CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

Innovation and Health System Transformation

Pay for Performance Summit 2014

Sean Cavanaugh
Deputy Director
CMS Innovation Center

March 26, 2014

Delivery system and payment transformation

Current State –

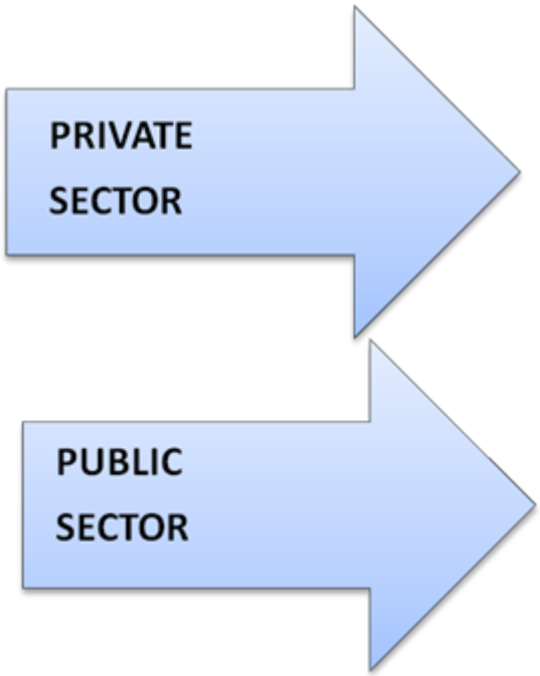
Producer-Centered

Volume Driven

Unsustainable

Fragmented Care

FFS Payment Systems



Future State –

People-Centered

Outcomes Driven

Sustainable

Coordinated Care

New Payment Systems (and many more)

- Value-based purchasing
- ACOs, Shared Savings
- Episode-based payments
- Medical Homes and care mgmt
- Data Transparency

Transformation of Health Care at the Front Line

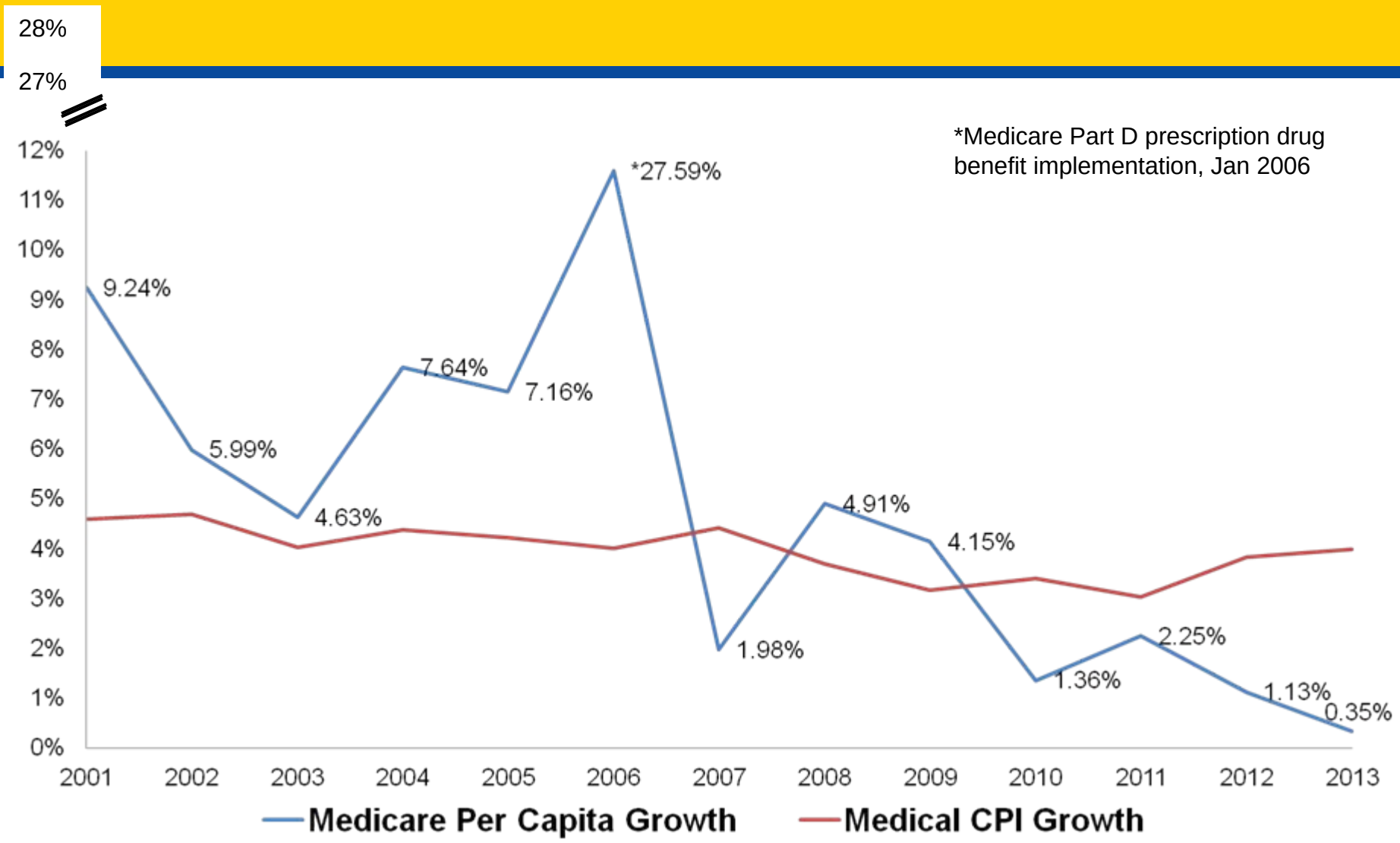
- At least six components
  - Quality measurement
  - Aligned payment incentives
  - Comparative effectiveness and evidence available
  - Health information technology
  - Quality improvement collaboratives and learning networks
  - Training of clinicians and multi-disciplinary teams

