Successful Partnerships Between Pharmaceutical Manufacturers and Health Systems to Improve Population Health

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Michael Motto

The Access Group®

Part 1 - Health Systems & Pharmaceuticals

Dr. Stefanacci, Michael Motto

Intersection of Health System Reimbursement Models and Pharmaceuticals

- MACRA
- CMMI Programs
  - Patient-Centered Medical Home
  - Bundled Payments
  - Accountable Care Organizations
- Provider Plan

Health Systems' Pharmaceutical Selection Process

- Value Proposition & Contracting
- Process: P&T Committee

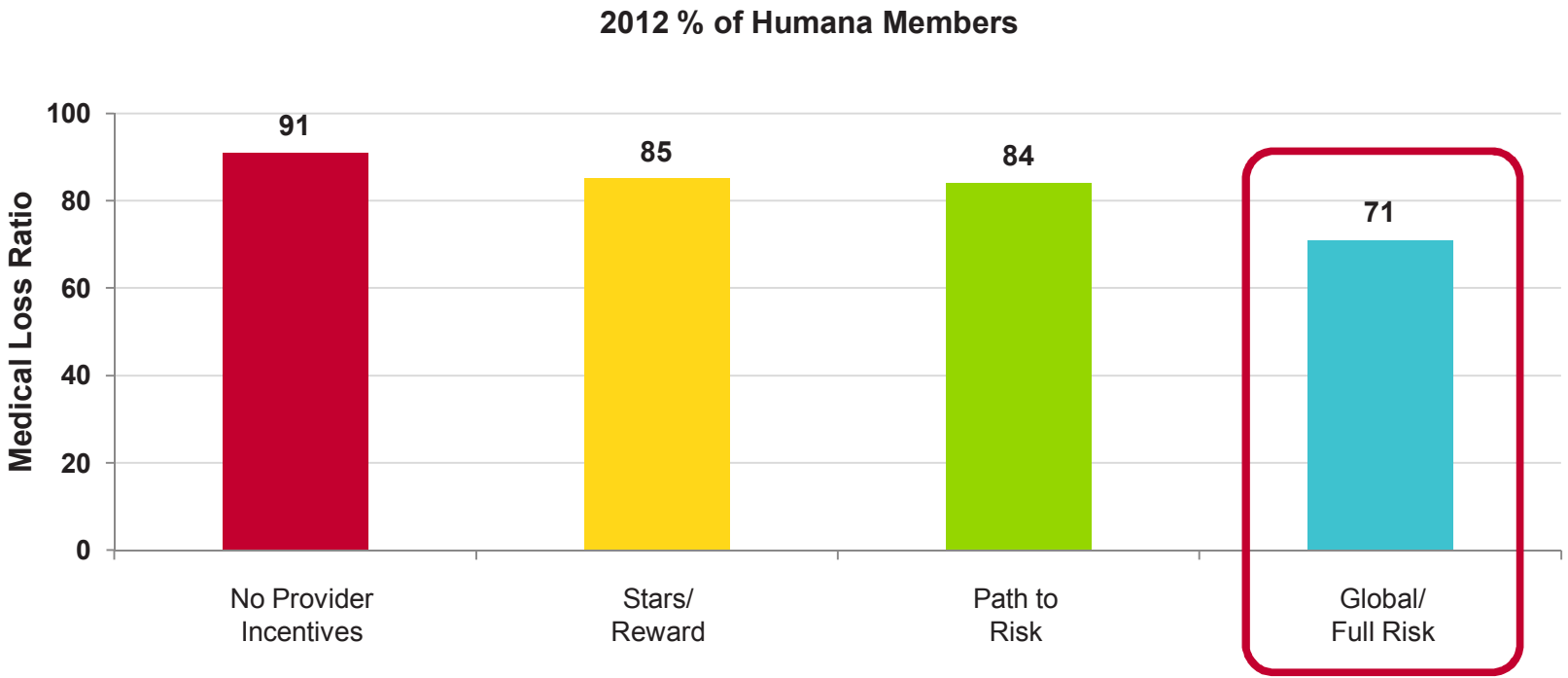
Health Systems' Enforcement of Preferred Pharmaceuticals

- EMR/Clinical Pathways
- Provider Financial Incentives

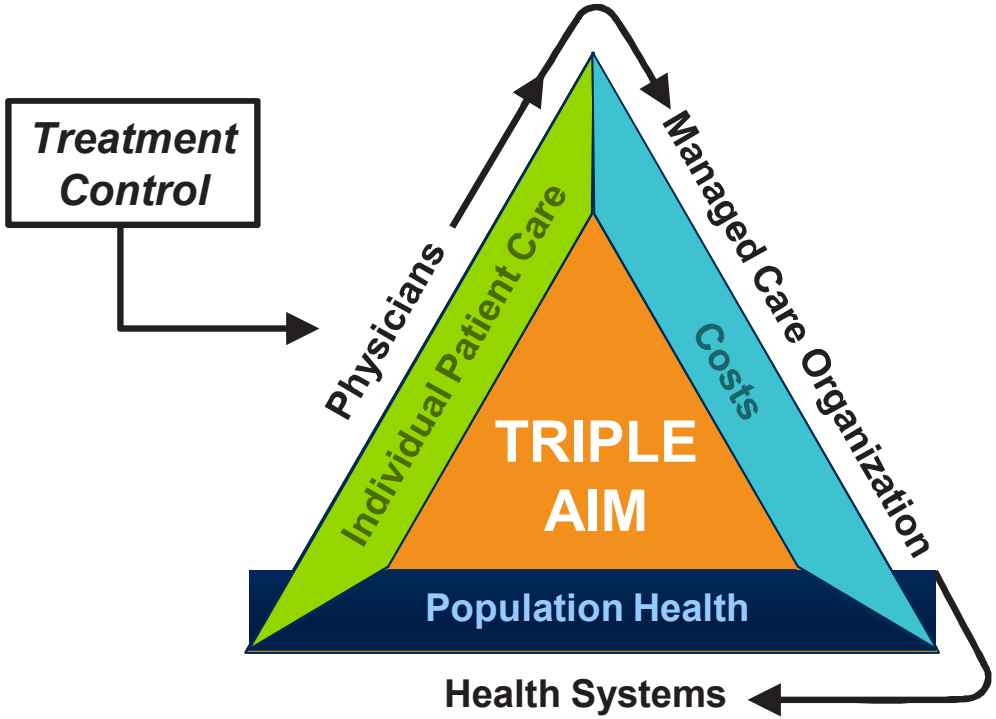
Impact of Preferred Pharmaceuticals on Health System Outcomes

- Description of Best Practices

Greater Provider Risk…Lower Utilization



The Shift in Treatment Control to Health Systems is Focused on Population Health



Health System Pharmacy Management Survey: Summary of Results

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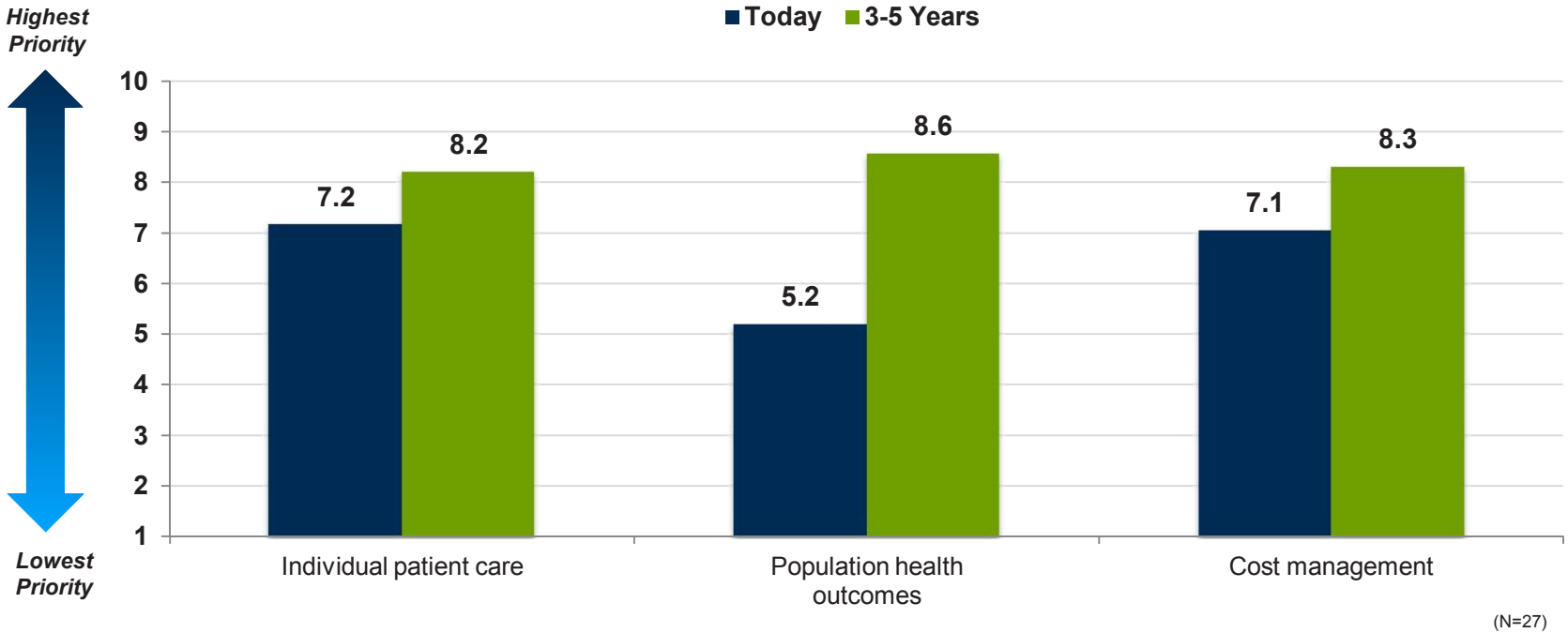
Components of Triple Aim are Predicted to Increase in Priority for Organizations in the Coming 3-5 Years

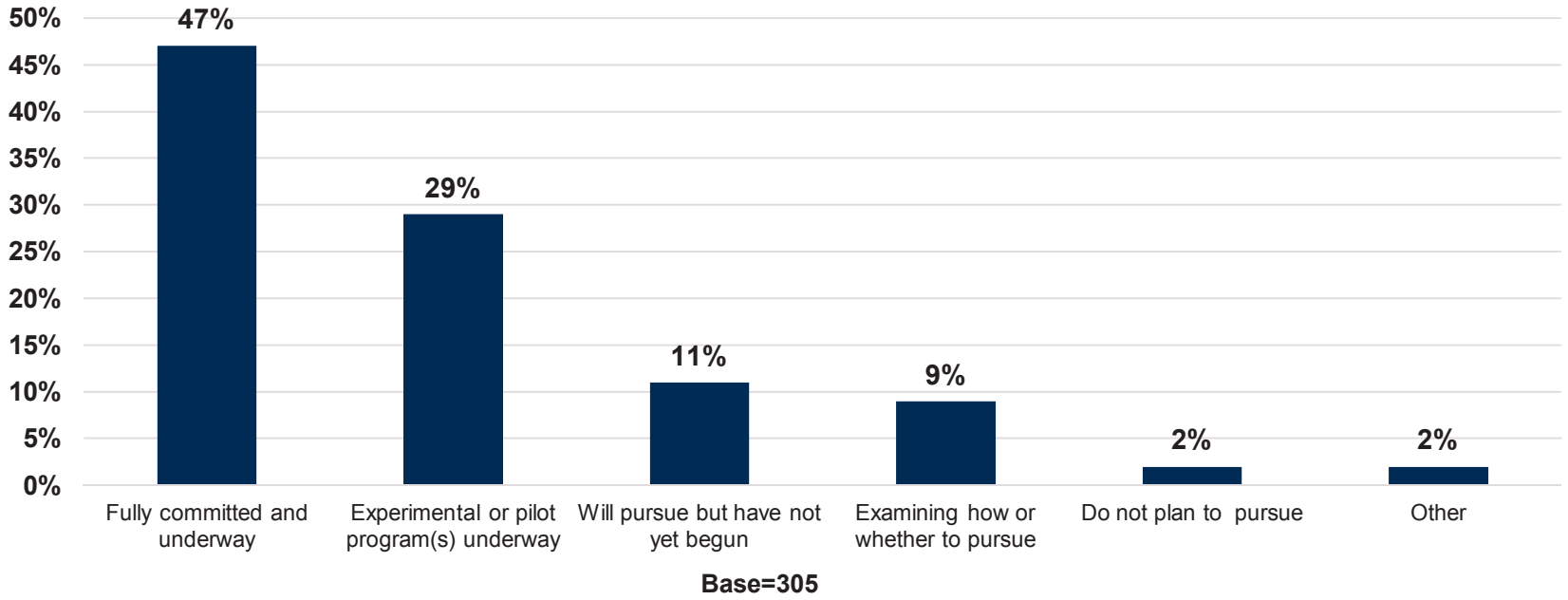
Q: Rate each component of the Triple Aim as a priority within your health system, today and in 3 to 5 years. (Please rate from 1 to 10, with 1 being the lowest priority and 10 being the highest priority.)



