+ We have a “value” problem
Value = \frac{\text{Quality}}{\text{Costs}}

Quality is suboptimal

- 1 in 4 seniors injured during hospitalization*
- Each year:
  - 1.8 million hospital-acquired infections
  - 1.5 million preventable injuries due to medications
- Large variations in use of effective services
- Patient experience often suboptimal

*Source: OIG, HHS, Adverse Events in Hospitals: National Incidence Among Medicare Beneficiaries
Value = \frac{Quality}{Costs}

Massachusetts Healthcare Spending

Per Capita MA Health Expenditures

Source: Centers for Medicare & Medicaid Services
MA healthcare compared to others

Per Capita Health Expenditures by State

Source: Centers for Medicare & Medicaid Services

The cost of high cost healthcare

Changes in Massachusetts state spending, 2001-2010 (in billions)
**Why do we have a value problem?**

- Pay providers incorrectly (FFS, incentives)
- Providers inadequately focused on evidence

**What do policymakers think?**

- Pay providers incorrectly (FFS, incentives)
- Providers inadequately focused on evidence
- Leads to:
  - Over-use
  - Fragmentation
Growth of Physicians and Administrators

Data updated through 2013
Source: Bureau of Labor Statistics; NCHS; Himmelstein/Woolhandler analysis of CPS

What is the ACA doing?
The ACA & Improving Value

- **Change how we pay for things**
  - Hospital readmissions reduction program
  - Value-based purchasing
  - PQRS → MIPS

- **Hold providers accountable**
  - Patient-centered medical home
  - Accountable Care Organizations

- **Federal support for innovation**
  - CMMI

So is the ACA working?
THE HUFFINGTON POST

IT'S WORKING: OBAMACARE

NEW YORK POST

The president yesterday finally admitted what everyone in America already knew: ObamaCare is a total and unmitigated DISASTER
What are the facts?

Readmissions reduction program

- Up to 3% penalty for high readmission rate
- Initially focused on medical conditions
- Recently added surgical ones
**Good News: Readmissions are down**

Medicare 30-day all-cause readmission rate

Source: Centers for Medicare & Medicaid Services

**Which hospitals are getting the penalties?**

Odds ratio for receiving max penalty

Which hospitals are getting the penalties?
Which hospitals are getting the penalties?

<table>
<thead>
<tr>
<th>Category</th>
<th>Low readmission rate hospital</th>
<th>High readmission rate hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage Black</td>
<td>6.3%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Percentage Hispanic</td>
<td>5.7%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Divorced/never married</td>
<td>15.1%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Less than High School Diploma</td>
<td>20.9%</td>
<td>30.4%</td>
</tr>
<tr>
<td>Lowest Quartile of Household Income</td>
<td>23.4%</td>
<td>37.1%</td>
</tr>
<tr>
<td>Medicaid Enrollment</td>
<td>17.8%</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

Barnett et al., JAMA IM 2015

Substituting obs for readmissions?

Changes in Readmission and Return Observation Rates for Patients in Traditional Medicare

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-hospital stay observation rate</td>
<td>+25.4%</td>
</tr>
<tr>
<td>Readmission rate</td>
<td>-15.7%</td>
</tr>
</tbody>
</table>

Noel-Miller and Lind, Health Affairs Blog 2015
+ Value-based purchasing aka P4P

- Up to 2% of Medicare payments tied to:
- Broad set of quality measures:
  - Processes
  - Outcomes
  - Patient Experience
  - Efficiency

+ Mortality rate for VBP conditions

Mortality rates for Acute MI, CHF and Pneumonia
**Patient experience, hospitals**

Percentage of patients who rated their hospital highly

- 2007: 63%
- 2008: 64%
- 2009: 66%
- 2010: 67%
- 2011: 69%
- 2012: 70%
- 2013: 71%

**What's happening with ACOs?**
ACOs: What are they?

- CMS Definition: “ACOs are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to the Medicare patients they serve”

- Simple Definition:
  - Group of providers that take responsibility for a population

Good News: Number of ACOs up

15-20% of Medicare Beneficiaries in an ACO

Source: Health Affairs Blog; Centers for Medicare & Medicaid Services
Less clear: impact on C&Q

- Flavor #1: Pioneers
  - 32 Pioneers initially signed up
  - Net savings 1.2% after the first year
  - 13 have since dropped out or switched to SSP

- Flavor #2: Shared Savings:
  - Little evidence of impact on savings

- Impact on health? Equivocal

- Early Days

Summary of our journey

- Transitioning to paying for “value”
- Some progress on aligning incentives
- But are we doing it right?
6% of Medicare payments to hospitals now tied to “value”

### National Measures, Weights

Yours may vary

<table>
<thead>
<tr>
<th>Measure</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Readmissions reduction</td>
<td>3.0%</td>
</tr>
<tr>
<td>Hospital Acquired Conditions</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Value-based purchasing</strong></td>
<td></td>
</tr>
<tr>
<td>Mortality</td>
<td>0.6%</td>
</tr>
<tr>
<td>Patient experience</td>
<td>0.6%</td>
</tr>
<tr>
<td>Processes of care</td>
<td>0.4%</td>
</tr>
<tr>
<td>Efficiency</td>
<td>0.4%</td>
</tr>
</tbody>
</table>
### Massachusetts HRR hospitals
Total Medicare payment adjustment (VBP, HRRP, & HAC)

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Total adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baystate Mary Lane Hospital</td>
<td>+0.62%</td>
</tr>
<tr>
<td>Emerson Hospital</td>
<td>+0.28%</td>
</tr>
<tr>
<td>Newton-Wellesley Hospital</td>
<td>+0.20%</td>
</tr>
<tr>
<td>St. Elizabeth’s Medical Center</td>
<td>-1.87%</td>
</tr>
<tr>
<td>Boston Medical Center</td>
<td>-1.92%</td>
</tr>
<tr>
<td>Tufts Medical Center</td>
<td>-2.10%</td>
</tr>
</tbody>
</table>

+ So is this really “value”?
How do we get to better value?

- Begin to measure what matters:
  - Key safety indicators (e.g. diagnostic errors?)
  - Patient reported outcomes
  - Patient health and well-being
  - Functional status

- Think about focusing on change

Example: Priorities of frail, older pts

- Maximize physical comfort
- Avoid delirium
- Receive treatment at home
- Meaningfully interact with family and friends
- Maintain maximum possible independence
- Reduce burden on family caregivers
So are we measuring what matters?

Current approach to value

- **Strengths:**
  - Focusing on evidence-based standards
  - Some degree of focus on outcomes

- **Shortcomings:**
  - Technical
    - Measures are deeply flawed (coding, etc.)
  - Social/Humanistic
    - Value is about values
    - Priorities determined in DC
    - One size fits all
    - Fails to measure so much of what matters
A strategy for getting to value

- A broader, more robust measurement effort
  - Use the EHR
  - Use more patient-elicited measures
- Measure what matters
- Pay for quality, but...
- Let patients and providers drive value agenda
  - Make meaningful data widely available
  - Help patients drive the incentives

“Health care payers have concluded that medicine is too important to be left to physicians alone”
What can we do?

Shaping the value agenda

- Engage in leadership roles
- Put the patient at the center of the conversation
  - Tell stories
- Make your voice heard
  - Write
  - Speak
  - Engage
Summary: Value-based care

- Long journey towards higher value healthcare
- Things have never been better
- Things could be so much better
- Value is about values
  - And yours are likely different than mine
  - And mine are different from mine
- Understanding that is our next step

Questions?
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