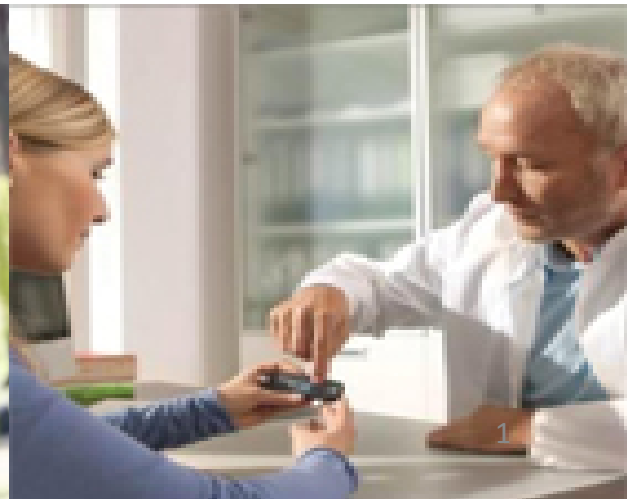
Better, Smarter, Healthier:

Delivery System Reform

U.S. Department of Health and Human Services





Better, Smarter, Healthier

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.

A health system that provides better care, spends dollars more wisely, and has healthier people

Focus Areas	Description
INCENTIVES	▪ Promote value-based payment systems – Test new alternative payment models – Increase linkage of Medicaid, Medicare FFS, and other payments to value ▪ Bring proven payment models to scale ▪ Align quality measures
CARE DELIVERY	▪ Encourage the integration and coordination of clinical care services ▪ Improve individual and population health ▪ Support innovation including for access
INFORMATION	▪ Bring electronic health information to the point of care for meaningful use ▪ Create transparency on cost and quality information ▪ Support consumer and clinician decision making

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

INCENTIVES: Payment Reform Taxonomy Framework

	Payment Taxonomy Framework			
Category	**Category 1:** Fee for Service—No Link to Quality	**Category 2:** Fee for Service—Link to Quality	**Category 3:** Alternative Payment Models Built on Fee-for-Service Architecture	**Category 4:** Population-Based Payment
Description	Payments are based on volume of services and not linked to quality or efficiency	At least a portion of payments vary based on the quality or efficiency of health care delivery	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	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)
Medicare FFS	• Limited in Medicare fee-for-service • Majority of Medicare payments now are linked to quality	• Hospital value-based purchasing • Physician Value-Based Modifier • Readmissions/Hospital Acquired Condition Reduction Program	• 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 in years 3-5

INCENTIVES: In January 2015, HHS announced goals for value-based payments in the Medicare

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:

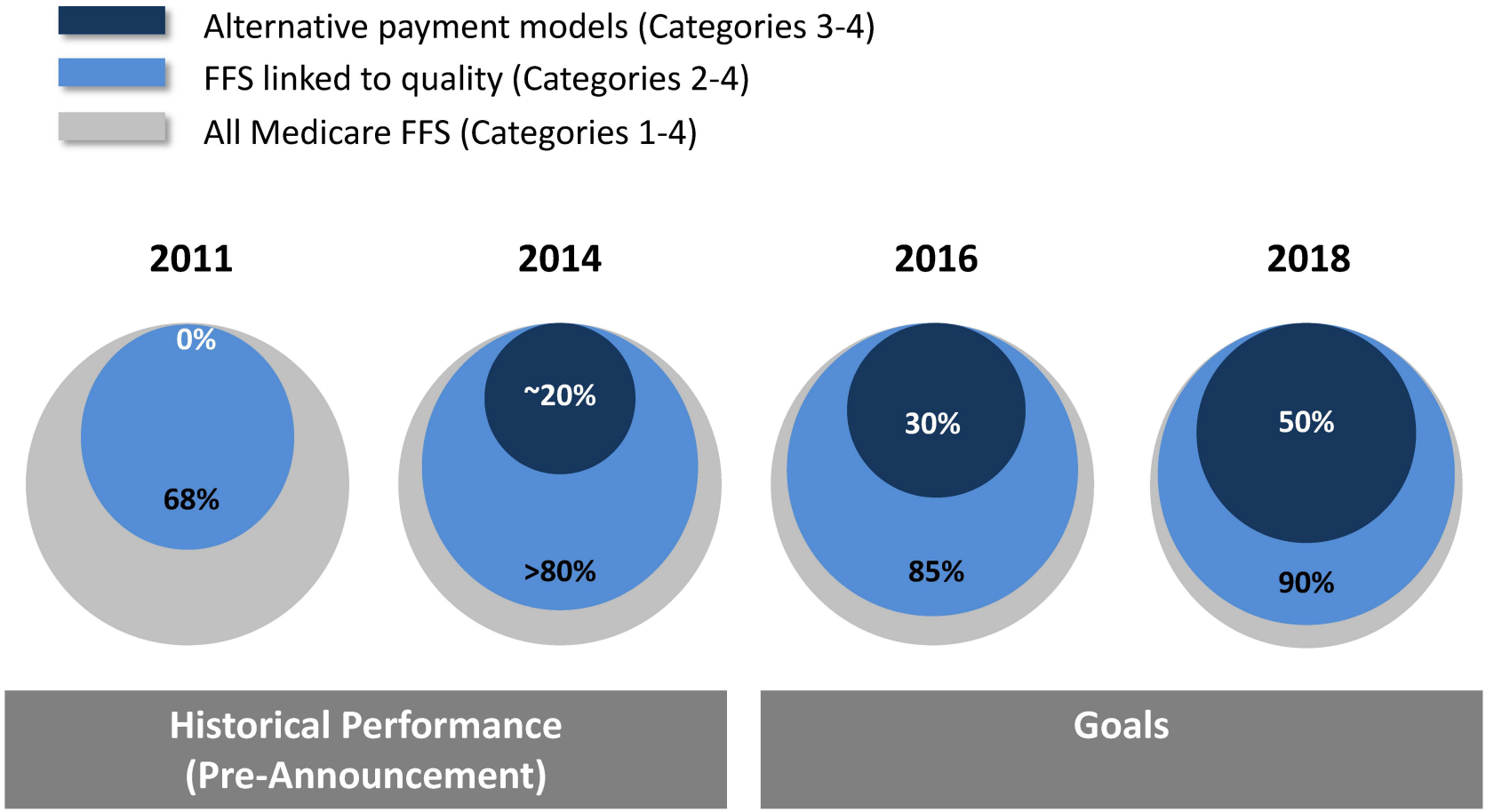
Consumers | Businesses
Payers | Providers
State Partners

