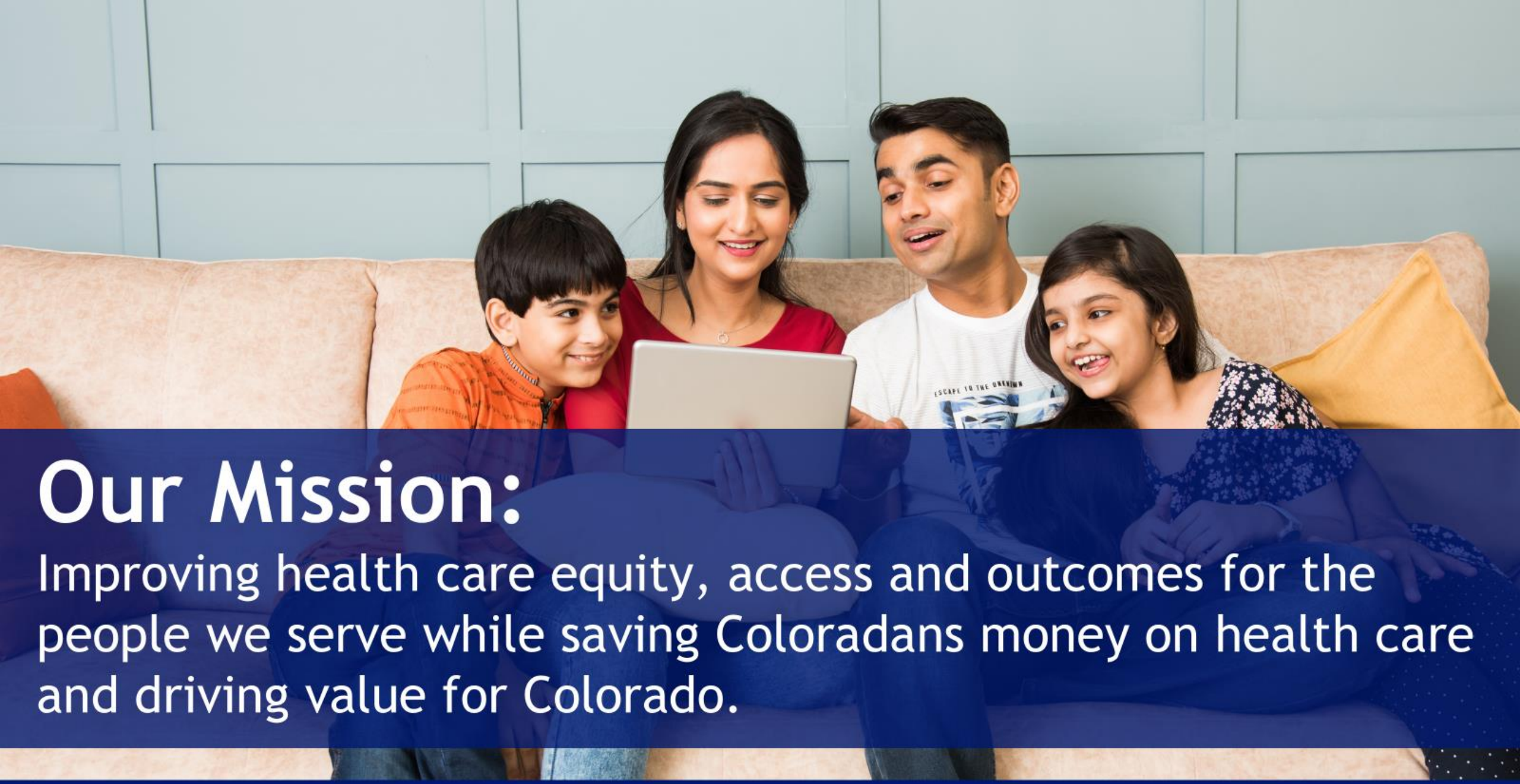
New Maternity APM Design Review Team

Session 6 – Payment

August 22, 2024



Our Mission:

Improving health care equity, access and outcomes for the people we serve while saving Coloradans money on health care and driving value for Colorado.

