Waiver Project – Value-based Payment in Smaller Health Care Markets

Contact Information	*Claudia Sanders, 206-216-2508 claudias@wsha.org* *Which organizations were involved in developing this project suggestion?* *Washington State Hospital Association*
Project Title	**Project Title: Promoting Value-based Payment in Smaller Health Care Markets**

Rationale for the Project

Smaller health care markets often lack the infrastructure and capacity to successfully move to value-based payments (VBP) for complex episodes of care. As a result, as the payment system changes, Medicaid patients in smaller communities may be disadvantaged in accessing timely and high-quality care when compared to their urban counterparts.[i] For VBP to be successful in smaller communities, a system is needed which links smaller hospitals and providers that can perform non-surgical interventions/assessments with larger institutions that have the resources to perform complex surgeries. Linking these different provider settings supports the transformation of geographically broad VBP networks, allowing patients to receive appropriate care in their community while reducing health care costs.

The Washington State Health Care Authority aims to drive 80 percent of all state-financed health care to VBP by 2020. To achieve this aim, health systems must be able to provide a continuum of services including preventative care, health assessments, pre-surgical care, complex surgical interventions and post-surgical recovery. Large urban health systems have the infrastructure and capacity to provide this continuum of services and are well situated to participate in VBP models.

Hospitals and providers in smaller health care markets are not going to be centers of excellence for specialty care. Importantly, though, they have the resources to provide many important services that are part of the continuum, even though they are not positioned to provide higher level surgical services. Some of these hospitals and providers lack linkages to larger health systems that do provide those services. Compounding issues further, these small health care markets may not be attractive to larger health systems due to low patient volumes. This disconnect disadvantages Medicaid patients in these areas from accessing timely, high-quality care and cost-effective care, when possible close to home.

Access to a continuum of high-quality medical services driven by VBP should be available to all Washington residents and Medicaid patients regardless of geographical setting. If a new system can be implemented, it will achieve the federal objectives for Medicaid by improving health outcomes for Medicaid and low-income populations, especially those in rural areas by increasing the efficiency and quality of care through transformed delivery networks.

Project Description

Which Medicaid Transformation Goals are supported by this project/intervention? Check box(es)

- ✓ Reduce avoidable use of intensive services
- ✓ Improve population health, focused on prevention
- ✓ Accelerate transition to value-based payment
- ✓ Ensure Medicaid per-capita growth is below national trends

Which Transformation Project Domain(s) are involved? Check box(es)

- Health Systems Capacity Building
- ✓ Care Delivery Redesign
- Population Health Improvement – prevention activities

This demonstration project will create a system to allow hospitals and providers in smaller health care markets to demonstrate they can provide high quality patient services on key elements of the care continuum that can be used by urban referral centers for pre and post care needs. The project will establish relationships with hospitals in urban settings to support a continuum of care as part of a VBP bundle. The system will allow hospitals and providers in smaller health care markets to attest to and be credentialed on clinical elements (i.e., pre and post-surgical care) that are part of VBP bundles. Linkages among providers will be promoted by development of a web-based system. Larger health systems will be encouraged to establish relationships with hospitals that are part of the system for the purpose of identifying ways to provide portions of an episode of care for patients in their own community.

To support this work, the project lead will create a process to allow larger health systems to outline clinical expectations and provide training on clinical elements necessary to participate in a VBP bundle. Smaller health systems would be encouraged to participate in these trainings.

This project supports Washington's Medicaid Transformation waiver by creating a system to accelerate the transition to VBP models to providers for Medicaid and low-income patients who reside in small or rural communities while maintaining access to specialty services. If successful, the demonstration project will improve health and reduce health care costs by allowing patients to receive portions of an episode of care in their community.

