

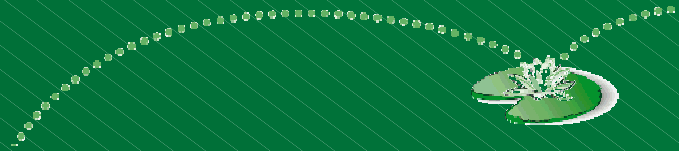


THE LEAPFROG GROUP
for **Patient Safety**
Rewarding **Higher Standards**

Founded by the Business Roundtable
with support from the Robert Wood Johnson Foundation

Purchaser Initiatives

Suzanne Delbanco, CEO
August 23, 2004



The Leapfrog Group's Mission

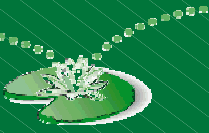
Trigger giant leaps forward in the safety, quality and affordability of health care by:

- Supporting informed health care decisions by those who use and pay for health care
- Promoting high-value health care through incentives and rewards

Who We Are...

- **More than 155 large health care purchasers**
- **More than 34 million Americans**
- **More than \$63 billion in health care expenditures**

Employers' View of Necessary Changes



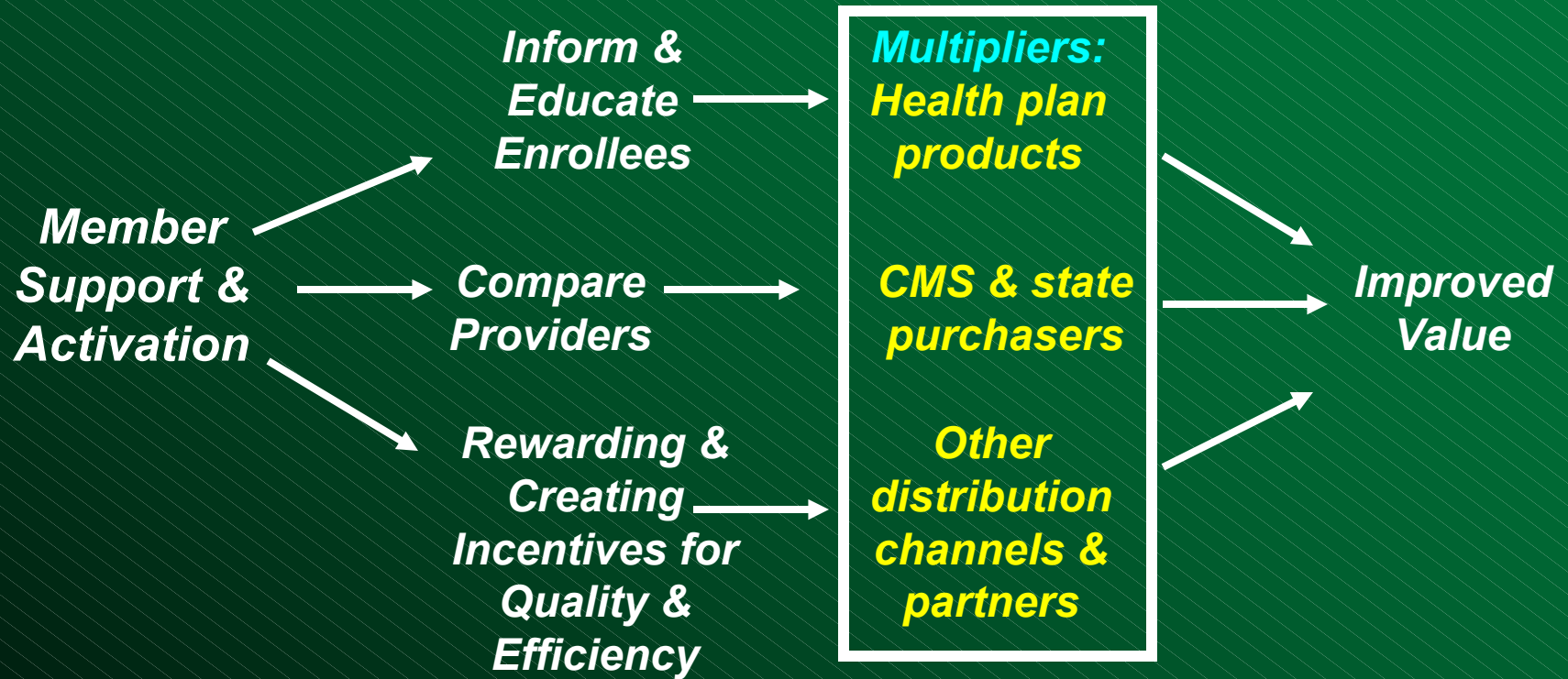
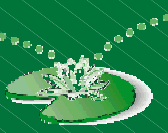
#1: Everyone Needs to Be Covered

