Supporting Healthy Deliveries at Health Net

June 5, 2017
Smart Care Meeting

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Items for Discussion

• Payment at Health Net:
  – Commercial products
  – Medi-Cal products

• Key concepts for aligning quality and payment

• Building a Cost-Effectiveness Model: Components and Approach?
Payment under Commercial Products (Non-Cap)

Physicians:
• Typically receive bundled payment for all pre-, post- and delivery-related care
  – Some contracts include well-baby care
  – Rarely include NICU care

Hospitals:
• Typically paid separate case rates (vaginal or C-Section)
  – C-Section rates higher
  – Some hospitals receive per diem rates, again favoring C-Sections
Payment under Commercial Products

Hospitals, Cont’d

New PPO product: implementation in late 2017/early 2018

• Includes a **blended case rate** (vaginal/C-Section) for approximately half of hospitals in this network contracted to date.
  – Note: Contracting staff reported little to no awareness among hospitals of Covered CA’s requirement to eliminate financial incentives favoring C-Sections.

• Plans to roll out blended case rate to hospitals throughout commercial networks as contracts come up for renewal.

• Bundled payment is not currently under consideration.
  – Concern among hospitals about exposure to NICU costs in particular.
Payment under Medi-Cal Products

Physicians:

• **Capitated:** Paid as part of an overall PMPM payment – not carved out.

• **FFS:** Reimbursed in a blended payment (C-section and vaginal delivery cost and utilization combined).
Payment under Medi-Cal Products

Hospitals (non-capitated):

• The typical contract arrangement for hospitals defaults to a percentage of the Medi-Cal Fee schedule. In some contracts, a blended global or per diem rate may have been negotiated, but this is not the norm.
Aligning Payment with Quality Goals

• **Address financial incentives which favor C-Sections**
  – Identify opportunities to phase in these changes.
  – Ensure that payment designs continue to properly cover C-Sections (and associated needs for mothers and babies) when medically appropriate.
    - Guidance from CMQCC about coding vis a vis “appropriateness”?

• **Support care needed to facilitate vaginal deliveries**
  – Explore use of resources to make available **consistent, continual labor support** around the clock. (E.g., hospital laborists, team care.)

• **Quality determination at the hospital level**
  • Data are available to plans at this level to benchmark and measure improvement. Challenge to address OB level in absence of data.
A (Money) Trail of Two First Births

Vaginal Delivery

Associated Costs:
- Continuous labor support
- Hospital room and resources during labor and delivery
- Professional fees
- Stay in hospital (shorter average – 2.5 days)
- Fewer complications

Cost-Effectiveness Model:
Which components should be included to project the total costs associated with each type of delivery?

C-Section

Associated Costs:
- Potentially less labor support
- OR resources for procedure
- Professional fees
- Stay in hospital (longer – 4-5 days)
- Higher likelihood of complications
  - Short term: Examples include obstetric hemorrhage, infection, deep vein thrombosis
  - NICU costs
  - Long term: Multiple C-Sections associated with higher risk of complications including uterine rupture, uterine atony, placenta previa, placenta accreta, surgical adhesions
Thank you!