

Alternative Payment Models

Latest Updates

On September 23, ANCOR published its latest white paper on alternative payment models. shares lessons from our work with five emerging alternative payment model programs to discern what works and what lies ahead within this constantly evolving landscape.

What is Value-Based Purchasing (VBP)?

Across the health care industry, improved outcomes and quality of life are key



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care initiatives. As such, health care payment systems, including Medicaid, are increasingly moving away from fee-for-services and shifting toward paying for value and outcomes which offer the

potential for improvements in efficiency, quality, and flexibility in service provision.

ANCOR has been a longtime leader to help “**shape, innovate and transition to the emerging environment of long-term services and supports including health care integration,**” ANCOR offers this one-stop resource on value-based payment models to guide a thoughtful and deliberate adoption of new approaches in intellectual and developmental disabilities (I/DD) service provision.

As ANCOR shares in its new report on Advancing Value & Quality in Medicaid Service Delivery for Individuals with Intellectual & Developmental Disabilities, **value-based purchasing** is defined as “any activity a state Medicaid program undertakes to hold a provider or

a managed care organization accountable for the costs and quality of care they provide or pay for.”

“**Alternate Payment Models**” are “a strategy that changes the way Medicaid providers are paid, moving away from fee-for-service payments (which rewards volume), to methods of payment that incentivize value.”

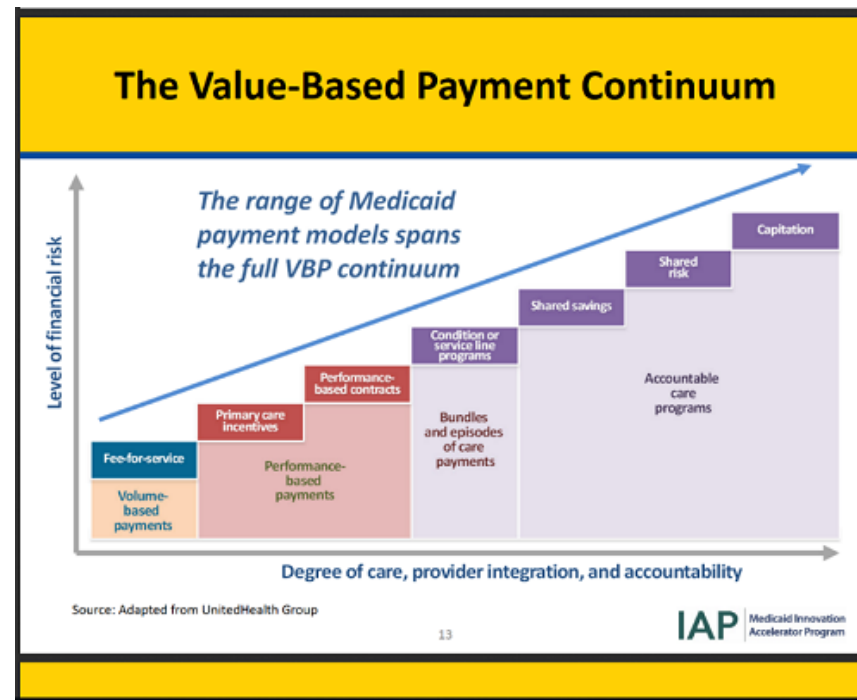
Source: National Association of Medicaid Directors, “**Medicaid Value-based Purchasing: What is it & Why Does it Matter?**” January 2017



Alternative Payment Models (APM) Framework. July 11, 2017

The Alternative Payment Model (APM) Framework began as a payment model

classification system originally presented by the Centers for Medicare and Medicaid Services. The framework was later modified and refined by the Health Care Payment Learning & Action Network (HCP-LAN) work group. The Framework tracks progress toward payment reform and provides a pathway for the delivery of person-centered care. Website: <https://hcp-lan.org>



Source: Medicaid Innovation Accelerator Program (IAP):

Medicaid Value-Based Payment Approaches and Key Design Considerations National Learning Webinar (Oct. 5, 2017)

What is the Relevance to the I/DD Field?



