The New World of Value-Based Purchasing and Integrated Care

8:15 AM – 9:30 AM
Steering for Success - Achieving Value in Whole Person Care
September 25 and October 26, 2017

The Healthier Washington Practice Transformation Support Hub

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Value-Based Purchasing
What's different now?

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Learning Objectives

- Describe the Pathways Model and key considerations for implementation of the Model under the Demonstration in Washington State.
- Recognize opportunities and challenges likely to be encountered during implementation of the Pathways model and creative solutions to support successful development of the program.
- Identify community resources and provider partnerships to support success with the Pathways Model.
- Apply lessons learned from early adopters of the Pathways Model in Washington State to the development of the model in other regions.

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Discussion agenda

- Discuss the forces driving value based purchasing
- Explore the notion of value in healthcare
- Discuss how value is changing
- Discuss what it takes to compete on value

Most industries compete on value. US healthcare does not.*

*Tom Main, Adrian Slywotzky
The Volume-to-Value Revolution – Oliver Wyman

Start at the beginning:
How do we show that we value something?

Only two ways to declare what we value

How we spend our time and money

To make decisions about value we need information

- Most markets provide enough information for us to make decisions based on what is important to us
  - Cost
  - Quality
  - Convenience
  - Style
  - Efficiency
  - Etc.

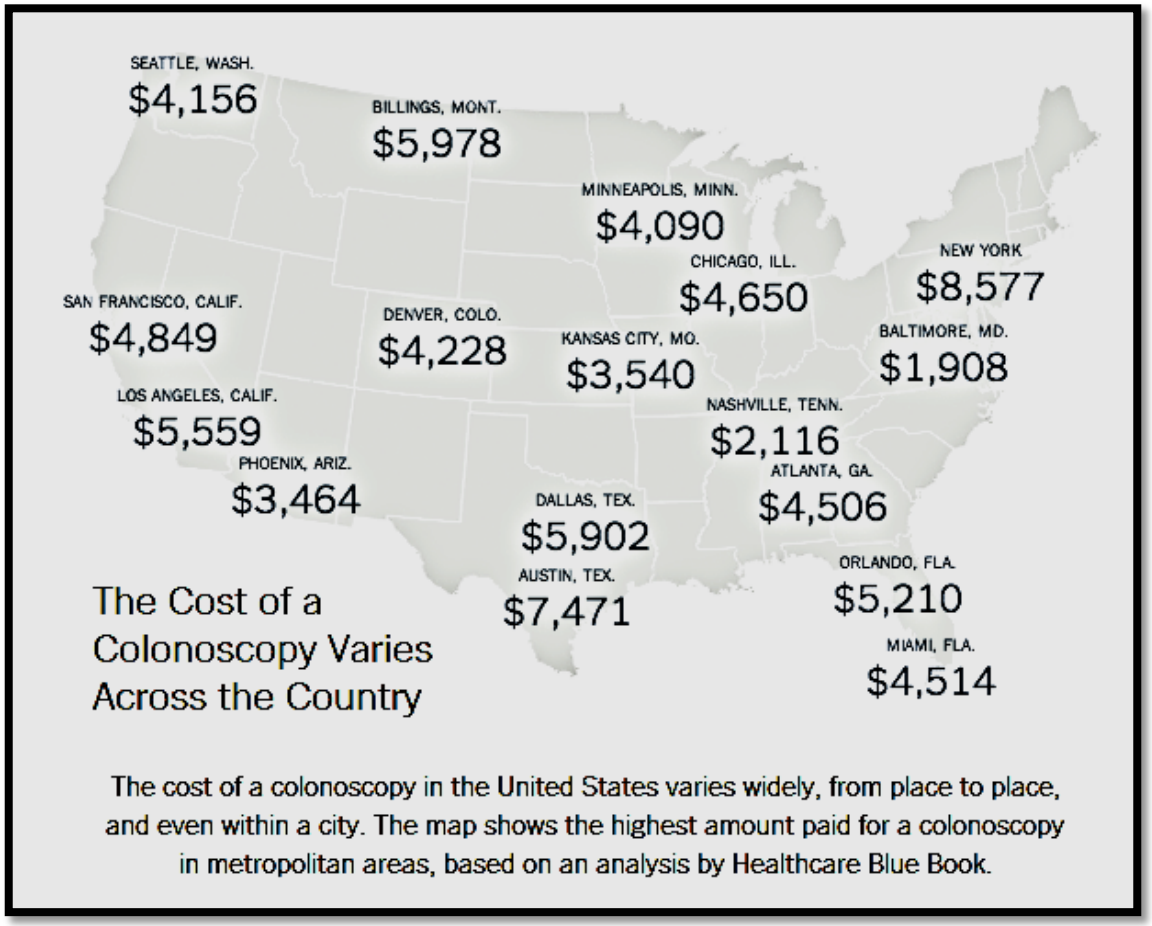
It seems easy, so why do we struggle with the notion of value in healthcare markets?

