



**Department
of Health**

**Office of
Health Insurance
Programs**

Welcome to Value Based Payment Bootcamp

**#NYSLearnsVBP
@NewYorkMRT**

October 10, 2018

VBP Refresher & Principles

Refresher: VBP Arrangements

- **General Population Approach**
- **Specialty Population Approach**
 - Behavioral Health
 - HIV/AIDS
 - Managed Long Term Care
 - Intellectually & Developmentally Disabled
- **Integrated Primary Care**
 - (Preventive Care, Sick Care, 14 chronic Conditions)
- **Maternity**
 - (Pregnancy, Delivery, Post Delivery (Mom & Baby))



Diabetes, Depression, Anxiety, Trauma, Substance Use Disorder, bi-polar disorder, Lower back pain, hypertension

Key Takeaway:

Care integration and coordination will make VBP contracts successful in these arrangements

Refresher: VBP Risk Levels

In addition to choosing which integrated services to focus on, Managed Care Organizations and providers can choose different levels of Value Based Payments:

Level 0 VBP	Level 1 VBP	Level 2 VBP	Level 3 VBP
Activity Based Payments (ABP) with quality bonus and/or withhold based on quality scores	ABP with upside-only shared savings available when outcome scores are sufficient	ABP with risk sharing (upside available when outcome scores are sufficient)	Prospective capitation bundle (with outcome-based component)
Activity Based Payments	Activity Based Payments	Activity Based Payments	Prospective total budget payments
No Risk Sharing	↑ Upside Only	↑ Upside & ↓ Downside Risk	↑ Upside & ↓ Downside Risk

Key Takeaway:

Flexibility in contracting & sharing of data will support MCOs and providers in more advanced levels.

Refresher: VBP Standards

- Shared savings distribution must be based on at least one category 1 CAG measure.
- Level 2 & 3 contracts must include at least one community based organization (CBO) and social determinant of health intervention (SDH)
- The population being served w/in the arrangement must be defined based on an agreed upon attribution methodology.
- Must include a target budget

Key Takeaway:

While the VBP Roadmap establishes standards that shape the individual VBP arrangements, MCOs and providers have flexibility to shape their arrangements within those standards.

VBP Principles

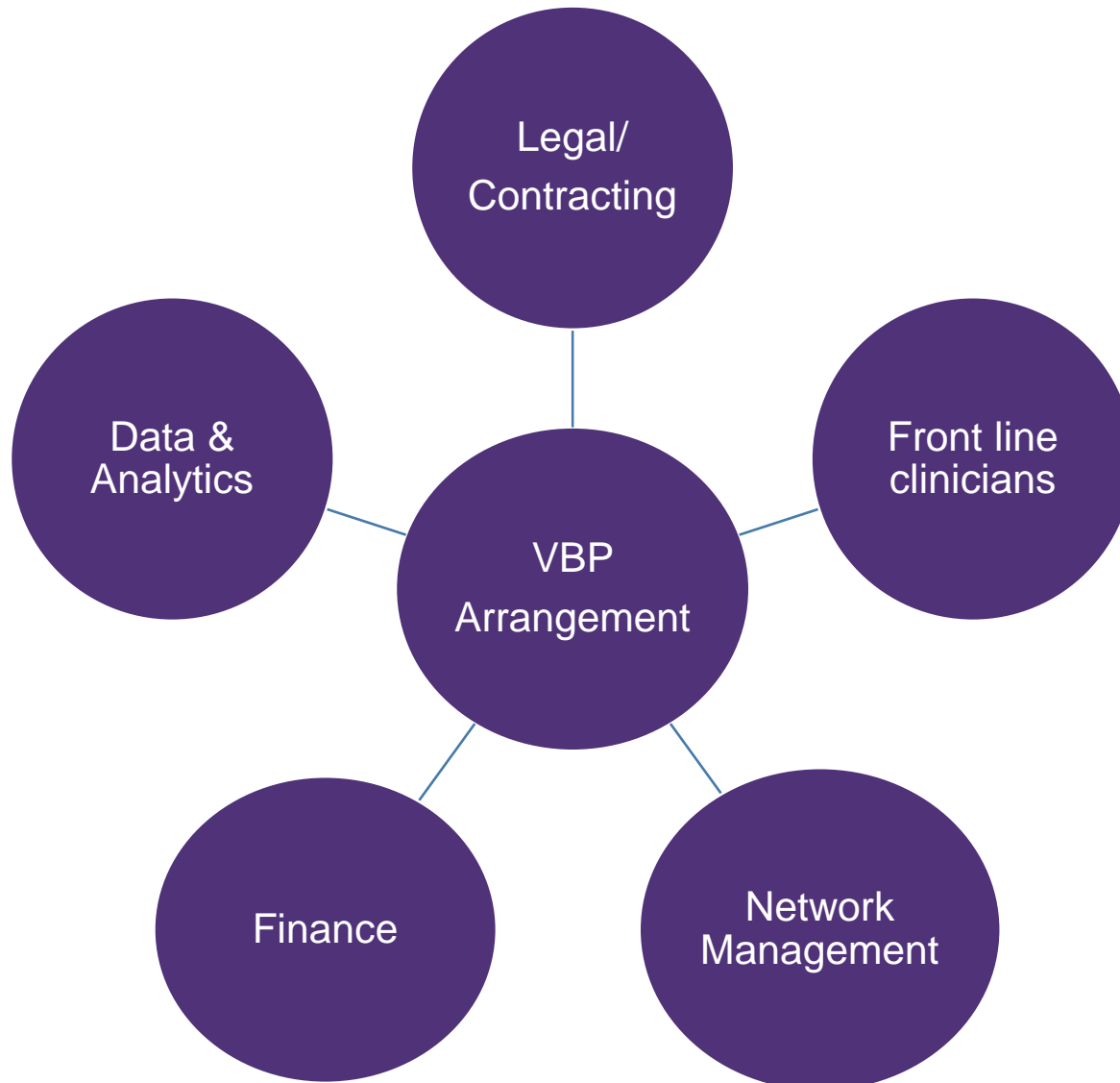
As we get started... keep in mind a few guiding principles

VBP is transformation in the way we think about health care and Medicaid. It drives us to:

- a) **Improve the overall quality of care** (Think NYS' VBP arrangements and population health)
- b) **Focus on the root causes of poor health** (Think Social Determinants of Health and the importance in VBP)
- c) **Evaluate appropriate levels of care** (Think value of care over volume of care)
- d) **Improve the patient experience** (Think quality outcomes tied to the NYS VBP arrangements)
- e) **Create a mechanism to reinvest in our health care system** (Think shared savings and the opportunity to reinvest in infrastructure, capacity, delivery of care, etc., a cornerstone of the NYS VBP program.)
- f) **Reduce cost and increase efficiency** (Think about rewards based on quality improvements and increased efficiency)
- g) **Enable and encourage innovation...** (Think flexibility and cutting edge practices in the system to address root causes of poor health)

These are all key principles of NYS' VBP program, keep them in mind throughout the day

