FAMILIESUSA
THE VOICE FOR HEALTH CARE CONSUMERS

The Promise of True Health Care Payment Reform: Working to Ensure our Health Care System Serves Families and Patients

March 2, 2023

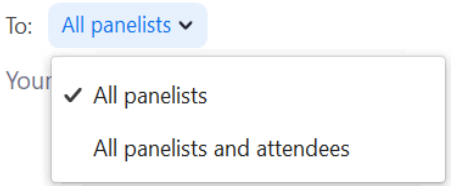
Our vision is a nation where the best health and health care are equally accessible and affordable to all

Housekeeping

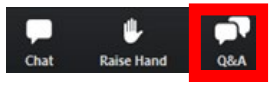
Zoom Webinar Participant Controls

Chat Box: Open *Chat* to send messages to the host, panelists, and attendees.

You can choose to chat only the panelists, or all panelists and attendees.



Question & Answer Box: Open the Q&A window to ask questions to the hosts and panelists. We'll either reply back to you directly or answer your question live.



CENTER FOR
AFFORDABLE
WHOLE PERSON CARE
AT FAMILIESUSA

FAMILIESUSA

Families USA

Families USA, a leading national voice for health care consumers, is dedicated to the achievement of high-quality, affordable health care and improved health for all. We advance our mission through public policy analysis, advocacy, and collaboration with partners to promote a patient-and community centered health system.

Working at the national, state, and community levels for over 35 years

HEALTH CARE VALUE

HEALTH EQUITY

COVERAGE

CONSUMER VOICE

Agenda

- Welcome and Introductions
- Tackling Health Care Costs
- The Broken Economics of Fee-For-Service
- How Payment Reform Can Fail to Meet the Needs of Patients
- The Promise of Real Payment Reform
- What's Next, Resources, and How to Stay Involved

FAMILIESUSA

Public's Concern About Health Care Affordability Are Mounting

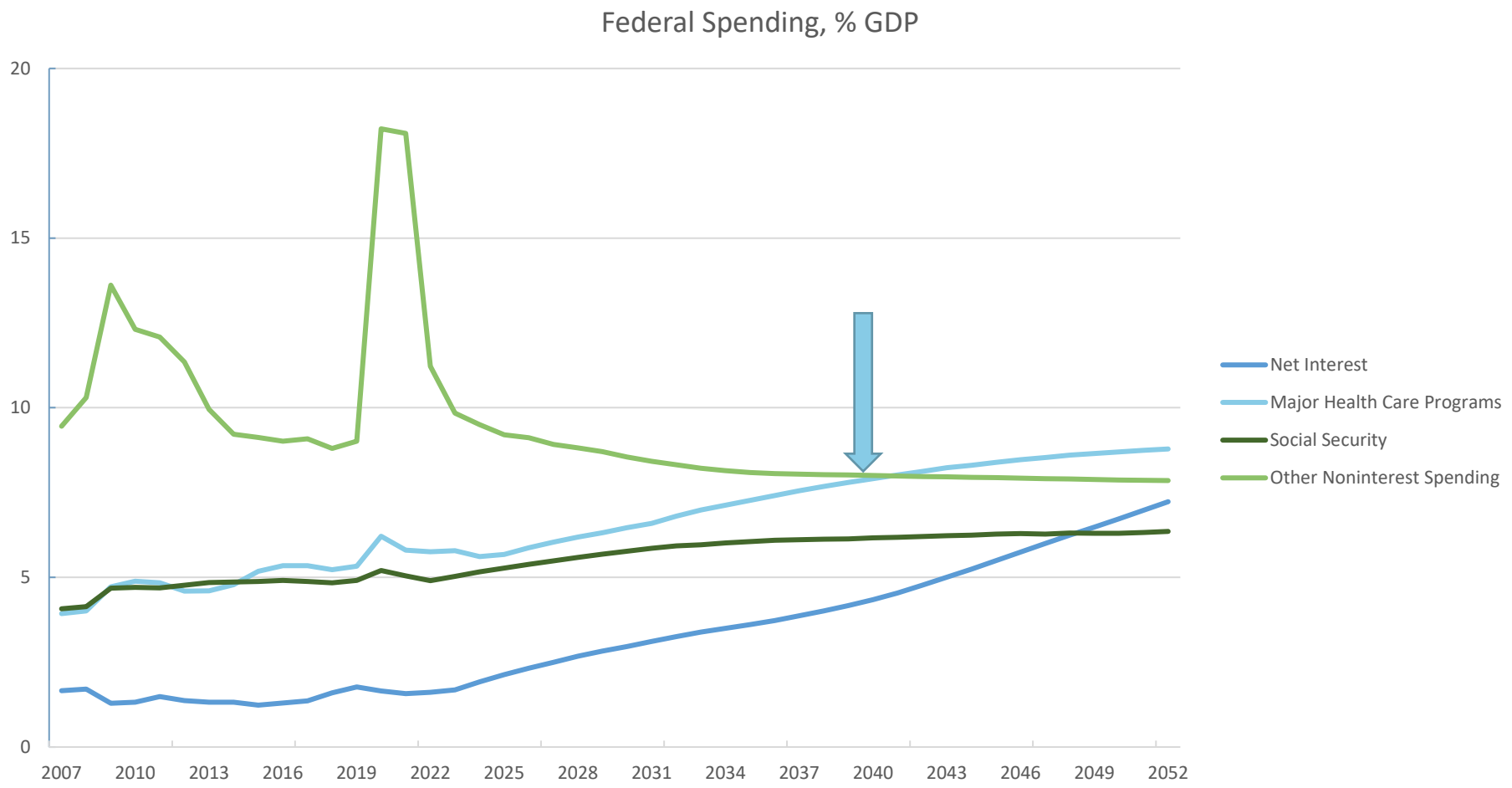
Health Care Affordability Concerns Are Widespread

