

Promoting Value and Reducing Costs in Medicaid Transformation

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The success of Medicaid transformation in North Carolina depends on participating health plans' ability to bring about better value to deliver on the Triple Aim of health care. Blue Cross and Blue Shield of North Carolina, working in collaboration with Amerigroup Partnership Plan, LLC, is making value-based care a cornerstone of its approach to serving the state's Medicaid population.

Why Value-based Care?

Discussions about value are everywhere in health care these days, with good reason: national health expenditures are projected to hit 19.7% of GDP by 2027, up from 17.2% in 2013 [1]. We have seen significant advances in improving the quality and reducing the cost of care that Americans receive, but there's a lot of room for improvement, especially when compared to other developed countries [2]. Consumers also continue to feel the burden of fragmented care, a cloak of secrecy around what medical services actually cost, and the health care experience not measuring up to what they see from other industries such as financial services and retail.

Improving the related drivers of health, sometimes called social determinants of health, such as housing, transportation, and food, and even abusive interpersonal behavior and toxic stress, also factors into discussions about value in health care. Medical care alone is insufficient for improving population health outcomes [3]. Some providers believe these non-medical health drivers should be an important part of their efforts to improve population health [4].

Medicaid is very much a part of these deliberations about improving health care. In fact, the move to Medicaid managed care in North Carolina, set in motion by the General Assembly in 2015, is designed to bring about a "whole-person-centered, well-coordinated system of care," according to the North Carolina Department of Health and Human Services (NC DHHS) [5]. An important component of Medicaid transformation is its promise of better cost management as state appropriations for Medicaid and North Carolina Health Choice totaled almost \$3.7 billion in the fiscal year ending June 30, 2018 [6].

The participating health plans have been selected and are preparing to serve their first Medicaid members in North Carolina beginning in November 2019. Interestingly, the tim-

ing is ideal from the standpoint of helping North Carolina fully embrace value-based care. We are increasingly recognized as a leading state in the national movement toward value-based care [7]. In just the past few years, the state's hospitals, physicians, and payers have begun shifting away from traditional fee-for-service and into value frameworks, making the difficult job of Medicaid transformation a little easier for all parties to embrace.

The Value Journey in North Carolina

For North Carolina Medicaid, Blue Cross and Blue Shield of North Carolina (Blue Cross NC) has created Healthy Blue, the company's Medicaid managed care plan, in collaboration with Amerigroup. Amerigroup serves more than 6.4 million members of Medicaid and other state-sponsored programs in 22 states, many with plans and programs that feature value-based care. Blue Cross NC began its value journey some 15 years ago with the introduction of pilot programs offering financial incentives for providers to meet nationally recognized quality standards. One such pilot led to the creation of a program that rewards independent primary care practices for improving quality and reducing the total cost of care. Another established bundled payments, also called episode-based payments, for knee and hip replacements that covered a single episode of care for a fixed price. The bundled payments pilot saw cost savings for episodes of care of approximately 20% to 30% compared to fee-for-service payments for knee and hip replacements (Blue Cross NC internal data).

Over the past decade more of the state's large health systems began entering into contracts with payers that led to rewards for meeting cost and quality standards. As the federal Centers for Medicare and Medicaid Services (CMS) spearheaded adoption of value-based payment arrangements, private insurers and health systems followed suit [8]. Today, providers and payers are looking to move beyond early wins based on pay-for-performance rewards. The new

Electronically published September 2, 2019.

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N C Med J. 2019;80(5):292-295. ©2019 by the North Carolina Institute of Medicine and The Duke Endowment. All rights reserved. 0029-2559/2019/80508

value-based models also are becoming more common in state Medicaid programs [9].

In January 2019, Blue Cross NC and five large health systems charted a new course for health care in North Carolina. The five—Cone Health, Duke University Health System, UNC Health Care, Wake Forest Baptist Health, and WakeMed Health & Hospitals—became Blue Cross NC’s inaugural provider systems under a value-based payment model called Blue Premier. This model is characterized by two-sided risk: Not only are there rewards for meeting cost and quality measures, there are penalties for missing them.

Value in North Carolina Medicaid

Our goal with Healthy Blue for Medicaid managed care is to encourage innovation and improvement in outcomes, quality, access, and evidence-based clinical performance. Success depends on equipping physicians to proactively treat the whole person, or holistically coordinate their patients’ health, not just treat a specific complaint when the patient shows up for an appointment.

NC DHHS has identified several innovations designed to meet this standard of whole-person health, including: integration of physical health, behavioral health, substance use disorders, and intellectual and development disability services; addressing unmet social needs; strengthening care management; and shifting from fee-for-service to value-based care [10].

Consistent with these innovations, Healthy Blue has developed a value-based payment mechanism focused on improving population health, delivering appropriate care, and aligning incentives to promote high-quality, efficient care. The model includes these features:

Value Framework

Healthy Blue is working with NC DHHS under the value framework authored by the Health Care Payment Learning and Action Network (HCP-LAN), an entity launched in 2015 as a public-private partnership under the direction of CMS. The framework of value maturity includes four categories and helps guide providers and payers in their value journey [11]. Category 1 refers simply to the traditional fee-for-service model. Category 2 starts with financial bonuses tied to quality standards and metrics. Category 3 includes two-sided risk programs, accountability for total cost of care, and cost and quality performance tied to bonuses or penalties. The final segment of maturity, Category 4, features population-based payments that are no longer based on fee-for-service payment [11].