Agenda

1. Welcome and Updates
2. Level-Setting: Perinatal Journey and Aligning Outcomes and Payment
3. Payment Mechanism Descriptions and Examples
    - Fee-For-Service (FFS)
    - Shared Savings
    - Prospective Payment (PMPM)
4. Looking Ahead

Today's Objectives

1. Understand the importance of identifying payment mechanisms that support the achievement of outcomes at each phase of the perinatal journey

2. Discuss various payment mechanism options for the new Maternity APM and the pros, cons, considerations at each phase of the perinatal journey

3. Understand how reconciliation occurs in different payment scenarios

1. Welcome and Updates

The Maternity APM Team

Kathleen Le
Maternity Lead

Anoushka Millear
Maternity Co-Lead

Lauren Bell
Design Review Team
Lead Facilitator

Kimberly Phu
Design Review Team
Supporting Facilitator

Suman Mathur
Design Review Team
Supporting Facilitator

Katey Ortlieb
Maternity Support Team Lead

Francois de Brantes
Maternity Support Team Co-Lead

Aaron Beckert
Maternity Support Team

Lyle Roddey
Maternity Support Team

Activity 1: Icebreaker

What is your favorite thing you've read, listened to, or watched recently?

Approval of DRT 5 Meeting Minutes

By **end of day Friday, August 23**, please email the Stakeholder Engagement team at HCPF_VBPStakeholderEngagement@state.co.us with:

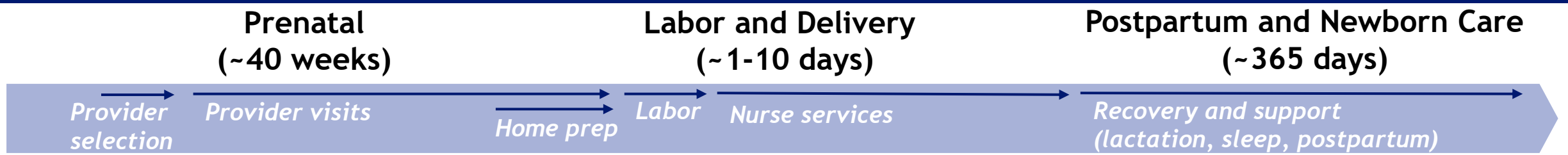
- Any proposed changes to the meeting minutes, for example correcting misinterpreted comments
- Any objections to posting a de-identified, abbreviated version of the minutes to the Maternity APM website (publicly accessible)

DRT Meeting Schedule and Topics

	Date	APM Framework Component	Maternity DRT Topic (Subcomponent)
	May 23	DRT Kick-off	How will we interact? What is the DRT? What are the expectations? Why are we creating a new maternity APM? What is the "North Star" goal?
	June 13	Goals and Objectives	What are we trying to achieve through the maternity APM?
	June 27	Quality Measurement	How will performance be measured to align with the program goals?
	July 25	Target Setting	How will performance be measured?
	August 8	Quality Model	How will performance be measured?
Today!	August 22	Payment Model	How will providers be paid?
	September 12	Performance Improvement and Program Sustainability	What information is needed for providers to be successful? What types of support will be needed to sustain the program?
	~~September 19~~	~~Calendar Hold (Use If Needed)~~	~~N/A~~

2. Level-Setting: Perinatal Journey and Aligning Outcomes and Payment

Perinatal Patient Journey



Outcomes that can be attributed to a phase of care

Goal 1: Improve the medical and behavioral health outcomes of every pregnant/postpartum person and newborn if applicable and corresponding objectives

- Timeliness of prenatal care
- Prenatal depression screenings and follow-up
- Reduce incidence of low birth weight
- Monitor weeks of gestation

