Value-based payment, technology, and the future of customer service

Mark D. Smith, MD MBA

ACO X/BUNDLED PAYMENTS IX/MACRA IV SUMMITS

WASHINGTON, DC

JUNE 2019

Outline

- Why are we doing this??
- The evolution of customer service
- 3 big changes
- New ideas ...
- 4 biggest challenges

But first …

A question

and

a disclaimer

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Audience Segments

1. Veterans/true believers: here for nuts and bolts
2. Relative Newbies: looking to get on board
3. Sceptics: Not sure if this is the flavor of the month and/or frustrated with lack of progress

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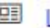
Dr. Mark Smith

“Value-based payment”

Payment for *results*, not the number of specific processes



What is the Health Care Payment Learning & Action Network?

The Health Care Payment Learning & Action Network (LAN) is a public-private partnership established to accelerate transition in the healthcare system from a fee-for-service (FFS) payment model to ones that pays providers for quality care, improved health, and lower costs.

The LAN's goal is to link healthcare payments to quality and value in both the public and private sectors through the increased adoption of alternative payment models. The LAN pursues this goal by disseminating and diffusing knowledge and best practices for designing and implementing APMs, including practices specifically aimed at alignment of technical APM components across multiple payers.

LAN SUMMIT OPENING ADDRESS with Secretary Alex M. Azar II and Administrator Seema Verma! Watch them Now!

Partnering for the Future LAN SUMMIT

About the LAN

Learn about the LAN's mission, goals, organizational model, and strategic partners. Understand our collaborative approach to increasing APM adoption

APM Framework & Measurement Effort

The APM Framework is the LAN's landmark contribution to healthcare payment transformation. Stakeholders across the health care payment

APM Design & Implementation

The LAN has developed a portfolio of white papers, webinars, infographics and more, providing practical information and tools stakeholders need to design

LAN Summit

The 2018 LAN Summit took place on October 22, 2018. Visit the LAN Summit site to view Secretary Alex M. Azar II and Administrator Seema Verma opening

CATEGORY 1
FEE FOR SERVICE – NO LINK TO QUALITY & VALUE

CATEGORY 2
FEE FOR SERVICE – LINK TO QUALITY & VALUE

A

Foundational Payments for Infrastructure & Operations

(e.g., care coordination fees and payments for HIT investments)

B

Pay for Reporting

(e.g., bonuses for reporting data or penalties for not reporting data)

C

Pay-for-Performance

(e.g., bonuses for quality performance)

CATEGORY 3
APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE

A

APMs with Shared Savings

(e.g., shared savings with upside risk only)

B

APMs with Shared Savings and Downside Risk

(e.g., episode-based payments for procedures and comprehensive payments with upside and downside risk)

3N

Risk Based Payments NOT Linked to Quality

CATEGORY 4
POPULATION – BASED PAYMENT

A

Condition-Specific Population-Based Payment

(e.g., per member per month payments, payments for specialty services, such as oncology or mental health)

B

Comprehensive Population-Based Payment

(e.g., global budgets or full/percent of premium payments)

C

Integrated Finance & Delivery System

(e.g., global budgets or full/percent of premium payments in integrated systems)

4N

Capitated Payments NOT Linked to Quality

ALTERNATIVE PAYMENT MODEL

APM FRAMEWORK

HCP LAN

Refreshed 2017

Figure 3: Payment Reform Goals

- Provider accountability and innovation
- Impact of payments on cost and quality performance
- Delivery system integration and coordination
- Person-centered care

Current State

Future State

Category 1
Fee for Service
-
No Link to
Quality & Value

Category 2
Fee for Service
-
Link to
Quality & Value

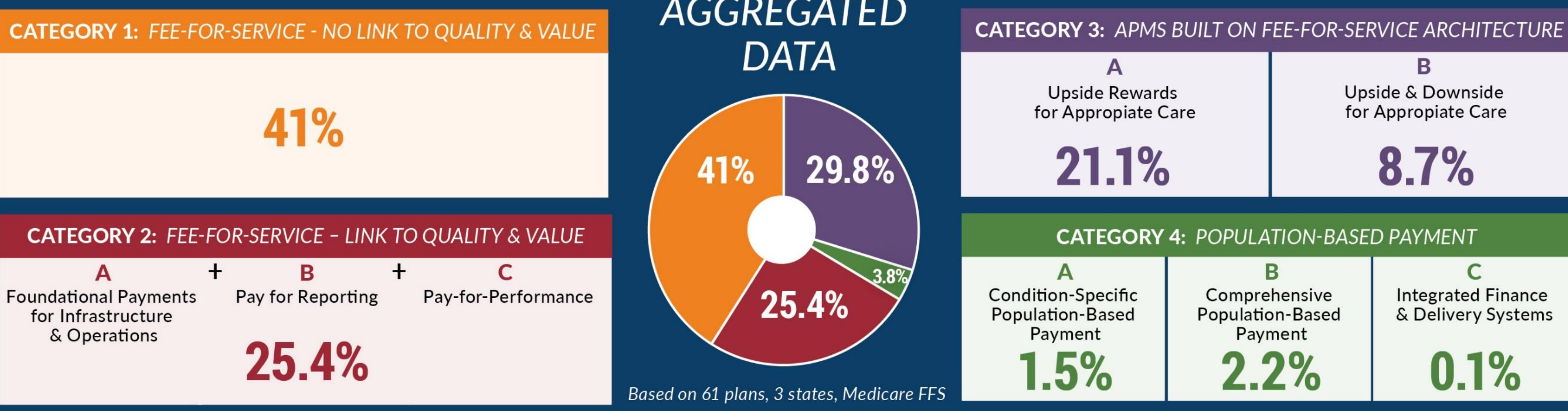
Category 3
APMs Built on
Fee-for-Service
Architecture

Category 4
Population-Based
Payment

** Note: The values presented in the above "current state" graphic are based on available data on private plans*

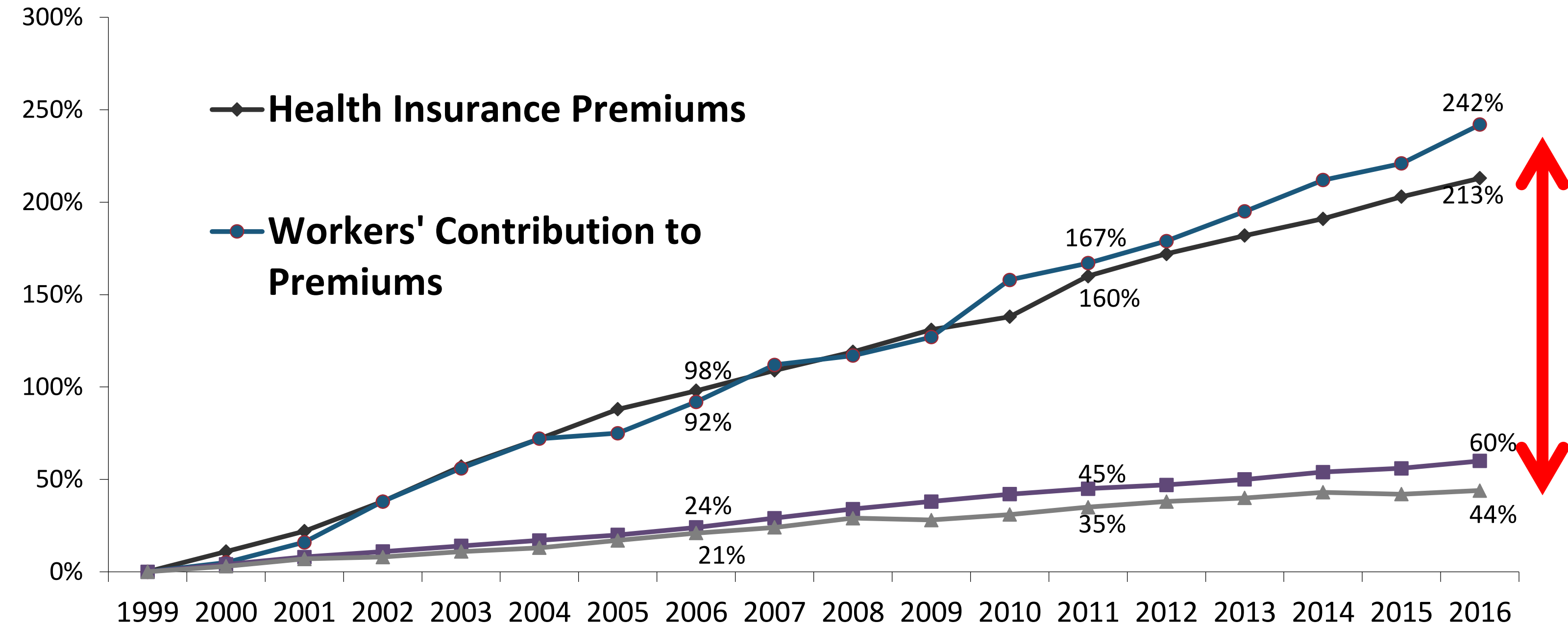
2018 Measurement Effort

Aggregate Results at a Glance

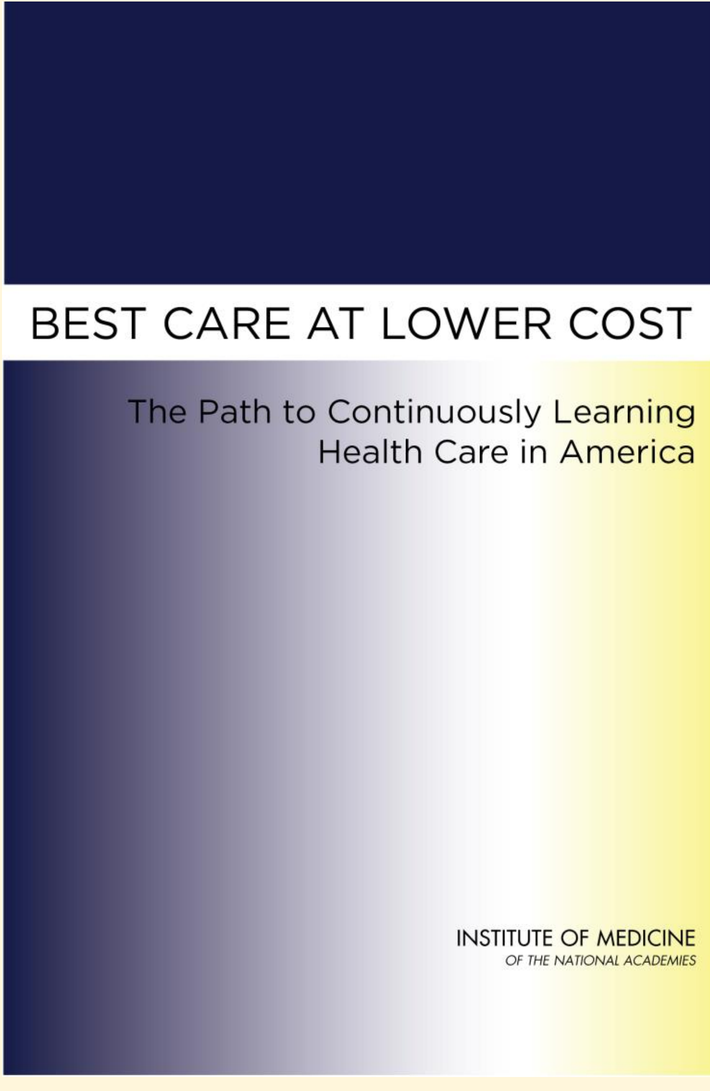


Source: HCP-LAN 2018 Measurement Effort

Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2016



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2016. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2016; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2016 (April to April).



