Current Challenges in implementing payment reform in the US

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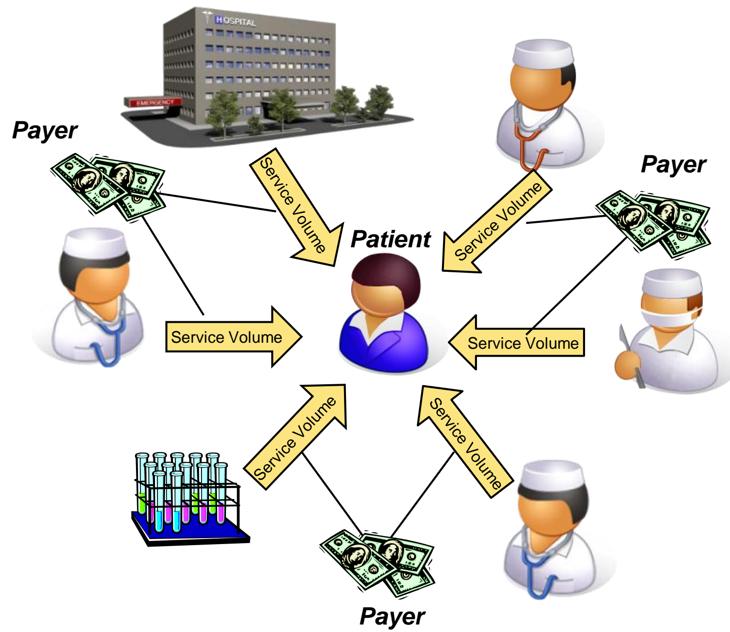
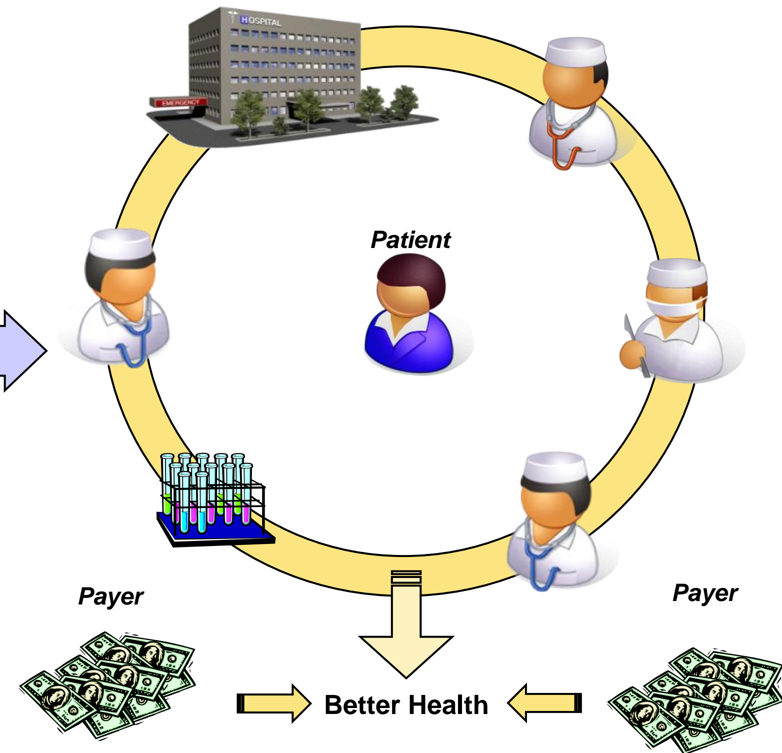
Payment reform in the US is meant to create a business care for providers to transform delivery to lower costs and improve health

Today: Fragmented Care, Volume Based Payment, Non-aligned Incentives



Transformation

Future: Coordinated Care, Performance Sensitive Payment, Aligned incentives



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The Affordable Care Act of 2010 represents an ambitious, complex, and interwoven implementation challenge

2011

- Minimum Medical Loss Ratio for Insurers
- Closing the Medicare Drug Coverage Gap
- Medicare Payments for Primary Care
- Center for Medicare and Medicaid Innovation
- Medicare Advantage Payment Changes
- Medicaid Health Homes
- National Quality Strategy
- Medicaid Payments for Hospital-Acquired Infections

