HEALTH MANAGEMENT ASSOCIATES

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Risk-Based Payment Methodologies
A National Perspective

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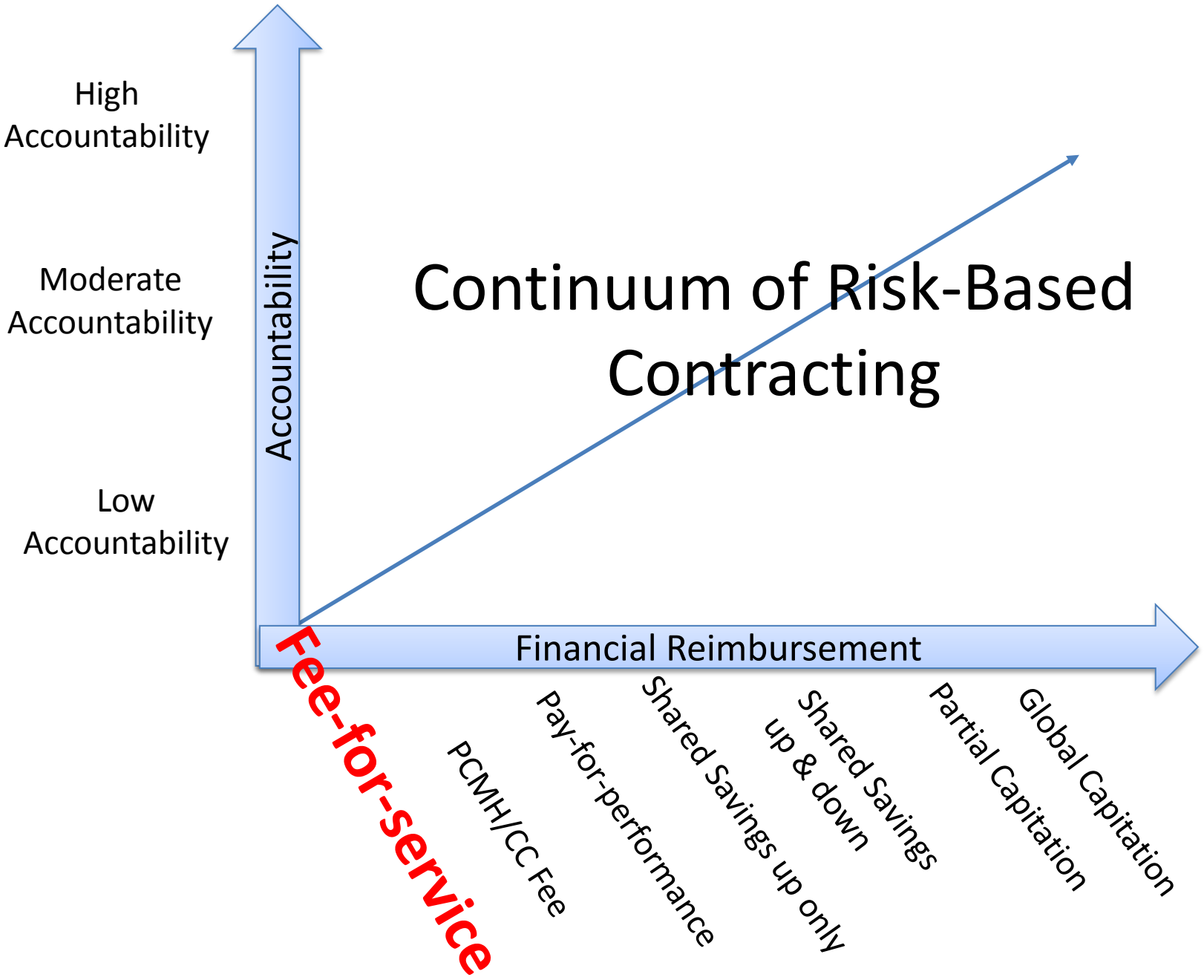
FQHCs Bridge the Gap in Care
Bridge Built and Maintained by FFS Dollars

CMMI View of FFS Medicine


High Accountability
Moderate Accountability
Low Accountability
Accountability
Continuum of Risk-Based Contracting
Financial Reimbursement
Fee-for-service
PCMH/CC Fee
Pay-for-performance
Shared Savings up only
Shared Savings up & down
Partial Capitation
Global Capitation

State Medicaid Payment Reform Options

- Bundling arrangements
- Capitation of primary care
- Capitation of more than primary care
- FFS with shared savings
- Health homes in addition to PPS
- Global capitation

