Private and public payers in Arkansas and nationwide face growing challenges to fund the health care system. The Arkansas Health Care Payment Improvement Initiative seeks to:

- Reward providers for high-quality and cost-effective care
- Increase the quality of health care by improving coordination of care
- Lower costs

The initiative's collaborative partnership, with the involvement of hundreds of Arkansas physicians, health professionals, provider association leaders, patients, families, and community leaders, is transitioning the Arkansas health care payment system to a model based on episodes of care and patient-centered medical homes.

The initiative aims to support and reward providers who consistently deliver high-quality, coordinated, cost-effective care — to all patients, in all settings.

The first phase of the initiative begins July 1, 2012.
OVERVIEW
The Arkansas Health Care Payment Improvement Initiative is working to transform the structure of the state’s health care system to control unsustainable growth in costs and to reward health care providers who consistently deliver high-quality, coordinated, cost-effective care to patients.

A collaborative effort among health care payers Arkansas Medicaid, Arkansas Blue Cross and Blue Shield, and QualChoice, the initiative will introduce an episode-based payment model built on the existing claims system to address specific clinical conditions and patient-centered medical homes. The collaborating partners developed and refined the episode model over nine months with significant contributions and comment from hundreds of physicians, health care professionals, patients, and other stakeholders.

Transforming the health care payment structure is a key component of a larger statewide initiative to improve the Arkansas health care system. The effort now underway to ensure adequate access to health care and to create a system that is less costly and more efficient includes work in several interrelated areas, including strategic planning for our health care workforce; accelerated use of health information technology; and increasing the number of Arkansans with health care coverage.

FIRST PHASE
Initially, the payers will introduce five episodes of care as part of the payment initiative:
- Upper respiratory infection (URI)
- Total hip and knee replacements
- Congestive heart failure (CHF)
- Attention deficit/hyperactivity disorder (ADHD)
- Perinatal

These episodes will be introduced July 1, with a preparatory period of three to six months that will give providers time to learn about the new model and to adjust their practices, if necessary. During the preparatory period, providers will receive detailed reports on quality, cost, and utilization for their historical episodes.

HOW IT WORKS
Following the preparatory period, the initiative will go live, and providers will begin sharing in the savings or excess costs of an episode. For some episodes, providers will submit a small amount of information through a Provider Portal. Via the portal, providers also will receive periodic reports on their cost, quality, and utilization. For more information on the portal, go to:

www.paymentinitiative.org

For each episode, all treating providers will continue to file claims as they have previously and will be reimbursed according to each payer’s established fee schedule. The payer will identify a Principal Accountable Provider (PAP) for each episode from claims data. In most cases, the PAP is the provider with the most influence and responsibility over an episode. He or she will be ultimately responsible for ensuring an episode of care is completed at appropriate cost and sufficient quality and will share in savings or excess costs at the end of a one-year performance period.

At the end of each performance period, the PAP will be evaluated across cost and quality metrics for all of his or her completed episodes. By comparing each provider’s average cost for all completed episodes against each payer’s established cost thresholds, providers will be deemed eligible to share savings, will receive no additional payout, or will be responsible for sharing excess costs.

Providers who are already providing high-quality care at a reasonable total cost won’t have to make many – if any – adjustments.

With your help, the Arkansas Health Care Payment Improvement Initiative is creating a next-generation system of sustainable, patient-centered care. We look forward to working with you and your clinician colleagues, and we welcome your continued feedback. For more information and details about future education and feedback opportunities in your area, please visit www.paymentinitiative.org.