Business of Pediatrics

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Value-Based Care in Pediatrics: Challenges & Successes

Mark Weissman, MD

Priya Corea, MBA

Pediatric Health Network

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$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

Value can be increased by increasing quality while maintaining cost or by reducing cost while maintaining quality.

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"Value-Based Care": Genesis & Opportunities

- Origins & CMS-funded pilots in Medicare - significant illness burden & expense and lots of unmanaged &/or excess care, spending & opportunity for cost reduction/savings
- Models piloted in commercial plans and state Medicaid programs
- Where's the "opportunity" in pediatric care?

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Most children are "healthy"...

- Over 90% of children are relatively "healthy"- with manageable illness & common chronic conditions
- About 5% of children with significant complex and/or chronic illness - account for almost 40% of total "pediatric" spend
- Where's the "value" opportunity?
- What can primary care pediatric practices do?

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What is most common **hospitalization diagnosis** in pediatrics?

- Hint: It's not seen in routine pediatric practice…
- "Normal newborn"
- Normal newborns and newborns requiring NICU/hospital care cost more than payment for all primary care visits in 1st year of life
- Primary Care opportunity in the first year of life

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Value can be increased by increasing quality while maintaining cost or by reducing cost while maintaining quality.

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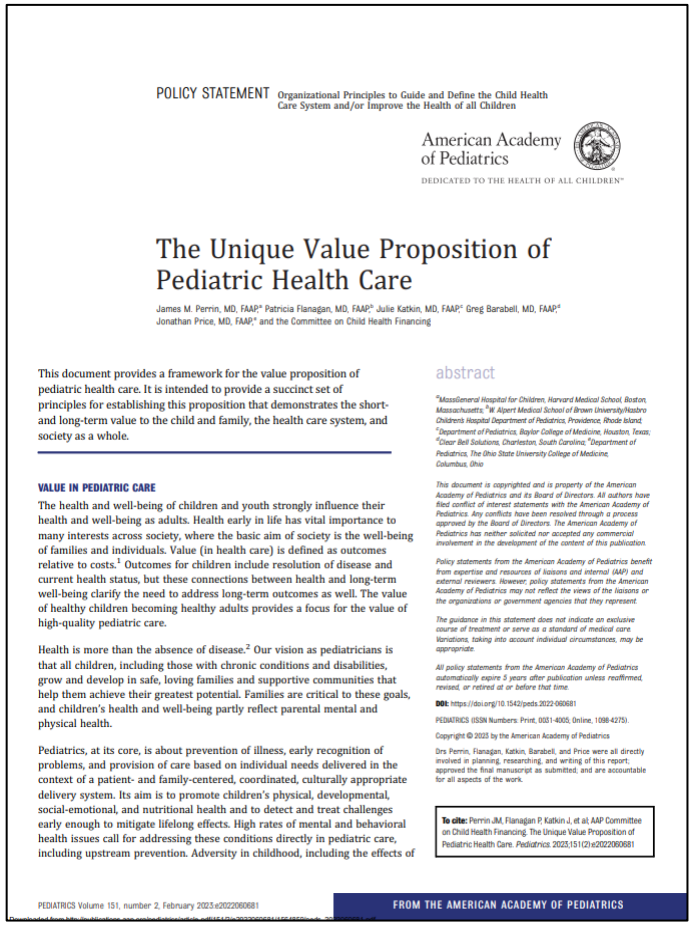
AAP Policy Statement 2023: Unique Value Proposition of Pediatric Health Care

- Pediatrics Volume 151, number 2, February 2023
- Jim Perrin, MD et al & AAP Committee on Child Health Financing
- https://publications.aap.org/pediatrics/article/151/2/e2022060681/190498/The-Unique-Value-Proposition-of-Pediatric-Health



POLICY STATEMENT Organizational Principles to Guide and Define the Child Health Care System and/or Improve the Health of all Children

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The Unique Value Proposition of Pediatric Health Care

James M. Perrin, MD, FAAP,[a] Patricia Flanagan, MD, FAAP,[b] Julie Katkin, MD, FAAP,[c] Greg Barabell, MD, FAAP,[d] Jonathan Price, MD, FAAP,[e] and the Committee on Child Health Financing

This document provides a framework for the value proposition of pediatric health care. It is intended to provide a succinct set of principles for establishing this proposition that demonstrates the short- and long-term value to the child and family, the health care system, and society as a whole.

abstract

[a]MassGeneral Hospital for Children, Harvard Medical School, Boston, Massachusetts; [b]W. Alpert Medical School of Brown University/Hasbro Children's Hospital Department of Pediatrics, Providence, Rhode Island; [c]Department of Pediatrics, Baylor College of Medicine, Houston, Texas; [d]Clear Bell Solutions, Charleston, South Carolina; [e]Department of Pediatrics, The Ohio State University College of Medicine, Columbus, Ohio

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Drs Perrin, Flanagan, Katkin, Barabell, and Price were all directly involved in planning, researching, and writing of this report; approved the final manuscript as submitted, and are accountable for all aspects of the work.