In healthcare we generally lack information

Who knows the real cost, quality, effectiveness, emotional intelligence, compassion index, bedside manner, etc. of a given provider?

In healthcare, decisions are often based on emotion, bias or economic incentives, not value.

What happens when information is lacking?



Unexplained variation across commodity services (and a lot of other strange things)

Trends around healthcare value

Value based purchasing is an old idea

Payers have been seeking value for decades

- 1940s: Employer based health insurance
- 1983: HCFA adopts CPT codes
- 1989: DRGs
- 1997: Medicare + Choice
- 2000s: Reference based pricing, procedure bundles
- 2010s: Employer to provider direct contracting

Public payers have led the charge with a common theme of trying to standardize how care is reimbursed

Commercial payers and purchasers are pushing now because they are frustrated but have reason to hope

- I pay too much for what my employees get.
- Too often they don't get services they need.
- Too often they get services they don't need.
- Too often they have a less than desirable experience.
- And, I can't predict any of this for my business!!!

Hope is driven by emerging consumer oriented technology and analytical capabilities that enable insights.

Purchasers say ‘Treat it like a business problem’

Use data to make key purchasing decisions

Create models that require suppliers (providers) to compete based on value

Commercial purchasers often think about healthcare as a service that can be managed like a supply chain

So what is changing in today's world?

Purchasers and technology are driving many efforts to create a value driven environment

- Cost shifting to patients
- Condition or procedure bundles +/- warranties
- Price and quality transparency
- Reference-based pricing
- Value-based benefit design
- Risk sharing with providers
- Employer to provider direct contracting

All efforts are pushing to get consumers engaged and create provider competition.

These efforts may drive a new economic model

- Increased demand for lower cost alternatives
- Transforming patients into consumers
- More transparency and informed decision making to make tradeoffs around value
- Outcome based compensation models
- Prioritization of the customer over the provider

How is this playing out?

The purchaser's definition of value is changing

Away – unrestricted choice, unlimited application of health technology, cost unrelated to quality/outcomes, acceptance of unexplained variation in cost and quality

Toward – curated choice, broad application of consumer technology, sustainable cost driven by quality/outcomes, demands for transparency, exploiting variation in performance to find value

What does it mean for providers?

Providers increasingly need to compete based on value

Volume to Value - What will it take?

