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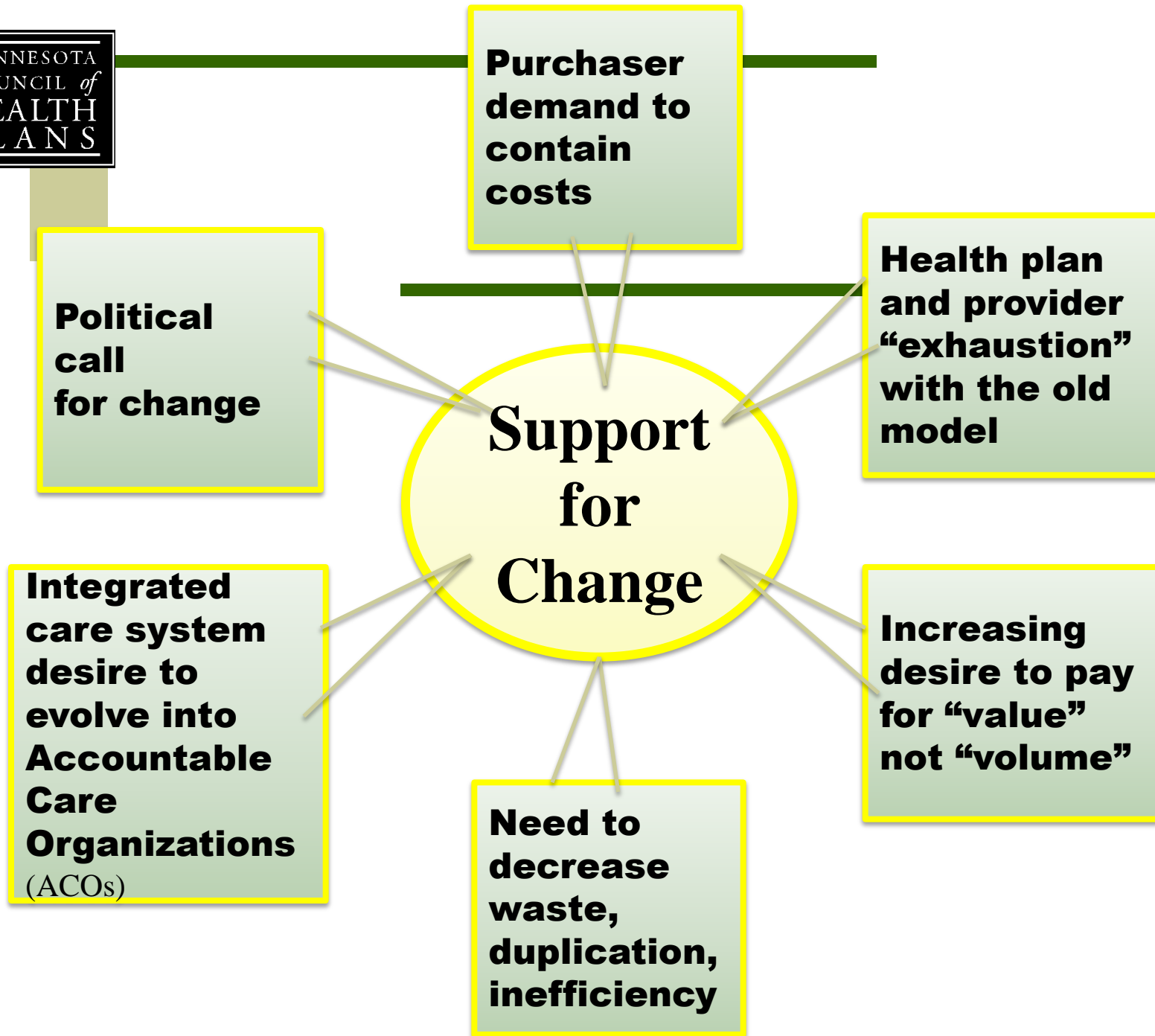
## Pay-for-Performance in Health Care Reform Minnesota's Experience

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# Minnesota's Landscape

- ◆ Providers dominated by large, fully-integrated care systems of hospitals, primary and specialty care physicians and almost all other services
- ◆ Payers comprised of three large and four smaller health plans serving individuals, local and national employer groups, and individuals enrolled in government programs – Medicare and Medicaid
- ◆ High level of interest and involvement by regulators, legislators, employers and consumers



