Medicaid VBP: Background and Program Features

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State Medicaid VBP programs

Medicaid VBP program
- One VBP program
- Two VBP programs
- Three VBP programs

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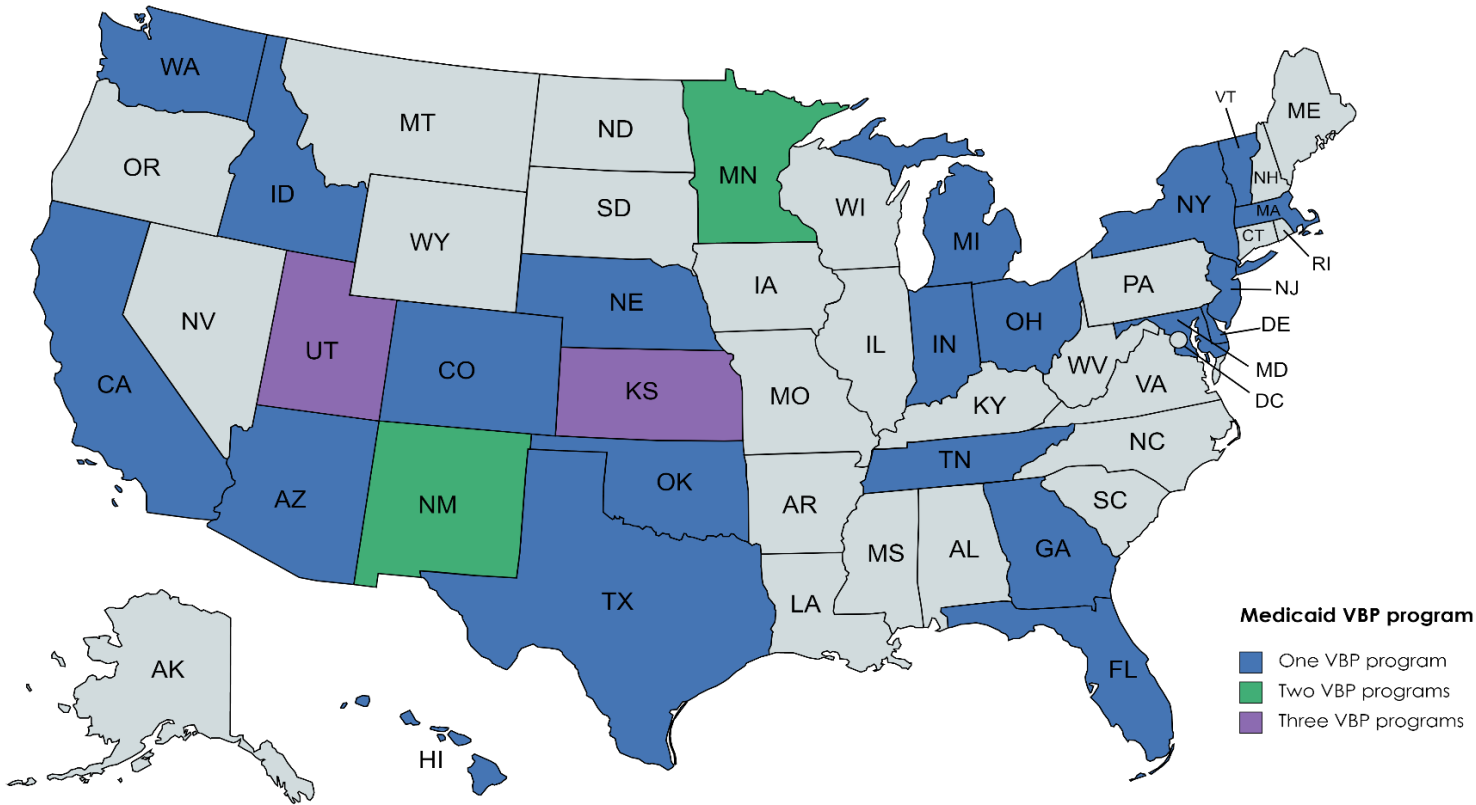
VBP Program Features

- Funding source for incentive pool
- Measures
- Assessing performance on measures
- Linking performance with payment

Questions to help create a VBP program

- How big is the incentive pool?
- Who should participate?
- How many measures?
- Which measures?
- Should any measures count more than others?
- Should there be any bonus measures?
- How do you want to assign points for each measure?
- How do you add the points together?
- How many payment tiers should there be?
- What should the cut points be for each tier?
- How much should the payment differ between tiers?

