Bringing the Consumer Perspective to Health Care Transformation

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Yes, THAT Consumer Reports
Connecticut Has Four Urgent Problems

- Inadequate Health Outcomes
- Disparities in Health Outcomes
- Difficulty Affording Health Coverage and Health Care
- Unsustainable Growth in Health Care Spending
Each Year, Health Spending Grows Faster Than the Economy Overall

Source: CMS, National Health Expenditure Data
High Health Spending Bottom line: less money for other things and less money in your paycheck

2000-2013 Growth In Compensation
(US Average, adjusted for inflation)
Source: CU analysis of BLS compensation survey data
Experts Agree: Inadequate Value for Our Health Care Dollar

2012 Health Spending Per Person (CT)

Sources: CT Connecticut Health Care Innovation Plan, Institute of Medicine.
Providing too few or too many services means poor outcomes or even patient harm

Too little:
- Public health
- Preventive measures

Too much:
- Unnecessary services; duplicative tests
- Care provided to correct patient harm

*In the US, hospital acquired infections kill 7 times more people than drunk drivers.* Source: MADD and CDC
But “waste” in the system isn’t our major cost driver

- Year-over-year increases in charge per procedure accounts for a majority of spending growth.

Good News: the CT State Innovation Plan is about Solutions

But how to keep it all straight?

- Advance Medical Home
- Shared Savings Program (SSP)
- Consumer Empowerment
- Value-Based Insurance Design (VBID)
- Pay for Performance (P4P)
Making Sense of the Alphabet Soup

- Who is being targeted:
  - Consumer
  - Doctors, Hospital or other providers
  - Insurer

- What is the approach:
  - Increased transparency
  - Financial incentive
  - Structural
For each “intervention,” ask

☐ What is the goal?
  ■ Lower spending?
  ■ Increase quality?
  ■ Increase value?
  ■ Empower consumers?

☐ How will we know if we’ve been successful?
The Role of the Consumer

- Consumers should have trusted, actionable information on the prices, quality and value of doctors, hospitals and treatments.

- Consumers deserve to shop with confidence.

- But we need to be realistic about consumers’ ability to “move the market.”
Most Health Care Dollars Are Directed by Physicians

- Consumers’ out-of-pocket spending = 13% of our nation’s health care bill.
- And a portion of this is still directed by the doctor.
- Bottom line: Most health care is not “shoppable.”

Source: CMS, National Health Expenditures

The most expensive piece of medical equipment is a doctor’s pen.
Fee for Service

- Rewards physicians/hospitals for the volume of services and procedures, not care coordination activities or improved quality of services
Practice transformation...

...requires structural changes in the delivery of services and management of providers, including efforts to improve patient-centered care and collaborations with external care settings and resources.

Financial incentives matter but a comprehensive approach is needed.
Many Ways to Get There

- Care Coordination Fees
- Pay for Performance
- Value Based Payments
- Shared Savings/Shared Losses
- Patient Centered Medical Home
- Accountable Care Organization
Care Coordination

- the conscious effort by two or more health care professionals to facilitate and coordinate the appropriate delivery of health care services for a patient

- Examples:
  - Transitional care (typically from hospital to home).
  - Medication management

Check out this resource:
http://www.cfmc.org/integratingcare/toolkit.htm
Care Coordination

- Typically care coordination activities are not separately reimbursed.
- By providing financial incentives for improved care quality and funding for integrated delivery systems, these reforms may encourage health care providers and institutions to participate in care coordination activities.
Pay for Performance

- FFS + Bonus
- A basket of quality measures is defined and incorporated into a scorecard. Clinicians can then earn a bonus, or an increase in future earnings, based on their performance on the scorecard.
Pay for Performance: Evidence

- 12 years of experience in CA saw improvements in quality but also rising costs

- New Approach: transition to “Value Based” Pay for Performance
  - A focus on total cost of care as well as quality thresholds
Shared Savings/Shared Losses

- incentives across multiple specialty settings and hospitals to manage defined populations of patients.

- two payment streams:
  - a traditional stream featuring FFS payments
  - a target budget for the managed population based on a “control group” or market baseline trend.
PCMH and ACO: Two closely related concepts

- Patient-centered medical home (PCMH): a single provider is responsible for coordinating care for individual patients.

- Accountable care organizations (ACOs): organizing care along a continuum from doctor to hospital.
Patient Centered Medical Home:

- patient-centered,
- comprehensive,
- team-based,
- coordinated,
- accessible, and
- focused on quality and safety.

Goal: achieving primary care excellence so that care is received in the right place, at the right time, and in the manner that best suits a patient's needs
PCMH: Evidence

- Despite agreement on the organizing principles, no consensus exists on an operational definition of the components of the PCMH or investments required.
- Mixed results thus far on both cost savings and quality.
- Possible reason: PCMHs have not been implemented on a large enough scale or for long enough to show real savings.
Often, the structure of the health plan, care delivery systems, and practice traits determine whether an intervention will be successful.
ACOs

- An ACO could be a real (incorporated) or virtual (contractually networked) organization, for example, a large physician organization that would contract with one or more hospitals and ancillary providers.

- The concept of financial risk: providers in the ACO would share in efficiency gains from improved care coordination and could be subjected to financial penalties for poor performance.
Consumer Considerations

- Protect vulnerable consumers
  - access to and availability of care
- Transparency
- Consumer involvement
- Evaluation and monitoring
  - Are goals being realized?
  - Can patients make informed decisions?
  - Fine tuning
ACO: Example

- Patients might be assigned to ACO based on their primary care physician; however, the patient is free to see providers outside of their ACO and even switch ACOs
  - Patient choice vs. possibly undermining effectiveness
Thank you!

Please email Lynn Quincy with questions:

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