The Transformation to Health Care Value: A National Snapshot

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The Health Care Transformation Task Force is an industry consortium that brings together patients, payers, providers, and purchasers to align private and public sector efforts to clear the way for a sweeping transformation of the U.S. health care system. We are committed to rapid, measurable change, both for ourselves and our country.

We aspire to have 75% of our respective businesses operating under value-based payment arrangements by 2020.
Our Members: Patients, Payers, Providers and Purchasers committed to better value

NEJM Catalyst (catalyst.nejm.org)
The HCP-LAN, a government-funded consortium, estimates that 29% of health care payments were made through alternative payment models (shared savings, shared risk, bundled payments, or population-based payments) in 2016, up from 23% the previous year.

As of August 2017, HCTTF has tallied 184 publicly announced value-based payer-provider contracts among the top five commercial payers.

### Table: Health Insurer Investment in Value

<table>
<thead>
<tr>
<th>Health Insurer</th>
<th>Value-Based Contracts Announced (2015-2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigna</td>
<td>56</td>
</tr>
<tr>
<td>Humana</td>
<td>54</td>
</tr>
<tr>
<td>Aetna</td>
<td>40</td>
</tr>
<tr>
<td>UnitedHealth</td>
<td>19</td>
</tr>
<tr>
<td>Anthem Blue Cross Blue Shield</td>
<td>15</td>
</tr>
</tbody>
</table>

• The voluntary CMS Bundled Payments for Care Improvement initiative has 1,191 risk-bearing participants.
• In 2017, ACOs cover 3.2 million lives across 923 public and private ACOs.

![ACO Lives Per Payer Chart]

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19.1 Million commercial lives covered by an ACO in 2017

ACO Lives Per Payer

59% Medicaid
29% Medicare
12% Commercial

Sources:
CMS Innovation Center website, Bundled Payments for Care Improvement (BPCI) Initiatives: General Information.
**Recent Results**

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**ACOs reduced direct Medicare spending by $836M in 2016**

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Providers Participating</th>
<th>% Earned Shared Savings</th>
<th>Gross Savings</th>
<th>Net Savings to CMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicare Shared Savings Program</td>
<td>432</td>
<td>31%</td>
<td>$652 million</td>
<td>($39 million)</td>
</tr>
<tr>
<td>Next Generation ACO</td>
<td>18</td>
<td>61%</td>
<td>$48 million</td>
<td>$63 million</td>
</tr>
<tr>
<td>Pioneer ACO</td>
<td>8</td>
<td>75%</td>
<td>$61 million</td>
<td>$23 million</td>
</tr>
<tr>
<td>Comprehensive ESRD Care Model</td>
<td>13</td>
<td>92%</td>
<td>$75 million</td>
<td>$24 million</td>
</tr>
</tbody>
</table>

State Transition to Value

According to a recent *Change Healthcare* report:

- More than **40 states** have a value-based payment strategy in place
  - *Only 7 states have little-or-no value activity*
- **17 states** have adopted or are considering ACOs
- **12 states** have adopted or are considering bundled payment models
- Recognized **5 states** for breadth of innovative initiatives and adoption of risk-based payment models:
  - *Arkansas, Colorado, Minnesota, Tennessee, and Washington*

The O’Malley administration launched the model Jan 1, 2014, after over a year of stakeholder involvement from hospital, physician, insurance, and patient sectors, and state and federal government partners, with a goal of enhancing quality, improving health outcomes, and constraining the growth of Medicare costs for hospital inpatient and outpatient service.

**Multi-Payer Alignment**

- Moving hospitals to all-payer global budgets Target 5-year hospital savings requirement of $330M
- Unified rate-setting across payers to reduce cost-shifting
- CMMI meeting with Maryland officials on a bi-weekly basis

**Results**

- Achieved $429M in hospital savings to Medicare in first 3 years ($319M net)
- Hospital spending growth rate >4% below national (2013-2016)
- Gov. Hogan announced plan to advance in Jan 2019 to *Total Cost of Care* All-Payer Model

**Sources:** Maryland Health Services Cost Review Commission, “Value-based Reimbursement State-by-State.”
http://www.hscrc.maryland.gov/documents/md-maphs/pr/Maryland-All-Payer-Model-Performance-To-Date.pdf
Governor Haslam launched the Health Care Innovation Initiative in Feb 2013, establishing 3 strategies: primary care transformation, long-term services and support improvement, and episodes of care.

**Multi-Payer Alignment**

- Episodes of Care model launched in 2014
- Committed to rolling out 75 episodes of care between 2014 and 2019 (34 Active, 29 Planned)
- Participating payers - TennCare: AmeriGroup, BCBST, UHC; CoverKids: BCBST; Division of Benefits Administration (largest self-insured employer in state), BCBST and Cigna ASOs

**Results**

- Episodes estimated savings to TennCare for 2016 was approximately $14.5 million
- Providers who met quality measures and had relative low costs received $936,893 in share-savings; providers with the highest average episode costs in the state paid $542,393 in shared risk penalties. Most providers had average episode costs and saw no change in payment.

Sources: [https://www.tn.gov/assets/entities/hcfa/attachments/IntroductionEpisodes.pdf](https://www.tn.gov/assets/entities/hcfa/attachments/IntroductionEpisodes.pdf)
[https://www.tn.gov/content/dam/tn/tenncare/documents2/2016EpisodesofCareResults.pdf](https://www.tn.gov/content/dam/tn/tenncare/documents2/2016EpisodesofCareResults.pdf)
The 2010 Minnesota legislature mandated MN Department of Human Services develop and implement a demonstration testing alternative health care delivery systems, including accountable care organizations (ACOs). The IHP model started in 2013 with support from the CMS SIM award and broad stakeholder input.

Multi-Payer Alignment

• Medicaid IHP modeled from Medicare MSSP ACO, with upside-only shared savings in first participation year, and downside risk introduced in the second year. Shared savings dependent on quality score.

• Multi-Payer Alignment Task Force develops common approaches to risk adjustment, attribution, financial models, contract requirements, performance measures, and standard data analytics support to providers.

Results

• In the first three years (2013-2015), IHPs achieved a total cost savings of $156 million, and reduced emergency room visits by 7 percent and hospital stays by 14 percent.

• In 2017, 21 participating providers are participating covering 465,000 Medicaid lives.

Principles for designing alternative payment models

1. **Create a better business case for delivery system innovation.**
2. Expand flexibilities for providers to control cost and quality.
3. Improve price, quality, and model transparency.
5. Define meaningful metrics for evaluating all models.

A better business case for delivery system innovation

- Align incentives
- Pass the tipping point
- Plan for sustainability
Other HCTTF Resources

**Levers of Successful ACOs**

Identifies structures and strategies employed by high-performing accountable care organizations that led to their success, including case studies.

*Reports and webinar materials available on our [website](#).*

**Transformation to Value: A Leadership Guide**

A framework to help guide decision makers in their transformation journeys, along with insights from organizations at the vanguard of value.

*Reports and webinar materials available on our [website](#).*

**Economic Investment and the Journey to Value**

Examines the broader economic impact of provider, payer, purchaser, partner investments in value, and the impact on patients.

*Full reports available on NEJM Catalyst: [https://catalyst.nejm.org/navigating-payment-reform/](https://catalyst.nejm.org/navigating-payment-reform/)*

*Additional reports available on our [website](#).*