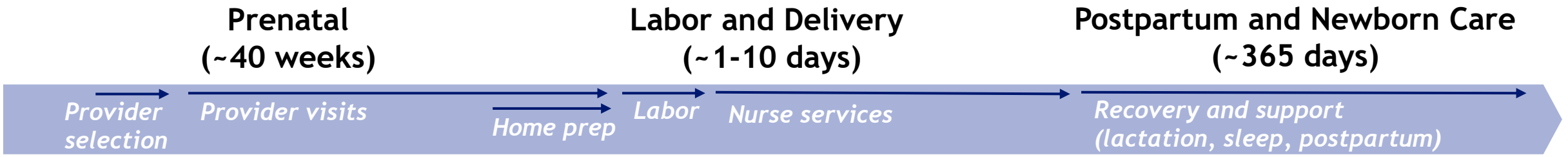
- Reduce low-risk cesarean sections
- Increase vaginal birth after cesarean (VBAC) delivery rate
- Reduce unexpected complications in term newborns
- Reduce incidence of severe maternal morbidity

- Timeliness of postpartum care
- Postpartum depression screenings and follow-up
- Monitor the use of postpartum contraceptive care
- Improve follow-up care in the first year after delivery *(Goal 2)*

Outcomes that can be attributed to the entire perinatal journey

- **Goal 2: Increase access, community, and social support for pregnant/ postpartum persons and corresponding objectives**
- **Goal 3: Enhance member experience for pregnant/postpartum persons and corresponding objectives**
- **Goal 4: Develop a program that enhances provider participation, experience, and value and corresponding objectives**

Perinatal Patient Journey Care Teams



Who is involved in each phase of the pregnancy?

Perinatal Team:
- Midwife, Obstetrician (OB), Doula, Social Worker, Care Coordinator, Community-Based Organizations (CBO)

Primary Care Team:
- Primary care providers (PCP) for all medical co-morbidities

Behavioral Health/Mental Health Team:
- Specialist for any substance use disorder (SUD), depression, or mental health condition

Perinatal Team:
- Midwife, Doula, OB

Facility Team:
- Nurses, Pediatrician, Social Worker, Care Manager, Anesthesia, Neonatologist

Perinatal Team (~60 days after delivery):
- Midwife, Doula, OB – postpartum check, transition to PCP

Primary Care Team:
- PCP for balance of postpartum period

Behavioral Health/Mental Health Team:
- Specialist for any SUD, depression, or mental health condition

Newborn Team:
- Pediatrician or neonatologist for newborn care

Payment Mechanisms

Fee-For-Service (FFS)

Description

- Providers are reimbursed for each service they deliver
- Each service has a defined cost, which is then billed to the patient or their insurer upon service delivery
- Providers are reimbursed regardless of outcome

Shared Savings

Description

- Goals incentivize providers to excel in care delivery
- Providers receive shared savings payments when they exceed performance targets based on quality and cost thresholds set prior to performance period
- Paid retrospectively, after quality and cost calculations are completed

Per Member Per Month (PMPM)

Description

- Incentivize efficient and effective care delivery
- Upfront payments to manage care for a defined set of patient procedures
- Typically, providers receive a preset fee (i.e., PMPM) for a complete episode of care

Linking Quality to Payment

Example

Quality Model

Quality Measures

Meeting standards / goals for a set of measures:

- *Low birth weight*
- *Severe maternal morbidity*
- *Postpartum depression screening*
- *Nulliparous, term, singleton, vertex (NTSV) cesarean delivery*

Additional Requirements

Participation in care coordination initiatives:

- *Transitions in care*
- *Community-based organization participation*
- *Timely reporting*
- *Communication between provider teams*

→

Perinatal Fee-for-Services (FFS) Payment

Payment for the maternity code set, including:

- Prenatal Visits
- Labor and Delivery
- Postpartum Care
- Newborn Care

Triggers →

Shared Savings

Payment contingent on reduction of costs from:

- Entire Perinatal episodes
- Episodes by different perinatal phases

Triggers →

Prospective Per Member Per Month (PMPM) Payment

Payment based on reconciliation results:

- Keep the differences between PMPM payments and shadow-billed payments
- Recoup the differences between PMPM payments and shadow-billed payments

Triggers →

Other Payments

- One time/lump sum conditional incentive payments
- Mix of a few payment mechanisms
- Others

3. Payment Mechanism Descriptions and Examples

Fee-For-Service (FFS)

Traditional Fee-For-Service (FFS)

Description

- Providers are reimbursed for each service they deliver
- Each service has a defined cost, which is then billed to the patient or their insurer upon service delivery
- Providers are reimbursed regardless of outcome

Advantages

- **Timeliness** - Immediate reimbursement for services rendered.
- **Familiarity** - FFS payment model is widely used and accepted by US health care payers and providers.

