The Context for Health Care Delivery Reform

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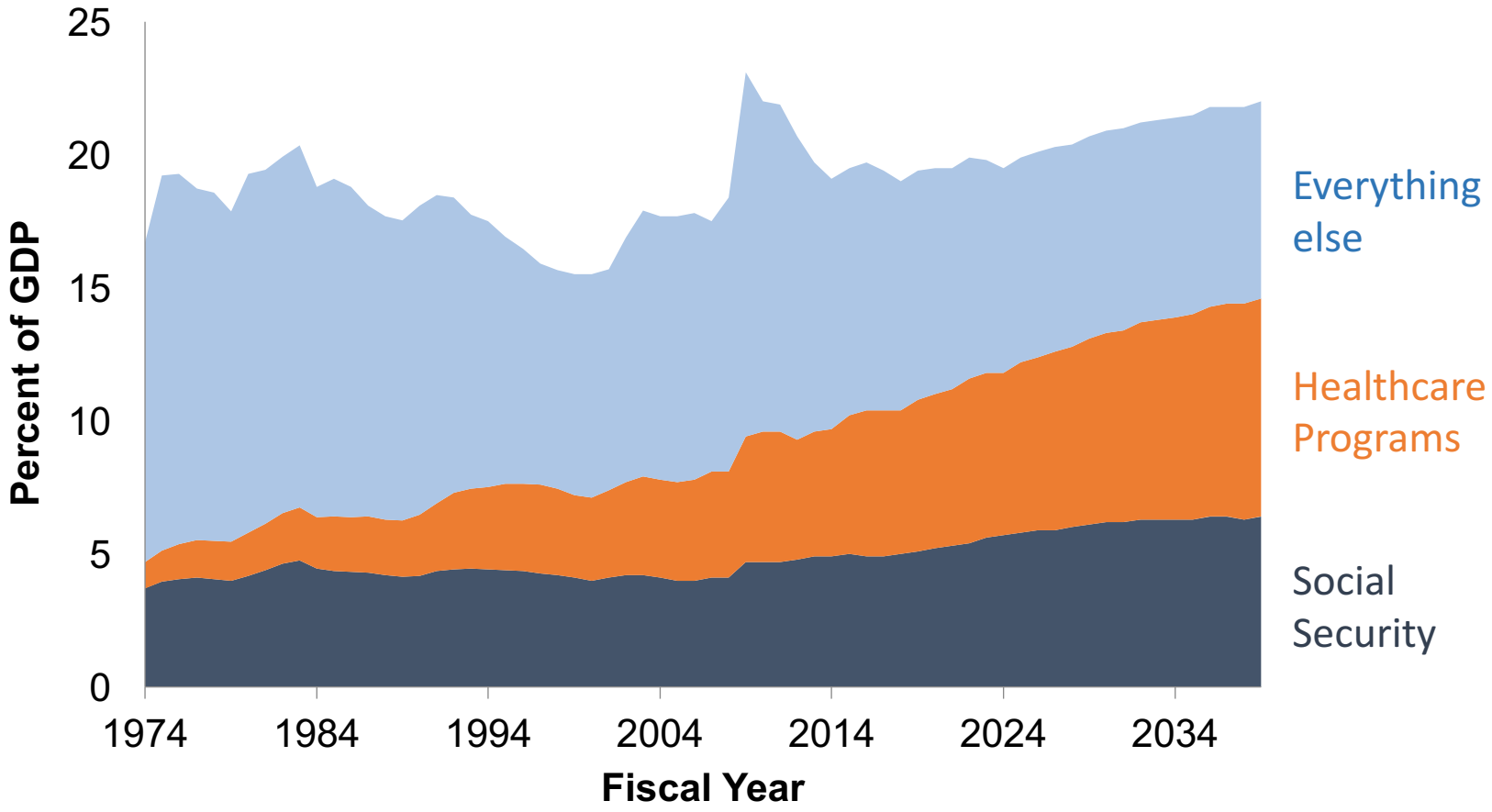
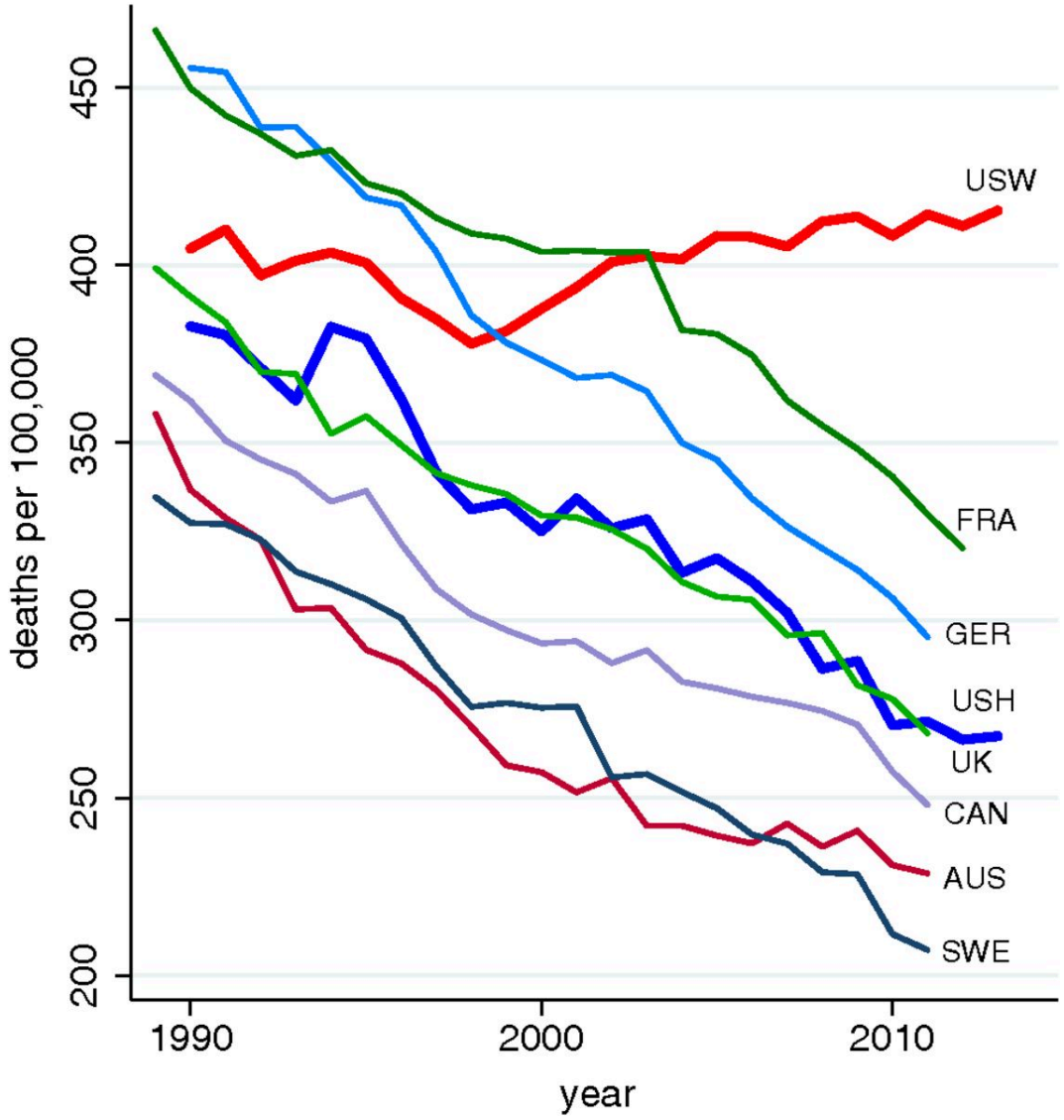
Healthcare and Federal Budget



