Leapfrog Hospital Rewards Program™
Background & Overview

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Leapfrog’s Mission

Trigger Giant Leaps Forward in the Safety, Quality and Affordability of Healthcare By:

• Supporting Informed Health Care Decisions by Those Who Use and Pay for Health Care

• Promoting High-Value Health Care Through Incentives and Rewards
Workshop Agenda

• Leapfrog Hospital Rewards Program (LHRP) Overview

• Program Design
  – Clinical areas & performance measures
  – Data collection & scoring methodology

• Program Implementation
  – Licensing options
  – Calculating savings & rewards
  – Lessons Learned to date
    • Case Study I: Memphis Business Group on Health
    • Case Study II: GE/Verizon/Hannaford Bros.
Presentation Overview

• What is the Leapfrog Hospital Rewards Program?
• Why develop a standardized hospital pay-for-performance program?
• The Balancing Act
• High level Program infrastructure & implementation status
Pillars for Improving Quality

- **Standard Measurements & Practices**
- **Transparency**
- **Reimbursement: Incentives & Rewards**
Leapfrog Hospital Rewards Program: A national incentive & reward initiative

- Leapfrog Hospital Rewards Program (LHRP) can be customized by purchasers and coalitions to fit their current environments
- Adapts the CMS-Premier Hospital Quality Incentive Demonstration program for the commercial sector
- Can motivate hospital performance improvement in both quality and efficiency through incentives and rewards
- Designed to have most of the financial rewards pay for themselves from the savings that accrue due to hospital performance improvement
- Designed to be revised & refined over time – feedback always welcome
Why develop a standardized hospital incentive & reward program?

• Answer Leapfrog Member needs
• Add commercial payer leverage to existing public payer initiatives (CMS-Premier)
• Reduce noise in the system – move toward national standard
• Catalyze implementation of inpatient pay-for-performance
The Balancing Act

Purchasers & Plans

• Meaningful measures
• Hospital performance data publicly available
• Actuarial case for financial rewards
• Easy to implement

Providers

• Meaningful measures
• Data feedback on performance
• Potential for rewards (financial & non-financial)
• Easy to participate
The LHRP “Buddy List”: Development & Vetting Help

- Aetna
- Catholic Health Partners
- CIGNA
- General Electric
- HCA
- Leapfrog’s Incentive & Reward Lily Pad
- Leapfrog’s Health Plan Lily Pad
- Leapfrog membership
- Leapfrog’s Leaps & Measures Expert Panelists
- Maryland QI Project
- MIDAS+
- Premier, Inc
- Tenet
- Thomson-Medstat
- Tufts
What does the Program do?

• Measures hospital performance on two areas that matter to value-based purchasing: quality and efficiency

• Five clinical areas:
  – 20% of commercial inpatient spending
  – 33% of commercial inpatient admissions
    • Coronary Artery Bypass Graft
    • Percutaneous Coronary Intervention
    • Acute Myocardial Infarction
    • Community Acquired Pneumonia
    • Deliveries / Newborn care
What does the Program do?

• Leverage existing relationships & quality activities:
  – All data reported through the Leapfrog Survey and/or hospitals’ JCAHO core measure vendor: minimal additional reporting burden

• Data gathered through the program provide basis for rewarding high performers, educating consumers and providing benchmark data to hospital participants

• As quality and efficiency improve, lives are saved and dollar savings accrue to the purchaser
Clinical Areas Measured

- Relevance to commercial population
- Opportunity for quality improvement
- Potential dollar savings as quality improves
- Availability of nationally endorsed and collected performance measures

<table>
<thead>
<tr>
<th>Top 10 Clinical Focus Groups Ranked by Potential Opportunity for Savings</th>
<th>Total Potential Opportunity $</th>
<th>Total Payments $</th>
<th>NQF-approved measures?</th>
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<tbody>
<tr>
<td>CORONARY ARTERY BYPASS GRAFT</td>
<td>$62,666,869</td>
<td>$691,772,784</td>
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<td>PERCUTANEOUS CORONARY INTERVENTION</td>
<td>$58,157,873</td>
<td>$717,954,275</td>
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<td>ACUTE MYOCARDIAL INFARCTION</td>
<td>$53,616,015</td>
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<td>COLON SURGERY</td>
<td>$38,389,673</td>
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<td>HEART FAILURE</td>
<td>$34,983,226</td>
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<td>COMMUNITY ACQUIRED PNEUMONIA</td>
<td>$29,536,322</td>
<td>$355,686,956</td>
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<td>OTHER CARDIAC SURGERY</td>
<td>$25,767,191</td>
<td>$211,578,764</td>
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<td>DELIVERY AND NEWBORNS</td>
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<td>VASCULAR SURGERY</td>
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<td>$133,287,531</td>
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<td>SPINE - OTHER</td>
<td>$12,925,843</td>
<td>$422,595,301</td>
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1. Total Payments x Readmission Rate
National Database of Hospital Performance

• Quality
  – Leapfrog Hospital Quality and Safety Survey + JCAHO core measures
  – Weighted & rolled-up, by clinical area
• Resource Efficiency
  – Severity adjusted ALOS + re-admission rate, by clinical area
• Semi-annual scoring, by clinical area
  – Quality Ranking
  – Efficiency Ranking
  – Overall Performance
• Scored hospital performance data used by program implementers & data licensees
Locally customizable incentive & reward program

• Leapfrog Hospital Rewards Program
  – Savings Calculation
  – National Rewards Principles
• Customizable by implementers based on market dynamics and goals for the Program
• Framework for National Rewards Principles
  – Limited amount of new money on the table
  – Opportunity for multiple types of rewards
    • Financial (direct & indirect)
    • Non-financial
How do purchasers & plans implement the Program?

• License program:
  – Use LHRP hospital measures & scores as criteria for rewarding hospitals
  – Partner with Leapfrog on implementation
    • Customize national Program to market needs (savings calculations & rewards structure)
    • Hospital engagement
    • Communications
  – Participate in best practice sharing with others
  – Use Leapfrog name & brand

• License data:
  – Access summary data only (no detailed cost or quality information)
  – Incorporate data into any program they currently have
    • Consumer education
    • Hospital profiling
    • Tiering, etc.
  – Refer to data as Leapfrog/JCAHO data but do use the Leapfrog brand
Implementation Status

• Early Implementers & Users
  – *Memphis Business Group on Health, FedEx* (Memphis, TN)
  – *CIGNA* (Memphis, TN)
  – *GE, Verizon, Hannaford Brothers* (Upstate NY)
  – *Major regional health plan* (statewide)
  – *CIGNA* (Hospital Value Profile, nationwide)
  – Others on the horizon …

• Feasibility studies for future markets underway
• Building the hospital database
  – Next data submission deadline: May 15th, 2006