#2: Address Costs by Increasing Quality and Efficiency . . . Enabled By IT Infrastructure and Decision Support

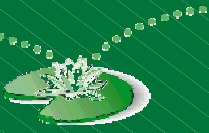
#3: Achieve #2 Through:

- ❖ **Transparency:** Public Release of Performance Measures
- ❖ **Incentives:** Patients Incentivized to Choose Higher Quality
- ❖ **Rewards:** Clinicians Paid More for Higher Quality

Review of The Leapfrog Operating System



Leapfrog Leaps, Today and Tomorrow

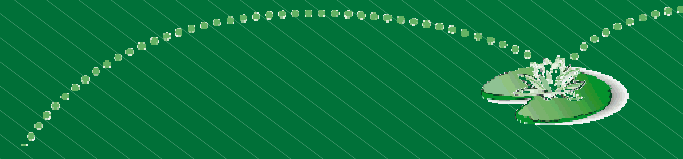


Today

- CPOE, IPS, HER
- National Quality Forum's 27 Hospital Safe Practices
- Physician Office Clinical Decision Support
 - E-prescribing, E-lab results management, and E-care reminders
 - Coordinated development with AHRQ and CMS
 - Implemented by Bridges To Excellence

Tomorrow

- Leapfrog Hospital Rewards Program



23 Roll-Out Regions

First Wave

- California
- Seattle/Everett/Tacoma
- St. Louis
- Michigan
- East Tennessee
- Minnesota
- Atlanta

Second Wave:

- Dallas/Fort Worth
- Colorado
- Kansas City
- Wisconsin
- Savannah
- Metro NY & Western CT
- Rochester NY
- Massachusetts
- New Jersey
- Central Florida
- Memphis

Third Wave:

- Maine
- Illinois
- Hampton Roads, VA

Fourth Wave:

- Reno, NV

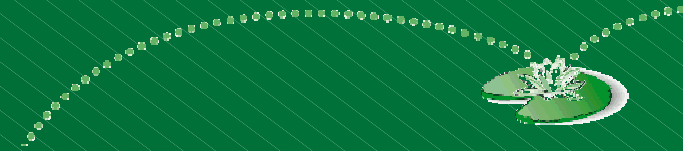


Information for Consumers & Purchasers on Hospitals' Patient Safety Practices

End version 2.0 (Spring 2004):

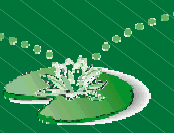
- 1,163 hospitals nationwide responded
- 61% of hospitals targeted by Leapfrog's Regional Roll-Outs responded
- >70% participation in 12
- 36% met at least one of Leapfrog's standards for the safety practices

Growing Efforts to Buy Right



- **Standard RFI Questions for Health Plan Negotiations – Leapfrog-specific questions**
- **Standard Language for Health Plan Service Contracts – Leapfrog-specific requirements**
- **Let the Health Plans Know What Purchasers Want - Leapfrog Users Groups**
- **Focus on Value-Based Purchasing**
 - 4+ Leapfrog Pilots
 - 7 Rewarding Results Pilots
- **Rate the Health Plans on Migration of Revenue and Patients to Best Providers**

Incentive & Reward Programs Growing



- 78 programs in Leapfrog Compendium – <http://www.leapfroggroup.org/ircompendium.htm>
- Search & sort by state, target & program structure
 - 16 programs include Leapfrog measures
 - 42 programs target physicians
 - 22 programs target hospitals
 - 6 programs target consumers
- Funded by Commonwealth Fund



[Incentive & Reward Compendium Guide & Glossary](#)

Search Criteria:

Location: Nationwide

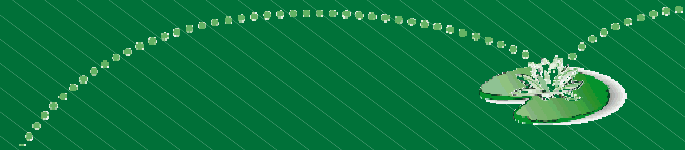
Target: Hospitals

Keyword(s):

Compendium Results: 22 records.

