



Governor's Office of
Health Transformation

Introduction to the Ohio Episode-Based Payment Model

December 2015

www.HealthTransformation.Ohio.gov



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Health Transformation

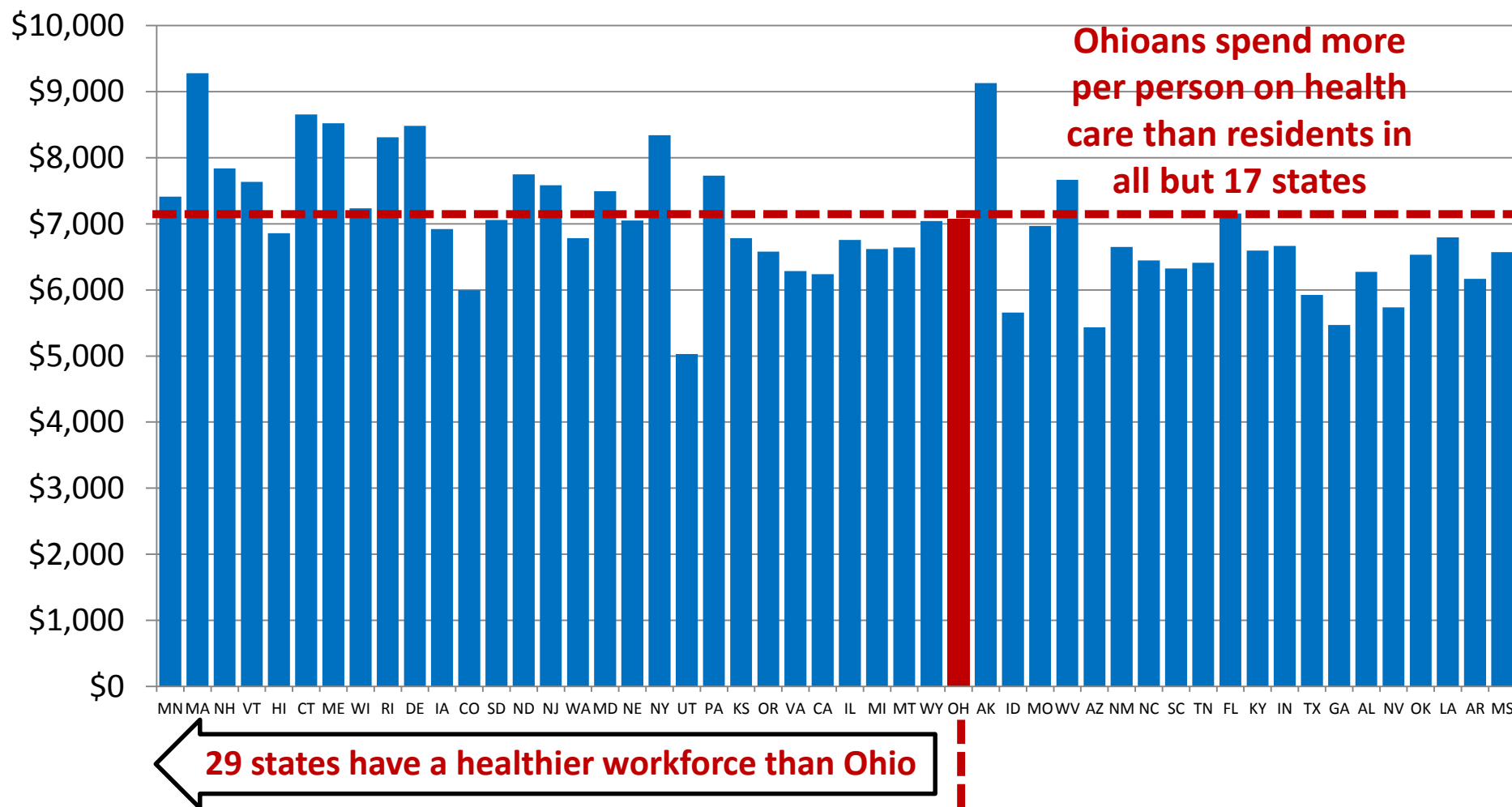
- 1. Ohio's approach to paying for value instead of volume**
2. Episode-Based Payment Model
3. Specific episode example
4. Want to learn more?

In fee-for-service, we get what we pay for

- **More volume** – to the extent fee-for-service payments exceed costs of additional services, they encourage providers to deliver more services and more expensive services
- **More fragmentation** – paying separate fees for each individual service to different providers perpetuates uncoordinated care
- **More variation** – separate fees also accommodate wide variation in treatment patterns for patients with the same condition – variations that are not evidence-based
- **No assurance of quality** – fees are typically the same regardless of the quality of care, and in some cases (e.g., avoidable hospital readmissions) total payments are greater for lower-quality care

Ohio can get better value from what is spent on health care

Health Care Spending per Capita by State (2011) in order of resident health outcomes (2014)



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Sources: CMS *Health Expenditures by State of Residence* (2011); The Commonwealth Fund, *Aiming Higher: Results from a State Scorecard on Health System Performance* (May 2014).



Ohio's Path to Value

Modernize Medicaid	Streamline Health and Human Services	Pay for Value
<i>Initiate in 2011</i>	<i>Initiate in 2012</i>	<i>Initiate in 2013</i>
<i>Advance Governor Kasich's Medicaid modernization and cost containment priorities</i>	<i>Share services to increase efficiency, right-size capacity, and streamline governance</i>	<i>Engage private sector partners to set clear expectations for better health, better care and cost savings through improvement</i>
<ul style="list-style-type: none">• Extend Medicaid coverage to more low-income Ohioans• Eliminate fraud and abuse• Prioritize home and community based (HCBS) services• Reform nursing facility payment• Enhance community DD services• Integrate Medicare and Medicaid• Rebuild community behavioral health system capacity• Restructure behavioral health system financing• Improve Medicaid managed care plan performance	<ul style="list-style-type: none">• Create the Office of Health Transformation (2011)• Implement a new Medicaid claims payment system (2011)• Create a unified Medicaid budget and accounting system (2013)• Create a cabinet-level Medicaid Department (2013)• Consolidate mental health and addiction services (2013)• Simplify and integrate eligibility determination (2014)• Refocus existing resources to promote economic self-sufficiency	<ul style="list-style-type: none">• Join Catalyst for Payment Reform• Support regional payment reform• Pay for value instead of volume (State Innovation Model Grant)<ul style="list-style-type: none">– Provide access to medical homes for most Ohioans– Use episode-based payments for acute events– Coordinate health information infrastructure– Coordinate health sector workforce programs– Report and measure system performance

In 2013, Ohio won a federal innovation grant to adopt two payment models that reward higher-quality, value-based care

Goal

80-90 percent of Ohio's population in some value-based payment model (combination of episodes- and population-based payment) within five years

State's Role

- Shift rapidly to PCMH and episode model in Medicaid fee-for-service
- Require Medicaid MCO partners to participate and implement
- Incorporate into contracts of MCOs for state employee benefit program

	Patient-centered medical homes	Episode-based payments
2014	<ul style="list-style-type: none">▪ In 2014 focus on Comprehensive Primary Care Initiative (CPCi)	<ul style="list-style-type: none">▪ State leads design of six episodes: asthma acute exacerbation, COPD exacerbation, perinatal, acute and non-acute PCI, and joint replacement
2015	<ul style="list-style-type: none">▪ Collaborate with payers on design decisions and prepare a roll-out strategy	<ul style="list-style-type: none">▪ State leads design of seven new episodes: URI, UTI, cholecystectomy, appendectomy, GI hemorrhage, EGD, and colonoscopy
2016	<ul style="list-style-type: none">▪ Model rolled out to at least two major markets	<ul style="list-style-type: none">▪ 20 episodes defined and launched across payers, including behavioral health
2017-2018	<ul style="list-style-type: none">▪ Model rolled out to all markets▪ 80% of patients are enrolled	<ul style="list-style-type: none">▪ 50+ episodes defined and launched across payers, including behavioral health



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Retrospective episode model mechanics

Patients and providers continue to deliver care as they do today



1 **Patients** seek care and select providers as they do today

2



Providers submit claims as they do today

3



Payers reimburse for all services as they do today

Calculate incentive payments based on outcomes after close of 12 month performance period

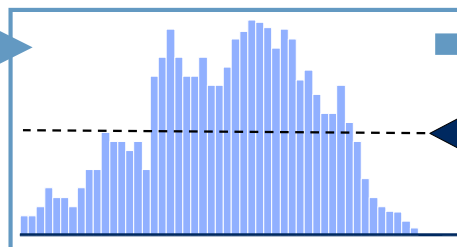
4



Review claims from the performance period to identify a **'Principal Accountable Provider'** (PAP) for each episode

5

Payers calculate **average risk-adjusted reimbursement per episode** for each PAP



