



**THE
COMMONWEALTH
FUND**

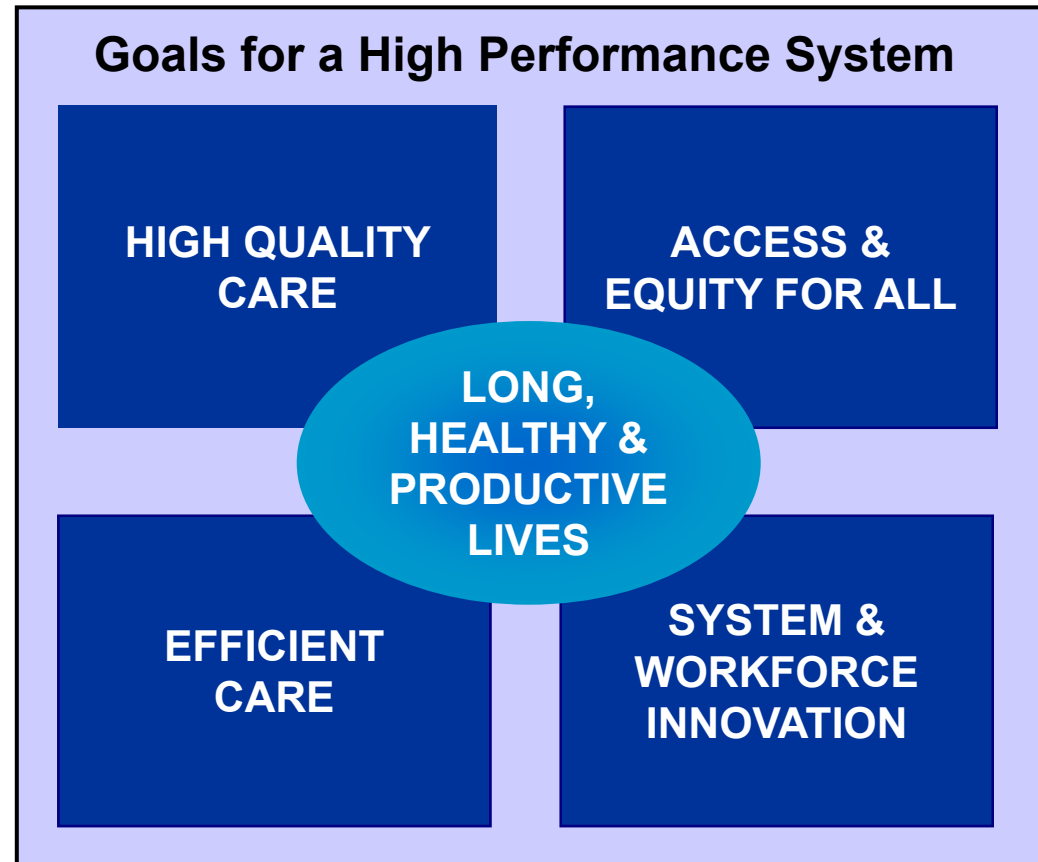
U.S. Health Reform: New Opportunities to Improve Health System Performance

**Perspective on Health Care Series
University of Massachusetts Medical School
October 22, 2010**

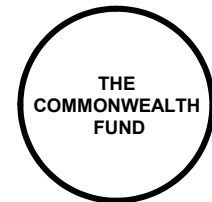
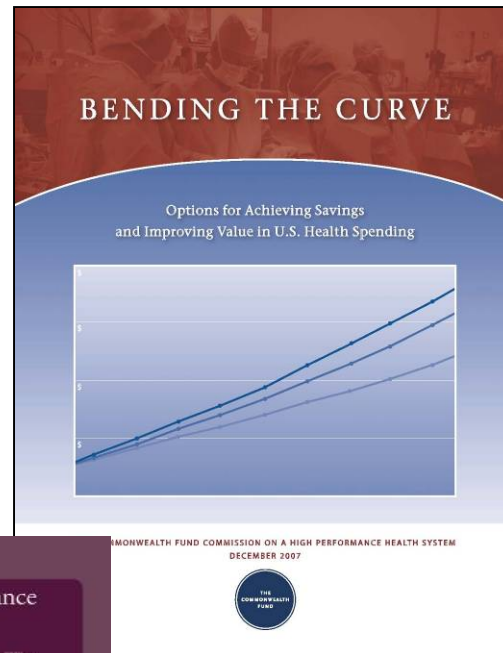
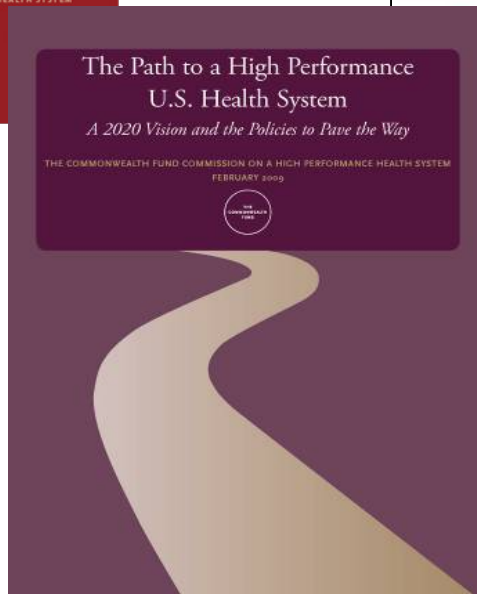
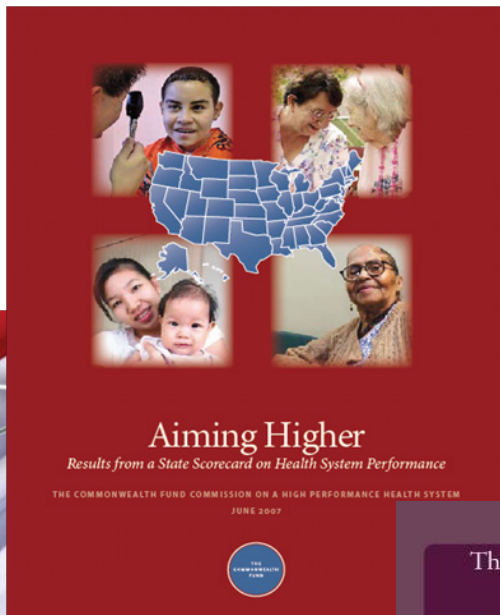
**Cathy Schoen
Senior Vice President
The Commonwealth Fund
www.commonwealthfund.org**

Aiming for High Performance Health Systems

- **Status quo not affordable**
 - Eroding access
 - Quality uneven/chasm
 - Disparities
 - Costs rising faster than incomes
- **Reforms opportunity to improve**
 - Coverage
 - Payment reform
 - System innovation
 - Population health

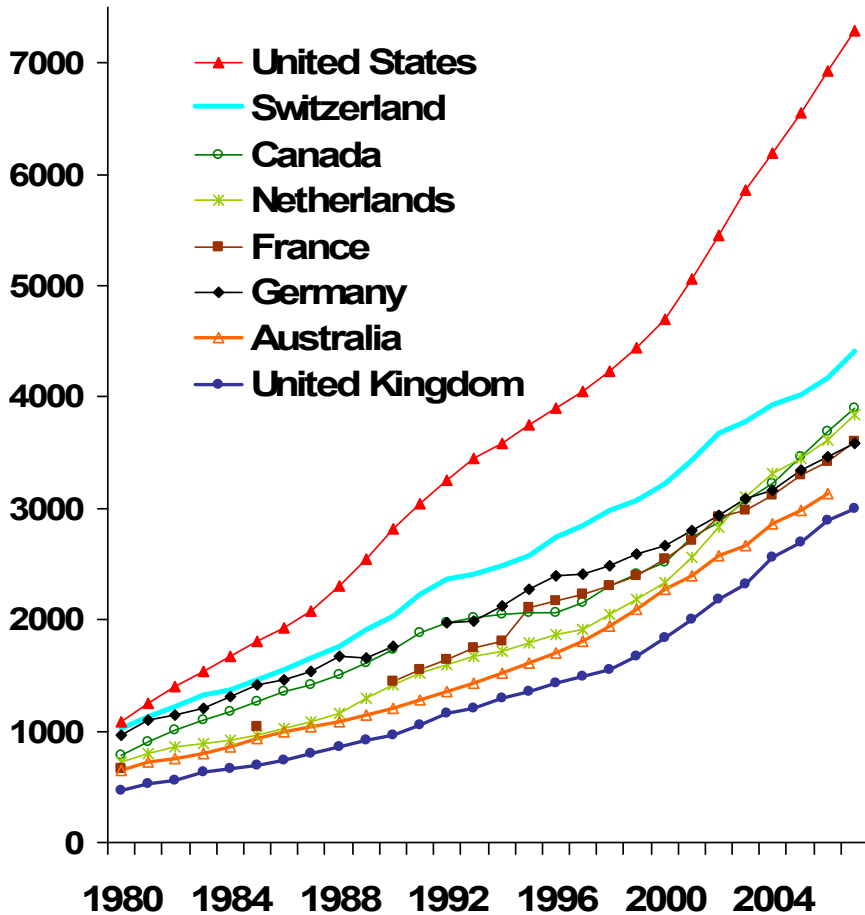


Commonwealth Fund Commission on a High Performance Health System

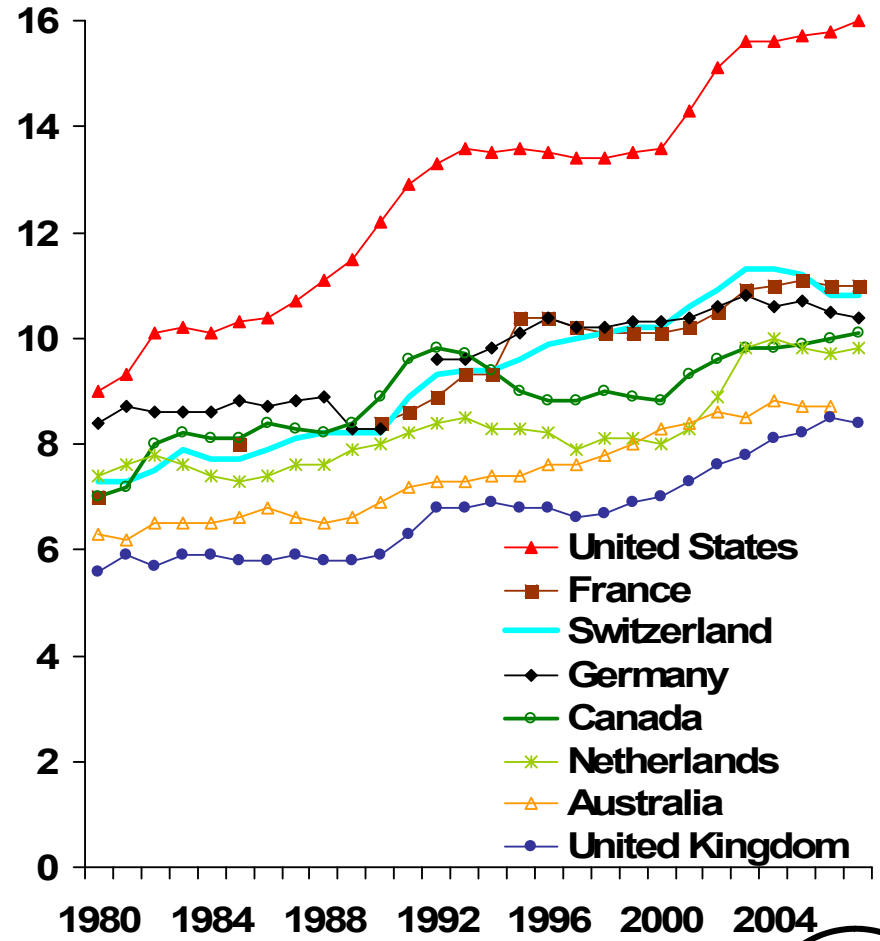


U.S. Spends the Most: International Comparison of Spending on Health, 1980–2007

Average spending on health per capita (\$US PPP)