Disadvantages

- **Overutilization** - Payers may perceive unnecessary services are being performed to maximize reimbursement.
- **Fragmented billing** - Each service is billed separately, resulting in administrative complexity.
- **Lack of outcome focus** - FFS pays for services regardless of outcomes. Quality improvement may take a back seat to volume of services provided. However, providers may not perform certain services if they know they will not be reimbursed.

Other Considerations

- **Global billing** - Delays data collection and reimbursement until postpartum care visit occurs.
- Does not incentivize improved quality performance.

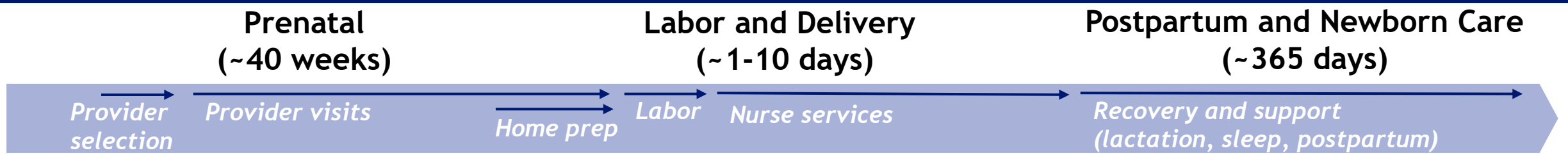
Example Scenario: FFS

Practice X performs 1,800 deliveries with no gating criteria (e.g., quality measures, performance measures)

CPT Code	Visits	Jan 2024 HCPF Fee Schedule	Total Payment
59400 – Routine obstetric care including antepartum care, vaginal delivery (with or without episiotomy and/or forceps) and postpartum care	500	$1684.07	$842,035
59510 – Routine obstetric care including antepartum care, cesarean delivery and postpartum care	500	$1906.00	$953,000
59610 – Routine obstetric care including antepartum care, vaginal delivery (with or without episiotomy and/or forceps) and postpartum care, after previous cesarean delivery	500	$1811.26	$905,630
59618 – Routine obstetric care including antepartum care, cesarean delivery and postpartum care, following attempted vaginal delivery after previous cesarean delivery	300	$1983.46	$595,038
Total Payment Received			**$3,295,703**

Practice X receives FFS payment of $3,295,703

FFS in Each Phase of Pregnancy



Outcomes that can be attributed to a phase of care

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- Timeliness of postpartum care
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- Improve follow-up care in the first year after delivery *(Goal 2)*

Outcomes that can be attributed to the entire perinatal journey

- **Goal 2: Increase access, community, and social support for pregnant/ postpartum persons and corresponding objectives**
- **Goal 3: Enhance member experience for pregnant/postpartum persons and corresponding objectives**
- **Goal 4: Develop a program that enhances provider participation, experience, and value and corresponding objectives**

Discussion: What are some challenges in achieving prenatal phase outcomes through FFS?

Prenatal (~40 weeks)

Outcomes that can be attributed to a phase of care

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- Prenatal depression screenings and follow-up
- Reduce incidence of low birth weight
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Who is involved in the prenatal phase?

Perinatal Team:
- Midwife, OB, Doula, Social Worker, Care Coordinator, CBO

Primary Care Team:
- PCP for all medical co-morbidities

Behavioral Health/Mental Health Team:
- Specialist for any SUD, depression, or mental health condition

Discussion: What are some challenges in achieving labor and delivery phase outcomes through FFS?