Compare to predetermined "commendable" and "acceptable" levels

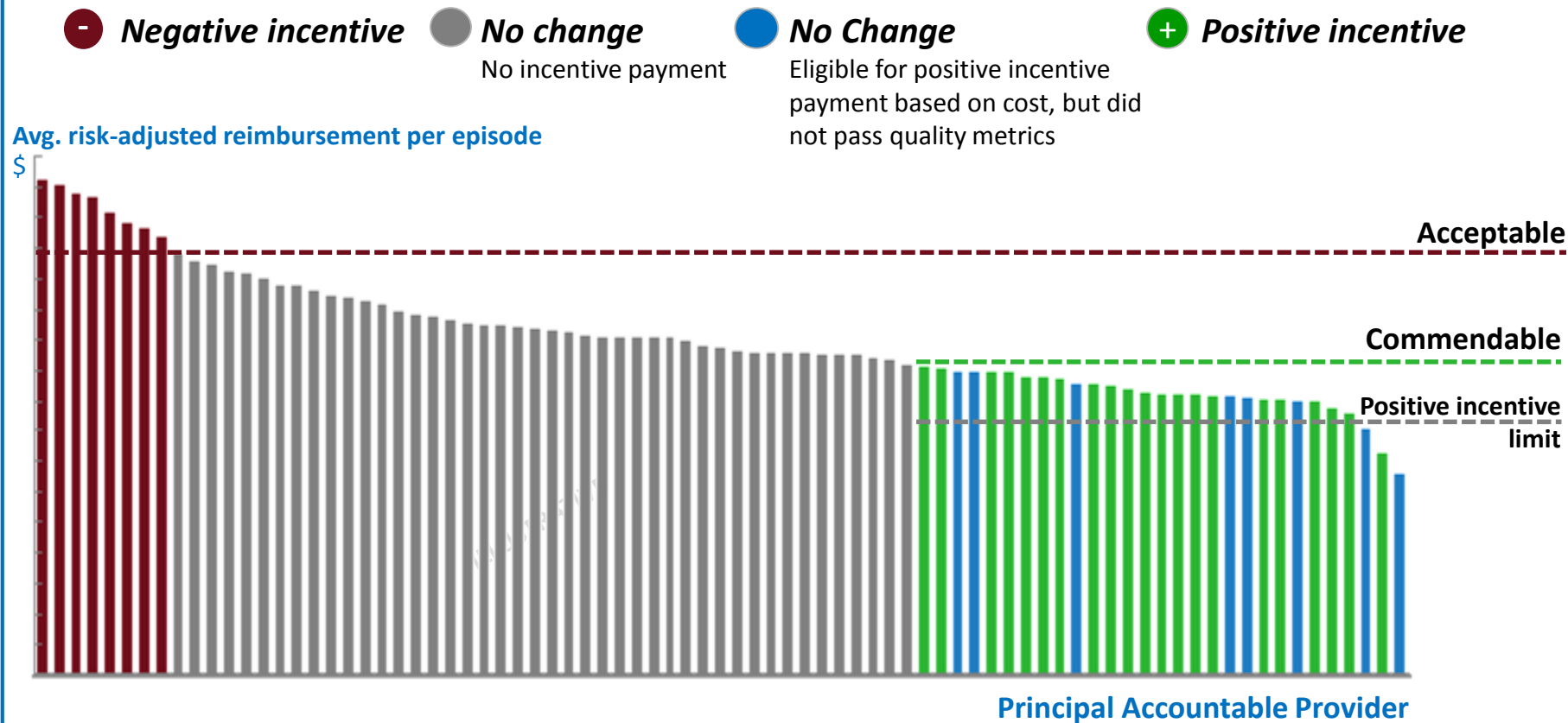
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Providers may:

- **Share savings:** if average costs below commendable levels and quality targets are met
- **Pay negative incentive:** if average costs are above acceptable level
- **See no impact:** if average costs are between commendable and acceptable levels

Retrospective thresholds reward cost-efficient, high-quality care

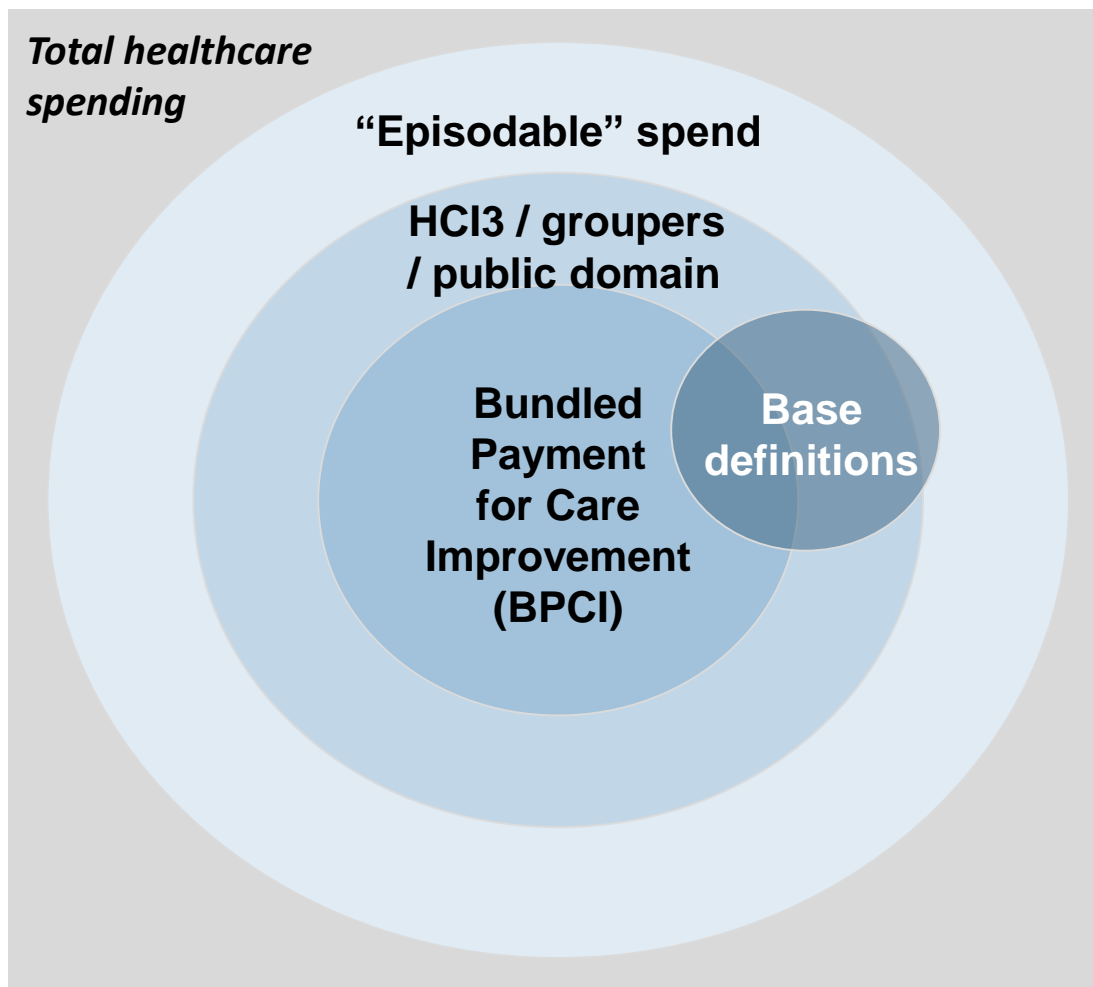
Provider cost distribution (average risk-adjusted reimbursement per provider)



Elements of the Episode Definition

Category	Description
1 Episode trigger	<ul style="list-style-type: none"> Diagnoses or procedures and corresponding claim types and/or care settings that characterize a potential episode
2 Episode window	<ul style="list-style-type: none"> Pre-trigger window: Time period prior to the trigger event; relevant care for the patient is included in the episode Trigger window: Duration of the potential trigger event (e.g., from date of inpatient admission to date of discharge); all care is included Post-trigger window: Time period following trigger event; relevant care and complications are included in the episode
3 Claims included	
4 Principal accountable provider	<ul style="list-style-type: none"> Provider who may be in the best position to assume principal accountability in the episode based on factors such as decision making responsibilities, influence over other providers, and portion of the episode spend
5 Quality metrics	<ul style="list-style-type: none"> Measures to evaluate quality of care delivered during a specific episode
6 Potential risk factors	<ul style="list-style-type: none"> Patient characteristics, comorbidities, diagnoses or procedures that may potentially indicate an increased level of risk for a given patient in a specific episode
7 Episode-level exclusions	<ul style="list-style-type: none"> Patient characteristics, comorbidities, diagnoses or procedures that may potentially indicate a type of risk that, due to its complexity, cost, or other factors, should be excluded entirely rather than adjusted

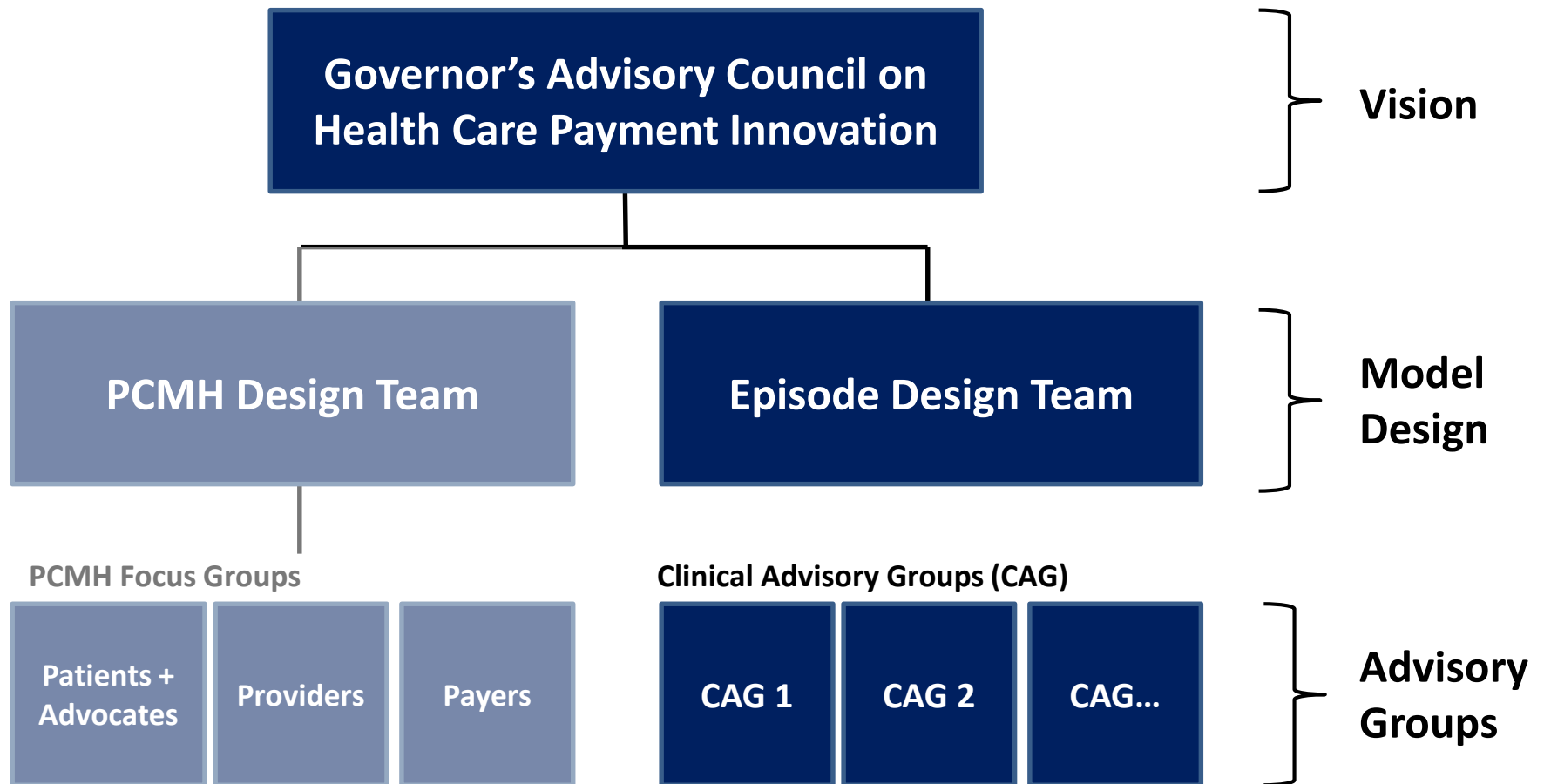
Base definition incorporates work from pilots nationwide



