For over 35 years, the National Academy for State Health Policy (NASHP) has been a nonpartisan organization committed to developing and advancing state health policy innovations and solutions.

NASHP provides a unique forum for the productive exchange of strategies across state government, including the executive and legislative branches.
Engaging States on Multi-Payer Initiatives

Project:
Catalyzing Alignment to Improve Value in Health Care: Charting a Path Ahead for States

Activity:
In January 2022, established and engaged a cross agency National State Advisory Group to:
- Understand state interests and what is needed to advance multi-payer alignment to reduce costs and improve health care
- Build upon lessons from past reform experience to inform future approaches
# National Multi-Payer Reform Advisory Group

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kevin Bagley</td>
<td>Medicaid Director, Nebraska Department of Health and Human Services</td>
</tr>
<tr>
<td>Sue Birch</td>
<td>Director, Washington Health Care Authority</td>
</tr>
<tr>
<td>Chris DeMars</td>
<td>Director, Delivery System Innovation Office, Oregon Health Authority</td>
</tr>
<tr>
<td>Julia Lerche</td>
<td>Chief Strategy Officer and Actuary, North Carolina Medicaid</td>
</tr>
<tr>
<td>Robin Lunge</td>
<td>Member, Green Mountain Care Board</td>
</tr>
<tr>
<td>Mich’l Needham</td>
<td>Chief Policy Officer, Washington Health Care Authority</td>
</tr>
<tr>
<td>Zora Radosevich</td>
<td>Director, Office of Rural Health and Primary Care</td>
</tr>
<tr>
<td>David Seltz</td>
<td>Executive Director, Massachusetts Health Policy Commission</td>
</tr>
<tr>
<td>Patrick Tigue</td>
<td>Health Insurance Commissioner, Rhode Island</td>
</tr>
<tr>
<td>Joe Thompson</td>
<td>President and CEO, Arkansas Center for Health Improvement</td>
</tr>
</tbody>
</table>
Current Health Care Delivery Context

Challenges for States

- Lack of flexibility to navigate the pandemic exposed health system weaknesses and inefficiencies
- Continuing rising health costs, exacerbated by the rise in inflation
- Workforce shortages and population shifts in rural and urban areas impacting utilization, costs, and charges
- Disproportionate financial gains and losses across hospitals and providers; threatens to increase monopolies and exacerbate closures affecting access to care
- Lack of support dedicated toward post-acute care needs
- Fragmentation across and within health care and related social support systems
States’ Focus Areas

• Local population-based health approaches to meet community needs

• Address health equity

• Outpatient supports to those with chronic conditions to minimize avoidable hospitalizations and improve care outcomes

• Maintain and increase access to high-quality providers
State Vision: A System that Improves Value and Health Outcomes

Value over Volume

Control Costs

Recognize diverse environment and needs

Payer Alignment

Address Health Equity
Multi-Payer Alignment Needed to Move from Current to Visionary Health System
Why Align Payers?

- Multi-payer alignment is needed to drive large-scale health system change including improved efficiency and lower cost
  - Aligned payers, including public payers and employers, can create pressure to change key partners’ business practices e.g., providers
  - Reduces redundancy and excess administrative processes
  - Ensures continuity across the coverage and care continuum
    - Improving patient access to care
    - Minimizing care disruption when coverage source changes
  - Enables unified movement to achieve shared goals e.g., addressing health equity

State Lesson

Medicaid reforms alone cannot impact the overall health market
Why Engage in Multi-Payer Initiatives Now?

- High and rising health costs are creating an affordability problem for consumers
  - Transform the system to financially prioritize quality and value over volume
  - Need to increase administrative efficiencies and invest in the health care/social determinants of health workforce
- COVID pandemic identified vulnerabilities within the health system – resulting in renewed interest to support systemic reforms
  - Reliance on fee-for-service, volume-based payment put providers at financial risk and service volume experienced extreme fluctuations
  - Pandemic-fueled provider burnout has led to workforce shortages
  - Highlighted need to invest in primary care and behavioral health
- Purchasers, including employers, seek solutions to address workforce shortages and rising costs
  - Health insurance is a critical benefit – employers striving to offer comprehensive benefits to attract and retain employees, but want to invest in good care, not just coverage.
State Identified Challenges

• Engagement for real change across health care purchasers
  • Need to move away from the “special sauce” mindset toward uniform goals
    • Multiple public payers each designed to operate for a specific population
    • Commercial plans develop their own payment and delivery processes

• Limited provider and payer capacity for testing ideas
  • Need to invest in successful reforms with low risk for provider burnout

• Disparate data infrastructure across payers and providers
  • Need upfront funding supports for data sharing and enabling technology across all reform participants
  • Differing metrics create redundancy and administrative burden
State Identified Challenges (contd.)

• Rural providers cannot participate in the same way in payment and delivery reforms due to lack of population density
  • Need different/creative approaches to payment methodology

• Lack of central authority that regulates and/or coordinates across payers
  • **Major payers** – Medicaid, individual marketplaces, employer-sponsored insurance (fully insured or self-insured), state employee health plans, and Medicare – are accountable to different oversight agencies across state and federal governments
  • Need alignment across agencies and leaders to ensure clear a clear and unified vision is executed across payers through coordinated policies or social contracts

• Sustainability
  • Need strong buy-in by all partners to sustain federal and/or state leadership changes
State Identified Areas Ripe for Multi-Payer Reform Efforts

**Primary Care**
- Create reliable revenue streams
- Enable more effective efficient primary care focused modes (ex. Advanced Primary Care)

**Behavioral Health**
- Increased flexibility for care delivery
- Investments in the workforce

**Maternal Health**
- Incentivize alternative care settings
- Fund multiple types of providers (e.g., doulas, mid-wives)
What’s Needed for Multi-Payer Reforms?

• Clear Definitions – alignment of what? By whom?
• Buy-in from all partners – including payers, providers, governments (i.e., state and CMS)
• Proactive employers
  - Example: Purchasers Business Group on Health - Advanced Primary Care Model
• Information technology upgrades, community information exchange, and data sharing

• Ideas for incentivizing employer engagement
• Shared savings
• Predictability of plan and providers for employees over time
• Alignment across states/regions (for large employers with multi-state operations)
• Increased quality that results in improved health outcomes for employees
Conclusion

- **Post-pandemic environment** — including impacts on the economy, utilization, and workforce and renewed focus on addressing equity and exposed health system inefficiencies — drive engagement in reforms aimed at improving value and outcomes.

- **Payer alignment holds promise to improve efficiency, coordination, and value but requires:**
  - aligned leadership and goals across public AND private payers, including employers
  - workforce and infrastructure investments, and
  - consideration of unique needs including those of rural populations

- **Key focus areas** include population-based approaches, especially those aimed at bolstering primary care, behavioral health, and maternal health.
Thank you!

With appreciation to the following for helping inform the content of this work:

• Members of NASHP’s State Advisory Group
• Elizabeth Mitchell, President and CEO, Purchasers Business Group on Health
• Robert Smith, Executive Director, Colorado Business Group on Health
• Mike Thompson, President and CEO, National Alliance of Healthcare Purchaser Coalitions
• Karen can Caulil, President and CEO, Florida Alliance for Healthcare Value

This work was conducted with partnership and support from the West Health Policy Center

For questions or more information, contact Maureen Hensley-Quinn,  mhq@nashp.org