The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Status Population Health Management

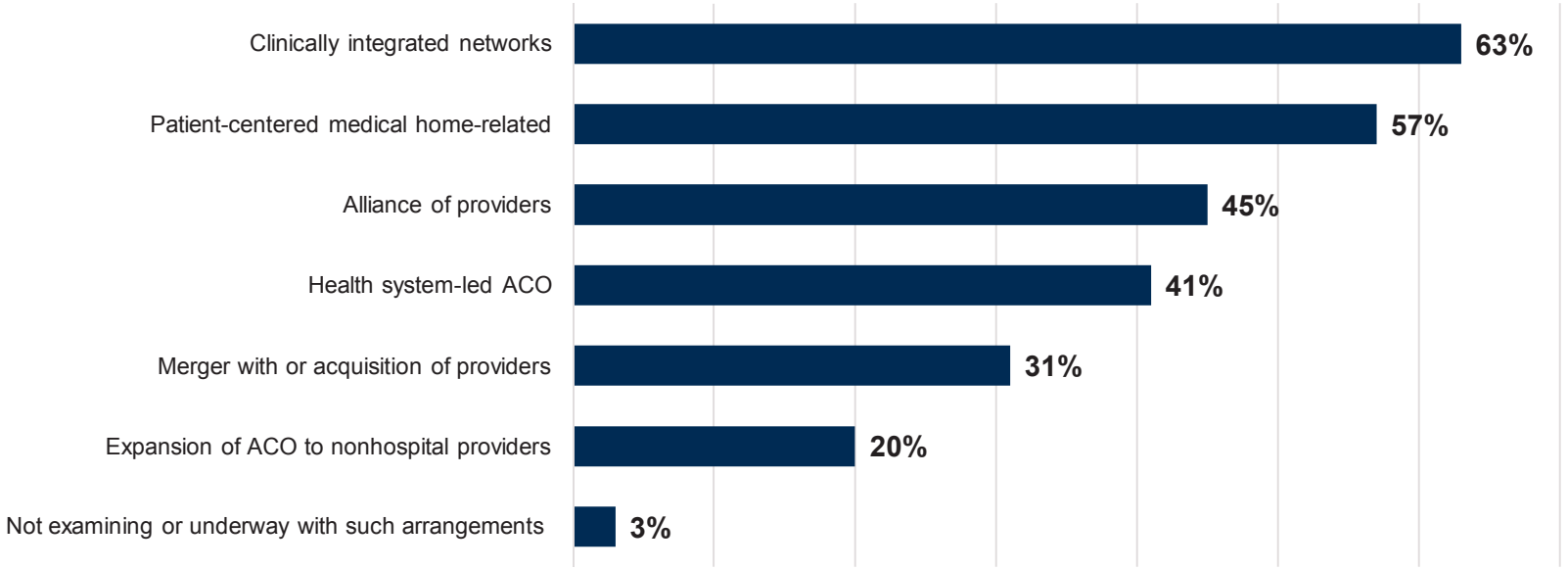
Q: What is your organization's status in managing the overall health of a defined population?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Population Health Strategic Initiatives

Q: What strategic initiatives is your organization engaged in or exploring to improve the health of a defined population?

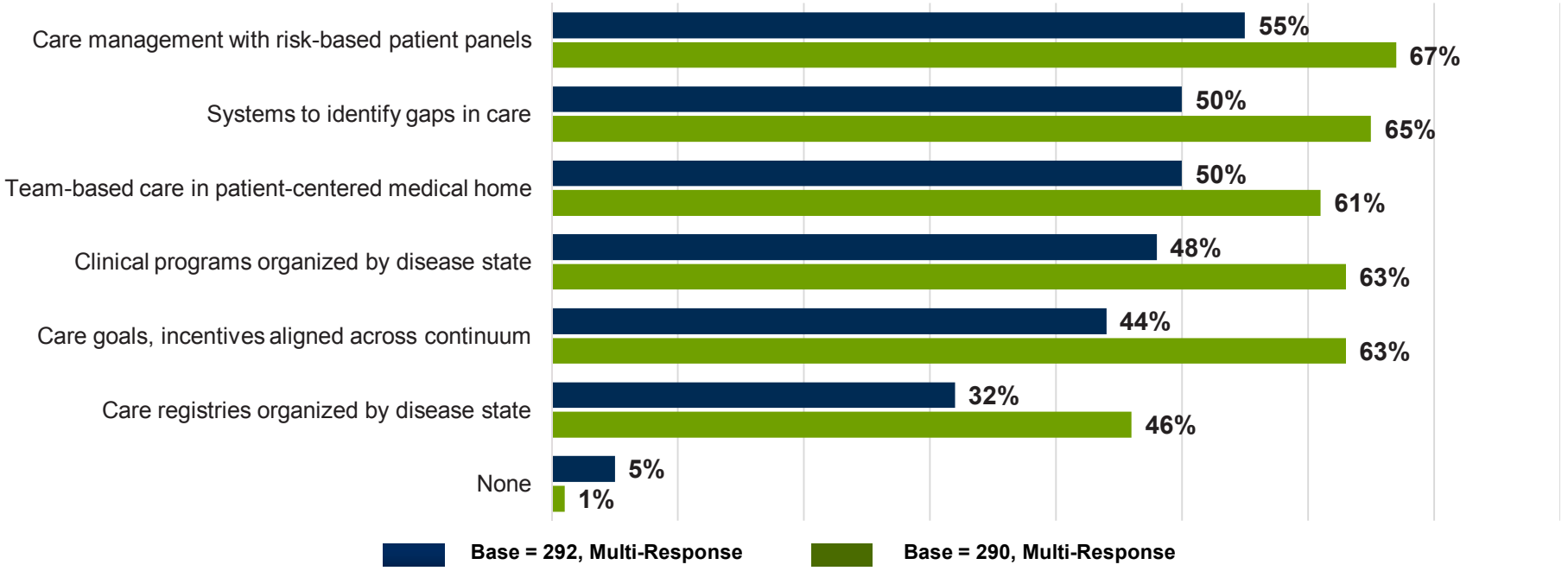


Base=298, Multi-Response

HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Redesigning of Care Delivery to Support Population Health management, Now and Within Three Years

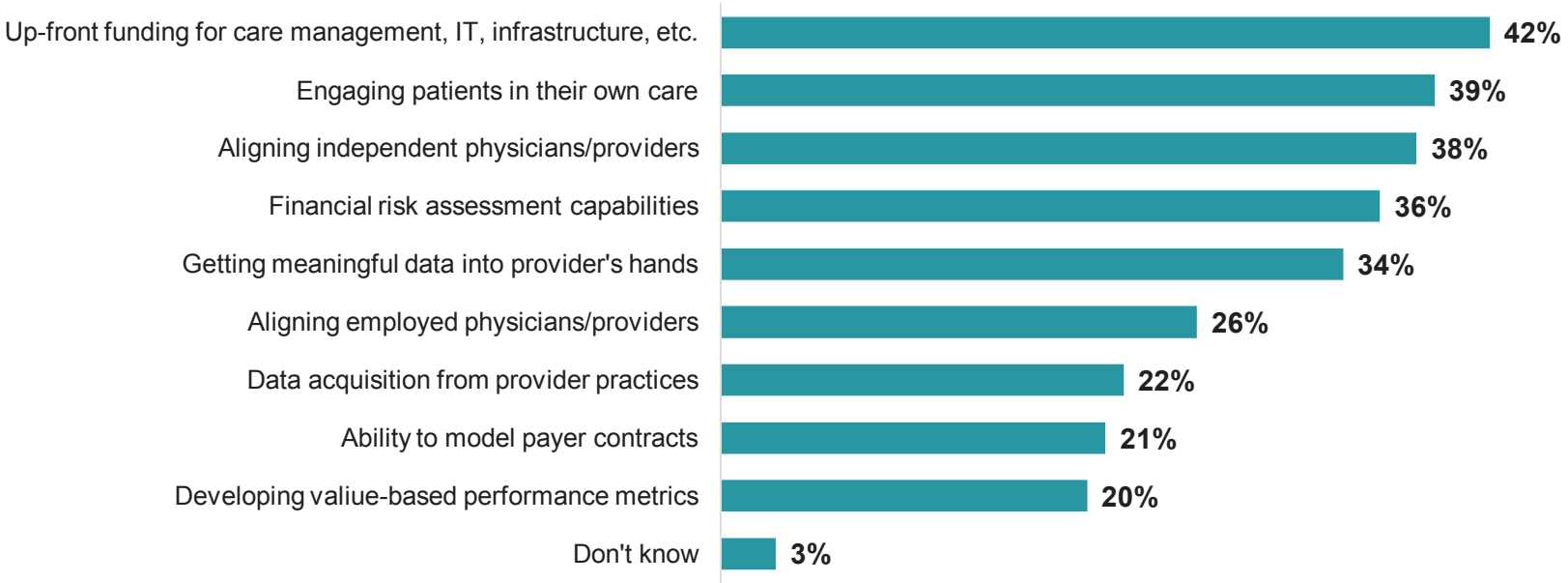
Q: In which areas has your organization redesigned the delivery of care with the intent of supporting population health management?
Within three years, in which areas does your organization expect to have redesigned the delivery of care with the intent of supporting population health management?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Barriers to Population Health Management

Q: What are your organization's three biggest barriers to successfully deploying population health programs?

