

# Contracting Strategies: Community Based Organizations

## Value Based Payment (VBP) Guidance Document

### Preparing for the Transition to VBP

This document is intended to help community based organizations (CBOs) prepare for and make the transition to VBP. This document covers potential contracting strategies CBOs may consider, and provides details on how CBOs are uniquely positioned to address social determinants of health (SDH). A more general guidance document related to the role of CBOs in VBP was included in the VBP University Semester 2 release.

### The Role of CBOs in VBP

CBOs are uniquely positioned to address root causes of poor health given their understanding of community needs. This community focus, coupled with the clinical services of other health care providers (Hospital, ACO, IPA, etc.) can make a significant positive impact on population health and generate savings for entities involved. In addition, CBOs are in a strong position to impact social determinants of health. Because of the unique role of the CBO, the VBP program requires that all Level 2 and 3 arrangements include at least one Tier 1 CBO (starting January 2018). Each tier is described below:

- **Tier 1**—Non-profit, non-Medicaid billing, community based social and human service organizations (e.g. housing, social services, religious organizations, food banks)
- **Tier 2**—Non-profit, Medicaid billing, non-clinical service providers (e.g. transportation, care coordination)
- **Tier 3**—Non-profit, Medicaid billing, clinical and clinical support service providers (licensed by the NYS Department of Health, NYS Office of Mental Health, NYS Office for Persons with Developmental Disabilities, or NYS Office of Alcoholism and Substance Abuse Services)

It is important for a CBO to understand its organizational structure and to determine if that structure meets the definition of a *non-Medicaid billing* entity. A CBO will not meet the definition of *non-Medicaid billing* and will not be considered a Tier 1 organization, if any component of a CBO entity bills Medicaid. For example, if a CBO is structured so that one business unit is Medicaid billing and another business unit is non-Medicaid billing (and both components of the CBO are part of the same overarching organization and tax code) then the CBO would not meet the *non-Medicaid billing* definition. By extension, the CBO would therefore not meet the Tier 1 definition.

The State recognizes that CBOs may not exist within a reasonable distance to providers/provider networks in some regions of New York. In such situations, VBP contractors may apply to the State for a rural exemption for Level II and III arrangements where the inclusion of CBOs are required. The State will review these exemptions on a case-by-case basis.

Tier 2 and 3 CBOs still play an important role in VBP. In addition to Tier 1 CBOs, Tier 2 and 3 CBOs may also be partnered with to lead or support the implementation of an SDH intervention; this is appealing to VBP Contractors with Level 2 and 3 arrangements who are required to include an SDH intervention in their arrangement. In addition, by addressing social, environmental, and behavioral factors, CBOs (including Tier 2 and 3 CBOs) will have a large impact on the population health of a



provider network’s attributed member population. VBP contractors that contract with and potentially make investments with CBOs may see significant savings on medical spend which results in more shared savings in a VBP arrangement. Finally, certain Tier 2 and 3 CBOs may be logical partners for specific types of arrangements if the services the CBO provides are aligned with the arrangement a lead VBP contractor is implementing. For example, a CBO that provides education around infant/maternal care, and Medicaid reimbursable prenatal support services (so would not meet the Tier 1 definition), may be a logical and appealing partner for inclusion in a Maternity Care arrangement. VBP Contractors and MCOs should consider all types of CBOs for inclusion in VBP arrangements.

The unique role CBOs have in VBP related to (a) implementing a social determinant of health intervention, and (b) generating significant downstream savings by addressing social, environmental, and behavioral factors are value propositions that CBOs should consider when looking to subcontract and participate in a VBP arrangement. Further information about the role CBOs can play in VBP, their value proposition, and considerations related to Governance, Stakeholder Engagement, Business Strategy, Finance, and Data can be found in the VBP University Semester 2 materials.

## Contracting Scenarios

While the VBP Roadmap does stipulate that in 2018 all Level 2 and 3 arrangement must include a Tier 1 CBO, it provides flexibility regarding the nature of that contracting relationship. This flexibility is also extended to Tier 2 and 3 CBOs. Again, the contracting nature that governs the inclusion of Tier 2 and 3 CBOs may vary. CBOs may contract with MCOs directly, VBP contractors or within a VBP provider’s network. CBOs are not required to take on risk in order to meet the VBP Roadmap requirement of Tier 1 CBO inclusion for Level 2 and 3 arrangements. Therefore, the structure of a CBO contract, may include, but not be limited to:

- a) **Payment for services rendered.** These contracts would not have a value or risk-based component.
- b) **VBP Level 1, upside only.** These contracts would be non-risk based. If savings are achieved, the CBO would receive a portion of shared savings. If losses are incurred, the CBO would not take on any losses.
- c) **VBP Levels 2 & 3, upside and downside risk.** These contracts would be risk based. If savings are achieved, the CBO would receive a portion of shared savings. If losses are incurred, the CBO would take on some degree of loss.

