Introduction to Alternative Payment Models for Behavioral Health Providers

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COLORADO
Department of Health Care Policy & Financing

COLORADO
Behavioral Health Administration

HMA
Health Management Associates

Agenda

- Introducing Alternative Payment Models as a concept
- Getting to Value
- Alternative Payment Models Framework and models
- Readiness and challenges for behavioral health providers in APMs

Learning Objectives

Following the training, participants will be able to:

1. Explain in basic terms (during and after the training) the difference between Fee-for-Service payment and payment based on incentives.
2. Articulate how value-based payment aligns with changes to clinical approaches to improve quality for individuals served by providers.
3. Recognize alternative payment models along the Health Care Payment Learning & Action Network (HCPLAN) continuum to support understanding of future alternative payment models used by HCPF with behavioral health providers.
4. Identify potential gaps in knowledge or potential operational challenges within their organization to participate in alternative payment models .

Introducing Alternative Payment Models as a Concept

What is alternative payment and why does it matter to me?

Fee-for-Service: The Traditional Payment Model

Fee-for-service is a widely used reimbursement model where each individual service is paid for separately.

Benefits

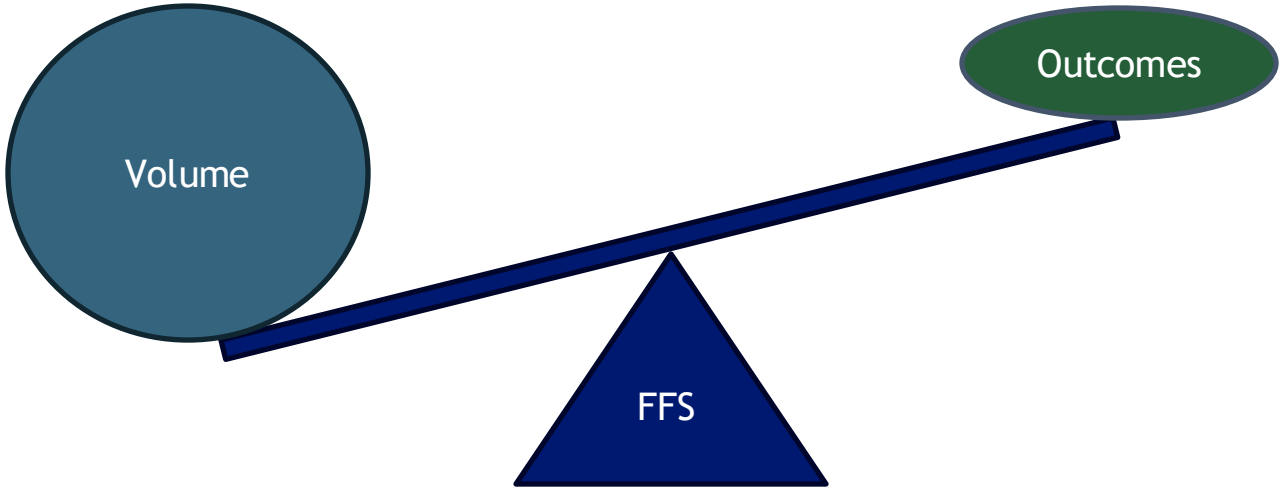
- Direct correlation between services delivered and compensation – high degree of transparency
- Incentivizes provision of high volumes of services
- Payers and providers generally have the infrastructure in place to support this payment model

Challenges

- Incentivizes volume of care over quality of care
- Payment is not tied to the desired outcome of improved health
- Incentives provision of unnecessary or ineffective care
- Does not compensate for costs not covered under a billable service, but that is necessary for quality care
- Can create barriers to using resources efficiently at the provider level

Fee-for-Service: The Traditional Payment Model (cont.)

Fee-for-service is about volume and not quality or outcomes. When patients, payers, and providers all want to focus on patient outcomes, fee-for-service reimbursement can serve as a barrier to goal.



Alternative Payment Models

Alternative Payment Models (APMs) are models that move away from paying for volume and seek to **pay for quality and outcomes**.

APMs focus on:

- Paying for value (quality) with payment incentives
- Paying for cost efficiency and cost savings
  - Being stewards of public funds
- Paying for population health

APMs achieve this by sharing financial risk and financially rewarding performance on quality and outcomes. We'll talk more about this later.

