Driving Alternative Payment

Model Test states are developing plans to transition at least 80 percent of payment from traditional fee-for-service to alternatives that link payment to value. To reach this goal and advance true transformational change, states need to engage all stakeholders – patients, payers, providers, purchasers and state agencies – in strategic development and implementation.

Prioritize Community and Population Health

Recommendations:

- Integrate public health, community-based, and behavioral health services across the entire care continuum, including support for clinical social workers and community health workers.
- Leverage existing community-based entities to help integrate population health goals into care from local providers.
- Create a state-wide population health plan that targets the preventable drivers of poor health, obesity for example; addresses the social determinants of health, housing for example; and works to eliminate health disparities. Ensure this plan is developed and implemented in tandem with, not in a silo, from delivery system reform.
State Innovation Model (SIM)

Structure Payment Policy to Support Transformation

**Recommendations:**
- Think big, because at the end of five years, transformative change should be in place and sustainable.
- Create a “glide path” for providers to gradually transform to more sophisticated, risk-based models. Phase risk into value-based payment strategies over time and create more simplified financial models with an appropriate risk and reward balance.
- Structure payment to incent participation including, for example, appropriate patient-centered medical home per member per month award amounts, or appropriate shared savings opportunities.
- Invest in practice transformation, giving providers adequate resources to adopt new models of delivery and health information technology.
- Ensure appropriate risk adjustment allowing for the clinical and socio-demographic characteristics of the patients.

Fund and Enable Strategies that Support Transformation

**Recommendations:**
- Measure readiness, including: payer participation, covered populations, governance, and needed supports for bold delivery and payment reform.
- Invest in health information technology (HIT) that supports access to complete, accurate, reliable and timely data, and support federal efforts to advance and secure interoperability.
- Implement a consistent, common set of quality and cost measures across all payers to support continuous quality improvement.
- Develop a state-wide workforce plan that supports system transformation and delivers population health outcomes.
- Learn from other states; participate in learning collaboratives.

Integrating Community & Population Health with Delivery System Reform

**SIM State Examples Worthy of Replication:**

In Michigan, Community Health Innovation Regions (CHIRs) will help to connect patients with local community services and leverage community benefit and public health efforts to address broad determinants of health that drive health outcomes. One lead entity – the “backbone organization” – will take responsibility for assuring all functionality of the collaborative; this includes organizing community stakeholders to assess community needs, identifying shared priorities and strategies, and implementing and monitoring the effectiveness of these strategies.

In Idaho, the state’s seven public health districts are serving as Regional Collaboratives (RCs) supporting local practices as they transform to patient-centered medical homes, and serving as the public health/physical health integrator linking these practices to the broader medical neighborhood including community services.

**Strategies & Payment Policies that Support Transformation**

**SIM State Examples Worthy of Replication:**

In Delaware, the newly created non-profit DE Center for Health Innovation (DCHI), in coordination with the DE Health Care Commission and Health Information Network, is responsible for the implementation of the SIM plan. The DCHI is chaired by a business representative and has five committees – clinical, healthy neighborhoods, patient and consumer, payment model, and workforce and education – each with clearly defined milestones and work streams. A clinical scorecard has been drafted, staff is being hired and external stakeholders are being asked to assist with funding. Pay for value and total cost of care payment models will be incrementally introduced over the five-year test period. As a result of this early SIM coordination, Delaware just became the first state to get every hospital in an MSSP.

In New York, the Delivery System Reform Incentive Payment (DSRIP) and SIM efforts are closely aligned, both with the stated goal of achieving integrated, value-based care through population health-based care delivery models and payment innovation. Efforts are coordinated by a Health Innovation Council with four multi-stakeholder work groups focused on: integrated care; HIT, transparency and evaluation; workforce; and access to care.

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