The VBP Roadmap suggests that CBOs may be held to performance measure standards (NYS VBP Roadmap p. 41). This is especially true of CBOs that are implementing an SDH intervention. The lead VBP Contractor and payer that have negotiated a VBP arrangement may want to measure the impact of including a CBO in the VBP arrangement. Ultimately, however, the terms of the CBO subcontracting agreement is open to negotiation between the CBO and the parties they contract.

Further flexibility allows CBOs to be included in VBP arrangement in a number of ways. Including a CBO in a VBP arrangement may include, but not be limited to, the following structures:

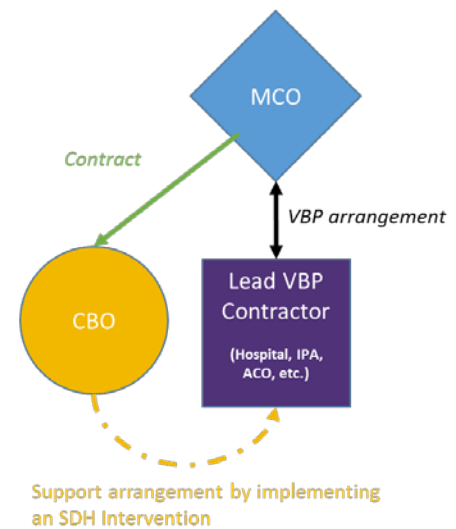
- a) **CBO contracting directly with an MCO** to support multiple VBP arrangements held by the MCO
- b) **CBO subcontracting with the lead VBP contractor** (Hospital, IPA, ACO, etc.).
- c) **CBO subcontracting with downstream providers, within a VBP provider network**

The contracting diagrams below provide some general use cases related to CBO contracting

scenarios. In each use case, it is assumed that the CBO is providing services related to implementing a social determinant of health intervention.

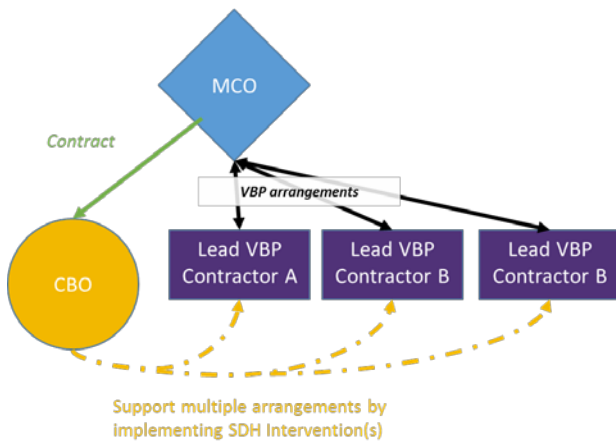
**Use Case #1: Contracting with an MCO directly to support a VBP arrangement**

A CBO contracts (risk or non-risk based contract) directly with a Managed Care Organization (MCO) to deliver a SDH intervention. The intervention specifically supports, and is tied to, the VBP arrangement that is negotiated between the MCO and the Lead VBP Contractor. While the CBO has no contractual relationship with the Lead VBP Contractor, the CBO will be serving the same population that the Lead VBP Contractor is responsible for, and may impact the shared savings that the Lead VBP Contractor may generate. For this reason, the CBO and Lead VBP Contractor should establish open channels for frequent communication. This contracting scenario may be beneficial for CBOs that already have a relationship with a payer/MCO.



Using an example to illustrate the use case, let's assume that a CBO has a positive, standing relationship with an MCO and experience in providing supportive housing and air conditioning for asthmatics during summer months. The CBO elects to contract with the MCO to support a Lead VBP Contractor that is pursuing an Integrated Care (IPC) arrangement, since asthma is a chronic condition included in the IPC arrangement.

**Use Case #2: Contracting with an MCO directly to support multiple VBP arrangements**



This is an expanded version of Use Case #1, where a CBO contracts directly with a MCO to deliver a SDH intervention. However, in this use case, the intervention specifically supports, and is tied to, multiple VBP arrangements. The CBO still has no contractual relationship with the Lead VBP Contractors, and is serving an even larger population that, collectively, each of the VBP Contractors is responsible for. With more Lead VBP Contractors, the CBO can potentially help generate an even larger portion of shared savings across multiple arrangements. This will of course require more communication efforts since the CBO will be

supporting multiple Lead VBP Contractors. This contracting scenario may be beneficial for CBOs that already have a relationship with a payer/MCO, and have demonstrated a successful SDH intervention. MCOs may want to utilize CBOs that have shown demonstrated success for multiple arrangements. The contracting scenario outlined in Use Case #1 may evolve to Use Case #2 as more providers move towards VBP and contract a VBP arrangement with an MCO/payer.

