

Department of
Health Care Services



Implementing Value-Based Health Care in California Children's Services (CCS)

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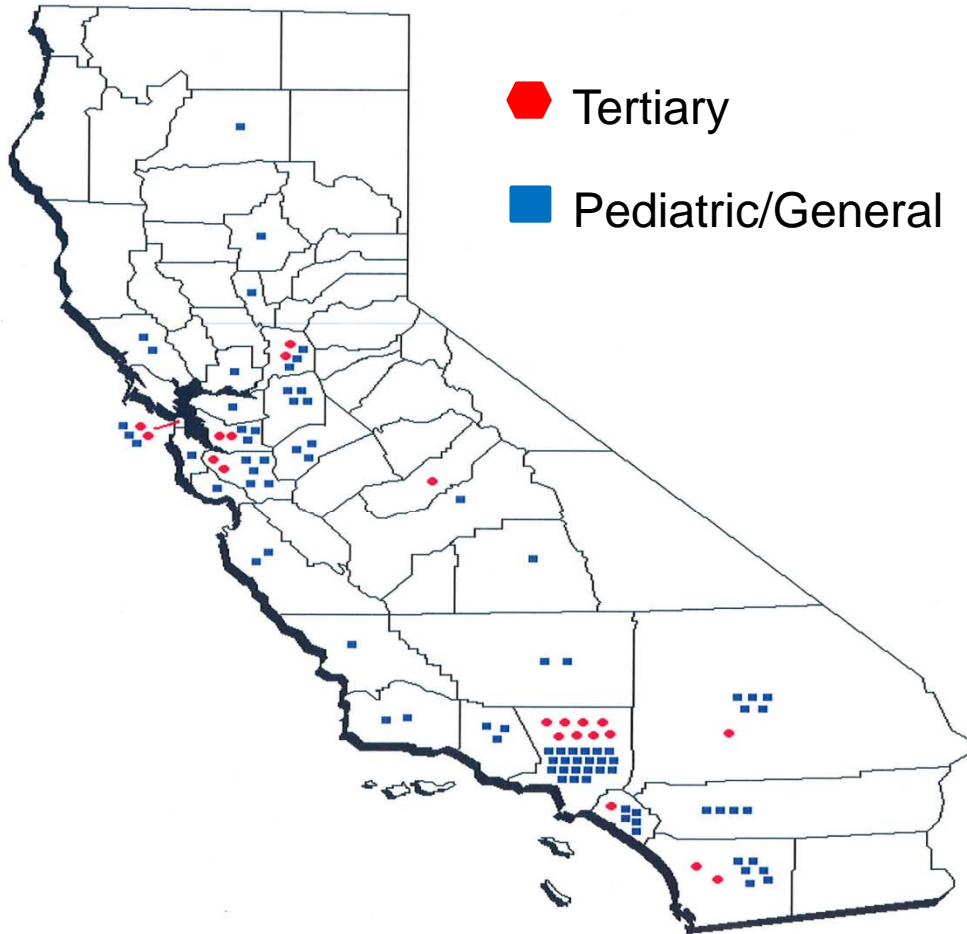


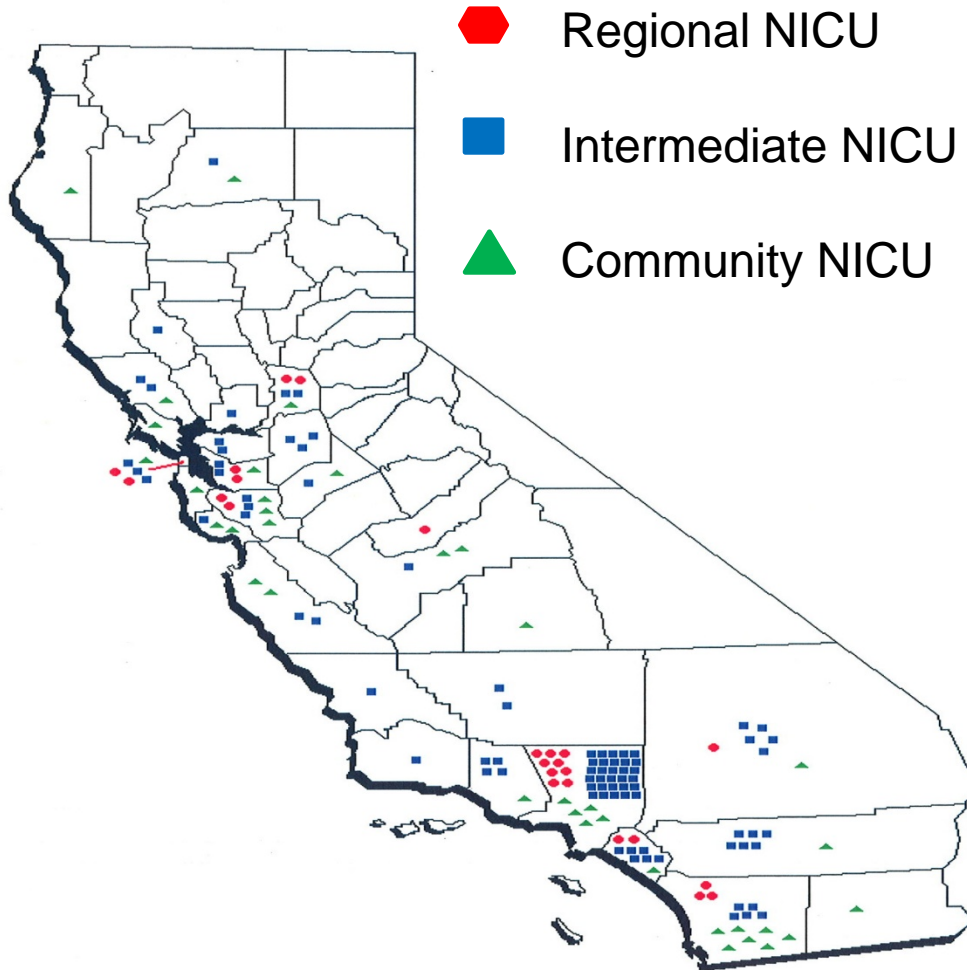
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Overview

