Shift from Volume to Value

• Health care field undergoing dramatic change
• Moving from volume to value
  – Pay-for-performance initiatives
  – Alternative payment models
• Hospitals at the center of many of these reforms
• No one-size-fits-all model
HHS Announcement

• January 26, 2015
• Measurable goals and a timeline to move the Medicare program toward paying providers based on quality

Better, Smarter, Healthier: In historic announcement, HHS sets clear goals and timeline for shifting Medicare reimbursements from volume to value

In a meeting with nearly two dozen leaders representing consumers, insurers, providers, and business leaders, Health and Human Services Secretary Sylvia M. Burwell today announced measurable goals and a timeline to move the Medicare program, and the health care system at large, toward paying providers based on the quality, rather than the quantity of care they give patients.

HHS has set a goal of tying 30 percent of traditional, or fee-for-service, Medicare payments to quality or value through alternative payment models, such as Accountable Care Organizations (ACOs) or bundled payment arrangements by the end of 2016, and tying 50 percent of payments to these models by the end of 2018. HHS also set a goal of tying 85 percent of all traditional Medicare payments to quality or value by 2020 and 90 percent by 2016 through programs such as the Hospital Value Based Purchasing and the Hospital Readmissions Reduction Programs. This is the first time in the history of the Medicare program that HHS has set explicit goals for alternative payment models and value-based payments.

To make these goals scalable beyond Medicare, Secretary Burwell also announced the creation of a Health Care Payment Learning and Action Network. Through the Learning and Action Network, HHS will work with private payers, employers, consumers, providers, states and state Medicaid programs, and other partners to expand alternative payment models into their programs. HHS will intensify its work with states and private payers to...
Target percentage of Medicare FFS payments linked to quality and alternative payment models in 2016 and 2018

- **2016**
  - All Medicare FFS (Categories 1-4): 30%
  - FFS linked to quality (Categories 2-4): 85%
  - Alternative payment models (Categories 3-4): 50%

- **2018**
  - All Medicare FFS (Categories 1-4): 50%
  - FFS linked to quality (Categories 2-4): 90%
HHS Health Care Payment Learning and Action Network

- Forum for stakeholders to discuss move to alternative payment models
- Independent contractor will convene meetings, disseminate information to Network participants, and lead learning sessions where participants can share best practices
HRSA FORHP Faculty

• **Paul Moore** who has served as Senior Health Policy Advisor to the Health Resources and Services Administration (HRSA) Federal Office of Rural Health Policy (FORHP) for five years.
• **Craig Caplan** who is a Health Insurance Specialist at the FORHP at HRSA
• **Aaron Fischbach** who joined the FORHP as a Public Health Analyst in June 2010 and became the Policy Coordinator in November 2013
• **Curt Mueller** who is the Director of Research and Evaluation for the FORHP
Three Focus Areas of the Delivery System Reform (DSR) Initiative

Improving the way providers are paid, the way care is delivered, and the way information is distributed will get us to better care, smarter spending, and healthier people system-wide.

<table>
<thead>
<tr>
<th>Focus Areas</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentives</td>
<td>• Promote value-based payment systems</td>
</tr>
<tr>
<td></td>
<td>– Test new alternative payment models</td>
</tr>
<tr>
<td></td>
<td>– Increase linkage of Medicaid, Medicare FFS, and other payments to value</td>
</tr>
<tr>
<td></td>
<td>• Bring proven payment models to scale</td>
</tr>
<tr>
<td>Care Delivery</td>
<td>• Encourage the integration and coordination of clinical care services</td>
</tr>
<tr>
<td></td>
<td>• Improve population health</td>
</tr>
<tr>
<td></td>
<td>• Promote patient engagement through shared decision making</td>
</tr>
<tr>
<td>Information</td>
<td>• Create transparency on cost and quality information</td>
</tr>
<tr>
<td></td>
<td>• Bring electronic health information to the point of care for meaningful use</td>
</tr>
<tr>
<td>Focus Areas</td>
<td>2016 Goal</td>
</tr>
<tr>
<td>------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Incentives</td>
<td></td>
</tr>
<tr>
<td>Promote value-based payment systems</td>
<td>30%* of Medicare payments in alternative payment models</td>
</tr>
<tr>
<td></td>
<td>85% of remaining FFS Medicare payments linked to quality/value</td>
</tr>
<tr>
<td>Bring proven payment models to scale*</td>
<td></td>
</tr>
<tr>
<td>Care Delivery</td>
<td></td>
</tr>
<tr>
<td>Integrate and coordinate care</td>
<td>30% of patients in primary care medical homes or physician groups accountable for both cost and quality</td>
</tr>
<tr>
<td>Improve population health</td>
<td>15 states implement comprehensive reform</td>
</tr>
<tr>
<td>Promote patient engagement in decisions</td>
<td>80% of patients participate in shared-decision making</td>
</tr>
<tr>
<td>Information</td>
<td></td>
</tr>
<tr>
<td>Create transparency on cost and quality information</td>
<td>Establish websites for all FFS settings and health plan programs with quality info. and star ratings for consumers</td>
</tr>
<tr>
<td></td>
<td>Establish metrics on consumer access to out-of-pocket costs data</td>
</tr>
<tr>
<td>Bring electronic health information to the point of care for meaningful use</td>
<td>85% of providers adopt certified EHR</td>
</tr>
<tr>
<td></td>
<td>30% of clinical visits have electronic health info. available when and where needed**</td>
</tr>
</tbody>
</table>

*Same goal used for testing new models and bringing proven models to scale  **Exact measure still under discussion
We want your input!

We’re asking small and rural hospitals to take a thorough look at information available through the links below and provide feedback. Send us your comments at the following address:

RuralDSR@hrsa.gov

For more information on what Secretary Burwell has said publicly about this effort, see below.

Secretary Burwell’s Speech at the CMS Quality Net Conference
http://www.hhs.gov/secretary/about/speeches/sp20141202.html

Secretary Burwell’s speech to the American Academy of Family Physicians:
http://www.hhs.gov/secretary/about/speeches/sp20141023.html

Fact Sheet on Delivery System Reform:

Blog from Secretary Burwell: Getting More Out of Every Dollar: Improving Health Delivery In America
Questions and Comments
Contact Information

Priya Bathija
Senior Associate Director, Policy
American Hospital Association
Washington, DC
Phone: 202-626-2678
Email: pbathija@aha.org

Paul Moore, DPh
Senior Health Policy Advisor
Federal Office of Rural Health Policy
U.S. Department of Health and Human Services
Health Resources and Services Administration
Rockville, MD
v: (301) 443-1271 pmoore2@hrsa.gov
www.ruralhealth.hrsa.gov