Base definitions incorporate work from multiple episode initiatives, including

- Work in other states (e.g., Arkansas)
- Prometheus
- Bundled payment for care improvement

Ohio's payment innovation design team structure is on track to deliver 5-7 new episodes annually



Selection of episodes

Principles for selection:

- Leverage episodes in use elsewhere to **reduce time to launch**
- Prioritize meaningful **spend across payer populations**
- Look for opportunities with **clear sources of value** (e.g., high variance in care)
- Select episodes that incorporate a **diverse mix** of accountable **providers** (e.g., facility, specialists)
- Cover a **diverse set of “patient journeys”** (e.g., acute inpatient, acute procedural)
- Consider **alignment with current priorities** (e.g., perinatal for Medicaid, asthma acute exacerbation for youth)

Ohio’s episode selection:

Episode

Principal Accountable Provider

WAVE 1 (launched March 2015)

- | | |
|------------------------------------|-------------------------------------|
| 1. Perinatal | Physician/group delivering the baby |
| 2. Asthma acute exacerbation | Facility where trigger event occurs |
| 3. COPD exacerbation | Facility where trigger event occurs |
| 4. Acute Percutaneous intervention | Facility where PCI performed |
| 5. Non-acute PCI | Physician |
| 6. Total joint replacement | Orthopedic surgeon |

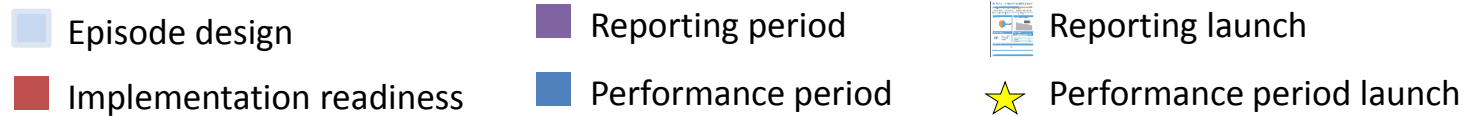
WAVE 2 (launch January 2016)

- | | |
|--------------------------------|----------------------------------|
| 7. Upper respiratory infection | PCP or ED |
| 8. Urinary tract infection | PCP or ED |
| 9. Cholecystectomy | General surgeon |
| 10. Appendectomy | General surgeon |
| 11. Upper GI endoscopy | Gastroenterologist |
| 12. Colonoscopy | Gastroenterologist |
| 13. GI hemorrhage | Facility where hemorrhage occurs |

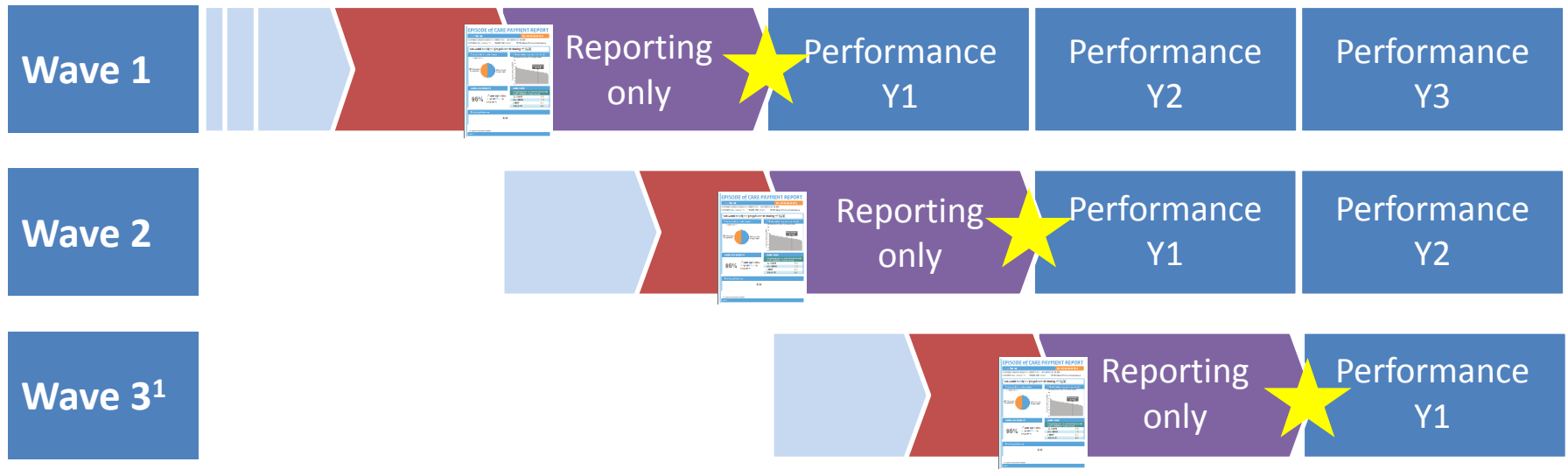
WAVE 3 (launch January 2017)

- 14-19. Package of episodes including some related to behavioral health

Ohio's episode timeline



2014 2015 2016 2017 2018 2019



1 Expected timing for Wave 3

EPISODE of CARE PROVIDER REPORT

EPISODE NAME

Q1 + Q2 YYYY

Reporting period covering episodes that ended between **Start Date to End Date**

PAYER: Payer Name

PROVIDER ID: PAP ID

PROVIDER: Provider Name

Eligibility requirements for gain or risk-sharing payments

- ✓ **Episode volume:** You have at least 5 episodes in the current performance period.
- ✓ **Spend:** Your average risk-adjusted spend per episode is below the commendable threshold.
- ⚠ **Quality:** You are not currently eligible for gain-sharing because you have not passed all quality metrics linked to gain-sharing.
- i **This report is informational only.** Eligibility for gain or risk-sharing will be determined at the end of the performance period and any applicable payments will be calculated at that time.

Episodes included, excluded & adjusted

Total episodes#



% of your episodes have been risk adjusted

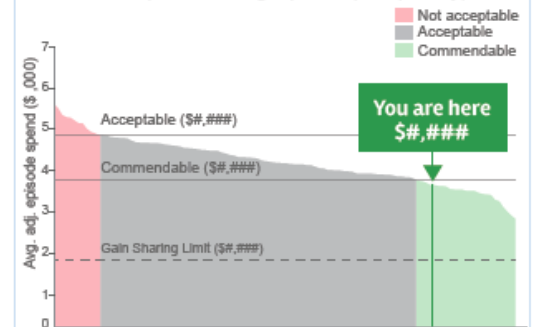
Quality metrics

You achieved # of # quality metrics linked to gain sharing

Quality metric 01	#%	✓
Quality metric 02	#%	✓
Quality metric 03	#%	✗
Quality metric 04	#%	✗

Risk adjusted average spend per episode

Distribution of provider average episode spend (risk adj.)



Key performance

Rolling four quarters

	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Weighted average
Avg adjusted episode spend (\$,000)	#,###	#,###	#,###	#,###	#,###
# of included episodes	#	#	#	#	#
Your spend percentile	#%	#%	#%	#%	#%

DISCLAIMER: The information contained in these reports is intended solely for use in the administration of the Medicaid program. The data in the reports are neither intended nor suitable for other uses, including the selection of a health care provider. The figures in these reports are preliminary and are subject to revision. For more information, please visit <http://medicaid.ohio.gov/Providers/PaymentInnovation.aspx>.

This is an example of the performance report format that will be released in 2016 with the launch of the performance period for Wave 1 and used for both Wave 1 and Wave 2 episodes in 2016



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Detailed file delivered to each Principal Accountable Provider to complement quarterly provider reports