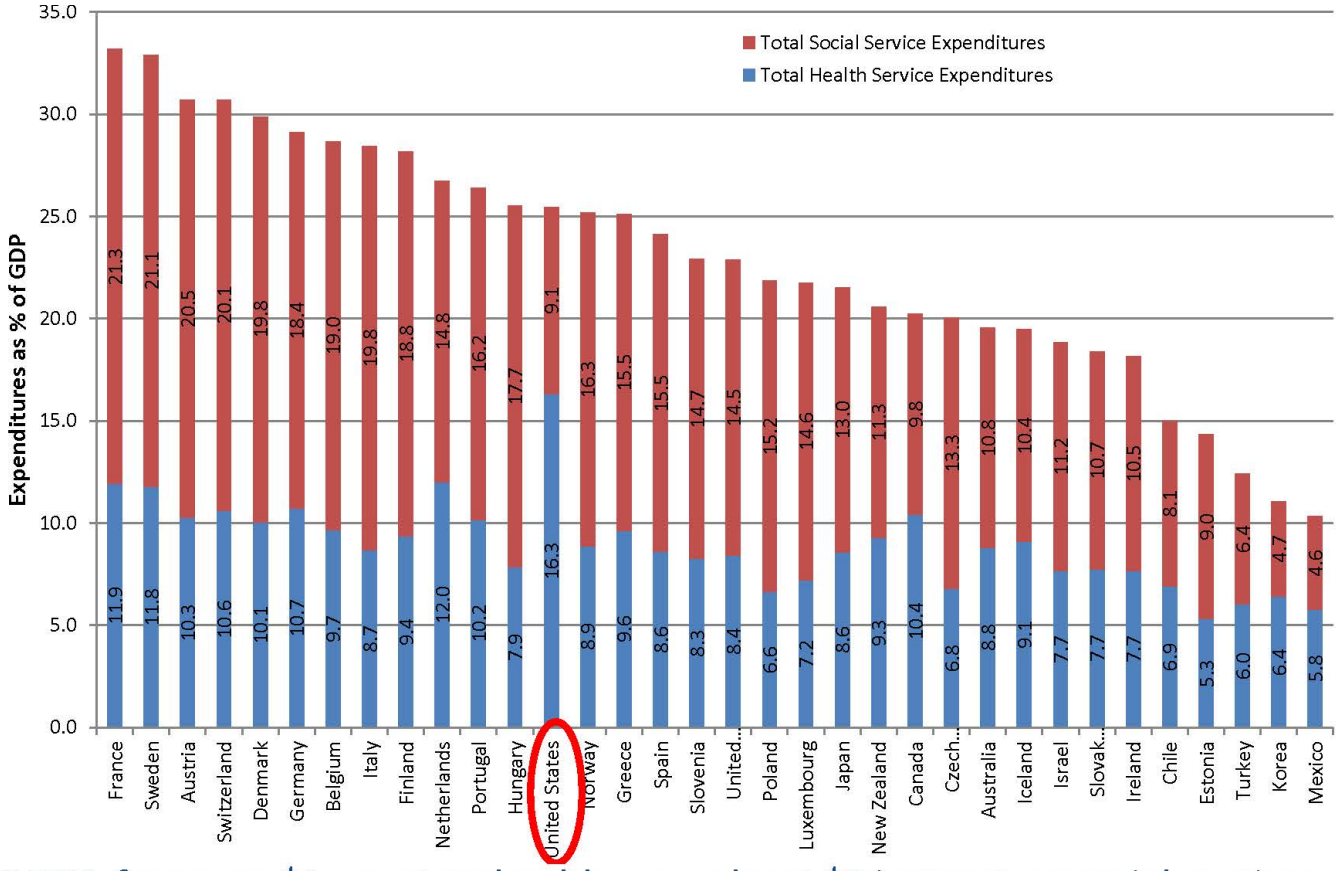
Source: Congressional Budget Office, 2016 Long-Term Budget Outlook.

