NEW YORK STATE | Department of Health | Medicaid Redesign Team

Managed Long Term Care (MLTC) & Value Based Payment (VBP) – Discussion of Level 2 for Partially Capitated Plans

Stakeholders Meeting #2

May 24, 2018

Agenda

1. Review of the Options Discussed at February 20 Level 2 Stakeholders Meeting
2. Summary of Feedback Received
3. Presentation of an Alternative Option
4. Next Steps

Review of Options Discussed February 20

Options Discussed at February 20 Stakeholders Meeting

Option 1 & 1a: Mainstream Level 2 Option Scenarios

- **Target budget setting based on total cost of long-term care benefits**
- **Minimum downside risk of 20%**

Option 2: Continued Use of the Potentially Avoidable Hospitalization Measure (PAH) as Pay for Performance (P4P), with Upside/Downside

- **Target budget setting based on total cost of long-term care benefits**
- **Downside more limited with ability to earn a P4P bonus to offset losses**

<u>Key Considerations for the Discussion</u>

- All Level 2 options include some degree of downside risk
- The MLTC Clinical Advisory Group discussion focused on the creation of a lower risk "learning curve" option to allow for an interim step between P4P in Level 1 for partially capitated MLTC plans and Level 2 described in the VBP Roadmap for mainstream managed care plans

Summary of Feedback Received

Summary of Feedback Received

- Without Medicare, the opportunities to coordinate care are limited
- Partial capitation MLTC plan does not lend itself to a target budget situation due to its construction of benefits
- An even more incremental step is needed for providers to take on risk based on cost of care

Presentation of an Alternative Option

Recommended Approach for MLTC Partial Cap Level 2

Flat Percentage Upside/Downside Quality Incentive Payments

Require providers (e.g., Licensed Home Care Services Agency, or LHCSA, or Certified Home Health Agency, or CHHA) to adopt a minimum percentage downside risk of 1% of total expenditure with the contractual provider

- Plans and providers would still maintain flexibility to negotiate higher risk/shared savings
- Percentage minimum should not create a significant cost burden for plans and should neither induce them to prefer to incur penalties nor place undue pressure on LHCSAs or CHHAs to unduly reduce hours of care
- Not a target budget, incentive payment based on quality performance only

Quality Measures are Aligned from Plan to Provider

- Require the providers to include the PAH measure in Level 2 contracts
- Require the providers to include at least one other long-term care measure from the MLTC Quality Incentive (MLTC QI) measures recommended by the MLTC CAG, in the Level 2 contract

Flat Percentage Scenario: $20 Million LHCSA

Scenario: $20 million LHCSA enters into a Level 2 P4P arrangement with an MLTC partial plan

- LHCSA would get a 1% bonus or a 1% withhold, depending on how they perform on quality measures for VBP established in the contract including the PAH measure and at least one additional MLTC CAG-recommended VBP long-term care quality measure from the MLTC QI
  - If the LHCSA performs **poorly** against established quality targets, a $200,000 withhold is subtracted from their payment in subsequent year/s
  - If the LHCSA performs **well** against established targets, a $200,000 bonus payment is added to their payment in subsequent year/s

- For the MLTC plan, the entire $20 million contract expenditure counts as Level 2
  - For example, the 5% target for a plan with $500 million in expenditures is $25 million

Next Steps

- Please submit any comments by **Friday, June 1**
  - Comments may be submitted to **mltcvbp@health.ny.gov**

- The State's goal is to post Level 2 guidance to the VBP Resource Library by **June 8**