



# The Transition from Volume to Value

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# OVERVIEW

# Overview: New RHC Reimbursement Methodology

- On December 27, 2020, the President signed into law, the “*Consolidated Appropriations Act, 2021 (CAA)*” which changed the reimbursement methodology for Rural Health Clinics (RHC) starting on April 1, 2021
  - Starting on April 1, 2021, all new RHCs established after December 31, 2019 (*December 31, 2020 after H.R. 1868*), regardless of whether they are independent, owned and operated by a hospital with fewer than 50 beds, or owned and operated by a hospital with greater than 50 beds, shall be reimbursed based on reasonable cost with an upper payment limit (UPL) set at the following rates:
    - a) In 2021, after March 31, at \$100 per visit;
    - b) In 2022, at \$113 per visit;
    - c) In 2023, at \$126 per visit;
    - d) In 2024, at \$139 per visit;
    - e) In 2025, at \$152 per visit;
    - f) In 2026, at \$165 per visit;
    - g) In 2027, at \$178 per visit;
    - h) In 2028, at \$190 per visit;
    - i) In subsequent years, the rate will increase based on the Medicare Economic Index (MEI) for primary care services
  - RHCs owned and operated by a hospital with fewer than 50 beds and established on or before December 31, 2019, will use their 2020 rate to establish a clinic-specific grandfathered UPL that will then be increased each year based on the MEI
- Since the final legislation varied greatly from the RHC Modernization Act and due to the impact on provider-based RHCs (PB-RHC), efforts are underway to change certain provisions
  - On April 14, 2021, the President signed H.R. 1868 into law which fixed some of the grandfathering issues caused through the change of the RHC reimbursement methodology in the Consolidated Appropriations Act, 2021

# Overview: Fee-For-Service vs Value-Based

- Fee-For-Service Reimbursement Models

- Compensate for quantity, rather than quality
- Do not factor patient outcomes when determining reimbursement rates
- Often lead to unnecessary tests and treatments, due to varied reimbursement rates, when less-invasive, less-expensive options may be available and more desirable

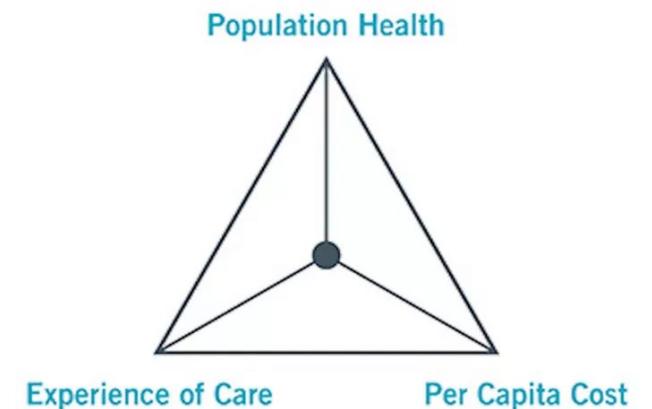
- Value-Based Reimbursement Models

- Compensate for quality, rather than quantity
- Incentivizes providers to collaborate with care providers across the full spectrum of care to achieve the best possible health outcomes for the patient
- Patient-centered, value preventative, and holistic in nature
- Is widely believed to be key in achieving the Institute of Healthcare Improvement's (IHI) Triple Aim to improve the patient experience of care, the health of populations, and to reduce the per capita cost of healthcare

# Overview: The IHI Triple Aim

- The United States health care system is the costliest in the world and changes must occur to maintain the sustainability of services and care
  - The IHI Triple Aim framework, developed by the Institutes for Healthcare Improvement (IHI), describes an approach to optimizing health system performance
- IHI believes the United States must develop new designs that simultaneously pursue three dimensions: the Triple Aim
  - Improving the patient experience of care (including quality and satisfaction)
  - Improving the health of populations; and
  - Reducing the per capita cost of health care<sup>1</sup>
- Generally, in the United States health care environment, no one is accountable for all three dimensions of the IHI Triple Aim and thus lead to the following conceptual design:
  - Focus on individuals and families
  - Redesign of primary care services and structures
  - Population health management
  - Cost control platform
  - System integration and execution

