

# Action Brief

## Maternity Care Payment

Around the country, stakeholders are rallying to turn around the unacceptable state of maternity care. Employers and other health care purchasers have an opportunity to leverage their purchasing power to improve the health care marketplace for this high-cost area and infuse value into their maternity care strategy. Apart from representing high health care spending for companies, the lives of mothers and their infants are at stake: infant mortality is more widespread in the United States than in other comparable countries and an estimated 700-900 women die each year in childbirth-related or pregnancy-related complications.<sup>1, 2</sup> Whichever way you look at it, maternity care needs to be top-of-mind for benefit managers and others looking to create a better functioning health care marketplace.

By rewarding providers for delivering more interventions and costlier care, the fee-for-service payment structure that defines the current status-quo of the United States' health care system is stagnating quality improvements and raising the average cost per pregnancy.<sup>3, 4</sup> Maternity care practices once developed to treat specific problems—or reserved for complicated pregnancies—have become integrated into standard maternity care and applied routinely to pregnant women regardless of their risk. Meanwhile less-invasive approaches remain underutilized despite research showing better outcomes for mothers and babies. Employers pay the high prices that result from the misalignment in payment incentives. Experts predict that by 2028, stakeholders will look back on the current payment structures and ask, “What were we thinking?”<sup>5</sup>

As new payment methods take hold across the country, employers can spur further adoption of programs proven to improve value. Simultaneously, employers must demand that their workforce receive care that meets evidence-based guidelines. To empower health care purchasers to take action, CPR has outlined key areas that benefit managers, or anyone who buys health insurance on behalf of a population, can focus on to move the needle in maternity care.



**Let's get down to business.**

Employers can lead the quest to higher-value maternity care.

## How can purchasers achieve higher-value maternity care?

1. **ENCOURAGE** health plans or third-party administrators (TPA) to implement maternity care episode-based payments.

Episode-based payments, also known as bundled payment, pay providers one rate to cover services related to a defined episode of care, like a pregnancy. Paying providers a pre-determined rate per pregnancy, regardless of the resources expended, moves providers away from the fee-for-service mindset. Providers can potentially achieve greater margins by preventing unnecessary cesarean births and avoidable complications, thereby aligning their incentives with better quality outcomes for patients. Episode-based payments give providers the autonomy to use high-value services that the fee schedule has not historically rewarded, like care coordination or continuous labor support, also known as doula care.<sup>6</sup> In addition, bundled payments can tie maternity care clinicians and hospitals together in a single payment, incentivizing more integrated care management as well as encouraging a more thorough approach to quality reporting.<sup>7</sup>

After a purchaser evaluates their claims data to understand the potential cost-savings of pursuing bundled payment in maternity care, they can raise their voice as the customer to spur the use of this innovative approach with their health plan or TPA. When looking for provider partners, health plans should systematically evaluate the quality and cost of providers, including the discount the provider is willing to offer as a trade-off for the potential increase in patient volume spurred by benefit designs as well as the total cost of pregnancy care under their control. There are different models of episode-based payments that health plans, TPAs or purchasers themselves can negotiate with providers, including the retrospective model where the provider and payers reconcile the pregnancy expenditures against the allotted budget after the fact. To reduce incentives for unnecessary cesarean births further, the bundled payment amount can be the same regardless of mode of delivery so that providers stand to gain with every vaginal delivery and reduce earnings with each cesarean delivery- a strategy known as a "blended rate" that can also be a stand-alone approach.<sup>8</sup>

Despite the popularity of bundled payment among payment reform experts, actual implementation levels remain low. Purchasers can spur further adoption!

