

VBP CONTRACTING WEBINAR SERIES

Webinar 1 Establishing VBP Arrangements With MCOs

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- Counsels health centers, behavioral health agencies, and provider networks on a wide range of health law issues, including fraud and abuse, reimbursement and payment, and antitrust and competition matters.
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Agenda

- Part 1: Value-Based Payment Arrangements
 - VBP Arrangements
 - NYS VBP Levels
 - Opportunity for Behavioral Health Agencies
- Part 2: VBP Contracting Strategies
 - Preparing for VBP Arrangements
 - Evaluating the VBP Contract / Participation Agreement
 - Negotiating Strategies
- Your Questions and Comments!

PART 1

Value-Based Payment Arrangements



Types of VBP Arrangements – New York State

Types	Total Care for General Population (TCGP)	Total Care for Special Need Populations	Care Bundles	Integrated Primary Care (IPC)
Definition	Party(ies) contracted with the MCO assumes responsibility for the total care of its attributed population	Total Care for the Total Sub-pop <ul style="list-style-type: none"> •HIV/AIDS •MLTC •HARP 	Episodes in which all costs related to the episode across the care continuum are measured <ul style="list-style-type: none"> •Maternity Bundle 	Patient Centered Medical Home or Advanced Primary Care, includes: <ul style="list-style-type: none"> •Care management •Practice transformation •Savings from downstream costs •Chronic Bundle (includes 14 chronic conditions related to physical and behavioral health related)
Contracting Parties	IPA/ACO, Large Health Systems, FQHCs, and Physician Groups	IPA/ACO, FQHCs and Physician Groups	IPA/ACO, FQHCs, Physician Groups and Hospitals	IPA/ACO, Large Health Systems, FQHCs, and Physician Groups

NYS Levels of Value Based Payments

There are different levels of risk that the providers and MCOs may choose to take on in their contracts:

Level 0 VBP*	Level 1 VBP	Level 2 VBP	Level 3 VBP (feasible after experience with Level 2; requires mature contractors)
FFS with bonus and/or withhold based on quality scores	FFS with upside-only shared savings available when outcome scores are sufficient (For PCMH/IPC, FFS may be complemented with PMPM subsidy)	FFS with risk sharing (upside available when outcome scores are sufficient)	Prospective capitation PMPM or Bundle (with outcome-based component)
FFS Payments	FFS Payments	FFS Payments	Prospective total budget payments
No Risk Sharing	↑ Upside Risk Only	↑↓ Upside & Downside Risk	↑↓ Upside & Downside Risk

Goal of ≥80-90% of total MCO-provider payments (in terms of total dollars) to be captured in Level 1 VBPs at end of DY5

Aim of ≥ 50% of total costs captured in VBPs in Level 2 VBPs or higher



NYS VBP Expenditure Goals by Year

- **April 1, 2018:** At least 10% of total MCO expenditures in Level 1 or above.
- **April 1, 2019:** At least 50% of total MCO expenditure in Level 1 or above of which at least 15% of which are in Level 2 or higher.
- **April 1, 2020:** 80-90% of total MCO expenditures in Level 1 or higher of which At least 35% of total payments contracted through Level 2 VBPs or higher for fully capitated plans and 15% contracted in Level 2 or higher for not fully capitated plans.

VBP Opportunity for Behavioral Health

- VBP is a significant opportunity for providers of behavioral health services, given that:
 - Total spending per person for individuals with a behavioral health diagnosis is nearly four times higher than for those without.*
 - 20 percent of Medicaid enrollees who have a behavioral health diagnosis account for almost half of total Medicaid expenditures.*
 - Many people with serious behavioral health disorders have a substantial number of comorbid acute or chronic medical conditions.*

*Medicaid and CHIP Payment and Access Commission. “Chapter 4: Behavioral Health in the Medicaid Program — People, Use, and Expenditures. Report to Congress on the Medicaid and CHIP.” June 2015.