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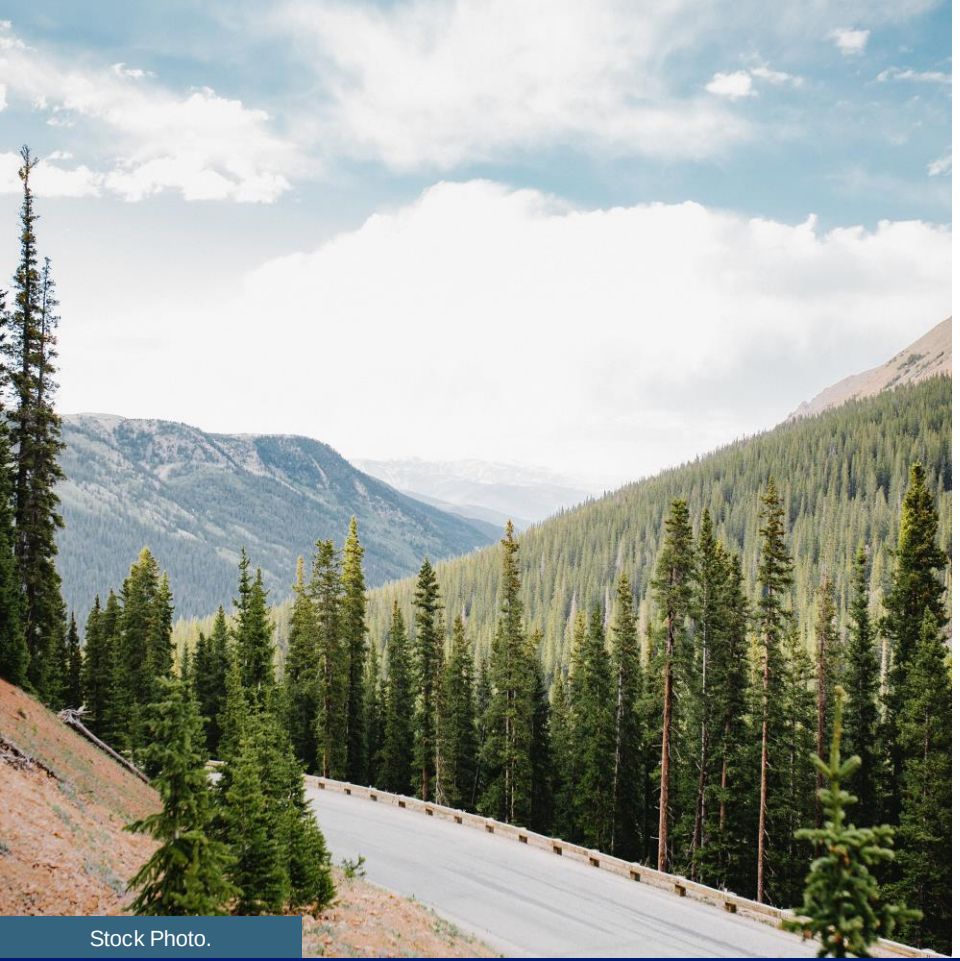
Ideas in Action #1

1. What services does your practice provide to your patients that you cannot bill for under a fee-for-service reimbursement model?

Potential Examples:
Consultations
Care Coordination
Support connecting with community resources



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Ideas in Action #2

2. What is an example of a service in health care where fee-for-service may be the best payment model and why?

Vaccines – FFS incentivizes providing high volumes of vaccines (necessary for population protection), the costs are relatively fixed, and the provider has limited influence over the outcome.

Getting to Value

What is Value?

If APMs are intended to move from paying from volume to paying for value, what is value? Today we are focusing on two types of value commonly pursued through APMs:

Outcomes

- APMs that include value-based purchasing components emphasize achieving improvements on quality, utilization, or other performance metrics.
  - These metrics are typically measured at the practice level, not the individual patient level and can include a focus on population health
- Outcomes can be defined in many ways, and can be stratified by subpopulations to support health equity

Efficiency

- APMs are frequently designed such that the provider has a financial incentive to provide care as efficiently as possible without compromising outcomes.

What is the Relationship Between Payment and Clinical Models?

Changes in payment should allow for changes in clinical models to those that are better capable of achieving the incentivized outcomes.

How can a value driven payment change clinical models?

Here are some examples:

- Team based models and different team members
- Multiple “patient engagements” in a day or week
- Measurement based care

Team-Based Care Models

Team-based Care in Behavioral Health

- Collaborative approach with unique expertise from each team member.
- Improved patient engagement and satisfaction.
- Expanded access to care with more hours of coverage and shorter wait times.
- Better addressing of patient needs with a full range of expertise.
- Positive outcomes: higher rates of active depression screening, lower rates of emergency room visits, lower rates of hospital admissions, and lower cost of care to communities.

