiver requires development of “VBP plan that describes how the state, CCOs and network providers will achieve a set target of VBP payments by the end of the demonstration period.” |
| Identify draft VBP Roadmap recommendations  | April 16           |  |  |
| Committee engagement and input  | April 30           |  |  |
| Present recommendations at Comprehensive Primary Care Plus (CPC+) Payer Workgroup Meeting | TBD (April or May) |  |  |
| Incorporate committee and public survey feedback into recommendations for OHA leadership  | May 4              |  |  |
| Finalize draft recommendations for OHPB   | May 25             |  |  |

| <b>Policy Option 4: Payments by PCPCH tier level</b>  |                        |                                    |                 |
|---|------------------------|------------------------------------|-----------------|
| <b>Key next steps</b>   | <b>Completion date</b> | <b>Link with other topic areas</b> | <b>Comments</b> |
| VBP and Cost TAT collaboration to develop process and identify opportunities for encouraging PCPCH payments by PCPCH tier level | March 23               | Cost                               |                 |
| Committee engagement and input  | April 30               |                                    |                 |
| Incorporate committee and public survey feedback into recommendations for OHA leadership  | May 4                  |                                    |                 |
| Finalize draft recommendations for OHPB   | May 25                 |                                    |                 |

| <b>3) Should VBPs that reduce health disparities and address the social determinants of health (SDoH) be incented for CCOs? (CCO payments to providers)</b> |                        |                                    |                 |
|---|------------------------|------------------------------------|-----------------|
| <b>Policy Option 5: Incentive payments (i.e., incorporating lump [bonus or withhold] payments) (CCO payments to providers)</b>                              |                        |                                    |                 |
| <b>Key Next Steps</b>   | <b>Completion Date</b> | <b>Link with other topic areas</b> | <b>Comments</b> |
| VBP and Cost TAT collaboration to develop process and identify opportunities  | March 23               | Cost TAT, SDOH TAT                 |                 |
| Committee engagement and input  | April 30               |                                    |                 |

|  |        |  |  |
|--|--------|--|--|
| Incorporate committee and public survey feedback into recommendations for OHA leadership | May 4  |  |  |
| Finalize draft recommendations for OHPB  | May 25 |  |  |

| <b>4) Should VBPs that foster improvements in behavioral health outcomes be incented for CCOs? (OHA payments to CCOs; CCO payments to providers)</b> |                 |                             |          |
|--|-----------------|-----------------------------|----------|
| <b>Policy Option 6:</b> Incentive payments (i.e., incorporating lump [bonus or withhold] payments) (CCO payments to providers)                       |                 |                             |          |
| Key Next Steps   | Completion Date | Link with other topic areas | Comments |
| VBP and Cost TAT collaboration to develop process and identify opportunities   | February 28     | Cost TAT, BH TAT            |          |
| Committee engagement and input   | April 30        |                             |          |
| Incorporate committee and public survey feedback into recommendations for OHA leadership   | May 4           |                             |          |
| Finalize draft recommendations for OHPB  | May 25          |                             |          |

| <b>5) What changes to data collection are necessary to track progress on and improve our understanding of VBP utilization? (CCO payments to providers)</b> |                 |                             |  |
|--|-----------------|-----------------------------|--|
| <b>Policy Option 7:</b> CCO reporting requirements: Modify/using APACs Appendix G (non-claims) reporting   |                 |                             |  |
| Key next steps   | Completion date | Link with other topic areas | Comments   |
| Identify VBP categories that will be used to track CCO progress in reaching VBP targets (per the VBP Roadmap discussions)                                  | April 15        |                             | Closely connected to Policy Option #2<br><br>Rules in effect by October 2019 |
| Decide whether modifications to APAC's Appendix G are required (which will prompt a Rules change)  | April 15        |                             |  |
| Committee engagement and input   | April 30        |                             |  |
| Incorporate committee and public survey feedback into recommendations for OHA leadership   | May 4           |                             |  |
| Finalize draft recommendations for OHPB  | May 25          |                             |  |

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|---|--|--|--|
| Manage Rules Advisory Committee (RAC) to modify APAC Appendix G | Draft January 2019; Complete RAC by March 2019 |  |  |
|---|--|--|--|

| Policy Option 8: CCO reporting requirements: Supplemental data  |                 |                             |          |
|---|-----------------|-----------------------------|----------|
| Key Next Steps  | Completion Date | Link with other topic areas | Comments |
| Identify whether supplemental data are needed to complement Appendix G for tracking CCO VBP targets (per CCO VBP Roadmap Workgroup process) | April 15        |                             |          |
| If supplemental data are needed, draft supplemental questions to be included in Exhibit L of the CCOs' financial report                     | April 15        |                             |          |
| Committee engagement and input  | April 30        |                             |          |
| Incorporate committee and public survey feedback into recommendations for OHA leadership  | May 4           |                             |          |
| Finalize draft recommendations for OHPB   | May 25          |                             |          |

| Policy Option 9: OHA CCO monitoring requirements                            |                 |                             |          |
|---|-----------------|-----------------------------|----------|
| Key Next Steps  | Completion Date | Link with other topic areas | Comments |
| Update evaluation design to incorporate baseline data obtained in late 2018 | June 1          |                             |          |