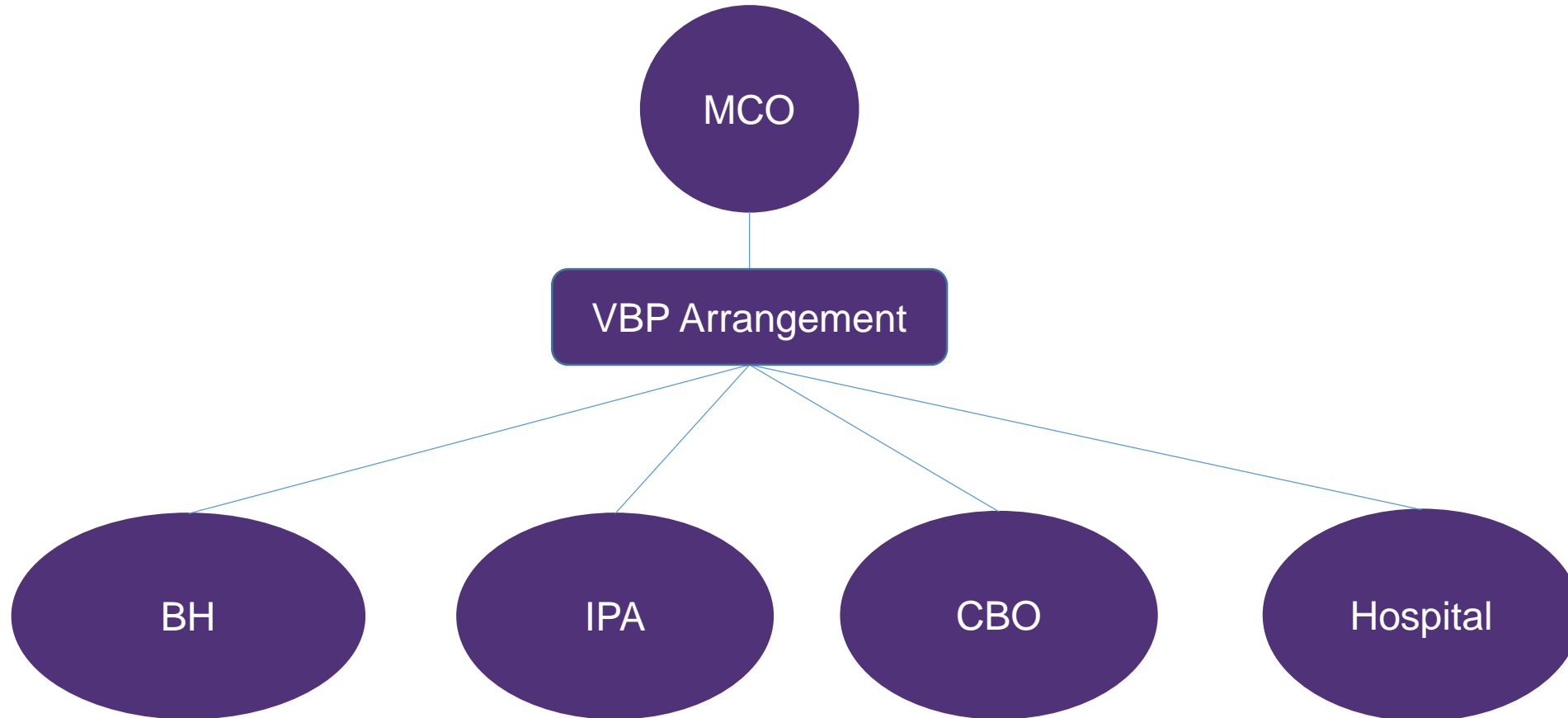
Organizational Transformation



Key takeaway:

Assess your organizational structure and maximize integration to support your VBP arrangement.

Care Integration & Partnerships



Key takeaway:

Strong partnerships between different provider types will support population health interventions. The ability to address the full spectrum of care for an individual is critical in TCGP arrangements.

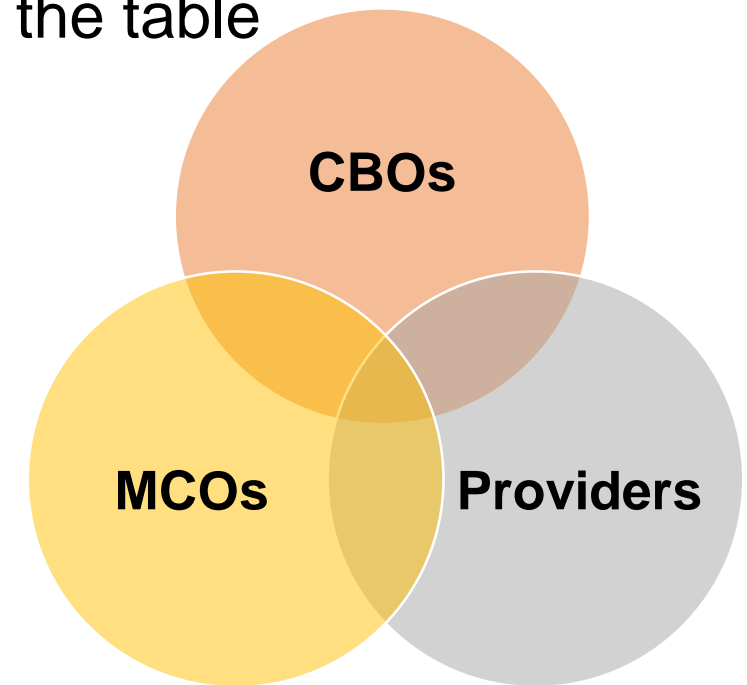
Key takeaways

It is important to understand the overarching finance structure when negotiating your contract.

- Lead VBP Contractors:
 - Consider if stimulus funds are available as a result of your engagement in the transition to VBP
 - Consider how you impact efficiency and quality of care
- Provider Partners or downstream providers contracting with the Lead VBP Contractor:
 - Consider the services you provide and the impact on potential for shared savings, and understand your value proposition.
 - Consider your role in addressing social determinants of health. You support MCOs and Lead VBP Contractors fulfill a VBP Roadmap requirement!
- All parties:
 - Understand the population you serve and how your organization has supported and will continue to support quality health outcomes for your population.

SDH Interventions & Engaging CBOs

- Engage MCOs, providers and other CBOs (Early & often)
- Highlight opportunities to bring 3rd party investment to the table
 - Philanthropic funding
 - Private investment
- Define your intervention
 - Value proposition
 - Overlap in service area and attributed population



Key Takeaways

- Build Partnerships
- Engage Early and Often
- Be flexible in your VBP arrangement
- Determine your organization's pathway forward



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Social Determinants of Health and Community Based Organizations

Denard Cummings, Director
OHIP/DPDM/BSDH

October 2018

Agenda

- Quick review of VBP Roadmap Requirements
- Innovative SDH Interventions
- Highlight from 2018 SDH Summit
- VBP Readiness for CBOs
- Creating Effective Partnerships

Social Determinants of Health- VBP Roadmap Standards & Guidelines

Standard: Implementation of SDH Intervention



*“To stimulate VBP contractors to venture into this crucial domain, VBP **contractors in Level 2 or Level 3 agreements will be required**, as a statewide standard, **to implement at least one social determinant of health intervention**. Provider/provider networks in VBP Level 3 arrangements are expected to solely take on the responsibilities and risk.” (VBP Roadmap, p. 41)*

Description:

VBP contractors in a Level 2 or 3 arrangement must implement at least one social determinant of health intervention. Language fulfilling this standard must be included in the MCO contract submission to count as an “on-menu” VBP arrangement.

Guideline: SDH Intervention Selection



*“The contractors will have the flexibility to decide on the type of **intervention** (from size to level of investment) that they implement... The guidelines recommend that selection be based on information including (but not limited to): SDH screening of individual members, member health goals, impact of SDH on their health outcomes, as well as an assessment of community needs and resources.” (VBP Roadmap, p. 42)*

Description:

VBP contractors may decide on their own SDH intervention. Interventions should be measurable and able to be tracked and reported to the State. SDH Interventions must align with the five key areas of SDH outlined in the *SDH Intervention Menu Tool*, which includes:

- 1) Education,
- 2) Social, Family and Community Context,
- 3) Health and Healthcare
- 4) Neighborhood & Environment and
- 5) Economic Stability

Social Determinants of Health – In Action!

- According to America's Health Insurance Plans (AHIP) Addressing Social Determinants has led to a 26 percent decrease in emergency spending
- WellCare recognized an additional 10 percent reduction in healthcare costs roughly \$2,400 in annual savings per person – for people who were successfully connected to social services compared to a control group.
- Montefiore Health System in the Bronx has tackled the social determinants of health by investing in housing, a move that has cut down on emergency room visits and unnecessary hospitalizations for an annual 300 percent return on investment.



1. What Montefiore's 300% ROI from social determinants investments means for the future of other hospitals. (n.d.). Retrieved from <https://www.healthcarefinancenews.com/news/what-montefiores-300-roi-social-determinants-investments-means-future-other-hospitals>

Community Based Organizations (CBOs)- VBP Roadmap Standards & Guidelines

Standard: Inclusion of Tier 1 CBOs



*“Though addressing SDH needs at a member and community level will have a significant impact on the success of VBP in New York State, it is also critical that community based organizations be supported and included in the transformation. It is therefore a **requirement** that **starting January 2018, all Level 2 and 3 VBP arrangements include a minimum of one Tier 1 CBO.**”*
(VBP Roadmap, p. 42)

Description:

Starting January 2018, VBP contractors in a Level 2 or 3 arrangement **MUST contract with at least one Tier 1 CBO**. Language describing this standard must be included in the contract submission to count as an “on-menu” VBP arrangement.

