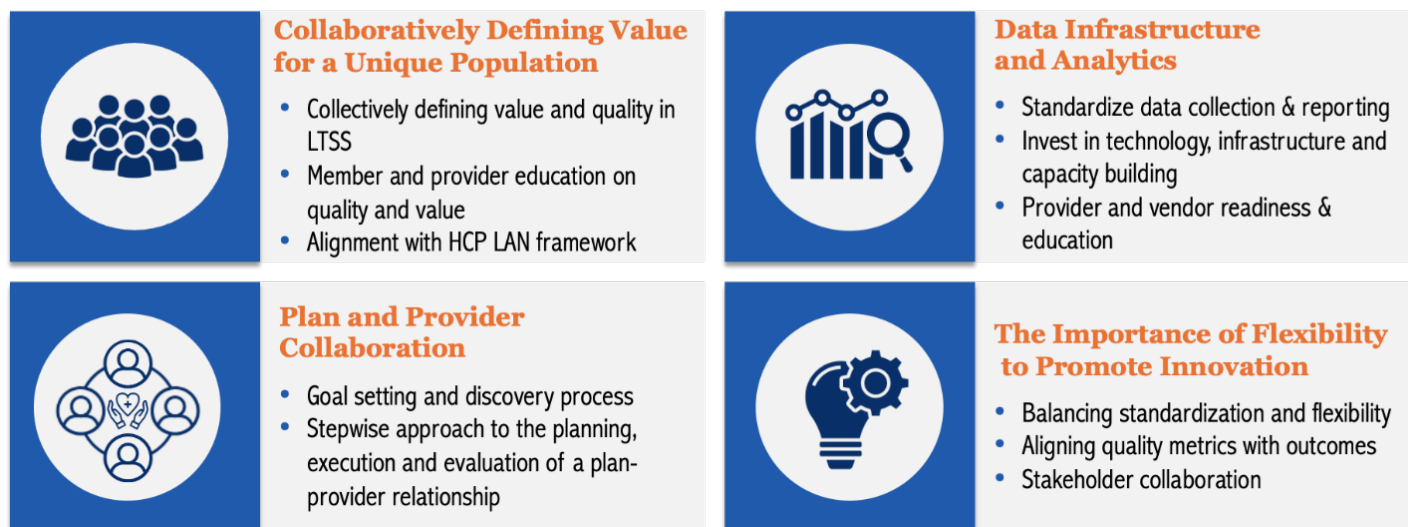


## Advancing Value-Based Contracting Partnerships in MLTSS: Executive Summary

Value-based contracting (VBC) has the potential to reshape long-term services and supports (LTSS) by aligning payment structures with improved outcomes, higher care quality, and greater efficiency. As states and managed care organizations (MCOs) adopt innovative models, achieving success hinges on clearly defined goals, a robust data infrastructure, collaborative partnerships, and the flexibility to address the unique needs of diverse populations.

To advance these efforts, the National MLTSS Health Plan Association convened the Value-Based Contracting Workgroup in 2024, composed of member MCOs tasked with identifying opportunities to promote the use of VBC within MLTSS and developing actionable strategies to overcome implementation barriers. Through in-depth discussions both within the Workgroup and with other external partners and stakeholders, the MLTSS Association developed recommendations designed to accelerate intentional partnerships and drive the strategic adoption of VBC in MLTSS, centered around four key domains:

### KEY DOMAINS: VALUE-BASED CONTRACTING IN MLTSS



This document outlines key recommendations organized by these domains, offering practical strategies for policymakers, health plans, and providers to strengthen VBC frameworks, drive better care outcomes, and promote sustainable LTSS delivery across diverse care settings.

## Domain 1: Collaboratively Defining Value for a Unique Population

### Problem Statement:

Value definition varies depending on the population, their needs and type of care. LTSS beneficiaries represent several unique populations with diverse complex needs and conditions – value looks fundamentally different within and across LTSS subpopulations. Value definitions around LTSS must balance traditional cost saving approaches with objectives that are less commonly prioritized in broader healthcare value-based arrangements, such as improving quality of life and other person-centered outcomes. Cost savings outcomes from LTSS VBCs may lead to accrual of savings to unaligned entities. Moreover, there is limited agreement on a standardized set of quality measures for LTSS, and differences exist between institutional and HCBS settings.

