

# Title: Payment Reform Model Design

**Issuance Date: May 5, 2023**

(Must be reviewed annually)

## Applicable Regulations, Guidelines, and AHS Policy:

### Federal statute or rule:

- Federal statute or rule: 42 CFR 438.6
- All-Payer ACO Model Agreement between AHS, GMCB, Governor's Office, and CMS.

### Waiver:

1115 Global Commitment Waiver

## Purpose:

The DVHA Payment Reform Unit seeks to transition Vermont Medicaid's health care revenue model from fee-for-service payments to value-based payments with the goal of providing better, more efficient, coordinated care for Vermonters. In support of this goal, the Payment Reform Unit partners with internal and external stakeholders in taking incremental steps toward the integrated health care system envisioned by the Vermont All-Payer Accountable Care Organization Model agreement with the Centers for Medicare and Medicaid Services.

The Payment Reform Unit is available as a resource to DVHA and to other departments within the Agency of Human Services in the consideration, planning, design, implementation, and evaluation of potential payment reform projects. This document describes the Payment Reform Unit's approach to DVHA-specific or cross-Agency payment reform projects.

## Procedure:

Each payment model design project, whether internal to DVHA or involving other Departments from the Agency of Human Services, has a unique timeline. As such, the frequency of tasks may vary. However, all projects follow the same general procedure.

1. Conduct additional research and data analysis as needed to supplement information gathered in project intake.

## Standard Operating Procedure

- a. Document the problem(s) the payment reform project is trying to solve, how payment reform activities may help address these problems, and how changes relate to longer-term goals of the system.
- b. Review and summarize any available academic research relating to the project.
- c. Review and summarize other states' programs and payment models to identify potential options of interest.
- d. Review and summarize other public (e.g., Medicare) or private payers' programs and payment models to identify potential options of interest.
- e. Analyze available Vermont Medicaid data (using claims information or other databases as appropriate) to understand and summarize current and prior year payment patterns.
2. Assign Payment Reform Unit project lead and team (based on ongoing projects, staff members identified for leading and supporting roles may vary).
3. Define goals, workplan and timeline.
  - a. Work with the unit(s) or department(s) interested in developing a new payment model to determine potential project scope and timeline.
  - b. Identify what changes are within the project's scope and what changes are out of scope.
4. Draft payment model project charter
  - a. Use information from Steps 1-3 to draft project charter.
  - b. Work with requesting unit(s)/department(s) to review, modify, and finalize.
5. Identify studies and/or data collection to support payment model development, if needed.
  - a. Determine if studies or data collection processes are needed (e.g., rate studies, encounter data collection, assessment of need).
6. Establish project work streams (e.g., Payment Model Methodology, Encounter Data Collection, Quality & Value, Operational Considerations).
  - a. Identify participants for each work stream.
  - b. Develop work plans and timelines.
  - c. Schedule work stream team meetings.
7. Execute work stream activity according to work plans and timelines.
  - a. Convene and facilitate meetings as needed.
  - b. Conduct work (draft materials, additional research, data analyses, etc.) between meetings to inform conversations and ensure progress relative to the timeline.
  - c. Ensure meeting materials are prepared, distributed, and available in a project resource library.
  - d. Ensure that regular work stream updates are available for project summaries and briefing leadership, as needed.
8. Develop payment model proposal informed by prior steps.
  - a. Ensure proposal ties to problems and goals identified in Step 1.
  - b. Ensure proposal is vetted by requesting unit(s)/department(s).
  - c. Present proposal to DVHA, AHS and other leadership as needed.
  - d. Present proposal to providers and other stakeholders as needed.

9. Work with leadership and requesting unit(s)/department(s) to plan for implementation.
  - a. Identify system needs and engage the fiscal agent for payment changes, specifications document creation, training, and process testing.
  - b. Facilitate coordination between requesting department and the fiscal agent to operationalize changes.
  - c. Identify internal processes, manuals, and/or procedures that need updates, and plan for adjustments.
  - d. Prepare documentation for payment model approval as needed (e.g., Global Commitment prior approval of value-based payment models).
  - e. Facilitate coordination between requesting department and Medicaid Policy Unit to complete Policy, Budget, and Reimbursement (PBR) forms for AHS approval, public notice, and other documentation required for federal prior approval of model (if necessary).
  - f. Facilitate collaboration with other DVHA Units as needed (e.g., Provider/Member Relations, Clinical Operations Unit, Reimbursement Unit, Special Investigation Unit).
10. Transition from implementation phase of project to maintenance and operations.
  - a. Work with requesting unit(s)/department(s) to ensure payment model design objectives are met.
  - b. Prepare for ongoing maintenance and operations.
11. Develop plan for project evaluation, monitoring, and communication.
  - a. Establish monitoring process, metrics, and data needs.
  - b. Identify any needed program modifications.

### Revision History:

| Date      | Summary of Revisions                               |
|-----------|--|
| 10/9/18   | Draft  |
| 11/13/18  | Accepted by OMU.                                   |
| 3/6/20    | Revised draft – new template.                      |
| 3/23/2022 | OMU review.  |
| 4/20/2023 | Annual review and update (no significant changes). |

Table 1 Revision History