Death rates have risen for some middle-aged American populations



Source: Case and Deaton *PNAS* 2015

Total health-service and social-service expenditures for OECD Countries

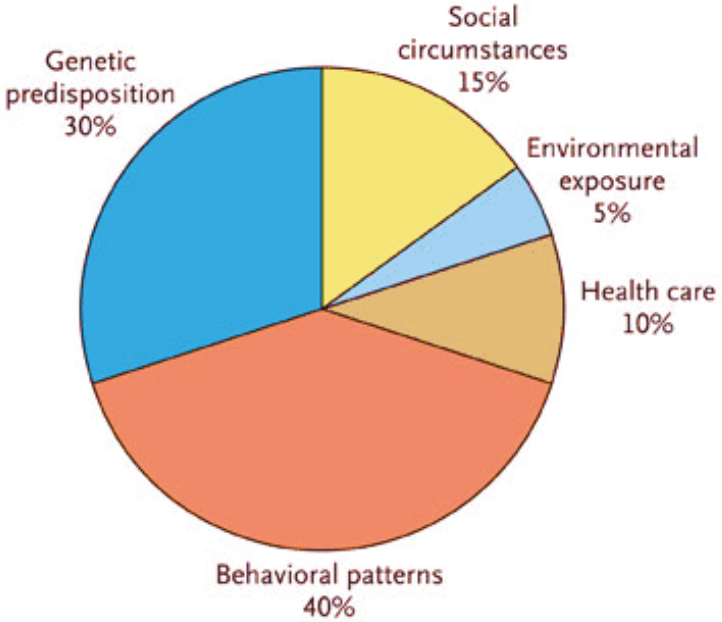


In OECD, for every $1 spent on health care, about $2 is spent on social services

In the US, for $1 spent on health care, about 55 cents is spent on social services

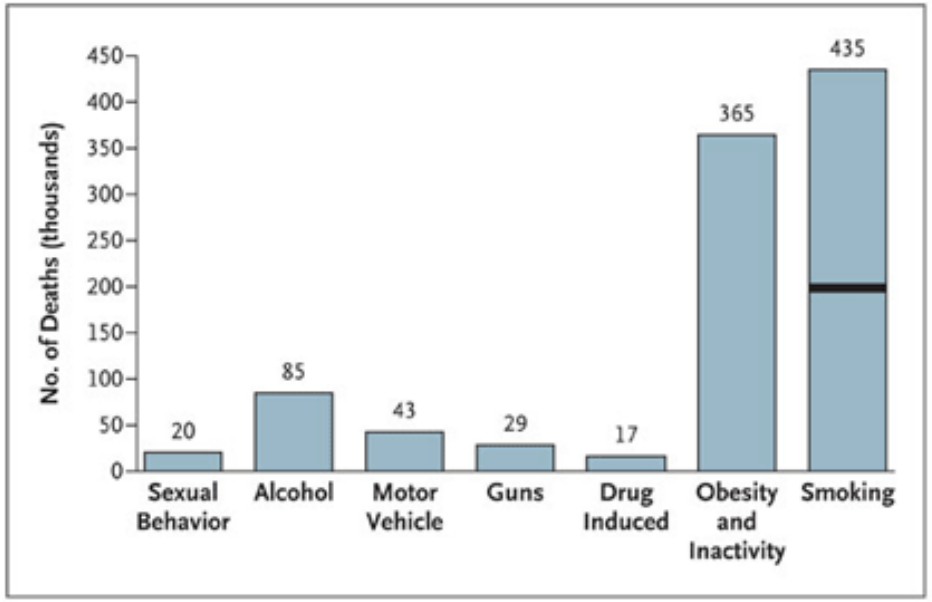
Source: Bradley and Taylor, 2013

Determinants of Health Outcomes



Determinants of Health and Their Contribution to Premature Death

McGinnis, Social Determinants of Health, 2002



Numbers of U.S. Deaths from Behavioral Causes, 2000.

Adapted from Mokdad et al.