- Description of CCS Program
- The Problem
- CCS as Compared to Basic Value-Based Health Care Concepts
- Practicum Start Up and Goals
- Why DHCS Focused on Value-Based Health Care Now
- Process Taken
- Barriers
- Challenges
- 1115 Waiver Implementation Timeline







The Problem

CALIFORNIA HAS A SPECIAL HEALTH CARE CENTER NETWORK

- Functioning Integrated Practice Units
- Care arranged around conditions
- High volume to promote excellence

BUT...

- Special Care Centers are currently paid through fee-for-service (FFS)
- FFS often provides “perverse” incentives:
 - Inadequate compensation for prevention and quality
 - Increased compensation for poor outcomes
- How do we create a bundled, or global payment that gives providers flexibility to provide services that result in the best outcome





Physician Reimbursement Barrier

NICU/PICU AAP

	California	Mass	Texas	Medicare
Initial Day 99293.5	\$299/\$413	\$603/\$693	\$759/\$869	\$742/\$945
Subsequent Day 99294.6	\$143/\$200	\$299	\$375/\$377	\$366/\$402





Basic Components of CCS as Compared to Value-Based Health Care

- Define service lines around medical conditions
- A defined range and type of services provided
- Organize around medically integrated practice units
- A distinctive strategy for the cycles of care
- Local and geographical focused service lines
- Services based on excellence, uniqueness, and results
- Measure results, experience, methods, and patient attributes by practice unit
- Move to single bills and new approach in pricing



Practicum Start Up

- Create bundled payments for Special Care Centers for five conditions
- Identify appropriate conditions based on criteria
- Work with Dr. Porter to understand value-based concepts and apply them to CCS
- The CHIPRA Grant pursuit began...



Goals for Practicum

- 1) Support a well-integrated and coordinated provider-based model of care that is arranged around conditions and integrated practice units:
 - Implement a value-based bundled payment mechanism;
 - Enhance outcomes measurement



Goals for Practicum cont.

2) Create internal organization paradigm shift:

- Expose DHCS high-level staff to value-based principles;
- Set expectation: look for opportunities to implement value-based strategies throughout the organization





Why DHCS Focused on Value-Based Health Care Now

Perfect Storm

1. **CHIPRA Grant ...no funding**
2. **CCS issues and foundational work**
3. **The California DHCS was convinced that an innovative provider-based model of care which would transform the delivery of health care services for children with special health care needs (CSHCN) into a well-integrated, coordinated and value-based health care delivery system could be tested.**
4. **1115 Waiver Hospital Financing up for renewal**
5. **Need to address incoming Health Care Reform**
6. **Continual structural budget deficit years since 2002**
 - We needed to be strategic in addressing this issue



1115 Waiver Process Taken

1. Create a Timeline
 2. Already had several stakeholder evaluations of CCS
 3. Approach Foundations for support to fund the development of the waiver
 - Blue Shield of California Foundation
 - California Health Care Foundation
 - Lucile Packard Foundation
 - California Endowment
 4. Reconnected with CHIPRA stakeholders
 5. Hired a facilitator to enhance stakeholder involvement
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1115 Waiver Process Taken cont.

