COLORADO CLINICAL GUIDELINES COLLABORATIVE

Show Me the Money

Basic Reimbursement Models to Support Patient-Centered Medical Homes

The National Medical Home Summit February 28, 2010

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Today's Discussion

- **Setting the Context for Reimbursement Reform**
- **Discussion on Current Reimbursement Models being Tested**
  - **Three-Tiered Reimbursement Model**
  - **Comprehensive Risk Adjusted Model**
  - **Prometheus**
  - **Other Models-BCBSA and Pennsylvania**
- **Building Towards the Future-Accountable Care Organizations**

For all the Money We Spend, How Well Does Our System Perform?

A Commonwealth Fund study ranked the performance of the health systems of six countries, with 1 being the highest ranking and 6 being the lowest. The U.S. ranked at or near the bottom in 9 of the 10 categories.

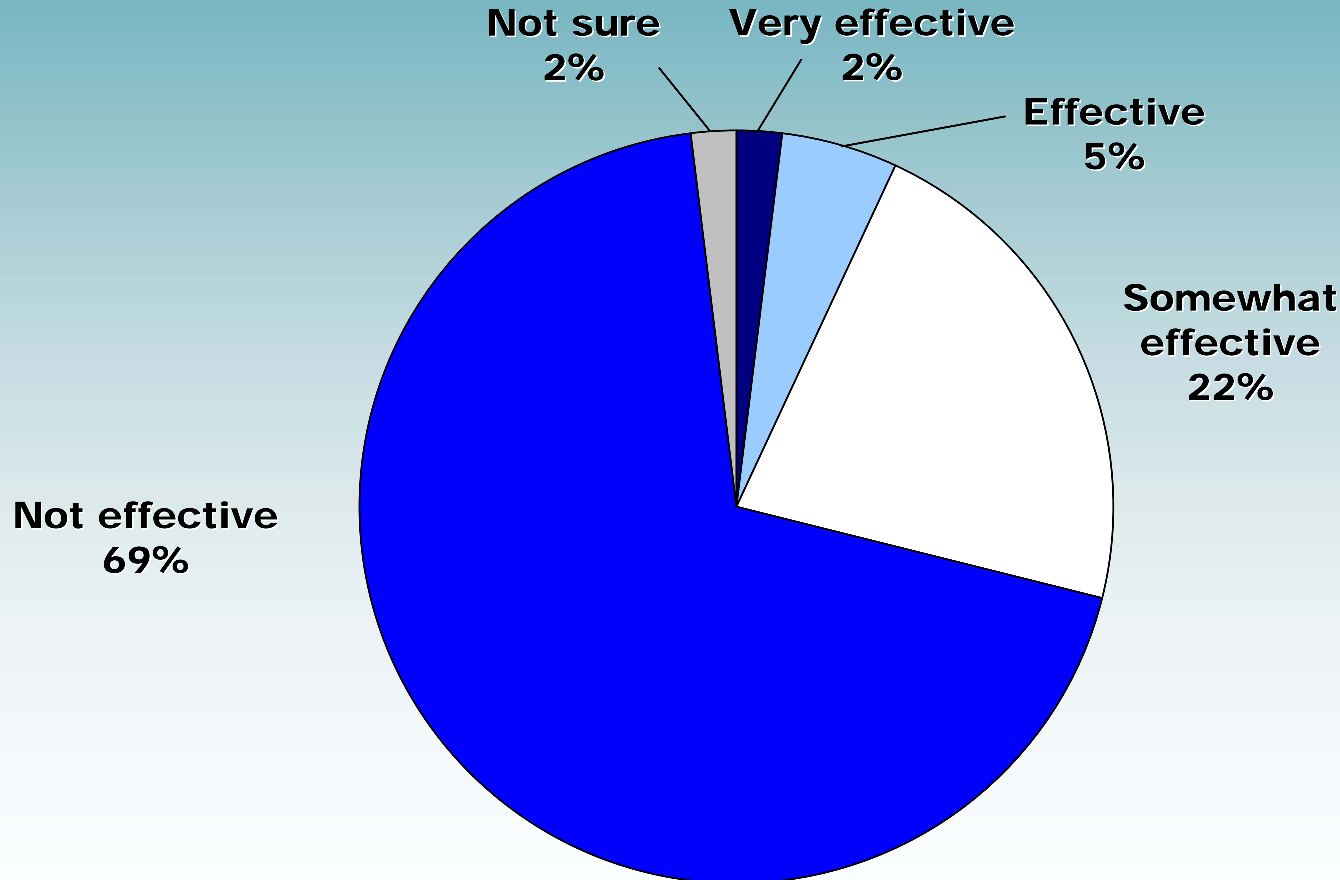
Country Rankings	
(white)	1.0-2.66
(gray)	2.67-4.33
(black)	4.34-6.0

