Towards A Value Based Payment Model for Maine

Conference on Health Payment Reform
NH Citizens Health Initiative/NH Dept of Health and Human Services
May 11, 2009

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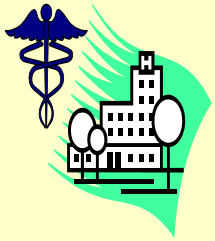
Maine Health Management Coalition
www.mhmc.info

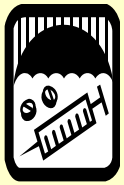
Employers

16 Private Employers
5 Public Purchasers



Providers

21 Hospitals
14 Physician Groups



Health Plans

5 Health Plans

Collectively 35% of Comm. Market

The MHMC is an employer-led partnership among multiple stakeholders working collaboratively to maximize improvement in the value of healthcare services delivered to MHMC members' employees and dependents.

The Maine Health Management Coalition Foundation is a public charity whose missions is to bring the purchaser, consumer and provider communities together in a partnership to measure and report to the people of Maine on the value of the healthcare services and to educate the public to use information on cost and quality to make informed decisions.

Maine Health Management Coalition

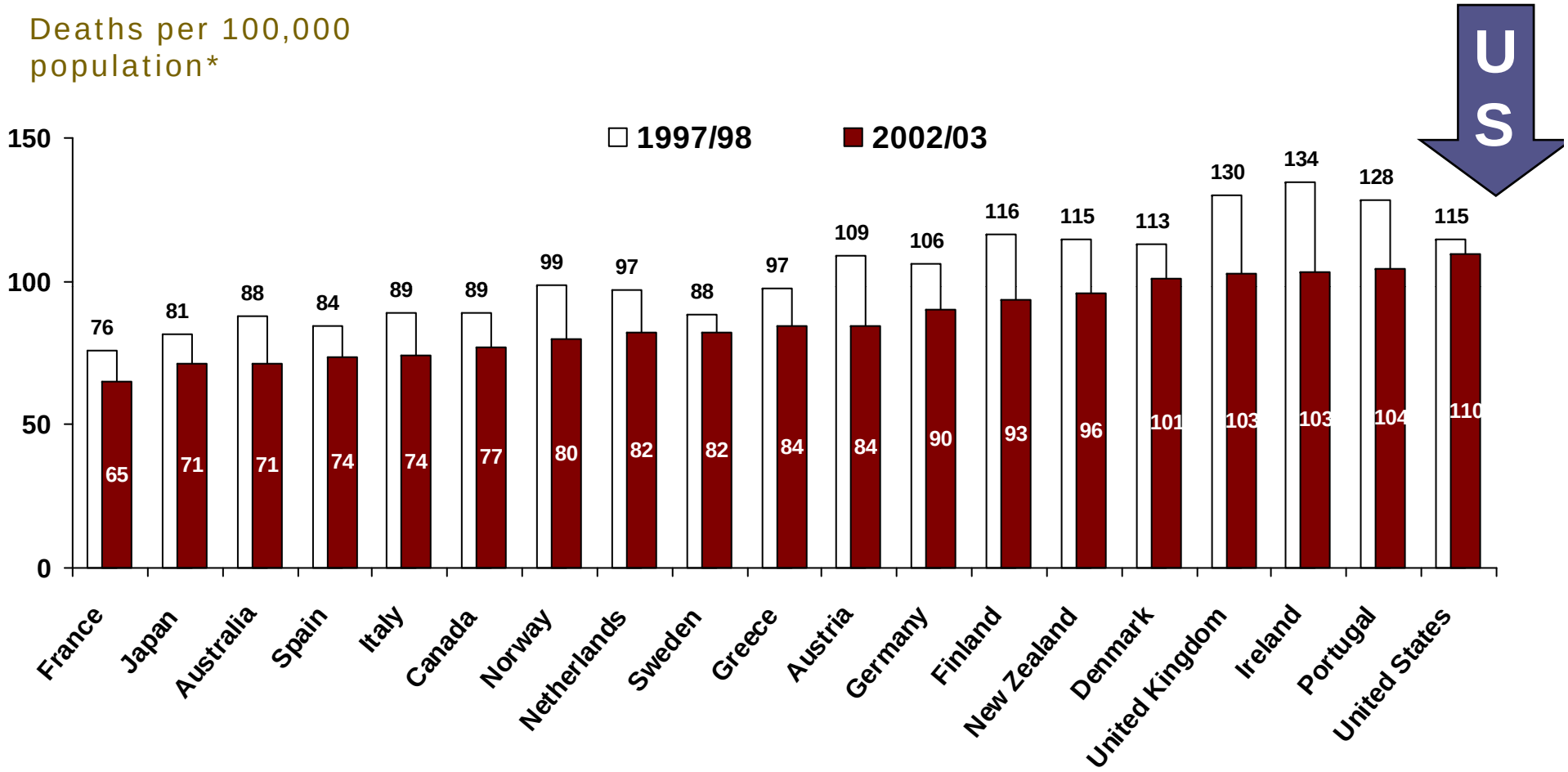
Bringing Healthcare Value to the People of Maine

MHMC's Goal

Value: $\frac{\text{quality / outcomes + change in health status + employee satisfaction}}{\text{cost}}$

- Best quality health care
- Best outcomes and quality of life
- Most satisfaction
- For the most affordable cost
- Ultimately for all Maine citizens.