We believe that when providers meet the characteristics of categories 3 and 4, Medicaid in North Carolina will be more likely to achieve successful transformation of the health care delivery and payment system. We are integrating Medicaid providers into the framework under Blue Cross NC’s Blue Premier umbrella, consistent with ongoing efforts to transform the health care landscape in North Carolina

and assist providers in the transition from fee-for-service to value-based care.

Blue Cross NC leadership has particular experience with the HCP-LAN framework. President and CEO Patrick Conway, MD, previously headed the Center for Medicare and Medicaid Innovation (CMMI) within CMS and is recognized as one of the nation’s leading voices on value-based care. One of the authors (Rahul Rajkumar) served with Dr. Conway as the deputy director of CMMI. Together we helped develop the framework and led its adoption nationally.

Amerigroup’s experience implementing value-based care across 22 states is an equally important component in ensuring that Medicaid goals of whole-person, value-driven care are met. In Virginia, for example, Amerigroup’s value-based payment programs follow the HCP-LAN framework and measurement methods. Participating providers performed better than non-participating providers in 10 of 13 quality measures in a 2016 analysis and showed significantly better outcomes in such key metrics as breast cancer screening and diabetic eye exams (Blue Cross NC internal data).

Advanced Medical Home

As would be expected, some providers are more ready than others to fully embrace the move to value. Primary care practices with more organizational, technical, and financial capabilities may achieve a designation as an Advanced Medical Home (AMH). Others wanting to see the benefits of value-based care typically work toward achieving an AMH designation as defined by the Agency for Healthcare Research and Quality, National Committee for Quality Assurance, or other recognized body.

Advanced medical homes provide team-based, patient-centered care that coordinates services across the health care spectrum for patients. In North Carolina, NC DHHS has adopted AMHs as its primary means of delivering care management to Medicaid patients. About 2,800 physician practices had become certified as AMHs by March 2019, according to NC DHHS [12].

The AMH concept is essential to our efforts toward transformational health care for Medicaid. Our value-based payment programs are designed to help providers achieve AMH designation as defined by NC DHHS and, once recognized, to attain higher levels within the AMH tier structure. We will offer appropriate incentives to help practices to get there.

Focused Provider Support

We are actively working with providers to help them participate in the full scope of value-based care as part of Healthy Blue. A team of our employees works with providers to develop their readiness for participating in our value-based payment programs. As these providers move along the HCP-LAN framework, they develop the expertise they need to achieve AMH designation.

Another of our teams works with providers that are already recognized as AMHs. The goal here is to help these

providers achieve an accountable, fully integrated system of care management for their local base of patients. As the providers reach greater levels of maturity, they'll become ready to reach higher levels of AMH designation.

Expected Outcomes

It's important to step back from the day-to-day work of health care transformation and ask what difference it will make. Will patients ultimately get better care? Will they realize better health, including a better connection to social services? Are we finally going to see progress in reducing the rate of increase in health care spending?

Based on the progress made over the past decade or more, we believe the answer to each of these questions is yes. The traditional fee-for-service system has proven itself to be the wrong model for achieving high standards of quality at appropriate levels of affordability. In its place, value-based care is demonstrating improvements in clinical outcomes [13].

The Healthy Blue model, in alignment with NC DHHS goals, represents a clearly identified path for achieving a higher standard of care for Medicaid in North Carolina. As we embark on serving Medicaid customers across the state, we expect that path to lead to at least three outcomes:

Patients Actively Engaging in Their Own Health

Value-based payment models are designed to put patients in the center of a team that understand them, listens, and meets their needs. We anticipate the state's Medicaid population will benefit from taking an active approach to their own care. For example, when the primary care physician recommends care management and other resources for a patient with diabetes, it's easier for the patient to follow a care plan, keep appointments, and stay out of the emergency department.

Providers Focusing on Improving Quality and Outcomes

Meeting quality standards and advancing in maturity along the value continuum depends on delivering care truly centered on patient needs. When physicians serve as quarterback of the care team, develop individualized care plans for those at higher risk of health conditions, and ensure that all patients receive evidence-based care, it's far more likely that patients will see better health outcomes. Participating physicians in our Healthy Blue network will have support and incentives to shift from fee-for-service to a true patient-centered approach to care.

Payers Developing the Structure to Maximize Outcomes, in Conjunction with NC DHHS

As described above, payers must develop payment models that align incentives with providers so that quality, cost considerations, and the patient experience are shared goals. We are aligned with NC DHHS on using value-based payment to achieve these goals. In the process, we will accel-

erate the transformation of care delivery for Medicaid and support the overall effort to bring greater value to health care in North Carolina.

Conclusion

Medicaid transformation is an exceptional opportunity for North Carolina. It represents far more than simply adjusting incentives for better care or paying providers more to deliver that care. By developing the payment methods to ensure higher-quality care at more affordable prices and with a better experience for patients, we are setting North Carolina on a course to serve as a national model for what's possible in bringing better value to health care. **NCMJ**

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Acknowledgments

Potential conflicts of interest. R.R. and J.T. are employees of Blue Cross and Blue Shield of North Carolina, which has been selected to serve as a prepaid health plan for Medicaid transformation in North Carolina. The authors have no other relevant conflicts of interest.

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