

## Innovation and Health System Transformation



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### CMS support of Health Care Delivery System Reform (DSR)

Historical state

Evolving future state

Public and Private sectors

#### Key characteristics

- Producer-centered
- Incentives for volume
- Unsustainable
- Fragmented Care

#### Systems and Policies

- Fee-For-Service Payment Systems

#### Key characteristics

- Patient-centered
- Incentives for outcomes
- Sustainable
- Coordinated care

#### Systems and Policies

- Value-based purchasing
- Accountable Care Organizations
- Episode-based payments
- Medical Homes
- Quality/cost transparency

## Delivery System Reform focus areas

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*Improving the way providers are incentivized, the way care is delivered, and the way information is distributed will help provide better care at lower cost across the health care system.*

### FOCUS AREAS

Pay  
Providers

Deliver  
Care

Distribute  
Information

Source: Burwell SM. Setting Value-Based Payment Goals – HHS Efforts to Improve U.S. Health Care. NEJM 2015 Jan 26; published online first.

3

## During January 2015, HHS announced goals for value-based payments within the Medicare FFS system

### Medicare Fee-for-Service

**GOAL 1:** 30% 

Medicare payments are tied to quality or value through **alternative payment models** (categories 3-4) by the end of 2016, and 50% by the end of 2018

**GOAL 2:** 85% 

Medicare fee-for-service payments are **tied to quality or value** (categories 2-4) by the end of 2016, and 90% by the end of 2018



### STAKEHOLDERS:

Consumers | Businesses  
Payers | Providers  
State Partners



Set **internal** goals for HHS



Invite **private sector** payers to match or exceed HHS goals

### NEXT STEPS:



Testing of new models and expansion of existing models will be critical to reaching incentive goals

Creation of a Health Care Payment **Learning and Action Network** to align incentives for payers

4

## The Innovation Center portfolio aligns with delivery system reform focus areas

Focus Areas	CMS Innovation Center Portfolio*
<b>Pay Providers</b>	<p><b>Test and expand alternative payment models</b></p> <ul style="list-style-type: none"> <li>▪ <b>Accountable Care</b> <ul style="list-style-type: none"> <li>– Pioneer ACO Model</li> <li>– Medicare Shared Savings Program (housed in Center for Medicare)</li> <li>– Advance Payment ACO Model</li> <li>– Comprehensive ERSD Care Initiative</li> </ul> </li> <li>▪ <b>Primary Care Transformation</b> <ul style="list-style-type: none"> <li>– Comprehensive Primary Care Initiative (CPC)</li> <li>– Multi-Payer Advanced Primary Care Practice (MAPCP) Demonstration</li> <li>– Federally Qualified Health Center (FQHC) Advanced Primary Care Practice Demonstration</li> <li>– Independence at Home Demonstration</li> <li>– Graduate Nurse Education Demonstration</li> </ul> </li> <li>▪ <b>Bundled Payment for Care Improvement</b> <ul style="list-style-type: none"> <li>– Model 1: Retrospective Acute Care</li> <li>– Model 2: Retrospective Acute Care Episode &amp; Post Acute</li> <li>– Model 3: Retrospective Post Acute Care</li> <li>– Model 4: Prospective Acute Care</li> <li>– Oncology Care Model</li> </ul> </li> <li>▪ <b>Initiatives Focused on the Medicaid</b> <ul style="list-style-type: none"> <li>– Medicaid Emergency Psychiatric Demonstration</li> <li>– Medicaid Incentives for Prevention of Chronic Diseases</li> <li>– Strong Start Initiative</li> <li>– Medicaid Innovation Accelerator Program</li> </ul> </li> <li>▪ <b>Dual Eligible (Medicare-Medicaid Enrollees)</b> <ul style="list-style-type: none"> <li>– Financial Alignment Initiative</li> <li>– Initiative to Reduce Avoidable Hospitalizations among Nursing Facility Residents</li> </ul> </li> </ul>
	<b>Deliver Care</b>
<b>Distribute Information</b>	<p><b>Increase information available for effective informed decision-making by consumers and providers</b></p> <ul style="list-style-type: none"> <li>▪ <b>Information to providers in CMMI models</b></li> <li>▪ <b>Shared decision-making required by many models</b></li> </ul>

\* Many CMMI programs test innovations across multiple focus areas