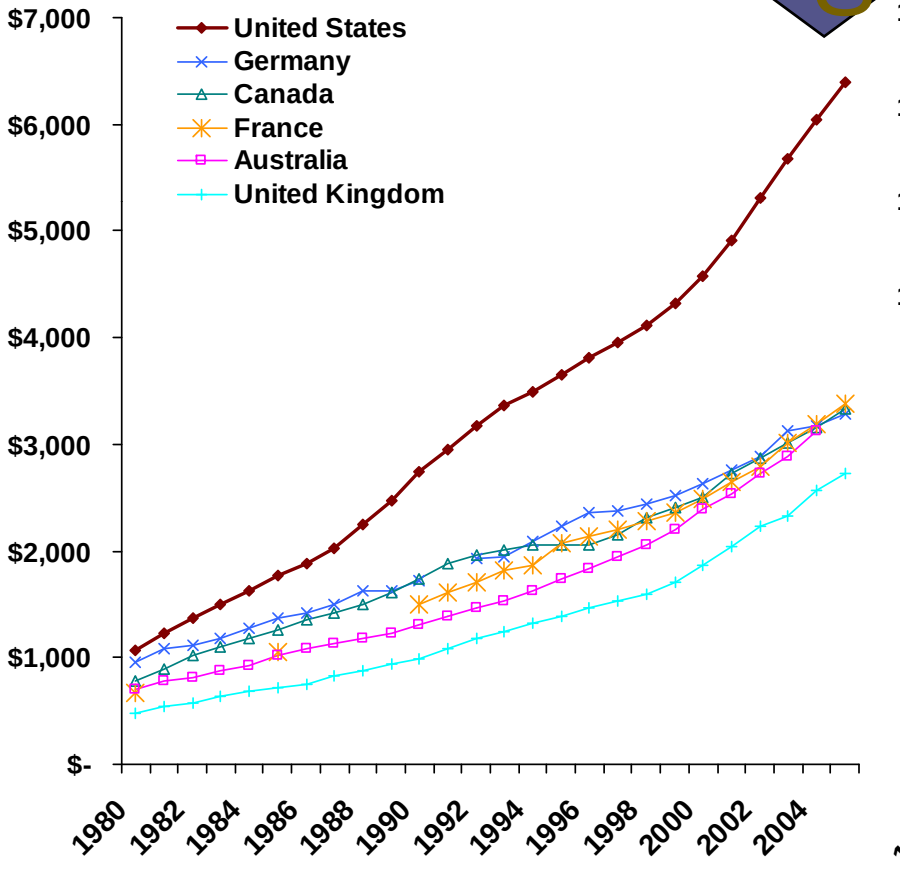
How Does US Quality Compare?