Total expenditures on health as percent of GDP

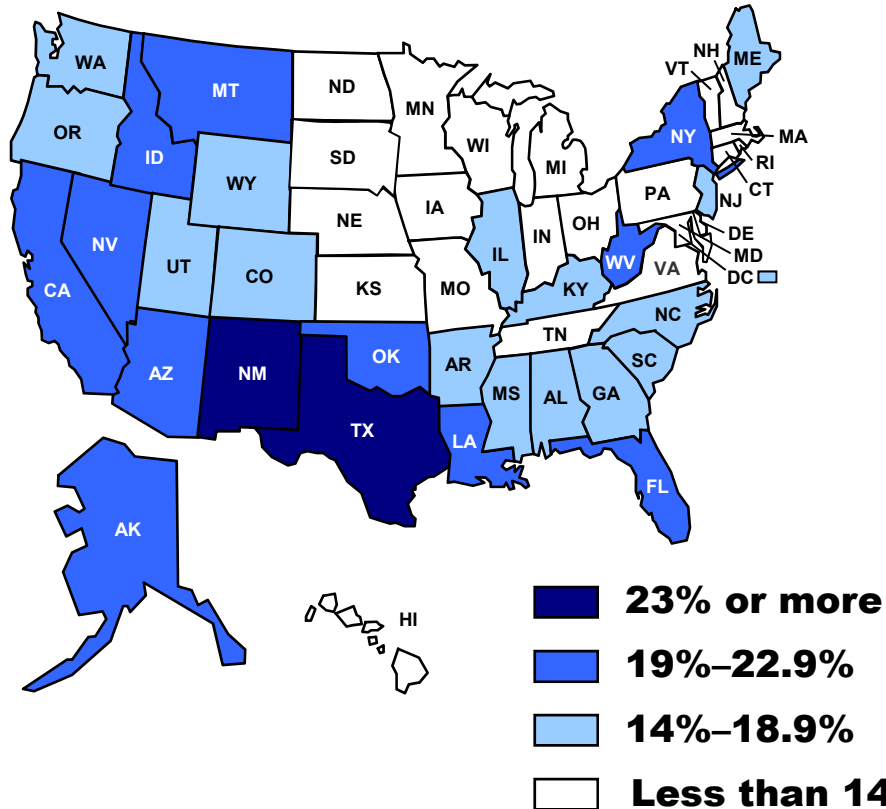


Data: OECD Health Data 2009 (November 2009).

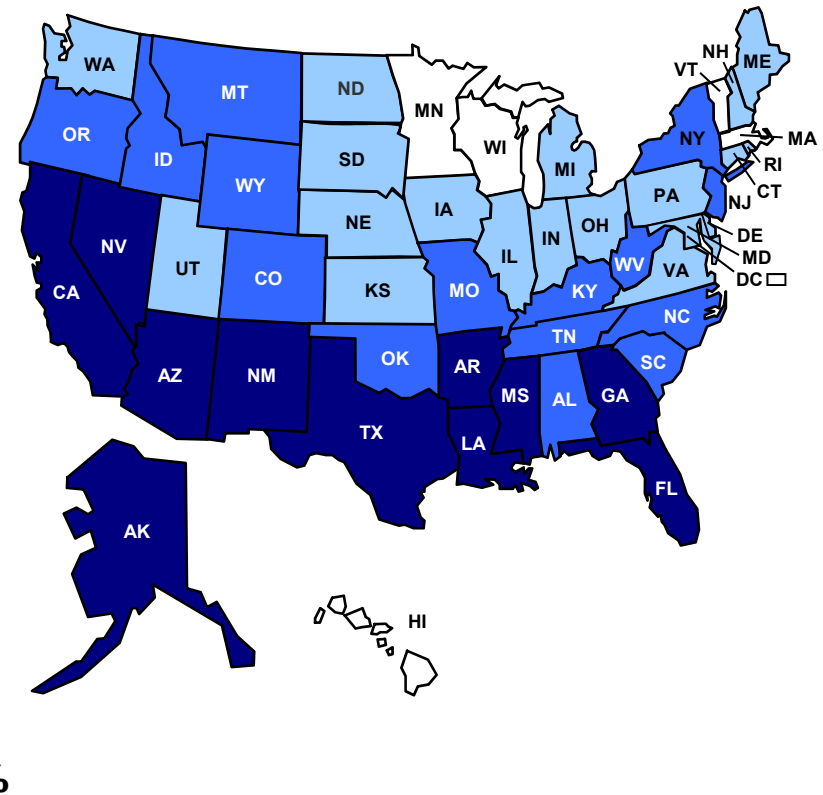
50 Million People Uninsured 2009

Percent of Adults Uninsured Up in Most States

1999–2000



2008–2009



U.S. Chronically Ill Patient Experiences in Perspective: Access, Coordination & Safety, 2008

Base: Adults with any chronic condition

Percent reported in past 2 years:	AUS	CAN	FR	GER	NETH	NZ	UK	US
Access problem due to cost*	36	25	23	26	7	31	13	54
Coordination problem**	23	25	22	26	14	21	20	34
Medical, medication, or lab error***	29	29	18	19	17	25	20	34

*Due to cost, respondent did NOT: fill Rx or skipped doses, visit a doctor when had a medical problem, and/or get recommended test, treatment, or follow-up.

**Test results/records not available at time of appointment and/or doctors ordered test that had already been done.

***Wrong medication or dose, medical mistake in treatment, incorrect diagnostic/lab test results, and/or delays in abnormal test results.

Data: 2008 Commonwealth Fund International Health Policy Survey of Sicker Adults

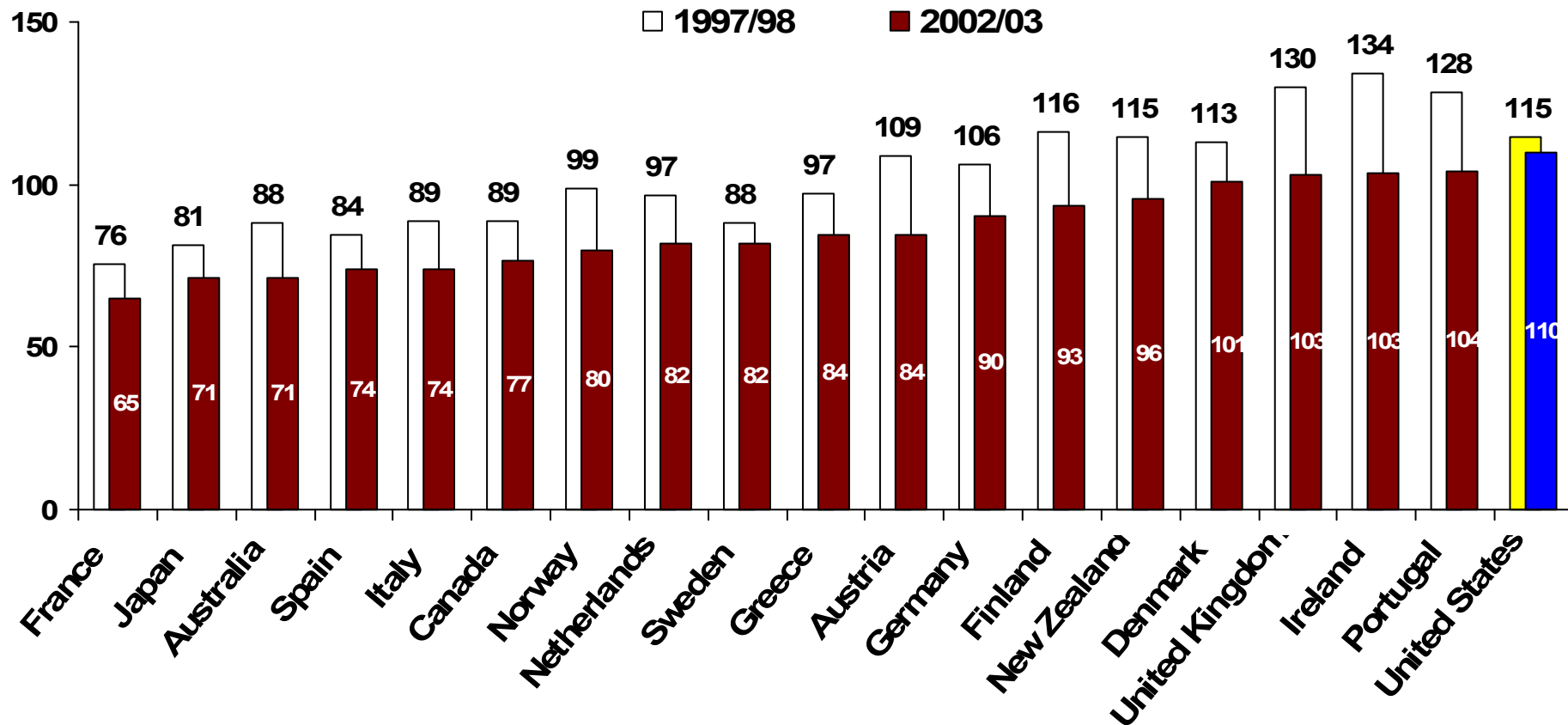
Source: C. Schoen et al., "In Chronic Condition: Experiences of Patients with Complex Healthcare Needs in Eight Countries, 2008," *Health Affairs* Web Exclusive, Nov. 13, 2008.



