

Non-Claims Payments 101

Keeping Up with Trends in
Healthcare Payments

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Vinayak Sinha, *Senior Consultant*

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Leads project teams focused on measuring and improving the value of health care across several states. Most recent work focuses on supporting states in measuring alternative payment model (APM) adoption and primary care and behavioral health investment. This work includes supporting California in developing the Expanded Non-Claims Payment Framework, and primary care, APM, and behavioral health initiatives and data collection.



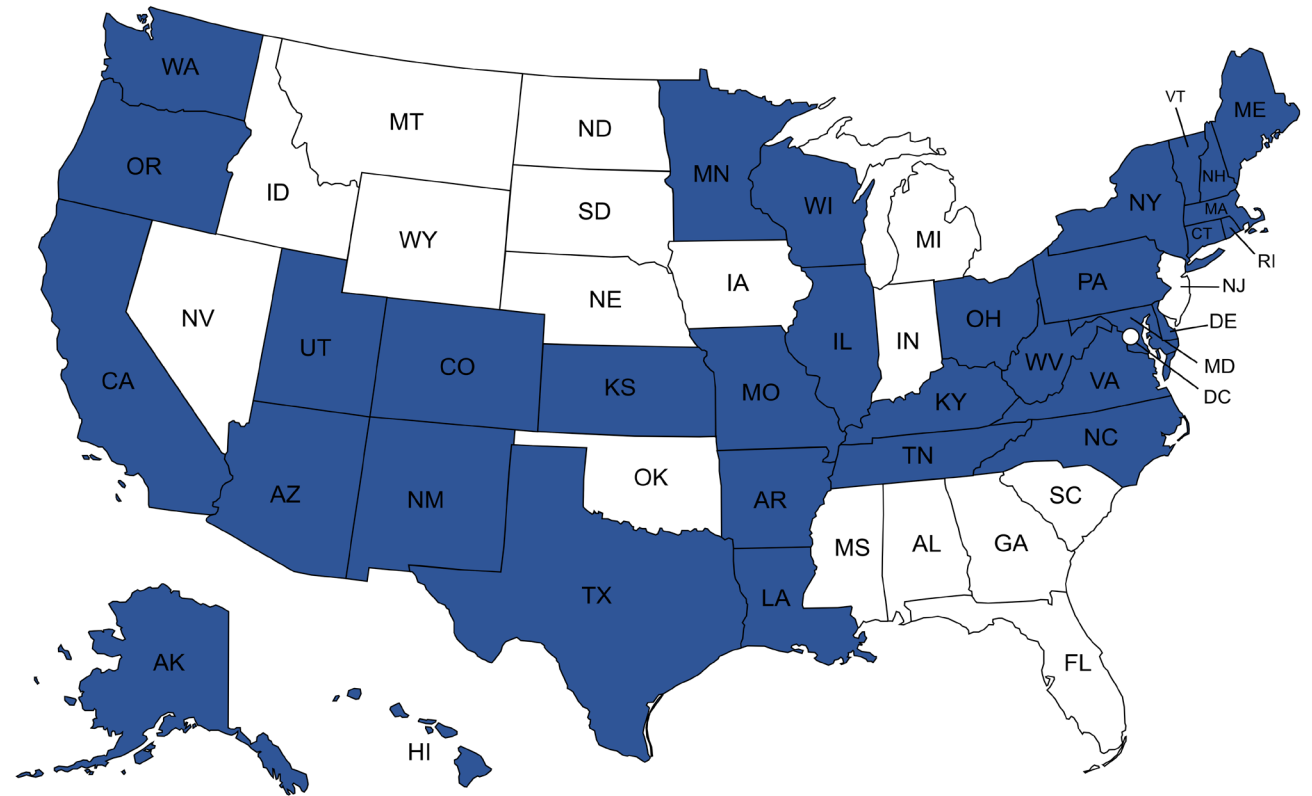
Julia Sledzik, *Health Policy Analyst II*

Freedman HealthCare

Uses a broad set of analytic skills to inform recommendations on health care payments policy and data, including measurement and value improvement. Recent work includes developing code sets and materials to measure investment in primary care and behavioral health and APM adoption and analyzing this data to report on progress toward state goals.

About Freedman HealthCare

Founded in 2005, Freedman HealthCare is a national consulting firm that works to improve healthcare affordability, quality, and equity by empowering our clients with actionable data.



Goals for Today

- Provide an overview of non-claims payments and how they differ from claims payments.
- Share use cases for non-claims payment data.
- Outline approaches for collecting information on non-claims.
- Hear your questions and learn from your experiences collecting this information.

Non-Claims Payments Overview



Calculating Healthcare Spending



90%

Payments made via claims represent greater than 90% of healthcare spending nationally, though this share is decreasing and varies by payer type.

Non-Claims Payment Example: Performance Payments

Non-claims **bonus payments** paid to healthcare providers or organizations for reporting data or achieving specific **goals for quality, cost reduction, equity**, or another performance achievement domain.