According to ANCOR analysis of the 2018

report on 50-state survey conducted by the Kaiser Family Foundation, quality, value, and outcomes initiatives are key areas of focus for Medicaid. **Most recent alternate payment model (APM) initiatives in Medicaid** have focused on physical / acute health care services, and increasingly extend to behavioral health and LTSS. The ANCOR Foundation and UCP's **Case for Inclusion 2019** measures outcomes to rank states in their use of Medicaid funds – stakeholders and states use these rankings to determine where to improve services, allocate more resources, and show the successes of their programs.

The unique needs of individuals with I/DD and their families; the limited nature of approaches to APMs for long-term services and supports (LTSS) and I/DD services; and mixed experiences with

transitions of LTSS to commercial, risk-bearing managed care organizations (MCOs) support the belief that any I/DD service transition into this area be undertaken thoughtfully and deliberately.

In January of 2019, ANCOR released its white paper exploring value-based payments in the I/DD field and recommendations for successful models. This is the first report of its kind and has been recognized by national disability organizations, and shared with key agencies in the federal government as a resource guide in our field:

*Based upon its yearlong examination of alternate payment models (APMs), ANCOR established **14 payment reform principles** to guide the development and assessment of new and emerging APMs for Medicaid I/DD services. It also*

*established **13 recommendations for current and future APMs for I/DD services.** ANCOR proposes that the recommendations, principles, and policy analysis included in this report support state efforts in moving toward APMs for I/DD services.*

Defining Key Terms

Term	Definition
Value-Based Purchasing (VBP)	Generally considered any activity a state Medicaid program undertakes to hold a provider or a managed care organization accountable for the costs and quality of care they provide or pay for.
Alternative Payment	Often defined as a strategy that changes the way Medicaid

**Models
(APMs)**

providers are paid, moving away from fee-for-service payment (which rewards volume), to methods of payment that incentivize value. Alternative payment models can be implemented in all types of Medicaid delivery systems, including fee-for-service Medicaid programs and in Medicaid managed care.

Capitation

A payment model in which payments are made based on the numbers of people enrolled or served in the expectation that services

	are provided rather than being based on the specific services that are delivered.
Fee-for-Service Models (FFS)	Models in which payments are made for a service or unit of service that is delivered, and where payments vary based on unit of service. Fee-for-service includes payments that are made based on time-based billing increments during which the services are provided (monthly, daily, hourly, or half hourly rates).

Managed Long-Term Services and Supports (MLTSS)	<p>MLTSS programs are arrangements wherein states contract with managed care plans to deliver LTSS either as a stand-alone benefit, or as part of a comprehensive package of physical and behavioral and LTSS. These programs are generally capitated. MLTSS is not an APM, but APMs and VBPs can be integrated into MLTSS.</p>
Social Determinants of Health	<p>Healthy People 2020 defines social determinants of health</p>

as conditions in the environments in which people live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks. Conditions (e.g., social, economic, and physical) in these various environments and settings (e.g., school, church, workplace, and neighborhood) have been referred to as “place.” In addition to the more material attributes of “place,” the patterns of social engagement and sense of security and well-being are also

affected by where
people live.

Sources:

- National Association of Medicaid Directors, "
Medicaid Value-based Purchasing: What is it & Why Does it Matter?
" January 2017
- Health Care Payment Learning and Action Network, "
Alternative Payment Model Framework, Refreshed for 2017
," July 2017
- Center for Health Care Quality and Payment Reform, "

*The Payment Reform Glossary:
Definitions and Explanations of the
Terminology Used to Describe Methods
of Paying for Health Care Services*

, " First edition, October 14, 2014

- Center for Health Care Quality and Payment Reform, "
*The Payment Reform Glossary:
Definitions and Explanations of the
Terminology Used to Describe Methods
of Paying for Health Care Services*
, " First edition, October 14, 2014
- CDC Social Determinants of Health (SDOH): [Know What Affects Health](#)

Implementation Considerations



Integrated Care

As states consider value-based payment models in I/DD services, they are looking to Managed Long-Term Services and Supports as a mechanism to implement VBP.

