

Creating a High Performing Health System

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State of the State's Health Care
Massachusetts Medical Society
Waltham, MA
October 7, 2014



Affordable, quality health care. For everyone.

Agenda

- Challenges
- Next Steps
 - ACA
- The Good and Bad News
- The Massachusetts Experience

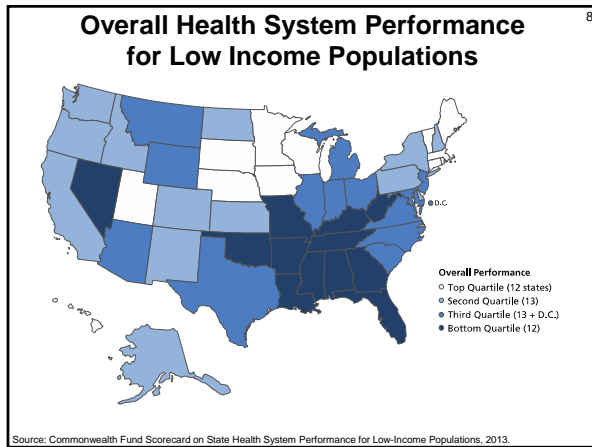
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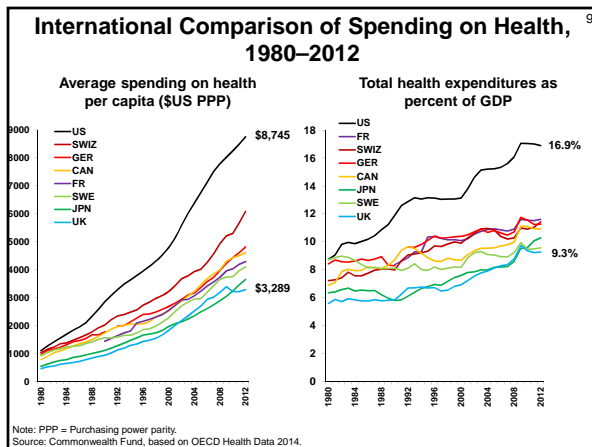
COST
• \$Billions in unnecessary and wasteful spending
• Overuse puts patients at risk, drains resources, and makes healthcare less accessible and less effective

QUALITY
Despite rapid advances, thousands of patients die each year from medical error

COVERAGE
55 million uninsured; many more underinsured







10

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The U.S. sweeps GOLD, SILVER, and BRONZE in international competition

11

Health Policy at a Fork in the Road

Benefit, Eligibility and Price Reduction



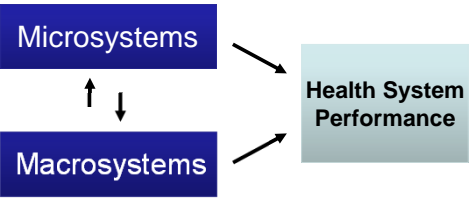
OR

Fundamental Delivery System Reform

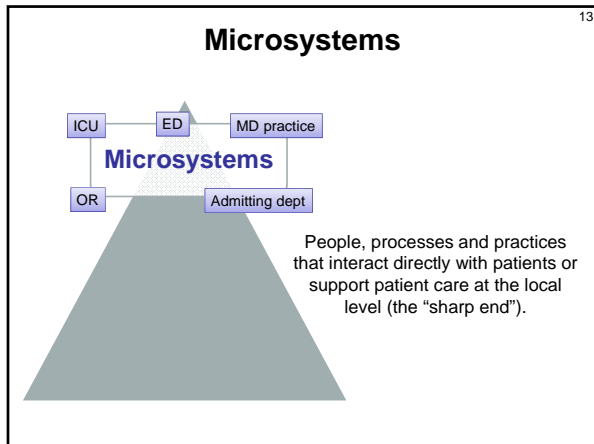
Regardless of how you envision the role of government, health care and the markets in which it's purchased need to be improved

