



Memorandum

To: Bruce Eddy, Ph.D., Executive Director, Jackson County Mental Health Fund
cc: Annie Medina, Executive Vice President, Consulting, *OPEN MINDS*
From: Ken Carr, Senior Associate, *OPEN MINDS*
Date: April 25, 2017
Re: Summary Memo – February 22, 2017 On-Site & Next Steps

I. Executive Summary

Jackson County Community Mental Health Fund (the Fund) is the authority that oversees a property tax levy designated for mental health services. The organization is overseen by a publicly appointed Board of Trustees, and disburses over \$11 million annually for indigent mental health care. Funds are disbursed in the form of grants to local organizations providing mental health services. Funding is competitive and focused on performance. The Fund plays a lead role in assisting safety net organizations in providing services for those individuals with no other funding sources.

Jackson County Community Mental Health Fund requested that *OPEN MINDS* provide research and consultative services to assist the organization with development of a value-based purchasing model and a pilot model matrix to be used for a demonstration project. It is notable that most organizations implementing value-based reimbursement projects are payer organizations which manage Medicare, Medicaid, and commercial benefits. Jackson County Community Mental Health Fund is unique because it manages levy funds in a manner similar to foundations and grantor organizations. This innovative nature of the Fund required a research approach with a combined focus on value-based reimbursement and social enterprise funding methodologies.

Steps taken by *OPEN MINDS* to move the organization toward a value-based purchasing pilot demonstration project included:

- Conducting a project launch meeting to discuss the objectives of the value-based purchasing research and pilot model matrix for a pilot demonstration project
- Performing a desk review of financial, contracting, and board materials provided by the Fund, and following-up the desk review with a web meeting to discuss preliminary findings
- Conducting a full-day assessment on-site to review current processes, contracting model, IT system and other operations
- Preparing a presentation on value-based purchasing, social investment and related discussion guides for on-site presentations to collaborative partners, provider partners, and the Board of Trustees
- Conducting analysis of value-based purchasing models and organization types to develop a matrix of funding models and discussion of potential value-based purchasing services relevant to organizations funded by the Fund, and organizing them by service types and level of risk
- Delivering a presentation to the Leadership Assembly of funding partners, and a final presentation of value-based research and opportunities to the Board of Trustees.

Jackson County Mental Health fund has key elements in place to move ahead with developing targeted pilot projects tailored to community needs and provider strengths, including motivated, informed staff, a supportive Board of Trustees, and interested Provider Partners. Working collaboratively to develop additional understanding, assess readiness, and identify pilot projects will create the path for implementing value-based purchasing options with Jackson County Mental Health Funds.

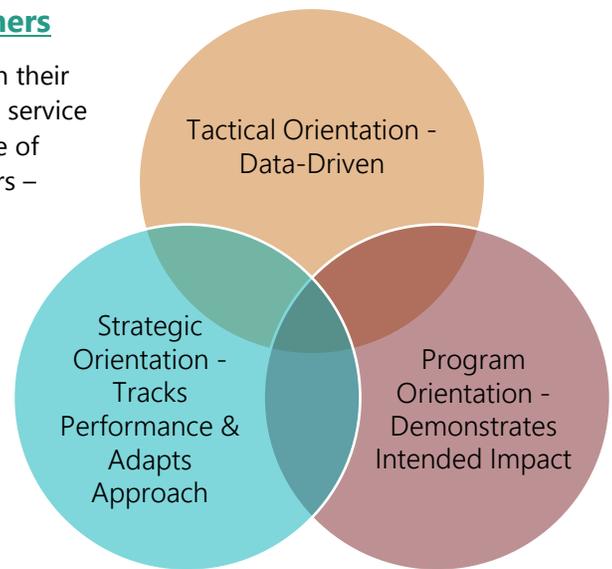
II. Recommended Internal Value-Based Purchasing Strategies

A. Identify Key Value-Based Purchasing Goals

Identify opportunities to move from the current fee-for-service funding approach to alignment of funding with strategic impact goals. Considerations related to strategy include determination of key service outcome goals, identification of initiatives that support those impact goals, and collaborative development of contracting agreements to engage providers in achieving those impact goals.