This requirement **does not preclude VBP contractors from including Tier 2 and 3 CBOs in an arrangement to address one or more social determinants of health. In fact, VBP Contractors and Payers are encouraged to include Tier 2 and 3 CBOs in their arrangements.**

Tier 1, Tier 2, and Tier 3 CBO Definitions

01

Tier 1 CBO

- Non-profit, **non-Medicaid billing**, community based social and human service organizations
 - e.g. housing, social services, religious organizations, food banks
- *All or nothing*: All business units of a CBO must be non-Medicaid billing; an organization cannot have one component that bills Medicaid and one component that does not and still meet the Tier 1 definition

02

Tier 2 CBO

- Non-profit, **Medicaid billing**, non-clinical service providers
 - e.g. transportation provider, care coordination provider

03

Tier 3 CBO

- Non-profit, **Medicaid billing**, clinical and clinical support service providers
- Licensed by the NYS Department of Health, NYS Office of Mental Health, NYS Office for Persons with Developmental Disabilities, or NYS Office of Alcoholism and Substance Abuse Services.

Use the **CBO list** on [DOH's VBP website](#) to find CBOs in your area

Innovative SDH CBO Projects

A.I.R NYC and HealthFirst

- A two part intervention that focuses on improving engagement and self-management for pediatric asthma patients. CHWs perform health education and home environment assessment to identify triggers. Also assess for other SDH needs and make appropriate referrals.

ArchCare Community Life and Catholic Managed Long Term Care Inc.

- Timebank connecting plan members with volunteers to provide companionship. Goal is to prevent loneliness, depression and prevent hospitalization among the elderly.

Schenectady City Mission and Eddy Senior Care

- Empower Health program, provides ambassadors and health coaches to engage with clients in the field to access their needs and then provide immediate referral to community resources and/or refer client to a Health Coach for addition support. Intervention helps clients navigate and address SDH needs such as housing, food, transportation, health insurance, and accessing primary care..

Northern Manhattan Improvement Corporation and SOMOS

- Intervention focuses on assisting patients to maximize entitlement support, incentivize medication adherence and to mitigate the impact of housing and food insecurity through direct service delivery and referrals. Intervention will target the top 5% high utilizers that consume approximately 50% of the total medical expenditure.

DOH has approved 45 SDH CBO contracts to date

SDH Innovations Summit

DOH launched a first of its kind initiative to identify innovative ideas that effectively address Social Determinants of Health (SDH) for Medicaid members across the State.

- The SDH Innovations Summit was held in NYC on September 26
- The event was attended by 600 health systems, philanthropist groups, community based organizations, consulting firms, government representatives, and IT solution companies.
- Nine finalists presented their innovations to a panel of field experts and the summit attendees
- Awarded categories included: Community Based Organizations, Health Providers and Technology Solutions.
- 20 other organizations presented their innovations in a poster board session.
- Innovations will be posted on SDH CBO Website (www.health.ny.gov/mrt/sdh)

Top Innovations- Community Based Organizations

God's Love We Deliver

Addressing food insecurity through the delivery of medically tailored meals and medical nutrition therapy to more rural and other high-need populations using a food-safe shipping carrier, and for using telemedicine to deliver nutritional assessment and counseling to individuals.

Northwest Bronx Community & Clergy Coalition

Collaboration with regional health information organizations to reduce the exacerbation of asthma symptoms for patients at high risk of emergency room and hospital admissions, who are also living in "hot spot" multi-family buildings in the north and central Bronx.

Rural Health Network of South Central New York

Fruit and Vegetable Prescription Program, which helps to prevent and manage chronic diet-related diseases, and screens and connects patients with community-based preventative and management healthcare services.

Top Innovations- Healthcare Provider Category

ArchCare	Creation of Timebank, a free volunteer service exchange program that empowers socially isolated New Yorkers, to meet their own needs and those of their neighbors by sharing their talents and time through a supportive community network.
Community Services, Family Health Centers of NYU Langone	Creation of the Full Community School approach, which is both a place and a set of partnerships between a public school and other community resources to focus on academics, youth development, family support, health and social services and community development with the goals of improved student learning, stronger families and healthier communities.
Montefiore Health System	System-wide, three-pronged approach of systemically and routinely conducting social determinant of health screenings, using an evidence-based referral tool to link patients to community-based organization services, and supporting community based organizations by providing them with training, coaching, and tools.

Top Innovations- Technology Solutions Category

Socially Determined

Created a holistic model of the population by fusing clinical, claims, public and commercial data to develop a social determinants of health risk index. Based upon the social and clinical needs of the population, specific cohorts are identified to be at risk. Interventions are then designed to improve the populations' social and health outcomes.

Unite Us

Healthy Together Referral Network which connects medical and community-based systems together for referral and care management through real-time electronic referrals, in-app messaging and notifications, as well as a shared social determinants of health dashboard that ensures all providers have access to the same information for the population they serve.

Village Care

Recognized for the creation of the Rango program, a technology-based medication adherence and patient engagement program available via smartphone app and web browser that has been effective in empowering individuals living with HIV to better manage their condition.

Community Based Organization- VBP Readiness

How To Get Involved

- **Understand Community Needs**
- **Know Your Key Community Partners:**
 - Performing Providers Systems (PPS)
 - Managed Care Organizations (MCOs)
 - Large Provider Systems
 - CBOs
- **Understand the Local VBP Level 2 or 3 Arrangements**
 - TCGP, IPC, Maternity, HIV/AIDS, HARP, MLTC
- **Use Data to Determine the SDH Intervention Needed**
 - e.g. Housing, Nutrition, Health-based Housing Design
- **Leverage Existing Resources**
 - CBO Planning Grantees, CBO Consortia and Hubs
- **Develop Your Value Proposition**



Reach out Often and Engage your Existing Partners to get Involved!

Developing a Value Proposition

A value proposition is a promise of value to be delivered. It's the primary reason a prospective VBP contractor or MCO will want to work with your organization. Your proposition must explain how your services will align with and add to the success of the VBP arrangement (relevancy). The key questions to answer when developing a proposition are:

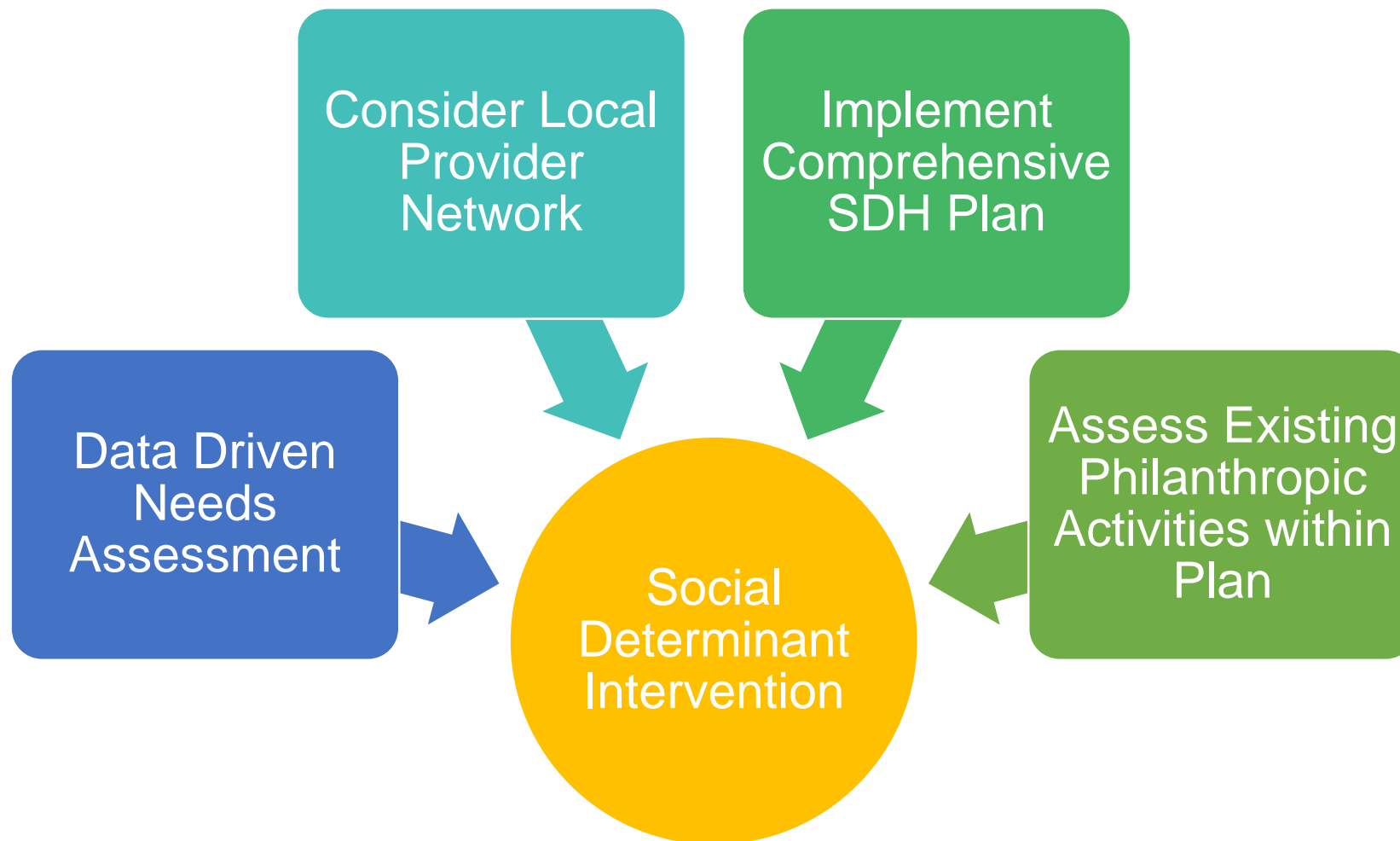
1. What is the community need and how does that overlap with the MCO's membership?
2. What services does your organization provide?
3. Who are your community partners?
4. How much does it cost to do what you do?
5. How does the service and geographic reach provide value to the arrangement/ Medicaid population?