- 75 percent of Americans grade U.S. health care affordability a D or F. (Gallup, West Health, 2022)
  - One in three give it an outright F. (Gallup, West Health, 2022)
  - Americans give the U.S. healthcare system a C-. (Gallup, West, 2022)
- 44 percent of public didn't go see a doctor when they needed to because of cost (NORC)
- 30 percent report medical care interferes with their basic needs (food, housing, heat, etc.) (NORC)
- 78 percent of Americans think the government should help make sure everyone has access to affordable, quality health care (Consumers Reports)
- In the 2020 election, 68 percent of voters stated that health care was "very important" to their vote, second only to the economy in the share of voters who listed it as very important (Pew Research Center)
- In 2022, 66 percent of voters said they were more likely to vote for candidates who supported limiting out-of-pocket costs in Medicare (KFF)

Sources: Americans' Views on Healthcare Costs, Coverage and Policy. Conducted by NORC at the University of Chicago with funding from The West Health Institute Interviews: 2/15-19/2018. Available at http://www.norc.org/PDFs/WHI%20Healthcare%20Costs%20Coverage%20and%20Policy/WHI%20Healthcare%20Costs%20Coverage%20and%20Policy%20Topline.pdf. Consumer Reports. Consumer Voices Survey. May 2017. "Important issues in the 2020 election," Pew Research Center, available at https://www.pewresearch.org/politics/2020/08/13/important-issues-in-the-2020-election/. KFF Health Tracking Poll October 2022, available at https://www.kff.org/womens-health-policy/poll-finding/kff-health-tracking-poll-october-2022/.

