Creating a High Performing Health System

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State of the State’s Health Care
Massachusetts Medical Society
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Agenda

• Challenges
• Next Steps
  –ACA
• The Good and Bad News
• The Massachusetts Experience

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
In 2012, Nearly Half of Adults Were Uninsured During the Year or Were Underinsured

184 million adults ages 19–64

Note: Numbers may not sum to indicated total because of rounding.

* Combines “Uninsured now” and “Insured now, time uninsured in past year.”
^ Underinsured defined as insured all year but experienced one of the following: cash out-of-pocket expenses equaled 10% or more of income, or cash out-of-pocket expenses equaled 5% or more of income if low income (<200% of poverty); or deductibles equaled 5% or more of income.

Cumulative Increases in Health Insurance Premiums, Workers’ Contributions to Premiums, Inflation, and Workers’ Earnings, 1999-2014

U.S. Health in International Perspective: Shorter Lives, Poorer Health

- Americans live shorter lives and are in poorer health at any age
- Poor outcomes cannot be fully explained by poverty or lack of insurance
- White, insured, college-educated, and upper income Americans are in poorer health than their counterparts in other countries
When it Comes to Health Care, There are Two Americas

Overall Health System Performance for Low Income Populations

International Comparison of Spending on Health, 1980–2012
The U.S. sweeps GOLD, SILVER, and BRONZE in international competition

Health Policy at a Fork in the Road

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

Improving Performance

Microsystems

Macrosystems

Health System Performance
Microsystems

People, processes and practices that interact directly with patients or support patient care at the local level (the "sharp end").

Macrosystems

Organizations and environmental forces that support and influence microsystems (the "blunt end").

Interventions That Work: Microsystem
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.

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

Microsystems

Health System Performance

Macrosystems

Affordable Care Act

The Affordable Care Act

Reduced Payments for Avoidable Complications

Value Based Purchasing

Accountable Care Organizations

Physician Quality Reporting System

Bundled Payments

Hospital Inpatient Quality Reporting

Medical Homes

Meaningful Use

Surge of Expert Reports
Shared Approaches to Confronting Costs

- 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:
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

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.
Delivery System Reform, Further Effects

- 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.

Reductions in Healthcare-Associated Infections

2012 Rates vs. 2008 Baseline

- Central Line-Associated Bloodstream Infections: -44%
- Surgical Site Infections, Colon Surgery: -20%
- Surgical Site Infections, Abdominal Hysterectomy Surgery: -11%
- Catheter-Associated Urinary Tract Infections: +3%


Medicare Hospital Readmissions Declining


Source: “New HHS Data Shows Major Trends Made in Patient Safety, Leading to Improved Care and Savings,” May 7, 2014, CMS.
21 Million People Have Insurance Under the Provisions of the ACA, as of June 2014

Estimated number of people who have gained coverage or enrolled in a new plan since October 1, 2013 (in millions)

- Young adults 19 to 25 years of age who gained coverage under a parent’s policy
- Consumers who selected a marketplace plan
- Consumers who purchased directly from insurer*
- Consumers who enrolled in Medicaid or CHIP
- Total covered because of ACA coverage provisions

* CBO projection.


U.S. Uninsured Rate Falls by One-Fourth, Low-Income Experience the Largest Decline

Percent adults ages 19–64 uninsured

- July–Sept. 2013
- April–June 2014

Note: FPL refers to federal poverty level.


Spending Growth Rate Has Slowed in Recent Years

Per cent NHE per capita spending growth

Is This the Dawn of a New Day?

Spending Projected to Rise in 2014, Though Estimates are Highly Uncertain

Source: National Health Expenditure Accounts.

U.S. Health Spending is Larger Than the GDP of Most Nations

Notes: Data from 2011, adjusted for differences in cost of living.
Looking Back: What We Could Have Saved if We
Had Matched the Next Highest Country (Switzerland)

Note: Per capita spending amounts adjusted for differences in cost of living; total U.S. savings adjusted by inflation.
Source: D. Squires, The Road Not Taken: The Cost of 30 Years of Unsustainable Health Spending Growth in the United States, New

State of the State’s Health Care

Massachusetts Per Capita Health Spending
Relative to the U.S., by Service Category

Source: Health Policy Commission,
Data: Centers for Medicare & Medicaid Services.
Health Care Spending is Crowding Out Other State Priorities

Source: Health Policy Commission.
Data: Massachusetts Budget and Policy Center.

Regional Health System Consolidation; More Academic Hospitals

Top 2 Health Systems’ Share of Commercial Discharges

<table>
<thead>
<tr>
<th>Region</th>
<th>Share</th>
</tr>
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<tbody>
<tr>
<td>Fall River</td>
<td>84%</td>
</tr>
<tr>
<td>Lower North Shore</td>
<td>84%</td>
</tr>
<tr>
<td>New Bedford</td>
<td>82%</td>
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<tr>
<td>Berkshire</td>
<td>80%</td>
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<td>Cape and Islands</td>
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<td>Central Mass.</td>
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<td>Pioneer Valley/Franklin</td>
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<td>Metro Boston</td>
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<tr>
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<td>59%</td>
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<tr>
<td>Upper North Shore</td>
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<tr>
<td>Metro South</td>
<td>43%</td>
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<tr>
<td>West Merrimack/Middlesex</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: Health Policy Commission.

2014 Commonwealth Fund State Scorecard: Massachusetts Best or Second-Best on Quality, Access, Equity, and Health Lives

Lowest 30-day mortality rate for Medicare patients hospitalized for heart attack, heart failure, pneumonia

Fewest at-risk adults without a routine doctor visit in past 2 years

Mortality amenable to health care for blacks near US average for whites

2nd lowest rate of adult obesity

Macrosystem Reform in Massachusetts

- 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

- 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