Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives

Paul R. LePage, Governor Mary C. Mayhew, Commissioner

Department of Health and Human Services
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December 1, 2011

Earle L. McCormick, Chair
Meredith N. Strang Burgess, Chair
One Hundred and Twenty-Fifth Legislature
Committee on Health and Human Services
100 State House Station
Augusta, ME 04333

Re: LD 678, Resolve to Improve Health Outcomes for MaineCare Members in Managed Care

Dear Senator McCormick and Representative Strang Burgess:

Over the past several months, the Department has conducted a thorough exploration of strategies by states across the country to improve health and reduce the unnecessary use of hospital emergency rooms. This research helped form the basis for the Department's Value-Based Purchasing Strategy, announced in late August, and continues to inform the development of the initiatives therein.

Options the Department has identified include:

- Accountable Care Organizations
- Health Homes Section 2703 of the Affordable Care Act
- Community Care Teams
- Emergency Department Care Coordination Initiative

The narrative below provides detail on the Department's outreach and descriptions of these models. Please see the attached Value-Based Purchasing memos sent to Appropriations over the past number of months for additional information. A Request for Information and additional presentations are also available on the Department's Value-Based Purchasing website at: http://www.maine.gov/dhhs/oms/mgd_care/mgd_care_index.html.

Accountable Care Organizations:

The Accountable Care Organization (ACO) model reforms the volume-driven economic incentives of the fee for service system by aligning financial incentives for providers to work together to improve value and decrease avoidable costs. The payer(s) hold a group of provider organizations accountable for the cost and quality of care provided to a defined patient population. The ACO has the opportunity to share in any savings it achieves either through capitated rates, a shared savings model where the ACO receives a portion of any savings at the end-of-year, or other payment reform mechanisms. In order to reduce avoidable costs and improve health outcomes and thus receive any savings, the providers must coordinate with each other.

MaineCare has consulted with other states in varied stages of implementing Medicaid ACOs, including Colorado, Minnesota and New Jersey. The Department has also had multiple conversations with the Centers for Medicare and Medicaid Services (CMS) and the national organization, Center for Health Care Strategies, which has conducted a survey of Medicaid ACOs across the country. In addition, MaineCare has conducted a literature review of the Medicare and commercial ACOs, and has met with various provider organizations engaged in emerging ACOs across the state of Maine.

The Department is pursuing its own "Accountable Communities" ACO model for implementation in state fiscal year 2013.

Health Homes, Section 2703 of the Affordable Care Act:

Section 2703 of the Affordable Care Act establishes the "State Option to Provide Health Homes for [Medicaid] Enrollees with Chronic Conditions." This option encourages states to develop a Health Homes program, under which the State may receive a 90% federal match for two years, to provide the highest need Medicaid beneficiaries with intensive care management and coordination to reduce their Emergency Department use, prevent readmissions, and achieve improved management of chronic conditions. MaineCare has met with Medicaid staff from Missouri and Oregon that have submitted their State Plans for Health Homes, and heard from numerous other states in different stages of Health Homes planning. Through its involvement in the Robert Wood Johnson's Aligning Forces for Quality initiative, MaineCare receives regular technical assistance and guidance from the Center for Health Care Strategies, which has been working with several states on their Health Homes initiatives.

The enhanced 90/10 match under this initiative presents an exciting opportunity for MaineCare to leverage its current Patient-Centered Medical Homes, emerging Community Care Teams (see below), and other practices eligible to deliver Health Homes services. This initiative will enable the Department to provide coordinated care to many more high-need MaineCare members, including dual Medicare-Medicaid enrollees and members served at hospital-based Primary Care Case Management (PCCM) practices; MaineCare does not provide care management resources for either group currently.

Community Care Teams:

Community Care Teams are interdisciplinary teams that work intensively with the highest risk patients in order to better coordinate their care, address social and socioeconomic issues affecting their health, and transfer the patient's relationship from the Emergency Department to a Primary Care Provider and practice. The Governor and the Department have been collaborating with Dr. Jeffrey Brenner from The Camden Coalition of Healthcare Providers in Camden, New Jersey, famed for his work utilizing this approach with Camden's highest Emergency Department utilizers. Dr. Brenner is using this approach as the foundation for the Medicaid ACO his organization has implemented in Camden.

