Integrated Care for Kids (InCK)

Alternative Payment Model

Application Requirements

Center for Medicare and Medicaid Innovation (CMMI)

Centers for Medicare & Medicaid Services (CMS)
Alternative Payment Models... what are they?
What is an **Alternative Payment Model**?

An **Alternative Payment Model (APM)** is a payment approach that ties payments to the delivery of high-quality and cost-efficient care.

APMs can apply to a specific clinical condition, a care episode, or a population.
Why are we asking the State to design APM(s) for InCK?

Financial incentives should align with care delivery reforms

Providers need funding models that enable sustained change

States have the authority over Medicaid FFS and Managed Care payment policy

Every state Medicaid program is different
Potential APM Approaches

**Shared Savings**: Offer providers that deliver high quality care and reduce spending compared to a financial target the ability to share in a portion of the savings they generate.

**Shared Savings and Downside Risk**: Offer providers a chance to receive a larger portion of savings while also holding them accountable for repaying a portion of spending if they exceed a financial target.
Potential APM Approaches

**Episode Based and Bundled Payments**: Offer providers or health care facilities a single payment for services used to treat a specific medical event or condition, and incorporate measures to monitor the quality of care received.

**Population Based Payments**: Offer providers a predetermined payment amount for delivering high-quality care to a defined group of patients.
APM design considerations:

**BASELINE**

- **Selecting a Reference**: are providers setting a personal best or trying to beat the field

- **Statistical Significance**: reduce random variation with large patient populations

- **Calculating Expected Costs**: predicting the future of utilization and spending changes
APM design considerations: **SETTING EXPECTATIONS**

**Patient Attribution:** who is counted as a patient impacts calculations of cost and performance

**Discounting APM Investments:** some APMs include **upfront investments** to providers for infrastructure or staff that are then repaid using **future savings**

**Percent Change or Total Dollars:** is the goal for spending to remain below a **spending level** (total dollars) or **spending trend** (rate of growth)
APM design considerations: 
**AVOIDING UNINTENDED CONSEQUENCES**

**Preventing Cherry Picking and Skimping**: APMs should include protections against providers *avoiding complex patients* or stinting care

**Making Quality Count**: APMs *must include quality measures* to ensure savings are not generated by delivering poor care
Dealing with Outliers: rare conditions or events can result in patients with catastrophic claims. APMs need to include protections for providers with unusually high-cost patients.
What are the APM requirements for InCK?

What needs to be included in the InCK Application?
InCK Model **APM Requirements**

- State Medicaid Programs must implement APMs that support payment and accountability for achieving model goals in InCK regions using the appropriate Medicaid and/or CHIP authorities.
- APM(s) must include coverage for integrated care coordination, mobile crisis response, and case management services.
- The APM may be built off of Fee-For-Service or Population-Based Payment approaches.
InCK Model **APM Requirements**

- **States may implement APMs** to compensate providers serving children under the InCK model as early as **model year 3** and **must implement APMs** by **model year 4**

- **Downside financial risk-sharing** arrangements cannot be used until model year 5 and are **not required** at any point to participate in the model
InCK Model **APM Guidelines**

- Proposed APM(s) must have a clear method of **patient attribution** and a process for **communicating** the attribution methodology **to providers**

- Payment models should be designed with the following considerations in mind:
  - Financial or Value-based payment incentives for providers should be significant enough to support investment in changes to care delivery while accounting for provider ability to manage financial and clinical risk;
  - They should maximize long-term opportunities for returns on investment and reward short-term outcomes that contribute to managing long-term risk; and
  - APMs should promote **person-centered care**

- Alternative payment models for the purposes of the InCK Model are **not Alternative Payment Models** as defined at 42 CFR §1305 for the purpose of the Quality Payment Program.
InCK Model **APM NOFO Application**

The application requirements are intended to provide CMS an **outline** for what a **state intends to do if selected** for participation in InCK.

We recognize that **some details** of the payment model approach outlined in the application **may change** as states design the APM during the two-year pre-implementation period.

Applications should **identify** the **Medicaid and CHIP authorities** states plan to use to implement the APM(s).
The NOFO application should include information on the following:

- **Provider types** to be paid under the APM
- **Service types** and units to be paid under the APM
- The basis and/or **rate determination methods** the state anticipates using to develop the APM
- **Method of payment**: directly from the state or under a managed care arrangement
• The NOFO application should include information on the following:
  
  • How the state plans to **fund the non-federal portion** of payments
  • Type(s) of **performance-based payments** to be made under the APM and how they will be developed
  • If state plans to implement **population-based payments** (how they will be developed and what sources of data will be used)
  • How **quality of care** will be **measured**
APM CONSIDERATIONS for Medicaid

Managed Care: States using managed care must work with their managed care plans to implement APMs. States can do this but require time to negotiate and implement contract changes.

Legislative Processes: Some states may require legislative approval for certain changes to Medicaid payment policy.

Recouping Savings: States can only claim federal match on funds that have been paid out. States should consider how opportunities to reduce utilization and improve outcomes impact spend over time.
Key Takeaways?
In **SUMMARY**

**Who:** States must commit to designing an APM(s) as part of participation in the InCK model

**What:** APM(s) must cover InCK care delivery, case management, and crisis response services and meet requirements and guidelines spelled out in the NOFO
In **SUMMARY**

**Where:** APM(s) must apply to care/services for beneficiaries in InCK regions

**When:** APM(s) must be in effect by the start of model year 4

**Why:** Care delivery reforms need to be paired with payment models to be sustainable
If Awarded

State selected for InCK will be required to contact CMCS immediately upon award to begin the process identifying and implementing authorities necessary for their InCK Model.

CMMI Project Officers will assist awardees in identifying solutions to implementation challenges and provide guidance on model goals.

CMMI will have a technical assistance contractor available to support awardees during the duration of the model.
A number of organizations have published primers on APM design and reviews of state level payment reforms that may be helpful.

These include (but are not limited to):

or www.hcp-lan.org
THANK YOU
for attending this webinar

• Email: healthychildrenandyouth@cms.hhs.gov

• Visit: https://innovation.cms.gov/initiatives/integrated-care-for-kids-model/

• Subscribe to InCK Listserv for updates