FAMILIESUSA

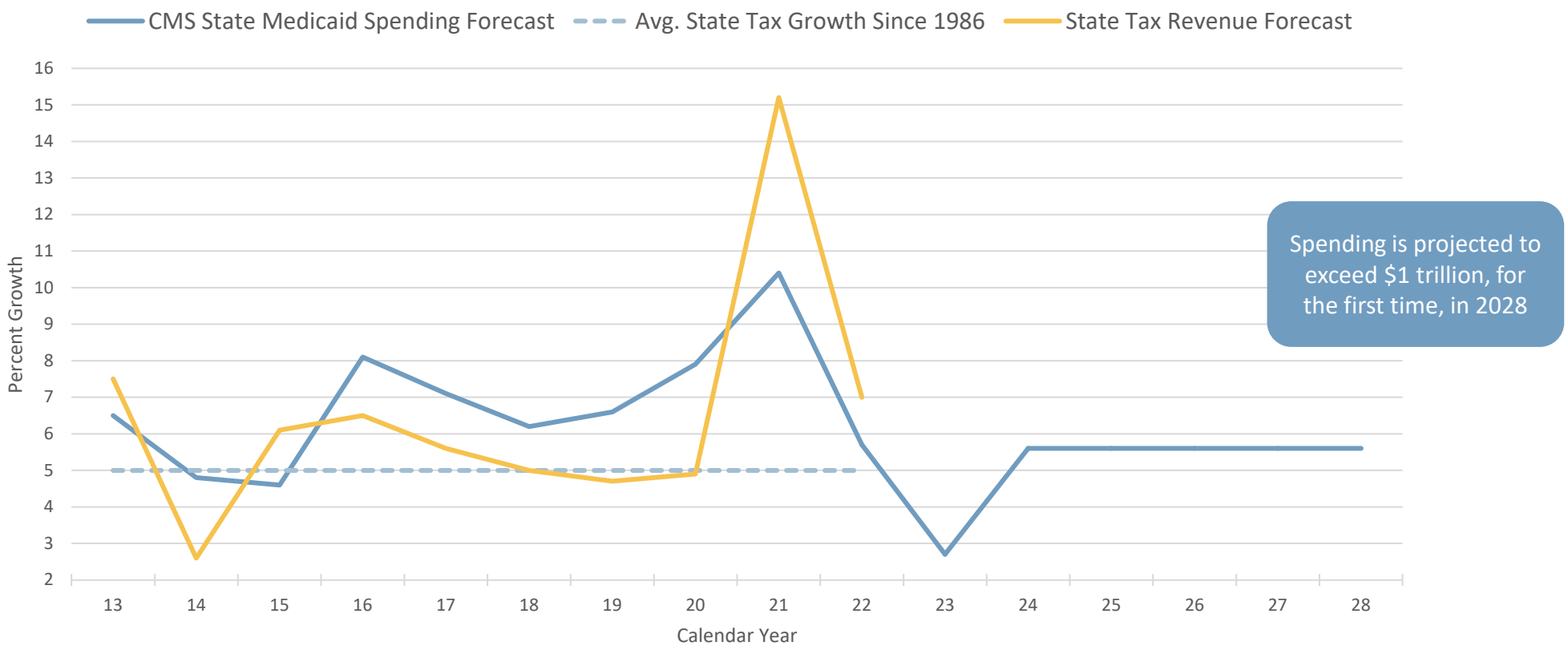
Federal Health Care Spending to Consume Larger Portion of Federal Resources



Source: Congressional Budget Office, 2022 Long Term Budget Outlook.
The extended baseline generally reflects current law, following CBO's 10-year baseline budget projections through 2027 and then extending most of the concepts underlying those baseline projections for the rest of the long-term projection period.
GDP = gross domestic product.
Major Health Care Programs consists of spending for Medicare (net of premiums and other offsetting receipts), Medicaid, and the Children's Health Insurance Program, as well as outlays to subsidize health insurance purchased through the marketplaces established under the Affordable Care Act and related spending.
Other Noninterest Spending consists of all federal spending other than that for Social Security, the major health care programs, and net interest.

