Towards A Value Based Payment Model for Maine

Conference on Health Payment Reform
NH Citizens Health Initiative/NH Dept of Health and Human Services
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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 mission 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.
MHMC’s Goal

quality / outcomes +
Value: change in health status +
employee satisfaction

- 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?

Deaths per 100,000 population*

* 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).

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 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.

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008
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

Adherence to Quality Indicators

- Breast Cancer: 75.7%
- Prenatal Care: 73.0%
- Low Back Pain: 68.5%
- Coronary Artery Disease: 68.0%
- Hypertension: 64.7%
- Congestive Heart Failure: 63.9%
- Depression: 57.7%
- Orthopedic Conditions: 57.2%
- Colorectal Cancer: 53.9%
- Asthma: 53.5%
- Benign Prostatic Hyperplasia: 53.0%
- Hyperlipidemia: 48.6%
- Diabetes Mellitus: 45.4%
- Headache: 45.2%
- Urinary Tract Infection: 40.7%
- Ulcers: 32.7%
- Hip Fracture: 22.8%
- Alcohol Dependence: 10.5%

Adults receive about half of recommended care

- 54.9% = Overall care
- 54.9% = Preventive care
- 53.5% = Acute care
- 56.1% = Chronic care

Not Getting the Right Care at the Right Time

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
Find out which Maine doctors do the best.

Maine Hospital Ratings
Information you can use to choose a hospital.

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

What's New in Maine Healthcare
Interested in sharing your thoughts about healthcare quality?

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

Interviews with Maine Doctors & Patients

Easy to Use Tip Sheets

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

Variation in Cost Per Episode

High

Episode Payment

- Hip Fractures
- Labor & Delivery

Capitation + Episode Payment

- Cardiac Surgery
- Diagnostic Imaging

Fee for Service

- Sinus Infection
- Cuts & Bruises

Condition-Adjusted Capitation

- COPD
- Congestive Heart Failure

Variation in Rate of Episodes/Condition

Low
# A new payment model?

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Provider Incentives</th>
<th>Patient Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Sensitive</td>
<td>Global Budget</td>
<td>High co-pays</td>
</tr>
<tr>
<td>Preference Sensitive</td>
<td>Pay for informed, evidence based choice</td>
<td>Low co-pays w/SDM</td>
</tr>
<tr>
<td>Effective and Safe Care</td>
<td>Pay for Outcomes/Incentives for results</td>
<td>No cost barriers/Incentives for compliance</td>
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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 interventionists 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

**Payment System Today**
- Fees for Face-to-Face Physician Visits
- Fees for Diagnostic Testing, Etc.
- No Payment for Non-MD Care Managers
- No Payment for Consultations w/ Specialists
- No Penalty for High Rates of Hospitalization

**Transitional Payment System**
- Fees for Face-to-Face Physician Visits
- Fees for Diagnostic Testing, Etc.
- Fees for Non-MD Care Managers
- Fees for Consultations w/ Specialists
- Bonus/Penalty Based on Use of ER, Hospital

**Ideal Payment System**
- Single Comprehensive Payment to Cover Visits and Consults with Specialists, Non-MD Care Managers, Testing, Etc.
- Bonus/Penalty Based on Use of ER, Hospital
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: ‘It’s 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