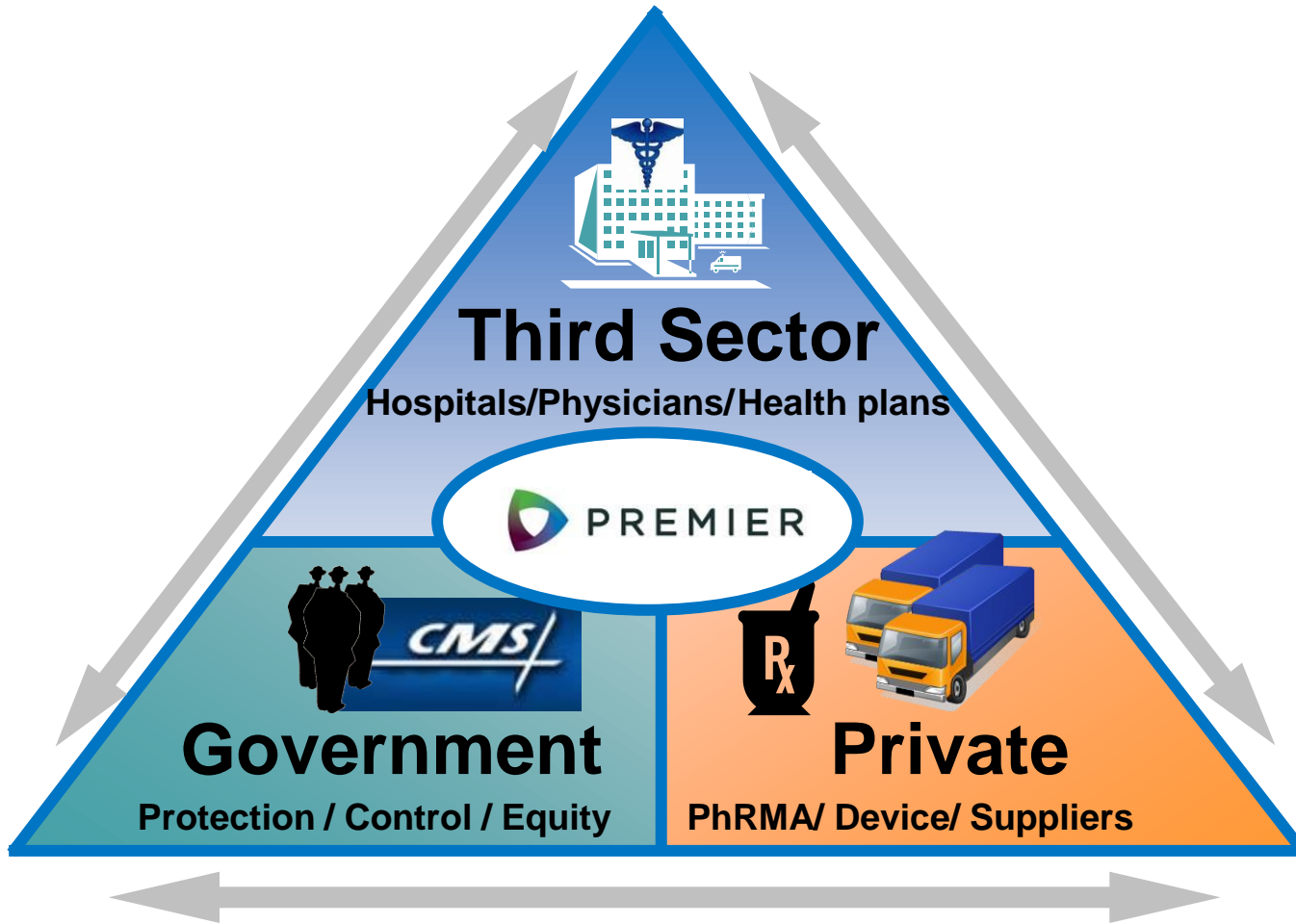# PREMIER | LINKING DELIVERY SYSTEM REFORM AND PAYMENT REFORM
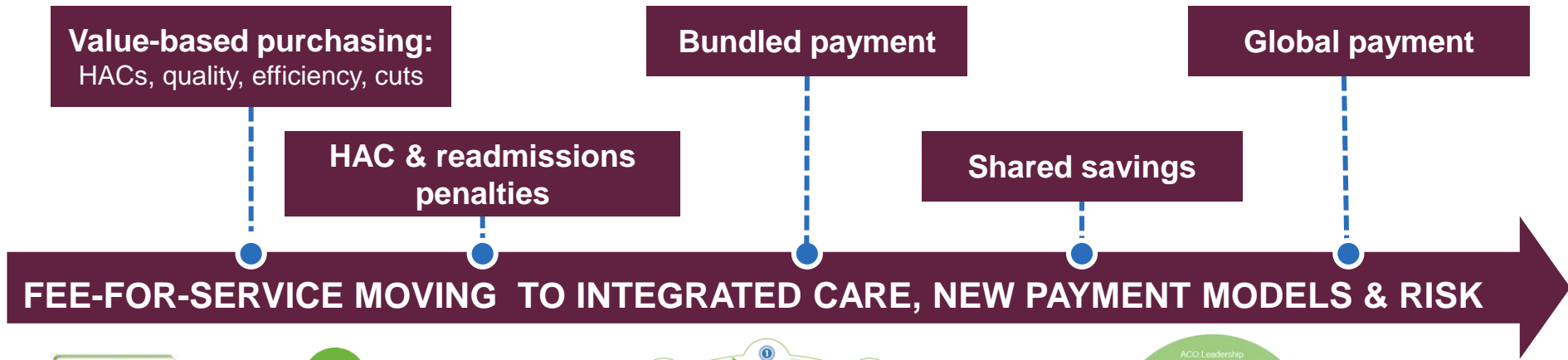
March 11, 2013