Inefficient Care

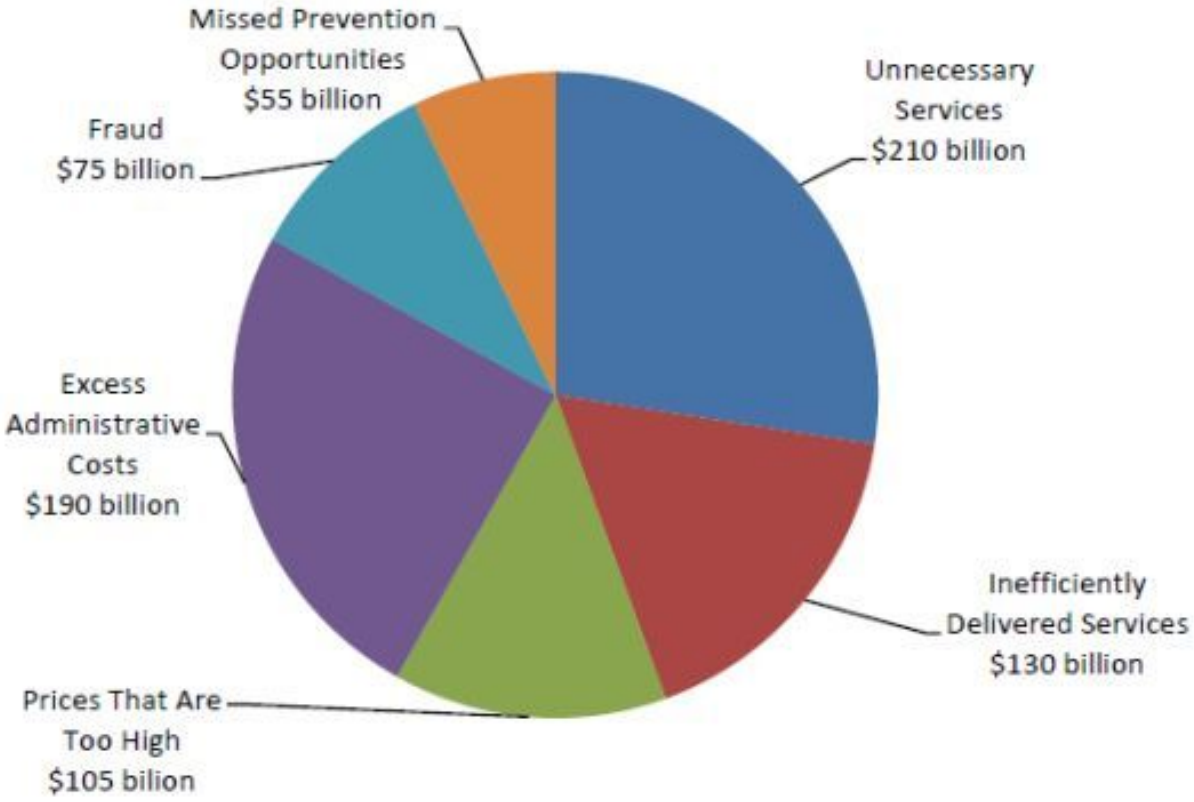


Image source: Kliff S. We spend $750 billion on unnecessary health care. Two charts explain why. *Washington Post*. September 7, 2012. https://www.washingtonpost.com/news/wonk/wp/2012/09/07/we-spend-750-billion-on-unnecessary-health-care-two-charts-explain-why/.

- Almost $750B spent on unnecessary health care (IOM, 2013)

Opportunities for Higher-Value Health Care

- Effective treatments for unmet health needs

- Innovations to better target use of medical technologies to patients who will benefit
- Wireless/ remote personal health tools and supports, telemedicine
- Lower-cost methods of treatment or sites of care
- Better care coordination
- Non- medical strategies for health improvement – such as targeted assistance to high-risk individuals, and support for accessing social and community services to prevent complications

Opportunities for Higher-Value Health Care

OFTEN COST INCREASING

- Effective treatments for unmet health needs

POTENTIALLY COST DECREASING

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Opportunities for Higher-Value Health Care

OFTEN COST INCREASING – USUALLY REIMBURSED

- Effective treatments for unmet health needs

POTENTIALLY COST DECREASING – OFTEN NOT REIMBURSED

- Innovations to better target use of medical technologies to patients who will benefit
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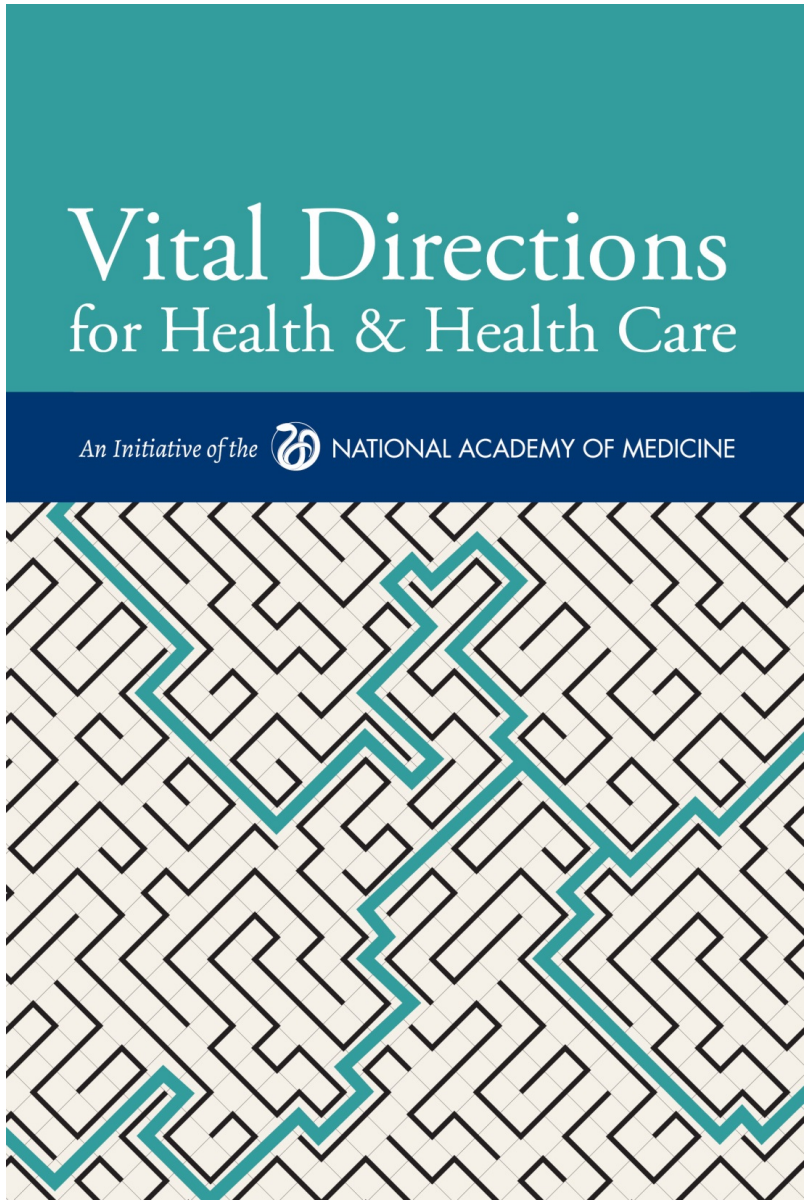
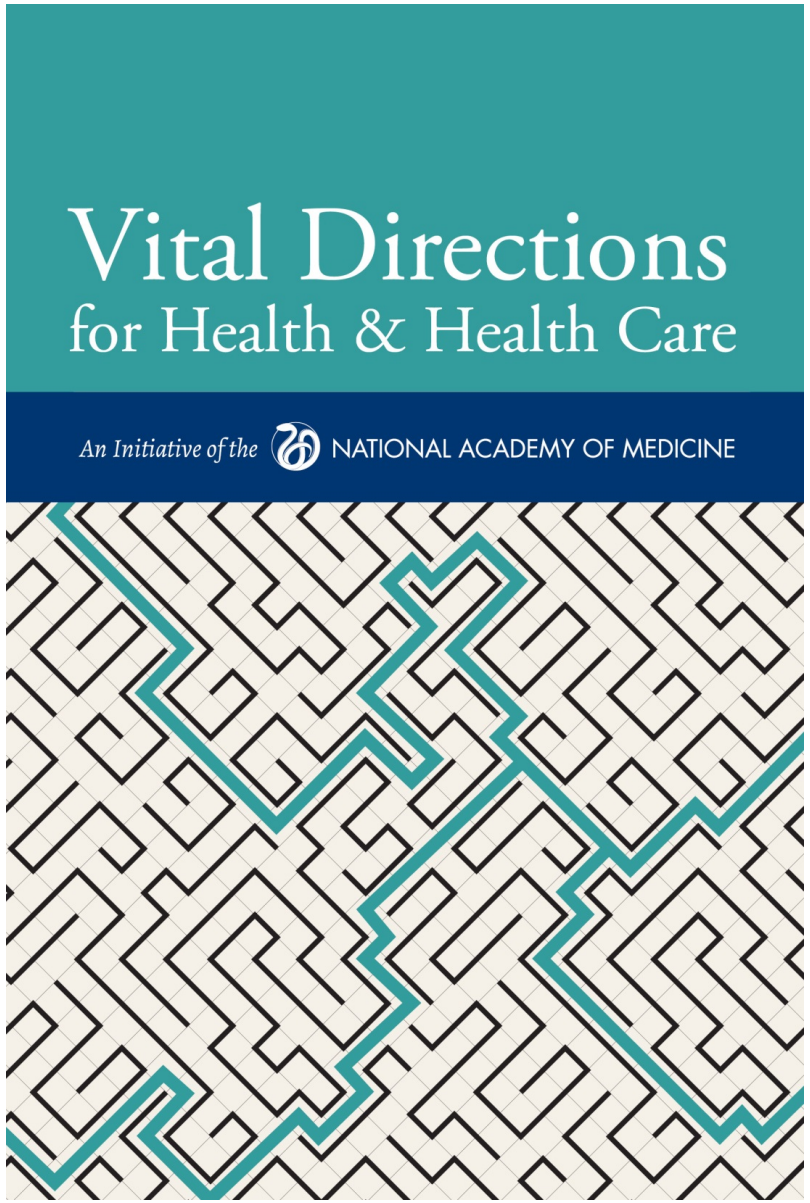


