The Problem of Diabetes

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Patient with Diabetes
A Quarter-Trillion Dollar Impact on the Economy

Patient with Diabetes

$176 Billion in Healthcare Spending

$69 Billion in Reduced Productivity

$245 Billion Total Cost

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Source:
“Economic Costs of Diabetes in the U.S. in 2012,”
*Diabetes Care* (Volume 36)
April 2013
What’s America’s Strategy for Addressing This Problem?

Patient with Diabetes

$176 Billion in Healthcare Spending

$69 Billion in Reduced Productivity

$245 Billion Total Cost

Bad Outcomes & High Spending

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
Low Cost of Care
Productivity
Occasional 15 Minute Visits With Overworked PCPs

Patient with Diabetes

PCP
15 Minute Office Visit
$73/visit
Medications

$176 Billion in Healthcare Spending

$69 Billion in Reduced Productivity

$245 Billion Total Cost

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
- Low Cost of Care
- Productivity
With Limited Time & Resources, Is It Surprising Quality is Low?

Patient with Diabetes

PCP 15 Minute Office Visit
$73/visit

Medications

**Quality Metrics**
- Blood Sugar
- Cholesterol
- Blood Pressure
- Tobacco Use
- Aspirin Use
- Eye Exams
- Kidney Exams

D5 <40%

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Source: Average D5 Composite Measures in Cincinnati and Minnesota

Quality of Life
Low Cost of Care
Productivity

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Why Don’t PCPs Do a Better Job?

Patient with Diabetes

PCP 15 Minute Office Visit $73/visit

Medications

Quality Metrics
- Blood Sugar
- Cholesterol
- Blood Pressure
- Tobacco Use
- Aspirin Use
- Eye Exams
- Kidney Exams

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality Metrics D5 <40%

Source: Average D5 Composite Measures in Cincinnati and Minnesota

Quality of Life
Low Cost of Care
Productivity

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More Time With Patients Cuts Total Revenues to PCP Practice

Patient with Diabetes

Medications

PCP
15 Minute Office Visit

20 minutes per patient @ $73 Level 3 E&M = 25% Less Revenue

25 minutes per patient @ $108 Level 4 E&M = 11% Less Revenue

Bad Outcomes & High Spending

Amputations
Kidney Failure
Hospitalizations
ER Visits
Blindness
Premature Death
Inability to Work
Low Productivity

Quality of Life
Low Cost of Care
Productivity
Proactive Outreach to Patients to Improve Quality?

Patient with Diabetes

PCP
- 15 Minute Office Visit
- Longer Office Visit
- Phone Call or Email

Medications

$0 Payment

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
- Low Cost of Care
- Productivity

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Group Visits to Deliver Care at Lower Cost?

Patient with Diabetes

PCP
- 15 Minute Office Visit
- Longer Office Visit
- Phone Call or Email
- Group Visit

Medications

$0 Payment

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
Low Cost of Care
Productivity
Hire a Nurse/Diabetes Educator to Help Patients Manage Health?

Patient with Diabetes:
- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
- Nurse or Diabetes Educator
- Medications

Bad Outcomes & High Spending:
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

$0 Payment

Quality of Life
Low Cost of Care
Productivity
Call an Endocrinologist to Help With Complex Patients?

Patient with Diabetes

- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

Medications

$0 Payment

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
Low Cost of Care
Productivity
No Payment for Coordination of PCPs and Specialists

Patient with Diabetes

- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

- Endocrinologist
  - Call w/ PCP

- Medications

$0 Payment

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
Low Cost of Care
Productivity
Payers Do Pay for *Office* Visits with Endocrinologists....

