Robert Wood Johnson Foundation Payment Reform Evaluation Project
Redesigning Medicaid Payment Policies: A New Pathway for Achieving High-Value Care
For Medically Complex Children
UPMC *for You*, Inc.

Executive Summary: August 2015 Report

Introduction and Context

Redesigning Medicaid Payment Policies: A New Pathway for Achieving High-Value Care for Medically Complex Children, is being conducted by UPMC *for You*, a Pennsylvania Medicaid managed care plan. In Pennsylvania's southwest corner, about 175,000 Medicaid recipients are enrolled in four physical health managed care plans; most are enrolled in UMPC *for You*. In Pennsylvania, all children under 21 with disabling conditions are automatically enrolled in either Medicaid or the Health Insurance Premium Payment (HIPP) Program regardless of household income. For this project, UPMC *for You* identified 1,572 children in the top 10 percent of expenditures in 2010 and 2011, many of whom have multiple complex conditions. The project is being conducted in four UPMC pediatric clinics with the largest numbers of these children (n=263).

Project Objectives

The short-term objective of this project is to address the diverse needs of children with complex medical conditions and high-costs by improving the coordination, efficiency and therefore, the overall value of their care. The long-term objective is to move toward a global payment system for UPMC children's hospital, clinics, and providers and its entire commercial, Medicaid, and HIPP pediatric population.

Approach

Payment reform. The short-term payment reform consists of three components: prospective payment for nurse care coordinators, enhanced fee for service (FFS) payments, and consumer directed accounts (CDAs). The assumption is that spending extra dollars today to better meet the children's medical and social needs will generate future savings. Annual savings were estimated at five percent of total expenditures at baseline, or about $300,000 per year, which covers $250,000 for the nurse care coordinator costs and roughly $50,000 for up to 100 CDAs for children aged 11-19 and their families. Because Medicaid regulations do not allow payment for CDAs with Medicaid funds, and because UPMC *for You* ultimately did not pursue a waiver from the Pennsylvania Department of Human Services based on internal legal advice, UPMC funded the CDA accounts with non-Medicaid dollars, and the health plan is not continuing the CDAs beyond this project.

Delivery system reform. The care coordinators from the four participating pediatric clinics, along with the child and family, identify the child's diverse needs, define care goals and value-based services to address those needs through shared decision making, and coordinate care across providers and systems to assure those needs are addressed and care goals are met over time. To improve the "readiness" of clinics to implement care coordination, the Leadership Team sponsored "learning collaboratives" to build collaboration, engagement and clinical intelligence about payment reform and care collaboration throughout the UPMC system, community agencies and families.

Tracking measures. For transparent reporting, UPMC *for You* produces and regularly disseminates three reports that describe the health care provided to children in the project. The patient profile report

describes the services and their costs for each child. The HEDIS quality report describes gaps in care for each child, such as missing visits, screenings, and tests. The financial report describes the total cost of care for the project's children, as well as costs for enhanced FFS payments and CDAs, in each clinic. The reports provide information to providers and other clinic personnel for monitoring and improving the quality and efficiency of care over time.

Project Progress
Preliminary results indicate greater-than-expected savings of $1.3 million in attributable savings, net of program costs and controlling for changes in a matched comparison group. The savings were net of costs for the care coordinators and CDAs, including the costs of the enhanced fees. The savings resulted mainly from lower costs for hospital-based care including use of emergency rooms. In addition, HEDIS quality measures were maintained or improved among children participants.

Unexpected findings were obtained for the enhanced fees and the CDAs. The enhanced fees were under-billed because providers were focused highly on mastering the clinical aspects of care coordination rather than billing protocols. Care coordinators expended a surprisingly high amount of effort reaching out to participating families and convincing them to accept the CDAs. Partial information indicates the CDA's were generally used to buy practical but unaffordable goods to address a child's health and social needs.

Facilitators and Barriers
Facilitators.

- Leadership and support from UPMC *for You* and the integrated UPMC system leaders.
- Enthusiasm for and dedication to the project from all participants.
- State government support for service innovations from the Medicaid Program and others.
- Working within one integrated delivery system that oversees both financing and delivery of care.
- Access to behavioral health resources for nurse care coordinators.
- Learning collaboratives, workshops and other activities to teach the reasons for reform and build expertise in care coordination.
- Robert Wood Johnson Foundation sponsorship generated interest, legitimacy and support.

Barriers.

- Internal and external bureaucratic, administrative, regulatory and legal requirements that slow progress and inhibit innovation, including navigating prior Medicaid authorization for consumer directed accounts and obtaining prior Medicaid approval of mailed communications with participants.
- Challenges of implementing single-payer reforms for a relatively small number of children.
- Little provider experience in care coordination and team care.
- Little provider experience bearing financial risk; viewing service as an expense rather than revenue.
- Potential threat of loss of revenue to specialist physicians due to focus on prevention.
- Lack of resources for low-income families outside of the clinic and hospital.
- Accessing the children's behavioral health data, which has confidentiality restrictions.
- Children and families may switch Medicaid plans often, increasing the risk of care discontinuity.

Evaluation and Sustainability

Evaluation. UPMC *for You* is conducting the impact evaluation of the project. UPMC *for You* also is conducting a descriptive analysis to examine items purchased with CDAs, family views about CDAs and care coordinators, and overall impressions of the project and benefits from participation. Information also is being collected from clinic administrators, physicians and care coordinators about their views of the project.

Sustainability. Based on the favorable results, UPMC *for You*, in partnership with Children's Hospital of Pittsburgh of UPMC and Children's Community Pediatrics (CCP), is expanding the care coordination and shared savings model to all children in UPMC commercial and Medicaid plans in all 50 locations of the CCP network, and is moving towards the long-term goal of global payments for the UPMC pediatric population.

Lessons Learned

A critical lesson learned is that readiness is prerequisite to successful implementation of payment and health system reforms. When payment reform is linked with a fundamental change in how medical care is practiced, substantial amounts of leadership, time, and resources must be invested to increase the readiness of the health care organization for clinical transformation.

A related insight is that creation of new communication channels and collaboration across the four clinics, the UPMC insurance division, the UPMC children's hospital and other sectors were instrumental to implementing all phases of the project.

Another lesson is that physicians have little knowledge about the costs of care, and improving their knowledge and information about costs may increase the likelihood of more efficient care delivery and associated savings, and possibly the likelihood of physicians accepting financial risk in the future.

An important insight is that payment reform and care coordination is necessary but insufficient to address the diverse needs of children with complex conditions. Engaging families and shared decision making also are essential to developing care plans that are responsive to children's needs and that address the "whole child."

A related and surprising lesson is that UPMC *for You's* initial assumptions about CDAs were not affirmed when implemented in the clinics. Pennsylvania's Medicaid Program had complex requirements for using Medicaid funds for the CDAs, and navigating the requirements was unfeasible in this project. Distributing the CDAs to eligible families was challenging administratively rather than easy to accomplish, but nonetheless promoted communication between care coordinators and families about children's needs.