



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

APM design considerations: **EXPECTING THE UNEXPECTED**

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)

InCK Model **APM** NOFO Application

- 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

InCK Model **APM** NOFO Application

- 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

Additional **RESOURCES**

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):

- The Health Care Payment Learning & Action Network:
<https://innovation.cms.gov/initiatives/Health-Care-Payment-Learning-and-Action-Network/>
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**