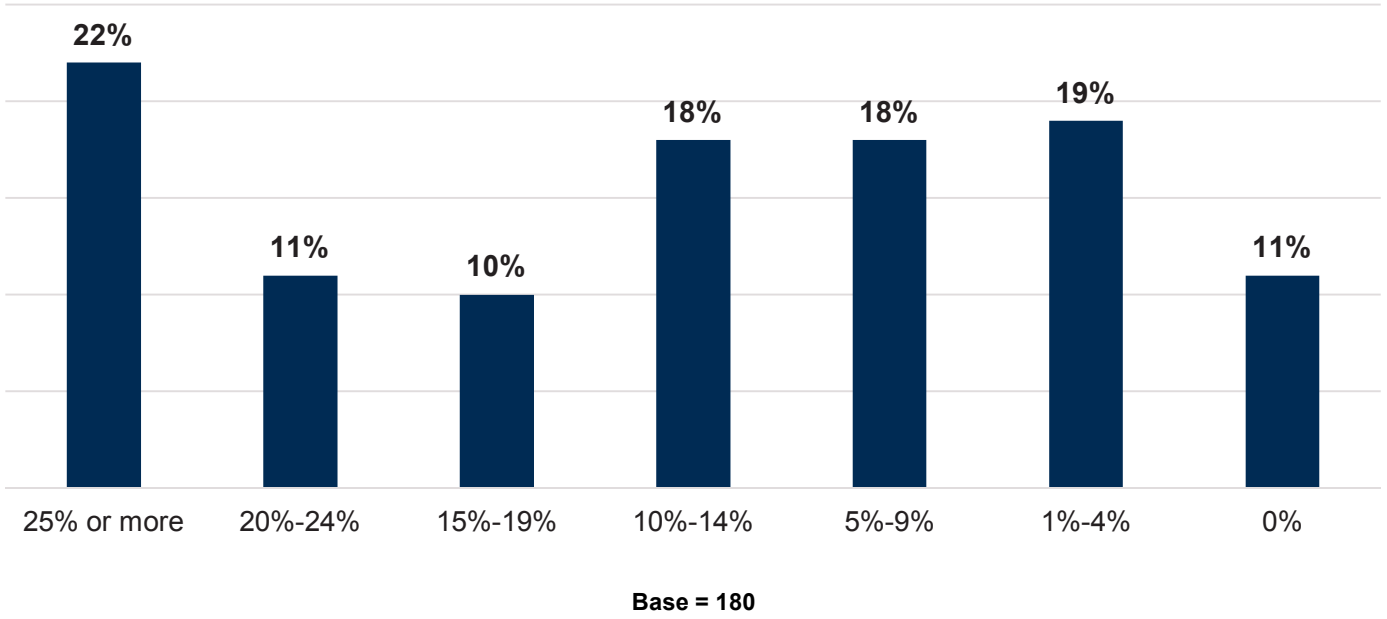


Base = 307, Multi-Response

HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Percent of Net Patient Revenue Attributed to Risk-Based Population Health Management

Q: What percent of your organization's net patient revenue is attributed to risk-based population health management activities that have exposure to profit and loss?

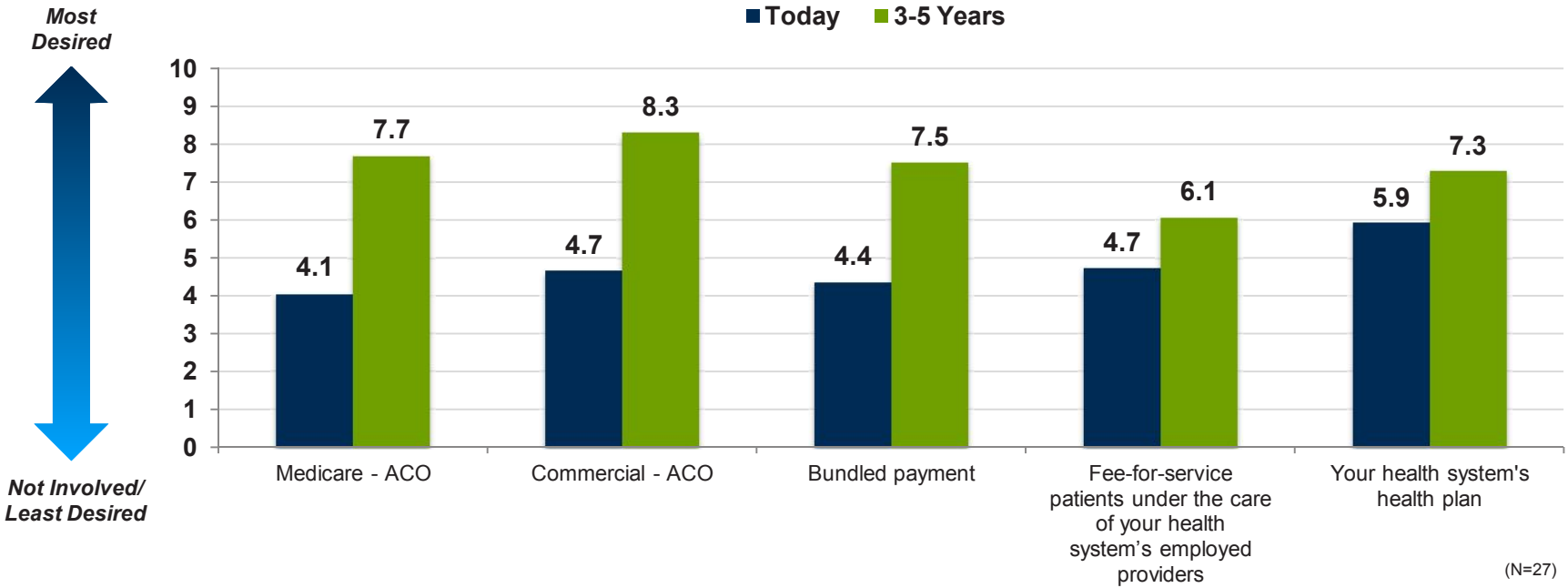


Base = 180

HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Desire to Control Outpatient Treatment Selections to Deliver on Triple Aim Objectives

Q: What is/will be your health system's desire to control outpatient treatment selections to improve your ability to deliver on the Triple Aim for each of these groups under your care, today and in 3 to 5 years? (Please rate from 0 to 10, with 0 being not currently involved in this population, 1 being the least desired, and 10 being the most desired.)



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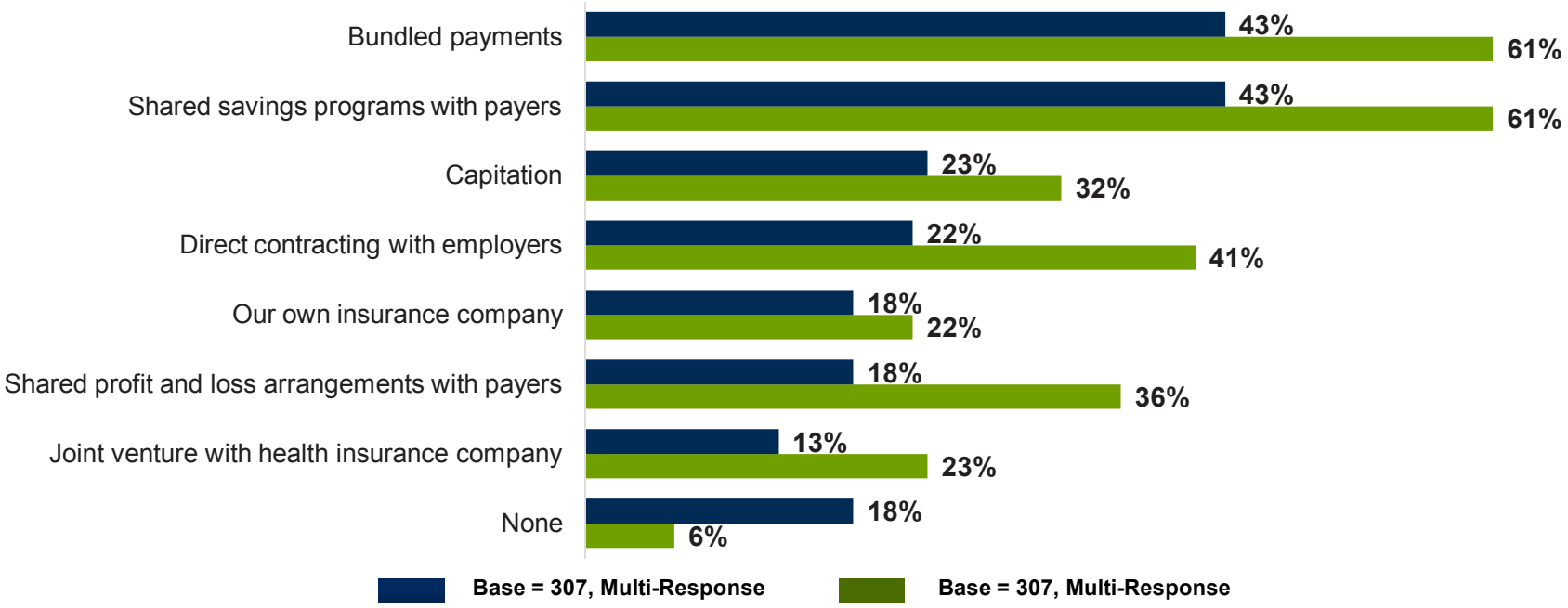
The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Population Health Financial Risk Structures

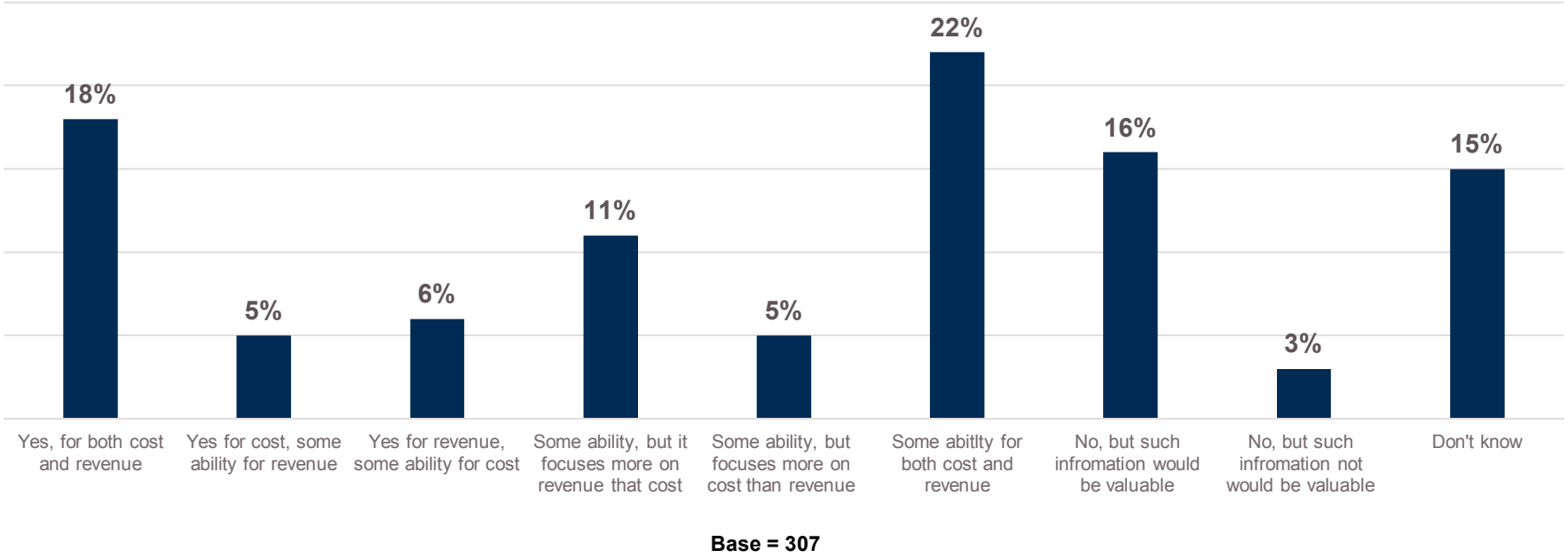
Q: Which financial risk structures does your organization currently use in caring for an identified population?
Within three years, which financial risk structure do you expect your organization to be used in caring for an identified population?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Modeling Patient Costs and Revenues for Value-Based Programs

Q: Does your organization have the ability to model patient costs and revenues for value-based programs?

