Incentives, Performance and Medicare / Medicaid: *Transformational Change*

Ann L Lovejoy

Creative Intermedia LLC

Agenda – Lifecycle for Transformational Systemic Change

- **Define**: Consumer-directed and market-directed healthcare movement
- **Measure**: What and Why
- **Analyze**: Prevention and Improvement
- **Implement**: Transformational change for better outcomes
- **Contro**l: Stabilize the changes
- **Evaluate: Improve** for innovation

Value Proposition
CMS Value Based Purchasing

- Cost of care in the United States is one of the highest in terms of GDP – over 16%
- Quality of care 36th -- behind most industrialized nations. Infant mortality worse.
- 25,000 access-related deaths yearly for treatable conditions
- **System** is fragmented. Coordination difficult.

Value Proposition
CMS Value Based Purchasing

- Incentives for quality care for specific conditions
- Reduction in payment for poor quality in core measure areas
- Reduction in payment for poor service
- Linkage between measures for systemic reinforcement to improve
- Consumer must participate in service delivery process due to patient compliance impacts

Value Proposition
CMS Value Based Purchasing

- Foundation for “house of quality”
  - Policies
  - Regulations
  - Support for infrastructure – HIPPA technology and E.H.R
  - Stakeholder education and participation
- Communication and reinforcement
- Innovation is enabled and supported

Value Proposition
CMS Value Based Purchasing

WHAT?

WHY?

HOW?

Value Proposition
CMS Value Based Purchasing

- Set hospitals' baseline scores, evaluation period
- Payment phase on discharges on Oct. 1, 2012 (fiscal year 2013)
- CMS will hold back 1% of the base DRG reimbursement paid to hospitals
- Hospitals earn back $$ based on performance measure scores during the evaluation period
- Amount withheld will rise by 0.25 % / year up to cap at 2% in 2017 and beyond

Define the system

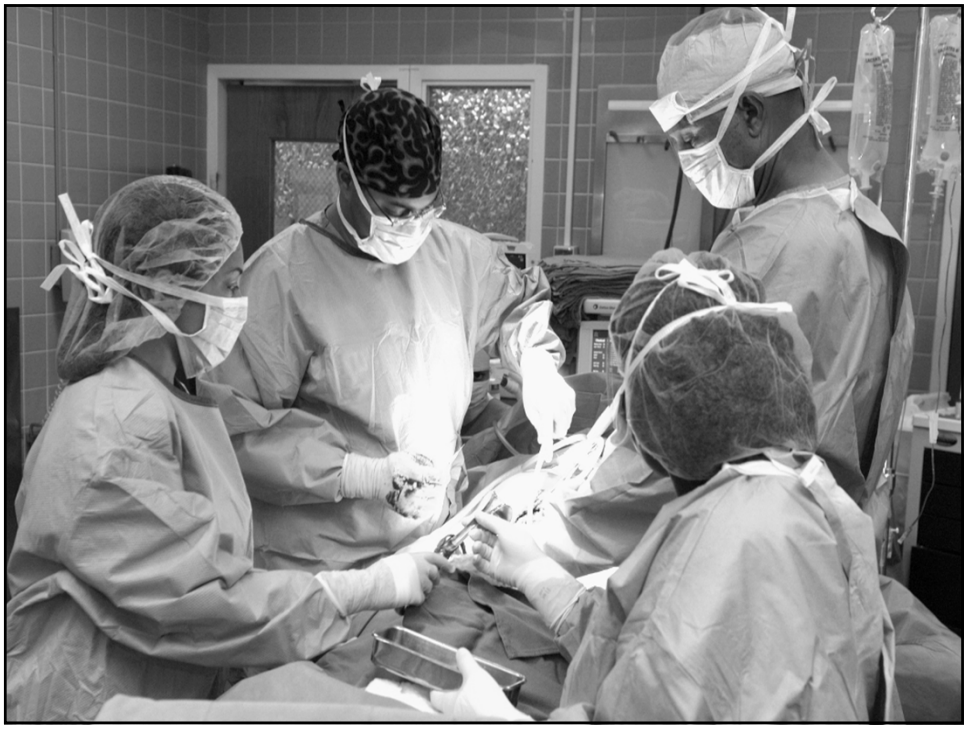
We can't solve problems by using the same kind of thinking we used when we created them.

