

Annual Conference Summary

Introduction

Ray Campbell, CEO & Executive Director, Massachusetts Health Data Consortium

The topics of payment reform and healthcare delivery system transformation seem far off, but we have to start thinking about them now.

There is an iron triangle in healthcare: the corners of the triangle are universal access to care, high quality of care, and efficiency/affordability. In an iron triangle, you can have two but not three of the corners. The challenge is to try to achieve all three while mitigating the extent of the trade-offs.

Is the fee-for-service payment system the root of all evil in healthcare? I think that the problems are even harder to solve than we can accomplish by fixing the payment system, but changing the payment system is certainly necessary. One of the challenges is that healthcare is not a “system” - it's a “sector,” according to one of our speakers this afternoon, Micky Tripathi. Healthcare in the US is not coherent enough to be called a system.

The current payment structure is the culprit for most of the problems with our healthcare system. Fee-for-service does not create incentives for many of the things we most want to encourage: adoption and use of health information technology and health information exchange, coordination of care, prevention and wellness, primary care, administrative simplification, and financial stability.

Payment reform is coming, but will be the hardest challenge to healthcare transformation. It is also the most important and foundational change.

Legislative Initiatives on Payment Reform

Representative Harriett L. Stanley, Chair, Joint Committee on Health Care Financing,
Massachusetts Legislature

Moderator: **Gerald O'Keefe**, Director, Center for Health Information, Statistics, Research, and
Evaluation, Massachusetts Department of Public Health

Jerry O'Keefe:

Payment reform is not a dry topic – as we learned from Ray, the payment system is the root of all evil. Unrestrained costs can be the undoing of healthcare reform.

Wider access to health insurance is driving the cost control debate. What is different today compared to the capitation era from 15-20 years ago? Universal coverage, and better health information technology and health data.

We need to reorganize the relationships of providers, and to realign the practice of medicine as well as the payment. Payers need to align themselves around incentives. As Ray indicated, the incentives in the fee-for-service system point in the wrong direction. The right incentives will enable better quality of care.

The Massachusetts Commission on the Payment System recognized that under a bundled payment system that providers should not bear all of the risk. Global payments would put providers at financial risk, and needs to be done thoughtfully. The federal healthcare reform law would have accountable care organizations (ACOs) share savings with Medicare. However, there is an underlying tension in these arrangements.

The question before the state Legislature (and payers and providers) is how to make changes to the payment system without undermining the stability of the healthcare delivery system. The rest of the US will look to Massachusetts for how we arrive at solutions to these challenges.

Representative Stanley:

If we don't do payment reform and control Medicaid spending, the wheels will come off Chapter 58 [the Massachusetts healthcare reform law]. The Attorney General has done phenomenal work in studying the problem of rising healthcare costs.

However, I'm not sure that the Legislature has the will to enact payment reform. We need you to support this effort and to push your legislators to vote for it. There is no consensus currently – the Legislature responds to crises, rather than looking down the road to future problems. We have most of the information we need, and we know what we have to do – I'm unsure about the will to do it.

Here is what has to be done: to reestablish balance among payers, providers, patients, and all who write the checks to pay for healthcare. Who should benefit from such a rebalancing? Those who pay, and there needs to be sharing of cost savings with the taxpayers. We also have to stop being over-reliant on federal funding. We need to change the culture in the Massachusetts healthcare system – to engage consumers in understanding costs and what they're paying for, and to acknowledge that healthcare is a business and that it is acceptable to make a living in healthcare provision. But we need to change the incentives so that care is efficient.

We have done the easy part [enacting universal coverage], but unless we do the hard part right, we'll endanger universal coverage.

Q&A:

Q: If the healthcare system is broken, why did you do access first?

A: We are a Commonwealth, so we need to invest in wellness, and therefore it made sense to address access first. Now that we're at 97%+ coverage, it is time to focus on system change.

Q: Part of system change should address the coding and payment complexity and insurance company overhead (including advertising). We need real reform.

A: I agree – we need to move to a healthcare system, and away from a sick care system. There is too much spending on advertising.

Q: You have described long-term problems. Are there any short-term fixes?

A: The Senate bill introduced recently would provide rate relief. It is uncertain whether it will be enacted before the Legislature adjourns on July 31st, though.

