Arkansas Payment Improvement Initiative: Improving Quality, Containing Cost

Joseph W. Thompson, MD, MPH
Arkansas Surgeon General
Director, AR Center for Health Improvement

ACHI
Arkansas Center for Health Improvement
Overall State Vision

Objective
- Improving the health of the population
- Enhancing the patient experience of care
- Reducing or controlling the cost of care

Care delivery strategies

Population-based care delivery
- Medical Homes
- Health Homes

Episode-based care delivery
- Acute conditions, defined procedures

Enabling initiatives
- Payment innovation
- Health care workforce development
- Consumer engagement and personal responsibility
- Health information technology adoption
- Expanded coverage for health care services
Arkansas Health System Improvement Agency Organizational Structure

State Leadership

Governor
Mike Beebe

Governor’s Policy Staff
& Dr. Joe Thompson

ACHI

State Leadership Implementation & Coordination

Workforce
Chancellor
Dan Rahn
& Dr. Paul Halverson

Payment & Quality Improvement
Mr. John Selig

Health Information Technology
Mr. Ray Scott

Insurance Exchange Commissioner
Jay Bradford

Implementation

UAMS
ADH & ACHI
Higher Ed
(2- & 4 yr)

Steering Group:
DHS, ADH, BCBS, QualChoice, United, ACHI

AFMC
UAMS
DIS
Medicaid

AID (Exchange)
DHS (Mcd eligibility & expansion) EBD

Workgroup Participation
Payers recognize the value of working together to improve our system, with close involvement from other stakeholders

Coordinated multi-payer leadership...

- Creates **consistent incentives** and standardized reporting rules and tools
- Enables **change in practice** patterns as program applies to many patients
- Generates enough scale to justify investments in **new infrastructure** and operational models
- Helps **motivate patients** to play a larger role in their health and health care
The model rewards a Principal Accountable Provider (PAP) for leading and coordinating services and ensuring quality of care across providers.

<table>
<thead>
<tr>
<th>PAP role</th>
<th>What it means…</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core provider for episode</strong></td>
<td>▪ Physician, practice, hospital, or other provider in the best position to influence overall quality, cost of care for episode</td>
</tr>
<tr>
<td></td>
<td>▪ Leads and coordinates the team of care providers</td>
</tr>
<tr>
<td></td>
<td>▪ Helps drive improvement across system (e.g., through care coordination, early intervention, patient education, etc.)</td>
</tr>
<tr>
<td><strong>Episode ‘Quarterback’</strong></td>
<td>▪ Rewarded for leading high-quality, cost-effective care</td>
</tr>
<tr>
<td></td>
<td>▪ Receives performance reports and data to support decision-making</td>
</tr>
</tbody>
</table>

**PAP selection:**

▪ Payers review claims to see which providers patients chose for episode related care

▪ Payers select PAP based main responsibility for the patient’s care
## 2012: Episode-based payment launched for 5 episodes

### Wave 1 episodes

<table>
<thead>
<tr>
<th>Episode Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hip/knee replacements</td>
<td>Surgical procedure plus all related claims from 30 days prior to procedure to 90 days after</td>
</tr>
<tr>
<td>Perinatal (non NICU)</td>
<td>Pregnancy-related claims for mother from 40 weeks before to 60 days after delivery</td>
</tr>
<tr>
<td></td>
<td>Excludes neonatal care</td>
</tr>
<tr>
<td>Ambulatory URI</td>
<td>21-day window beginning with initial consultation</td>
</tr>
<tr>
<td></td>
<td>Excludes inpatient costs and surgical procedures</td>
</tr>
<tr>
<td>Acute/post-acute CHF</td>
<td>Hospital admission</td>
</tr>
<tr>
<td></td>
<td>Care within 30 days of discharge</td>
</tr>
<tr>
<td>ADHD</td>
<td>12-month episode</td>
</tr>
<tr>
<td></td>
<td>Includes all ADHD services + pharmacy costs (with exception of initial assessment)</td>
</tr>
<tr>
<td>Developmental disabilities</td>
<td>Assessment or annual review plus 12 months of DD services</td>
</tr>
</tbody>
</table>

### Principle Accountable Provider

<table>
<thead>
<tr>
<th>Provider Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orthopedic surgeon</td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td></td>
</tr>
<tr>
<td>Delivering provider</td>
<td>If separate providers perform prenatal care and delivery, both providers are PAPs (shared accountability)</td>
</tr>
<tr>
<td>Provider for the first in-person URI consultation</td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td></td>
</tr>
<tr>
<td>Could be the PCP, mental health professional, and/or the RSPMI provider organization, depending on the pathway of care</td>
<td></td>
</tr>
<tr>
<td>Primary DD provider</td>
<td></td>
</tr>
</tbody>
</table>
Patient-Centered Medical Home: Arkansas multi-payer vision

Key attributes

▪ 24/7 access for all individuals
▪ Evidence-informed care
▪ Providers with responsibility for a practice’s entire population
▪ Coordinated and integrated care across multidisciplinary provider teams
▪ Focus on prevention and management of chronic disease
▪ Referrals to high-value providers (e.g., specialists)
▪ Improved wellness and preventative care

Incentives

▪ Monthly fees to support care coordination efforts and ramp-up of PCMH model
▪ Shared savings model that rewards providers for controlling costs while maintaining or improving quality
Patient-Centered Medical Home Model
We have worked closely with providers and patients across Arkansas to shape an approach and set of initiatives to achieve this goal

<table>
<thead>
<tr>
<th>500+</th>
<th>- Providers, patients, family members, and other stakeholders who helped shape the new model in public workgroups</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>- <strong>Public workgroup meetings</strong> connected to 6-8 sites across the state through videoconference</td>
</tr>
<tr>
<td>16</td>
<td>- <strong>Months of research</strong>, data analysis, expert interviews and infrastructure development to design and launch episode-based payments</td>
</tr>
<tr>
<td>Monthly</td>
<td>- <strong>Updates with many Arkansas provider associations</strong> (e.g., AHA, AMS, Arkansas Waiver Association, Developmental Disabilities Provider Association)</td>
</tr>
</tbody>
</table>
Arkansas Act 1498 The Health Care Independence Act of 2013

(d) Health insurance carriers offering health care coverage for program eligible individuals shall participate in Arkansas Payment Improvement Initiatives including:

(1) Assignment of primary care clinician;
(2) Support for patient-centered medical home; and
(3) Access of clinical performance data for providers.