Albert Einstein

Define the system

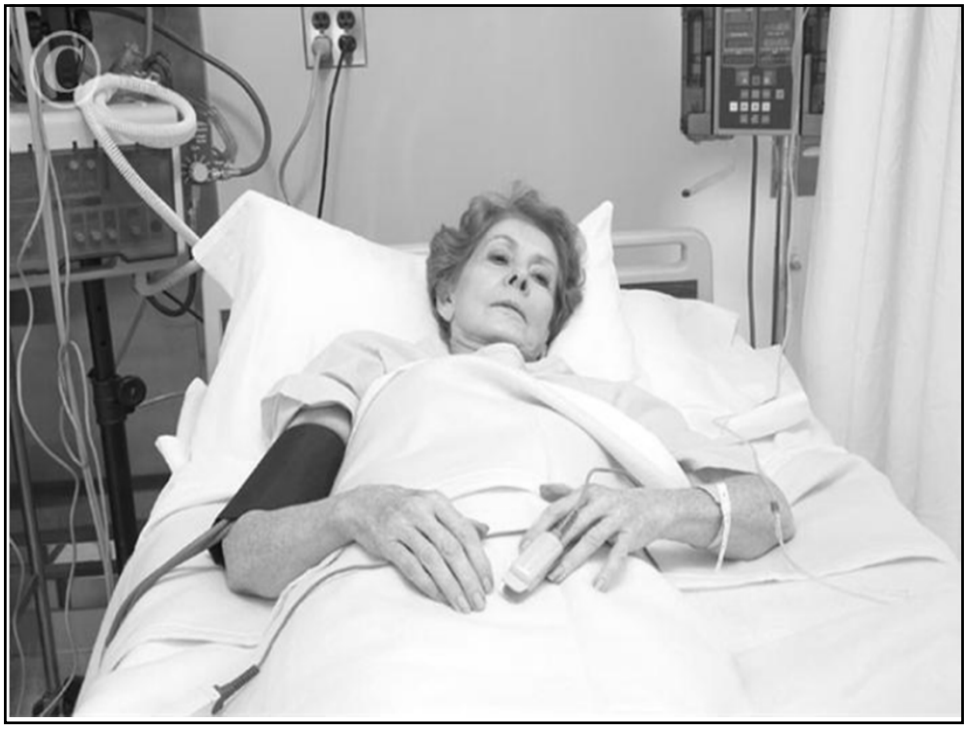
The definition of insanity: doing the same thing over and over again and expecting different results.

Albert Einstein



Define the past / current system

- Before Consumer directed healthcare
- Healthcare roles and responsibilities
  - Doctor as expert
  - Patient uniformed
  - Administrators distant
  - Oversight bodies divergent
- Plusses and Minuses
  - Providers use command and control, defined roles – "simple"
  - High error rates and risk, poor quality impacts, unexpected mortality and morbidity



Define the system
Consumers

After consumer-directed healthcare movement

- Exposed data and facts about **quality chasm**
  - Harm = morbidity
  - Death = mortality
- Shifts logic “Consumer determines value”
- Expansion of organizational system awareness
- Increase in state and federal legislation and administrative rules

Define the system Purchasers

- Market-based healthcare movement
  - Employers purchase employee benefit plans
  - Employers self-administer employee benefit plans
  - Content and cost of healthcare expense
- Market incentives are cost reduction then quality
  - Cost-benefit analysis considers prevention to lower premiums
  - Cost of poor quality impact on productivity
  - Impact of employee satisfaction, turnover, customer retention

