Health Care Reform Implementation and Improving Cancer Care

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Current health care reform issues

• Year-end (early 2014) legislation on Federal budget, debt limit, Medicare physician payment, and possibly other issues

• “Small Bargain” on Federal deficits, entitlements, taxes vs Continued Sequestration

• Implementing new coverage in the Affordable Care Act
  – Website and systems implementation issues appear likely to continue, but coverage moving forward
  – Reformed insurance markets and coverage impact will take time to sort out
  – Variation across states in health insurance marketplaces, Medicaid expansions, and strategies on health care reform
State Medicaid Expansion Decisions*

Not Moving Forward  
Debate Ongoing  
Moving forward

* State Decisions as of September 3, 2013

Source: Kaiser Family Foundation
Health Insurance Marketplace Decisions

- Federally Facilitated Marketplace
- State Partnership Marketplace
- State Based Marketplace

* Partially Supported by the Federal Government
Payment Reform

• Traditional Approach (Balanced Budget Act of 1997, and the “scored” savings in Affordable Care Act)
  • Squeeze payment rates - lower margin per service
  • Leads to reduction in costs per service but also cost shifting, increased volume, increased intensity, quality and access issues
  • Continued obstacles to coverage of non-traditional services (e.g., telemedicine and other Internet-based services, patient counseling, care coordination)

• Alternative Approach: Reform care + align financing
  • Identify ways to reduce overall costs while improving outcomes
  • Reform financing and regulation to support care reforms – with accountability for better results, lower costs
  • Likely critical for more personalized, prevention-oriented health care involving non-traditional types of services and better integrated care
  • Depends on evidence on quality and costs
Transitioning to Person-Centered Payment

Bundling/Aggregation Across Providers

- Value-based Pathways
- Traditional FFS
- Chemotherapy Management Fee
- Patient-Centered Medical Oncology Homes

Case-Based Physician Payment

- Comprehensive Capitated Payment
- Episode Payment for Physician and Hospital Services
- Episode Payment for Physician Services (Oncology, Radiology, Surgery)
- Oncology ACO
Growing Range of Oncology Payment Reforms

- Clinical Pathways
  - Recommended treatment pathways developed based on guidelines using clinical evidence and expert opinion
  - New case-based payment for adhering to pathways in most of relevant cases (e.g., 80%)
  - Off-pathway care, including costly chemotherapy treatments, may not be reimbursed

- Patient-Centered Oncology Medical Home
  - Meet structure and process criteria for advanced medical home (e.g., NCQA Level III)
  - Additional per-case payment (and possibly up-front payment for infrastructure costs)
  - Shared-savings component

- Bundled Payments
  - Payment for set of oncology-related services moves from fee-for-service to case- or episode-based amount (e.g., chemo administration, routine imaging, and potentially other services – routine care, postacute care, etc.)

- Oncology Accountable Care Organizations
  - Shared savings progressing to partially capitated payment for all services for patient
ACO implementation expanding nationwide

Approximately 450 ACOs*

{Not exhaustive}

Source: Brookings-Dartmouth ACO Learning Network
Alignment across payment reforms

- **Medical Homes for Primary Care**
  - Supports care coord, prevention, chronic disease mgmt, and other key primary-care activities
  - Rewards reductions in primary care-related cost trends

- **Bundled Payments for Specialty/Intensive Care and Post-Acute Care**
  - Combine payments across providers involved in specialty care
  - Rewards greater efficiency and quality within the episode of care

- **Performance-Based Payments for Drugs, Devices**
  - Reimburses improvements in results and reductions in costs for devices and drugs
  - Supports targeting treatments to patients likely to benefit
  - Coverage with Evidence Development

- **Accountable Care (System-wide)**
  - Reimburses population-level improvements in quality and overall per-capita costs
  - Encourages coordination across the continuum of care
  - Can reinforce/ support “piecewise” accountable-care reforms

- **Common core performance measures and a rapid but feasible pathway for improving them to better capture relevant outcomes for patients**
- **Timely and consistent methods for sharing underlying data with providers, suppliers to use with IT and other tools to improve performance**
- **Rapid pilot evaluation and expansion based on evidence**
Bipartisan Medicare Physician Payment Reform

- Permanent SGR Repeal
  - Replaced with flat (zero base update)
- Consolidation of Quality Improvement Payments into Value-Based Performance Payment System
  - Incorporates PQRS, Meaningful Use, and Value-Based Payment Modifier
  - 8% of total physician reimbursement in 2017, increasing to 10% in 2019
- Bonus Payment for Transitioning to Alternative Payment System
  - 5% per year starting 2016
  - Includes 2-sided risk, case-based payments, and other alternatives to fee for service
  - At least 25% of Medicare payments by 2016, up to 50% of Medicare or 50% of total (25% Medicare) by 2018
- Supporting Infrastructure Reforms Needed
  - Development of better performance measures
  - Improved data sharing through registries, health information exchanges, and other decision/information support systems
Addressing Adverse Selection

Broad Participation in Insurance Pools
- Subsidies
- Open Enrollment Periods
- Public Outreach
- Penalty/Tax
- Late Enrollment Penalties
- Default Enrollment
- Limits on Switching from Less Generous/More Generous Plan
- Full Guaranteed Issue/Community Rating Only If Continuously Enrolled

Financial Support
- Risk Adjustment (prospective or retrospective)
- Risk Corridors and Reinsurance
Policy Priorities for Leadership in Health Care Reform

- **Provider Payment Reform**
  - Systematic, multipayer steps needed

- **Consumer/Patient Engagement Reforms**
  - Financial, eg value-based insurance design to align with provider payment reforms
  - Insights from behavioral economics and other studies of consumer behavior

- **Infrastructure and Support for Better Evidence and Quality Improvement**
  - Link to and reinforce steps to obtain consistent performance measures and to give providers and consumers better data for decisionmaking