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VALUE IN PEDIATRIC CARE

The health and well-being of children and youth strongly influence their health and well-being as adults. Health early in life has vital importance to many interests across society, where the basic aim of society is the well-being of families and individuals. Value (in health care) is defined as outcomes relative to costs.[1] Outcomes for children include resolution of disease and current health status, but these connections between health and long-term well-being clarify the need to address long-term outcomes as well. The value of healthy children becoming healthy adults provides a focus for the value of high-quality pediatric care.

Health is more than the absence of disease.[2] Our vision as pediatricians is that all children, including those with chronic conditions and disabilities, grow and develop in safe, loving families and supportive communities that help them achieve their greatest potential. Families are critical to these goals, and children's health and well-being partly reflect parental mental and physical health.

Pediatrics, at its core, is about prevention of illness, early recognition of problems, and provision of care based on individual needs delivered in the context of a patient- and family-centered, coordinated, culturally appropriate delivery system. Its aim is to promote children's physical, developmental, social-emotional, and nutritional health and to detect and treat challenges early enough to mitigate lifelong effects. High rates of mental and behavioral health issues call for addressing these conditions directly in pediatric care, including upstream prevention. Adversity in childhood, including the effects of

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AAP recommendations for payment reforms to achieve **value in pediatric care** (both Medicaid & Commercial)

- Value-based payment arrangements that include coverage of children must specifically address children's health care in their design, recognizing the **long-term value proposition.**

- Value-based payment reform **must address early childhood adversity and social determinants.**

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AAP recommendations for payment reforms to achieve **value in pediatric care** (both Medicaid & commercial) (*continued*)

- Value-based payment reform must include **appropriate metrics and data collection** over time, with clear attention to racial, ethnic, and other disparities in health outcomes.
    - Pediatric metrics must address health equity, social determinants, and long-term value explicitly, aligned across both commercial and public plans, so that **all children receive high-quality health care**.
    - Payment strategies must preserve a focus on prevention and early intervention as a critical framework for child health. (EPSDT, CHIP, ACA)

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AAP recommendations for payment reforms to achieve **value in pediatric care** (both Medicaid & commercial) (*continued*)

- Value arrangements **must facilitate partnerships** among health care providers or health care systems and other state and community agencies (schools, child welfare, home-visiting programs, early childhood programs).
- Value-based payment strategies must promote **integration of behavioral health and social services** in both primary care settings and subspecialty care settings.
  - This includes both the care and coordination of care for children with developmental and mental health diagnoses as well as children with social-emotional challenges that do not yet meet diagnostic criteria of the Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5)

AAP recommendations for payment reforms to achieve **value in pediatric care** (both Medicaid & commercial) (*continued*)

- Value-based systems must consider **risk stratification** that accounts not only for **medical complexity** but also for **parental and social complexity**, taking **social determinants of health** into consideration.
  - Risk models should address the special issues of care for children and youth with **special health care needs** and those with **medical complexity**.
- Payers must support the creation of **validated predictive risk algorithms for children**, construct "high-risk" lists for pediatric care coordination, and ensure adequate payment for such services.

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AAP recommendations for payment reforms to achieve **value in pediatric care** (both Medicaid & Commercial) (*continued*)

- Value-based arrangements must include **payment for new technologies** that facilitate care management in the medical home without a patient/physician in-person encounter.

- **New health care delivery systems** such as ACOs, or clinically integrated networks **that contract for value-based payment, must include pediatricians in their governance structures** if the system delivers children's health service.