The Next Round? Evidence-Guided Reforms to Make Coverage Reforms Easier

- 18 months of collective review, analysis, and deliberation
- Core goals:
  - Better health and well-being
  - High-value health care
  - Strong science and technology
- Commissioned 150+ experts to write 19 discussion papers

NATIONAL ACADEMY OF MEDICINE



Eight Categories of Recommendations

ACTION PRIORITIES

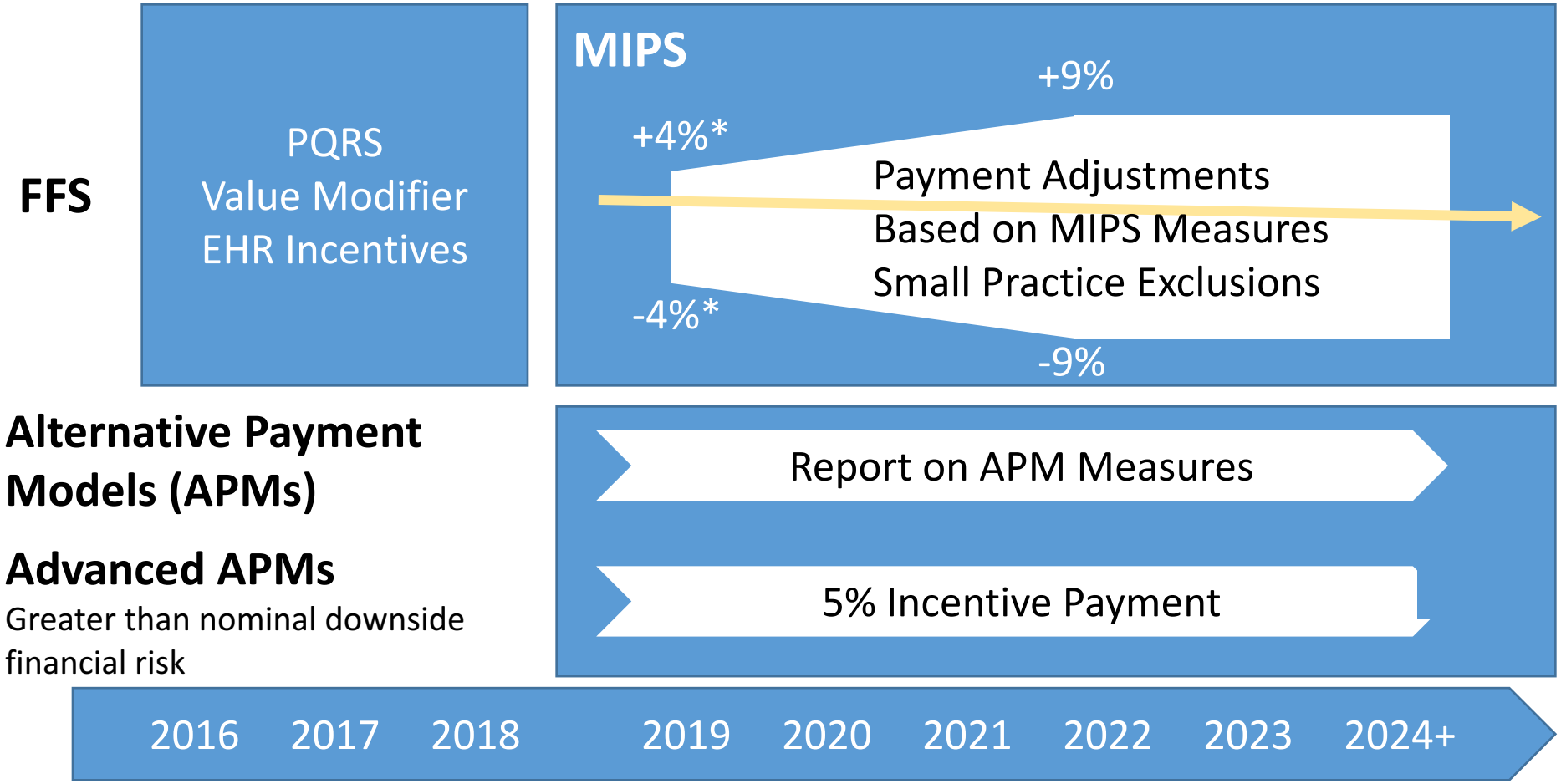
- **Pay for value**
- Empower people
- Activate communities
- Connect care