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD
2	Episode: PERINATAL																													
3	Covering episodes that ended between: Jul 1 2014 and Jun 30 2015																													
4	Payer name: Ohio - Medicaid FFS																													
5	Provider: XXX (###)																													
6																														
7	Episode Id	Episode In	Payer	Rendering/	Patient M	Patient N	Episode Star	Episode End	C Risk	adjust	Non-adjust	Inpatient sp	Inpatient i	Outpatient	Outpatient	Pharmacy	Pharmacy													
8	de1341f1	Included	FFS				7/18/2014	6/25/2015	2116.51	4080.41	2222.93	1	0	4	182.52															
9	eb68a693	Included	FFS				2/25/2014	2/2/2015	2371.52	4966.53	2222.93	1	1571.87	4	6.82															
10	911f690c	Included	FFS				6/23/2014	6/2/2015	2505.73	5954.67	3189.22	1	271.13	4	4.56															
11	a85bfab4	Included	FFS				11/12/2013	10/21/2014	2698.79	4641.89	3326.36	1	0	0	0															
12	dc2e6599	Included	FFS				9/6/2013	8/14/2014	2856.67	4726.46	2478.01	1	578.24	3	0															
13	5f0f95774	Included	FFS				6/16/2014	5/24/2015	2980.68	5324.54	3189.22	1	24.39	1	14.7															
14	85464184	Included	FFS				10/1/2013	9/9/2014	3061.75	6533.82	3326.36	1	347.61	3	78.95															
15	c8b7da29	Included	FFS				7/11/2014	6/18/2015	3089.1	5530.07	2222.93	1	317.41	2	316.5															
16	fc78051cf	Included	FFS				7/1/2014	6/8/2015	3118.81	5286.12	2222.93	1	1407.65	6																
17	c3e5ba36	Included	FFS				5/7/2014	4/14/2015	3148.18	5076.89	2222.93	1	406.15	3																
18	cd331855	Included	FFS				2/5/2014	1/13/2015	3349.01	5396.41	3540.47	1	0	0	0															
19	c7e72c02	Included	FFS				11/4/2013	10/12/2014	3360.54	4794.61	2318.52	1	0	0	0															
20	7afb89f7b	Included	FFS				6/22/2014	5/30/2015	3482.58	5197.11	2222.93	1	215.44	3																
21	271e3826	Included	FFS				10/15/2013	9/22/2014	3703.49	4502.18	2318.52	1	133.74	1																
22	762293f1	Included	FFS				4/29/2014	4/6/2015	3912.77	7528.91	2222.93	1	1012.8	8	397.7															
23	d58071ae	Included	FFS				1/1/2014	12/9/2014	3952.08	7987.23	4489.38	2	796.15	3	51.42															
24	c0748803	Included	FFS				7/15/2014	6/22/2015	3975.31	5246.55	2222.93	1	174.83	1	178.76															
25	f9eda83c	Included	FFS				5/20/2014	4/27/2015	4089.61	5684.75	2222.93	1	565.82	5	65.09															
26	567ccdf0	Included	FFS				2/14/2014	1/22/2015	4140.54	6773.33	2478.01	1	2268.66	11	27.18															
27	6f9052b7	Included	FFS				3/20/2014	2/24/2015	4194.74	7339.87	2478.01	1	2089.61	7	130.65															
28	fa9e049d	Included	FFS				1/4/2014	12/16/2014	4285.2	7149.15	5463.9	1	0	0	0															
29	d848a76e	Included	FFS				5/20/2014	4/27/2015	4307.78	14198.3	4974.34	2	4882.67	11	271.45															
30	7232bb48	Excluded	FFS				7/31/2013	7/6/2014	1004.05	1361.61	0	0	206.34	1	12.78															
31	63790c82	Excluded	FFS				10/9/2013	9/16/2014	1705.3	2566.67	1517.76	1	0	0	0															
32	1a7b1833	Excluded	FFS				7/22/2014	6/27/2015	2034.38	3244.1	0	0	1090.06	7	15.17															
33	f1743d24	Excluded	FFS				12/20/2013	11/27/2014	2435.38	4879.55	2318.52	1	73.69	1	116.46															
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37	0f8ae4307	Excluded	FFS				11/30/2013	11/8/2014	3031.61	6674.61	4085.83	1	877.39	3	64.18															
38	2446a535	Excluded	FFS				8/7/2013	7/13/2014	3238.03	6039.98	3604.23	1	503.36	2	7.87															
39	808118a9	Excluded	FFS				10/28/2013	10/5/2014	3395.03	4432.15	2318.52	1	87.46	1	21.14															
40	7209dfaef	Excluded	FFS				1/9/2014	12/18/2014	3590.2	4949.27	3189.22	1	0	0	0															
41	ede18f19	Excluded	FFS				12/1/2013	11/8/2014	3639.9	4932.11	2584.57	1	711.26	1	24.22															
42	ee4f8806	Excluded	FFS				11/11/2013	10/19/2014	3676.69	6330.39	2318.52	1	1422.9	8	27.13															
43	89300a90	Excluded	FFS				11/12/2013	10/21/2014	5402.98	8813.99	3326.36	1	764.32	6	2374.26															
44																														
45	Footnotes:																													
46	Medical admission and initial examination encounters are not included in non-risk-adjusted episode counts.																													

How providers can use these files to learn more:

- Understand key sources of variation, for example:
 - Breakdown of average risk-adjusted episode reimbursement by rendering provider
 - Breakdown of average reimbursement by inpatient, outpatient, professional, and pharmacy
- Understand variability in quality metric

How providers can use these files to learn more:

- Understand key sources of variation, for example:
 - Breakdown of average risk-adjusted episode reimbursement by rendering provider
 - Breakdown of average reimbursement by inpatient, outpatient, professional, and pharmacy
- Understand variability in quality metric performance and relationship to average episode reimbursement

Wave 1 performance period launch: Proposed Medicaid quality metric thresholds

- The State's goal is to set quality metric thresholds at the **top quartile of current performance** to encourage delivery of high quality care
- However, to ensure a majority of providers eligible for incentives can participate, in **Year 1**, the quality metric thresholds will be at a level where **75% of providers pass all metrics tied to incentive payments**
- Quality metric thresholds will **ramp up to top quartile** performance level over the **next 5 years**

	Quality metric	Threshold
Asthma	QM1: Follow-up visit rate	28%
	QM2: Controller medication prescription fill-rate	26%
COPD	QM1: Follow-up visit rate	50%
Perinatal	QM1: HIV screening rate	50%
	QM2: GBS screening rate	50%
	QM3: C-section rate	45%
	QM4: Post-partum visit rate	50%

Wave 1 performance period launch: Medicaid spend threshold methodology

Determining...

Threshold levels

- Ohio Medicaid will set cost and quality thresholds for all MCPs
- Ohio Medicaid will set one acceptable threshold for all of Medicaid so that ~10 percent of providers are above the acceptable threshold, assuming no behavior change¹
- Ohio Medicaid will set one commendable threshold for all of Medicaid such that it would be budget neutral after positive and negative incentive payments, assuming no change in the PAP curve²
- Ohio Medicaid is using the same methodology to set thresholds across all Wave I episodes

Payments

- For Ohio Medicaid, including the managed care plans, the incentive payment allocation for PAPs will be 50 percent
- Payments will be proportional to the non-risk adjusted payment for each PAP

Wave 1 performance period launch: Proposed Medicaid spend thresholds¹

		<u>Acceptable</u>	<u>Commendable</u>	<u>Positive incentive limit</u>
Asthma	Value, \$	\$372	\$292	\$24
	'All Medicaid' percentile	90 th percentile	55 th percentile	N/A
COPD	Value, \$	\$1,087	\$683	\$58
	'All Medicaid' percentile	91 th percentile	21 th percentile	N/A
Perinatal	Value, \$	\$4,405	\$3,169	\$1,235
	'All Medicaid' percentile	90 th percentile	12 th percentile	N/A

¹ Subject to inflationary adjustment based on actuarial review; final adjusted thresholds will be posted in 2016 and included on all reports in 2016



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NOTE: Thresholds are based on risk-adjusted episode reimbursement and should be used in tandem with average risk-adjusted episode reimbursement delivered on quarterly provider reports.

SOURCE: Ohio Medicaid claims data, CY 2014

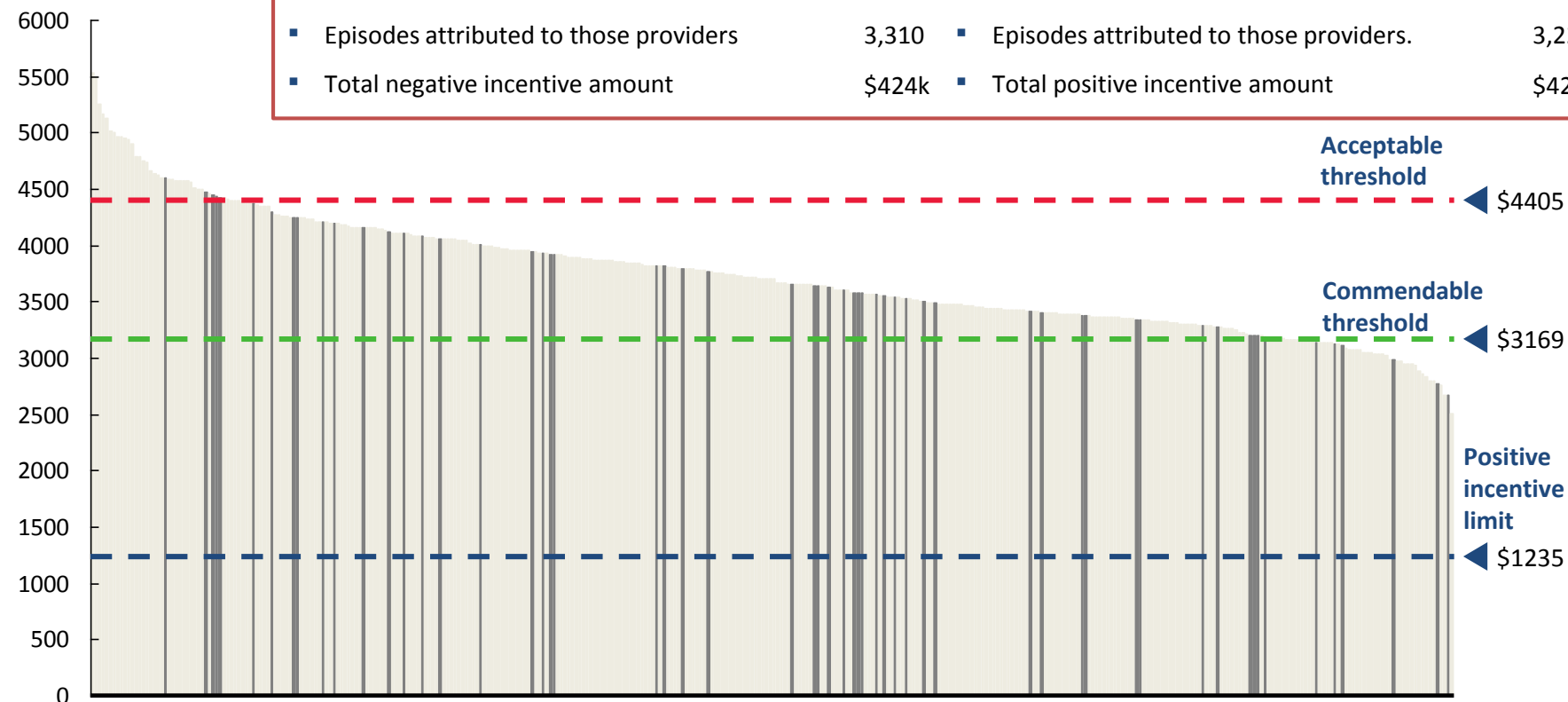
All Medicaid PAP curve (used to set thresholds) - Perinatal

Provider risk-adjusted cost distribution

PAP average episode cost

Low volume High volume¹

Adjusted average
cost/episode
\$



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1. Top 10 percent of providers by volume
2. Assumes all providers pass quality metrics tied to incentive payments

