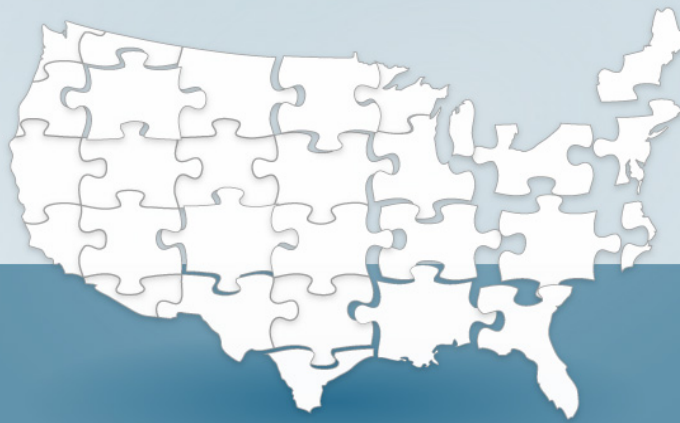




CATALYST
FOR
PAYMENT
REFORM



**Putting The
Pieces Together**

Tracking New York's Progress on Payment Reform: Commercial and Medicaid Results

Presented by:

Andréa Caballero – Program Director



Who We Are

- A critical mass of voices all asking for the same thing at the same time
- A light shining on the urgency of payment reform



- | | | |
|--|---|---|
| • 3M | • Equity Healthcare | • Pennsylvania Employees Benefit Trust Fund |
| • Aircraft Gear Corp. | • GE | • Pitney Bowes |
| • Aon Hewitt | • Group Insurance Commission, Commonwealth of MA | • Qualcomm Incorporated |
| • Arizona Health Care Cost Containment System (Medicaid) | • The Home Depot | • South Carolina Health & Human Services (Medicaid) |
| • AT&T | • Maine Bureau of Human Resources | • TennCare (Medicaid) |
| • Bloomin' Brands | • Marriott International, Inc. | • Towers Watson |
| • The Boeing Company | • Mercer | • Verizon Communications, Inc. |
| • CalPERS | • Michigan Department of Community Health (Michigan Medicaid) | • Wal-Mart Stores, Inc. |
| • Carlson | • Ohio Medicaid | • The Walt Disney Company |
| • Comcast, NBCUniversal & Spectacor | • Ohio PERS | • Wells Fargo & Company |
| • Delhaize America | | • Woodruff Sawyer & Company |
| • Dow Chemical Company | | |
| • eBay Inc. | | |
| • FedEx Corporation | | |

Shared Agenda

20 Percent of Payments Proven to Enhance Value by 2020

- National Scorecard
- Regional Scorecards

Leverage purchasers and create alignment

- Health plan sourcing, contracting, management
- Alignment with public sector

Implement Innovations

- Payment reform
- Pairings for payment reform with benefit and network design
- Price transparency
- Enhance provider competition



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New York Scorecard on Payment Reform

With generous support from the New York State Health Foundation, CPR, DFS, and DOH partnered on this project to achieve a critical common goal: measuring New York's progress on its transition to value-oriented payment.

What did CPR measure?

Progress toward value-oriented payment in the commercial and Medicaid markets in New York.

What data did CPR use?

Data submitted by commercial and Medicaid health plans from 2013 or the most recent 12 months available.

Why is this important?

These results set the baseline for the goals set forth in the DSRIP and SHIP initiatives.