INSTITUTE OF MEDICINE
OF THE NATIONAL ACADEMIES
Advising the nation / Improving health

Cost

Sources of unnecessary health spending

TABLE S-1 Estimated Sources of Excess Costs in Health Care (2009)

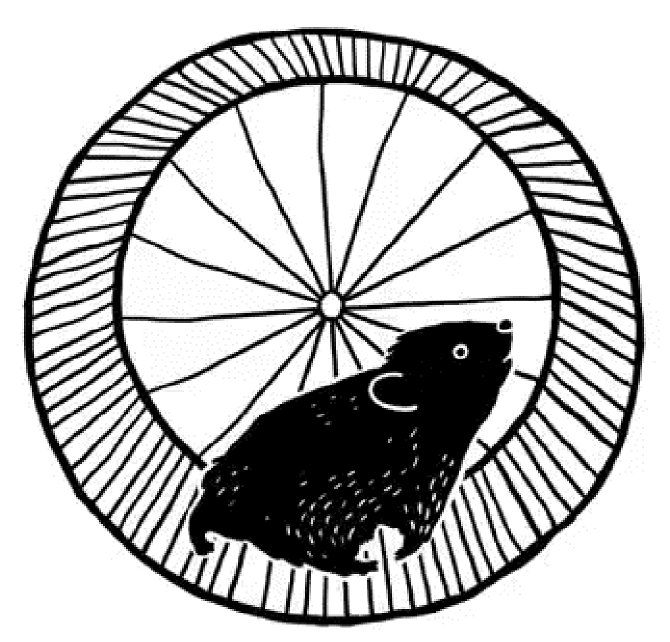
Category	Estimate of Excess Costs
Unnecessary Services	$210 billion
Inefficiently Delivered Services	$130 billion
Excess Administrative Costs	$190 billion
Prices That Are Too High	$105 billion
Missed Prevention Opportunities	$55 billion
Fraud	$75 billion

The Triple Aim

Improving the *experience of care*
Improving the health of populations
Reducing per capita costs of health care

The Triple Aim: Care, Health, And Cost ;Donald M. Berwick, Thomas W. Nolan, and John Whittington
Health Affairs 2008 27:3, 759-769

Volume-based payment



Customer service in service industries

1. Travel
2. Banking
3. Research

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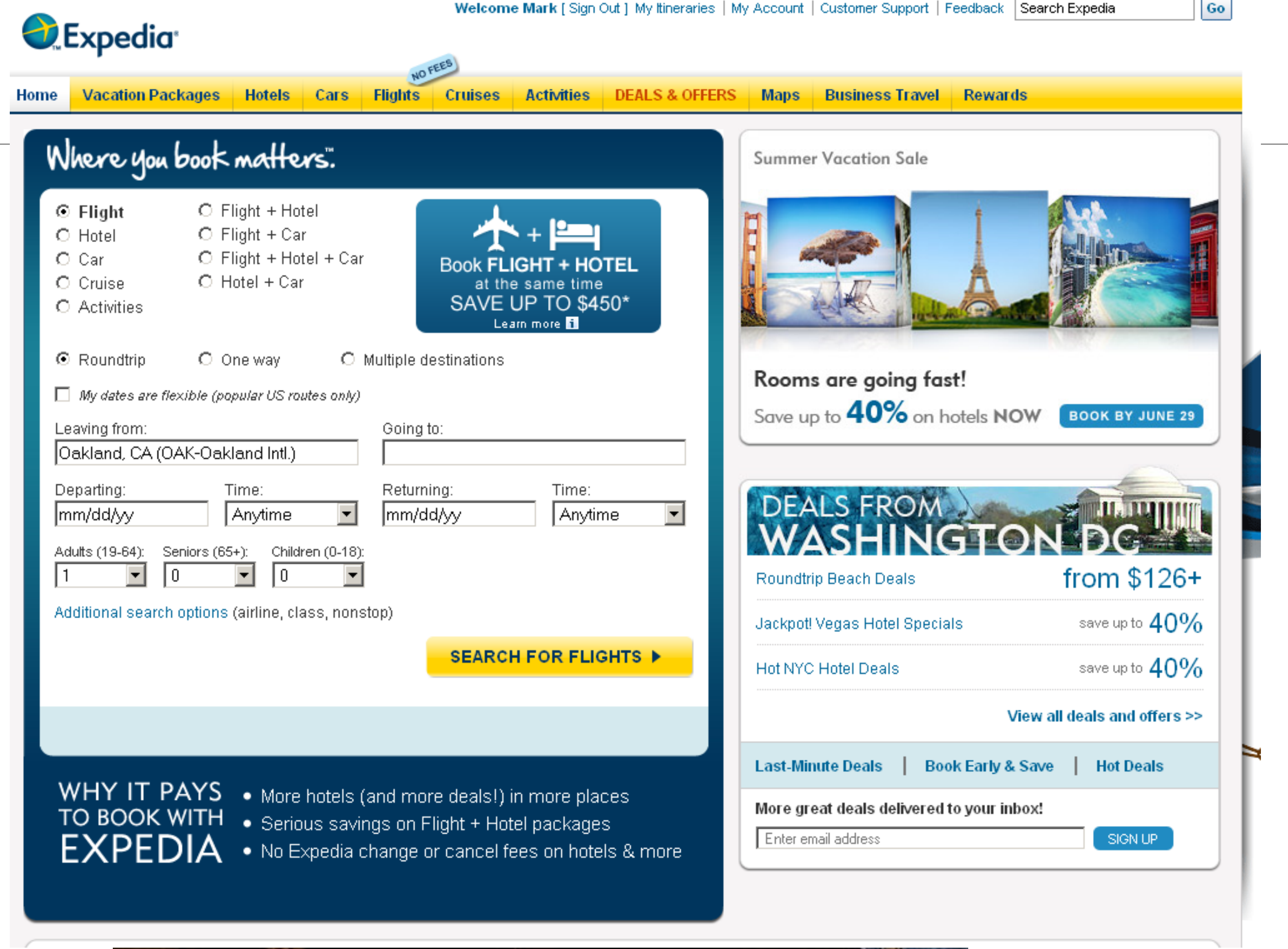
Travel arrangements …