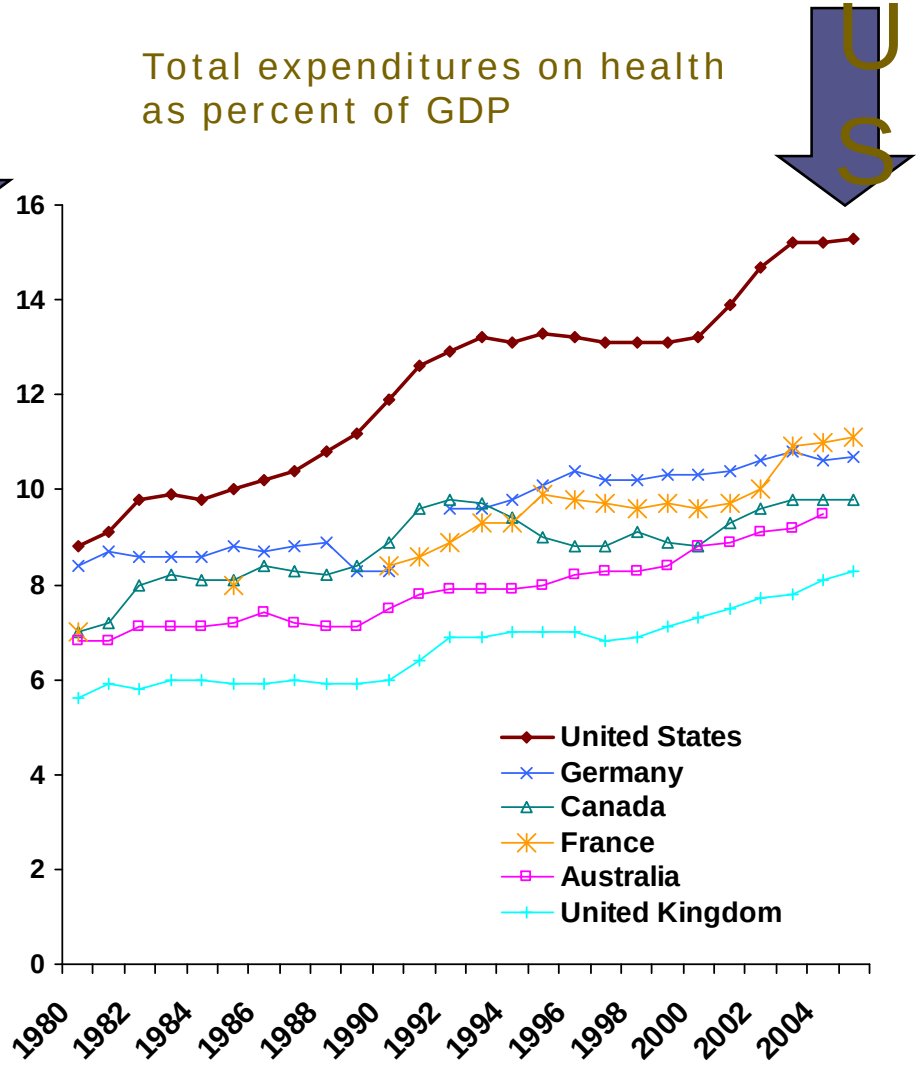
* Countries' age-standardized death rates before age 75; including ischemic heart disease, diabetes, stroke, and bacterial infections. See report Appendix B for list of all conditions considered amenable to health care in the analysis.
Data: E. Nolte and C. M. McKee, London School of Hygiene and Tropical Medicine analysis of World Health Organization mortality files (Nolte and McKee 2008).

International Comparison of Spending on Health, 1980–2005

Average spending on health per capita ($US PPP*)



Total expenditures on health as percent of GDP



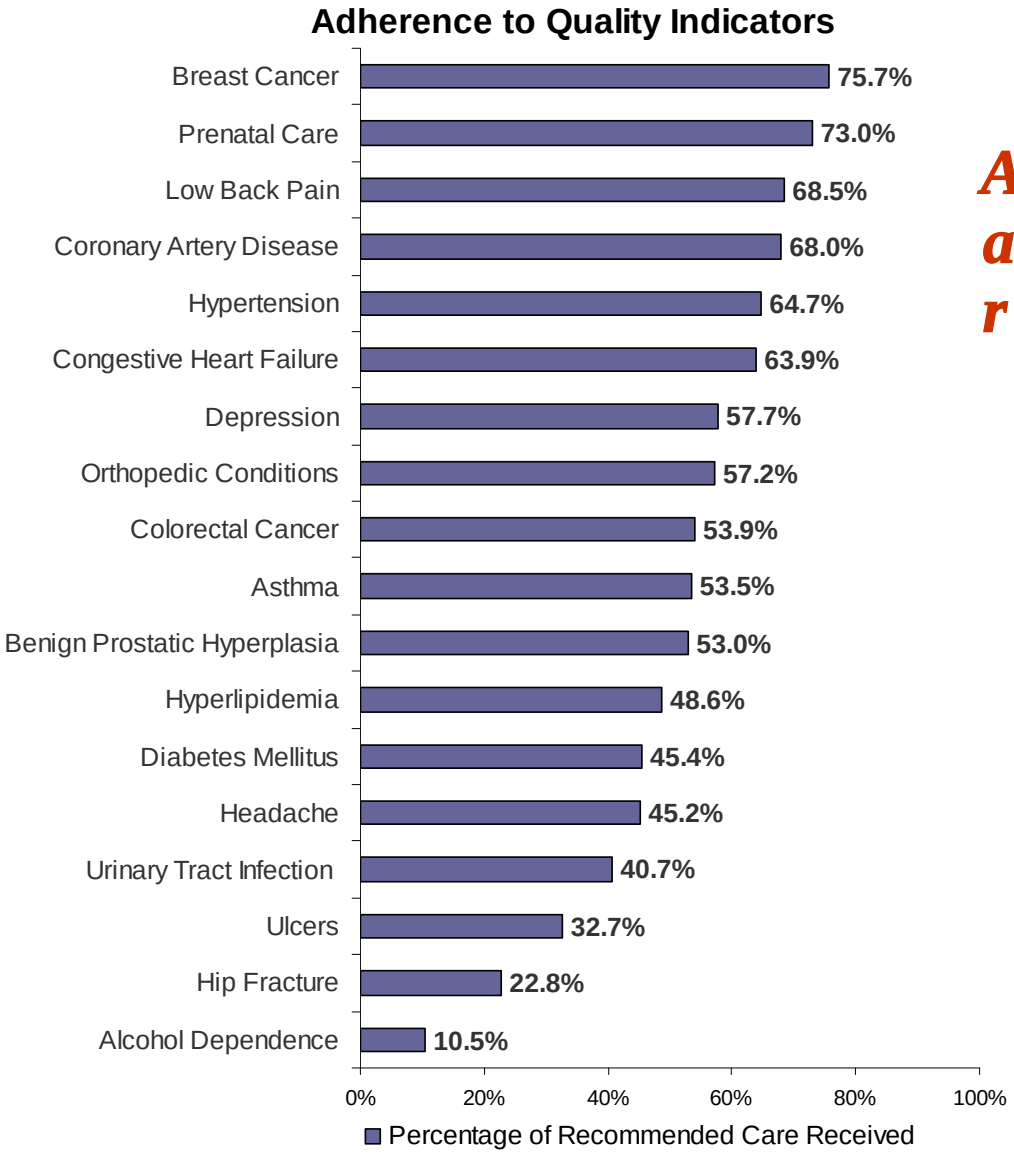
* PPP=Purchasing Power Parity.
Data: OECD Health Data 2007, Version 10/2007.

