



# Healthier Washington and Payment Model 2: Encounter to Value

July 24, 2017



# Washington APM History

- **APM 1: January 1, 2009 – April 6, 2011**
  - Encounter reimbursement rates were increased annually by a Washington-specific healthcare index
- **APM 2: April 7, 2011 – June 30, 2011**
  - PPS rate inflated by 5 percent
- **APM 3: July 1, 2011 to Present**
  - 2008 rates as calculated under APM 1 inflated by Medicare Economic Index from 2009-2010



## APM 4 Core Elements

- Clinics and centers receive no less than their APM 3 rate
- Clinics and centers retain the right to opt out of APM 4
- Current payment relationships will remain in place
  - Flow of payments from MCOs and HCA
- No recoupment under APM 4
  - Prospective adjustment based on performance



## APM 4 Construct

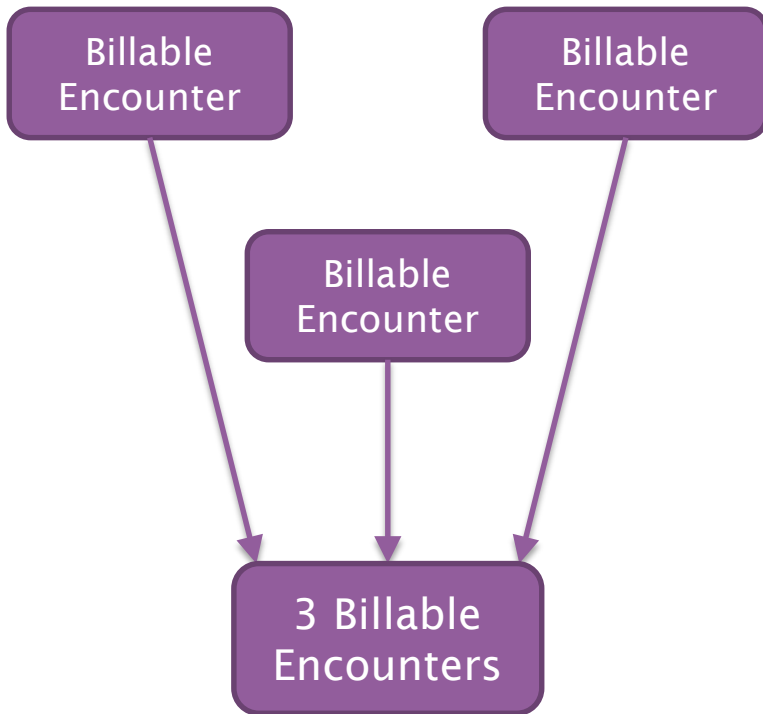
- Conversion of APM 3 to a baseline PMPM rate

$$\begin{array}{l} \text{(CY2015 APM 3 Rate times CY2015 Encounters)} \\ \text{divided by Member Months} \end{array} = \begin{array}{l} \text{Clinic or Center} \\ \text{specific APM 4} \\ \text{PMPM Rate} \end{array}$$

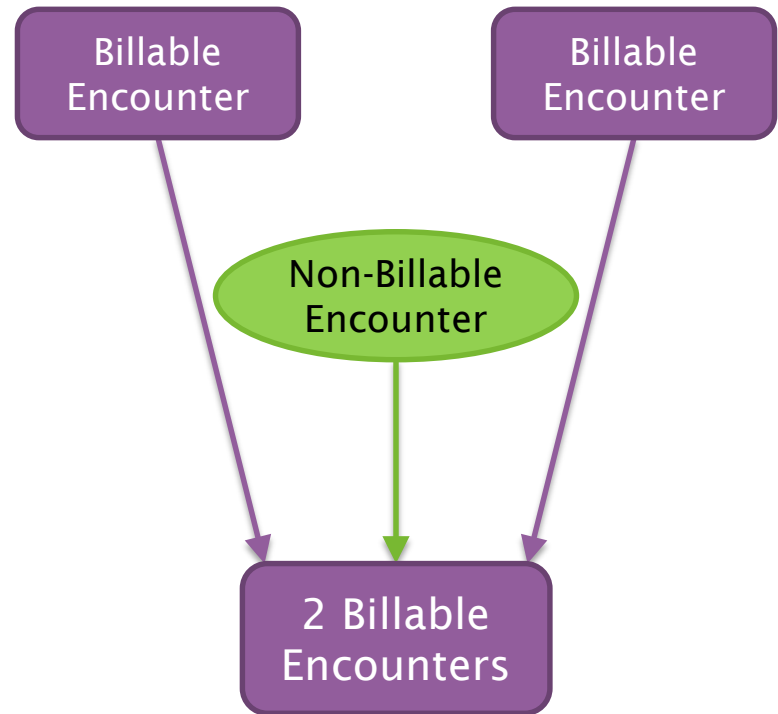
- Carry the baseline PMPM rate forward in future years
- Trend the PMPM rate by MEI
- Link the PMPM rate to quality

