



Healthcare

Value-Based Payments for Home and Community-Based Services: Practical Ideas for State Implementation

State policymakers are increasingly looking to value-based payment (VBP) strategies to incentivize the delivery of more efficient, higher-quality home- and community-based services (HCBS). In 2016, of the total long-term services and supports (LTSS) spending, HCBS made up 57%, making it the highest component of LTSS expenditures. State governments are under constant pressure from both the federal government and state legislatures to save money, while regulatory changes are forcing states to rethink their programs. One of the potential solutions for states to use for controlling costs while delivering more efficient, higher-quality service is to use VBP arrangements. This document examines practical ways for states to implement their VBP programs and critical success factors.

Types of VBP Arrangements in HCBS Programs

Compliance-based payment requires providers to meet a minimum regulatory requirement to receive an incentive payment. States can choose to use this method for a set period to encourage providers to follow requirements, such as the new Electronic Visit Verification (EVV) System implementation in the state.

Goal-achievement payments require providers to meet a goal before they receive a payment. These are most commonly seen in employment-based settings, as states can set clear goals for providers to achieve. The goal achievements can be part of the incentive payment or could be a condition for the payment for service performed.

Pay-for-performance is focused on the outcome. One of the ways states can use a pay-for-performance method is incentivizing day support or personal care providers to improve community integration goals for their members. While the member is active in his or her community, the provider receives an incentive payment for serving that member, but this should be viewed by the provider as an opportunity to work with another client. States will see cost savings when the overall total annual payment is less, and providers will see higher revenues because they will be able to work with another client while receiving a percentage of incentives.

Questions? Contact

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Compliance		Goal-Achievement		Pay-For-Performance	
Challenge	Provider EVV Training Compliance	Challenge	Increasing Employment Opportunities	Challenge	Increasing Community Involvement
Providers will receive extra payments if all requirements are met	<ul style="list-style-type: none"> 100% of workers complete required training by deadline 100% of individuals complete the EVV training by deadline 	Providers will receive extra payments if all requirements are met	<ul style="list-style-type: none"> 75% of members show 100% satisfaction with their employment training Members maintain employment for 4 months or more 50% of members obtain full-employment offer 	Providers will receive extra payments if all requirements are met	<ul style="list-style-type: none"> Placed in routine community activity for 4-plus hours a week Activity noted in the person-centered service plan Members and families report 100% satisfaction Maintained activity for 3 months

Success Factors for Value-Based Payment Programs in HCBS

Success under a VBP arrangement requires the identification of four key elements:



The above three common VBP arrangements do not have to be considered separately. States can choose to implement all the arrangements in a single program, depending on the problem the state wants to solve or incentivize within the provider community. VBP implementation will require a continuous examination of the incentives. The key to any successful VBP arrangement in a HCBS program is continuous implementation of the four key factors discussed above.

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