



Update on Reimbursement in the Maryland Multi-payer PCMH Program

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Maryland PCMH Program Goals

Pilot Program Participation

- 50 practices
- 200 providers
- At least 200,000 patients

- Despite challenges participation goals have been met.

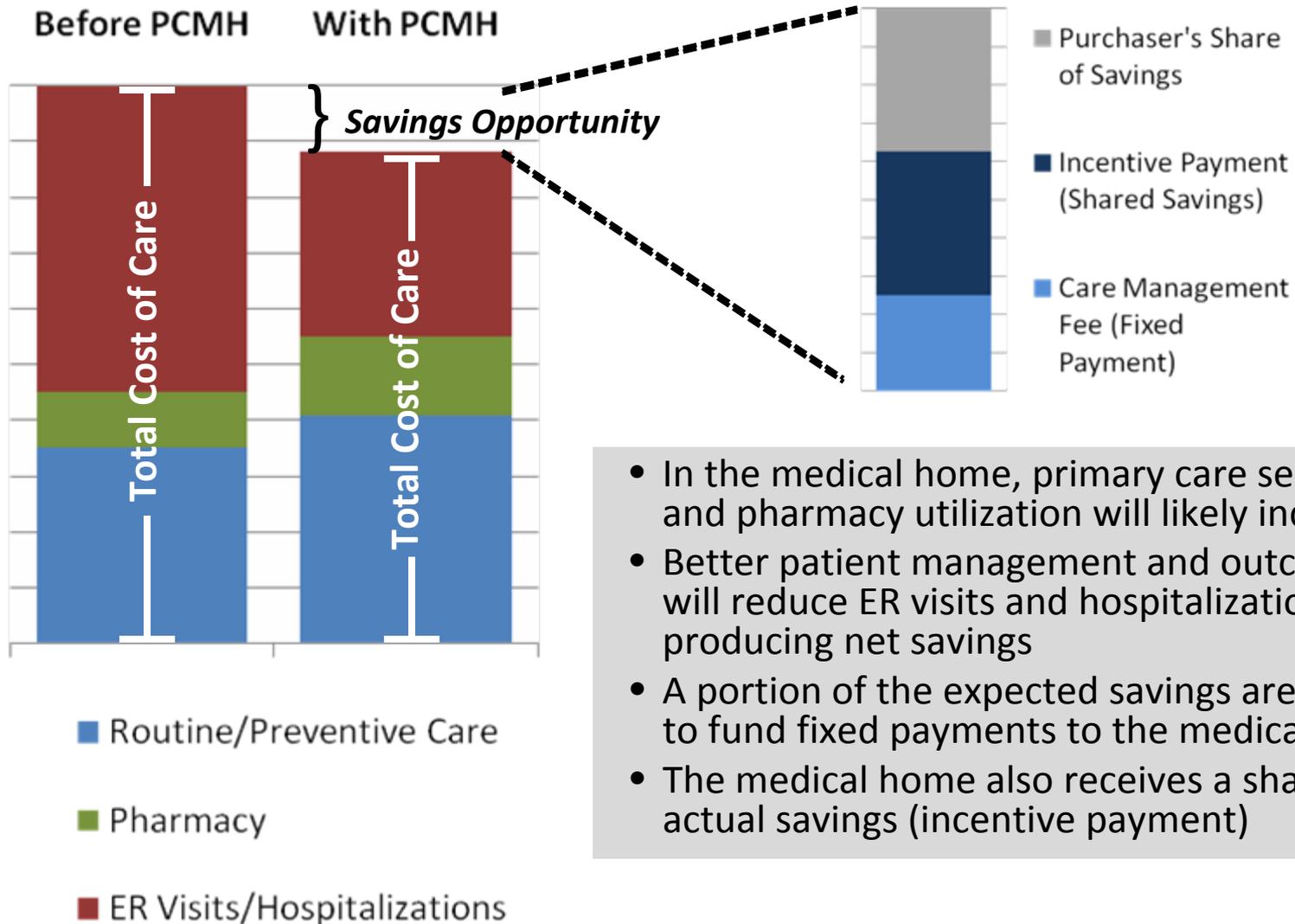
PCMH Value Proposition

- Enhanced primary care will improve health status and outcomes for patients (especially the chronically ill).
- The result will be fewer complications, ER visits, and hospitalizations.
- Savings from these improved outcomes can be used to fund increased payment to primary care practices.

