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# **The Horizon Hospital Rewards Program: Customizing the Leapfrog Hospital Rewards Program<sup>TM</sup>**

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# Presentation Overview

- The New Jersey Landscape
- Why hospital incentives & rewards?
- Why Leapfrog Hospital Rewards Program<sup>TM</sup>?
- Market readiness & Program design
- Implementation - Challenges & Observations



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## The New Jersey Landscape

- Third Annual Patient Safety in American Hospitals Study, April 2006

✓ New Jersey 51<sup>st</sup>

✓ New York 50<sup>th</sup>

- California Nurses Association Study – 19 of the 100 most expensive hospital in the US are in New Jersey



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## The New Jersey Landscape

- Utilization and Cost for End-of-Life Care – New Jersey 1<sup>st</sup> in Nation
- CMS Measures – New Jersey did move from 48<sup>th</sup> to 1<sup>st</sup> at 86.87% compliance
  - (Better compliance or better reporting??)



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## Why Hospital I&R?

- Horizon Hospital Rewards Program Part of 2006 Strategic Plan
  - ✓ Steering Committee
- Rewards Program Goals
  - ✓ Hospital quality improvement
  - ✓ Leapfrog patient safety standards
  - ✓ Improve network relations.



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## **Horizon Hospital Rewards: 2005 Planning**

- Build on Existing Horizon Initiatives
  - ✓ Hospital Performance Report
  - ✓ New Jersey Infection Prevention Partnership
- Draft Program Design
  - ✓ Internal Development
  - ✓ The Leapfrog Decision



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## Why Build on the LHRP Platform?

- Program design & vetting work done
- Outsource data collection & aggregation infrastructure
- Independent scoring body



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## Why Build on the LHRP Platform?

- Built on relevant & important quality & efficiency metrics
- Assistance from The Leapfrog Group to guide design of rewards structure
- Stakeholder awareness of Leapfrog throughout New Jersey



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# Preparing the New Jersey Market

- Engage Hospitals
  - New Jersey Hospital Association
  - Current Leapfrog participating hospitals
- Engage Regulators
- Engage other health care stakeholders
  - New Jersey Healthcare Quality Institute
  - Employers
- Continuously loop information to internal Horizon Steering Committee



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## Rolling Out The Program

- Announcement July 13, 2006
- Hospital Information Sessions
  - North and South/Leapfrog Participation
- Development of Reporting Mechanisms
- Data Collection
- Minor Revisions (IHI Data)
- Next Steps



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## Implementation: Challenges & Opportunities

- It takes longer than you anticipate - even when building on an already developed platform
- Take time to get support of key stakeholders
- Be flexible and never change



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## Implementation: Challenges & Opportunities

- Build on Leapfrog's role as an independent program developer
- Build on Leapfrog's experience in measurement & with I&R



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# National Program Rewards Principles

**Principle 1:** Bonuses to hospitals must be based on shared savings that accrue to the purchaser/payer

**Principle 2:** All top LHRP Performance Group hospitals should receive bonus payments

**Principle 3:** Hospitals demonstrating sustained improvement should receive bonus payments



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# National Program Rewards Principles

**Principle 4:** Patients should be encouraged to go to Performance Group 1 & Performance Group 2 hospitals through benefit design

**Principle 5:** Performance Group 1 hospitals and hospitals showing sustained improvement should be publicly recognized as well as financially rewarded

**Principle 6:** Rewards should be calculated every 6 months



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**?? Questions ??**



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