Tracking Progress on Payment Reform

Results from the Commercial Market

Catalyst for Payment Reform &
National Alliance of Healthcare Purchaser Coalitions
December 4, 2019
Agenda

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Questions & Contact
Today’s Panelists

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December 4, 2019
www.catalyze.org        www.nationalalliancehealth.org
About National Alliance of Healthcare Purchaser Coalitions & eValue8
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.
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
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.
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: 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

Health Care Payment Learning & Action Network
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?
A multi-stakeholder advisory committee provided input on measure selection in 2017.

**Economic Signals**
- Alternative payment models
- Attributed members

**System Transformation**
- Process of care
- Structural changes
- Member support tools

**Outcomes**
- Patient health
- Patient experience
- Affordability
Thank you to our funders

The development of Scorecard 2.0 was funded by grants from:

- Arnold Ventures
- Robert Wood Johnson Foundation

This project was funded by a grant from:

- Robert Wood Johnson Foundation
Payment Reform Trends Over the Years
## Methodology

<table>
<thead>
<tr>
<th>Year</th>
<th>Reporting Data</th>
<th>Lives Represented</th>
<th>Percentage of Commercial Lives in the U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>✓ Reporting 2012 data</td>
<td>104,000,000</td>
<td>63%</td>
</tr>
<tr>
<td>2014</td>
<td>✓ Reporting 2013 data</td>
<td>95,100,000</td>
<td>58%</td>
</tr>
<tr>
<td>2017</td>
<td>✓ Reporting 2016 data</td>
<td>93,600,000</td>
<td>53%</td>
</tr>
<tr>
<td>2018</td>
<td>✓ Reporting 2017 data</td>
<td>89,150,000</td>
<td>50%</td>
</tr>
</tbody>
</table>
Implementation of Value-Oriented Payments

Insufficient representation of dollars paid through value-oriented reforms
Breakdown of At-Risk & Not-At-Risk Payment Methods

Value-Oriented Payments that are “At Risk”

- At Risk
- Not at Risk
- Other V-O
- Status-Quo

2012 2013 2014 2015 2016 2017
Payment Methods that Do Not Place Providers At Risk

**Percent of Total Dollars Flowing Through Pay for Performance**

- 1.6% in 2012
- 12.8% in 2013
- 17.0% in 2014
- 16.6% in 2015
- 2016
- 2017

**Percent of Total Dollars Flowing Through Shared Savings**

- 2.2% in 2012
- 2.2% in 2013
- 23.7% in 2016
- 29.7% in 2017
In the years’ analyzed, no at-risk payment method accounted for more than 4% of total dollars.
## Comparison to LAN 2018 Results

<table>
<thead>
<tr>
<th>LAN Refreshed Framework Categories</th>
<th>Equivalent CPR/eValue8</th>
<th>LAN 2018 Results (Commercial Market)</th>
<th>2018 CPR National Scorecard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category 1 – Fee For Service - No Link to Quality &amp; Value</td>
<td>Status – Quo Payments</td>
<td>56.5%</td>
<td>47%</td>
</tr>
<tr>
<td>Category 2- Fee For Service – Link to Quality &amp; Value</td>
<td>Pay For Performance; Non-Visit Functions</td>
<td>15.2%</td>
<td>16.6%</td>
</tr>
<tr>
<td>Category 3A – Upside Rewards for Appropriate Care</td>
<td>Shared Savings</td>
<td>18.4%</td>
<td>29.7%</td>
</tr>
<tr>
<td>Category 3B – Upside &amp; Downside for Appropriate Care</td>
<td>Shared Risk; Bundled Payment</td>
<td>8.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Category 4A – Condition Specific Pop-Based Payment</td>
<td>Partial Capitation</td>
<td>0.2%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Category 4B – Comprehensive Population Based Payment</td>
<td>Full Capitation</td>
<td>1.4%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>
The increase in member attribution correlates with increase in dollars flowing through shared savings - the common payment method for ACOs.

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

Quality & Affordability Results During the Same Time Period
Affordability

Unmet Care Due to Cost

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>'13</td>
<td>7.5%</td>
</tr>
<tr>
<td>'16</td>
<td>9.5%</td>
</tr>
<tr>
<td>'17</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

(Lower is Better)

Analysis by Catalyst for Payment Reform 2019, BRFSS data (CDC) 2013-2017
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© 2019; Notice of Copyright & Disclaimer Information Available
Other Quality Indicators, (Not Commercial Specific)

Cesarean Sections
Women with low-risk* pregnancies had cesarean sections
‘16  ‘17
25.8%  26.3%
*NTSV
(Lower is better)
Source: The Leapfrog Group, 2019

Hospital-Acquired Pressure Ulcers
Out of 1,000 adults acquired stage III or IV pressure ulcers during their stay.
‘14  ‘16  ‘17
21.7  22.7  23.0
(Lower is better)
Source: AHRQ National Scorecard on Hospital-Acquired Conditions 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
Where Do We Go From Here?
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).
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
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.

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*
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
- Warrantied performance to provide accountability for high performance and outcomes
- Relevance for purchasers, patients & providers to enable substantive and sustainable benefits for all stakeholders
Looking Forward

- 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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Thank You!

Visit Catalyze.org to download the National Scorecards on Payment Reform

Visit NationalAllianceHealth.org for more information on Advanced Primary Care & Purchaser-Driven Episodes-of-Care