Source: P.H. Conway and Clancy C. Transformation of Health Care at the Front Line. JAMA 2009 Feb 18; 301(7): 763-5

Early Example Results

- **Cost growth leveling off - actuaries and multiple studies indicated partially due to "delivery system changes"**
- **But cost and quality still variable**
- **Moving the needle on some national metrics, e.g.,**
  - **Readmissions**
  - **Line Infections**
- **Increasing value-based payment and accountable care models**
- **Expanding coverage with insurance marketplaces**

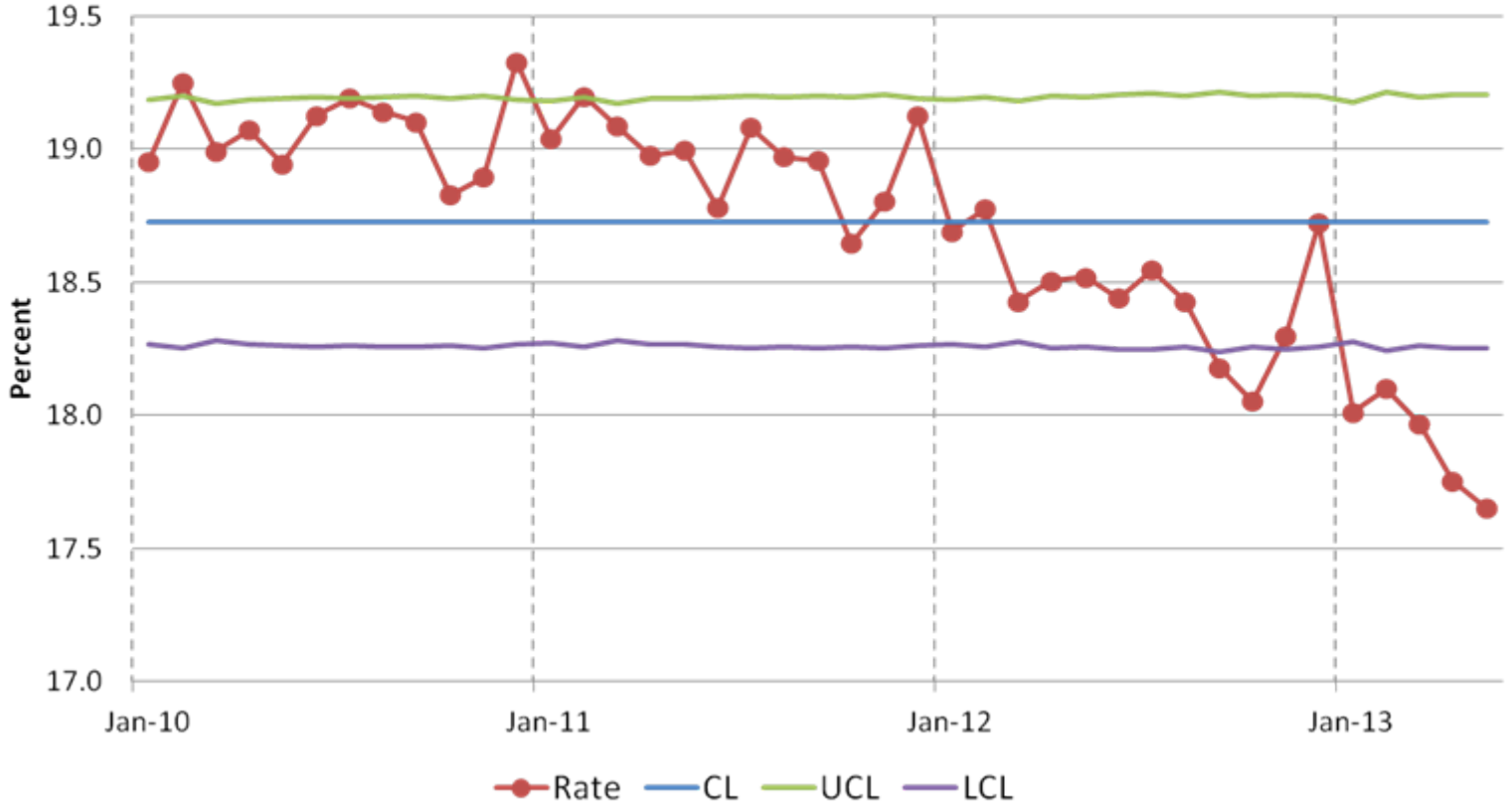
Results: Medicare Per Capita Spending Growth at Historic Lows