Payer Participation Status

- SB 855 Mandates participation by private “fully insured” programs:
 - Aetna
 - CareFirst BlueCross BlueShield
 - CIGNA
 - United Healthcare
 - Coventry
- MHCC is recruiting self-insured programs
- Medicaid will participate, subject to limitations in the State budget.
- Decision from Medicare is expected in November 2010. (Maryland has applied to be one of six pilot states.)

PCMH Financial Model



Maryland PCMH Payment Model

Fee-For-Service

Primary care practices will continue to be reimbursed under their existing fee-for-service payment arrangements with health plans.



Fixed Payment (Care Coordination Fee)

Primary care practices will receive a fixed, per patient per month fee (paid semi-annually). The purpose of this fee is to defray the costs of providing enhanced primary care services, including care coordination.



Incentive Payment (Shared Savings)

Primary care practices will receive a share of any savings generated by improved patient outcomes. Savings calculations will be performed using the MHCC's all-payer claims database.

Maryland PCMH Requirements

- To receive enhanced PCMH payment in the Maryland program, practices must:
 - Demonstrate compliance with the NCQA PCMH recognition standards (including the Maryland required elements)
 - Level 1+ by Dec. 31, 2011
 - Level 2+ by Dec. 31, 2012
 - Practices must also report on a set of performance measures aligned with the federal HIT “meaningful use” requirements
 - Meet utilization measures.

NCQA PCMH Standards

- Access and Communication
- Patient Tracking and Registry
- Care Management
- Patient Self-Management Support
- Electronic Prescribing
- Test Tracking
- Referral Tracking
- Performance Reporting and Improvement
- Advanced Electronic Communication

PCMH Fixed Payment

- Adjusted for:
 - Payer Type (commercial, Medicaid, Medicare)
 - Practice Size
 - NCQA Recognition Level
- Fixed payment ranges:
 - Commercial: \$3.51 to \$6.01 PPPM
 - Medicaid: \$4.08 to \$7.00 PPPM
 - Medicare: \$9.62 PPPM (suggested, pending CMS approval)

PCMH Incentive Payment

- Incentive payments are based on shared savings.
- Practices are eligible for incentive payments if they:
 - Meet performance and measurement criteria
 - Achieve savings relative to their own baseline
- Calculations to be performed by MHCC, which may adjust for case mix or outliers.
- Achieve savings, report on quality, reduce utilization

Incentive Payment

1. Achieve savings relative to a practice's historical baseline
2. Report on quality measures in years 1 & 2, report and achieve thresholds in year 3 (Slide 12)
3. Reduce utilization (Slide 13). MHCC will calculate changes in utilization from the all payer all claims data base.
4. Shared savings is reduced, if a practice can not report on all measures or meet all utilization thresholds (Slide 14).

**Key: Peach shaded rows are the Meaningful Use Core or Alternate Core measures.
Non-shaded rows are Additional recommended measures to be included in the PCMH Program Pilot**

Measure	Developer	Recommended Measure Title	Reported by Pediatric Practices	Reported by Adult Practices
0001	AMA	Asthma Assessment	YES	YES
0002	NCQA	Appropriate Testing for Children with Pharyngitis	YES	
0013	AMA	Core: Hypertension: Blood Pressure Measurement		YES
0018	NCQA	Controlling High Blood Pressure		YES
0024	NCQA	Alternate Core: Weight Assessment and Counseling for Children and Adolescents	YES	
0028a	AMA	Core: Preventive Care and Screening Measure Pair: a. Tobacco Use Assessment		YES
0028b	AMA	Core: Preventive Care and Screening Measure Pair: b. Tobacco Cessation Intervention		YES
0034	NCQA	Colorectal Cancer Screening		YES
0036	NCQA	Use of Appropriate Medications for Asthma	YES	
0038	NCQA	Alternate Core: Childhood immunization Status	YES	
0041	AMA	Alternate Core: Preventive Care and Screening: Influenza Immunization for Patients \geq 50 Years Old		YES
0043	NCQA	Pneumonia Vaccination Status for Older Adults		YES
0047	AMA	Asthma Pharmacologic Therapy	YES	YES
0059	NCQA	Diabetes: HbA1c Poor Control		YES
0061	NCQA	Diabetes: Blood Pressure Management		YES
0067	AMA	Coronary Artery Disease (CAD): Oral Antiplatelet Therapy Prescribed for Patients with CAD		YES
0075	NCQA	Ischemic Vascular Disease (IVD): Complete Lipid Panel and LDL Control		YES
0081	AMA	Heart Failure (HF) : Angiotensin-Converting Enzyme (ACE) Inhibitor or Angiotensin Receptor Blocker (ARB) Therapy for Left Ventricular Systolic Dysfunction (LVSD)		YES
0105	NCQA	Anti-depressant medication management: (a) Effective Acute Phase Treatment, (b)Effective Continuation Phase Treatment		YES
0421	QIP	Core: Adult Weight Screening and Follow-Up		YES
0575	NCQA	Diabetes: HbA1c Control (<8%)		YES

