CATALYST FOR PAYMENT REFORM

Looking Behind Payment & Delivery Reform

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Executive Director

Who We Are and What We Do

Who We Are

Catalyst for Payment Reform (CPR) is an independent, non-profit corporation working on behalf of large employers and public health care purchasers to catalyze improvements in how we pay for health services and to promote higher-value care in the U.S.

- 3M
- Aircraft Gear Corp.
- Aon Hewitt
- Arizona Health Care Cost Containment System (Medicaid)
- AT&T
- Bloomin' Brands
- The Boeing Company
- CalPERS
- Carlson
- Comcast
- Delhaize America
- Dow Chemical Company
- eBay Inc.
- FedEx Corporation
- Equity Healthcare
- GE
- Group Insurance Commission, Commonwealth of MA
- The Home Depot
- Maine Bureau of Human Resources
- Marriott International, Inc.
- Mercer
- Michigan Department of Community Health (Medicaid)
- Ohio Medicaid
- Ohio PERS
- Pennsylvania Employees Benefit Trust Fund
- Pitney Bowes
- Qualcomm Incorporated
- Safeway, Inc.
- South Carolina Health & Human Services (Medicaid)
- TennCare (Medicaid)
- Towers Watson
- Verizon Communications, Inc.
- Wal-Mart Stores, Inc.
- The Walt Disney Company
- Wells Fargo & Company
- Woodruff-Sawyer & Co

Shared Agenda

Payments designed to cut waste or reflect performance

Leverage purchasers and create alignment

- Health plan sourcing, contracting, management and user groups
- Alignment with public sector

Implement Innovations

- Price transparency
- Reference and value pricing
- Maternity payment reform
- Pilots on high-impact areas
- Enhance provider competition

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The Challenges to High Value: Variation in Quality and Safety

Huge quality variation

- To Err is Human, 1999: 44,000-98,000 deaths per year
- McGlynn et al, 2003: Patients only get recommended care 55% of the time

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Pregnant women's likelihood of cesarean delivery in Massachusetts linked to choice of hospitals

Boston, MA – There is wide variation in the rate of cesarean sections

THE LEAPFROG GROUP

For more hospital ratings, visit HOSPITAL SAFETY SCORE

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2014 Leapfrog Hospital Survey Results Now Available

Leapfrog Hospital Ratings

Start Over | Print Results | Survey Info | Scoring Info

PROGRESS TOWARD MEETING LEAPFROG STANDARDS: Willing to Report | Some Progress | Substantial Progress | Fully Meets Standards | More Information

Search Results: New York, NY

Share results:

General Information | Maternity Care | High-Risk Surgeries | Hospital-Acquired Conditions | Resource Use | Hospital Safety Score

Click to Compare	Hospital Safety Score
Bellevue Hospital Center, New York, NY	C
Beth Israel Medical Center Petrie Division, New York, NY	A
Mount Sinai Medical Center, New York, NY	C
New York-Presbyterian Hospital, New York, NY	A
St. Luke's Hospital of New York, New York, NY	B

Compare Now

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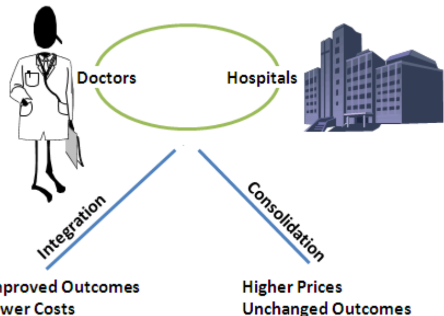
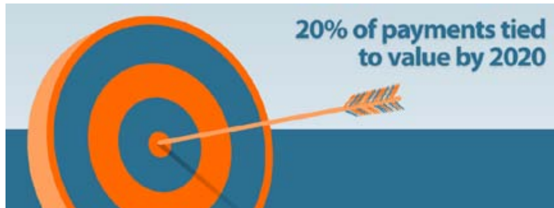
Market-Based Reforms with Wind in Their Sails Across the Nation

Provider Consolidation – vertical and horizontal



Payment Reform "Arms Race"



Delivery Reform – ACOs, PCMH, high-intensity primary care, group visits

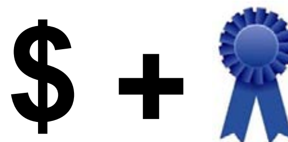
Employers Shaking Up the Market – high-performance networks, direct contracting, medical tourism

New Markets for Insurance – Private exchanges, state reforms, state exchanges

Engaging Consumers with Information: open notes, shared decision making, true informed consent, comparative effectiveness

ACA

Engaging Consumers with Incentives: VBID, reference pricing, tiered networks



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Time to Reform Payment & Delivery

There is momentum behind transforming payment to providers and incentives for consumers. . .