*Medicare Part D prescription drug benefit implementation, Jan 2006

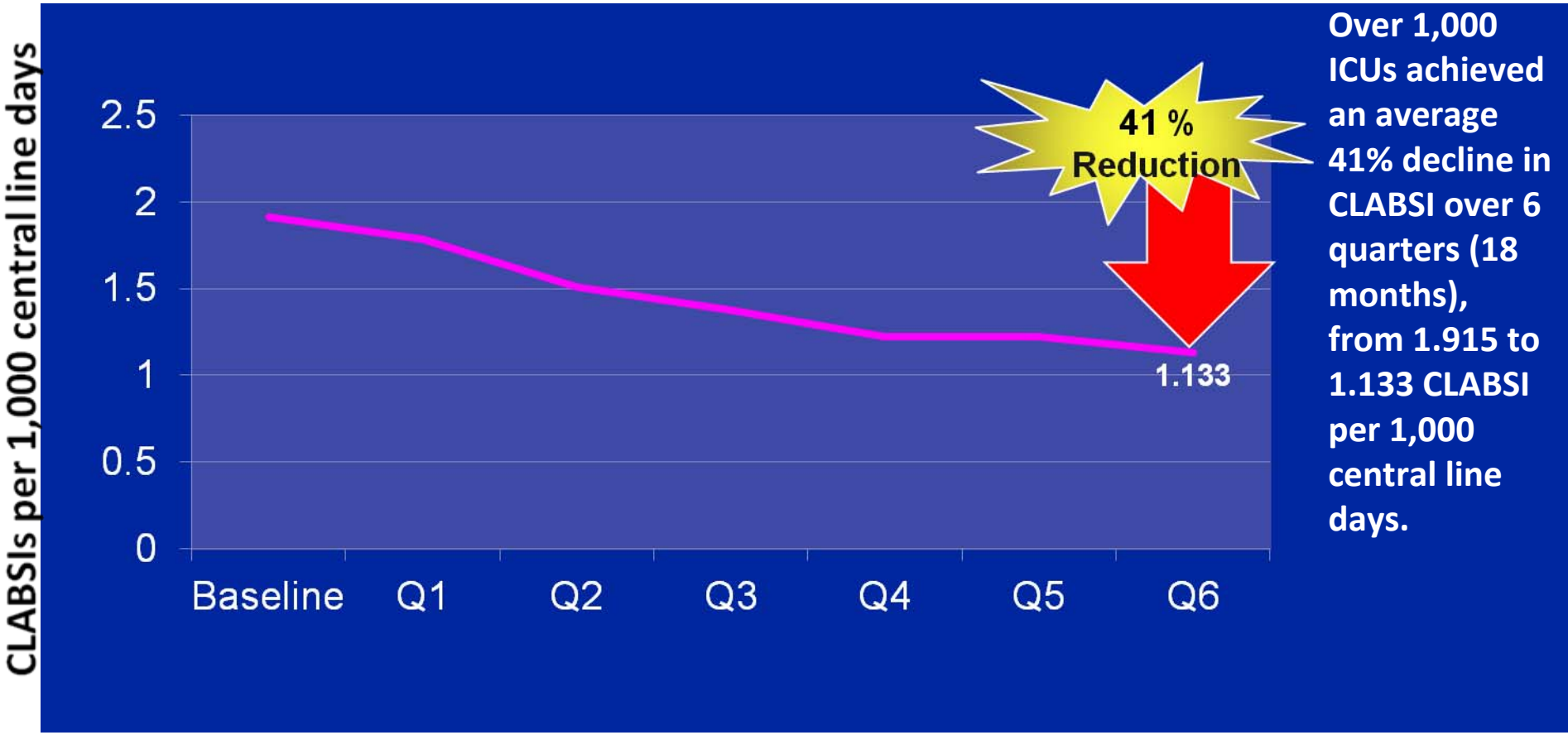
Source: CMS Office of the Actuary

Medicare All Cause, 30 Day Hospital Readmission Rate



Source: Office of Information Products and Data Analytics, CMS

