**The PROMETHEUS Payment Model**

NYSH Health Foundation
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**Problem**

- Under fee-for-service (FFS) payment, doctors and hospitals bill insurers for every individual service and are encouraged to produce more volume irrespective of the marginal value of the nth service.
- Under traditional capitation payment, doctors and hospitals are encouraged to produce less volume, whether or not the nth service would be beneficial to the patient and the payer.

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**Overview**

- Started development in 2006
- Funded by The Commonwealth Fund, RWJ and NYSh Health
- Widely researched and published
- Fully operational in four sites but still in pilot phase – two pilots in development in NY
- Based on unique definition of episodes and “gain-sharing” model

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**The Prometheus Payment solution**

- Calculates compensation for hospitals and doctors based not on specific treatments a patient receives but on the care a patient should receive “per episode”
- Creates incentives for doctors to reduce total episode cost of care by wiping out the current costs associated to potentially avoidable complications (PACs).
- Provider margins per patient improve as PACs are reduced

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**Prometheus uses Evidence-informed Case Rates (ECRs)**

- An ECR is a global fee, or bundled payment, that accounts for all care related to a medical event
- 3 parts:
  1. Fee for providing evidence-informed care
  2. Profit margin
  3. Allowance for potentially avoidable complications (PAC)
- Providers win by improving quality and lower current costs associated to potentially avoidable complications

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**An ECR for each patient-provider-payer combination**

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**Unique features of the model**

- Margins improve as potentially avoidable complications are reduced – change the industry focus from chasing volume to chasing margin/value.
- Patient-level severity adjustment to minimize the potential for cherry-picking.
- Operational in any provider setting – no need for financial, administrative or legal integration.
- Being piloted in IL, MN, PA, and UT now, and looking for two additional sites in NY State.

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**NYSHealth Foundation**

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