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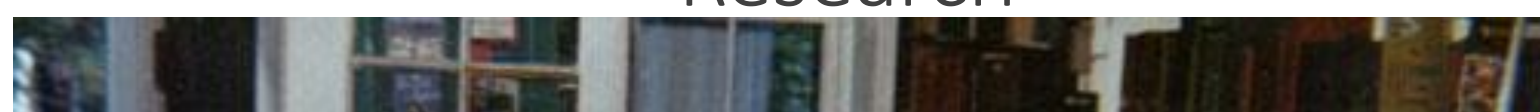
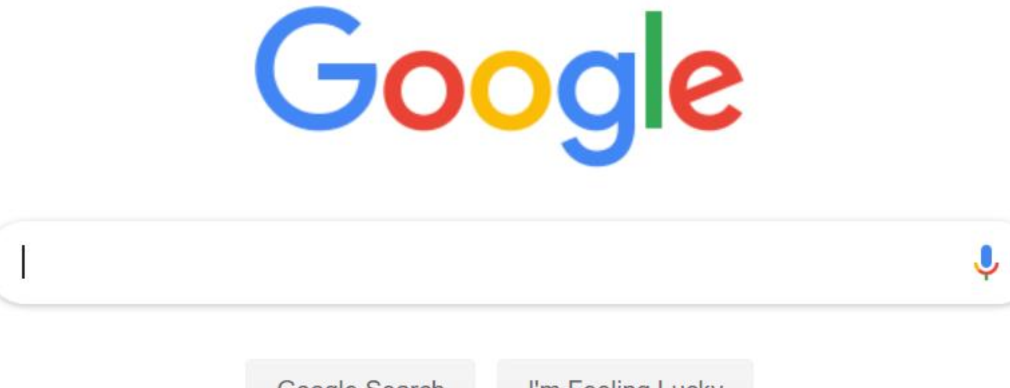
Research