Mortality Amenable to Health Care

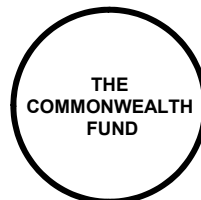
U.S. Fails to Keep Pace—Now Last out of 19 Countries

Deaths per 100,000 population *

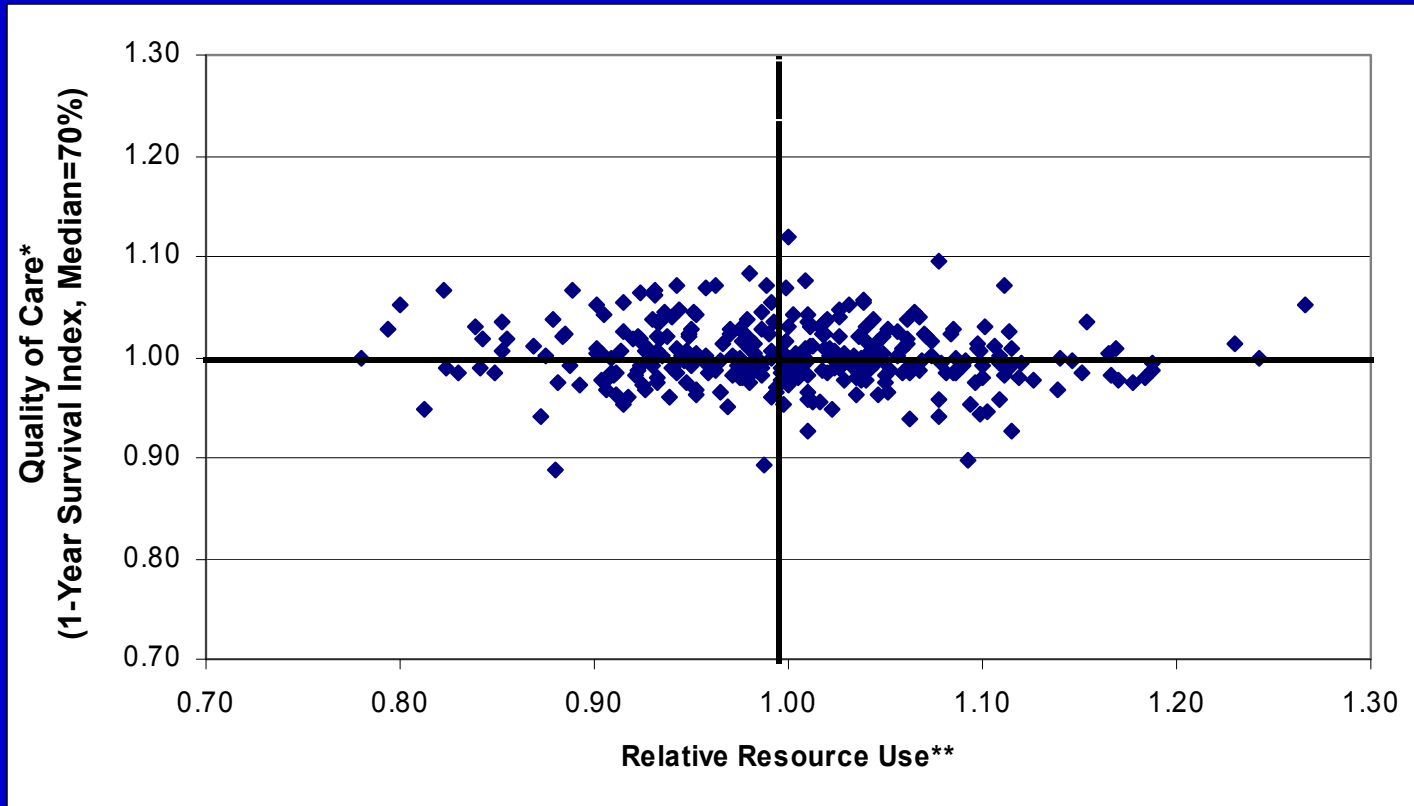


* Countries' age-standardized death rates before age 75; from conditions where timely effective care can make a difference. Includes: Diabetes, asthma, ischemic heart disease, stroke, infections screenable cancer. Data: E. Nolte and C. M. McKee, "Measuring the Health of Nations," Health Affairs, Jan/Feb 2008).

Source: Commonwealth Fund Commission on a High Performance Health System, *Why Not the Best? Results from the National Scorecard on U.S. Health System Performance*, 2008, July 2008).



Wide Variations: Quality and Costs of Care Medicare Patients Hospitalized for Heart Attacks, Hip Fractures, or Colon Cancer, by Referral Regions, 2004



* Indexed to risk-adjusted 1-year survival rate (median=0.70).

** Risk-adjusted spending on hospital and physician services using standardized national prices.

Data: E. Fisher, J. Sutherland, and D. Radley, Dartmouth Medical School analysis 20% sample Medicare.

Source: Commonwealth Fund Commission on a High Performance Health System, *Why Not the Best? Results from the National Scorecard on U.S. Health System Performance, 2008*, (New York: The Commonwealth Fund, July 2008).



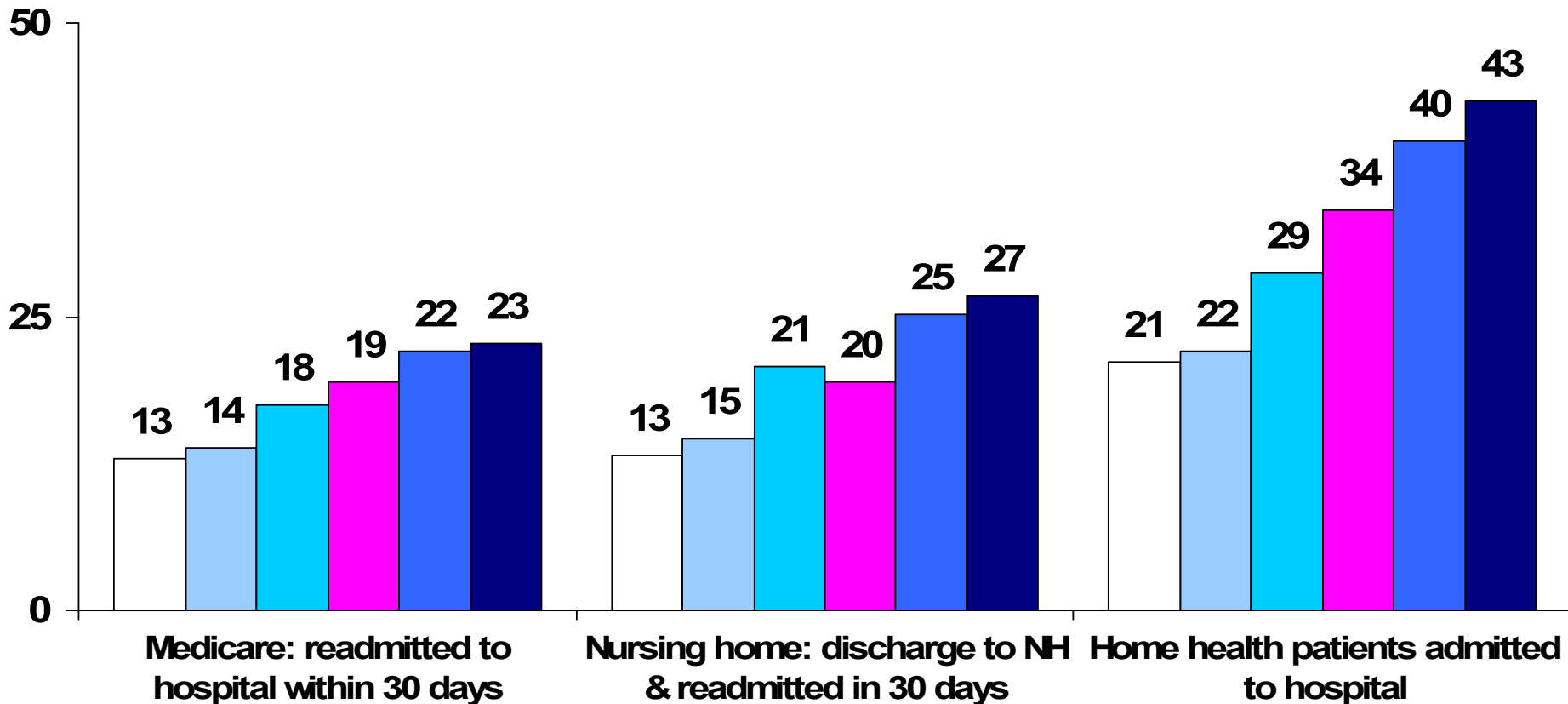
Poor Coordination of Care Is Common, Especially if Multiple Doctors Are Involved

Percent reporting in past two years:	Number of Doctors Seen		
	Any	1 to 2	3 +
After medical test, no one called or wrote you about results, or you had to call repeatedly to get results	25	23	27
Doctors failed to provide important information about your medical history or test results to other doctors or nurses you think should have it	21	17	27
Test results or medical records were not available at the time of scheduled appointment	19	15	24
Your primary care physician did not receive a report back from a specialist you saw	15	11	22
Your specialist did not receive basic medical information from your primary care doctor	13	10	17
<i>Any of the above</i>	47	41	56

State Variation: Hospital Admissions Indicators

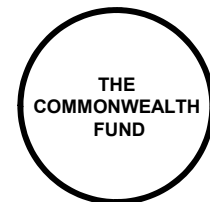
Percent

□ Best State
 □ Top 5 States Avg
 □ All States Median
 □ MA
 □ Bottom 5 States Avg
 □ Worst State



DATA: Medicare readmissions—2006–07 Medicare 5% SAF selected conditions. Data; Nursing home admission and readmissions—2006 Medicare enrollment and MEDPAR; Home health admissions—2007 OASIS data

SOURCE: Commonwealth Fund State Scorecard on Health System Performance, 2009



Affordable Care Act: New Era of Health Reforms

Triple Aim of Better Population Health, Better Care Experiences and Slower Cost Growth



New Era and Potential to Improve

- **Nationwide insurance reforms to:**
 - **Cover 32+ million uninsured; 94% insured**
 - **Improve affordability for millions: benefits and premiums**
 - **Establish exchanges and insurance oversight in the public interest**
- **Enhanced primary care and support for “accountable” care systems**
 - **Support for patient-centered primary care, medical homes**
 - **Incentives to coordinate care, reduce errors, duplication, and waste**
- **Strengthen information systems and transparency**
 - **Investment in HIT with incentives for use and exchange**
 - **Patient-centered Institute for evidence-based information**
 - **Transparency and comparative data on performance**
- **Public health and prevention**
- **Help to slow rising health care costs**
 - **Innovative provider payment and delivery system reforms**
 - **Innovation Center to test + public/private initiatives**



Payment Reforms Central Role: Potential to Support and Stimulate High-Value Care Systems



Affordable Care Act: Stimulus for Action



- **Medical home: enhance primary care; Medicare and Medicaid**
- **Accountable Care Organizations 2012: broad responsibility for quality and cost; shared savings**
- **Bundled payments: hospital and post-acute care; readmission**
- **Center for Medicare & Medicaid Innovation**
- **Platform for public and private, multi-payer initiatives**

Payment and Delivery System: Goals of Reform

- **Overarching goals**
 - **Create incentives that reward value not volume/intensity**
 - **Sustainable rates of cost growth with value**
 - **Spur care system transformation and innovation – focus on population health**
- **Strategic reforms:**
 - **Strengthen and transform primary care**
 - **Create incentives for providers to take accountability for care, outcomes, and resource use**
 - **Reward and support improved care coordination**
 - **Incentives to use information and infrastructure to improve quality/outcomes and efficiency**



Improving Primary Care: What is a Medical Home?