The Department will join Medicare in January 2012 in providing support to eight Community Care Teams in support of patients at Maine's 26 multi-payer Patient-Centered Medical Homes. The Department strongly believes that the Community Care Team approach is critical to improving health and reducing avoidable costs for the top 5% of MaineCare's highest cost users, who account for over 55% of MaineCare's costs. Community Care Teams will serve these aims under both Accountable Communities and Health Homes.

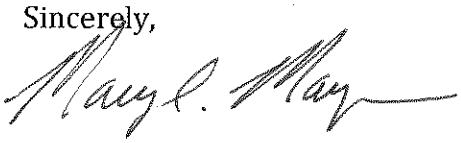
Emergency Department Collaborative Care Management Initiative:

Based on a successful pilot with MaineGeneral begun in September 2010 that reduced Emergency Department use by a third for the hospital's highest utilizing members, MaineCare began work in early summer of 2011 to replicate the initiative statewide. MaineCare works with the hospitals to identify the hospitals' highest utilizing MaineCare members and convenes the hospital, the identified members' supports, including primary care providers, family, and social services, to identify a care plan and care management resources. MaineCare is utilizing the identified care management resources as the first line; where care management services are not available, MaineCare is providing the care management directly.

MaineCare has consulted with Milwaukee around its Emergency Department Care Coordination Initiative, which takes a population-based approach by immediately scheduling primary care appointments and making referrals for all patients presenting at the ED who do not have a medical home and are high ED utilizers and/or have chronic conditions. The Department is keeping an eye on this innovative approach, which would require investment in appointment-scheduling technology and collaboration with primary care practices willing to open up appointments and accept referrals.

If you have any questions please contact Stefanie Nadeau, Director, MaineCare Services at 207-287-2093 or at stefanie.nadeau@maine.gov.

Sincerely,



Mary C. Mayhew, Commissioner

MaineCare's Value-Based Purchasing Strategy

Value-based purchasing means holding providers accountable for both the quality and cost of care, through:

- Increased transparency of cost and quality outcomes;
- Rewards for performance; and
- Payment reform.

The Department has developed a three-pronged value-based purchasing strategy to achieve target savings and improved health outcomes.

1. Emergency Department Collaborative Care Management Initiative

Over the past year, MaineCare conducted a collaborative care management pilot with MaineGeneral to reduce non urgent use of their Emergency Department (ED) by MaineCare members. The pilot saved an estimated $100,000 in reduced ED costs from working with approximately 35 members. MaineCare is expanding the pilot statewide in response to increasing ED costs and many hospitals' desire to bolster their care management capacity. This summer, MaineCare has met with all of Maine's hospitals to discuss the initiative and to assess the care management capacity of their respective hospital systems, the members' primary care provider offices or patient centered medical home, and community care teams, where available. MaineCare will utilize the identified care management resources as the first line and, where care management services are not available, MaineCare will provide the care management resources.

2. Accountable Communities Initiative

MaineCare will build off its work with hospital EDs and the current Patient Centered Medical Home (PCMH) Pilot to enter into alternative, risk-based contracts with qualified health systems, hospitals, and other provider groups that will align financial incentives for those providers to work together to improve value and decrease avoidable costs. MaineCare plans a tiered approach to the Accountable Communities program, creating different levels of risk-sharing agreements so that the state may partner with providers at varying levels of capacity and readiness to assume risk and meet specified benchmarks. MaineCare plans to phase in alternative payment models for all levels of the Accountable Communities program over time, such as shared savings, bundled episode of care payments, or global payments.

