PBGH
PACIFIC BUSINESS GROUP ON HEALTH

Fixing Health Care:
Driving Value through Smart Purchasing & Policy
Event Summary, May 2018

The Pacific Business Group on Health (PBGH), American Enterprise Institute (AEI), and the USC-Brookings Schaeffer Initiative for Health Policy recently hosted an event to highlight innovative private sector strategies to improve the quality and affordability of health care and discuss their implications for federal policy. Highlight videos and full event archive are available.

Health Care Purchaser Innovations

Accountable Care Organizations (ACOs)
Jeff White, The Boeing Company
Video of full remarks (9:55)

- The Boeing Company's strategy to curb health care costs and improve quality includes direct contracting with ACO providers. Boeing incentivizes employees to receive care at selected ACOs and in return, these ACOs guarantee results on quality, financial outcomes, and member experience.
- The initial results have been positive for the company, employees, and providers. One example of success has been an increase in the use of depression screening tools and better integration of behavioral health and primary care.

Primary Care
Rushika Fernandopulle, Iora Health
Video of full remarks (10:04)

- Iora Health offers an advanced team-based primary care model in which providers take accountability for costs, quality, and patient experience. Payment is population-based and providers are able to offer additional medical services that might not be billable under traditional health insurance and payment models.
- The results have been very positive in terms of quality, costs and patient experience. Scaling the use of this kind of innovative model, however, depends on payers' and purchasers' support for new entrants and willingness to take a risk on new approaches.

Value-based Payment and Network Design
Mai Pham, Anthem
Video of full remarks (12:02)

- Anthem is launching several new initiatives in provider payment, benefit design, and network arrangements. Anthem will establish expectations for clinical outcomes and patient experience performance. Providers who meet these standards can become part of a narrow network or tiered network with steep patient cost-sharing differentials.

Keynote speaker, Alex Azar, Secretary, U.S. Department of Health & Human Services, focused on an acute challenge to value-based purchasing: prescription drug prices. The Secretary outlined the administration's drug pricing blueprint, which includes enhanced negotiation in Medicare Parts B and D, improved competition with the use of generics and biosimilars, incentives for lower list prices, and lowered out-of-pocket costs and increased transparency for consumers. Highlights of Sec. Azar's speech (3:34).

- To support these initiatives, Anthem believes that the current performance measurement system needs to be improved. The key is to focus on outcomes measures, hold the providers accountable for performance, and reduce the number of measures if the provider has downside financial risk. Anthem believes if purchasers and payers pushed for these value-based models, it would speed up the evolution of the delivery system.

Bundled Payments for Conditions

Kevin Bozic, MD, Dell Medical School, University of Texas at Austin

Video of full remarks (9:11)

- Orthopedic surgeon, Kevin Bozic, described an innovative payment approach that his practice is piloting for the management of hip and knee arthritis: bundled payments for conditions rather than procedures. This encourages coordination of care across the spectrum of people who manage arthritis, including primary care physicians and non-physician providers.
- The new model addresses the issue of appropriateness and focuses on outcomes that matter to patients, such as pain level, functional status, quality of life, and mental health. The initial results are encouraging: reduced per capita costs and improved mental health and nutritional services.

Lessons and Policy Implications of Employer Health Innovations

A panel of policy experts discussed the policy implications of the private sector innovations

- Gail Wilensky, Project HOPE
- Mark Miller, Laura & John Arnold Foundation
- Chris Jennings, Jennings Policy Strategies
- Lanhee Chen, Hoover Institution

Video of full panel (41:10)

Value-based payment models are crucial. We must move away from fee-for-service to value-based payment models. Panelists supported population-based payments such as ACO arrangements and two-sided risk models. Panelists agreed that bundling payments by condition rather than procedures makes sense, but some pointed out that it may be challenging to operationalize in Medicare. Payment model highlights (3:32)

Performance measures need to be meaningful. The current system is overbuilt, uncoordinated, and not producing enough useful measures. We need to overcome the tendency of all stakeholders to create and use their own measure sets. The federal government must lead the development and broad adoption of outcomes measures that matter to patients and providers, and the public and private sectors must work together to make this happen. Measurement highlights (2:23)

Primary care is the foundation of an effective, value-based delivery system. Panelists stressed the importance of primary care; some believe we pay primary care providers too little, and we need to rebalance the fee schedule. There was strong support for per capita payments to primary care providers to enable them to coordinate care and provide non-face-to-face services that aren't paid for under traditional Medicare. Primary care highlights (2:39)

More employers need to be engaged. Panelists called on more employers and large purchasers to adopt value-based payment models. The business community can play a productive role in encouraging Medicare to adopt new approaches, especially if CEOs are engaged in promoting value-based policies. Several panelists also encouraged the development of state-level multi-purchaser initiatives. Purchaser leadership highlights (2:18)

For more information on purchaser innovation and initiatives, visit www.pbgh.org