



# ALL ABOARD! DESTINATION: HEALTH REFORM

THE NATIONAL ACADEMY FOR STATE HEALTH POLICY 22ND ANNUAL STATE HEALTH POLICY CONFERENCE

OCTOBER 5-7, 2009 / LONG BEACH, CALIFORNIA

NATIONAL ACADEMY  
*for* STATE HEALTH POLICY

# All Aboard!

## *Destination Health Care Reform*

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# Two foundational pieces of legislation

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- ★ 2007- First “medical home” legislation- Provider Directed Care Coordination for patients with complex illness in the Medicaid FFS population (now Primary Care Coordination) PCC
- ★ 2008- Health Care reform legislations requires “health care homes” for all Medicaid/ SCHIP/ state employees/ privately insured in Minnesota, Health Care Homes, HCH

# Program components

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- ★ Criteria development
- ★ Certification / verification of practices
- ★ Payment methodology
- ★ Quality improvement processes/  
Learning collaboratives
- ★ Measurement of results

# Progress of programs

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## ★ Primary Care Coordination

- Completion of clinic criteria 2008

[http://www.dhs.state.mn.us/main/groups/business\\_partners/documents/pub/dhs16\\_143335.pdf](http://www.dhs.state.mn.us/main/groups/business_partners/documents/pub/dhs16_143335.pdf)

- Payment methodology developed 2008

[http://www.dhs.state.mn.us/main/groups/business\\_partners/documents/pub/dhs16\\_144696.pdf](http://www.dhs.state.mn.us/main/groups/business_partners/documents/pub/dhs16_144696.pdf)

- Federal CMS approval 2/09

- Enrollment of providers/ patients 8/09

# Progress of programs

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## ★ Health Care Home

- Criteria near completely through expedited rule making process

<http://www.health.state.mn.us/healthreform/homes/proposedrule090706.pdf>

- Clinic certification process 9/09
- Payment methodology – current
- Payments to clinics – 7/10

# HCH Payment: Alternative models

- ★ Nothing in this section shall preclude the continued development of existing medical or health care home projects currently operating or under development by the commissioner of human services
- ★ or preclude the commissioner from establishing alternative models and payment mechanisms for persons who are enrolled in integrated Medicare and Medicaid programs under section 256B.69, subdivisions 23 and 28, are enrolled in managed care long-term care programs under section 256B.69, subdivision 6b, are dually eligible for Medicare and medical assistance, are in the waiting period for Medicare, or who have other primary coverage.

# MSHO Care Coordination Models

- ★ MSHO includes care coordination payment models that are very similar to or may be more developed than those called for in HCH legislation.
  - Sub-capitation arrangements with clinics, physicians and/or nurse practitioner for care management
  - Payment of care coordination fees to clinicians
  - Risk and surplus sharing arrangements
  - Assignment of care coordinators to clinics and or “care systems”
- ★ MSHO also includes care coordination models with counties and LTC providers.
- ★ Some models do not meet HCH criteria but may provide the foundation/opportunities to encourage improvements in coordination between health and long term care services under HCH models.

# Focus today

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- ★ PCC/ HCH clinic criteria
- ★ Payment methodology
- ★ Measurement of results

# Primary Care Coordination

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## ★ Clinic criteria

- Communication and access
- Care coordination
- Care plan
- Registry
- Quality improvement

# Primary Care Coordination

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## ★ Clinic criteria

- Dedicated care coordinator
- Care plan for all patients
- Electronic registry
- Clinic based quality improvement process
- Patient and family involvement in QI

# PCC: Patient Selection

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- ★ Patients selected by the practice
  - Avoid underreporting of long term chronic conditions
  - Allow for incorporation of known patients with complex medical needs
  - Acknowledge that administrative data is derived from claims submitted for other purposes
  - Allows for refinement – collection of data on non medical complexity
  - Expect increased patient identification over simulation

# Patient Selection Simulation Modeling

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In conjunction with U of Minnesota  
School of Public Health and Minnesota  
Department of Health

Dave Knutson

Greg Gifford

Goal: To develop PCC rates based on  
patient complexity/ simulate provider  
selection of patients

# Patient Selection Simulation Modeling Methods

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ACG (Johns Hopkins) based EDCs (Expanded Diagnostic Clusters)

EDCs – logical to clinicians (e.g. asthma, congestive heart failure)

