

Senate Bill 147 – Payment Reform Pilot Program for Federally Qualified Health Centers

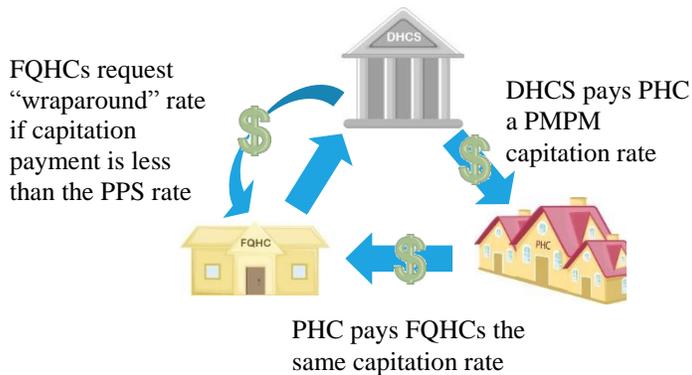
Summary

Senate Bill 147 authorizes the Department of Health Care Services (DHCS) to conduct an Alternative Payment Methodology (APM) pilot, beginning no earlier than July 1, 2016. The APM pilot will provide flexibility and incentives to Federally Qualified Health Centers (FQHCs) to deliver high quality care.

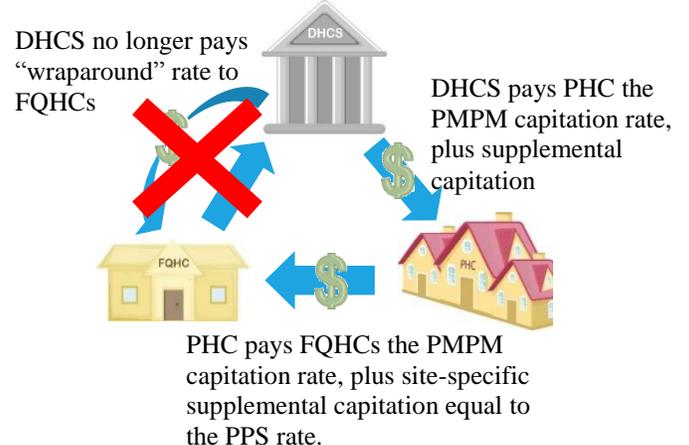
Background

Annually, the Centers for Medicare and Medicaid (CMS) sets a volume-based federal Prospective Payment System (PPS) rate for FQHCs. Federal regulations require that FQHC's reimbursements must be equivalent to the federal PPS rate.

Current California Model



Proposed APM Model



Alternative Payment Methodology (APM)

Additional proposed APM changes include:

- Health plans will have a risk corridor. Health plans will assume full responsibilities for all costs up to 0.5 percent; share responsibilities with DHCS for all costs that exceed 0.5 percent but are under 1 percent; and shift responsibilities to DHCS if all costs exceed 1 percent.
- FQHC have a risk corridor. FQHCs may trigger an annual rate adjustment if utilizations (i.e. costs) exceed projections by 5 percent in the first year, 7.5 percent in the second year, and 10 percent in the third year. FQHCs shall have the flexibility to experience a lower than expected visit utilization of up to 30 percent of projected utilization while retaining the full APM payment.

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Selection Criteria for Participating FQHCs

DHCS and health plans must develop eligibility criteria to select participating FQHCs for the pilot. PHC proposes the following FQHC eligibility criteria:

Selection Criteria for Participating FQHCs

- Be in good standing with state regulators and relevant health plans (e.g. not subject to suspension from PHC or the state of California)
- Leadership team and board commit to transforming method of providing primary care more efficiently (e.g. submission of plan approved by leadership team and board)
- Currently undergoing (or recently gone through) strategic practice transformation
- Have robust Quality Improvement infrastructure (e.g. has dedicated QI director/coordinator, population management system, reporting software, staff with data analytics expertise)
- Have implemented electronic health record system/able to easily measure and track alternative touch methodology (e.g. submission of screen shots to demonstrate)
- Have financial stability (e.g. minimum reserves equal to six months of expenses)
- Have a strong accounting department (e.g. submit last audit for review)
- Have staffing adequacy (e.g. FTE clinicians/1000 patients served <2.0)
- Have core leadership stability (e.g. submit letters from community partners)
- Have a minimum of 500 assigned members
- Open to new PHC members

Performance Measures & Program Evaluation

SB 147 requires health plans and FQHCs provide sufficient data for all parties including utilization and encounter data to calculate rates reimbursements, pilot evaluation, and for other purposes. Additionally, FQHCs will track to calculate future rates.

DHCS will contract with an independent entity to evaluate the pilot and report on access to care, quality of care, patient experience, and overall outcomes. The evaluation must be completed and provided to the Legislature within six months prior to the conclusion of the pilot.

APM Aid Categories

Participating FQHCs will receive APM capitation payments for specific APM aid categories. As DHCS is considering eligible APM aid categories, PHC proposes the following non-traditional services to be included as APM services:

