



# Tracking Progress on Payment Reform

Results from the Commercial Market

Catalyst for Payment Reform &  
National Alliance of Healthcare Purchaser Coalitions

December 4, 2019



# Agenda

Welcome & Introductions

About National Alliance & eValue8

Origins & Evolutions of National  
Scorecards on Payment Reform

Payment Reform Trends Over the Years

Quality & Affordability During The  
Same Time Period

Where Do We Go From Here?

Questions & Contact

# Today's Panelists



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# About National Alliance of Healthcare Purchaser Coalitions & eValue8

# About National Alliance

The National Alliance of Healthcare Purchaser Coalitions is the only nonprofit, purchaser-led organization with a national and regional structure dedicated to driving health and healthcare value across the country.

Our members represent more than 12,000 employers/purchasers and 45 million Americans, spending \$300 billion annually on healthcare.

## NATIONAL ALLIANCE ORGANIZING FRAMEWORK



## The Philosophy



- Articulate purchaser expectations
- Measure plan performance against expectations
- Drive quality improvement

## The Process

- Survey fielded to plans via online platform
- Responses are reviewed and scored
- Plans and purchasers receive detailed results with recommended actions
- Regional meetings between individual plans and purchasers

# About CPR

An independent non-profit corporation working to catalyze employers, public purchasers and others to implement strategies that produce higher-value health care and improve the functioning of the health care marketplace.

- 32BJ Health Fund
- 3M
- Aircraft Gear Corporation
- Aon
- Arizona Health Care Cost Containment System (Medicaid)
- AT&T
- The Boeing Company
- CalPERS
- City and County of San Francisco
- Comcast
- Compassion International
- Covered California
- The Dow Chemical
- Company Equity Healthcare LLC
- FedEx Corporation
- General Motors
- Google Inc.
- Group Insurance Commission, MA
- Hilmar Cheese Company, Inc.
- The Home Depot
- Mercer
- Miami University (Ohio)
- Ohio Medicaid
- Ohio PERS
- Penn State University
- Pennsylvania Employees Benefit Trust Fund
- Pitney Bowes
- Qualcomm Incorporated
- Self-Insured Schools of California
- South Carolina Health & Human Services (Medicaid)
- Teacher Retirement System of Texas
- TennCare (Medicaid)
- Unite Here Health
- US Foods
- Walmart Inc.
- Wells Fargo & Company
- Willis Towers Watson



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# Origins & Evolutions of National Scorecards on Payment Reform



# Origins of Tracking Payment Reform through eValue8

## CPR & NATIONAL ALLIANCE/EVALUE8

### Partnership



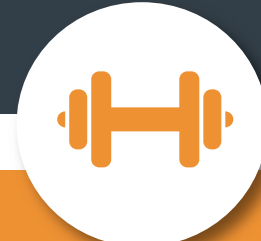
- eValue8 was an existing health plan RFI on which to build
- Mutual goal of increasing health plan participation
- Natural partnership to ask health plans about payment reform efforts and related items

### Standardized Definitions and Questions



- Filled a need for a common nomenclature on payment reform
- We standardized definitions for terms within the industry
- Purchasers asking the same questions strengthens the “ask”

### Reducing Reporting Burden



- Multiple – and different - requests by purchasers leads to increased health plan administrative burden
- Standardizing the request and doing so on an annual basis lessened this burden

# Payment Reform Definition

**Payment reform:** a range of health care payment models that use payment to promote or leverage greater value for patients, purchasers, payers, and providers.

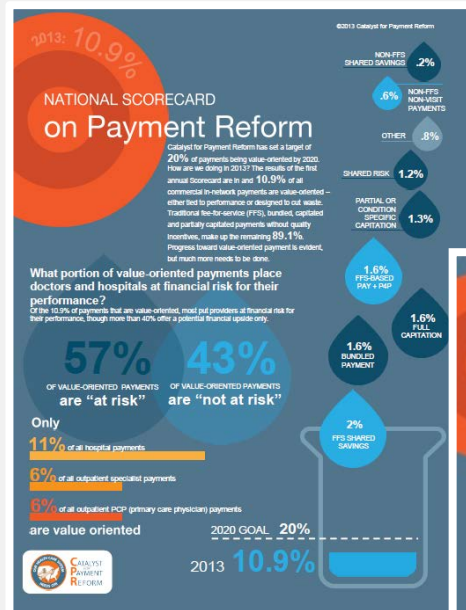
The National Scorecards on Payment Reform measure the total dollars paid to providers through payment reform programs (with quality) in CY 2012, 2013, 2016, & 2017

# Measuring Payment Reform Implementation

- ✓ **CPR's National and Regional Scorecards** - the first to track progress in implementing value-oriented payment.

