NEW REIMBURSEMENT MODELS LEAD TO NEW RISK

HCCA Regional Compliance Conference
Atlanta
January 26, 2018

Agenda

• Overview of Alternative Payment Models/Value Based Contracting

• Examples of potential compliance risk – successful strategies and potential pitfalls

• Government enforcement and audit strategies
Alternative Payment Models

Value Based Contracting

- Focus on quality over quantity
- Risk tolerance/data evaluated by contracting providers
- Goal: Greater quality, cost savings

Risk Based Contracting - Risk Continuum

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<tr>
<th>Risk</th>
<th>FFS</th>
<th>Shared Savings</th>
<th>Bundled Payments</th>
<th>Capitation</th>
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<tbody>
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<td></td>
<td>• More volume, more payment</td>
<td>• FFS until end of year reconciliation</td>
<td>• Payment per episode of care</td>
<td>• Per member/per month (PMPM)</td>
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<td>• Bonus if quality goals met</td>
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<td>• Carve-outs</td>
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<td>• Upside only; both up and downside</td>
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Alternative Payment Models - Current

Medicare

- Under Obama administration, goal was to have 50% of Medicare dollars paid to hospitals & physicians through APM by end of 2018

Medicare Part A/Hospital

- MS-DRGs, APCs
- Comprehensive Care for Joint Replacement; Cardiac Rehabilitation Incentive Payment Model; Episode Payment Models
Alternative Payment Models - Current

Medicare Part B/Physicians

- Medicare Access & CHIP Reauthorization Act (MACRA)
  - Merit-Based Incentive Payment Systems (MIPS)
  - Alternative Payment Models

Alternative Payment Models - Current

Medicare Part C/Medicare Advantage

- Not required to use Original Medicare methodologies
Alternative Payment Models - Current

Compliance Risks - Medicare

• Medicare Advantage – Certifications/Attestations
• Quality Metrics
  • Coding and reporting accuracy
  • Tracking reimbursement trends
  • Quality Issues/Peer Review
• FCA

Commercial Payors:

• Anthem cut emergency room costs by 3.5% and realized a gross savings of $9.51 per attributed member per month in the program’s first year.

• Humana saw an estimated 20% cost savings for members affiliated with providers in a value-based reimbursement model setting, and reported a 10% increase in medication review for patients with special needs.
Alternative Payment Models

Commercial Payors (continued)

- Aetna & UnitedHealth: More than 45% spending through some type of APM
- Anthem: More than 58% of spending through some type of APM across all lines of business

Alternative Payment Models – Compliance

Currently, the government focuses its fraud and abuse efforts on overutilization. As payment is tied to new factors, how do we reprioritize our compliance program?
Alternative Payment Models – Compliance

(1) **Quality Focus**

With the high volume of data that will be produced to the government for payment, expect increased scrutiny of that data for accuracy.

- Providers can expect contractors to monitor and test quality data.
- All metrics should be clear and benchmarked against actual performance.
- Beware overlapping payments.
- Will each physician have real impact on quality?
- False certification claims can be based upon attestations to accuracy of data.
- Example: Medicare Advantage FCA cases

(2) **Health Status/Risk Adjustment Focus**

If providers are at financial risk with capitated payments, compliance programs should focus on the accuracy of diagnosis coding and documentation which is used to risk adjust capitated payments.

- Beware cherry picking
- Will physician have individual impact on quality that is quantifiable?
APM Compliance - Follow the Money

Who are the parties that are setting the parameters of the APM payment?

- Increased risk for individuals in current enforcement environment.
- Are you at the table?
  - Compliance Officer?
  - Legal?
  - Education opportunity for executives

APM Compliance - Follow the Money

What do Compliance Officers need to know to participate in APM payment parameters and/or negotiations?

- What are the current processes for tracking quality measures and score reporting?
- Who is selecting the reported measures?
- What are the determinants for eligibility?
FCA Risk With APM

**FCA Risk:**

- *Escobar* and implied certification
- Quality of care, worthless/inadequate services
- Individual liability

**What are the responsibilities of the individual parties?**

- Who are the parties that are setting the parameters of the APM payment?
- Do they understand the increased risk for individuals in the current enforcement environment?

**Anticipate FCA exposure based upon allegations related to failure to meet quality goals.**
Practical Tip: Be at the Table for Payor Contract Development

- What role does Compliance have in negotiating payor contracts?
  - Physician? Hospital? Both?
- Does the contracting team understand the compliance implications of these new APM contracts?
- Monitoring and auditing functions should incorporate the promises in these contracts.

Practical Tip: Is your EHR system ready?

The EHR is pivotal to APM participation.

- Compliance Officers should prioritize EHR accuracy in future auditing and monitoring plans.
  - Accuracy of data capture
  - Timeliness and accuracy of entries
  - Completeness of record
  - Audit logs
Practical Tip: Prioritize Quality of Care Investigations

- Does the Compliance Department receive hotline calls regarding quality of care? If so, what happens to them?
- What is the interaction between compliance and risk management? Need to review results of RM efforts.
- What role do you have in peer review? Do you receive results of those investigations?

Practical Tip: Prioritize Quality of Care Investigations

- Educate all stakeholders on the impact of payment based upon quality, including the risks to the individual provider.
  - Educate doctors and management.
  - Reverse the “not my monkey, not my circus” paradigm.
Keys to Successful Provider Contracting & Compliance

- Infrastructure
- Data Collection and Data Analysis
- Case management/care coordination

Alternative Payment Models Going Forward

- Value Based Contracting is the future – all lines of business
- Uncertainty in the market – ACA, payment reform and payment cuts
- New health care delivery methods for new payment models; new compliance risks
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