AHIP

America's Health Insurance Plans

Delivery System Reform

Texas Medical Center Health Policy Institute

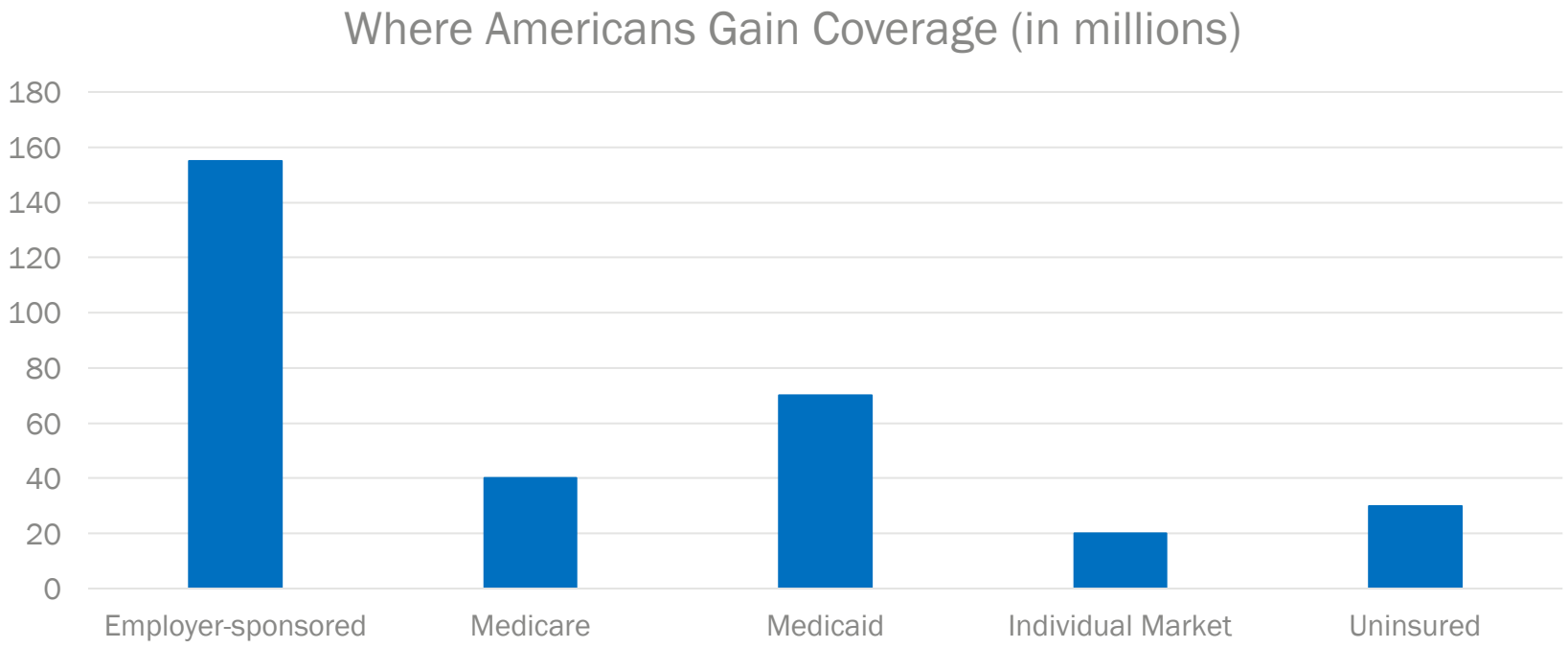
Marilyn Tavenner, President and CEO

September 20, 2017

Agenda

- The drive toward value-based payment models
- Elements for a successful value-based collaboration
- Future trends in value-based care

While Most Americans Have Coverage, Gaps Remain



To increase coverage, we must decrease the cost of care

Fee-for-Service Drove Payments Pre-ACA

- National health expenditures were on the rise: From $255B in 1980 to $2.6T in 2010
- Fee-for-service accounted for 90 percent of payment dollars in the private sector
- Private-sector quality assessments were rewards-based pay-for-performance
- Public sector measured quality through Physician Quality Reporting System (PQRS) and Hospital Inpatient Quality Reporting (IQR)

New Models Deliver Better Outcomes, Satisfaction, Costs

Patient-Centered Medical Home

- Emergency department use reduced 48-68%
- Hospital admissions reduced 34-51%
- Average hospital length of stay reduced 21-44%
- End-of-life care improved as length of time in hospice increased 34%

Accountable Care Models

- Pioneer ACOs generated more than $37M in savings in 2015
- Pioneer ACOs increased mean quality score to 92.26% in 2015; average quality score increased 21% since 2011
- Of the 12 Pioneer ACOs, 9 had overall quality scores above 90% in 2015

Episode/Bundled Payment

- Inpatient days decreased by 17%
- Emergency department visits decreased by 30%
- Oncology models flatten out Rx spending after a 15-18% increase per year

Source: https://revcycleintelligence.com/news/how-alternative-payment-models-decrease-cancer-care-costs
Source: https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-08-25.html

Value-Based Care Delivers in Medicare Advantage

Medicare Advantage (MA) Members Appreciate the Value of Their Plans

- 18.7M members; 1.3M in Texas
- 80% of Medicare beneficiaries have access to a zero-premium plan that includes drug coverage
- 90% of enrollees are satisfied with their plans, benefits and choices of providers

