HPIO

Suzanne Delbanco, Ph.D.
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March 17, 2016
Introduction to CPR

Momentum behind payment reform

Mixed evidence on its impact

Need for rigorous evaluation

Deep Dive on CPR’s Payment Reform Evaluation Framework

What’s Next?
CPR: Who We Are

• **A critical mass of voices** all asking for the same thing at the same time

• **A light shining** on the urgency of payment reform

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**Shared Agenda**

20 Percent of Payments Proven to Enhance Value by 2020

• National Scorecard
• Regional Scorecards

**Leverage purchasers and create alignment**

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

**Implement Innovations**

• Payment reform
• Pairings for payment reform with benefit and network design
• Price transparency
• Enhance provider competition

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CPR defines payment reform as follows:

“Payment that reflects provider performance, especially the quality and safety of care that providers deliver;

Payment methods that are designed to spur efficiency and reduce unnecessary spending; and,

It is not considered value-oriented payment, if a payment method only addresses efficiency - it must include a quality component.”
Value-oriented payment means...

- Payment that reflects the performance (especially the quality and safety) of care that providers deliver

- Payment methods that are designed to spur efficiency and reduce unnecessary spending

- If a payment method only addresses efficiency, it is not considered value-oriented. It must include a quality component.
Where are Payment Reforms Today?

2014 National Commercial Scorecard Results

- 40% of commercial in-network payments are value-oriented; 29% jump from 2013 when it was 11%
- 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
Where are Payment Reforms Today?

2015 New York Medicaid Scorecard Results

- 32.7% of New York Medicaid’s payments are value-oriented
- 27.2% of New York Medicaid’s payments are not based on FFS
- 46% of the value-oriented payment is considered “at-risk”
- 31% of payment to hospitals is value-oriented
- 16% of outpatient specialist and 64% of PCP payment is value-oriented
- Respondents include most of New York state’s Medicaid plans
Where are Payment Reforms Today?

2015 Medicare Scorecard Results

- 42% of FFS Medicare payments are value-oriented
- 1.9% of the value-oriented payment is considered “at-risk”
- $19.6 billion in total Medicare EHR payments to hospitals and physicians since May 2011
- All information was collected via public sources with direct verification from the Center for Medicare and Medicaid Services (CMS) and the Center from Medicare and Medicaid Innovation (CMMI)
Bottom Line Similarities, Differences and Opportunities Across Public and Private Sectors

- Medicare versus commercial sector
- Medicaid versus commercial sector (New York)
- State level multi-payer efforts (webinar series)
2010-2015 Value Oriented Payments

CPR’s 2010 Estimate

Data Year

2010 2011 2012 2013 2014 2015

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

~1-3% 2010 Estimate
CPR’s 2013 National and California Scorecards

Data Year

- 2010: ~1-3%
- 2011: ~1-3%
- 2012: 10.9%
- 2013: 41.8%
- 2014: Estimate
- 2015: Estimate

California 2013
National 2013
2010 Estimate
2010-2015 Value Oriented Payments

CPR’s 2014 National and California Scorecards

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2010-2015 Value Oriented Payments

CPR’s 2015 New York Medicaid & Commercial Scorecards

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What Will Our Future Scorecards Tell Us?

Data Year

2010 2011 2012 2013 2014 2015

~1-3% 10.9% 41.8% 55.4% 32.7% ?

What Will Our Future Scorecards Tell Us?

2010-2015 Value Oriented Payments

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Changes in the Landscape

Evolution in health care delivery

Slight rebalancing between primary and specialty care
• From 75% paid annually to specialist and 25% to PCPs in 2012, to 71% paid annually to specialists and 29% to PCPs in 2013*

Slight drop in readmissions
• From 9% of hospital admissions as readmission in 2012, to 8% in 2013*

*CPR 2013 and 2014 National Scorecards on Payment Reform
Are Reforms Having Intended Impact?

Evidence is Mixed
• The same method of payment in different circumstances may help quality and affordability or hinder it

Evidence is Incomplete
• New methods of payment haven’t been around long enough or in use broadly enough to know their lasting impact

And there is no consistent, rigorous approach to evaluation to allow solid comparisons...
Deep Dive on CPR’s Payment Reform Evaluation Framework

Four Domains of Evaluation

- Background
- Feasibility
- Quality
- Cost

Initial Assessment

Ongoing Monitoring

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Deep Dive on CPR’s Payment Reform Evaluation Framework

**Initial Assessment**

- **Background**: Goals, lines of business, which purchasers are eligible to participate, for which insurance products it’s available
- **Feasibility**: Whether the program can be replicated and scaled -- programs that succeed in a singular situation, but are difficult to implement, have limited application
- **Quality**: Clinical quality and patient satisfaction/experience measures
- **Cost**: Mechanisms through which the program intends to reduce costs, impact on total health care spending compared to benchmarks, how savings are passed to purchaser
Deep Dive on CPR’s Payment Reform Evaluation Framework

Ongoing Monitoring

- How the program has impacted quality - results on the clinical quality and patient satisfaction/experience measures, unintended negative consequences resulting from incentives

- Whether the program generates savings, incurs costs, or has an impact on total health care spending, and results on measures of efficiency
Will Our Goals Be Realized?

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 percent by 2020 but value has not improved?

**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”;
- We need to engage in collaboration between multiple players
CPR Goals for 2016

Continue to hold the health care system accountable for making progress with the implementation of payment reforms

Draw attention to the need to analyze the impact of payment reform, at the program and macro health care system level

Stimulate purposeful pairing of health insurance benefit designs with provider payments to align the incentives from the patient to provider

Help employers and other purchasers continue to learn from each other about value-oriented purchasing strategies through case studies, educational programming and small group collaboration
What’s Next?

• Change is a foot on many fronts
  • Continued evolution of health care payment and delivery models
  • Significant elections at state and federal level that could lead to new and different initiatives in health care
• The momentum is likely here for the foreseeable future
  • CMMI has five more years in first round of $10 billion in funding
  • Many private contracts have been signed for 3-5 year terms
  • New technologies in health care will keep the heat on to figure out affordability
Questions?

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