Research on Quality Problems

- Institute of Medicine
  - "To Err Is Human" 1999
    - 48,000-98,000 preventable inpatient deaths
  - "Crossing the Quality Chasm: A New Health System for the 21st Century" - 2001
    - "Chasm" not a "Gap"
- Rand: McGlynn
  - Right Care 55% of time

If we are average, 565 patients died last year in Maine from potentially avoidable mistakes

Quality Shortfalls: Getting it Right 50% of the Time



2004
Adults receive about half of recommended care
54.9% = Overall care
54.9% = Preventive care
53.5% = Acute care
56.1% = Chronic care

Source: McGlynn EA, et al., "The Quality of Health Care Delivered to Adults in the United States," New England Journal of Medicine, Vol. 348, No. 26, June 26, 2003, pp. 2635-2645

CMS/Medicare Variation

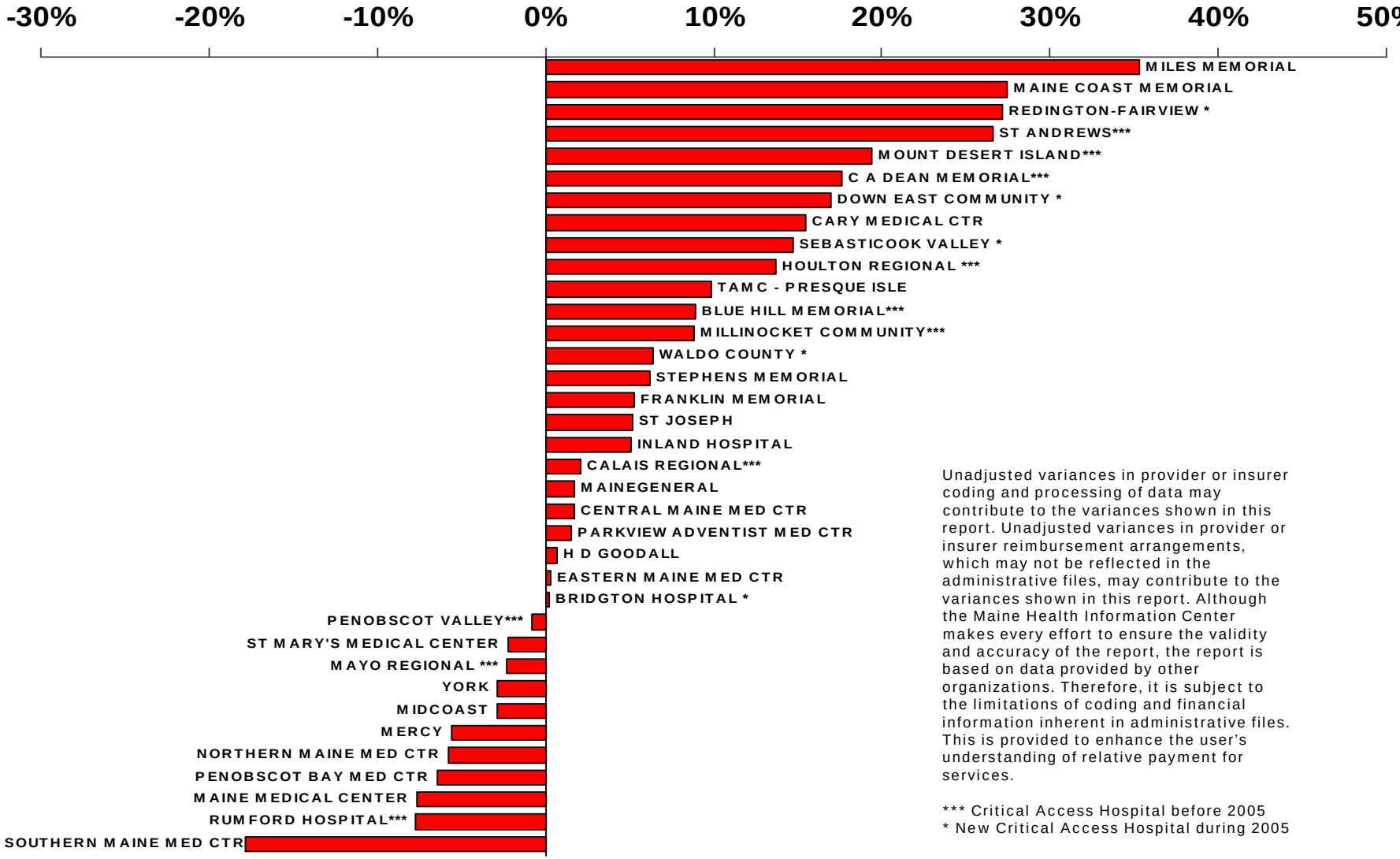
Coronary Artery Bypass Graft Average Cost

