

Southwest



Center for Health Innovation



From Quantity and Cost  
To Quality and Outcomes



# Historic Changes in Access and Cost under ACA from “Health Affairs” this week

- 43% Reduction in Uninsured – 16% TO 9%
- 2015
  - \$3.2 Trillion in Health Care Expenses
  - \$10,000 per Person
  - 17.8% of GDP
  - 5.5% increase from 2014
- 2025 Projection
  - 20.1% of GDP
  - 5.8% increase per year
- Much less than pre-ACA but 1/5<sup>th</sup> of all US \$???????



# Traditional Payment System and Incentives

- ▶ Fee-For-Service
  - ▶ Higher Volume
    - ▶ Do more / Make more
  - ▶ High Cost
    - ▶ Do more Expensive Stuff / Make More
  - ▶ Spiraling Costs of the last 5 decades
- ▶ Cost Based Reimbursement
  - ▶ Higher Volume / Higher Costs
    - ▶ More Costs / More \$
    - ▶ Strategically Okay – Based on Circumstances ie Public Need (FQHCs, CAHs, etc)
  - ▶ Different Kinds based on Provider Type and Situation
- ▶ Capitation, Managed Care Contracting and Closed Health Systems



# Affordable Care Act – Gearing Up Change

- CMS – CMMI – SIM+
- ACOs and Integrated Systems
- Big Emphasis on Primary Care
- Huge Medicaid Expansion Impact
- More People in the System – Exchanges
- Pay for Improvements rather than Events

# Provider Payment Systems – Shared Risk / Shared Savings

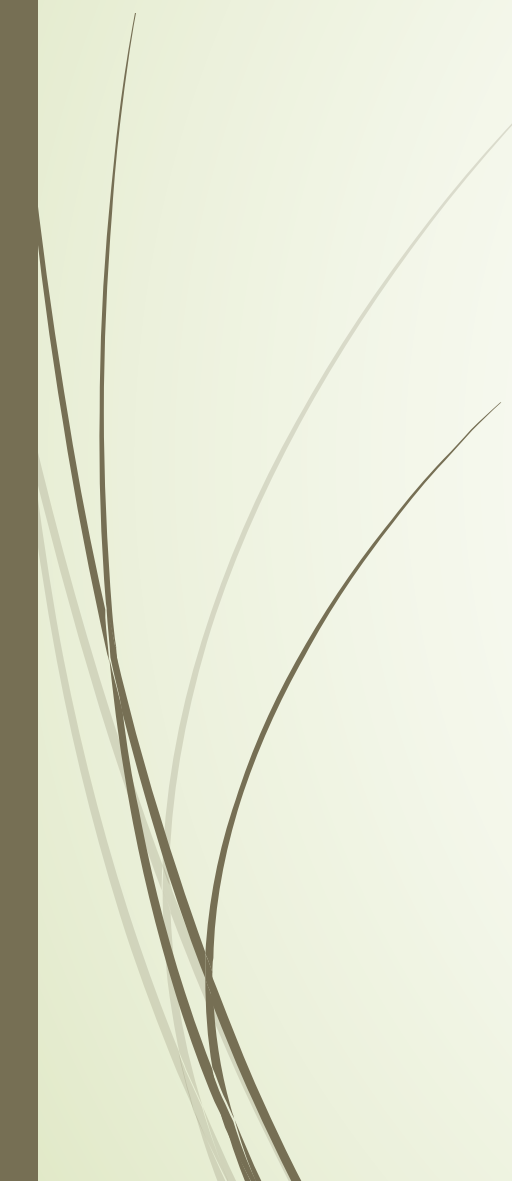
- ▶ Accountable Care Organizations
  - ▶ Provider groups organized
  - ▶ Contracts with Payer
  - ▶ Responsible for the care of a patient population
  - ▶ Manages Cost and Quality
  - ▶ Clinical and Financial Integration
- ▶ PMPM and Global Payments
  - ▶ Upfront Payments for Total Cost of a Population
  - ▶ Focus on Prevention and Chronic Disease Management
- ▶ Health Homes – Community or Patient Centered
  - ▶ Enrolling Medicare Patient w 2 or more Chronic Conditions
  - ▶ Coordinating Care additional resources beyond patient payments
  - ▶ Reporting on Outcomes or Info from Claims can add bonus \$
- ▶ Others with similar Goals of Pay for Performance Concepts
  - ▶ ACH (cross sector coalitions), PC Case Management, MCO provider contracts, SIM, Medicaid Innovation Accelerator, Episodes of care (bundled payments based on event)

# MACRA and MIPS

- MACRA
  - Medicare and CHIP Reauthorization Act of 2015
- MIPS
  - Merit Based Payment Incentive System
  - Medicare Participating Providers
    - Must be a Medicaid Medical Home
  - Combines three other incentive programs into one
    - EHR, Physician Quality Report Systems, Value Based Payment Modifier
  - Into
    - Quality, resource use, clinical practice improvement activities (CPIAs), and meaningful use of certified EHR technology
    - outcome measures, performance measures, and global and population based measures
    - Info Submitted by Providers based on annual criteria (11/1 of every year)
- Other
  - Proposed CMS Rule Released July 7
    - Increase Primary Care Payments increasing \$900 Million
    - More Complex Patient Management



# Risk and Rewards

- Risk Vs. Incentives
  - One Sided and Two Sided Risk
  - Withholds and Shared Savings
  - Undefined Rewards
    - Maximum Eligibility
  - Global Cost Based Budgets
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