Practicing Random Acts of Bipartisanship: The Politics of Value-Based Payment

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THE NATIONAL VALUE-BASED PAYMENT AND PAY FOR PERFORMANCE SUMMIT
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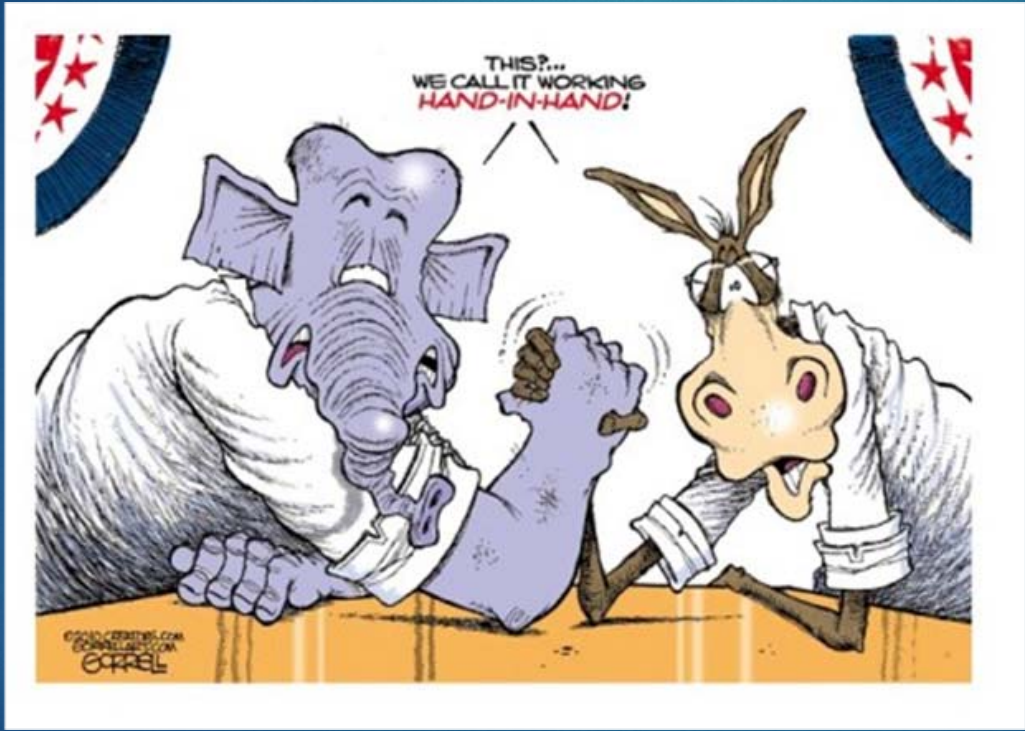
This Presentation at a Glance

- Value-based payment: A rare example of bipartisanship in health policy
- Bipartisan history and parentage behind value-based payment initiatives
- Case examples: MACRA legislation enacted in 2015; Senate chronic disease working group proposals
- The looming 2016 elections
- Where might we go from here?

Bipartisanship in Washington: Rare commodity



- In health and health care, only biomedical research comes close to delivery and payment reform in relative bipartisanship terms

Quality, transparency and payment linkages: Recent History in Brief

- 1980s: During Reagan administration, the then-named Health Care Financing Administration begins publishing hospital mortality data
- 1990s: HEDIS measures launched to rate health plans
- 2000's: "Public reporting" movement grows; Hospital Quality Alliance formed in 2003 (George W. Bush administration) and gives rise Hospital Compare
- 2000s: "Pay for performance" takes hold; measures developed
- 2000s: Congress (final year of Clinton administration) mandates Physician Group Practice Demonstration, first P4P program for physicians in Medicare


Deaths plague even top hospitals

Patients, performance diverge, data show

The Affordable Care Act, 2010

Explosion of Value-Based Payment

Before the Bipartisan efforts to enact the ACA died…

Sen. Charles Grassley (R-IA), then ranking member of the Senate Finance Committee, April 2009

"…Most everybody agrees that our health care system is not performing as efficiently as it should.