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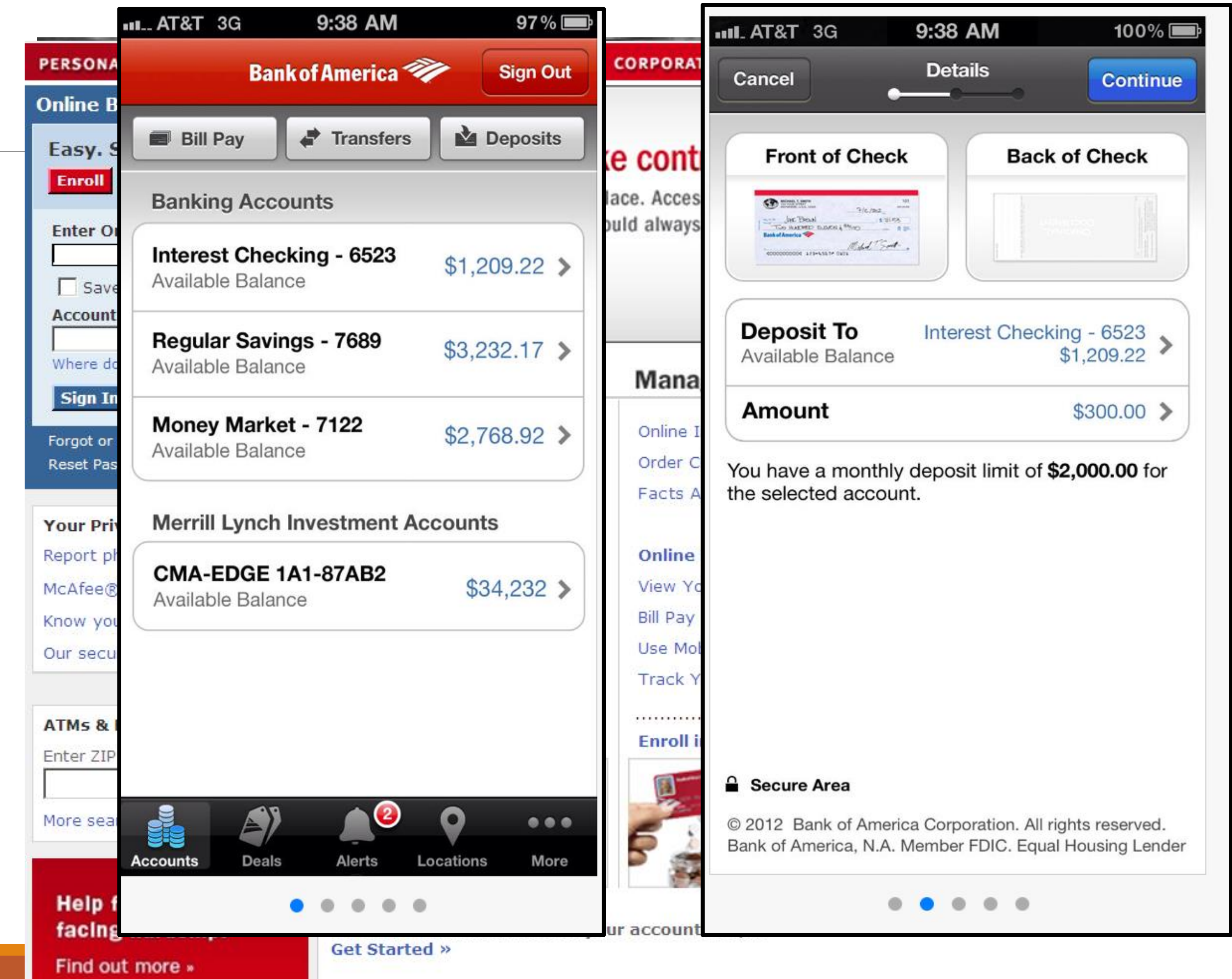
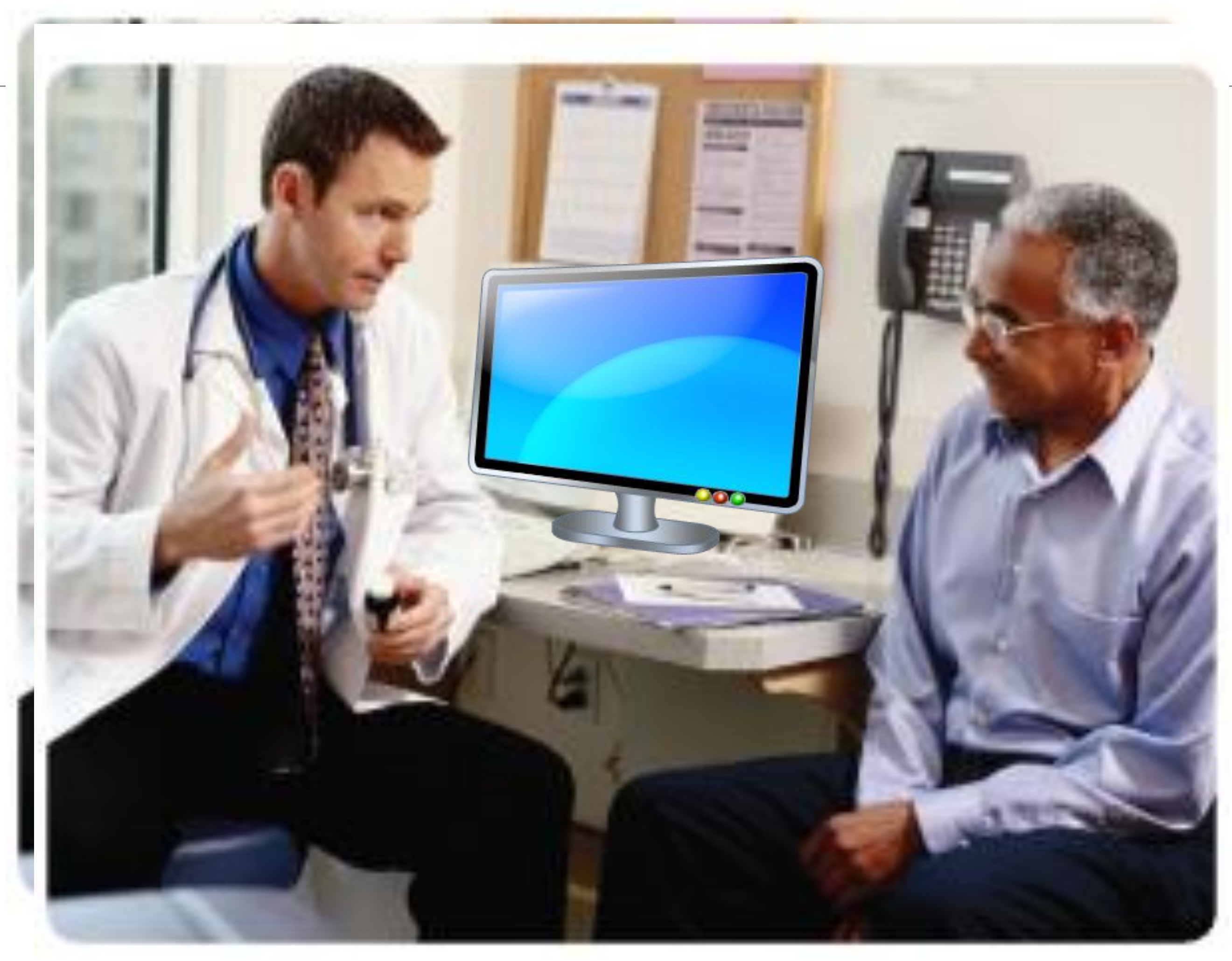
Banking …



Medical Consultation



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Average time spent by Patients For An Ambulatory Care Visit in the Community

Activity	Minutes	
1. Travel to and from clinic	50	
2. Receptionist Check in/out	10	
3. Waiting room wait	15.9	
4. Exam room wait	10.4	
5. Time with provider	**16.4**	
Total	**102**	**(16% with provider)**

The Kaiser Permanente Electronic Health Record: Transforming And Streamlining Modalities Of Care
Catherine Chen, Terhilda Garrido, Don Chock, Grant Okawa, and Louise Liang
Health Affairs 2009 28:2, 323-333