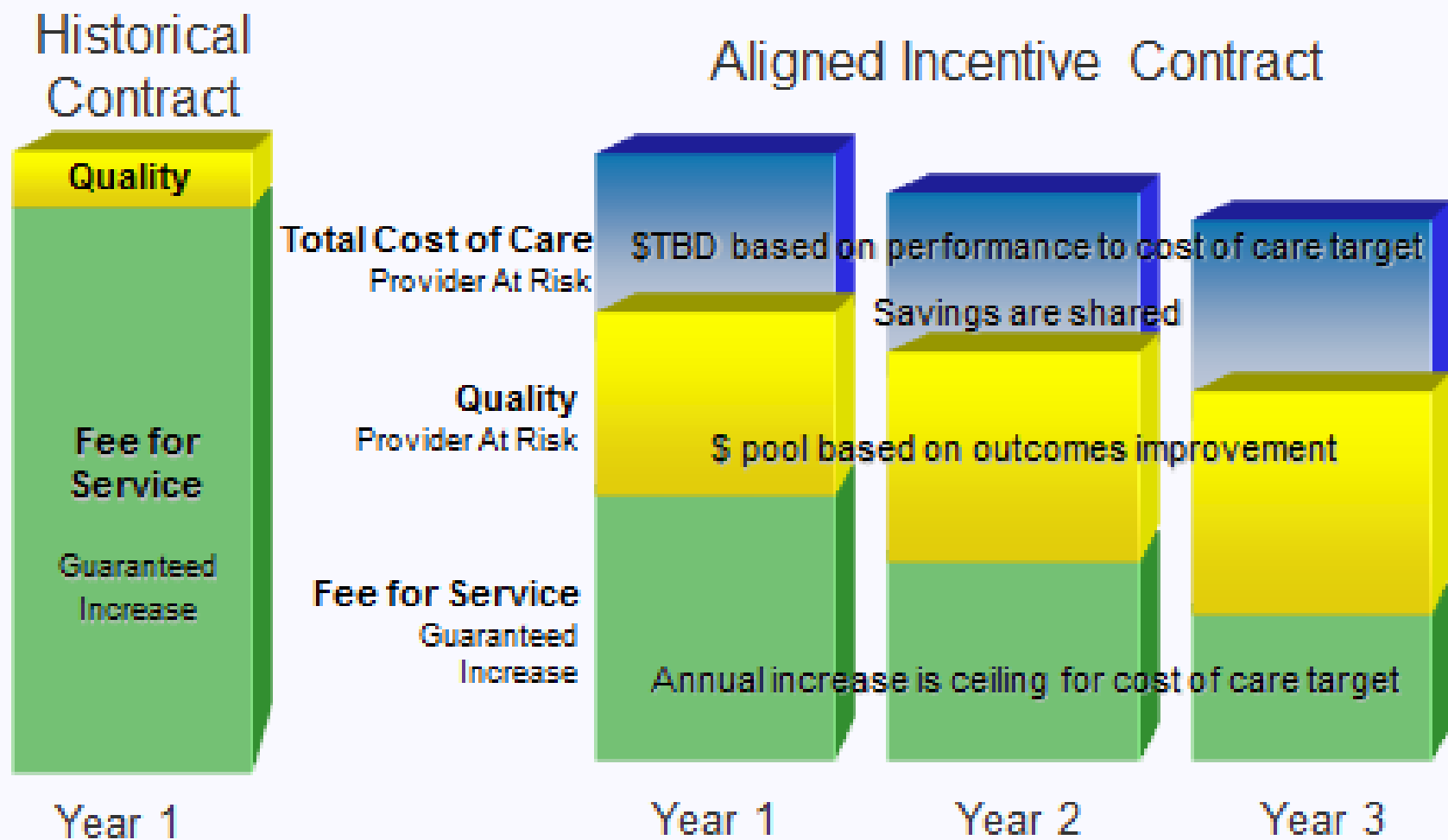
# Provider-Plan Relationships

- ◆ Widespread acceptance of the need for change = higher level of collaboration between providers of care, health plan
- ◆ Example: Blue Cross Blue Shield's "Aligned Incentive" relationship model

# Evolving Relationship Model

Past	Current/Future
<ul style="list-style-type: none"> <li>• Short term contracts</li> <li>• Dominated by unit payment negotiation</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-year contracts</li> <li>• Focus is building relationships which lower cost, improve quality</li> </ul>
<ul style="list-style-type: none"> <li>• Fee-for-service</li> <li>• Discount off charge as a measure of success</li> </ul>	<ul style="list-style-type: none"> <li>• “Value” derived payments</li> <li>• Total cost of care and outcomes as measures of success</li> </ul>
<ul style="list-style-type: none"> <li>• Treating chronic &amp; acute illness</li> </ul>	<ul style="list-style-type: none"> <li>• Preventing illness, maintaining “wellness”</li> </ul>
<ul style="list-style-type: none"> <li>• Limited transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Full transparency, sharing of claims &amp; encounter data</li> </ul>
<ul style="list-style-type: none"> <li>• Negotiation “drives” the relationship</li> </ul>	<ul style="list-style-type: none"> <li>• Relationship “drives” the negotiation</li> </ul>