National Bloodstream Infection Rate



Over 1,000 ICUs achieved an average 41% decline in CLABSI over 6 quarters (18 months), from 1.915 to 1.133 CLABSI per 1,000 central line days.

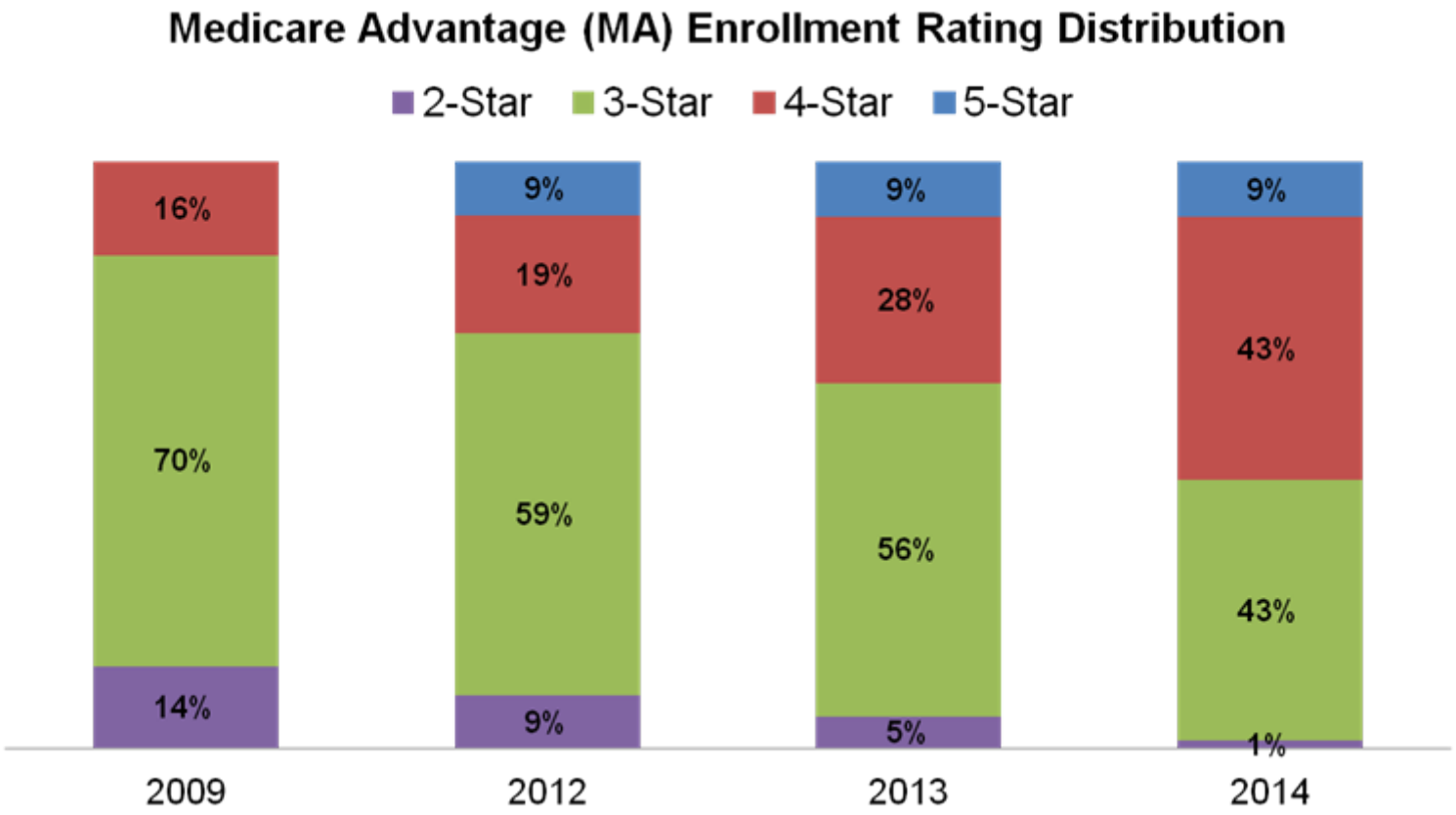
Quarters of participation by hospital cohorts, 2009–2012