EDCs that were *always acute* were eliminated

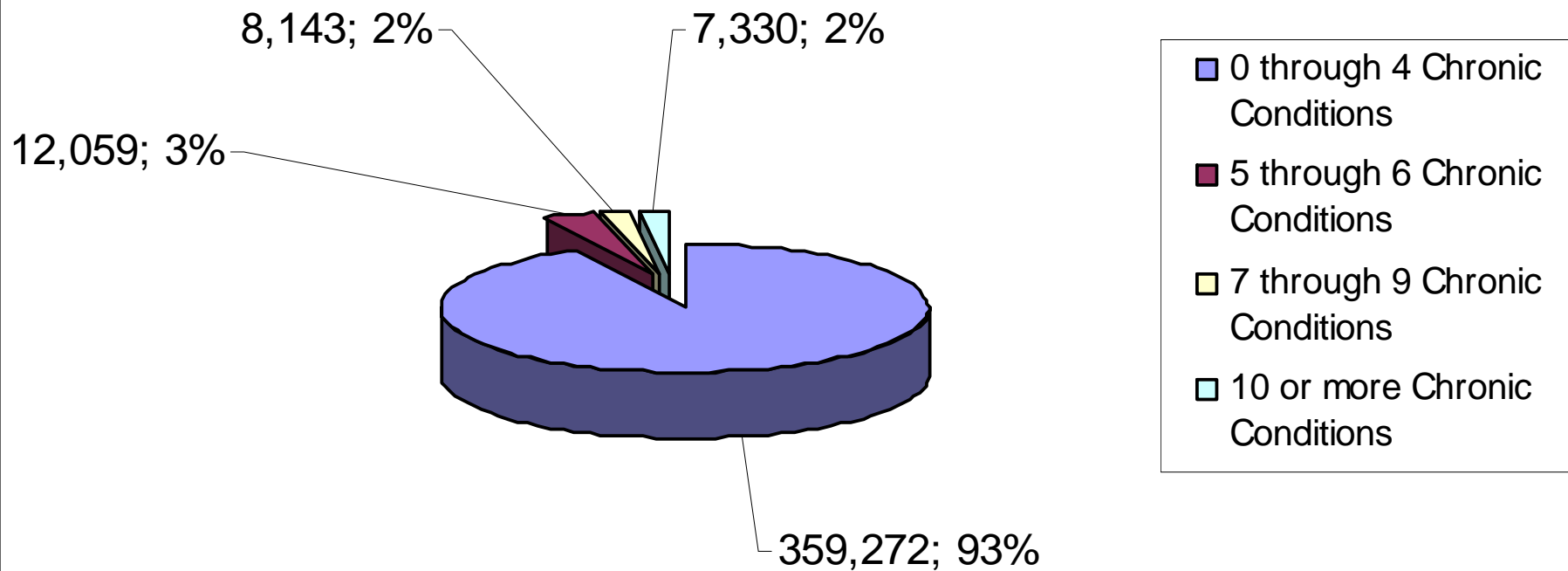
EDCs that were *nonspecific or administrative* were eliminated

Claims simulation counted an EDC if a diagnosis in the EDC was coded three times in the 12 month period (e.g. 3 asthma visits)