- Payment reform, analytical capabilities, leadership
- Shift to standardized population health management
- Informed decision-making for providers and patients and reasons to care about tradeoffs (clinical and financial)
- Integrating social, medical, behavioral health paradigms

Summary

- Healthcare markets are distorted by a lack of information
- Purchasers are not satisfied with what they get for their healthcare dollars
- Purchasers are driving a new value equation
- Providers will have to compete based on value
- Providers need to invest to compete on value

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Behavioral Health Integration in Washington State: Seizing the Opportunity

Daniel Lessler, MD, MHA
Chief Medical Officer
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Washington State Health Care Authority

Discussion agenda

- The challenge – a clinical perspective
- Renewal – A new way of thinking and a new way of doing
  - Integrated physical and behavioral health
- Creating a shared vision through partnership and culture change
- The opportunity – a clinical perspective

Clinical Case #1

- 62 year old woman with schizophrenia and breast cancer

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The Challenge

- People with serious mental illness die younger, often from CV disease
- Patients with chronic conditions and co-morbid depression have higher mortality and twice the health care costs compared to those without depression
- Estimates are that one-half of patients referred from primary care to the mental health sector never complete the referral

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System Failures

- Lack of communication and coordination across the continuum of care
- Lack of shared accountability
- Health care “siloed” from supportive services (e.g., housing and employment)

Systems and Insanity (or insane systems...)

- "Every system is perfectly designed to achieve exactly the results it gets."
  - Donald Berwick

- Insanity: "Doing the same thing over and over again and expecting different results."
  - Albert Einstein

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Rational System Design: "Whole Person Care"

- Health reform must address accountability for cost and outcomes
- This imperative is driving system design that:
  - Focuses on social, physical, and behavioral health needs
  - Emphasizes coordination of care across sectors
  - Requires financial flexibility, shared data, and collaborative leadership

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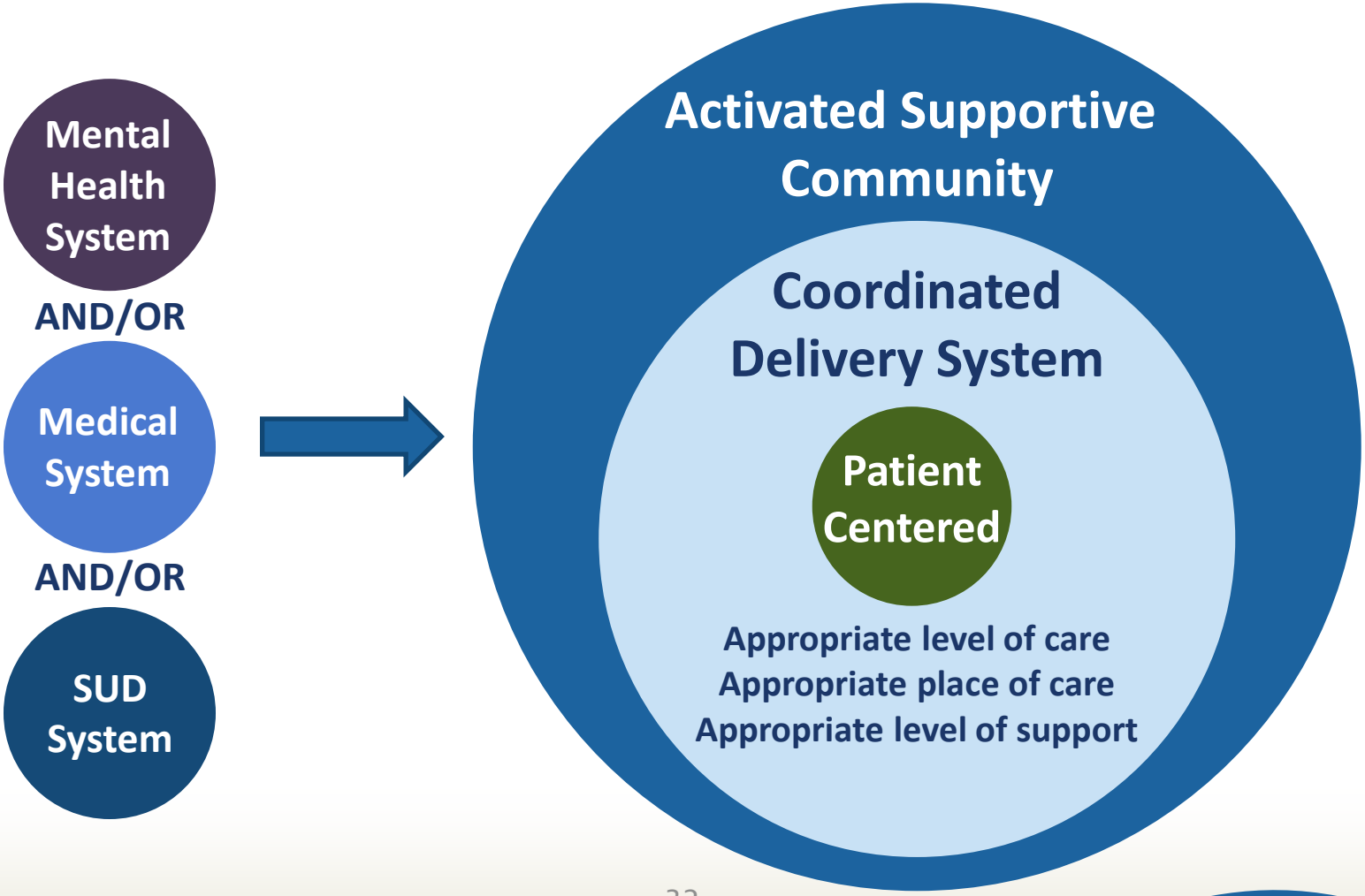
Rational System Design: A shift in focus