# Encounter-based to Value-based

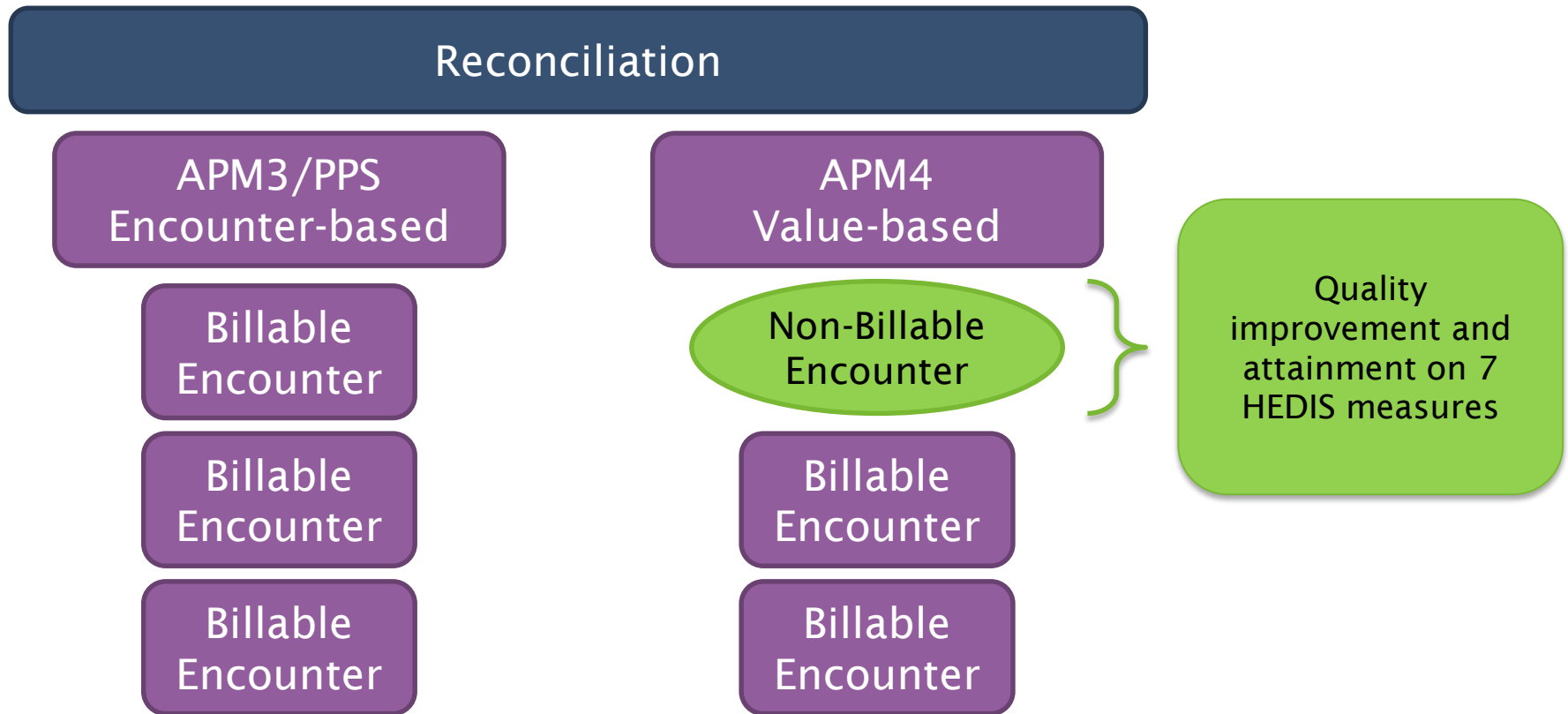
## APM3/PPS Encounter-based



## APM4 Encounter-based



# Encounter-based to Value-based





## APM 4 Quality Improvement

- Performance Measure Implementation
  - Performance will be on an individual basis
  - Current year performance will be compared to prior year performance
  - Relative improvement will be emphasized and recognized
  - Clinics and centers will not receive less than APM 3



## APM 4 Scope of Included Services

- Apple Health – Medicaid Managed Care Services
  - Medical
  - Maternity
  - Mental Health
- Not included
  - Maternity Support Services/Infant Case Management
  - Dental
  - High level mental health
  - Substance use disorder