Types of performance payments:

- **Pay-for-reporting** payments – providers that report data on contract-specified domains or metrics receive a non-claims payment
- **Pay-for-performance** payments – providers that report data and achieve goals for contract-specified domains or metrics receive a non-claims payment

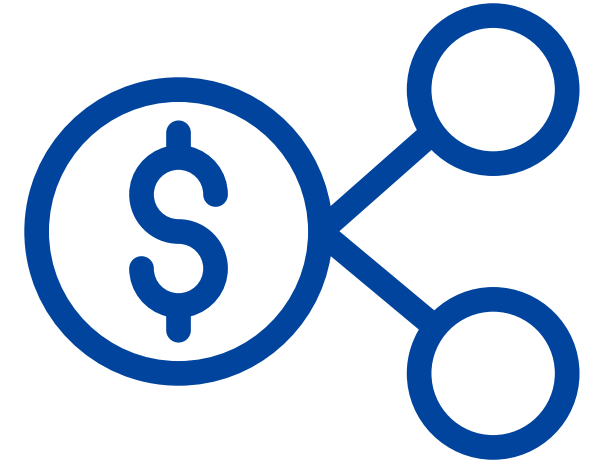


Case Study: Quality scores at Perfect Pediatrics were in the 90th percentile of all pediatricians in the state, resulting in the practice earning \$5 per member, per month in performance payments.

Non-Claims Payment Example: Shared Savings Payments

Non-claims payments/recoupments to healthcare providers or organizations based on **performance relative to a defined spending target**.

- These non-claims payments are made after **review of claims spending for the member population** relative to the contractually defined spending target.
- **Savings:** When the provider spends less than the spending target, they split the difference (savings) with the payer.
- **Loss:** Some shared savings contracts will also include recoupments from providers when they spend more than the spending target, putting the provider at financial risk for spending too much on members.



Shared savings payment examples:

- **Specific episodes of care** for members (diabetes care, hip/knee surgery, pregnancy)
- **Total cost of care** for members

Case Study: Patients of ABC ACO spent approximately \$3 million less than expected this year, earning ABC ACO \$1 million in shared savings payments.

Non-Claims Payment Example: Capitation Payments

Per capita, non-claims payments paid to healthcare providers or organizations to provide a **defined set of services to a designated population of patients over a defined period of time**. Payments are **made in lieu of claims payments** for the defined set of services (often at the service code level) included in the payer-provider contract.

- Providers will not receive fee for service payments for these services, putting them at financial risk for providing additional care.
- Capitation payment rates may be **determined based on historical claims data and/or actuarial estimates** for the cost of the defined care
- Services are documented via encounters on claims submitted to payers by providers



Types of capitation payments:

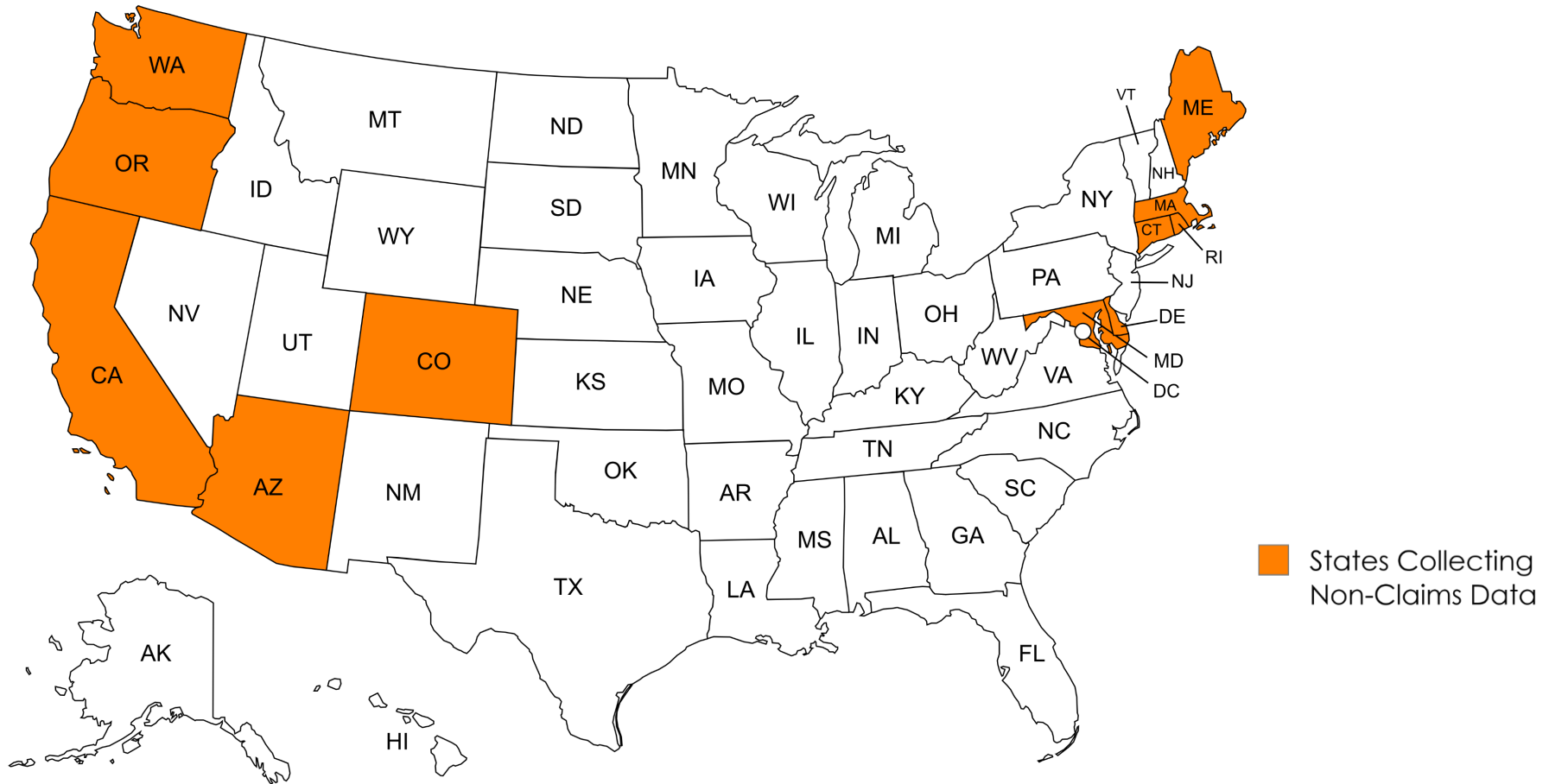
- **Specific service categories**, such as primary care or behavioral health
- **Professional services or facility services**
- **All services** for the defined member population (i.e., global capitation)