3. Leveraging and/or expansion of current initiatives and federal opportunities

Patient Centered Medical Homes + Community Care Teams = Health Homes: MaineCare currently has 26 multi-payer PCMHs, initiatives which have gained national recognition for the "promising

trends" they show on cost and quality, as well as "greatly improved access to care." [1] Medicare is joining the PCMH Pilot in October 2011 under the Medicare Multi-Payer Advanced Primary care practice (MAPCP) demonstration, at which point Community Care Teams (CCT) will be introduced as a strategy to improve care and reduce avoidable costs for PCMH patients, especially those with complex or chronic conditions. MaineCare plans to leverage the PCMH and CCT partnership to take advantage of the Affordable Care Act's (ACA) Health Homes option for enrollees with chronic conditions. Implementation of Health Homes will enable Maine to receive an enhanced 90/10 federal match for care coordination services to enrollees with chronic conditions for the first eight quarters post implementation. This enhanced match could in turn fund the expansion of Health Homes to underserved areas.

Pay for Performance: MaineCare is conducting an analysis of its Primary Care Case Management (PCCM) and Primary Care Provider Incentive Payment (PCPIP) programs to identify opportunities to better incent providers to deliver quality, cost efficient care. Reforms under consideration include a more stringent baseline for providers to qualify for incentive payments, and increased payments for providers who do qualify. We are also looking at shifting the payment criteria emphasis from access, where significant progress has already been made, to reduced ED utilization, attainment of clinical quality benchmarks, and the provision of cost efficient care.

Transparency & Reporting: MaineCare will continue to provide quality and utilization reports to its PCCM providers. In addition, MaineCare plans to learn from the efforts of the State Employee Health Commission, the Maine Health Management Coalition and Quality Counts! to develop provider rankings to share with MaineCare members and the general public.

For more Information:

- See our website at: http://www.maine.gov/dhhs/oms/mgd_care/mgd_care_index.html
- Contact Michelle Probert, Director of Strategic Initiatives at michelle.probert@maine.gov or 207.287.2641.

[1] Mary Takach, Reinventing Medicaid: State Innovations to Qualify And Pay For Patient-Centered Medical Homes Show Promising Results, *Health Affairs*, 30, no.7 (2011):1325-1334

MaineCare's Value-Based Purchasing Strategy

Value-based purchasing means holding providers accountable for both the quality and cost of care, through:

- increased transparency of cost and quality outcomes,
- rewards for performance, and
- payment reform.

The Department has developed a four-pronged value-based purchasing strategy to achieve target savings and improved health outcomes.

4. Emergency Department Collaborative Care Management Initiative

Over the past year, MaineCare conducted a collaborative care management pilot with MaineGeneral to reduce non urgent use of their Emergency Department (ED) by MaineCare members. The pilot saved an estimated $100,000 in reduced ED costs just from working with approximately 35 members. MaineCare has decided to expand the pilot statewide in the face of increasing ED costs and an expressed interest from hospitals in increased care management capacity. This summer, MaineCare has met with all of Maine's hospitals to discuss the initiative and to assess the care management capacity of their respective hospital systems, the members' primary care provider offices or patient centered medical home, and community care teams, where available. MaineCare will utilize the identified care management resources as the first line and, where care management services are not available, MaineCare will provide the care management resources.

5. Transition toward risk-based contracting with qualified providers; exploration of global and/or bundled payments.

MaineCare will build off its work with hospital EDs to enter into risk-based agreements with capable providers for the care management of their members. In exchange for a per member per month administrative fee, providers will collaborate with hospitals and EDs, primary care providers, specialists and other entities to achieve quality outcomes and cost savings. MaineCare will explore the possibility of phasing in alternative payment modes such as shared savings, bundled episode of care payments, or global payments.

6. Leveraging and/or expansion of current initiatives and federal opportunities

Pay for Performance: MaineCare is conducting an analysis of its Primary Care Case Management (PCCM) and Primary Care Provider Incentive Payment (PCPIP) to identify opportunities to better incent providers to deliver quality, cost efficient care. Reforms under consideration include a more stringent baseline for providers to qualify for incentive payments, and increased payments for providers who do qualify. We are also looking at shifting the emphasis on payment criteria on which the payments are made from access, where significant progress has already been made, to reduced ED utilization, attainment of clinical quality benchmarks, and the provision of cost efficient care

Transparency & Reporting: MaineCare will continue to provide quality and utilization reports to its PCCM providers. In addition, MaineCare plans to learn from the efforts of the State Employee Health Commission, the Maine Health Management Coalition and Quality Counts! to develop provider rankings to share with MaineCare members and the general public.