Define the system Purchasers

- Market-based impacts
  - Indemnity coverage shift to managed care
  - Consolidations and mergers of health plans
  - Emergence of new risk-sharing and contracting patterns
  - Slowdown in the rate of premium increase
  - Forward-thinking employers use market power to promote quality and value of health care services

Define the System – Purchaser Regulation and Legislation

Intent to shift to value-based performance incentives

- Improve outcomes
- Manage costs by paying for quality – reduced payments for poor quality
- Incentives for innovation and improvement

Define the System - Oversight Regulation and Legislation

Recent legislation

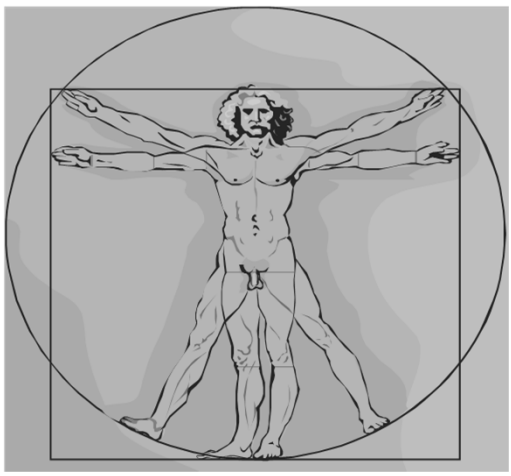
- Patient Protection and Affordable Care Act (Senate bill - H.R. 3590)
- Health Care and Education Reconciliation Act of 2010 (H.R. 4872)
- "Meaningful Use" of technology (45 CFR 164.308(a)(1))

Define the System - Oversight Regulation and Legislation

Prior legislation

- Social Security Act of 1965
- Emergency Medical Treatment and Active Labor Act (1986)
- Health Insurance Portability and Accountability Act (1996)
- Medicare Prescription Drug, Improvement, and Modernization Act (2003)
- Patient Safety and Quality Improvement Act (2005)

Measure: What and Why

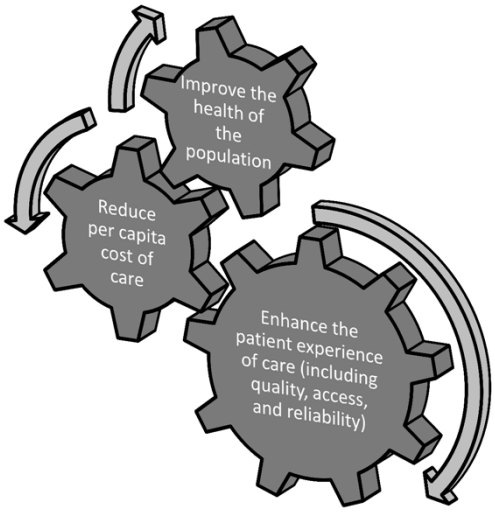


Vision and Goals

The Institute of Medicine – Crossing the Quality Chasm -- rule for future vision

… systems that are carefully and consciously designed to produce care that is safe, effective, patient-centered, timely, efficient, and equitable.

