



Improving Quality & Care Integration: Value-Based Contracting within the Allegheny County HealthChoices Behavioral Health System



Prepared by the Allegheny County Department of Human Services and Allegheny HealthChoices, Inc.
JULY 2020

HealthChoices is Pennsylvania's mandatory managed care program for Medicaid recipients. The three primary goals of the HealthChoices program are to assure greater access to care, improve quality and manage costs. In the pursuit of these aims, Allegheny County has contracted with Allegheny HealthChoices, Inc. (AHCI) to provide oversight and monitoring of the HealthChoices program. AHCI works with the Allegheny County Department of Human Services (DHS) and Community Care Behavioral Health (Community Care) — the HealthChoices insurance provider — to ensure high quality services for all HealthChoices members.

AHCI produces reports discussing topics relevant and important to the Allegheny County behavioral health community in order to inform stakeholders and increase overall quality of care.

OVERVIEW

Providers, payers and insurers are all interested in helping people live better lives, yet, incentives within the healthcare system frequently put these parties at odds, leading to less than desirable outcomes. These include prioritizing quantity of care over quality and focusing on treating that which is billable, thereby ignoring other clear and relevant health challenges an individual may be facing.

Value-based contracting (VBC) is structured to pay providers based on quality of care, instead of the quantity of care. VBC can reduce system costs while also providing financial incentives for high-performing providers. VBC is an opportunity to improve quality of care for HealthChoices members while reducing costs. The Pennsylvania Department of Human Services (PA DHS) has implemented a series of VBC requirements for the HealthChoices behavioral health program statewide.

This report outlines these requirements, highlights Allegheny County's various VBC initiatives, and discusses next steps.

What is integrated care?

Integrated care prioritizes the overall well-being of individuals through the systematic coordination of healthcare and social services.

What is VBC?

Value-based contracting refers to alternative payment arrangements in which providers' level of reimbursement is linked to the cost and quality of the services provided.

Why VBC?

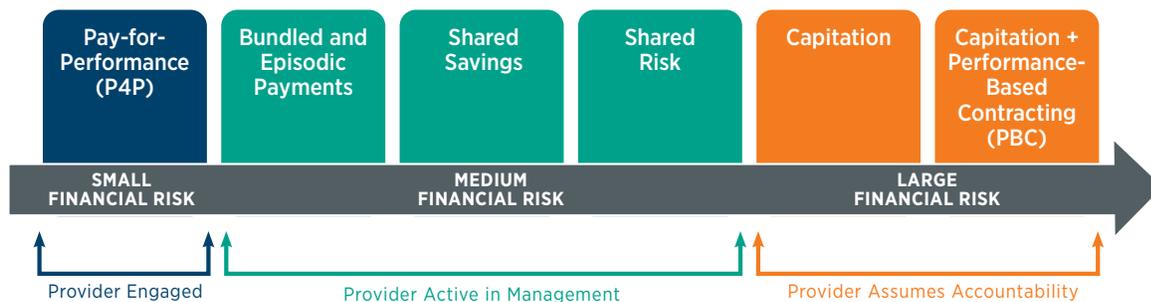
Allegheny County is committed to providing person-centered, cost-effective care to its most vulnerable residents. VBC advances this goal by providing incentives for behavioral health providers to also work with individuals on their physical health needs. These integrated and collaborative health solutions are especially important for individuals with serious mental illness, as they frequently die years earlier than the average person from chronic and preventable physical health conditions.¹

Allegheny County Has Surpassed State VBC Targets

PA DHS requires that a growing percentage of HealthChoices behavioral health medical spending be used to finance value-based contracts. The spending percentage was required to increase from 5% in 2018 to at least 20% in 2020. In addition, the level of risk associated with these VBCs must also increase over time. The state has identified six VBC models and classified them into three levels of financial risk: small, medium and large. These categories refer to the amount of financial risk assumed by providers when entering into specific value-based contracts.

In collaboration with Community Care and AHCI, DHS began piloting value-based contracts in 2014, four years before it was mandated by PA DHS. Allegheny County already exceeded the 2020 target in 2018, with 36% of medical spending involved in value-based contracts, including 16% in medium risk VBCs. The next section describes various behavioral health VBCs in Allegheny County by risk category, following the PA DHS Framework below.

FIGURE 1: PA DHS Framework: Six Models of Value-Based Contracting



¹ Parks, J. et al. (eds) "Morbidity and Mortality in People with Serious Mental Illnesses," National Association of State Mental Health Program Directors (NASMHPD) Medical Directors Council, Alexandria, Va., (October 2006).