FAMILIESUSA

State's Face Similar Dilemma: Medicaid Spending Outpacing Growth in State Tax Revenue



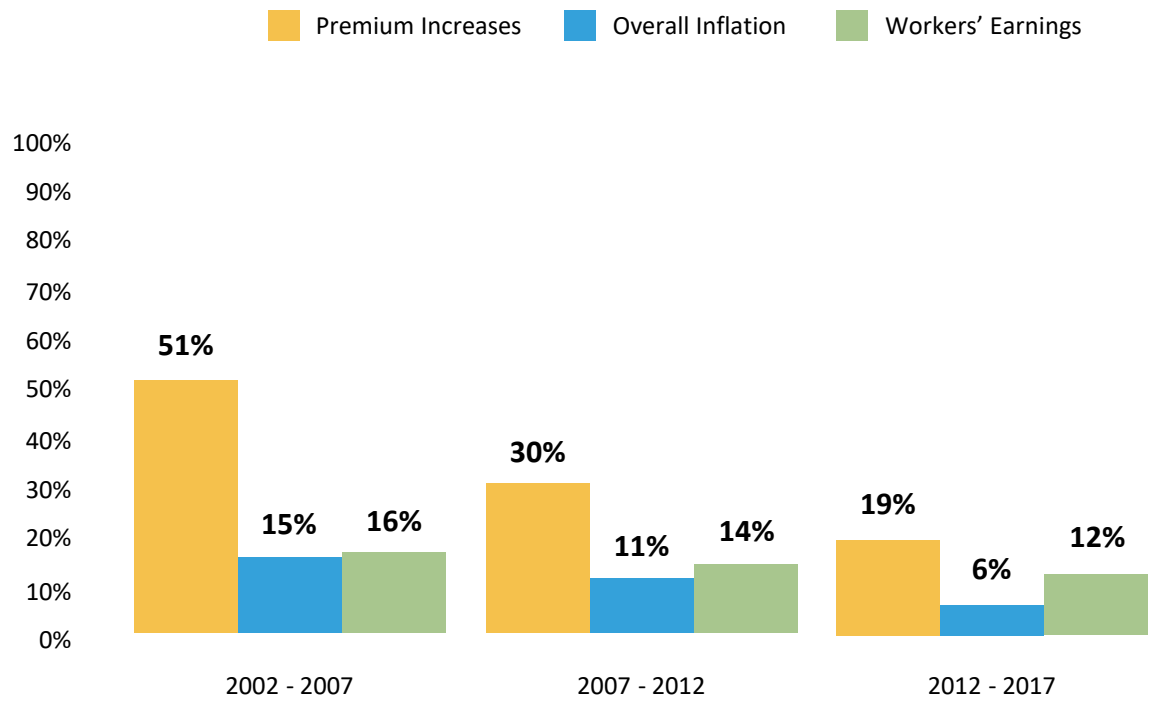
Spending is projected to exceed $1 trillion, for the first time, in 2028

Source: CMS Office of Actuary Releases, The U.S. Census, Moody's Analytics, 2015, National Association of State Budget Offices, Tax Policy Center
https://www.cms.gov/newsroom/press-releases/cms-office-actuary-releases-2021-2030-projections-national-health-expenditures.
https://www.census.gov/programs-surveys/stc.html
https://www.moodys.com/research/Moodys-Tax-revenues-growing-for-US-states-but-at-a--PR_349370
https://www.nasbo.org/reports-data/state-expenditure-report
https://www.taxpolicycenter.org/taxvox/states-forecast-weaker-revenue-growth-ahead-growing-uncertainties