- ✓ **The Health Care Payment - Learning Action Network** (LAN) began tracking payment reform in 2016

## 2013, 2014 National Scorecards



## 2015 FFS Medicare Scorecard



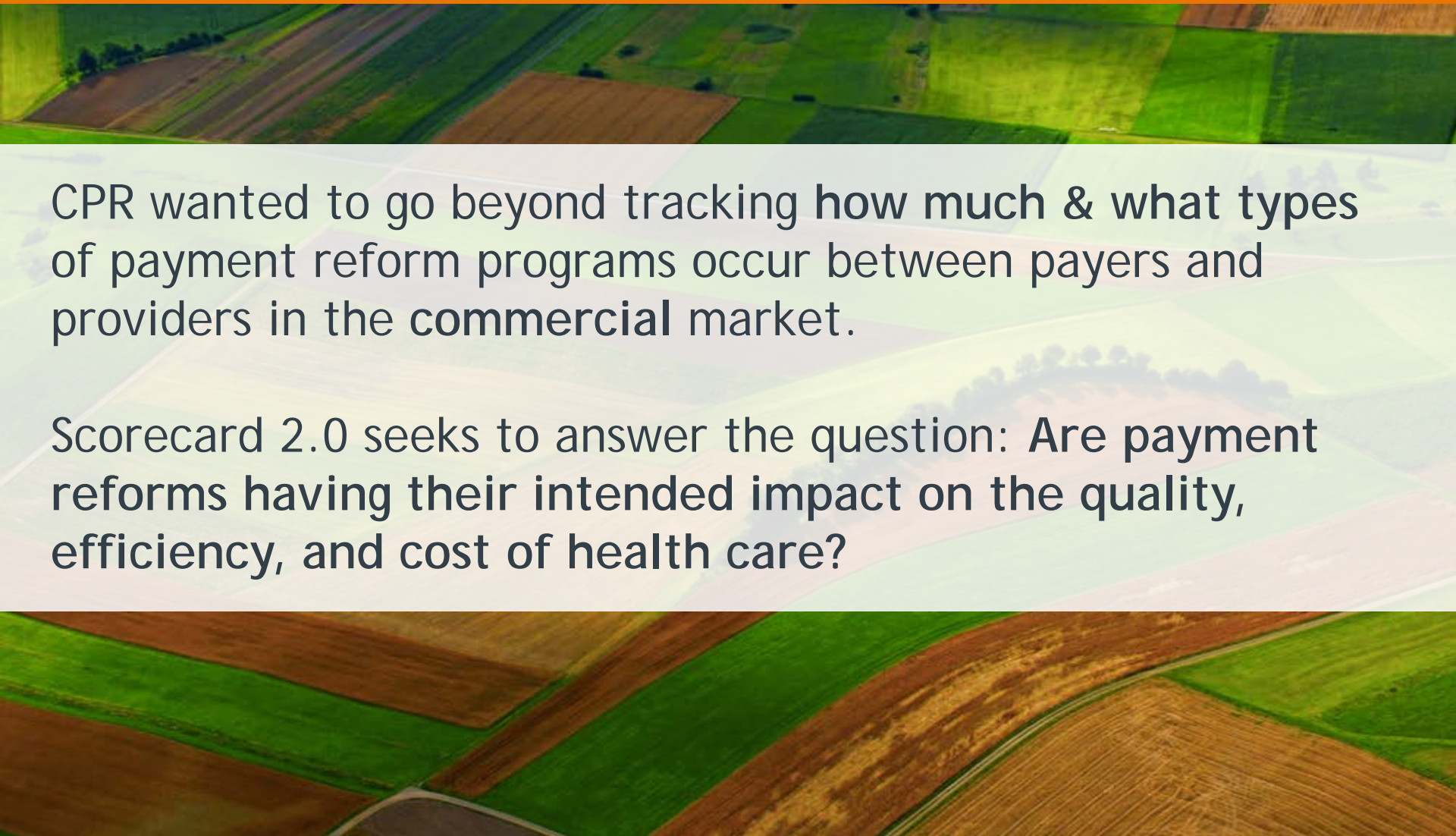
## NY 2015 Medicaid & Commercial



**HCPLAN**  
Health Care Payment Learning & Action Network



# Introducing “2.0”

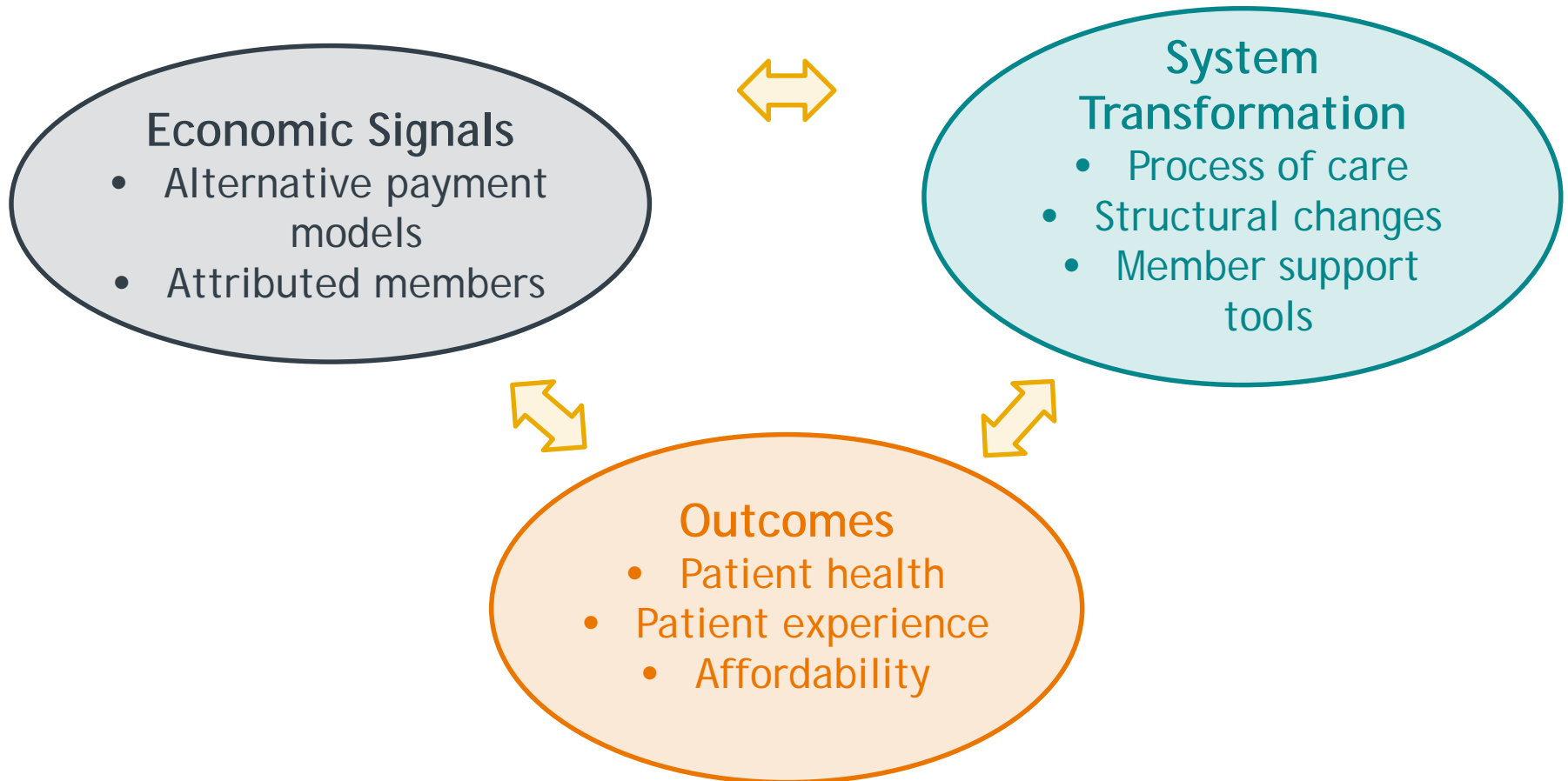


CPR wanted to go beyond tracking **how much & what types** of payment reform programs occur between payers and providers in the **commercial** market.

Scorecard 2.0 seeks to answer the question: **Are payment reforms having their intended impact on the quality, efficiency, and cost of health care?**

# Developing the 2.0 Framework

A **multi-stakeholder advisory committee** provided input on measure selection in 2017



# Thank you to our funders

The development of  
Scorecard 2.0 was  
funded by grants from:



This project was funded  
by a grant from:



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# Payment Reform Trends Over the Years



# Methodology

2013

- ✓ Reporting 2012 data
- ✓ The data represent **104,000,000 lives** or **63%** of the **commercial lives** in the U.S.

2014

- ✓ Reporting 2013 data
- ✓ The data represent **95,100,000 lives** or **58%** of the **commercial lives** in the U.S.

2017

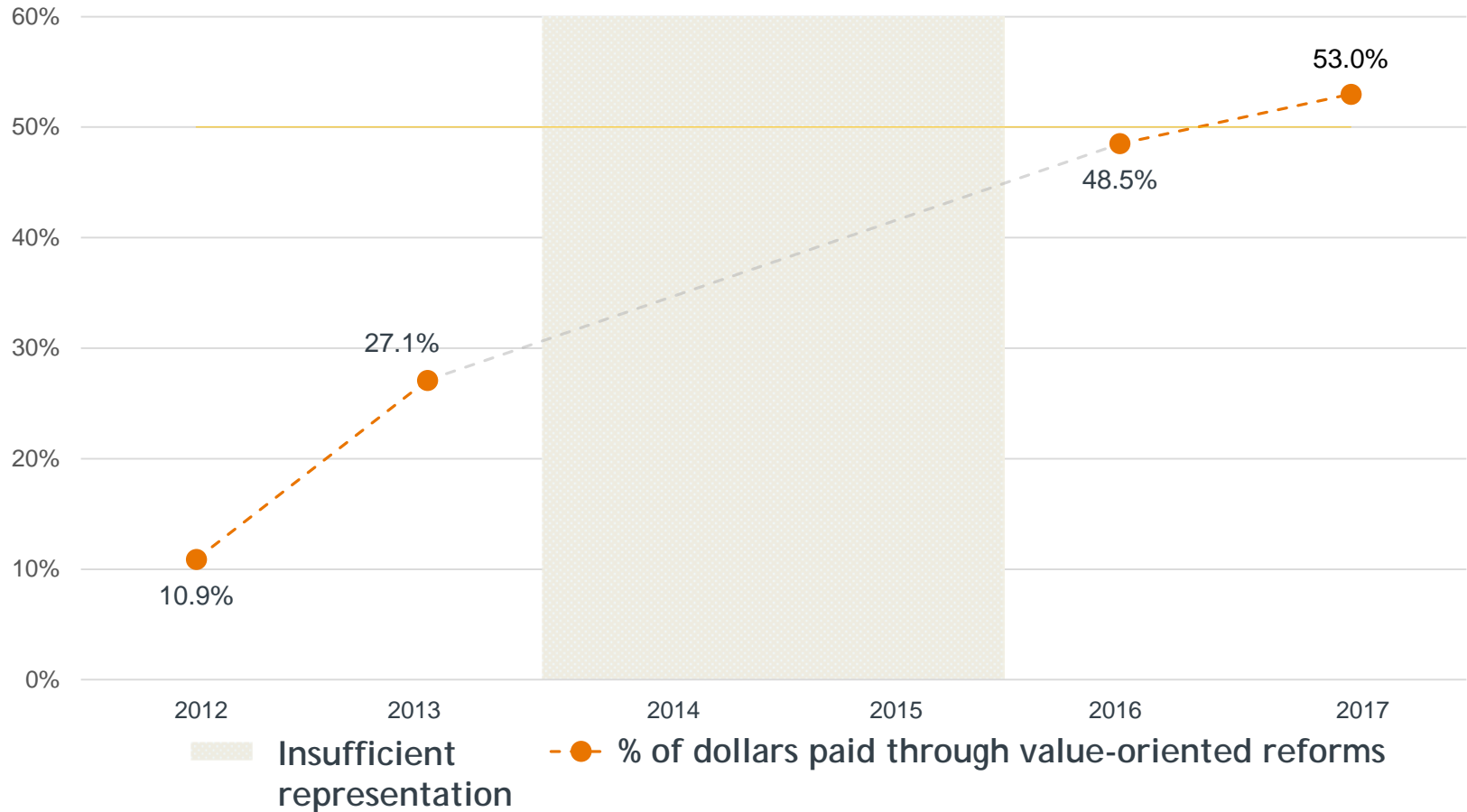
- ✓ Reporting 2016 data
- ✓ The data represent **93,600,000 lives** or **53%** of the **commercial lives** in the U.S.

2018

- ✓ Reporting 2017 data
- ✓ The data health plans represent **89,150,000 lives** or **50%** of the **commercial lives** in the U.S.