[Back to Search](#)

Initiator(s)	Program Name	Program Target/Focus	Target	Location
Anthem Blue Cross and Blue Shield Midwest	Hospital Quality Program	Agreement between Anthem and 38 hospitals (5 in KY and 33 in OH and IN) which links reimbursements to quality measurements. The hospitals involved in this project do not have to record lots of data and release it to Anthem. This is something they do already under Anthem's Hospital Quality Program, in which 348 Kentucky, Indiana and Ohio hospitals take part.	Hospitals	KY,IN,OH
Anthem Blue Cross Blue Shield of VA	Virginia Quality-In-Sights Hospital Incentive Program	Virginia Quality-In-Sights Hospital Incentive Program- This program is a three year collaborative program with Virginia hospitals that focuses on patient safety, patient outcomes, and patient satisfaction.	Hospitals	VA
Blue Cross Blue Shield of Michigan University of Michigan and Michigan Health and Hospital Association	Blue Cross Blue Shield of Michigan Hospital Incentive Program	BCBS of MI implemented a hospital incentive program aimed at continuously improving quality that: promotes accepted and best clinical practices, promotes best medication and patient safety practices, achieves measurable improvements in community health, encourages patients' participation in their care, and rewards hospitals for desired outcomes.	Hospitals	MI



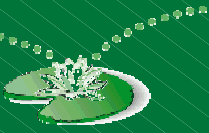
Health Plan User Groups

- 4 – 6 user groups based on member interest
 - Cohorts based on existing contractual relationships with plans
 - Each employer cohort will agree to shared objectives to pursue with the health plan
 - Employers will invite the plan to work with them to advance goals

- Focus on major national carriers
 - Starting with UHC, Cigna, Aetna,

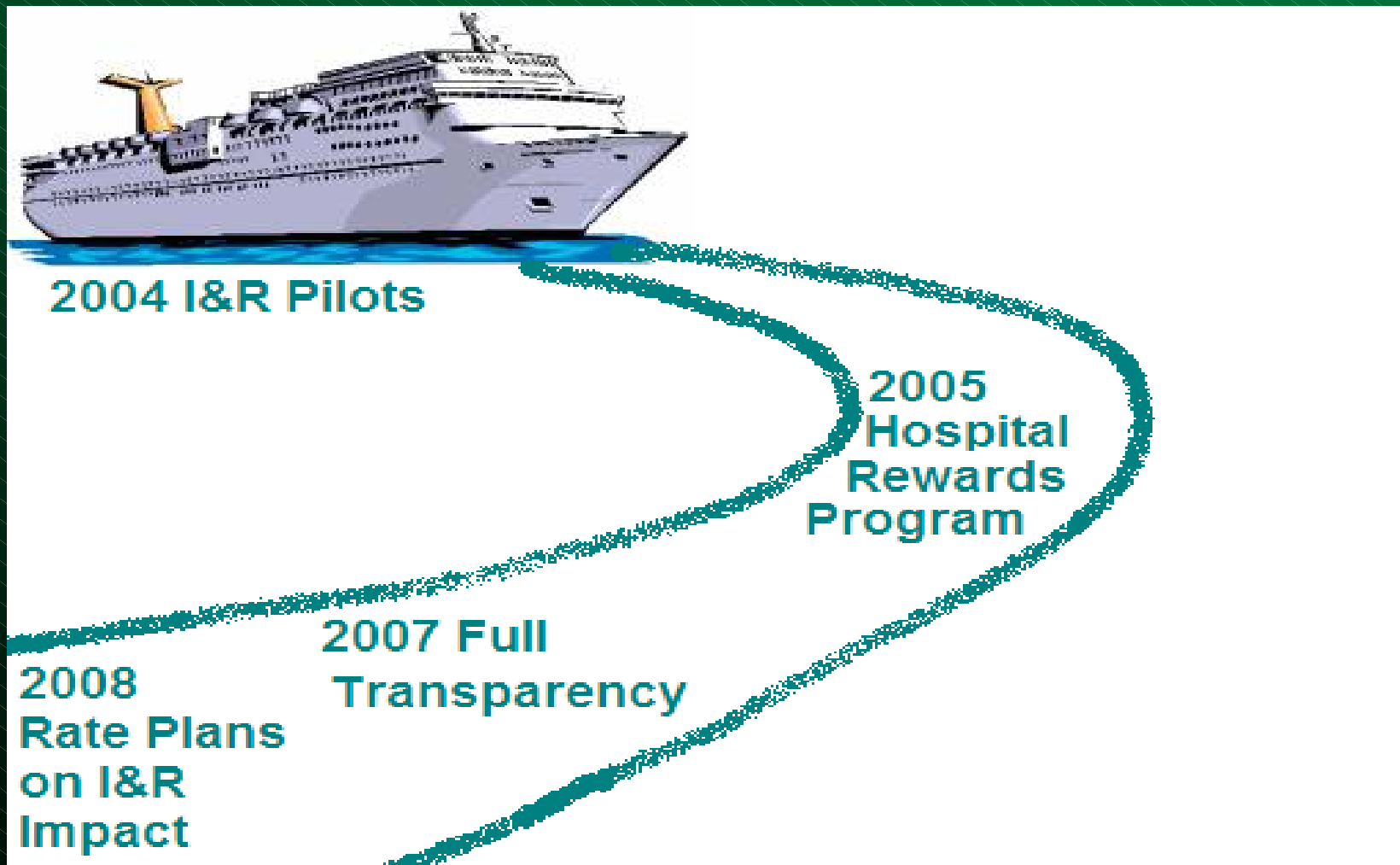
- Develop template for use at local level