| Stakeholder | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| States      | <ul style="list-style-type: none"> <li>Clearly define and achieve consensus among stakeholders on what value and quality means in the context of LTSS.</li> <li>Be explicit in defining priority areas for VBC that are specific to LTSS, rather than establishing broad, general goals such as the percentage of LTSS that is delivered through VBC contracts.</li> <li>Standardize measure sets and data collection to enable consistent tracking and comparison of outcomes.</li> <li>Align MLTSS VBC goals with the Health Care Payment Learning &amp; Action Network (HCPLAN) Alternative Payment Model (APM) Framework to create a logical and easily grasped approach to value-based payment in LTSS programs.<sup>1</sup></li> <li>Approach value-based payment as a means to accomplish some end(s) and tie that to broader quality strategy.</li> <li>Consider network disparity issues when setting VBC requirements, particularly for rural and urban areas.</li> <li>Leverage waivers to support technology solutions that enhance access and effectiveness of LTSS delivery.</li> </ul> |
| Plans       | <ul style="list-style-type: none"> <li>Analyze data to identify gaps in quality and take targeted actions to address them</li> <li>Engage and learn directly from beneficiaries, providers, advocates, and other stakeholders to ensure a well-rounded VBC approach</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Providers   | <ul style="list-style-type: none"> <li>Engage in multi-lateral discussion, education, and training opportunities with stakeholders to develop a common understanding around: <ul style="list-style-type: none"> <li>What quality and value mean, and provide input into potential provider incentives, penalties and rewards for not meeting or exceeding compliance; and</li> <li>The design and parameters around different payment models, including pay-for-performance, shared savings/risk arrangements, bundled payments, along with their unique approaches.</li> </ul> </li> <li>Create internal incentives for management and staff for achieving defined performance metrics, so that the rewards for exceeding basic compliance standards are shared across the organization.</li> </ul>                                                                                                                                                                                                                                                                                                  |
| Multiple    | <ul style="list-style-type: none"> <li>States, plans and providers should collaborate to identify and leverage resources and data to collectively define value.</li> <li>Plans and providers will need to shift their way of thinking from sole reliance on traditional fee-for-service (FFS) payment models to strategically incorporating value-based reimbursement.</li> <li>Stakeholders should engage in and promote the utilization of VBC models to address health disparities by targeting underserved populations and aligning incentives with person-centered outcomes that prioritize equitable access to care and quality of life improvements.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                |

<sup>1</sup> HCPLAN [APM Framework](#)

## Domain 2: Data Infrastructure and Analytics to Support Value-Based Contracting Initiatives

### *Problem Statement:*

The data required to develop, inform, and evaluate value-based arrangements is inherently complex and costly. Without sufficient infrastructure, funds or adequate access to timely data, stakeholders (states, MCOs, providers, etc.) cannot accurately develop, report, or evaluate VBCs. Furthermore, the fragmented nature of the healthcare environment, with its mix of FFS and managed care models, sometimes complicates the attribution of costs and savings.

| Stakeholder | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| States      | <ul style="list-style-type: none"> <li>Establish standardized data collection and reporting practices to enable more efficient data integration, analysis and comparison.</li> <li>Invest in integrated data systems and ensure that both plans and providers have access to timely, relevant data.</li> <li>Consider risk adjustment methodologies to account for differences in member populations' characteristics and health risks when evaluating performance under value-based contracts.</li> <li>State Health Information Exchanges (HIEs) have significant potential to contribute to this standardization process, particularly in the context of including LTSS provider information.</li> <li>Leverage state plan and HCBS waiver authorities to provide the necessary flexibility to implement innovative technology-driven solutions that address the specific needs of LTSS beneficiaries.</li> </ul> |
| Plans       | <ul style="list-style-type: none"> <li>Ensure access and analysis of timely data to create analytic solutions that enable stakeholders to monitor key performance indicators (KPIs), track quality metrics, and assess the impact of value-based initiatives in near real-time.</li> <li>Facilitate timely decision-making and intervention, in conjunction with provider partners.</li> <li>Keep data collection requirements as simple as possible to improve efficiency.</li> <li>Invest in integration platforms or middleware solutions that can seamlessly connect disparate data sources, including electronic health records (EHRs), claims data, pharmacy data, and patient-generated data from wearables and remote monitoring devices.</li> </ul>                                                                                                                                                         |
| Providers   | <ul style="list-style-type: none"> <li>Make upfront investment to update administrative, operational and IT systems.</li> <li>Engage MCO-provided training and identify ongoing technical assistance needs to ensure successful utilization of advanced administrative &amp; IT systems and invest in provider enablement tools and financial incentives.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Multiple    | <ul style="list-style-type: none"> <li>States, plans, and providers need to have a strong and consistent IT infrastructure to support these efforts.</li> <li>Coordinate among all stakeholders to develop new standards for data collection and measure definitions.</li> <li>Collaborate to ensure seamless access to data from elements like Electronic Visit Verification (EVV) systems and EHRs accurately track data and ensure the reliably reporting of quality metrics across all stakeholders.</li> <li>Recognize the varying levels of sophistication and capacity among plans and providers and establish realistic VBC implementation phases accordingly.</li> </ul>                                                                                                                                                                                                                                    |

