Health System Transformation and Innovation

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December 9, 2014

10 Medicare Payment Revisions

- SGR Formula
- CME/Open Payments
- Value Based Modifier
- PQRS
- Physician Compare
- Chronic Care Mgmt
- Telehealth
- Surgical Global Periods
- 350 CPT new, revised
- Timeline for submitting new codes.

Delivery system and payment transformation

Historical State –

Producer-Centered

Volume Driven

Unsustainable

Fragmented Care

FFS Payment Systems

PRIVATE SECTOR

PUBLIC SECTOR

Future State –

People-Centered

Outcomes Driven

Sustainable

Coordinated Care

New Payment Systems and other Policies

- Value-based purchasing
- ACOs, Shared Savings
- Episode-based payments
- Medical Homes and care management
- Data Transparency

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# Framework for Progression of Payment to Clinicians and Organizations in Payment Reform

	Category 1: Fee for Service – No Link to Quality	Category 2: Fee for Service – Link to Quality	Category 3: Alternative Payment Models on Fee-for Service Architecture	Category 4: Population-Based Payment
Description	Payments are based on volume of services and not linked to quality or efficiency	At least a portion of payments vary based on the quality or efficiency of health care delivery	• Some payment is linked to the effective management of a population or an episode of care • Payments still triggered by delivery of services, but, opportunities for shared savings or 2-sided risk	• Payment is not directly triggered by service delivery so volume is not linked to payment • Clinicians and organizations are paid and responsible for the care of a beneficiary for a long period (eg, >1 yr)
Examples				
Medicare	• Limited in Medicare fee-for-service • Majority of Medicare payments now are linked to quality	• Hospital value-based purchasing • Physician Value-Based Modifier • Readmissions/Hospital Acquired Condition Reduction Program	• Accountable Care Organizations • Medical Homes • Bundled Payments	• Eligible Pioneer accountable care organizations in years 3 – 5 • Some Medicare Advantage plan payments to clinicians and organizations • Some Medicare-Medicaid (duals) plan payments to clinicians and organizations
Medicaid	Varies by state	• Primary Care Case Management • Some managed care models	• Integrated care models under fee for service • Managed fee-for-service models for Medicare-Medicaid beneficiaries • Medicaid Health Homes • Medicaid shared savings models	• Some Medicaid managed care plan payments to clinicians and organizations • Some Medicare-Medicaid (duals) plan payments to clinicians and organizations

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Hospital Acquired Condition (HAC) Rates Show Improvement

- 2010 to 2013: Data show a 17% reduction in HACs across all measures

- Estimated 50,000 lives saved, 1.3M injuries, infections, and adverse events avoided, and almost $12B billion in cost savings

- Many areas of harm dropping dramatically (2010 to 2013 for these leading indicators)

Hospital Acquired Condition	Ventilator-Associated Pneumonia (VAP)	Early Elective Delivery (EED)	Obstetric Trauma Rate (OB)	Venous thromboembolic complications (VTE)	Falls and Trauma	Pressure Ulcers
Percent Decrease	55.3%	52.3%	12.3%	12.0%	11.2%	11.2%

