



MACPAC
Medicaid and CHIP Payment and Access Commission



Framework for Evaluating Medicaid Provider Payment Policy

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Statutory Principles

§1902(a)(30)(A) of the Social Security Act:

- Assure that payments are consistent with:
 - Efficiency
 - Economy
 - Quality
- Safeguard against unnecessary utilization
- Assure access equal to the general population in the area

MACPAC Payment Policy Work to Date

The first *Report to the Congress* described payment principles, proposed areas for research, and raised two policy questions:

- What is the relationship of payment to access and quality?
- Which payment innovations best address efficiency and economy while promoting access to quality services and appropriate utilization?

The report also noted that a lack of Medicaid payment information created challenges for payment analysis.

MACPAC has engaged in a variety of projects to help fill in knowledge gaps.

Proposed Payment Framework

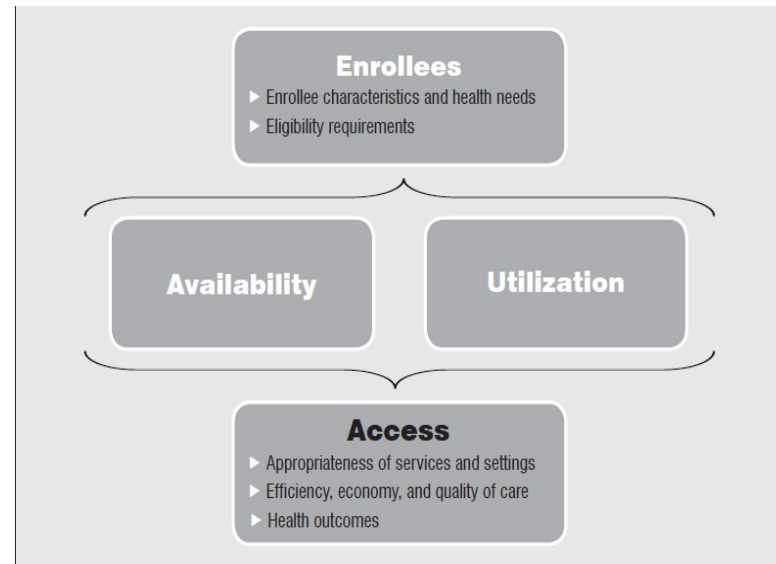
- Economy
 - Payment amount
 - Provider costs
 - Comparisons to other states and payers
- Access
 - Availability
 - Utilization (including necessity)
 - Enrollee characteristics
- Quality
 - Appropriateness
 - Process
 - Outcomes
- Efficiency
 - Access and quality relative to spending

Economy

- Limited statutory and regulatory definition or requirements
 - Comparisons of payment to costs or other payers
- Data sources include
 - CMS-64
 - MSIS
 - Cost reports
- Data limitations
 - Significant policy variation among states
 - Incomplete provider-level payment data
 - Cost reports limited to institutions; not Medicaid-specific
 - Private payer data often unavailable

Access

- Data sources include:
 - National and state-level surveys
 - Administrative data (e.g., claims)
- Data limitations:
 - Availability
 - Comparison to general population



Quality

- Safe, effective, patient-centered, timely, equitable, and reliable
- Data sources include:
 - CMS core measures
 - Administrative data (e.g., claims)
 - Surveys
- Data limitations:
 - Availability
 - Voluntary reporting
 - Not specific to subpopulations

Efficiency

- Limited statutory and regulatory definition or requirements
 - Comparisons of payment to costs or other payers
- Data sources include:
 - CMS-64
 - MSIS
 - Cost reports
- Data limitations:
 - Significant policy variation among states
 - Incomplete provider-level payment data
 - Cost reports limited to institutions; not Medicaid-specific
 - Private payer data often unavailable

Applying the Framework

- Going forward, MACPAC could assess the relationship of Medicaid payment policies to the statutory principles
- We would also continue to examine the extent to which “value-based” purchasing strategies are effective
- Specific projects to which we could apply this framework include the inpatient payment index and Medicaid ACO study

Challenges and Limitations

- It is unlikely that we will have sufficient quantitative information to make such clear-cut assessments of the effects of a given payment policy
- We can use available information to:
 - estimate the direction and magnitude of payment policy effects on economy, quality, and access
 - determine the appropriate metrics and data points to measure the effects of specific payment policies
 - identify where better data or more appropriate metrics are needed, to inform the development of those tools

Discussion Questions

Is this a useful way for Commissioners and the Congress to evaluate Medicaid payment policy?

What additional data sources (and limitations) should the Commission consider when evaluating Medicaid payments?

For which types of Medicaid payment policies would assessment of payment adequacy be most helpful in informing future policy discussions?