Case Study: Happy Healthy Primary Care is paid \$30 per member, per month to provide primary care services to a population of adult patients.

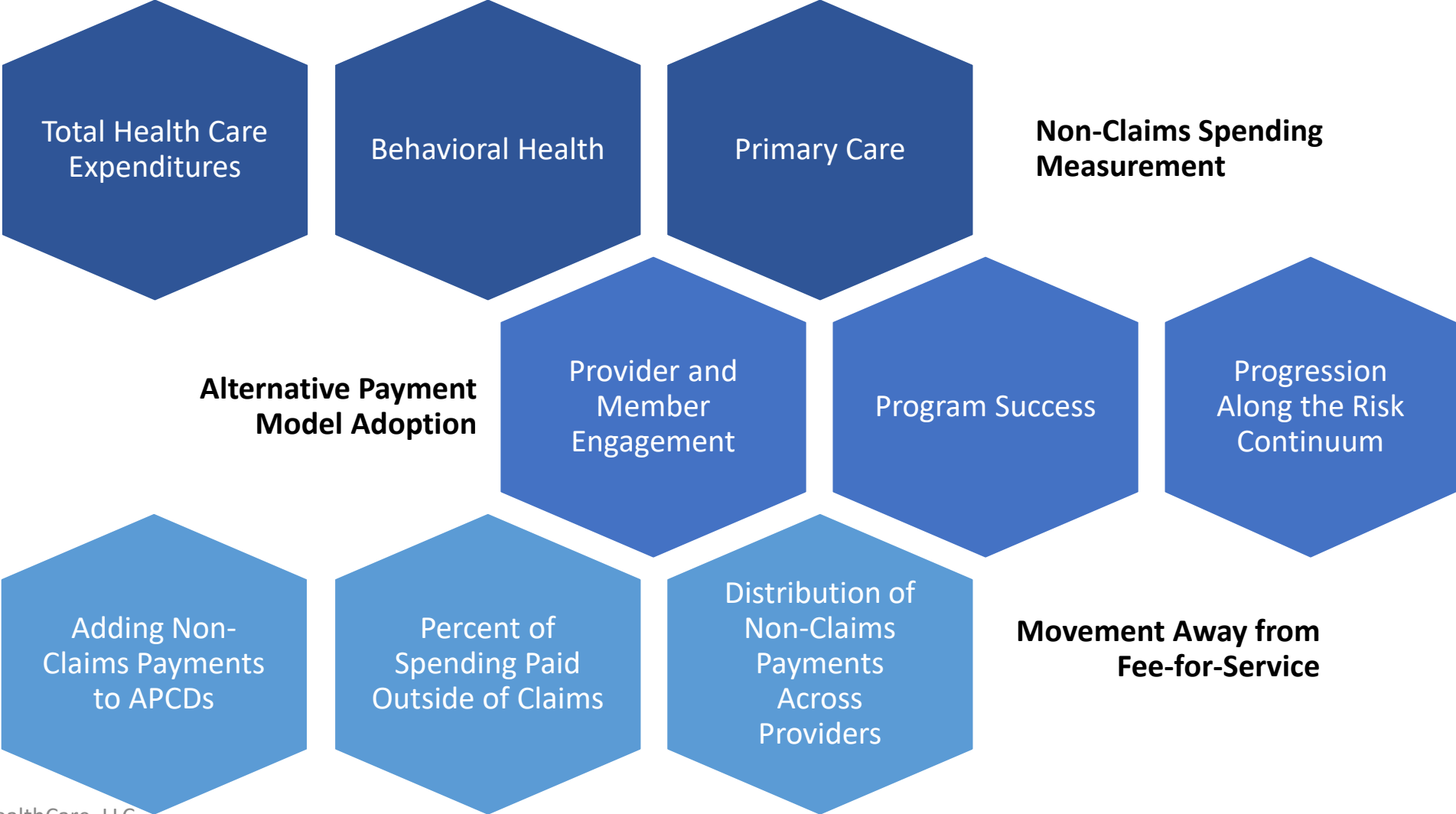
Use Cases for Non-Claims Payment Data



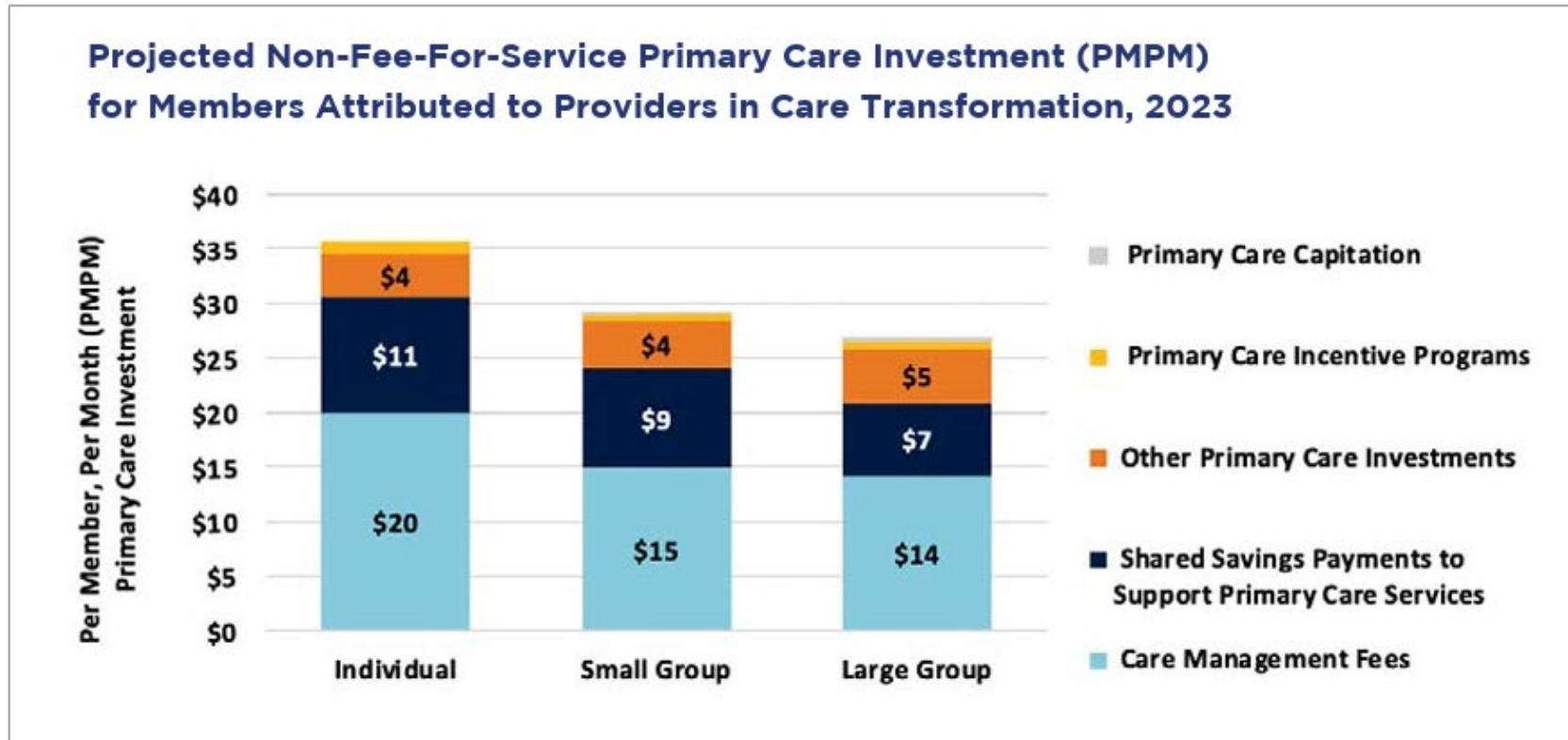
Which states collect non-claims data?