	AUSTRALIA	CANADA	GERMANY	NEW ZEALAND	UNITED KINGDOM	UNITED STATES
OVERALL RANKING	3	5	1	4	2	6
Quality Care	4	6	1	2	3	5
Right Care	5	6	1.5	1.5	3.5	3.5
Safe Care	4	5	1	3	2	6
Coordinated Care	3	5	1	2	4	6
Patient-Centered Care	4	6	2	1	3	5
Access	3	5	1	4	2	6
Efficiency	4	5	3	2	1	6
Equity	2	5	4	3	1	6
Long, Healthy, and Productive Lives	1	3	2	4.5	4.5	6
Health Expenditures per Capita, 2004	$2,876	$3,165	$3,005	$2,083	$2,546	$6,102

Source: Country Rankings on Overall Health System Performance, Commonwealth Study, 2007 (2003 Data)

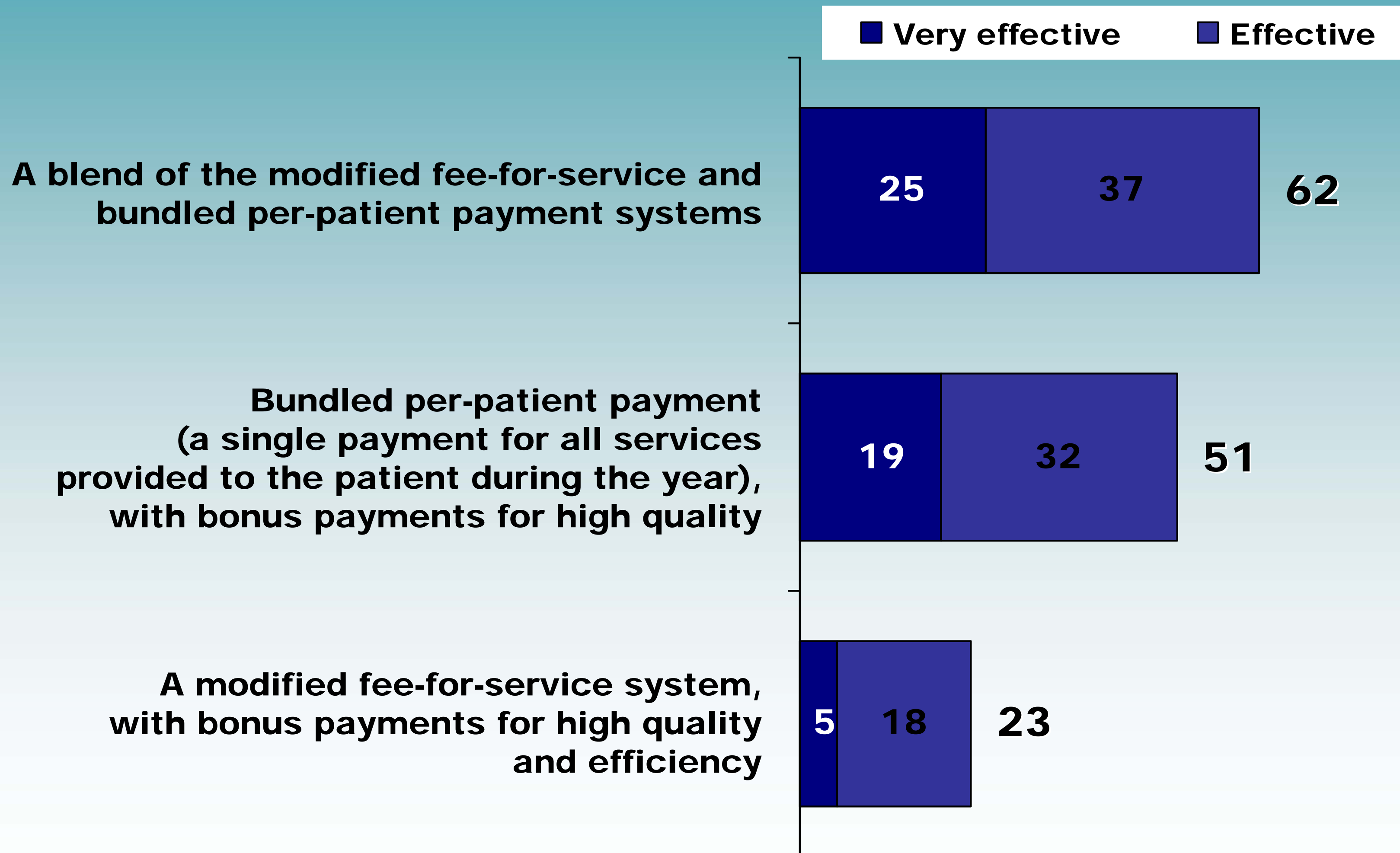
More Than Two-Thirds of Opinion Leaders Say Current Payment System Is Not Effective at Encouraging High Quality of Care

