



# Considerations for Equitable Value-Based Payment Models and Risk Adjustments in Federally Qualified Health Centers

As states and leading research institutions consider how Federally Qualified Health Centers (FQHCs) with value-based reimbursements can best incorporate risk adjustments into their payment models, collaborators must integrate equity into all assessments. Having a strategic roll-out and collaboration between patients, payers, and providers on quality metrics can promote equitable alternative payment models in FQHCs.

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Many state payers, research institutions, and FQHCs nationwide recognize the potential of value-based payment (VBP) models in promoting equity and health centers' core mission. FQHCs, a key component in U.S. health care safety net infrastructure, typically service Medicaid and uninsured patients, and strive to provide high quality and innovative care to all regardless of their ability to pay. Health centers hope to address patient needs beyond physician medical care, like food assistance, transportation services, and navigating people to other community resources and organizations. The funding flexibility of VBP models allow health centers to be reimbursed for these additional services that would traditionally be deemed non-billable.

While VBP models offer FQHCs beneficial flexibility, they can also disproportionately penalize health centers that service patients that have been marginalized, experience disadvantage in the health care system, and require additional social services. Thus, some VBP model collaborators propose incorporating risk adjustments into payment reimbursements. However, some patient groups and other collaborators contend it is not equitable to simply allow lower quality care or outcomes for some people just because they experience higher disadvantage.

## Oregon Case Study: Capitation with Delayed Payments Tied to Quality

Collaborators in VBP reform can look towards states like Oregon when developing equitable payment models in the FQHC space. Oregon, a leading state in alternative payment reform, began their FQHC-VBP pilot with capitated payments that were not tied to quality metrics or risk adjustments. Instead, state officials first collaborated with health centers and patient groups to establish what quality metrics were most important, but also feasible to accomplish. After creating a shared vision, health centers



still aimed to hit quality metrics, but had the time to modify workflow processes and implement new infrastructure before having any reimbursements at-risk. Once these new processes were in place, capitated payments were then tied to previously agreed upon quality metrics and risk adjustments. This strategic roll-out gave health centers time to adjust to VBP model changes and deploy successful care delivery that promoted equitable outcomes for all patients.

### The Importance of the Patient Perspective

The Oregon example successfully incorporated 3 of the key P's (payers, patients, and providers) when establishing quality metrics, but it is unclear the extent to which patient groups were included in the final decision making. It is essential to include community voices when establishing any program protocols, especially when determining quality metrics and risk adjustments that can hinder equitable outcomes. Patient groups can best speak to what care delivery and services matter most to community members and how the group identifies themselves. For instance, some risk adjustment models rely on zip code to stratify groups, but patients may not view their community as consisting of an arbitrarily determined zip code. Researchers and states will only begin to understand how to best service FQHC patient groups that have been marginalized and experience disadvantage in the health care system by giving them agency and voice in the decision-making process.

### Ongoing Efforts to Promote Equity in VBP Models

While these ideas discussed above are just some solutions and considerations to a complex topic, research institutions, like the Margolis Center, that partner with states and other payers on their alternative payment model strategies must assess how their recommendations can best promote equitable and high-quality care for patients. Leveraging equity tools, collaborators can look towards the successes of prior pilots and consider the perspectives of patient groups that are most impacted by program changes.

#### Author's Note:

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