"Some health care providers deliver high quality care at lower cost.. We want to learn from people who are doing things well, take the best ideas, and apply them where we can."

"Now is the time for innovation and for reform."

"Everyone will have to be willing to recognize strengths, improve upon weaknesses, and find common ground."

The Triple Aim

- Better health
- Better health care
- Lower cost
- Core principle at heart of major U.S. payment and delivery system reform efforts

Donald Berwick, MD
Former Administrator
Centers for Medicare
and Medicaid Services

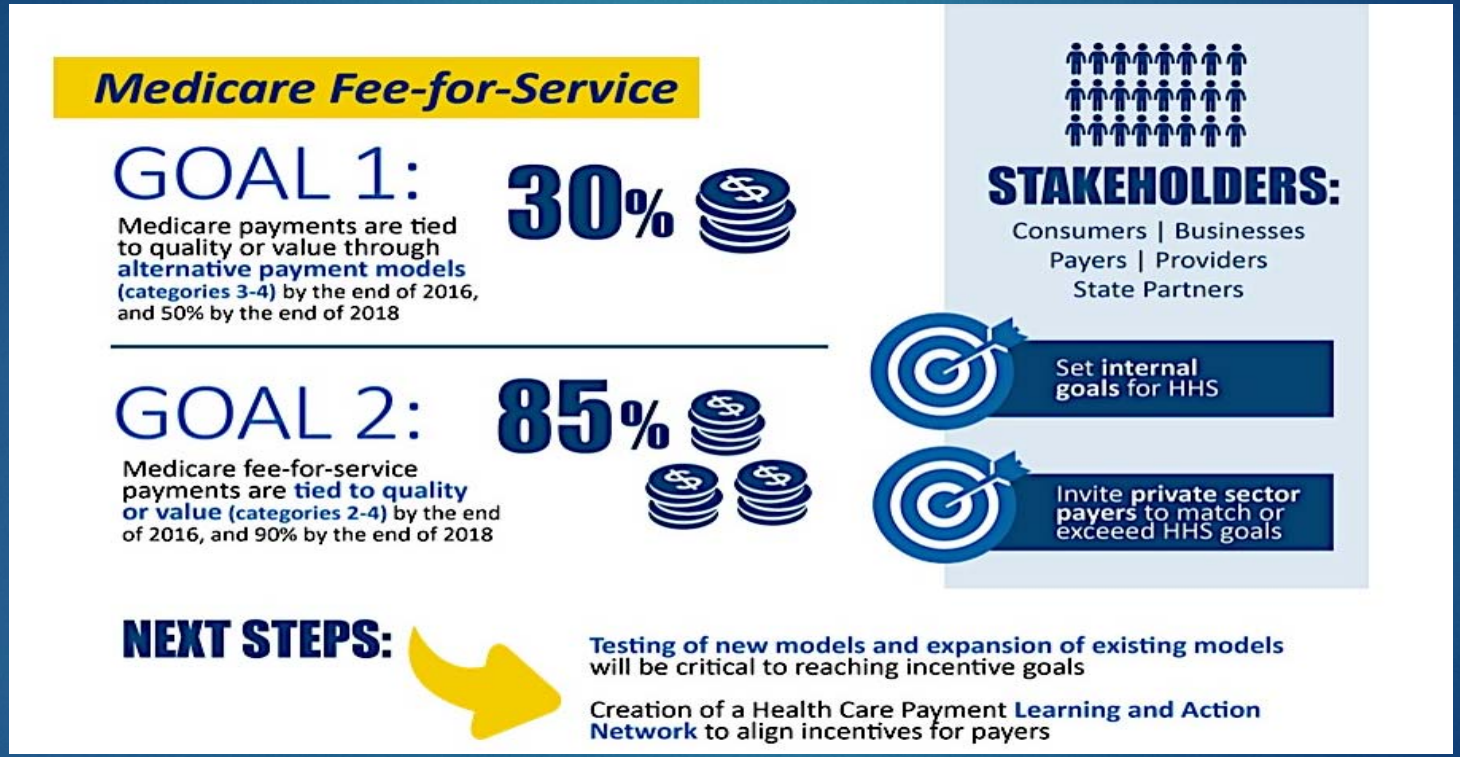
The Triple Aim, Part Deux

- Better Care
- Smarter Spending
- Healthier People

HHS Secretary Sylvia Mathews Burwell, January 2015

Goals of Payment and Delivery System Innovation: Improving Value And Affordability