B. Assess Data-Driven Level Of Provider Partners

Identify the data-driven level of provider partners based on their tactical, strategic and programmatic use of data to achieve service outcome goals. Those providers that are strong in all three of these data orientations will be “Blue Chip” provider partners – good investments for Fund resources, providing effective services in alignment with targeted outcomes. Those providers that are strong in one or two of these orientations will become “Social Venture” provider partners with the potential to develop toward delivering targeted service outcomes with data-driven leadership.



C. Link Services & Data With Outcomes

Services focused on strategic impact goals should be linked to the data that drives and demonstrates the anticipated outcomes. This can be achieved by clearly focusing grants on desired value-oriented services, and creating measurable outcomes, defined and driven by the key productivity indicators specified in grants. This can be accomplished interactively with Provider Partners in alignment with the Fund’s collaborative approach to identifying goals and facilitating outcomes.

D. Assess Resource Needs To Support Value-Based Reimbursement

Value-based reimbursement requires additional focus on tracking and monitoring outcomes. It also requires enhanced processes to reconcile outcomes and issue payments based on those outcomes. The Fund should consider enhancement of staffing for IT infrastructure resources. Organizations moving into value-based reimbursement often consider increasing staffing resources to strengthen IT and administrative functions associated with IT systems customization and maintenance, service documentation processes, outcomes tracking, reporting, and reimbursement reconciliation. Although the current grant tracking and reimbursement software is reliable for Fee-For-Service



volume and reimbursement functions, a new system that tracks, analyzes and reconciles outcome-based grants will create efficiency and flexibility for the organization.

III. Learning Community For Provider Partners

There is interest from funding partners in exploring opportunities to transition current services, or create new ones, with value-based purchasing models. Some of the larger Community Mental Health Centers (CMHC)/Safety Net and Children and Families organizations have experience with value-based purchasing models, while some of the Mental Health and Social Services organizations have fewer data management resources and no experience with these models.

It is recommended that Jackson County Mental Health Fund initiate a learning community approach to collaboratively identify, plan, and implement value-based purchasing pilot projects. The advantage of using the learning community approach is that it allows for expert input and the infusion of national resources to assist provider partners in managing and succeeding in the new, rapidly changing value-based purchasing environment. Knowledge surrounding new value-based purchasing opportunities, business processes, data-driven decision-making, workforce competencies, and other related concepts will enable provider partners to identify pilot options, prepare for, and subsequently launch new value-oriented services and funding approaches. The learning community approach creates the opportunity to provide participants with the latest information and consultation about value-based purchasing best practices.



IV. Proposed Value-Based Purchasing Steps & Timeframe

Year One	
Time Period	Focus
Year One – First Six Months	Initiate Learning Community <ul style="list-style-type: none"> ▪ Identify participating provider partners ▪ Develop understanding of value-based purchasing – funding methods, services, required competencies ▪ Identify value-based purchasing opportunities, challenges and potential pilot projects
Year One – Second Six Months	Create Project Plans <ul style="list-style-type: none"> ▪ Create pilot project plans ▪ Identify needed resources ▪ Define social impact goals and outcome measures
Year Two	
Time Period	Focus
Year Two – First Six Months	Implement Pilot Projects Based on model and innovations identified in Year One, implement projects with provider partners to: <ul style="list-style-type: none"> ▪ Identify operational strengths and challenges from initial implementation of pilot projects ▪ Identify rapid cycle innovations to improve performance of organizations participating in pilot projects
Year Two – Second Six Months	Perform Mid-Year Evaluation Evaluate impact of goals and outcome measures for each organization, with rapid cycle innovations to improve community impact of services

V. Summary

Moving forward with value-based purchasing pilot projects resonates with funding and provider partners. Working collaboratively to develop additional understanding, assess readiness, and identify pilot projects will create the path for implementing value-based purchasing options with Jackson County Mental Health Funds. Implementing a learning community is a vehicle that can move the community down this path to successful implementation of pilot projects.