Hospital Acquired Condition (HAC) Rates Show Improvement

- **2010 – 2012 - Preliminary data show a 9% reduction in HACs across all measures**
- **Many areas of harm dropping dramatically (2010 to 2013 for these leading indicators)**

Ventilator-Associated Pneumonia (VAP)	Early Elective Delivery (EED)	Obstetric Trauma Rate (OB)	Venous thromboembolic complications (VTE)	Falls and Trauma	Pressure Ulcers
55.3% ↓	52.3% ↓	12.3% ↓	12.0% ↓	11.2% ↓	11.2% ↓

Beneficiaries Moving to MA Plans with High Quality Scores



	2009	2012	2013	2014
4 or 5 Stars	16%	29%	37%	55%
2 or 3 Stars	84%	71%	63%	45%

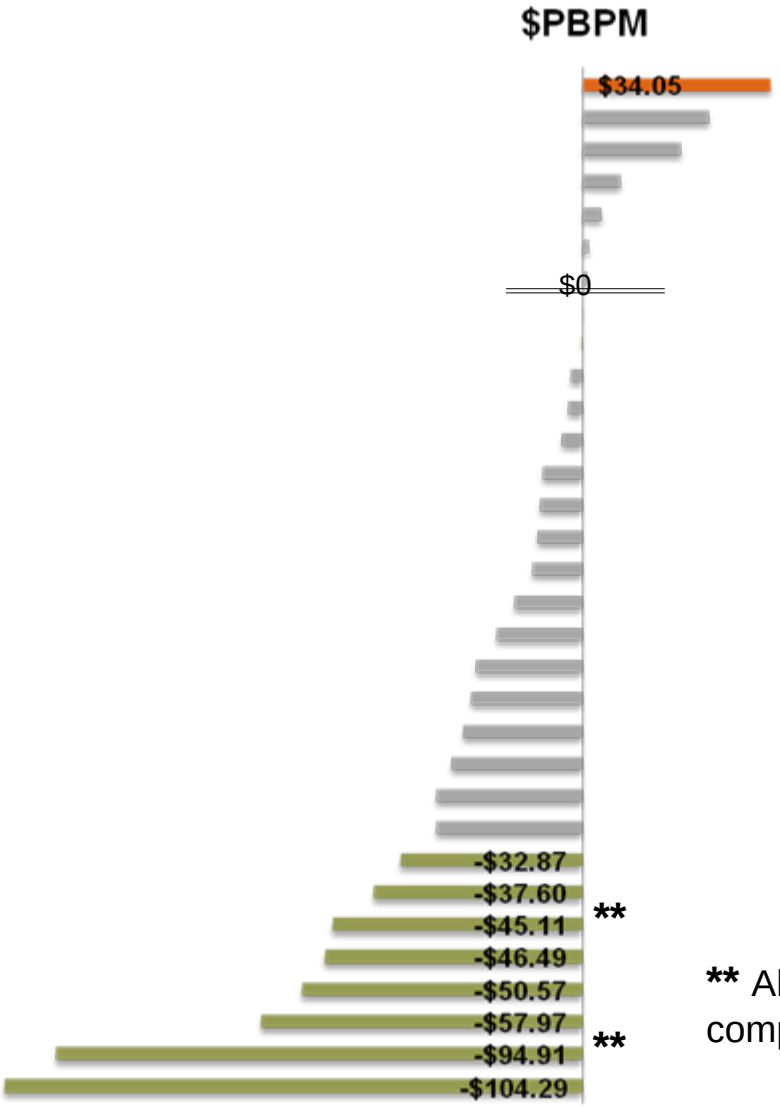
Pioneer ACO First Year Performance -- Financial