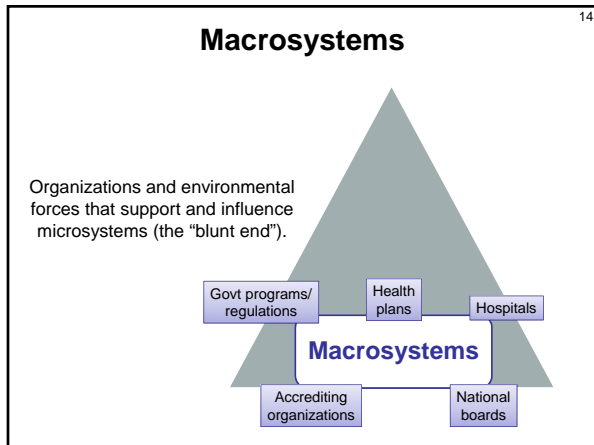
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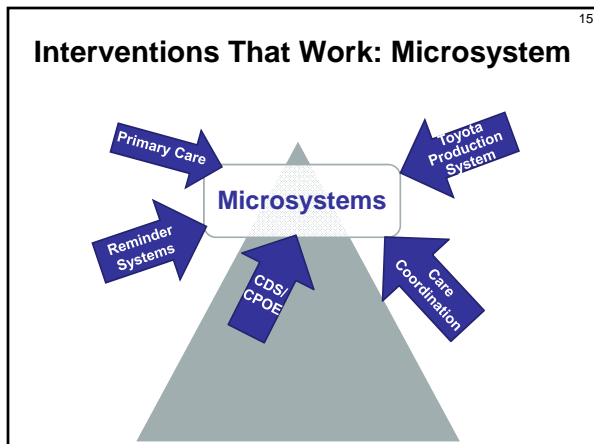
Improving Performance

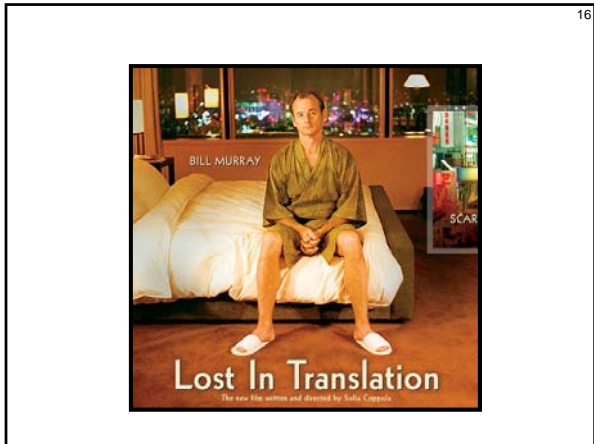


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graph TD; MS[Microsystems] <--> MAC[Macrosystems]; MS --> HSP[Health System Performance]; MAC --> HSP;
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17