Medicaid Costs Attributable to Behavioral Health Population

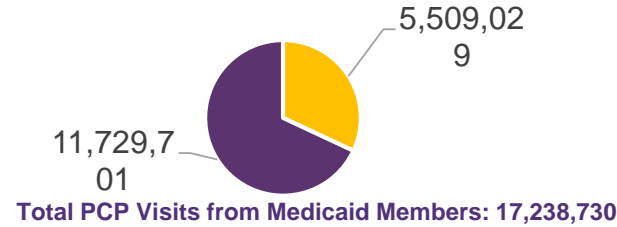
➤ **New York State:** A disproportionate amount of total cost of care and hospital visits in NYS can be attributed to the BH population

Overview:

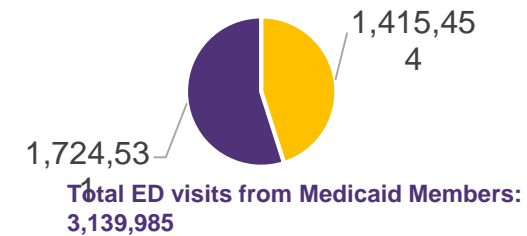
- Medicaid members diagnosed with BH account for **20.9%** of the overall Medicaid population in NYS
- The average length of stay (LOS) per admission for BH Medicaid users is **30%** longer than the overall Medicaid population's LOS
- Per member per month (PMPM) costs for Medicaid Members with BH diagnosis is **2.6** times higher than the overall Medicaid population

■ Total Medicaid Pop. Excluding Medicaid BH Pop.
■ Medicaid members diagnosed w/ BH

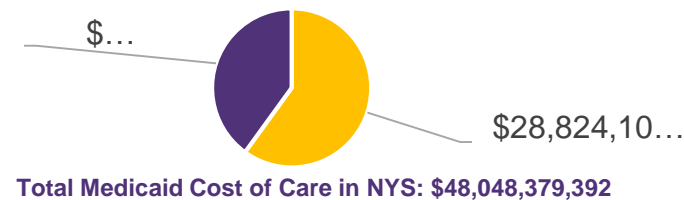
Medicaid members diagnosed with BH account for 32% of Medicaid Primary Care Physicians (PCP) visits



Medicaid members diagnosed with BH account for 45.1% of all ED Visits



Medicaid members diagnosed with BH account for 60% of the total cost of care in NYS



Medicaid members diagnosed with BH account for 53.5% of admissions



Source: SIM Database. 2014 Claims Data – analysis based on data from January – December 2014. New York State.*

* This data includes Medicaid Members with 1+ Claims with primary or secondary diagnosis of behavioral health issues



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PART 2

VBP Contracting Strategies

VBP Contracting Strategy

Before signing the contract, pick up your P.E.N.

- ✓ **P**repare
- ✓ **E**valuate
- ✓ **N**egotiate



Preparing for VBP Contracts

➤ ***Know VBP requirements under state Medicaid contracts to better advocate for your own VBP arrangements with MCOs.***

- What percentage of provider contracts or premiums must be made under VBP methodologies? By when?
- How does your state define VBP arrangements?
- For which quality measures are payers accountable?
- How are payers performing currently on quality measures ?

New York State MCO Incentives

VBP incentives for MCOs are designed to encourage not only higher value, but also to encourage increased (and earlier) adoption of VBP contracting. These include:

- **Stimulus Adjustments**
 - Increased capitation premium to MCOs that achieve VBP at higher levels
- **Penalty Adjustments**
 - Downward adjustment to premium for lack of movement to VBP
- **Efficiency Adjustments**
 - Rewards efficiency in delivery of care in VBP arrangements
- **Quality Adjustments**
 - Incorporates new VBP measures into current quality incentive program

New York State MCO Incentives

- **Penalty Adjustments**

- Levied on the value of the margin between the VBP threshold and the plan's contracted amount
- Begins in Rate Year 2018-19 and becomes more stringent over time
 - SFY 18-19: 0.5% penalty if 10% VBP Level 1 not met
 - SFY 19-20: 1% penalty if 50% VBP Level 1 or 15% Level 2 not met
 - SFY 20-21: 1% penalty if 80% VBP Level 1 or 35% Level 2 not met

Preparing for VBP Contracts

➤ ***Develop the business case for delivering value to the MCO.***

- Is your organization ready and capable of participating in a VBP contract?
- Can you demonstrate to an MCO that you will be likely to reduce its total costs of care and/or help qualify the MCO for additional payments?
- Can you improve the MCO's performance on quality metrics?