Q: The Payment Reform Commission made a unanimous recommendation for global payments within five years. Can the Legislature build on this momentum?

A: It was a revolutionary report, but the coalition frayed quickly, and that has slowed the impetus for change. We don't have to work everything out before starting the journey; we have to get started. I think there will be a lot of activity in the fall and winter in the Legislature.

Comment from Dolores Mitchell: The Commission has unanimous agreement, but on the goals, not the means. The devil is in the details, and many of the details were left to the Legislature and to the Governor. Many of the commissioners voted “yes, but”. There will be both winners and losers – how to readjust the payments fairly will be terribly difficult. Rep. Stanley needs help – the people in this room need to keep the Legislature's feet to the fire.

Rep. Stanley: Thank you, Dolores. Senator Brown's election – after running against health reform – has given everyone in the Legislature pause. The people in this room should ask your legislators to take this on – one message is “my premiums are too high.” We need a top-to-bottom review, and strong stomachs. It took a long time to get where we are today, and it will take a long time to fix it.

Q: What will be the impact of federal healthcare reform on Massachusetts?

A: Information technology will be an essential and positive component, but otherwise it's unclear. Our efforts have been good for Massachusetts, and reform will be good for the nation. However, access is the easy part and cost control is the hard part. We have to do it really, really well.

Reforming the Payment System and Establishing Accountable Care Organizations

Francois deBrantes, Chief Executive Officer, Health Care Incentives Improvement Institute

Thomas H. Lee, MD, President, Partners Community HealthCare Inc.

Cathy Schoen, MS, Senior Vice President, The Commonwealth Fund

William Taylor, MD, Associate Regional Administrator, Centers for Medicare & Medicaid Services

Moderator: **Robert Sorrenti, MD**, Corporate Medical Director, Wellpoint/UNICARE

Dr. Sorrenti: We need fresh ideas and new approaches. This panel is comprised of the movers and shakers, and the panelists are true change agents. They represent a spectrum of perspectives: the private sector, the delivery system, foundations, and government.

As a health plan representative, we are watching what these organizations are doing, and I have the following questions for the panel to consider: How should we invest in infrastructure (resources, systems, expertise)? Are your approaches scalable? Will they work everywhere? What might be the unintended consequences? How can we bend the cost curve the most?

Francois deBrantes:

The Health Care Incentives Improvement Institute (HCI³) is the parent company of Bridges to Excellence and Prometheus. Our goal is to catalyze change and push innovative solutions in the market. We were the first to measure physician quality using electronic medical records, to pilot episode of care payment, and to set up a real medical home measurement system.

I'm an eternal optimist, and I see the new federal healthcare reform law as full of good things: significant changes to payment, and revolutionary changes to the delivery system. I see it as a burning platform, with lots more power for CMS and MedPAC and new value-based purchasing programs. If providers aren't feeling the fire under their feet, they're either delusional or will have an unpleasant wake-up call in 3-4 years. In our conversations with health systems since enactment of the federal legislation, there appears to have been that wake-up call.

Our end-game is true value-based purchasing. In order to have an active healthcare marketplace, we need transparent price and quality information. We need to activate consumers, and to make their choices actionable. Also, to be consumer-focused, we need to remember that they are shopping for a knee replacement, not for an "ACO." We need to create a market that is meaningful for consumers.

The barriers to episode-based payments are coming down – we are getting standardized definitions, we have developed an episode accounting engine, and the barrier of disruptiveness to providers and plans is addressed by healthcare reform. To answer a couple of Bob's questions, our approach is scalable and can work anywhere. Payment reform is indeed highly disruptive, but it's the new law of the land, so get over it, and being disruptive is the point: the fee-for-service system sucks.

The Prometheus payment model calculates payments based on care per episode. There are incentives for doctors to reduce costs by eliminating potentially avoidable complications (i.e., "defects"). The innovation of the system is to figure the right amount of technical risk (risk related to competence) vs. insurance risk (risk of getting sicker patients than average). The motivation is to shift providers' mindsets from "more revenue is better" (volume-driven) to pursuing better margins. We only have a few years in which to figure this out.

Dr. Lee:

I'm also an optimist, despite the fact that this is a stressful time. I've found it easier to write about than to manage it.