What are VBP contractors looking for?

- CBOs that have a strong relationship with the local community and understand the root causes of poor health among their population
- A partnership that provides value and aligns with their goals and objectives
- An intervention that can make a measurable impact on their population
- CBOs that have subcontracts to other CBOs and can coordinate social services for them
- An intervention that is flexible and can be scaled up as savings are recognized

Creating Partnerships in VBP

Pathway to SDH Intervention Implementation



The NYS DOH website has a CBO Directory!



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Foundation of Creating Effective Partnerships

1. Have all the key decision makers at the table
2. Utilize clear and concise contracting terms that address: terms, parties, scope of project, geographical locations, payment method or fee structure, reporting and data
3. Create measurements and milestones for project
4. Share data between the Plan, VBP Contractor and CBO
5. Meet on a regular basis to check in on the progress of the SDH project and modify as needed

SDH Intervention and CBO Contract Template

- Template must be submitted and approved in order for contract to be considered Level 2 or 3 VBP arrangement.
- MCO's should submit the SDH/CBO Template with their DOH- Form 4255 to Contract@health.ny.gov
- MLTC's should submit their SDH/CBO Template directly to the MLTC team at MLTCcontract@health.ny.gov.

SDH/CBO Template can be found here: www.health.ny.gov/mrt/sdh

Thank you!

Contact Information: SDH@health.ny.gov

Our Website: <https://www.health.ny.gov/mrt/sdh>

VBP Quality Measurement

Role of Quality in VBP

How is VBP Different from the Current Payment Structure?

Upside and Downside Risk-Sharing Arrangements (Guideline)

Quality Measure Categorization

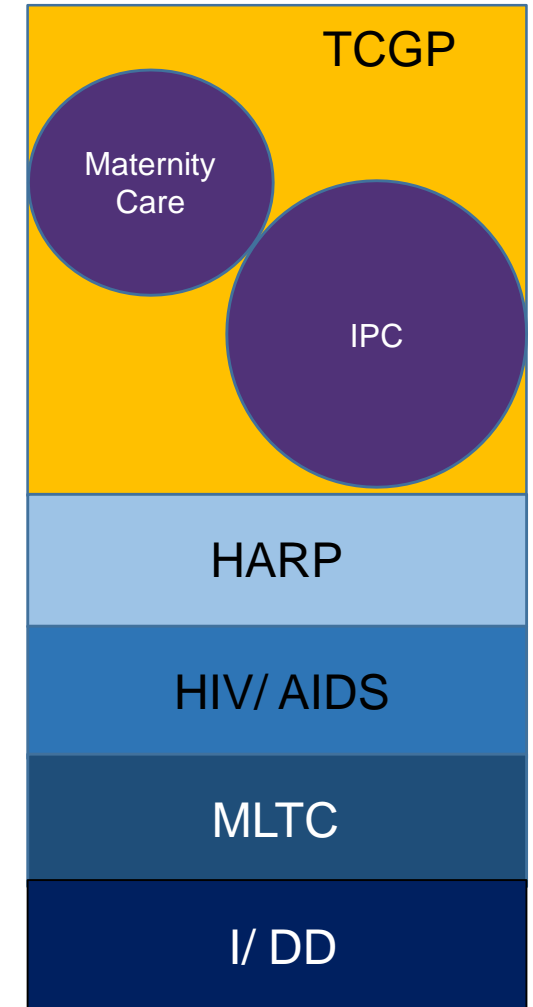
VBP Quality Measure Set Annual Review

Quality Measure Prioritization: Goals for MY 2019

Key Considerations When Including Quality Measures in Your VBP Contract

Role of Quality in VBP

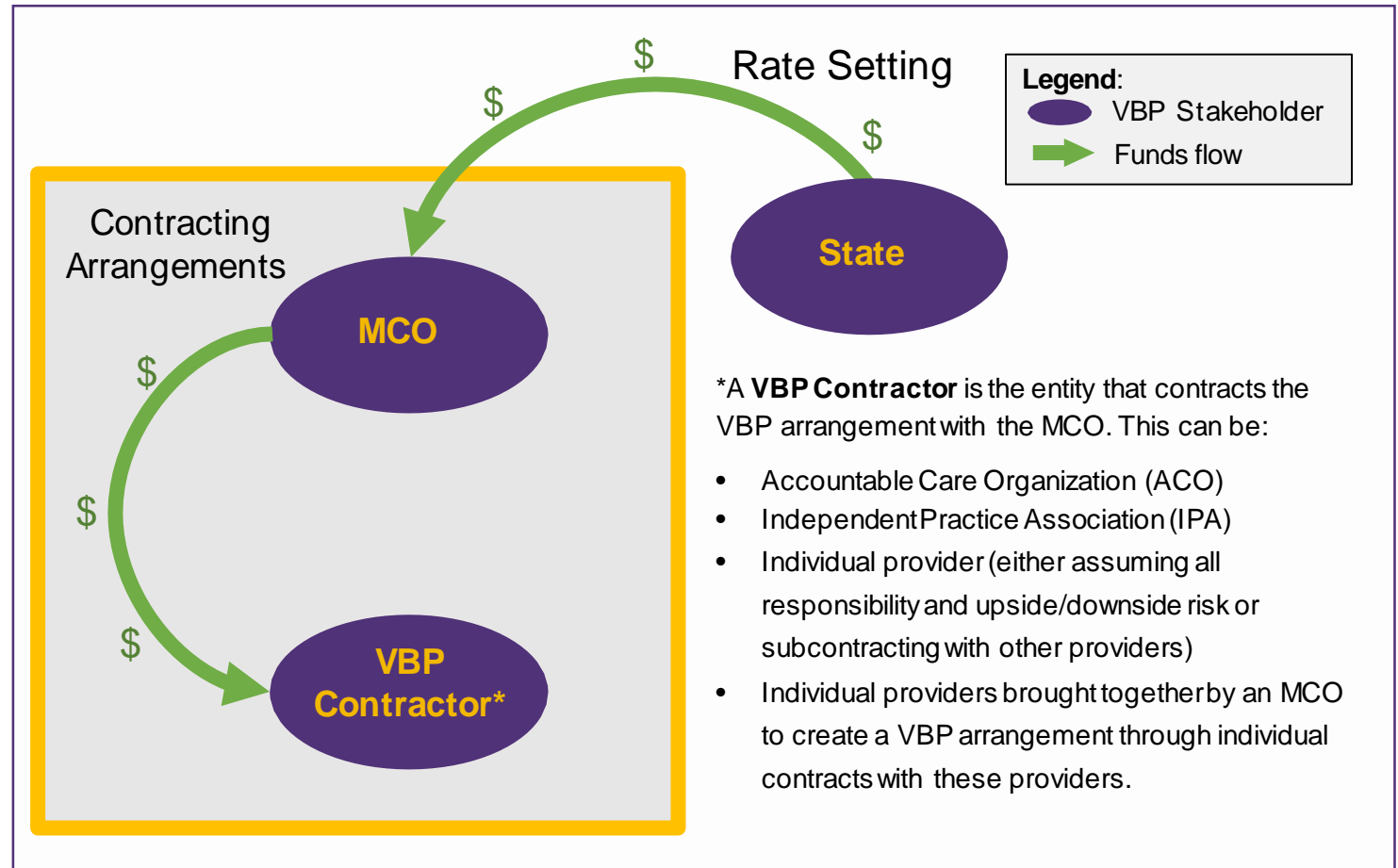
- MCOs and VBP Contractors select which arrangements might be appropriate for their population.
- MCOs and VBP Contractors must report on quality measures associated with their selected arrangement(s).
 - The arrangement specific measure sets and fact sheets are available on the [VBP Resource Library](#).
- The quality measure results are intended to be used to determine the amount of shared savings/losses for which VBP contractors are eligible.
 - Adjustments are based on performance against agreed upon targets for selected quality measures.
 - Quality measurement is applied to the entire attributed population, not just a sample of patients seen at a practice site.