Multiple Patient Engagements

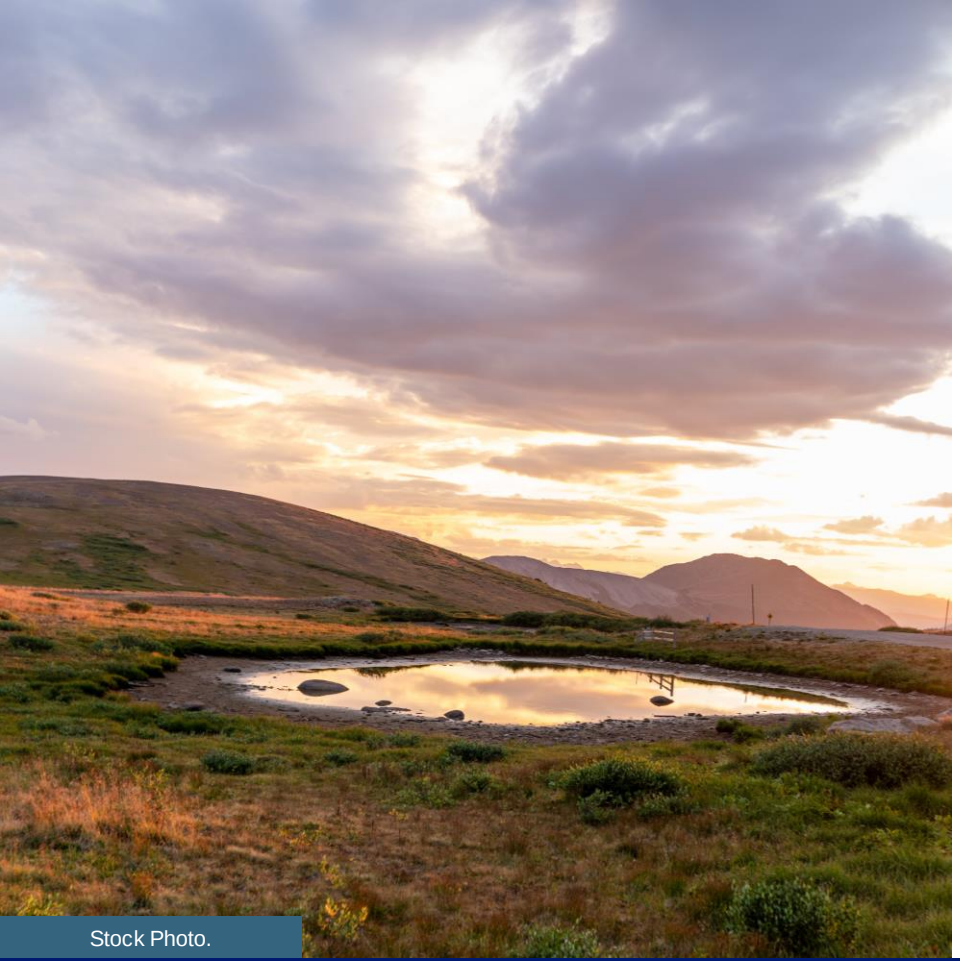
Multiple Patient Engagements

- Whereas a patient might be able to come in for a weekly visit and that visit is billable, other brief patient engagement by members of the care team may not be compensable; consequently, clinical care can be designed around a weekly visit with few to no brief patient engagements between sessions.
- Some types of APMs can support a more efficient care delivery model where there are fewer visits and more coaching or brief touch points from the broader care team.

Measurement-Based Care

Measurement-based Care

- This clinical model of care uses standardized measurements to assess behavioral health patients to inform treatment decisions
- It has been found to improve patient outcomes, enhance clinical decision making and quality of care, improves communication between the patient and providers, and demonstrates the value of treatment.
- APMs focused on outcomes instead of volume of care provided would financially reward providers for leveraging this clinical care model.