Set **internal goals** for HHS

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

On March 25 2015, the **Health Care Payment Learning and Action Network** was launched to help advance work across private and public sectors sectors to increase the adoption of value-based payments and alternative payment models.

INCENTIVES: Target percentage of payments in 'FFS linked to quality' and 'alternative payment models' by 2016 and 2018



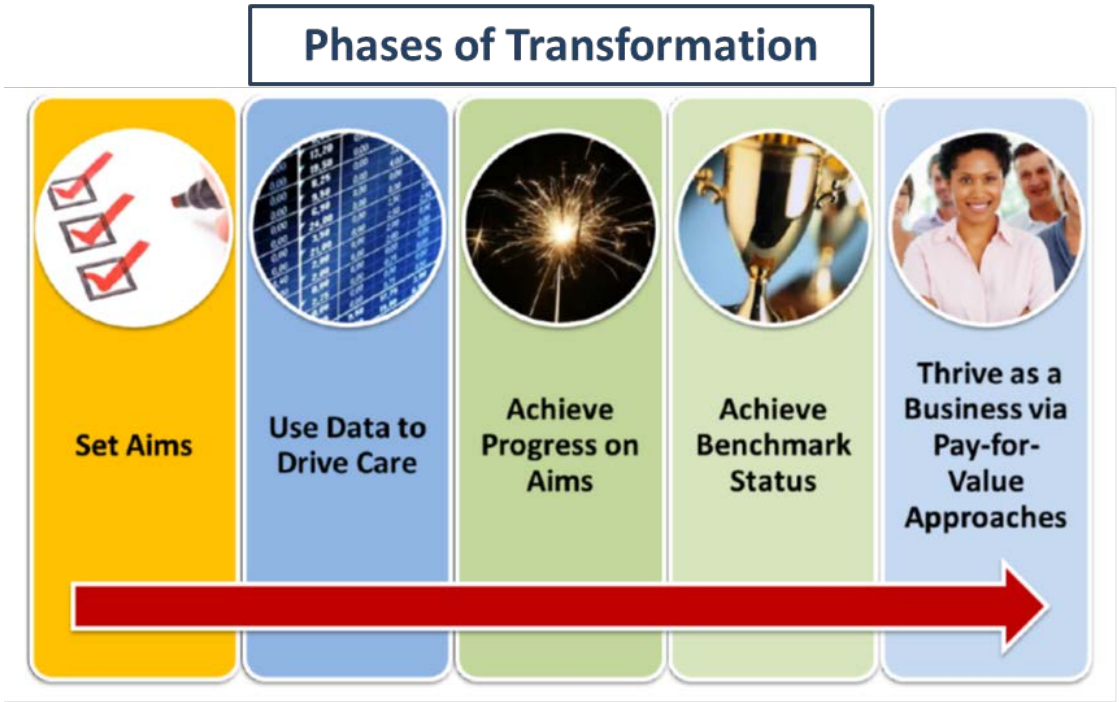
CARE DELIVERY: Transforming Clinical Practice Initiative (TCPI) is designed to help clinicians achieve large-scale health transformation

$685 million in awards to **39 national and regional health care networks and supporting organizations** to help equip more than **140,000 clinicians** with the tools and support needed to improve quality of care, increase patients' access to information, and reduce costs.

Funding going to:

Practice Transformation Networks: peer-based learning networks designed to coach, mentor, and assist

Support and Alignment Networks: provides a system for workforce development utilizing professional associations and public-private partnerships



CARE DELIVERY: Examples of Practice Transformation in Action

- The **American College of Emergency Physicians** and **American College of Radiology** will engage clinicians, patients and families in reducing unnecessary testing. Working with member Emergency Department Physicians and Radiologists they intend to avoid over 1.1 million unnecessary diagnostic imaging tests and engage physicians in collaboratively selecting the most appropriate imaging exam, thus reducing unnecessary exposure to radiation and duplication of tests that inconvenience patients and increase costs.
- The **National Rural Accountable Care Consortium** will assess, educate and provide on site peer-supported education and training to more than 5,500 rural providers who may wish to transition into Accountable Care Organizations.
- The **American Board of Family Medicine** will work with more than 25,000 family physicians serving 50 million or more patients to help clinicians and patients navigate the changing health care system, reduce disparities in health care, and move toward a wellness-based approach to managing care.
- The **National Nursing Centers Consortium** will work with over 7,000 Nurse Practitioners that support 2.5 million patients to eliminate over 14,000 unnecessary tests, and avoid over 4,000 unnecessary hospital admissions.