

Value-Based Purchasing Recommendations for Behavioral Health Providers

Report to the Illinois General Assembly

Public Act 101 – 0209

Illinois Department of Healthcare and Family Services

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Public Act 101-0209 required the Department of Healthcare and Family Services (HFS) to confer with stakeholders, including mental health and substance use disorder providers, managed care organizations and advocacy groups for individuals with behavioral health issues to explore the development of alternative value-based payment models.ⁱ The purpose of these models is to incentivize the transition from fee-for-service, while rewarding health outcomes and improved quality and providing flexibility in how providers meet the needs of the individuals they serve.

HFS hosted three meetings during the summer of 2019. Participating stakeholders included behavioral health providers, Medicaid managed care plans, advocacy associations and other interested parties as required by statute.ⁱⁱ Meeting discussions centered on the range of currently operating value-based purchasing opportunities, as well as those existing in other states or desired. Specific presentation topicsⁱⁱⁱ included:

- the Green and Healthy Homes Initiative, which focuses on lead hazard reduction, asthma trigger control, falls/injury prevention, energy efficiency, weatherization and housing rehabilitation in various communities around the country, including several projects in Chicago;
- a profile of people with intellectual and developmental disabilities as and Illinois' current service delivery system. Opportunities to positively impact the healthcare experience, regardless of the setting of care, were discussed as were various opportunities to address the specialized needs of the population;
- highlights of a whitepaper prepared by the American Network of Community Options and Resources (ANCOR) which espoused a cautious approach to delivery system and payment reform for state systems serving persons with developmental disabilities;
- experiences of the New Hampshire Community Behavioral Health Association in developing an Alternative Payment Model (APM) pairing the State's Community Mental Health Agencies with Managed Care Organizations to provide services to persons with serious mental illness under a FFS-based encounter capitation scheme;
- the basics of Business Process Management, a philosophy of critical process identification, validation, documentation, measurement and management analysis used to drive quality improvement and value;
- promising practices which transition the delivery of Medicaid behavioral health services from either traditional block grant funding arrangements or volume-based fee for service arrangements towards value-based approaches rewarding efficiency and high-quality care.

An example of an interesting value-based purchasing presentations focused on the Green and Healthy Homes Initiative, which included non-medical interventions that decreased medical cost. Activities included home inspections and interventions that lowered asthma related expenditures. Significant time was also spent discussing a large behavioral health value-based program existing between a consortium of providers and Illini Care. Other MCOs have shared savings programs, the largest and oldest between Medical Home Network, a group of Federally Qualified Health Centers, and CountyCare. Some of the proposals were more cost

plus than value-based while others employed sub-capitation arrangements. Common themes which crossed presentations included the importance of establishing a value-based organizational culture, tolerance and acceptance of various levels of risk and the critical nature of data in measuring importance and driving change.

Some providers were not interested in value-based initiatives as they felt they were not ready or did not yet have enough confidence in the managed care entities to proceed. Others were very interested. The managed care organizations reported several attempts had failed either through lack of performance or available data.

Based on the discussions, the significant number of opportunities, and the unevenness of provider readiness, HFS recommends the following:

- 1) No specific value-based arrangement should be mandated by the State at this time.
- 2) Value based arrangements should be encouraged and rewarded by HFS through the MCOs.
- 3) By including the number and quality of value-based arrangements as part of the auto assignment algorithm, HFS will best incentivize these arrangements while allowing managed care and provider creativity.
- 4) HFS will strongly encourage some of the examples demonstrated particularly around full-term deliveries, non-medical interventions for asthma, and behavioral health.
- 5) There were some examples around waivers that are not included in managed care. HFS will review with providers some of these examples for potential implementation in pilots.

ⁱ 305 ILCS 5/5-5.10

ⁱⁱ Organizations participating included Thresholds, OSF, IARF, Medical Home Network, Aperion Care, Lawndale Christian Health Center, Habilitative Systems, Inc., Amita Health, Illinois Hospital Association, Egyptian Health, Lutheran Social Services of Illinois, Illinois Association of Medicaid Health Plans, Cook County Health and Hospital Systems, Next Level Health, Molina Health Care, IlliniCare, Humana, Meridian Health Plan, Aetna, Blue Cross Blue Shield of Illinois and the Institute on Public Policy for People with Disabilities.

ⁱⁱⁱ Copies of presentations are contained in the Appendix to this report.