Leapfrog Incentives and Rewards Pilots

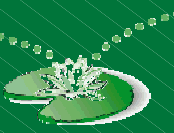


- **AHRQ sponsors Leapfrog Pilot Sites:**
 - *GE and Verizon; Albany, NY- DFR and/or consumer-based*
 - *Boeing; Seattle, WA- consumer-based*
 - *Maine Health Management Coalition; Portland, ME- TBD*
 - *Healthcare 21; Eastern TN- tiered network*
- **2 additional new pilots selected in July**
 - **Blue Shield of CA – tiered network**
 - **Buyers Healthcare Action Group -**

Charting Our Future Course – Purchaser Commitment Required



Leapfrog Hospital Rewards Program



- Reward best or improving hospitals
- Adapt Medicare demonstration project for commercial population
- Focus on five conditions with significant opportunity for increased quality and efficiency (CABG, AMI, PCI, CAP, Pregnancy)
- Minimize incremental reporting burden
- Shared savings projected for hospitals and purchasers
- Use a fair method of measuring hospital efficiency, both locally and nationally
- Establish national and regional benchmarks

Focused Clinical Areas Were Chosen to Maximize Commercial Employer Impact

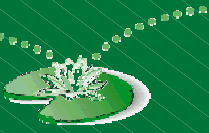


Rank	Clinical Focus Group	Total Cost to Commercial Insurer	Total Potential Opportunity
	CORONARY ARTERY BYPASS		
1	GRAFT	\$691,772,784	\$62,666,869
	PERCUTANEOUS CORONARY		
2	INTERVENTION	\$717,954,275	\$58,157,873
	ACUTE MYOCARDIAL		
3	INFARCTION	\$607,227,166	\$53,616,015
4	COLON SURGERY	\$396,004,245	\$38,389,673
5	HEART FAILURE	\$224,919,006	\$34,983,226
	COMMUNITY ACQUIRED		
6	PNEUMONIA	\$355,686,956	\$29,536,322
7	OTHER CARDIAC SURGERY	\$211,578,764	\$25,767,191
8	PREGNANCY AND NEWBORNS	\$1,781,273,763	\$23,368,721
9	VASCULAR SURGERY	\$133,287,531	\$16,412,194
10	SPINE - OTHER	\$422,595,301	\$12,925,843

- 5 of the ten CFGs have NQF-approved measures
- Benchmarked against Medstat's MarketScan, the 5 represent 33% of admissions and 20% of a commercial payer's I/P spend

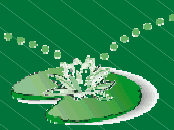
Potential savings from reduced complication and re-admission rates