Today's Discussion Will Focus on the VBP Contractor to Managed Care Organization (MCO) Relationship

Role of Quality Measures in VBP Contracting

- According to VBP Contracting Guidelines, quality performance impacts the target budget set by the MCO for the VBP Contractor.
- Quality Performance also determines percentages of savings / losses shared with VBP contractor.



Note: A PPS is not a legal entity and therefore cannot be a VBP Contractor. However, a Performing Provider System (PPS) can form one of the entities above to be considered a VBP Contractor.

How is VBP Different from the Current Payment Structure?

VBP considers both *quality* and *efficiency* to incentivize high-quality, cost-effective provision of care.

- Efficiency component - A **target budget** is set at the beginning of the year, against which costs (expenditures) are reconciled at the end of the year.
 - Services may be reimbursed as *fee-for-service* as they are now, or as a *per member per month (PMPM)* prospective payment.
- Quality component - A **percentage of performance measures** on the attributed population (those included in the arrangement) **must be passed** to share in any savings (or to determine the percentage of losses that must be made up).

Upside and Down Side Risk Sharing Arrangements (Guideline)

- While VBP encourages efficiency, **quality** is paramount!
- No savings will be earned without meeting minimum quality thresholds.

Quality Targets % Met goal	Level 1 VBP Upside Only	Level 2 VBP	
		Upside when actual costs < budgeted costs	Downside when actual costs > budgeted costs
> 50% of Quality Targets Met	50% of savings returned to VBP contractors	Up to 90% of savings returned to VBP contractors	VBP contractors are responsible for up to 50% losses
<50 % of Quality Targets Met	Between 10 – 50% of savings returned to VBP contractors (sliding scale in proportion with % of Quality Targets met)	Between 10 – 90% of savings returned to VBP contractors (sliding scale in proportion with % of Quality Targets met)	VBP contractors responsible for 50-90 % of losses (sliding scale in proportion with % of Quality Targets met)
Quality Worsens	No savings returned to VBP contractors	No savings returned to VBP contractors	VBP contractors responsible for up to 90% of losses

Quality Measure Categorization

- Category 1 and 2 quality measures are recommended by the Clinical Advisory Groups (CAGs), accepted by the State, and approved by the VBP Workgroup.
- **At least one Category 1 P4P measure must be included in a VBP contract.**

The State classified each Category 1 measure as P4P or P4R:

Pay for Performance (P4P)

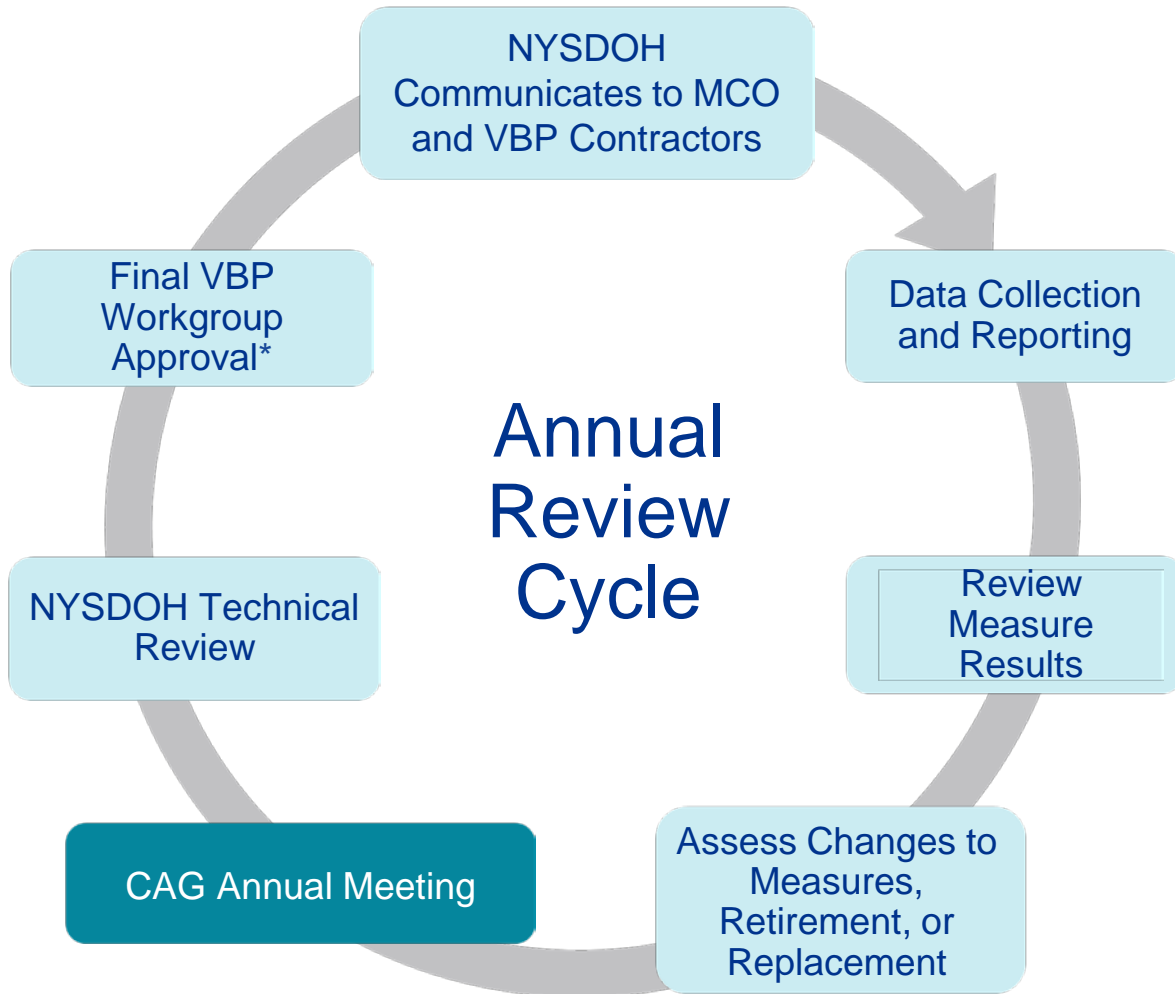
- Measures designated as P4P are intended to be used in the determination of shared savings amounts for which VBP Contractors are eligible.
- Performance on the measures can be included in both the determination of the target budget and in the calculation of shared savings for VBP Contractors.

Pay for Reporting (P4R)

- Measures designated as P4R are intended to be used by MCOs to incentivize VBP Contractors for reporting data to monitor quality of care delivered to members under the VBP contract.
- MCOs and VBP Contractors will be incentivized based on timeliness, accuracy & completeness of data reporting.

- Category 2 measures are P4R and are not required to be reported, with the exception of the VBP Pilots.

VBP Quality Measure Set Annual Review



Annual Review

Clinical Advisory Groups will convene to evaluate the following:

- Feedback from VBP Contractors, MCOs, and stakeholders; and
- Any significant changes in evidence base of underlying measures and/ or conceptual gaps in the measurement program.

New York State Department of Health (NYSDOH) and State Review Panel

- Review data, technical specification changes or other factors that influence measure inclusion/exclusion*;
- Review measures under development to test reliability and validity; and
- Review measure categorizations from CAG and make recommendations where appropriate (Cat. 1 vs. Cat. 2; P4P vs. P4R).

Quality Measure Prioritization: Goals for MY 2019

- Prioritize a focused list of high-value quality measures for VBP in MY 2019.
- Key Principles in measure prioritization:
 - Process → Outcome; and
 - Focus on efficient measurement.
- Goals
 - Focus on a core set of measures and minimize administrative burden for providers where possible;
 - Select measures compiled from clinical data, rather than claims, to allow for feedback loops from the measure result back into clinical decision-making; and
 - Align quality measurement efforts across stakeholder communities and State and Federal quality programs.
- **Gain agreement from statewide stakeholders and CMS to focus NYS quality measurement efforts on high-value measures applicable to all payers.**

Key Considerations When Including Quality Measures in Your VBP Contract

- Strong linkages between the clinical practice and the contracting office will be critical to prepare for negotiations with the MCOs.
- Things to consider and take inventory of, prior to contracting:
 - Current QI programs and quality reporting requirements;
 - Alignment with relevant [VBP Measure Sets](#);
 - Data analytics and collection capabilities;
 - Workforce redesign strategies implemented to free up physician and clinician direct service time;
 - Assessment of Administrative burden;
 - Plan for measuring baseline performance and setting performance goals;
 - A communication plan to report regularly back to Senior Leadership within Organization; and
 - Defined expectations and timeline for reporting measure data with MCO.
- Contracting parties should consider procedures for:
 - Validation of calculated performance rates;
 - Production of interim and final quality measure feedback reports; and
 - Process to request a review and correction of any perceived errors.