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Pediatric Clinically Integrated Networks

- Pediatric **clinically integrated networks** (CINs) have emerged to better address the unique needs & challenges of quality care & appropriate payment for pediatric care
- Measurably improve care and manage utilization & expense across the care continuum
- Permits independent pediatric practices to legally negotiate as a group
- Sponsored by local children's hospitals

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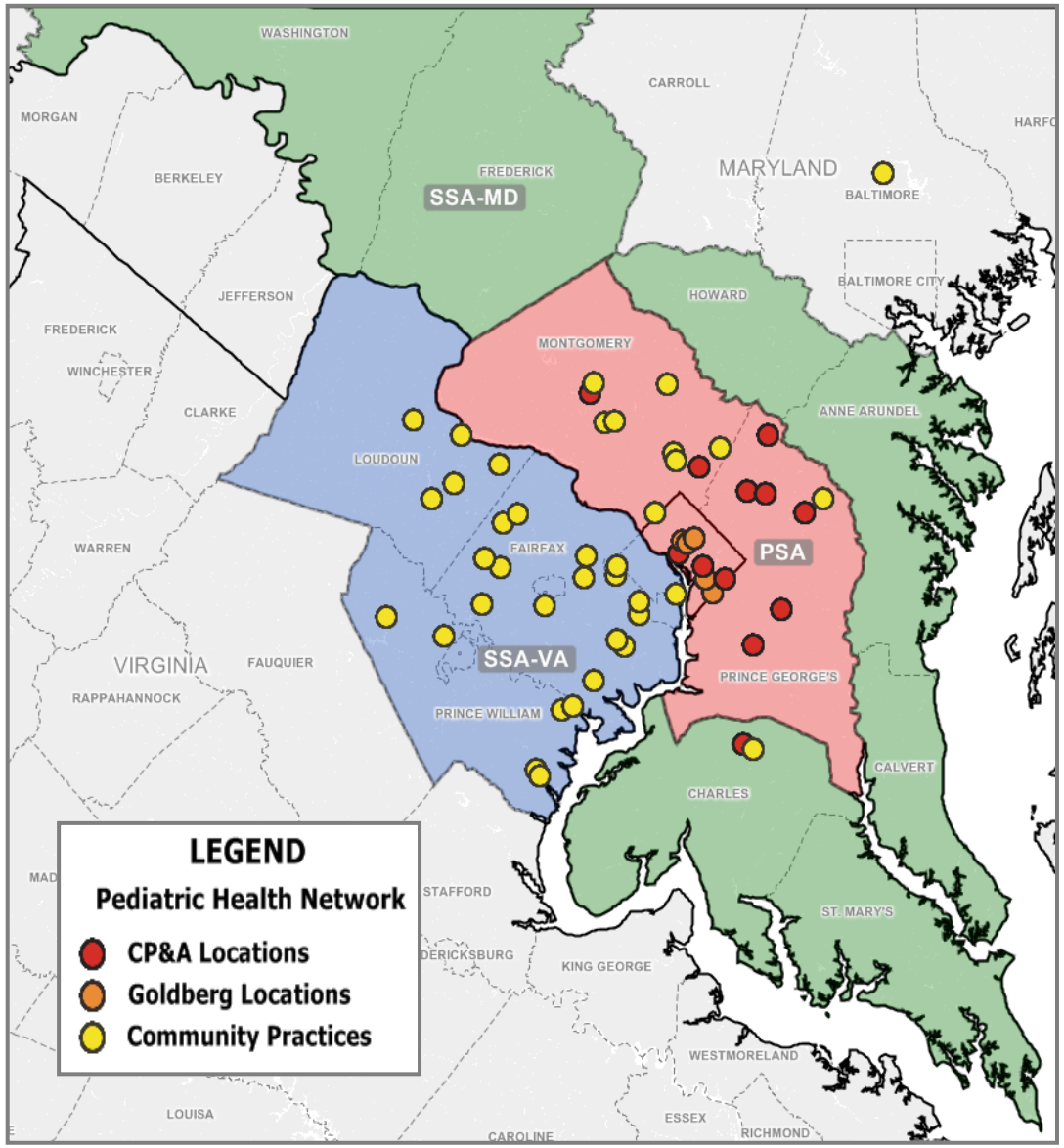
Pediatric Clinically Integrated Networks - nationwide