## Domain 3: Plan and Provider Collaboration on Design and Implementation of VBC

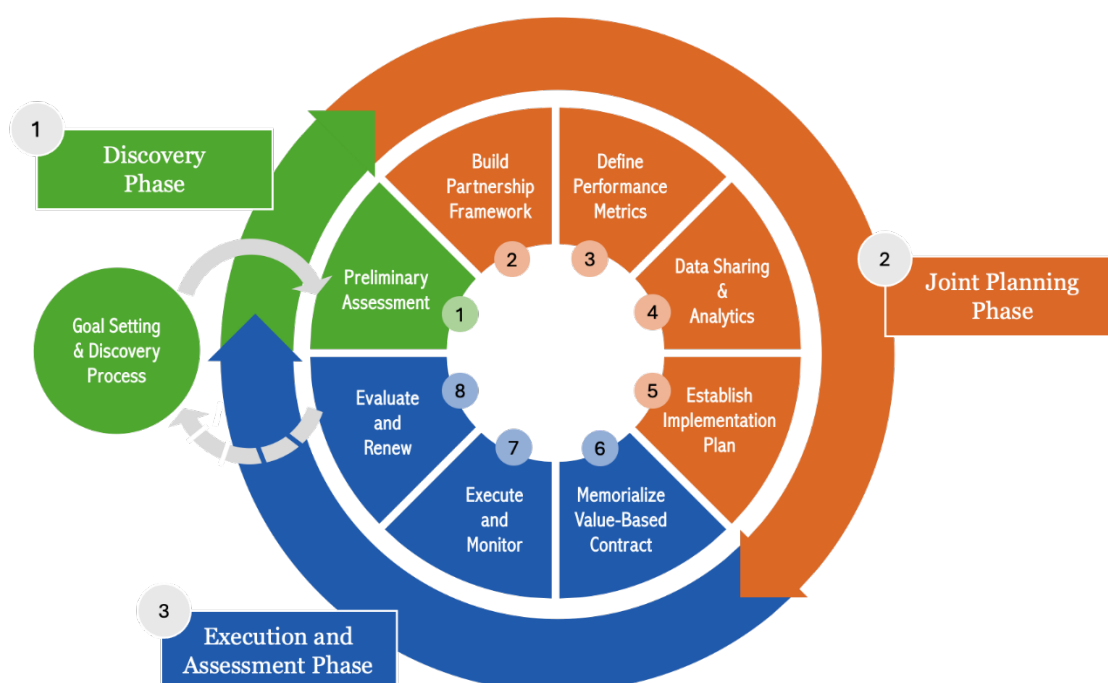
### ***Problem Statement:***

It is essential that MCOs and providers work together to build capacity, share resources, and establish clear expectations for performance. LTSS encompasses multiple service types and providers that have various levels of need, experience, business models and characteristics. Stakeholders may not have the capacity, data infrastructure, human capital or knowledge to properly implement and execute specific VBC metrics. Providers may face significant implementation costs, along with the administrative challenge of navigating diverse processes across multiple MCOs.

### ***Initial Framework Suggested for Development of Plan and Provider Relationship:***

Based on input from its member plans and national subject matter experts, the National MLTSS Health Plan Association has developed the following template for the planning, execution, and evaluation of a successful plan-provider VBC relationship. The graphic below and explanatory text that follows is intended to illustrate what considerations should be accounted for in each step of the VBC process. The steps can best be understood to occur in three broad phases: the Discovery Phase (Precursory steps and Step 1), the Joint Planning Phase (steps 2-5), and the Execution and Assessment Phase (Steps 6-8).