Use Cases for Non-Claims Payment Data

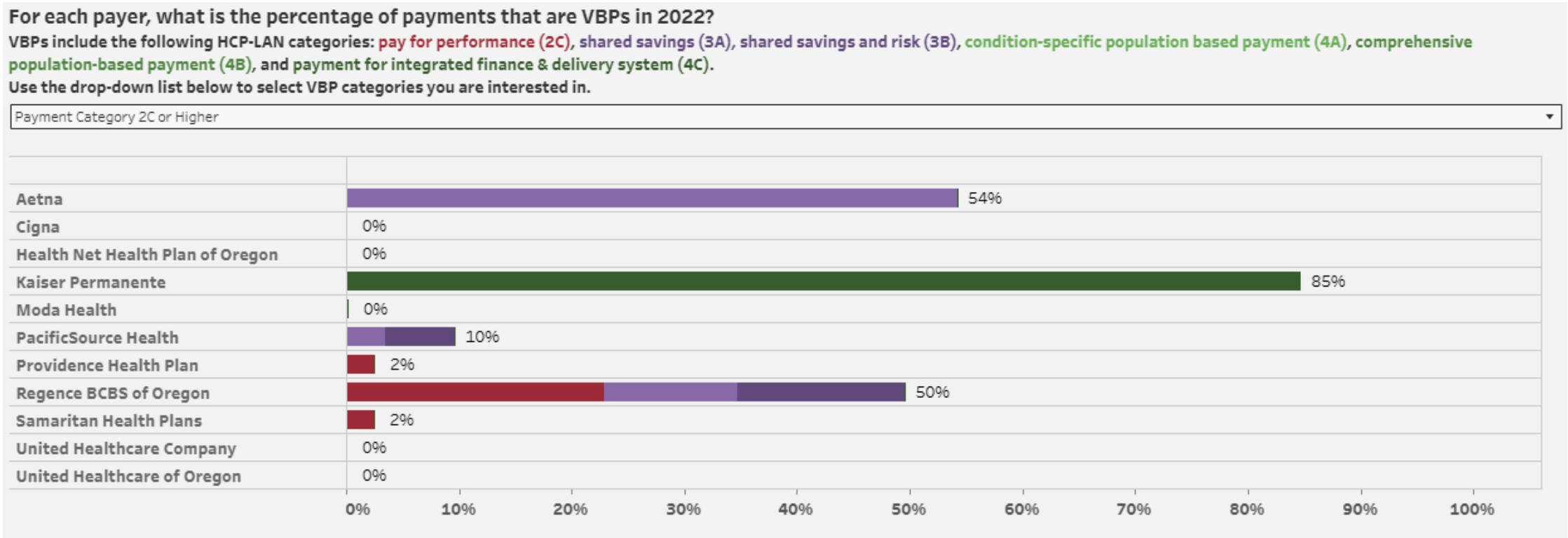


Use Case Example: Measure Non-Claims Primary Care Spend



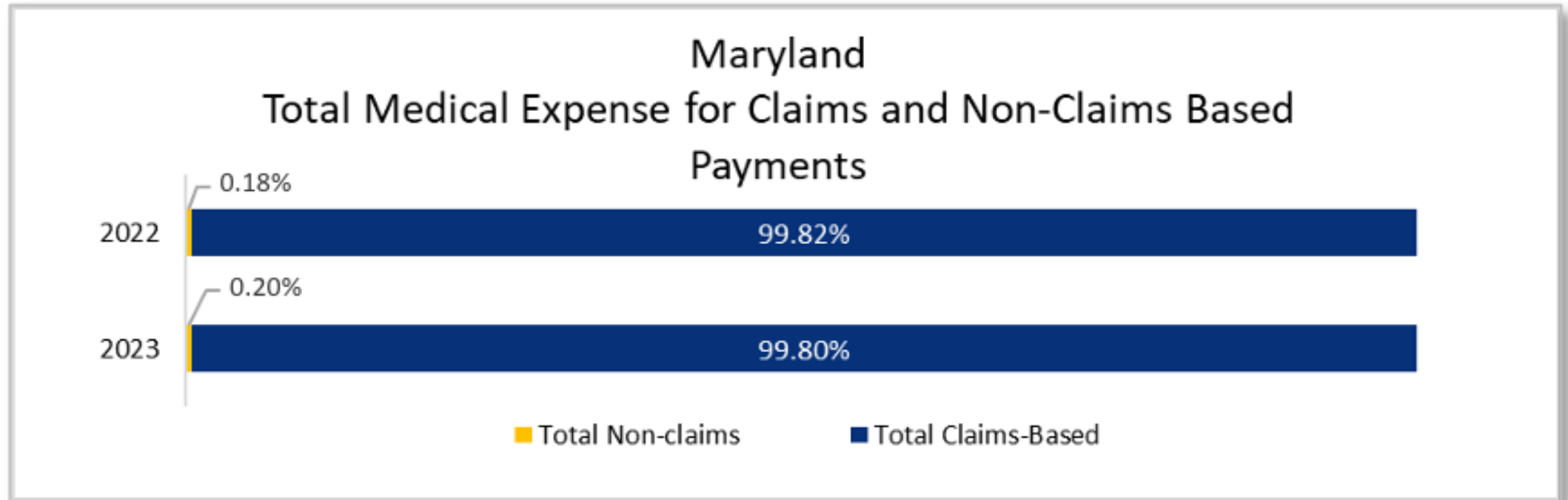
The Delaware Department of Insurance collects data on primary care non-claims payments to monitor carrier compliance with primary care investment requirements.

