

A Demonstration Project on Gainsharing

Leah Binder
CEO
The Leapfrog Group
March 2010

Leaps Needed to Address Waste

- Variation in patterns of care—between high and low regions approaching 30% of total health care spending, or \$690 billion
- 40% of all emergency visits are for non-emergent conditions

Leaps Need to Address Avoidable Adverse Events

- Studies from Harvard Medical School: Adverse events account for 5% of total health care spending (\$100 billion) and half were avoidable
- 5-10% of all inpatients acquire one or more infections, resulting in estimated 90,000 deaths and \$4.5-\$5.7 billion per year.

Pillars for Improving Quality

Transparency

Standard
Measurements
& Practices

Reimbursement:
Incentives
& Rewards

Leapfrog Survey: Unique

- Represent employers/purchasers/consumers interests
- Seeks public accountability
- Rewards high performance
- Full range of measures: "The patient safety hit parade"
- Regional and national in scope
- Free from external political and provider pressure

How Gainsharing Emerged on Leapfrog's agenda

- Aligns financial incentives of clinicians and purchasers
- Addresses long intractable problems of hospital acquired conditions
- Right time in the nation's history to try bold, innovative approaches that reduce costs and improve quality.

Toes in the water on gainsharing

- New Jersey: Physician Hospital Collaboration Demonstration
- Hospital Quality Incentive Demonstration (HQID) involving CMS and Premier: quality up 17 percentage points
- Other demos: typically focus on medical devices

Legal Barrier

- Civil Monetary provision of the federal Medicare/Medicaid statute
- Cannot provide “inducement to limit services.”

Why HAC-focused gainsharing attractive to Leapfrog

- 65% of hospitals do not have in place the safe practices that prevent infections
- Interventions that prevent certain HACs have been identified, but they are not put in place
- Needs to be a focus on strategies that motivate performance

Fits with value-based purchasing

- Leapfrog long focuses on pay for performance and other payment methods that align incentives between payors and hospitals
- Why can't hospitals align incentives with physicians and other clinicians?

Today's panel

- Jim Reynolds: The unexpected challenges in applying and measuring the potential of gainsharing in a hospital system
- Dr. Jeremy Nobel: Principles for a clinical strategy for success