FAMILIESUSA

Health Care Cost Problems Have Been Building for Decades

Cumulative Premium Increases for Covered Workers with Family Coverage, 2002-2017

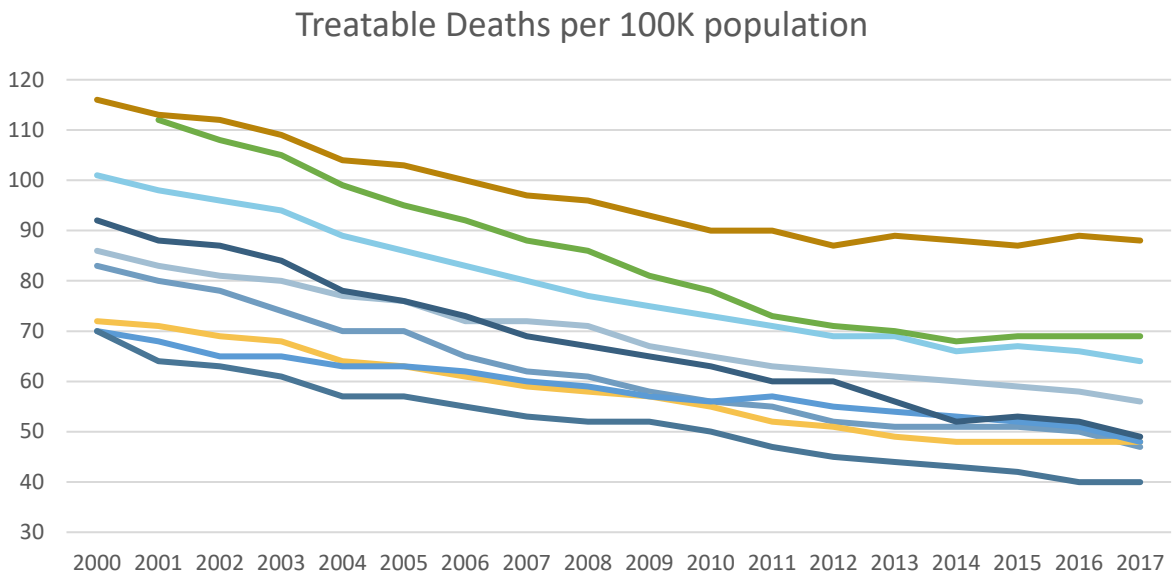


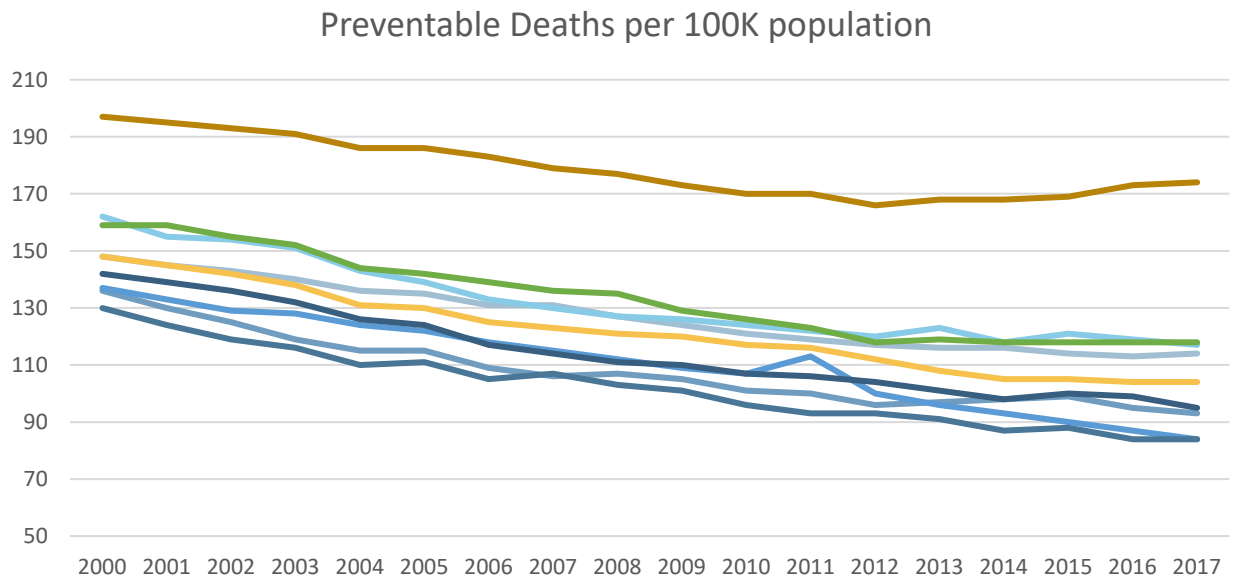
*Percentage change in family premium is statistically different from previous five year period shown ($p < .05$).