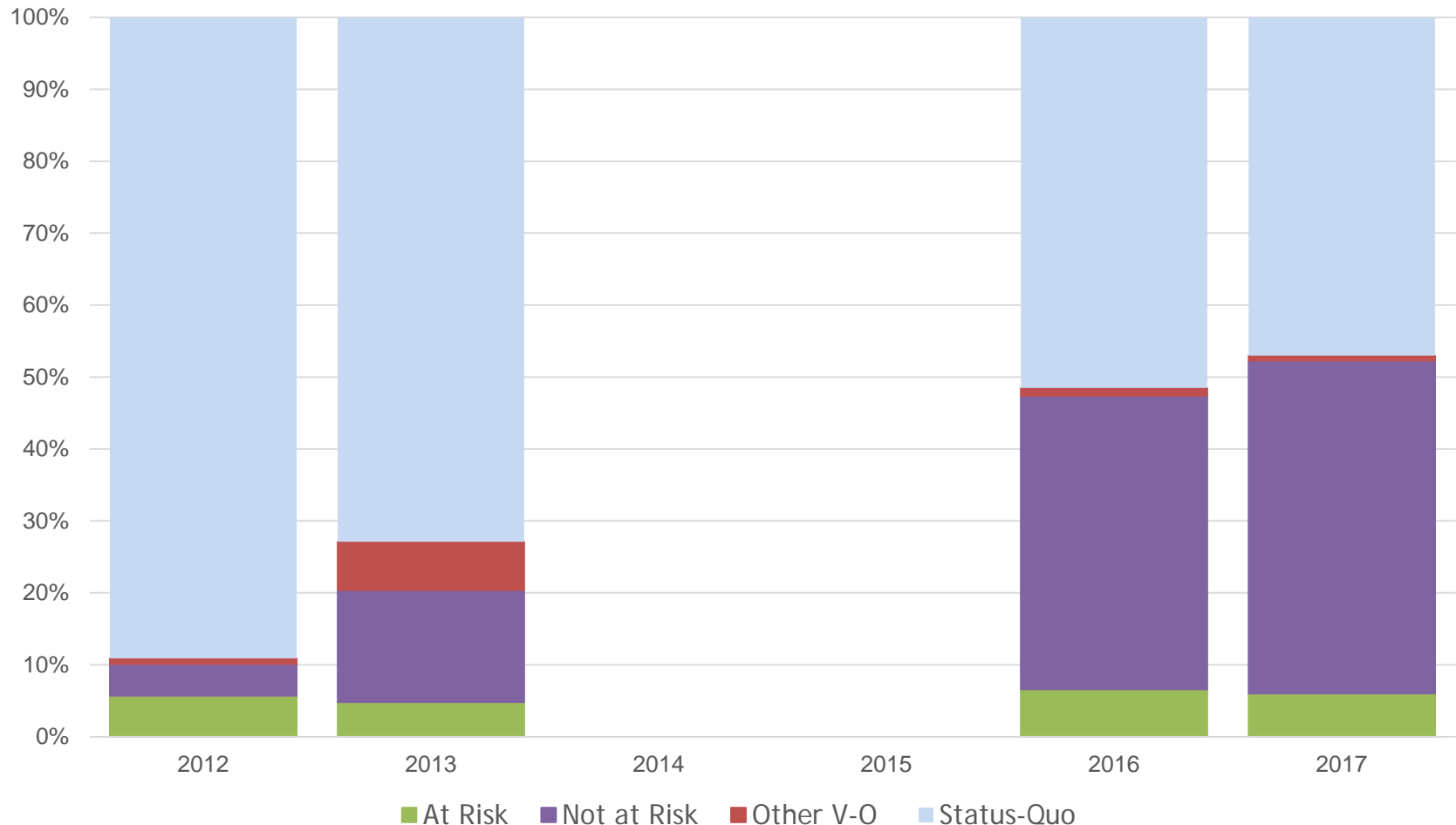
# Implementation of Value-Oriented Payments

## Implementation of Value-Oriented Payments



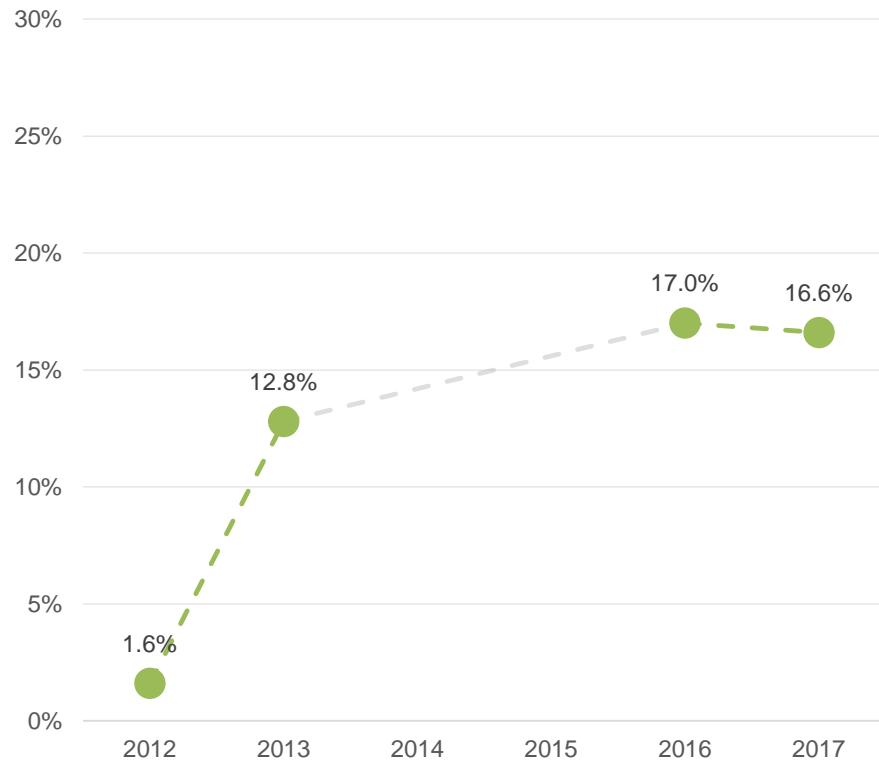
# Breakdown of At-Risk & Not-At-Risk Payment Methods