SOURCE: Ohio Medicaid FFS and encounter data, CY 2014

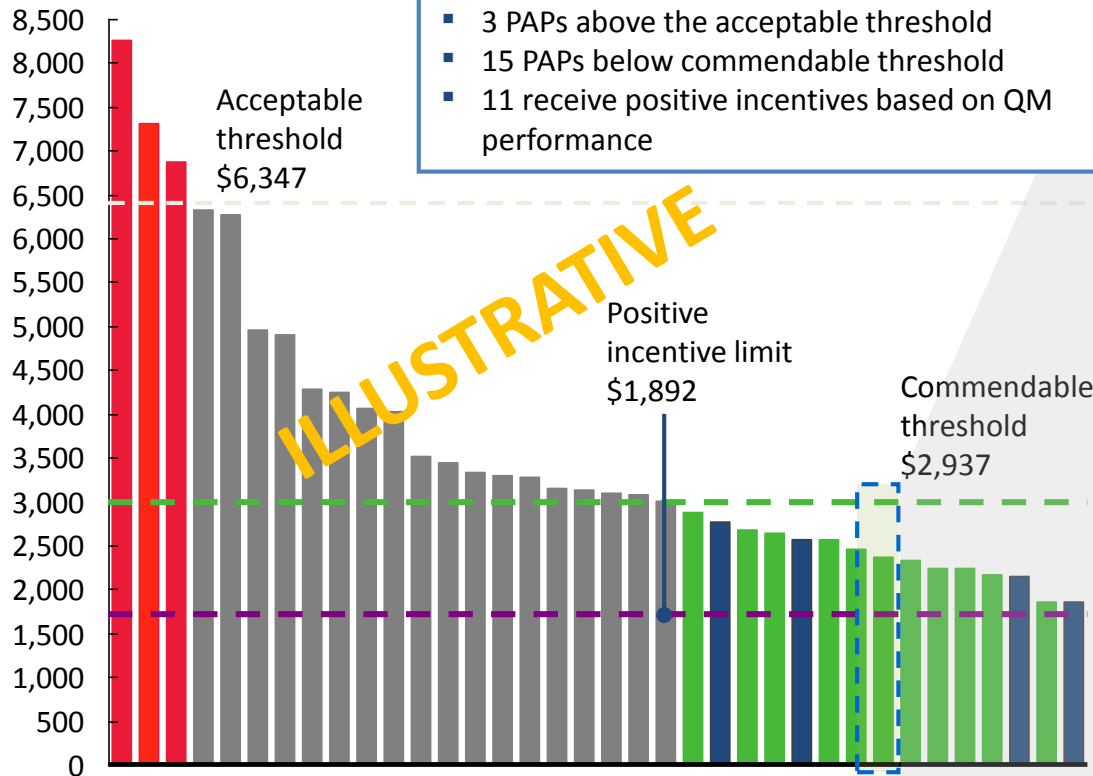
Positive incentive payments are based on average risk-adjusted episode reimbursement for providers that pass quality metrics

Risk-adjusted average spend for one managed care plan (Illustrative)

\$

PAP Summary

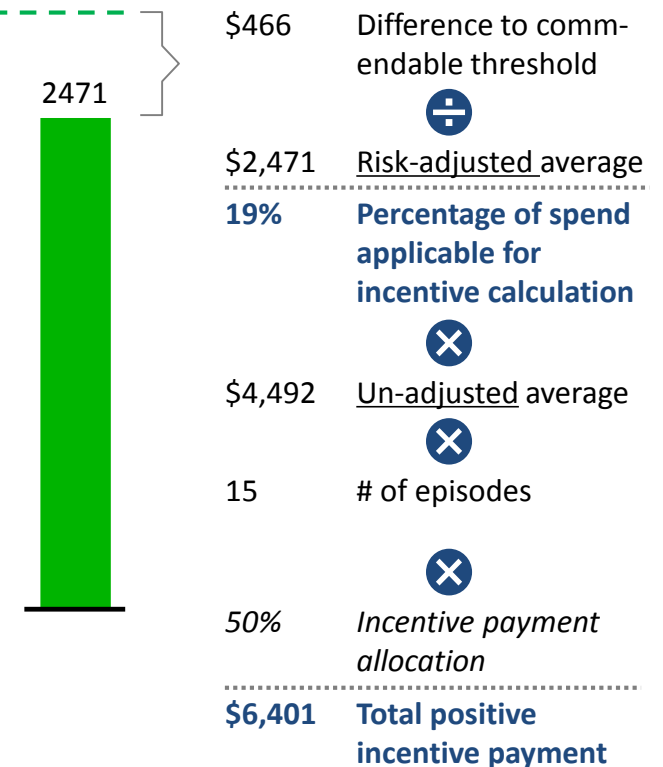
- 40 Total PAPs
- 3 PAPs above the acceptable threshold
- 15 PAPs below commendable threshold
- 11 receive positive incentives based on QM performance



- Did not pass QM
- Neutral
- Positive incentive
- Negative incentive

Risk-adjusted average spend

\$, 1 PAP



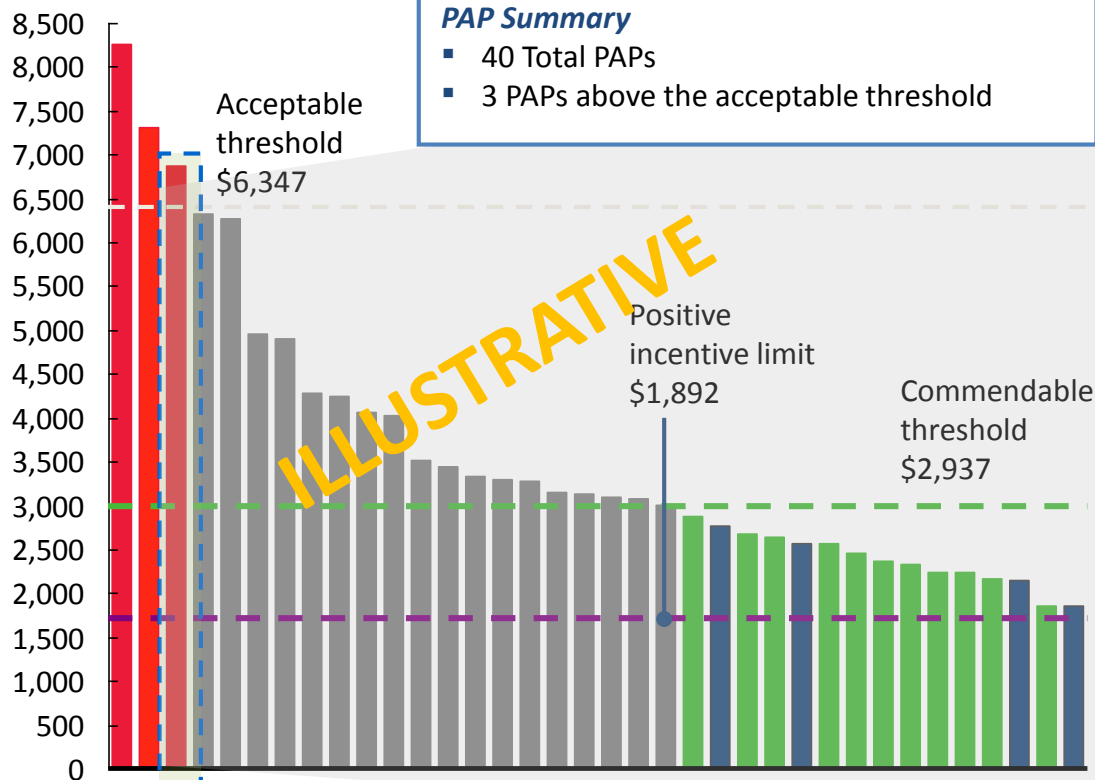
Negative incentive payment is calculated based on average episode spend within each payer

Risk-adjusted average spend for one managed care plan (Illustrative)

\$

PAP Summary

- 40 Total PAPs
- 3 PAPs above the acceptable threshold



- Did not pass QM
- Positive incentive
- Neutral
- Negative incentive

Risk-adjusted average spend

\$, 1 PAP

6,883

\$536 Difference to acceptable threshold



\$6,883 Risk-adjusted average

8% Percentage of spend applicable for incentive calculation



\$11,285 Un-adjusted average



37 # of episodes



50% Incentive payment allocation

\$16,702 Total negative incentive payment

Wave 2 materials now available online

Summary definitions

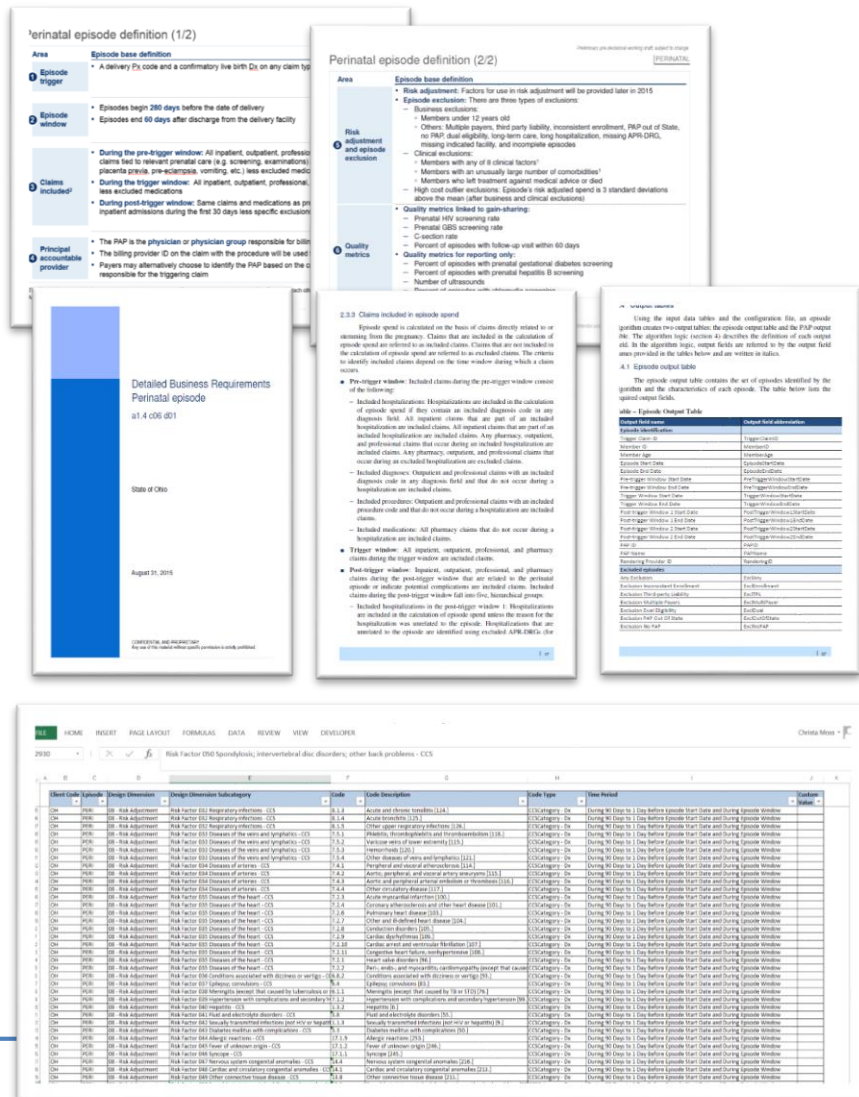
- Overview of definitions resulting from CAG process
- '2 page' view of all design elements

Detailed business requirements

- Detailed word file including all of the specifics required to code an algorithm

Code sets

- Excel file containing specific diagnosis and procedure codes used for trigger, included claims, exclusions, risk adjustment, etc.



