

Slide 1



Life After Fee-for-Service, Part II: How Payment Reform Will Impact Physician Practices

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Slide 2

What We Discussed in January

- Cost/quality issues relating to volume-based reimbursement
- Transition to value-based reimbursement
- Key role of data in that transition
- Linking payment to quality
 - Hospital value-based purchasing
 - Physician quality incentives
 - Physician value-based purchasing



Slide 3


Today's Topics

- Clinical integration
- Wellness and prevention
- SGR Update
- Q&A




Clinical Integration

- Today
 - Hospitals as police officers; physicians as cherry-picking competitors
 - Exception-based practice
 - Provider-entered care
- Tomorrow?
 - Care coordination and provider collaboration
 - Evidence-based practice
 - Patient-centered care




Tactics

- Hospital-Owned Physician Practices
- Accountable Care Organizations
- Patient-Centered Medical Homes
- Bundled Payments
- Incentives For and Enforcement Of Best Practices




Hospital-Owned Physician Practices

- AHA: 45% of physicians employed by/under contract with a hospital
- NEJM: Employment costs hospital \$150,000 to \$250,000 per year for first 3 years
- MedPAC: Eliminate HOPD differential
- W-2 ≠ clinical integration
 - Productivity-based compensation models




Accountable Care Organizations

- Elliott Fisher's 2006 MedPAC presentation
 - Higher spending regions experience lower quality and lower patient satisfaction
 - Differences in spending = supply sensitive services
 - Variations due to "the fact no one is accountable for local capacity and political culture."
 - Create 5,000 extended hospital medical staffs accountable for care for defined population
 - EHMS payment adjustments based on performance measurements
- MedPAC meetings in 2008 and 2009
 - "A group of physicians that is held responsible for the quality of care and the annual Medicare spending for their patients"
- Medicare Shared Savings Program



MSSPACO Formation


- Legal entity
- Governing body
- Management
 - Board-appointed manager
 - Medical director and compliance officer
 - Audit and record retention requirements
- Participants
 - Sufficient number of PCPs who bill on MFFS to maintain 5,000 assigned beneficiaries
 - Any other Medicare provider



MSSPACO Functions


What *Really* Matters

- Establish and maintain quality assurance and improvement program
- Promote evidence-based medicine, patient engagement, care coordination, patient-centeredness
- Compile and report participants' quality measure scores
- Distribute shared savings and assess shared losses



Calculating Shared Savings/Losses

- Each ACO participant continues to bill fee-for-service independently
- Eligibility for and level of shared savings based on performance score
- Calculate actual annual Medicare spent for assigned beneficiaries against pre-determined benchmark
- Apply formula to determine share of savings (losses)




Worth the Effort?

- Vehicle to drive clinical integration
 - Organizational formalities
 - Shared savings payments/loss repayments
- Defend/expand market share
- Waivers of fraud and abuse laws
- Private payers/ *employers*




Patient-Centered Medical Homes

- Comprehensive Primary Care Initiative
- Medicaid Health Homes
- CMS Strong Start program
- BCBS of Kansas City/TransforMED pilot project
- Other private payer initiatives



Bundled Payments

- Based on Medicare ACE Demonstration Project – Free range ACO
- Single payment for defined group of services within specified episode of care
- Pricing based on discount of payer’s historic total cost
- Gain-sharing incentives




Incentives for and Enforcement of Best Practices

- Financial support for development of evidence-based practice standards
- Hospital credentialing (accreditation standards)
- Malpractice insurance/defense
- Linking quality and payment




Wellness and Prevention

- Expanded Coverage
- New Primacy of Primary Care
- Employee Wellness Programs




Expanded Coverage

- New Medicare coverage for preventive services
 - Eliminate cost sharing for initial physical exam
 - New coverage for annual personalized prevention services with no cost sharing
 - New coverage for preventive services recommended by U.S. Preventive Services Task Force with no cost sharing
- New Medicaid benefits
 - State option to expand coverage for preventive services
 - States required to provide smoking cessation services for pregnant women without cost sharing
 - \$100 million for grants to states to provide incentives for Medicaid beneficiaries for chronic disease prevention
- **“Non-grandfathered” private plans must cover preventive care with no cost sharing**




New Primacy of Primary Care

- Enhanced Medicare payments
 - For 2011–15, Medicare pays 10% bonus for:
 - PC services furnished by PC practitioners
 - Professional component of surgical procedure performed in HPSA
 - PC services
 - 99201 through 99215 (office); 99304 through 99340 (nursing facility); 99341 through 99350 (private residence)
 - PC practitioner
 - Physician (FP, IM, Peds, Geriatrics); NP; CNS; PA
 - PC services = at least 60% of practitioner’s Part B allowed charges
- Enhanced Medicaid payments
 - Payment rates to PC physicians increased in 2013 and 2014 to 100% of Medicare rates



New Primacy of Primary Care

- Modifications to wRVUs
 - Thinking over doing
 - Multiple procedure discounts
- Increase primary care workforce by 16,000 by 2016
 - Expand National Health Services Corps
 - Other scholarships and loan repayment programs
 - Support for workforce training programs
 - Primary care extension program



Employee Wellness Programs

- Beginning in 2014, employers may offer rewards of up to 30% of the cost of coverage for participating in wellness program
 - Premium discounts, waivers of cost-sharing requirements, benefits not otherwise provided
 - Offer alternative standard for individuals who cannot meet established standards
- Reward limit may be increased to 50% if HHS deems appropriate

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The *Real*/Change Drivers

- Quality will be quantifiable
- Payment will be based on quantified quality
- Demand for quantified quality will drive clinical integration
- Successful integration will require high degrees of trust among providers
- The building blocks of trust are common purpose and agreed-upon ground rules

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Leo Cullum, 1998

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SGR Update

- Temporary Payroll Tax Cut Continuation Act of 2011 delayed SGR cut until February 29, 2012; 27.4% cut to MFFS rates on March 1
- Price tag on SGR fix now \$316B for 10 years
- Unspent war funds?
 - Jan. 31 CBO report: \$838B savings in overseas contingency operations fund over next 10 years
- Reallocate ACA funds
 - Dec. 2011 House Plan: two-year fix funded by reduced HIX and rescinding \$8 billion Prevention Fund





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