- In July 2013, CMS announced that Pioneer ACOs generated gross savings of $87.6 M, or 1.2% savings on a total benchmark of $7.59 B for over 669,000 beneficiaries
- Medicare spending for beneficiaries aligned to Pioneer ACOs grew by 0.3%, substantially below historical rates and below the 0.8% growth rate of the “reference” population
- In January 2014, CMS published an independent evaluation of the first year of the Pioneer ACO model. This evaluation estimated gross savings at $147 million.

Pioneer First Year Performance -- Quality

- All Pioneers successfully reported quality measures and earned PQRS incentives
- Pioneers performed better than national average for all 15 clinical quality measures with comparable data (7 measures had no comparable data)
  - 25 of 32 Pioneer ACOs generated lower risk-adjusted readmission rates than the rate for Medicare fee-for-service
  - Compared to 10 managed care plans across 7 states from 2000 to 2001, the median rate among Pioneer ACOs on BP control among diabetics was 68% vs. 55%, and on LDL control was 57% vs. 48%
  - The majority of Pioneers also had higher CAHPS scores than reported rates in Medicare fee-for-service

Eight Pioneer ACOs Had Significantly Lower Spending Growth Relative to Local Market



** Also statistically significantly different compared to far market

Pioneer ACO Model Spending Growth Relative to Local FFS Market (N = 32)

Service	Significantly faster growth	Significantly lower growth	No significant differences
Outpatient	4	15	13
SNF	9	3	20
Home Health	9	3	20
Inpatient	2	4	26
Physician	4	11	17
Hospice	7	7	18
DME	4	2	26

Source: http://innovation.cms.gov/Files/reports/PioneerACOEvalReport1.pdf

MSSP ACO Interim Performance – Summary

Results of the performance year (PY) 1 interim period for 114 ACOs that started in the Medicare Shared Savings Program in April and July 2012.

	Descriptive Statistics		Total Savings (weighted by person years)		Percent of ACOs in the Top Quartile of >= 6 out of 11 Utilization Measures	Percent of ACOs in the Top Quartile of >= 5 out of 9 Expenditure Measures	Percent of ACOs in the Top Quartile of >= 14 out of 28 Quality Measures
	Assigned Beneficiaries (Mean)	Physicians (Mean)	Total Savings as a Percent of the Target	Total Savings per Beneficiary			
ACOs Generating Shared Savings (N=29)	13,297	250	5.90%	$660	37.90%	55.20%	11.11%
ACOs Positive but within Corridor (N = 25)	16,352	397	1.30%	$134	4.00%	8.00%	12.00%
ACOs Negative but within Corridor (N = 29)	18,635	412	-1.10%	-$95	6.90%	0.00%	3.70%
ACOs Negative outside Corridor (N = 31)	13,239	394	-5.30%	-$536	3.20%	0.00%	10.00%

Note: For quality measures, sample sizes are different from the N indicated due to exclusion of 5 ACOs that did not satisfactorily report quality.