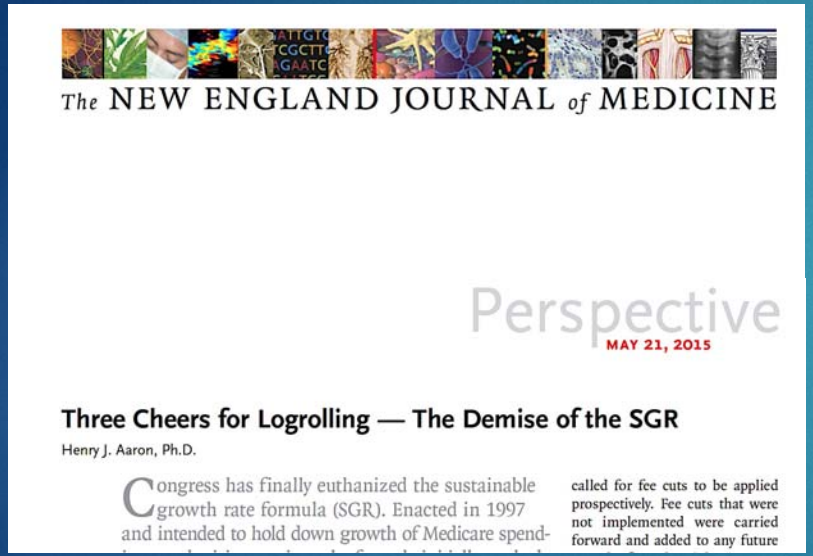
CMS: Intent to transform FFS Medicare



CMS: Categories of Value-Based Payment

	Category 1: Fee for Service – No Link to Value	Category 2: Fee for Service – Link to Value	Category 3: Alternative Payment Models Built on Fee-for-Service Architecture	Category 4: Population-based Payment
Description	▪ Payments are based on volume of services and not linked to quality or efficiency	▪ At least a portion of payments vary based on the quality and/or efficiency of health care delivery	▪ Some payment is linked to the effective management of a population or an episode of care ▪ Payments still triggered by delivery of services, but opportunities for shared savings or 2-sided risk	▪ Payment is not directly triggered by service delivery so volume is not linked to payment ▪ Clinicians and organizations are paid and responsible for the care of a beneficiary for a long period (e.g., ≥1 year)
Medicare examples	▪ Limited in Medicare fee-for-service ▪ Majority of Medicare payments now are linked to quality	▪ Hospital value-based purchasing ▪ Physician Value-Based Modifier ▪ Readmissions / Hospital Acquired Conditions Reduction Program	▪ Accountable care organization ▪ Medical homes ▪ Bundled payments ▪ Comprehensive primary Care initiative ▪ Comprehensive ESRD ▪ Medicare-Medicaid Financial Alignment Initiative Fee-For-Service Model	▪ Eligible Pioneer accountable care organizations in years 3-5 ▪ Maryland hospitals ▪ **Next Generation ACOs** ▪ **Accountable Health Communities** ▪ **Comprehensive Care for Joint Replacement Model** ▪ **Vermont waiver**

Medicare and CHIP Reauthorization Act of 2015 (MACRA)