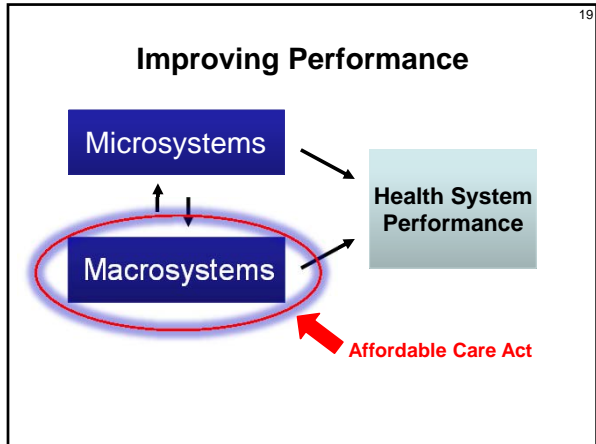
Macrosystems

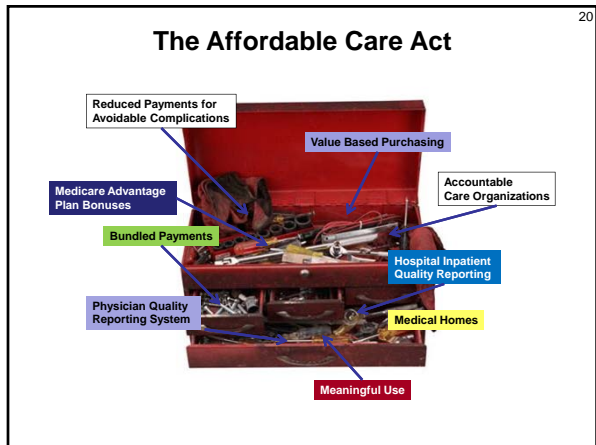
We have failed to create macrosystems that encourage and support use of these solutions, thereby changing the behavior of large numbers of microsystems and raising the performance of the health care system as a whole.

18

Fundamental Delivery System Reform

We need to make it easier to do the right thing...





21

Surge of Expert Reports

The slide features logos for several organizations: 'BIPARTISAN POLICY CENTER' (top left), 'BROOKINGS' (top center), 'Center for American Progress' (middle left), 'THE COMMONWEALTH FUND' (middle right, circular logo), 'NATIONAL COALITION ON HEALTH CARE' (bottom left), a photo of two men (bottom center), and 'Partnership for Sustainable Health Care' (bottom center, blue box).

Shared Approaches to Confronting Costs ²²

- Provider payment reform
 - Repeal Medicare sustainable growth rate formula
 - Move from paying for volume to paying for value
 - Enhance support for primary care
- Delivery system reform
 - Encourage development and implementation of innovative delivery models
- Medicare reform
 - Improve financial protection for beneficiaries
 - Provide positive incentives for choosing high performing providers
- Consumer/patient engagement
- Enhancing performance of health care markets
 - Increase transparency of quality and cost information
 - Eliminate administrative inefficiency

Some Good News: ²³

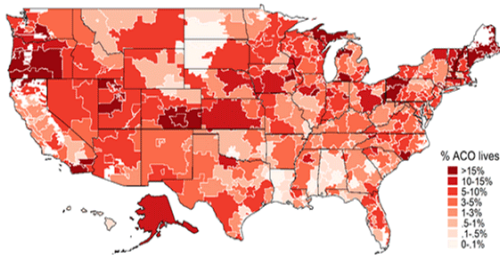
Medicare accountable care organizations (ACOs)

- Over 360 Medicare ACOs serving up to 5.6 million people
- \$372 million in savings have been generated by Medicare ACOs and Pioneer ACOs.
- Medicare costs per capita for “Pioneer ACOs” increased 1.4 percent in 2012 vs. 1.85 percent for FFS Medicare.
- 11 out of 23 Pioneer ACOs produced gross savings of \$96 million in their second year.
- ACOs exceeding quality goals.



Source: Centers for Medicare & Medicaid Services, September 2014.

Estimated ACO Covered Lives, by Hospital Referral Region ²⁴



Total of 626 accountable care entities in the U.S.

- 403 have government ACO contract

Source: Growth and Dispersion of Accountable Care Organizations: June 2014 Update, Leavitt Partners.

