



The Human Impact of Payment Reform



The need for payment reform

THE PICTURE OF HEALTH CARE IN AMERICA TODAY IS FAR FROM PRETTY

Savanna

“All of my medication costs combined, it’s around \$155,000 a year,”

[Savanna](#) was diagnosed with asthma following her first attack at age 3 and had difficulties controlling it until she was 12. She struggled to find the right medication and finally had to resort to using adult medication because medication specifically suited for children was unavailable. Starting at age 15, Savanna developed a new set of problems, including pain in both her knees and shoulder. Her doctor simply attributed this to a general sports injury but the problem only continued to worsen. By the time she was 18, she had begun to deal with depression and anxiety in addition to the pain, and she still didn’t have any answers.

Ultimately, it took three additional doctors to accurately diagnose Savanna with psoriatic arthritis and kidney issues. Even then, she struggled for many months to find the right drug that worked for her. In addition to balancing multiple chronic illnesses and trying to find the right medication, she struggles with the price of the drugs and getting her insurance to cover the cost of certain specialists and treatments. “All of my medication costs combined, it’s around \$155,000 a year,” she says.

Catherine

“I have given up everything but necessities. I do not go to movies, out to eat, shopping, etc.”

[Catherine](#) is a lung transplant recipient living in Illinois. Following her transplant, she has had to take around 35 different medications to manage her health, balancing not only when and how to take them, but also budgeting to ensure she can afford the medications she needs each month.

Catherine and her Medicare coverage are paying for every medication, doctor’s visit, and specialist appointment that she needs to manage her chronic conditions and to keep her transplanted lungs healthy. Each trip Catherine makes to visit her doctor is billed to her Medicare plan with line item after line item of services, tests, and treatments. On top of this, each medication costs her an arm and a leg out of pocket, especially if it is one of the many drugs for which Medicare does not yet have the power to negotiate the price. She must also manage getting herself to her multiple doctors’ visits and appointments with specialists. For Catherine, managing her health is a full-time job, to the point that she has little time or money for anything else. She says,

“I have given up everything but necessities. I do not go to movies, out to eat, shopping, etc.”

Unfortunately, these stories are not unique — millions of Americans across the country have complex health needs. But instead of treating patients as whole people, the current system tallies each individual doctor’s appointment, medication, scan or test and uses it to *nickel-and-dime* people and their insurance providers with a steady stream of expensive bills. At Families USA, we believe a trip to the doctor should result in one bill, **not one bill after another**. Whether we realize it or not, we all end up paying more under the current, broken health care system.

Payment and delivery reform is about moving toward a health care system designed to produce the highest quality care for the lowest possible cost. It is also about treating people like Catherine and Savanna as whole people, and making sure that they are getting healthier, and their quality of life is improving, not just providing more — potentially unnecessary — care to add to their tab.

Payment reform works: real world examples

Payment reform provides a pathway to tackle the foundational problems associated with a health care system that prioritizes *a fee for a service* rather than the health and well-being of the people it is meant to serve. We know this not from hypothetical models and theories, but because payment reform is already working for patients and providers across the country. Let us look at some real examples shared with us by the National Association of Accountable Care Organizations.

Arthur

The care manager worked with Arthur to create a new system that helped him keep track of appointments and calls, thus ensuring he could get the care he needed and improving his health outcomes and quality of life.

Take [Arthur](#), for example, who lives in Massachusetts and receives care through Baycare Health Partners, an Accountable Care Organization (ACO) enrolled in [Cigna's Accountable Care Program](#). ACOs are groups of doctors, hospitals, and other health care providers who work collaboratively to realize better health outcomes for a defined population of patients.

Under this program, Baycare Health Partners monitors all aspects of a patient's care. Registered nurses serve as care managers and help patients with chronic conditions navigate the health care system. They use patient-specific data to identify patients who may be overdue for health screenings and prescription refills, or who require follow-up care. Care coordinators can also help patients schedule appointments and refer patients to other clinical support programs. If the ACO sees progress in both health care quality and cost savings, it can earn additional performance-based funding – a significant financial incentive to invest in whole-person care and prioritize the **quality** of health care rather than the **quantity** of services that are delivered.

This approach fundamentally improved Arthur's care. After noticing that he repeatedly missed appointments and phone calls, a care manager from Baycare Health Partners made a home visit. Finding that Arthur had been experiencing memory issues that made it difficult for him to remember to check his voicemails or to attend appointments, The care manager worked with Arthur to create a new system that helped him keep track of appointments and calls, thus ensuring he could get the care he needed and improving his health outcomes and quality of life.

Ron

Ron manages multiple acute and chronic conditions, and through this ACO he was able to work with a care manager to develop a care plan to simplify his disease management.

[Ron](#) lives in Michigan and receives care through [Trinity Health](#), an ACO within the Medicare Shared Savings Program. When ACOs within this program make progress toward specific goals, which include a range of targets from assessments of patient experiences to rates for preventive screenings, the ACO may be eligible to receive additional funding, creating incentives to improve care quality.

Ron manages multiple acute and chronic conditions, and through this ACO he was able to work with a care manager to develop a care plan to simplify his disease management. The care manager worked with him and his physician to address his breathing problems, and also helped him track the food he ate and educated him on how an improved diet would help his diabetes. Rather than just undergoing a series of tests ordered by his doctor to determine his health status, Ron had the attention of a care manager who could take a more holistic approach to his health and wellness. And because the ACO is incentivized to provide positive patient experiences, Ron's experience matters.

Don

After working with his own care manager, Don's health and well-being improved.

Finally, [Don](#) and his wife Evelyn live in Idaho. Don has diabetes and coronary artery disease, and Evelyn became overwhelmed as his primary caregiver, so she reached out to Kootenai Care Network to bring in a coordinated care manager to assist with caregiving. [Kootenai Care Network](#) is an ACO within the Medicare Shared Savings Program and, like most ACOs, employs a comprehensive care management program to identify patients with the most complex needs. It also trains specialized care managers to help with treatment coordination and care transitions.

After working with his own care manager, Don's health and well-being improved, and he began to help out around the house again. His care manager helps coordinate Don's care, medication, and

symptom management, and serves as a liaison with his various providers to improve care delivery for him. The care manager educates Don and Evelyn on how to best manage his conditions, which gives Evelyn a greater sense of support and the ability to better care for her husband, fostering a new, more positive, outlook on life for them both.

The promising paths toward payment reform, lower costs and health and well-being

Each of these stories provides a glimpse into how payment and delivery reform can help move our health care system away from costly medical interventions or trips to the emergency room and, instead, toward a more holistic approach that allows for improved health and health care management.

The current model encourages one costly medical procedure after another, each with its own bill and hidden fees, and often fails to provide the services that actually help patients manage their health and health care. Too often, people delay needed medical care for fear of the cost and instead of getting better, they get sicker.

Rather than driving up costs by providing unnecessary care, the health care system should be incentivizing high-quality care and providing additional funding to those health organizations that are **improving the patient experience** and **helping people get healthier**. Payment and delivery reform is the next step in allowing us to treat the whole person, rather than just their siloed symptoms, and will improve health outcomes across the board and help to lower costs for everyone.

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