Labor and Delivery (~1-10 days)

Outcomes that can be attributed to a phase of care

- Reduce low-risk cesarean sections
- Increase VBAC delivery rate
- Reduce unexpected complications in term newborns
- Reduce incidence of severe maternal morbidity

Who is involved in the labor and delivery phase?

Perinatal Team:
- Midwife, Doula, OB

Facility Team:
- Nurses, Pediatrician, Social Worker, Care Manager, Anesthesia, Neonatologist

Discussion: What are some challenges in achieving postpartum phase outcomes through FFS?

Postpartum and Newborn Care (~365 days)

Outcomes that can be attributed to a phase of care

- Timeliness of postpartum care
- Postpartum depression screenings and follow-up
- Monitor the use of postpartum contraceptive care
- Improve follow-up care in the first year after delivery *(Goal 2)*

Who is involved in the postpartum phase?

Perinatal Team (~60 days after delivery):
- Midwife, Doula, OB – postpartum check, transition to PCP

Primary Care Team:
- PCP for balance of postpartum period

Behavioral Health/Mental Health Team:
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Newborn Team:
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Shared Savings

Shared Savings

Description

- Goals incentivize providers to excel in care delivery
- Providers receive shared savings payments when they exceed performance targets based on quality and cost thresholds set prior to performance period
- Paid retrospectively, after quality and cost calculations are completed

Advantages

- **Improved patient outcomes** - Shared savings incentivizes health care providers to focus on preventative care, care coordination, and patient satisfaction, which can lead to better health outcomes.
- **Cost savings** - By emphasizing preventative care and reducing utilization of unnecessary services, costs reduction can occur.

