

The Role of Regional Collaboratives in Payment Reform

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**MIDWEST
HEALTH
INITIATIVE**

*Improving Health Care Through
Shared Knowledge and Understanding*

Objectives

1. Discuss the role of multi-payer datasets in payment reform.
2. Consider methods to multi-payer contracting with antitrust guidelines.
3. Provide examples of MHI's early experience in using its data to support payment reform.
4. Suggest it's time to engage enrollees in the financial incentives embedded in their treatment decisions.



Midwest Health Initiative (MHI)

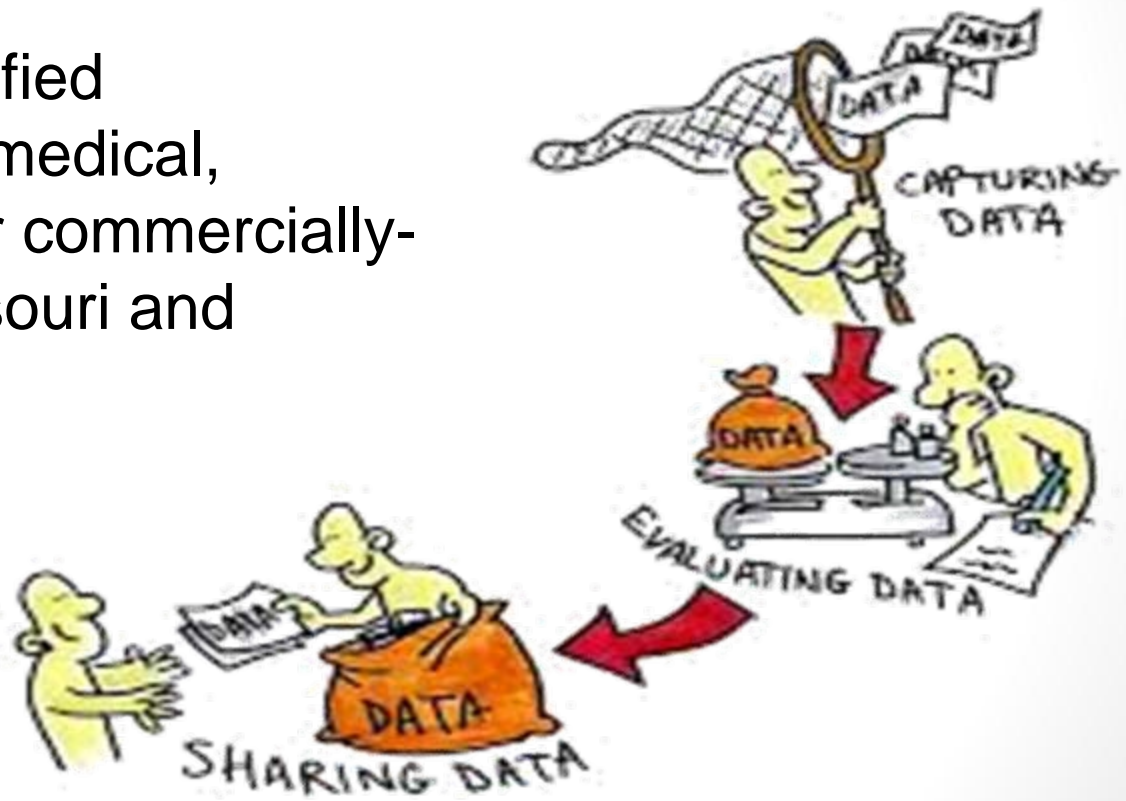


Mission: To provide a forum where trusted information and shared responsibility are used to improve health and the quality and affordability of health care.



Midwest Health Initiative (MHI)

Steward of de-identified
(no patient names) medical,
pharmacy claims for commercially-
insured lives in Missouri and
bordering MSAs.



The Value of Multi-Payer Datasets

Defining Benchmarks, Opportunities and Trends

1. Increase overall knowledge of health care utilization and spending across community.
2. Develop clearer understanding of variation in care across providers.
3. Drive improvements in care quality and service value.
4. Monitor changes overtime and the impact of financial incentives.



The Added Value of Multi-Payer Claim Data in Payment Reform

Provider: Clinical datasets are often missing downstream services or other care being sought by patient.

Payer: Sample sizes get small quickly, even in a large plan's dataset.



Trusted Data a Foundation of Risk Sharing

1. Assessing the incidence of a disease (illness burden) and the current utilization patterns in the population.
2. Determine complexity, length and potential complications of a defined episode or disease condition.
3. Compare resources used across providers and time periods.
4. Define inclusions and outliers.