2012

- Accountable Care Organizations in Medicare
- Medicare Advantage Plan Payments
- Medicare Independence at Home Demonstration
- Medicare Provider Payment Changes
- Fraud and Abuse Prevention
- Medicaid Payment Demonstration Projects
- Medicare Value-Based Purchasing
- Reduced Medicare Payments for Hospital Readmissions

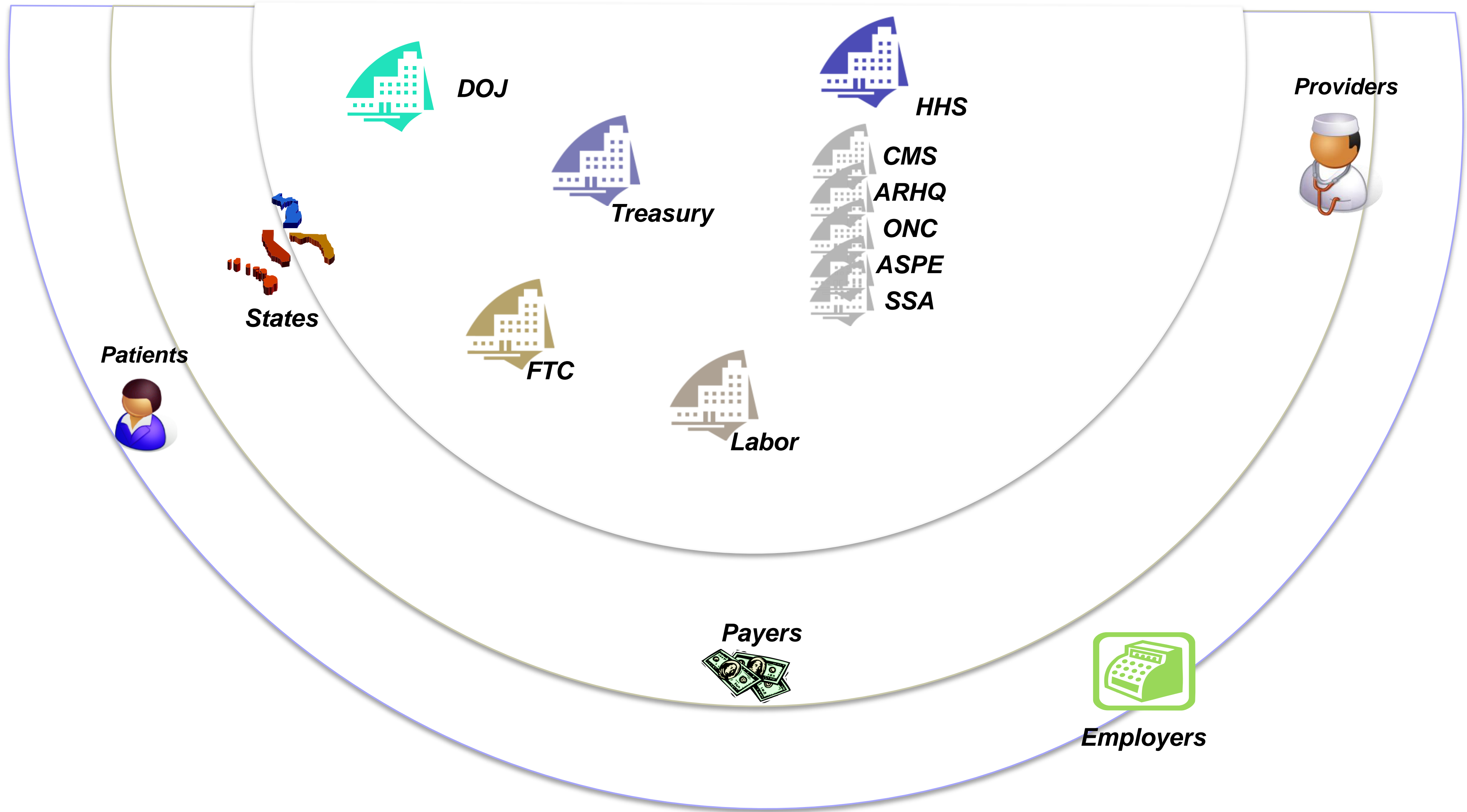
2013

- Medicare Bundled Payment Pilot Program
- Medicaid Payments for Primary Care
- Medicaid Coverage of Preventive Services