SOURCE: Ohio Medicaid website



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Perinatal episode definition

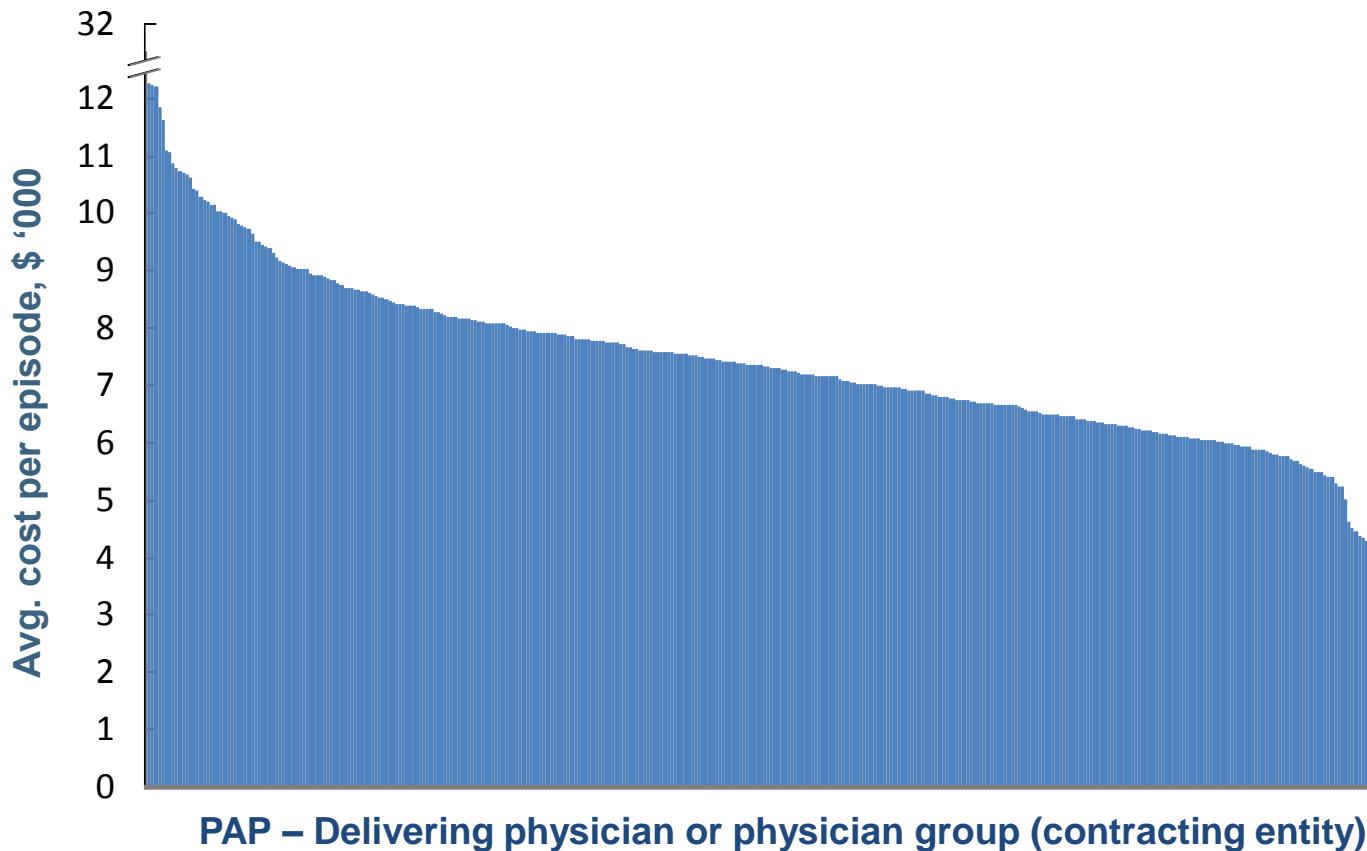
Category	Episode definition				
1 Episode trigger	<ul style="list-style-type: none"> A delivery Px code with a confirmatory live birth Dx on any claim type¹ 				
2 Episode window	<ul style="list-style-type: none"> <i>Pre-trigger</i>: Begins 280 days before delivery and ends on day prior to trigger window start <i>Trigger</i>: Starts on day of admission and ends on day of discharge <i>Post-trigger</i>: Begins day after discharge from delivery admission and ends 60 days later 				
3 Claims included	<ul style="list-style-type: none"> <i>Pre-trigger window</i>: Relevant prenatal care and complications (except excluded medications) <i>Trigger window</i>: All <i>Post-trigger window</i>: <ul style="list-style-type: none"> Relevant care and complications including diagnoses, procedures, labs, and pharmacy Readmissions (except those not relevant to episode) 				
4 Principal accountable provider	<ul style="list-style-type: none"> Physician or physician group responsible for the delivery (billing provider or contracting entity) 				
5 Quality metrics	<table> <tr> <th>Linked to positive incentive payment:</th><th>For reporting only:</th></tr> <tr> <td> <ul style="list-style-type: none"> Prenatal HIV screening rate Prenatal GBS screening rate C-section rate Percent of episodes with follow-up visit within 60 days </td><td> <ul style="list-style-type: none"> Percent of episodes with prenatal gestational diabetes screening Percent of episodes with prenatal hepatitis B screening Percent of episodes with chlamydia screening Ultrasound rate </td></tr> </table>	Linked to positive incentive payment:	For reporting only:	<ul style="list-style-type: none"> Prenatal HIV screening rate Prenatal GBS screening rate C-section rate Percent of episodes with follow-up visit within 60 days 	<ul style="list-style-type: none"> Percent of episodes with prenatal gestational diabetes screening Percent of episodes with prenatal hepatitis B screening Percent of episodes with chlamydia screening Ultrasound rate
Linked to positive incentive payment:	For reporting only:				
<ul style="list-style-type: none"> Prenatal HIV screening rate Prenatal GBS screening rate C-section rate Percent of episodes with follow-up visit within 60 days 	<ul style="list-style-type: none"> Percent of episodes with prenatal gestational diabetes screening Percent of episodes with prenatal hepatitis B screening Percent of episodes with chlamydia screening Ultrasound rate 				
6 Potential risk factors	<ul style="list-style-type: none"> Comorbidities (e.g., hypertension, diabetes, substance abuse, obesity, prior C-section) 				
7 Exclusions	<ul style="list-style-type: none"> Clinical (e.g., cystic fibrosis, cancer, end stage renal disease, HIV, paralysis) Business (e.g., dual coverage, inconsistent eligibility) Patients < 12 years old and > 49 years old Death in hospital, left AMA 				

1 The live birth code and delivery procedure code can occur on different claims but must occur within 7 days of each other

Perinatal: Provider Performance

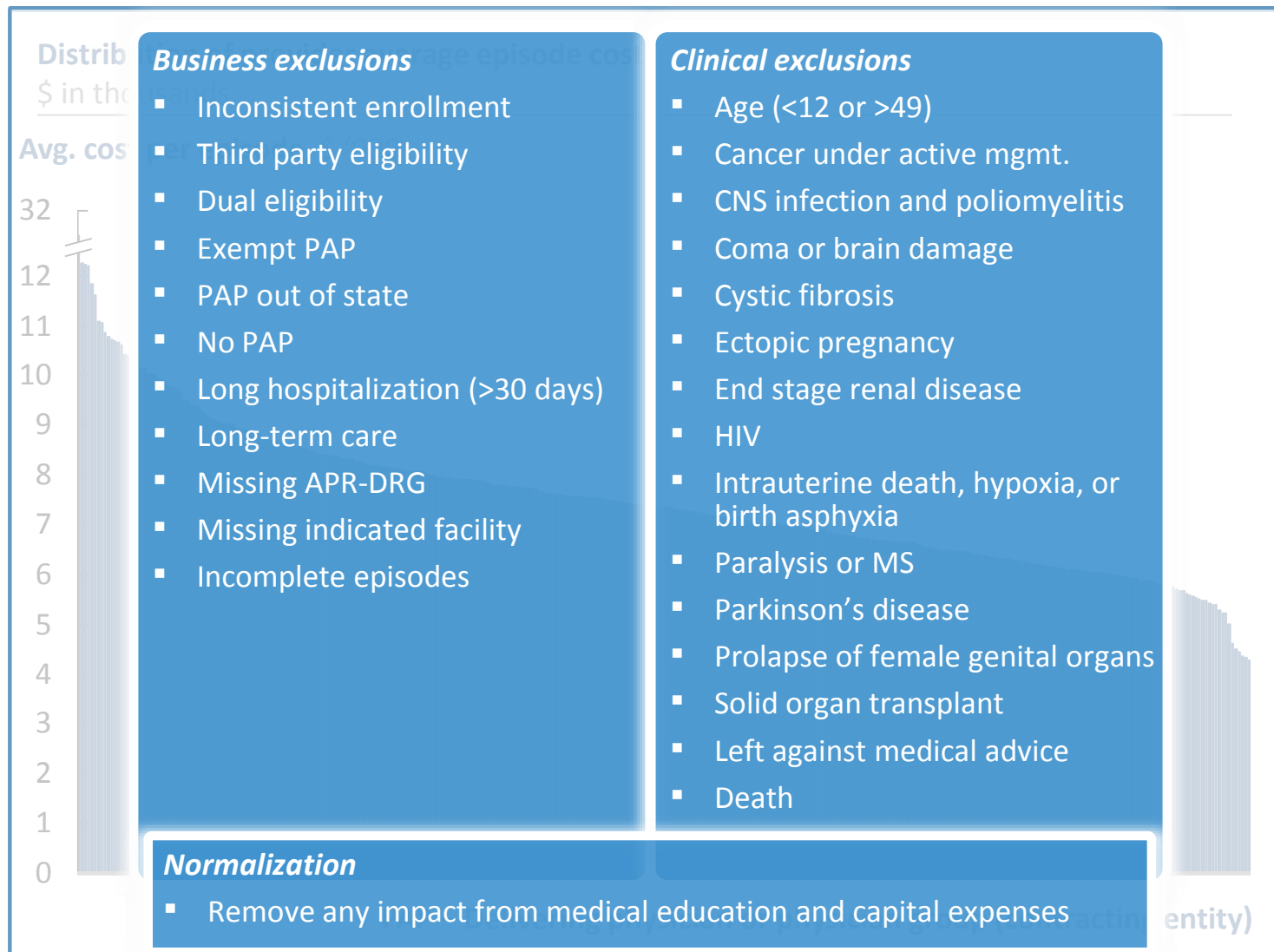
Distribution of provider average episode cost