6. Create a stakeholder advisory group and a workgroup for each population
1115 Technical Workgroups included:
 - Seniors and Persons with Disabilities
 - Children with Special Health Care Needs (CSHCN)
 - Behavioral Health
 - Health Care Coverage Initiative
 - Dual Eligible
7. CSHCN workgroup developed four concept models for the population
8. Value-Based Health Care Delivery Seminar (Professor Porter/Melanie Bella) in Los Angeles



Barriers

- Change the culture
- How do we defragment the current system
- Vertically integrate care
- Address cycles of care around the following issues:
 - IP/OP Specialties
 - OP Primary care
 - Emergency care
 - Reimbursements are placing the rewards in the wrong spot



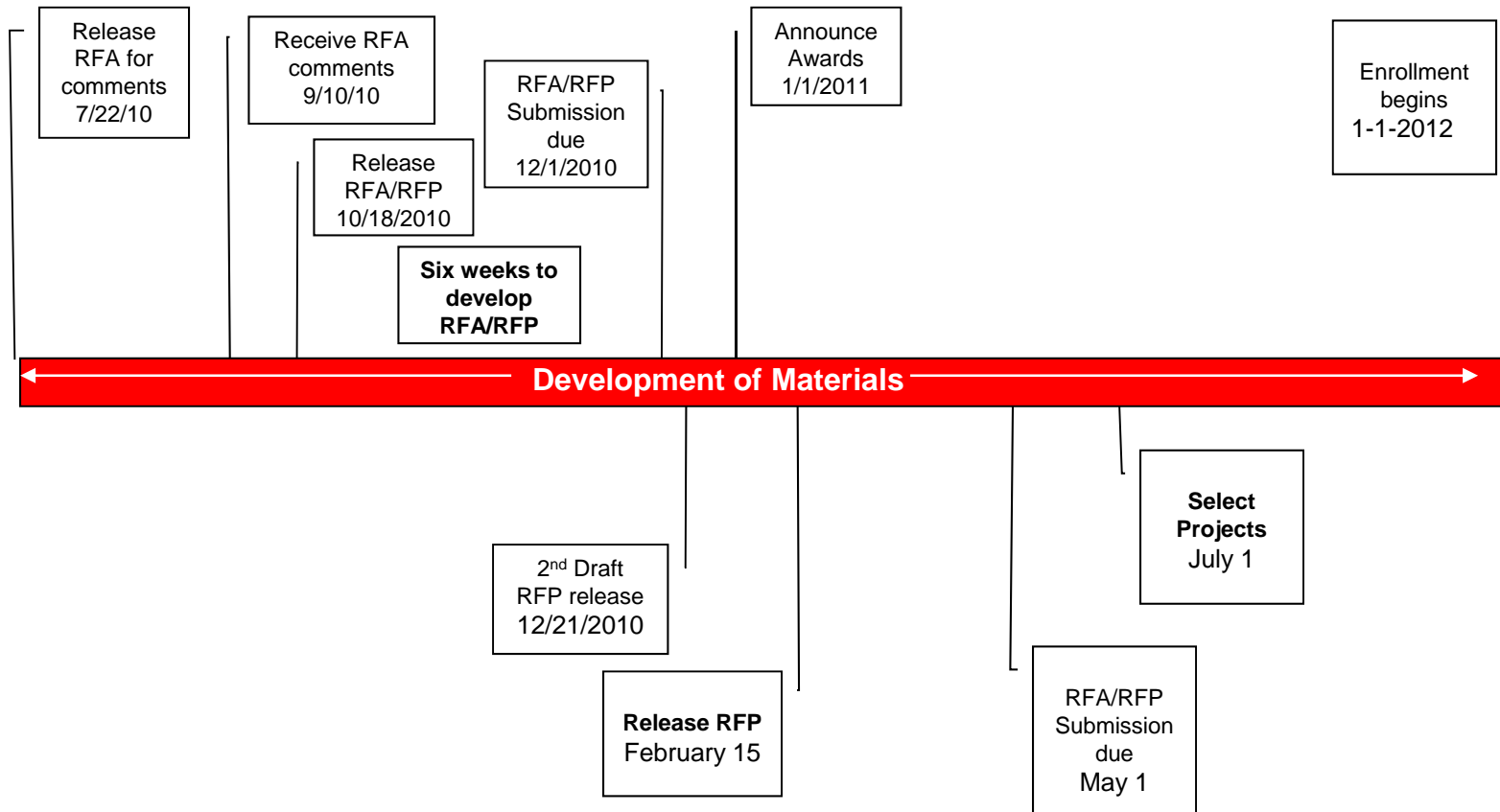


Bridge to Health Care Reform (1115 Waiver) Demonstration Challenges

- Know the politics of the stakeholder community
- Disbelief by certain stakeholders that their small fragment of health care is broken
- Turf Protection by counties and providers
- Convincing legislature that changes will save money and improve outcomes for children
 - ABX46 legislation for pursuing 1115 Waiver
 - SB 208 legislation putting 1115 Waiver into operation
- Resources needed to implement
- Clearly defining the models for possible contractors



Bridge to Health Care Reform (1115 Waiver) Demonstration Timeline





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Questions / Answers