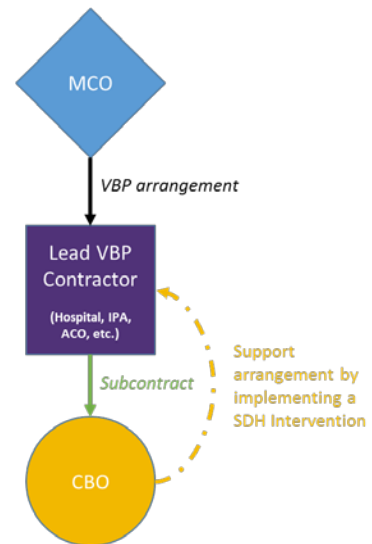
Using an example to illustrate the use case, let's assume that after a period of a few years, the CBO from Use Case #1 has successfully demonstrated that their supportive housing intervention has

a positive impact on members and can generate savings under an IPC arrangement. Building off this success, the MCO and CBO renegotiate their contract so that the CBO implements a SDH intervention for any IPC arrangement that the MCO contracts in the region that the CBO serves. The CBO has now an ever larger role in generating potential shared savings.

**Use Case #3: Contracting with a Lead VBP Contractor to support a VBP arrangement**

A CBO subcontracts with a lead VBP Contractor to support the VBP arrangement that the lead VBP Contractor has negotiated with the MCO. The CBO will work with the lead VBP Contractor to develop and implement an SDH Intervention. The CBO has no contractual relationship with the MCO, and may not even need to open a line of communications with the MCO/payer. This contracting scenario may be beneficial for CBOs that already have a relationship with a provider that is making the move to VBP.

Using an example to illustrate the use case, let’s assume that a CBO has a positive, standing relationship with an obstetrician practice. The obstetrician practice is looking to make the move to VBP. The CBO provides prenatal support services, education around infant/maternal care, and lactation consulting. The CBO elects to subcontract with the Lead VBP Contractor (obstetrician practice) to support a Maternity Care arrangement given that the CBO’s services may impact the services included in a Maternity Care arrangement.



**Reporting CBO Contracting to the State**

Whether the CBO is contracted with an MCO, or subcontracts with a VBP Lead Contractor, the contractual relationship of the CBO must be submitted to the State via MCOs’ contract reporting process. VBP contracts that MCOs submit to the State for review must include a completed DOH-4255 contract statement and certification. In Section C of the DOH-4255, the CBO that is being contracted with should be manually identified in the area designated “Other.” In instances where CBOs are subcontracting with the Lead VBP Contractor (and therefore not contracted directly with the MCO), the MCO still must submit the agreement between the VBP Contractor and the CBO to the State. This may mean that CBO, Lead VBP Contractor, and MCO need to open a communication line to ensure that the contract submission to the State captures the relevant CBO contracting information. For more information, please visit the SDH & CBO page of the [VBP Resource Library](#).

**Potential Resources**

Below are some existing resources that CBOs may leverage to help facilitate moving into VBP:

- **Community Based Organization (CBO) Planning Grants:** Grants support CBOs with contracting and administrative resources to support strategic planning activities to facilitate engagement in Delivery System Reform Incentive Payment (DSRIP) and VBP activities. Grantees by region that can be engaged include:
  - a) *New York City*—Arthur Ashe Institute for Urban Health
  - b) *Long Island/Mid-Hudson*—The Health and Welfare Council of Long Island
  - c) *Rest of State*—To be determined



- **New York Performing Provider System (PPS) Innovation Fund Awards:** PPSs have been a valuable resource that have provided RFP awards to CBOs to promote DSRIP and VBP activities. Some examples include:
  - a) Adirondack Health Institute (AHI) awarded two (2) RFP awards to Tier 1 CBO partners
    - 1) **Citizen Advocates - Project "inSHAPE":** Health promotion and coaching interventions in the areas of nutrition, fitness, social inclusion, and community engagement, targeting those with serious mental illness and high-risk health metrics
    - 2) **The Open Door Mission - Pathway Home Project:** Expand the organization's new location to include a training room, day room, resource and learning center, and health clinic to impact social determinants of health in the community
  - b) Millennium Collaborative Care (MCC) contracted with multiple CBOs through an RFP process to promote:
    - 1) **Maternal and Child Health**
    - 2) **Patient Activation**
    - 3) **Cultural Competency and Health Literacy trainings**
  - b) Bronx Health Access has offered **one day training workshop** for CBO providers of social determinant services:
    - 1) Gain skills and resources for **conducting program evaluations** under budget, time, and data constraints
    - 2) Receive **program-specific technical assistance** to implement/ strengthen local evaluation research capacity
    - 3) Assist your agency in **quantifying and qualifying your value proposition** as we head into the new world of value based payment

Engage PPSs early and often to see what resources they may have available to promote participating in VBP!