NY Scorecard Project Design

National Advisory
Committee

Multi-stakeholder
group formed for
National Scorecards
and subsequent
Regional Scorecards

Defined Scope
Set Parameters
Developed Metrics

Partnership with
New York State
Health Foundation
and DFS

Collaboration to use
Scorecard metrics
for baseline
information for SHIP
and DSRIP

Data collection
period
8/11/14-9/15/14

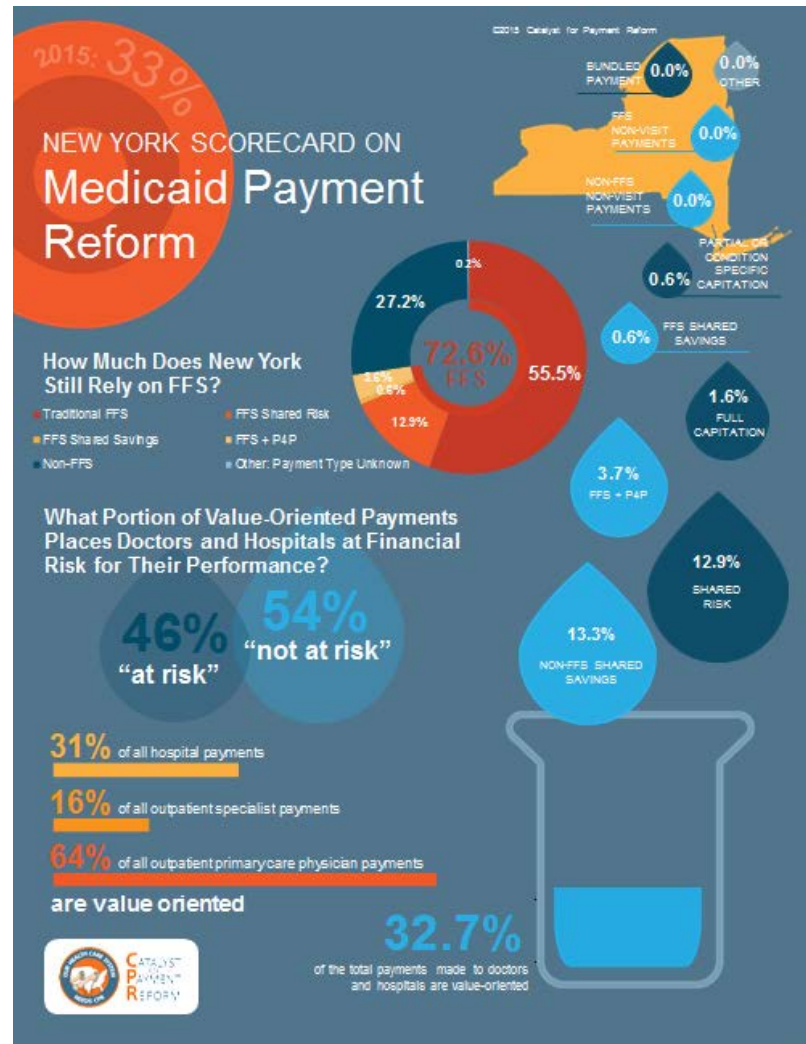
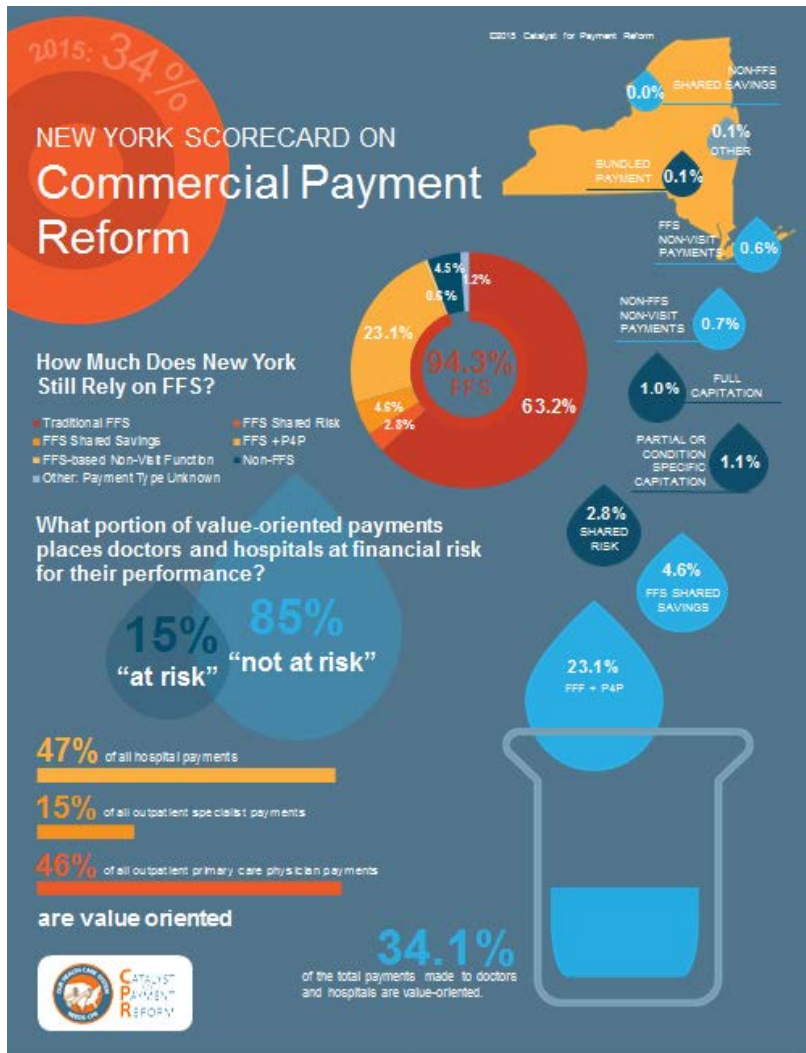
Data Source:
10 Commercial and
15 Medicaid plans