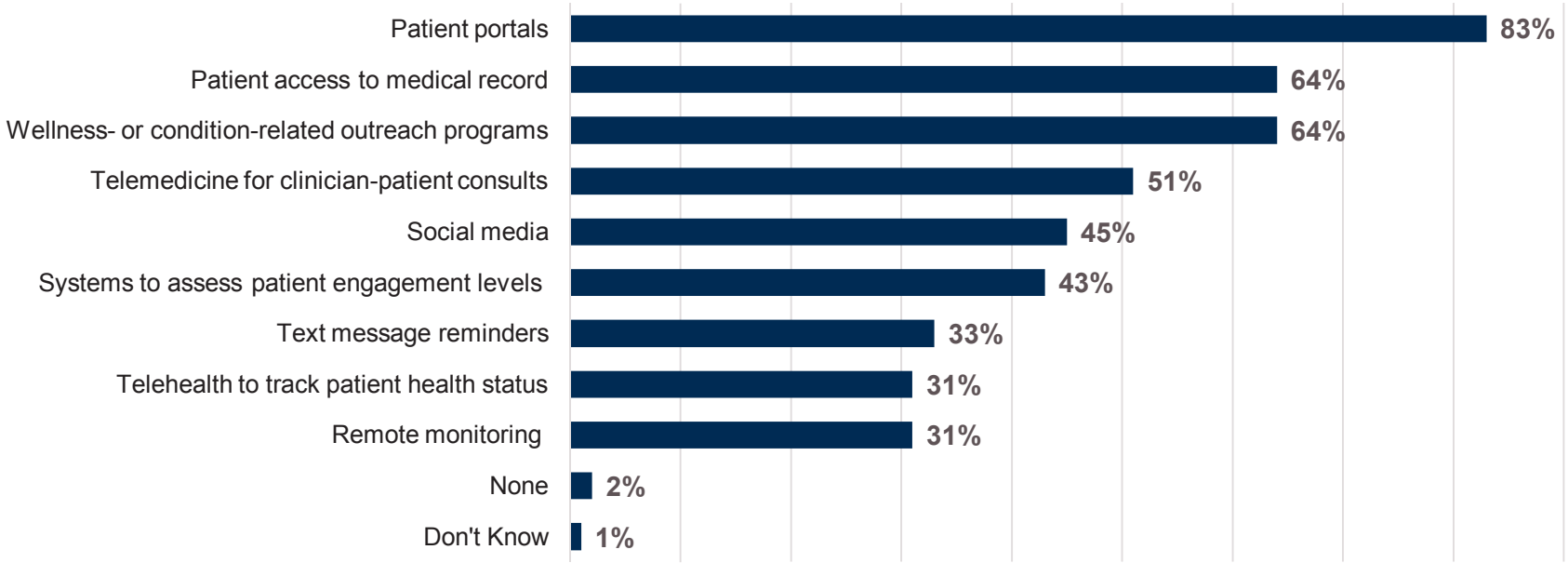


Base = 307

HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Investment in Patient Engagement to Support Population Health

Q: In which patient engagement areas is your organization investing with the intent of supporting population health management?



Base = 307, Multi-Response

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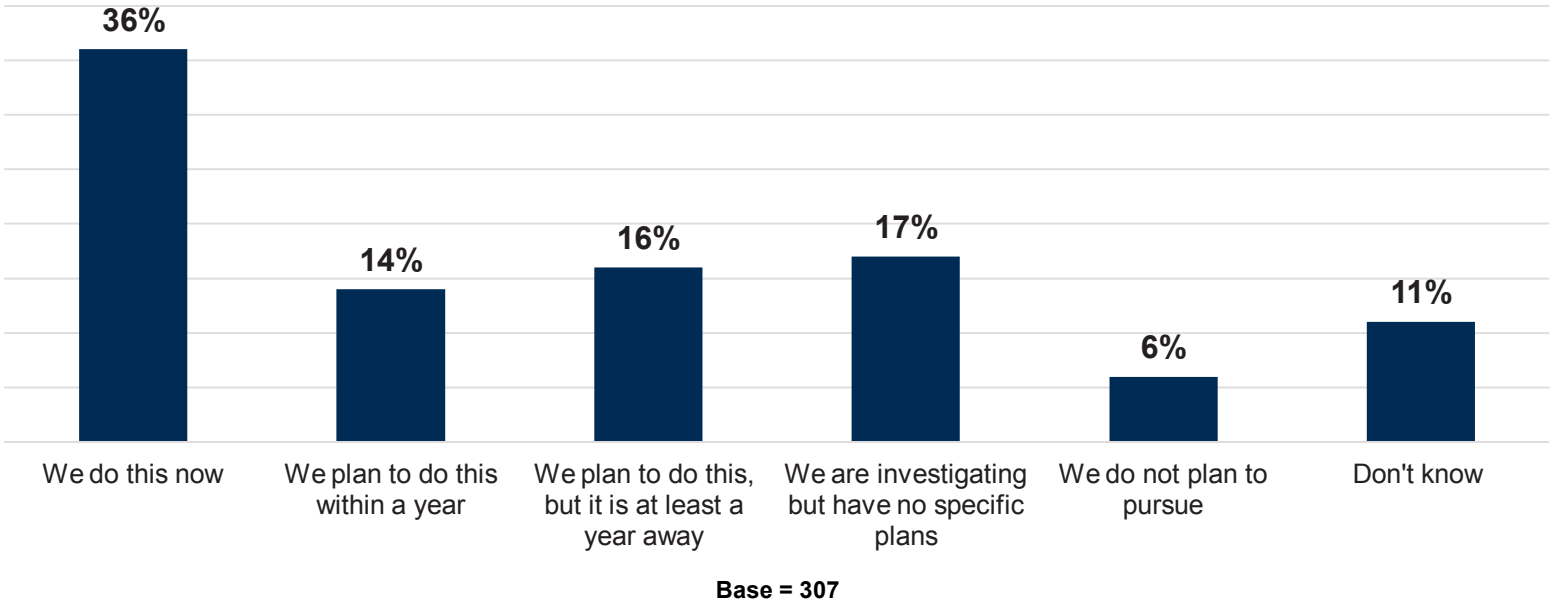
Status of Attributing Responsibility for a Panel of Patients

Q: As part of your organization's population health effort, what is the status of efforts to attribute responsibility or accountability for a panel of patients to a particular physician or physician group?



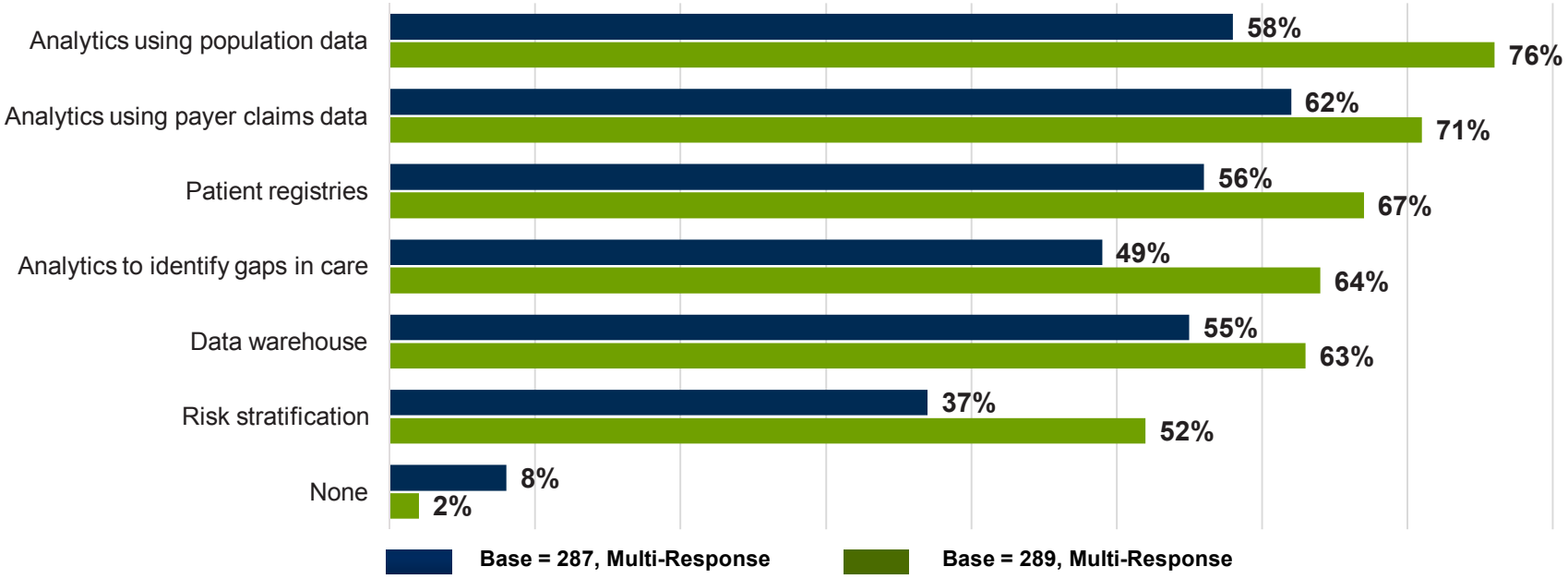
Base = 307

HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

IT Infrastructure Investments to Support Population Health Management Now and Within Three Years

Q: In which areas has your organization invested regarding IT infrastructure capabilities that are directed toward population health management?

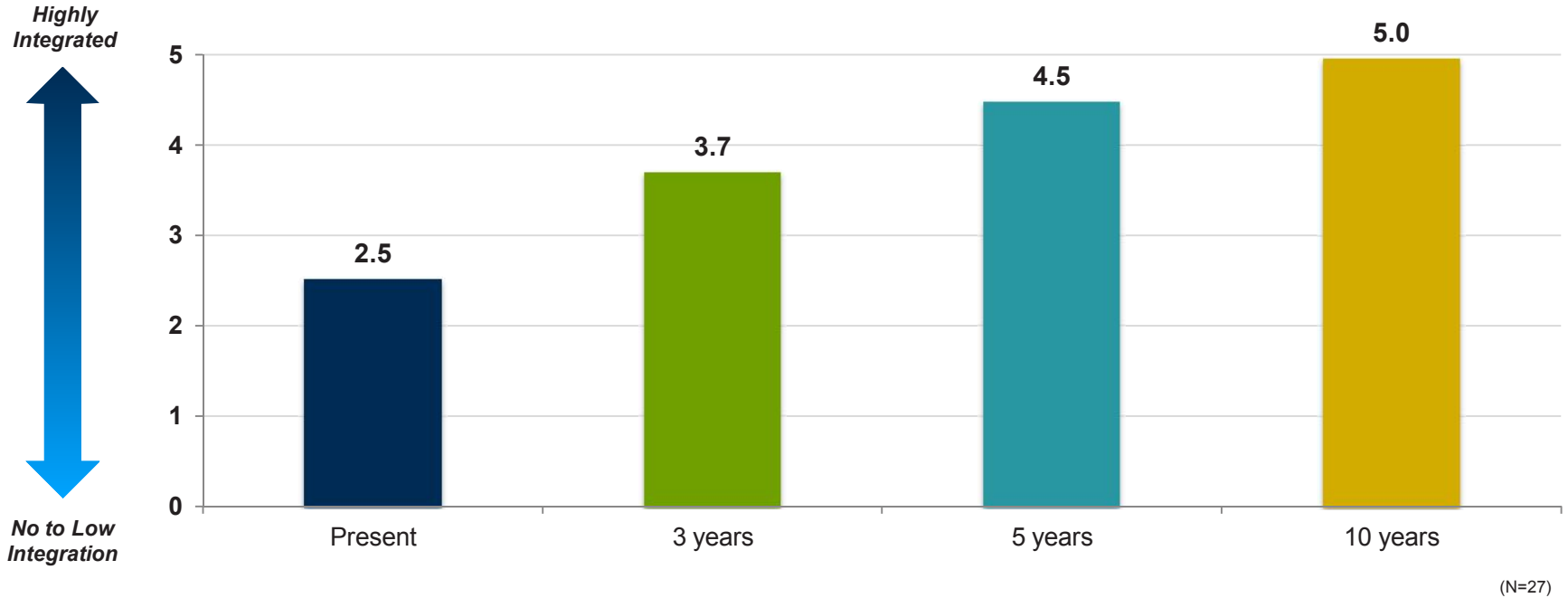
Within three years, in which areas does your organization expect to be investing regarding IT infrastructure capabilities that are directed toward population health management?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Integration of Provider and Payer Responsibilities and Control

Q: Describe how integrated your health system currently is with regard to provider and payer responsibilities and control, from the present to 3, 5, and 10 years from now. (Please rate from 0 to 5, with 0 being low to no integration and 5 being highly integrated, eg, Kaiser Permanente.)



