

# **Green Mountain Care Board - Proposed Policies Regarding Payment Reform Pilots**

**Authorization: Act 48 – An Act Relating to a Universal and Unified Health System.**

## ***A. Responsibilities of Green Mountain Care Board and Director of Payment Reform***

- The Green Mountain Care Board (GMCB) shall be responsible for payment and delivery system reform, including setting overall policy goals for the (payment reform) pilot projects.
- The Director of Payment Reform shall develop and implement the payment reform pilot projects consistent with policies instituted by the Board and the Board shall evaluate the effectiveness of the pilot projects in order to inform the payment and delivery system reform.
- The Director of Payment Reform shall convene a broad-based group of stakeholders including providers and payers to advise the Director in developing and implementing the pilot projects and in recommending overall policy goals to the GMCB.
- The Director of Payment Reform shall meet regularly with representatives from all of the payers participating in the pilot projects. The Director shall provide this group with regular reports and, to the extent possible, data to enable an assessment of: 1) the status of pilot deployment activities; 2) operational activities and costs for each pilot; 3) clinical effectiveness of pilot interventions; and 4) the financial performance of the pilot.

## ***B. Objectives of Payment Reform Pilots***

- Payment reform pilots shall be developed and implemented to manage the costs of the health care delivery system, alleviate, over time, the cost shift from government programs to commercial payers and providers, improve health outcomes and provide a positive health care experience for patients, families, and health care professionals. Measures to evaluate the success of each of these objectives shall be specifically identified for each Pilot project and presented to the GMCB for approval. These recommendations shall include objectives, success criteria, and an assessment plan for each pilot.
- Payment Reform Pilots should establish new payment methodologies that move away from fee for service reimbursement toward a value- based payment system that will incentivize quality improvement and cost effective delivery of care.
- Proposed pilots should include, to the extent practicable for the specific pilot, all payers (commercial, Medicaid and Medicare). Fulfilling this objective may require phase-in of payers to pilot projects over time.

### ***C. Characteristics of Payment Reform Pilots***

- Payment Reform Pilots shall be described in a written proposal to the GMCB (see F below)
- The scope of payment reform pilots should be carefully tailored to achieve the pilot's stated clinical and cost management goals.
- Payment reform pilot projects should align with the Blueprint for Health Strategic Plan and the Statewide Health Information Technology Plan.
- Pilots should result in the coordination of patient care and provide for a sustained focus on prevention and promotion of wellness that includes individuals, employees, and communities.
- Health insurers, (Medicaid, Medicare and all other payers) should reimburse health care professionals for providing care through consistent payment methodologies. These payment methods may include incentive payments for PCPs and Specialists, Bundled Payments, Global Hospital Physician Budgets, or Population-Based Capitated Payments. A system of metrics including cost containment targets, health outcome and process measures; and patient and provider satisfaction scores should be incorporated as part of the payment methodologies. Other payment methods which provide incentives to better coordinate care, improve quality, and control expenditure growth should be considered.
- The scope of services should be as broad as possible given the nature of the pilot and the provider's capacity to assume risk. Pilots should address how physical health, mental health, and substance abuse services will be integrated into the Pilot.
- All major payers should be invited to participate in the pilots. As part of their participation, payers will be expected to transition to alternative provider reimbursement methodologies and to examine how reimbursement for a full spectrum of evidence-based health services can be altered to improve the effectiveness of clinical care delivery.
- A plan to align financial incentives for physicians and other health care practitioners with the performance goals of the pilot should be addressed in the proposal.
- Physician compensation models should transition from volume and productivity incentives to a value-based compensation plan based on quality performance, adherence to clinical standards, and achievement of desired outcomes for patients.
- Pilot designs should include well defined strategies to ensure that providers have the capability of managing any risk (performance or insurance risk) that is shifted to them.
- Other objectives the GMCB should consider are:
  - Alignment of the pilot with the requirements of federal law to ensure the full participation of Medicaid and Medicare in multi-payer payment reform
  - The (potential) inclusion of home health services and long term care services as part of capitated payments
  - Integration of mental and physical health care services
  - The ability of the Pilot to be replicated in other regions of the State
- The pilot shall be consistent with the GMCB's overall efforts to control the rate of growth in health care costs, while maintaining or improving health care quality.

**D. Health Insurer Participation:**

- Health insurers shall participate in the development of the payment reform strategic plan for the pilot projects and in the implementation of the pilot projects, including providing incentive fees, or payment methods as required. This requirement may be enforced by BISHCA and the GMCB to the same extent as the requirement to participate in the Blueprint for Health pursuant to 8 V.S.A. §4088h. The GMCB shall accept comments from health insurers as to the effects of implementation of proposed health care reform pilots, and shall provide the specific reason to health insurers when their comments or suggestions are rejected.

**E. Antitrust Protection:**

- In order to avoid federal antitrust violations, the Director of Payment Reform shall facilitate and supervise the participation of health care professionals, health care facilities, and insurers in the planning and implementation of the payment reform pilot projects. (Specific Guidance on this should be provided by legal counsel)

**F. Procedure for Approval of Payment Reform Pilot Projects:**

- Prior to the Implementation of any Payment Reform Pilot project the following must occur:
  - (1) The Director of Payment Reform will present the proposed Pilot to the GMCB for approval. The proposal should include at a minimum:
    - The name/names of the provider group(s) or organization(s) participating in the pilot and their qualifications to manage the pilot.
    - The population to be served by the pilot including the number of individuals and participating payers.
    - A description of how this pilot intends to achieve the objectives of reducing the growth of health care expenditures for the defined population, improving the quality of care for the population, and improving patient experience/satisfaction.
    - Specific performance measures/goals shall be established for each of the objectives noted above, and the metrics to be employed to evaluate these measures should be identified.
    - Specific cost-reduction targets associated with the pilot.
    - A description of the risk-sharing arrangement within each pilot, including the segregation and assignment of performance risk and insurance risk.
    - A statement describing this Pilot's impact on overall State healthcare expenditures, and how and when the pilot might be expanded to include additional populations, providers, services, and regions in the State.
    - A start date for the pilot and length of time from start to completion.
  - (2) Following consideration of the Pilot Proposal, the GMCB shall vote to accept, reject, or suggest modifications. Once the GMCB has accepted the pilot, the Director of Payment Reform shall be responsible for implementing the pilot project in accordance with the time frame approved by the GMCB.