Targeting Individuals with Dual Medicaid and Medicare Eligibility, Chronic or Complex conditions: MaineCare currently has 26 multi-payer Patient Centered Medical Homes (PCMH), initiatives which have gained national recognition for the "promising trends" they show on cost and quality, as well as "greatly improved access to care."[2] Medicare is joining the PCMH Pilot in October 2011 under the Medicare Multi-Payer Advanced Primary care practice (MAPCP) demonstration, at which point Community Health Teams (CHT) will be introduced as a strategy to improve care and reduce avoidable costs for PCMH patients, especially those with complex or chronic conditions. MaineCare plans to leverage the PCMH and CHT partnership to take advantage of the Affordable Care Act's (ACA) Health Homes option for enrollees with chronic conditions. Implementation of the State Health Homes Option will enable Maine to receive an enhanced 90/10 federal match for the first eight quarters of the initiative. This enhanced match could in turn fund the expansion of PCMH beyond the current 26 practices.

In addition, the Centers for Medicare and Medicaid (CMS) Innovation Center is testing new payment and service delivery models to achieve cost reductions and quality care for Medicare-Medicaid enrollees. MaineCare plans to pursue a model under which they could receive retrospective performance payments for achieving target Medicare savings through improved care coordination for Medicare-Medicaid enrollees under Health Homes or other primary care delivery models.

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[2] Mary Takach, Reinventing Medicaid: State Innovations to Qualify And Pay For Patient-Centered Medical Homes Show Promising Results, *Health Affairs*, 30, no.7 (2011):1325-1334

MaineCare's Value-Based Purchasing Strategy

Stakeholder Engagement

The Department is reconvening Stakeholders from the Managed Care initiative on Friday, October 7 to discuss the Department's new Value Based Purchasing Strategy.

Accountable Communities

OMS has been reaching out to CMS, national organizations and other states for guidance with the Accountable Communities Program.

Patient Centered Medical Homes + Community Care Teams

The Maine Patient Centered Medical Home (PCMH) Pilot will be delaying the start of the Medicare Multi-Payer Advanced Primary Care Practice (MAPCP) demonstration, in which Medicare becomes another payer in the PCMH Pilot, along with the associated implementation of the Community Care Teams (CCT) until January 1, 2012. This delay will allow additional time for finalizing CCT contracting agreements with all payers, and ensure adequate planning time for the CCTs.

MaineCare's Value-Based Purchasing Strategy

Stakeholder Engagement

The Department reconvened the Managed Care Stakeholder Advisory, Specialized Services, and Member Standing Committees on Friday, October 7 to discuss the Department's new Value Based Purchasing (VBP) Strategy (presentation attached). Participants included over 50 representatives from advocacy and provider organizations, members, and others. Stefanie Nadeau, MaineCare Director, discussed the transition from Managed Care to Value Based Purchasing, and staff outlined the components of the strategy, timeline, and plan for future public engagement.

OMS is currently meeting with representative stakeholder organizations across the state to discuss their current value based purchasing efforts and potential to engage with the Department under the VBP strategy.

Emergency Department Collaborative Care Management Initiative

Progress to date:

- 23 hospitals have begun providing daily census reports
- 20 hospitals have returned signed Business Associate Agreements
- 19 hospitals have returned the list of members with whom need care management
- 9 hospitals have begun case conferences
- 10 hospitals have case conferences scheduled in the near future

Immediate Plans:

On October 20th, MaineCare and Quality Counts hosted an event with Dr. Jeffrey Brenner from Camden, New Jersey on Coordinating Care for High Need Populations. Dr. Brenner

Vision for the future:

- Foundation building for Accountable Communities program
- Collaboration will continue in areas of the state that may not be served under the Accountable Communities program

Accountable Communities

OMS is meeting with CMS, national organizations and other states for guidance with the Accountable Communities Program. CMS has indicated a willingness to work with the Department on a shared risk model that does not require a 1915(b) managed care waiver.