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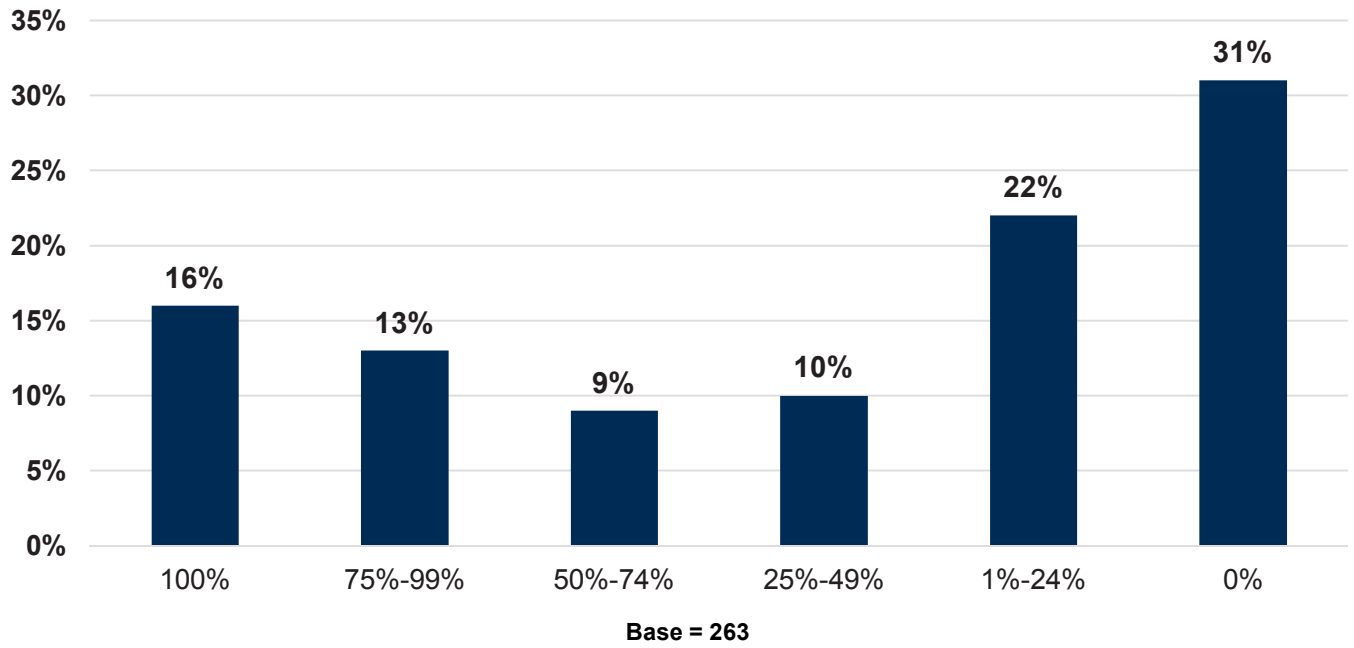
The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Percent of Employed Physicians With Portion of Compensation at Risk for Quality Outcomes

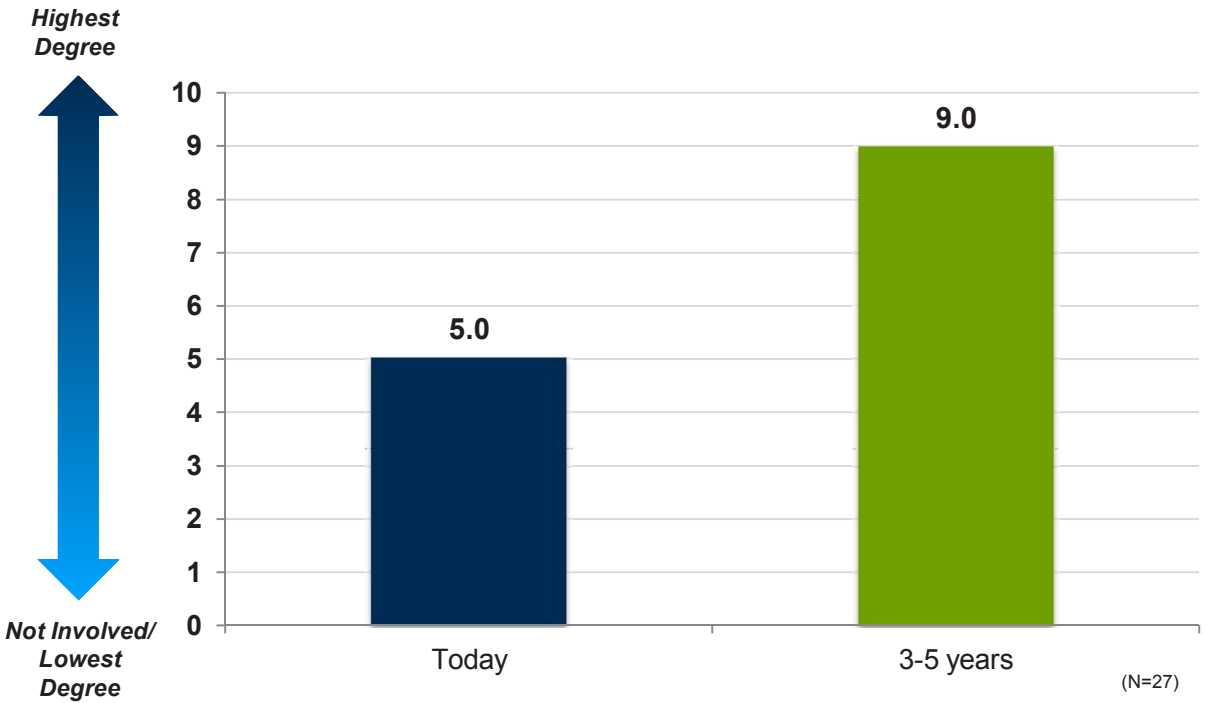
Q: What percent of your organization's employed physician staff now has at least some portion of their compensation at risk for quality-based outcomes?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf. Accessed October 25, 2016.

Use of Outpatient Preferred Drug Lists

Q: To what degree does/will your health system have an outpatient preferred drug list, today and in 3 to 5 years? (Please rate from 0 to 10, with 0 being not currently involved in this population, 1 being the lowest degree, and 10 being highest degree.)

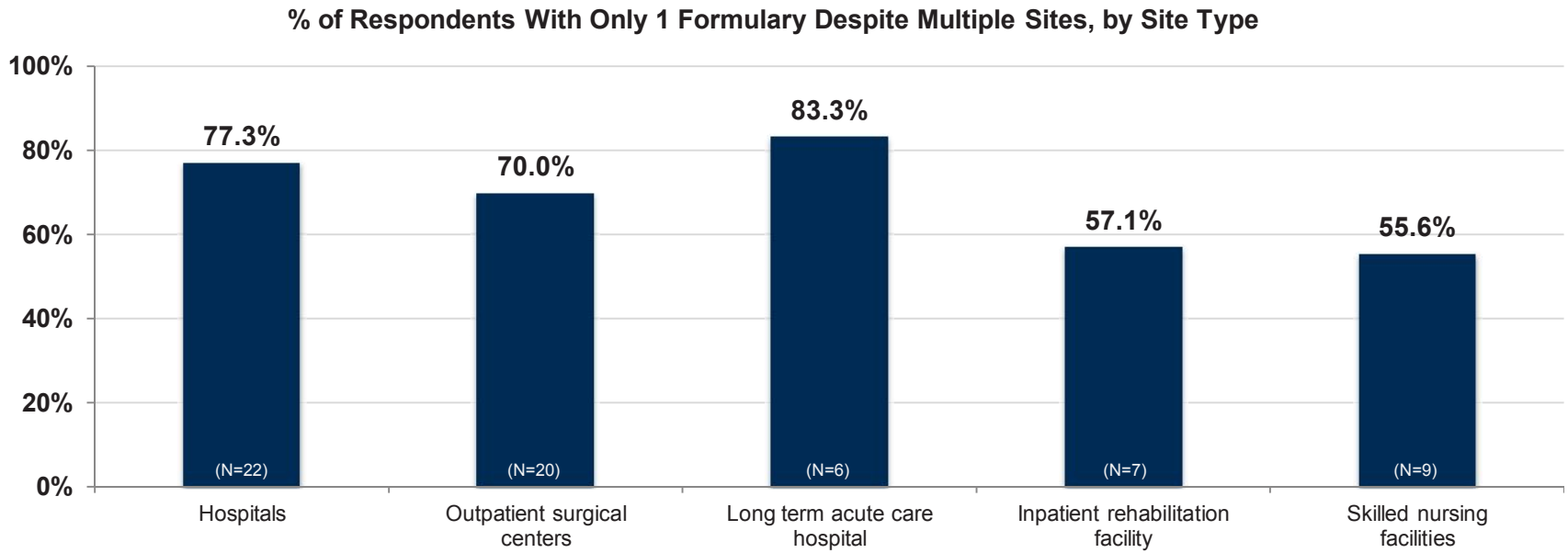


Of those that do not currently have an outpatient preferred drug list today but anticipate one in the future (n=3), 6-12 months was the anticipated timing for initiation

The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Many Respondents Indicate That Their Systems Have a Single Formulary Across Multiple Sites

Q: How many different institutions and formularies does your system currently have?

