NH Department of Health & Human Services

State Health Care Innovation Model: Stakeholder Session

May 19, 2013

Agenda

Topic	Time	Owner
Introductions	5 min	Nancy
Update on SIM grant activities	5 min	Nancy
Update on BIP and LTSS	10 min	Nancy
Update on Care Management Initiative	10 min	Nick
Re-cap of previous meetings	15 min	Jim
Overview of new timeline	5 min	Jim
Getting started – What does payment reform/innovation look like?	30 min	Jim
Discussion of focus areas for LTSS payment reform	30 min	Jim
Review of next steps	10 min	Nancy

Introductions

Update on SIM grant activities

Update on Care Management Initiative

Re-cap of previous meetings

Summary of Small Group Visioning Session

Delivery System Values

- Person/Family Centered – "from the person outward"
- The person's needs are viewed holistically and met seamlessly
- Person/Families are Empowered to make informed and responsible choices
- Providers and payors collaborate to ensure access to high quality services
- Services are affordable and efficiently provided

Desired Outcomes of the Model

- Improves quality of services
- Improves consumer outcomes
- Increases access to needed services
- Promotes holistic view of the consumer's/family's needs
- No waiting lists for services
- The new system is financially sustainable

Project Approach: Model Design

New Hampshire's State Health Care Innovation Plan Design Strategy consists of the following six phases.

Phase One: Internal Planning

- Organize internal resources.
- Respond to grant application.
- Define goals.

Phase Two: Stakeholder Outreach

- Collaborate with Stakeholder Advisory Committee (SAC) to define vision, goals, and value statement.

Phase Three: Define Model

- Stakeholder workgroups define model with SAC approval.

Phase Four: Finalize Savings Estimate For Model

- Finalize savings estimate for model.

Phase Five: Develop Detailed Design Requirements

- Develop detailed design requirements and gain SAC consensus on requirements.

Phase Six: Implementation Planning

- Develop implementation plan and Model Testing Application with SAC approval.

Project Approach: Stakeholder Workgroups

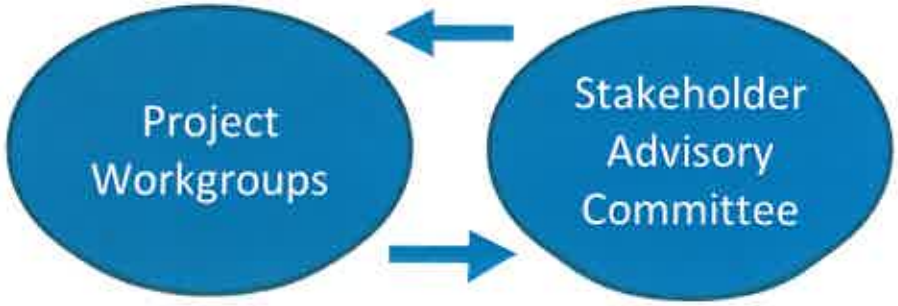
Project Workgroups

Each project workgroup will contain state and stakeholder representatives. Each workgroup will help define aspects of the model in the topic areas outlined to the right.

- Delivery System Redesign
- Payment Reform Design
- Existing Initiatives
- Quality
- Regulatory and Legal Barriers
- HIT/IT Needs
- Other Barriers & Challenges
- Education/ Outreach

Stakeholder Advisory Committee

The Stakeholder Advisory Committee (SAC) will be responsible for validating the model design.



State Team

The state team will participate on project workgroups and manage project organization and planning activities.

Delivery Design Workgroup

Draft Charter

- Identify aspects of the current system that are aligned with the Values and Mission statement

- Identify aspects of the current system that are not aligned with the Values and Mission statement

- Develop strategies to achieve better alignment that also protect current areas of alignment

Payment Reform Design Workgroup

Draft Charter

- Identify current payment methodologies that are aligned with the Values and Mission statement

- Identify current payment methodologies that are not aligned with the Values and Mission statement

- Develop payment methodologies to achieve better alignment that also protect current areas of alignment

Existing Initiatives Workgroup

Draft Charter

- Review existing initiatives
- Examine possible inter-relationships between the initiatives
- Examine opportunities to better align existing initiatives with the Innovation Model's vision and goals
- Examine opportunities to modify existing initiatives to better align with the Innovation's vision and goals

Regulatory and Legal Barriers Workgroup

Draft Charter

- Identify existing state regulations that are not in alignment with the Innovation Model's values and mission
- Identify existing state statutes that are not in alignment with the Innovation Model's values and mission
- Develop recommendations for modification of existing regulations and statutes
- Develop recommendations for new regulations and or statutes to promote the Innovation Model

HIT/IT Workgroup

Draft Charter

- Examine the current and developing state of use of HIT by LTSS and payers
- Develop a strategy to leverage HIT to promote the Model's vision and mission
- Identify gaps or barriers to leveraging HIT
- Develop recommendations to address gaps and barriers

Quality Workgroup

Draft Charter

- Identify existing quality measures and standards for LTSS services and populations
- Identify quality measures from care management initiative
- Define quality strategy for LTSS services and populations

Education/Outreach Workgroup

Draft Charter

- Define existing education and outreach mediums/assets
- Determine education and outreach target audience
- Identify education and outreach needs

Other Barriers and Challenges Workgroup

Draft Charter

- What are we missing in other 7 workgroups that need to be addressed?
- Do we need a quality workgroup separate from the payment reform strategy?
- Should we have a workforce workgroup?
- Others????

