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

Presented by:
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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

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

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

www.catalyzepaymentreform.org
The Results: Commercial and Medicaid

NEW YORK SCORECARD ON Commercial Payment Reform

How Much Does New York Still Rely on FFS?
- Traditional FFS: 15%
- FFS Shared Savings: 2.6%
- FFS + PJP: 2.6%
- Partial or Discounted Capitation: 4.6%
- Other: 6.6%
- Non-FFS: 74%

What portion of value-oriented payments places doctors and hospitals at financial risk for their performance?
- 15% "at risk"
- 85% "not at risk"

47% of all hospital payments
15% of all outpatient office visits payments
46% of all outpatient primary care physician payments are value oriented
34.1% of the total payments made to doctors and hospitals are value-oriented.

NEW YORK SCORECARD ON Medicaid Payment Reform

How Much Does New York Still Rely on FFS?
- Traditional FFS: 31%
- FFS Shared Savings: 0.9%
- FFS + PJP: 0.9%
- Partial or Discounted Capitation: 4.6%
- Other: 0.5%
- Non-FFS: 55.5%

What Portion of Value-Oriented Payments Places Doctors and Hospitals at Financial Risk for Their Performance?
- 46% "at risk"
- 54% "not at risk"

31% of all hospital payments
16% of all outpatient specialist payments
64% of all outpatient/primary care physician payments are value oriented
32.7% of the total payments made to doctors and hospitals are value-oriented.
While Medicaid relies less on FFS than commercial, both sectors have a significant portion of payments built on FFS.
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%.
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**

- **15%** “at risk”
- **85%** “not at risk”

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

**MEDICAID**

- **46%** “at risk”
- **54%** “not at risk”

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

- 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?

**Commercial**
- 47% of all hospital payments are value oriented
- 15% of all outpatient specialist payments
- 46% of all outpatient primary care physician payments

**Medicaid**
- 31% of all hospital payments
- 16% of all outpatient specialist payments
- 64% of all outpatient primary care physician payments are value oriented
Is Payment Reform Reaching Patients?

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**
- 77% Paid annually to specialists
- 23% Paid annually to PCPs

**MEDICAID**
- 58% Paid annually to specialists
- 42% Paid annually to PCPs

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.
### Non-FFS Payments and Quality

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<thead>
<tr>
<th>Source</th>
<th>Quality is a factor in</th>
<th>Quality is not a factor in</th>
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<tbody>
<tr>
<td>COMMERCIAL</td>
<td>61%</td>
<td>39%</td>
</tr>
<tr>
<td>MEDICAID</td>
<td>57%</td>
<td>43%</td>
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As payment transitions away from FFS, incorporating quality is essential.
Price transparency tools are almost ubiquitous, but are consumers using them?
Quality Indicator

Hospital Readmissions*

8% of hospital admissions are readmissions for any diagnosis within 30 days of discharge, for members 18 years of age and older.

* 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.