- UCLA Medical Center: $93,000
- Mayo Clinic: $52,000

Uwe Reihnardt, Princeton:

- How does the best medical care in the world cost twice as much as the best medical care in the world?

% Variance in Inpatient & Outpatient Hospital Allowed Payments, CY2005, Adjusted for Patient Mix by DRG & APG



Unadjusted variances in provider or insurer coding and processing of data may contribute to the variances shown in this report. Unadjusted variances in provider or insurer reimbursement arrangements, which may not be reflected in the administrative files, may contribute to the variances shown in this report. Although the Maine Health Information Center makes every effort to ensure the validity and accuracy of the report, the report is based on data provided by other organizations. Therefore, it is subject to the limitations of coding and financial information inherent in administrative files. This is provided to enhance the user's understanding of relative payment for services.

*** Critical Access Hospital before 2005
* New Critical Access Hospital during 2005

How Do We Get to Value?

Work Areas:

- **Transparency:** MHMC will publicly report on the quality and cost of healthcare services in Maine. Transparent quality and cost information will allow employers and employees to make informed decisions about their healthcare and motivate improvement in quality and value.
- **Payment Reform:** MHMC will develop and support efforts to pay providers appropriately for care and services that add value, while reducing or eliminating payments for services that do not effectively improve patient care. We believe that appropriate payment for appropriate care will improve quality and reduce healthcare costs.
- **Evidence Based Benefit Design:** MHMC member employers will work with providers to evaluate the impact of their benefit plans on their objective of improved health outcomes for their employees and will work with health plans to ensure that benefit plans promote and incent appropriate care of optimal value.
- **Consumer Engagement:** MHMC will seek to inform and educate member employees and the public about their role in improving the value of healthcare services.

Drivers of Quality Improvement

1. Community leadership
2. Performance measurement & public reporting of quality data
3. Assistance to physician practices to improve quality of care
4. Consumer education & empowerment
5. Incentives for change (payment system)
6. Health IT infrastructure & incentives

Maine Health Management Coalition

Maine Doctor Ratings | Maine Hospital Ratings | Major Surgery Ratings | How Do I Get Quality Care?

Maine Doctor Ratings

Find out which Maine doctors do the best.

View Results

Doctor Ratings Explained

Maine Hospital Ratings

Information you can use to choose a hospital.

View Results

Hospital Ratings Explained

Major Surgery Ratings

Facing a high-risk procedure? Which New England hospital is best?

View Results

Surgery Ratings Explained

What's New in Maine Healthcare

Interested in sharing your thoughts about healthcare quality? Take the 2009 Consumer Healthcare Opinion Survey »

How Do I Get Quality Care? Ask. Learn. Decide.

Interviews with Maine Doctors & Patients

Easy to Use Tip Sheets

MAINE CANCER PATIENT CHESLEY TALKS ABOUT HER EXPERIENCE · MORE »

MAINE ASTHMA PATIENT RICK TALKS WITH HIS DOCTOR · MORE »

HEAR FROM MAINE PEOPLE WHO SUPPORT RATING QUALITY

Working Together to Ensure Best Care

Patients should feel comfortable that the care provided by their physician and hospital is safe, efficiently delivered, and of high quality. They should feel satisfied that their care is provided by caring, compassionate providers, and their questions and concerns are answered thoroughly. We at Maine Health Management Coalition are all working together to provide this information to our patients to ensure the best care possible.

