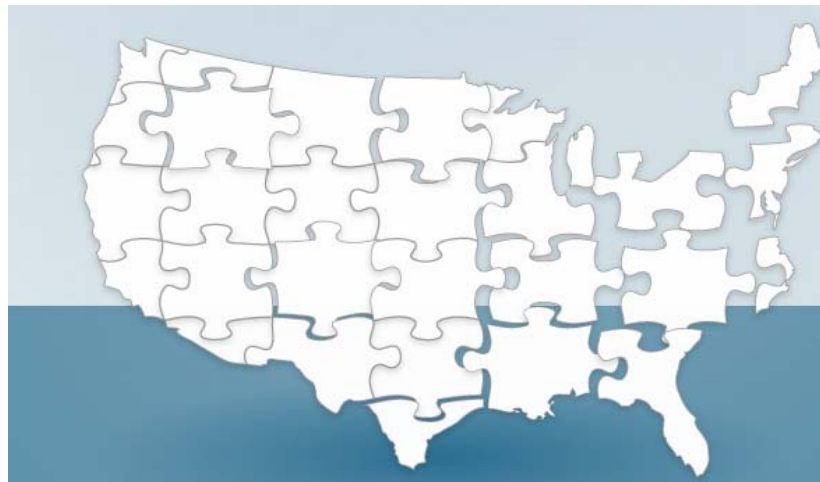




CATALYST
FOR
PAYMENT
REFORM



**Putting The
Pieces Together**

Tracking California's Progress on Payment Reform

Presented by:

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September 27, 2013



Who We Are

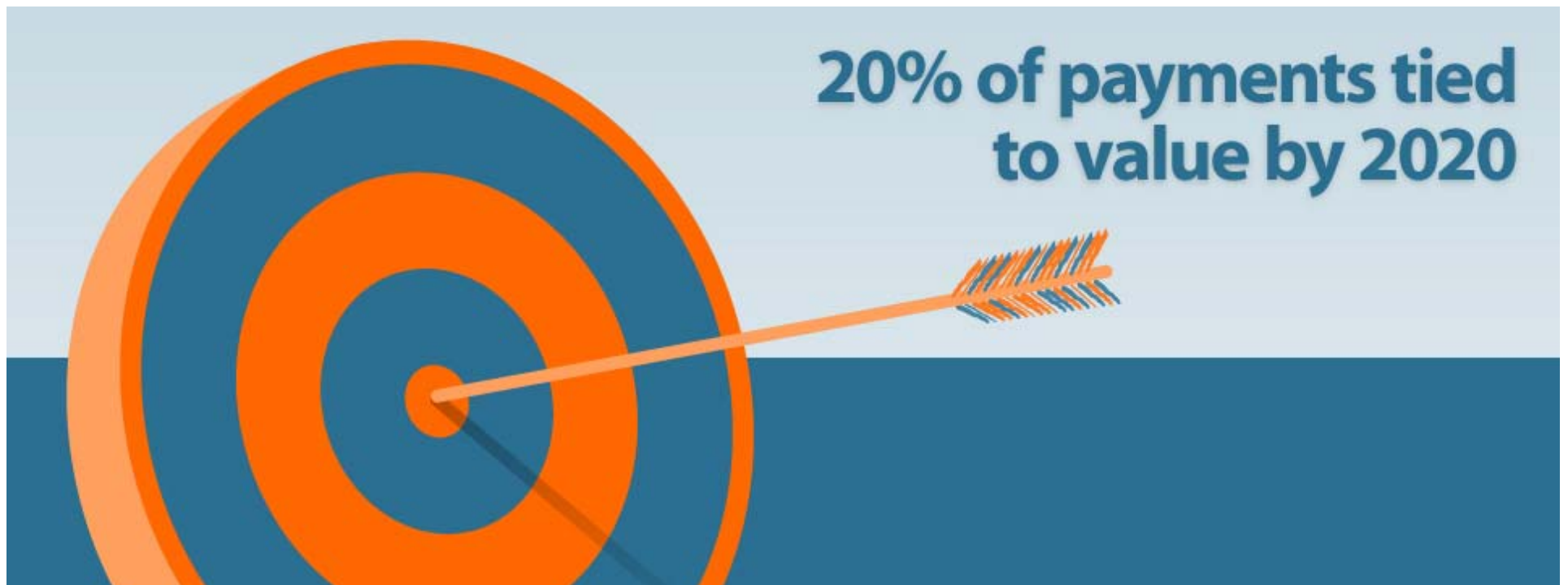
Catalyst for Payment Reform (CPR) is an independent, non-profit corporation working on behalf of large employers and public health care purchasers to catalyze improvements in how we pay for health services and to promote higher-value care in the U.S.

