Healthier WASHINGTON

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THE FACTS

Clinics transition to new, value-based payment model

Federally qualified health centers (FQHCs) and rural health clinics (RHCs) are essential providers of care to Washington's Medicaid population.

These clinics qualify for cost-based reimbursement from Medicare and Medicaid for the delivery of comprehensive health care services, typically to an underserved area or population. These primary care providers offer some of the most innovative and integrated delivery models in the state, yet their reimbursement structure stifles further care delivery innovation.

Current reimbursement for clinics is defined by face-to-face, encounter-based payments. This structure results in a system that creates an incentive to deliver care based on volume over value. While statutory and regulatory requirements help to ensure access is maintained, these regulatory requirements make changes to payment especially difficult.

On July 1, 2017, 16 clinics began using a new alternative payment methodology for Medicaid managed care enrollees that provides additional flexibility in delivering primary care services, expands primary care capacity, and creates financial incentives for improved health care outcomes while meeting federal requirements.

Transition to an alternative payment methodology

Washington State has worked with leaders in the health sector to develop an alternative payment methodology known as APM4. It is the fourth iteration of an alternative payment methodology in Washington.

APM4 aligns these providers with the state's value-based purchasing (VBP) model, giving them the flexibility to expand on innovative and integrated delivery models, and accelerate the effectiveness of VBP initiatives on both a state and federal level.

While ensuring federal reimbursement requirements are met, APM4 attempts to shift from the paradigm of encounter-based requirements by moving the clinics to a per-member-per-month (PMPM) rate, which will be prospectively adjusted based on quality performance.

How APM4 works

The basic APM4 construct:

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Healthier Washington is Governor Inslee's multi-sector partnership to improve health, transform health care delivery, and reduce costs.
The Health Care Authority provides strategic oversight for this initiative.

- Applies to Medicaid managed care enrollees only
- Does not affect current managed care organization contractual arrangements or the current flow of payments
- Is budget neutral on a per-member basis
- Is on an individual basis for conversion and performance
- Converts the entire encounter-based rate to a baseline PMPM Rate
- Carries the baseline PMPM rate forward in future years
- Trends the PMPM rate by the Medicare Economic Index (MEI) annually
- Links the PMPM rate to quality performance measures
- Prospectively adjusts the PMPM rate based on quality performance

Financial conversion is based on calendar year 2015 reconciliation. Within this basic framework, clinics will continue to perform annual reconciliation to ensure that federal reimbursement requirements are met. However, instead of resolving underpayments or overpayments through a settlement process, APM4 will prospectively adjust payment based on a clinic's performance on quality measures. Given its experimental nature, APM4 is not mandated for all clinics and maintains an opt-in, opt-out approach.

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How is quality performance measured?

The Health Care Authority will determine prospective adjustment percentages annually based on the clinic achieving quality improvement score targets. Clinics that demonstrate quality improvement and attainment against their quality baseline will continue to receive their full PMPM rate. Clinics that do not demonstrate quality improvement and attainment will be subject to downward adjustment of their PMPM rate in future years. In total dollars, downward adjustment of the PMPM rate will never go below encounter-based equivalent payment amounts. After being adjusted downward, clinics can earn back the full benefit of the baseline PMPM rate (as trended by the MEI) upon meeting quality improvement targets.

Each clinic will be measured by seven quality measures:

1. Comprehensive diabetes care - poor HbA1c control (>9%)
2. Comprehensive diabetes care - blood pressure control (<140/90)
3. Controlling high blood pressure (<140/90)
4. Antidepressant medication management
    a. Effective acute phase treatment
    b. Effective continuation phase treatment (6 months)
5. Childhood immunization status - combo 10
6. Well-child visits in the 3rd, 4th, 5th and 6th years of life
7. Medication management for people with asthma: medication compliance 50%
    a. (Ages 5-11)
    b. (Ages 12-18)

What are the intended outcomes of APM4?

The goal of APM4 is to allow clinics to improve access to care by focusing on improvement against specific quality measures, and allowing clinicians to work at the top of their license. This payment methodology provides flexibility for primary care providers to have a larger member panel without the burden of increasing the number of face-to-face patient encounters, thus expanding primary care capacity in medically underserved areas. APM4 is also intended to incentivize alternatives to face-to-face visits and allow clinics to offer more convenient access to primary care services.

While the initial APM4 cohort has been established, clinics that intend to participate can transition to APM4 later.

Learn more about the state's paying for value strategy from the Healthier Washington website: www.hca.wa.gov/about-hca/healthier-washington/paying-value