

# Paying for Value

## Lessons from the RWJF Aligning Forces for Quality Initiative

Thursday, November 13, 2014

# Today:

- **Brief Overview of the Washington Health Alliance**
- **A Need for Tools**
- **What Does Value Mean to Us?**
- **The Tools**
  - *Value Portfolio performance dashboard*
  - *Purchaser Guidelines to Evaluate ACOs*
- **Purchaser Perspectives: Big and Small**
- **Challenges and Lessons Learned**
- **Where to Next?**

# Who is the Washington Health Alliance?

- **Multi-stakeholder.** More than 175 member organizations: health care purchasers, plans, providers and patients
- **Purchaser-led.** A simple majority of board members represents employers and labor union trusts
- **Non-profit.** Designated 501(c)3
- **Non-partisan.** Does not engage in lobbying activities unless very specific to the Alliance's mission and sustainability
- **Data-driven.** Claims data on approximately 3.9 million lives in Washington (commercially insured and Medicaid) from 2004 on; the Alliance database includes over 1.2 billion claim lines, comparable to some of the nation's largest health databases
- **A convener.** A place where those who give care, get care and pay for care come together to lead health system change

# The Alliance's Mission and Vision

## Mission

Build and maintain a strong alliance among purchasers, providers, health plans, consumers and others to promote health and improve the quality and affordability of the health care system.

## 5-Year Vision

By 2017, physicians, other providers and hospitals in Washington will have achieved **top 10% performance in the nation** in the delivery of equitable, high quality, evidence-based care and in the reduction of unwarranted variation, resulting in **significant reduction in the rate of medical cost trend**.

## Three Overarching Goals

1. Reduce the **price** of health care services
2. Reduce the **overuse** of health care services that do not add value
3. Reduce the **underuse** of effective health care services

# A Need for Tools . . .

Purchasers are increasingly interested in assessing and buying value in health care, especially when it comes to expensive care, including procedures and other care provided in hospital settings.

## INFORMATION TOOLS

Very little information exists for purchasers, particularly robust market-wide information based on multi-payer data, to help them

- See extent of provider variation in price, utilization and quality
- Identify higher value systems of care

## ASSESSMENT TOOLS

There is considerable marketing of accountable care delivery, but there are few tools and little guidance to help purchasers assess real ACO competency.

# Understanding VALUE in Health Care - Six Key Variables

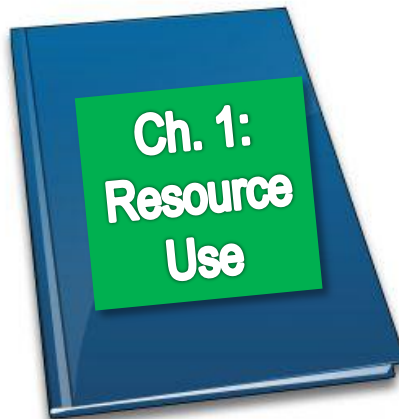
VARIABLE	Is the Health Care Service. . .	Our Current Focus
Appropriateness	Needed?	Rates of Procedure Use, Diagnostic Testing; Choosing Wisely®
Process Quality	Provided in the most effective and safe manner?	Outpatient Inpatient
Price	Produced at a fair price for the buyer?	High volume, high cost hospitalizations
Outcomes	Producing the best possible results for the patient?	High volume, high cost hospitalizations
Intensity	Provided in the most efficient manner?	High volume, high cost hospitalizations
Experience	Provided in a patient-centered way?	Primary Care, Inpatient

**VALUE PORTFOLIO**

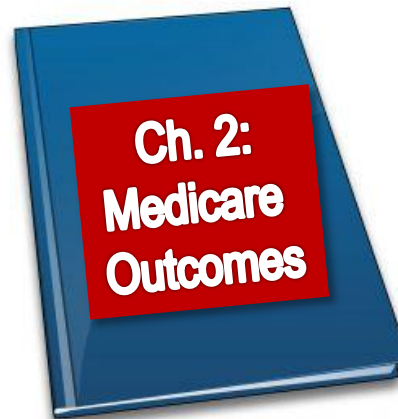
# VALUE PORTFOLIO – Chapters Released Individually Then Brought Together to Identify Patterns