Value-Oriented Payments that are “At Risk”

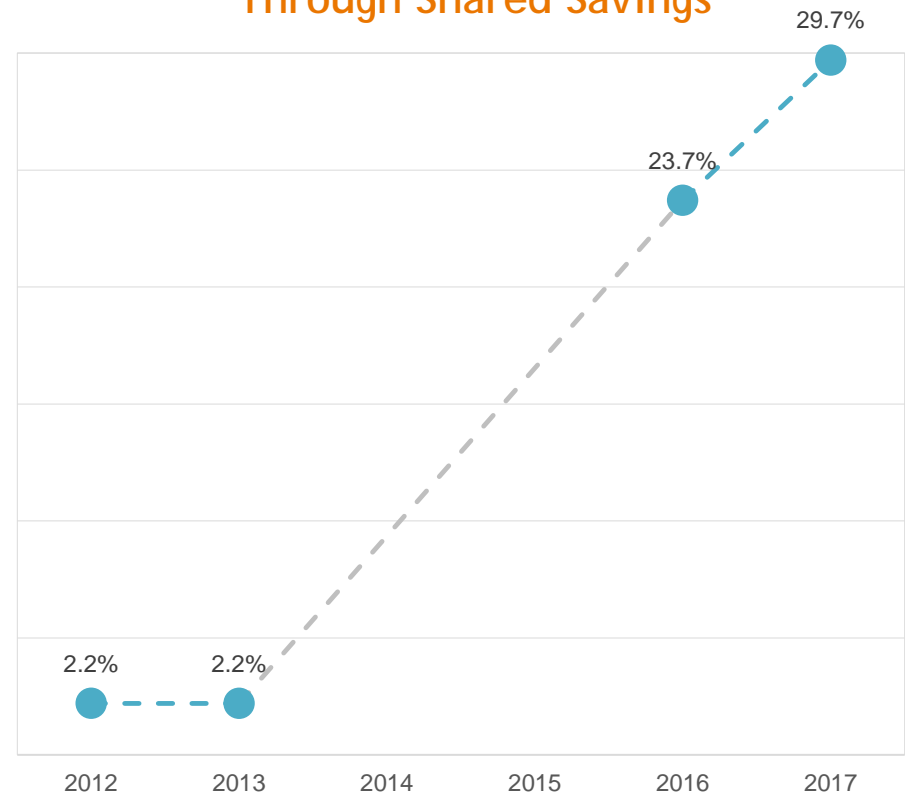


# Payment Methods that Do Not Place Providers At Risk

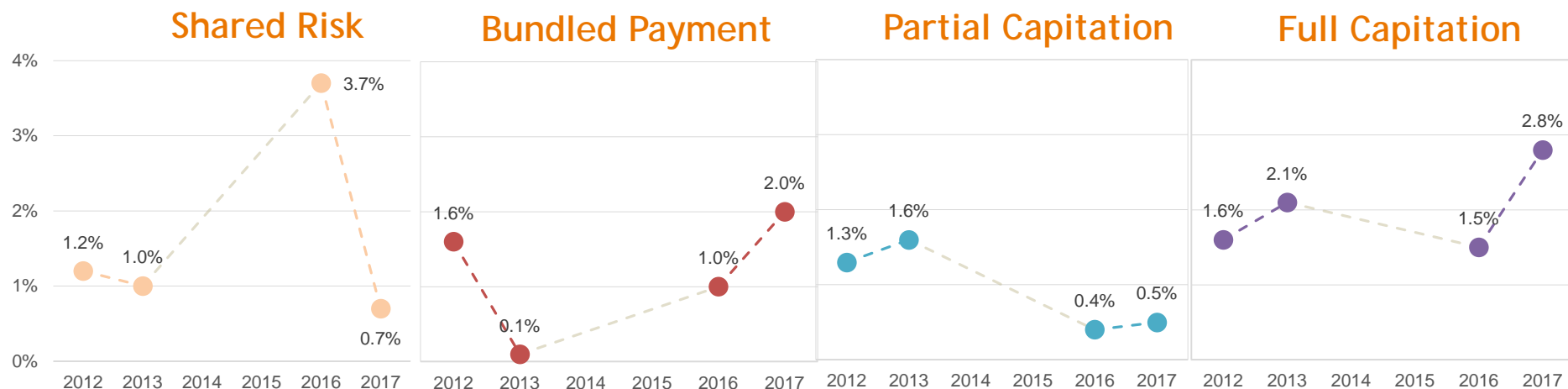
## Percent of Total Dollars Flowing Through Pay for Performance



## Percent of Total Dollars Flowing Through Shared Savings



# Payment Methods that Place Providers At Risk



*In the years' analyzed, no at-risk payment method accounted for more than 4% of total dollars.*

