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Department of Human Services Awards Landmark Medicaid Agreements

Pennsylvania continues shift to outcome and value-based payment structure

Harrisburg, PA – Today, Department of Human Services (DHS) Secretary Ted Dallas announced that the state has agreed to move forward and negotiate contracts with eight managed care organizations (MCOs) to deliver physical health services to Pennsylvanians through HealthChoices, Pennsylvania’s mandatory Medicaid managed care program since 1997.

“These agreements mark the most significant change in Pennsylvania’s Medicaid program since we moved to managed care 18 years ago,” said Dallas. “Over the next three years, MCOs will be investing billions of dollars in innovative approaches that reward high-quality care that improves patient health rather than just providing services for a fee. The result will be higher levels of quality care for the 2.1 million Pennsylvanians served by Medicaid.”

To drive Pennsylvania’s Medicaid system towards these better outcomes, the three-year agreements set gradual targets for all MCOs to increase the percentage of value-based or outcome-based provider contracts they have with hospitals, doctors, and other providers to 30 percent of the medical funds they receive from DHS. The result will be that over \$6 billion in funds that would have otherwise been spent on traditional fee-for-service arrangements will instead be invested in outcome- or value-based options such as:

- Accountable care organizations (voluntary networks of hospitals, doctors, and other providers that work together to provide coordinated care to patients);
- Bundled payments (increases value-based purchasing);
- Patient-centered medical homes; and
- Other performance-based payments.

“We’re going to reward folks for providing the right services, not just more services. You get what you pay for so we’re shifting the focus of Pennsylvania’s Medicaid system toward paying providers based on the quality, rather than the quantity of care they give patients,” said Dallas. “In addition, by focusing on improving the health of consumers, we will drive down the cost of care and ultimately save the taxpayer funds we spend on health care in Pennsylvania.”

The shift will complement the department’s existing program of performance-based contracts, which has improved the quality of care for Medicaid recipients. As an example, the department’s existing performance-based contracts have helped achieve statistically significant improvements in diabetes screening and controlling high blood pressure.

While some MCOs have already begun to shift to these value-based arrangements, the new contracts will require all MCOs to make this shift and to accelerate the pace at which they are entering into these contracts. Some examples of existing value-based payments include:

- In Philadelphia metropolitan area, Health Partners Plans (HPP) has implemented an [innovative plan](#) to improve health through good nutrition. HPP has partnered with the Metropolitan Area Neighborhood Nutrition Alliance (MANNA) to deliver nutritious meals to individuals with chronic illnesses. This holistic approach has already helped improved consumer health. For example, 85 percent of the diabetics in this program have been able to better control their diabetes; and
- In the northeast part of the state, Geisinger Health Plan has recently entered into a value-based relationship with CleanSlate Addiction Treatment Centers to combat the opioid epidemic. Through this [arrangement](#), Geisinger is bundling all payments for these services into one global payment. The result is that CleanSlate can focus on the quality of care and outcomes rather than the quantity of services provided.

The MCO agreements will also continue the department's increased focus on better integration of the physical and behavioral health systems. The MCO agreements will continue to require the physical health MCOs to develop an integrated care plan in conjunction with behavioral health MCOs and health care providers for targeted populations to cost-effectively deliver quality health care.

In addition, the physical and behavioral health MCOs can earn performance payment incentives by working together to demonstrate statistically significant improvement in the targeted beneficiary population's health outcomes through audited quality data. MCO agreements also allow the efficient transfer of necessary treatment data between the physical and behavioral MCOs and providers, while maintaining compliance with appropriate confidentiality laws.

"Today's announcement means Pennsylvanians will receive higher quality of care when they are sick, while using tax payer dollars more effectively. It doesn't matter if you are a health plan, a provider, a government agency, or a patient, we all need to focus on building a health care system that delivers better care and results in healthier people," said Dallas. "We believe the steps taken today will drive innovation, increase accountability, and deliver better results for every Medicaid recipient."

HealthChoices delivers quality medical care and timely access to all appropriate services to 2.1 million children, individuals with disabilities, pregnant women, and low-income Pennsylvanians.

For more information, visit www.HealthChoicesPA.com or www.dhs.pa.gov.

MEDIA CONTACT: Kait Gillis, 717.425.7606

DHS has selected the following MCOs to proceed with negotiations to deliver services in Pennsylvania beginning in 2017. The agreements are awarded in five geographic regions:

Southeast Region	Centene (Pennsylvania Health and Wellness) Health Partners Plans United Healthcare of Pennsylvania, Inc. UPMC for You, Inc. Vista--Keystone First Health Plan
Lehigh/Capital Region	Centene (Pennsylvania Health and Wellness) Gateway Health United Healthcare of Pennsylvania, Inc. UPMC for You Vista—AmeriHealth Caritas Health Plan
Southwest Region	Centene (Pennsylvania Health and Wellness) Gateway Health United Healthcare of Pennsylvania, Inc. UPMC for You Vista—AmeriHealth Caritas Health Plan
Northwest Region	Aetna Better Health of Pennsylvania United Healthcare of Pennsylvania, Inc. UPMC for You Vista—AmeriHealth Caritas Health Plan
Northeast Region	Geisinger Health Plan United Healthcare of Pennsylvania, Inc. UPMC for You Vista—AmeriHealth Caritas Health Plan

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