



Model #5

Medicaid Managed Care Are Linking Bonus Programs Tied to Performance

Is Your Organization Ready to Take on Risk?

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States are expanding value-based payments (VBP) in Medicaid and leveraging their Medicaid managed care programs to advance their payment reform goals.

According to Manatt Health, VBP policies vary across the country but the trends are clear:

- States are engaging their managed care contractors in VBP on multiple fronts.
- Increasingly mandating plan action on VBP and providing financial incentives.
- Imposing penalties tied to specific VBP goals.

A Manatt Health review of 39 states' Medicaid managed care contracts and related sources found that 28 states require plans to engage in VBP with network providers; two other states explicitly encourage or otherwise incentivize plans to engage in VBP (See Figure 1).

HOW IS MEDICAID MANAGED CARE ACCELERATING VALUE-BASED PAYMENTS?

- Requiring managed care organizations (MCOs) to adopt a standardized value-based payment (VBP) model.
- Requiring MCOs to make a specific percentage of provider payments through approved VBP arrangements.
- Requiring the MCOs to move toward implementation of more sophisticated VBP approaches over the life of the contract.
- Requiring MCOs to actively participate in a multi-payer VBP alignment initiative.
- Requiring MCOs to launch VBP pilot projects subject to state approval. |

Figure 1. VBP Policies in State Medicaid Managed Care Programs