Read more »

You Get What You Pay For

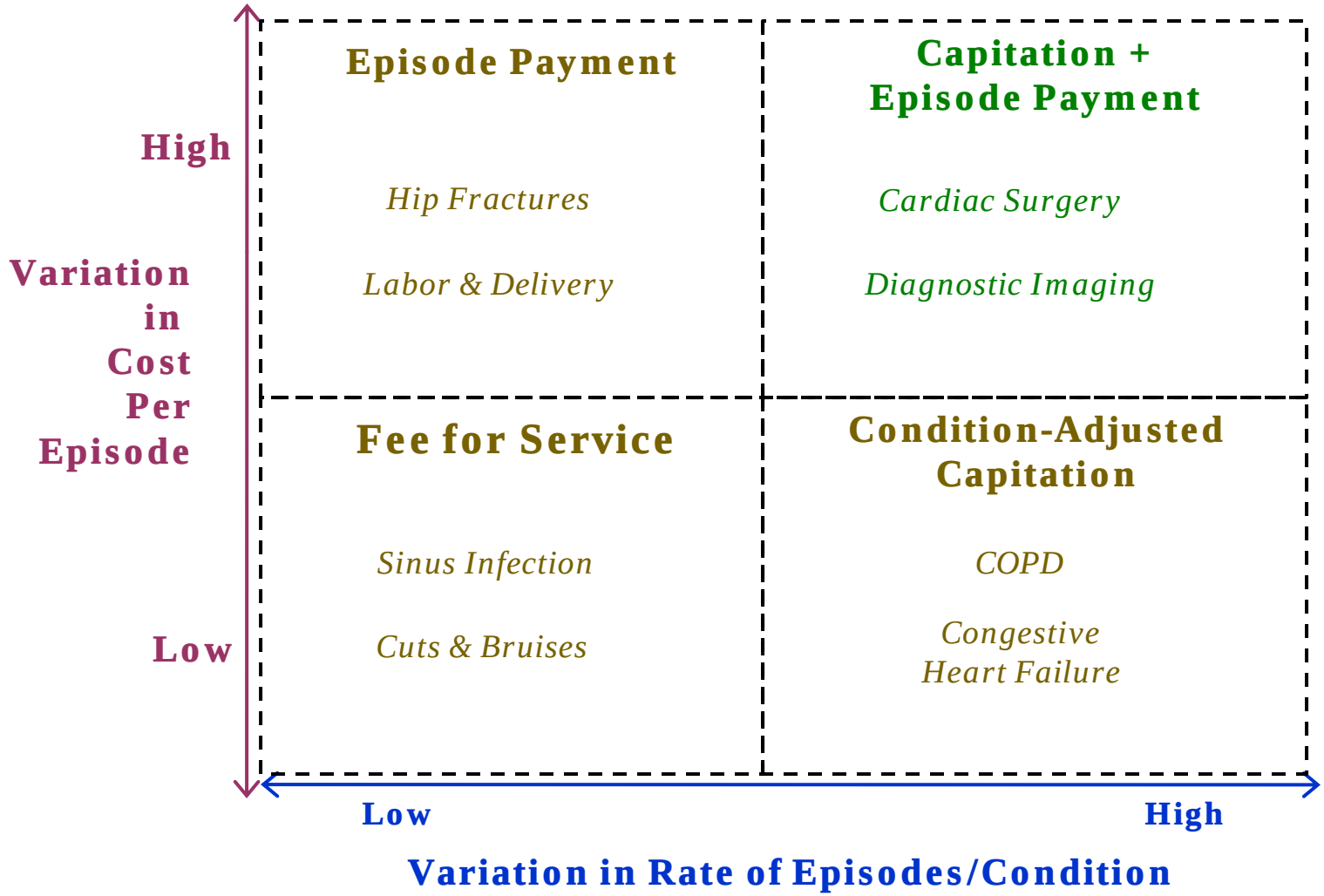
Employers Want:

Informed Employees
Improved Outcomes
Care Coordination
Prevention
Functional Status
Return to Work

Employers Pay For:

Tests
Visits
Procedures
Prescriptions
Errors & Complications

NRHI - Different Payment Systems Solve Different Cost/Quality Problems

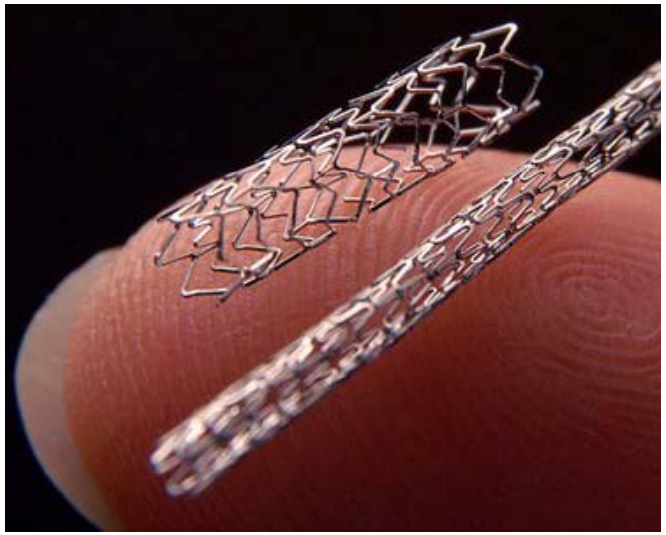


A new payment model?

