Value-based reimbursement models call for innovative payment administration

As health care transitions away from traditional fee-for-service payments and toward performance-based payments, value-based reimbursement (VBR) approaches — including pay-for-performance contracts, patient-centered medical homes, bundled payments and accountable care organizations — are becoming an increasingly sought-after option. These approaches are appealing to health plans because they bring a unique path to value creation, as well as the opportunity for payer organizations to work corroboratively with their provider partners, according to Mark Anderson, vice president, Optum™.

"Payers are looking to improve clinical performance and drive provider relationships, and providers are looking to gain more risk-based business… to reduce overall costs and monitor performance and quality as it relates to their ability to deliver services," Anderson said at an Optum webinar, "Gaining the Edge in Value-based Care & Bundled Payments: Benefits, Tools, and the Path to Success."

Anderson explained that value-based models require technological and administrative ingenuity that will support and empower risk-based strategies across the payer, provider and consumer spectrums. "When we think of new, innovative payment approaches…and their ability to drive a new paradigm," he said, plans need proven, fact-based, comprehensive network assessment and improvement. Using network performance and optimization strategies and analytics, he asserted that plans can: reduce medical costs while maintaining care quality and performance improvement measures; reduce network operating cost while improving efficiency; and support connected, intelligent and aligned communities.

"Bringing together the global view of network and population health integration will strengthen provider/payer collaboration and help plans establish a better health community within each local market [they] serve today," Anderson said.

Administrative infrastructure enables VBR

Value-based services supporting VBR models address several business scenarios, such as provider network management, cost and utilization management, quality management, and care and population management. By leveraging network analytics within value-based contracts, plans can transform insights into "the types of business decisions that can influence provider transparency and overall contractual performance," according to Anderson. (See Figure 1)

Figure 1

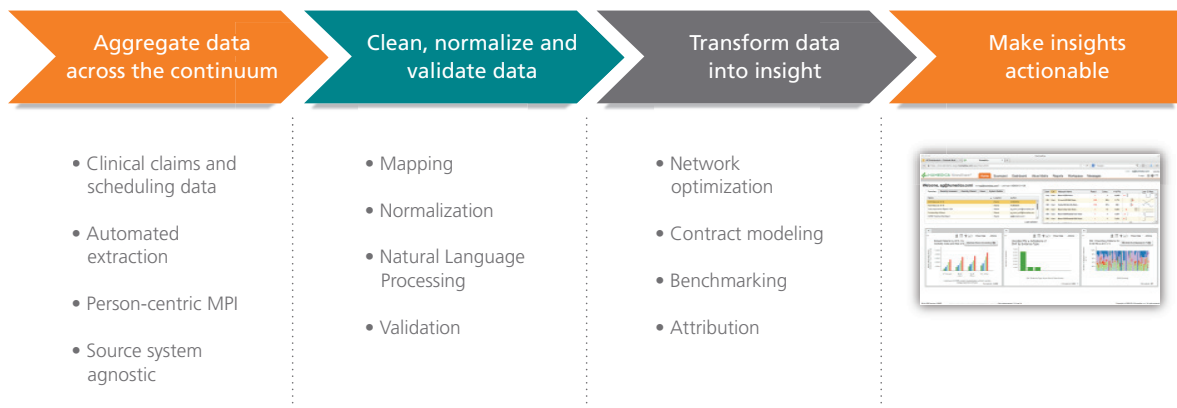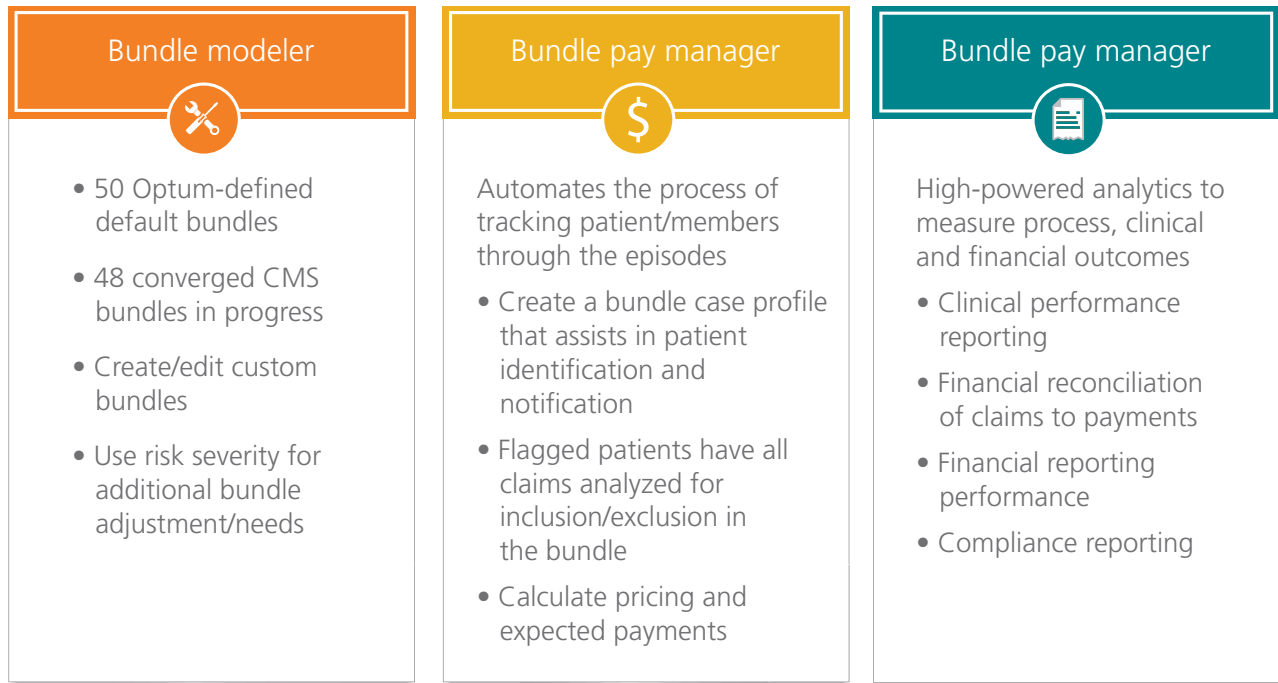**Leveraging network analytics within value-based contracts**