We are living through an historic, incredible time, like medicine about 50 years ago, when the system moved from pre-scientific to scientific. Today, we are overcoming scientific fatalism, and problems that appeared to be intractable – such as falls, infections, and readmissions – are being addressed through measurement and interventions. Massachusetts is on the forefront, and we are covering everyone – but this puts costs front and center.

In order to generate outcomes, we need organizational knowledge. The barriers to organizational knowledge are fragmentation of delivery, organization around provider functions rather than patient needs, and the discomfort of providers with bearing insurance risk.

Measures only get better when you use them. There is an evolutionary path of care (from transparency to performance sensitivity to clinical reengineering to breakthroughs in quality/affordability) and payment methodology and supporting systems (from fee-for-service to full capitation, and levels of provider organization and electronic support systems).

My perspective on capitation is that global budget financial risk for populations should not be driven down to the provider group level. Instead, risk should be held at a higher level, and peer pressure should be exerted at the group and individual clinician level.

Value in healthcare should be the organizing principle – value is the only thing we all can agree on. Value is defined by the customer, and therefore should depend on outcomes that matter to patients. Prometheus will fit in well with this model of evolutionary change.

Dr. Taylor:

The CMS roadmap for implementing value-driven healthcare may be found at:

www.cms.gov/qualityinitiativesgeninfo/ ; then scroll to the bottom of the page under Downloads and click on “Roadmap for Value-Based Purchasing,” [PDF, 3.52 MB].

CMS wants to become an active and engaged purchaser. Hospital payments will be based on performance, both in improvement and attainment of performance levels, and there will be financial incentives and public reporting to foster quality improvement. Medicare will support accountable care organizations by supporting transparency, publishing cost and quality information, and value-based payments (competitive bidding, shared savings, and payment differentials based on performance).

The agency is doing extensive work in public reporting, for hospitals (44 measures), health plans, dialysis facilities, nursing homes, home health agencies, and prices for medical procedures.

CMS is currently conducting about 60 demonstration projects, many of which are testing various approaches to value-based purchasing across various healthcare settings. The Premier demonstration involves over 30 measures, and the improvement gains are about 20 percent, with \$36.5 million paid in incentives to the participating hospitals. The first pay-for-performance demonstration is for end-stage renal disease, with bundled payments in 2011 and quality incentives in 2012. I anticipate that the new federal health reform legislation will lead to many more P4P projects by CMS.

Cathy Schoen:

The purpose of payment reform is to transform care systems to improve patient access and experience of care, outcomes, and value, by stimulating and supporting care system innovation. A high-performance system should have high quality of care, access and equity for all, efficient care, and promote system and workforce innovation, all combining toward a goal of longer and healthier lives.

The US is an outlier – we are spending almost twice what the next most expensive country is spending, in absolute terms and as a percentage of GDP. Other countries' costs are growing slower and their quality is improving faster. Wage increases are being swallowed up by health insurance premiums.

The goals of payment reform are to reward value rather than volume/intensity, achieve sustainable rates of cost growth while enhancing value, and to spur transformation and innovation by focusing on population health. The strategic reforms are to strengthen and transform primary care, to create incentives for providers to take accountability, to reward and support care coordination, and to give incentives to use information technology to improve quality/outcomes and efficiency.

The Commonwealth Fund is working on patient-centered medical home projects in 22 different states, including Massachusetts. Many of these projects are showing dramatic results in cost control and quality improvement.

Blue Cross and Blue Shield of Massachusetts offers a quality contract with bundled payments. The STAAR project to reduce avoidable rehospitalizations is operating in three states, including Massachusetts. Geisinger in Pennsylvania has an episode payment model that is so successful in reducing costs that teachers have been able to get raises.

I agree with Francois that the federal reforms are extremely positive. The Center for Medicare and Medicaid Innovation is a real breakthrough for the federal government. Medicare will become more nimble, there will be better coordination with Medicaid, and pilot projects will yield results and expansion faster than demonstrations. We don't quite know what accountable care organizations are yet, but everybody is trying to become one.

Health information technology can improve quality of care and clinician satisfaction. In addition, coherent multi-payer action is essential to stimulate and support improved care systems and to bend the cost curve while improving value. If we can get everyone pulling in the same direction, there is potential for very rapid change.

Discussion:s

Q: Is there a difference in the federal reform legislation between private and public ACOs?