- A place where patients receive enhanced access to primary care, well coordinated by a team
- Patients actively engaged (treatment decisions, care at home)
- Practice uses decision-support tools, assesses performance & receives payment support
- Linked to care continuum – care system



2020 Vision
Accessible
Patient Centered
Coordinated Care

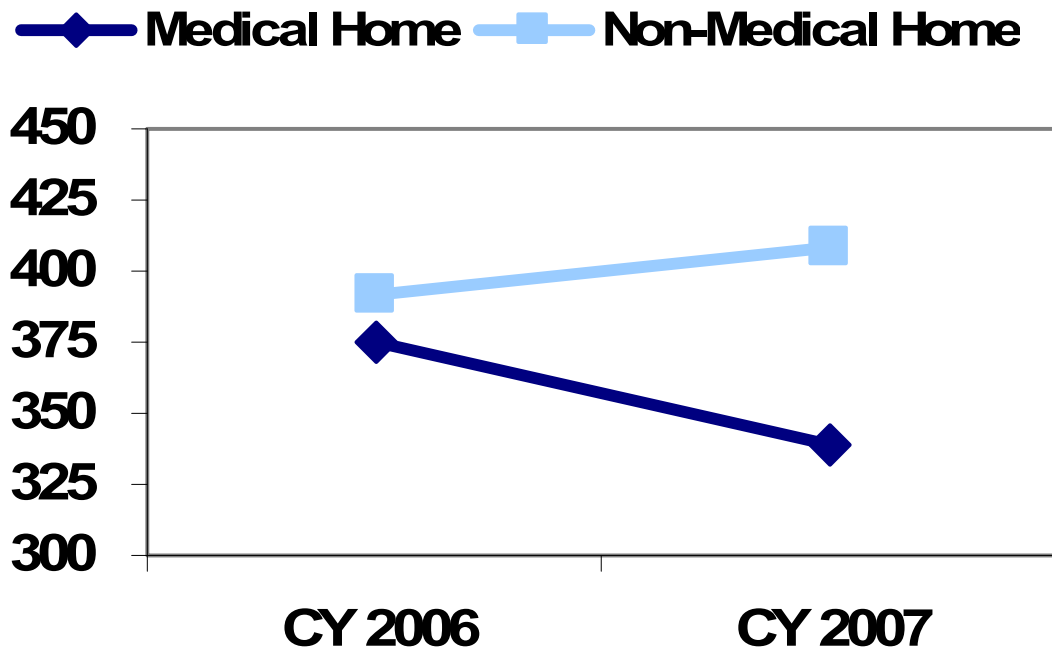


Patient-Centered Care and Care Systems

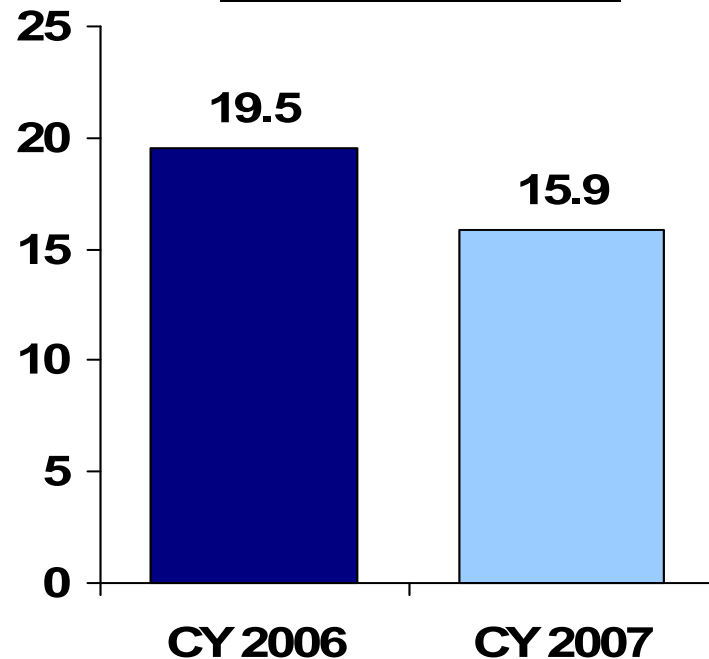


Geisinger Medical Home Team-Care Sites and Hospital Admissions/Readmissions

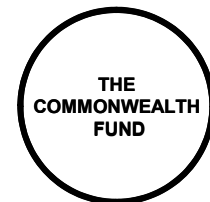
Hospital admissions per 1,000 Medicare patients



Readmission Rates for All Medical Home Sites



- 20% reduction in hospital admissions
- 18.5% reduction in hospital readmissions
- 7% total medical cost savings



Improvement with Patient-Centered Primary Care Teams

Community Care of North Carolina

- **40 % decrease in hospitalizations for asthma; 16 % decrease in ER use**
- **Savings to Medicaid and SCHIP programs: \$535 million**

HealthPartners (Minneapolis, Minnesota)

- **39 % decrease in emergency room visits**
- **24 % decrease in hospital admissions**

Colorado State Programs for Children (Medicaid and SCHIP)

- **Median annual costs \$215 lower for children in PCMH practices due to lower ER and hospitalizations; Annual costs \$1,129 lower for children with chronic diseases**

Intermountain Healthcare (Utah)

- **Lower mortality; 10% relative reduction in total hospitalizations**
- **Net reduction costs \$640 per patient per year; \$1,650 savings highest risk patients**

Johns Hopkins Guided Care – Geriatric Patients (Baltimore, Maryland)

- **24% reduction in hospital days; 15% fewer ER; 37% lower nursing home days**
- **Annual net Medicare savings of \$1,364 per patient**

Group Health Cooperative of Puget Sound (Seattle, Washington)

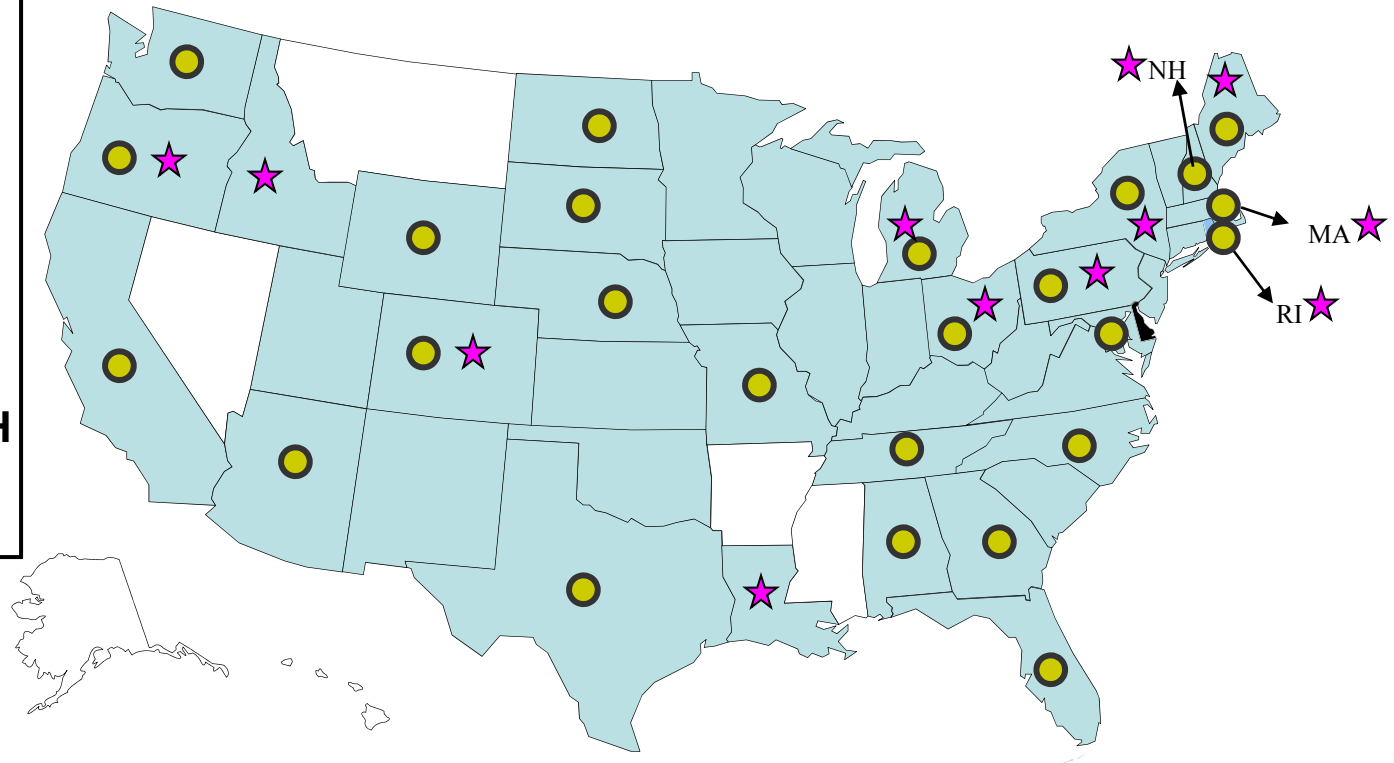
- **29% reduction ER visits; 11% reduction in ambulatory sensitive admissions**



Overview of Medical Home Demonstrations, Multi-Payer Activity and Evaluations

3 Federal Demos:

1. Medicare Medical Home
2. Advanced Primary Care Pilot with state Medicaid programs
3. Medicare FQHC MH pilot program



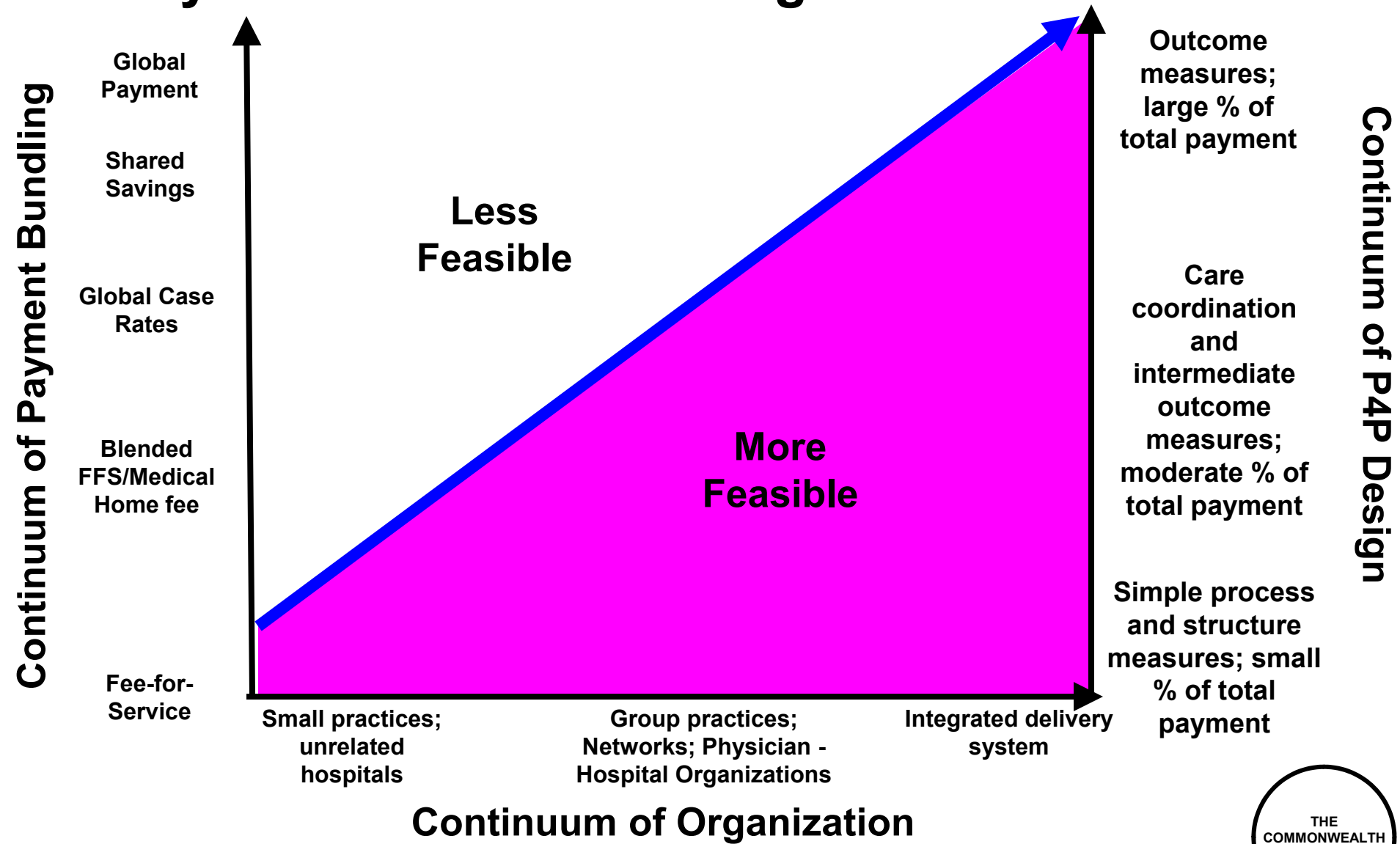
- ★ Independent evaluations
- Multi-Payer pilot discussions/activity
- Identified pilot activity
- No identified pilot activity – 6 States