2013 data or the
most recent 12
months

Excluded plans doing
only LTC, Behavioral
Health, and Duals
business



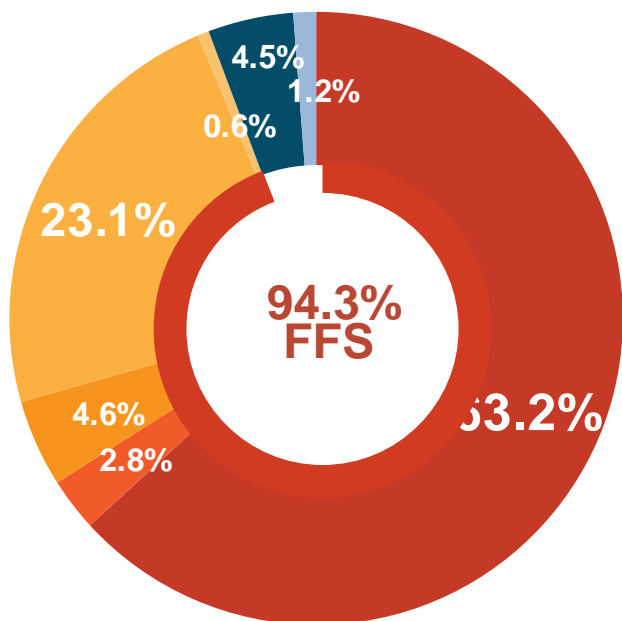
The Results: Commercial and Medicaid



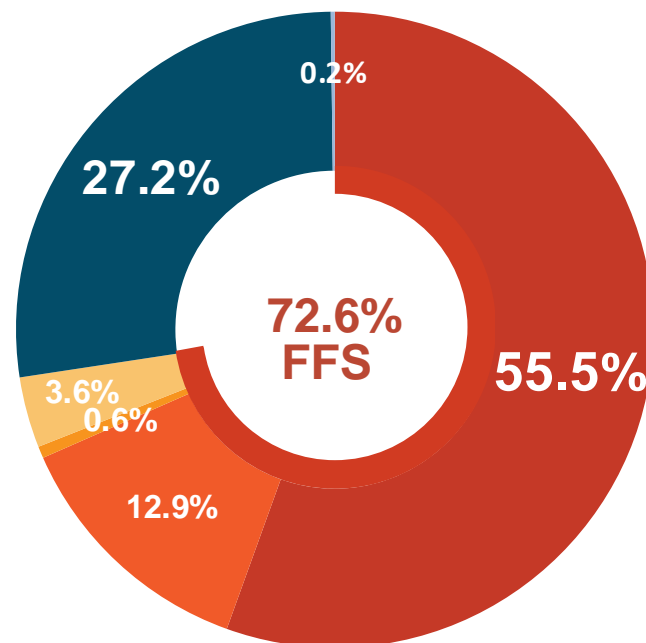


How Much Does New York Still Rely on FFS?

COMMERCIAL



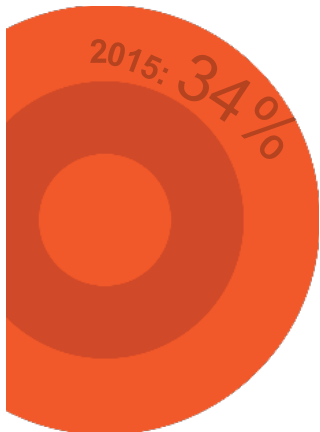
MEDICAID



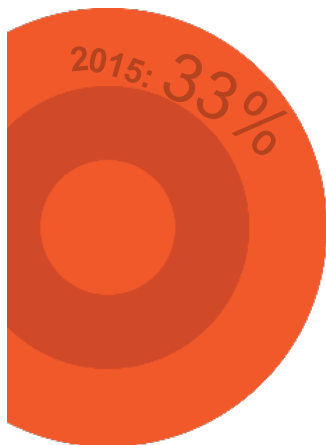
While Medicaid relies less on FFS than commercial, both sectors have a significant portion of payments built on FFS.



Value-Oriented Payment



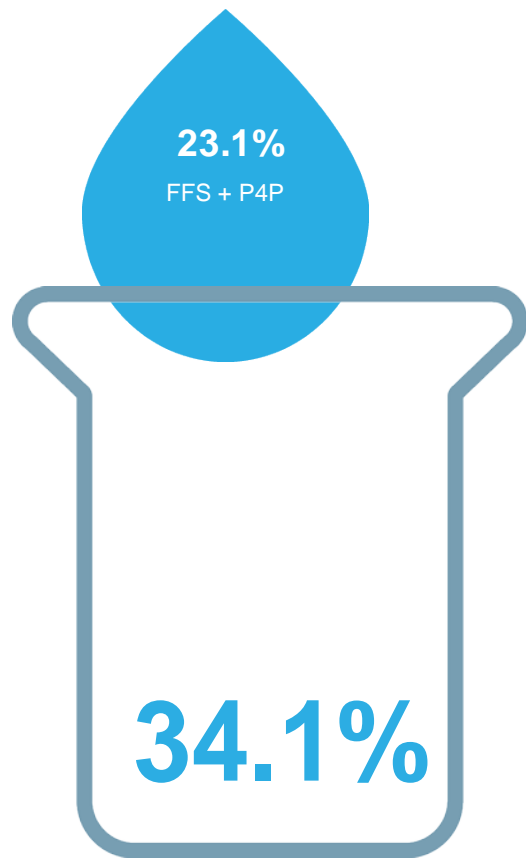
COMMERCIAL – 34% of all in-network commercial payments are value-oriented – designed to cut waste and tied to performance. Traditional fee for service, bundled, capitation and partially capitated payments without quality make up the remaining 66%.