Thank you!

Please send questions and feedback to:

vbv@health.ny.gov



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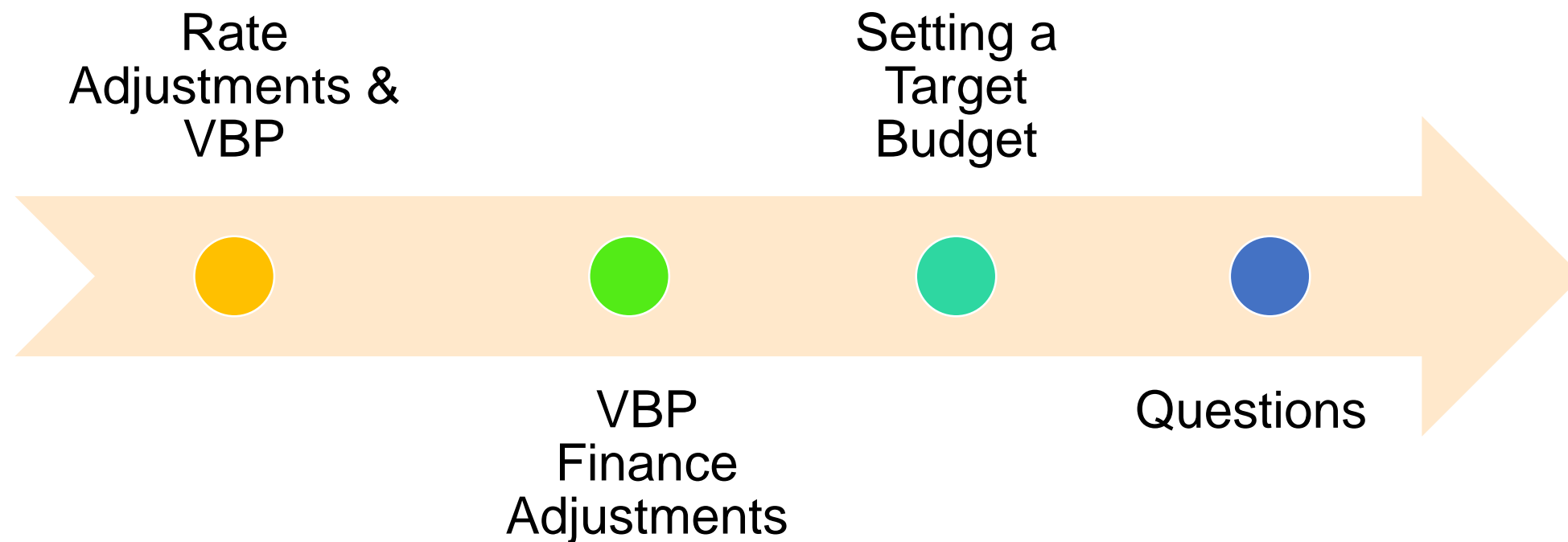
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VBP Financial Considerations

October 10, 2018

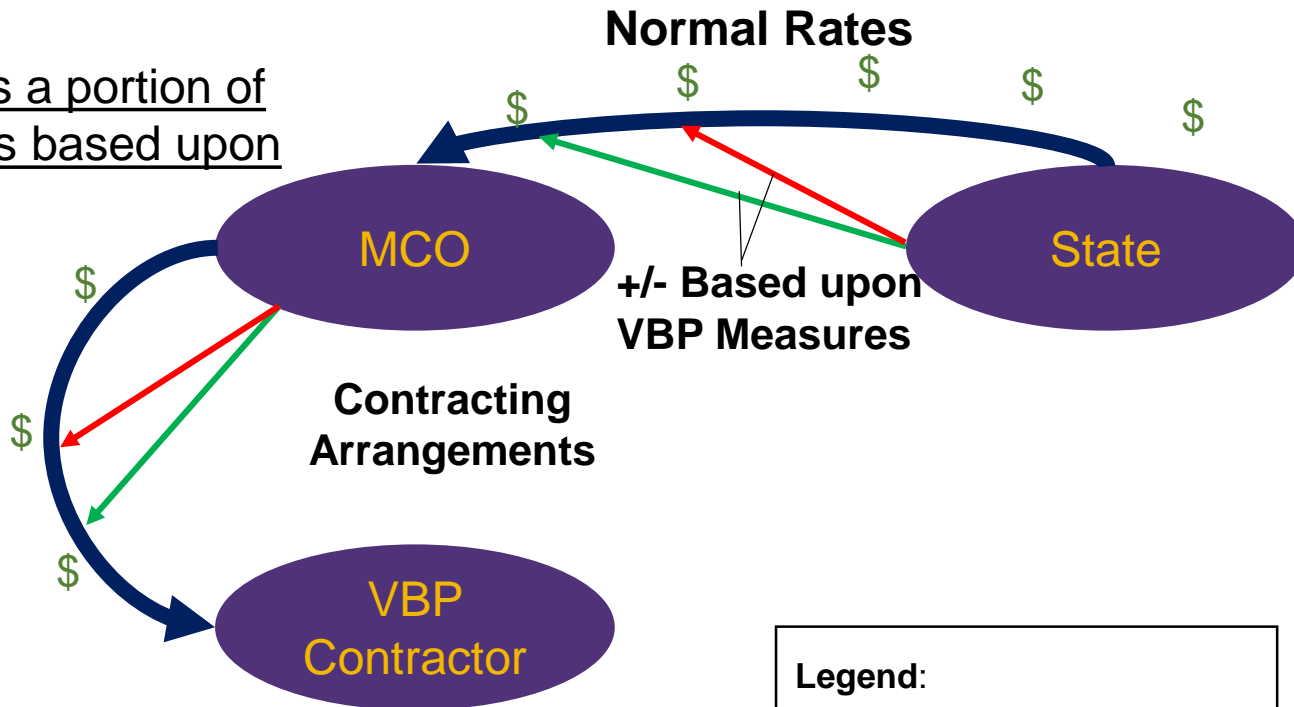
Today's Agenda



VBP Finance Adjustments

How do VBP Finance Adjustments influence the rates?

The MCO will pass a portion of these rate changes based upon VBP contracting

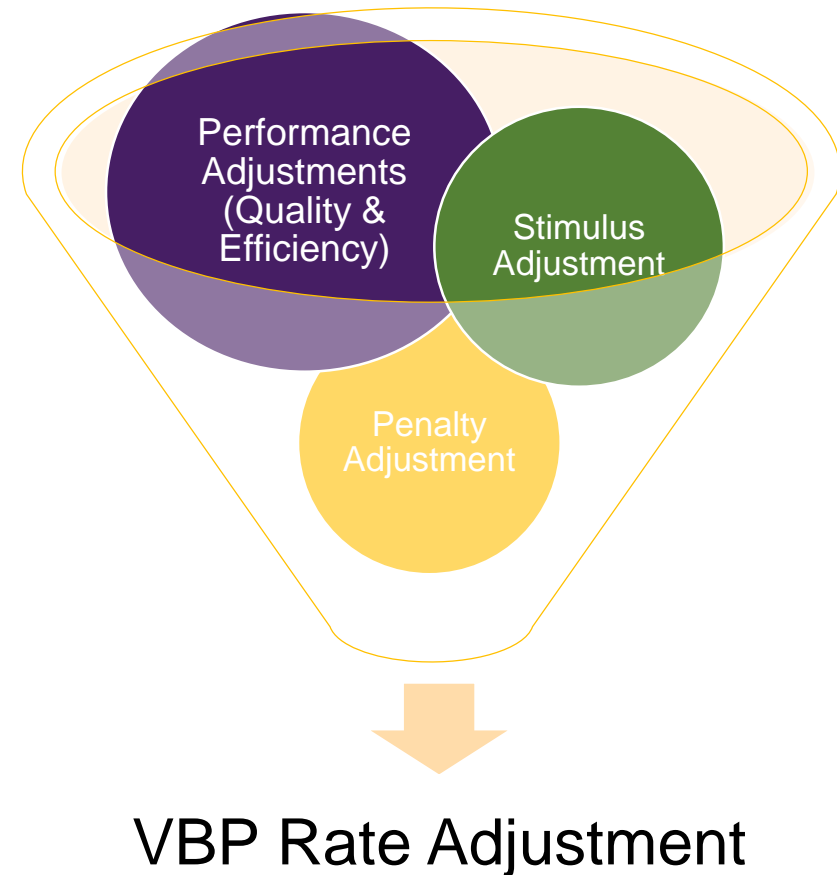


The State will change an MCO's rates based upon the VBP Finance Adjustments

A VBP Contractor is any entity that engaged in a VBP Contract with an MCO. This could be a hospital, provider group, or CBO