➤ ***Know in advance how well you perform on the MCO's dashboard.***

- What is your performance on the MCO's quality measures?
- How much do your services cost the MCO?
- What is the MCO's total costs of care for your patient population?

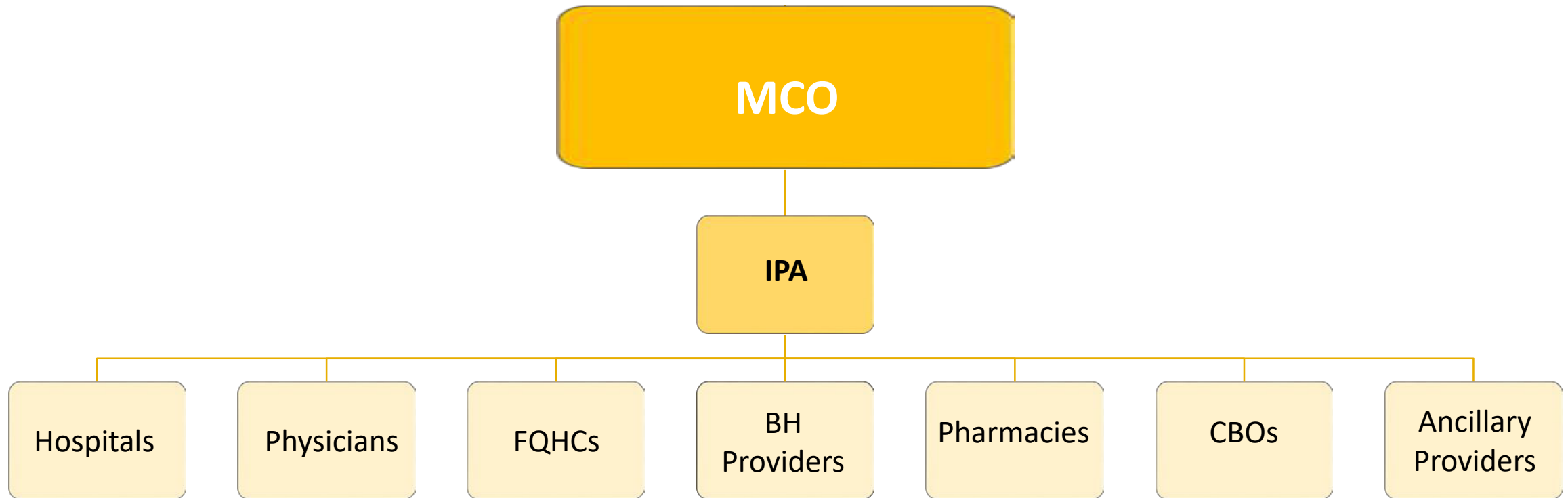
Preparing for VBP Contracts

- ***Partner with other organizations to enhance your value proposition.***
- Would participation in a joint venture or integrated provider network allow you to contract under a VBP arrangement, manage total costs of care, or improve performance on quality metrics?
 - **Lead VBP Contractor:** Typically larger provider system experienced and capable of contracting with an MCO
 - **Provider Partners:** Typically smaller or downstream providers that will contract with the Lead VBP Contractor.
 - **Community Based Organization (CBOs):** CBOs are uniquely positioned to address root causes of poor health.