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Funding VBP program

Incentive Pool
Best Practices

- Creating new pool of additional funds vs using a withhold

- Stability of funding over time

- Results in sufficiently large enough payment to support a change in practice to achieve higher quality
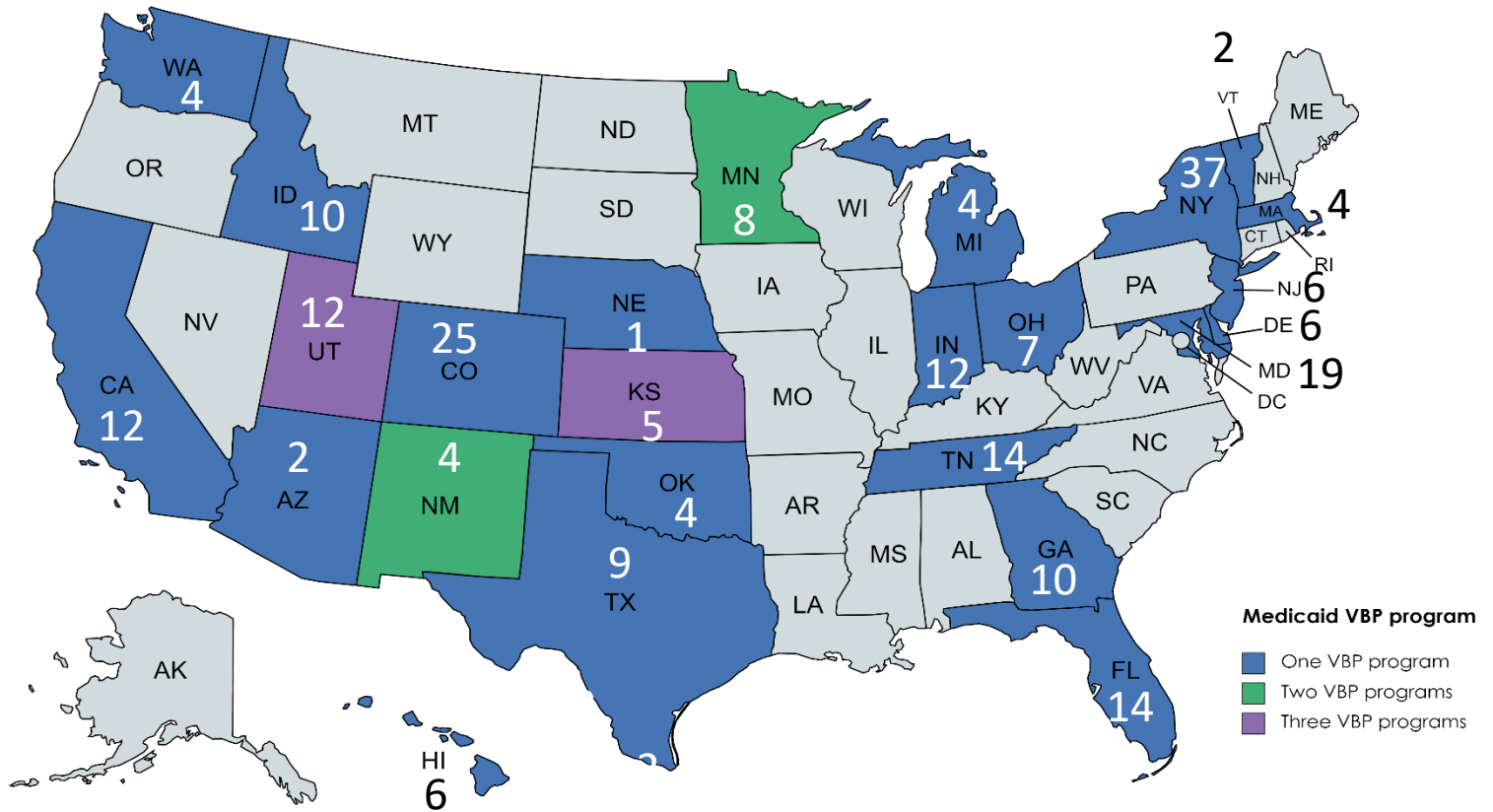
Selecting Quality Measures

Measures Used in State Medicaid VBP

Measures used most frequently in 24 state with Medicaid VBP

- o Pressure ulcer   16
- o UTI   12
- o Antipsychotic use   11
- o Staffing   9
- o Hospitalization   8
- o Satisfaction   8

Measures used by State Medicaid VBP programs

Median is 4-6 measures

Assessing Performance

Best Practices Assessing Performance

- Predictability and transparency
- Assign points for achievement on each measure
  - Use clinical or existing benchmarks (e.g., CMS five star)
- Use 3-4 tiers to assign points that can also factor in improvement
  - Two tiers discourage improvement
  - Too many tiers (e.g., 5 or more) result in point changes due to random variation rather than changes in quality

Linking Performance to Payment

Overview Options & Best Practices

- Link Payment to aggregate performance
  - (better than linked to individual metrics)
- Aggregate performance divided into tiers with each tier associated with a VBP payment amount
- Determine size of payment for each tier of achievement
  - Payment linked to Medicaid days
- Provide option for
  - Bonus points
  - Providers caring for special populations

Tier Payment Formula

Payment Calculation =

| NF's Tier Adjustment Factor | X | Total Medicaid Days per NF | X | Medicaid per day $ Incentive |