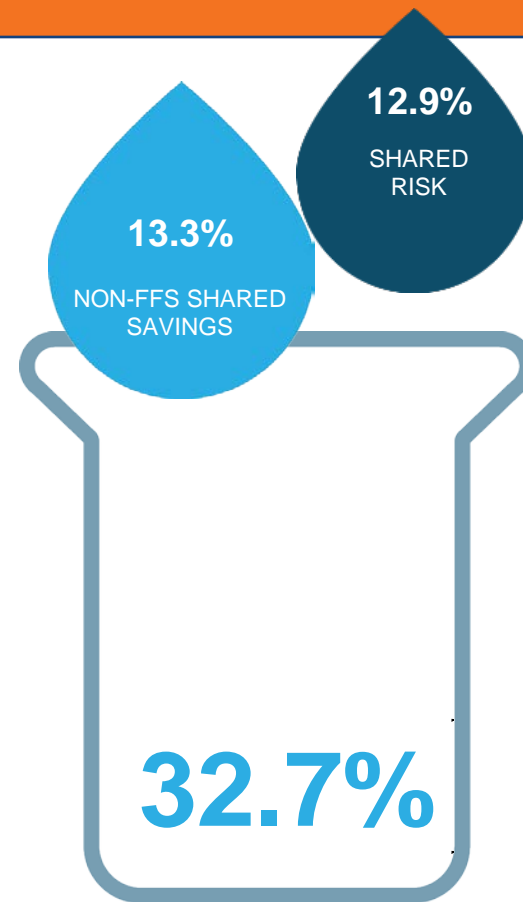
MEDICAID – 33% of all Medicaid payments are value-oriented – designed to cut waste and tied to performance. Traditional fee for service, bundled, capitation and partially capitated payments without quality make up the remaining 67%.



Breakdown of the 34% and 33%



In the commercial market, most of the value-oriented payment is in **pay-for-performance**.



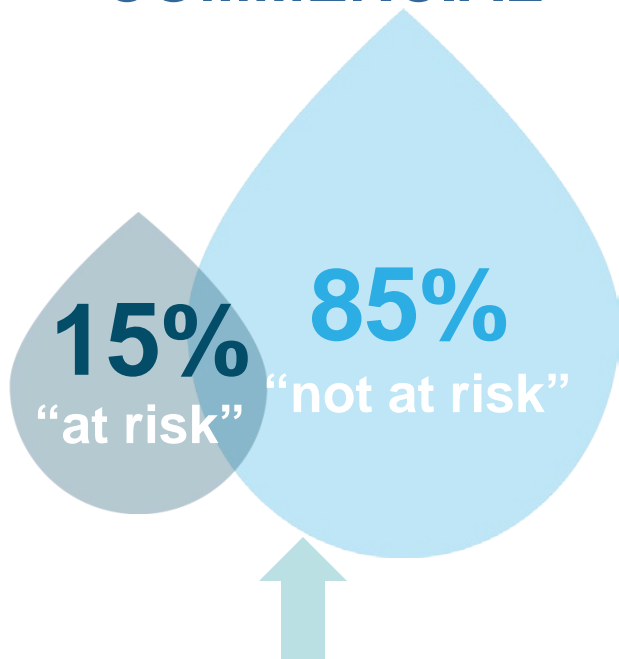
In the Medicaid market, most of the value-oriented payment is in **non-FFS shared savings or shared risk**.



At-Risk Payments vs. Not-At-Risk Payments

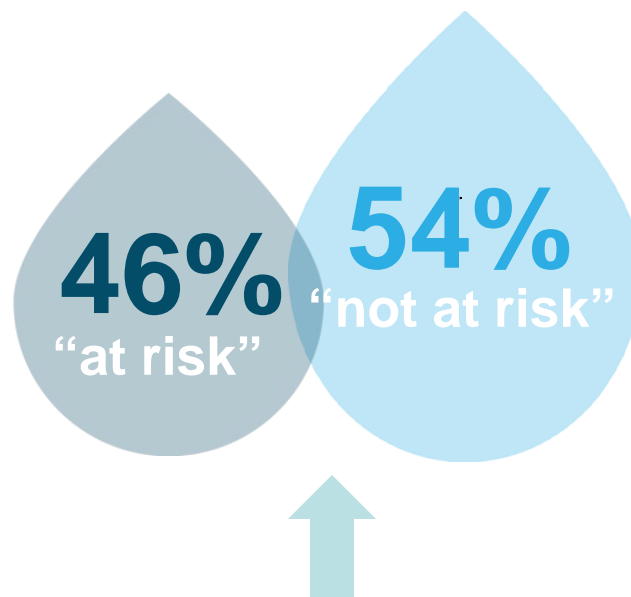
What portion of value-oriented payments place doctors and hospitals at financial risk for their performance?

COMMERCIAL



This is primarily driven by **pay-for-performance**, which **poses no financial risk** to providers.

MEDICAID



This is primarily driven by **shared risk** and some **capitation**, which **pose financial risk** to providers.



The Hospital and Provider Experience

COMMERCIAL

47% of all hospital payments



15% of all outpatient specialist payments



46% of all outpatient primary care physician payments



are value oriented

MEDICAID

31% of all hospital payments



16% of all outpatient specialist payments



64% of all outpatient primary care physician payments



are value oriented

- Hospitals and PCPs are impacted similarly in the commercial market.
- Growth in value-oriented payment to PCPs is consistent with the investment in primary care and in PCMH in Medicaid.
- But why are value-oriented payments to specialists lagging behind?



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Is Payment Reform Reaching Patients?



13% COMMERCIAL AVERAGE



56% MEDICAID AVERAGE

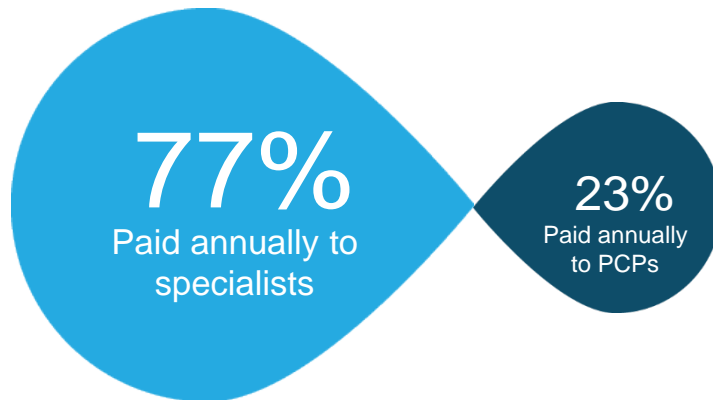
The New York commercial market average is on par with the national average. Medicaid is making significant progress in reaching members through delivery reform methods, such as ACOs and PCMHs.



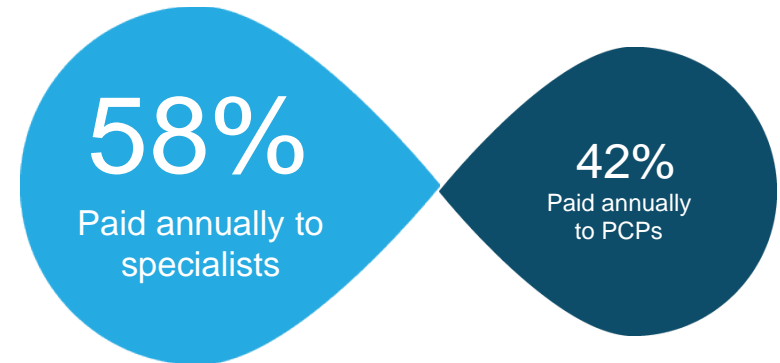
Outpatient Payments

Share of Total Dollars Paid to Primary Care Physicians and Specialists

COMMERCIAL



MEDICAID



Proportionally, more dollars are paid to primary care physicians than specialists in Medicaid than in the commercial market, a balance that correlates with more attribution and value-oriented payment for primary care.