Released as “Chapters”

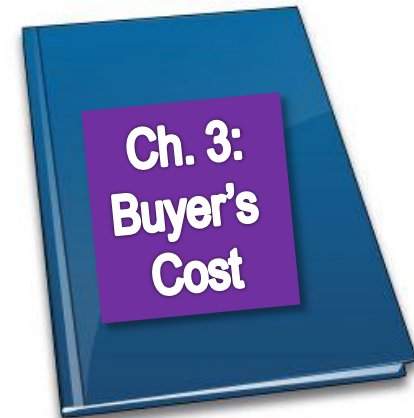
First Resource Use, then Outcomes, and finally Buyer’s Cost



**Commercial  
Patients  
Inpatient Intensity  
and Consistency  
...by delivery  
system**



**Medicare Patients  
Mortality and  
Adverse Event  
rates  
...by delivery  
system**



**Commercial Patients  
Inpatient Case Price  
Variation  
...by delivery  
system**

# Value Portfolio

- Developed for purchaser members; providers also want info
- A kind of dashboard; current focus is on inpatient treatments
- Performance in price, quality, and utilization are arrayed together

## No numbers, only colors

- Better/Similar/Worse performance
- Spares reader details regarding statistical significance, methodology
- Shows non-report due to low volume, which can be instructive

## Reports for each of the Big 3 service lines (commercial purchasers)

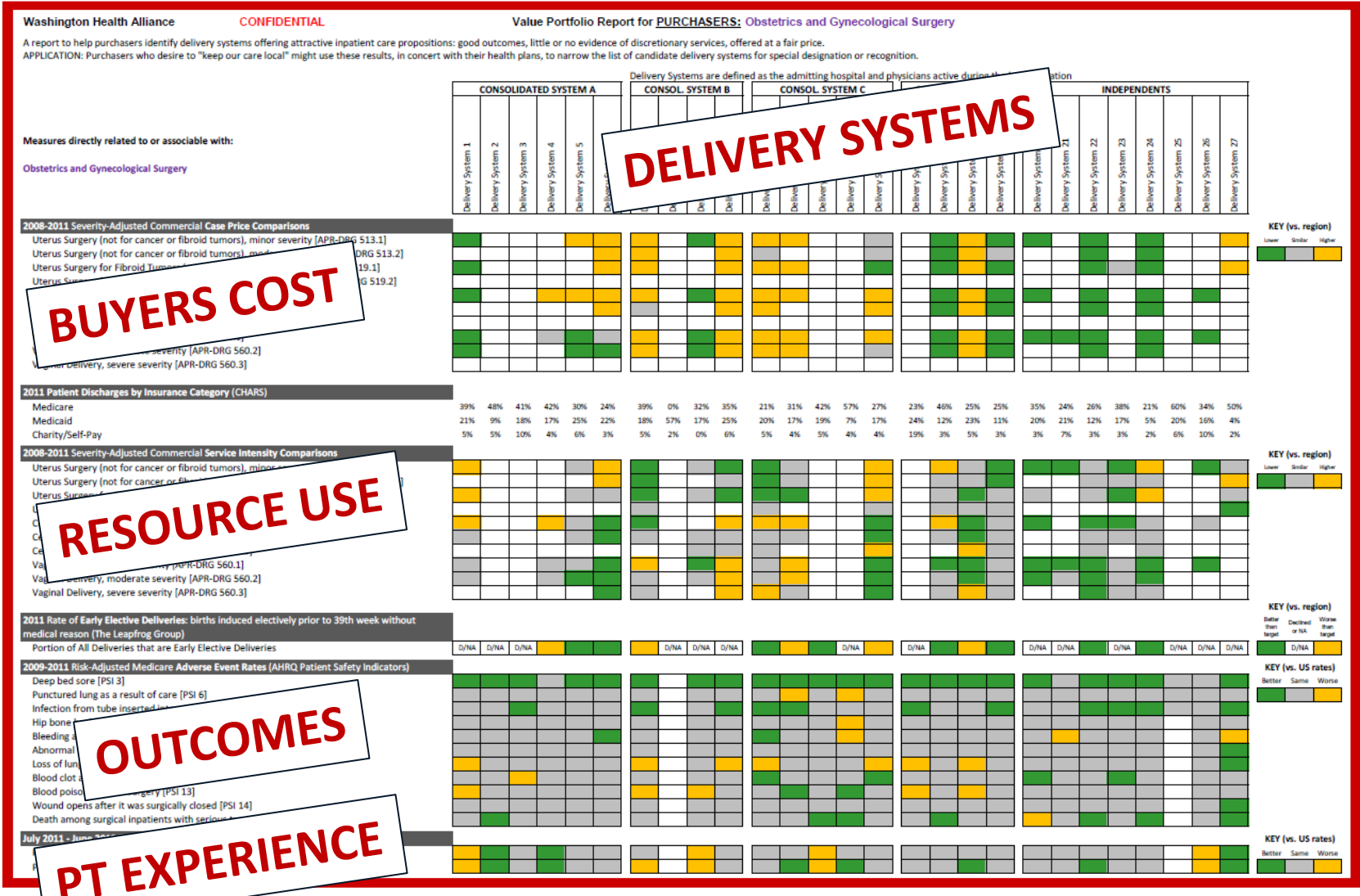
- Musculoskeletal
- Obstetrics and Women's Health
- Cardiology & Cardiovascular Surgery