CS: No, as long as it is a legal entity.

Q: All episode groupers are flawed. Why is CMS developing them – what improvements do they want to see?

FdB: With the current request for proposal, CMS is trying to create definitions, and a core construction of an episode – similar to a quality measure, where the numerator and denominator and any exclusions need to be specified.

Q: One of the obstacles to efficiency is the lack of patient identifiers. How can we make patients understand the value of them?

CS: Denmark and Germany have national patient IDs, and they are certainly concerned about privacy. We need to talk about how it is a safety and outcomes issue, and that patient data will be protected.

FdB: There won't be a national patient ID in the US – there are different mindsets in other parts of the country.

TL: It is common sense to have a national patient identifier, but it won't happen. Some people think that confidentiality trumps everything else. It's unfortunate, but how do we deal with it? Instead of a single server housing all this patient data, we will need a model more like the Internet, where information is spread around and can be shared with authorized recipients.

Honoring the Care Transitions Team and the MOLST Team

The Consortium has worked closely with these two projects for the past few years. We host the Care Transitions Forum, which includes more than 100 people representing 80 different organizations at settings across the continuum of care. Two of the honorees worked with me to write the Massachusetts Care Transitions Strategic Plan, which is available at our website, www.mahealthdata.org. The Care Transitions Forum reports its efforts to the Patient Safety and Quality Committee of the Health Care Quality and Cost Council.

MOLST (Medical Orders for Life-Sustaining Treatment) is a demonstration project in Worcester to improve end-of-life care by turning patient preferences into a medical order. The demonstration was launched in April, and we held a pre-launch event in February.

Jena B. Adams, MPH, Project Director, Center for Health Policy and Research, UMass Medical School – Project Director for the MOLST Demonstration

Alice Bonner, Ph.D, RN, Director, Bureau of Health Care Safety and Quality, Massachusetts Department of Public Health – Co-Chair of the Care Transitions Forum; Co-Author Care Transitions Strategic Plan

Elizabeth Capstick, Deputy Auditor, Massachusetts Auditor's Office – Co-Chair of the Patient Safety and Quality Committee, Health Care Quality and Cost Council

Jim Conway, Senior Fellow, Institute for Healthcare Improvement – Co-Chair of the Patient Safety and Quality Committee, Health Care Quality and Cost Council

Andy Epstein, RN, MPH, Special Assistant to the Commissioner, Massachusetts Department of Public Health – Co-Chair, MOLST Steering Committee

Paula R. Griswold, Executive Director, Massachusetts Coalition for the Prevention of Medical Errors – Co-Chair, Care Transitions Forum

Ruth Palombo, Ph.D, Assistant Secretary, Massachusetts Executive Office of Elder Affairs – Co-Chair, MOLST Steering Committee

Joel Weissman, Ph.D, Health Policy Researcher, The Mongan Institute for Health Policy, Massachusetts General Hospital – Co-Author of the Care Transitions Strategic Plan

The Role of HIT and HIE in Transforming the Delivery System

Greg DeBor, Partner for the Health Services Sector, CSC; Contract Program Manager, NEHEN

Isaac Kohane, MD, Ph.D, Director of the Informatics Program, Children's Hospital

Barbra Rabson, Executive Director, Massachusetts Health Quality Partners

Micky Tripathi, Ph.D, President and CEO, Massachusetts eHealth Collaborative

Moderator: **Ray Campbell**, CEO & Executive Director, Massachusetts Health Data Consortium

Greg DeBor:

Massachusetts has created one of the most mature and proven HIT and HIE infrastructures in the nation. However, our infrastructure is both a blessing and a curse – we've seen much of the federal grant money be sent to more needy areas.

Of the 27 total meaningful use requirements for physicians and hospitals, nine of them specifically require HIE, and a total of 18 of them imply HIE interactions, 13 of which are or will be supported by NEHEN by the end of 2010. Meaningful use and HIE offer the following benefits: fewer medical errors, lower costs for healthcare delivery, and improvements in patient loyalty and satisfaction.

NEHEN (the New England Health Exchange Network) is 12 years old, and offers two primary services for HIE: the RxGateway delivers prescriptions from EMRs to pharmacies and PBMs via SureScripts and returns medication history and formulary information; and NEHEN DirectConnect (larger payers) and NEHENNet (smaller subscribers) receive administrative simplification services, clinical health information exchange, and provider directory and audit logs. The clinical information services are from MA-SHARE which was a subsidiary of the Consortium, and last year was merged into NEHEN.