Aggregate data across the continuum	Clean, normalize and validate data	Transform data into insight	Make insights actionable
• Clinical claims and scheduling data	• Mapping	• Network optimization	
• Automated extraction	• Normalization	• Contract modeling	
• Person-centric MPI	• Natural Language Processing	• Benchmarking	
• Source system agnostic	• Validation	• Attribution	

Figure 2

Bundle payment

Bundle modeler	Bundle pay manager	Bundle pay manager
• 50 Optum-defined default bundles • 48 converged CMS bundles in progress • Create/edit custom bundles • Use risk severity for additional bundle adjustment/needs	Automates the process of tracking patient/members through the episodes • Create a bundle case profile that assists in patient identification and notification • Flagged patients have all claims analyzed for inclusion/exclusion in the bundle • Calculate pricing and expected payments	High-powered analytics to measure process, clinical and financial outcomes • Clinical performance reporting • Financial reconciliation of claims to payments • Financial reporting performance • Compliance reporting

Optum utilizes a component-based administration framework to help plans move from core data to effective evaluation and decision-making. Through opportunity analytics, Optum can create performance reports that profile quality, cost and utilization for proper VBR contract and metric alignment for shared risk. Optum then can transform these data into actionable intelligence using the following:

- **Bundle payment modeler** which, converts data from various predictive analytics engines into a flexible bundle payment engine for workflow processing (See Figure 2)
- **Provider attribution modeler,** which converts data from predictive analytics engines into an attribution engine for panel alignment and workflow processing

- **VBR administrative portal,** which is a plan self-service area for management of VBR contract arrangements, contract templates and metrics alignment across various VBR situations
- **Command and control system,** which manages delivery, role-based security and system provisioning

"Looking at retrospective performance-based measurement and risk adjustment allows us to support the claims lag associated with ensuring that the metrics [plans] we are measuring against are truly complete and are managing the overall cost in a fair and effective way," Anderson told webinar attendees. This approach also "allows providers to truly impact how they would actually drive performance against those contractual parameters," he said.

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>
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> *VP, General Manager, Value Based Care, Optum*

For example, using the pay-for-performance model, "If you have a large enough network footprint … and are trying to bring together a variety of different primary care organizations…our roster management capability [allows plans] to take your provider hierarchy, link virtual providers together, and measure their performance against them," Anderson stated.

Using a framework for attribution models designed with a flexible rules-based structure also will define which metrics — such as cost, utilization, episodes or population — should be used to calculate attribution. The framework also should:

Roster management, attribution and measurement are key to VBR success

It is important for plans to align value-based contracting and incentive models to their overall financial impact or return on investment, Anderson noted, adding that different models may bend medical cost curve trends better than others, but also may depend more heavily on collaboration or the risk managed by the provider, and may give the payer less control.