Partnership for Patients Hospital Engagement Network Improvement
September 2012 – January 2014
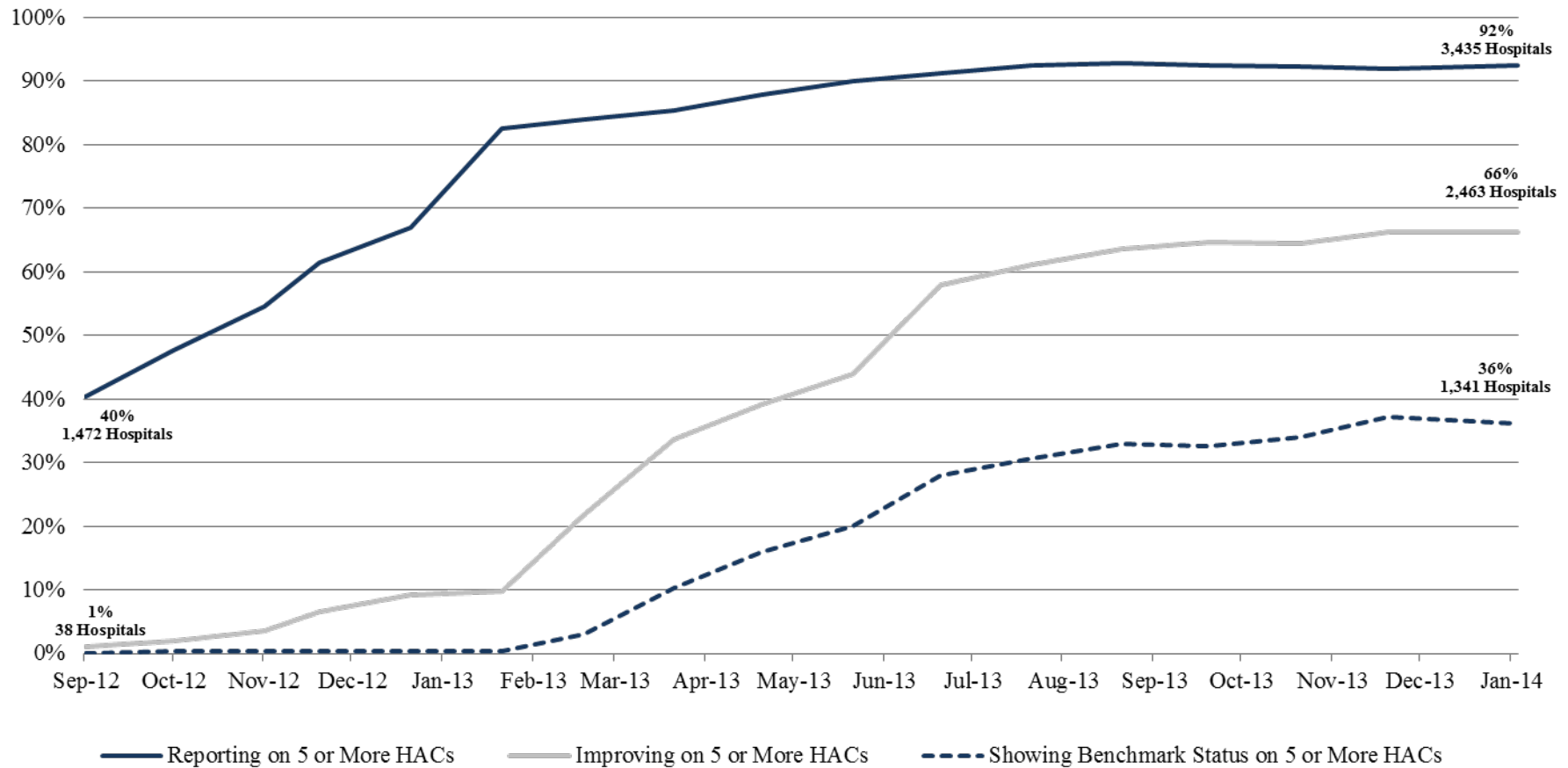
Note : As of March 2013, the method for classifying hospitals as improving and meeting benchmark status was changed and clarified, making data for the "Showing Benchmark Status" for March onwards non-comparable to those shown in earlier months.

Clinical Practice Leaders Have Already Charted the Pathway to Practice Transformation

Traditional Approach	Transformed Practice
Patient's chief complaints or reasons for visit determines care.	We systematically assess all our patients' health needs to plan care.
Care is determined by today's problem and time available today.	Care is determined by a proactive plan to meet patient needs.
Care varies by scheduled time and memory/skill of the doctor.	Care is standardized according to evidence-based guidelines.
Patients are responsible for coordinating their own care.	A prepared team of professionals coordinates and engages patients in care.
Clinicians know they deliver high quality care because they are well trained.	Clinicians know they deliver high quality care because they measure it and make rapid changes to improve.
It is up to the patient to tell us what happened to them.	You can track tests, consults, and follow-up after the ED and hospital.

Transforming Clinical Practice Goals

1 Support more than 150,000 clinicians in their practice transformation work

2 Improve health outcomes for millions of Medicare, Medicaid and CHIP beneficiaries and other patients

3 Reduce unnecessary hospitalizations for 5 million patients

4 Generate $1 to $4 billion in savings to the federal government and commercial payers

5 Sustain efficient care delivery by reducing unnecessary testing and procedures

6 Build the evidence base on practice transformation so that effective solutions can be scaled

The key to an improved health system A transformed mind-set by ALL

Every clinician and health care administrative person starts every day believing that **success**

– *whether it's the success of the patient,*

the doctor, or the organization –

is directly related to their ability to **achieve better outcomes and lower costs by improving care for their population** and that they have the **knowledge and tools** to do it.

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Thank you!

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