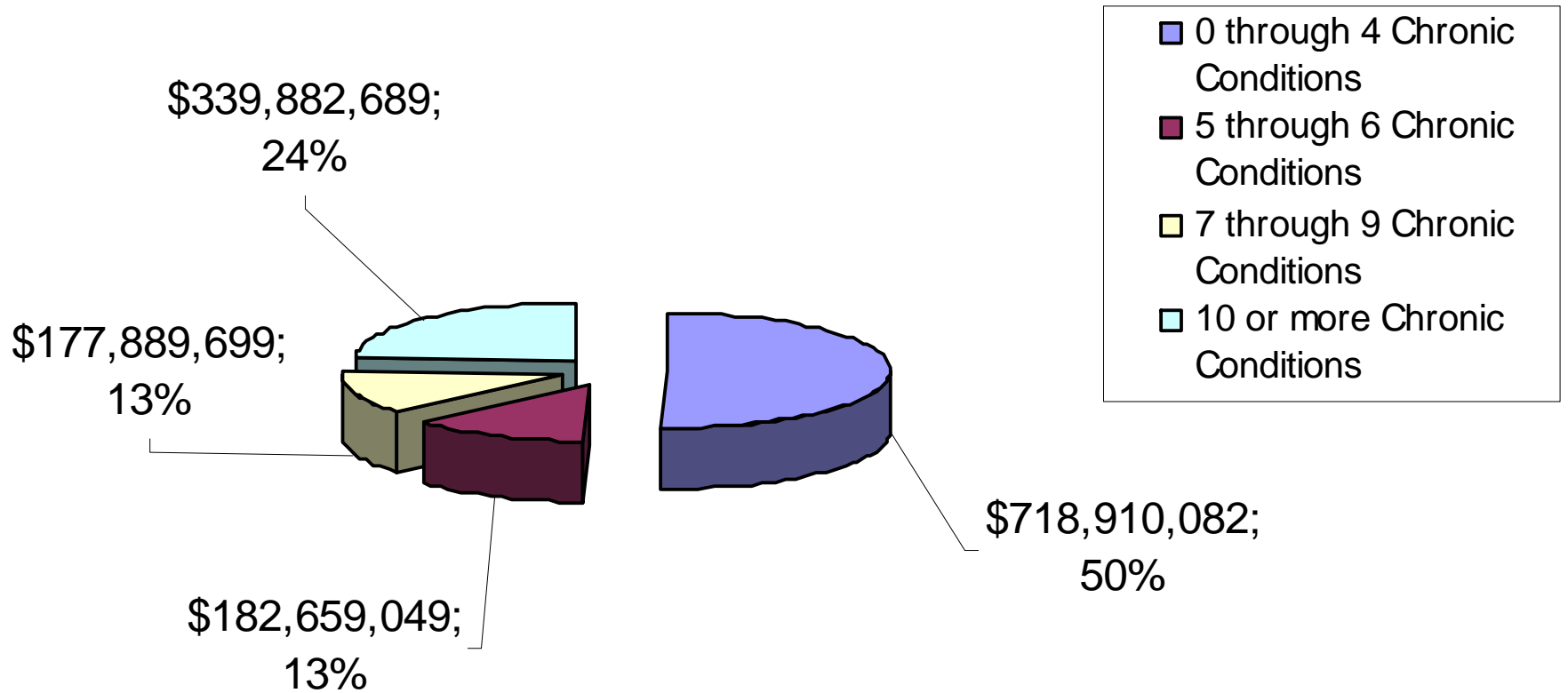
# Simulation results

N of 3 DX	Mean	Mean Risk Score	Enrollees	Median
“Selected EDC’s				
0 thru 4	\$2030	0.547	359,272	\$139
5 thru 6	\$15227	4.105	12,059	\$8315
7 thru 9	\$22,002	5.931	8,143	\$14,188
10 +	\$46,773	12.608	7,330	\$30,979

# PCC Patient Selection: Count of Eligible Patients (SFY 07)



# PCC Patient Selection: Health Care Spending for Eligible Patients



# PCC: Payment Methodology

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- ★ Time studies → expected distribution of staff time
- ★ Assumption of the following distribution with corresponding cost values:
  - 20% Physician or Nurse Practitioner
  - 50% Medical Support Staff
  - 30% Non-Medical Support Staff

# PCC: Payment Methodology

- ★ Amounts by Complexity Tier
  - 5-6 Chronic Conditions = \$487 per year
  - 7-9 = \$632 per year
  - 10+ = \$917 per year
- ★ Exponential (30%, 45% increases) rather than linear increases in rates reflects spending experience
- ★ Billed in 6-month increments in conjunction with a face-to-face visit: G9002 with modifier for complexity tier

# PCC: Payment Methodology

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## Clinic level logic

- ★ 100 patient case load of complex patients
- ★ Weighted average of \$600 per year
- ★ \$60,000 additional revenue to the clinic
- ★ Funds cost of MA/LPN level care coordination

# HCH Payment Methodology

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- ★ Applies to all public program enrollees
- ★ All privately insured in Minnesota
- ★ General agreement on common development of levels of complexity down to one chronic condition
- ★ Rates set individually by plans
- ★ DIAMOND experience

# Measurement of Results

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- ★ Culture of clinic level measurement
  - Minnesota Community Measurement
- ★ Required report to the legislature 2013
- ★ HCH – measurement and progress required to maintain certification

# Recommended HCH Outcomes – Institute for Clinical Systems Improvement

Category 1: Consumer / Patient Experience Outcomes	Category 2: Health Outcomes	Category 3: Cost Outcomes
<b>1-1 Patient/Advocate Engagement</b> <b>1-2 Access to Care</b> <b>1-3 Care Coordination</b> <b>1-4 Patient/Advocate/ Provider Relationships</b> <b>1-5 Shared Decision Making</b> <b>1-6 Palliative Care</b>	<b>2-1 Optimal Health Behaviors</b> <b>2-2 Prevention</b> <b>2-3 Condition Specific</b> <b>2-4 Quality of Life / Function</b> <b>2-5 Productivity</b>	<b>3-1 Total Cost of Care</b> <b>3-2 Appropriate Utilization</b>
<b>Category 4: System Outcomes</b>		
<b>4-1 Seamless, Coordinated, Efficient System</b> <b>4-2 Trusting Relationships Within the System</b> <b>4-3 Easily Comprehensible Knowledge for All Involved</b> <b>4-4 Organizational Change of the Clinic / System</b> <b>4-5 Equity – Culturally Competent Health Care System</b> <b>4-6 Safety</b>		

# Measurement of Results

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- ★ Current work to design specific outcome measures
- ★ Meet triple aim and process categories
- ★ Expectation of improved value (decreased cost) to the health care system