"Under the current payment approach, payment is given to each provider for individual services provided to each patient. How effective do you think this payment system is at encouraging high quality and efficient care?"

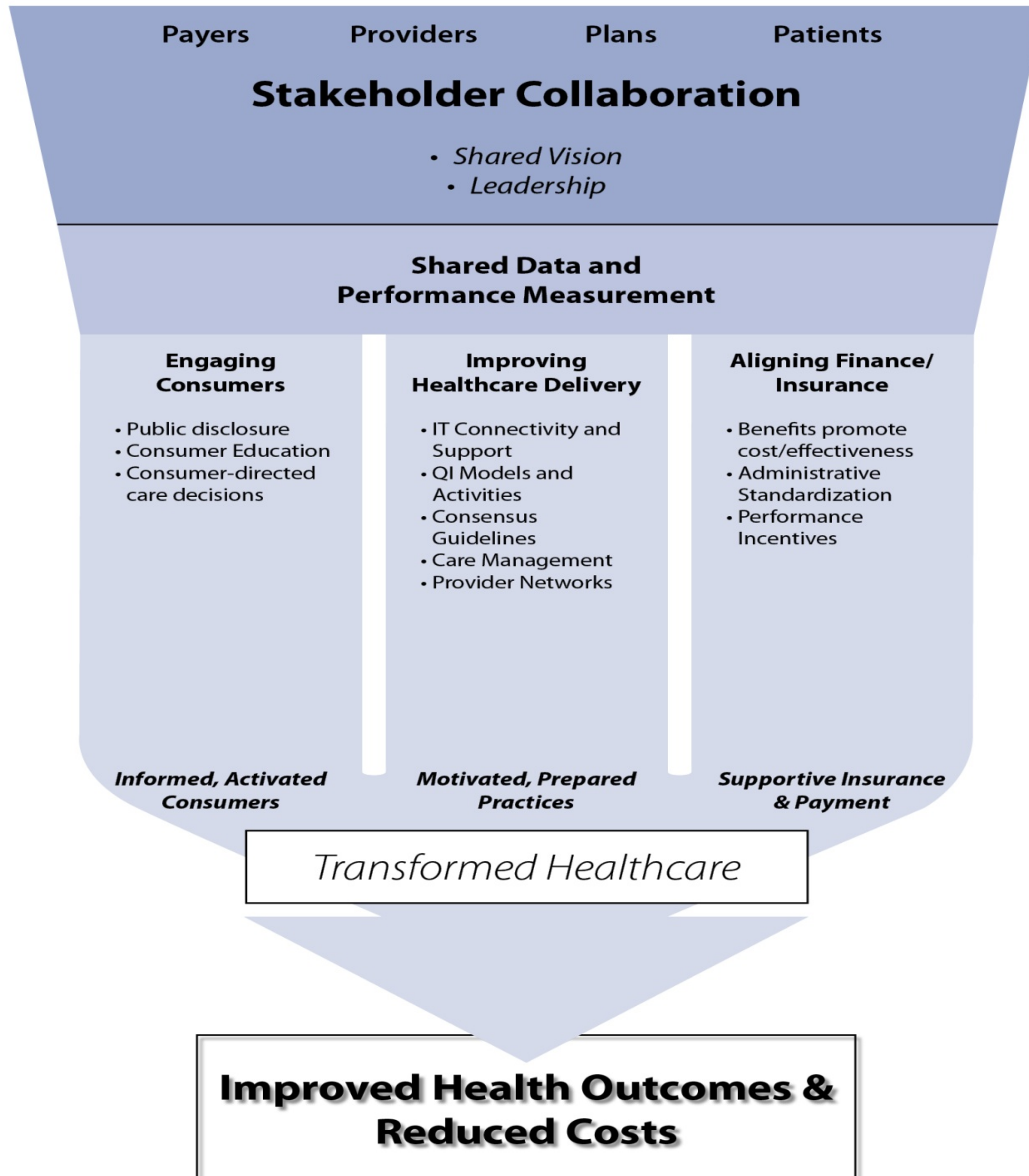


Source: Commonwealth Fund Health Care Opinion Leaders Survey, September/October 2008.