## The IHI Triple Aim



# TRANSITION FROM VOLUME TO VALUE

# Payment Model - Fee-For-Service

- Under the fee-for-service payment methodology, providers receive payment for specific, individual services provided to a patient
  - The services provided and complexity of those services dictate the reimbursements received by the provider
  - The following table identifies several pros and cons associated with the fee-for-service reimbursement model

PROS	CONS
Encourages and incentivizes the delivery of care and maximizing patient visits	Does not incentivize providers to offer efficient and effective care
Offers great flexibility in the delivery of care	Limits care coordination and the management of specific conditions due to the lack of reimbursement for those services
Holds providers directly accountable for the services they provide	The system is complicated and patients often have difficulties managing the system
Affords patients the opportunity to search out different providers of care	Can lead to unnecessary or more costly procedures due to the reimbursements received for those procedures

# Payment Model - Value-Based Care

- Under a value-based payment model (often referred to as accountable care, population health, or at-risk contracting) organizations receive payments for specific objectives, such as reducing costs and improving quality, instead of directly providing care to patients
- The following are the 4 main types of value-based models:
  - Shared Risk: Requires organizations to keep costs at or below a certain target
  - Bundles: Rewards organizations to reduce costs associated with certain services within the bundle
  - Global Capitation: Focused on per member, per month (PM/PM) agreement where members share in short-term and long-term costs
  - Shared Savings: Incentivizes organizations to meet a target budget spend

# Payment Model - Shared Risk

- Under the shared risk payment methodology, providers are penalized for failure to achieve a set cost structure for a specific patient population
  - The goal of the shared risk model is to force participants to achieve certain cost levels or face financial penalties for failure to achieve the set cost structure
  - The following table identifies several pros and cons associated with the shared risk reimbursement model

PROS	CONS
May provide cost-efficient and high-quality care to patients	Can create an unsustainable environment that could be outside the control of the provider
Providers have a vested interest in the costs of care for a patient population due to potential penalties	Creates environment where providers are less likely to refer patients out-of-network
Reduces unnecessary services received by a patient	May change the focus of providers from the delivery of care to the management of costs
Creates a focus on population health management	Administratively burdensome to collect, track, and manage the data necessary for the shared risk program

# Payment Model - Bundles

- Under the bundled payment methodology, providers receive payment for the treatment of a specific condition that may involve multiple providers and settings
  - The intent of the bundled payment is to prevent unnecessary visits and costs for a specific condition
  - The following table identifies several pros and cons associated with the bundles reimbursement model

PROS	CONS
Improves care coordination between all providers involved within the bundle	Services within a bundle are not always clearly defined and can create confusion within the industry
Once approved, greater flexibility in the scheduling and delivery of care across the complete episode	Can limit access to care for certain patients or require patients to travel to other geographic areas
Effective management of the services within the bundle	Does not create specific incentives to reduce unnecessary episodes
Increases efficiencies from a billing perspective	High-risk patients may not receive care due to the potential exposure for a provider

# Payment Model - Global Capitation

- Under the global capitation model, providers receive payments based on a pre-defined set of services for a specific patient population
  - Payments will vary based on the range of services, the number of patients served, a specific period of time that the services are provided, and other factors determined within the payment model
  - The following table identifies several pros and cons associated with the global capitation reimbursement model

PROS	CONS
Increases the direct alignment between the provider and the patient due to the associated risk held by the provider	Providers may delay care due to associated cost which is in excess of the payment within the capitated model
Increases the flexibility entities have in the provider payment model	Patients with higher per capita costs and certain pre-existing conditions may be excluded due to the associated cost
Providers have better leverage in a capitation model when negotiating with payers	The relative risk to the organization in a capitated model can be high if the organization is unable to provide the necessary services
Increased focus on preventative services and ways to reduce overall cost	

# Payment Model - Shared Savings

- Under the shared savings payment methodology, providers receive incentives to meet certain quality and cost benchmarks for a specific population over a set period
  - The goal of the shared savings model is to give participants a financial incentive for improving patient outcomes and lowering the cost of care
  - The following table identifies several pros and cons associated with the shared savings reimbursement model