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Ideas in Action #3

1. What are your personal values that keep you working on public sector behavioral health?

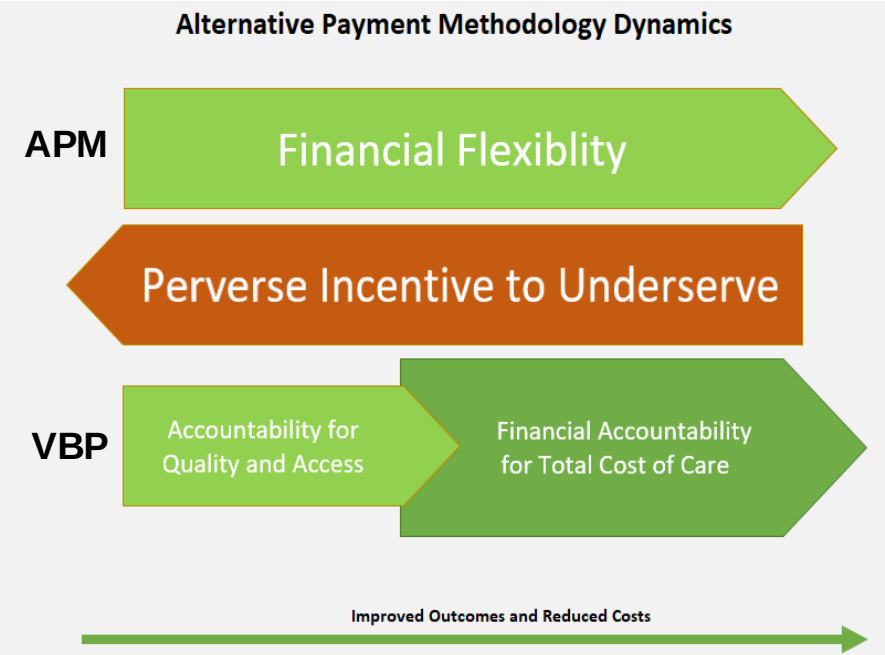
2. How do you know if your clients are getting better?

3. How does a FFS payment help or hinder patient care in your practice?

Alternative Payment Models Framework and Models

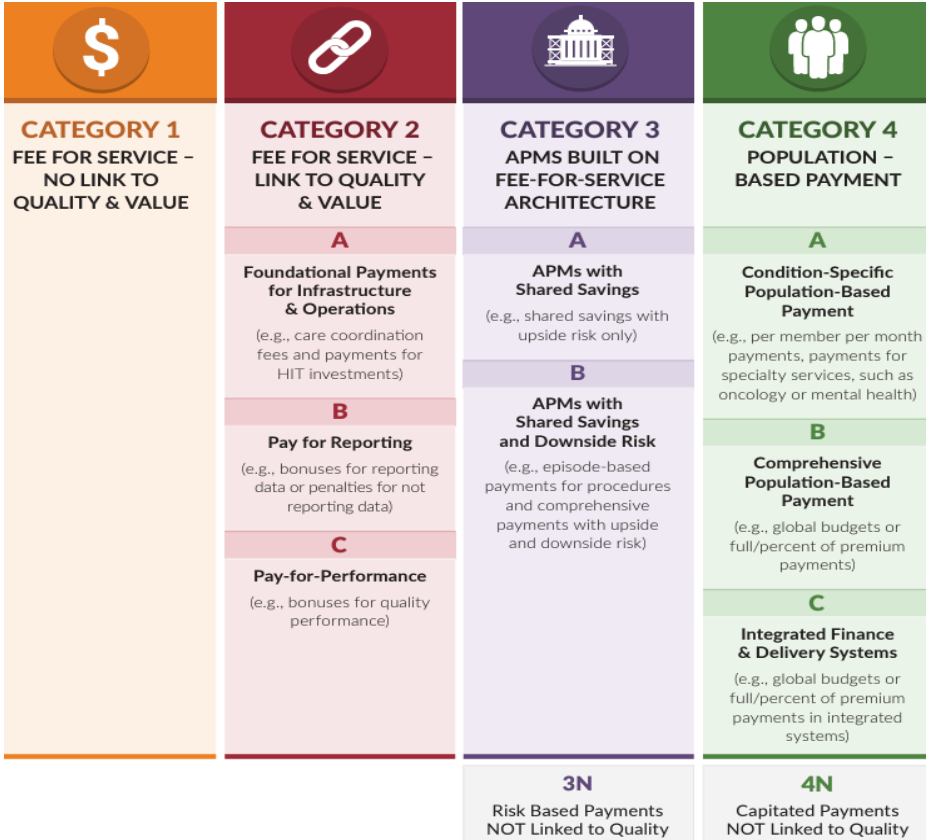
Alternative Payment Models with Value-Based Purchasing

- Increased financial flexibility achieved by moving away from fee-for-service payments allows providers to deliver care efficiently and effectively without destabilizing their revenue.
- The financial flexibility introduces perverse incentives to underserve patients; this is offset through accountability for quality and access, and potentially even accountability for total cost of care
- Payment reform is an exercise in balancing flexibility and accountability