Blend of Modified Fee-for-Service and Bundled Per-Patient Payment Perceived as Most Effective for Efficient Health Care System



Source: Commonwealth Fund Health Care Opinion Leaders Survey, September/October 2008.



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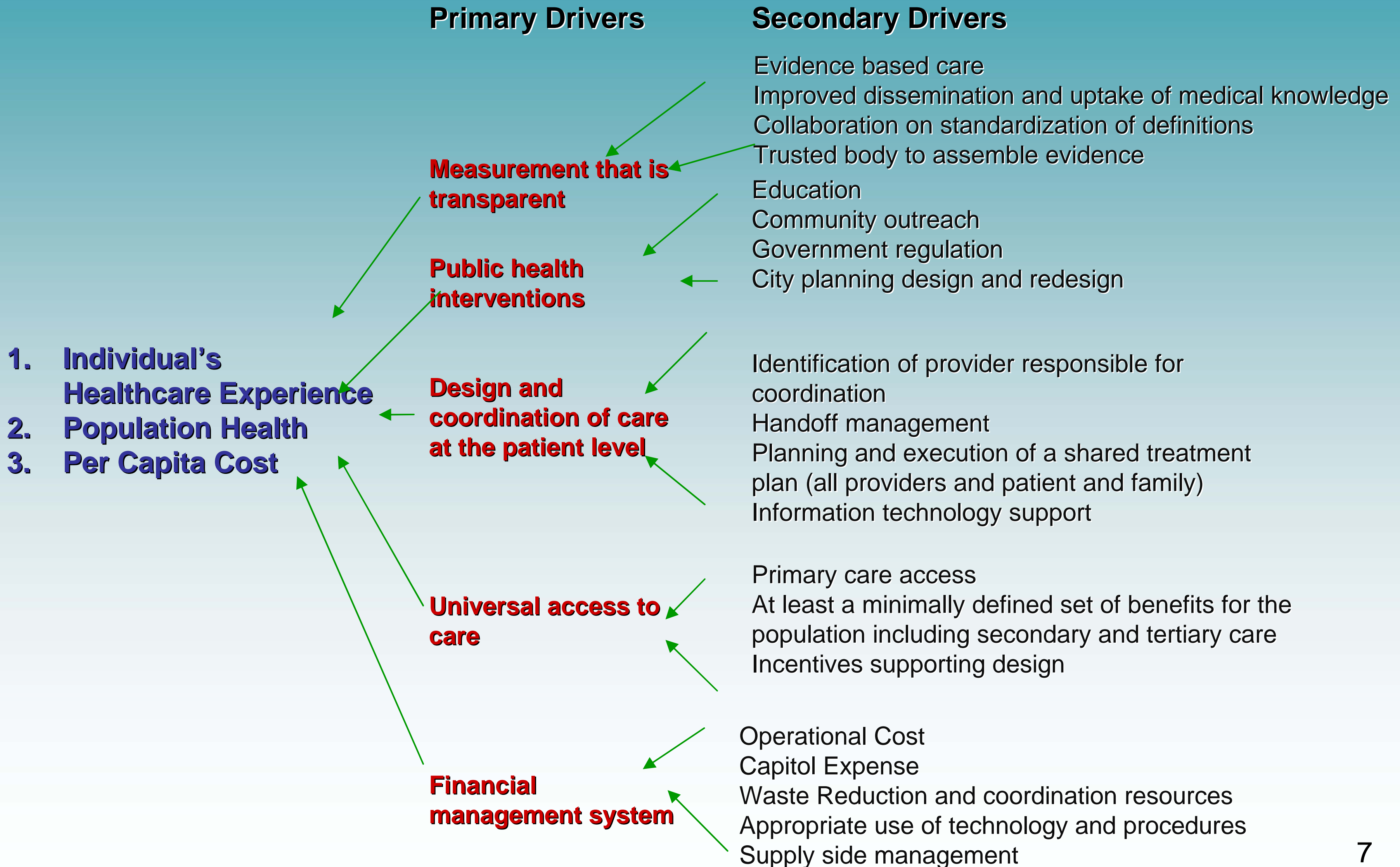
Driver Diagram for IHIs Triple Aim



