

**STATE QUALITY IMPROVEMENT INSTITUTE  
EMAIL UPDATES  
DECEMBER 2009**

**WASHINGTON**

**DESCRIBE THE LATEST PROGRESS YOUR STATE TEAM HAS MADE IN ITS QUALITY IMPROVEMENT EFFORTS.**

Washington's Quality Institute team efforts continue to be concentrated in the three areas set out in our original proposal: Expanding patient-centered medical homes, developing payment strategies to support medical homes, and developing communication strategies for engaging consumers. Activity continues to be focused primarily in the first two of these areas.

• **Expand patient-centered medical homes**

The Washington Patient-Centered Medical Home Collaborative, jointly sponsored by the Washington State Department of Health and Washington Academy of Family Physicians, has taken several steps to make practice transformation operational for its participating providers.

- Leadership from the Collaborative participated in the Practice Transformation Workgroup of the Multi-Payer Medical Home Reimbursement Model Project. Recommendations on the outcomes, core practice competencies and pilot practices were submitted to the workgroup in November 2009.
- Collaborative funding to complete the baseline data on patient experience has tentatively been located. DOH plans to conduct a survey of 100 patients per practice in the first quarter of 2010.
- Coaches and staff meeting twice a month to coordinate site visits, hone consultative skills and develop the curriculum for the next Learning Session, March 29-30, 2010.
- Web conferences continue monthly. Topics covered include Collaborative measures (October), self-management support (November), and the diabetes reporting template for IPIP (December).
- 32 of 33 practices submitted the first monthly narrative report in November. The first data report is due January 10<sup>th</sup> for all IPIP diabetes measures and 8 prevention measures. Each practice is required to report on the equivalent of 1 panel of patients from a full time provider.
- The DOH Patient-Centered Medical Home Collaborative progress report will be submitted to the legislature December 31, 2009.

- **Develop payment strategies to support medical homes**

Building on its earlier work, the planning group for the Multipayer Reimbursement Model Pilot project has taken the following actions:

- Conducted an all-day Payment Reform Summit on October 29 facilitated by Harold Miller and sponsored by the Puget Sound Health Alliance (PSHA), Washington State Medical Association (WSMA), and Washington Academy of Family Practice (WAFP). Over 80 stakeholders participated, representing providers, payers, researchers, consumers and policymakers. In breakout sessions the summit examined questions of ways to improve outcomes for individuals with chronic conditions and those with acute conditions as well as improving patient health and use of preventive services. Additional sessions examined ways to optimize fee-for-service (FFS) and capitated payment, including reimbursement for care management and gain-sharing or performance incentives. Questions of how to engage consumers, and of what additional non-financial support strategies could improve medical home performance were also discussed. The primary product of the summit was a set of prioritized strategies identified by the breakout groups in each of these subject areas, to serve as stakeholder input for the Practice Transformation and Aligning Incentives workgroups, as well as the Participant Group as a whole, going forward.
- The Practice Transformation workgroup completed its work, submitting a set of recommendations to the Participant Group. These recommendations identify target outcomes in the areas of utilization, cost, quality and patient and provider experience, with an emphasis on measurable outcomes that have the potential to deliver substantive return on investment within a reasonable timeframe. Recommendations also include a set of core competencies primary practices should have in place in order to position themselves for success in achieving the target outcomes within a defined time period. These recommendations are intended to inform the Aligning Incentives workgroup's work in designing a payment model or models that incent providers to develop and implement the core competencies and then achieve the target outcomes. Additional recommendations also addressed eligibility criteria for practice participation and non-financial support strategies to assist payers and practices in achieving the pilot goals.
- The Participant Group reviewed the Practice Transformation Workgroup's recommendations and supported their submission to the Aligning Incentives workgroup, noting two areas in particular for further consideration: the qualification criteria for medical practices to participate and the scope of the pilot, in terms of focusing payment on highly complex patients v. extending it to a practice's entire patient panel.