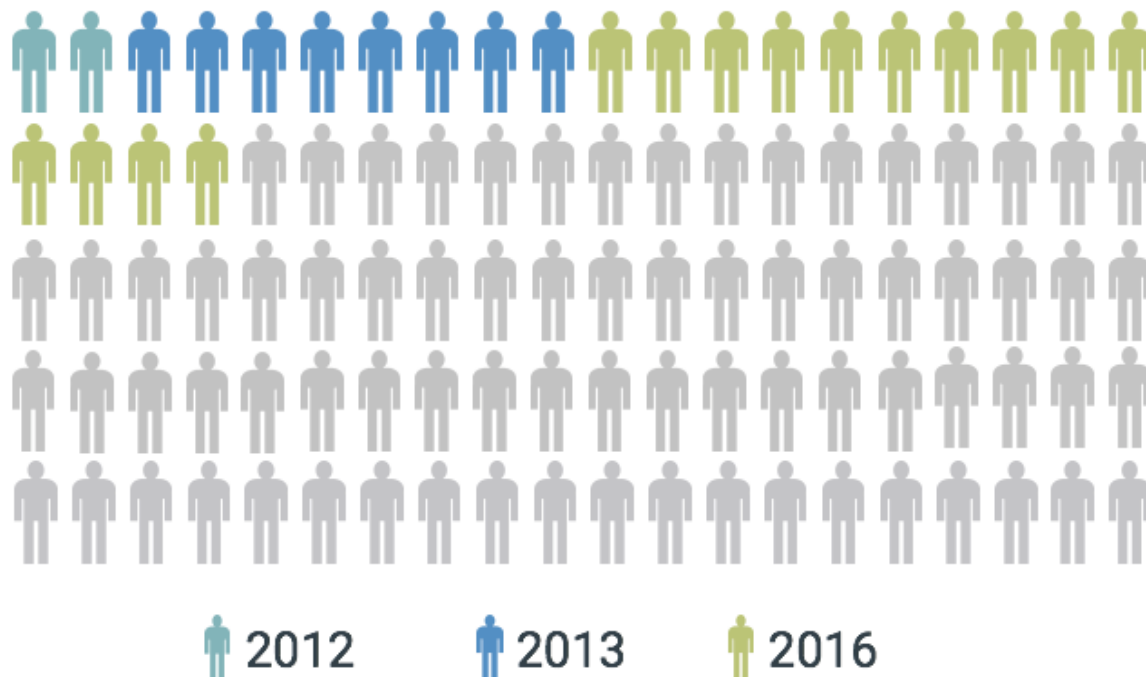
# Comparison to LAN 2018 Results

LAN Refreshed Framework Categories	Equivalent CPR/eValue8	LAN 2018 Results (Commercial Market)	2018 CPR National Scorecard
Category 1 – Fee For Service - No Link to Quality & Value	Status – Quo Payments	56.5%	47%
Category 2- Fee For Service – Link to Quality & Value	Pay For Performance; Non-Visit Functions	15.2%	16.6%
Category 3A – Upside Rewards for Appropriate Care	Shared Savings	18.4%	29.7%
Category 3B – Upside & Downside for Appropriate Care	Shared Risk; Bundled Payment	8.2%	2.7%
Category 4A – Condition Specific Pop-Based Payment	Partial Capitation	0.2%	0.5%
Category 4B – Comprehensive Population Based Payment	Full Capitation	1.4%	2.8%

# Attributed Lives

Percent of commercial plan members were attributed to  
**providers participating in a payment reform contract**

✓ The increase in member attribution correlates with increase in dollars flowing through shared savings- the common payment method for ACOs



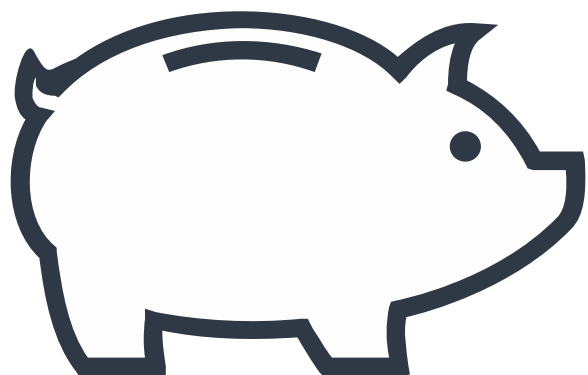
Note: Insufficient/no data for 2014, 2015 and 2017.



