

# **Improving Quality and Patient Safety through Delivery System Transformation on the eve of Expanded Coverage**

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# ***Thank You***

- For caring for thousands of people in need every day
- For working to improve our nation's health care system

## Three Takeaways

- We are making progress on Patient Safety and Quality because of payment and delivery system reform
- Delivery System Transformation – to deliver better health, better care and lower costs through improvement - is underway
- We are improving our democracy by improving healthcare as a result of ACA

# Aunt Mary and Aunt Betty

We are very worried.

Everyone is talking about ObamaCare.

But Ricky – What is it?

# The Precursors of Health Care Reform

- Access: 45 Million People Uninsured
- Poor Quality Outcomes
- Chronic Disease Epidemic – obesity etc.
- Baby Boomers entering Medicare
- Unsustainable cost of care for all
- Widespread patient dissatisfaction

# **A Broken Social Contract**

## **45 Million people (population of England) without access to care**

- Getting care in the ER is not a substitute
- People were dying unnecessarily
- Locked into employer coverage if lucky
- People with preexisting conditions - out of luck
- Plan Executives denied insurance to those who needed it most

**Almost no one was happy with their role  
in the system.**

# **The Affordable Care Act**

## **Fixing a broken social contract**

- More covered = lives saved
- Delivery System is essential
- This is an Historical Moment
- Our grandchildren will read about our work
- Take a moment to consider what we are doing

# Affordable Care Act addressed all precursors

Title 1 – Insurance Market Place Reform

Title 2 - Medicaid Expansion

Title 3 - Improving quality and efficiency of the health system

Title 4 – Disease Prevention and Public Health

Title 5 – Improving the Work Force

Title 6 – Transparency, Fraud and Abuse

Title 7 - Access to Medical Therapeutics

Title 8 - Class Act – community living assistance program

Title 9 – Revenue

Title 10 - Amendments

# Title 1 - ACA – marketplace reforms

- Current Plans
  - Dependent age to 26 – 3 million students covered
  - No Pre-existing conditions - no medical underwriting
  - No Lifetime maximums
  - Limited age sex adjustments to price
- Health Exchanges
  - Individual and Small Group and coop plans
  - Subsidies up to 400% FPL
  - Standard benefit packages
- Individual Mandate to improve pool
- Employer mandate - > 50 - incidental

## **Title 2 – Medicaid Expansion: 10 million adults – Federal Government to pay**

- Supreme Court Decision
- 24 States moving forward
- 6 Uncertain
- 21 States no
- Likely 2014 Impact – 5 million covered,  
5 million not – most in the south

## **Coverage impact: CBO - 34 million to gain coverage**

- 22 million in exchanges
- 12 in Medicaid expansion
- Uninsured decreases from 55 to 30 million

## Title 4 – Prevention and Public Health

- Improved Access to Preventive Care
  - Medicare benefits improvement
  - Medicaid demonstrations
- Prevention and Public Health Fund - \$15 B over 10 years
  - Community Transformation Grants – CDC - to communities for chronic disease prevent
- Nutrition labeling of chain restaurants
- Evaluation and support of wellness programs

## Titles 5, 6 and 9

- HRSA - \$11 B in funding for new sites to support newly covered and Medicaid expansion – safety net expansion
- Fraud and Abuse : Sunshine law, new focus, new tools - \$ 4 B in savings in 2011

# Thousands of dedicated Federal Employees are working through many obstacles

- Focused on implementation despite:
  - Budget cuts
  - Threatened shutdowns
  - Furloughs
  - Personalized criticism
- Hard working and smart
- Doing this for all of us
- Getting it done

## ACA Title 3: Improving the Quality and Efficiency of Care

- We cannot afford the coverage anticipated under ACA if we do not **improve cost and quality**
- It is possible – we have seen it in action in many places – but only piecemeal

# To get there we need delivery system and payment transformation

***Current State –  
Producer-Centered  
unsustainable  
Un-Safe***

***Volume – Revenue  
poor quality outcomes***

***Current payments –  
part of the problem...***

- Fragmented payment systems (IPPS, OPSS, RBRVRS)
- Fee-for-service payment model
- Lack of Transparency