Alternative Payment Methodology

- States have an Alternative Payment Methodology (APM) option
- APM must equate to at least as much as PPS
- FQHCs/RHCs can keep PPS or transition to APM

Chicago FQHC Unofficial APM

- Year 2000 negotiated a $12 PMPM wrap cap paid by the State
- Most already taking partial capitation from MCOs for (PCP, pharmacy, ED, diagnostics, specialty and in some cases BH) with stop loss
- MCO upside shared savings for inpatient
- Year 2006 added P4P for certain HEDIS preventive and chronic disease management parameters tied to MCO premium withholds
- Multi-payer with Medicare Advantage and commercial MCOs
- Dismantled in 2013 as state delegated wrap to MCOs

Oregon APM Construct

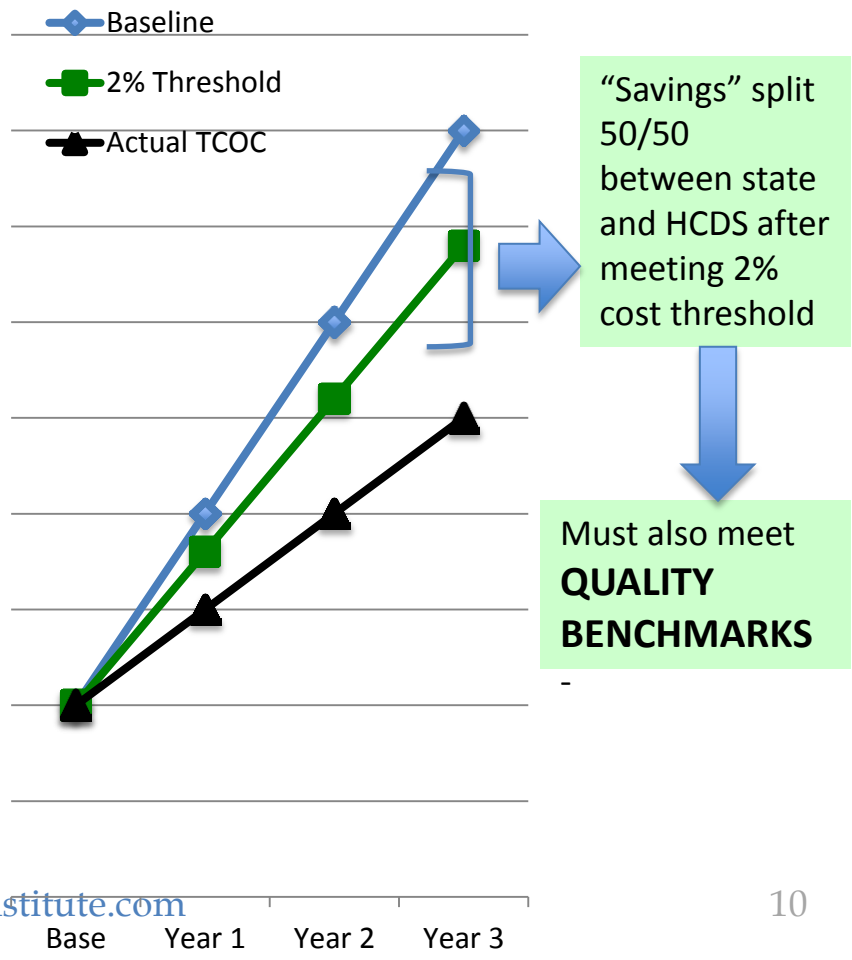
- PPS Equivalent PMPM= (Avg. annual site utilization per aid category) * (Site specific PPS rate) / 12
- CCO will pay a PMPM rate comparable to any primary care provider
- State will pay a PMPM wraparound based on prior year's wraparound payments
- Health Home payments, Pay for Performance or other bonus payments are separate
- Change in Scope process - similar to PPS
- Individuals are attributed to FQHCs
- Reconciliation only if average FQHC visits PMPM increase

California Proposed APM Construct

- Convert PPS into a bundled, pmpm rate as per Oregon model
- Individuals choose or are assigned to a PCP rather than attributed
- State will pay health plan market premium plus a wrap cap for any FQHC assigned
- Health plan pays a single combined FQHC PMPM
- Pay for Performance, shared savings or other bonus payments are separate
- State pays PPS for carved-out MCO services and non-MCO patients