While other payment reforms reliant on traditional fee-for-service, such as pay-for-performance and paying a blended rate, may also lead to improvements compared to the status quo, many experts believe bundled payment holds the most promise. CPR is pleased to see more health plans announcing their move to bundled payment strategies.<sup>9</sup> In addition, a few state Medicaid agencies have pioneered perinatal bundled payment programs and seen strong results. For example, Tennessee Medicaid's perinatal episode of care program saw a cost reduction of 3.4% in the first year.<sup>10</sup> Meanwhile, Arkansas Medicaid's bundled payment program, in conjunction with a Blue Cross Blue Shield initiative, led to a reduction in the cesarean birth rate and kept cost increases to under 2% annually.<sup>11</sup> Through continued experimentation and rigorous evaluation, providers and health plans can take what's working and modify available models to fit the needs of their purchaser customers and patients. Purchasers can demand that their health plans report the percentage of maternity dollars flowing through bundled payment and that a program evaluation is required post-implementation by taking advantage of CPR's free sourcing and contracting tools (highlighted on page 5).

## 2. **IMPLEMENT** benefit design to steer pregnant mothers to high-value providers.

In order to maximize the value of a bundled payment initiative, purchasers and their consultant partners must think through the accompanying benefit design that best ensures patients will seamlessly access high-value providers. CPR recommends the following benefit designs for purchasers to pair with a maternity care bundled payment strategy.

### a. **Centers of Excellence**

A Centers of Excellence (COE) benefit design encourages patients to seek care from highly specialized providers that meet standards for both cost and quality. To do so, the purchaser waives or significantly lowers out-of-pocket costs for those who receive care at the COEs. In the case of a maternity bundled payment strategy, the COE providers are those who have entered into the bundled payment arrangements. While some COE programs include benefits for patients to travel to COEs, this type of benefit is not appropriate for maternity care patients, except for extremely high-risk cases. With this in mind, it's important for the purchaser to consider the geographies where consumers will have access to bundled payment/COE programs and potentially use this as a criterion to choose their partners in such initiatives.



Pairing a payment reform program with appropriate benefit design is vital to ensure success. COE's and Alternative Sites of Care work well with a bundled payment approach.

To be successful in a COE strategy, purchasers must effectively communicate both why and how participating providers were selected to participate as a maternity COE as well as the out-of-pocket savings that employees will incur by seeking care through the COE. CPR's How to Communicate to Employees About High-Value Health Care Toolkit (highlighted on page 5) can help purchasers achieve success in this critical area.

### b. **Alternative Sites of Care**

Benefit design can encourage patients to seek care from a less expensive and high-quality alternative site such as a birthing center for labor and delivery. Birthing center capabilities, as outlined by the American College of Obstetrics and Gynecology and the Society for Maternal and Fetal Medicine, include providing care for uncomplicated labor and delivery patients, as well as the readiness to initiate emergency procedures within the center and to facilitate timely transport to an acute care setting when necessary through an established agreement with a receiving hospital.<sup>12</sup> Births in these facilities are attended by certified nurse midwives and or licensed midwives and have demonstrated positive outcomes for mothers and babies in the medical literature.<sup>13,14</sup> While there were only 345 birth centers in the United States as of 2017,<sup>15</sup> purchasers can help scale this model by encouraging health plans to contract with birth centers where possible – ideally through a bundled payment approach.

Similar to a COE strategy, purchasers will need to think through the accompanying communications campaign to inform employees of the opportunity and cost-savings that come using benefits to seek care from a birthing center. What matters is catching patients at the right moment, as they are beginning their pregnancy journey, to draw their attention to the high-value and patient-centered options available.

3. **EDUCATE** employees on the importance of full-term births, the health consequences of elective inductions and unnecessary cesarean deliveries, and the high-value care included in their benefits package.

As purchasers think through payment structure and benefit design, it's important also to engage employees and their dependents in their pregnancy care. Health plans and other organizations have educational resources, such as smart phone apps, to educate maternity care patients and support shared-decision making. The availability and performance of these tools and resources deserve evaluation during the health plan or TPA contracting cycle.<sup>16</sup>