Measuring Efficiency Will Accommodate Different Program Executions



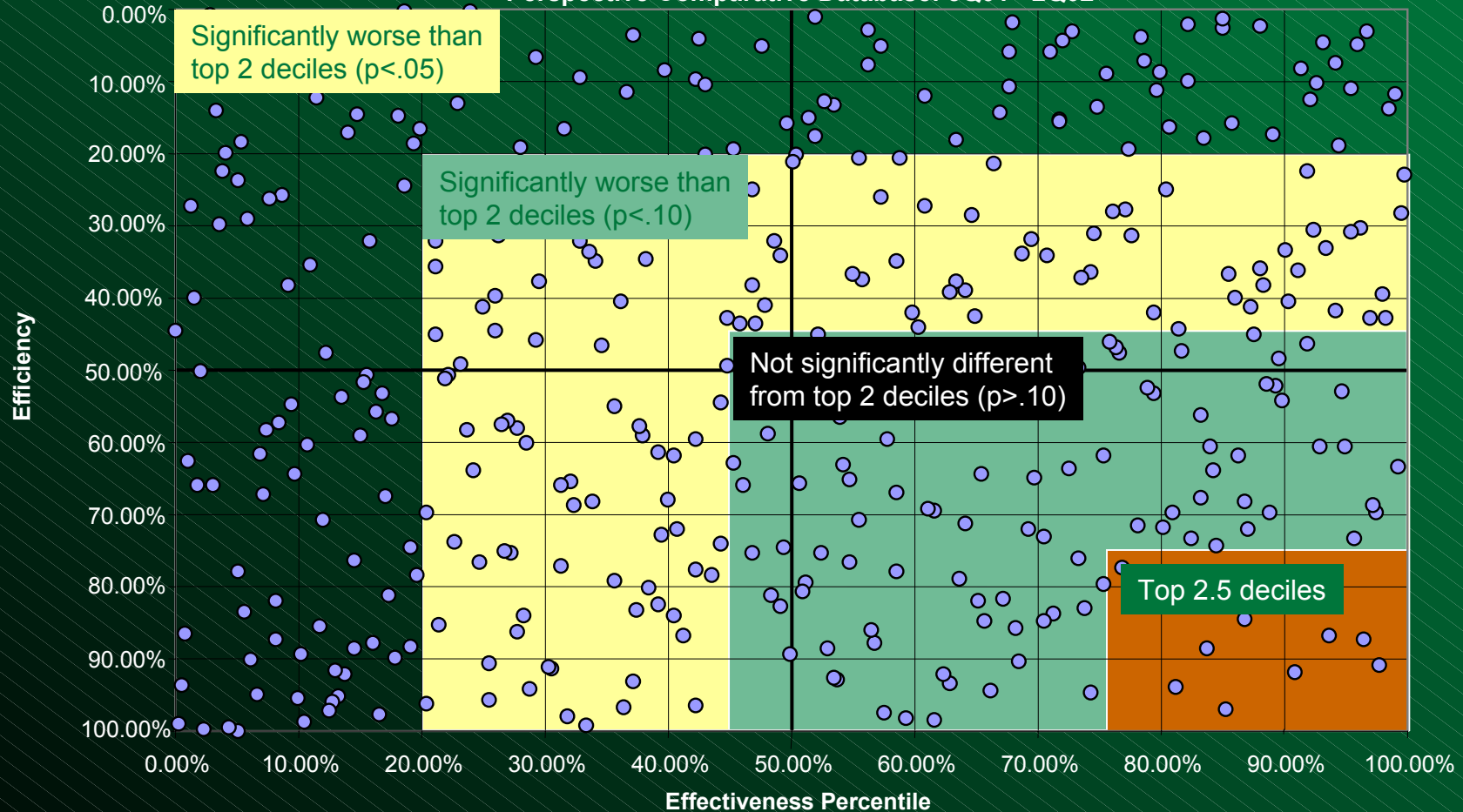
- **Standardized efficiency measure:**
 - Severity-adjusted case costs
 - Regional price adjusters
 - Re-admission rate specific to procedure
 - Mission adjustment (i.e. Specialty v. General Hospital)
- **Plan-specific efficiency measure (for hospitals for which the plan has a statistically significant sample):**
 - Longitudinal efficiency using standard applications
 - Application of efficiency guidelines developed by Leapfrog

Hospitals Arrayed in Four Groups Using Cohort Methodology



CABG Efficiency and Effectiveness Percentile Comparisons

Perspective Comparative Database: 3Q01 - 2Q02



Hospital Information

St. Elsewhere
 Lake Woesbegone
 Heaven-on-earth, WY

Performance Report:

	Above Average
	Slightly Above Average
	Slightly Below Average
	Below Average
	Did Not Report

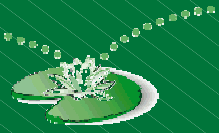
<u>Clinical Categories</u>	<u>Quality</u>	<u>Efficiency</u>	<u>Overall performance</u>			
			0	100		
			Poor	Fair	Good	Very Good
<input type="radio"/> CABG						
<input type="radio"/> AMI						
<input type="radio"/> PCI						
<input type="radio"/> Pneumonia						
<input type="radio"/> Deliveries						

Rewards Principles



- **Top performers get increased market share through patient shift (co-pay/co-insurance differentials) and/or bonuses**
- **Other groups will get bonuses when they improve performance by moving up a group**
- **Rewards for top performers at baseline will kick in after second reporting period if they are still in the top cohort**
- **Rewards for all others will kick in after second consecutive reporting of sustained improvement or continued improvement**

Incentives & Rewards Include Both Direct Financial Rewards and Market-Share Shift

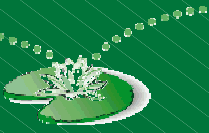


	Hospital Incentive <u>% of Contracted Payment</u>		Patient Incentive* (Co-insurance reduction) <u>% of Contracted Payment</u>
Top Performance Bonus	2.00%	+	3.00%
Improvement Bonus			
Cohort 3 to Cohort 2	1.25%		
Cohort 4 to Cohort 3	0.50%		

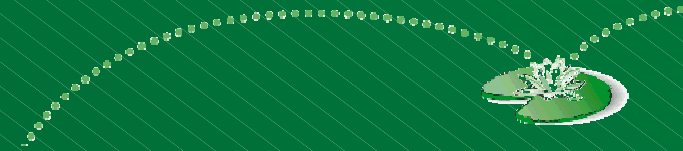
Bridges to Excellence

- A multi-stakeholder approach to creating incentives for quality
- Mission is to improve quality of care through rewards and incentives that
 - (1) encourage providers to deliver optimal care, and
 - (2) encourage patients to seek evidence-based care and self-manage their own conditions
- Focus:
 - Office practices, diabetes care, cardiac care
 - Roll-out in selected markets
 - Program costs paid by participating employers

BTE has three programs that are operational now

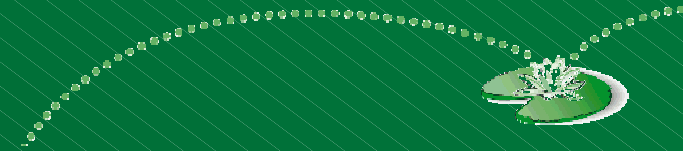


	NCQA Measure set	Physician Activation	Consumer Activation
Physician Office Link (POL)	Physician Practice Connections (PPC)	Up to \$50 pmpy	Physician-level report card, and patient experience of care survey
Diabetes Care Link (DCL)	Diabetes Provider Recognition Program (DPRP)	Up to \$100 pdppy	Diabetes care management tool, and rewards for care compliance
Cardiac Care Link (CCL)	Heart Stroke Recognition Program (HSRP)	Up to \$160 pcppy	Cardiac care management tool, and rewards for care compliance



BTE is live in four markets

	Cincinnati, OH / Louisville, KY	Boston, MA	Albany / Schenectady, NY
Launch Date	June 2003	February 2004	May 2004
Program(s)	DCL	DCL, POL	POL, DCL, CCL
# of Employers	7: GE, Ford, UPS, P&G, Humana, CCHMC, City of Cinci	3 (6): GE, Raytheon, Verizon, (IBM, AZ)	4: GE, Hannaford Bros, Verizon, Golub
# of Plans	6: Humana, Aetna, UHC, Anthem, BCBS (OH, AL)	5: Tufts, Harvard, UHC, BCBS(MA, AL),	3: MVP, CDPHP, UHC
# of Covered Lives	200,000 (7,000 Diabetes)	85,000 (3,500 Diabetes)	45,000 (2,000 Diabetes; 1,000 Cardiac)



The Leap over the Gridlock Has Begun

- Rapid growth in purchasers signing on to Leapfrog's and BTE's approach
- Rapid growth in hospitals and physicians disclosing status to their communities
- Active health plan support
- Massive education of consumers through purchasers
- Market reinforcement beginning through different channels