



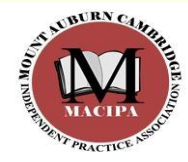
Living in Both a Fee-for-Service and Value Based Purchasing World

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Practice Association, Inc. (MACIPA)

Mount Auburn Cambridge Independent Practice Association (MACIPA)

Founded in 1985 to organize physicians and negotiate managed care contracts

- 513 physician members who admit to Mount Auburn Hospital and/or Cambridge Health Alliance
- MACIPA takes full risk capitation from three major local health plans since mid 90's
 - Blue Cross Blue Shield of MA
 - Tufts Health Plan and Tufts Medicare Preferred
 - Harvard Pilgrim Health Care
- 49 employees
- 40,000 capitated lives



MACIPA Mission Statement

MACIPA is an organization that leads its physician members by education and supporting them, representing their interests so that they delivery the highest quality care at appropriate cost in a manner that maximizes physician and patient satisfaction



Value Based Purchasing

The concept:

- buyers should hold providers of health care accountable for both cost and quality of care.

Value-based purchasing brings together information about:

- the quality of health care, including patient outcomes and health status
- data on the dollar outlays going towards health care

Focus:

- managing the use of the health care system to reduce inappropriate care to identify
- reward the best-performing providers



Types of Value Based Contracts

Budgeted-Cap

- Budget/Pool funded from premiums
- Claims charged against the pool
- Risk share – negotiated

Bundled Payment

- Single payment for all care related to a treatment or condition
- Payment is apportioned to multiple providers across many settings

Capitation

- Fixed monthly payment for all services

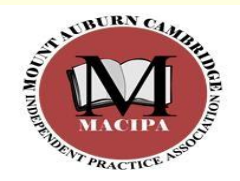
MACIPA Value Based Contracts

MACIPA contracts are **Budgeted Cap**

- Efficiency and Quality

Health Plan Settlements

- Payor financial & quality settlements for contact year occurs the following year (mid year)
- All surplus generated from the contracts are pooled
- Finance Committee makes recommendations to the Board on how it will be distributed
- MACIPA Board has final approval



MACIPA Settlement PCPs

- 70% based on the number of patients assigned to the PCP (member months)
- 15% based on the number of pod meetings attended
- 15% based on improvement in specified quality measures

MACIPA Settlement Specialists

- 85% based on the payment volume for services provided during the surplus year
- 15% on development of specialty-specific quality measures

Surplus Distribution Design

- Not tied to Cost and Utilization metrics by design
- Focus is on providing best quality for our patient in the most appropriate setting
- Focus is on effort and improvement
- One Exception: MACIPA PCP IP Program

MACIPA Structure

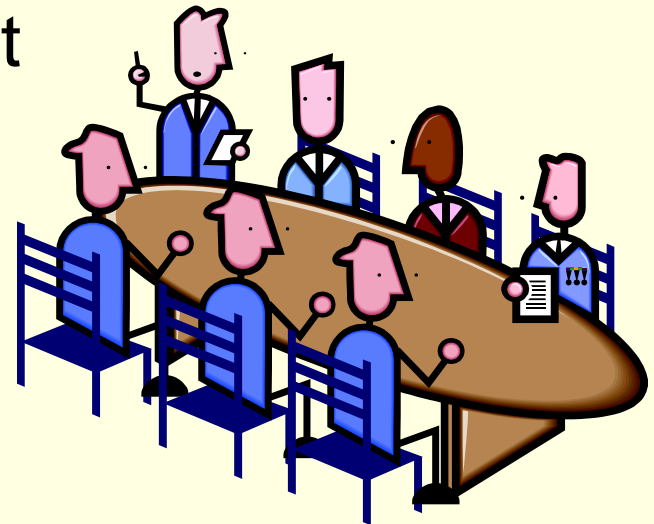
- Board Committees involve over 50 physicians
- Primary Care Centric-touching every PCP monthly through Pod system
- Focus on education and quality
- Data driven
- Physician leaders practice medicine at least 50% of time

MACIPA Pod Structure

- Topics discussed at pod meetings include:
 - New physicians & services
 - Pharmacy management and medication recommendations
 - Data & reports
 - New programs/initiatives
 - Pod meetings attended by MACIPA case managers, other staff
 - Quality improvement programs-focus on preventive care

MACIPA Infrastructure

- Case Management
- Medical Management
- Referral Management
- Pharmacy Management
- Data and Reporting
- Contracting
- Quality Improvement
- EHR Department
- IT Department



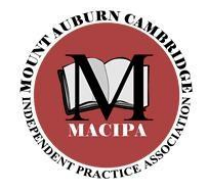
Keys to Success



- Leadership believes: Managed Care is Better Care
- IPA brings value to physicians & improves care for patients
- Hospital believes in and supports the model
- Focus on Quality, Education - Rewards not cost & before penalties
- Hospital, PCP & Specialists benefit

What makes MACIPA successful?

- Culture of collaboration among PCPs & Specialists
- Board and Committee are very engaged in MACIPA activities
- Larger infrastructure-more services supplied by MACIPA than the typical IPA
- PCPs have a strong voice in the operation of the organization
- PCPs & Specialists split the surplus earned 50/50



Challenges

- Culture changes for physicians & administrators take time to develop
- Managing “leakage” delivered outside the system
- Patient & Physician acceptance of the team approach
- Incorporating activities for patients under health plan contracts with no management fee payments, although these patients have benefited from PCP Managed Care mind set

Challenges

- Need for capital investment for infrastructure and IT before payouts
- Years before rewards are seen
- Need for reserves and reinsurance
- Getting to win/win with less funds available
- Difficulty evaluating program efficiency, planning services and developing programs