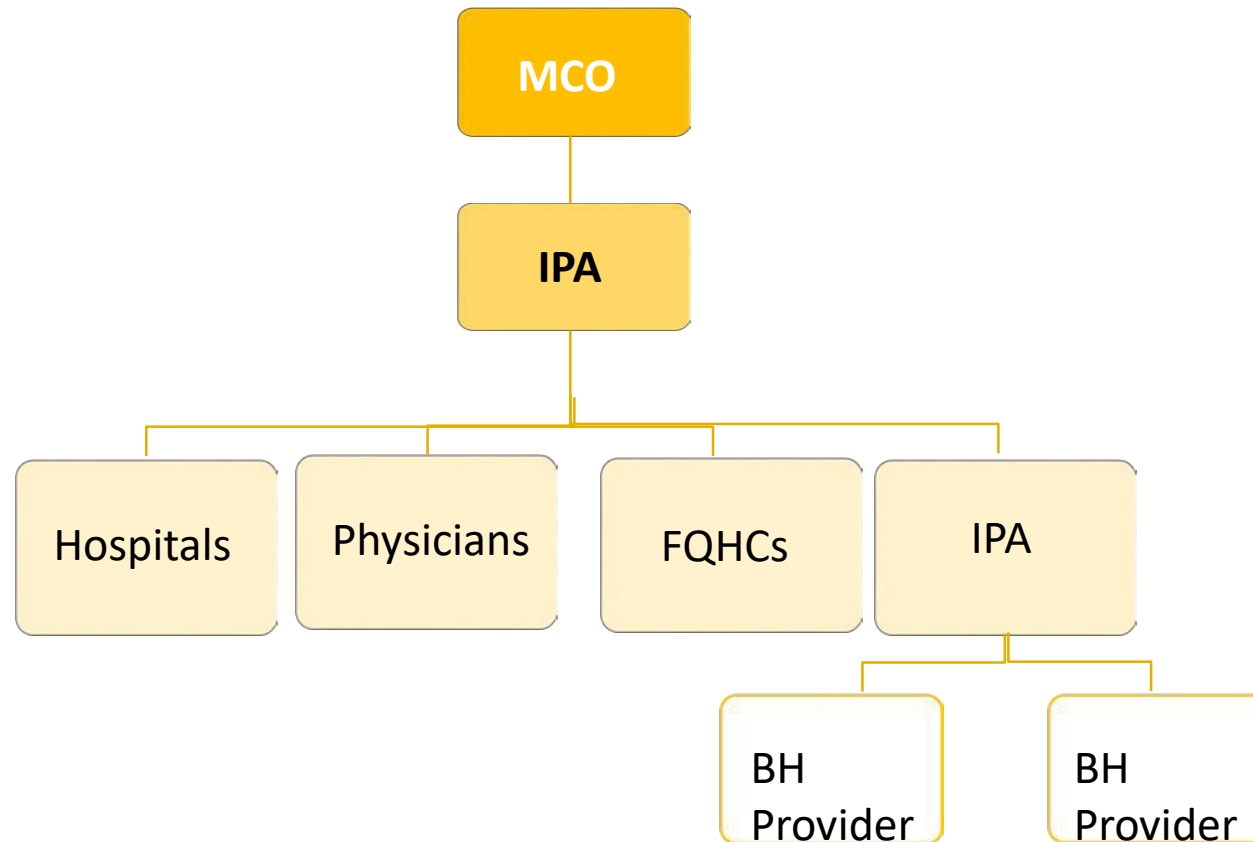


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Example Structure of a VBP Arrangement



Example Structure of a VBP Arrangement



Preparing for VBP Contracts

➤ ***Communicate your value to MCOs.***

- Do you have marketing materials that communicate your value?
- Have you sought meetings with MCOs to make your business case?
- Do you participate at conferences and community events where you highlight your value?

Evaluating VBP Contracts

1. Negotiate the timeframe for review

2. Assemble your contract review team

- Establish a “point person” and review team lead
- Assign areas of contract review to team members based on their expertise

3. Assemble documents

- Obtain entire proposed contract from the MCO, including all referenced and incorporated documents
- Do not assume the MCO knows your scope of services!
- Obtain other documents necessary to understand legal obligations (for example, in Medicaid managed care, the MCO’s contract with the State)



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Evaluating VBP Contracts

4. Assess the MCO's Operational Performance

Considering **past performance** of the MCO is crucial. If possible, gather information about past experience of the provider with this MCO:

- Did the MCO meet its payment obligations on time?
- Was the basis for denied claims reasonable?
- Did the MCO give the provider a role in the development of policies, such as utilization review?
- Was the MCO responsive to the provider's requests?