http://www.ihi.org/IHI/Programs/StrategicInitiatives/TripleAim.htm

Reimbursement for the **Outcomes** we need in Health Care

Problems with current model-overuse, underuse and "test passing"

Patient-Centered Primary Care Collaborative Recommendation

A three-tier reimbursement methodology

- A monthly care coordination payment for the providers work that falls outside of a face-to face visit and for the health information technologies needed to achieve better outcomes
- A visit-based fee-for-service component that is recognized for services that are currently paid under the present fee-for-service payment system
- A performance-based component that recognizes achievement of service, patient centeredness, quality and efficiency goals

For more information:
www.pcpcc.net/content/proposed-hybridblendedreimbursement-model

Examples in Practice

Colorado Multi-Stakeholder Multi-State Pilot

- Current FFS Payments
- PMPM Payments which helps to support
  - Care Coordinator
  - Quality Improvement Activities
  - Technology Enhancements
- Pay for Performance (P4P)
  - Quality Outcomes
  - Cost Outcomes

Risk adjusted Payment and Bonus Model

The Massachusetts Coalition for Primary Care Reform (MACPR) Pilot

- Comprehensive risk-adjusted payment on a per-patient per month basis for all primary care services delivered by the PCMH team based on achievement of NCQA PPC-PCMH Certification
- 2-year field trial of the risk-adjusted comprehensive bonus payment model in 9 small-to-medium sized primary care practices in eastern Massachusetts and Albany

Fundamental Reform of Payment for Adult Primary Care: Comprehensive Payment for Comprehensive Care

Authors: Allan H. Goroll, M.D., Robert A. Berenson, M.D, Stephen C. Schoenbaum, M.D., M.P.H. et al.

