



Health Informatics on FHIR

Federal Programs: Incentive Reform

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>> We've now concluded our discussion of the federal programs to encourage the adoption of electronic health record systems directly.

We now move to a set of federal programs that are designed to create the incentives for providers to change the way they practice. To the ways that are felt to best align with the needs of our healthcare system, and particularly the management of chronic disease.

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At the end of this lesson you'll be able to understand the basic concept of value-based reimbursement for healthcare providers. As a replacement for the traditional approach of paying based on the number of procedures they did.

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You'll recall this quote from Doctor Gowande. Doctors get paid for doing more, not less. Nothing more briefly summarizes what's wrong with the financial incentives in the US health care system. In 2010, President Obama signed the Affordable Care Act.

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While a great deal of public attention and controversy has focused on the health care exchanges and the attempt to provide health care insurance to the millions of Americans who don't have it. Far less attention has been paid, and there seems to be far less controversy around what I think is potentially and equally important, maybe more important part of that act, which is changing the financial incentives in the US healthcare system. This is a complicated topic, but it's best illustrated by a new program called the Medicare Shared Savings Program,

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which allows providers to voluntarily agree to work together, to coordinate care for patients mostly chronic disease patients.

And if they meet certain quality standards, they can share in any savings they achieve for the Medicare program. This is a radical departure from the way healthcare has traditionally worked in this country except in a few special situations like Health Maintenance Organizations.

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So the providers, the physicians, and with or without hospitals in an area can voluntarily get together, create a network to provide more coordinated care for their patients. And if they meet certain quality standards, they can share in the savings. That's the essence of the incentive reform concept.

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This is a radical departure for Medicare, but it's based on some prior experimentation. There was the physician group practice demonstration program at 10 advanced sites.

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Which was similarly structured for the 10, actually earned nearly \$30 million in extra reimbursement because they had acceptable quality and saved money. But one in particular, the Marshfield Clinic, is of interest because they earned half of the \$30 million. And in explaining how they did it, they pointed to health information technology as a key strategy, as a key tool.

So here again, we're seeing the link between health informatics and the problems we've been discussing.

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And this experiment in the new law have led to Accountable Care Organizations, called ACOs. We have acronyms for everything in healthcare just like everybody else. As I said, these are similar in concept to a health maintenance organization like Kaiser. I'm not going to get into all the details. But there's an opportunity to get 50 to 60% of the savings by providing high quality but lower cost care.

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Beyond the current group of ACOs, and there are some, 3 or 400 of them out there in stage of operation or formation. Medicare is experimenting with something called Pioneer ACOs. There are 19 of those shown on this map. These are already high-performing sites. Pioneer ACOs are experimenting with a more aggressive rewards system where there may be stepped up shared savings, but they're also shared losses if costs go up for example.

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The real goal here is to experiment with a so called population-based model where providers are given a fixed payment per patient. And if they can achieve quality care at a lower cost, they keep the difference. The greater the difference is, the more money they make.

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This is, in essence, the same way a health maintenance organization operates.

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MediCare recognizes the key role of health information technology, and one of the requirements to be a Pioneer ACO is at least half of the ACO's primary care providers have achieved meaningful use. And they give preference in their selection to organizations with a list of what they call advanced EHR capabilities.

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I leave it to you to read this list on your own. But when you do, I think you'll see that a great deal of it has to do with coordinating care across this full spectrum of care providers

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through the use of information technology. And using so-called population health management tools

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to effectively keep track of patients even when they're not in the provider's office. Again almost all of this is directed at the more continuous coordinated care of chronic disease.

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Another very key development around value based care is it's not just the government. Here we have the chief executive officer of Anthem.

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I'm not sure if they're the largest or the second largest health care company as I say this. There's a lot of consolidation going on in the health care industry. But Anthem is definitely one of the two largest health care companies. They have they're own ACO agreements. They've developed their own value based contracts. This of course is from employers.

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Anthem's business is largely managing the health care benefit for employers.

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Here again, the relationship between achieving these results and information technology is clear to Anthem. And in fact they've developed analytics tools and other tools that they're providing for free to those physicians who are part of their network.

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So the bottom line that I want you to take away from all of this, that data matters for value-based care delivery. You have to look at your entire population of patients. Be proactive and identify care gaps.

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You have to stratify risks so that resources are properly directed at those patients where they're most likely to drive costs. You have to engage patients. Getting patients to do what they are supposed to do is critical to managing chronic disease. You have to proactively manage care on a more continuous way. Not just when patients are in the office. And you to be able to measure the results of your care in order to get paid.

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All of this requires data integration, analysis reporting, and communications.
The things we'll be talking about later in the course.

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