VBP Finance Adjustments

- ✓ There are 4 VBP Finance Adjustments
 - Stimulus Adjustment
 - Penalty Adjustment
 - Performance Adjustments
 - Quality Adjustment
 - Efficiency Adjustment*
- ✓ These adjustments will comprise the VBP Rate Adjustment, which will impact the rates paid to MCOs by the State



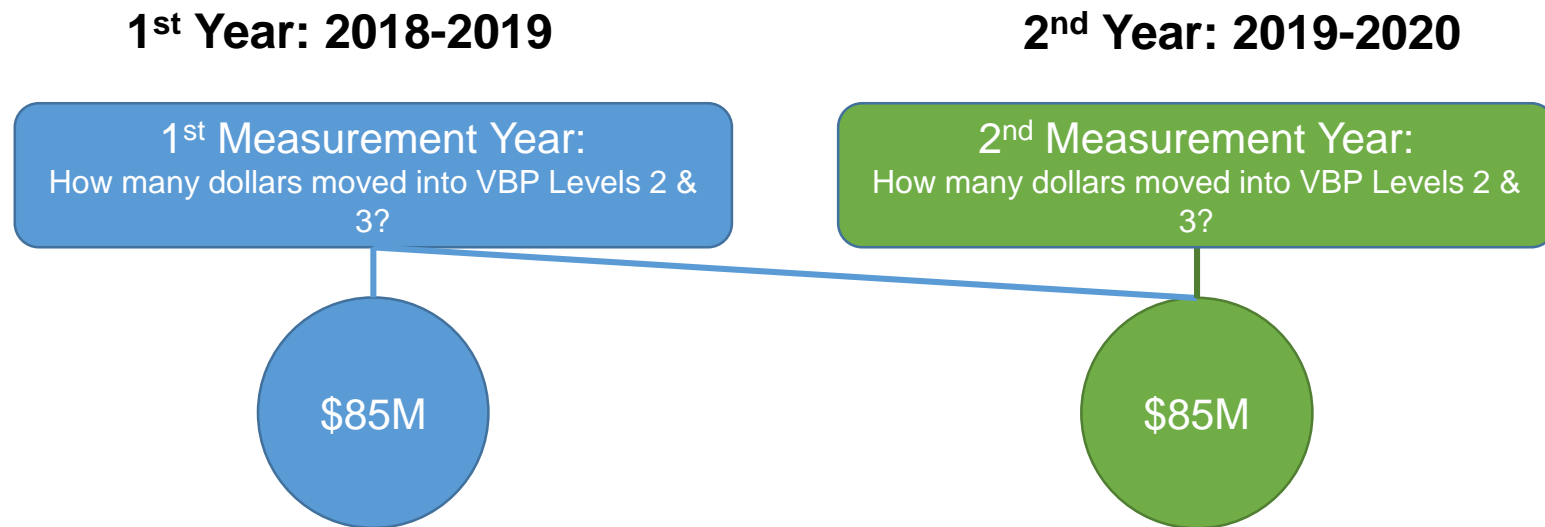
*Delayed until measurement period 2019

VBP Stimulus Adjustment

Description:

- **Goal of the Stimulus Adjustment:** intended to encourage MCOs and VBP contractors to engage in higher levels of VBP and undertake more risk.
- MCOs will receive an upward stimulus adjustment on new Level 2 or Level 3 arrangements. Stimulus payments will cease following the SFY 2019-2020 period. The VBP stimulus rate adjustment for MCOs aligns to the guideline for VBP Contractor adjustments
- The stimulus will apply only to new dollars moved into VBP Levels 2 or higher.

MCO Adjustments - Stimulus



Key Takeaway:

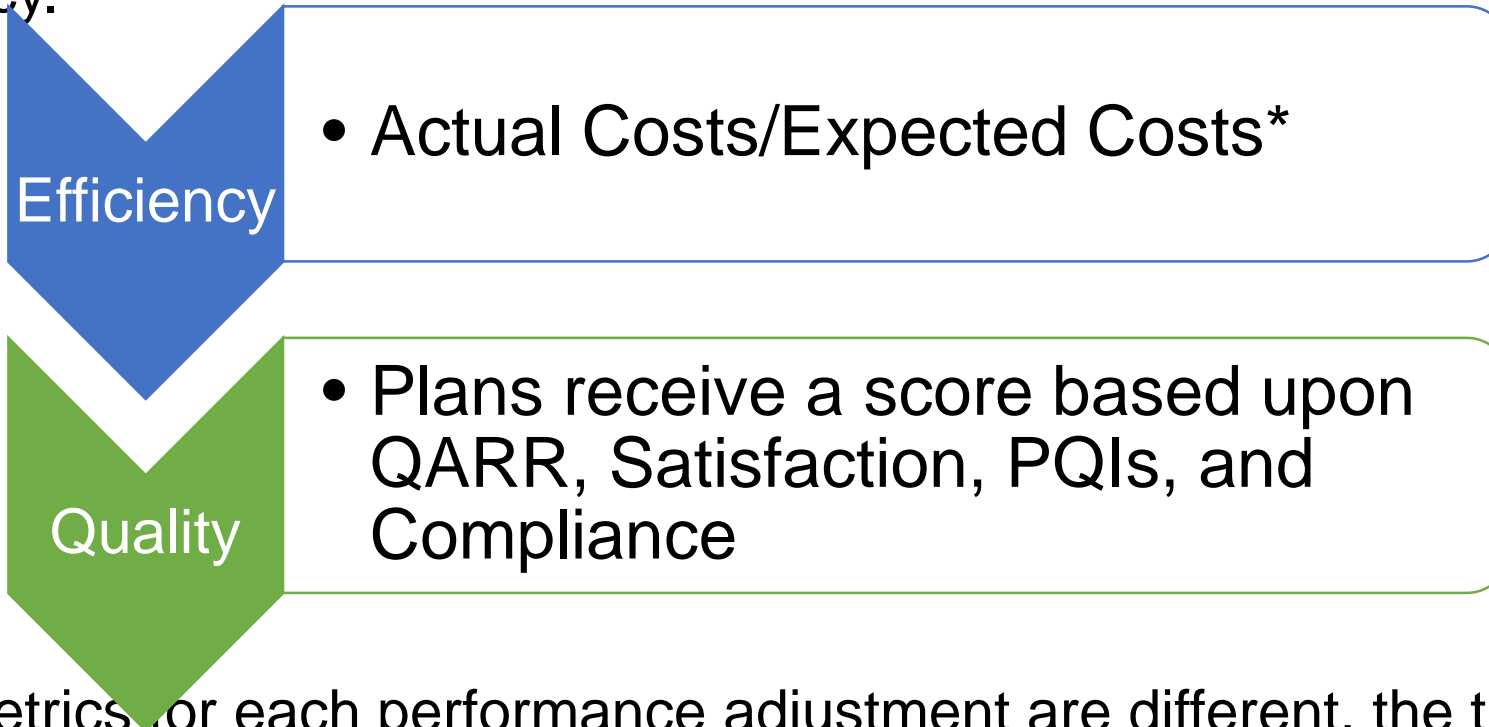
The measurement of stimulus during the 1st year has an impact on payments over 2 years.

- There exists a greater incentive to move dollars into VBP during the first year of stimulus
- Providers that are earlier adopters of VBP may benefit from a larger share of stimulus adjustments since they are contributing to an MCO earning stimulus

Performance Adjustments

Quality and Efficiency – Data gathering

For Performance Adjustments, MCOs will be incentivized based upon their Quality and Efficiency.



While the metrics for each performance adjustment are different, the tiering system is similar.

