LINKING DELIVERY SYSTEM REFORM AND PAYMENT REFORM

March 11, 2013

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Premier Healthcare Alliance
The power of national collaboration

Third Sector
Hospitals/Physicians/Health plans

Government
Protection / Control / Equity

Private
PhRMA/ Device/ Suppliers
Our alliance’s strategy to transform healthcare

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

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

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<tr>
<th>Collaborative Type</th>
<th>Description</th>
<th>Key Achievements</th>
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| **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 mgmt.| • Data warehouse solution to population mgmt.  
|                 | • Risk stratification, care management targeting, leakage  
|                 | **Data provided by ~400 payors** being adopted by providers |
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

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<tr>
<th>Barriers</th>
<th>Recommendations</th>
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<tr>
<td><strong>Misaligned Incentives</strong></td>
<td>• Speed VBP across payment silos&lt;br&gt;• Enact voluntary bundled payment program&lt;br&gt;• Test models in rural areas</td>
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<td><strong>Lack of data, identifiers and interoperability</strong></td>
<td>• Fix data use agreements&lt;br&gt;• Implement UDI&lt;br&gt;• Create patient identifiers</td>
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<td><strong>Rigid FFS system</strong></td>
<td>• Encourage innovation&lt;br&gt;• Protect Medicare Advantage&lt;br&gt;• Test and scale new models</td>
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<td><strong>Burdensome laws and regulations</strong></td>
<td>• Replace the SGR&lt;br&gt;• 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</td>
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<td><strong>Lack of patient engagement tools</strong></td>
<td>• Measures&lt;br&gt;• Benefit design&lt;br&gt;• Legal waivers</td>
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