- 3M
- Aircraft Gear Corp.
- Aon Hewitt
- Arizona Health Care Cost Containment System (Medicaid)
- AT&T
- Bloomin' Brands
- The Boeing Company
- CalPERS
- Capital One
- Carlson
- Comcast
- Dow Chemical Company
- eBay, Inc.
- Equity Healthcare
- GE
- Group Insurance Commission, Commonwealth of MA
- The Home Depot
- IBM
- Ingersoll Rand
- Marriott International, Inc.
- Ohio Dept. of Jobs and Family Services (Medicaid)
- Ohio PERS
- Pennsylvania Employees Benefit Trust Fund
- Pitney Bowes
- Safeway, Inc.
- South Carolina Health & Human Services (Medicaid)
- TennCare (Medicaid)
- Verizon Communications, Inc.
- Wal-Mart Stores, Inc.
- Wells Fargo & Company



CPR's Strategy

- Critical mass all asking for the same thing at the same time
- Shining a light on the urgency of payment reform





CPR's Scorecard and Compendium on Payment Reform

There are two components to CPR's Tracking Progress on Payment Reform project

Scorecards on Payment Reform

- What is the status of the private sector's progress from volume- to value-oriented payment?
- Aggregate view; does not compare health plans individually or by name
- Based on voluntary submission of data by health plans

Funded by:
The Commonwealth Fund & California HealthCare Foundation

Guided by a multi-stakeholder advisory panel

National Compendium on Payment Reform

- Detailed information on private-sector payment reform initiatives
- Who is doing what? Identifies health plans and payment reform programs in place
- Free, web-based, searchable and sortable database with information about payment reform programs across the U.S.
- Data provided directly by program sponsors

California Scorecard Release Date – Today! September 27, 2013



Defining Payment Reform

Payment reform refers to a range of health care payment models that use payment to promote or leverage greater value for patients, purchasers, payers, and providers.

Payment Reform	All Other Payment Systems
Payment that promotes or leverages greater value for patients, purchasers, payers, and providers.	Any payment model that is independent of quality or value.

The definition of payment reform creates parameters for the domains and metrics in the Scorecard and the kinds of programs to be included in the Compendium.