Vision and Goals = Triple Aim

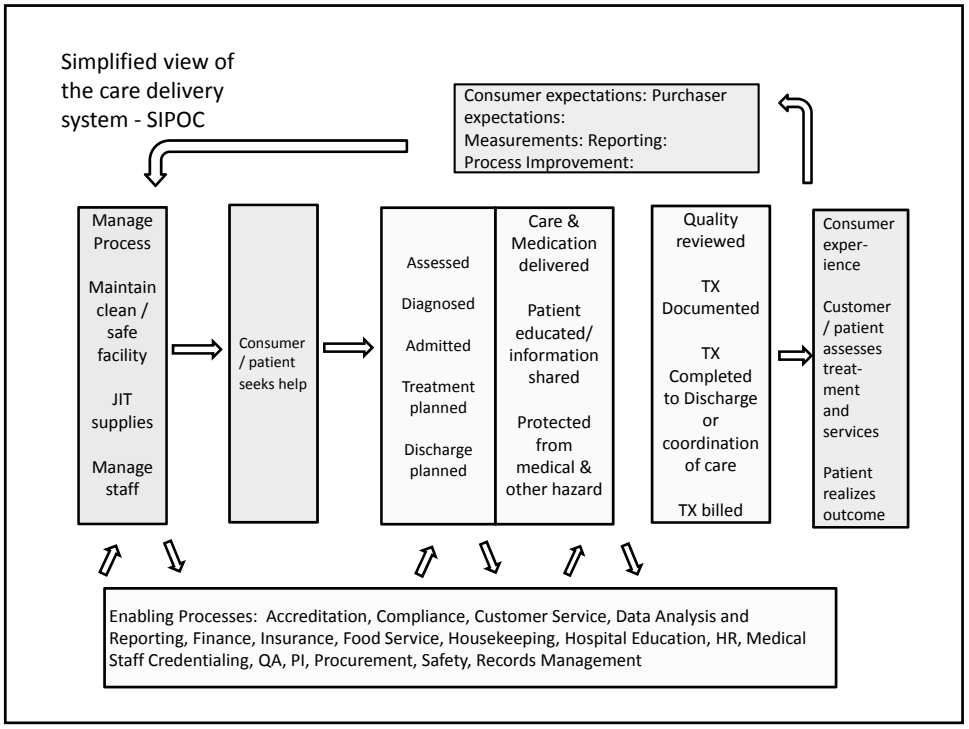


Vision and Goals

Does the triple aim assure sustainability?

Define the system
Providers - Internal

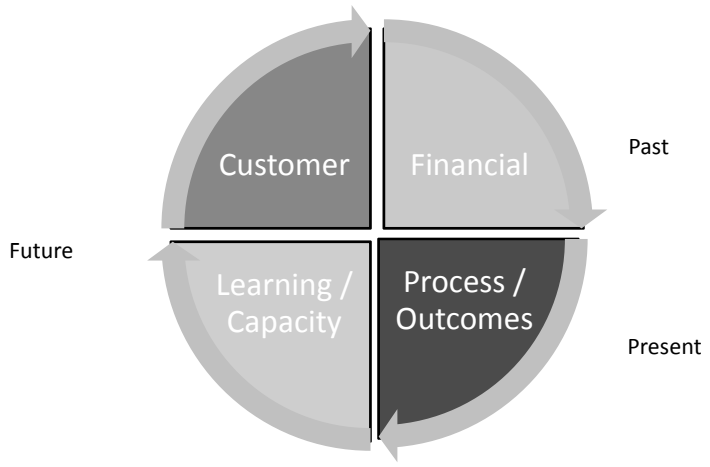
- Shift from expert focus - tip toward process consistency and outcomes
- Rise of team and organizational focus
- Passion for patient advocacy - human challenges
- Organizational Profile – what, when, where, how
- Strategic assessment – relationship to external and internal forces; context
- Assessment for maturity level – operational effectiveness vs. quality and continuous improvement



Define the System External

- Customers – who
- System-wide aspirations by stakeholders
- Convergence of oversight bodies and boards
- Gaps in infrastructure obvious – structural transformation begins

Balanced Scorecard = relationship of measures for systemic alignment



Balanced Measures Categories

- Financial – how did we do financially last quarter or year?
- Process / Outcome – do staff meet work standards? Do patients receive expected care?
- Future capacity building; staff development – will we have facilities and capable, competent staff to meet demand? Are we innovative?
- Customer – will customers continue to select us?

