Managing & Financing Specialty Health Plans For The Serious Mental Illness Population

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SMI=Serious Mental Illness
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Don Fowls, M.D., is a nationally known psychiatrist and health care consultant who provides consulting services for managed care, provider based and IT organizations. He is President of Don Fowls & Associates based in Scottsdale AZ. After completing his residency in psychiatry at UCLA, Dr. Fowls practiced psychiatry in Southern California for 10 years. He developed a large, behavioral health group practice and a provider-sponsored managed behavioral health organization that managed over 500,000 members. He was Chief Medical Officer and Executive Vice President of Business Development at Value Options and its parent company FHC Health Systems for eleven years. He then joined Schaller Anderson Inc. as Executive Vice President, business development, and President and CEO of its behavioral health subsidiary.

In addition to his consulting services, Dr. Fowls has helped develop FasPsych, a telepsychiatry company, and is a board member and advisor for community based behavioral health organizations. Particular areas of interest are the health reform, integration of medical and behavioral health, payment reform, and management of high needs populations.

Monica E. Oss, M.S. is the founder of OPEN MINDS. For the past two decades, Ms. Oss has led the OPEN MINDS team and its research on health and human service market trends and its national consulting practice. Ms. Oss is well known for her numerous books and articles focused on the strategic and marketing implications of the evolving health and human service field. She has unique expertise in payer financing models, provider rate setting, and service pricing. She has led numerous engagements with state Medicaid plans, county governments, private insurers, managed care programs, service provider organizations, technology vendors, neurotechnology and pharmaceutical organizations, and investment banking firms – with a focus on the implications of financing changes on delivery system design.

Prior to founding OPEN MINDS, Ms. Oss served as an executive with a national managed behavioral health organization, with responsibility for market development and for actuarial analysis and capitation-based rate setting. She also held a position as a vice president of the U.S. risk management and underwriting division of an international insurance company.
PsychU Virtual Forum Rules of Engagement:

Otsuka Pharmaceutical Development and Commercialization, Inc. (OPDC) and Lundbeck, LLC have entered into collaboration with OPEN MINDS to explore new ways of bringing/increasing awareness around serious mental illness.

OPDC/Lundbeck’s interaction with OPEN MINDS is through PsychU, an online, non-branded portal dedicated to providing information and resources on important disease state and care delivery topics related to mental illness. One of the methods employed for the sharing of information will be the hosting of virtual fora. Virtual fora conducted by OPDC/Lundbeck are based on the following parameters:

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Objectives

Understand:

• High needs, high cost consumers: who they are, strategies for managing their care
  – Integrated care for consumers with SMI
  – Value-based purchasing

• How one county implemented integrated care for their SMI population

SMI=Serious Mental Illness
National Market Perspective: High Needs, High Cost Consumers

Monica E. Oss, Chief Executive Officer, OPEN MINDS
High-Needs High-Cost Consumers, 2008

5% of non-institutionalized individuals account for nearly 50% of all healthcare spending¹

For the 5%: Intensive Coordinated Care Models

- Coordination of medical, behavioral, and social service needs by specialty groups within larger system
  - Health homes
  - Waiver-based HCB programs
  - PACE programs
  - Specialty care management programs
- Assumption of performance risk (with or without financial risk)


EHR=electronic health record; HCB=home and community based; HIE=health information exchange; PACE= Program of All-inclusive Care for the Elderly
What Is Value-Based Purchasing?

Linking provider payments to improved performance by health care providers. This form of payment holds health care providers accountable for both the cost and quality of care they provide. It attempts to reduce inappropriate care and to identify and reward the best-performing providers.¹

The Movement Toward Value-Based Purchasing

Compensation Continuum By Level Of Financial Risk

Small % Of Financial Risk | Moderate % Of Financial Risk | Large % Of Financial Risk

- Fee-For-Service
- Performance-Based Contracting
- Bundled & Episodic Payments
- Shared Savings
- Shared Risk
- Capitation + Performance-Based Contracting

No Financial Accountability | Moderate Financial Accountability | Full Financial Accountability

- Management Via 100% Case By Case External Review
- Internal Ownership Of Performance Using Internal Data Management

- Passive Involvement
- Provider Engaged
- Provider Active In Management
- Providers Assumes Accountability

Case Rate Models

A case rate (or bundled payment) represents a predetermined amount of money paid to a provider organization to cover the average costs of all services needed to achieve a successful outcome for a predefined episode of care.