Service Category	Provider Incentives	Patient Incentives
Supply Sensitive	Global Budget	High co-pays
Preference Sensitive	Pay for informed, evidence based choice	Low co-pays w/SDM
Effective and Safe Care	Pay for Outcomes/ Incentives for results	No cost barriers/ Incentives for compliance

Peter Lee: Value Policy #7: Consumer & Provider Incentives to Promote Shared Decision-Making

The right incentives for consumers and providers. For example:



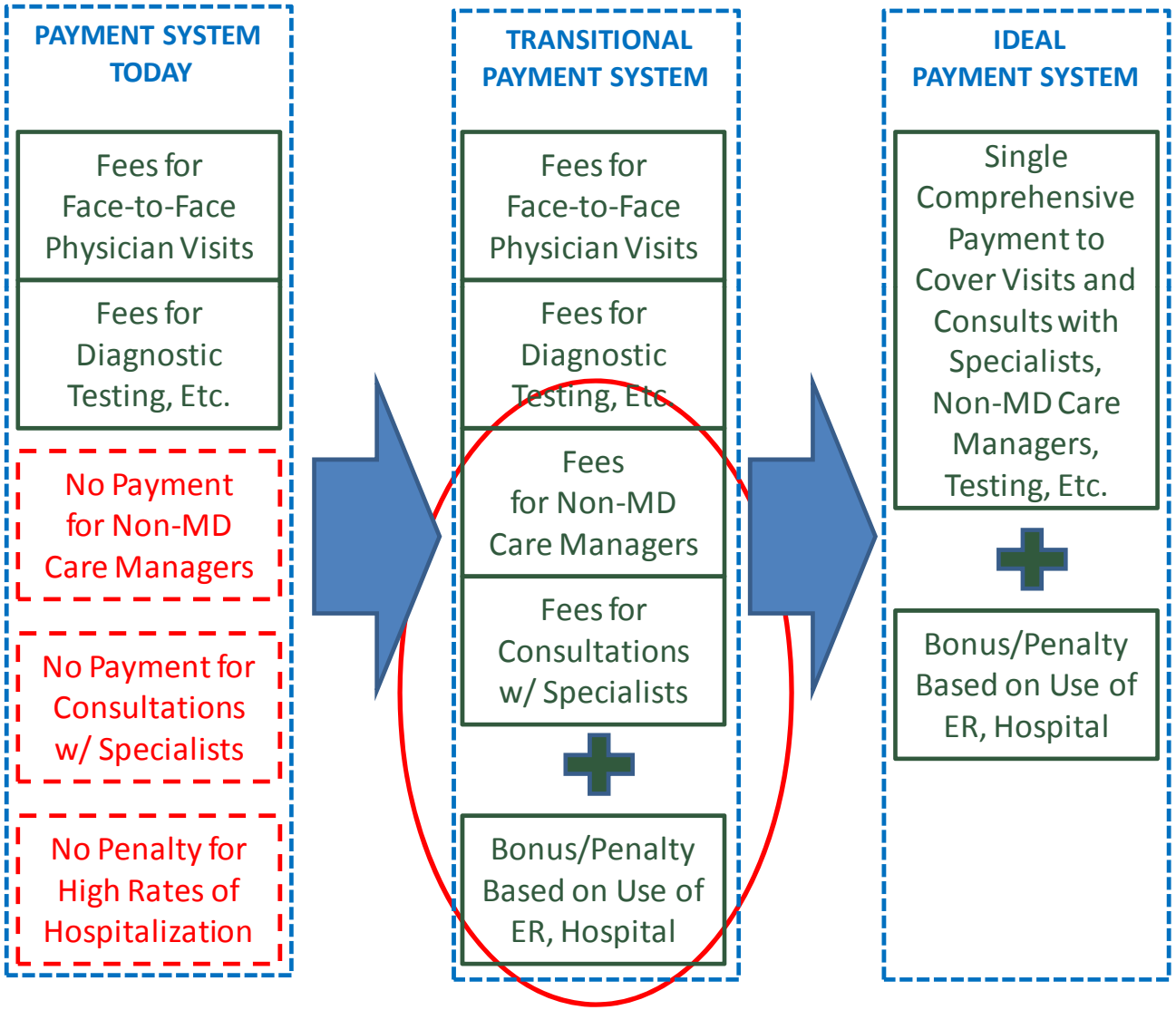
Patients -- for individuals with low/moderate risk of heart disease:

- No copay for intensive diet and exercise support
- Some copay for medication (low/no for generic, etc)
- Bigger copay for stents and CABG (after shared decision-making)
- Biggest copay for stents and CABG (if NO informed decision-making)