# ALIGNING INCENTIVES AROUND VALUE



# “Aligned Incentive” Contracting Model

Model incorporates four elements

- ◆ **Member attribution:** Payer assigns enrollees to a care system based on where they received most of their primary care in the past
- ◆ **Risk adjustment:** Adjust cost to reflect the illness burden & complexity of the enrollees assigned to each care system

# Model Elements, continued

- ◆ **Per member per month calculation:**  
Aggregate payments for assigned enrollees; add total cost of care which is aggregate price, type & volume of services regardless of where services took place
- ◆ **Quality incentives:** Payment risk based on 17 quality metrics in 5 categories (chronic illness, prevention & wellness, care integration, safety & utilization)



# Quality Improvement

<b>CHRONIC ILLNESS</b>	<ul style="list-style-type: none"> <li>• Optimal diabetic care (composite measure)</li> <li>• Optimal vascular care (composite measure)</li> <li>• Hypertension control</li> </ul>
<b>PREVENTION &amp; WELLNESS</b>	<ul style="list-style-type: none"> <li>• Breast cancer screening</li> <li>• Colorectal cancer screening</li> <li>• Body mass index (measurement and referral)</li> <li>• Tobacco cessation (measurement and referral)</li> </ul>
<b>PATIENT CARE INTEGRATION</b>	<ul style="list-style-type: none"> <li>• Depression remission rate</li> </ul>
<b>SAFETY</b>	<ul style="list-style-type: none"> <li>• Reduction of elective deliveries &lt; 39 weeks</li> <li>• Reduction in elective c-sections</li> <li>• Hospital-associated deep vein thrombosis/ pulmonary embolus</li> <li>• Pulmonary embolism for knee and hip replacement</li> </ul>
<b>UTILIZATION</b>	<ul style="list-style-type: none"> <li>• Potentially preventable events: admissions, readmissions, complications</li> <li>• Low back pain (MRI, CT, X-ray utilization)</li> <li>• Advanced care directives</li> </ul>

# New Contracts: Aligned Incentives

- ◆ This year, 10 large care systems on new Aligned Incentives Contracts
  - 65 percent of BCBS members in Minneapolis-St. Paul area
  - 33 percent of BCBS members statewide

# Supporting Providers of Care

- ◆ Providers & plan agree on total cost of care & quality outcomes measure details
- ◆ Payment incentives tied to lowering the total cost of care & improving quality
- ◆ Support provider competition based on performance. Health plan products feature providers with low total cost of care & transparency tools for members
- ◆ Provide data, analytics & tools to assist providers in lowering total cost of care

# Early Returns on Aligned Incentive Contracts

## Total Cost of Care results

- ◆ First year early data shows 75 percent of the care systems with the new contract bent their cost trends and will receive shared savings payouts
- ◆ Success was seen in both metro and non-metro health systems

## Quality Improvement results

- ◆ Several care systems made significant improvements in outcomes

# QUALITY IMPROVEMENT

## EARLY RETURNS, 2010-11

Across 9 care systems, 2,000 additional BCB\$MN members reached treatment goals for diabetes, vascular disease, and hypertension

CARE SYSTEM	2010-2011 measures
<b>Care System A</b> <ul style="list-style-type: none"> <li>•Diabetes care</li> <li>•Vascular care</li> <li>•Controlling hypertension</li> </ul>	36.7% - 38.9% 40.0% - 44.5% <b>68.0% - 77.3%</b>
<b>Care System B</b> <ul style="list-style-type: none"> <li>•Breast cancer screening</li> <li>•Colorectal cancer screening</li> <li>•Reduction of elective deliveries</li> <li>•Vascular care</li> </ul>	74.9% - 80.8% <b>45.3% - 61.0%</b> <b>10.3% - 3.0%</b> 57.6% - 47.4%*
<b>Care System C</b> <ul style="list-style-type: none"> <li>•Breast cancer screening</li> <li>•Colorectal cancer screening</li> <li>•Diabetes care</li> <li>•Vascular care</li> <li>•Controlling high blood pressure</li> </ul>	83.0% - 87.1% 49.0% - 70.4% 27.0% - 32.2% 41.0% - 32.8%* 78.0% - 76.7%*

~600 additional BCB\$MN members whose blood pressure is controlled

~5,000 additional BCB\$MN members screened for colon cancer

~300 avoided elective deliveries for BCB\$MN members

Across 9 care systems, quality payments for 2011 were approximately \$32.7M (allocated \$35.6M)



\* Missed target



# Questions

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