PAYMENT REFORM

Patient Centered Care
Quality Outcomes
Payment Reform is a primary focus of Health Care Reform

Achieve the “Triple Aim”

Seeking to pay for Quality not Quantity

Already underway

- PQRI/PQRS Penalties
- Medi-Cal Managed Care throughout the state
- PCMH/PCHH Initiatives
- ACO’s
TRIPLE AIM

- Better Patient Care
- Better Population Health
- Lower Per Capita Cost
TOPICS FOR TODAY

- Medicare FQHC sites - PPS Rate Changing
  - PPS Rate program is final
  - Comment period for the new G-Codes
  - Comment period for influence of PCMH/PCHH

- Medicare Part B sites - PQRI/PQRS

- Medi-Cal – FQHC possibilities
  - Not final yet
  - These are overviews of plans being discussed
  - From Volume to Value
ANNUAL SERVING OF ALPHABET SOUP

- Medicare FQHC PPS Rate
  - PPS
  - New G-Codes FQHC Bundle
  - IPPE, AWV

- Medicare Part B (FFS) - PQRS/PQRI

- Medi-Cal
  - SB1081 – Capitation & Flexible Care
  - RMCMIP - PMPM
  - Wrap Cap - PMPM
  - SHCIP/CalSIM – PCMH/PCHH

- PCMH/PCHH
Medicare FQHC Sites
Affordable Care Act – Key Requirements for the FQHC PPS

May 2, 2014 – CMS published final rule for Medicare PPS for FQHCs

Payment Rate and Adjustments
- Geographic Adjustment
- New Patient, IPPE, AWV Adjustments
- Use of G Codes
- Care Coordination

Annual Rate Update
- The final rate is $158.85
  - $158.85 x GAF x 1.3416

- The final adjustment is **34% for new patients, IPPE, initial and subsequent AWV**

- Medicare payment for FQHC services must be **80% of the lesser of the actual charge or the PPS amount**

- For Medicare Advantage Wrap-around the wrap-around payment is based on the difference between the PPS rate and the MA contracted rate
<table>
<thead>
<tr>
<th>Location</th>
<th>2014 GAF</th>
<th>2014 Rate</th>
<th>2015 GAF</th>
<th>2015 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaheim/Santa Ana</td>
<td>1.123</td>
<td>$239.33</td>
<td>1.120</td>
<td>$238.69</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>1.096</td>
<td>$233.57</td>
<td>1.100</td>
<td>$234.42</td>
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<tr>
<td>Marin/Napa/Solano</td>
<td>1.154</td>
<td>$245.93</td>
<td>1.165</td>
<td>$248.28</td>
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<tr>
<td>Oakland/Berkeley</td>
<td>1.152</td>
<td>$245.51</td>
<td>1.154</td>
<td>$245.93</td>
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<tr>
<td>San Francisco</td>
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<td>$259.15</td>
<td>1.224</td>
<td>$260.85</td>
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<tr>
<td>San Mateo</td>
<td>1.210</td>
<td>$257.87</td>
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<tr>
<td>Santa Clara</td>
<td>1.204</td>
<td>$256.59</td>
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<td>$257.65</td>
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<tr>
<td>Ventura</td>
<td>1.105</td>
<td>$235.49</td>
<td>1.100</td>
<td>$234.42</td>
</tr>
<tr>
<td>Rest of California</td>
<td>1.053</td>
<td>$224.41</td>
<td>1.053</td>
<td>$224.41</td>
</tr>
</tbody>
</table>

*This is the best estimate I can provide at this time.*
Payment Codes – FQHCs will be required to use new payment codes (“G-codes”) to bill for a FQHC visit, reflecting the sum of the regular rates charged for a typical bundle of services that would be furnished per diem to a Medicare beneficiary.

5 new G codes:
- G0466 - FQHC visit, new patient
- G0467 - FQHC visit, established patient
- G0468 - FQHC visit, IPPE or AWV
- G0469 - FQHC visit, mental health, new patient
- G0470 - FQHC visit, mental health, established patient

Comments sought on G codes.
Payment to be determined by the MAC based on the lesser of the FQHC’s charge for the payment code or applicable PPS rate.
After the first year of implementation, the PPS payment rates must be increased by the percentage increase in the Medicare Economic Index (known as the MEI)

After the second year of implementation, PPS rates must be increased by either the MEI or a market basket of FQHC goods and services
You convert at the beginning of your cost report period following 10/01/2014.
CMS will be hosting a National Provider Call on Wednesday, May 21, 12:30 - 2:30 p.m. ET, to review the final policies for the new Medicare PPS for FQHCs.

KEY POINTS OF MEDICARE PPS

- Medicare FQHC rates will change with your first cost report period following 10/01/14

- “Lesser of”

- New FQHC bundle codes in comment period

- Care Coordination (PCMH/PCHH) influence in comment period
Medicare Part B (not billing FQHC) Sites
What Is the Physician Quality Reporting Incentive Payment?

Eligible professionals and group practices who satisfactorily report quality measures may receive an incentive payment based on a percentage of their total estimated Medicare PFS allowed charges processed no later than 2 months after the end of the reporting period (i.e., by the last Friday in February).