Minnesota Medicaid Integrated Health Partnerships Demonstrations

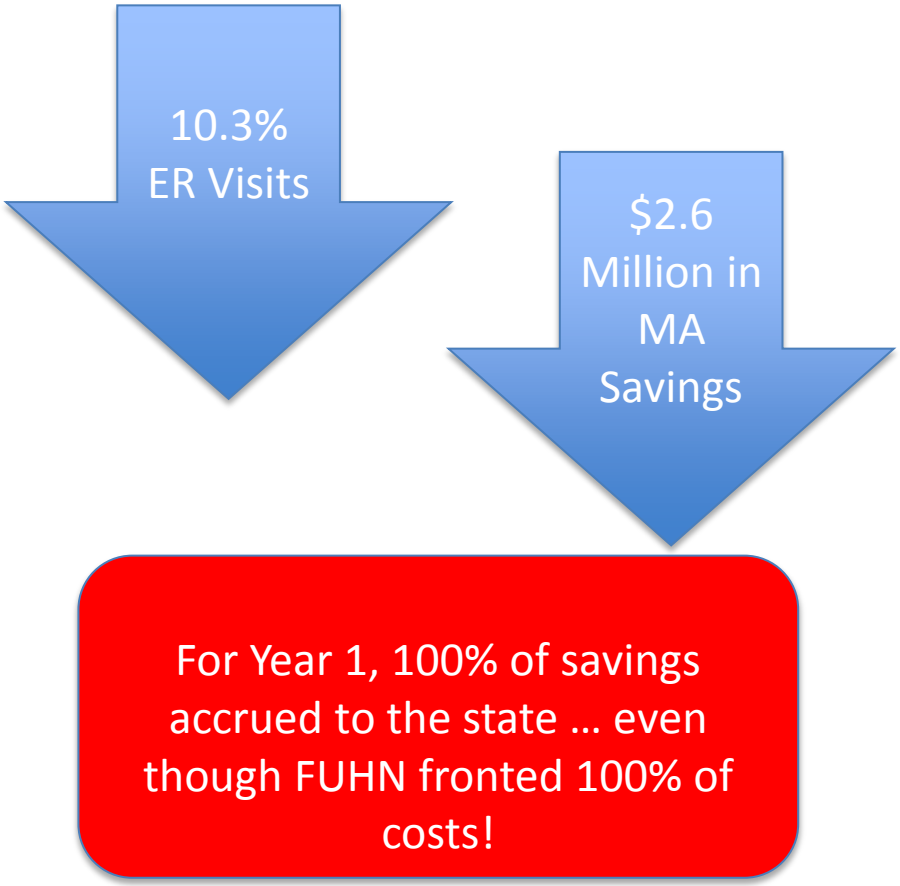
- Total Cost of Care (TCOC) or Accountable Care Organization (ACO) approach to delivering health care to specific set of patients.
- Move away from Fee-For-Service to provider group assuming risk.
- 6 organizations initially serving **100,000 Medicaid enrollees**.



FQHC Urban Healthcare Network

- 10 FQHCs in the Twin Cities with an attributable population of 24,000
- Based on historical under-spending in primary care, and overspending in hospital/ER care
- Secured business partner (Optum) to assist with infrastructure and data analytical support
- **Upfront investments costs borne solely by IHPs= $0 state support**

Year One Results



Colorado FQHCs

- All FQHCs signed up with one of 7 Regional Care Collaborative Organizations (RCCOs)
- Shared savings paid on top of the health centers' normal rate
- State had an estimated savings of $20 million in the first year

Maryland Multi-Payer Patient-Centered

- Providers receive a Fixed Transformation Payment if practices achieve NCQA recognition and allocate a portion to care coordination
- Shared savings incentive

Massachusetts Primary Care Payment Reform Initiative

- Targeted to PCPs including FQHCs
- Must integrate PCMH and the provision of behavioral health services
- The Comprehensive Primary Care Payment (CPCP), a risk-adjusted, per Panel Enrollee, per month payment
- Quality Incentive Payment
- Shared Savings/Risk Payment, with an option of one of the following three Risk Tracks, with varying levels of financial risk and reward in each Risk Track
  - Risk Track 1 (Upside / Downside Risk)
  - Risk Track 2 (Transitioning to Downside Risk)
  - Risk Track 3 (Upside Risk Only).

Illinois Accountable Care Entities

- Provider owned and governed (FQHC only vs. partnership with hospitals and others)
- Serve the TANF and ACA adult population
- $9 PMPM care coordination/admin fee
- Age/sex/ aid category risk adjustment
- 50% upside shared savings potential mos. 1-18
- 50% upside/downside risk with a risk corridor mos. 19-36 and catastrophic stop loss
- Global risk beginning month 37
- Quality threshold to accessing savings