Use Case Example: Monitor Types of Alternative Payment Model Adoption



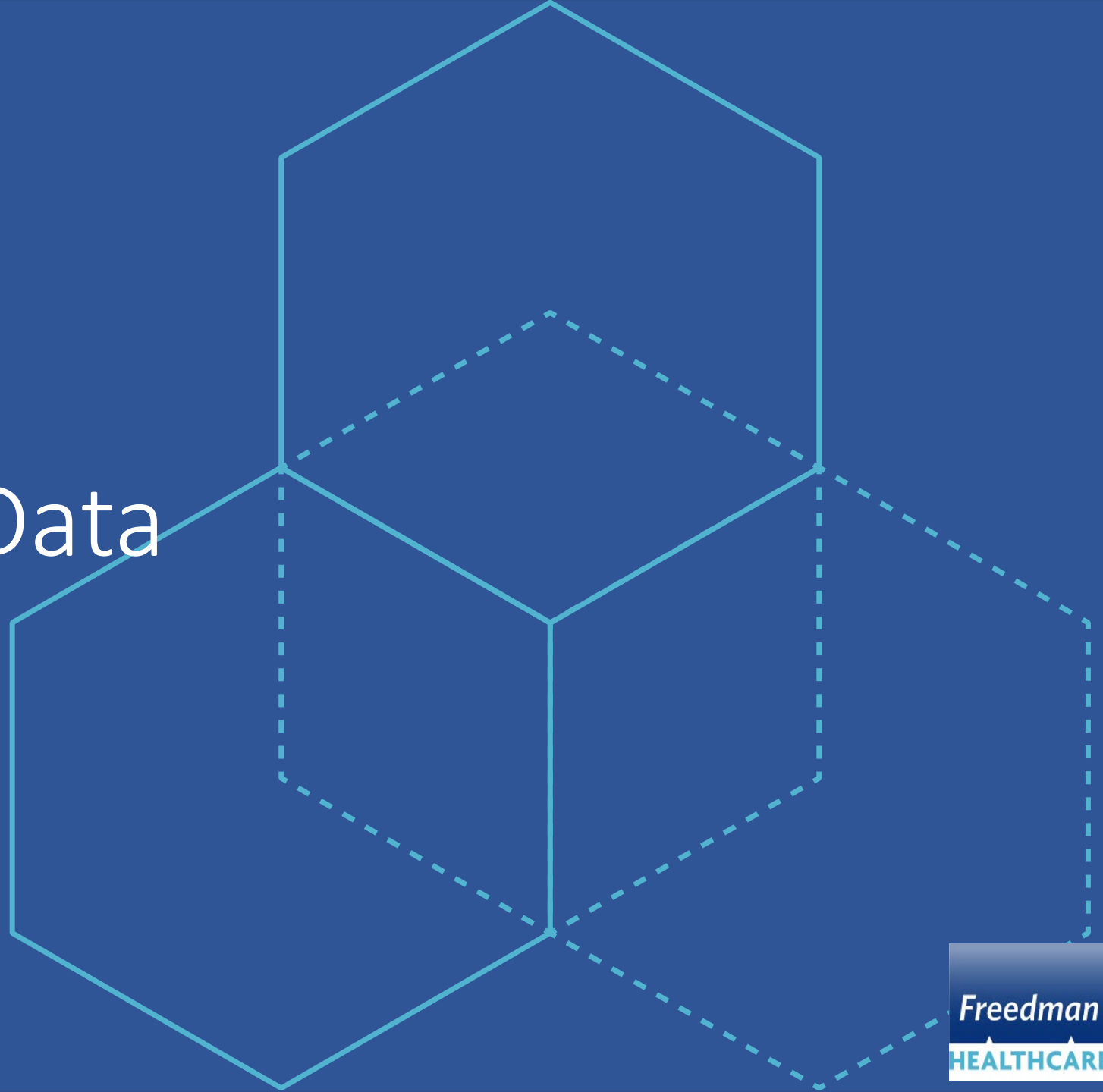
The Oregon Health Authority collects non-claims payment data to track adoption of APMs and progress towards the state’s APM adoption goals.

Use Case Example: Understand Magnitude of Value-Based Contracting



The Maryland Health Care Commission collects non-claims payments to understand what portion of healthcare spending occurs via claims and non-claims.

