Covered California – Refreshing Contractual Expectations Designed to Promote Accountability and Delivery System Improvements

January 17, 2019

As part of our contracts with Qualified Health Plan Issuers, Covered California has set forth specific requirements related to improving quality, lowering costs, promoting better health and reducing health care disparities, both for our enrolled population and more broadly in the health care system. Covered California's focus has been on prices, benefits, networks, quality, and other factors that assure those with coverage through Covered California get the right care at the right time, and that, when aligned with actions of other payers and purchasers, promote delivery system reforms to improve health care for all Californians.

Beginning with the inaugural 2014 plan year, Covered California set forth our standards and strategy for quality improvement and delivery system reform in our Qualified Health Plan Issuer Model Contract, and later updated them in 2017. The "Quality, Network Management, Delivery System Standards and Improvement Strategy" of Covered California's current issuer contract is available online at https://hbex.coveredca.com/insurance-companies/PDFs/QHP-Model-Contract-2017-2019-Amended-for-2017-and-2018.pdf, with specific standards and strategies found in "Attachment 7," starting on page 133.

As Covered California seeks to assess the performance of our Qualified Health Plan Issuers for the contracting period commencing in 2017, we are also planning to revise and improve our quality improvement and delivery system reform standards and requirements. In doing so, Covered California's efforts should be informed by a clear picture of the potential impacts, as well as performance benchmarks and efforts of major national and California purchasers.

To inform Covered California's efforts, we are engaging in four related and complementary efforts that will be used to engage health plans, providers, advocates and other stakeholders as we propose revisions to contractual terms that take effect in plan year 2021. Covered California intends to share summary findings and seek initial feedback from stakeholders in early 2019. Drafting, public review, and discussion of the new model contract will take place throughout summer and early fall of 2019, with an anticipated completion date of October 2019.

The four preliminary efforts are:

1. **Analyzing Performance on Current Contract Terms:** Covered California is compiling and analyzing the performance of our contracted health plan issuers on the current contract terms. The results of that analysis will be shared with health plan issuers and publicly in early 2019.

2. **Benchmarking:** Covered California is identifying relevant benchmarks and data sources to provide valid comparison reference points for current expectations and performance standards for Covered California Qualified Health Plans and Covered California's populations overall.

3. **Purchaser Strategy/Measurement Review:** Covered California is reviewing activities and initiatives of other large health purchasers to identify key areas of focus, strategies and performance measures that Covered California should consider for potential adoption or alignment. This effort will include a review of major areas of focus of contracted health plan issuers.

4. **Reviewing Evidence for Health Plan Accountabilty Functions and Delivery System Improvements:** Covered California is sponsoring a review of relevant published literature, health services literature, large employer published case studies, insurer or actuarial research and other well-formulated theories articulated by industry experts or purchasers to compile evidence for two domains:

1) **Right Care/Accountability.** Functions that ensure Covered California consumers receive the right care at the right time at the right price; and

2) **Delivery System Improvements**, which include near and long-term value-enhancing strategies that improve health care Covered California enrollees, but also seek to drive change in the entire delivery system.

The goal is for this review to include an assessment of the potential effectiveness of accountability functions and strategies supporting the two domains in terms of cost, quality of care, improved health, administrative and provider burden, and potential to reduce health disparities (Described in more detail in pages that follow.) This will provide Covered California a directional assessment of each strategy as we refresh the contractual expectations of our contracted health plan issuers.

Covered California recognizes that in many of these domains there is limited published health services research evaluating the efficacy, impact and factors leading to that impact. Given that fact, to the extent to which a strategy's effectiveness or potential impact is not supported independently by strong evidence, we are seeking an assessment of the evidence that does exist and related well-formulated theories articulated by industry experts or purchasers strategy.[1]

As part of this review, Covered California recognizes that there is substantial overlap and mutual reinforcement between the "right care" accountability strategies and delivery system improvement strategies and does not intend to define or limit strategies to those currently reflected in our contract. In refreshing our contractual expectations, Covered California anticipates both adjusting our areas of emphasis and we are open to considering additional strategies and domains.

Domain 1: Right Care/Accountability – Right Care, Right Time, Right Price

The Right Care/Accountability domain includes eight functions (outlined below and including references in parantheses to Covered California's current contractual standards where applicable).