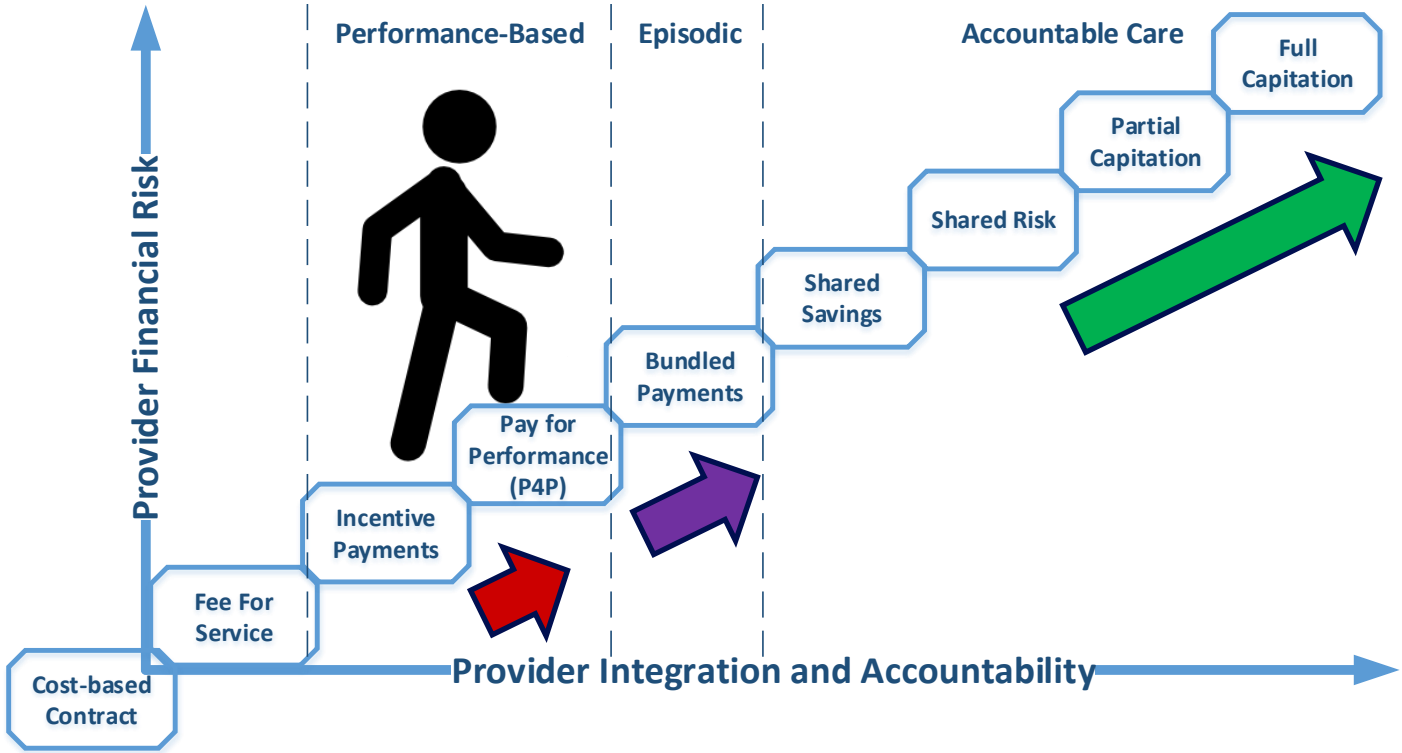


The HCPLAN Alternative Payment Model Framework

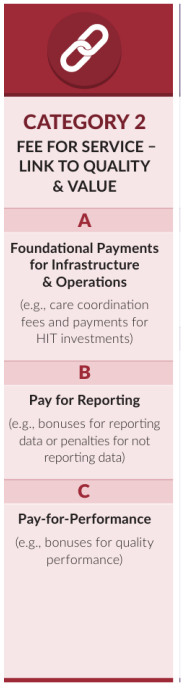
The Health Care Payment Learning & Action Network (HCPLAN) APM Framework is used nationally to categorize different types of APMs based on the scope of financial risk and attachment to quality.



Financial Risk and Accountability



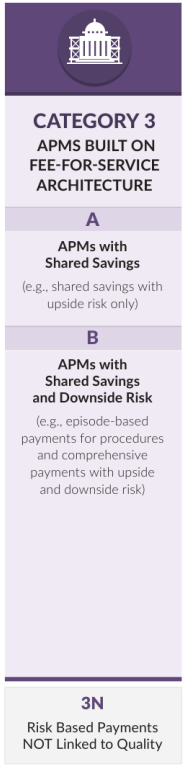
The HCPLAN Alternative Payment Model Framework (Category 2)



Category 2 models continue to rely heavily on fee-for-service but include some portion of payment that is tied to building infrastructure or paying for operational capacity, reporting, or quality incentives.

Example:
A behavioral health provider is paid on a fee-for-service basis, but additionally receives up to 3% of their total service revenue as a bonus for successfully reporting patient-level data related to social determinant of health screening.

The HCPLAN Alternative Payment Model Framework (Category 3)

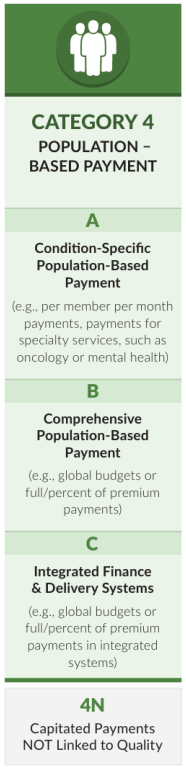


Category 3 models begin to move farther away from traditional fee-for-service by introducing incentives for cost of care management through shared savings bonuses or episode-based care or comprehensive payments.

Remember that accountability for cost of care coupled with accountability for outcomes creates the incentive to be as efficient as possible without compromising quality or patient outcomes.

Example:
A behavioral health provider is paid on a fee-for-service basis but can earn up 25% of the reduction in total cost of behavioral health care for their attributed population as an incentive.

The HCPLAN Alternative Payment Model Framework (Category 4)

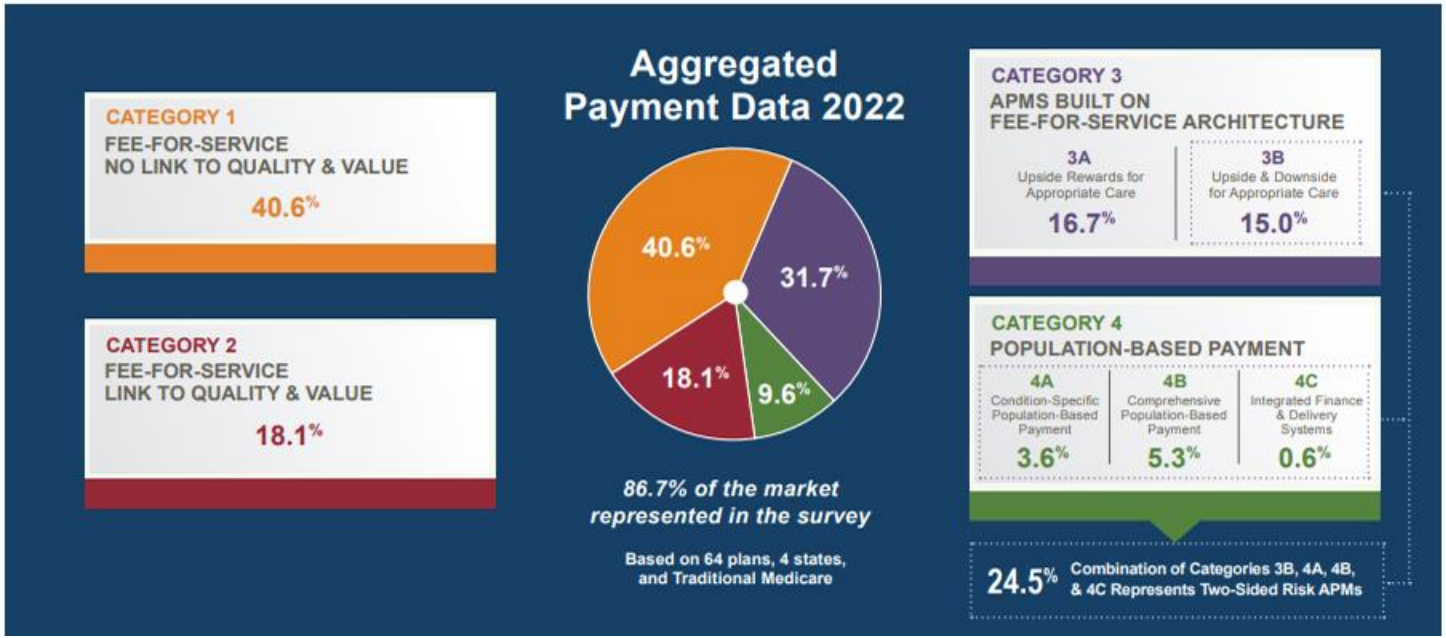


Category 4 models are the least like fee-for-service in that payment is received regardless of the actual services utilized. Providers take on financial risk for the populations participating in this model. If the costs of addressing patients' needs exceeds the funding provided, the provider is responsible for absorbing those costs. If the costs are lower, the provider retains some or all of the difference.