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Integrated care is cost-effective and improves outcomes.

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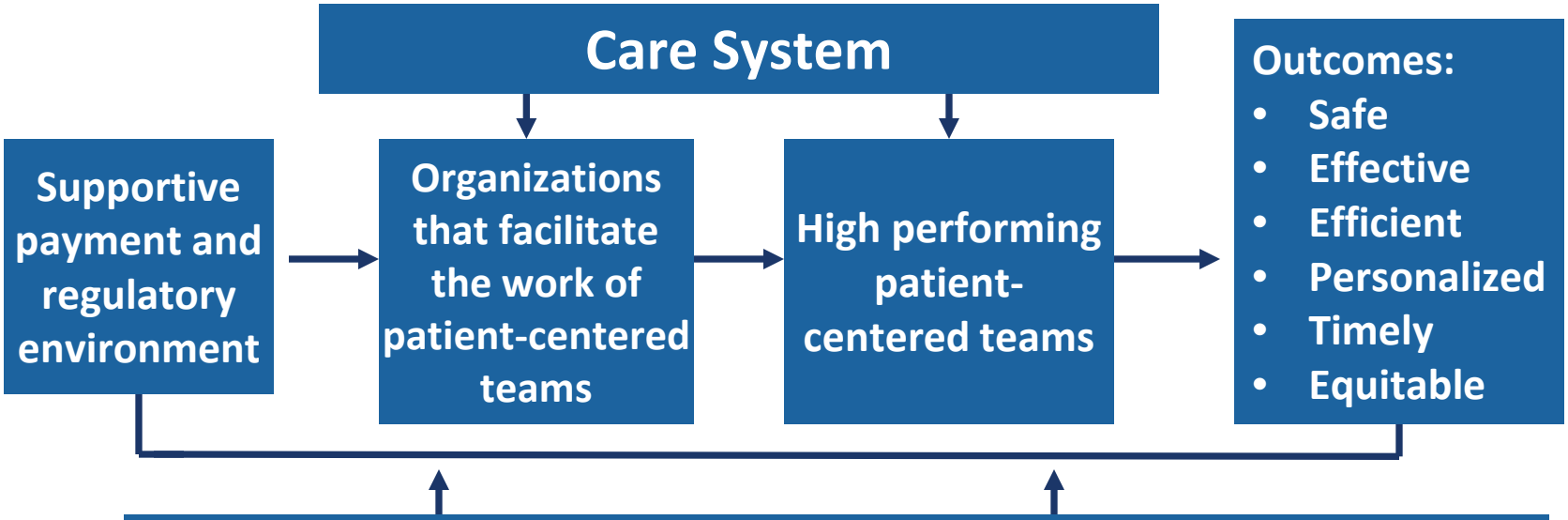
Practice transformation