Advocate Children's Hospital
Akron Children's Hospital
Arkansas Children's Hospital
Boston Children's Hospital
Children's Health, Dallas
Children's Healthcare of Atlanta
Children's Hospital Colorado
Children's Hospital Los Angeles
Children's Hospital of Orange County
Children's Hospital of Philadelphia
Children's Hospital of the King's Daughters
Children's Memorial Hermann Hospital
Children's Mercy Kansas City
Children's Minnesota
Children's National (PHN)
Cincinnati Children's Hospital Medical Center
Connecticut Children's Medical Center
Cook Children's Health System
Dayton Children's Hospital
Johns Hopkins All Children's Hospital
Lurie Children's Hospital
Nationwide Children's Hospital
Nemours/Alfred I DuPont Hospital for Children
Phoenix Children's
Primary Children's Hospital
Seattle Children's
Texas Children's Pediatrics
UPMC Children's Hospital of Pittsburgh
VCU Health Richmond

PHN Primary Care Network – December 2018



Practices	Locations	Physicians
39	55	304

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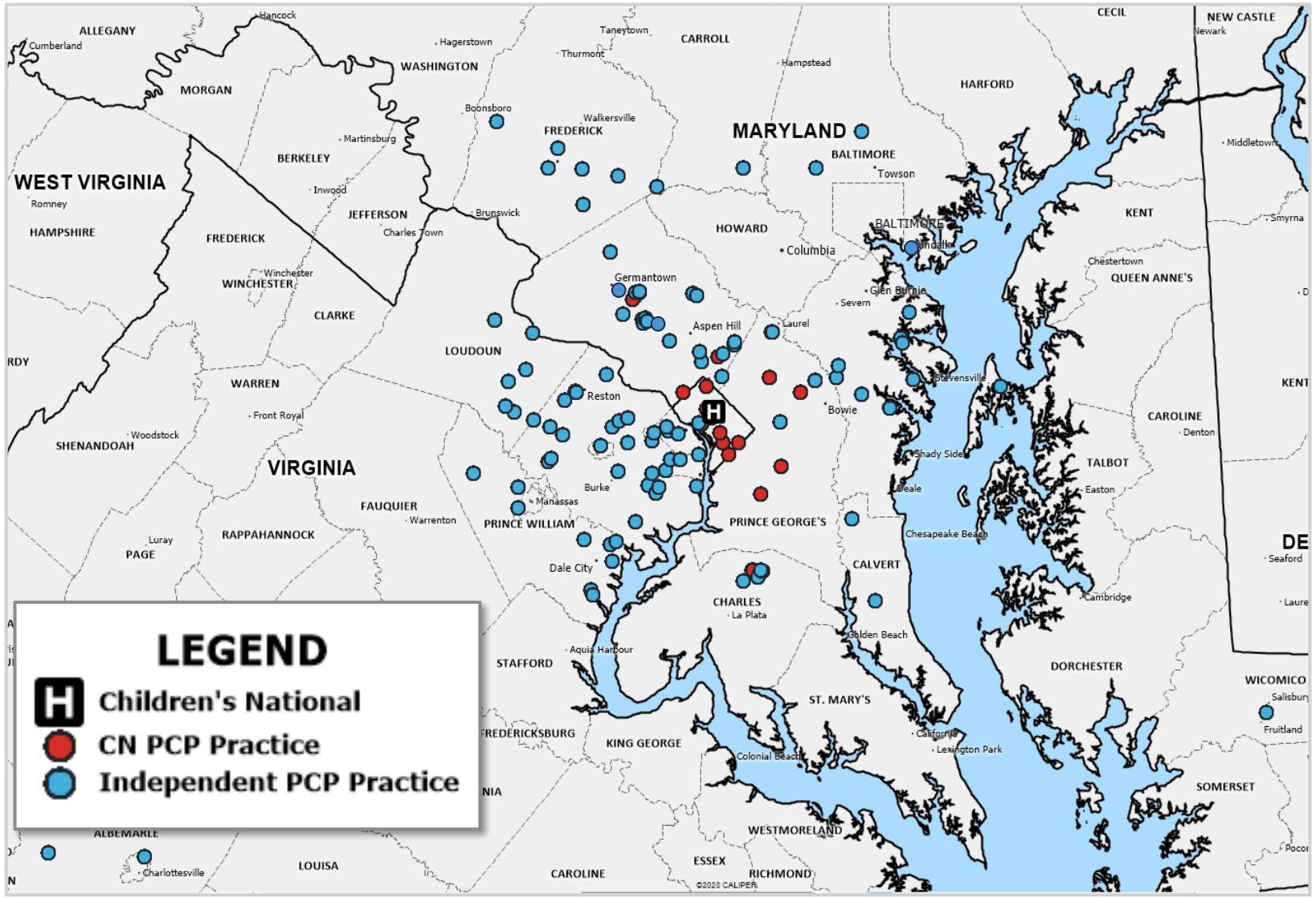
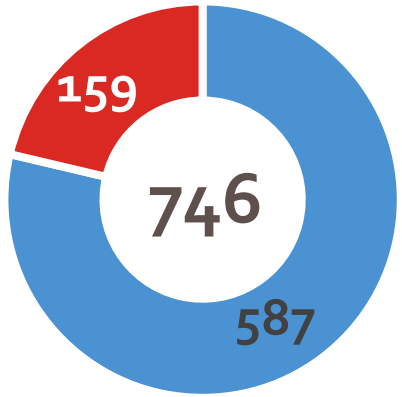
PHN Primary Care Network - November 2024