Overview of new timeline

Project Timeline

New Hampshire's State Health Care Innovation Plan Design Strategy will take place over a ten month period from September 2012 to June 2013.

		2012				2013										
Phase	**Task**	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
Phase 1	**Conduct Internal Planning**															
Phase 2	**Conduct Stakeholder Outreach**															
Phase 3	**Define Model**															
Phase 4	**Finalize Savings Estimate for Model**															
Phase 5	**Develop Detailed Design Requirements**															
Phase 6	**Conduct Implementation Planning**															

Complete activities

Pending activities

Getting started – What does payment reform/innovation look like?

Some Guiding Thoughts about Payment Design

Payment structures should support the vision and goals of the system

- They should encourage and reward behavior that is consistent with the goals of the system
- They should encourage and reward behavior that generates desired outcomes
- They should create a path to a positive ROI for providers who need to make investments in order to align processes and services with system goals
- They should discourage behavior that is not consistent with the vision, goals, and desired outcomes of the system

Payment re-design is challenging

- Most payment structures have grown organically over time and have not been previously aligned with system goals
- In most instances it re-distributes money inside the system
- It rarely involves increasing funding for the system- in most cases there is an expectation that the system will spend less money
- Changing how "business" is conducted is almost as challenging as reduction in spending

Some basic tenets of Current Health Care Payment Reform Initiatives

- A desire to move away from paying for "volume" to paying for "value"
  - Value has many attributes
    - Improved outcomes
    - Improved quality
    - Improved efficiency
- A desire to connect and coordinate providers around the patients that they serve
  - Our most costly consumers are our most complex consumers
  - Consumers with complex needs receive services from delivery systems that have a tendency to operate in silos
  - Silos exist even with delivery systems
  - Belief that better coordination will result in better outcomes, quality and efficiency
- A belief that focusing on value and coordination will lead to efficiency and at a minimum slowing of the cost curve

Past and Emerging Payment Methodologies

Several reimbursement options exist and the ideal methodology for an organization will depend on an organization's capabilities and long term vision

	Reimbursement Methodology	Description	Examples
Support better performance	Fee-for-Service	Payment for specific services rendered by provider to patient	-% of charges -Fee schedule (RBRVS)
	Per Diem	Payment per day of inpatient care	-Medical/surgical, Maternity -ICU/CCU, NICU
Pay for better performance	Bundled Payments	Case payment for a particular case based on DRG or case rate	-Case rate -MS-DRG
	Pay for Performance	Provider payments tied to one or more objective metrics of performance	-Guidelines-based payment -Nonpayment for preventable complications
	Episode Based Payment	Case payment for a particular procedure or condition(s) based on quality and cost	-Osteoarthritis -Coronary Artery Disease
	Service Defined Capitation	Per-person payment for a specific specialty service	-PCP visit -Lab work
Pay for higher value	Condition Specific Capitation	Per-person payment for a specific condition or group of conditions	-Diabetes -Cancer cases
	Provider Defined Capitation	Per-person payment regardless of volume of care for patient	-Managed care/ HMO payment model
	ACOs	Capitation to an Integrated Delivery System for full risk of all services of a member group	-Global payment -ACO shared savings program -Medical home -Hospital-physician gain sharing -Pay for Performance

Low — LEVEL OF RISK SHARING — High

Reimbursement strategies are evolving to enable increased provider impact over services provided and overall cost effectiveness of care

Other Payment Reform Examples

- Selective Contracting
  - Concept – reduce number of providers for a particular service in exchange for price discounts and improved service
  - Examples
    - Durable Medical Equipment
    - Lab
    - X-ray
    - Home Health
    - Specialty Pharmacy
- Tiered networks
  - Concept – create preferred tier of providers and create incentives for consumers to use those providers. Tiering can be a function of discounts, quality or combination
  - Examples
    - Hospitals
    - Health systems
- Narrow Networks
  - Concept – shrink the overall network in order to enhance coordination and improve efficiency
  - Examples
    - Group Model HMO (Kaiser)
    - Trend toward narrow market in commercial market