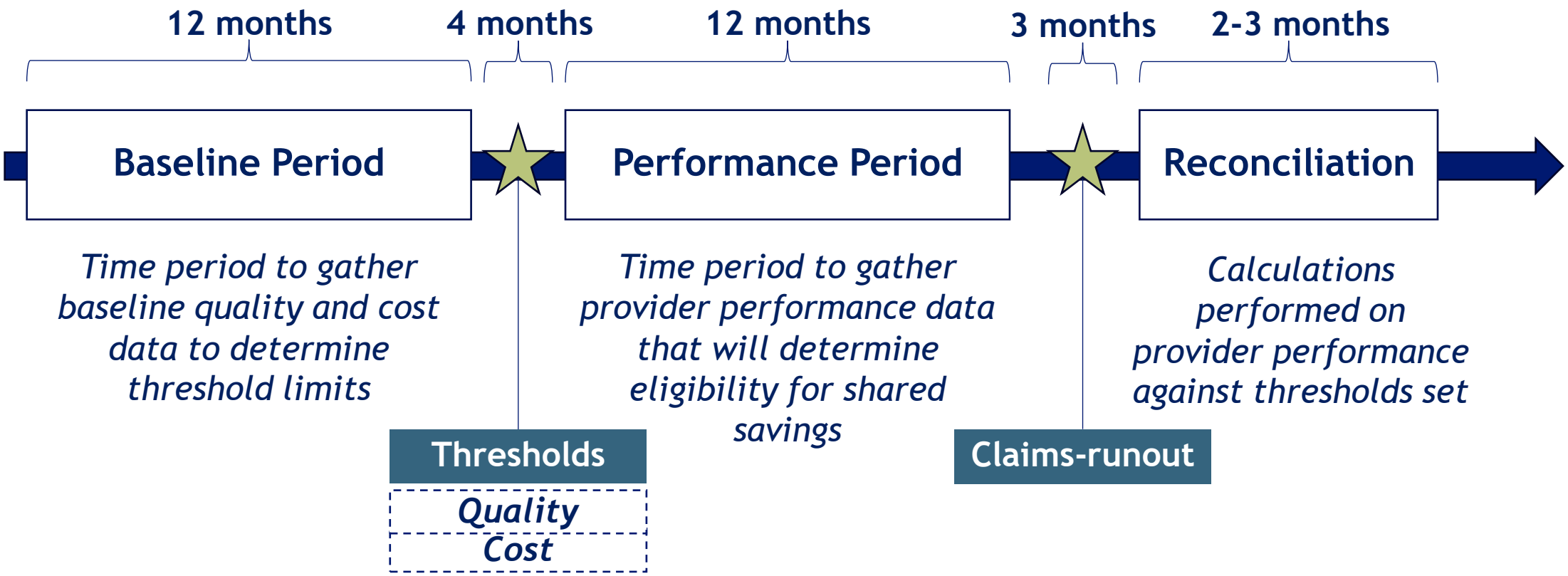
Disadvantages

- **Delayed payment** - Reconciling actual performance against cost and quality thresholds is performed retrospectively after the performance year, so payment to providers is delayed.
- **Financial risk - P**roviders can be hesitant/reluctant to participate if there is a potential for downside financial risk.
- **Complex implementation** - Implementing shared savings requires robust data sharing, performance measurement, and care coordination.

Other Considerations

- A new program *could* be **upside risk only**, meaning providers would not assume financial risk.
- The Current Maternity Bundled Payment Program follows a shared savings model, so HCPF has familiarity with this model type.

Example Scenario: Shared Savings



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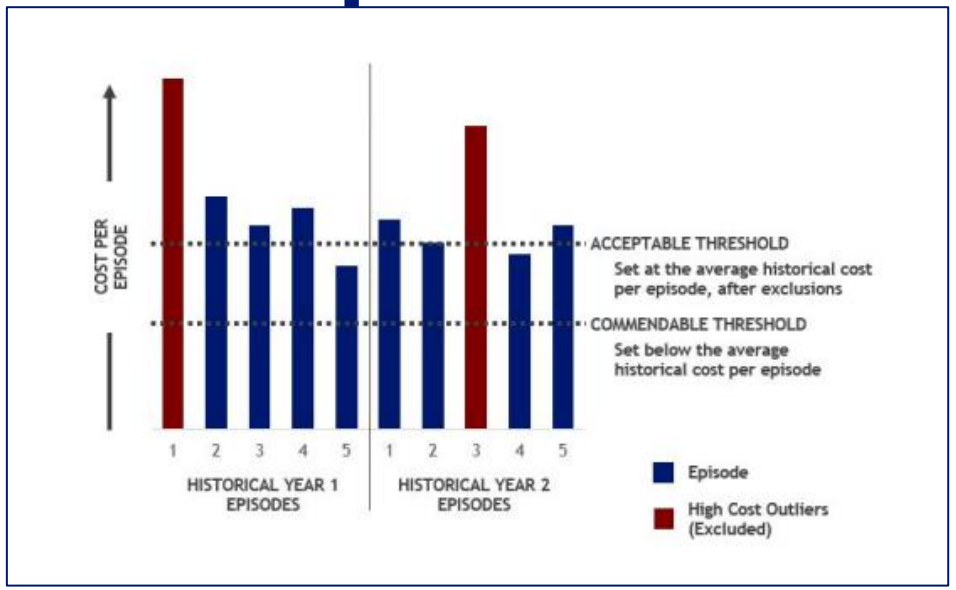
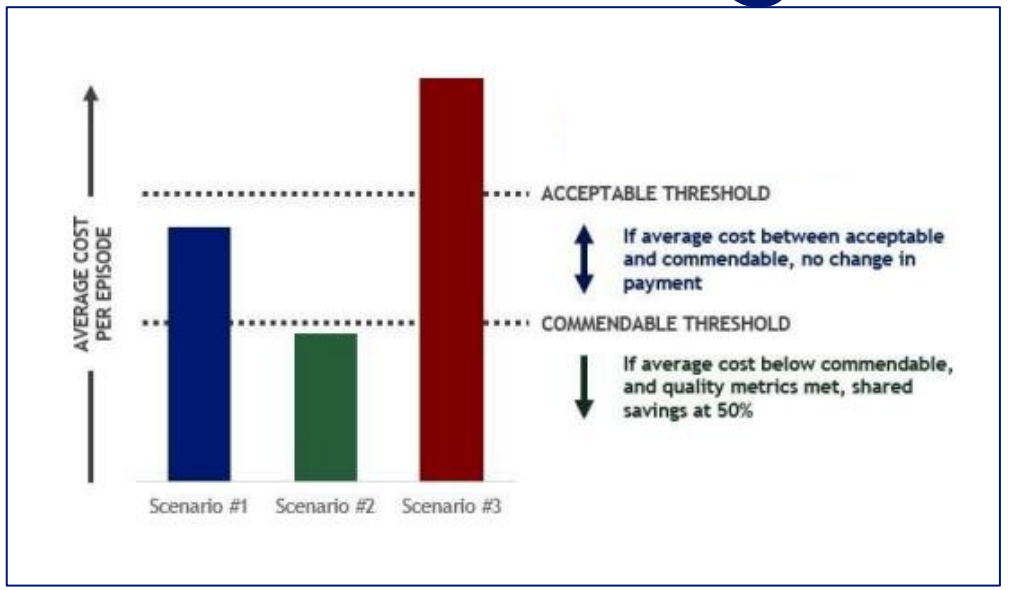
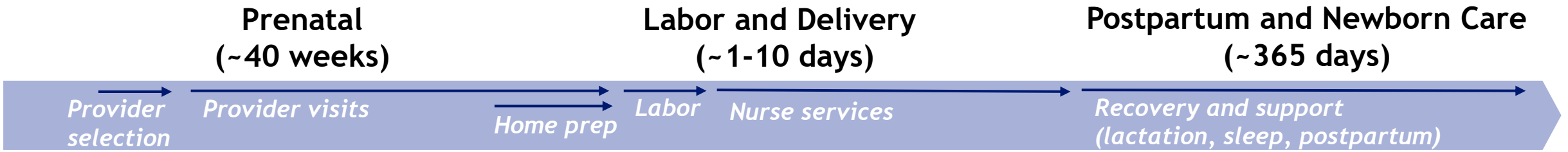