- The Aligning Incentives workgroup has met three times since the last update, and is working to develop one or more reimbursement models for presentation to the Participant Group. Elements under consideration include various combinations of fee-for-service (FFS), primary care capitation, care management fees and performance/quality incentives.
- With the pro bono consulting assistance of Point B, the Participant Group will continue to monitor progress against its project plan and timeline, revising and updating those instruments as the situation evolves. As noted below and reflected in the annual summary, there has been a modification to the pilot timeline in the expansion of the operational test period from 18 to 24 months, with the possibility of extending for an additional twelve months.
- With the support of SQII, the pilot has accessed the services of Michael Bailit of Bailit Health Purchasing, including telephone consultation and distribution within the group of documents prepared by Mr. Bailit for his consulting engagements. It is planned that Mr. Bailit will join the Aligning Incentives workgroup and the full Participant Group for their meetings on January 7 to share his insights from the various state-level multi-payer pilots in which he has been involved.

**SINCE THE LAST EMAIL UPDATE, HAS YOUR STATE ENCOUNTERED ANYTHING UNANTICIPATED, OR HAS SOMETHING SIGNIFICANTLY CHANGED FROM WHAT IS OUTLINED IN YOUR CURRENT ACTION PLAN? IF SO, PLEASE DESCRIBE.**

In considering reimbursement models, the Aligning Incentives workgroup identified some unforeseen constraints on our options, primarily based in State insurance regulation. These are being taken into account in developing the workgroup's recommendations to the full Participant Group.

- Under Washington State insurance regulations, capitated provider payment by a self-funded purchaser places the provider in the position of an unlicensed insurer. For most of the larger commercial carriers in the Washington market, administration of self-funded benefits is a substantial portion of their business. The workgroup feels that it is important that the pilot include as many self-funded purchasers' beneficiaries as possible, both to provide the critical mass of practices' patient panels to incent their participation and to provide a valid test of the viability of the reimbursement model and to serve the market as it exists in Washington.
- Washington insurance regulations also do not recognize care management as a component of a carrier's medical loss ratio (MLR). For payers subject to regulatory or contractual MLR minimums, only quality improvement incentives can count toward meeting those requirements.

- Also, quality incentives can count toward a carrier's MLR only for the year when they are paid out, so incentive reimbursement for one year's performance paid in the succeeding year may not help meet MLR thresholds.

Further, as mentioned above, discussion within the Participant Group and input from consultants indicate that the originally planned 18-month operational period for the pilot may not be long enough to produce measurable results—particularly among practices which must go through major practice transformation to achieve the core competencies required. Thus the group agreed to expand the operational period to two years, with the possibility of expanding for a third year.

### **WHAT HAS YOUR STATE TEAM BEEN CHALLENGED BY DURING THIS PROCESS?**

As mentioned in the last update, the elimination of state funding for the implementation and evaluation of the Washington Patient-Centered Medical Home Collaborative means that funds for the patient experience survey and cost/utilization study will need to be located from alternative funding sources. Staff and partners are seeking grants funds to complete these evaluation components.

For the multi-payer reimbursement model pilot, an emerging challenge is to determine the scale of the project. Payers' willingness to accept risk, even controlled, will be central to deciding how many practices, and of what size, will be invited to participate. At the same time, the reimbursement options available to medical practices will influence how many, and which ones, choose to participate based on the degree of risk they are willing to accept.

As noted previously, questions have arisen about how pilot design can be modified to accommodate the needs/preferences of varying stakeholder groups. This, in turn, has raised questions about the level of methodological rigor to be sought in evaluation, the sample sizes and data quality required to achieve it and the capacity of providers, especially small or less "data savvy" practices, to provide the necessary data. Cumulatively, these questions raise the higher-level question of what policy decisions need to be supported by the data generated by the pilot(s). In that regard, a possible need has been identified to start a third workgroup in the area of data capture/analysis and project evaluation.

Some of the design questions now emerging touch on this area, such as attribution v. formal enrollment of the consumer in the pilot. This, plus recent experience of some of the payers and providers involved in current projects, suggests the need to begin work in this area soon along with the practice transformation and incentives alignment activity currently going on.

These are some of the kinds of issues and questions that will confront the participant group as we move forward, but resolving them will provide valuable resources to those who want to build on our experience.