Strategies for Collecting Non- Claims Payment Data



How is Non-Claims Data Collected?

- Three frameworks are commonly used to define and categorize non-claims payments included in payer-provider contracting.
- These three frameworks are:
 - Health Care Payment Learning and Action Network (HCP-LAN)
 - Milbank Memorial Fund and Bailit Health
 - California Department of Health Care Access and Information and Freedman HealthCare
- The Expanded Non-Claims Payment Framework (The Expanded Framework)– developed by California Department of Health Care Access & Information and Freedman HealthCare – is included in the National Association of Health Data Organizations (NAHDO) APCD-CDL™ Annual Payments File and Capitation File.

Health Care Payment Learning and Action Network

Year: 2016, updated in 2017

Developer: HCP-LAN, a collaboration of Centers for Medicare and Medicaid Services (CMS) and large national payers; no longer collects this data

Purpose: Support payers and states in categorizing alternative payment models (APMs) to support clarity and accountability in contracting terms and measurement of APM adoption.

The HCP-LAN Framework is focused on capturing risk borne by the provider and lacks the nuance to capture the purpose of non-claims spending.

HCP-LAN APM Framework

 Category 1	 Category 2	 Category 3	 Category 4
FEE FOR SERVICE- NO LINK TO VALUE	FEE FOR SERVICE- LINK TO QUALITY & VALUE	APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE	POPULATION-BASED PAYMENT
	A	A	A
	Foundational Payments for Infrastructure & Operations	APMs with Shared Savings	Condition-Specific Population-Based Payment
	B	B	B
	Pay for Reporting	APMs with Shared Savings and Downside Risk	Comprehensive Population-Based Payment
	C		C
	Pay-for-Performance		Integrated Finance & Delivery System
		3N Risk Based Payments NOT Linked to Quality	4N Capitated Payments NOT Linked to Quality

Milbank Memorial Fund – Bailit Health

Year: 2021

Developer: Milbank Memorial Fund and Bailit Health

Purpose:

- Support states in categorizing non-claims payments.
- Aimed at measuring non-claims primary care spend. States refined it to categorize all non-claims spending to support tracking total health care spending.

States provided feedback that more discrete categories could help better understand payments based on contracting.

Table 1: Categories of Non-Claims-Based Primary Care Spending

Category	Subcategory
1. Prospective capitated case rate, or episode-based payments	• Capitation payments • Global budget payments • Prospective case rate payments • Prospective episode-based payments
2. Primary care performance incentive payments	• Risk-based payments (shared savings distributions, shared risk recoupments) • Retrospective/prospective incentive payments (pay-for-performance, pay-for-reporting)
3. Payments for primary care provider salaries	• Provider salary payments (physician and nonphysician)
4. Payments to support population health and practice infrastructure	• Care management/care coordination/population health • Electronic health records/health information technology infrastructure and other data analytics payments • Medication reconciliation • Patient-centered medical home recognition payments • Primary care and behavioral health integration
5. Recovery	• Recoveries, or payment received that are later recouped by the payer
6. Other payments	• Other, such as governmental payer shortfall payments, grants, or other surplus payments.

The Expanded Non-Claims Payment Framework

Year: 2023

Developers: California Department of Health Care Access & Information and Freedman HealthCare

Purpose:

- Capture non-claims health care spending data, the intended purpose of those payments, and the corresponding level of risk assumed by the provider
- Support multiple uses of non-claims payment data

Integrates feedback on other non-claims frameworks and crosswalks to HCP-LAN Framework