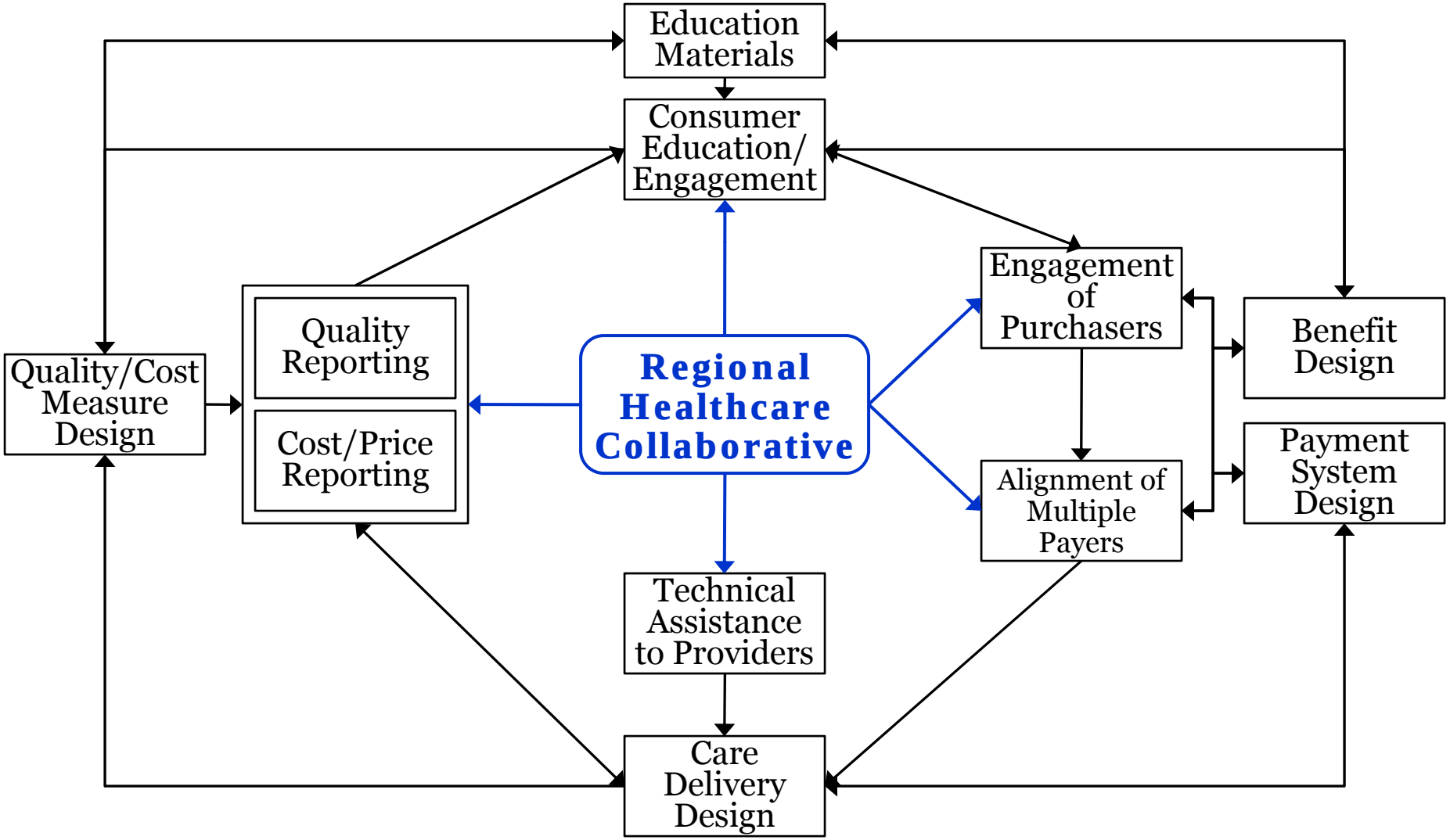
Clinicians – for referring and providing physicians

- Higher/real payments for nutrition/lifestyle support (not necessarily by a physician)
- Payment rewards to referring providers who send patients to interventionsts with better track record
- Payment rewards to those doing procedure: "full" payment only where patient completed approved shared decision-making process; 75% payment otherwise

Changing the Payment Structure: Transitional Steps



NRHI - Coordinated Support for All Functions at the Regional Level



What we know:

- You get what you pay for – shared accountability for current system (no blame)
- Complex change required at all levels at the same time: payment, system design, consumer role, provider role: 'Its really difficult, but it's the only change that matters' -DW
- Change must be collaborative – providers/ plans/consumers/purchasers – public AND private
- Change must be gradual – can't change payment overnight because 1) the system we want doesn't exist and 2)we are talking about people's lives
- Change is urgent – the stimulus $ is buying us time