The Case Rate/Bundled Rate Factors

Capitation (Population Health) Arrangements¹

- **Behavioral Health Carve-Out Capitation**: Per member per month (PMPM) for behavioral health treatment benefits (or other cognitive disability support services)
- **Medical Home/Health Home Capitation**: PMPM to cover the cost of care coordination and preventative services
- **Primary Care Capitation**: PMPM for primary care services (assess, prescribe, refer)
- **Global Capitation**: PMPM for cost of delivering all (or some) of the care for a group of consumers

¹ Oss, M. E. (2015). The Strategic Implications Of Moving From Pay-For-Volume To Pay-For-Value. MHCA 2015 Fall Conference. New Orleans, LA. PMPM=per member per month
DISCUSSION
Case Study:
Maricopa County, AZ
Implementation Of Integrated Care

Don Fowls, MD
DISCUSSION
Overview:
Mercy Maricopa Integrated Care¹

- Owned by 3 large health systems; administered by Aetna Medicaid
- Contracts with AHCCCS, the Medicaid agency in AZ, as the Regional Behavioral Health Authority in Maricopa County
- The contract started 4/1/14 and runs 3 years with 2 one year renewals
- Manages more than 884,000 members
  - Integrated benefits for more than 25,000 members with SMI
  - BH benefits for almost 859,000 non-SMI adults and kids
- System funding: $1.2 Billion
- 4 systems of care with a rich array of covered services


AHCCCS= Arizona Health Care Cost Containment System; AZ=Arizona; BH=behavioral health; SMI=serious mental illness
Maricopa County: Profile of High Needs / High Cost Members

Serious Mental Illness

GMHSA (TANF) Adults

Children and Adolescents

Complex physical and behavioral health needs

Critical psychosocial supports needed


GMHSA=General mental health substance abuse
What Works?
Managing Care For Serious Mental Illness

• Identifying members with integrated clinical data analytics
• Meeting them where they are
• Accurate assessment by individuals who have the experience and expertise
• Multidisciplinary teams with a team lead
• Proactive communication supported by technology
• Addressing psychosocial factors like housing and employment
• Measuring performance towards outcomes
• Sharing data
• Train and support staff

Value Based Purchasing
Key Principles For Success

- Member focused
- Payment aligns with outcomes and desired results
- Clinical, operational and financial components are considered and integrated

Initial Steps: AZ Pay For Performance

The first step: add pay for performance to the block funding

- A portion of potential payment is tied to performance on defined measures centering on access, quality, satisfaction and utilization/cost.
- Bonuses may be paid for meeting performance goals – use of the “carrot,” not the “stick.”

Performance measures

- Targeted on desired result
- Include behavioral health, medical and psychosocial measures
- Include HEDIS and compliance measures
- Address unnecessary emergency department and hospital stays
- Initially includes process but moving more to outcomes
- Support integration and managing high needs, high cost members


HEDIS= Healthcare Effectiveness Data and Information Set
DISCUSSION
Evolution Of Value Based Purchasing

The State Medicaid AHCCCS has shown strong leadership in setting the vision and goals

- Integrate special needs populations and developing systems of care
- Support with value based purchasing models
- A focus on high cost, complex members
- Support thru DSRIP funding

What does the future hold?

- Continue to reward good performance and penalize bad performance, share savings and losses
- Further development of more systematic approaches, including capitated models and bundled payments for specialty populations
- Establish a process to figure it out over time based on data, results, and workforce development
- The vision includes continuing to align incentives in service of the member: sharing pain and gain.
- A time of potential consolidations

AHCCCS= Arizona Health Care Cost Containment System;
DSRIP= Delivery System Reform Incentive Payment

Source: Information on this slide reflects the experience and knowledge of the presenter
## Discussion Of Payment System

### Pros & Cons

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<th>Capitation</th>
<th>Bundled Payments</th>
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<td>Drives a different level of management</td>
<td>An opportunity to align incentives for providers serving the same members and conditions.</td>
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<td>An opportunity to evolve intelligently</td>
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Source: Information on this slide reflects the experience and knowledge of the presenter.
QUESTIONS
CLOSING