MA Members See Better Results in Their Care

- MA outperforms fee-for-service in 7 out of 7 clinical quality measures
- Hospital readmission rate is up to 20% lower in MA
- MA enrollees hospitalized for stroke, knee or hip replacements, and heart failure had fewer admissions to nursing homes and inpatient rehab facilities post-discharge, shorter stays, and lower rates of hospital readmission
- A 10-percentage point increase in MA penetration is associated with a reduction in traditional fee-for-service costs of $154 per capita annually

Medicaid Managed Care Spurs Innovation, Reduces Costs

- 53M members in 39 states; 4M members in Texas
  - Texas managed Medicaid program includes traditional Medicaid population, plus long term services and supports, foster care, children with complex medical needs
- While MCOs cover 92% of Texas Medicaid beneficiaries, they are responsible for just 67% of overall Medicaid spending in the state
  - Saved more than $5.2B since 2010; returned $1B to state treasury through profit sharing
- From 2009 – 2016, Medicaid enrollment grew 35%, managed care costs grew just 5.8% per person
  - US per-person spending grew 30.4% during this period
- Texas Medicaid MCOs reduced hospital admissions by 20-40% for treatable conditions (e.g., asthma, diabetes, pneumonia, infections)

Employer Plans Are Embracing Value-Based Care

- 1 in 5 large employers intend to promote an ACO plan in 2018, an additional 26% of large employers say they are considering an ACO
- Value-Based Insurance Design (VBID) is increasingly the norm: nearly 40% of employers have incorporated VBID into plans, allowing for reduced or eliminated cost-sharing for treating chronic health conditions
- Employers are turning to centers of excellence (COEs) to identify high-performing medical providers and negotiate bundled payments for surgery procedures
- 88% of employers will use COEs in 2018, with many relying on bundled payments for procedures, devices, lab tests, prescription drugs and rehabilitation services necessary for full treatment and recovery

Source: National Business Group on Health (https://www.businessgrouphealth.org/news/nbgh-news/press-releases/press-release-details/?ID=334)

Health Plans See Success With Provider Partners

Anthem Reduces ER Costs by 3%

Anthem's Enhanced Personal Health Care program helps primary care physicians take on more financial risk. After 4 years, the program now includes more than 50,000 partnerships

Vermont Blue Cross Plan Achieves Highest Member Satisfaction

Satisfaction improved by measuring various member touchpoints, increasing price transparency, improving patient outreach, increasing communications channels

Humana Decreases Costs by 20% for MA members

Quality also improves: ER visits decrease 6%, colorectal screenings increase 8%, osteoporosis management increases 13%, breast cancer screenings increase 6%

Harvard Pilgrim Embraces Value-Based Pharma

Patient outcomes measured for effectiveness, using data to optimize care and decrease costs

Payment Reform Is Based on Shared Goals

- Shared commitment to move away from fee-for-service to shared-risk
- Increased focus on patient outcomes, experience and coordination of care
- Increased focus on reducing the need for, and therefore the impact of, high-cost services
- Value-based approaches are increasingly customized to the provider

Collaboration and Analytics Are Key to Success

Operational Factors

- Leadership commitment
- Long-term relationship
- Appropriate patient panel size
- Clinical integration/network adequacy
- Clinician acceptance of new payment arrangements

Technical Factors

- Data (e.g., claims history, claims extract, hospital/ER census)
- Analytic reports (predictive, early identification of patients at risk)
- Care management/Care transition
- Consultative support

Address Collaboration Structure and Terms Early

- Determine which clinical conditions to target for improvement, and what to include in the costs
- Agree on how to establish the benchmark price
- Determine whether payments should be prospective or retrospective
- Create a physician-led governance structure
- Determine how participating physicians will share bonuses/penalties
- Determine which patients are at greatest risk and how to engage them, coordinate their care
- Determine how to get patient information timely to the provider
- Determine how to communicate clinical data across all providers involved in the patient's care

More Providers Will Adopt Value-Based Models

- MACRA: CMS dollars flowing through alternative payment models to be greater than 50%
- Private payer dollars flowing through alternative payment models more than 40%
- Any Medicaid spending cuts/per capita caps could drive dramatic payment and delivery system changes

VBC Will Become More Innovative

- Population health-focused models – such as ACOs – will be more prevalent
  HHS Inspector General released a report in August 2017 showing Medicare shared savings program reduced spending by $1 billion in 3 years, and outperformed FFS providers in 81% of quality measures.
- Care delivery will become increasingly coordinated, patient-centric
- More collaborations will focus on how to drive down costs due to prescription drugs
- More collaborations will begin to integrate behavioral health care into their value-based approach
- More collaborations will leverage the value and flexibility of home-based care

AHIP's Vision

We will shape and drive market-based solutions and public policy strategies to improve health, affordability and financial security by:

Promoting consumer choice and market competition

Simplifying the health care experience for individuals and families

Supporting constructive partnerships with all levels of government

Partnering with health care providers on the journey from volume to value

Addressing the burden of chronic disease and social factors that impact health

Pursuing the promise of clinical innovations while ensuring value

Harnessing data and technology to drive quality, efficiency and consumer satisfaction

ahip.org

@ahipcoverage

/ahip

AHIP