



Robert Wood Johnson Foundation

**Aligning Forces  
for Quality**



# Albuquerque

PAVING THE WAY TO  
PAYMENT REFORM IN NEW MEXICO



**A**lbuquerque Coalition for Healthcare Quality (AC4HQ) leads the Aligning Forces for Quality (AF4Q) initiative in Albuquerque, NM. The Albuquerque Coalition for Healthcare Quality is located at and is partners with Albuquerque Coalition for Healthcare Quality in partnership with HealthInsight New Mexico (formerly the New Mexico Medical Review Association). AC4HQ is a multi-stakeholder coalition consisting of hospitals, health plans, primary care physicians, nurses, consumers, and employers working together to drive health care quality improvement. The Coalition is working across organizations and Albuquerque’s multicultural community to improve health care systems and outcomes for residents.

To achieve its goals, AC4HQ aims to increase awareness of health care quality, increase the use and understanding of publicly available quality information, and support the roles of consumers and providers in achieving high-quality, patient-centered affordable care.

# Paving the Way to Payment Reform in New Mexico

“As a result of funding from the Robert Wood Johnson Foundation through Aligning Forces for Quality (AF4Q), we are cultivating the land for a change that needs to happen. A change that is going to happen,” said Patricia Montoya, project director of the Albuquerque AF4Q Alliance.

Montoya and the AF4Q initiative in Albuquerque, led by the Albuquerque Coalition for Healthcare Quality, are working with local health plans that have volunteered to work with the Alliance on a bundled payment pilot as part of their payment reform work. The work is very timely as the New Mexico Medicaid office is redesigning Medicaid in the state, and they also are looking to move toward bundled payment. The timing of these projects creates the potential of real alignment between the private- and public-sector payers.

In January 2012, the multi-stakeholder group initially began with a payment reform summit that focused the community on the need for payment reform. At the time the group decided to focus on the bundled payment methodology. In spring 2012, the New Mexico Medicaid office began discussing bundled payments, and then this was later written into its proposal for Medicaid redesign. After the summit, the coalition then convened community members—including health care providers, hospitals, health plans, employers, and patients—to educate them about the pilot. The AF4Q grant allowed the Albuquerque Alliance to bring in the national experts from Health Care Incentives Improvement Institute, Inc. (HCI3), who presented on the PROMETHEUS Payment® model. Dr. Jay Want and Harold Miller also are providing technical assistance in this project.

Bundled payment, also known as episode-based payment, is a method in which payments to health care providers are related to the predetermined expected costs of a grouping of related health care services. “The intent of the system is to improve or maintain the quality of care while decreasing health care spending,” said Montoya.

**The Albuquerque AF4Q Alliance is well positioned in the state to influence the direction of payment reform based on their strong partnerships with stakeholders and the excellent technical assistance providers they have been able to offer.**

The New Mexico Medicaid office is looking to the pilot to inform the state’s efforts as it moves ahead with its bundled payment pilot in 2014. The Albuquerque AF4Q Alliance is well positioned in the state to influence the direction of payment reform based on their strong partnerships with stakeholders and the excellent technical assistance providers they have been able to offer as part of the project. The Centennial Care (Medicaid Redesign for New Mexico) request for proposal directed the health plans to work with the coalition on these payment reform pilots as it will inform Medicaid’s efforts before they move into their own implementation in 2014. Three health plans have voluntarily signed agreements to participate in the Albuquerque Alliance’s

bundled payment pilot and are providing their claims data for data analysis. Based on the data analysis and feedback the health plans receive, they will decide what areas they will focus their bundles on (such as diabetes, asthma, coronary artery disease, or joint replacements), and which providers they will contract with to conduct the pilot.

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Montoya said the data are crucial in making thoughtful and effective progress with the pilot. “For instance, imagine that one health plan is planning to focus bundles on asthma. After reviewing the data, they might see that they are already successful with asthma efforts and go in a different direction,” she said.

The pilot is separated into three phases. In 2013, the initiation phase, the pilot is focusing on data analysis, provider identification, contracting, and engine vendor identification.

The coalition also is hosting a “boot camp” for the participating health plans. The camp allows each plan to have a conversation about the data results and best practices in moving forward.

In 2014, the pilot will enter the learning phase. In this phase, the coalition will focus on feedback and provider and plan communications. The plans will identify methods for engine testing, reporting, and modifications. Through careful observation in this phase, the coalition also will consider expansion options.

The money phase will start in 2015. The systems will be actively in place, and the coalition will focus on improving productivity, enhancing quality, and reducing costs. The coalition will prepare a final model for the state’s bundled payment efforts.

“It’s about partnership, dialogue, and engagement,” said Montoya. She said much of the pilot’s success has been achieved because of strong partnerships with state Medicaid and health plans. “We don’t bring people along with a hammer. Everyone wants to be here because they sense that something is really happening. AF4Q dollars are driving a public change and bringing people together.”

## ALBUQUERQUE COALITION FOR HEALTHCARE QUALITY

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