



**BlueCross BlueShield  
Association**

An Association of Independent  
Blue Cross and Blue Shield Plans

A Blue Cross and Blue Shield Association Presentation

# Changing Payment Incentives: 'Crucial Step' In Healthcare Reform

Alissa Fox  
Blue Cross and Blue Shield Association  
Vice President, Legislative & Regulatory Policy  
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Office of Policy and  
Representation

# Agenda

- BCBSA's "Pathway to Covering America"
- BCBSA initiatives to change payment incentives
- Recommendations for government action



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# The Pathway to Covering America



**Ensuring Quality, Value and Access**

A large, diverse group of smiling people of various ages and ethnicities, including men and women of different backgrounds, all looking towards the camera with positive expressions. The text is overlaid in the center of the image.

**BCBSA strongly  
believes everyone  
should have health  
insurance**

# The Pathway to Coverage



- Build on our employer system – now covering 162 million people
- Reign-in costs and change incentives to improve quality
- Extend coverage to all

**To get to tomorrow's coverage for all, we must address today's underlying problems**

# BCBSA Recommendations

1. Encourage Research on What Works

2. Change Incentives to Promote Better Care

3. Empower Consumers and Providers

4. Promote Health and Wellness

5. Foster Public-Private Coverage Solutions

# The Blues are already taking action



<b>Encourage Research on What Works</b>	<ul style="list-style-type: none"><li>• Spearheading evidence-based assessments at the Technology Evaluation Center</li><li>• Creating Blue Health Intelligence to understand trends and improve care</li></ul>
<b>Change Incentives to Promote Better Care</b>	<ul style="list-style-type: none"><li>• Designating “Blue Distinction” centers that deliver high quality care</li><li>• Piloting Patient Centered Medical Homes</li><li>• Using incentives to encourage quality care</li></ul>
<b>Empower Consumers and Providers</b>	<ul style="list-style-type: none"><li>• Providing easy-to-understand information on quality and cost</li><li>• Helping providers adopt health IT</li><li>• Offering members a personal health record</li></ul>
<b>Promote Health and Wellness</b>	<ul style="list-style-type: none"><li>• Partnering with employers and consumers to promote wellness</li><li>• Offering specialized disease management and care coordination programs</li></ul>
<b>Foster Public-Private Coverage Solutions</b>	<ul style="list-style-type: none"><li>• Offering more affordable products for low-income individuals</li><li>• Educating consumers on federal/state assistance programs</li><li>• Designing innovative coverage plans and consumer-friendly tools</li></ul>

# Change Incentives to Promote Better Care



**2** Change Incentives  
to Promote Better  
Care

- We must change incentives to advance the best care possible, not just more services
- Today —
  - Providers paid for volume – even if services are ineffective, redundant or harmful
  - Consumers see multiple specialists and have multiple tests/procedures with little or no coordination
  - Fear of malpractice drives unnecessary services

# Change Incentives to Promote Better Care



**2** Change Incentives  
to Promote Better  
Care

- BCBSA and Blue Plans are already taking action
- Initiatives:
  - Spearheading the Blue Distinction program
  - Piloting the Patient-Centered Medical Home
  - Plan payment incentive programs



# BCBS Plans Committed to Developing PCMH Demonstrations in 2008/2009

- Blue Cross and Blue Shield of Alabama
- Anthem Blue Cross and Blue Shield (selected Plans) \*
- Capital Blue Cross
- CareFirst, Inc.\*
- Excellus BlueCross BlueShield\*
- Blue Cross and Blue Shield of Florida
- Blue Cross and Blue Shield of Hawaii
- Highmark Blue Cross and Blue Shield
- Horizon Blue Cross and Blue Shield of New Jersey\*
- Blue Cross of Idaho
- Independence Blue Cross\*
- Blue Cross and Blue Shield of Illinois\*
- Blue Cross and Blue Shield of Kansas City
- Blue Cross and Blue Shield of Massachusetts\*
- Blue Cross and Blue Shield of Michigan
- Blue Cross and Blue Shield of Minnesota
- Blue Cross and Blue Shield of New Mexico\*
- Blue Cross Blue Shield of Northeastern Pennsylvania\*
- Blue Cross and Blue Shield of North Carolina
- Blue Cross and Blue Shield of North Dakota
- Blue Cross and Blue Shield of Oklahoma\*
- Regence Blue Shield of Oregon
- Blue Cross and Blue Shield of Rhode Island
- Regence BlueShield
- Blue Cross and Blue Shield of South Carolina
- Blue Cross and Blue Shield of Tennessee\*
- Blue Cross and Blue Shield of Texas\*
- Triple-S Management Corporation (Puerto Rico)
- Blue Cross and Blue Shield of Vermont
- Wellmark Blue Cross and Blue Shield of Iowa\*
- Wellmark Blue Cross and Blue Shield of South Dakota\*
- Blue Cross and Blue Shield of Western New York\*

# PCMH Success Stories

## Blue Cross Blue Shield North Dakota

- Two clinics in demonstration (1 study, 1 comparison with 200 diabetics in each).
- On site disease management nurse assigned to study clinic patients.
- Results:
  - Participants receiving care in 5 key areas increased 18.4% while the comparison clinic saw no significant difference/changes.
  - Reduced ER visits and inpatient admissions.
  - Savings: \$531 x 192 members = \$101,940 (2005) and \$1,213 x 192 members = \$232,923 (2006).