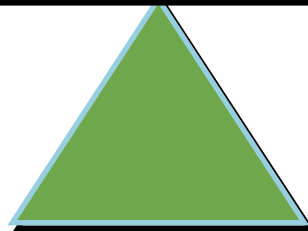


Antitrust “rule of reason”

**Joint decision-making across providers or plans
may raise antitrust issues**

Limit activities to information exchange, and not to agreements among the parties as to how data will be used.

Information sharing regarding **non-price terms (quality/ utilization)** performance raise little antitrust risk.



Steps to Minimize Antitrust Issues

1. Have a third party handle information
2. Use care in labeling performance (“superior” or “unacceptable”)
3. Better if payments rely on different methodologies, use different thresholds, outlier payments and are kept confidential



RHICs as Local Neutral Collaborator

1. **Share data** to inform development and management of value-based payments
2. Serve as **neutral third party** in pulling and/or analyzing of the data used between parties. Work with parties to develop and test “*what ifs*” for what is included or excluded from the bundle.
3. Identify and communicate **community trends and opportunities** that would benefit from alignment of incentives. Help medical groups understand their unique opportunities.
4. **Monitor** and report progress over time.



MHI's Experience as Payment Reform Collaborator

✓ Knee Replacements

- Commercial Carrier, **Orthopedic Surgeon** and Hospital

✓ Colonoscopy

- Commercial Carrier, **Outpatient Facility** and Medical Group

✓ Joint Replacement/ Back Surgery -

- **Independent Medical Group**, BPCI Convener of orthopedics group across the U.S.
- Now using MHI data to develop bundle in commercial population

✓ ACO Contract

- Health System and **Large Employer**
- Custom reports to provider system on various key performance indicators

✓ Obstetrics Bundle – **OB Group Practice and Hospital**



Sometimes it works ...

Success ...

Bundle developed and underway with a local health plan!

Initiator: Free standing facility with strong physician engagement and a health plan.

Data Needs:

- ✓ procedure rates,
- ✓ pathology use and intensity
- ✓ complication rates
- ✓ Post –op ED visit, hospital admission rate

Examples of MHI Data Output:

- Utilization, complication rates by physician, facility
- 12 physicians in the bundle agreed to make their results public

Unsuccessful bundle ...

Initiator: System and medical group seeking direct contract with employer outside of a health plan arrangement

- ✓Unclear that providers understood each other's U&C payments and practices (each submitted a price)
- ✓No clear inclusions or exclusions
- ✓Quality deemed equal to competition
- ✓Little confidence in system's commitment to transparency
- ✓Hard for employers to carve out a single service in a single community



Payment reform:

Observations from the sidelines

Purpose is to transform the way we deliver health care to people ... *the transformative work begins when the contract is done.*



Success depends on:

- ✓ Timely access to trusted data.
- ✓ Clearly defined rewards and responsibilities/contingency plan.
- ✓ A team of well-coordinated and committed health care providers.
- ✓ Physicians being actively engaged and on board.



Bring Patients and Public into the Conversation

The financial incentives which influence treatment decisions need to be transparent to patients.

Payment reform aims to:

- ✓ *Align incentives to reward best outcomes.*
- ✓ *Protect patients from dangerous overtreatment*
- ✓ *Support team work and communications*
- ✓ *Encourage providers to manage processes of care*
- ✓ *Reduce wasteful spending*

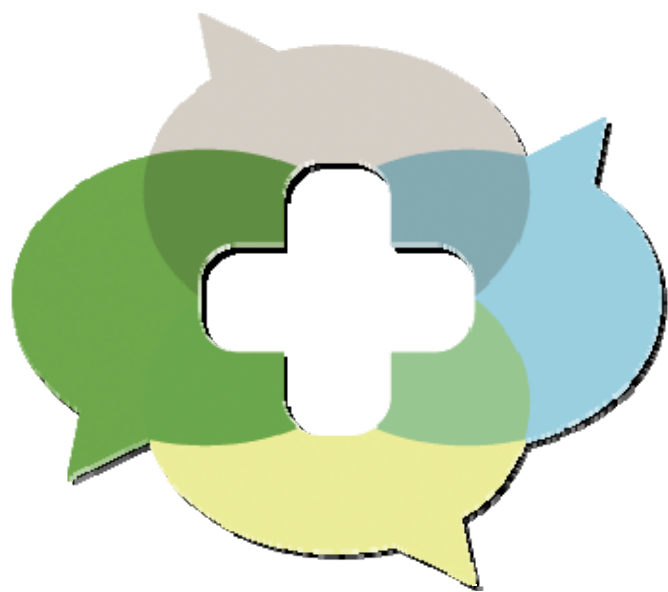
As a neutral trusted party, RHICs can play an important role in informing the public about the important benefits of paying differently.

*Payment
Reform from
the Patient
Perspective*



*Half Full
or Half
Empty?*





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