**PRIVATE SECTOR**

**PUBLIC SECTOR**

***Future State –  
People-Centered  
sustainable  
Safe***

***Three Part Aim High  
Quality Outcomes***

***Public and Private  
Payers are  
part of the solution...***

- ACOs
- Episode-based payments
- Value-based purchasing
- Patient Centered Medical Homes
- Data Transparency

## Transformation: A mindset change first

*Every clinician and health care administrative person starts every day believing that **success** – is directly related to their ability to **achieve better health, better care, and lower costs through improvement for their population***

*and*

*that they have the **knowledge and tools** necessary for success.*

## **Transformation Mindset Change: “What will I produce, volume or population value”**

- Changing the business model is key
- Reward the results we want
- Support care redesign
- Provide options
- Provide a push
- Generalized mind set vs. teaching to test

# Changing the Mindset

## ACA Title 3: Initiatives to Improve Cost and Quality

- Value Based Purchasing
- Readmission Penalties
- Shared Savings ACO Program
- Increased Primary Care Payments
- Physician Quality Reporting System
- Health Workforce Initiatives
- Hospital Compare
- Medicare Advantage 5 Star Program
- Value Modifier for Physicians
- Resource Use Reports for Physicians

## **ACA Title 3 (cont.)**

### **Center for Medicare and Medicaid Innovation**

- New Care and Payment models to drive triple aim outcomes
- Funding and Paperwork Reduction Act
- Ability to Scale successful Models
- Secretary can scale models nationally

# CMS has built a sizeable set of Innovative Models

- ACO Initiatives
  - SSP ACO
  - Pioneer ACO
  - Advance Payment ACO
  - ESRD ACO
- Primary Care Initiatives:
  - Multi-payer Advanced Primary Care
  - Comprehensive Primary Care
  - Independence at Home
- Bundled Payments for Care Improvement
  - Model 1 – Gainsharing
  - Model 2 – Acute and Post-Acute Retrospective
  - Model 3 – Post-Acute Retrospective
  - Model 4 – Acute Prospective
- Scaling Initiatives
  - **Partnership for Patients**
  - Million Hearts
- Medicaid Initiatives
  - Incentives for Healthy Behavior
  - Strong Start for Moms and Newborns
  - Health Homes
- Dual Eligibles Initiatives
  - Capitated Model
  - FFS Model
  - Nursing Home Initiative
- States
  - State Innovation Models – Design and Testing
- Innovation Awards
  - Round 1
  - Round 2

# The Goal: Market Driven Accountability for three part aim outcomes

**Better health:** Better health as measured by individual and population metrics

**Better health care:** Improved experience of care measure by *Safety, Effectiveness, Patient-Centeredness, Timeliness, Efficiency, and Equity metrics*

**Reduced costs:** Lower total cost of care through improvement

# Partnership for Patients

## A \$1 Billion Effort to Improve Patient Safety

- Aims:
  - 40% reduction in HAC's
  - 20% reduction in Readmissions
- Key Drivers:
  - 26 Hospital Engagement Networks (HENS) > \$200 M
  - National Content Contractor
  - High Performing Network
- Engagement:
  - 4,000 Acute Care Hospitals
  - 8,000 total Partners
- Management Approach:
  - Monthly reporting of progress across all hospitals
  - Regular
- Tracking results of all VBP impact on Patient Safety :
  - Readmissions decreasing for first time
  - Improving HAC rates

# Improving Quality and Patient Safety

- Everyone wants to do a great job
- Everyone is working hard
- Everyone believes their outcomes are great
- There has been some improvement – Central Line Infections
- But – still >80,000 die annually from HAC's

## **Can payment and delivery system reform serve as levers to improve quality and patient safety?**

- Yes!!!
- And they are starting to have an impact

## **Can quality and patient safety be optimal without payment and delivery system reform?**

- No
- The past ten years has demonstrated that widespread
- improvement will not occur in present context.

