Accountable Care Organizations: The Payer Perspective

“Promising Direction, Complicated Roadmap”

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Center for Payment Reform (CPR)

Who We Are:
Coalition of Consumers, Purchasers, Labor, Providers and Payers focused solely on payment reform

Mission and Goals:
• Establish a common set of payment reform principles and a framework for change
• Foster alignment between public and private sector around payment reform
• Focus on how payment changes are determined in addition to what changes occur
• Highlight unintended consequences of proposed changes with recommendations to mitigate
• Lead payment reform change on the private sector side
Leadership Committee

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*The Urban Institute*

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*Catholic Healthcare West*

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*Arrowsight, Inc*

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*General Electric Company*

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*AARP*

Gerald Shea  
*AFL-CIO*

John Tooker, MD  
*American College of Physicians*

Andy Webber  
*National Business Coalition on Health*
Creativity . . . But Chaos, Too

Commercial Payer Programs
- BCBS MN Recognizing Excellence Program
- HealthPartners: Partners in Progress
- HealthPartners: Partners in Excellence
- Medica: Choice Care Quality Improvement Program
- Medica: Performance-Based Incentive

Buyers Health Care Action Group Coalition

Medicare Demos
- Hospital Value based purchasing plan
- Premier Program
- Physician Group Project
- Physician Quality Reporting Initiative (PQRI)

Medicaid: Managed Care P4P program

Aligning Forces For Quality (RWJF)

Minnesota Healthcare Value Exchange

Prometheus

Bridges to Excellence

Carol.com

Medina

MN State Employee Group

Imagination at work
‘Structured Flexibility’: “One Size Does Not Fit All”

Fee-For-Service  |  Episode/Condition-Based Payment  |  Population-Based Payment

Pay-for-Performance

Each strategy can include additional rewards and/or penalties against desired quality goals, including process, structure, and outcome metrics

Reforms will vary based on market conditions

- Provider organization
- Delivery system infrastructure
- Active payment initiatives
‘Bundling’: Conceptual Scorecard

- Increases Coordination – Breaks Down Silos
- Aligns Payment Methodologies
- Incentivizes Quality and Efficiency

- Culture Clashes on Steroids?
- What Happens to Technology and Innovation?
- Competition or Cartelization?
Finding The Right Path

Improved Outcomes
Lower Costs

Consolidation

Higher Prices
± Improved Outcomes

Integration

True Integration Is Not Easy
1Q09
(Excludes High Cost Claimants)

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- Facility Outpatient
- Facility Inpatient
- Physician Outpatient
- Labs
- Mental Health
- Radiology
- Physician Inpatient
- Rx

imagination at work
Can We Trust Anti-Trust?

Providers

• Clinical Integration: When Is It Real?
• The Non-Profit Halo
• Health Care is Unique
• Jobs, Jobs, Jobs

Payers

• Goose and The Gander:
  • What About Insurer Consolidation?

Legal/Regulatory Only Part Of Solution
Foster Integration While Ensuring Competition

Concerns

• Applying anti-trust to health care is complex
• Oversight spread across many jurisdictions . . . with differing rules and limited resources
• Healthcare marketplace very dynamic and tough to evaluate
• Little is published about impact of new organizations on the market

Early Thoughts

• A comprehensive strategy and framework is needed
  • Transparency will be critical . . . particularly prices
  • Relaxation of regulations needs to be coupled with pro-competitive actions
  • Shared savings with ‘upside’ controls is preferred . . . savings distributed across consumers, providers, and purchasers

CPR working with the public sector on next steps