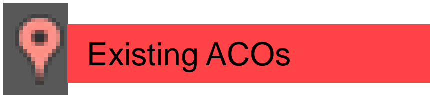
2014

- Expanded Medicaid Coverage
- Health Insurance Exchanges
- Medicare Disproportionate Share Hospital Payments
- Medicaid Disproportionate Share Hospital Payments
- Medicare Payments for Hospital-Acquired Infections

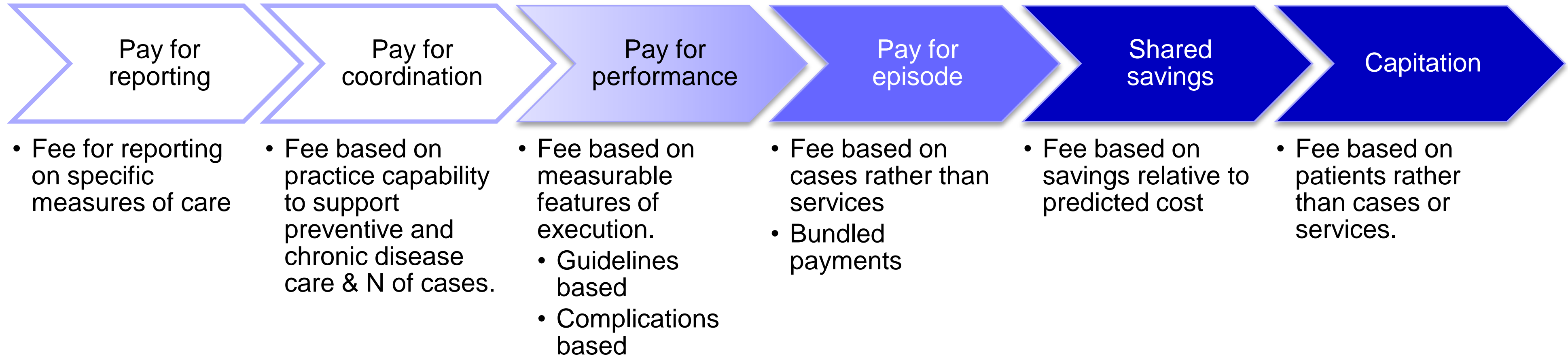
Implementation calls for participation from agencies across the government and from healthcare stakeholders and the public.



Private sector payers and providers are continuing to implement new delivery and payment models – the pace is accelerating



Pay-for-performance can be placed on a payment reform continuum



To successfully implement increasingly comprehensive payment reform efforts, critical know-how must evolve for providers and payers:

- **HIT implementation, exchange, and meaningful use**
- **Measurement, analysis, and feedback**
- **Organizational Development, Governance, and Workforce**
- **Rapid evaluation & dissemination of promising practices**

HIT implementation, exchange, and meaningful use

Importance

- Without the electronic capture and exchange of critical data by and between providers, effective care coordination is difficult
- Specifically HIT capture and exchange holds the promise to
  - Provide decision-support for the diagnosis and treatment of patients based on electronically available information
  - Enable patient engagement by allowing electronic access to and interaction with their health records
  - Improve patient safety by promoting accurate risk estimation and prescriptions
  - Reduce costs by eliminating duplicative or unnecessary services

What is being done today?

- ONC:
  - Developing of standards to capture and exchange critical electronic health information; Develop requirements for meaningful use of HIT by providers; Support providers in the adoption of HIT
- CMS
  - Incentive programs for demonstrated achievement of meaningful use
- Private Sector
  - Adoption of HIT, Adoption of standards, Establishment of data exchanges
  - Development and evolution of HIT products

What remains a challenge?