Integrated care approaches help states to achieve the following:

- Budget Predictability
- Shift of Risk
- Administrative Simplification (for States)
- Improved Care Coordination
- Utilize quality standards to monitor performance

- **Source:**
*What CBOs Need to Know About
Managed Long-Term Services and
Supports*
, HCBS Business Acumen Webinar,
May 2017

ANCOR is a **major partner** in a federal grant with the Administration on Community Living (ACL) that builds the business acumen of community-based organizations like I/DD providers to work with states and MCOs directly to lead integrated care model development. The grant funded HCBS Business Acumen Center features a myriad of resources for I/DD providers in this space.

[HCBS Business Acumen Center](#)

The HCBS Business Acumen Center increases the capacity of disability community-based organizations (CBOs)

to most effectively contract and operate in integrated care systems. Specifically, the Business Acumen Center provides business resources, disseminates information, and conducts training to support the development of business relationships between disability CBOs and health plans, integrated health care entities, and other payers to result in positive outcomes for individuals with disabilities.

Website: hcbusinessacumen.org

Select Resources:

- White Paper (co-authored by ANCOR and Gold Partner MediSked):
[Provider Readiness for Operating in Alternative Payment Environments](#)
, August 18, 2020

- Webinar:
Building the Framework for IDD Quality Measures
, January 23, 2019
- Webinar:
What CBOs Need to Know About Managed Long-Term Services and Supports
, May 24, 2017

There are unique and key issues that must be considered for MLTSS as it pertains to the I/DD services, as outlined in ANCOR's white paper on MLTSS and guiding principles for MLTSS.

[Current Landscape: Managed Long-Term Services and Supports for People with Intellectual and Developmental Disabilities](#)

ANCOR's MLTSS whitepaper provides guidance to all stakeholders on the program design and implementation features that are more likely to result in high-quality, integrated supports that lead to positive outcomes for individuals with I/DD.

ANCOR Principles of Managed Long Term Services and Supports (MLTSS) *ANCOR recommends the guiding principles to be rigorously applied in designing and operating Medicaid managed long term services and supports (MLTSS) systems serving children and adults with chronic disabilities*

Social Determinants of Health

Resources to guide discussions on defining outcomes.

CDC Social Determinants of Health

Healthy People 2020

World Health Organization

Quality Measures

Resources to guide discussions on measuring quality.

National Quality Forum: A National Framework for Health Care Quality Measurement and Reporting

National Core Indicators Survey

CQL: Personal Outcome Measures

HHS Agency for Health Care Research
and Quality (AHRQ): Environmental Scan
of Measures for Medicaid Title XIX Home
and Community-Based Services

Capacity Building Resources

CMS:
**Medicaid Innovation
Accelerator Program
(IAP) Value-Based
Payment & Financial
Simulations function**

The CMS Medicaid Innovation Accelerator Program (IAP) functional area of value-based payment and financial simulations offers targeted technical support and

solutions to Medicaid agencies in building and strengthening their capacity as they design and implement Medicaid delivery system reforms.

Website:

<https://www.medicaid.gov/state-resource-center/innovation-accelerator-program/iap-functional-areas/value-based-payment/index.html>

Select Resources:

- Webinar:
[Medicaid Value-Based Payment Approaches and Key Design Considerations National Learning Webinar](#)
October 5, 2017
-

HCP-LAN: Health Care Payment Learning and Action Network

Launched in 2015 by the U.S. Department of Health and Human Services (HHS), **The Health Care Payment Learning & Action Network** (LAN) is a public-private partnership whose mission is to accelerate the health care system's transition to alternative payment models (APMs) by aligning the innovation, power, and reach of the private and public sectors. The LAN's purpose is to facilitate the shift from the fee-for-service (FFS) payment model to a model that pays providers for quality care, improved health, and lower costs.

Website: <https://hcp-lan.org>

Select Resources:

- White Paper:
[Alternative Payment Model \(APM\) Framework](#)
, July 11, 2017
-

ReThink Health: <http://RethinkHealth.org>

Funded by the Rippel Foundation, ReThinkHealth was launched by some of the nation's most influential leaders in health, economics, politics, business, and energy to reimagine and transform health.

Website: www.rethinkhealth.org

Select Resources:

- Toolkit:
Developing a Value Proposition
Narrative Toolkit

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