*Delayed until measurement period 2019

Example of Tiering, Quality

If you received the below scores in a certain baseline year,

Performance Scores	
Plan Name	MY 2016 Percent
MCO A	84
MCO B	64
MCO C	73
MCO D	36
MCO E	73
MCO F	36
MCO G	40
MCO H	64
MCO I	59
MCO J	35
MCO K	59
MCO L	51
MCO M	42
MCO N	57
MCO O	54



It would create these bins, based upon the spread of the data

Percentile Bins				
5%	25%	50%	75%	95%
-1.64	-0.67	Average	0.67	1.64
30.26253	44.9727	55.13333	65.29397	80.00413

STD (of S)
15.16512



Leading to these tiers for the performance year

Tier	Min	Max
1	80.004	100.000
2	65.294	80.003
3	44.973	65.293
4	30.263	44.972
5	0.000	30.262

VBP Penalty Adjustment

- **States Goal**: 80-90% of MMC spending in VBP Level 1 and over; 35% in Level 2 or 3 arrangements by 2020
- **Goal of the Penalty Adjustment**: Encourage MCOs and VBP Contractors to engage in higher levels of VBP and take on more risk
- Penalty Adjustment is expected to end prior to SFY 2021-2022
 - The penalty will apply to: Mainstream, HIVSNP, HARP plans, as well as MAP, PACE, and FIDA plans. The penalty percent is applied to the MCO's total medical and hospital spend of the MMCOR.

Penalty Adjustment

The VBP Penalty begins SFY 2018-19 and becomes more stringent over time

Penalties are levied on the value of the margin between the VBP contracting threshold and the plan's contracted amount



Year	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Penalty				Begin	More Stringent	Most Stringent		

VBP Penalties Begin SFY '18-19

Mainstream & Special Needs MCOs:

- **≥ 10% in VBP Level 1** or higher
- Measured on SFY 2017-18
- **Penalty = 2%**

VBP Penalties become more stringent SFY '19-20

Mainstream & Special Needs MCOs:

- **≥ 50% in VBP Level 1** or higher*
- **≥ 15% in VBP Level 2** or higher*
- If both penalties are incurred, then **only the larger penalty will be applied.**
- Measured on SFY 2018-19
- **Penalty = 2%**

VBP Penalties become most stringent SFY '20-21

Mainstream & Special Needs MCOs:

- **≥ 80% in VBP Level 1** or higher
- **≥ 35% in VBP Level 2** or higher
- If both penalties are incurred, then **both will be applied.**
- Measured on SFY 2019-20
- **Penalty = 2%**

*Targets are slightly modified for partially capitated MLTC plans

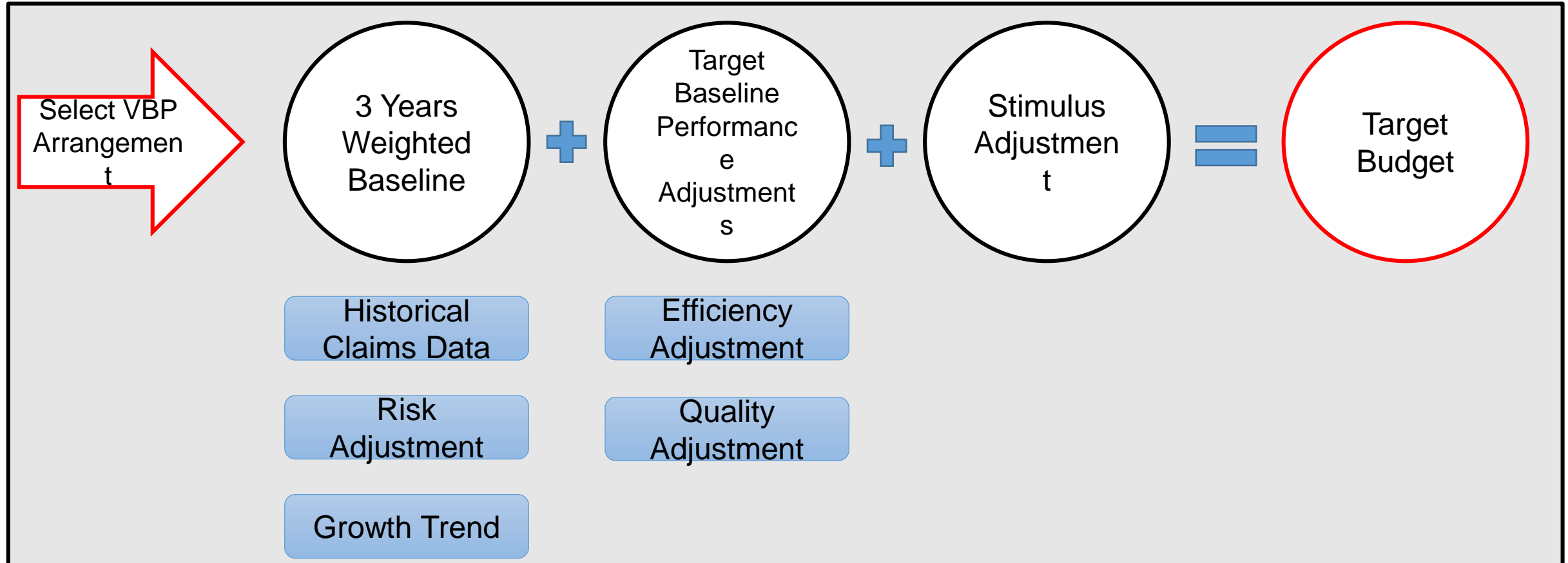


**Department
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**Office of
Health Insurance
Programs**

Target Budgets

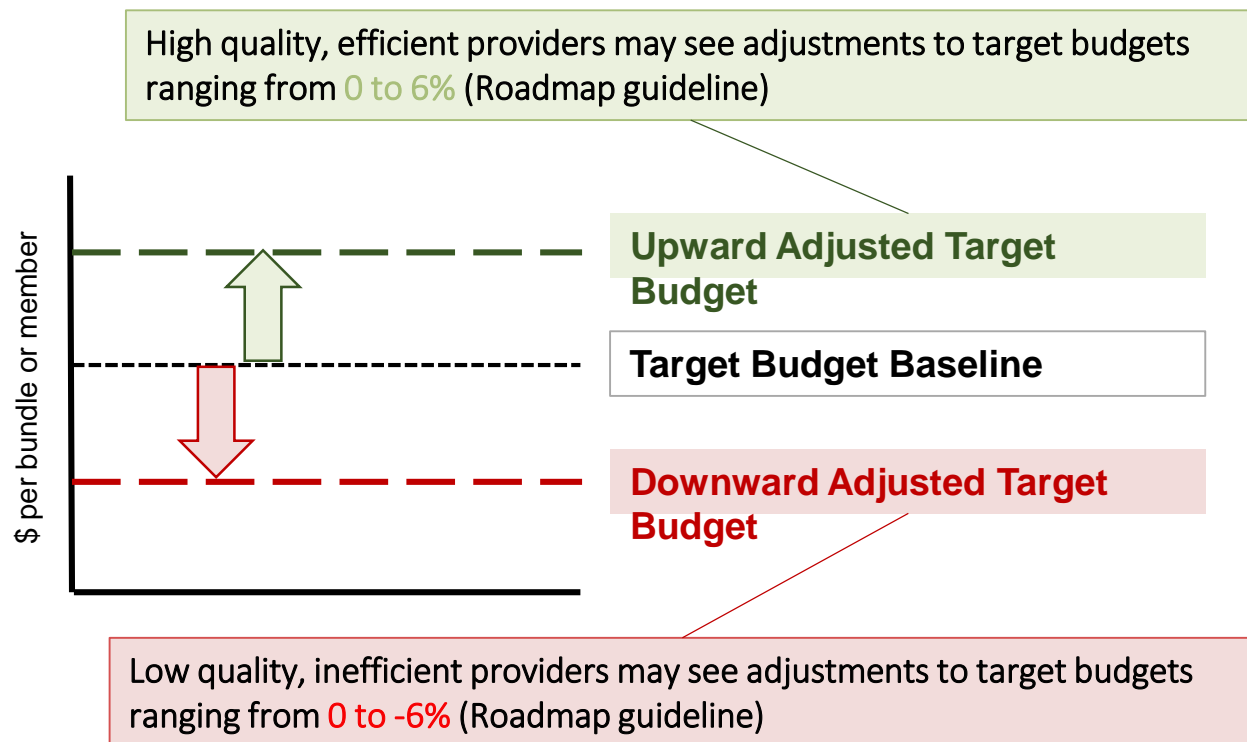
Target Budgets



Target Budgets

Provider Perspective

Performance related to efficiency and quality determines up- and downward MCO rate adjustments that are intended to be passed down to providers via target budget adjustments.



What is important for a provider to know?

- Initially, MCOs will only see a +/- 1% adjustment for performance; providers will want to keep in mind how much exposure the MCO is taking to performance adjustments when negotiating contracts.
- High quality providers have strong negotiating leverage. MCOs can only see a positive efficiency and stimulus adjustment if they meet minimum quality standards, so high quality providers are paramount.