SMALL FINANCIAL RISK

Pay-for-Performance (P4P) is a financial model centered on incentivizing providers to reach higher quality of care benchmarks. Most P4P contracts in Allegheny County have encouraged providers to complete process and quality improvement initiatives and increase their care integration. Many P4P contracts include peer learning collaboratives facilitated by Community Care and designed to increase provider capacity.

In P4P contracts, providers are eligible to receive incentive funds or bonus payments if they achieve their target improvement goals. These incentive funds are usually delivered as a lump sum at the end of the contractual period. The risk in these contracts is considered small because, no matter how a provider fares with their target improvement goal, they will still receive their traditional fee-for-service rate. These small financial risk contracts are a great opportunity for providers to learn how value-based contracting works without risking their bottom line.

In 2018, pay-for-performance contracts led to improvements across the behavioral health system, including the following:

- 100% of Behavioral Health Home Plus (BHHP) programs hired a registered nurse, expanding physical health services for members.
- 90% of doctors who evaluate youth for behavioral health rehabilitation services (BHRS) demonstrated adherence to best practice guidelines.
- 100% of non-hospital long-term residential rehabilitation (NH-Rehab) providers increased their 7-day follow-up rates, with a high of a 75% follow-up rate.

Highlighting Success: Interventions for Youth Who Have Elevated BMI Scores Within Residential Treatment Facilities (RTF)

RTFs provide comprehensive mental health treatment in a 24-hour residential setting to youth ages 6–20 with severe emotional and behavioral challenges. Many of these youth also have physical health issues, such as obesity, often due to their exposure to adverse childhood experiences and the side effects of medication.

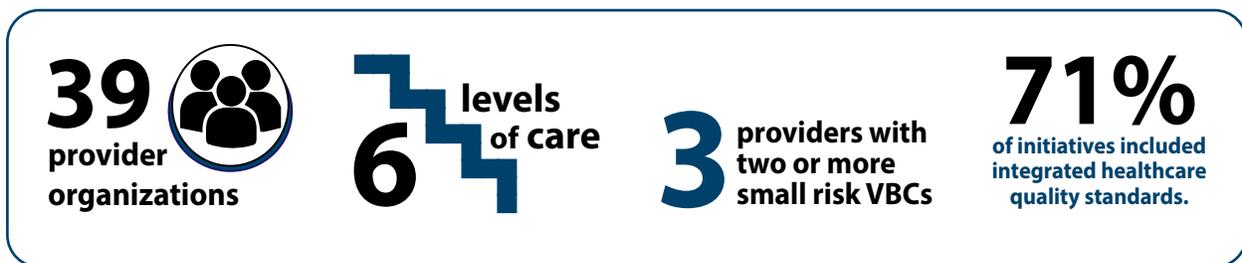
In an effort to provide integrated physical and behavioral health services, five RTF providers engaged in a pay-for-performance initiative focused on increasing the monitoring of and intervention with youth who had an elevated body mass index (BMI).

This initiative was very successful:

- 100% of youth who had an RTF stay received a BMI assessment.
- 86% of those with a high BMI received a related intervention.
- More than 50% of those receiving an intervention saw a reduction in their BMI.

In turn, providers were rewarded with the incentive funds they earned. The success of this initiative also led to a grant from the Patient-Centered Outcomes Research Institute (PCORI) to fund more capacity building for providers on incorporating wellness into their care delivery.

FIGURE 2: VBCs by the Numbers: Small Financial Risk Initiatives in 2018



MEDIUM FINANCIAL RISK

In medium risk value-based contracts, providers who successfully meet or exceed their improvement targets will earn their full fee-for-service rate with additional bonus incentives, which can be significantly more impactful than those available in small risk contracts.

In exchange for these heightened benefits, providers must agree to bear more risk in these contracts. If they do not meet their targets, providers only receive a portion of their fee-for-service rate.

Medium risk contracts require providers to have an understanding of how much their services cost to deliver as well as a fundamental understanding of the needs of the population they serve. Without this information, it is challenging for providers to understand if different contracts and improvement metrics are achievable or potentially profitable.

In 2018, medium risk contracts led to improvements across the behavioral health system, including the following:

- 67% of Community and School Based Behavioral Health (CSBBH) providers delivered services to at least 90% of youth within one day of authorization.
- 57% of participating providers increased follow-up and 43% reduced readmissions among individuals with an inpatient mental health stay.
- 100% of participating providers increased use of psychiatric rehabilitation assessments with individuals on Community Treatment Teams.