- Health reform included several "Game Changers" - some will take time and they will be disruptive
- Focus on specific models – but is there some 'Irrational exuberance' at work?
- We still know very little about what works – but there is no one-size-fits-all model
- Our current system will be around for a while - and we shouldn't ignore it

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Payment Model Evolution

BASE PAYMENT MODELS

Fee For Service		Bundled Payment			Global Payment	
Charges	Fee Schedule	Per Diem	DRG	Episode Case Rate	Partial Capitation	Full Capitation

Increasing Accountability, Risk, Provider Collaboration, Resistance, and Complexity

PERFORMANCE-BASED PAYMENT OR PAYMENT DESIGNED TO CUT WASTE
(financial upside & downside depends on quality, efficiency, cost, etc.)

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2014 National Scorecard Results

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2014: 40%

NATIONAL SCORECARD

on Payment Reform

Catalyst for Payment Reform has set a target of 20% of payments proven to improve value by 2020. How are we doing in 2014? The results of the second annual Scorecard are in and 40% of all commercial in-network payments are value-oriented – either tied to performance or designed to cut waste. Traditional fee-for-service (FFS), bundled, capitated and partially capitated payments without quality incentives, make up the remaining 60%. The use of value-oriented payment is growing rapidly; now we need to determine whether it makes health care better and more affordable.

BUNDLED PAYMENT 0.1%

NON-FFS SHARED SAVINGS 0.2%

NON-FFS NON-VISIT PAYMENTS 0.6%

1.0% SHARED RISK

PARTIAL OR CONDITION SPECIFIC CAPITATION 1.6%

2.0% FFS + SHARED SAVINGS

6.7% OTHER

12.8% FFS-BASED PAY + P4P

15.0% FULL CAPITATION

What portion of value-oriented payments place doctors and hospitals at financial risk for their performance?

Of the 40% of payments that are value-oriented, most put providers at financial risk for their performance, though almost 50% only offer a potential financial upside only.

53% OF VALUE-ORIENTED PAYMENTS are "at risk"

47% OF VALUE-ORIENTED PAYMENTS are "not at risk"

Only
38% of all hospital payments
10% of all outpatient specialist payments
24% of all outpatient PCP (primary care physician) payments
are value oriented

CPR 2020 GOAL 20%

2014 40.0%

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- 40% of commercial in-network payments are value-oriented
- 53% of the value-oriented payment is considered "at-risk"
- 38% of payment to hospitals is value-oriented
- 10% of outpatient specialist and 24% of PCP payment is value-oriented
- Respondents may be larger than average health plans in the U.S. and include HMOs
- Scorecard results not statistically reliable, possibly biased upward as survey is voluntary and self-reported

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2014 Scorecard Benchmark Metrics Results

Benchmarks for Future Trending

Attributed Members

Percent of commercial plan members attributed to a provider participating in a payment reform contract, such as those members who choose to enroll in, or do not opt out of, an Accountable Care Organization, Patient Centered Medical Home or other delivery models in which patients are attributed to a provider.

15% NATIONAL AVERAGE

Share of Total Dollars Paid to Primary Care Physicians and Specialists

Of the total outpatient payments made to primary care physicians and specialists, 71% is paid to specialists and 29% is paid to PCPs. Over time, this figure will show if there is a rebalancing of payment between primary and specialty care.

Non-FFS Payments and Quality

Quality *is* a factor in **97%** of non-FFS payments

Quality is *not* a factor in **3%** of non-FFS payments

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Transparency Metrics

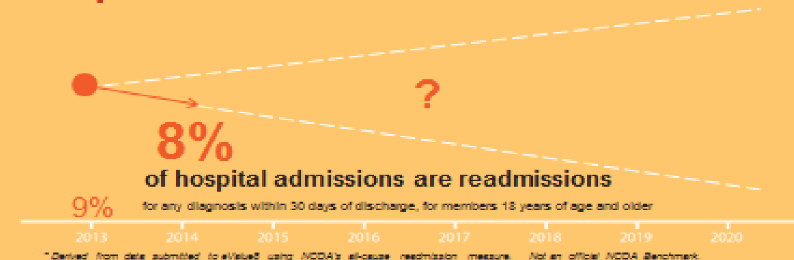
97% of plans offer or support a **cost calculator**

63% of **hospital choice tools** have integrated cost calculators

74% of **physician choice tools** have integrated cost calculators

82% of plans reported that cost information provided to members considers the members' benefit design **relative to copays, cost sharing, and coverage exceptions**

Hospital Readmissions*



*Derived from data submitted to eValue8 using NCQA's all-cause readmission measure. Not an official NCQA Benchmark.