# Industries have dramatically improved quality and safety

- Airlines – tight regulation and industry reengineering
- Food – FDA inspection – on site!
- Cars – through bankruptcy
- Hospitals? - ACA

How long did it take for the marketplace to resolve this safety issue?



# Why has it not changed?

## The Business Case for Poor Quality

- More admissions
- More reimbursement
- Keep the Medical Staff happy
- It is harder work than revenue cycle
- Absence of market drive
- Others: ?

# Why it Persists

- Limited Regulatory Action
- Professionalism – Culture of Hospitals
- Lack of Market Attention
- Broken Market for Health Care
- Ability of industry to argue about measurement and deflect criticism
- Other reasons?

# What does a real effort to improve look like?

- Broad based activity – not one initiative at a time
- Culture of Safety addressed
- Staff empowerment
- Medical staff mourning
- Rigorous Measurement and Engineering - dispersed
- More??

# What can we do to drive improvement

- Support new models of Accountability
- Work with the Partnership for Patients
- Engage Major Employers and Payers on Pt. safety
- Support Value reporting on Exchange Plans
- Advance the science of measurement and improvement
- Encourage Private Payers to follow CMS on VBP
- Support efforts to improve VBP
- Insist on Board Reporting

# ACA Implicit Theory of Action to drive Delivery System Transformation

- Value Based Purchasing
- Offer voluntary new business and clinical models:  
ACOs, Medical Homes, Bundled Payments
- Test other new payment models that will support transformation through CMMI
- Work with Private Sector to get maximum effect

# Where are we today

## Quality and Efficiency improving

- Lowest Medicare per capita Trend for four years -.4%
- Medicaid trends at the lowest rate ever - negative
- Readmissions – 70,000 fewer last year
- Commercial medical cost trends are low as well
- MA Plans improving Quality significantly
- People are moving into MA Plans that are high quality
- Pioneer ACOs demonstrating quality improvements and some decreased costs

# Where we are today: Building Momentum in Delivery System

- 250 ACOs serving 4 Million Medicare
- 2000 medical homes serving > 1 million
- 300 hospitals set to do BPCI
- 107 Innovation Award Sites testing new models
- Many more private sector initiatives
- Most hospitals and many docs thinking about transforming
- Entrepreneurial activity
- New industry segments coming to life
- On the Tipping Point?

## Where we are today

### Private Sector

- ACO Style Contracts multiplying
- Value Based Benefit Designs
- Value Network Products
- Exchange Plans with narrow networks

# Putting it all together: Transformation Forcing Functions are emerging

- Public Payers:
  - Readmission Penalties
  - Value Based Purchasing Penalties
  - ACOs
  - SGR Fix
  - Duals and State Innovation Models
- Private Sector:
  - Commercial limited networks
  - Waning Provider leverage ?
  - Pricing Transparency
  - Prices perceived as hitting a wall
- Market Place:
  - Exchange Plans, limited Network Products

## **You can help build this momentum**

- Understand the issues
- Continue your improvement work
- Support the Partnership for Patients
- Support exchange enrollment this fall
- Drive providers to transform
- Take action in your community to voice you expectations
- Talk with your colleagues – demand excellence
- Talk to Board members
- Talk with other providers

# Fixing Health Care

## Improving the Social Contract

- It is a public – private partnership
- Market based and market driven
- Makes doing what is right easy
- It is why we went into Health Care
- Success depends on all of us making it work
- Success creates a stronger democracy

**Thank you for working to  
improve our system**

## Who are the uninsured?

- 17% at some time in 2013
- 16% for entire year
- Employer sponsored decreasing from 64% to 52%
- 32% < \$25,000
- 19% > \$75,000
- 50% between \$25 to \$75,000
- Disproportionately 18 – 34 (better now)
- 46% White
- 16% Black
- 30% Hispanic

# Initial validation and lessons from Pioneers

- Improvement in Quality is possible
- Financial Impact – it is possible to make a big difference in FFS Spend
- Financials are complicated
- Controlling Costs is not easy
- There is still lots for all of us to learn
- We won't get everything right first time
- Provider Payer Partnership is critical
- Not everyone is ready for risk