ACA: Primary Care and Medical Homes

- **Medicare 10% increase for primary care, starts 2011**
- **Medicaid primary rates to at least Medicare, 2013-2014**
- **Medicare medical home pilots**
- **Grants/contracts to states to establish Community Health Teams to support medical home model**
- **Grants to develop community-based collaborative care networks for low-income populations**
- **\$11 billion, Federally Qualified Health Centers 2011-2015**
 - **Increase patients from 19 million to 34 million by 2015**
- **Community-Based Care Transitions pilot program, \$500 million for FY2011–FY2015**

The Relationship Between Payment Methods and Organizational Models



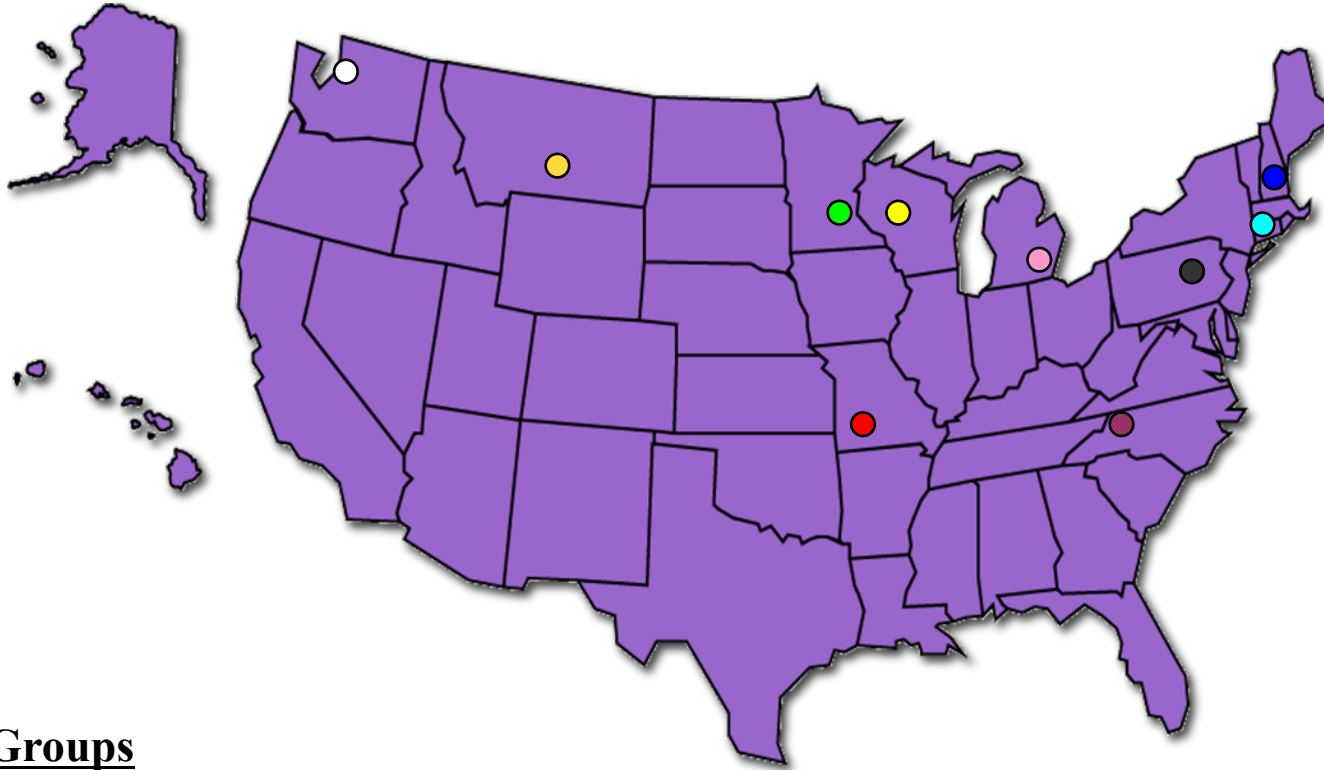
Source: Adapted from A. Shih et al., *Organizing the U.S. Health Care Delivery System for High Performance*, The Commonwealth Fund, August 2008.

Accountable Care Organizations - Shared Savings

- **Medicare new payment arrangement to begin by 2012; requires legal entity for payment**
- **Groups of providers working together to manage and coordinate care with accountability to defined population for outcomes and costs**
 - **Multiple network arrangements possible**
 - **Requires organization skills, teams, and tightly aligned, engaged physician network**
 - **Capacity to manage alternative payment methods**
 - **Continuum of care**
- **Option to use shared savings or other payment models**
- **Preference for tight networks participating in similar arrangements with other payers**



Physician Group Practice Demonstration Sites



Physician Groups

- Everett, WA – *Everett Clinic*
- Marshfield, WI – *Marshfield Clinic*

Integrated Delivery Systems

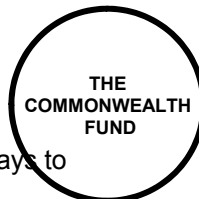
- Springfield, MO – *St Johns*
- Danville, PA – *Geisinger*
- Billings, MT – *Billings Clinic*
- St. Louis Park, MN – *Park Nicollet*
- Winston-Salem, NC – *Novant Forsyth*

Academic Centers

- Ann Arbor, MI – *University of Michigan*
- Bedford, NH – *Dartmouth Hitchcock*

Physician Networks

- Middletown, CT – *Integrated Resources for Middlesex Area*



Majority of Adults Support More Accessible, Coordinated, and Well-Informed Care

Percent reporting it is very important/important that:	Total: Very important or important	Very important	Important
You have one place/doctor responsible for primary care and coordinating care	91	66	25
On nights and weekends, you have a place to go besides ER	89	58	30
You have easy access to your own medical records	94	68	27
All your doctors have easy access to your medical records	96	72	24
You have information about the quality of care provided by different doctors/hospitals	95	63	32
You have information about the costs of care to you before you actually get care	88	57	31

Note: Subgroups may not sum to total due to rounding.

Source: Commonwealth Fund Survey of Public Views of the U.S. Health Care System, 2008.

Center for Medicare & Medicaid Innovation

- **Beginning in 2011, New Center in CMS to test innovative payment and service delivery models to reduce spending while preserving or enhancing quality of care**
- **Expanded authority to innovate and spread**
- **Selection based on evidence of population health focus**
 - **Emphasis on care coordination, patient-centeredness**
- **Could increase spending initially**
 - **Over time must improve quality without higher costs, reduce spending without reducing quality, or both**
- **Secretary can expand duration and scope**





Community Asthma Initiative



Home visits • Medication education •
Asthma management tools for patients •
Understanding triggers and reducing
triggers in the home • Connecting
families to community resources

- ED visits reduced 67%
- Hospital admissions reduced 84%
- Lost school days reduced 41%
- Missed work days
(Parents/caregivers) reduced 55%
- Recipient of U.S. Environmental
Protection Agency's 2010 National
Environmental Leadership Award in
Asthma Management





**ProvenCare® for
Acute Episodic
Care
(the “Warranty”)**

Created in 2006 by Geisinger Health System

Uses bundled payments with a fixed rate covering preadmission, inpatient, and follow-up care and a patient compact to encourage patient engagement

Covers: Coronary artery bypass surgery, hip replacement, cataract surgery, angioplasty, perinatal care, bariatrics, low back pain, kidney disease

Providers complete a list of best practices before surgery and insurers pay a flat fee for the procedure and readmissions within 90 days

Since 2009:

Readmission rates lowered by 44%

Hospital net revenues increased by 7.8%



- A foundation of medical homes and community health teams that can support coordinated care and linkages with a broad range of services
- Multi Insurer Payment Reform that supports a foundation of medical homes and community health teams
- A health information infrastructure that includes EMRs, hospital data sources, a health information exchange network, and a centralized registry
- An evaluation infrastructure that uses routinely collected data to support services, guide quality improvement, and determine program impact

