

Federal Delivery System Reform: New Urgency for Implementation

Meredith B. Rosenthal, Ph.D.
Professor of Health Economics and Policy
October 31, 2011

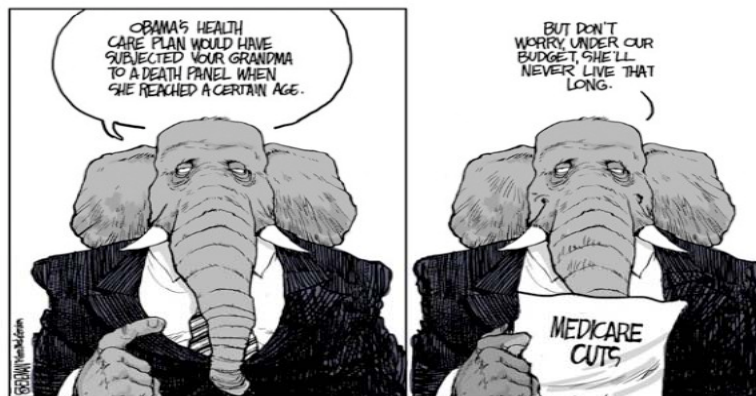
1

Last year...a watershed moment in U.S. health policy



2

Politics of national debt threaten the federal promise of health security



3

Payment and Delivery System Reform is the President's Ace

- Republicans have proposed cutting benefits and fundamentally reducing the Federal government's commitment to coverage
- Obama administration is counting on payment and other delivery system reforms to save enough money to maintain coverage and benefits in public programs

4

Delivery System Reform in the ACA

- Among the “secretary shall” provisions in the ACA are dozens that seek to reform health care delivery
- 6 Medicaid-related and more than 25 Medicare-related demonstrations or policy changes
- Sequence of broad policy changes and targeted pilots phased in over time

5

Prototypical Examples of Federal Delivery System Reforms

Policy Changes: These affect everyone now	Demonstrations: Affect participants and foreshadow future policy changes
Accountable Care Organizations Shared Savings Program (Jan 2012)	National Payment Bundling Pilot Program
Hospital Readmissions Reduction Program (Oct 2012) – penalties for high readmission rates	Pioneer ACO Pilot
Physician value-based payment modifier (Jan 2015)	Pediatric ACO Demonstration in Medicaid

6

How Should We Factor in Federal Reform?

- Flexible policies like the voluntary shared savings (ACO) program likely to be synergistic with ongoing private and public efforts in MA
- Mandatory programs now being implemented are incremental
- Many transformative concepts are in pilot phase -- can MA (or U.S.) wait?
- Biggest wild card is Independent Payment Advisory Board, which we may never see

7