ESSENTIAL INFRASTRUCTURE NEEDS

- Measure what matters most
- Modernize skills
- Accelerate real-world evidence
- Advance science

NATIONAL ACADEMY OF MEDICINE

MACRA Implementation



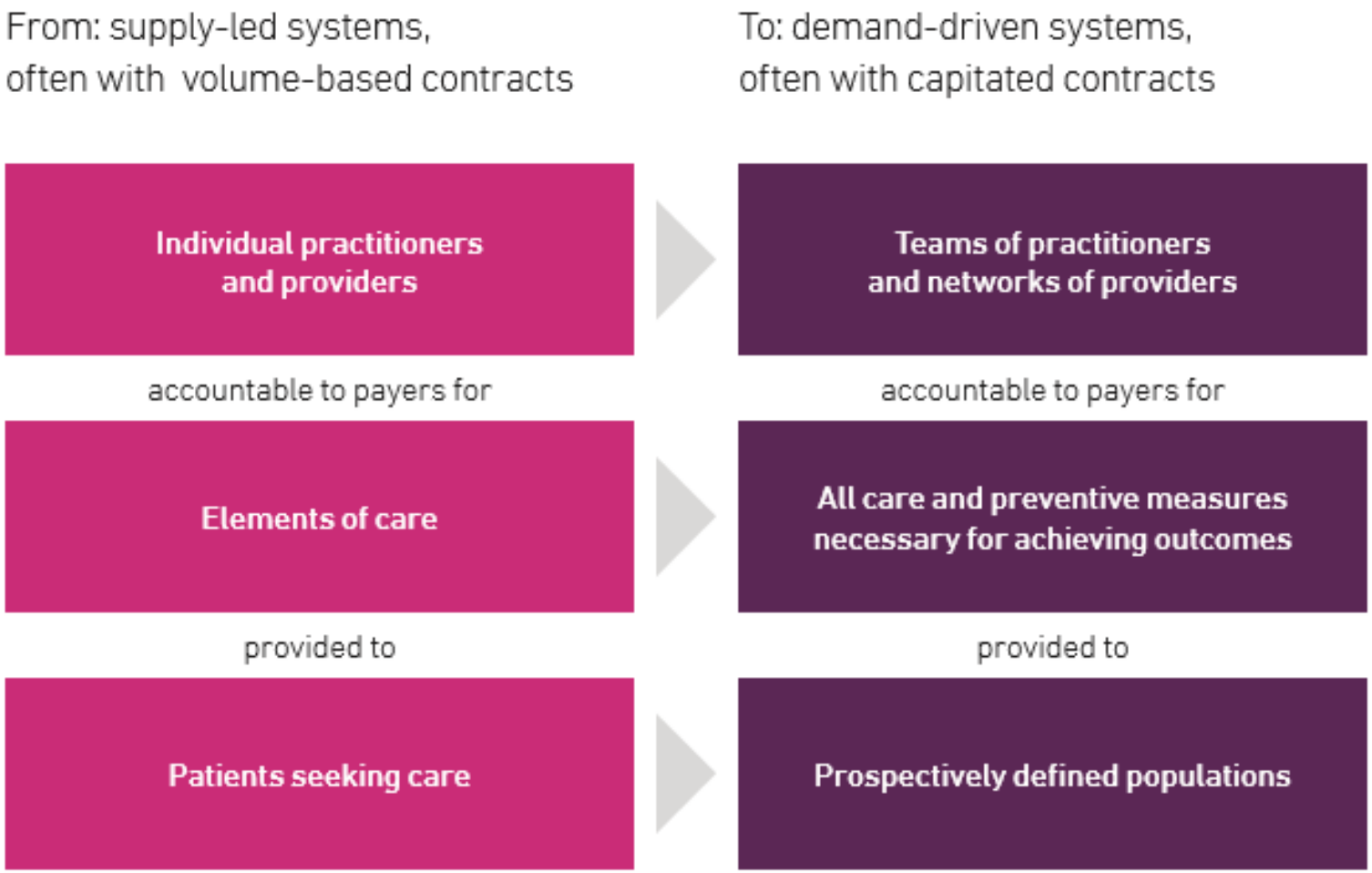
* CMS is phasing in payment adjustments

Alternative Payment Models (APMs)

