Health Transformation from the Purchaser’s Perspective

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Washington State Health Care Authority
EBPA September Educational Session
September 15, 2016
HCA: purchaser, convener, innovator

Purchases health care for over 2.2 million people through Medicaid (Apple Health) and Public Employees Benefits (PEBB) Program

$10 billion annual spend

Large network overlap between both programs

Value-based purchasing mandate

1 in 3 Non-Medicare WA Residents

$10 Billion
Healthier Washington

- Ensuring care focuses on the whole person
- Paying for value
- Building healthier communities through regional collaboration
What is “Paying for Value?”

- Quality
- Patience Experience
- Cost
  - Not too much
  - Not too little
## Payment drives system transformation

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<tr>
<th>Status Quo (Volume-Based) System</th>
<th>Transformed (Value-Based) System</th>
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<tr>
<td>Fragmented clinical and financial approaches to care delivery</td>
<td>Integrated systems that pay for and deliver whole person care</td>
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<td>Uncoordinated care and transitions</td>
<td>Coordinated care and transitions</td>
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<td>Unengaged members left out of their own health care decisions</td>
<td>Engaged and activated members who are connected to the care they need and empowered to take a greater role in their health</td>
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<td>Variation in delivery system performance (cost and quality) with no ties to clinical or financial accountability and transparency</td>
<td>Standardized performance measurement with clinical and financial accountability and transparency for improved health outcomes</td>
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Washington State purchasing goals

By 2021:

• 90 percent of state-financed health care and 50 percent of commercial health care will be in value-based payment arrangements (measured at the provider/practice level).

• Washington’s annual health care cost growth will be below the national health expenditure trend.
HCA and Medicare’s VBP goals

In 2016, at least 30% of Medicare payments are linked to quality and value through APMs (Categories 2c–4b)

In 2018, at least 50% of Medicare payments are linked to quality and value through APMs

In 2021, at least 90% of state-financed health care payments and 50% of commercial health care payments are linked to quality and value through APMs (Categories 2c–4b)
Defining Value-Based Payments using CMS’ Alternative Payment Model Framework

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<th>Category 1</th>
<th>Category 2</th>
<th>Category 3</th>
<th>Category 4</th>
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<tr>
<td>Fee for Service – No Link to Quality &amp; Value</td>
<td>Fee for Service – Link to Quality &amp; Value</td>
<td>APMs Built on Fee-for-Service Architecture</td>
<td>Population-Based Payment</td>
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<td>Foundational Payments for Infrastructure &amp; Operations</td>
<td>APMs with Upside Gainsharing</td>
<td>Condition-Specific Population-Based Payment</td>
<td>Comprehensive Population-Based Payment</td>
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<td>Pay for Reporting</td>
<td>APMs with Upside Gainsharing/Downside Risk</td>
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<td>Rewards for Performance</td>
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<td>Rewards and Penalties for Performance</td>
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https://hcp-lan.org/groups/apm-fpt/apm-framework/
Key strategies

- Purchase high-value care
- Engage purchasers, providers and payers to accelerate transformation
- Align with federal value-based purchasing
HCA Value-Based Road Map

- Reward patient-centered, high quality care
- Reward health plan and system performance
- Align payment and reforms with CMS
- Improve outcomes
- Drive standardization
- Increase sustainability of state health programs
- Triple Aim

2016: 20% VBP

2019: 80% VBP

2021: 90% VBP
What is Care Transformation?

• Structural and process changes that promote the efficient delivery of health services (right care, right time), and connect and coordinate public health and social services to achieve the triple aim:
  – Better care, better health, lower cost

• Care Transformation change efforts occur at state, community and/or clinical level

• Continual, data driven, improvement, is a fundamental principle of change efforts
Key Objectives of Health Care Transformation

• Improve population health by:
  – Reducing the incidence of chronic illness through effective prevention and screening
  – Effective management of chronic conditions, particularly for complex patients

• Reduce cost by promoting use of the lowest cost, high quality care for acute, non-emergency conditions
Accountable Care Program Foundational Elements

Shared Risk: Accountable for Cost and Quality

Benefit Design

Increased Member Access

Timely Data

Care Transformation
ACP Care Transformation Activities

- Advance patient centered medical home
- Care coordination for members with complex conditions
- Implement Bree recommendations
What is the Bree Collaborative?

• Established in 2011 by Washington Legislature
• Three topics selected annually
• Topics with high variation in the way care is delivered or frequently used, but do not lead to better care or patient health, or that have patient safety issues
• Expert workgroups formed to identify and analyze evidence-based practices to improve quality and reduce variation in practice patterns
  – See: www.breecollaborative.org
ACP Care Transformation: Patient Centered Medical Home

• Key principles of patient-centered primary care are well defined and widely accepted
• Clinics must meet a list of standards to achieve recognition, many of which are captured by NCQA “level 3” accreditation standards
• For example:
  – Delivers team-based care
  – Offers flexible access and scheduling
  – Provides 24 hour access to a member of the team
  – Measures and improves clinical and patient experience
  – Uses clinical practice guidelines, etc.
ACP Care Transformation: Care Coordination for High Risk Members

• Develop methods to identify members with multiple chronic conditions or advanced illness
• Perform comprehensive assessment of care needs and gaps
• Develop a patient-centered care plan
• Work closely with members and family to foster successful care management
• Coordinate successful transitions of care
ACP Care Transformation: Bree Recommendations

• Obstetrics
• Cardiology
• Spine care
  – Low back pain
  – Lumbar fusion (bundle)
• Joint replacements (bundle)
• End of life care
• Avoidable hospital readmissions
• Screening for substance use disorders
Total Joint Replacement Bundled Payment

• TJR Centers of Excellence for PEBB Members
  • 2017 launch
  • Virginia Mason Medicaid Center as COE through a competitive procurement (Premera TPA)
  • PEBB members will have a choice – but no cost to member if VMMC selected

• Based on Bree Collaborative recommendations
  • Clinical, Quality, & Financial Accountability
    • Clinical Components
    • Quality Standards
    • Warranty
Purchaser toolkit

Online guidance on:

• Current research about paying for value
• How HCA promoted its accountable care network to employees
• How HCA shaped contract terms
• How other purchasers can integrate parts of the HCA’s strategy into their strategy – Common measure set and Bree Collaborative Recommendations
• Links to resources

www.hca.wa.gov/purchasertoolkit
P4V take-aways

• HCA is transforming the way it purchases health care.
• HCA is aligning its business with national movement away from fee-for-service to payments based on value.
• End result is better care, healthier people, and lower costs for Washington residents.
• But HCA can’t do it alone – please join us!
Questions?

More Information:
http://www.hca.wa.gov/about-hca/healthier-washington/paying-value

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