Primary Care Providers



Total Membership

1,961*

67
Primary Care Practices

125
Primary Care Network Locations

**Includes all CN credentialed providers (Attending, Advanced Practice, Allied Doctoral Clinicians) and Pediatric Specialists of Virginia*

Pediatric Health Network: Key ingredients for success

- Establishment & engagement of robust regional primary care network
- Primary care leadership on board of directors & key committees
- Experienced executive leadership team & CIN contracting team
- Establishment of EMR data connectivity & exchange, robust IT & analytics infrastructure & leadership
  - eClinicalWorks, PCC, Office Practicum, athena, Cerner
  - Arcadia (PHN data platform) - aggregating CIN practice clinical EMR & claims data
- Priority focus & active practice engagement on clinical quality improvement & measurable quality performance
- Formal legal recognition as a "clinically integrated network"
- Support of Children's National Hospital leadership

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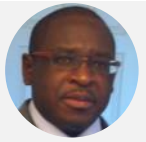

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PHN payor contracting & collaboration

Current Value-Based Contracts:

- Aetna
- CareFirst
- UnitedHealthcare (2025)
- Additional contract in DC with HSCSN- DC Medicaid plan

Additional payor discussions underway…

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VBC contract challenges… **pediatric** "models" lacking

- Most VBC contract proposals for our pediatric CIN are essentially "adult" care models
- Payors acknowledge they have limited data/experience in developing pediatric specific contracts - that recognize the unique needs of pediatrics and those who care for children
  - High volume of preventive care/immunizations/health screenings
  - Quality metrics that encourage increased utilization/spend in primary care medical home
  - Increasing number of children & families screened/identified with mental/behavioral health concerns- and increasing number of children with BH concerns being managed in pediatric medical home
- Pediatric VBC contracts should not penalize pediatricians & CINs for providing more recommended quality care (and increased cost) in primary care medical home

PHN: Novel pediatric CIN contract

- PHN & major payor (CareFirst) developed VBC contract that *excludes* preventive care, immunizations, health screens, behavioral health from "total cost of care" contract performance
  - Pediatricians & CIN not penalized for providing more of the "right" kind of care
- Behavioral Health Education
- Challenges:
  - Payors still want CINs to demonstrate "value" (managing costs)
  - Cost opportunities narrowed to other expenses & utilization: sick visits, ED/after-hours care, pharmacy, specialty referrals/care, etc.

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Next step "value" opportunities for pediatricians & pediatric CINs

- Continue to educate & enhance pediatrician & CIN performance in current quality measures & outcomes
- Develop concurrent strategies for patient outreach & engagement
- Lower-hanging "value" opportunities for CIN/pediatricians? (opportunities to manage cost & utilization)

    - **Behavioral Health:** screening & initial/follow-up management (where clinically appropriate)
    - **PCP-Specialist Collaborative Care**: Identify lower-complexity/acuity referrals and develop collaborative/co-management opportunities (pre- or post-referral)
    - **After-Hours Utilization**: Explore ED-alternative options for after-hours care for low-acuity, urgent/convenience care
        - Extended office hours, nurse advice/telemedicine, urgent care (vs ED)

Summary: Value-Based Care & Pediatrics

- Current value-based care models are designed for adult care & costs
- Pediatric VBC models should reflect long-term investment in children & equitable health outcomes
- The American Academy of Pediatrics has developed framework & recommendations for value-based care, children & pediatricians
- Pediatric clinically integrated networks have formed to better address care, costs & outcomes for children- and better support pediatricians
- Our local Pediatric Health Network has demonstrated early success in measurably improving quality and developing more pediatrician friendly payor contracts

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For additional information

- www.pediatrichealthnetwork.org

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