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City/Average of Annual Inflation (April to April), 2002-2017; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2002-2017) April to April).

FAMILIESUSA

For All of this Spending, Quality Is Lagging…





Note: Treatable (for amenable) deaths "can be avoided through timely and effective health care interventions, including secondary prevention" [OECD] and preventable deaths "can be mainly avoided through effective public health and primary prevention interventions" [OECD]. Data not available for the UK in 2000. Prior year's data used for France, Switzerland, and the UK for 2017.

Source report: Peterson-KFF Health System Tracker, Treatment Outcomes, https://www.healthsystemtracker.org/indicator/quality/mortality-amenable-healthcare/

The Facts About Health Equity

The data are clear. Good health and health care are not equally available to all in our nation, particularly, racial and ethnic minorities. For example:

- Cardiovascular disease is the leading cause of death in the United States. Non-Hispanic black adults are at least 50% more likely to die of heart disease or stroke prematurely (i.e., before age 75 years) than their non-Hispanic white counterparts[1]
- The infant mortality rate for non-Hispanic blacks is more than double the rate for non-Hispanic whites[1]
- Fewer than one-third of adults of color with a mental illness receive treatment, compared to half of White adults[2]

Sources: (1) CDC Health Disparities and Inequalities Report — United States, 2013. (2) The Business Case for Racial Equity. Kellogg Foundation. 2018

FAMILIESUSA

Our Health Care System Has Lost Its Way

Two principal *financial* drivers of unaffordable, inequitable, low-quality care

1. High health care prices driven by big health care corporations and medical monopolies

2. Fee-for-service economics as the predominant payment model in the U.S. health care system

FAMILIESUSA

The Economic Incentives of FFS: You Get What You Pay For

FFS works against the professional responsibilities and desires of providers to improve health or reduce disparities

- Fee-for-service payment incentivizes surgeries, hospital admissions, and medical tests without any link to the quality of care.
  - The business model of large health care corporations are simple: acquire providers who conduct high volume of services and tests and use market power to derive the highest possible price for each service.
  - A survey of physicians found that 25% of tests and 11% of procedures were medically unnecessary and that 70% of *physicians* believed that doctors were more likely to perform unnecessary procedures when it was profitable for them

- Fee-for-service payment only reimburses clinical care, not efforts to address social determinants of health.
  - Social determinants of health drives 80-90% of people's ability to achieve their best health
  - But fee-for-service payments don't reimburse, and therefore don't incentivize, efforts to address underlying causes of health

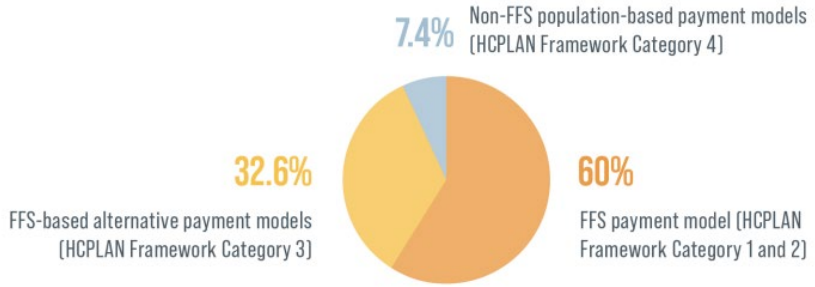
"County Health Rankings Model," County Health Rankings, University of Wisconsin Population Health Institute, n.d., https://www.countyhealthrankings.org/explore-health-rankings/measures-data-sources/county-health-rankings-model
People-First-Care_Role-of-Hospitals.pdf (familiesusa.org)
Emily Sokol, "Healthcare Reimbursement Still Largely Fee-for-Service Driven," RevCycle Intelligence, March 26, 2020, https://revcycleintelligence.com/news/healthcare-reimbursement-still-largely-fee-for-service-driven.
People-First-Care_Promise-of-Payment-Reform.pdf (familiesusa.org)
Heather Lyu et al., "Overtreatment in the United States," PLOS ONE, September 6, 2017, https://journals.plos.org/plosone/ article?id=10.1371/journal.pone.0181970#pone.0181970.