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The New York Times

A Busy Doctor's Right Hand, Ever Ready to Type

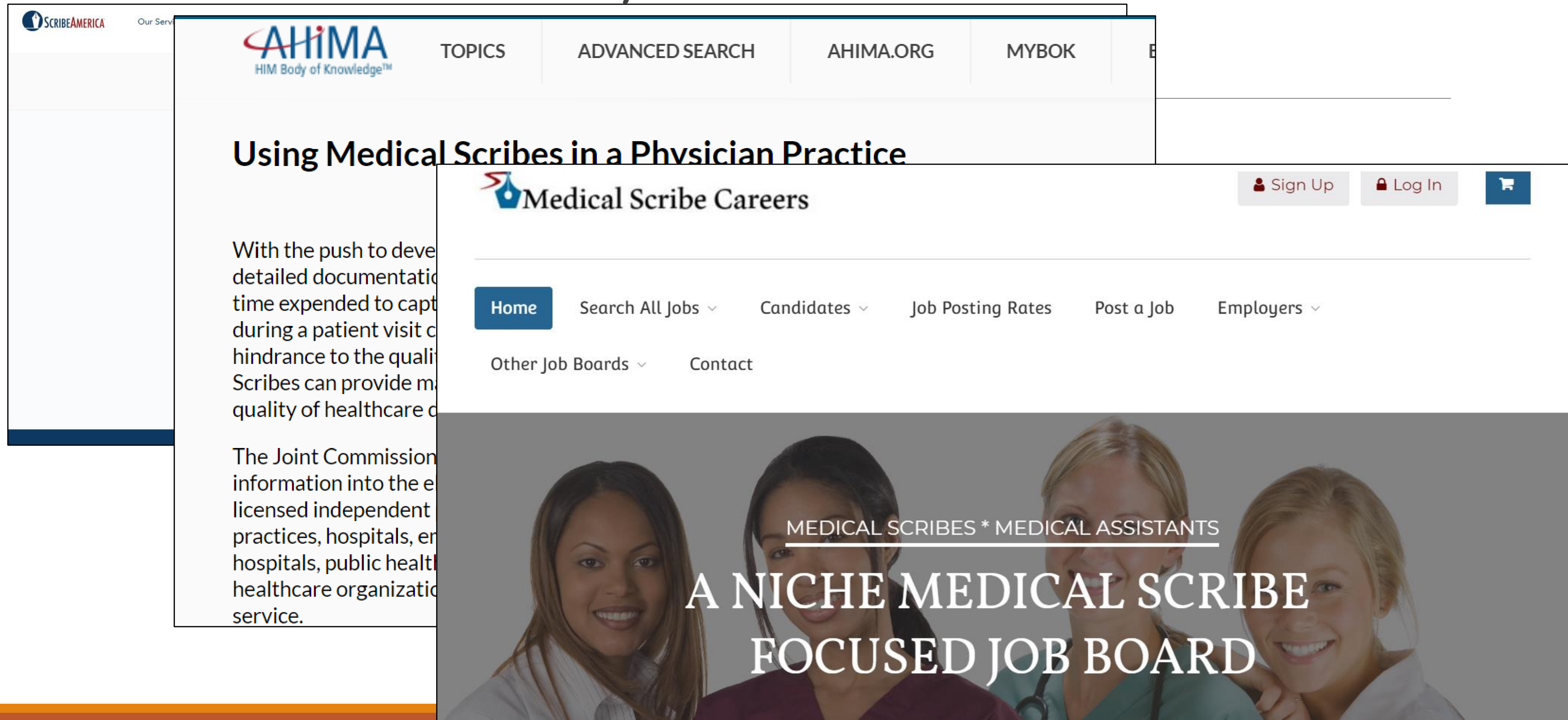
Dr. Marian Bednar, an emergency room physician in Dallas, left, with Amanda Nieto, 27, her scribe and constant shadow. Mark Graham for The New York Times

By Katie Hafner

Jan. 12, 2014

DALLAS — Amid the controlled chaos that defines an average afternoon in an urban emergency department, Dr. Marian Bednar

A Career? Really??



Customer service in service industries

1. Travel
2. Banking
3. Research

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What do they have in common?
3 Big changes:

1. Virtual-first
2. Software - driven
3. Self-service with enabling technology

“virtual”

1. Almost or nearly as described, **<u>but not completely</u>** or according to strict definition.

‘the virtual absence of border controls’

2. Carried out, accessed, or stored by means of a computer, especially over a network.

‘The technology of virtual education can revise or remake the limits, which are given us by our histories and by nature.’

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“Software will eat the world”

THE WALL STREET JOURNAL.

ESSAY

Why Software Is Eating The World

By Marc Andreessen

August 20, 2011

This week, Hewlett-Packard (where I am on the board) announced that it is exploring jettisoning its struggling PC business in favor of investing more heavily in software, where it sees better potential for growth. Meanwhile, Google plans to buy up the cellphone handset maker Motorola Mobility. Both moves surprised the tech world. But both moves are also in line with a trend I've observed, one that makes me optimistic about the future growth of the American and world economies, despite the recent turmoil in the stock market

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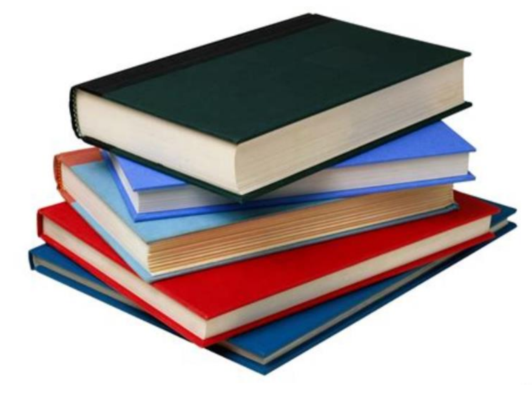
Physical form >> Software

