Schuyler Center for Analysis and Advocacy
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Opportunities to improve children's health by focusing on value

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New York State is well down the path to instituting significant changes in how the State pays for health care for low-income and disabled individuals, many of them children. Like many other states, New York is testing new payment methodologies in an effort to achieve positive changes in how health care is delivered and in individual and population health. An important component of the newer methodologies is payment for improved health outcomes rather than paying for visits and procedures.

New York State is using Medicaid, the health insurance program that covers people who have low incomes and/or a disability, to drive system transformation. Medicaid is public coverage, funded approximately 50% by the federal government and the other 50% by State and county government. Covering 5.6 million people, Medicaid is the largest single payer for health care services in New York State. New York State Medicaid provides health insurance coverage for 46% of all births in the state and 43% of New York's children. With this amount of market share, Medicaid's policies and practices – how and what it pays for—have the capacity to influence how the medical care system works.

The guiding principle of New York's payment and delivery system reform initiatives is the Institute for Healthcare Improvement's Triple Aim (www.ihi.org):

- Improving the patient experience of care (including quality and satisfaction);
- Improving the health of populations; and
- Reducing the per capita cost of health care.

Until now, most of the attention on new payment and care delivery models has been focused on populations of adults with chronic conditions and significant behavioral health needs. This is because a substantial proportion of expenditures are associated with medical care for a relatively small number of people with significant health care needs, primarily due to more than one chronic condition and/or behavioral health conditions. Many of the recent initiatives are seeking to generate better health and medical savings in the short-term by improving care management for this population. While a small proportion of children have significant and disparate health care needs, most children are relatively physically healthy and thus have not been the focus of health system transformation.

Despite a lack of discussion of the unique needs of children in the State's deliberations about value-based payment (VBP), the approaches being suggested (shared savings, shared risk, bundles, capitation, and continued fee-for-service approaches for preventive services) would be applicable to payment for services for children in New York Medicaid. It is likely that the current investment in children's health is low compared to what could be most effective for long-term outcomes, especially as it relates to early childhood development and prevention.

Thus, applying adult-focused VBP principles to the child population could further systematize underspending. In addition, to the extent that system transformation efforts currently underway aim to fundamentally change New York's health care delivery system, the current focus on adults poses the risk of New York creating a system that, by design, ignores the developmental trajectory of children.

Together with the United Hospital Fund, the Schuyler Center for Analysis and Advocacy commissioned a report, written by Bailit Health, proposing a child-centered approach to value-based payment in Medicaid (*Value-Based Payment Models for Child Health Services*, Bailit Health, July 2016, www.scaany.org). Grounded in data on children's utilization of health care services, literature on children's health and medical care, and expert interviews, the report concludes that there are substantial differences in children's health care utilization compared to adults and differences in the "value" of children's health care. It argues for a distinct approach to value-based payment, not modeled on approaches that were designed for adult populations. Many of the report's conclusions are rooted in two key observations: first, "unlike adults, most children are generally healthy," and second, "the management of childhood adversities and chronic conditions has payoffs many years into the future." The report pays particular attention to the detrimental effect that childhood adversity has on early childhood development. "Given the increased recognition of how profoundly social determinants of health (including Adverse Childhood Experiences or ACEs) affect childhood development and adult health and social productivity, payment models need to consider how to motivate and support attention in this area."

The New York State Department of Health (DOH) has a Value-Based Payment Workgroup, composed of large institutional providers; payers; community-based providers of physical and behavioral health; consumer advocates; State agency staff from an array of agencies; and other experts. In addition, there are several subcommittees and clinical advisory groups, all working on different aspects of VBP implementation. A newly formed subcommittee and clinical advisory group will develop recommendations regarding value-based payment for children. The Schuyler Center recommends that the subcommittee and clinical advisory group consider the following:

Social determinants of health, including poverty. The World Health Organization describes the social determinants of health as *the conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life. These forces and systems include economic policies and systems, development agendas, social norms, social policies and political systems*. People from lower-income families are more than twice as likely to face serious illness or premature death (PolicyLab at the Children's Hospital of Philadelphia, Spring 2015) and the vast majority of premature mortality and morbidity is attributable to social, behavioral, and environmental factors, yet we continue to spend most health-related money on medical care, not the social determinants. In March 2016, the American Academy of Pediatrics (AAP) issued a policy statement regarding the important role that poverty and "related social determinants" play in adverse outcomes across the life course (aap.org). Supporting decades of evidence about social determinants, a recent randomized clinical trial demonstrates the short-term positive outcomes for children, associated with screening for and addressing families' social needs (JAMA Pediatrics, 09/06/16). One important question will be how to improve payers and providers interest in and capacity to help address child and family social needs.

Family and caregiver health. A child's physical, mental and social well-being is intimately connected to the health and well-being of her/his parents and caregivers, so in seeking better health and well-being for children, parental health is essential. Parental depression and stress, for example, is associated with children's poorer physical health and well-being (National Research Council and Institute of Medicine; Depression in Parents, Parenting, and Children: Opportunities to Improve Identification, Treatment, and Prevention. Washington, DC: National Academies Press; 2009; http://www.ncbi.nlm.nih.gov/books/NBK215117/ doi: 10.17226/12565). Ensuring improved health outcomes for children and their future selves requires addressing parental and caregiver health.

Early identification and connections. The AAP recommends linking families to appropriate services, in part by using screening tools with high sensitivity and specificity (aap.org). The AAP's Bright Futures Guidelines also recommend that all children be screened for developmental delays and disabilities at well-child visits. Yet, evidence shows a significant gap between these recommendations and what happens in practice. Rather than simply require or incentivize screenings, a value-based payment arrangement could incentivize the outcomes expected when children are appropriately screened and connected to the right set of resources.

Risk adjustment for psychosocial and economic risk factors. Payers already use severity of illness in determining payment levels. A psychosocial risk score, based at least in part on a screening tool, should be considered in value-based arrangements (PolicyLab at the Children's Hospital of Philadelphia, Spring 2015). The Bailit Health team recommends capitation and a care coordination payment that are risk-adjusted for "medical and social risk factors" (*Value-Based Payment Models for Child Health Services*, Bailit Health, July 2016, www.scaany.org).

We further urge investigation into **maternal, infant and early childhood home visiting and other evidence-based practices** that improve child and family health and **measures outside of the health and medical realm**.

Children whose social, emotional and physical needs are identified and met have a much greater likelihood of being healthy for a lifetime, while children whose needs are not met are more likely to be unhealthy. New York has great opportunity right now to improve children's health, generating improved adult health and system savings.

The Schuyler Center for Analysis and Advocacy is a non-profit organization that works to shape State policy for people in need. Learn more about the Schuyler Center at www.scaany.org or on Twitter at @SchuylerCenter.

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