Reductions in Utilization

Group Two Criteria (Adults must meet 2 of 4, Pediatrics must meet 1 of 2)

	Measures will be generated from all Payer Claims Data Base	Analyzed for Pediatric Practices	Analyzed for Adult Practices
Year 1	n/a	No standard	No standard
Year 2	2-percentage point reduction from the baseline in the 30-day readmission rate (members of participating Carriers only)	n/a	YES
	2-percentage point reduction from the baseline in the Ambulatory Care Sensitive Condition (ACSC) hospitalization rate (members of participating Carriers only)	n/a	YES
	2-percentage point increase from the baseline in total primary care Practice visits (members of participating Carriers only)	YES	YES
	2% decrease from the baseline in emergency room visits per 1000 (members of participating Carriers only)	YES	YES
Year 3	3-percentage point reduction from the baseline in the 30-day readmission rate (members of participating Carriers only)	n/a	YES
	3-percentage point reduction from the baseline in the Ambulatory Care Sensitive Condition (ACSC) hospitalization rate (members of participating Carriers only)	n/a	YES
	3-percentage point increase from the baseline in total primary care Practice visits (members of participating Carriers only)	YES	YES
	4% decrease from the baseline in emergency room visits per 1000 (members of participating Carriers only)	YES	YES

Shared Savings Available based on the Attainment of Group One and Group Two Criteria*

	Group One Criteria (quality)		Group Two Criteria (utilization)	
Year 1	Pediatric Practices	Adult Care Practices	Pediatric Practices	Adult Care Practices
50 % share of savings	Report on 5 measures.	Report on 18 measures.	n/a	n/a
40 % share of savings	Report on 4 measures.	Report on 15 measures.	n/a	n/a
30 % share of savings	Report on 3 measures.	Report on 12 measures.	n/a	n/a
Year 2				
50 % share of savings	Report on 5 measures.	Report on 18 measures.	Meet thresholds on 2 measures.	Meet threshold on 4 of 4 measures
40 % share of savings	Report on 4 measures.	Report on 15 measures.	Meet thresholds on 1 of 2 measures.	Meet threshold on 3 of 4 measures
30 % share of savings	Report on 3 measures.	Report on 12 measures..	Meet thresholds on 1 of 2 measures.	Meet threshold on 3 of 4 measures
Year 3				
50 % share of savings	Meet thresholds for the 5 measures.	Meet thresholds for the 18 measures.	Meet thresholds on 2 measures.	Meet threshold on 4 of 4 measures
40 % share of savings	Meet thresholds for 4 measures.	Meet thresholds for 15 measures.	Meet thresholds on 1 of 2 measures.	Meet threshold on 3 of 4 measures
30 % share of savings	Meet thresholds on 3 measures.	Meet thresholds on 12 measures.	Meet thresholds on 1 of 2 measures.	Meet threshold on 3 of 4 measures

Incentive Payment Example 1 – Per Physician

Scenario 1.
Minimal Savings

Estimated savings

Fixed
PCMH
Payment

Achieve Level I+ NCQA Recognition	Fixed Per Patient per month Payment	Total Fixed Payments Per Month	Fixed Payment Per Year	Total Incentive Payment (50% of shared Savings)	Total Enhanced payment
Total Commercial	\$3.90	\$3,042	\$36,504	\$0	\$36,504
Medicaid	\$4.54	\$908	10,896	0	10,896
Uninsured	n/a	\$0	0	0	\$0
Medicare	\$9.63	\$0	0	0	\$0
TOTAL		\$4,132	\$47,400	0	\$47,400

- Practice operates as a NCQA PPC-PCMH Level I Practice.
- 2,000 patients are treated by the practice, 65% insured by commercial carriers, 15% by Medicare, 10% by Medicaid, 10% uninsured & self pay.
- 50% of commercially insured 50% are through self-insured employers.
- 980 patients are assumed to “participate” in the MMPP.
- Practice received 25% of projected savings (may or may not have occurred).
- Payer/purchaser receive no shared savings – no slowing of cost.
- Likely scenario in year 1.