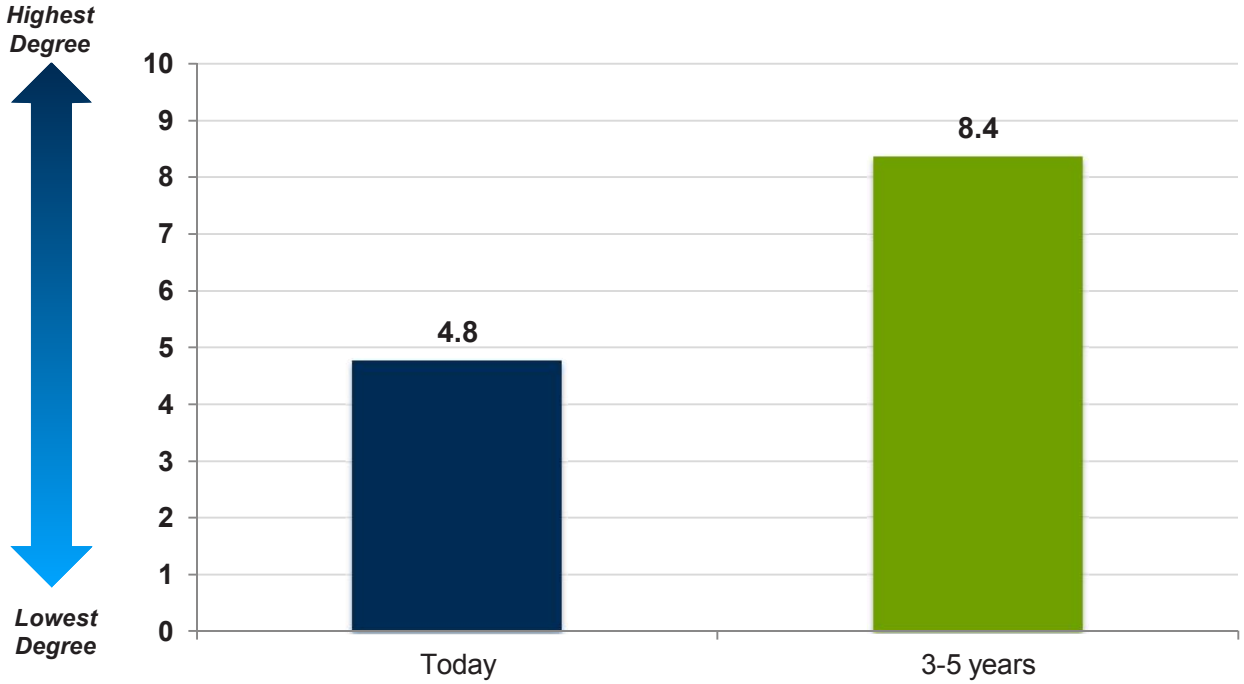


Notes: Figures represent only those respondents indicating multiple sites for a specific site type; no respondents indicated that there was a single formulary across multiple ACO sites

The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Outpatient Preferred Drug Lists Are Projected to Align More Closely With Other System Formularies

Q: To what degree does/will your health system's outpatient preferred drug list align with other formularies your health system may have, today and in 3 to 5 years? (Please rate from 0 to 10, with 0 being not applicable [no outpatient preferred drug list], 1 being the lowest degree, and 10 being the highest degree.)



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The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

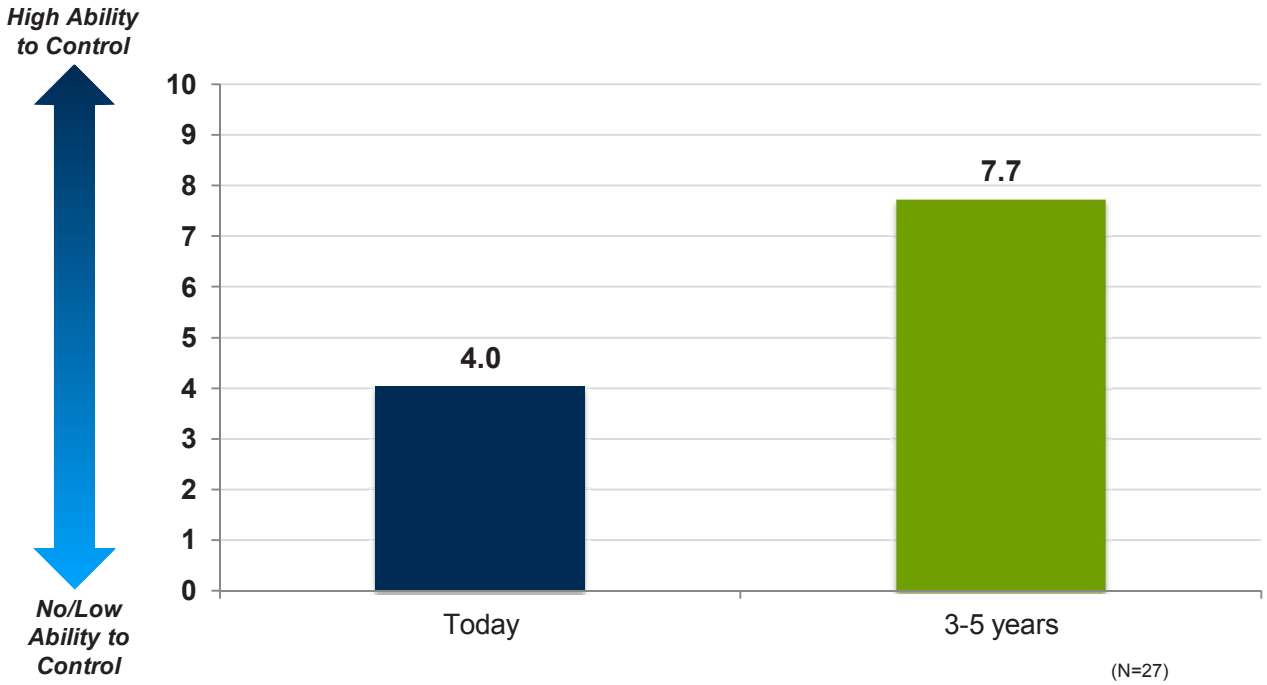
Outcomes, Overall Reduction in Total Cost of Care, and Improved Efficacy Are Leading Factors in Determining an Outpatient Preferred Drug

Q: What is/will be the basis for determination of an outpatient preferred drug? (Please rate from 1 to 10, with 1 being the least important and 10 being the most important.)

The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Many Respondents Believe That Their Health System Will Gain Increasing Control of Treatment Selections to Improve Outcomes

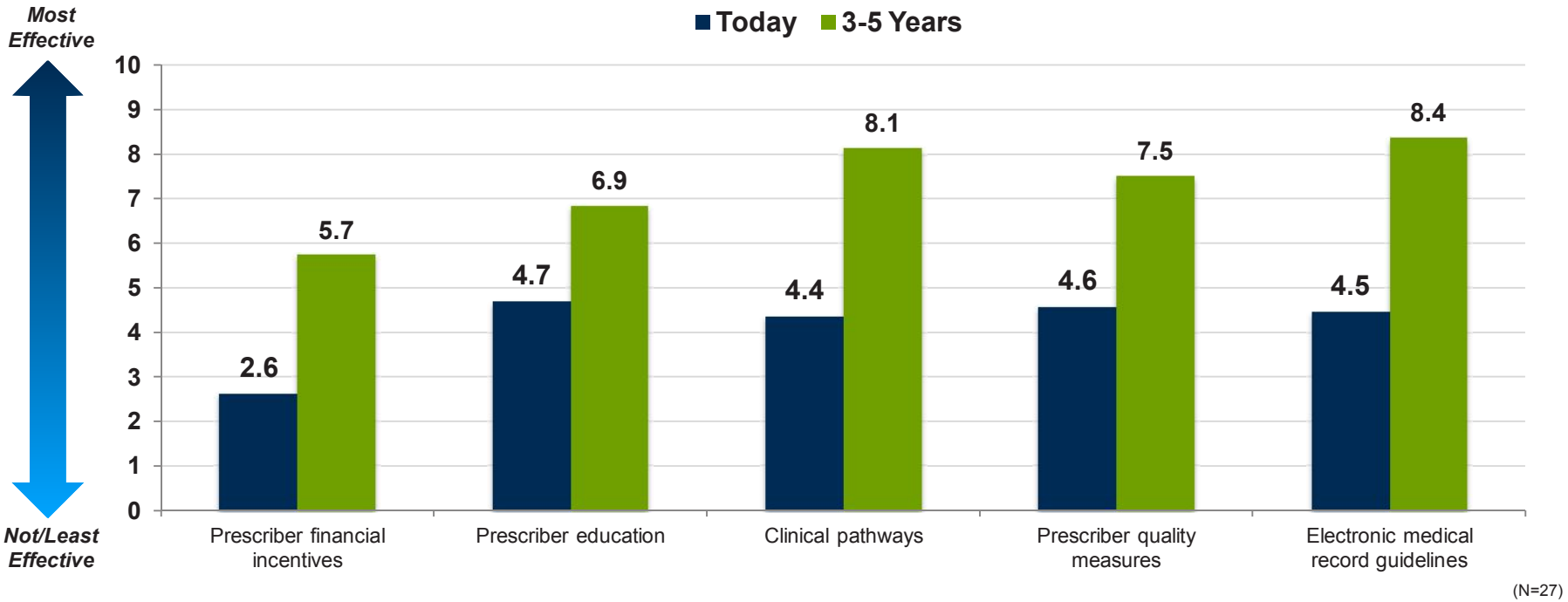
Q: What is/will be your health system's ability to control treatment selections to improve your outcomes, today and in 3 to 5 years? (Please rate from 0 to 10, with 0 being no current ability to control, 1 being a low ability to control, and 10 being a high ability to control.)



The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Increased Effectiveness Is Foreseen Across Key Levers in Terms of Assuring Adherence to Preferred Outpatient Treatments

Q: Rate the effectiveness of each of these levers in assuring adherence to your health system's preferred outpatient treatments, today and in 3 to 5 years. (Please rate from 0 to 10, with 0 being not at all effective, 1 being least effective, and 10 being most effective.)



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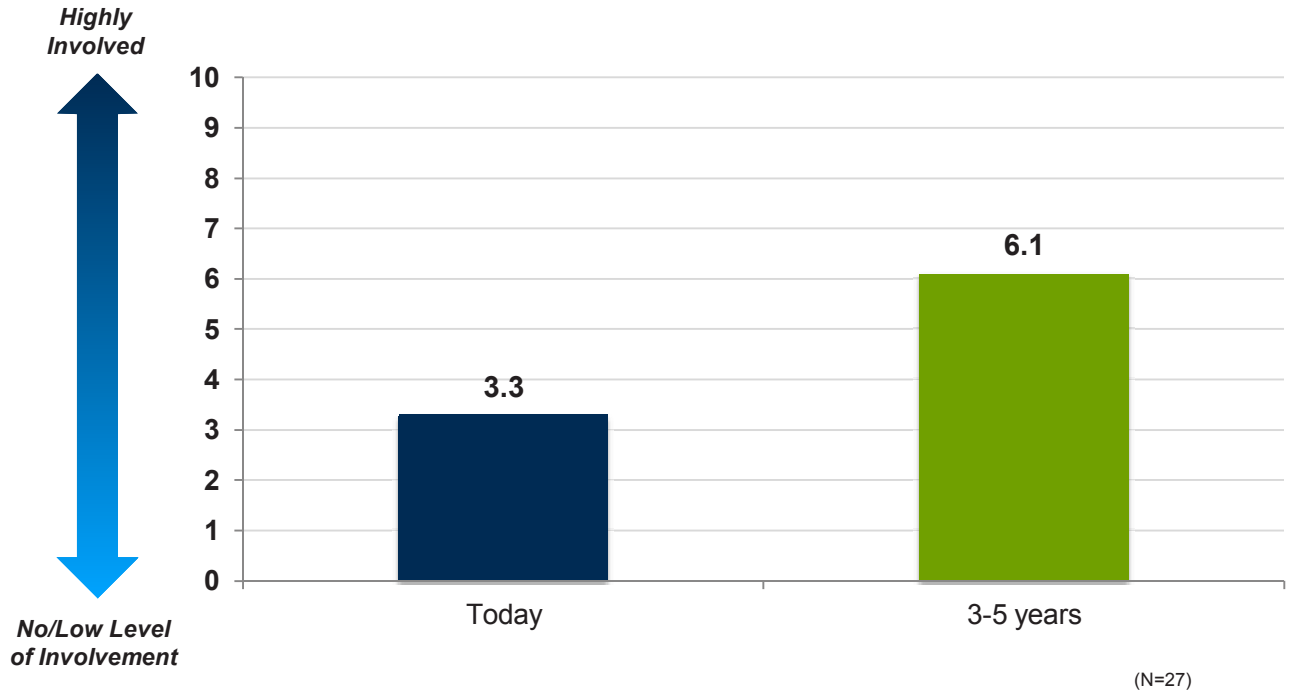
The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Pharmaceutical Manufacturers May Have a Higher Level of Involvement With Health Systems in the Next 3-5 Years