The NEW ENGLAND JOURNAL of MEDICINE

Perspective

MAY 21, 2015

Three Cheers for Logrolling — The Demise of the SGR

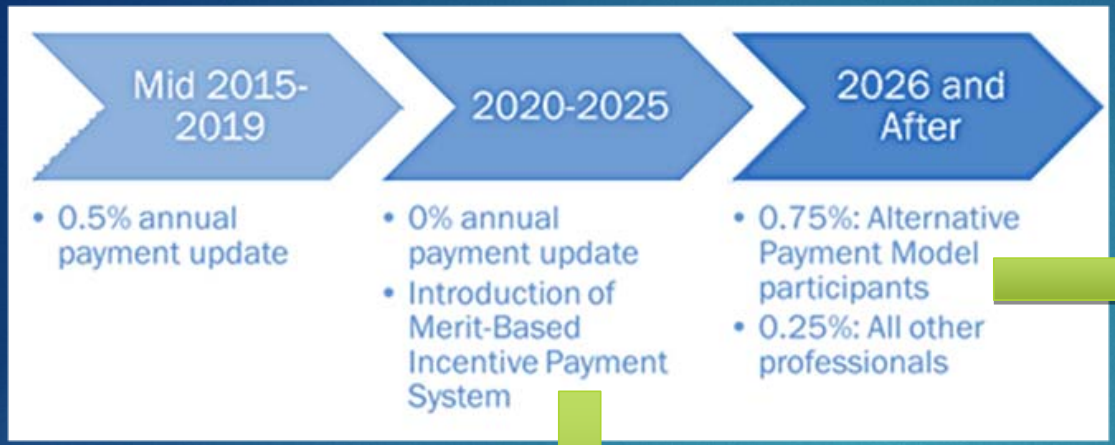
Henry J. Aaron, Ph.D.

Congress has finally euthanized the sustainable growth rate formula (SGR). Enacted in 1997 and intended to hold down growth of Medicare spend-

called for fee cuts to be applied prospectively. Fee cuts that were not implemented were carried forward and added to any future

- As Henry J. Aaron of Brookings Institution observed, both parties wanted to "bury the SGR" [sustained growth rate formula for Medicare physician payment]
- Democrats won a 2-year extension of Children's Health Insurance Program, other measures
- Legislation largely unpaid for via offsets
- Some conservative Republicans voted against final passage as a result

MACRA: The Next Phases



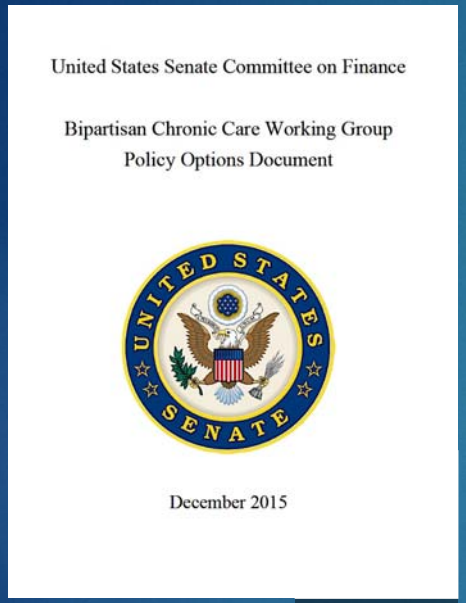
- Specific focus on creation of new Physician-Focused Payment Models and new process for approving these models
- Payment based on measures similar to Merit-Based Incentive Payment System (MIPS)
- To overcome limitations of coding and claims systems, MACRA requires HHS to develop and implement new "patient condition groups," "care episode groups," and "patient relationship categories."
- Alternative payment models must use certified EHR's

Movement Toward Core Measures

- Core Quality Measures Collaborative (CMS, AHIP, the American Academy of Family Physicians and the National Partnership for Women and Families)

- Seven sets of quality measures to be used across public and private payers announced in Feb. 2016
- Core measures in
  - Accountable Care Organizations (ACOs), Patient Centered Medical Homes (PCMHs), and Primary Care
  - Cardiology
  - Gastroenterology
  - HIV and Hepatitis C
  - Medical Oncology
  - Obstetrics and Gynecology; Orthopedics