It is worth highlighting that in practice, many of these steps may occur in parallel, or concurrently – particularly those in each respective phase. However, our goal is to explicitly highlight each one to ensure that they are intentionally accounted for in the development of future VBCs.



## Domain 3: Plan and Provider Collaboration on Design and Implementation of VBC

| Stakeholder | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| States      | <ul style="list-style-type: none"> <li>Clearly communicate VBC strategies to plans and encourage proactive provider collaboration.</li> <li>Develop training programs for cultural competency and systemic bias mitigation for MCOs and providers.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Plans       | <ul style="list-style-type: none"> <li>Develop and communicate an internal VBC strategy aligned with strategic goals, incorporating feedback from states, providers, and advisory groups.</li> <li>Perform readiness assessments of providers, including technological, clinical, financial, and data capabilities.</li> <li>Be prepared to provide upfront resources and technical assistance to help providers address infrastructural challenges.</li> <li>Use a stepwise approach to develop VBC arrangements, evolving from pay-for-performance to outcome-focused models.</li> <li>Ensure interoperability, real-time data sharing, and administrative alignment with providers.</li> </ul> |
| Providers   | <ul style="list-style-type: none"> <li>Help plans incorporate the perspectives of members and family caregivers to inform a stronger VBC model.</li> <li>Take initiative in making infrastructural improvements necessary to successfully engage in VBCs.</li> <li>Report challenges early and often with plans in effectively implementing a new VBC design.</li> </ul>                                                                                                                                                                                                                                                                                                                          |
| Multiple    | <ul style="list-style-type: none"> <li>Collaborate to build capacity through technical support, training, and resource sharing.</li> <li>Appropriate enough time for regular discussions, openness, and transparency necessary when designing, implementing, and monitoring VBC partnerships.</li> <li>Identify and work to address the root causes of disparities in access and quality</li> </ul>                                                                                                                                                                                                                                                                                               |

## Domain 4: The Importance of Flexibility to Promote Innovation

### Problem Statement:

States have broad authority to design programs and plan contracts within their Medicaid programs, setting a wide range of measures and payment structures. States must strike a delicate balance between providing sufficient guidance and standardization for stakeholders to be successful in value-based arrangements while not imposing restrictions that limit innovation.

| Stakeholder | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| States      | <ul style="list-style-type: none"> <li>• Structure VBC-related requirements and overall quality strategy in a well-informed manner, balancing standardization with flexibility to encourage innovation.</li> <li>• Evaluate trade-offs in decision-making to establish a VBC program that alleviates common hurdles (e.g., data sharing) while enabling provider-driven innovation.</li> <li>• Provide broad guidelines that connect to an overall quality strategy, offering clear parameters while trusting that health plans and providers will rise to meet the challenge based on their on-the-ground knowledge and shared understanding of the value gaps/needs.</li> <li>• Ensure quality metrics closely align with the desired outcomes.</li> <li>• Develop robust measurement strategies to assess the impact of LTSS VBC initiatives and encourage innovative approaches to VBC.</li> <li>• Prioritize engaging these stakeholders early in the development of guidelines, standards, and policies, gathering feedback that reflects a wide range of perspectives.</li> </ul> |
| Plans       | <ul style="list-style-type: none"> <li>• Start with simple models and gradually evolve to more complex ones.</li> <li>• Offer rewards to providers who achieve outstanding results through innovative service models, technologies, or approaches.</li> <li>• Engage providers in developing innovative solutions, leveraging their firsthand experience and insights.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Providers   | <ul style="list-style-type: none"> <li>• Be flexible and open to new ideas plans invite providers to engage in.</li> <li>• Proactively bring new ideas on innovative VBCs that address pain-points and align with state's quality measures to health care plans.</li> <li>• Document impact of innovative VBCs so as to help inform future decisions on the part of plans and the state to scale or sustain what is working.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Multiple    | <ul style="list-style-type: none"> <li>• Regularly monitor outcomes, quality indicators and other performance metrics to identify areas for improvement, adjust strategies as needed, and ensure that VBC initiatives continue to meet their intended goals.</li> <li>• States and plans should involve participating providers in evaluating VBC initiatives and be transparent when sharing evaluation and monitoring results with stakeholders.</li> <li>• States and plans should encourage providers to strive for excellence while delivering financial resources to enable high-performing providers to invest in expanding their geographic footprint and/or service capacity, rewarding their staff appropriately, and continuing to invest in testing innovations.</li> </ul>                                                                                                                                                                                                                                                                                                  |