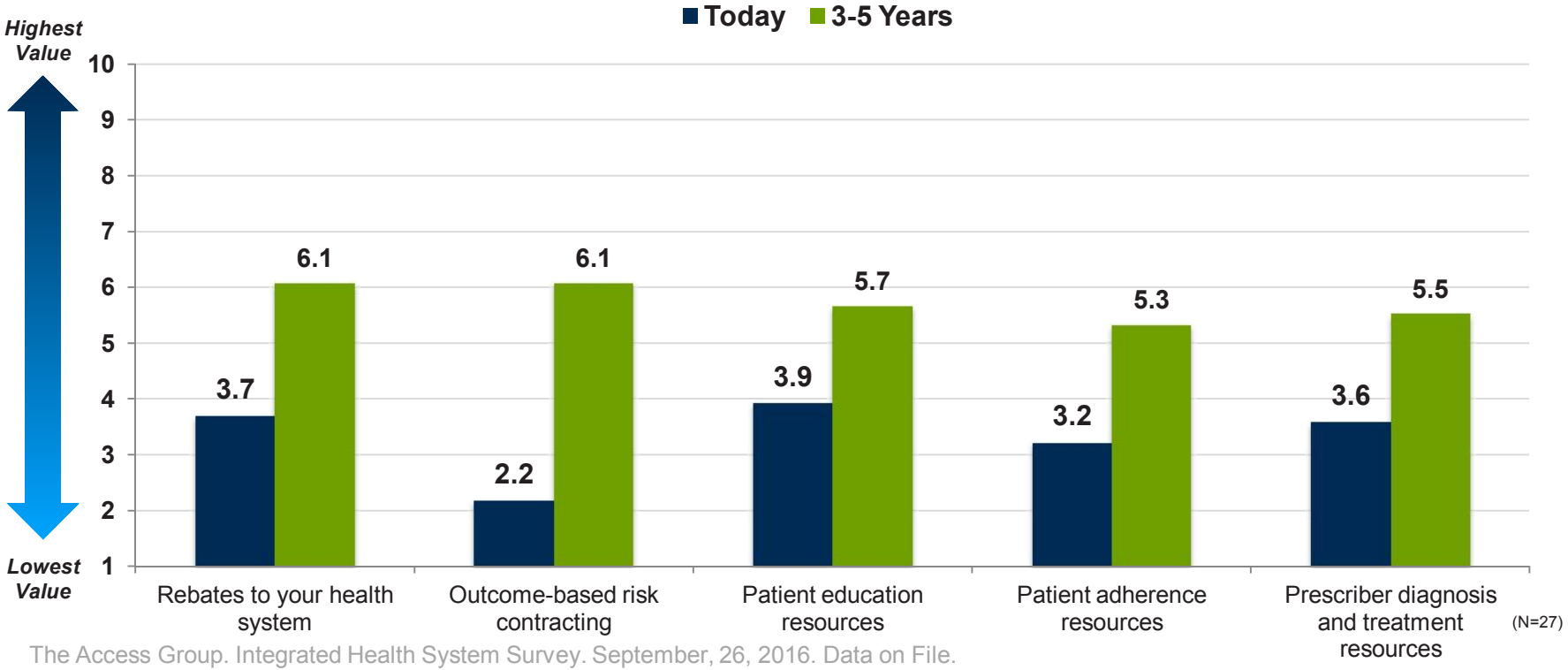
Q: How involved, if at all, is/will be your health system with pharmaceutical manufacturers, today and in 3 to 5 years? (Rate from 0 to 10, with 0 being no involvement, 1 being not very involved, and 10 being highly involved.)



The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Key Services/Offerings From Pharma Manufacturers Are Expected to Increase in Value for Achieving Preferred Status With Systems

Q: Rate the value of the following services provided from pharmaceutical manufacturers to your health system in obtaining preferred status for their treatment, today and in 3 to 5 years? (Please rate from 1 to 10, with 1 being the lowest value and 10 being the highest value.)



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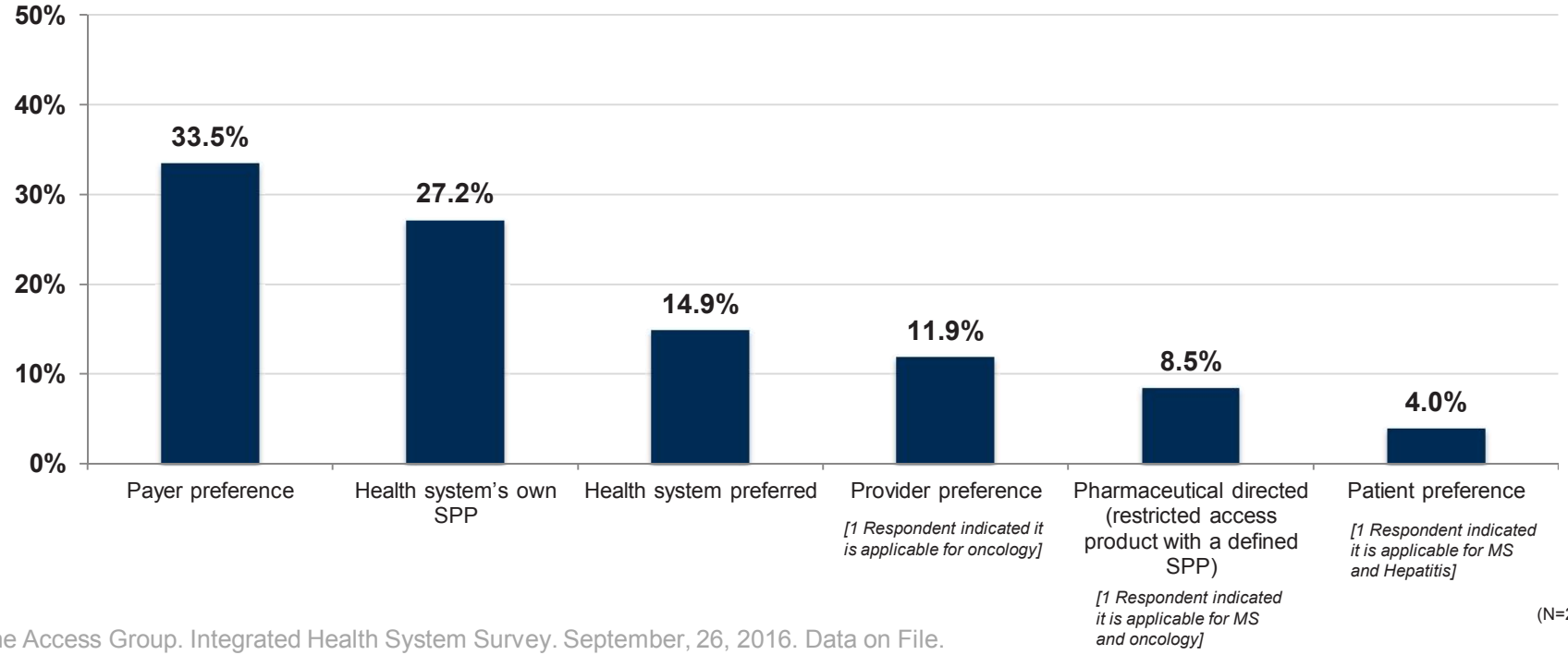
The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Payer Preference Is the Top Driver of SPP Selection, Followed by Usage of the System's Own SPP

Q: When your health system has the ability to choose a specialty pharmacy provider (SPP), what percentage is provided by each of these types of SPP over the course of a typical month? Percentages should add up to 100% in total. Please also indicate next to each percentage if it is applicable for a specific disease state and note which one(s).



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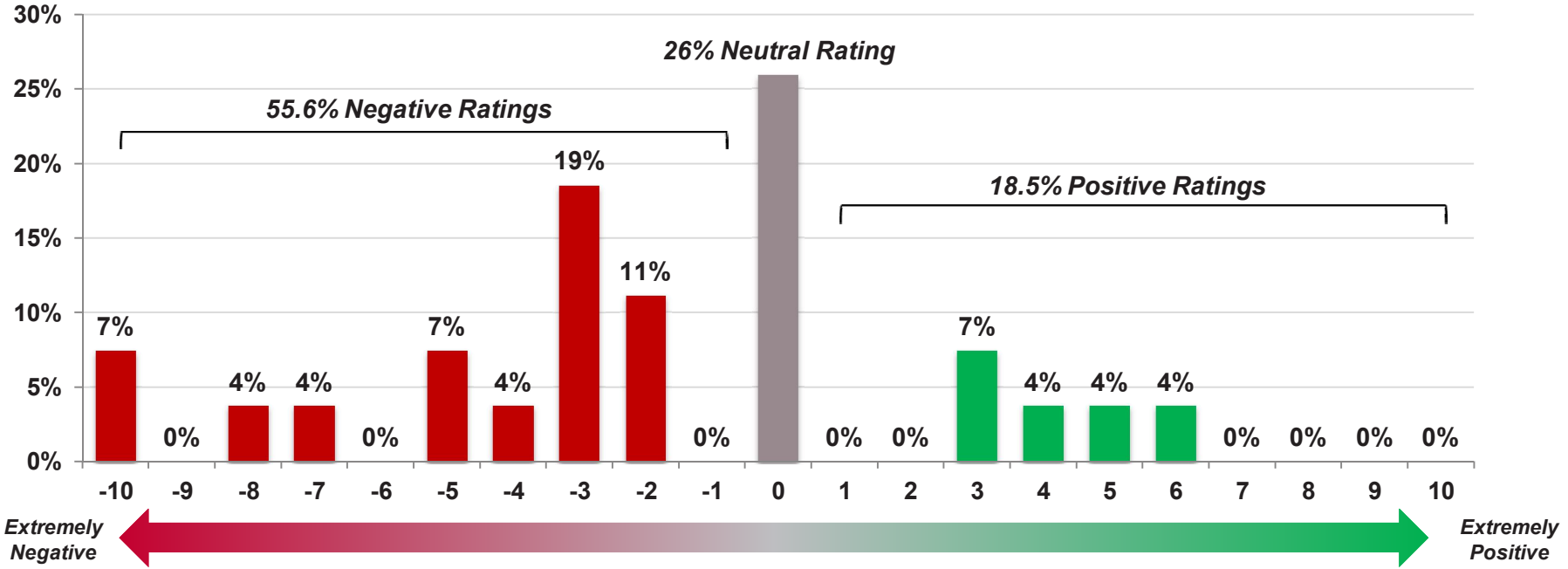
The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Most Respondents Have had Negative Experiences With Restricted-Access SPPs