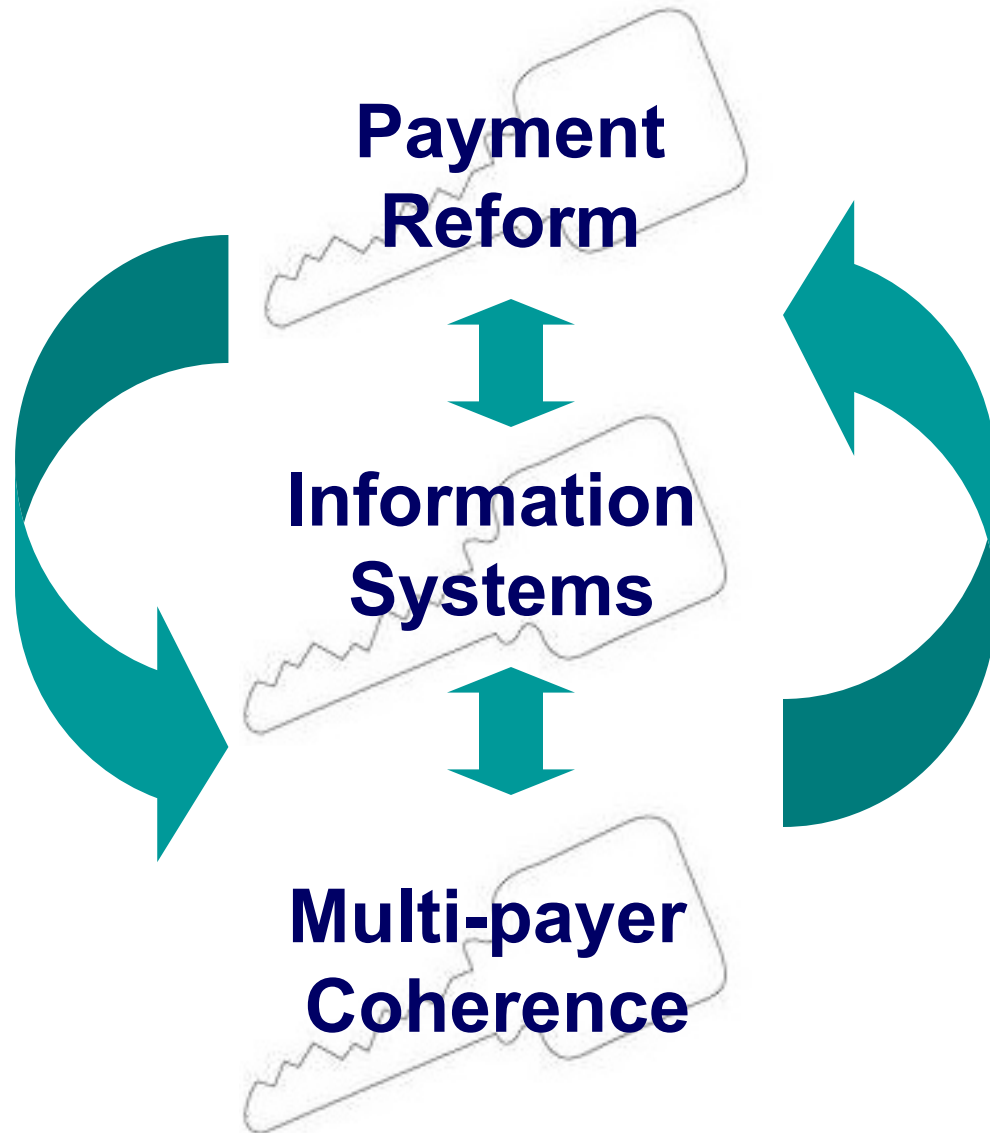
Health IT Framework

Evaluation Framework

Avoiding Repeat of Managed Care History

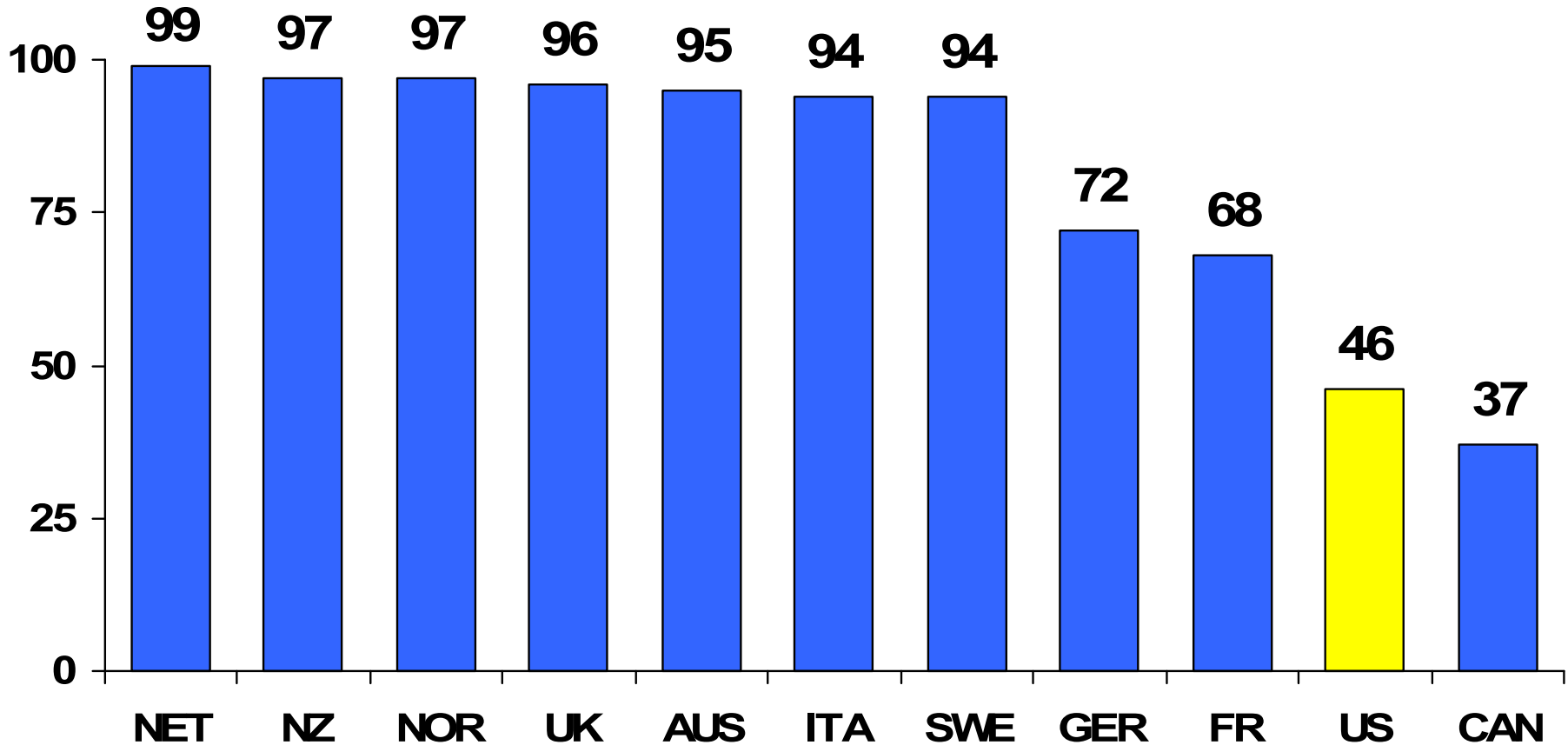
- **Accountability: to whom and for what?**
 - **Wave of managed care in 1990s often put access at risk, increased complexity and failed to improve**
 - **Triple Aim: Better outcomes, better patient experiences, total costs**
- **Worry that ACO will bring further consolidation**
- **Delivery systems slow to change**
 - **Providers could take on risk not able to handle**
 - **Learning curve to develop and transform systems**