As outlined above, this project supports the state's transformation work by specifically targeting regions of the state or sub-populations that are older, more diverse and financially insecure. As of 2012, one million Washington residents lived in areas that could be classified as a smaller health care market. Of these residents, approximately 15.5% were 65+, 25% higher than the state average; approximately 19% were Hispanic, almost 70% higher than the state average; and per capita income is nearly 28% lower that the state average.[ii] The demonstration will improve health equity and disparities. According to the 2014 Agency for Healthcare Research and Quality Annual Quality and Disparities report, performance on many measures of quality for different population groups is "far from optimal" and on average, "recommended care is delivered only 70% of the time."[iii]

The first phase of the demonstration will focus on creating a system around VBP models recommended by the Bree Collaborative.[iv] Since 2013, the Bree Collaborative has created three VBP payment models with four cycles detailing pre-surgical care, the surgical intervention and post-operative care and return to function. The Bree Collaborative payment models address heart disease, back surgery and total knee and hip replacement. In 2016, the Bree Collaborative will develop a new VBP model for bariatric surgery.

The current numbers of Medicaid patients for these specific procedures is relatively small. The numbers, however, may represent a significant number for some of the small rural communities and the system may be significant for dual eligible and other residents. Going forward, we can expect to see additional VBP models and that these models would be applicable to both public and private markets. For example, this system would support the state's recent efforts to contract with providers or networks to provide Total Knee and Hip Replacements for state employees. State employees who live in smaller health care markets would be able to access high quality care while receiving most of their care in their community.

The Bree Collaborative has indicated support for this proposal. The Washington State Hospital Association will continue to work with the Bree Collaborative throughout this demonstration. While we are unaware of specific ACHs that are addressing this issue, we welcome the opportunity for continued support and partnership.

Health systems and providers participating in the system from smaller communities would be asked to attest to and be credentialed in providing evidence-based clinical interventions/services for all patient populations. The proposal would support efforts to standardize clinical practice, such as including the WSHA Care Transitions Toolkit, which has proven effective in reducing variation and readmissions. The WSHA Care Transitions Toolkit is imbedded in the Bree Collaborative VBP models.

Core Investment Components

This demonstration project requires an initial investment in personnel time, training and clinical expertise, along with web-based resources.

Project Activity	**Projected Completion Date (from project initiation)**	**Cost Estimate**
Recruitment of rural areas and urban facilities willing to participate	3 months	$50,000 to support meetings
Establish clinical competences needed in rural areas to support VBP bundles	9 months	$200,000 to support clinical lead
Develop process for validation/credentialing	12 months	$250,000 to support staff personnel
Establish web-based system and beta testing	14 months	$150,000
Go live	16 months	
Data aggregation/analysis and continuing education and maintenance	Ongoing	$150,00

Once implemented, this demonstration project will be available across the state.

Project Metrics

The demonstration project will use both process and outcome based metrics to monitor progress. Process measures will monitor the success of initial investments, focusing on the number of providers/systems who attest and are credentialed, the number of trainings offered, the use of the web-based system and the number of systems deploying geographically broad VBP networks.

As the demonstration projects matures, process and outcome metrics will track progress on key clinical elements. These specific metrics have been established by the Bree Collaborative in their VBP payment models. The Washington State Clinical and Surgical Care Outcomes Assessment Program and the State Wide Common Measure Set will serve as the primary data sets. Key measures may include:

Measure	Source
Number of CABG patients readmitted to the hospital 30 days post discharge	COAP
Number of CABG patients with deep sternal wound infection	COAP
Length of stay for lumbar spine surgery	SCOAP
Smoking among fusion surgery patients	SCOAP
Patient Experience	State Common Set

[i] http://www.rupri.org/Forms/HealthPanel_VBP_April2012.pdf

[ii] Essential Care, Everywhere – Protecting access to health care across Washington State, 2012.

[iii] http://www.ahrq.gov/research/findings/nhqrdr/nhqdr14/exsumm.html

[iv] The Bree Collaborative is a consortium of public and private health care stakeholders who work together to improve quality, health outcomes, and cost effectiveness of care in Washington State.