Providers	Commendable Cost Threshold	Acceptable Cost Threshold	Average Episode Cost	Threshold Performance	Shared Savings?
Provider A	$9,050	$9,500	$8,900	Commendable	Eligible
Provider B	$8,500	$9,200	$9,100	Acceptable	Not-Eligible
Provider C	$10,600	$10,800	$10,200	Commendable	Eligible

Shared Savings in Each Phase of Pregnancy



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Discussion: How does shared savings support or not support the ability to achieve prenatal phase outcomes?

Prenatal (~40 weeks)

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Discussion: How does shared savings support or not support the ability to achieve labor and delivery phase outcomes?

Labor and Delivery (~1-10 days)

Outcomes that can be attributed to a phase of care

- Reduce low-risk cesarean sections
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Who is involved in the labor and delivery phase?

Perinatal Team:
- Midwife, Doula, OB

Facility Team:
- Nurses, Pediatrician, Social Worker, Care Manager, Anesthesia, Neonatologist

Discussion: How does shared savings support or not support the ability to achieve postpartum phase outcomes?

Postpartum and Newborn Care (~365 days)

Outcomes that can be attributed to a phase of care

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Break

Per Member Per Month (PMPM)

PMPM Payments

Description

- Incentivize efficient and effective care delivery
- Upfront payments to manage care for a defined set of patient procedures
- Typically, providers receive a preset fee (i.e., PMPM) for a complete episode of care

Advantages

- **Stabilization** - Investing/budgeting can become more predictable and stable for provider practices when receiving upfront, preset payments for managing a defined set of patient procedures.
- **Incentivized coordination** - Providers are financially motivated to coordinate care effectively, which can improve patient outcomes and reduce unnecessary services.

Disadvantages

- **Risk of underpayment** - If the preset fee does not adequately cover the actual costs of care, providers may face financial strain.
- **Lack of flexibility** - Prospective payments limit flexibility in responding to unexpected complications or variations in patient needs.

Other Considerations

- **Provider practice size** - Varying provider practice patient populations can impact preset payments.