25

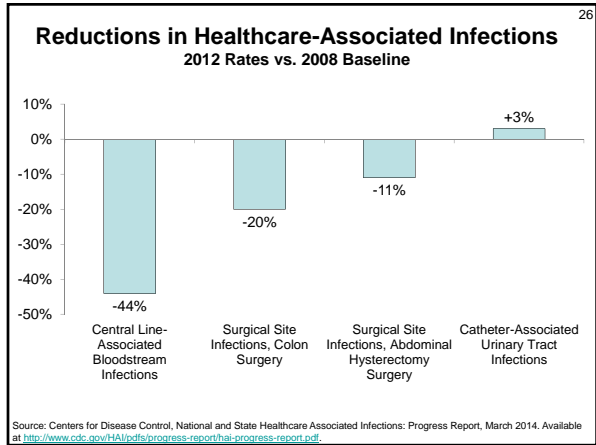
Delivery System Reform, Further Effects

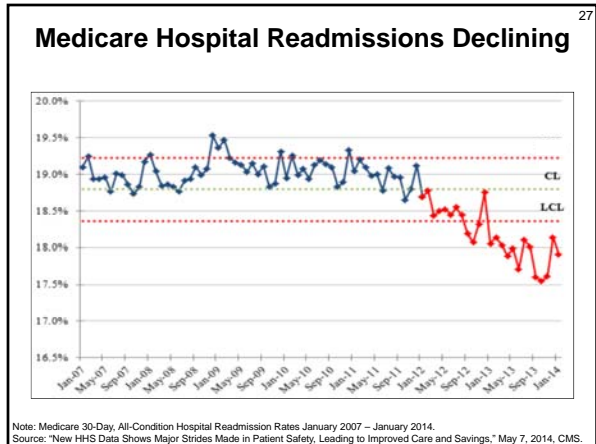
Reporting on hospital-acquired conditions ➔

Creation of the Center for Medicare and Medicaid Innovation (CMMI) ➔

- Rates of serious hospital-acquired conditions (HACs) now available on Hospital Compare website
- More than 50,000 health care providers involved in CMMI innovation projects


Source: CMS.

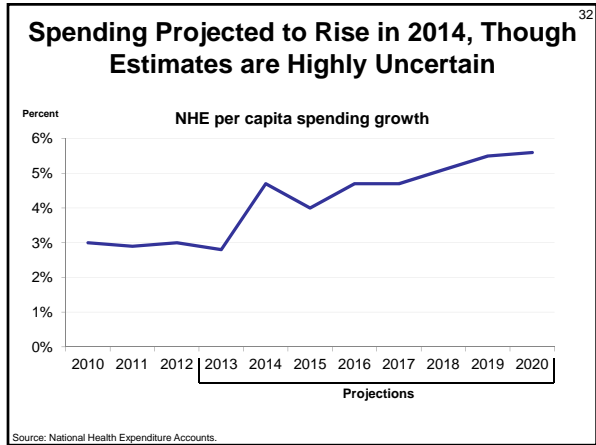


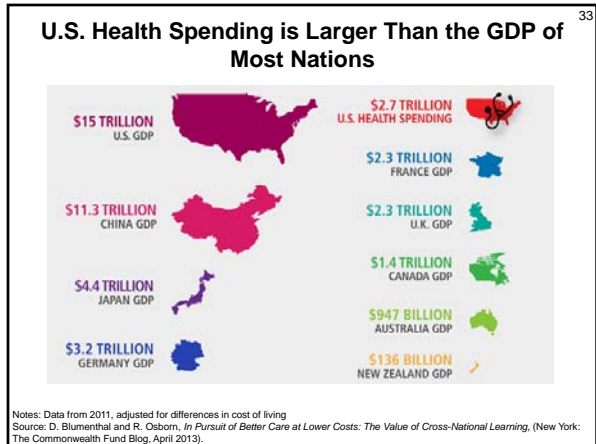


31

Is This the Dawn of a New Day?







Macrosystem Reform in Massachusetts ⁴⁰

- Statewide target for increases in health expenditures
- Public oversight (e.g., Health Policy Commission)
- Changing commercial insurance payment (e.g., Alternative Quality Contract)
- Public efforts to reduce health system consolidation
- Historic commitment to universal health care access
- Five Pioneer ACOs

Implications of Macrosystem Initiatives ⁴¹

- Innovation in health system design
- Adoption of electronic health records
- Modifications in payment within ACOs
- Targeting high-need, high-cost patients with innovative care programs

Question and Answer ⁴²