The Road to Health System Reform

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“Of all the forms of inequality, injustice in health care is the most shocking and inhumane.”

~Dr. Martin Luther King Jr.
Perfect laws come from mountains written on stone tablets,

the ACA is not a perfect law, but is a start that has catalyzed change.
Percentage of U.S. Adults Without Health Insurance, by Quarter

Do you have health insurance coverage?
Among adults aged 18 and older

Quater 1 2008-Quarter 4 2014
Gallup-Healthways Well-Being Index

GALLUP
If the United States spent the same percentage of GDP on health care in 2014 as the next highest spending country, the U.S. would have an additional trillion dollars.

JAMA
November 26, 2014

How Does the U.S. Compare?
Provider Consolidation

130,600 by 2025

Increased Cost - up to 20%
Today
The Shift to and Challenges of Value Based Care

- ACO: Population Health
- Medical Home
- Bundles
- FFS
- HMO
Choosing the **Right Tool** for the Job

**Alternative Payment Models Ahead**
Value Based Care Developments

MAJOR HEALTH CARE PLAYERS UNITE TO ACCELERATE TRANSFORMATION OF U.S. HEALTH CARE SYSTEM

President Barack Obama asserted that value-based care is important in making health care more efficient and affordable. He announced that major health care players have committed to putting 35% of their business in value-based arrangements by 2020. This move is expected to improve the quality of care while reducing costs for patients and payers.

The White House
Office of the Press Secretary
February 12, 2016
Remarks by the President Marking the Fifth Anniversary of the Affordable Care Act

Senate overwhelmingly approves House ‘doc fix’ bill

The Senate overwhelmingly approved legislation to fix the ‘doc gap’ for doctors, which is due to expire at the end of 2016. The bill, which was introduced by Senate Majority Leader Harry Reid (D-NV) and passed unanimously, will provide a temporary fix for the ‘doc gap’ for two years, ensuring that doctors and other health care providers continue to receive proper payment for their services.

The Senate overwhelmingly approved the bill by a vote of 99-0 on Wednesday, with only one Republican senator voting against it. The measure now heads back to the House, where it is expected to pass easily and be signed into law by President Barack Obama.
Target percentage of Medicare FFS payments linked to quality and alternative payment models in 2016 and 2018

- **All Medicare FFS (Categories 1-4)**
- **FFS linked to quality (Categories 2-4)**
- **Alternative payment models (Categories 3-4)**

**2016**
- 30%
- 85%

**2018**
- 50%
- 90%
Learning Action Network
## Payment Taxonomy Framework

<table>
<thead>
<tr>
<th>Description</th>
<th>Category 1: Fee for Service—No Link to Quality</th>
<th>Category 2: Fee for Service—Link to Quality</th>
<th>Category 3: Alternative Payment Models Built on Fee-for-Service Architecture</th>
<th>Category 4: Population-Based Payment</th>
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<tbody>
<tr>
<td>Payments are based on volume of services and not linked to quality or efficiency</td>
<td>At least a portion of payments vary based on the quality or efficiency of health care delivery</td>
<td>Some payment is linked to the effective management of a population or an episode of care. Payments still triggered by delivery of services, but opportunities for shared savings or 2-sided risk</td>
<td>Payment is not directly triggered by service delivery so volume is not linked to payment. Clinicians and organizations are paid and responsible for the care of a beneficiary for a long period (e.g. ≥1 yr)</td>
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### Medicare FFS
- Limited in Medicare fee-for-service
- Majority of Medicare payments now are linked to quality

### Medicare FFS Subcategories
- Hospital value-based purchasing
- Physician Value-Based Modifier
- Readmissions/Hospital Acquired Condition Reduction Program

### Accountsable Care Organizations
- Accountable care organizations
- Medical homes
- Bundled payments
- Comprehensive primary care initiative
- Comprehensive ESRD
- Medicare-Medicaid Financial Alignment Initiative Fee-For-Service Model

### Eligible Pioneer Accountable Care Organizations
- Eligible Pioneer accountable care organizations in years 3-5
Value-Oriented Payments: Medicare + Commercial + FFS Linked to Quality


100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%

11%
20%
40%
85%
30%
50%
90%
75%
SGR Repeal: Encouraging APM Participation
The Path to Value

Value = \frac{\text{Quality}}{\text{Cost}}

(Outcomes, Safety, Service)
Measuring Value: Focusing on the Numerator

REDUCE

550 measures in use by 23 Payers

95% Different

5% the SAME
Measuring Value: Focusing on the Numerator
What Matters Most to Patients and Providers?

Measuring Value: Focusing on the Numerator
Is Value Based Care Working?

Value = \frac{QUALITY}{COST}

- 19% ACO Quality Scores
- 30/33 Improved Quality Measures

= $817,000,000,000

Generated Savings To Date

Medicare and Medicaid shared savings program two year results.
...Partnering with Providers to Become a Care Management Company.
HOW We Segment The Population According To Health Needs

Population

Percent of Spending

Top 1%
- Dominant Chronic & single events
- 20%

Top 5%
- Severe Significant Multiple Chronic Conditions
- 50%

Middle 44%
- Chronic or Severe Chronic
- 28%

Bottom 50%
- Healthy
- 2%
Smarter Networks for Higher Value
The Role of the Payer in VBC

Facilitate Provider Success

- Provide Information
- Quality Measures
- Cost Measurements
- Member Experience
Impact of The ACA on HEALTH CARE REFORM

Transformation of the health space requires innovation, adaptation, and collaboration.

HCSC will evolve by redefining our value proposition, collaborating with providers in new ways, and engaging and empowering the consumer.
Working together, we can make a more accessible, equitable and economically sustainable health system.

Thank You.

Follow me on Twitter @StephenOndra