Highlighting Success: Using the ACT Model to Improve Outcomes for Individuals Who Have Serious and Persistent Mental Illness

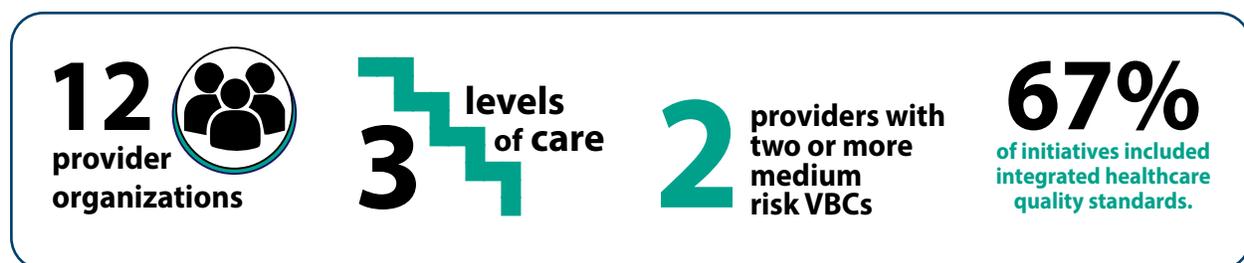
Community Treatment Teams (CTTs) use the Assertive Community Treatment (ACT) model to help people who have serious mental illness live fulfilling lives in the community through the coordination and delivery of wrap-around supports. These supports are delivered 24/7 based on each individual's life goals and include physical and behavioral healthcare, as well as skill-building to support employment and independent living. After a successful pilot in 2014, all CTT providers entered into a medium risk VBC focused on reducing CTT members' utilization of inpatient mental health (IPMH) services.

These contracts led to better quality of life for individuals and financial savings for the system:

- A 44% decrease in days spent in IPMH settings
- A 37% decrease in spending on IPMH services
- Provider monitoring of high-risk needs became more proactive.

Overall, these value-based contracts are estimated to have saved more than \$3 million in inpatient costs. Such substantial changes in process and outcomes were possible due to the risks and positive incentives offered by a medium financial risk model.

FIGURE 3: VBCs by the Numbers: Medium Financial Risk Initiatives in 2018



LOOKING FORWARD WITH VBC

The PA DHS and Allegheny County DHS have a shared goal: to use value-based contracting to improve quality of care and manage costs within the behavioral health HealthChoices system. By 2020, it is required that at least 20% of HealthChoices behavioral health spending in Pennsylvania will finance value-based contracts. Through the collective work of DHS, Community Care, and AHCI, Allegheny County has already surpassed this goal with 36% of its medical spending involved in VBCs in 2018.

In the future, Allegheny County will expand its portfolio to include large financial risk contracts. The following discusses large financial risk VBCs and how Allegheny County is moving towards these models.

How Does Capitation Work?

Large financial risk VBCs center on the concept of capitation. With capitation rates, providers receive a specific payment each month for every person served, no matter the frequency of service. These rates are calculated based on the cost of providing specific services to different populations in a given region. Capitation enables payers to predict and manage system costs more effectively. Providers are expected to provide high quality, integrated, and preventative care in order to minimize client need for more expensive services. Providers can generate positive financial margins from capitation contracts if they can keep their average cost of providing service below the established capitation rate. Outcomes targets and quality measures are used to ensure that providers do not underserve members in order to keep costs artificially low.

How Do Providers Prepare for Large Financial Risk Models?

To be successful in a large financial risk contract, providers must be clear on the fixed and variable costs of providing specific services within their agency, which may differ significantly from their budgetary calculations. Providers must also quantify the variability in these costs on the basis of service level, diagnosis or other categorical criteria. They also need to be prepared to meet quality standards and adapt to changing needs of the members served.

What Are We Doing to Support Providers?

Recognizing that it can be challenging to shift one's way of doing business, especially around calculating the cost of providing services, Allegheny County has focused on building provider capacity to understand unit costs and the value of the services they provide. AHCI, Community Care and DHS have coordinated and hosted three training cohorts with nearly 50 provider organizations, including organizational leadership and board members. Many VBCs also include specific provisions designed to increase provider understanding and capacity around value-based contract administration and management. These provisions include peer learning collaboratives, learning support calls, and data management benchmarking, coordinated by Community Care.

CONCLUSION

Value-based contracting represents an avenue for advancing Allegheny County's goal of providing person-centered, cost-effective care to its most vulnerable residents. VBC will fundamentally change how providers provide service and finance their organizations. It shifts the priorities of the healthcare system from quantity of care to quality of care, which in turn encourages providers to address the broader wellness needs of the people they serve.

Changing the way an entire system operates can take time. Allegheny County DHS and its partners are committed to working with and supporting providers as they make the transition towards VBC. While more work remains, Allegheny County serves as a leader in value-based contracting across the state.