**Patient with Diabetes**

- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

- Endocrinologist
  - Call w/ PCP
  - 30-45 Min. Office Visit
  - $108-166

**Bad Outcomes & High Spending**
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

**Quality of Life**
- Low Cost of Care
- Productivity
Long Waits Due to Many Visits for Issues That Needed Only a Call…

**Patient with Diabetes**

- PCP: 15 Minute Office Visit
- PCP: Longer Office Visit
- PCP: Phone Call or Email
- PCP: Group Visit
- PCP: Nurse or Diabetes Educator
- Call to Specialist

**Endocrinologist**

- Call with PCP
- 30-45 Min. Office Visit
  - $108-166

**Medications**

**Bad Outcomes & High Spending**

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

**Quality of Life**

**Low Cost of Care**

**Productivity**

3-9 Month Wait for Visit
...And the Extra Copay May Deter the Patient From Making the Visit

**Patient with Diabetes**

- **PCP**
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

- **Endocrinologist**
  - Call w/ PCP
  - 30-45 Min. Office Visit

**Medications**

$108-166

**3-9 Month Wait for Visit**

**Extra Patient Copay**

**Bad Outcomes & High Spending**

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

**Quality of Life**

**Low Cost of Care**

**Productivity**

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If Patients Can’t Afford Meds, All the Rest May Be in Vain

- **Patient with Diabetes**
  - PCP
    - 15 Minute Office Visit
    - Longer Office Visit
    - Phone Call or Email
    - Group Visit
    - Nurse or Diabetes Educator
    - Call to Specialist
  - Endocrinologist
    - Call w/ PCP
    - 30-45 Min. Office Visit
  - Medications
    - Low Copay
    - High Copay

- **Bad Outcomes & High Spending**
  - Amputations
  - Kidney Failure
  - Hospitalizations
  - ER Visits
  - Blindness
  - Premature Death
  - Inability to Work
  - Low Productivity

- **Quality of Life**
  - Low Cost of Care
  - Productivity

High Cost-Share
So Is It Any Surprise that Quality is Poor and Spending is High?

Patient with Diabetes

- **PCP**: 15 Minute Office Visit
- **Longer Office Visit** (marked as crossed out)
- **Phone Call or Email** (marked as crossed out)
- **Group Visit** (marked as crossed out)
- **Nurse or Diabetes Educator** (marked as crossed out)
- **Call to Specialist** (marked as crossed out)

Endocrinologist
- **Call with PCP** (marked as crossed out)
- **30-45 Min. Office Visit**

Medications
- **Low Copay**
- **High Copay**

Quality Metrics
- Blood Sugar
- Cholesterol
- Blood Pressure
- Tobacco Use
- Aspirin Use
- Eye Exams
- Kidney Exams

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
- Low Cost of Care
- Productivity

D5 <40%

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What Are Medicare and Private Health Plans Doing to Fix This?

- Patient with Diabetes
- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist
- Endocrinologist
  - Call w/ PCP
  - 30-45 Min. Office Visit
- Medications
  - Low Copay
  - High Copay

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
- Low Cost of Care
- Productivity
Strategy 1: Force PCPs to Buy an EHR

Requiring EHRs

- Increases expenses for PCP practice
- Takes time away from office visits with patients
- PCP EHR and endocrinologist EHR may not be able to exchange data even if HIPAA barriers can be overcome

Patient with Diabetes
- 15 Minute Office Visit
- Longer Office Visit
- Phone Call or Email
- Group Visit
- Nurse or Diabetes Educator
- Call to Specialist

Endocrinologist
- Call w/ PCP
- 30-45 Min. Office Visit

Medications
- Low Copay
- High Copay

Bad Outcomes & High Spending
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
Low Cost of Care
Productivity
Strategy 2: Bonuses/Penalties for Quality

Patient with Diabetes

- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

- Endocrinologist
  - Call w/ PCP
  - 30-45 Min. Office Visit

- Medications
  - Low Copay
  - High Copay

P4P/VBP

- Quality Metrics
  - Blood Sugar
  - Cholesterol
  - Blood Pressure
  - Tobacco Use
  - Aspirin Use
  - Eye Exams
  - Kidney Exams