Negative payment adjustments will apply for those eligible professionals and group practices who do not report quality measures beginning in 2015. The percentage varies by year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Incentive payment = 1.0% of total estimated Medicare PFS allowed charges</td>
</tr>
<tr>
<td>2012</td>
<td>Incentive payment = 0.5% of total estimated Medicare PFS allowed charges</td>
</tr>
<tr>
<td>2013</td>
<td>Incentive payment = 0.5% of total estimated Medicare PFS allowed charges</td>
</tr>
<tr>
<td>2014</td>
<td>Incentive payment = 0.5% of total estimated Medicare PFS allowed charges</td>
</tr>
<tr>
<td>2015</td>
<td>Negative adjustment = 1.5% of total estimated Medicare PFS allowed charges</td>
</tr>
<tr>
<td>2016+</td>
<td>Negative adjustment = 2.0% of total estimated Medicare PFS allowed charges</td>
</tr>
</tbody>
</table>
Services payable under fee schedules or methodologies other than the PFS are not included in PQRS (for example, services provided in federally qualified health centers, independent diagnostic testing facilities, independent laboratories, hospitals [including method I critical access hospitals], rural health clinics, ambulance providers, and ambulatory surgery center facilities).
Medi-Cal Options for Payment Reform
This is for Medi-Cal FQHC sites.
I am sorry I don’t have any information for the MOA participating programs at this time.
Resources CPCA and DHHS
Medi-Cal Payment Reform models are in development
On June 3, 2010 the State submitted a section 1115 Demonstration proposal as a bridge toward full health care reform implementation in 2014

- 5 year agreement between CA and Fed
  - LIHP - Low Income Health Program
  - DSRIP - Delivery System Reform Incentive Program - P4P
<table>
<thead>
<tr>
<th>Phase 1 2015-2017</th>
<th>SB1081 &quot;Capitation&quot; Hernandez</th>
<th>California State Innovation Model (CalSIM)</th>
<th>Section 2703 “SPA for Health Homes”</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMCMIP (Rural Managed Care Model Improvement Program)</td>
<td>Wrap Cap</td>
<td>PMPM</td>
<td>Health Plans pay FQHCs PMPM</td>
</tr>
<tr>
<td>Rural Areas</td>
<td>Urban Areas</td>
<td>Rural Areas</td>
<td>Urban Areas</td>
</tr>
<tr>
<td>Health plans pay clinics PPS rates</td>
<td>State pays FQHC PMPM</td>
<td>PMPM</td>
<td>Health Plans pay FQHC PMPM</td>
</tr>
<tr>
<td><strong>Phase 2 2018+</strong></td>
<td>Start Date 2016 3 year program</td>
<td></td>
<td>$2.7M Federal grant to improve health care quality and reward value vs volume by changing payment structures</td>
</tr>
<tr>
<td>PMPM</td>
<td>Health Plans pay FQHC PMPM</td>
<td></td>
<td>California Endowment agreed to fund the state's 10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>After 8 quarters the state has option to fund 50% or end the program</td>
</tr>
</tbody>
</table>
1. PCMH/PCHH is definite
2. PMPM/Capitation is likely
3. State is likely to exit the payment business
4. Good relationship with Medi-Cal managed care (health plan) will be useful
5. Contract negotiation skills
6. FQHC “competition or coordination” for enrollees is upon us
CPCA RESOURCES

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Patient Centered Medical Home
Patient Centered Health Home
6 Standards

1. Access and Continuity
2. Identify and Manage Patient Populations
3. Plan and Manage Care
4. Provide Self Care Support and Community Resources
5. Track and Coordinate Care
6. Measure and Improve Performance

Other CA sites are pursuing recognition through AAAHC and JCAHO.
Overview of Medicaid Medical Home Activity

42 State Medicaid/CHIP Programs Planning/Implementing PCMH
27 Making Medical Home Payments, 18 Involved in Multipayer Pilots

HEALTH HOME FOCUS IN CA

- Defined chronic conditions (state’s choose)
  - a mental health condition,
  - a substance use disorder,
  - asthma,
  - diabetes,
  - heart disease,
  - overweight
  - other chronic conditions (subject to CMS approval)
- CPCA PCHH workgroup defined “other” conditions
- HIV, Hepatitis, chronic liver disease, chronic kidney disease
UNIQUE STRENGTHS & WEAKNESSES OF INDIAN HEALTH CENTERS

- GPRA population management skills and tools
- IPC principles of access and care teams
- Referral Management
- iCare
- Universal delivery and tracking of services
1. Pursue PCMH Recognition
2. Participate in consortia
3. Prepare for Medicare PPS Rate
4. PMPM Medi-Cal FQHC Rate is likely
5. Know your competition (M-Cal FQHC programs)
DISCLAIMER

- These slides are to familiarize fellow Indian Health Clinics with changes underway in Payment Reform that may affect them.

- This is not intended to be an all inclusive representation of payment reform.

- Every reasonable effort has been made to ensure the accuracy of the content. There is no guarantee, warranty or representation that is without error.