Example:
A provider is paid a per-member-per-month payment for every patient attributed to their practice. The provider must fully address the health care needs of their attributed patients regardless of if the costs are higher or lower than the revenue received.

The HCPLAN Alternative Payment Model Framework (cont.)

HCPLAN 2022 National Survey Summary



Clinical Care Transformation Where an APM May Be Effective

Wisconsin Individual Placement and Support (IPS) for Behavioral Health and Individuals with Developmental Disabilities

The IPS model is a supported employment model that helps people with mental health and substance use disorders find and keep jobs of their choosing under the theory that employment is treatment that will lead to improved recovery outcomes.

APM Considerations:

- Services not traditionally reimbursable under FFS
- Focus on clinical outcomes not volume of services provided

- The payment model used for this program includes a combination of fee-for-service payments and outcomes-based payment for things such as successful job placement or duration of job retention.
- In the HCPLAN framework, the payment model is category 2.

Clinical Care Transformation Where an APM May Be Effective (cont.)

Washington Collaborative Care

- **Collaborative Care** is an integrated care model developed at the University of Washington, designed to treat common mental health conditions in medical settings like primary care.
- The treatment plan focuses on measurement-based treatment to target, ensuring the patient's goals and clinical outcomes are met. It involves a team of providers including Primary Care Providers (PCP), Behavioral Health Care Managers (BHCM), and a Psychiatric Consultant.
- CoCM has been tested in over 90 randomized controlled trials and is known for significantly better clinical outcomes, greater patient and provider satisfaction, improved functioning, and reduced health care costs.

APM Considerations:

- Team-based approach where not all members of the team would be able to bill in a FFS model
- Focus on clinical outcomes not volume of services provided

- CoCM uses a variety of payment models such as stipend payments, fee-for-service, and quality incentives.
- The different models collectively span HCPLAN categories 2 and 3.

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Ideas in Action #4

1. What APM participation opportunities have you had as a provider?

2. What worked and what has been challenging?

Readiness and Challenges for Behavioral Health Providers in APMs

Readiness for APMs

APMs represent a paradigm shift from fee-for-service:

- Stepwise transition – movement to APMs will likely occur in phases with each phase building on the one prior
- Payment changes should mean clinical model and service delivery changes
- APMs with value-based purchasing include quality measurement and require getting the quality measures right
- Infrastructure may be required to demonstrate performance on quality measures and to change clinical process flows. (E.g., electronic medical record reporting capability upgrades)
- Providers must understand the payment model and related financial risks to advocate and negotiate with MCEs

Stepwise Transition

What action steps will practices need to take to develop a stepwise transition plan?

- ❑ Coordinate with payers to identify key milestones for APM implementation (ability to report quality date, readiness for different levels of financial risk, care delivery transformation, etc.)
- ❑ Develop short- and long-term implementation plans that take into account infrastructure, capacity, resources available from payers and other sources, etc.

Clinical Model and Service Delivery Changes

What action steps will practices need to take to prepare for clinical model and service delivery changes?

- ❑ Assess current clinical models and service delivery processes
- ❑ Align services with value-based care objectives
- ❑ Redesign care models to focus on efficiency, patient outcomes, and cost-effectiveness

Quality Measurement, Reporting, and Improvement

What action steps will practices need to take to prepare for quality measurement, reporting, and improvement?

- ❑ Identify relevant quality measures applicable to their practice.
- ❑ Implement systems for tracking and reporting these measures accurately.
- ❑ Train staff on the importance of these measures and how they impact care.