Evaluating VBP Contracts

5. Assess the MCO's Financial Stability

Evaluate the MCO's background and fitness. If possible, the provider should examine the following elements of the MCO's operation:

- Financial stability and strength
- Administrative record
- Operational methods
- Structural framework



Evaluating VBP Contracts

6. Review the MCO's Participating Provider Agreement

- Do you understand what all provisions mean?
- What provisions disadvantage your organization from a financial, clinical, operational, or legal perspective?
- Are responsibilities for each party clearly stated and all terms defined?
- Does the contract include all of the relevant appendices and exhibits?
- Have you reviewed any policies, procedures and documents referenced in the contract?
- Have you reviewed any references to statutes, codes, regulations to know what they say?
- Does signing the contract reflect sound business judgment?

Evaluating VBP Contracts

7. Identify and *Prioritize* Issues

Categorize each issue as follows:

Red: Critical issues that without addressing you cannot afford to proceed because the risks (not just financial) are unacceptable for the organization

Yellow: Significant issues that should be addressed before proceeding because they create undesirable risks for the organization

Green: Issues that ideally would be addressed prior to proceeding to reduce potential risks



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Negotiating VBP Contracts

Your idea of negotiation?



What is Negotiation?

Reframe
negotiation as
discussion aimed
at reaching
agreement.



Negotiating VBP Contracts

Internal Administrative Preparedness

- Who will be negotiating?
 - A team?
 - An individual?
- How will issues be negotiated?
 - In writing?
 - By phone?
 - In person?

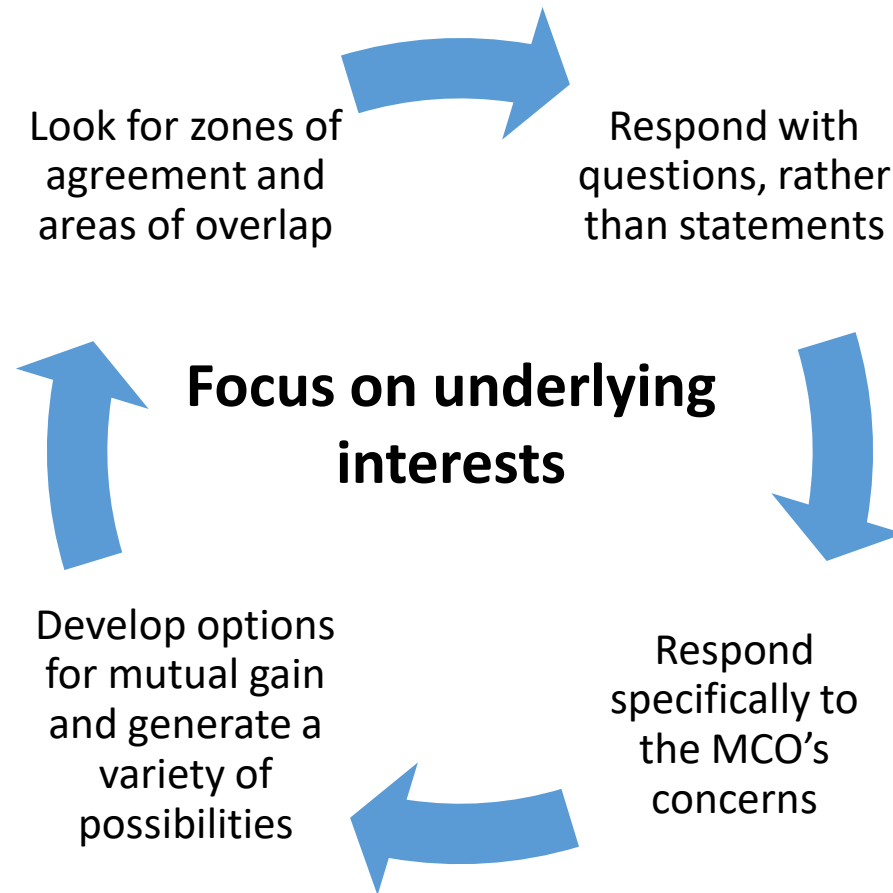
Negotiating VBP Contracts

A common error is bargaining over positions.