Roster management, attribution and provider network measurement can help plans make certain that their VBR models align with quality and business goals. "Think of roster management as giving [plans] the ability to take their provider hierarchy and align it to what we would call 'virtual networks,'" Anderson said.
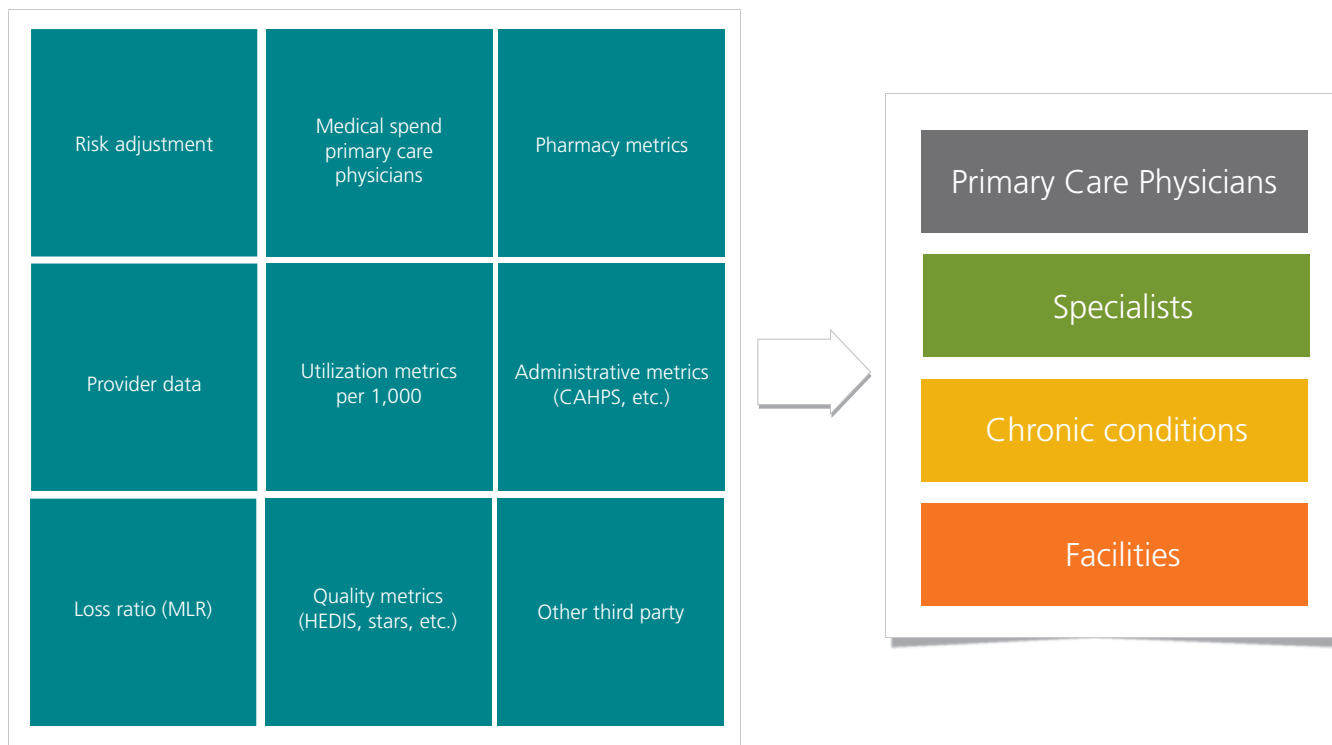
- Define peer groups to align proper attribution and benchmarking
- Replicate prior attribution models to create new structures and simplify the user experience
- Align internal systems updates with the attribution results (imputed vs. assigned)
- Show attribution model results in a report-style dashboard "that allows you to verify the approach, as well as identify the leading indicators, such as cost, utilization and performance," Anderson said.

Figure 3

Drive metric aggregation

Risk adjustment	Medical spend primary care physicians	Pharmacy metrics
Provider data	Utilization metrics per 1,000	Administrative metrics (CAHPS, etc.)
Loss ratio (MLR)	Quality metrics (HEDIS, stars, etc.)	Other third party

Primary Care Physicians

Specialists

Chronic conditions

Facilities

He added that "the value that you are looking to align in the market drives improved quality and health for the population you are looking to impact." Provider network measurement — using population measures and other metrics to determine which providers are delivering high-quality care at the lowest cost — also "confirms, at the end of the day, that the contractual commitments you are trying to drive will be served, and that you will bring down the cost of care," he continued.

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> VP, General Manager, Value Based Care, Optum

Anderson also noted that a variety of metrics must be integrated into a single, up-to-date representation of performance to various provider segments. (See Figure 3) This integration "allows [plans] to convert data sets into a meaningful representation that creates a dynamic approach to how they enter individual markets" in a flexible, transparent manner, he continued.

VBR performance monitoring dictates contract design

In closing, Anderson explained that there are four core areas driving the overall performance and effectiveness of innovative payment approaches, and these areas should feed back into the contract design loop:

1. Provider prequalification (determining what risk-share arrangement is appropriate for each provider, as well as whether the provider offers the right mix of services to be effective and meet contractual commitments)
2. Contract repository (determining, after a contractual plan is chosen, if the terms and metrics align)
3. Contract payment gateway (determining how financial system, including timing and reimbursement, will be managed)
4. Communication (evaluating provider performance, overall market leadership and change management)

The final technology and integration element in VBR success is engaging members by delivering a mix of consumer support tools, programs and resources, as well as alternative care options provided across a variety of channels, Anderson said.

How Optum can help

Optum offers roster management, attribution, provider network measurement and value-based models that include technological and administrative ingenuity that will support and empower risk-based strategies across the payer, provider and consumer spectrums to help your plan:

- Reduce overall costs and monitor performance and quality as it relates to the ability to deliver services
- Create performance reports that profile quality, cost and utilization for proper VBR contract and metric alignment for shared risk
- Provide information at the point of care to improve member care and enable providers to meet VBR contractual obligations

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