

Payment Reform and Collaboration

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Overview

1. The data revolution is coming/here
2. Payment reform is coming/here
3. Payment reform, data, competition, and collaboration

The Data Revolution is Coming

The data revolution will be more fundamental and more transformational than the PC and Internet revolutions that preceded it, in part because it represents the confluence and logical extension of both.

McKinsey recently released a report on “Big Data,” defined as “datasets whose size is beyond the ability of typical database software tools to capture, store, manage, and analyze.”

Some “data points” from the report:

- \$600 for a hard drive that can store all the world’s music
- 5 billion mobile phones in use in 2010
- 30 billion pieces of content shared each month on Facebook
- 40% annual growth in data generation v. 5% growth in IT
- The US will need @ 175K “deep analytic talent” positions and 1.5M data-savvy managers to keep up with big data.

The Data Revolution is Coming

Across every sector of the economy, including healthcare, data flows have reached torrential levels.

We are close to the day when nearly all commercial and government operations will use “smart” transactional systems that create and communicate data at virtually no marginal cost (“exhaust data”).

Entirely new types of data have been “created” or “discovered” in recent years (genomic, geospatial, social, user/crowd-sourced, and others), and all of them involve massive, distributed datasets.

Database software, which benefits only indirectly from Moore’s Law, continues to improve, as do techniques for linking, mining, and transforming data.

Data and analytic ability are reaching “factor of production” importance in the modern economy. Analytic competition will be a major theme in the future.

Payment Reform is Coming

We are at the start of a major, long-term movement away from fee-for-service

We know the new payment structures will emphasize accountability, coordination/integration, measurement, reporting, analysis

Payment reform is necessary for delivery system reform, but it is not the same thing.

Payment reform will unfold on three levels: federal, state, and private

Accountable care arrangements will require provider organizations to have advanced “back-office” capabilities.

Payment Reform is Coming

Providers will need IT, people, and workflows to collect, analyze, and share clinical and administrative data from multiple internal and external sources.

Providers will need to use this data for direct care, but also to iteratively improve a range of complex processes such as care coordination, care transitions, performance measurement and reporting, population management, patient engagement, contracting and risk management, and others.

“In agreeing to become accountable for a group of Medicare beneficiaries, we generally expect that participating ACOs are able to, or are working toward, independently identifying and producing the data they believe are necessary to best evaluate the health needs of their patient population, improve health outcomes, monitor provider/supplier quality of care and patient experience of care, and produce efficiencies in utilization of services. Moreover, this ability to self-manage is a critical skill for each ACO to develop, leading to an understanding of the unique patient population that it serves.” ACA Section 3022 Shared Savings Program, CMS proposed rule.

Payment Reform, Data, and Collaboration

- While data and analytics will support the quality and efficiency improvements on which healthcare organizations will increasingly compete, it is vital that we not allow the acquisition of basic health data, and access to such data, to itself be a competitive differentiator.
- The public interest demands that healthcare organizations, whatever additional things they choose to do with data and analytics, are not competing over access to certain foundational information that is needed to operate in a world of accountable care.
- There are compelling business reasons for Massachusetts healthcare stakeholders to take a trading partner view of their data collection and sharing needs. Having many organizations expend scarce resources to assemble roughly the same data is highly inefficient and inevitably leads to fruitless disagreements about who has the best data rather than analytics-based competition.

Payment Reform, Data, and Collaboration

MHDC is working to create the following Workgroups:

- Health IT and health information exchange;
- Data, analytics, and performance measurement;
- Care management and care transitions;
- Administrative simplification and modernization;
- Legal and policy; and
- Population and risk management.

Workgroups will:

- Inventory existing activities and resources;
- Identify best practices and market leaders;
- Assess local stakeholder priorities and concerns;
- Identify potential pilot projects and other opportunities for collaboration;
- Identify areas requiring additional work;
- Provide input on key operational and policy issues; and
- Organize and host regular educational activities for the community.