1. Music
2. Books
3. Photography
4. Telephone dialers



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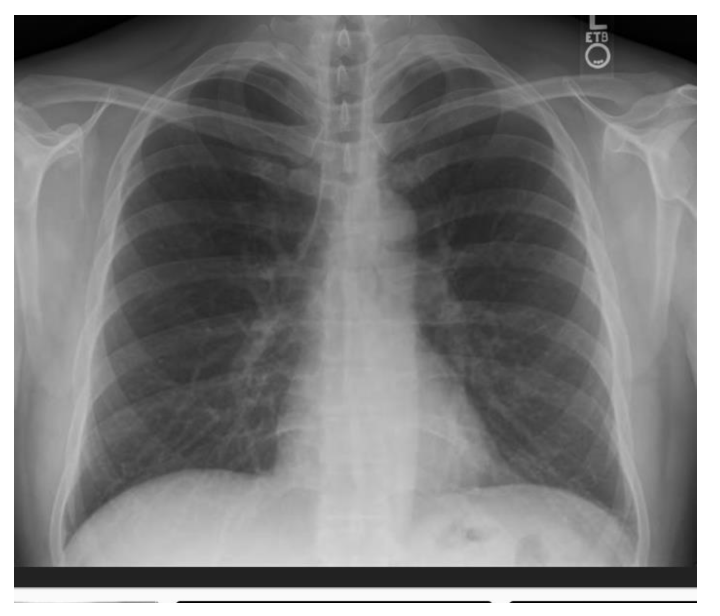
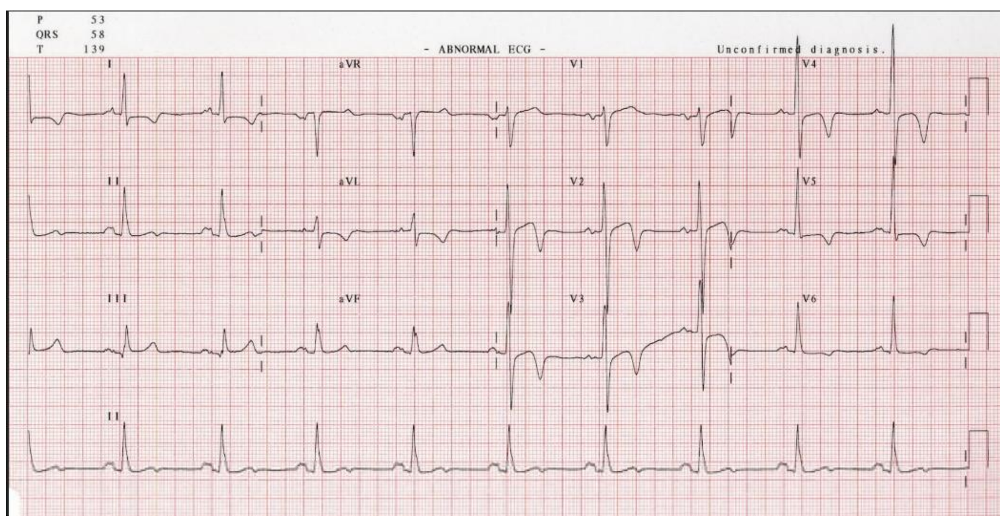
“Anything that can become software will become software…”





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New Jersey Retail Gasoline Dispensing Safety Act of 1949

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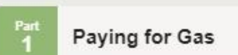
wikiHow to do anything...

How to Pump Your Own Gas

Reader Approved

Three Parts: Paying for Gas · Selecting Gas · Pumping Gas · Community Q&A

Full-service gas stations are increasingly scarce. Self-service can be quite a bit faster, and knowing how to fill your tank up properly can also help you save a bit of money, making it the most informed and speedy choice. You can learn to operate the pump, select the most appropriate variety of gasoline, and complete the process to get on your way quickly and safely. See Step 1 for more information.



Part 1 Paying for Gas

1 **Pull up to any available pump.** Pull up with your gas tank opening as close as possible to the pump, making sure you pull up on the correct side (your dashboard should feature an indicator displaying which side of your vehicle the tank is located on, if you aren't familiar). Since it's dangerous to pump gas with your car running, you need to turn off the ignition and get out of the car.

- Make sure you're at the correct variety of pump. Some pumps are designated for Diesel vehicles only, while some pump regular gas only, and some pump both. Pumps that pump both kinds of gas will have two nozzles on each side.
- Practice good pump safety. Before you pull up to the pump, put out any cigarettes that might cause a fire hazard around the gas and leave your cellphone in the car. Cell static has been linked to several gas station flare-ups.

wikiHow to

How to P

Reader Approved

Three Parts: Paying for

Full-service gas static ... a bit faster, and knowing how to fill yo ... noney, making it the most informed and sp ... lect the most appropriate variety of ... vay quickly and safely. See Step 1 for

Part 1 Paying for

Strep throat

Hypertension

Research

Original Investigation

Effect of Self-monitoring and Medication Self-titration on Systolic Blood Pressure in Hypertensive Patients at High Risk of Cardiovascular Disease
The TASMIN-SR Randomized Clinical Trial

Richard J. McManus, FRCGP; Jonathan Mant, MD; M. Sayeed Haque, PhD; Emma P. Bray, PhD; Stirling Bryan, PhD; Sheila M. Greenfield, PhD; Miren I. Jones, PhD; Sue Jowett, PhD; Paul Little, MD; Cristina Penaloza, MA; Claire Schwartz, PhD; Helen Shackleford, RGN; Claire Shovelton, PhD; Jinu Varghese, RGN; Bryan Williams, MD; F.D. Richard Hobbs, FMedSci

Editorial page 795

Supplemental content at jama.com

IMPORTANCE Self-monitoring of blood pressure with self-titration of antihypertensives (self-management) results in lower blood pressure in patients with hypertension, but there are no data about patients in high-risk groups.