- Bad Outcomes & High Spending
  - Amputations
  - Kidney Failure
  - Hospitalizations
  - ER Visits
  - Blindness
  - Premature Death
  - Inability to Work
  - Low Productivity

- Hospitalizations & Death Due to Overtreatment

- Quality of Life
- Low Cost of Care
- Productivity

• No additional resources to address the barriers preventing higher quality
• Unintended consequences of over-focus on metrics
More Admits/Deaths Today Due to Low Blood Sugar Than High

Source: National Trends in US Hospital Admissions for Hyperglycemia and Hypoglycemia Among Medicare Beneficiaries, 1999 to 2011  JAMA Internal Medicine May 17, 2014
Strategy 3: “Shared Savings”

**Patient with Diabetes**

- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

- Endocrinologist
  - Call w/ PCP
  - 30-45 Min. Office Visit

- Medications
  - Low Copay
  - High Copay

**Shared Savings**

- Non-Diabetes Spending
  - Amputations
  - Kidney Failure
  - Hospitalizations
  - ER Visits
  - Blindness
  - Premature Death
  - Inability to Work
  - Low Productivity

  - Quality of Life
  - Low Cost of Care
  - Productivity

  - $\rightarrow$ No additional upfront resources to address the barriers preventing higher quality care
  - Puts physicians at risk for services and costs they cannot control
  - $\rightarrow$
Strategy 4: Patient-Centered Medical Home

**Patient with Diabetes**

- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

- Endocrinologist
  - Call with PCP
  - 30-45 Min. Office Visit

- Medications
  - Low Copay
  - High Copay

---

**PCMH/PMPM**

**(Small) Monthly Payment Per Patient**

- Monthly payment may be too small or inflexible to overcome service barriers
- No support for specialists
- Quality improvement or shared savings requirements may be unreasonable given size of monthly payment

---

**Bad Outcomes & High Spending**

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

---

**Quality of Life**

**Low Cost of Care**

**Productivity**
A Better Way: Condition-Based Payment

Patient with Diabetes

- PCP
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

Endocrinologist
Call w/ PCP
30-45 Min. Office Visit

Medications
Low Copay

CONDITION-BASED PAYMENT

Diabetes-Related Costs
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
Low Cost of Care
Productivity
Flexibility to Deliver Care Without Restrictions of FFS

Patient with Diabetes

PCP
- 15 Minute Office Visit
- Longer Office Visit
- Phone Call or Email
- Group Visit
- Nurse or Diabetes Educator
- Call to Specialist

Endocrinologist
- Call w/ PCP
- 30-45 Min. Office Visit

Medications
- Low Copay

CONDITION-BASED PAYMENT

FLEXIBILITY ABOUT WHICH SERVICES TO DELIVER TO HELP PATIENTS STAY WELL

Diabetes-Related Costs
- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Quality of Life
Low Cost of Care
Productivity
Accountability to Ensure Outcomes and Costs Improve

**Patient with Diabetes**

- **PCP**
  - 15 Minute Office Visit
  - Longer Office Visit
  - Phone Call or Email
  - Group Visit
  - Nurse or Diabetes Educator
  - Call to Specialist

- **Endocrinologist**
  - Call w/ PCP
  - 30-45 Min. Office Visit

- **Medications**
  - Low Copay

---

**CONDITION-BASED PAYMENT**

- **FLEXIBILITY ABOUT WHICH SERVICES TO DELIVER TO HELP PATIENTS STAY WELL**

- **ACCOUNTABILITY FOR MANAGING AVOIDABLE COSTS RELATED TO DIABETES AND IMPROVING OUTCOMES**

**Diabetes-Related Costs**

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

---

**Quality of Life**

- Low Cost of Care
- Productivity
Most of the Money Today is Going to Hospitals, Not Doctors

Source:

U.S. Health Care Expenditures Attributed to Diabetes, 2012 (Millions)

- Hospital Inpatient
- Emergency Room/Ambulance
- Nursing/Residential
- Home Health/Hospice
- Hospital Outpatient
- Other Medications/Supplies
- Diabetic Medications/Supplies
- Physician Office

Hospital Admissions (43%)

Physicians (9%)
Could We Afford to Spend 20% More on Better Care Management?