PROS	CONS
May provide cost-efficient and high-quality care to patients	Upfront costs associated with implementing systems and staff to support model
Providers are incentivized to reduce the cost of care to receive a portion of the shared savings	Creates environment where providers are less likely to refer patients out-of-network
Helps to diversify revenue streams and move providers away from solely relying on fee-for-service	Rewards high-cost providers that can manage expenses instead of providers that already provide value-based care
Creates a focus on population health management	Administratively burdensome to collect, track, and manage the data necessary for the shared savings program

- Organizations that successfully transition from volume to value must implement and focus on specific elements for success
  - Culture and Leadership
    - Organizations and leadership must have a comprehensive understanding as to why an organization is going through the transition from volume to value and create specific incentives that target population health management and outcomes
  - Provider Strategy
    - Continued evaluation of provider complement and the creation of a high-performing network of providers that integrates primary, specialty, and behavioral health services within a geographic region or defined population
  - Operations, Technologies, and Partnerships
    - Continued evaluation and creation of innovative care delivery models that leverage technological solutions and partnerships to improve health outcomes
  - Risk-Based Contracting Expertise
    - Realizing the importance of and investing in risk-based contracting expertise so the organization can quickly assess risk of value-based contracts to mitigate unnecessary exposure
  - Data Mining
    - Leveraging available data to drive the decision-making process and make directional changes when necessary

# Challenges Faced During the Transition

- The healthcare industry continues to transition from a volume-based to value-based payment system and organizations must take the following into account to remain ahead of the trend:

<p>Identifying and maintaining an effective balance of volume-based and value-based contracts</p> <ul style="list-style-type: none"><li>• Organizations cannot transition fully to a value-based system until fully ready</li></ul>	<p>Engaging providers around establishing and implementing quality indicators that align with payers' expectations</p> <ul style="list-style-type: none"><li>• Since many provider contracts now include productivity incentives, organizations must ensure providers are on board with the transition</li></ul>
<p>Creating an effective transition plan that does not put unnecessary strain on the organization or jeopardize the current financial position</p> <ul style="list-style-type: none"><li>• Many organizations have tried and failed to transition to value-based models</li></ul>	<p>Gaining a better understanding of the primary and secondary patient needs to appropriately develop a payment model</p> <ul style="list-style-type: none"><li>• Failure to understand the patient population can lead to a material exposure for the organization</li></ul>
<p>Establishing an organizational structure that will implement evidence-based processes, training, and incentives</p> <ul style="list-style-type: none"><li>• The organizational structure must work in a fee-for-service environment and be able to transition to a value-based model</li></ul>	<p>Implement efficiency plans that focus on cutting costs, reducing waste, and improving quality to drive value</p> <ul style="list-style-type: none"><li>• In a fee-for-service model, these can have a negative impact on financial position if not done timely and effectively</li></ul>

# **DIMENSIONS OF INTEGRATION**

- The integration of providers and access to services remains an issue across the country and rural residents often face increased cost of care:
  - Longstanding access barriers to qualified services and providers
  - Rely more heavily on primary care providers (PCPs) and acute care hospitals to meet their mental health (MH) needs than do urban residents due to the number of providers in rural communities
- No consensus on what is meant by “integration”
  - Unclear as to the level of progress and current efforts often mirror past efforts which prevents sustainability
  - Support is high; however, commitment is relatively weak which presents recurring barriers
- Integration Models include, but limited to, a care continuum from collaborative models (without co-location) to fully integrated co-located models
  - Collaboration without co-location (horizontal)
    - Focus is on integrating services across practices and providers
    - Barriers: communication, sharing of patient information, lack of integrated IT systems, care coordination, availability of referral sites
  - Co-location within practices (vertical)
    - MH in primary care practices or primary care services in behavioral health settings
    - Barriers: reimbursement, staffing/workforce, billing and coding, space, practice culture, viability, charting/record keeping by payers