Traditional | "Pay for Performance" | Payment Linked to Patient Not Services: Limited | More Complete

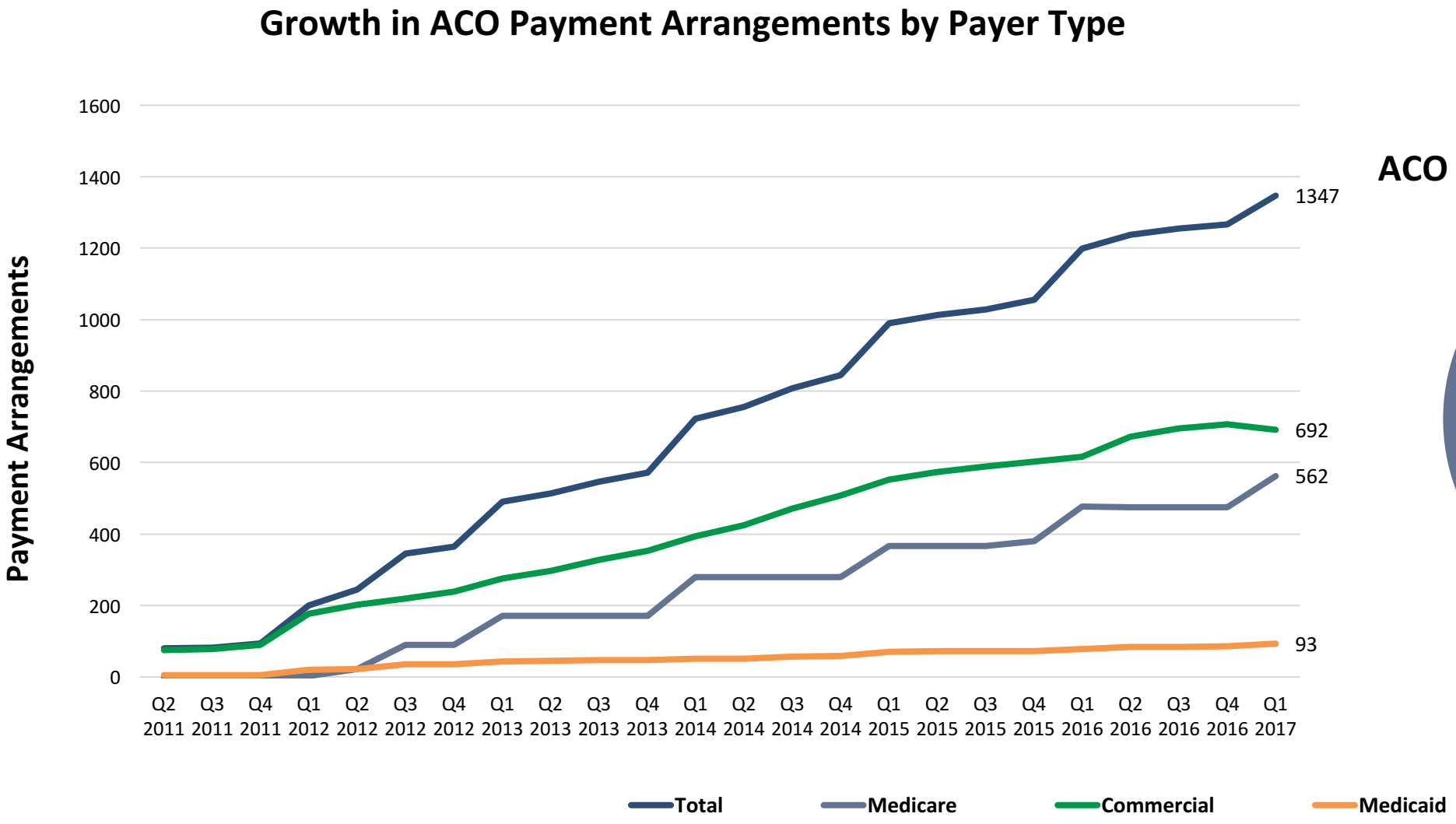
HCP LAN
Health Care Payment Learning & Action Network

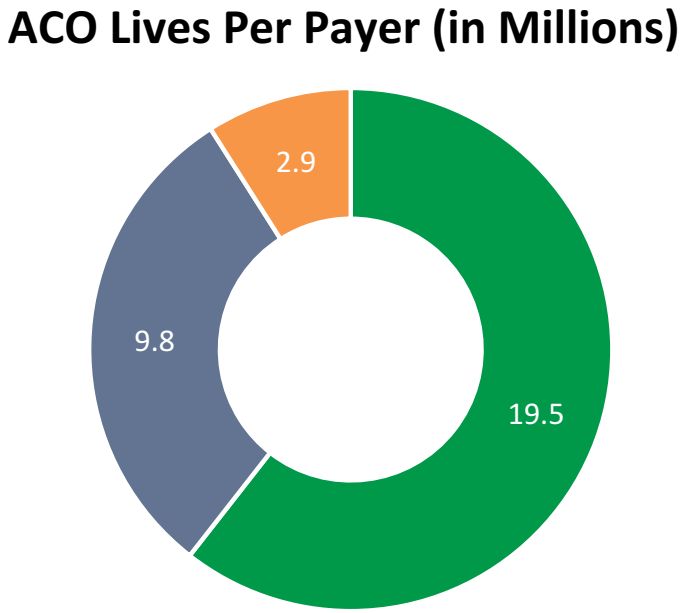
”Alternative” Payment Models:
Shifting from Accountability for Services to Accountability for Population Health



Source: World Innovation Summit for Health Report, 2013

ACO Growth by Payer Type





Alternative Payment Models

Primary Care and Care Coordination

PRIMARY CARE
- Medical home payments
- Direct primary care (PMPM) payments
- Accountability and shared savings for population outcomes and costs