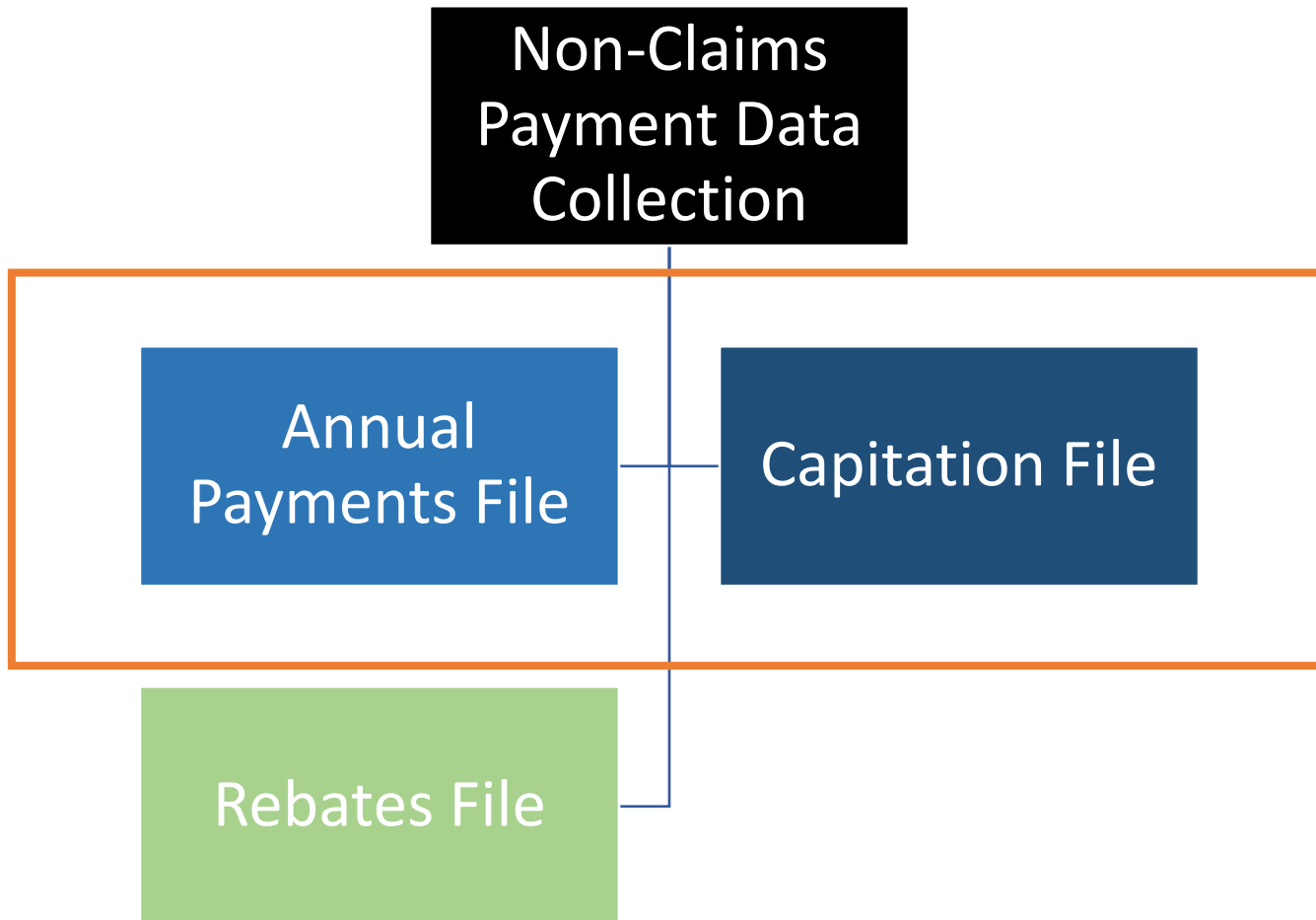
	Expanded Non-Claims Payment Framework	Corresponding HCP-LAN Category
A	Population Health and Practice Infrastructure Payments	
A1	Care management/care coordination/population health/medication reconciliation	2A
A2	Primary care and behavioral health integration	2A
A3	Social care integration	2A
A4	Practice transformation payments	2A
A5	EHR/HIT infrastructure and other data analytics payments	2A
B	Performance Payments	
B1	Retrospective/prospective incentive payments: pay-for-reporting	2B
B2	Retrospective/prospective incentive payments: pay-for-performance	2C
C	Payments with Shared Savings and Recoupments	
C1	Procedure-related, episode-based payments with shared savings	3A, 3N
C2	Procedure-related, episode-based payments with risk of recoupments	3B, 3N
C3	Condition-related, episode-based payments with shared savings	3A, 3N
C4	Condition-related, episode-based payments with risk of recoupments	3B, 3N
C5	Risk for total cost of care (e.g., ACO) with shared savings	3A, 3N
C6	Risk for total cost of care (e.g., ACO) with risk of recoupments	3B, 3N
D	Capitation and Full Risk Payments	
D1	Primary Care capitation	4A, 4N
D2	Professional capitation	4A, 4N
D3	Facility capitation	4A, 4N
D4	Behavioral Health capitation	4A, 4N
D5	Global capitation	4B, 4N
D6	Payments to Integrated, Comprehensive Payment and Delivery Systems	4C, 4N
E	Other Non-Claims Payments	
F	Pharmacy Rebates	

Comparing Approaches for Measuring Non-Claims Payments

Milbank Approach	HCP-LAN Framework	HCAI-FHC Expanded Framework
• Identifies the purpose of spending • Creates a set of broad categories, mostly focused on primary care	• Categorizes payments based on the level of risk assumed by a provider	• Identifies the purpose of the spending through up-to-date, relatable categories and subcategories • Helps policymakers and other stakeholders evaluate relative value of non-claims payments and alignment with priorities • Crosswalks to HCP-LAN Framework to understand level of risk assumed by providers and minimize data collection burden

How are the frameworks used for data collection?

The Common Data Layout and Expanded Framework Work Together to Support State Goals



- Expanded Framework Categories included in APCD-CDL™ Annual File and Capitation File
- Categories can be paired with primary care and behavioral health definitions to support spending measurement

Questions?

