Robert Wood Johnson Foundation Payment Reform Evaluation Project
Novel Adjustable Provider Payment Modeling in a Community-Based Accountable Care Network
Pittsburgh Regional Health Initiative

Executive Summary: Autumn 2012 Site Report

Context

The Pittsburgh Accountable Care Network (ACN) Project is led and convened by the Pittsburgh Regional Health Initiative (PRHI), a non-for-profit organization focused on value in health care. One of the first regional health care improvement collaboratives in the country, PRHI has developed a number of programs in areas such as care management, patient engagement, quality improvement training, and payment redesign. Southwestern Pennsylvania has one large integrated delivery system with seven hospitals, three small integrated delivery systems with 10 hospitals, and 10 independent hospitals. Turbulence in the market in 2011-2013 introduced uncertainty and temporarily slowed progress of network development. However, PRHI received a $10.4 million Health Care Innovation Award from CMMI for its Virtual ACN Project, which will allow PRHI to extend the ACN to six additional hospitals.

Objective

The objective is to create a suite of services that add value and demonstrate how alternative payment arrangements can support improved care; the project aims to lower costs by improving care for chronic conditions, and to create virtual patient-centered medical homes. PRHI and its major health insurance partner have agreed to refine data collection techniques and measures to support coordinated care pathways.

Approach

Phase I of the ACN project focused on care coordination; disease-specific nurse care managers provided coordination throughout the discharge process. Building on the positive results of Phase I, the next step has been to apply the model in community hospitals via Primary Care Resource Centers (PCRCs), where multidisciplinary care teams offer centralized care management services. Monongahela Valley (Mon Valley) Hospital, a lead partner in the project, was the first hospital to offer space for the PCRC. Highmark agreed to fund the nurse care managers, whether or not patients are its enrollees, for the first three years.

A consulting health economist will determine baseline financial modeling and is estimating the effect of the PCRC services on health care spending and will advise on methods for distributing to providers any shared savings.

Progress and Results

- None of the large integrated systems is participating in the planned ACN yet.
- Payment model changes have not yet been instituted.
- There is improved infrastructure.
- Mon Valley PCRC has attracted positive attention from home health agencies.
- A major insurance carrier is implementing the Prometheus model of bundled payment.

Logic Model

PRHI developed a logic model to describe its project and how it will reach its goals. The model includes:

- Resources: Stakeholders in the ACN, PRHI, the Highmark team, a health economist, and RWJF grant funding for a data analyst.
- Activities: (1) Implement the ACN project, and (2) establish tandem data teams at Highmark and PRHI to share real-time data with the economic modeling team.
- Outputs: Highmark, hospital, and PCRC administrative data; Pennsylvania hospital council data; and satisfaction data.
- Initial outcomes: A decline in preventable hospitalizations. Outcome targets are: a 40% reduction in 30-day readmissions for specified conditions; a 10% reduction in total hospital admissions; a decrease in ER use; and improved patient, family, and provider satisfaction.
- Intermediate outcomes: Potential intermediate outcomes include: (1) determination of the return on investment of the ACN project (using the methodology developed by the team's health economist); (2) calculation of the return of savings to providers; (3) sponsorship of a local payment summit; and (4) sponsorship of a national payment summit.
- Long-term outcomes: Multiple payers implement an evidence-based PMPM for target conditions.

Facilitators and Barriers

Facilitators:

- PRHI's role as a facilitator of ACN development and payment reform.
- Mon Valley's already-existing integrated delivery network and experienced leaders.
- Anticipation of Medicare payment changes.
- PRHI's ability to communicate with physicians and foster cooperation among partners.
- The resources provided by the RWJF grant.

Barriers:

- Lack of a history of collaboration among health insurers.
- Absence of capitation experience in the region.
- Obtaining and sustaining funding for the PCRCs.
- The challenge of engaging independent physicians to participate in the ACN.
- Ongoing challenges with electronic medical records.
- Validity of claims data and legal and privacy issues around data-sharing.

Evaluation and Sustainability

The physician-hospital organization's medical economics department will evaluate the impact of the PCRC on costs of the knee replacement bundle; the information will be shared with the hospital and other participating providers and organizations, who will agree on the method of distributing savings. Sustainability of the virtual ACN depends on achieving total cost reductions. PRHI is helping physicians install a peer-to-peer provider web portal for direct communication between practices.

Lessons Learned

PRHI and its stakeholders have laid the groundwork for improved care coordination and delivery; they must demonstrate continued success in reducing readmissions. Health plans must offer timely

performance reporting. "Mediating structures" such as PRHI are invaluable sources of infrastructure support, "safe table" forums, and other functions. Regular communication with stakeholders is vital. Multiple, incompatible IT systems cause frustration for physicians. Stakeholders must be patient and flexible, because factors beyond their control can confound the best-laid plans.