MSSP Lessons Learned

- Importance of strong clinical leadership
- Communication and transparency
- Practice redesign
- Innovative care coordination
- The value of data and dashboards
- Pick a few things to improve and build on success

Next Steps

- PY1 results mid-2014
- 2015 application cycle opening soon

Application activity	Due Date
Notice of Intent to Apply	May 1 – 30, 2014
Application submission period	July 1 – 31, 2014
Application determination	Fall 2014
Start date	Jan 1, 2015

- Future refinements to program rules

Value-Based Purchasing

- **Hospital:**
  - **Value-based purchasing, readmissions, healthcare acquired conditions, EHR Incentive Program and Inpatient Quality Reporting**
- **Physician/clinician**
  - **Physician value-based modifier, physician quality reporting system, EHR incentive program**
- **End stage renal disease bundle and quality incentive program**

Value-Based Purchasing

- Goal is to reward providers and health systems that deliver better outcomes in health and health care at lower cost to the beneficiaries and communities they serve.
- Hospital value-based purchasing program shifts approximately $1 billion based on performance
- Five Principles
  - Define the end goal, not the process for achieving it
  - All providers' incentives must be aligned
  - Right measure must be developed and implemented in rapid cycle
  - CMS must actively support quality improvement
  - Clinical community and patients must be actively engaged

VanLare JM, Conway PH. Value-Based Purchasing – National Programs to Move from Volume to Value. NEJM July 26, 2012

The CMS Innovation Center

Identify, Test, Evaluate, Scale

The purpose of the [Center] is to test innovative payment and service delivery models to reduce program expenditures…while preserving or enhancing the quality of care furnished to individuals under such titles.

- *The Affordable Care Act*

CMS Innovations Portfolio: Testing New Models to Improve Quality

Accountable Care Organizations (ACOs)

- Medicare Shared Savings Program (Center for Medicare)
- Pioneer ACO Model
- Advance Payment ACO Model
- Comprehensive ERSD Care Initiative

Primary Care Transformation

- Comprehensive Primary Care Initiative (CPC)
- Multi-Payer Advanced Primary Care Practice (MAPCP) Demonstration
- Federally Qualified Health Center (FQHC) Advanced Primary Care Practice Demonstration
- Independence at Home Demonstration
- Graduate Nurse Education Demonstration

Bundled Payment for Care Improvement

- Model 1: Retrospective Acute Care
- Model 2: Retrospective Acute Care Episode & Post Acute
- Model 3: Retrospective Post Acute Care
- Model 4: Prospective Acute Care