Incentive Payment Example 2 – Per Physician

Scenario 2.
Moderate Savings

Estimated saving

Payer Share

PCMH Share

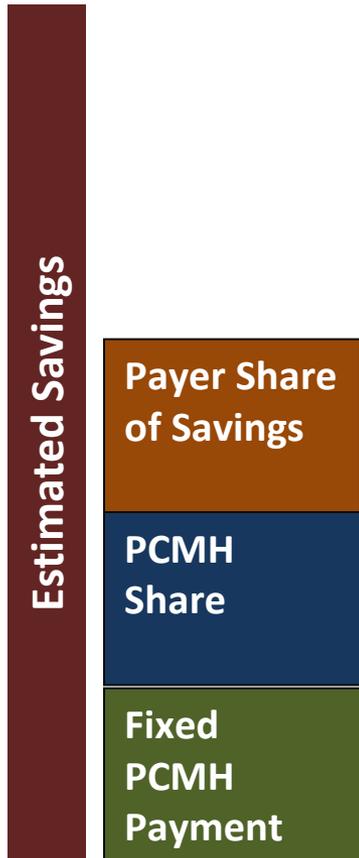
Fixed PCMH
Payment

Achieve Level II+ NCQA Recognition	Fixed Per Patient per month Payment	Total Fixed Payments Per Month	Fixed Payment Per Year	Total Incentive Payment (50% of shared Savings)	Total Enhanced payment
Total Commercial	\$4.45	\$3,471	\$41,652	\$9,379	\$51,031
Medicaid	\$5.19	1,038	12,456	2,405	\$14,861
Uninsured	n/a	0	0	0	\$0
Medicare	\$9.63	0	0	0	\$0
TOTAL	n/a	4,132	54,108	11,784	\$65,892

- Practice operates as a NCQA PPC-PCMH Level II Practice.
- Same participation assumptions as in Example 1.
- PCMH practice reduces total spending by 10 percent, it shares saving 50/50 with purchaser/payer.
- Practice receives 30% of total estimated saving
 - ✓ 25% in fixed payments
 - ✓ 5% in incentive payment
- Payer/purchaser achieved a 5% reduction in total spending in that practice over the historic baseline.

Incentive Payment Example 3 – Per Physician

Scenario 3.
Significant Savings



Achieve Level III+' NCQA Recognition	Fixed Per Patient per month Payment	Total Fixed Payments Per Month	Fixed Payment Per Year	Total Incentive Payment (50% of shared Savings)	Total Enhanced payment
Total Commercial	\$5.01	\$3,908	\$46,894	\$28,136	\$75,030
Medicaid	\$5.84	1,168	14,016	7,214	21,230
Uninsured	n/a	0	0	\$0	\$0
Medicare	\$9.63	0	0	35,351	96,260

- Practice operates as a NCQA PPC-PCMH Level III Practice.
- Same participation assumptions as in Example 1.
- PCMH practice reduces total spending by 30 percent, it shares saving 50/50 with purchaser/payer.
- Total projected savings distributed to practice 40% of estimated savings
 - ✓ 25% in fixed payments
 - ✓ 15% in incentive payment
- Payer/purchaser achieve a 15% reduction in total spending for patients in that practice over the historic baseline.

Wrapping Up – Challenges We have Heard

- Are we using the appropriate baseline for calculating saving?
 - In a 3 year program a practice-specific versus a normative baseline is easier to implement.
- Are projected savings reasonable?
 - Savings based on analysis of 6 conditions, it is likely that practices could achieve additional savings through improved care beyond what we estimated from the 6 conditions.
 - Other pilots have reported savings in the range of 10 percent.
- Are the fixed payments (25% of projected saving) too low/high
 - Practices with large numbers high risk patients will need greater fixed payments – argues for risk adjusting the fixed payment.
 - If fixed payments are too high, practices will learn that they have no chance for producing incentives and will stop trying.
- Program financial incentives will require adjustment as we move through the 3 year program. That is a benefit of starting small.