Redesign Imperatives: Six Challenges

- Redesigned care processes
- Effective use of information technologies
- Knowledge and skills management
- Development of effective teams
- Coordination of care across patient conditions, services, and
- settings over time
- Use of performance/outcome measurement for CQI and accountability

Copies of IOM report available from National Academy Press: www.nap.edu

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Payment Drives System Transformation

Status Quo (Volume-Based) System	Transformed (Value-Based) System
Fragmented clinical and financial approaches to care delivery	Integrated systems that pay for and deliver whole person care
Uncoordinated care and transitions	Coordinated care and transitions
Unengaged members left out of their own health care decisions	Engaged and activated members who are connected to the care they need and empowered to take a greater role in their health
Variation in delivery system performance (cost and quality) with no ties to clinical or financial accountability and transparency	Standardized performance measurement with clinical and financial accountability and transparency for improved health outcomes

Challenges: Structure
"Whole person – Whole system"

- Leadership
- Financing
- Information technology
- Workforce: skills and training

Challenges: Process
"Whole person – Whole system"

- Teams
  - Availability of trained personnel
  - Roles and expectations
  - Communication and coordination ("co-location" is not "collaboration")
- Data collection and registries
  - Measurement
  - Population-based care: tracking and reporting
- Connection to community
  - Social determinants of health

Challenges: Measurement that Captures "Whole-Person" Outcomes

- Improved health status including recovery/resilience
- Increased participation in meaningful activities like employment and education
- Reduction in ED, hospital and crisis services
- Reduced involvement in criminal justice system
- Enhanced safety and access to treatment for forensic patients
- Increased housing stability

Challenges: Culture

- Recovery*
  - emerges from hope
  - person-driven
  - occurs via many pathways
  - holistic
  - supported by peers and allies
  - supported through leadership and social networks
  - culturally-based and influenced
  - supported by addressing trauma
  - involves individual, family, and community strengths and responsibility
  - based on respect

*SAMHSA's working definition of recovery

Clinical Case #2

- 55 year old man with bipolar disorder, substance use disorder, type 2 diabetes, emphysema and heart disease

Behavioral Health Integration

- Integrated funding with shared resources
- Leadership support for integration as driving model of operations
- Physical and behavioral health needs treated collaboratively for all persons
- Consistent communication and collaboration
- Roles and cultures that blur or blend