Capacity to Spread Innovation

- Partnership for Patients
- Community-Based Care Transitions
- Million Hearts

Health Care Innovation Awards

State Innovation Models Initiative

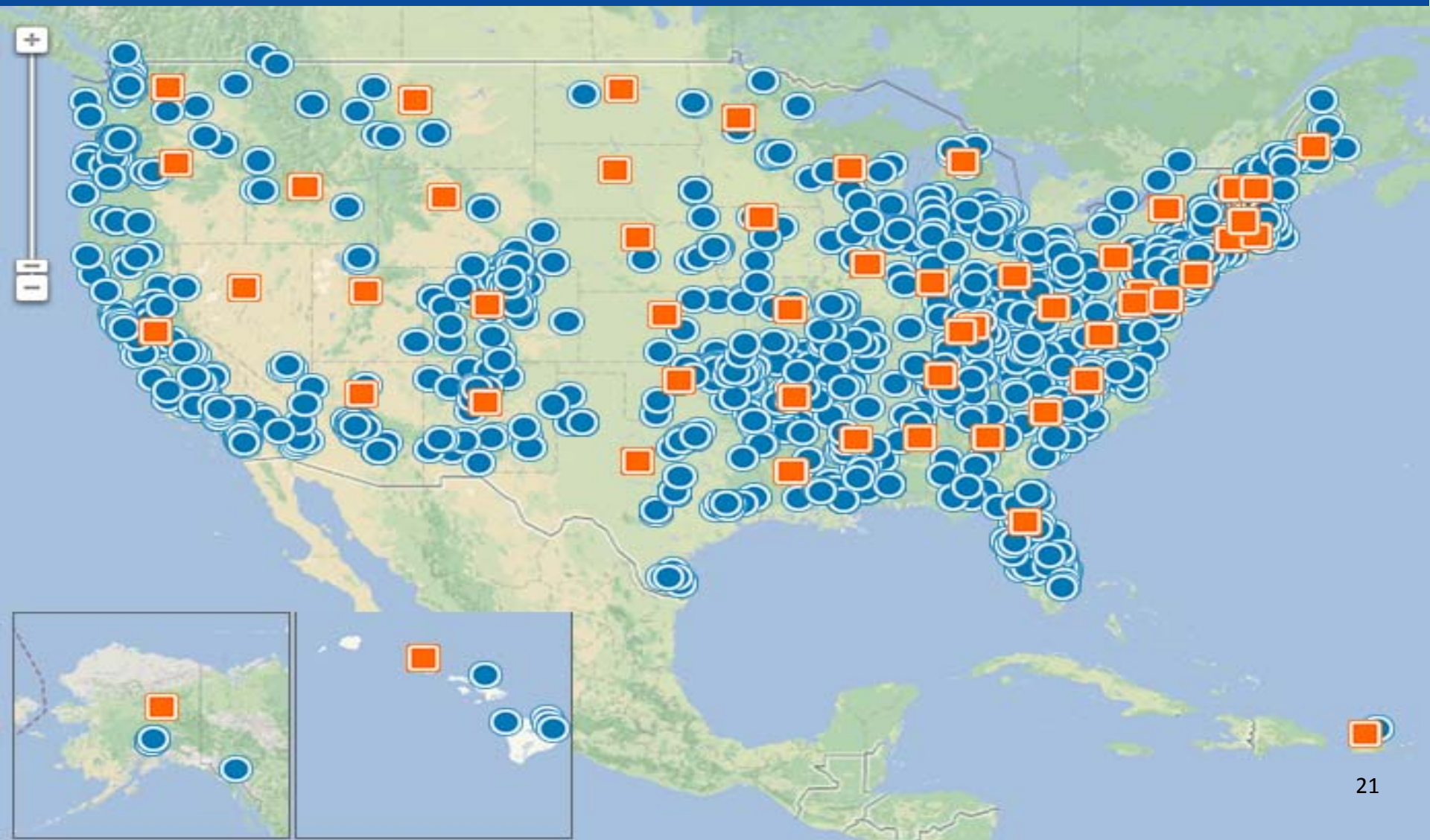
Initiatives Focused on the Medicaid Population

- Medicaid Emergency Psychiatric Demonstration
- Medicaid Incentives for Prevention of Chronic Diseases
- Strong Start Initiative

Medicare-Medicaid Enrollees

- Financial Alignment Initiative
- Initiative to Reduce Avoidable Hospitalizations of Nursing Facility Residents

Innovation is happening broadly across the country



State Innovation Models

GOALS:

- Partner with states to develop broad-based State Health Care Innovation Plans
- 6 Implementation and 19 Design/Pre-testing States
- Plan, Design, Test and Support of new payment and service and delivery models
- Utilize the tools and policy levers available to states
- Engage a broad group of stakeholders in health system transformation
- Coordinate multiple strategies, payers, and providers into a plan for health system improvement
- Plan to announce round 2 soon

Health Care Innovation Awards Round Two

GOAL: **Test new innovative service delivery and payment models that will deliver better care and lower costs for Medicare, Medicaid, and Children's Health Insurance Program (CHIP) enrollees.**

- Test models in four categories:

1. Reduce Medicare, Medicaid and/or CHIP expenditures in ***outpatient and/or post-acute settings***
2. Improve care for ***populations with specialized needs***
3. Transform the ***financial and clinical models for specific types of providers and suppliers***
4. Improve the ***health of populations***

Innovation Center
2013 Looking Forward

We're Focused On

- Implementation of Models
- Monitoring & Optimization of Results
- Evaluation and Scaling
- Integrating Innovation across CMS
- Portfolio analysis and launch new models to round out portfolio

Possible Model Concepts

- Outpatient specialty models
- Practice Transformation Support
- Health Plan Innovation
- Consumer engagement
- ACOs – next generation
- Home Health
- SNF
- More…..

Contact Information

Sean Cavanaugh
Deputy Director
CMS Innovation Center
410-786-3350
sean.cavanaugh@cms.hhs.gov