Potential Change in Spending on Diabetes by Investing in Better Care

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Improved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Admits</td>
<td>$100,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Physicians</td>
<td>$20,000</td>
<td>$24,000</td>
</tr>
<tr>
<td></td>
<td>$80,000</td>
<td>$96,000</td>
</tr>
<tr>
<td></td>
<td>$60,000</td>
<td>$72,000</td>
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<tr>
<td></td>
<td>$40,000</td>
<td>$48,000</td>
</tr>
<tr>
<td></td>
<td>$20,000</td>
<td>$24,000</td>
</tr>
<tr>
<td></td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

+20%
A Small Reduction in Expensive Complications Saves A Lot of $$$

Potential Change in Spending on Diabetes By Investing in Better Care

- Hospital Admits
  - Current: $180,000
  - Improved: $168,000 (-6%)

- Physicians
  - Current: $180,000
  - Improved: $216,000 (+20%)
20% More $ on Care Mgt + 6% Fewer Admits = Lower Total $
Upfront Investment Is Needed, Targeted by Docs to Achieve Impact
Example of Condition-Based Payment
Current Payment for Primary Care

CURRENT PAYMENT

Payer

Payer

Payer

CPT Fee

CPT Fee

CPT Fee

CPT Fee

CPT Fee

CURRENT PAYMENT

PRIMARY CARE

Tests & Procedures for Preventive Services

Office Visits for Preventive Services

Tests & Procedures for Chronic Disease Mgt

Office Visits for Chronic Disease Issues

Tests & Procedures for Acute Issues

Office Visits for Acute Issues

Tests & Procedures for Acute Issues
Current Non-Payment for Primary Care

CURRENT PAYMENT

Payer

CPT Fee

Payer

CPT Fee

Payer

CPT Fee

CPT Fee

Payer

CPT Fee

Payer

CPT Fee

CURRENT PAYMENT

PRIVMARY CARE

Tests & Procedures for Preventive Services

Outreach Calls for Preventive Services

Proactive Care Mgt for Chronic Disease

Office Visits for Preventive Services

Office Visits for Chronic Disease Issues

Office Visits for Chronic Disease Mgt

Tests & Procedures for Chronic Disease Mgt

Tests & Procedures for Acute Issues

Office Visits for Acute Issues

Tests & Procedures for Acute Issues
What Is Not Paid For Is Exactly What’s Needed to Improve Quality

CURRENT PAYMENT

Payer

No Payment

Payer

No Payment

Payer

No Payment

CPT Fee

CPT Fee

CPT Fee

CPT Fee

CPT Fee

PRIMARY CARE

Tests & Procedures for Preventive Services

Office Visits for Preventive Services

Outreach Calls for Preventive Services

Proactive Care Mgt for Chronic Disease

Office Visits for Chronic Disease Issues

Tests & Procedures for Chronic Disease Mgt

Office Visits for Acute Issues

Tests & Procedures for Acute Issues

Preventive Care Quality
Chronic Disease Mgt Quality
A Better Approach: Flexible Payment Instead of E&M Payment

**PRIMARY CARE**
- Tests & Procedures for Preventive Services
- Office Visits for Preventive Services
- Outreach Calls for Preventive Services
- Proactive Care Mgt for Chronic Disease
- Office Visits for Chronic Disease Issues
- Tests & Procedures for Chronic Disease Mgt
- Office Visits for Acute Issues
- Tests & Procedures for Acute Issues

**PROPOSED PAYMENT**
- Monthly Core Primary Care Services Payment
- Payer
- Payer
- Payer

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Size of Monthly Payment Should Differ Based on Patient Health