## Delivery System perspective

- The “provider” is the admitting hospital plus all active professionals
- Breaks tradition of considering hospital & doctor bills separately
- Sets expectation for coordinated, accountable multi-provider entities



# Value Portfolio display for one inpatient service line



# Purchaser Guidelines for ACOs

Developed by our *Purchaser Affinity Group*

Includes:

- Purchaser expectations for **PROVIDER** Accountable Care Organizations
- Purchaser expectations for **HEALTH PLANS** in Promoting and Contracting for Accountable Care
- **Role of Purchasers** in Supporting Development of ACOs

# What Purchasers are Willing to Do to Support Development of Accountable Care

1. Select health plans that display support for a strong purchaser role in defining and evaluating accountable care arrangements
2. Offer and promote ACO plan along side other plan options
3. For ACO plan option:
  - a) Require enrollee to participate in “hard enrollment”
  - b) Offer favorable out-of-pocket requirements for selecting ACO
  - c) Minimal coverage when enrollee seeks care outside ACO (when care available within ACO)
4. ACO option must stand on its own financial performance
5. Willing to share information, lessons learned, etc., with one another re: their experience with health plans and provider accountable care organizations

# Purchaser Perspectives: Big and Small

- Long history of opacity in health care – requires thoughtful and continual purchaser assertiveness to achieve transparency and accountability
- Purchaser's Double Duty:
  - Strategies to Improve Health Care Value AND Activate Consumers
- Very few purchasers are big enough to move the market by themselves
  - Strength in numbers
  - Combined efforts give smaller purchasers a voice
- Direct dialogue with providers is educational for both parties
- Direct dialogue with health plans important to align strategies (eValue8)

# Challenges and Lessons Learned

## KEY CHALLENGES

- Access to data: pricing and clinical outcomes especially hard
- Engaging broader group of purchasers in the marketplace
- Activating consumers
- ACO ‘veneer’: many are talking, few are *really* doing

## LESSONS

- Robust *community-wide source of objective data* on quality and pricing is essential to help purchasers identify value in the market
- Very important to pair quality data with utilization & price (and more) to create an overall view of “value”
- Keep purchasers together -- strength in numbers
  - Give them tools to evaluate what they are hearing

# Where Do We Go From Here?

- ① **ACOs and Accountable Communities of Health are emerging as strong, likely consumers of Alliance performance data**
  - Population-based reporting is not just for public health anymore
  - Get better at actionable population health measures
- ② **Our region's clinical leadership is becoming increasingly comfortable with addressing value topics, not just quality matters**
  - This is a big deal
- ③ **Measure proliferation is causing purchasers to want a single, composite performance score, suitable for ranking**
  - We can do it, but must accommodate users' preferences, which vary (of course!) across performance domains
  - Expect different purchasers to prefer different performance profiles
- ④ **Balance: keep purchasers focused on all of the issues driving cost and quality (even those not directly impacting their own members)**