Fulfilling the Promise of Value-Based Care: Macro Trends in and the Evidence for Payment Reform

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About CPR

An independent non-profit corporation working to catalyze employers, public purchasers and others to implement strategies that produce higher-value health care and improve the functioning of the health care marketplace.

- 32BJ Health Fund
- 3M
- Aircraft Gear Corporation
- Aon
- Arizona Health Care Cost Containment System (Medicaid)
- AT&T
- The Boeing Company
- CalPERS
- City and County of San Francisco
- Comcast
- Compassion International
- Covered California
- The Dow Chemical Company
- Equity Healthcare LLC
- FedEx Corporation
- General Motors
- Google Inc.
- Group Insurance Commission, MA
- Hilmar Cheese Company, Inc.
- The Home Depot
- Mercer
- Miami University (Ohio)
- Ohio Medicaid
- Ohio PERS
- Penn State University
- Pennsylvania Employees Benefit Trust Fund
- Pitney Bowes
- Qualcomm Incorporated
- Self-Insured Schools of California
- South Carolina Health & Human Services (Medicaid)
- Teacher Retirement System of Texas
- TennCare (Medicaid)
- Unite Here Health
- US Foods
- Walmart Inc.
- Wells Fargo & Company
- Willis Towers Watson
APM Measurement Results at a Glance

In 2018, 35.8% of U.S. health care payments, representing approximately 226.5 million Americans and 77% of the covered population, flowed through Categories 3&4 models. In each market, Categories 3&4 payments accounted for:

- **Commercial**: 30.1%
- **Medicare Advantage**: 53.6%
- **Traditional Medicare**: 40.9%
- **Medicaid**: 23.3%

Representativeness of covered lives: Commercial - 61%; Medicare Advantage - 67%; Traditional Medicare - 100%; Medicaid - 91%
Breakdown of At-Risk & Not-At-Risk Payment Methods

Value-Oriented Payments that are “At Risk”

- At Risk
- Not at Risk
- Other V-O
- Status-Quo

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Spectrum of Approaches to Alternative Payment Models (APMs)

Analysis of 40 Medicaid Managed Care Model Contracts

- State requires APMs and sets % spend or membership targets: 30%
- State encourages APMs without targets or penalties: 23%
- State sets APM targets, & mandates specific programs and/or care delivery transformation support: 25%
- No mention of APMs: 13%
- State establishes its own APM contracts, which MCO administers: 10%

Distribution of States by Approach

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Mixed Results for Reforms: Example of ACOs

An ACO is a high-performance network of providers that shares financial and medical responsibility for providing coordinated care to a patient population and eliminating waste in the system.

<table>
<thead>
<tr>
<th>Medicare Shared Savings Program</th>
<th>Connected Care (Intel)</th>
<th>Regional Care Collaboratives (CO Medicaid)</th>
</tr>
</thead>
<tbody>
<tr>
<td>+</td>
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<tr>
<td>▪ Consistently high quality scores</td>
<td>▪ High patient experience and satisfaction scores</td>
<td>▪ Adult participants had fewer hospital readmissions and ER services than control</td>
</tr>
<tr>
<td>▪ 31% of ACOs received shared savings bonuses in 2016</td>
<td>▪ Statistically significant improvements in diabetes care</td>
<td>▪ Total reduction in spending est. $20 mill to $30 mill FY 2011-2012</td>
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<tr>
<td>▪ Unchanged performance on a portion of quality measures</td>
<td>▪ Total costs at year end were 3.6% higher than expected</td>
<td>▪ Use of ER services was about the same for children enrolled and not</td>
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<td>▪ Screening use varied</td>
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<td>▪ For 2013 entrants, no early reductions in spending</td>
<td>▪ ER use was higher for enrolled participants with disabilities than those not enrolled</td>
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<td></td>
<td>▪ Medicare saw a net loss of $39 million</td>
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</tbody>
</table>

Can’t say ACOs are a slam dunk when it comes to procuring higher-value care!
Mixed Results for Reforms: Example of Bundled Payment

<table>
<thead>
<tr>
<th>Bundled Payments for Care Improvement (BPCI)</th>
<th>Health Care Payment Improvement Initiative (Arkansas)</th>
<th>Bundles for Maternity Care (PBGH)</th>
</tr>
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<tbody>
<tr>
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<tr>
<td>▪ 21% lower total spending per joint replacement episode without complications             ▪ AR BCBS trend decreased for average LOS for inpatient admissions for TJR, from 2.7 days in baseline year to 2.6 days in 2013 and 2.3 days in 2014</td>
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<tr>
<td>▪ 1% reduction in ER visits and readmissions                                               ▪ Medicaid 30-day wound infection rate improved to 1.7% for 2014, down from 2% in 2013</td>
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<td>0</td>
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<td>▪ Reduction of cesareans by 20%</td>
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<tr>
<td>▪ Mixed impact on quality measures - some improved, some stayed the same and some worsened</td>
<td>-</td>
<td>▪ Savings of $5,000 per averted cesarean delivery</td>
</tr>
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<td>-</td>
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<td>Bundled payments are promising, but the details matter!</td>
</tr>
<tr>
<td>▪ For spinal surgery episodes, average Medicare payments increased more for the hospitalization and 90-day post-discharge period for the BPCI than comparison</td>
<td>▪ Medicaid post-operation TJR complication rate worsened from 8% in 2013 to 14.1% in 2014</td>
<td>Can’t say bundled payments are a slam dunk either!</td>
</tr>
</tbody>
</table>

Can’t say bundled payments are a slam dunk either!

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THANK YOU

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