FAMILIESUSA

Payment Reform Efforts Have Largely Failed to Move Away from FFS Economics

Health care payment reform has not lived up to its promise:

- Health care industry are double dealing: price gouging and aggressive marketing about value-based payment efforts.
- Less than 8% of health care services flowing through non-FFS incentives that drive lower cost, higher quality care.
- FFS is the predominant payment model in MA, Medicaid managed care, private insurance, and traditional Medicare and Medicaid.



2021 APM Measurement Infographic - Health Care Payment Learning & Action Network (hcp-lan.org)
Assessing Current and Expected Growth of Alternative Payment Models: A Look at the Bold New Goals for Downside Risk," Leavitt Partners, November 18, 2019, https://leavittpartners.com/assessing-current-and-expected-growth-ofalternative-payment-models-a-look-at-the-bold-new-goals-for-downside-risk/
Jacqueline LaPointe, "Care Integration Driving Healthcare Mergers and Acquisitions," RevCycle Intelligence, August 3, 2013, https://revcycleintelligence.com/news/care-integration-driving-healthcare-mergers-and-acquisitions
Health Care Payment Learning & Action Network (HCPLAN), Alternate Payment Model: APM Framework: Refreshed for 2017 (MITRE Corporation, 2017), https://hcp-lan.org/apm-framework

FAMILIESUSA

Payment Reform Efforts Have Largely Failed to Move Away from FFS Economics

Most of the health sectors claims of doing value-based care are exaggerated and misleading

- **Increase in vertical and horizontal consolidation** – leading to lack of competition, lower quality care, and higher prices.
  - Aetna-Humana merger
  - University of Pittsburgh Medical Center
  - Mass General Brigham

- **Pay for performance (p4p)**
  - Still fee-for-service payments.
  - At best mixed results on improving quality and lowering costs.
  - Disincentivizes investments in socioeconomically disadvantaged populations.

Brittney A. Frankel and Tara F. Bishop, "A Cross-Sectional Assessment of the Quality of Physician Quality Reporting System Measures," Journal of General Internal Medicine 31, no. 8 (2016): 840–845, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4945566/
"What Is Pay for Performance in Healthcare?" NEJM Catalyst, March 1, 2018, https://catalyst.nejm.org/doi/ full/10.1056/CAT.18.0245
CMS Quality Payment Program Participation in 2020: Results-at-a-Glance

FAMILIESUSA

The Promise of Real Payment Reform, If Done Intentionally

Payment reform ***could*** serve as a critical tool to refocus the health care sector on ***addressing long-standing disparities*** if it can more away from FFS economics and establish a viable business model that:

- Creates ***new financial incentives*** that pay providers for: **1)** keeping patients healthy; **2)** reducing disparities, and **3)** ensuring affordability without price gouging.
- Make it ***economically in the best interest of providers*** to address whole person health needs.
- ***Holds providers accountable for health outcomes and the total cost of patient care*** using meaningful quality and outcome measures, including disparity reduction measures (i.e. population-based payment models).

What we're ***not*** talking about:

- Threatening Medicare or Medicaid, the entitlement or aspects of the program that make it work for patients, i.e. free choice of provider, entitlement to care.