Financial Measures

Assets = Liabilities + Equity

Measures drive decision-making and action:

- Profit and retained earnings; ROI
- Proportion of revenue from new services; innovation
- Cash flow and cash on hand
- Unit cost of care delivery / utilization
- Expense of poor quality

Process and Outcome Measures

. . . safe, effective, patient-centered, timely, efficient, and equitable

- Process measures for patient safety
- CMS Hospital Compare to assure process effectiveness. Benchmarks.
- Evidence-based practices and indicators.
- Preventive care and access

Process and Outcome Measures

Measures drive behavior. What gets measured; gets done:

- Efficient – minimize re-work, prevent problems, one-and-done, load-leveling, value-added
- Timely
- Equitable – care not over- or under-delivered
- Patient centered

Future capacity; staff capability measures

- Staff competencies and credentials
- Organizational accreditations, certifications, center of excellence
- Compliance maturity and organizational sustainability
- Investment percentage for capital expense projects; future services, new facilities, better technology
- ROI on innovation; organizational and business models; process design; management systems; knowledge management
- Trend / results of continuous improvement activities

Customer Measures

- Leading measures – forecast the future
- HCHAPS
  - Providers "rarely listen," didn't "explain things," didn't explain medications
  - Non-compliance, return admissions, higher 30 day mortality
- Consumer choice, purchaser choice and public reporting impact market position and financial results

CMS Measures and Balanced Scorecard Classification

- Seventeen core Clinical Process of Care measures
- 8 measures Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) surveys.
- Twenty other potential measures = related to hospital-acquired conditions, patient safety, inpatient quality, and mortality to be introduced in fiscal year 2014.

CMS Measures and Balanced Scorecard Classification

- CMS to monitor and evaluate the program's impact on access and quality of care, especially for "vulnerable populations"
- CMS will monitor percentage of patients who receive appropriate care
- CMS will track best practices of high-performing hospitals

How do measures work together?

- **Outcome Measures -** How does the system impact the patients, their health and wellbeing? What are impacts on payers, employees, or the community?
  - For diabetes: Average hemoglobin A1c level for population of patients with diabetes
  - For access: Number of days to 3rd next available appointment
  - For critical care: Intensive Care Unit (ICU) percent unadjusted mortality
  - For medication systems: Adverse drug events per 1,000 doses

How do measures work together?

- **Process Measures -** Are the parts/steps in the system performing as planned? Are we on track in our efforts to improve the system?
  - For diabetes: Percentage of patients whose hemoglobin A1c level was measured twice in the past year
  - For access: Average daily clinician hours available for appointments
  - For critical care: Percent of patients with intentional rounding completed on schedule.

How do measures work together?

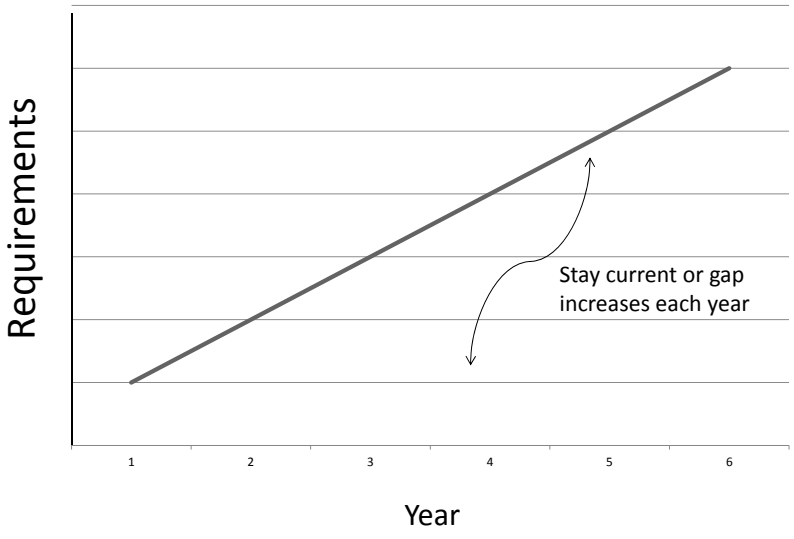
- **Balancing Measures** (looking at a system from different directions/dimensions) - Do changes designed to improve one part of the system cause new problems in other parts of the system?
  - For reducing time patients spend on a ventilator after surgery: Make sure re-intubation rates are not increasing
  - For reducing patients' length of stay in the hospital: Make sure readmission rates are not increasing