For shared-decision making between patients and providers, patients need evidence-based resources that explain the different labor interventions and their associated risks. While early elective deliveries have decreased significantly across the country, it is vital that maternity patients understand the importance of waiting until full term to deliver their baby.<sup>17</sup> Similarly, the medical literature shows that, unless medically indicated, cesarean deliveries are associated with worse health outcomes for mothers and infants.<sup>18</sup> Labor inductions before 41 weeks' gestation have been shown to increase the risk of cesarean delivery and, therefore, increase costs for low-risk pregnancies. Evidence-based recommendations call for avoiding non-medically indicated induction of labor.<sup>19,20</sup> Meanwhile less intensive interventions, like continuous labor support, usually through the service of a doula, and vaginal birth after cesarean (VBAC) are underutilized despite evidence showing their value.<sup>21, 22</sup> By arming pregnant women with educational resources to understand their options and feel empowered in their care, the purchaser can build trust among its covered population while simultaneously building patient demand for high-value care practices and steering patients away from low-value care.

Stakeholders, including purchasers, helped decrease the use of **Early Elective Deliveries** through public reporting, education, and payment reform strategies.

4. **PUSH** health plans or third-party administrators to contract with and provide full coverage for certified nurse midwives and doulas.

Encouraging health plan members to use high-value care options, like continuous labor support (doula care), requires that these services be covered by the benefits package and made easily accessible to maternity care patients. Employers and other health care purchasers can actively push their health plan partners to begin reimbursing for doula services, whether through a bundled payment approach or by including the service in the provider fee schedule. Oregon, Minnesota, and, most recently, New York have taken steps to increase access to continuous labor support by allowing for reimbursement for doula services in Medicaid. If purchasers raise their voice for this important issue, the commercial sector can follow suit to expand utilization.<sup>23,24</sup>

Similarly, purchasers have a role in increasing the uptake in births attended by certified nurse midwives (CNM's). When health plans hear from their purchaser-customers that CNM's need to be included in their provider contracts and directories, health plans will move to meet their customer demands. While only 28 states currently allow for CNM's to practice independently, health plans working in states like California, where CNM's are not permitted to practice independently, can be proactive in this arena and get their directory set up to begin credentialing them as soon as state policy enables them to do so.<sup>25</sup> The evidence supports the expanded use of CNM's as it is associated with lower rates of medical intervention, higher rates of patient satisfaction and fewer adverse effects for low-risk patients.<sup>26</sup> By investing in these areas, health plans are stimulating the provision of higher-value care that will benefit both patients and purchasers.



Purchasers armed with strategies to make a difference in maternity care can act now. Reach out to your benefits consultant or health plan representative today and schedule a meeting to discuss where your current benefits approach stands in these areas and next steps to improve access and utilization of proven, high-value services and providers. CPR is here to help you with turnkey resources to make the process as light a lift as possible.

## What tools are available to help in the quest for higher-value maternity care?

The following tools, available for free to registered purchasers, can help you on your path to improve the value of maternity care:

- [Aligned Sourcing & Contracting Toolkit](#)
  - A comprehensive toolkit with Word and Excel templates to use during the sourcing and contracting cycle with health plan or TPA partners.
- [Health Plan User Group \(HPUG\) Toolkit](#)
  - Partner with other employer customers of your contracted health plan to push for reforms and hold your health plan accountable. If you'd like to join CPR's health plan user groups, consider becoming a CPR member.
- [How to Guide: Early Elective Non-Payment](#)
  - Ensure that your plan's contracted providers achieve as close to a 0% early elective delivery rate as possible by implementing a non-payment policy for this costly and harmful practice.
- [Action Brief: Implementing Bundled Payment](#)
  - Deep dive into bundled payments, learning results to date and how to implement bundled payments for your population.
- [How to Guide: Evaluating Payment Reform Programs](#)
  - After payment reform programs are in place, use this guide to evaluate their success and find areas for improvement.
- [Employer Case Study series](#)
  - Learn from other employers who have implemented payment and delivery reforms including Walmart Inc.'s Centers of Excellence program and the County of Santa Barbara's bundled payment initiative.
- [How to Guide: Communicating High-Value Health Care](#)
  - Learn best practices for communicating high-value health care to your member population in order to gain trust and increase utilization of higher-value providers.

To register as a purchaser, submit your information at [www.catalyze.org/catalyst-community-registration](http://www.catalyze.org/catalyst-community-registration)

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