- Effective workflow redesign to harness full potential of HIT
- Setting realistic expectations about the rate of change that can be achieved by different providers
  - Clarity and spread of requirements
  - Different provider entities move at different speeds
- Ensuring access to capital to allow providers to purchase equipment
- Deployment of well-trained workforce for new care models and their operations
- Ensuring business cases for exchange of health care data/information
- Creating systems that make measurement and the availability of data a mere by-product of care

Measurement, Analysis, and Feedback

Importance

- To improve health, payment reform ties the achievement of results in patient care to payment to providers.
- Meaningful measurement can directly support patient care, by providing feedback about improvement potential
- Without demonstrated, measureable improvements in health, the political risks (e.g., consumer backlash) to payment reform are immense

What is being done today

- CMS, AHRQ, and ONC lead efforts to work with private sector in development of new measures
- HHS is making data available to providers and others to foster improvement, transparency, and accountability
- Stakeholders are engaged in processes to endorse measures and recommend for deployment
- The National Quality Forum has endorsed more than 700 measures across conditions, providers, and care settings
- Public reporting of performance results in public and private sectors wide-spread

What remains a challenge

- Measurement
  - Measurement of quality needs to keep pace with payment and delivery transformation efforts: care coordination,
  - Excessive focus on process measures can stifle innovation
  - Few measures available or deployable that capture patient outcomes across care settings and providers
  - Availability of data to efficiently and validly care results not always available
  - What "portion" of the outcome can be fairly attributed to health care delivery (e.g., risk adjustment)
- Analysis/Feedback
  - Rapid feedback to providers about improvement opportunities and current performance not routine; data challenges
  - Lack of clarity and business case to share data with other providers
  - Care transformation and explosion of electronic data requires new data management and analysis approaches (distributed data networks, cloud data management and analysis)

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Organizational Development, Governance, & Workforce

Importance

- Transforming/building organizational culture and workforce emphasizing teamwork and collaboration is critical
- Organizational and restructuring of care will lead to examination of who is best person to treat which patients for what conditions

What is being done today

- National Health Care Workforce Commission
- Teaching Health Centers
- Expansion of Graduate Medical Education
- Various initiatives at the state levels
- Initiatives by professional associations and specialty societies

What remains a challenge

- Functioning markets:
  - Ensuring competitive marketplaces; effective polices and regulations
  - Market consolidation vs. monopolies
  - Provider collaboration can lead to consolidation, market power and price increases
- Governance
  - New care organization types (e.g., ACOs) have few templates to follow
  - Stakeholder engagements
  - Establishment of accountability to patients and community
  - Distribution of shared savings between hospitals and physicians and others
- Workforce
  - Need for more or better distributed primary care/family physicians and nurses
  - Need for new skills sets (care coordination)

Rapid Evaluation and Dissemination of "Best Practices"

Importance

- Reform landscape will be dominated by much experimentation; many new care models are "untested"
- Determining which types of changes to the delivery and payment system have what type of impact on health care costs, health care quality, and population health is critical to rapidly make progress
- Traditional evaluation models may lack the agility and speed to improve care rapidly
- Dissemination of "proven" practices is essential

What is being done today?

- CMMI was created on the premise that innovation, experimentation, and rapid learning are essential to make progress
    - Several initiatives have launched over the last year; more t come
- PCORI intends, among other things, to focus on the differential impact of health care delivery models
- Private sector payers are tracking if new care/payment arrangements are able to lower costs and improve quality

What remains a challenge

- Data flows, methods, and how to analyze results still in "flux" to successfully conduct rapid-cycle evaluation
    - Not only understanding "if" but "how and why"
- How do you create evaluation efforts that are can be conducted relying on the data "by-products" of regular care delivery (minimizing burden on providers and patients)
- Provider speed of adoption of innovation (lack of business case for adoption an explanation?) -
- Harvesting the right information from hundreds of reform efforts throughout the country

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Conclusions

- Providers want to operate in a world that allows them to focus on patient care.
  - Payment systems should be designed to shift the business case to allow providers to focus on outcomes/results of care as opposed to frequency and intensity of services. P4P not demonstrated to provide enough "lift" to lower costs/improve outcomes
- Experimentation and market-specific solutions will dominate over the next few years; no one-size fits all; What will work where
- Transforming delivery and payment systems will remain highly complex, with many interdependent activities needing to be "pulled off" in concert to achieve the results of lowering costs, increasing quality, and improving patient health
- Engagement with and reduction of complexity and burden on providers and patients will be key
  - Alignment between government programs, regulations, and incentive structures
  - Alignment across private sector payer programs – community engagement
  - Public-private partnerships
- A highly polarized political landscape provides uncertainty

What is the alternative? Who should bear cost increases?