CMS Financial Alignment Initiative to Support State Efforts to Integrate Care for Medicare-Medicaid Enrollees

OMS submitted a letter of intent to CMS' Medicare –Medicaid Coordination Office on September 30, stating the Department's intent to pursue the managed Fee For Service financial alignment model to integrate care for Medicare-Medicaid enrollees through the inclusion of "Dual Eligibles" in its planned Accountable Communities model. The Department also mentioned the potential opportunity to serve Dual Eligbles through the Health Homes provision of the Affordable Care Act.

Under this initiative, Maine would enter into an agreement with CMS where the State would be eligible to share in any Medicare savings resulting from its Accountable Communities and/or Health Homes initiatives. The Department must demonstrate to CMS that it meets specified stadards and conditions and that it will implement its proposal by the end of calendar year 2012.

To date, MaineCare has participated in its first formal call with CMS to initiate the planning process.

Health Homes

The Department has submitted an application for a planning grant from CMS to help enable practices to meet the Health Homes's level of care, and is working with the Center for Health Care Strategies to craft a State Plan Amendment. The Department is currently exploring how the enhanced 90/10 match can enable the state to transform additional practices, beyond the 26 Patient Centered Medical Homes, to Health Homes.

Stakeholder Engagement

OMS continues to meet with representative stakeholder organizations across the state to discuss their current value-based purchasing efforts and potential to engage with the Department under the VBP strategy.

The Department posted a Value-Based Purchasing Request for Information (RFI) to the website above on Tuesday, November 15. Interested parties have until December 14 to submit a response. Once the Department has synthesized the responses and formalized the models for tis initiatives, it will hold a public forum early in the new year.

Emergency Department Collaborative Care Management Initiative

Progress to date:

- 23 hospitals are providing daily census reports.
- 31 hospitals have returned the list of members they will engage in the initiative, up from 19 hospitals in October.
- 17 hospitals have begun case conferences, up from 9 hospitals in October.
- 20 additional hospitals have case conferences scheduled in the near future.

These initial case conferences focus on the development of service plans and care management strategies for the high utilizing MaineCare members. They will also serve to identify community-based supports available to the member that MaineCare will invite to the table, and to assess where MaineCare resources are necessary to supplement hospital and community based care management.

Next Steps:

MaineCare will complete the initial round of case conferences and complete its assessment of available care management resources. As necessary, OMS will devise a strategy to target the highest need areas of the state. MaineCare will also formalize a plan for sharing cost analyses with each hospital team to gauge progress on a quarterly basis.

Health Homes

The Department has received a planning grant from CMS to enable practices to meet the Health Homes's level of care, and is working with the Center for Health Care Strategies to craft a State Plan Amendment. The Department now plans to leverage the enhanced 90/10 federal match to transform all willing and qualified practices to Health Homes, enabling payments to hospital-based practices and dual Medicare-Medicaid enrollees, groups that do not currently receive primary Care Case Management (PCCM) fees. The Department will emphasize the Community Care Team approach it is implementing in January in concert with the Medicare Advanced Primary Care practice demonstration.

Provider organizations have been expressing enthusiasm to partner with the State on the Health Homes Initiative. The Community Care Team "boots-on-the-ground approach" is an effective strategy to reduce inappropriate ED use and hospital readmissions for MaineCare's highest cost members, instead grounding them in a positive relationship with a Primary Care Provider.

The Value-Based Purchasing RFI seeks information from primary care practices regarding their interest and capacity to provide Health Home services.

Accountable Communities

OMS continues to conference with CMS, national organizations and other states for guidance with the Accountable Communities Initiative. CMS is working with the Department on a plan to obtain federal authority for a shared risk model that does not require a 1915(b) managed care waiver.

The Value-Based Purchasing RFI seeks information from provider and community organizations regarding many aspects of the model design, including opportunities to increase value for MaineCare members, payment models, provider assumption of risk, impactable costs of care, performance measures, data analytics, and member attribution.