**Patient Health Issues**

- **No Chronic Disease and No Major Risk Factors**
  - Small Payment for Large # of Patients

- **One Chronic Disease or Major Risk Factors**
  - Larger Payment for Subset of Patients Needing More Proactive Care

- **Two Chronic Diseases or One Chronic Disease and Major Risk Factors**
  - Still Larger Payment for Subset of Patients Needing Even More Proactive Care

- **Complex and High-Risk Patients**
  - High Payment for Small # of Patients

**Size of Monthly Per-Patient Payment**

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A Better Benefit Design
For Patients

**BENEFIT DESIGN**

- Patient enrolls as a “member” of the primary care practice, but has no restrictions on other care.
- Patient has no copays for visits related to either preventive care or chronic disease care from this practice.
- Patient only pays cost-sharing for acute issues.

**PROPOSED PAYMENT**

- **Tests & Procedures for Preventive Services**
  - Office Visits for Preventive Services
  - Outreach Calls for Preventive Services
- **Tests & Procedures for Chronic Disease Mgt**
- **Tests & Procedures for Acute Issues**

- **Office Visits for Chronic Disease Issues**

- **Monthly Core Primary Care Services Payment**

- **CPT Fee**
  - Payer
  - Payer
  - Payer

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Better Payment for the “Medical Neighborhood” (Specialists)

SPECIALIST PMT
- Payments for telephone calls & emails for PCP consults with specialists they work with
- Sharing of the monthly core payment if the specialist is co-managing the patient with the PCP
- Transfer of monthly payment to specialist for some patients

PROPOSED PAYMENT

Payer

CPT Fee

Tests & Procedures for Preventive Services

Office Visits for Preventive Services

Outreach Calls for Preventive Services

Proactive Care Mgt for Chronic Disease

Office Visits for Chronic Disease Issues

Tests & Procedures for Chronic Disease Mgt

Office Visits for Acute Issues

Tests & Procedures for Acute Issues

Monthly Core Primary Care Services Payment

Payer

Payer

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Accountability for Spending and Quality That PCPs Can Control

ACCOUNTABILITY
- Monthly payment would be adjusted up or down based on quality and avoidable utilization
  - Quality of preventive care
  - Quality of chronic disease care
  - Avoidable ER utilization
  - High-tech imaging
  - Specialty referrals

PROPOSED PAYMENT

CPT Fee

Payer

Payer

Payer

Monthly Core Primary Care Services Payment

Primary Care Services

Tests & Procedures for Preventive Services

Tests & Procedures for Chronic Disease Mgt

Tests & Procedures for Acute Issues

Office Visits for Preventive Services

Outreach Calls for Preventive Services

Proactive Care Mgt for Chronic Disease

Office Visits for Chronic Disease Issues

Office Visits for Acute Issues
This is Different Than Current PCMH Programs

**Current PCMH Model**

- **P4P/Shared Savings**
  - PMPM for “Care Management”
- **Tests & Procedures for Preventive Services**
- **Office Visits for Preventive Services**
- **Office Visits for Chronic Disease Issues**
- **Tests & Procedures for Chronic Disease Mgt**
- **Office Visits for Acute Issues**
- **Tests & Procedures for Acute Issues**

**NEW MODEL**

- **Tests & Procedures for Acute Issues**
- **Office Visits for Acute Issues**
- **Tests & Procedures for Chronic Disease Mgt**
- **Tests & Procedures for Preventive Services**

**Core Primary Care Services Payment**

**Performance Adjustment**

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It’s Also Different from Traditional PCP Capitation Programs

Current PCMH Model

- P4P/Shared Savings
- PMPM for “Care Management”
- Tests & Procedures for Preventive Services
- Office Visits for Preventive Services
- Office Visits for Chronic Disease Issues
- Tests & Procedures for Chronic Disease Mgt
- Office Visits for Acute Issues
- Tests & Procedures for Acute Issues