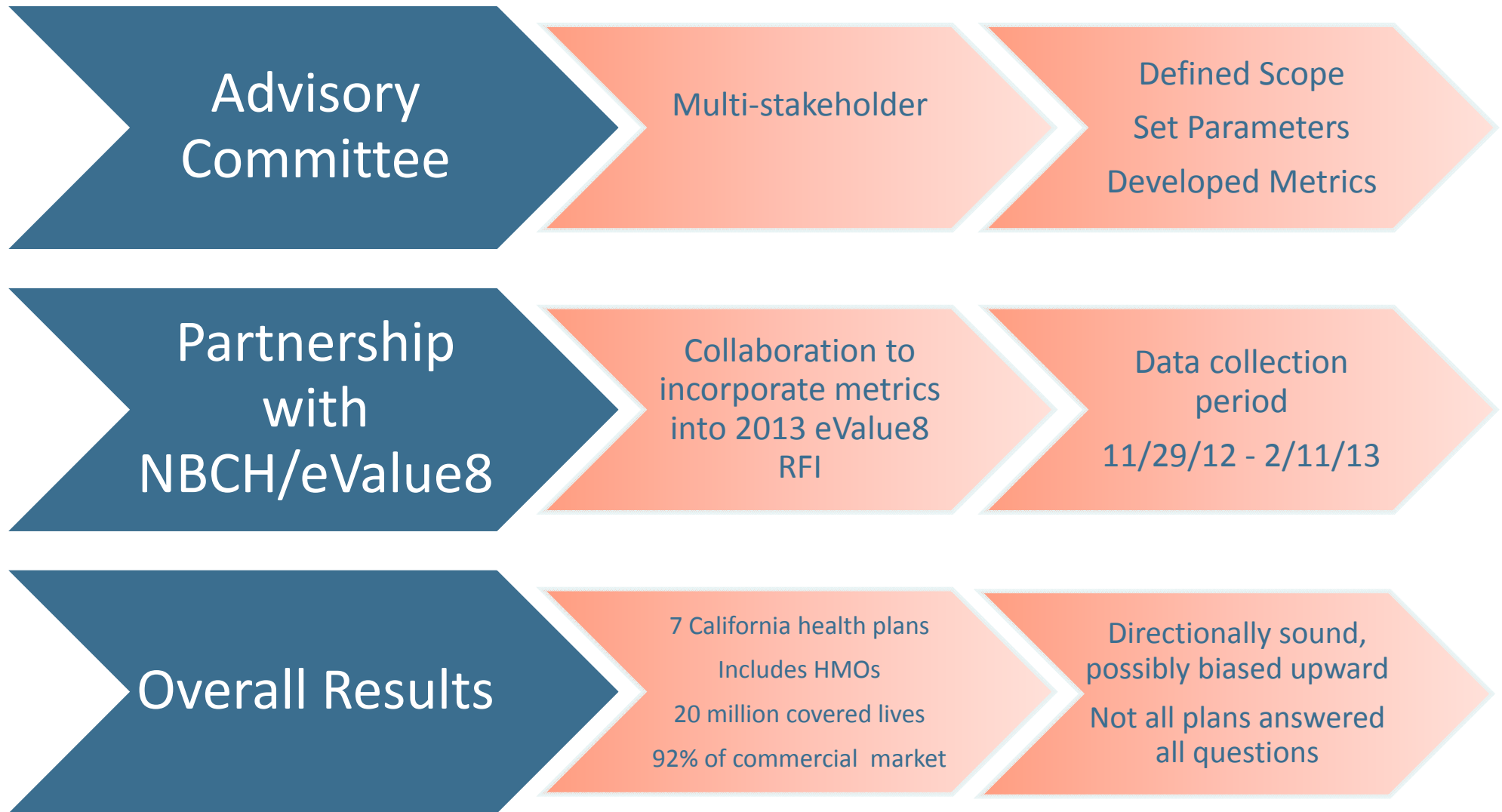
Defining Value-Oriented Payment

Value-oriented payment means...

- Payment that reflects the performance (especially the quality and safety) of care that providers deliver
- Payment methods that are designed to spur efficiency and reduce unnecessary spending
- If a payment method only addresses efficiency, it is not considered value-oriented. It must include a quality component



Scorecard Project Design





What the Scorecard Is... And What It Is Not

The California Scorecard is

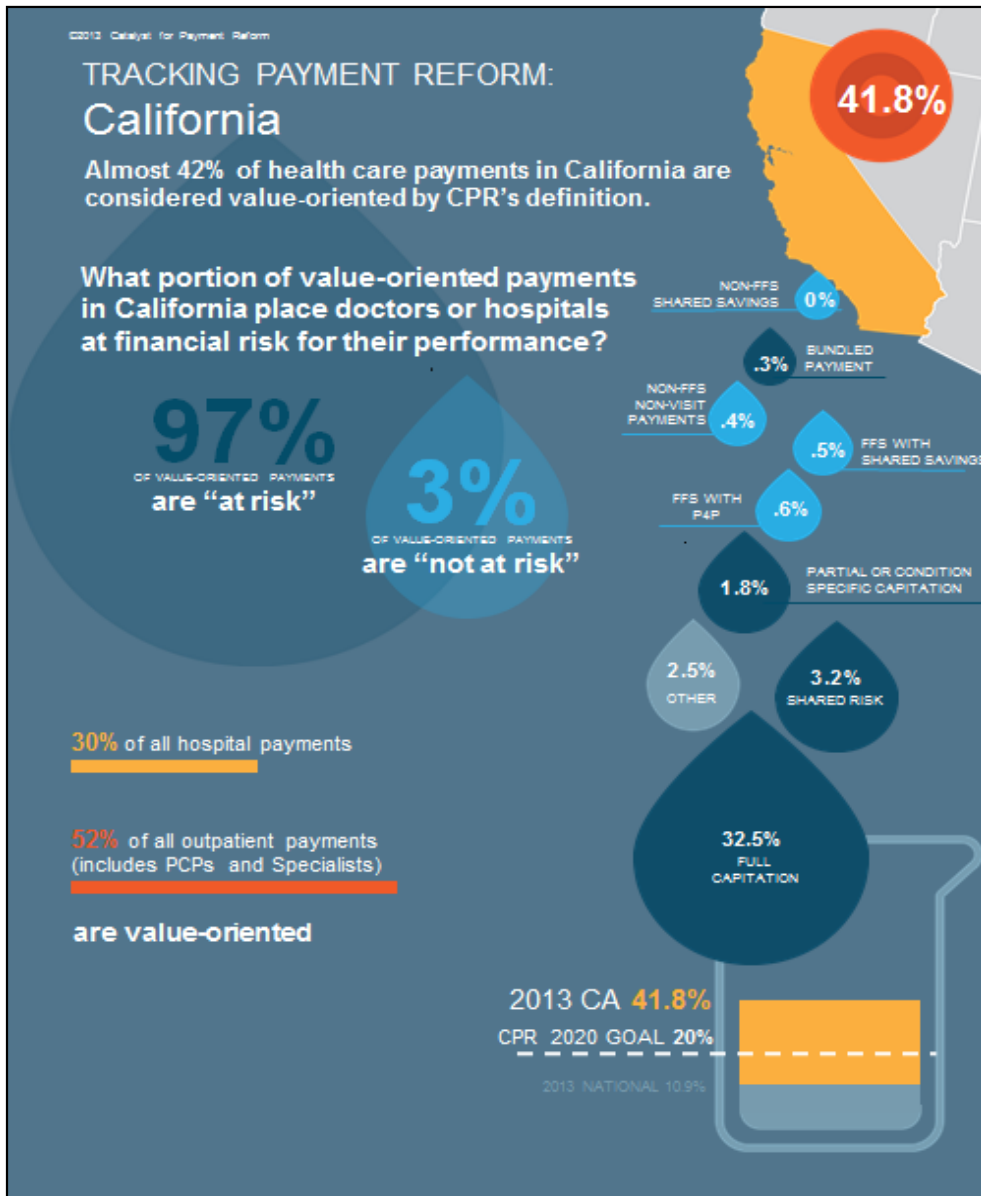
- A *voluntary* survey of health plans in which *not* all health plans participate and not all participating health plans answer *every* question
- A descriptive summary of the state of health care payment in California