Keys to Rapid Progress



Primary Care Use of Electronic Medical Records, 2009*

Percent

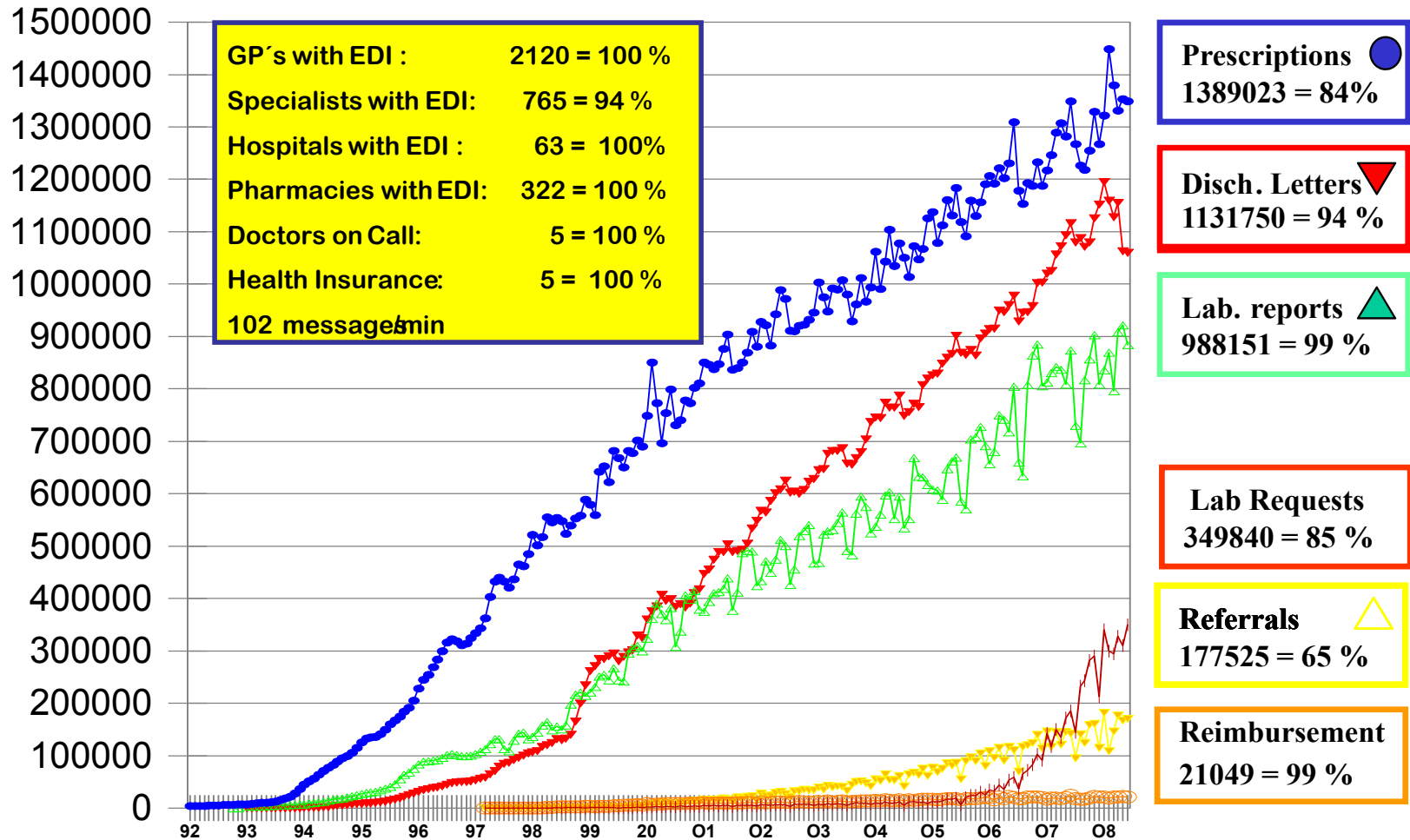


* Not including billing systems

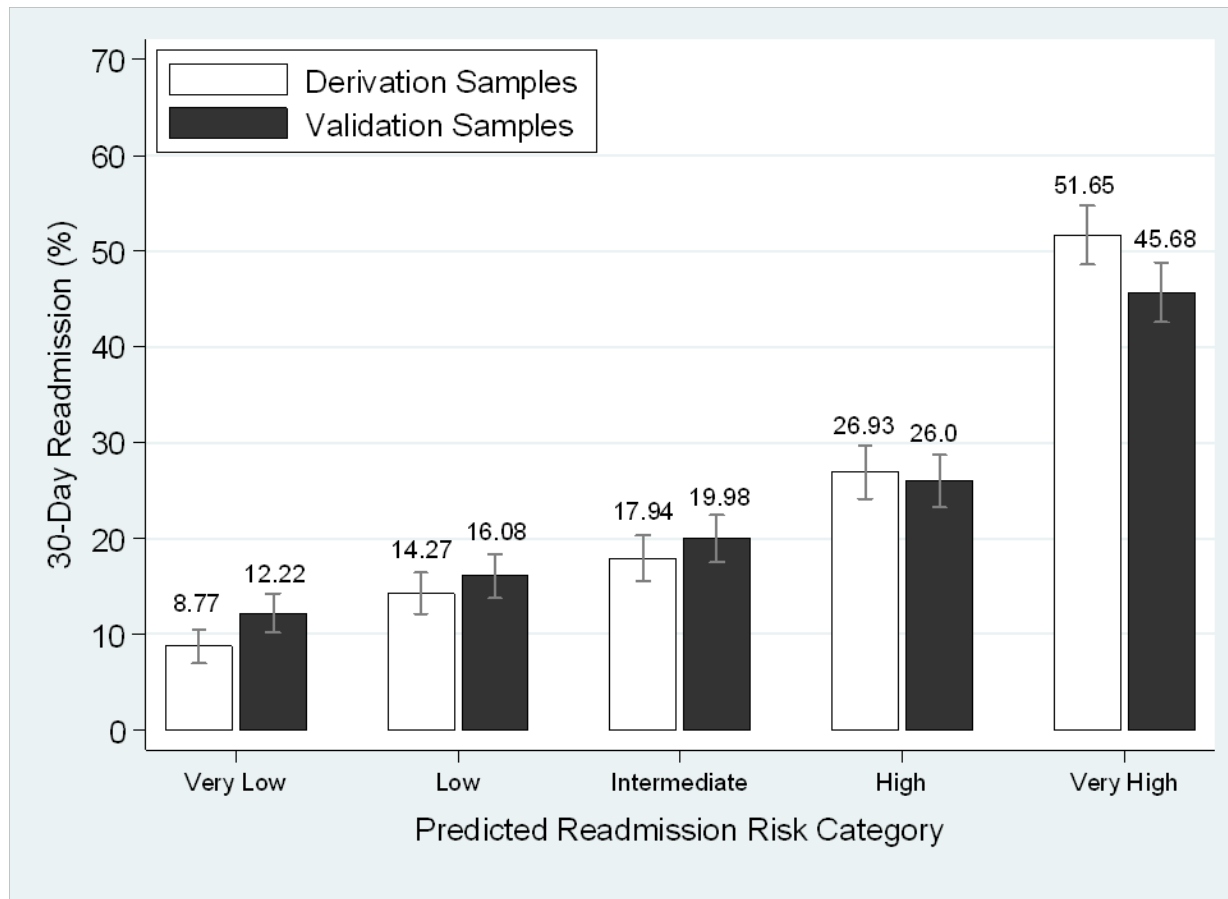


MedCom – The Danish Health Data Network

Messages/Month



Using IT to Predict Risk and Marshal Resources



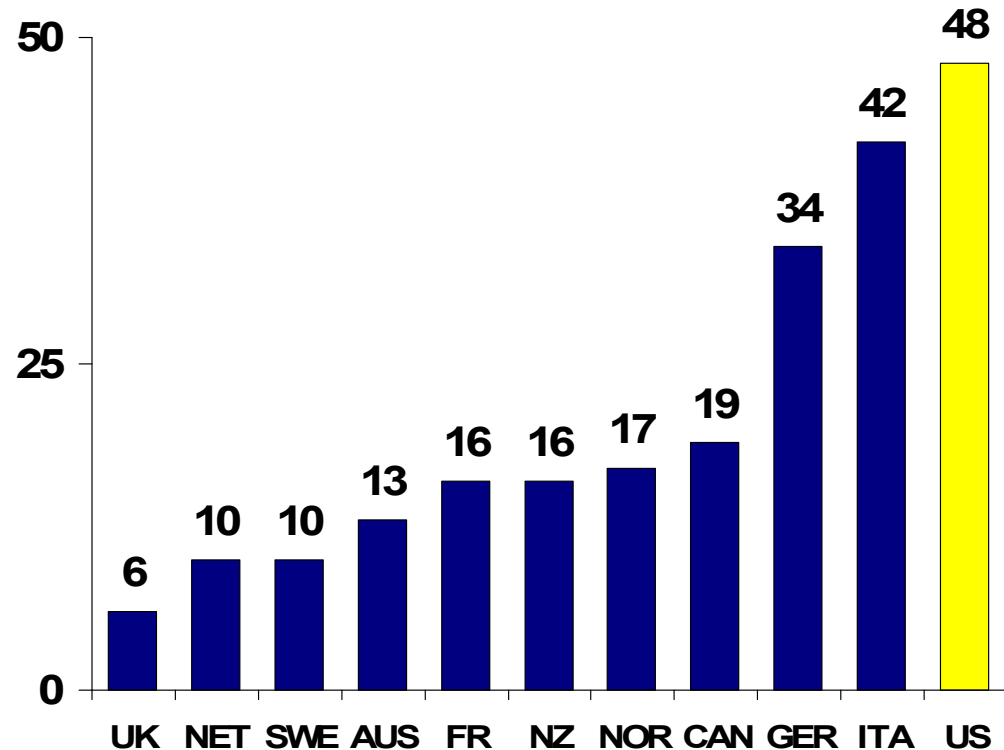
An EMR model to predict 30-day readmission for heart failure. Model variables include: systolic and diastolic blood pressure, pulse, temperature, pH, BNP, PT/ INR, glucose, CK-MB, troponin, wbc, pCO₂, BUN, sodium, creatinine, CK, bilirubin, albumin, age, history of depression, single, male, no. of home address changes, medicare, high risk census tract, cocaine use, missed clinic visit, used health system pharmacy, prior inpatient admissions, ED presentation time. C-statistic: Derivation: 0.73; Validation 0.69



Insurance Complexity: Time and Costs for Providers

- **Insurance restrictions time concern for U.S. doctors**
- **Costs of physician and staff time to interact with plans = \$68,000 a year; Total national \$31 billion***
- **Streamlined billing could save \$7 billion annually****
- **Private insurance/billing-related costs = 7 to 11% of hospital revenues*****

Physician/Staff Time Spent Getting Patients Needed Medications or Treatment Due to Coverage Restrictions is a **MAJOR PROBLEM**



Source: The Commonwealth Fund 2009 International Health Policy Survey of Primary Care Physicians.

* L. Casalino et al., "What Does It Cost Physician Practices to Interact with Health Insurance Plans?" *Health Affairs* 5/14/2009. ** B. Blanchfield et al., "Saving Billions of Dollars—and Physicians' Time—by Streamlining Billing Practices," *Health Affairs Web* 4/29/2010. *** J. Kahn et al. "The Cost of Health Insurance Administrative Costs in California," *Health Affairs* Nov/Dec 2005.





**General internist
USA**



**General practitioner
Denmark**

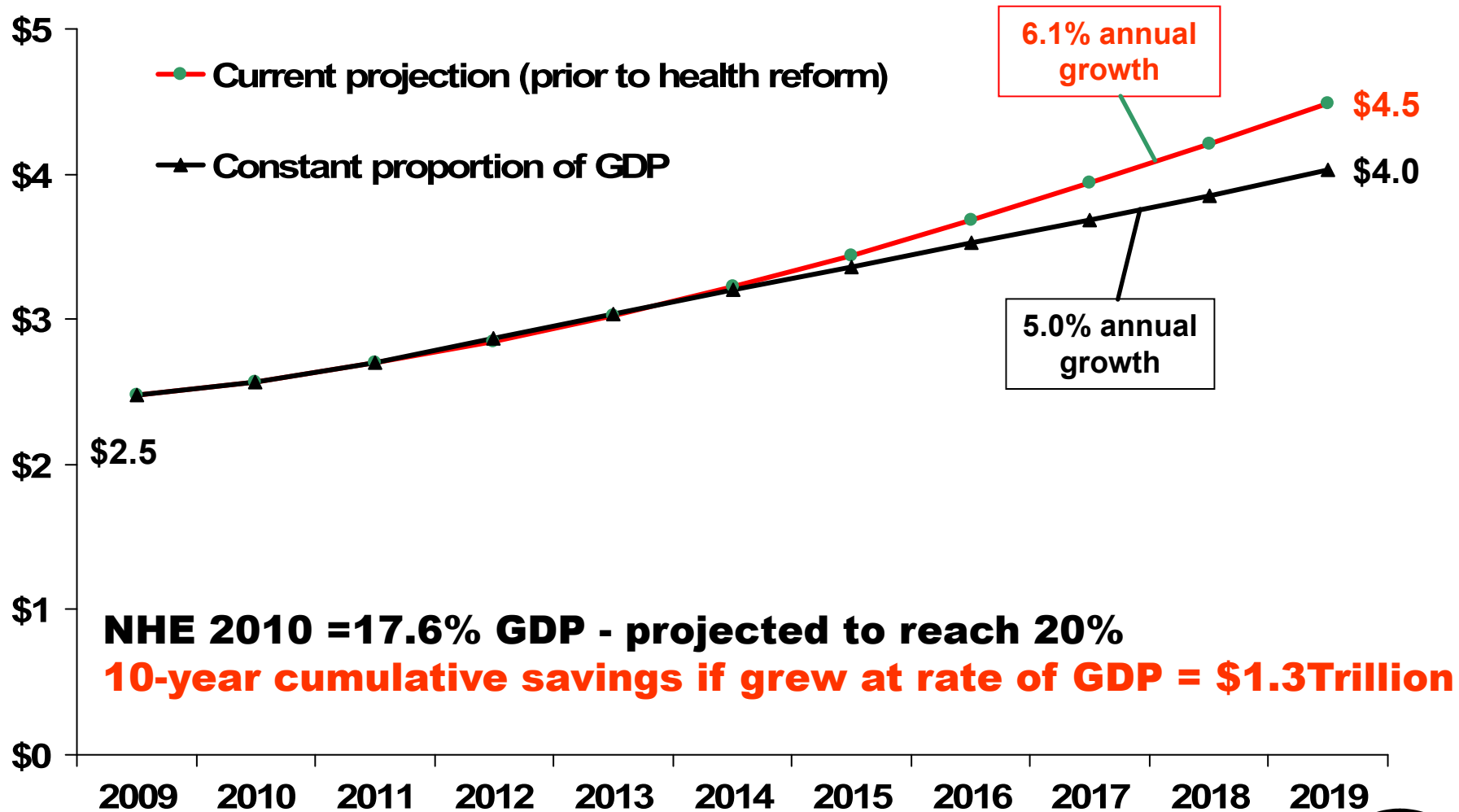
Health System Leadership and Teams Are Essential

- **Reforms provide building blocks and new incentives to support transforming delivery systems**
 - **Organizing care around the patient**
 - **Teams accountable to each other and to patients**
 - **Focus on population health**
 - **Prudent use of resources**
- **Health information systems potential to support and inform innovation**
 - **Benchmarks to improve and learn**
- **Addressing total costs will be critical to meet needs of current and future populations**



U.S. National Health Expenditures (NHE) 2009–2019: Projected and Constant Proportion of GDP

NHE in trillions

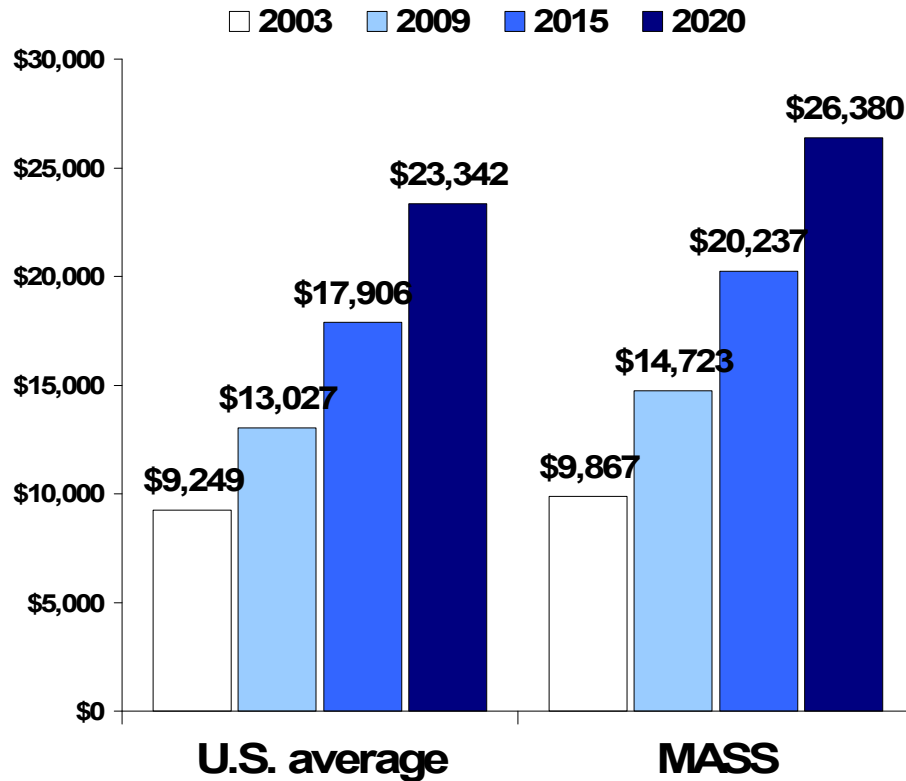


Source: Centers for Medicare & Medicaid Services, Office of the Actuary February 2010 Projections.