The long-term role for NEHEN in health delivery transformation is to continue to lead and support HIPAA-compliant and meaningful use messaging and 5010 compliance, align clinical and organizational leadership around interoperable EHRs and assess and assist providers in achieving meaningful use, align with other state initiatives and other public and private efforts (and lay the “plumbing” for the post-health reform environment), and to develop quality and data measurement capabilities. We have a great track record to build on.

Dr. Kohane:

The SHARP (Strategic Health IT Advanced Research Projects) grant that our group received is known as SMart (Substitutable Medical Apps Reusable Technologies), aka “Creating the App Store for Health.” This is a \$15 million grant, and one of only four awarded across the country.

Our challenge is to bring the innovation and creativity of the iPhone app approach to healthcare. Two examples of motivations are medication management and clinical surveillance. A use case is for an innovator to receive comprehensive diagnostic data from all sites of care, and then develop an “apps store” for various clinical settings using different types of EMR systems. Our thinking on personal health records seems to have inspired GoogleHealth and Microsoft’s HealthVault.

Our approach is both revolutionary and visionary – we will build our model within two years of the four-year grant, and spend the final two years on dissemination. The timeline is to present prototypes at a users meeting in August, release the SMart API (application programming interfaces) specifications in December, to have third-party apps developed by our partners by April 2011, and to have the public app store open by April 2012.

EHRs are an “iPhone-like platform,” in which there is a common application programming interface that enables software developers to build substitutable applications. Note that the iPhone is a metaphor; it is not necessarily the hardware platform, and we have no connection to Apple. It is interesting, though, that there were only 10,000 iPhone applications at the time Ken Mandl and I wrote a paper on this in 2009 for the *New England Journal of Medicine*, 50,000 by the time it was published in September 2009, and 200,000 today.

The SMart APIs are based on Representational State Transfer (REST) web technology, build on three open source systems: I2b2 (Informatics for Integrating Biology and the Bedside), Indivo’s PHR platform, and the CareWeb EMR.

The two key elements of our approach are to demonstrate substitutability as a core concept in building HIT, and to capacitate third-party innovation. Substitutability is more important than interoperability – it will allow providers to adapt rather than have to unplug and replace, and will push innovation to the edges of what is possible.

Barbra Rabson:

Aligning Forces for Quality (AF4Q) is a Robert Wood Johnson Foundation effort to improve quality of care, and the projects are operating in 17 different communities across the country. We have recognized that the system needs to engage consumers much more effectively, and we are also considering HIT’s and payment reform’s roles to transform the system.

The Greater Boston AF4Q project is designed to leverage existing activities and resources, support implementation of health reform, improve the interface of the delivery system with public health and community-based initiatives, and to maximize the impact of universal coverage by improving access to and appropriate use of the delivery system. GBAF4Q’s initial priority was to reduce preventable emergency department visits and associated admissions.

The Beacon Community Cooperative Program was built on the GBAF4Q platform. The Beacon grant proposal's vision is to harness the power of HIT to enable transformational quality, cost efficiency, and population health improvements within the community. The HIT tools are targeted to the following interventions: advancing the meaningful use of interoperable EHRs, expanding the use of a clinical summary transmission gateway and viewer, further populating the Quality Data Center, establishing a standard public health reporting gateway, and enhancing patient care with IT-enabled education and support.

Specific population health goals are to collect race, ethnicity, language, and education level for all patients in ambulatory care settings; and to identify and improve care disparities. The quality goals are to improve outcomes for patients with diabetes and pediatric asthma, and to improve patient experience of care and patient engagement.

While the Boston proposal was not funded initially, we will re-apply for the second round of Beacon grants.

Micky Tripathi:

What role can HIT and HIE play in transforming the delivery system? I think that we should question the question. Computers don't transform the delivery system, people transform the delivery system. We're at the beginning of a green field – it's hard to architect and engineer what will be valuable ten years from now, and you can't even imagine all the ways it might be used (e.g., the Internet).