**Blair Childs, Senior Vice President
Premier Healthcare Alliance**

The power of national collaboration

Our alliance's strategy to transform healthcare

Value-based purchasing: HACs, quality, efficiency, cuts

HAC & readmissions penalties

Bundled payment

Shared savings

Global payment

FEE-FOR-SERVICE MOVING TO INTEGRATED CARE, NEW PAYMENT MODELS & RISK

High Performing Hospitals
- Most efficient supply chain
- Best outcomes in quality, safety
- Waste elimination
- Satisfied patients

High Value Episodes
- DRG and episode targeting
- Care models and gainsharing
- Data analytics
- Cost management

Population Management
- Population analytics
- Care management
- Financial modeling and management
- Legal
- Physician integration

Collaboratives harness data for performance improvement

QUEST® collaborative *~345 hospitals*	• Largest *performance improvement* collaborative in the U.S. • Evidence-based care, cost, patient experience, harm and readmissions • Nearly 30,000 lives and $7 billion saved in 4 years
Partnership for Patients *~450 hospitals (Premier's HEN)*	• *CMS Innovation Center initiative* • Lower HACs (40%) and excessive readmissions (20%) by the end of 2013 • More than 7% improvement in both in first 6 months
Bundled payment collaborative *~10 hospitals*	• Largest U.S. collaborative focused on *bundled payment* • Identifying, constructing, measuring, operationalizing the bundling of episode-based services across care continuum • 43 markets of Medicare data; 21 major DRG opportunities
PACT™ collaborative *~350 hospitals*	• Building *accountable care capabilities* around six core structural components to improve care delivery while containing costs • Multiple systems in MSSP, Pioneer and other ACO models
Performance improvement research collaboratives	• Tethering the science of change to real-world impact • *Improving quality and reducing costs* in high-impact acute care and population health arenas

Leveraging technology-enabled collaborative methodology to create standard measurements, accountability and process improvements

Informatics brings scalable intelligence

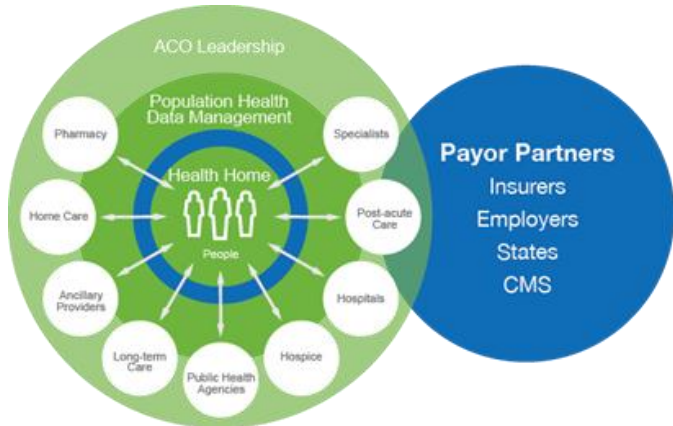| Supply chain	• Uncover savings, manage contracts and identify best practices • ~1,100 participating members • Database captures **23% of all U.S. hospital supply expense**
Labor	• Streamline labor efficiency and reduce costs • ~520 participating members • Data on **$30 billion in direct labor expense**
Quality	• Save lives while reducing costs • ~860 participating members • Database captures **25% of all U.S. hospital discharges**
Safety	• Real-time alerting for infection prevention and medication management • Regulatory reporting for NHSN • **~325 participating members**
Population management	• Data warehouse solution to population mgmt. • Risk stratification, care management targeting, leakage • **Data provided by ~400 payors** being adopted by providers

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Evolution takes different forms

Enablers of this evolution

▷ Integration of providers and payers

▷ Data, measures and technology

▷ Openness to model variation

▷ Partnerships in communities

▷ De-featuring of products and appropriate use by site

▷ Aligned incentives

▷ Patient engagement

▷ Transparency

Barriers and recommendations

Barriers	Recommendations
Misaligned Incentives	• Speed VBP across payment silos • Enact voluntary bundled payment program • Test models in rural areas
Lack of data, identifiers and interoperability	• Fix data use agreements • Implement UDI • Create patient identifiers
Rigid FFS system	• Encourage innovation • Protect Medicare Advantage • Test and scale new models
Burdensome laws and regulations	• Replace the SGR • Streamline and rewrite regulations, e.g., Conditions of participation; cost report; 3-day hospital stay; self-referral, anti-trust and CMP laws, RACs, Z-PICs, MACs
Lack of patient engagement tools	• Measures • Benefit design • Legal waivers