Chronic Care Proposals in Medicare

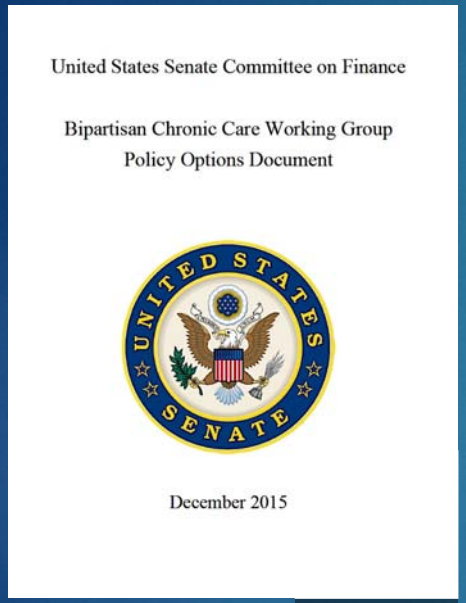

United States Senate Committee on Finance

Bipartisan Chronic Care Working Group
Policy Options Document

December 2015

- May 2015: Senate Finance Committee Chairman Orrin Hatch (R-UT) and Ranking Member Ron Wyden (D-OR) announced formation of bipartisan chronic care working group, co-chaired by Sens. Johnny Isakson (R-GA) and Mark Warner (D-VA)
- Among policy goals: facilitate delivery of high quality care, improve care transitions, produce better patient outcomes, increase program efficiency, and contribute to reductions in growth in Medicare spending
- = More value-based payment
- As yet, no analogous proposal on House side

Chronic Care Proposals in Medicare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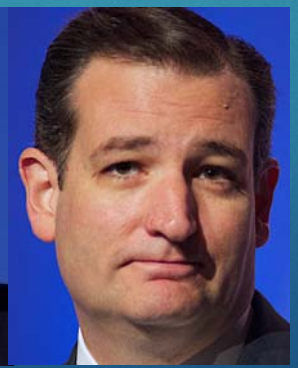
- Expand some demonstrations, including Independence at Home
- Require CMS to develop quality measures to improve chronic disease care – e.g., for care planning, shared decision making, patient engagement, end-of-life, dementia
- Modify existing APM models (e.g., MSSP ACO's) to strengthen provision of services to those with multiple chronic illnesses – e.g., through telehealth
- Integrate behavioral health across FFS and APM's
- Fine-tune risk adjustment through changes to CMS Hierarchical Condition Category model, which under predicts costs of care for complex chronically ill

Random Acts of....?

Presidential Candidates' Proposals

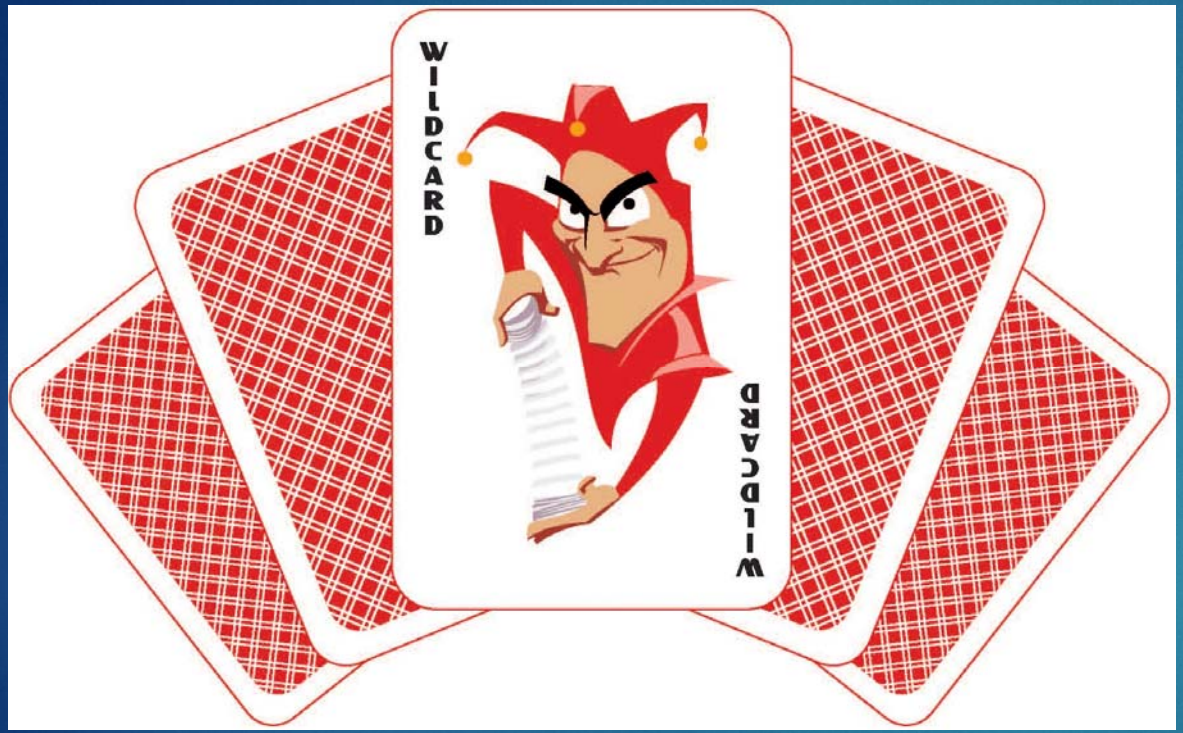
- Hillary Clinton: Preserve ACA and build on reforms that improve value and quality care
- Bernie Sanders: Single-payer "Medicare for All;" no indication about specifics of value-based payment or models beyond this
- Donald Trump: repeal ACA; replace it with universal coverage; most people enrolled in private plans "with lots of different competition, with lots of competitors, with great companies and they can have their doctors." (60 Minutes, 7/15)
- Ted Cruz: repeal ACA; must lay out problems with law first; "getting there" on what replacement would be (Iowa, 1/16)