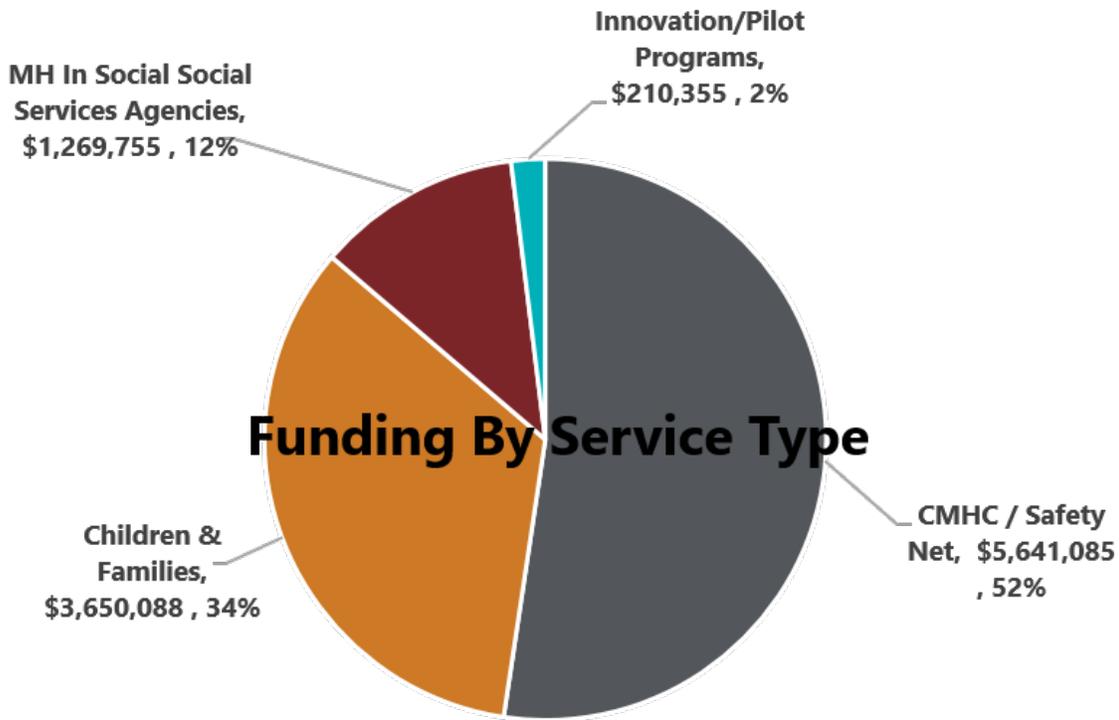
Attachment A: Value-Based Reimbursement Definitions

Term	Definition
Fee-for-service	Payments for unites of health care service provided
Performance-based contracting	Payment for unites of health care service provided plus incentive compensation for achieving specific outcomes
Bundled and episodic payments	Rates based on 'episodes of care' or time periods of care delivery (per member per month)
Shared savings	Provider payments based on savings to the total cost of health care for a targeted population
Shared risk	Provider payments based on provider taking on payment risk if outcomes are not achieved
Capitation	Per member per month payment (PMPM) for serving a population of consumers with provider managing the health care needs of the population
Capitation + performance-based contracting	PMPM payment for serving a population of consumers with provider managing the health care needs of the population and additional payment for achieving specific outcomes



Attachment B: Analysis Of Service Funding

Service Types	CMHC / Safety Net	Children & Families	Mental Health & Social Services	Pilot Projects & Innovation
Total	\$ 5,641,085	\$ 3,650,088	\$ 1,269,755	\$ 210,355
Percentage of Funding	52%	34%	12%	2%
Number of Organizations	11	9	10	5
Percentage of Organizations	33%	27%	30%	15%



- 52% of funding to CMHC/Safety Net Providers – the majority of funding supporting targeted case management
- 34% of funding to Children & Family Services – the majority of funding supporting residential services for children
- 12% to support funding for mental health initiatives in social service organizations



Attachment C: Matrix Of Value-Based Reimbursement Methods & Service Types

VBP Options / Service Types	CMHC / Safety Net	Children & Families	Mental Health & Social Services	Pilot Projects & Innovation
Performance-Based Contracting				
Cost reimbursement agreements with performance-based statements tied to measureable standards, outcomes reporting requirements and incentives for achieving agreed upon outcomes.	X	X	X	X
Fixed rates with performance-based statements of work tied to measureable standards, outcomes reporting requirements and incentives for achieving agreed upon outcomes.	X	X	X	X
Fixed rates with performance-based statements of work tied to measureable standards, outcomes reporting requirements and penalties for not achieving agreed upon outcomes.	X	X	X	X
Bundled & Episodic Payments				
One payment, per episode or group of services, paid on a per-service or monthly basis.	X	X		X
Capitation				
PMPM payment to provide specified services to agree upon populations (i.e. uninsured, minority, or special needs populations).				