The healthcare system isn't really a "system" – it is far too fragmented. An organization like Partners is an anomaly – two-thirds of hospitals are community hospitals, and four-fifths of physicians are in solo or two-doctor practices. 90 percent of care is delivered in practices of nine or fewer physicians, and 96 percent do not have a fully functional EHR. Only florists are a less concentrated industry than ambulatory care, but I can still order flowers at my local florist and have them delivered in San Francisco, while a Boston doctor can't send a medical record electronically to a clinician elsewhere.

What I've learned from the Massachusetts eHealth Collaborative deployment experience in Brockton, Newburyport, and North Adams is that our approaches to HIT and HIE have to be able to thrive despite situational changes. These situational changes include the economic climate, political leadership, business leadership, business structure, and technology changes.

There are other factors to consider: physicians have other economic incentives besides the HITECH funding, and some might retire or reduce/leave Medicare rather than have to implement EHRs. The \$28 billion or so of HITECH payments puts the purchasing power in the hands of the providers, and the \$2 billion in ONC grants is the infrastructure to help get this accomplished. It will take longer than people expect to accomplish EHR deployment and HIE.

I'm actually hopeful – I consider myself a "radical incrementalist." We are learning to achieve small victories by delivering what providers need and are willing to pay for, for example through NEHEN and the Quality Data Center. These are steps forward, but we have a long way to go.

Discussion:

Q: Why has there been no interest by patients in getting doctors to have HIT?

GD: There is no business model currently, and there is a lack of public awareness. The education needs to happen.

IK: I agree. Also, the utility is unclear for patients except for those who are chronically ill.

MT: Meaningful use may help spur demand by patients.

The HITECH Act at 16 Months

Ray Campbell, CEO & Executive Director, Massachusetts Health Data Consortium

I think that we need an honest assessment of the HITECH Act almost a year and a half after enactment. The current status can be summed up in three quotes:

- “Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.” Winston Churchill, November 10, 1942.
- “The law of unintended consequences is what happens when a simple system tries to regulate a complex system.” Andrew Gelman.
- “My Uncle Sam gave away \$30 billion for HIT and I didn’t even get a lousy T-shirt.” Me.

What was true before HITECH is just as true today: you cannot solve long-term sustainability with a one-time infusion of funds, and we and other organizations have found that “grants are the gift that keeps on costing.”

The space-time continuum is the enemy of the Office of the National Coordinator – the timeframes in ARRA are not reasonable. The meaningful use regulations are still not finalized and probably won’t be until the end of the month, which means that vendors cannot develop their products and providers cannot yet begin adoption.

Payment reform is essential for HITECH to succeed, because the economics of fee-for-service payments will strangle what the legislation is trying to accomplish. In addition, I firmly believe that only a statutory claims assessment will result in the type of predictable public funding that must be the anchor tenant of any sustainability model in our highly fragmented healthcare system.

Meaningful use, while a thoughtful and nuanced framework, runs the risk of straying into healthcare delivery central planning, with all the dangers that entails. There are complicated trade-offs between uniformity and adaptability (this is true of policy as well as technology).

It is very hard to create governance structures that can make actual decisions about real resources in our fragmented, competitive, low-margin system. True public/private partnership models remain elusive, and are most likely impossible if public/private discussions are viewed through a procurement and conflict of interest lens: a simple statutory safe harbor, for which there is ample precedent, seems like the best cure.

HIT and HIE might be necessary, but they are not sufficient to produce quality improvements or efficiency gains. In addition, nationwide interoperability is an incredibly complex undertaking in which short-term benefits can have long-term costs and long-term benefits can have short-term costs. It sounds strange, but \$600 million does not go as far as it used to – all indications are that support for implementation and adoption is insufficient, which will show up in the failure rate. Unfortunately, early anecdotal evidence suggests there could be a large number of providers who do not respond to the HITECH incentives.

Despite this critical assessment, I’m optimistic. The first step is to acknowledge problems, and then you can act to address them.

Discussion:

Q: Will there be follow-up legislation to fix the problems that you have identified with HITECH?

A: It’s not likely. One thing they are trying to address is the categories of providers excluded from receiving meaningful use payments.

Q: Do you think HITECH will be successful?

A: It will be crudely effective and will move us forward, but I wish that it had been structured better.

Summary by Craig Schneider, Director of Healthcare Policy, Massachusetts Health Data Consortium