



**THE LEAPFROG GROUP**

Informing Choices. Rewarding Excellence.

**Getting Health Care Right.**

# **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

Top 10 Clinical Focus Groups Ranked by Potential Opportunity for Savings	Total Potential Opportunity <sup>1</sup>	Total Payments <sup>2</sup>	NQF-approved measures?
<b>CORONARY ARTERY BYPASS GRAFT</b>	<b>\$62,666,869</b>	<b>\$691,772,784</b>	<b>Yes</b>
<b>PERCUTANEOUS CORONARY INTERVENTION</b>	<b>\$58,157,873</b>	<b>\$717,954,275</b>	<b>Yes</b>
<b>ACUTE MYOCARDIAL INFARCTION</b>	<b>\$53,616,015</b>	<b>\$607,227,166</b>	<b>Yes</b>
COLON SURGERY	\$38,389,673	\$396,004,245	
HEART FAILURE	\$34,983,226	\$224,919,006	
<b>COMMUNITY ACQUIRED PNEUMONIA</b>	<b>\$29,536,322</b>	<b>\$355,686,956</b>	<b>Yes</b>
OTHER CARDIAC SURGERY	\$25,767,191	\$211,578,764	
<b>DELIVERY AND NEWBORNS</b>	<b>\$23,368,721</b>	<b>\$1,781,273,763</b>	<b>Yes</b>
VASCULAR SURGERY	\$16,412,194	\$133,287,531	
SPINE - OTHER	\$12,925,843	\$422,595,301	

<sup>1</sup> Total Payments x Readmission Rate

<sup>2</sup> Premier Commercial Payment data (10/2001 - 9/2002)

# 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