\$ in thousands



- **Unadjusted episode cost, no exclusions**
- Average cost after episode exclusions (e.g., clinical, incomplete data) and removal of impact of medical education and capital
- Average cost after risk adjustment and removal of high cost outliers

Perinatal: Provider Performance

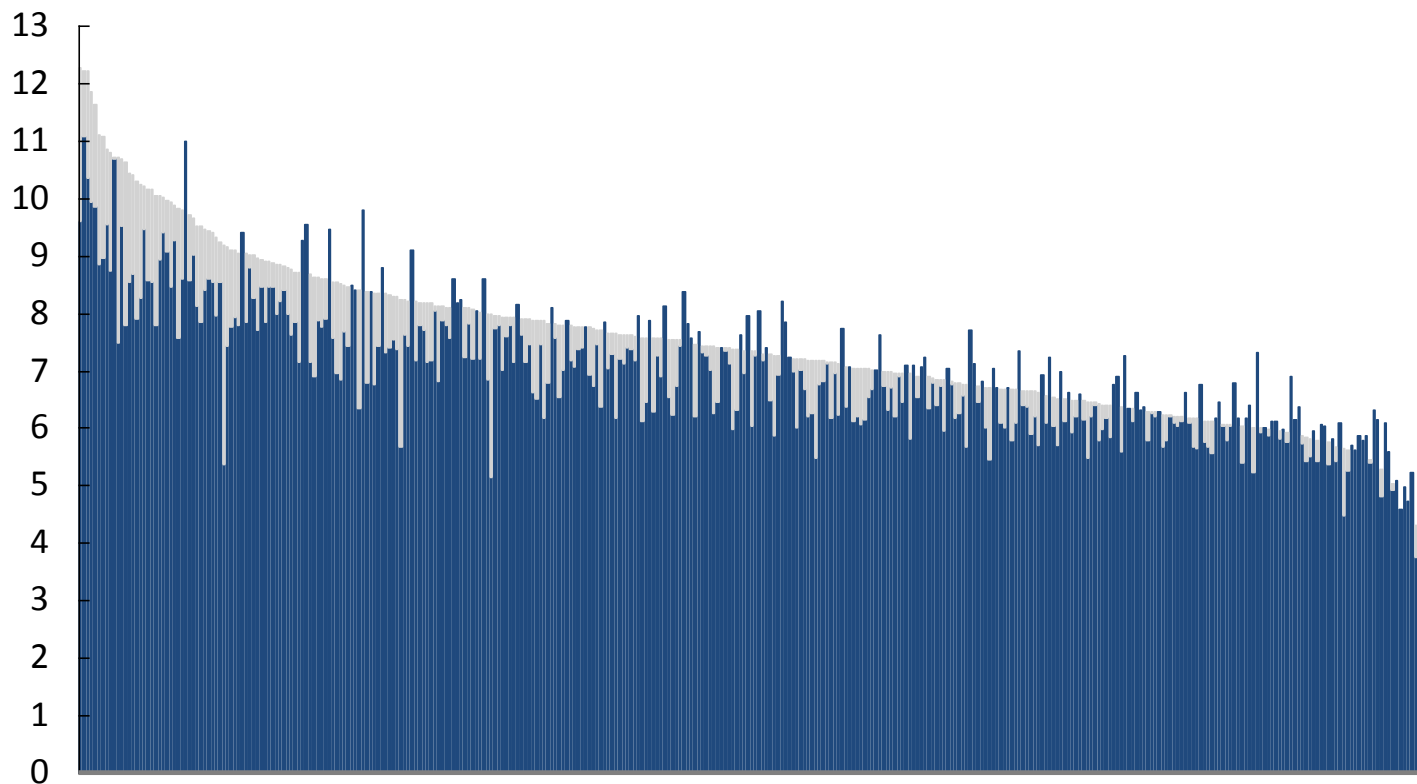


Perinatal: Provider Performance

Distribution of provider average episode cost

\$ in thousands

Avg. cost per episode, \$ '000



PAP – Delivering physician or physician group (contracting entity)

- Unadjusted episode cost, no exclusions
- **Average cost after episode exclusions (e.g., clinical, incomplete data) and removal of impact of medical education and capital**
- Average cost after risk adjustment and removal of high cost outliers

Perinatal: Provider Performance

Risk adjustment

\$ in thousands

Adjust average episode cost down based on presence of 70+ clinical risk factors including:

Avg. cost per episode, \$ '000

- Hypertension
- Prior C-section
- Obesity
- Diabetes
- Diseases of the central nervous system
- Substance related mental or behavioral illness
- Emotional and behavioral mental illnesses
- Non-anemic blood diseases
- Viral infections
- Anemia
- Congenital anomalies
- Abortion related disorders
- Complications mainly related to pregnancy
- Diseases of the urinary system
- Diseases of the respiratory system
- Diseases of the heart

PAP – Delivering physician or physician group (contracting entity)

High cost outliers

- Removal of any individual episodes that are more than three standard deviations above the *risk-adjusted* mean

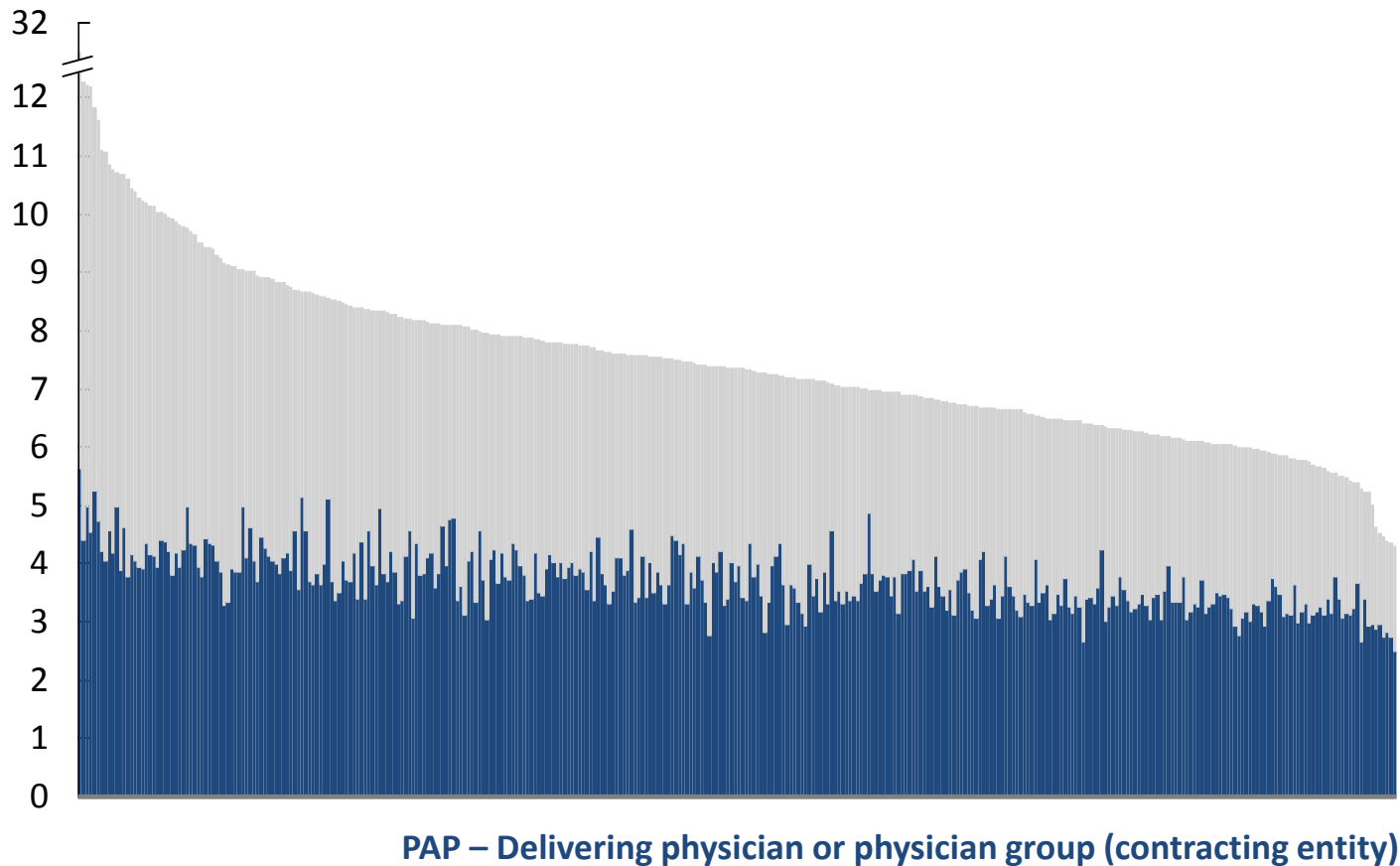
- Unadjusted episode cost, no exclusions
- **Average cost after episode exclusions (e.g., clinical, incomplete data) and removal of impact of medical education and capital**
- Average cost after risk adjustment and removal of high cost outliers

