



Accountable plan partners

MANAGED CARE ORGANIZATION PREMIUM WITHHOLD

SYNOPSIS

The Washington State Health Care Authority (HCA) has designed and implemented a value-based contracting arrangement, whereby HCA withholds a percentage of the monthly per-member-per-month (PMPM) premium to each managed care organization (MCO) which they may earn back through the achievement of VBP and quality targets.

THE GOAL

Incentivize MCOs to shift from volume to value by allowing them to earn back a portion of withheld capitated premium payments. MCOs demonstrate increased value-based contracting with providers and quality performance improvement. Medicaid managed care represents a large majority of HCA's health care purchasing, and this incentive structure will help HCA achieve its goal of 90 percent VBP by 2021.

DESIRED OUTCOMES

- Increased value-based contracting; 90 percent by 2021
- Increased provider incentives
- Improved quality performance

HOW IT WORKS

Prior to 2017

- HCA pays "capitated" premium for each Medicaid beneficiary.
- MCO pays provider, primarily on fee-for-service basis, using monthly premium from HCA.
- Provider performs services, often without incentives to prioritize value over volume.

Present & future

- HCA pays MCOs "capitated" premium for each Medicaid beneficiary.
- HCA withholds a percentage of capitated premium, which MCOs can earn back by implementing VBP with providers.
- MCOs work with providers to enter into value-based contracts meeting the criteria of the HCP-LAN APM framework.
- Under VBP, providers take on greater accountability to deliver higher value care to Medicaid beneficiaries.

THE CHALLENGE

HCA has set a target for 90 percent of provider payments under state-financed health care to be linked to quality and value by 2021. This includes Washington Apple Health (Medicaid), through which HCA purchases health care for approximately 1.8 million Washingtonians. Implementing value-based contracts with the five Apple Health MCOs is imperative to the state's ability to achieve its purchasing goals by 2021.

DESCRIPTION

HCA pays MCOs a per-member-per-month (PMPM) premium rate that covers all of a client's care. The MCOs pay providers with the premiums to perform services for Apple Health clients. To connect payment to quality of care and to value, HCA withholds 1.5 percent of an MCO's monthly premium, to be returned based on performance in the following areas:

- Value-based purchasing arrangements with providers
- Qualifying provider incentives
- Achieving quality improvement targets

Over time, the withhold amount and benchmarks for each performance area may increase.

HOW WE GET THERE

HCA has adopted the Health Care Payment Learning and Action Network (HCP-LAN) framework created by the Centers for Medicaid and Medicare Services (CMS) to define value-based payment. To meet HCA targets, at least 1 percent of premium payments must be incentives and disincentives in LAN Category 2c or higher. Provider incentives are additional payments or withholds based on provider performance. Additionally, an MCO needs to pay at least 50 percent of provider payments in the form of VBP arrangements in LAN Category 2c or higher, which is HCA's definition of VBP.

A third party reviews and validates the self-reported (by each MCO) provider incentive payments and VBP arrangements. HCA uses its homegrown Quality Improvement Score (QIS) model to evaluate performance on seven quality measures from the Statewide Common Measure Set.

Reconciliation, validation, and determination of the withhold follows this timeline:

RESULTS