Analyze: Prevention and Improvement

Control your destiny or someone else will

Noel M. Tichy and Stratford Sherman

Analyze: Context



Analyze

- Mere compliance is unsustainable
- Measurement results provide knowledge to make decisions and take action
- Streamline, simplify processes and prioritize
- Prevent problems – its cheaper and safer
- Innovate to be in front of change

Implement: Transformational change for better outcomes

Change is the only constant.
– Heraclitus

Implement: Transformational change for better outcomes

Seventeen years?

Implement: Transformational change for better outcomes

- Evidence-based practices – benchmarking
- American College of Surgeons – National Surgical Quality Improvement Program (ACS NSQIP)
- NCQA – Healthcare Effectiveness Data and Information Set (HEDIS) for managed care health plans

Implement: Transformational change for better outcomes

- Institute for Healthcare Improvement – 1986-2012 – activities viewed as a change model
  - Awareness
  - Education
  - Collaborative Improvement
  - Redesign
  - Movement
  - Full Scale
  - Care for Populations

Implement: Stabilize the changes

Carry the wounded. Shoot the stragglers.

Michael Hammer

Control: Stabilize the changes

- Policy, regulatory, and accreditation foundation alignment in place
- CMS Hospital Compare – full payment vs. reductions vs. incentives = stages of change
- Consumer-directed web-sites to encourage participation
- Stakeholder engagement – employers and insurers

Control: Stabilize the changes

- Individual level
- Facility level
- Community
- Integrated System

Evaluate: Improve for innovation

- *True genius resides in the capacity for evaluation of uncertain, hazardous, and conflicting information.*

  Winston Churchill

Evaluate: Improve for innovation

Evaluate: Improve for innovation

- Establish criteria
- Perform "lessons learned review," "after action review"
- Assess results – be mindful of bias or wishful thinking
- Develop or adjust action plans, policy, oversight
- Establish infrastructure - obtain valid, verifiable, meaningful data – observe

Evaluate: Improve for Innovation

- Degree of integration – demonstration grants $1B
- Change in reward systems and models
  - Accountable Care Organizations (ACO)
  - advanced payments to physician & rural organizations
- CMS Innovations center – agile = faster change
  - better care and better health
  - reduce costs through improvement
  - partner in identifying, testing, and spreading new models of care and payment

Questions

- How do we identify resistance vs. positive intent?
- What's the payoff for individuals, the system, the citizens?
- How do we assure sustainability?
- What are the social impacts?

End

& Appendices

2014

- **Potential Performance Measures for Eligibility and Enrollment Systems Under Health Reform**
- **Measure Definition**
- **I. Coverage of the Target Population**
- 1. Total enrollment Number of enrollees in specified program(s)
- 2. Coverage rate among target population Percentage of program-eligible that are covered/uninsured
- 3. Appropriateness of coverage Percentage of enrollees with incorrect eligibility determination
- **II. New Enrollment**
- 4. New enrollment Number of new enrollees in specified program(s)
- 5. "New-to-public-coverage" enrollment Number of new enrollees *excluding churn and transfer*, across program(s)
- 6. Timely approval rate (applications) Percentage of all approved applications with start/end dates within specified period
- 7. Administrative approval rate (applications) Percentage of all approved applications with income verified administratively
- 8. Multiple application method options Number of predefined application method options available
- 9. Simplified application steps Number of policies deemed as simplification