FAMILIESUSA

Population Based Payment Models as an Alternative

- Payment to providers – typically a primary care organization or health system – ***of a single, monthly payment***, out of which the organization then pays for some or most health care cost ***for an entire population***.
    - Providers are *"at risk"* for care that is wasteful and fails to improve patient health.
    - Includes strong quality and outcomes metrics to ensure providers' economic change and patient's health needs are met.
    - Providers *generate revenue when they are efficient and improve or protect patient health*, and lose money if they provide low quality care.
- *Payments incentivize* well coordinated, high quality, patient-centered care and can *cover a wide range of services that address social determination* of health and standard medical services.

FAMILIESUSA

Examples of Authentic Health Care Transformation

Comprehensive Primary Care: Oak Street Health

- Strong focus on medically underserved communities
- Emphasis on primary care, prevention, and disease management
- Significant cost savings (up to $1,200 in annual taxpayer savings per beneficiary) through improved quality:
  - **51%** reduction in inpatient hospital admissions
  - **42%** reduction in 30-day readmissions rates
  - **51%** reduction in emergency department visits for its patient population

Behavioral Health Integration: Vermont All-Payor ACO Model

- Patient-centered medical home model with community health teams
- Regional hubs for patient support and “spokes” of coordinated care efforts
- **6.8% reduction in Medicare spending** driven by improved quality of care:
  - 17.9% reduction in acute hospital stays
  - 12.4% reduction in 30-day readmissions

FAMILIESUSA

Examples of Authentic Health Care Transformation

Bundled Payments for Maternity Care: Geisinger Health System

- Took on risk for all prenatal, labor and delivery, and postpartum care
- Implemented robust quality metrics
- Saw significant quality improvements:
  - Increases in rates of prenatal screenings
  - Reductions in c-section rates and the use of the NICU

Coordinated Care in Medicaid: Oregon's Coordinated Care Organizations

- 15 CCOs provide integrated medical, behavioral and oral health care services to Medicaid beneficiaries
- CCOs receive a global budget that covers physical, behavioral and oral health care services, and are responsible for coordinating and integrating whole-person health care services
- Revised in 2019 to direct CCOs to make investments in efforts to address health equity and social determinants of health.
- Improved quality of care combined with fiscal sustainability
  - **10%** decline in emergency department visits and a **17%** decline in nontraumatic dental conditions
  - Held Medicaid spending growth at **3.4%,** below the national average of **5.4%**

FAMILIESUSA

Stay Involved: Opportunities to Engage on Payment Reform

1. Join our comment letters on upcoming Medicare annual payment regulations, Medicare Physician Fee Schedule
2. Learn more about opportunities to engage in consumer and partner roundtable discussions on policy solutions and next steps. For more information contact Mpersley@familiesusa.org.
3. Sign-up for the newsletter from Families USA's Center for Affordable Whole Person Care to stay up-to-date on policy developments and the consumer health care value movement. Contact: Mpersley@familiesusa.org.

FAMILIESUSA

Resources

Papers

- Our Health Care System Has Lost Its Way
- Bleeding Americans Dry: The Role of Big Hospital Corporations in Driving our Nation's Health Care Affordability and Quality Crisis
- When What Is Right Is Also Popular: The Case for Person-Focused Care Through Payment Reform
- Do The Right Thing: Shifting Health Care Payment Systems to Value-Based Incentives To Achieve Health Equity And Promote Racial Justice
- Working Toward True Health Care Payment Reform to Ensure Our Health Care System Serves Families and Patients

Families USA's Center for Affordable Whole Person Care Policy Agenda

Comments from Consumers First Coalition

- Consumers First Comment Letter on FY2023 Medicare Physician Fee Schedule Rule

Questions?

For further information:

Sophia Tripoli

Director of Center for Affordable Whole Person Care

STripoli@familiesusa.org

Adam Axler

Senior Policy Analyst, Health Care Value

aaxler@familiesusa.org

Mike Persley

Strategic Partnerships Campaign Manager

MPersley@familiesusa.org

FAMILIESUSA

Dedicated to creating a nation where the best health and health care are equally accessible and affordable to all

FAMILIESUSA
THE VOICE FOR HEALTH CARE CONSUMERS

FamiliesUSA.org