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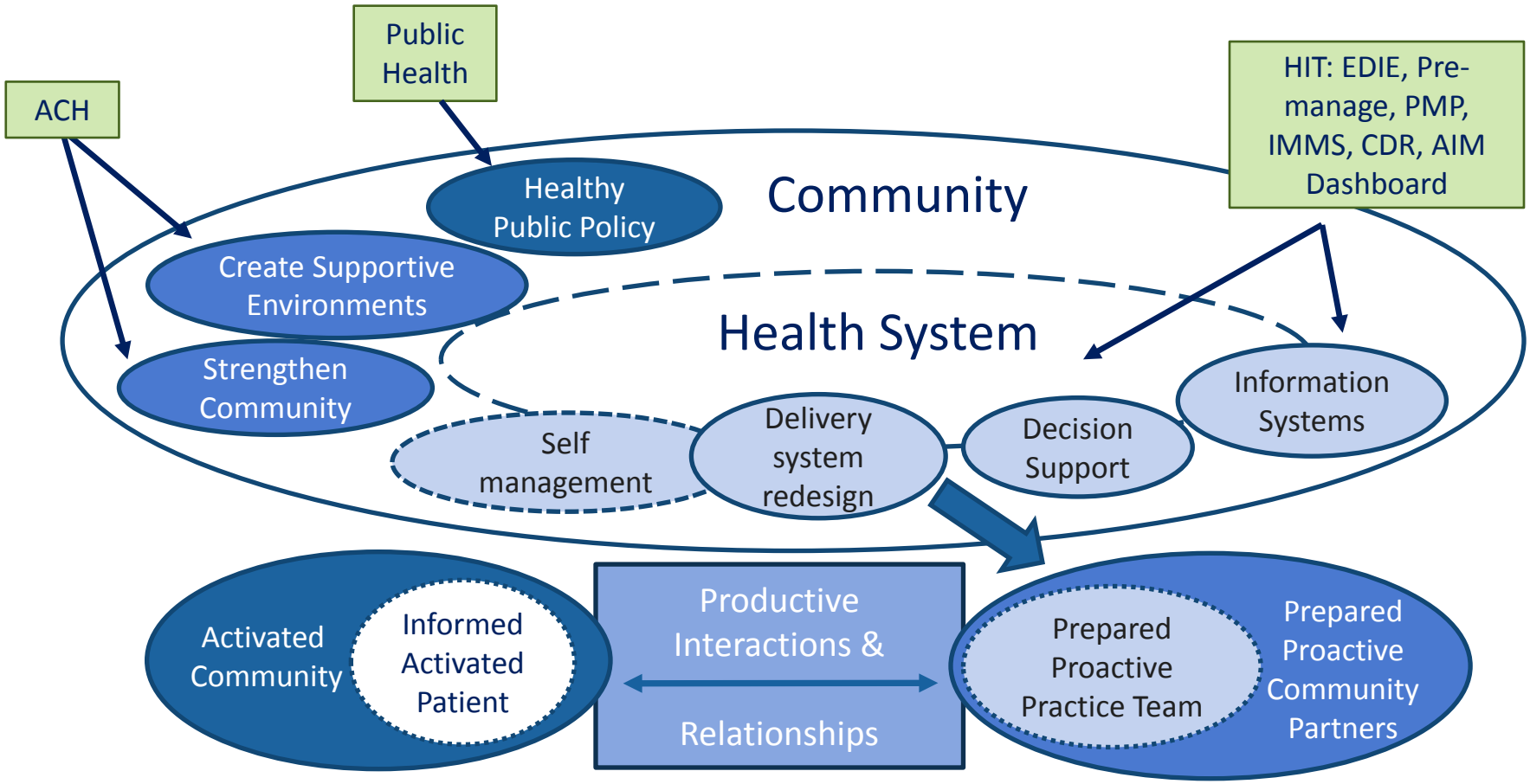
Chronic Care Model



Population Health/Functional and Clinical Outcomes

Renewal

- Empower the patient and the clinician
  - Put the patient at the center of care
  - Restore the joy of practice
- Achieve the *quadruple* aim:
  - Better care
  - Improved population health
  - Lower cost
  - Clinician joy

Attitudes Toward the Future

"The society capable of continuous renewal not only is oriented toward the future, but looks ahead with some confidence. This is not to say that blind optimism prevails; it is simply to say that hopelessness does not make for renewal."

--John Gardner, "Self-Renewal", 1963

Questions?

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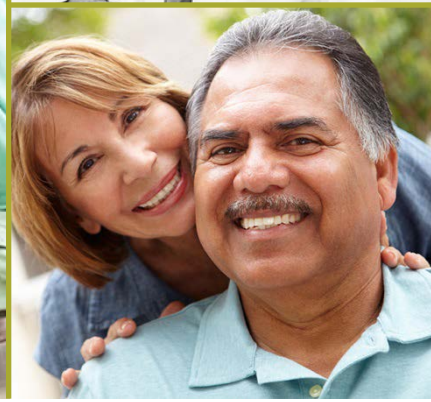
Q & A



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