OBJECTIVE To determine the effect of self-monitoring with self-titration of antihypertensive medication compared with usual care on systolic blood pressure among patients with cardiovascular disease, diabetes, or chronic kidney disease.

DESIGN, SETTING, AND PATIENTS A primary care, unblinded, randomized clinical trial involving 552 patients who were aged at least 35 years with a history of stroke, coronary heart disease, diabetes, or chronic kidney disease and with baseline blood pressure of at least 130/80 mm Hg being treated at 59 UK primary care practices was conducted between March 2011 and January 2013.

INTERVENTIONS Self-monitoring of blood pressure combined with an individualized self-titration algorithm. During the study period, the office visit blood pressure measurement target was 130/80 mm Hg and the home measurement target was 120/75 mm Hg. Control patients received usual care consisting of seeing their health care clinician for routine blood pressure measurement and adjustment of medication if necessary.

MAIN OUTCOMES AND MEASURES The primary outcome was the difference in systolic blood pressure between intervention and control groups at the 12-month office visit.

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Dialysis - in Sweden

Dialysis - in Philadelphia

From Edward R Jones, MD, MBA
Medical Director - Self-care FMC Mt. Airy Philadelphia, PA.

“Natural History of a New Idea”

1. Wacko
2. Odd but unproven
3. True but trivial
4. Obvious

https://kk.org/thetechnium/natural-history/

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Crazy

Crazy

Crazy

Obvious

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“Natural History of a New Health Care Idea”

1. Wacko and irresponsible
2. Odd but unproven and probably dangerous
3. True but trivial and requires ***much*** more proof than any of the thousands of unproven things we do all the time
4. Obvious-ly needs a CPT code for reimbursement

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Crazy → Crazy → Crazy → Obvious

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The Four Biggest Challenges:

1. *More*, better (clinically-specific) measures
2. Modern collection of clinical measures and PROMs
3. Overcoming guild resistance
4. Building public support through better experience

Recap

1. Why are we doing this??
2. The evolution of customer service
3. 3 big changes
4. New ideas …
5. 4 biggest challenges

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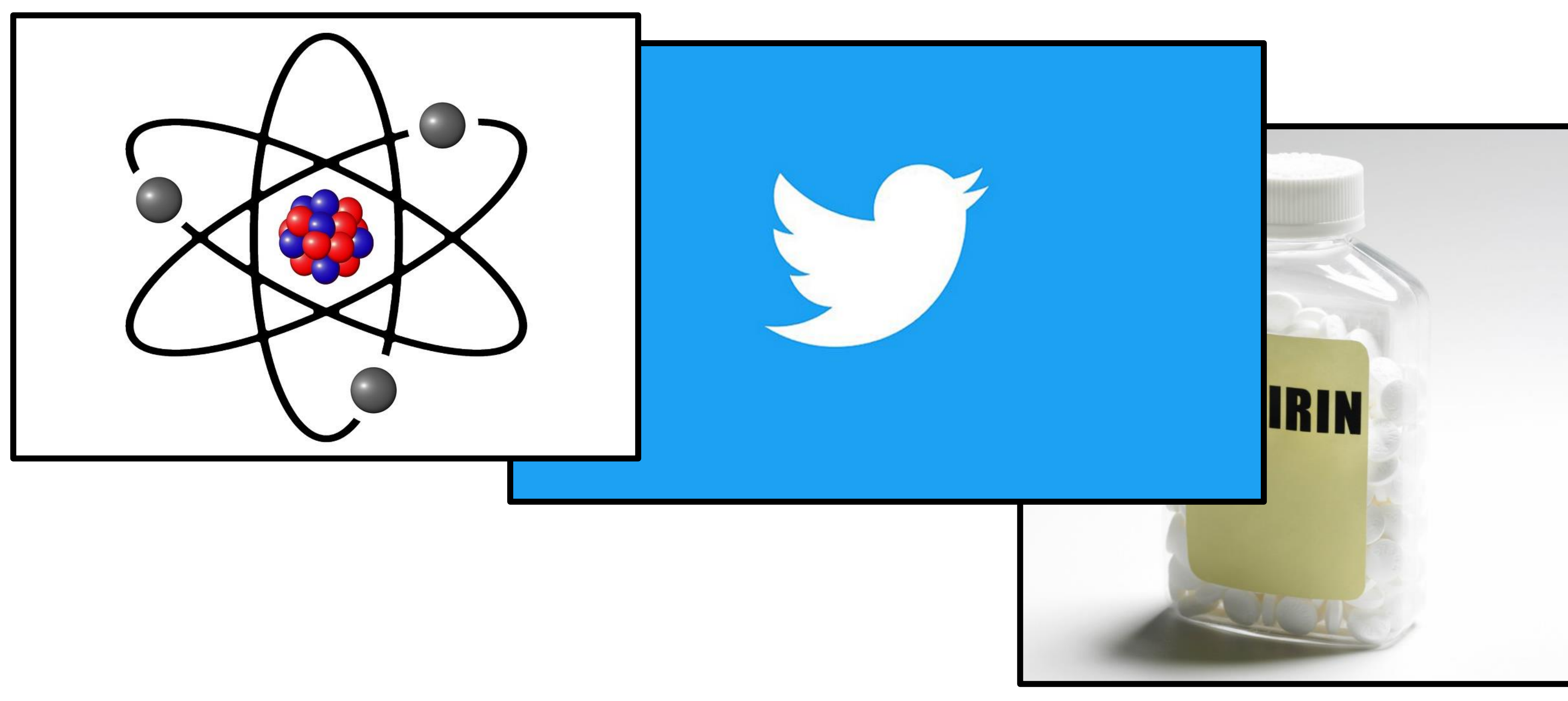
Unintended Consequences



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