- Clinical Integration
  - Shared medical records
  - Shared decision making
  - Common treatment plans and models
  - Regular communication
  - Use of critical pathways or practice guidelines
- Internal Referral Process
  - Structural integration and co-location (e.g. shared space)
  - Fully integrated (single organizational structure with employed staff)
  - Single medical record
  - Shared billing and scheduling systems
  - Shared risk
- Integrated care initiatives should be:
  - Patient centered (e.g., address the needs of the patient; is responsive to patient preferences, needs, and values; and ensures that patient values guide all clinical decisions);
  - Expand access to care, decrease burden of illness, optimize care;
  - Delivered in settings preferred by patients;
  - Evidence based;
  - Driven by clinical and care issues and functions not practice and administrative issues;
  - Focused not only on integrating care within practices/facilities but also across practices and care settings; and
  - Focused on both physical health and behavioral health settings

- In 1996, Doherty, McDaniel, and Baird created the following five levels of primary care/behavioral healthcare collaboration:
  - Level 1 – Minimal Collaboration
    - Separate systems and facilities
    - Minimal communication
    - Inadequate for complicated problems
  - Level 2 – Basic Collaboration From a Distance
    - Separate systems and facilities
    - Periodic communication, no awareness of “cultures”
    - Adequate for moderate needs
    - Inadequate for significant problems or when medical or MH treatment is not satisfactory
  - Level 3 – Basic Collaboration On Site
    - Shared facility but separate systems
    - Regular communication
    - Appreciation of roles but with a power imbalance
    - Adequate for moderate need, some treatment coordination
    - Inadequate for significant problems/ongoing need for treatment coordination

- Level 4 – Close Collaboration in Partially Integrated System
  - Shared site and some shared systems
  - Regular communication with coordinated treatment plans
  - Some tensions systemically and with role influence
  - Adequate for significant problems or complicated management
  - Inadequate for complex cases; multiple providers, or conflicting agendas
- Level 5 – Fully Integrated System
  - Shared site and systems
  - Regular face to face communication
  - Shared treatment plans and models
  - In-depth understanding of roles and culture
  - Regular team meetings
  - Balanced power
  - Adequate for difficult, complex, and challenging situations
  - Inadequate when resources are insufficient or when there are breakdowns within the larger service network

# Collaborative vs Integrated Care

Dimension	Collaborative Care	Integrated Care
Mission	Provide MH care, keep PCPs in the loop	Provide a primary care service focused on MH issues
Location	In separate location or co-located in MH wing	In medical practice area
Primary Provider	Therapist	Health care provider
Service Modality	Therapist session, conjoint visits with PCP more likely	Consultation session, conjoint visits with PCP less likely
Team Identification	“One of them”	“One of us”
Professional Title	Therapist/behavioral health specialist	Mental health consultant
Referral Statement	“See a specialist I work with”	“See one of our primary care team who helps out with these issues”
Care Philosophy	MH is a specialty service done outside of context of routine care	BH is part of the process of primary care
Patient’s Perception	As separate service who is in close collaboration with the PCP	Looks and feels like a routine aspect of health care

**LOW RISK VALUE-BASED OPPORTUNITIES**

- Medicare allows care management services that include transitional care management (TCM), chronic care management (CCM), principal care management (PCM), general behavioral health integration (BHI), and psychiatric collaborative care model (CoCM) services
  - Transitional Care Management Services (TCM)
    - Transitional Care Management (TCM) services address the hand-off period between the inpatient and community setting
      - After hospitalization or other inpatient stay, the patient may be dealing with a medical crisis, new diagnosis, or change in medication therapy that requires assistance post discharge
    - General TCM services include:
      - Contact the beneficiary or caregiver within two business days following a discharge
        - The contact may be via telephone, email, or a face-to-face visit
      - Conduct a follow-up visit within 7 or 14 days of discharge, depending on the complexity of medical decision making involved
        - The face-to-face visit is part of the TCM service and should not be reported separately
      - Medicine reconciliation and management must be furnished no later than the date of the face-to-face visit
      - Educate the beneficiary, family member, caregiver, and/or guardian
      - Establish or re-establish referrals with community providers and services, if necessary
      - Assist in scheduling follow-up visits with providers and services, if necessary

- Chronic Care Management (CCM)
  - CCM is for members with two or more chronic conditions and includes the management of medications, appointments, and services managed by one healthcare provider
    - Providers can receive payment when at least 20 minutes of qualifying CCM services are provided during a calendar month
  - General CCM services include:
    - Management of care across providers
    - Coordination of your care between hospitals, pharmacies, and clinics
    - Management of medications taken
    - Providing round-the-clock access to emergency care
    - Education around conditions and medications
    - Management of community services such as transportation to appointments