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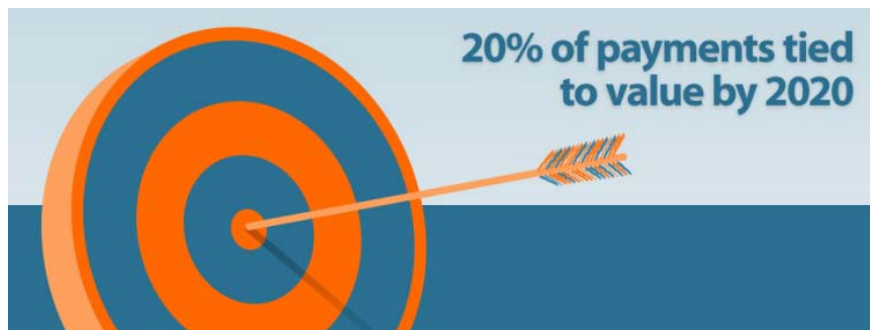
How to Define Success

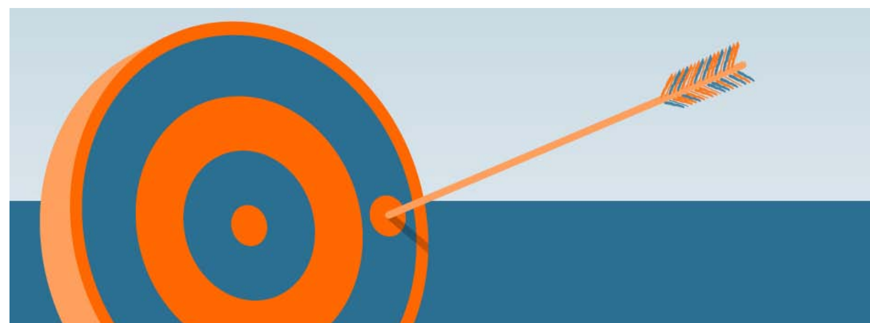
Are we going to hit our target but miss the bull's-eye?

CURRENT



- We are measuring use of "value-oriented payment" methods.
- What happens if we get to 60%, 70%, or 80% by 2020 but value hasn't improved?
- Bundled payment proven to work best, but only 1.6% payment is bundled now

FUTURE



- We need to build an evidence base of what works in what context
- We need to get to a preponderance of payment flowing through methods proven to produce "***value***"…

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Looking forward: Transparency and benefit design changes *will* put consumers in the driver's seat & change the role of physicians

TRUE INFORMED CONSENT

What's the *price* compared to vaginal delivery and to other facilities?

Where's the part about *shared decision making* being offered to the patient?

What are the *risks* for this *particular* patient?

What is the *track record* on *complications and outcomes* for this doctor and hospital compared to other options the patient has?

Cesarean Section Delivery Consent

OpenNotes — patients and clinicians on the same page

COSTS of CARE — Tell your story

CMS.gov — Centers for Medicare & Medicaid Services — How Open Payments Works

THE LEAPFROG GROUP — HOSPITAL SAFETY SCORE — 2014 Leapfrog Hospital Survey Results Now Available — Leapfrog Hospital Ratings

Help consumers make better choices

Help physicians make better referrals

Spur competition among providers

Make health care better and more affordable

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The Apocalyptic Slide – 50 Years From Now

- With massive population pressures and global warming, will the U.S. be able to afford spending 20+% of GDP on health care?
- Serious pressures (including unprecedented global competition for the U.S. economy) to develop technological and efficiency improvements and root out unnecessary costs.
- Comparative effectiveness will finally have come together with cost effectiveness.
- The public-private divide in the health care market may be gone. Will employers have a role? Will health plans have a role?
- Beam me up Scotty!

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