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# Quality & Affordability Results During the Same Time Period

## Unmet Care Due to Cost



Percent of  
adults with  
commercial  
coverage who  
went without  
care due to cost

'13	'16	'17
7.5%	9.5%	9.7%

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(Lower is Better)

Analysis by Catalyst for Payment  
Reform 2019, BRFSS data (CDC)  
2013-2017

# HEDIS<sup>®</sup> Results, (Commercial Specific)

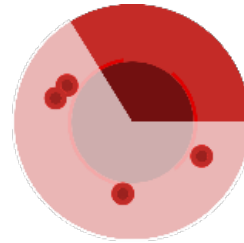


## HbA1c testing

'12	'13	'16	'17
89%	89%	90%	90%

(Higher is better)

## HbA1c poor control



'12	'13	'16	'17
31%	34%	38%	36%

(Lower is better)


## Controlling High Blood Pressure

Can't be trended due to  
changes in measurement

*Source: NCQA HEDIS<sup>®</sup> 2019; Notice of Copyright & Disclaimer Information Available*

# Other Quality Indicators, (Not Commercial Specific)

## Cesarean Sections


 Women with low-risk\*  
pregnancies had  
cesarean sections  
\*NTSV

	'16	'17
	25.8%	26.3%

(Lower is better)

Source: The Leapfrog Group, 2019

## Childhood Immunizations

 Children with all  
recommended  
vaccines

	'12	'13	'16	'17
	68%	70%	71%	70%

(Higher is better)

Source: CMWF & America's Health Rankings

## Hospital-Acquired Pressure Ulcers



	'14	'16	'17
	21.7	22.7	23.0

Out of 1,000 adults acquired stage III or  
IV pressure ulcers during their stay.

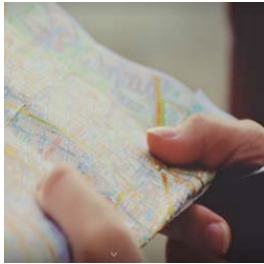
(Lower is better)

Source: AHRQ National Scorecard on Hospital-  
Acquired Conditions 2019

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# Where Do We Go From Here?

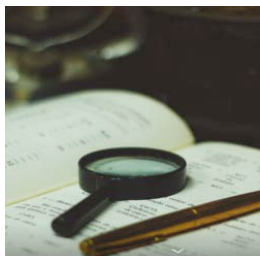
# What Can Employers Do?



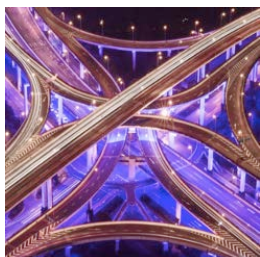
**Hold health plans accountable or look elsewhere to procure high value health care services.**

- Standard RFI questions like eValue8
- Model health plan contract language with provisions that outline purchaser expectations for effective reforms
- Insist on comprehensive and meaningful evaluation, e.g. using standard tools like CPR's Standard Plan ACO Report
- Encourage use of alternative, less expensive sites of care: Telehealth, onsite/near-site clinics, retail clinics, urgent care centers etc.
- Consider direct contracting where appropriate

# What Can Employers Do?



Continue to push for price and quality transparency.



Customize provider network designs based on value.

- Narrow network
- Tiered network
- Direct contracting for ACO or episodes/procedures
- Onsite/near-site clinics



Introduce new benefit designs that encourage employees to use high-value providers (i.e. reference pricing or centers of excellence).



# What Can Employers Do?



Pay providers differently through alternative payment methods that hold them responsible for quality and spending.

- May need to increase size of the incentive portion of payments and implement more sharing of financial risk with providers to have an impact
- It's not payment reform if it doesn't address high and rising prices



Utilize market-based approaches to address prices.

- Large purchasers may be able to use Medicare as a reference point for pricing
- State purchasers have volume to pursue this approach
- Commercial purchasers may be interested too

# What Can Employers Do?

**Realign payments to incentivize providers to develop organizational and infrastructure backbone for:**

- *Enhanced access for patients*
- *Patient engagement, support and shared decision-making*
- *Successful BH integration*
- *Disciplined focus on health improvement*
- *Effective referral management & reintegration*

*Advanced Primary Care (APC) practices currently are receiving payments under multiple methods such as fixed fees per patient, shared or full risk, pay-for-performance, and traditional FFS.*

*While current models are relatively simple, future models may incorporate bundled payment for chronic condition management with outcome-based adjustments.*

# What Can Employers Do?

*"Employer-led episodes of care can truly bring about the change required in the broken healthcare market. Working through our regional and national network of member coalitions can enable faster and more seamless execution of episode-of-care payment models across the country."*

*Michael Thompson,  
President & CEO, National Alliance*

## Key Principles

- Common episodes definitions to align and focus care management and improvement efforts
- Quality & appropriateness of care to ensure and promote the right care at the right place for the right patient
- Double-sided risk alignment to incentivize a shared commitment to success and patient centered value
- Warranted performance to provide accountability for high performance and outcomes
- Relevance for purchasers, patients & providers to enable substantive and sustainable benefits for all stakeholders



- Results from 2019 Payment Innovation Deep Dive in 1Q 2020
  - Webinars with each respondent
    - Value-based payment models
    - Breadth and depth of bundled payments
    - Payment for advanced primary care



- Continued collaboration

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# Questions & Contact

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# Thank You!



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