Other Payment Reform examples

- New payment polices
  - Non payment for re-admission
  - Never events
  - Front end fraud detection

- Care coordination models are a form of payment reform
  - Patient Centered Medical Homes
  - Health Homes
  - ACOs

Transition in the operating model to integrated care

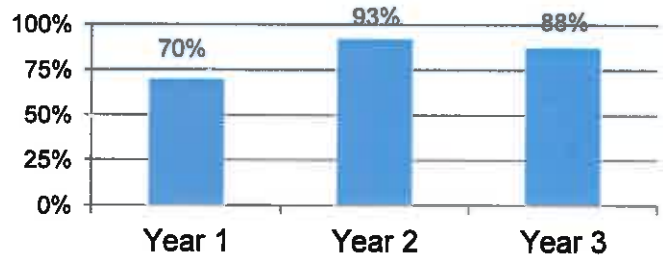
Integrated Delivery Model Attributes	
Information Continuity	▪ Electronic health records ▪ Regional caregiver collaboration through use of HIE ▪ Robust patient web portal
Care Coordination	▪ Advanced medical home including round-the-clock primary care coverage ▪ Longitudinal and across the continuum ▪ Effective remote patient monitoring
Peer Review/ Teamwork	▪ Physician peer performance reviews and team planning ▪ Incentives for physicians to efficiently deliver evidence-based practices
Continuous Innovation	▪ Collaborative teams focused on improvement ▪ Compensation system aligned with achievement of goals
Incentives for Cost Management	▪ Health plan provides financial incentives for physicians to participate in the advanced medical home

Sample Outcomes

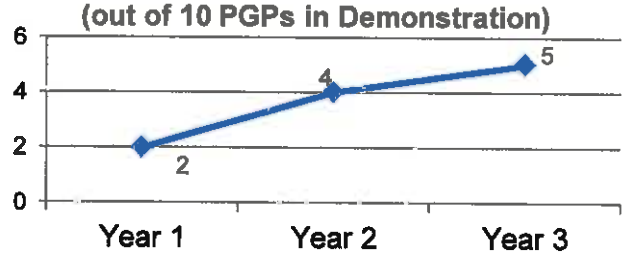
CMS Physician Group Practice (PGP) Demo, 2005-2010

- Includes ten multi-specialty PGPs with advanced infrastructure, 5,000 physicians and 220,000 Medicare beneficiaries
- Creates shared savings incentives for physician groups to coordinate the overall care delivered to Medicare patients
- High degree of quality improvement and increasing number of PGPs exceeding savings threshold have been observed so far:

Percentage of Quality Markers Showing Improvement by All 10 PGPs



PGPs Exceeding 2% Savings Bonus Threshold
(out of 10 PGPs in Demonstration)



Source: *CMS PGP Fact Sheet* August 2009: https://www.cms.gov/DemoProjectsEvalRpts/Downloads/PGP_Fact_Sheet.pdf

Incentives

- There are a wide variety of incentive programs in place across the health care system
- Incentives can serve a variety of purposes
  - Reward providers for new behavior
  - Reward providers for improved quality
  - Reward providers for improved outcomes
  - Create a potential revenue stream for the provider to improve the business case for needed re-engineering and/or changes in service delivery that would not be evident in their current model
  - Gain sharing
- Incentives can be tricky
  - Targets have to be challenging but attainable
  - Amounts have to substantial enough to warrant changes necessary to achieve targets
  - Measurement is not always easy and sometimes costly
- Penalties are used too
  - Payers want providers to share risks – both performance and actuarial
  - Penalties need to be substantial enough to discourage "cost of doing business" approach for difficult to meet benchmarks

Consumerism and payment reform

- Payment reform and the role of the consumer often intersect
- Examples.
  - DD waiver approach to consumer directed budgets
  - Use of consumer satisfaction as a performance measure
  - Consumer rewards in tiered and narrow network strategies
  - Balancing care transition and continuity issues key aspect of understanding impacts of payment reform strategies

Multi-Payor Strategies

- Business case for payers for multi-payor approach
  - The more alignment around desired provider behavior change – the more compelling the business case is for the provider to make needed changes

- Business case for providers for multi-payor approach
  - Business transformation best conducted for whole "book" of business.
  - Funding for needed changes enhanced when able to aggregate potential new revenue streams

- Challenges
  - Payer specific business needs
  - Variation in measurement benchmarks between payers
  - Contract implications
  - Aggregation can create increased risk for providers

Discussion of focus areas for LTSS payment reform

Impact of Payment Reform on Outcomes and Values

Payment Reform

- _____
- _____
- _____
- _____
- _____

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Big Questions for Payment Reform

- How do we break down Silos?
- How do we increase accountability?
- How do we improve performance?
- How do we create capacity and competition?

Review of next steps

Deloitte.

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