SPECIALIZED POPULATION
- Comprehensive care for high-risk patients
- End-of-life/palliative care patients
- Specialty-based care teams (e.g., Comprehensive ESRD Care, Project SONAR for advanced GI disease)

Episodes of Care

- Elective procedure episodes (e.g., hip/knee replacement)
- Acute event episodes (e.g., Comprehensive AMI Care episodes
- Acute exacerbation (e.g., BPCI heart failure episodes)
- Diagnosis-based episodes (e.g., pregnancy, back pain)
- Chronic disease management (e.g., oncology care)

Medical Products

- Results-based payment (e.g., PCSK9 drug rebate tied to lipid control or cardiovascular complications)
- Shared accountability with providers in alternative payment models

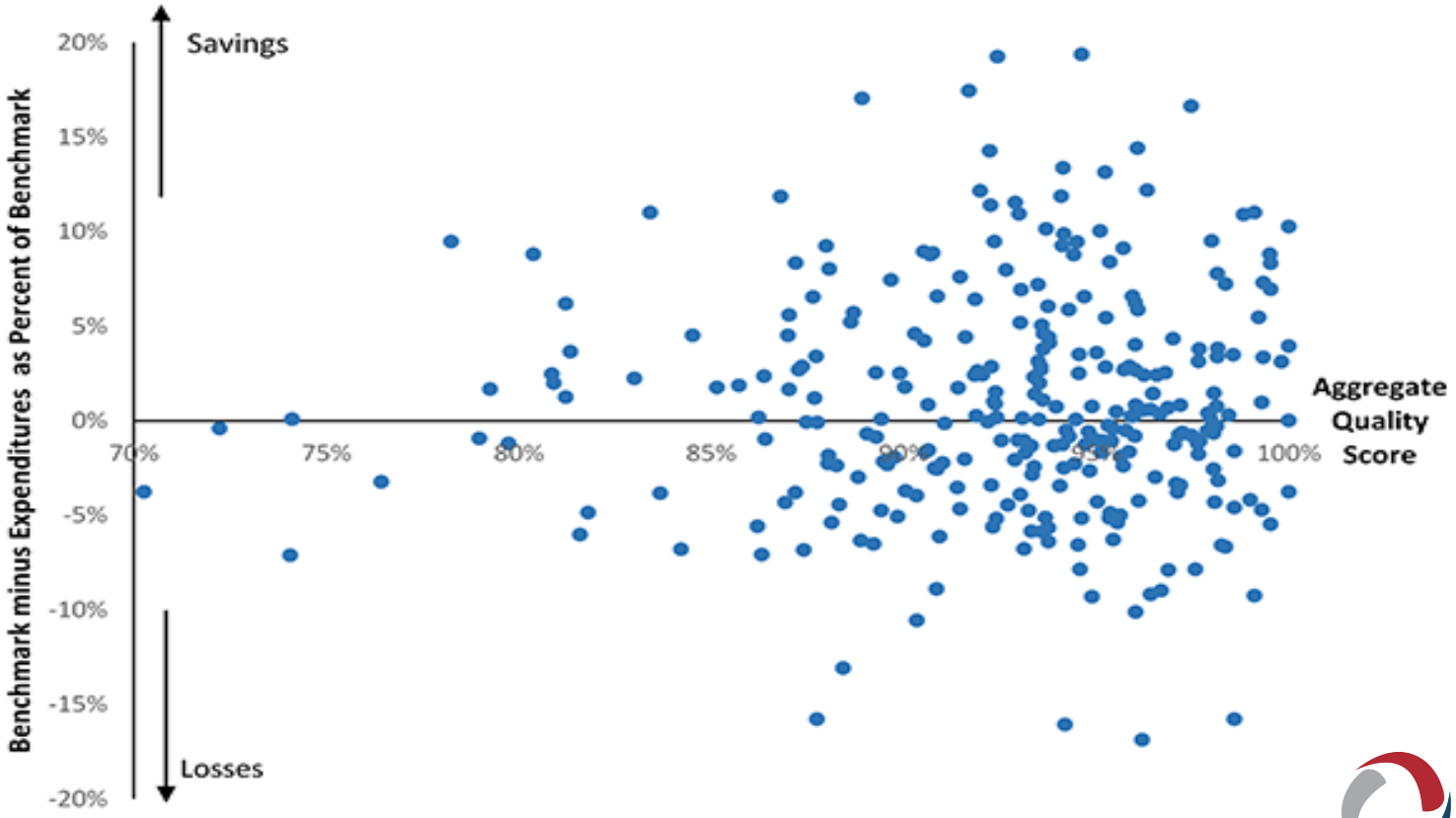
Overall Care and Population Health

- Partial population risk (e.g., Medicare Shared Savings Accountable Care Organizations, CPC+ Phase 2)
- Capitated results-based payment (e.g., full risk integrated provider health plan)

Potential New Directions for Payment Reform

- Voluntary payment reform initiatives
  - Modified CJRR reform may provide evidence on value of mandatory shifts
- Smaller physician groups and physician-focused payment reforms
- Reforms through and in collaboration with private plans
- State and regional multipayer initiatives
  - E.g., Comprehensive Primary Care Plus, Integrated Healthcare Association
- Quality and spending transparency
- Enhanced patient and consumer savings

Most health care organizations not yet succeeding in alternative payment models



Source: Muhlestein, Saunders, and McClellan, *Health Affairs* 2016

New Competencies Needed for Organizations in New Payment and Care Models

- Governance and Culture
- Financial Readiness
- Health IT Infrastructure and Data Use
- Patient Risk Assessment and Stratification
- Care Coordination
- Quality and Safety
- Patient-Centeredness

ACCOUNTABLE CARE
LEARNING COLLABORATIVE
HOUSED AT WGU