Perinatal: Provider Performance

Distribution of provider average episode cost

\$ in thousands

Avg. risk-adjusted reimbursement per episode, \$ '000



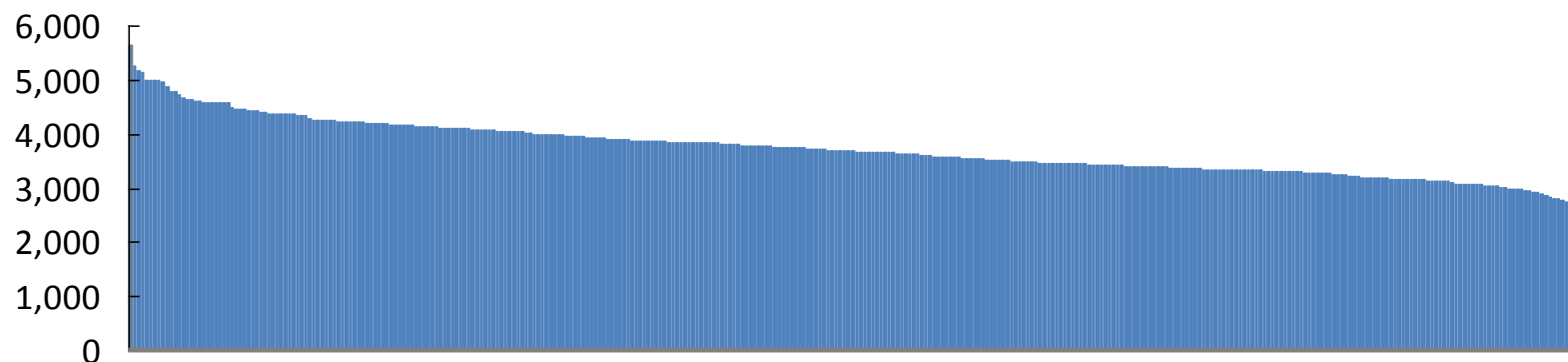
- Unadjusted episode cost, no exclusions
- Average cost after episode exclusions (e.g., clinical, incomplete data) and removal of impact of medical education and capital
- **Average cost after risk adjustment and removal of high cost outliers**

Perinatal: Provider Performance

Distribution of provider average episode cost

\$

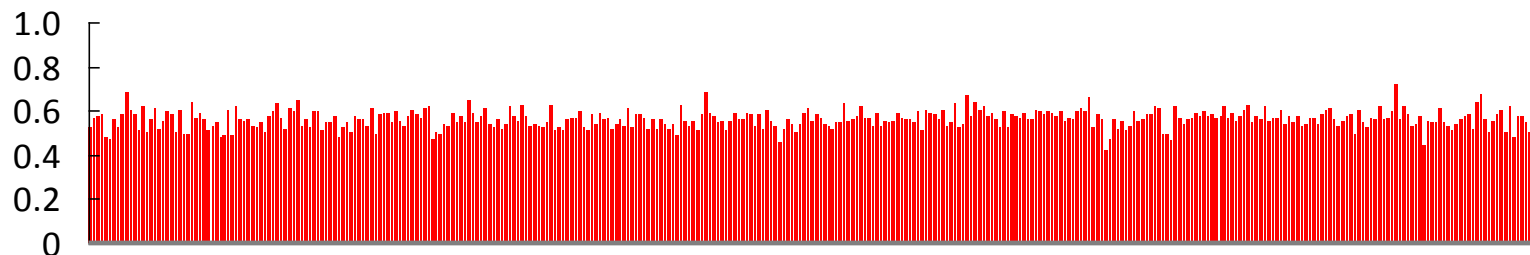
Avg. risk-adjusted reimbursement per episode, \$



Degree of risk adjustment distribution

Percent of risk adjustment per provider

Risk adjustment percentage



There is no correlation between average episode risk-adjusted reimbursement and level of risk

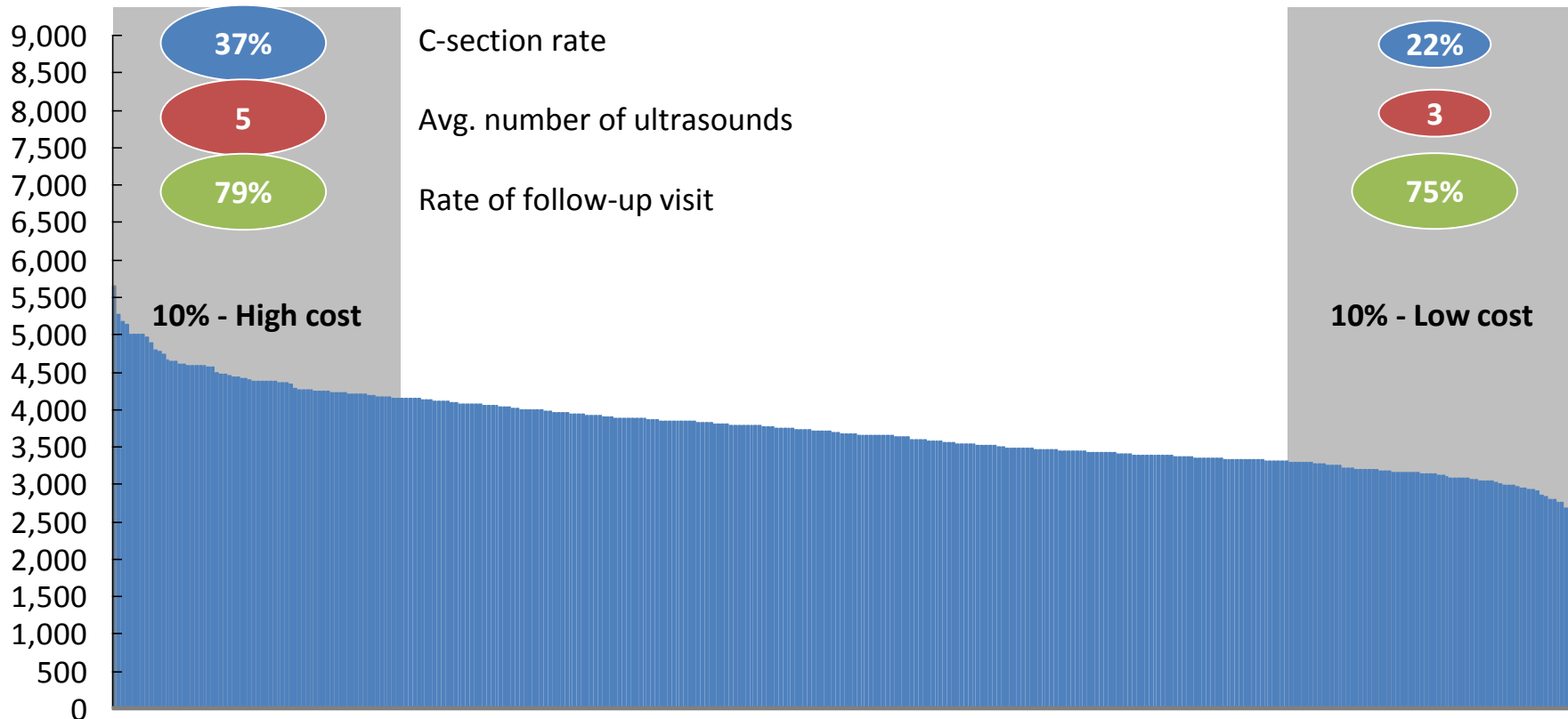
Principal Accountable Provider

Variation across the Perinatal episode

Distribution of provider average episode cost

\$

Avg. risk-adjusted reimbursement per episode, \$



Principal Accountable Provider



Governor's Office of
Health Transformation

NOTES: Average episode spend distribution for PAPs with five or more episodes; each vertical bar represents the average spend for one PAP.
SOURCE: Analysis of Ohio Medicaid claims data, CY2014.



Governor's Office of
Health Transformation

1. Ohio's approach to paying for value instead of volume
2. Episode-Based Payment Model
3. Specific episode example
4. **Want to learn more?**

Want to learn more?

www.HealthTransformation.Ohio.gov



Governor's Office of
Health Transformation

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Current Initiatives

Modernize Medicaid

Extend Medicaid coverage to more low-income Ohioans
Reform nursing facility reimbursement
Integrate Medicare and Medicaid benefits
Prioritize home and community based services
Create health homes for people with mental illness
Rebuild community behavioral health system capacity
Enhance community developmental disabilities services
Improve Medicaid managed care plan performance

Streamline Health and Human Services

Support Human Services Innovation
Implement a new Medicaid claims payment system
Create a cabinet-level Medicaid department
Consolidate mental health and addiction services
Simplify and integrate eligibility determination
Coordinate programs for children
Share services across local jurisdictions

Pay for Value

Engage partners to align payment innovation
Provide access to patient-centered medical homes
Implement episode-based payments
Coordinate health information technology infrastructure
Coordinate health sector workforce programs
Support regional payment reform initiatives
Federal Marketplace Exchange

Episode-Based Payment Model:

- Overview Presentations
- Charter for Payers
- State Innovation Model Test Grant Detail

Information for Providers

[Episode quick reference tables](#) - A summary of key episode definition components for all episodes.

Detailed episode information

Definitions, Detailed Business Requirements (DBR), and code tables for all episodes. DBRs include a more detailed definition as well as the associated coding algorithm. The code tables refer to an excel spreadsheet with the code detail for each episode.

Wave 1: Reporting for the initial set of episodes began in March of 2015. For Medicaid, the performance period for asthma, COPD, and perinatal begins January 1st, 2016. Episodes ending during the 12- month performance period will be used to determine whether or not a provider is eligible for an incentive payment. Reporting will continue for all episodes.

- Asthma ([definition](#), [DBR](#), [code sheet](#))
- COPD ([definition](#), [DBR](#), [code sheet](#))
- Perinatal ([definition](#), [DBR](#), [code sheet](#))
- Acute percutaneous coronary intervention episodes ([definition](#), [DBR](#), [code sheet](#))
- Non-acute percutaneous coronary intervention episodes ([definition](#), [DBR](#), [code sheet](#))
- Total joint replacement ([definition](#), [DBR](#), [code sheet](#))

Wave 2: Reporting will begin for the episodes listed below in 2016. The performance period will begin January 1st, 2016.

- Appendectomy ([definition](#), [DBR](#), [code sheet](#))
- Cholecystectomy ([definition](#), [DBR](#), [code sheet](#))
- Colonoscopy ([definition](#), [DBR](#), [code sheet](#))
- Esophagogastroduodenoscopy ([definition](#), [DBR](#), [code sheet](#))
- Gastrointestinal bleed ([definition](#), [DBR](#), [code sheet](#))
- Upper respiratory infection ([definition](#), [DBR](#), [code sheet](#))
- Urinary tract infection ([definition](#), [DBR](#), [code sheet](#))

[Risk Adjustment Document](#): Detailed description of principles and process of risk adjustment.

Details for Providers:

- Episode quick reference tables
- Frequently Asked Questions
- “Wave 1 & 2” episode definitions, business requirements, code sets, and risk adjustment
- Risk adjustment methodology