The Scorecard is not

- An academically rigorous representation of the state of health care payment in California



The Results: California Scorecard



- 41.8% of commercial in-network payments are value-oriented
- 97% of the value-oriented payment is considered "at-risk"
- 30% of payments to hospitals are value-oriented
- 52% of payments to specialists and PCPs (outpatient) are value-oriented
- 32.5% of California's payment is capitation with quality
- Scorecard results not statistically reliable, possibly biased upward as survey is voluntary and self-reported



The Results: Benchmark Metrics

Benchmarks for Future Trending

Attributed Members



Percent of commercial plan members attributed to a provider participating in a payment reform contract, such as those members who choose to enroll in, or do not opt out of, an Accountable Care Organization, Patient Centered Medical Home or other delivery models in which patients are attributed to a provider.

36%

Share of Total Dollars Paid to Primary Care Physicians and Specialists

Of the total outpatient payments made to primary care physicians and specialists, 72% is paid to specialists and 28% is paid to PCPs. Over time, this figure will show if there is a rebalancing of payment between primary and specialty care.



Non-FFS Payments and Quality

Quality is a factor in **96%** of non-FFS payments



Quality is *not* a factor in **3%** of non-FFS payments

* Unclassified

Transparency Metrics

7 out of 7 health plans offer or support a **cost calculator**

3 out of 7 health plan **hospital choice tools** have integrated cost calculators

3 out of 7 health plan **physician choice tools** have integrated cost calculators

5 out of 7 health plans reported that cost information provided to members considers the members' benefit design relative to copays, cost sharing, and coverage exceptions

Only **1%** of **total enrollment** uses these tools

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 eValue using ACOA's all-cause readmission measure. Not an official ACOA Benchmark.



CATALYST FOR PAYMENT REFORM

The National Compendium on Payment Reform

<http://compendium.catalyzepaymentreform.org>



CATALYST FOR PAYMENT REFORM

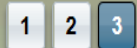
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National Compendium on Payment Reform

Home My Entries Compendium Search Results/Reports About the Compendium About CPR

What is CPR doing to catalyze payment reform?

Catalyst for Payment Reform is creating a national movement for payment reform, giving purchasers critical tools and strategies to drive our health care system to pay for value. [Learn More >>](#)



- Populated with voluntary submissions by health plans
- Other payment reform sponsors can submit entries
- Sponsors can add, modify, and delete program information at anytime

Our Mission

The National Compendium on Payment Reform

National Compendium on Payment Reform is a searchable and sortable, detailed

Progress

New Payment Reform Programs

Payment reform comes in many different flavors, designed to move our health care system away from fee-for-service towards paying for value. [Learn more about some of](#)

Community

Have an innovative payment reform program to share?

The National Compendium on Payment Reform allows those who administer



In Conclusion...

- **Results give us important insights into the state of payment reform that we didn't have before**
- **Baseline findings keep the conversation moving**
 - ✓ Raises questions about the value of certain payment reform methods, such as capitation with quality
 - ✓ Are we getting higher-quality, more affordable care in California?
- **A call to action**
 - ✓ Time to begin evaluating which value-oriented payment methods best improve quality and contain costs
 - ✓ Urge continued health plan participation in 2014 Scorecard so California can track progress
 - ✓ More detail and specific recommendations to drive payment reform can be found in our Action Briefs: <http://www.catalyzepaymentreform.org/news-and-publications/publications>
- **Scorecard FAQs and Methodology are at:**
http://www.catalyzepaymentreform.org/how-we-catalyze_california-scorecard



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CPR Contact Information

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