1. Chronic Care, General Health Care, and Access (2.01)
    a. HEDIS measures
    b. Provider Network Standards (time, distance, quality)

2. Hospital Care (5.02)
    a. Hospital-Acquired Conditions
    b. Link to Major/Complex Care

3. Major/Complex Care (6.04 – 6.07) - Identification of High-Risk or High-Cost Individuals and Getting them the Right Care

4. Mental/Behavioral Health and Substance Use Disorder Treatment (4.04)
    a. Access to services
    b. Evidence-based assessment and treatment
    c. Level of integration with primary care or other medical services
    d. Overcoming barriers created by behavioral health carve-outs

5. Health Equity: Disparities in Healthcare (3.00 – 3.02)

6. Preventive Services (6.01)
    a. Preventive Services
    b. Tobacco Cessation
    c. Obesity Management

7. Pharmacy Utilization Management (1.04)

[1] We expect to consider evidence of various strengths, including unpublished material where available. See for example description of relative strength of evidence and different evidence sources in Assessing Quality-Benefit Design, California HealthCare Foundation/Pacific Business Group on Health, 2006. http://www.pbgh.org/storage/documents/reports/PBGH-CHCFQualityBenDesignPWC-04-2006.pdf.

Domain 2: Delivery System Improvements

Domain 2 includes five value-enhancing strategies (outlined below and including references in parantheses to Covered California's current contractual standards where applicable). Covered Calfiornia will consider other domains that might be appropriate for consideration in the future. Overall, value-enhancing stragies that promote near and long-term delivery system reform should address the concepts of alignment, payment, and measurement and evaluation.

8. Networks Based on Value (1.02 – 1.03)
    a. Effectiveness of narrow or limited physician, hospital, and ancillary provider networks, including how such networks are structured based on cost and quality performance criteria
    b. Use of Centers of Excellence

9. Promotion of Effective Primary Care (4.01-4.02)
    a. Primary care provider matching or assignment
    b. Patient-centered primary care (PCMH or other models)

10. Promotion of Integrated Healthcare Models and Accountable Care Organizations (4.03)

11. Alternate Sites of Care Delivery
    a. Telehealth (1.03.2; 4.05)
    b. Urgent care as alternative to emergency department
    c. Drop-in or retail clinics

12. Consumer and Patient Engagement (7.01 – 7.03)
    a. Availability and use of quality and cost tools
    b. Provision and use of Personal Health Record
    c. Patient Shared Decision-Making

13. Population-based and Community Health Promotion Beyond Enrolled Population (6.02)

Description of the Tactics that Enable/Foster Greater Impact

Covered California is seeking, as part of the evidence review, a description of the relative importance and impact of the application of independent and complementary enabling factors that may result in the strategy being more or less effective. Enabling factors may include:

1. Payment (e.g., higher or lower payment, risk-based payments, bonuses or withholds; which may include payment that directly supports greater integration and coordination including budgets to support team-based care and payments that reflect include accountability across specialist and institutional boundaries)
2. Channeling of members or patients (e.g., exclusive networks or preferential)
3. Measurement and data to inform impact
4. Data exchange to support improved clinical care and care coordination
5. Provider-level coaching or quality improvement efforts to support the strategy
6. Alignment across payers or purchasers to provide better "signal strength" to providers
7. Benefit design or other consumer-facing incentives or mechanisms
8. Public Reporting, Consumer Tools, or other Consumer/Patient-Engagement Strategies
9. Other factors to be identified

Areas for Assessment of Impact

Covered California is seeking a description of the evidence that supports the potential impact the strategy has or may have in terms of:

1. Savings: where possible, detailing both total cost of health care and savings for specific interventions
2. Quality of Care: the extent to which the intervention improves care
3. Health of the Population: where possible, the extent to which the intervention contributes to improved population health
4. Burden on Providers: the extent to which the intervention introduces new burden or compounds existing provider burden.
5. Administrative burden on issuers or others
6. Potential to reduce health disparities

Comments, Data and Input Welcome

Covered California welcomes comments, suggestions and evidence related to right care/accountability functions and delivery system improvements. Covered California will solicit feedback throughout the expectations refresh initiative. Comments in response to the *Request for Input* are requested by February 15, 2019. The *Request for Input* is located here: https://board.coveredca.com/meetings/2019/01-17%20Meeting/Request-for-Input.docx

In particular we welcome: (1) information that can inform the assessment of the right care/accountability functions and delivery system improvements; (2) recommendations for additional right care/accountability functions and delivery system improvements and the basis for those recommendations; and (3) suggestions on appropriate benchmarks or particular purchaser strategies with which Covered California should consider aligning.