http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=469545

MACPR Bonus Model

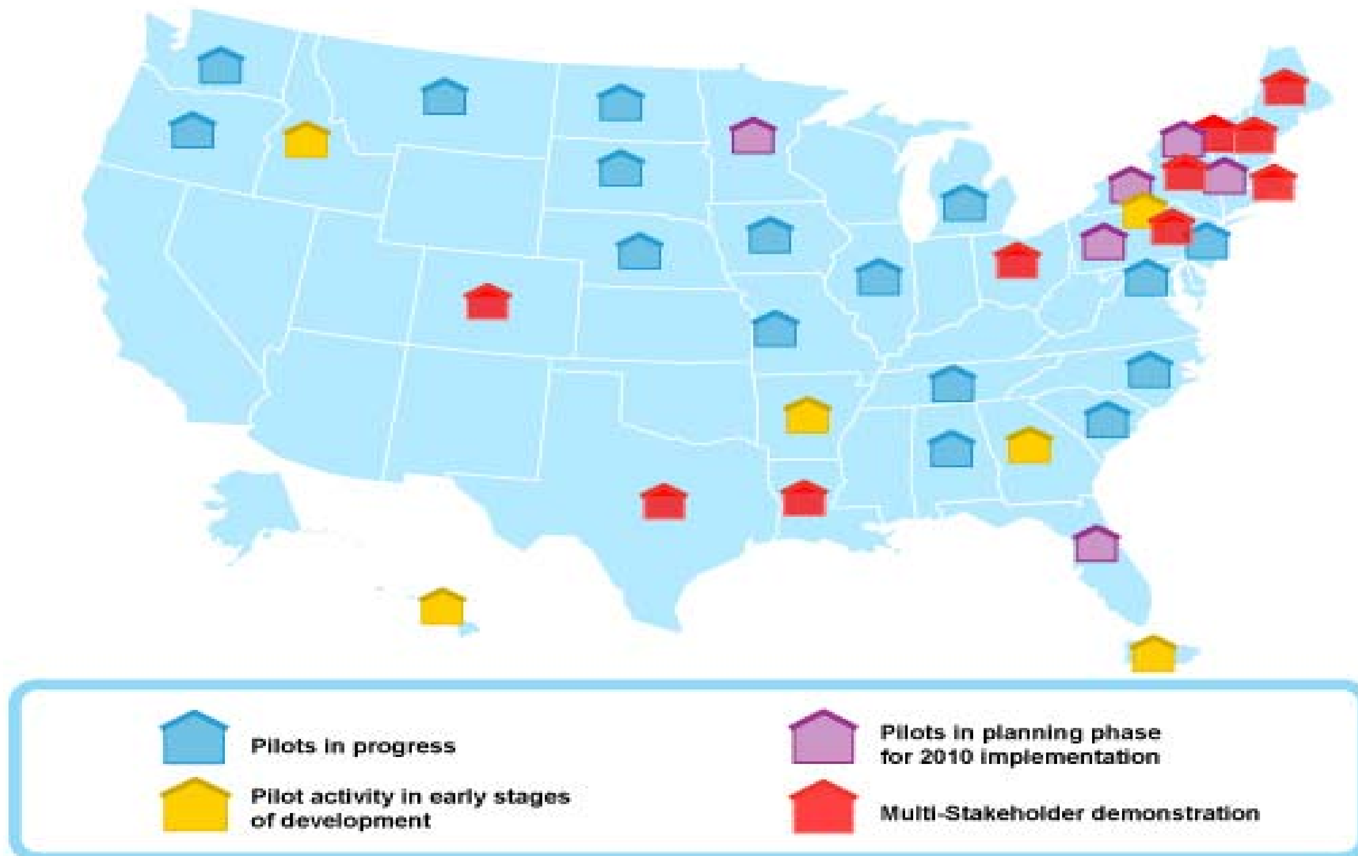
- Payment of a risk-adjusted bonus of up to 25% of the physician base payment for achievement of desired outcomes in the areas of cost, quality, and patient experience
- Cost targets for Bonus:
  - Reductions in ambulatory sensitive ER visits, admissions, and readmissions
  - Reductions in high-cost unnecessary imaging and pharmacy utilization
- Quality Goals (evidence-based, validated)
  - Diabetes, Hypertension, Asthma, Depression and CHF
- Patient Experience and Access

PROMETHEUS Payment®

- Promotes and rewards high-quality, efficient, patient-centered care, providing common performance incentives for all parties and creating an environment where doing the right things for patients also allows providers and insurers to do well financially
- Several Pilot Sites-Minnesota, Rockford IL, Utah and Philadelphia
- Core Concepts
  - Price of episode is specific to patient-provider-payer triad
  - Price must include all services recommended by evidence or expert opinion
  - Episodes can be priced for chronic care, procedural care, or acute care
  - No need for legal or financial integration of providers, just clinical integration
- Evidence-Informed Case Rates (ECRs)
  - A single, risk-adjusted, prospective (or retrospective) payment to providers across inpatient and outpatient settings to care for a patient diagnosed with a specific condition