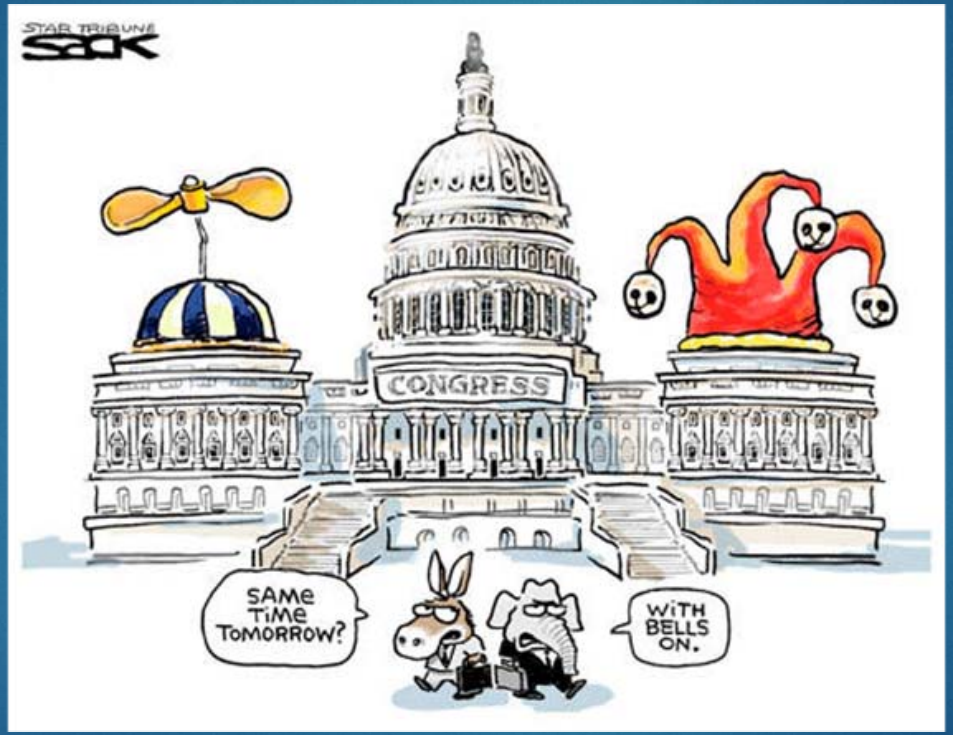
and more…

Wild cards



- House of Representatives
- Roughly 40 members of the Freedom Caucus – GOP members aligned with Tea Party
- Requirements imposed on House Speaker Paul Ryan include "Hastert Rule" --- Republicans may only consider legislation that has the support of party majority
- Deepens difficulty of developing coalition of moderate Republicans and Democrats

The Future?


STAR TRIBUNE
SACK
CONGRESS
SAME TIME TOMORROW?
WITH BELLS ON.

The End