NEW MODEL

- Tests & Procedures for Acute Issues
- Office Visits for Acute Issues
- Tests & Procedures for Chronic Disease Mgt
- Tests & Procedures for Preventive Services
- Performance Adjustment
- Core Primary Care Services Payment

PCP Capitation

- P4P
- Primary Care Capitation
It’s Better Than Current PCMH or Capitation

**Current PCMH Model**
- Most practice revenue still comes from office visits
- Fewer office visits = lower revenue, even with PMPM
- Patient still discouraged from office visits by copays
- Patients must be attributed based on claims

**NEW MODEL (PARTIAL CAPITATION)**
- PCP practice receives predictable, flexible payment for patient mgt
- Higher payment for patients with greater needs
- Employer only pays more if patient needs or receives more services
- Patient enrolls only for prev. & chronic care

**PCP Capitation**
- No incentive for PCP practice to see patient for acute needs
- Payment is the same for patients with high needs as low needs
- Employer is paying even if patient needs few services
- Patients must enroll for all services
How Does This All Fit Into ACOs?

PATIENTS

- Diabetes
- Heart Disease
- Back Pain
- Pregnancy
Each Patient Should Choose & Use a Primary Care Practice…

PATIENTS

<table>
<thead>
<tr>
<th>Diabetes</th>
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<td>Back Pain</td>
</tr>
<tr>
<td>Pregnancy</td>
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</tbody>
</table>

Primary Care Practice
…Which Takes Accountability for What PCPs Can Control/Influence

**PATIENTS**
- Diabetes
- Heart Disease
- Back Pain
- Pregnancy

**ACCOUNTABLE MEDICAL HOME**

**Primary Care Practice**

Accountability for:
- Avoidable ER Visits
- Avoidable Hospitalizations
- Unnecessary Tests
- Unnecessary Referrals

**MEDICARE/HEALTH PLAN**

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…With a Medical Neighborhood to Consult With on Complex Cases

MEDICARE/HEALTH PLAN

PATIENTS
- Diabetes
- Heart Disease
- Back Pain
- Pregnancy

Accountable Medical Home

Primary Care Practice

Endocrinology, Neurology, Psychiatry

Accountability for:
- Unnecessary Tests
- Unnecessary Referrals
- Co-Managed Outcomes
..And Specialists Accountable for the Conditions They Manage

Accountability for:
- Unnecessary Tests
- Unnecessary Procedures
- Infections, Complications

PATIENTS
- Diabetes
- Heart Disease
- Back Pain
- Pregnancy

Accountable Medical Home

Primary Care Practice

Cardiology Group
Orthopedic Group
OB/GYN Group

Endocrinology, Neurology, Psychiatry

Heart Episode/Condition Pmt
Back Episode/Condition Pmt
Pregnancy Management Pmt

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That’s Building the ACO from the Bottom Up

MEDICARE/HEALTH PLAN

Accountable Payment Models

ACO

Heart Episode/Condition Pmt
Back Episode/Condition Pmt
Pregnancy Management Pmt

PATIENTS

Diabetes
Heart Disease
Back Pain
Pregnancy

Accountable Medical Home

Primary Care Practice

Cardiology Group
Orthopedic Group
OB/GYN Group

Endocrinology, Neurology, Psychiatry

Accountable Medical Neighborhood
Most ACOs Today Aren’t Truly Reinventing Care or Payment

Fee-for-Service Payment

MEDICARE/HEALTH PLAN

Expensive IT Systems

Nurse Care Managers

Shared Savings Bonus

ACO

PATIENTS

Diabetes
Heart Disease
Back Pain
Pregnancy

Primary Care
Endocrine Neurology Psychiatry
Cardiology
Orthopedics
OB/GYN
A True ACO Can Take a Global Payment And Make It Work