# Challenges in interpretation of the statute/ implementation

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- ★ Payment requirements in the commercial population
- ★ Payment rates for HCH
- ★ Expectations for recertification

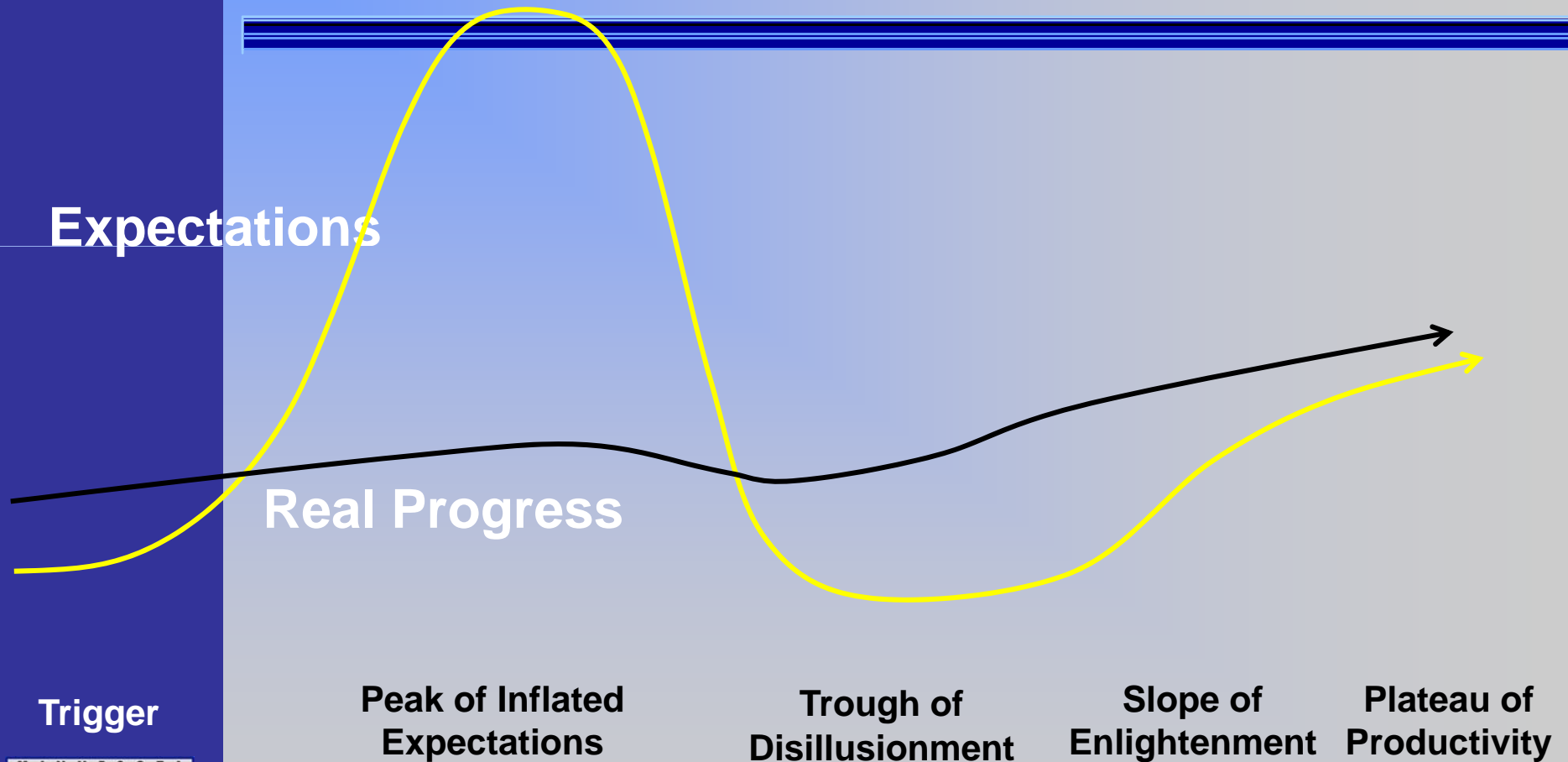
# Observations

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- ★ Delivery redesign and appropriate accompanying payment reform
- ★ Work to maintain collaborative relationship with all in the health care community
- ★ Patient and family centered involvement at all levels of the process
- ★ Steady progress

# The Hype Cycle: Waves of Irrational Exuberance



# Contact Information

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[www.health.state.mn.us/healthreform/homes/index.html](http://www.health.state.mn.us/healthreform/homes/index.html)

[www.dhs.state.mn.us/primarycarecoordination](http://www.dhs.state.mn.us/primarycarecoordination)

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