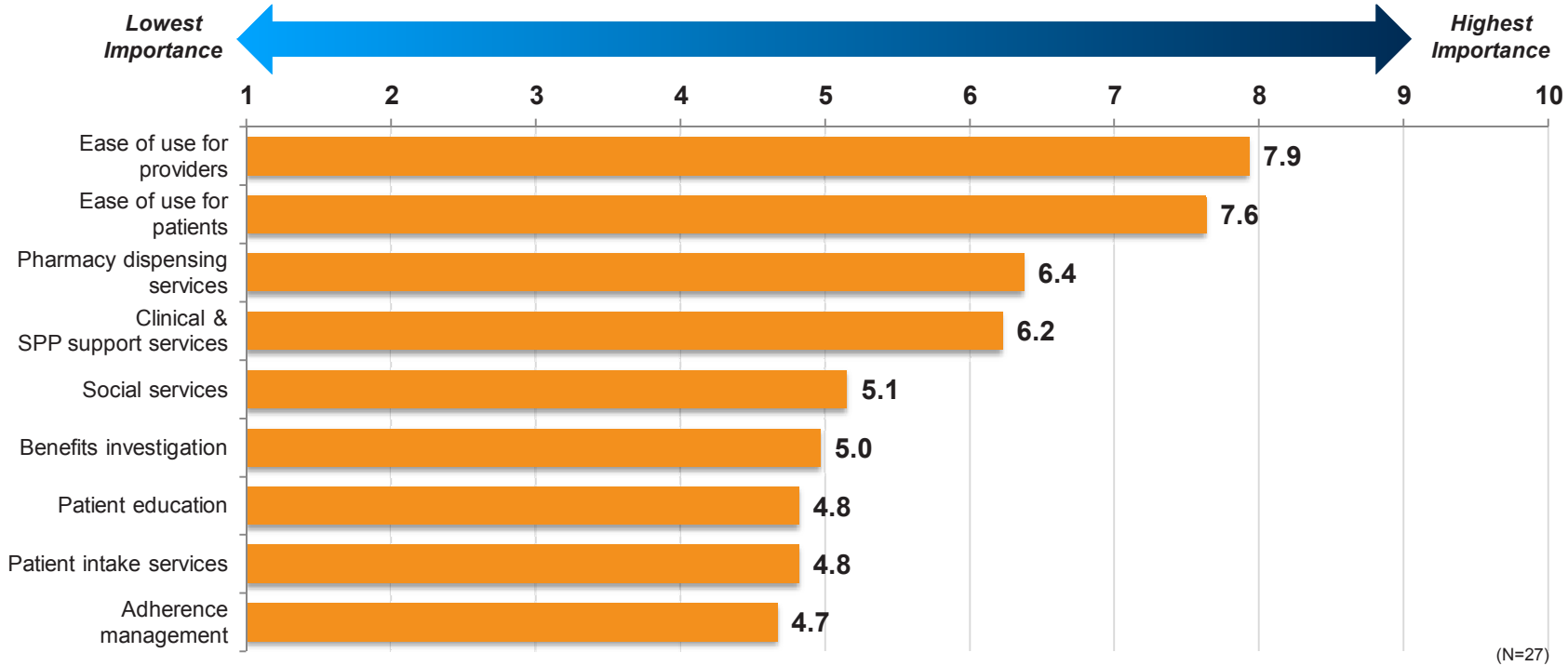
Q: Rate your dealings with a restricted-access SPP. (Please rate from +10 to -10, with +10 being extremely positive, 0 being neutral, and -10 being extremely negative.)



The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Ease of Use Rates Highest Among Providers and Patients as a Driver of SPP Selection

Q: When you have the ability to choose an SPP, what is the basis of that decision? (Please rate importance of each characteristic from 1 to 10, with 1 being the lowest importance and 10 being the highest importance.)



The Access Group. Integrated Health System Survey. September, 26, 2016. Data on File.

Intersection of Health System Reimbursement Models and Pharmaceuticals

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Hospital Readmission Penalties

Responsibility

Medicare readmissions that occur following admissions for heart attacks, heart failure, pneumonia, chronic lung disease, hip and knee replacements and — for the first time this year — coronary artery bypass graft surgery

Prevalence

Hospitals Penalized	**2597**
Medicare Penalties	**$528M**
Penalties per Hospital	**$203K**

Pharmaceutical Factors

Ability to reduce readmissions primarily around the 6 accountable diagnoses, but all readmissions are also a focus

Rau J. Medicare's readmission penalties hit new high. *Kaiser Health News*. August 2, 2016. http://khn.org/news/more-than-half-of-hospitals-to-be-penalized-for-excess-readmissions/ Accessed October 21, 2016.

Comprehensive Primary Care Plus (CPC+)

Responsibility

The goal of CPC+ is to improve the quality of care patients receive, improve patients' health, and spend health care dollars more wisely. Practices in both tracks will make changes in the way they deliver care, centered on key Comprehensive Primary Care Functions: *(1) Access and Continuity; (2) Care Management; (3) Comprehensiveness and Coordination; (4) Patient and Caregiver Engagement; and (5) Planned Care and Population Health*

Prevalence

CPC+ is a national advanced primary care medical home model that aims to strengthen primary care through a regionally-based multi-payer payment reform and care delivery transformation.
Arkansas, Colorado, Hawaii, Kansas, Missouri, Michigan, Montana, New Jersey, New York, Ohio and Northern Kentucky Region, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee

Pharmaceutical Factors

Primary Care focused ability to reduce total cost of care

Accountable Care Organization – Medicare

Responsibility	Total cost of care (exclusive of Medicare Part D drug costs) against ACO's own benchmark and quality measures
Prevalence	Established in 49 states plus Washington, DC, and Puerto Rico, serving more than 7.92 million Medicare patients
Pharmaceutical Factors	Reduction of total cost of care exclusive of Medicare Part D drug costs and achieving quality measures

Fast facts: all Medicare Shared Savings Program (Shared Savings Program) ACOs and Pioneer ACOs. Centers for Medicare & Medicaid Services website. https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/Downloads/PioneersMSSPCombined FastFacts.pdf. Published April 2015. Accessed April 19, 2016

Baseman S, Boccuti C, Moon M, Griffin S, Dutta T. Payment and Delivery System Reform in Medicare: a Primer on Medical Homes, Accountable Care Organizations, and Bundled Payments. Menlo Park, CA: Kaiser Family Foundation. Publication 8837. http://files.kff.org/attachment/report-payment-and-delivery-system-reform-in- medicare-a-primer-on-medical-homes-accountable-careorganizations-and-bundled-payments. Published February 2016. Accessed April 19, 2016.

Accountable Care Organization – Commercial

Responsibility	Total cost of care (medical and pharmaceutical) against ACO's own benchmark and quality measures
Prevalence	132 different payers have entered into at least one accountable care contract. Commercial payers—most notably Cigna, UnitedHealth, and Aetna—have significantly expanded their involvement in ACOs
Pharmaceutical Factors	Reduction of total cost of care and achieving quality measures

Bundled Payment – Comprehensive Joint Replacement

Responsibility	Total cost of care related to comprehensive joint replacement, especially related to post-acute facility based care and rehospitalizations
Prevalence	Implemented in 67 geographic areas, defined by metropolitan statistical areas (MSAs)
Pharmaceutical Factors	Ability to reduce total cost of care related to joint replacement – especially focused on reduction in rehospitalizations

Bundled Payment – Cardiology

Responsibility	Financially accountable for the cost and quality of all care associated with bypass surgery and heart attacks
Prevalence	Mandatory program set for 98 markets financially accountable for the cost and quality of all care associated with bypass surgery and heart attacks
Pharmaceutical Factors	Ability to reduce total cost of care related to bypass surgery and myocardial infarction – especially focused on reduction in rehospitalizations

Bundled Payment – Oncology Care Model (OCM)

Responsibility	Comprehensive patient and care management —controlling the cost of all services through bundled payments for chemotherapy episodes lasting six months. CMS drug Part B drug reimbursement shift from ASP + 6% to ASP + 2.5% plus $16.80 per drug per day
Prevalence	Approximately 195 oncology practices enrolled; also 16 private health insurers are patterning their payment models after CMS
Pharmaceutical Factors	Cost-effective chemotherapy treatments

Provider Plan

Responsibility	Total cost of care at full risk
Prevalence	75 provider-sponsored health plans offered coverage on public exchanges
Pharmaceutical Factors	Ability to reduce total cost of care and attract enrollment

Health Systems' Pharmaceutical Selection Process

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Value Proposition

Articulation of "Product" value in terms that matter to Health Systems.

Contracting

It's important to note that only Provider Plans can contract on price, whereas Health Systems can develop arrangements based on unique service offerings to the Health System and market price.

Health Systems' Enforcement of Preferred Pharmaceuticals

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EMR/Clinical Pathways

EMRs with Clinical Pathways embedded such that providers can not deviate from Health System–preferred treatments.

Provider Financial Incentives

Provider financial incentives can be based on adherence to health system–preferred treatments and accountable outcomes such as total cost of care and quality measures.

Summary

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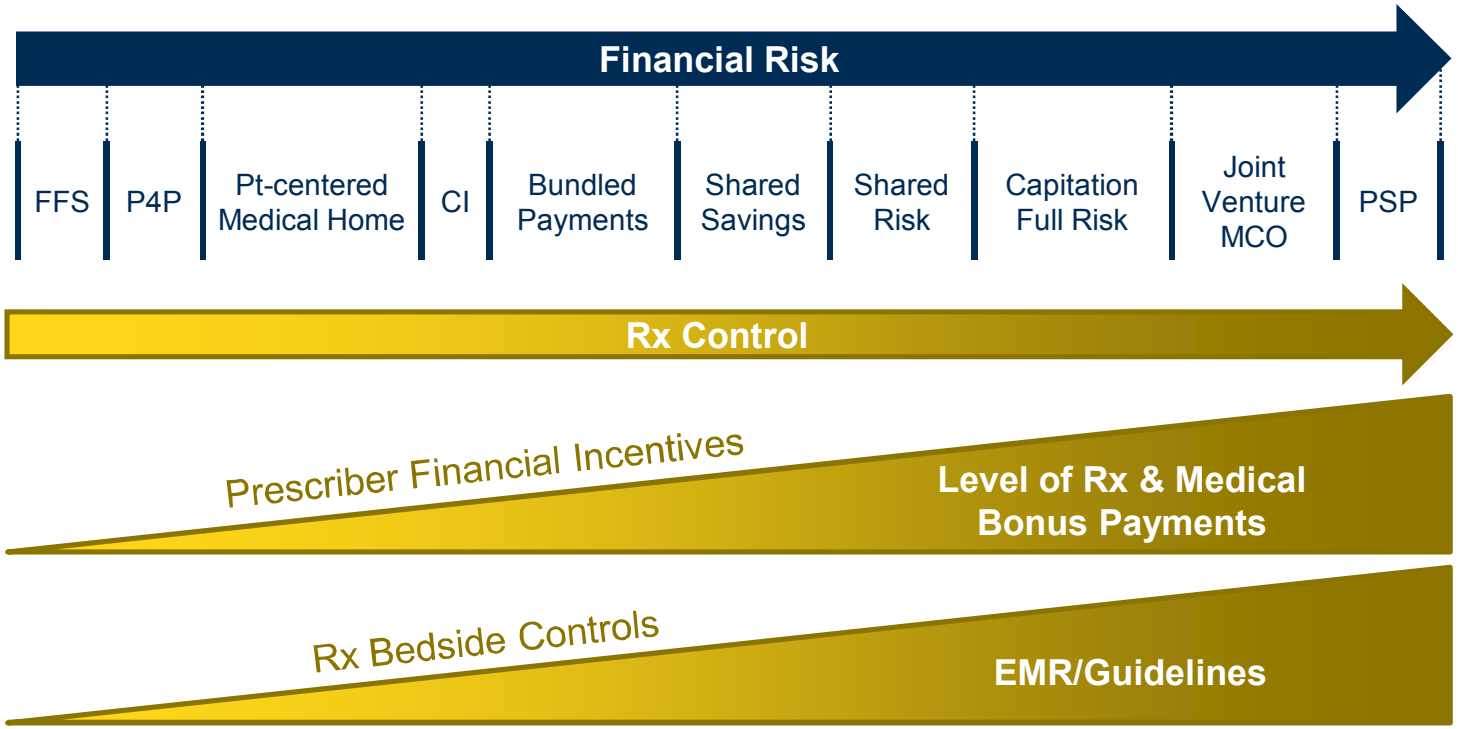
Understand the Health System and Articulate Value in Terms That Matter



FFS=Fee for Service; P4P=Pay for Performance; CI=Clinical Integration; PSP=Provider-Sponsored Plan.

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