PMPM Payments

100% Fee-For-Service (FFS)

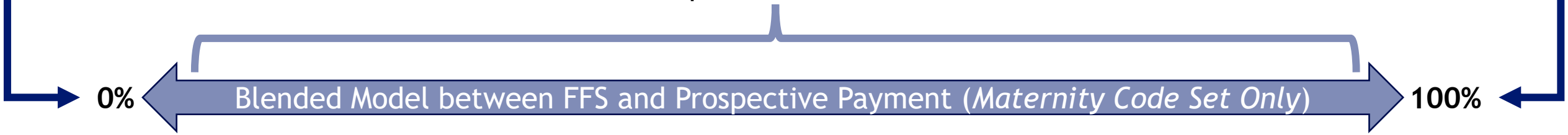
- Providers are paid for each individual service rendered
- Payments are based on type and complexity of services provided using the predetermined fee schedule
- 1:1 link between volume and payment

Partial Prospective Payment

- Providers receive a fixed payment (based on predetermined rates) for providing care
- Prospective payments are advance payments for **some** of the FFS revenue that a provider would have received
- FFS rates for the maternity code set are adjusted based on the % Prospective Payment that a provider selects

100% Prospective Payment

- Providers receive a fixed PMPM payment (predetermined by HCPF) for providing care
- Prospective payments are advance payments for **all** of the FFS revenue that a provider would have received
- Maternity code set claims are shadow billed by the provider, but not reimbursed via FFS



Example Scenario: Prospective Payment

*Practice X (1,800 members) decides to take a 50% **prospective payment** at $76.29 Per-Member-Per-Month*

Prospective Payment Calculation*

1,800 (Number of Members) × 12 (Months) × $76.29 (Rate) = $1,647,851.50 (Prospective Payment)

*Values are for example only.

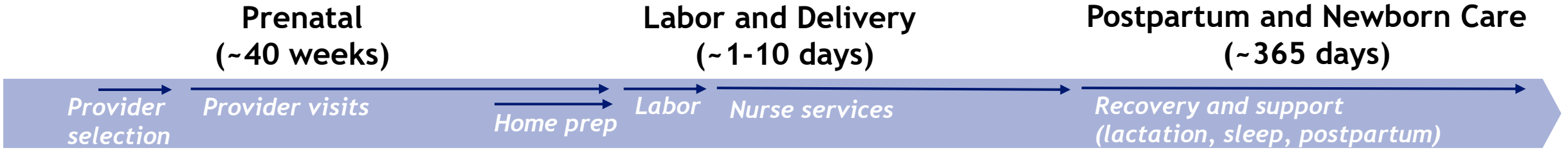
Practice X received 50% prospective payment of FFS rates.

Practice X will recoup the remaining 50% FFS rates at reconciliation.

Reconciliation

- $1,647,851.50 (Initial 50% PMPM paid)
- $3,295,703.00 (FFS Shadow Price)
- $1,647,851.50 (Remaining 50% owed to providers)

PMPM in Each Phase of Pregnancy



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Comparing Different Payment Types

	FFS	Shared Savings	PMPM
Payment Type	Volume-based	Value-based	Value-based
Payment Timing	Immediate (1-2 week lag)	Retrospective (4-6 month lag)	Prospective
Payment Frequency	Per service	Annual	Monthly
Relationship with FFS	N/A	Built-upon	Built-upon (Requires shadow billing)
Impact on Revenue	N/A	Additional/Add-on	Replacing FFS (Partial or total)
Provider Admin Burden	FFS Billing	FFS Billing	FFS Shadow Billing
Quality Model	None	Yes	Yes
Reconciliation	No	Yes (compare actual cost with target cost)	Yes (compare actual payment with shadow billing amount)

4. Looking Ahead

Up Next

- **Optional Office Hours:** Thursday, August 29 from 7:30-8:30 a.m.
- **Next DRT Session**: Thursday, September 12 from 7:30-9:30 a.m.
- **Topic:** Performance Improvement and Program Sustainability
- **Resources:** To be sent via email

For questions or to provide written feedback, please email HCPF_VBPStakeholderEngagement@state.co.us

Thank you!