- Principal Care Management (PCM)
  - PCM is similar to Medicare's CCM with a few key differences
    - Under the new PCM codes, specialists may now be reimbursed for providing their patients with care management services that are more targeted within their own particular area of specialty
    - PCM services may be furnished to patients with a single high-risk or complex condition that is expected to last at least 3 months and may have led to a recent hospitalization, and/or placed the patient at significant risk of death and requires a minimum of 30 minutes of qualifying PCM services are furnished during a calendar month
  - General PCM services include:
    - A single complex chronic condition lasting at least 3 months, which is the focus of the care plan;
    - The condition is of sufficient severity to place patient at risk of hospitalization or have been the cause of a recent hospitalization;
    - The condition requires development or revision of disease-specific care plan;
    - The condition requires frequent adjustments in the medication regiment; and
    - The condition is unusually complex due to comorbidities

- General Behavioral Health Integration (BHI)
  - BHI is a team-based, collaborative approach to care that focuses on integrative treatment of patients with primary care and mental or behavioral health conditions
    - RHCs can receive payment when at least 20 minutes of qualifying BHI services are provided during a calendar month
  - General BHI services include:
    - An initial assessment and ongoing monitoring using validated clinical rating scales;
    - Behavioral health care planning in relation to behavioral/psychiatric health problems, including revision for patients who are not progressing or whose status changes;
    - Facilitating and coordinating treatment such as psychotherapy, pharmacotherapy, counseling and/or psychiatric consultation; and
    - Continuity of care with a designated member of the care team

- Psychiatric Collaborative Care Model (CoCM)
  - Psychiatric CoCM is a specific model of care provided by a primary care team consisting of a primary care provider and a health care manager who work in collaboration with a psychiatric consultant to integrate primary health care services with care management support for patients receiving behavioral health treatment and includes the following:
    - Regular psychiatric inter-specialty consultations with primary care team
    - Regular review of treatment plan by primary care team
    - Specific requirements for the RHC providers, behavioral health care manager, and psychiatric provider
  - At least 70 minutes in the first calendar month, and at least 60 minutes in subsequent calendar months, of psychiatric CoCM services must have been furnished in order to bill for this service
    - Only services furnished by an RHC or FQHC practitioner or auxiliary personnel that are within the scope of service elements can be counted toward the minimum 60 minutes
      - This does not include administrative activities such as transcription or translation services
    - Psychiatric CoCM services furnished on or after January 1, 2019, are paid at the average of the national non-facility PFS payment rate for CPT codes 99492 and CPT code 99493 when psychiatric CoCM HCPCS code, G0512, is on an RHC claim, either alone or with other payable services

- Patient-centered medical home is a **model of care where patients have a direct relationship with a provider who coordinates a cooperative team of healthcare**, whether you're being seen at the doctor's office, if you become hospitalized or recuperating at home, through ongoing preventative care<sup>1</sup>
  - Your medical team will be invested in your care
- Why become a PCMH as a value-based strategy
  - Medicare has moved to change how it structures payment from a quantity to a quality approach
    - Medicare will provide incentives for better processes and outcomes
  - Medicaid programs have made enhanced payments to providers who achieved certain distinctions or process measures
- Benefits of a PCMH strategy
  - Make primary care more accessible, comprehensive and coordinated.
  - Provides better support and communication
  - Creates stronger relationships with your providers
  - Improves patient outcomes
  - Lowers overall healthcare costs

# **SORH ASSISTANCE**

- SORHs can assist and plays a critical role in the ability of hospitals to qualify for certain designations and help facilitate the transition from volume-based to value-based care in the following areas:
  - HPSA Designation and Renewal
  - RHC Rate Establishment
  - Rural Designation
  - Application Assistance
  - CAH Distance Analysis
  - Provider-Based Requirements
  - Partnership Facilitation
  - Access to Information Around Alternative Payment Models
  - Medicaid Rate Assistance

**QUESTIONS**



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