## Horizon Blue Cross Blue Shield

- Plan shared pertinent claims data with providers on diabetics (ie: which patients did not have certain tests or screenings)
- Physicians were able to reach out to patients identified – better managing care.
- Results:
  - In just one year, blood sugar testing compliance rates for patients with diabetes jumped from 40 percent to over 90 percent.
  - Screening rates for breast, cervical and colon cancer also saw significant increases from prior year, rising 25 percent, 19 percent and 15 percent.

# Blue Distinction Vision



Blue Distinction will be a **nationally recognized designation** that **raises the level of care being delivered** across the country by focusing on evidence-based quality and outcomes that are **reinforced through national incentives**

# Blue Distinction Success to Date

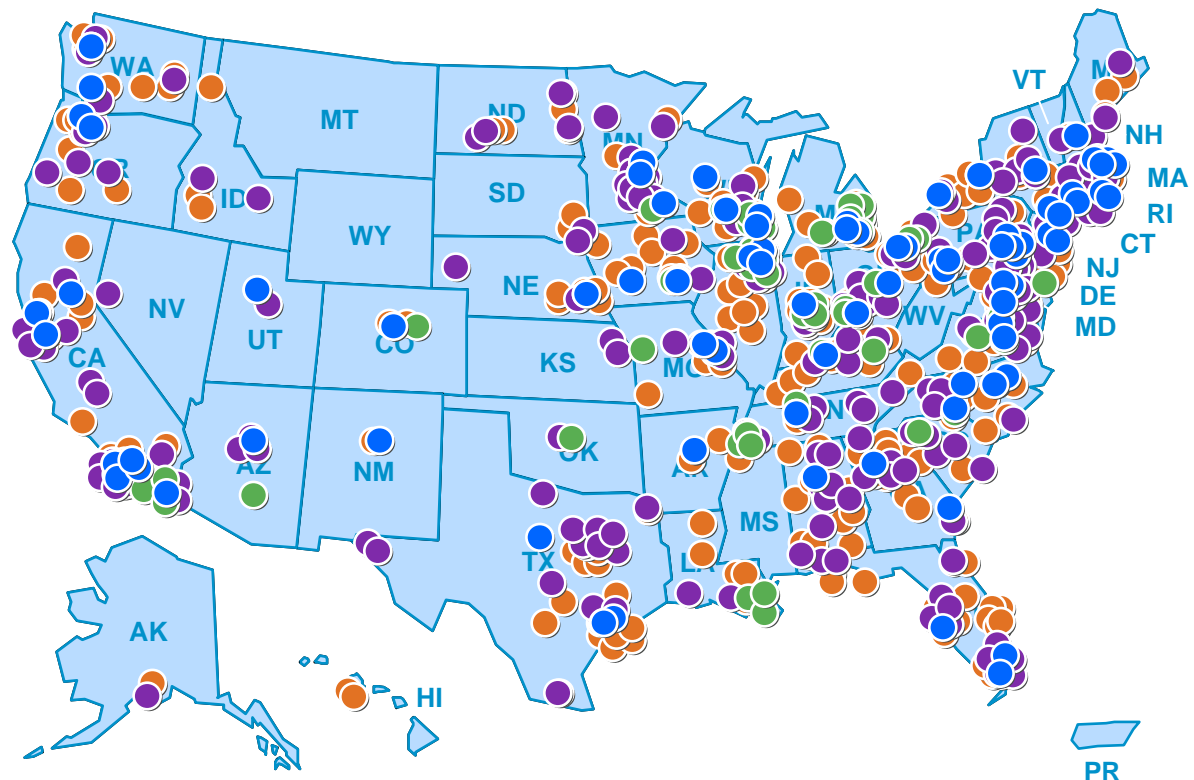
Blues achieve national presence, with more than 800 Blue Distinction designations awarded across 45 states

● Blue Distinction Centers for Cardiac Care<sup>®</sup>

● Blue Distinction Centers for Bariatric Surgery<sup>®</sup>

● Blue Distinction Centers for Transplants<sup>®</sup>

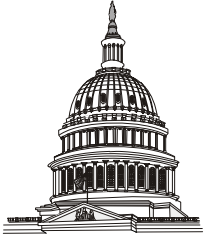
● Blue Distinction Centers for Complex and Rare Cancers<sup>SM</sup>



# Change Incentives to Promote Better Care



**2** Change Incentives  
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Care



## The Government should —

- Incorporate pay-for-quality in Medicare, other government programs
- Enact comprehensive medical malpractice reform
- Preserve Medicare Advantage to assure coordination of chronic care