Patient-Centered Medical Home Demonstrations

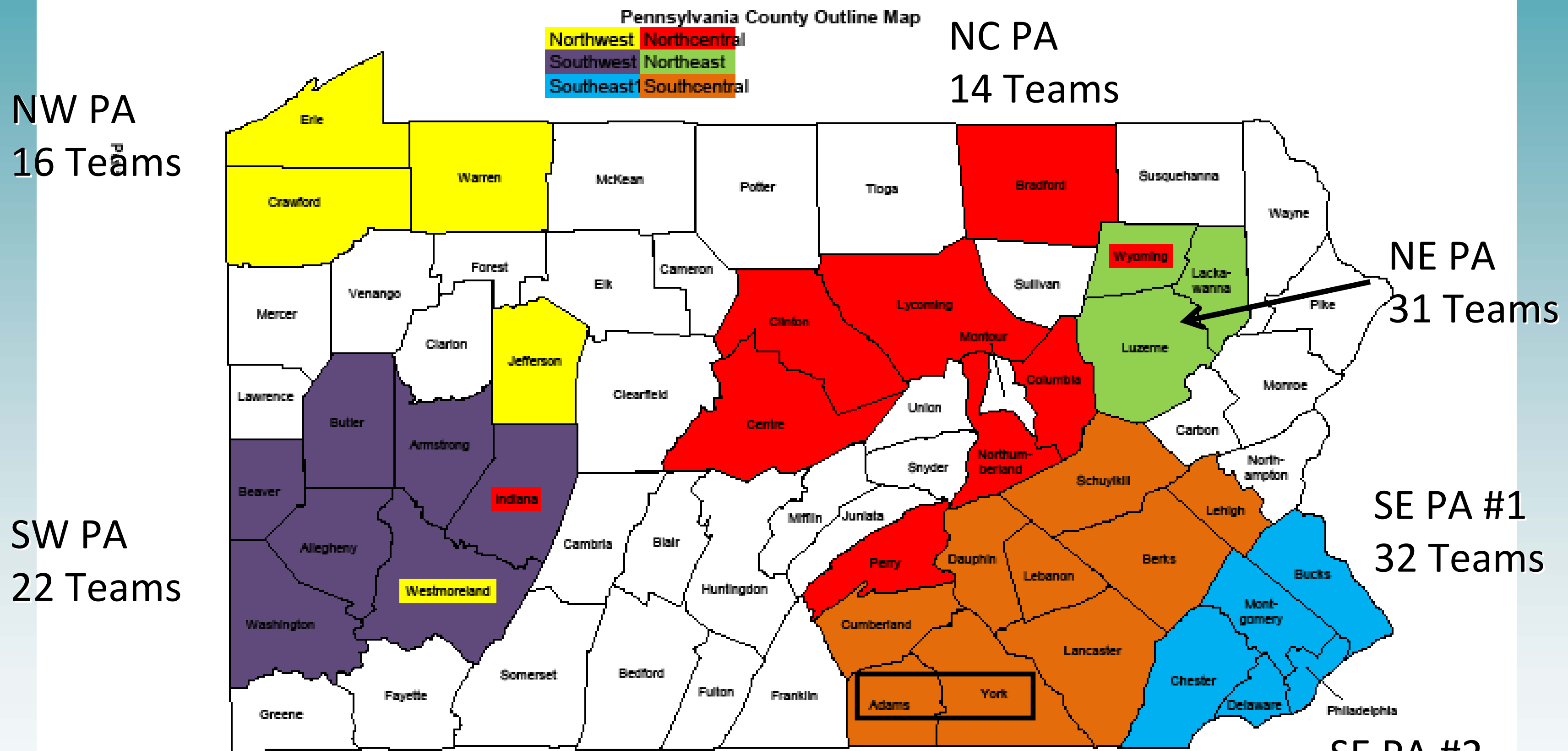
Blue Cross Blue Shield Plan Pilots (as of December 2009)



BCBS of North Dakota   Independence Blue Cross   BCBS of Michigan

PA Chronic Care Initiative:

Statewide with Varying PCMH Incentive Models Across Regions



164 diverse practices; Multi-payer support in 4 regions
Led by Governor's Office of Health Care Reform
http://www.rxforpa.com/chroniccare.html
Using NCQA PPC-PCMH Recognition Program
SC PA AF4Q and other local PCMH initiatives to begin in 2010

Medical Homes & Accountable Care Organizations

Essential attributes of an Accountable Care Organization

- Provides (or can effectively manage) continuum of care as a real or virtually integrated local delivery system
- Sufficient size to support comprehensive performance measurement

Transition period incorporating Medical Homes to ACOs:

- Payment models that reward integration: bundled payments, episodes;
- Global shared savings models --
- Set target for total costs; reward ACOs that achieve spending growth below target (if quality benchmarks met)

Fisher, MClellan et al. Fostering Accountable Health Care: Health Affairs 28, no. 2 (2009): w219–w231

Summary

- There are a few different payment models that have emerged so far.
- The models make a prospective investment with the goal that savings will result.
- Aligning incentives, reimbursement, payment with outcomes and value is a systems approach to change.
- This is a time for testing models and learning from them.

Questions?

Thank You!

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