2014

- **Potential Performance Measures for Eligibility and Enrollment Systems Under Health Reform**
- **Measure Definition**
- **III. Retention**
- 10. Disenrollment Number of disenrollees from specified program(s)
- 11. Continuous coverage rate Percentage of new enrollees covered by program(s) for a specified period
- 12. Churn rate Percentage of disenrollees reenrolling within a specified period
- 13. Timely approval rate (renewals) Percentage of all approved renewals with start/end dates within specified period
- 14. Administrative approval rate (renewals) Percentage of all approved renewals with income verified administratively
- 15. “Unverified disenrollment” rate Percentage of disenrollees not verified program-ineligible (based on exit reason)
- 16. Multiple renewal method options Number of predefined renewal method options
- 17. Simplified renewal steps Number of policies deemed as simplification

2014

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2014

- **Potential Performance Measures for Eligibility and Enrollment Systems Under Health Reform**
- **Measure Definition**
- **IV. Coordination**
- 18. Coverage transfers Number of new program enrollees that transferred from other program(s) without gap
- 19. Transfer rate Percentage of program disenrollees that transfer to other program(s) without gap
- 20. Coordination with exchange Whether the program eligibility system is linked to exchange for data sharing

2014

- **Potential Performance Measures for Eligibility and Enrollment Systems Under Health Reform**
- **Measure Definition**
- **V. User Experience**
- 21. Availability of customer support Whether 24 hours a day, seven days a week (24/7) customer call center is available
- 22. Access/use of customer support Number of completed contacts at call center
- 23. Timeliness of customer support Average wait time (call center)
- 24. Customer complaints Number of complaints (call center)
- 25. Customer satisfaction Percentage of enrollees highly satisfied with application/renewal process
- 26. Customer appeals Number of appeals submitted related to program eligibility

Webography

- http://www.hospitalcompare.hhs.gov/staticpages/learn/importance_quality.aspx?measurecd=SCIP
- http://www.hospitalcompare.hhs.gov/staticpages/learn/importance_quality.aspx?measurecd=HAC
- Measures list: http://www.hospitalcompare.hhs.gov/staticpages/for-professionals/poc/Technical-Appendix.aspx#POC3
- Patient Safety: http://www.qualityindicators.ahrq.gov/Modules/psi_resources.aspx
- http://www.pso.ahrq.gov/regulations/regulations.htm
- **42 CFR Part 3 Patient Safety and Quality Improvement; Final Rule ht**tp://www.pso.ahrq.gov/regulations/fnlrule01.pdf
- Value based purchasing: http://www.cms.gov/QualityInitiativesGenInfo/downloads/VBPRoadmap_OEA_1-16_508.pdf

Webography

- Customer Satisfaction: www.hcahpsonline.org https://www.cms.gov/HospitalQualityInits/30_HospitalHCAHPS.asp
- Innovation
- http://www.ihi.org/Pages/default.aspx
- http://acowatch.wordpress.com/tag/healthcare/
- http://innovations.cms.gov/
- http://www.qualityindicators.ahrq.gov/
- http://www.qualityindicators.ahrq.gov/Downloads/Software/hcupqi/chap4txt.pdf
- Value based purchasing plan

  http://www.healthleadersmedia.com/content/HEP-261211/CMS-Releases-ValueBased-Purchasing-Incentive-Plan##

Webography

- http://www.the-hospitalist.org/details/article/1056049/Value-Based_Purchasing_Raises_the_Stakes.html
- Meaningful use of e.h.r. technology

https://www.cms.gov/EHRIncentivePrograms/Downloads/EP-MU-TOC.pdf

The Joint Commission

- Core Measure Sets Include:
- Acute Myocardial Infarction (AMI)
- Children's Asthma Care (CAC)
- Heart Failure (HF)
- Hospital Based Inpatient Psychiatric Services (HBIPS)
- Hospital Outpatient Department Measures
- Immunization (IMM)
- Perinatal Care (PC)
- Pneumonia (PN)
- Stroke (STK)
- Surgical Care Improvement Project (SCIP)
- Venous Thromboembolism (VTE)

- ED – Emergency Department
- SUB – Substance Use
- TOB – Tobacco Treatment