Quality as a Factor Outside of FFS

Non-FFS Payments and Quality

COMMERCIAL

Quality *is* a factor in
61%
of non-FFS payments



Quality is *not* a factor in
39%
of non-FFS payments

MEDICAID

Quality *is* a factor in
57%
of non-FFS payments




Quality is *not* a factor in
43%
of non-FFS payments

As payment transitions away from FFS, incorporating quality is essential.



Transparency Metrics – Commercial Only




9 out of 10 health plans offer or support a **cost calculator**



4 out of 10 health plan tools on **hospital choices** have integrated cost calculators



4 out of 10 health plan tools on **physician choices** have integrated cost calculators



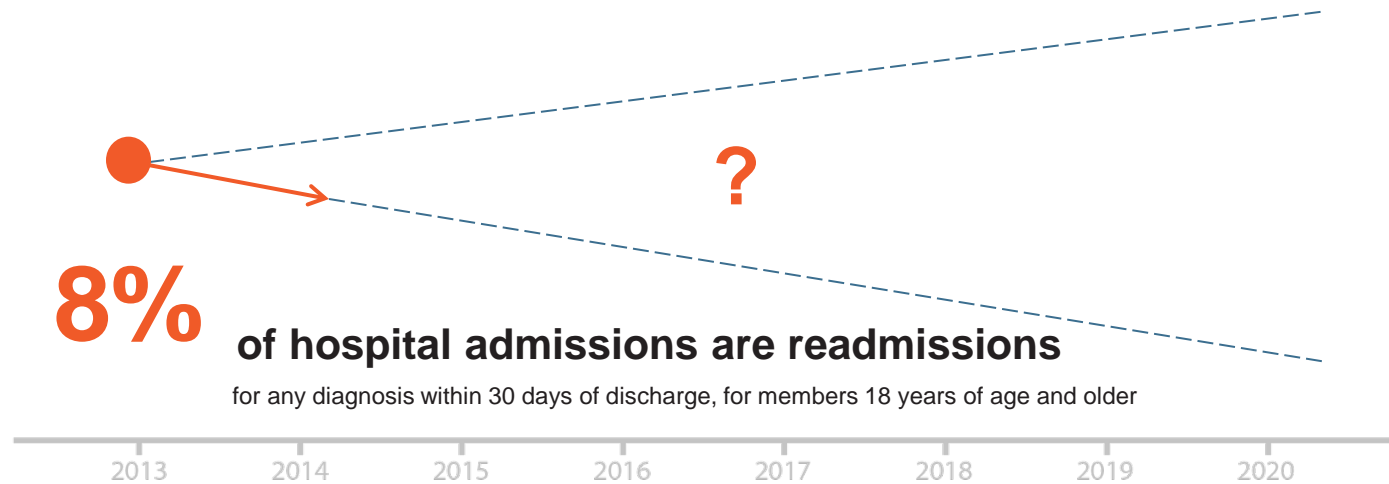
6 out of 10 plans reported that cost information provided to members considers the members' benefit design **relative to co-pays, cost-sharing, and coverage exceptions**

Price transparency tools are almost ubiquitous, but are consumers using them?



Quality Indicator

Hospital Readmissions*



* Derived from data submitted to eValue8 using NCQA's all-cause readmission measure. Not an official NCQA Benchmark.

New York commercial and Medicaid are on par with national average.



In Conclusion...

- Using 2013 data, the New York Scorecards document the baseline for payment reform.
- This is the first time a state has evaluated payment reform in the Medicaid market – and its proportion of value-oriented payment is on par with the commercial market.
- There is still a significant reliance on fee-for-service in both sectors, although Medicaid seems to rely on it less.
- Many payments still offer only a financial upside for providers. It may take shared risk, particularly in the commercial market, to see significantly better and less wasteful delivery of care.
- Now we need to turn to learning which methods are effective at improving the quality and affordability of health care.