Infrastructure

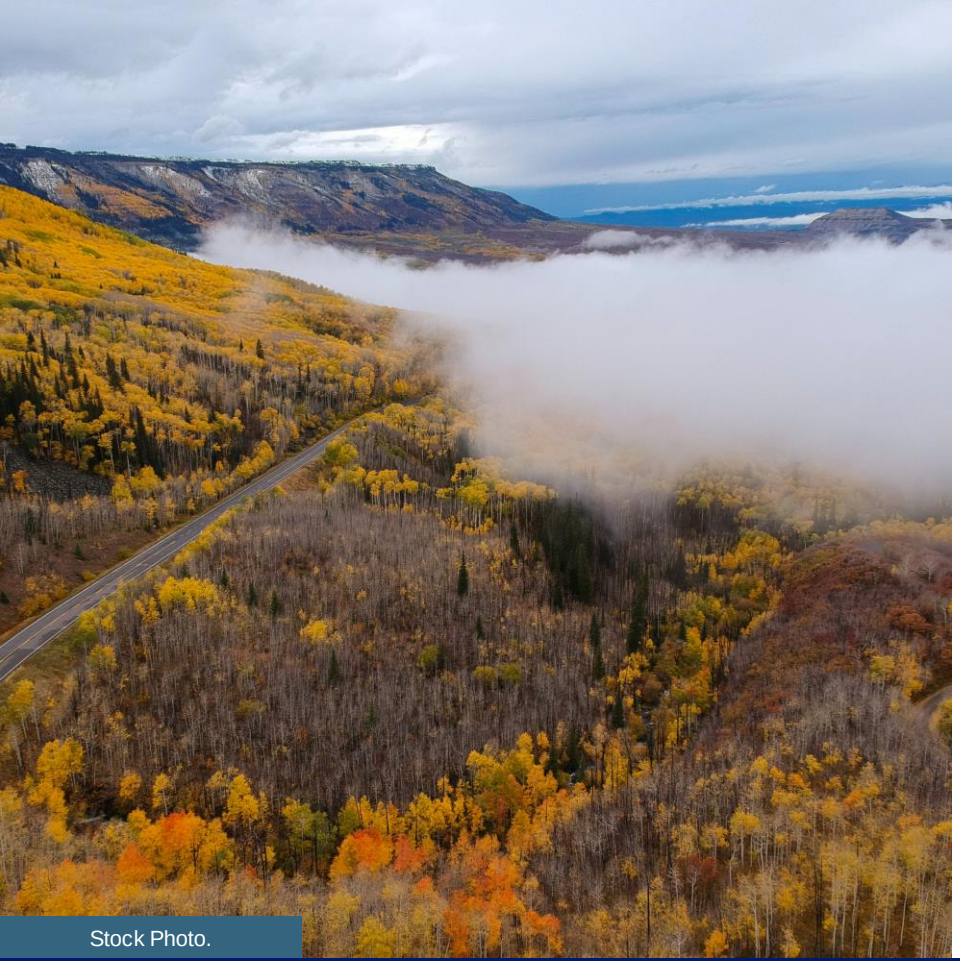
What action steps will practices need to take to prepare for APM infrastructure requirements?

- ❑ Identify system and staffing requirements to implement transformed clinical model, quality improvement strategies, reporting requirements, or any other financial or oversight requirements.
- ❑ Conduct a gap analysis of current infrastructure relative to future needs
- ❑ Develop an infrastructure implementation plan

Financial Management

What action steps will practices need to take to prepare for financial management under an APM?

- ❑ Key staff train on all aspects of the payment models available
- ❑ Assess organization's ability to take on financial risk for performance
- ❑ Assess impact on cashflow when transitioning from FFS to an APM
- ❑ Assess the costs of implementing all necessary infrastructure to success under the APM
- ❑ Identify financial metrics to monitor during and after APM implementation that can inform recalibration to maintain high performance or solvency



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Ideas in Action #5

1. What challenges do you anticipate your organization would face participating in APMs?

2. What supports could you ask insurance carriers for to help mitigate these challenges?

To better inform our future trainings and request topics for office hours, please complete this short survey. Use the QR code or short URL to access it. Your feedback is important. Thank you!

https://bit.ly/bhprovidertrainingsurvey

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Appendix A: Additional Resources

- **Office Hours**
  Office Hour are offered on the last Friday of every month (through September 2024) at noon MT! Please visit the HCPF Safety Net Landing Page for details & registration information.
- **Listserv**
  Join the Listserv to receive notifications of trainings, technical assistance, and other stakeholder engagement opportunities: Register Here
- **HCPF Safety Net Provider Website**
  Visit the website for details on upcoming training topics and announcements, training recordings and presentation decks, FAQs and more: https://hcpf.colorado.gov/safetynetproviders
- **TTA Request Form and E-Mail**
  Request TTA support or share your ideas, questions and concerns about this effort using the TTA Request Form or e-mail questions and comments to: info@safetynetproviders.com

Appendix B: References

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