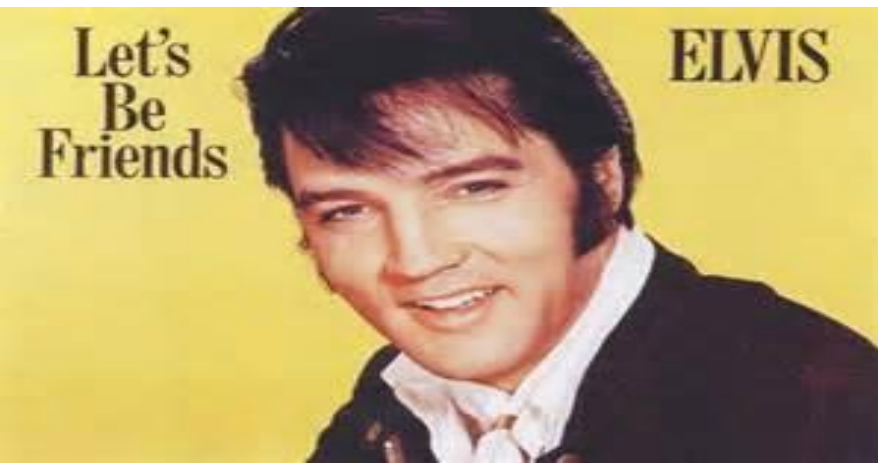
occurs when one or both parties get stuck in ensuring that they win on their positions, regardless of whether the overall goal is attained

occurs when parties take extreme positions in the expectation that they will have room to bargain down

Negotiating VBP Contracts



VBP Contracting Negotiation Tips



Educate: Do not assume that the MCO's representative understands your concerns.

Learn: Respond with questions, rather than statements, and respond specifically to the MCO's concerns

Voice options for mutual gain and generate a variety of possibilities before deciding what to do

Insist that resulting provisions be based on some objective standard

State the importance of maintaining an ongoing relationship



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Negotiating VBP Contracts

If you did not resolve all of the **critical issues** to your satisfaction, consider:

- whether this one VBP contract is essential to your operations
- whether the risks of contracting outweigh the risks of not contracting with the MCO
- whether you can terminate the contract early in the event that the financial or legal harm becomes too great to bear
- whether you have any other options for achieving a better outcome, i.e., using an agent for negotiations



VBP Contract Strategy: Key Take-Aways

- **Step 1: Don't Underestimate the Value of Preparation**
 - State and regulatory requirements, your business case for VBP contracts, and strategic communications are critical elements
 - Consider the need/benefit of forming community partnerships
- **Step 2: Evaluate VBP contracts critically and realistically**
 - Work as a team to understand contract provisions
 - Determine highest priority issues and implications
- **Step 3: Negotiate smartly and strategically**
 - Educate MCOs on the business case for VBP arrangements for populations with a behavioral health diagnosis.
 - Identify (and promote!) specific VBP arrangements that will achieve state targets / quality scores, assisting MCO recover premium withholds.

Questions and Comments

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Additional Webinars in this Series

All Webinars Scheduled for 1:00-2:00pm ET

Webinar 2: [VBP Contract Terms and Legal Protections](#); Wednesday, June 20

Webinar 3: [Key Terms in Participation Agreements](#); Wednesday, June 27

Webinar 4: [Forming Community Partnerships to Participate in VBP Arrangements](#); Wednesday, July 11

Webinar 5: [Forming Community Partnerships to Participate in VBP Arrangements](#); Wednesday, July 18

Webinar 6: [Data Sharing and Confidentiality Part 1](#); Wednesday, August 1

Webinar 7: [Data Sharing and Confidentiality Part 2](#); Wednesday, August 15

Webinar 8: [Employment & Professional Services Agreements](#); Wednesday, August 29

Webinar 9: [Forming Provider Networks to Participate in VBP Arrangements](#); Wednesday, September 12

Webinar 10: [TBD](#); Wednesday, September 26

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