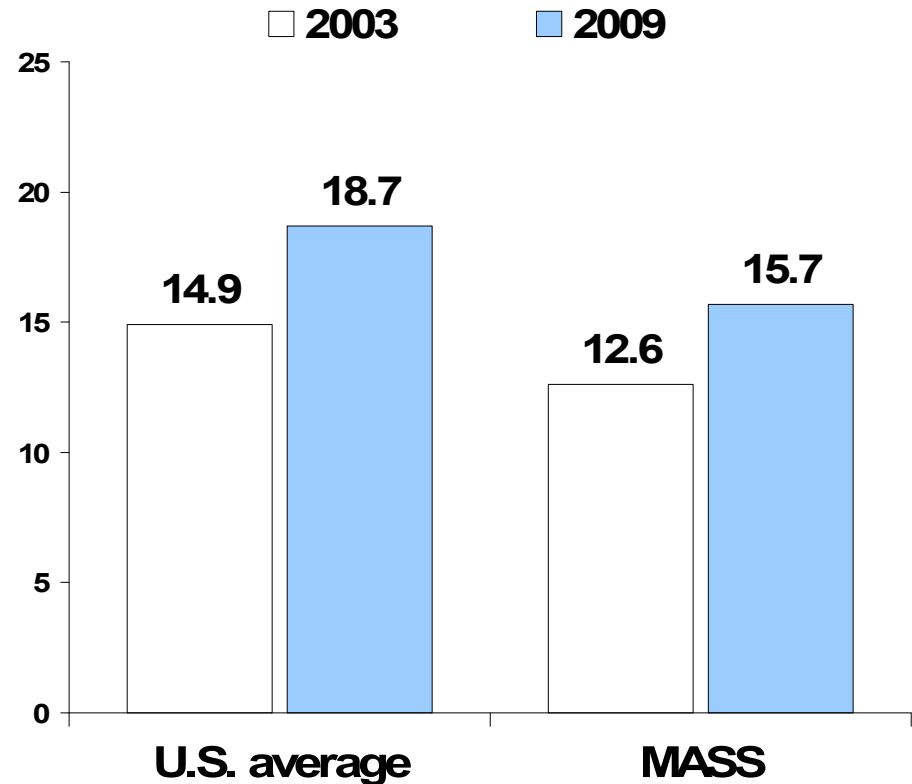


Rising Health Care Costs Are Nationwide Concern: Cost Pressures Intensify If Trends Continue

Annual Employer Premiums for Family Coverage



Total Premiums as Percent of Median Income, Under-65 Population



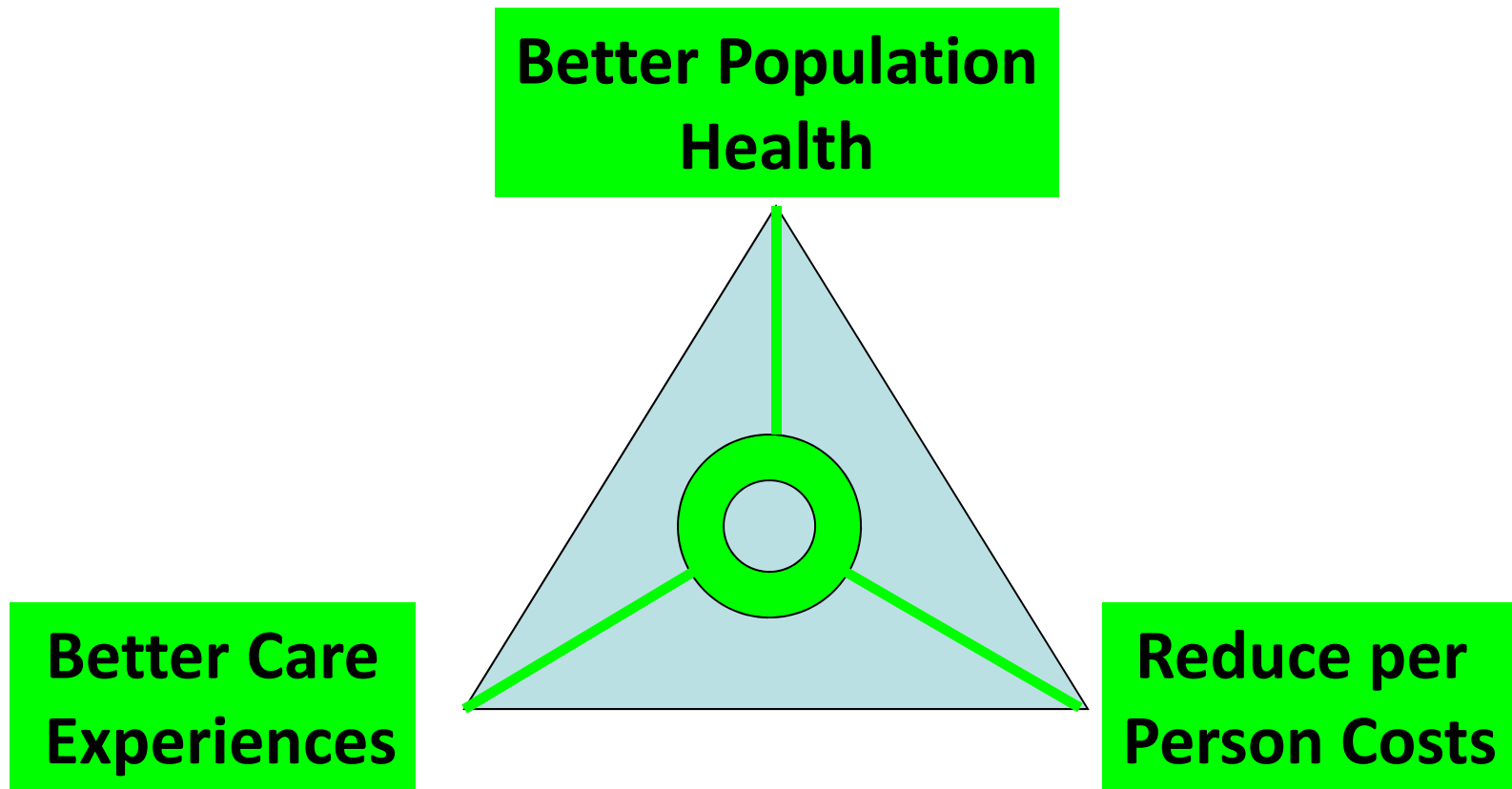
Data: Medical Expenditure Panel Survey (for employer premiums); Current Population Surveys (median household incomes). Premium estimates for 2015 and 2020 use recent 6 years annual state average rates to project.

Source: C. Schoen et al., Forthcoming report, The Commonwealth Fund, November 2010.



U.S. Health Reforms: New Era & Foundation

**Health System Innovation Supporter by Payer
Action Will Be Essential to Achieve the Triple Aim**



Thank You!



**Karen Davis
President**



**Sara Collins,
Vice President,
Health Insurance**



**Rachel Nuzum,
Assistant Vice
President, Federal
Health Policy**



**Stu Guterman,
Vice President,
Payment Reform**



**Melinda Abrams,
Vice President,
Patient Centered
Coordinated Care**



**Ashley-Kay
Fryer
Research
Associate**



**Steve Schoenbaum,
Executive Vice
President for
Programs**

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A Private Foundation Working Toward a High Performance Health System

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Health Reform Resources



The Health Reform Resource Center: What's in the Affordable Care Act?
Visit the Health Reform Resource Center, where you can explore the provisions of the Affordable Care Act. View the timeline for the highlights of the law, or use the "Find Health Reform Provisions" tool to search for specific provisions by year, category, and/or stakeholder group.

System Reform [View All »](#)

What Changes in Survival Rates Tell Us About U.S. Health Care

October 7, 2010 - This Commonwealth Fund-supported study found that even though the U.S. has achieved gains in 15-year survival rates over three decades, life expectancy has declined relative to other wealthy nations, which have experienced even greater gains. This suggests that the U.S. health care system is in part to blame for relatively lower life expectancy.

Expanding Access [View All »](#)

Young Adults and the Affordable Care Act of 2010

October 8, 2010 - In this new issue brief from The Commonwealth Fund's Realizing Health Reform's Potential series, Sara Collins and Jennifer Nicholson explore several short- and long-term provisions that promise to stem the rapidly rising tide of uninsured young adults, one of the largest uninsured segments of the population.

Enter keywords Entire Site

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Narrow by Topic

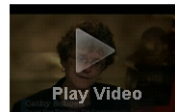
- [System Reform \(55\)](#)
- [Expanding Access \(36\)](#)
- [Payment Reform \(46\)](#)
- [Quality Improvement \(95\)](#)

Washington Health Policy in Review [»](#)

Washington Health Policy Week in Review - October 12, 2010
Doctors call for longer-term Medicare payment fix, a milestone in health IT adoption, Sebelius on the "other overhaul", and more.

Multimedia [»](#)

2009 State Scorecard Finds Where You Live Matters



Why Not The BEST?

A health care quality improvement resource

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Comparative Health Care Performance Data

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Compare a hospital's performance and national benchmarks

Find case studies and tools to the quality of care

[VIEW SAMPLE REPORT](#)

Hospitals Reporting: Central Line Associated Bloodst...
 County...
 Health System...
 Hospital Referral Region...

of beds... Type of Ownership...

Type of Facility: SafetyNet Hospitals
 Teaching Hospitals
 Academic Health Centers

- 1 CREATE A REPORT...**
Choose Hospitals to Compare:
 Select by NAME...
 Select by LOCATION/CHARACTERISTICS
 Please select filter criteria in the tab to the left
- 2 Choose Benchmarks**
- 3 Compare**

Explore IHI's Improvement Map

Evidence based processes to guide your improvement efforts

For comparative performance information on the state level, visit the Fund's State Data Center

"Moving the Needle" Takes People, Processes and Leadership

Brigham & Women's Hospital: A Case Study
 Menu Case Studies...

Many Ways to Define "The Best"

Best Hospital Matrix: A Quality Improvement Tool
 Menu Tools...