MEDICARE/HEALTH PLAN

Risk-Adjusted Global Payment

PATIENTS
- Diabetes
- Heart Disease
- Back Pain
- Pregnancy

ACO

Primary Care Practice

Cardiology Group

Orthopedic Group

OB/GYN Group

Endocrinology, Neurology, Psychiatry

Accountable Medical Home

Heart Episode/Condition Pmt

Back Episode/Condition Pmt

Pregnancy Management Pmt

Accountable Medical Neighborhood

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Only So Much Can Be Done Once the Patient Has Diabetes

Patient with Diabetes → PCP+ Specialist

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

→ Quality of Life
- Low Cost of Care
- Productivity
We Need to Also Focus on *Preventing* Diabetes

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Healthy Children and Adults

Healthy Weight

Obesity

Patient with Diabetes

PCP+ Specialist

Patient without Diabetes

Quality of Life

Low Cost of Care

Productivity
That Means Upstream Investment to Combat Obesity

Healthy Children and Adults

- Pediatrics
- Adult Primary Care
- Endocrinology
- Healthy Foods and Walkable Communities

Healthy Weight

- Patient without Diabetes

- Quality of Life
  - Low Cost of Care
  - Productivity

Obesity

- Patient with Diabetes

- PCP+
  - Specialist

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity
True Population-Based Payment Has to Have a Long-Term Focus

Population-Based Payment

Healthy Children and Adults

- Pediatrics
- Adult Primary Care
- Endocrinology
- Healthy Foods and Walkable Communities

Healthy Weight

Obesity

Patient with Diabetes

PCP+ Specialist

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Patient without Diabetes

Quality of Life

Low Cost of Care

Productivity
Current “Shared Savings” Models Penalize Long-Term Prevention

Population-Based Payment

Healthy Children and Adults

- Pediatrics
- Adult Primary Care
- Endocrinology
- Healthy Foods and Walkable Communities

Obesity → Patient with Diabetes

PCP+ Specialist

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Healthy Weight → Patient without Diabetes

Quality of Life
- Low Cost of Care
- Productivity

INVESTMENT

MANY YEARS FOR RETURN ON INVESTMENT

SAVINGS
A Public-Private Partnership Will Be Needed For Investment

Population-Based Payment

Healthy Children and Adults

- Pediatrics
- Adult Primary Care
- Endocrinology
- Healthy Foods and Walkable Communities

Obesity

Patient with Diabetes

PCP+ Specialist

- Amputations
- Kidney Failure
- Hospitalizations
- ER Visits
- Blindness
- Premature Death
- Inability to Work
- Low Productivity

Healthy Weight

Patient without Diabetes

Healthy Foods and Walkable Communities

Employers

INVESTMENT

MANY YEARS FOR RETURN ON INVESTMENT

Medicare

SAVINGS

Healthy Children and Adults

Quality of Life

Low Cost of Care

Productivity

INVESTMENT

Employers

MANY YEARS FOR RETURN ON INVESTMENT

Medicare

SAVINGS

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In Summary

• Most current “reforms” (pay for performance, value-based purchasing, and shared savings) don’t solve the real problems with care delivery and may make things worse

• True payment reform can be a win-win-win:
  – Better care for patients
  – Lower spending for payers
  – Financially viable PCP and endocrinology practices that attract new physicians

• Condition-based payment for diabetes can be an important building block for successful ACOs

• Medicare and commercial health plans need to implement new payment models designed by physicians

• Multi-year contracts and public-private partnerships will be needed to adequately invest in prevention for long-term savings and better outcomes
Learn More About Win-Win-Win Payment and Delivery Reform

Center for Healthcare Quality and Payment Reform
www.PaymentReform.org
For More Information:

Harold D. Miller
President and CEO
Center for Healthcare Quality and Payment Reform

Miller.Harold@GMail.com
(412) 803-3650

www.CHQPR.org
www.PaymentReform.org