New Models of Care Workgroup

Additional Background Information and Future Work

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shaping policy for a healthier state

Agenda

- Overview of New Models of Workgroup charge
- More detailed description of Affordable Care Act (ACA) provisions
- Next steps

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New Models of Care Workgroup Charge

- Charge:
  - Explore new methods of financing care
    - Accountable care organizations
    - Bundled payment
    - Global payment
  - Explore new methods of delivering care
    - Patient centered medical home
    - Coordinated care for chronic illness
    - Medication management

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ACA – New Models of Care Overview

- Center for Medicare and Medicaid Innovation
- Medicare
  - Shared savings program
  - Payment bundling
  - Independence at Home program
  - Hospice
  - Community-based transitions programs
  - Environment health hazards
- Medicaid
  - Health homes for people with chronic illness
  - Payment bundling
  - Global Payment system demonstration project
  - Pediatric accountable care organizations
  - Emergency psychiatric demonstration project
  - Improved coordination for dual eligible beneficiaries

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ACA – New Models of Care Overview (continued)

- Co-location of primary and specialty care in community-based mental health settings
- Community-based interprofessional health teams
- Medication management
- Shared decision making
- Nursing homes
- Medical malpractice

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New Models of Care

- Center for Medicare and Medicaid Innovation
  (Sec. 3021, 10306)
  - Created within the Centers for Medicare & Medicaid Services by January 1, 2011
  - Purpose is to test innovative payment and service delivery models to reduce program expenditures while preserving or enhancing quality of care
  - Some of the new models include: payment and practice reform in primary care (including medical homes), geriatric interdisciplinary teams, care coordination and community-based teams for chronically ill individuals, integrating care for dual eligibles, improving post-acute care, Healthcare Innovation Zones
  - *Appropriates $5 million (FY 2010) for design and implementation of models and $10 billion to implement those models (FY 2011-2019)*

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What is an Accountable Care Organization?

"Networks of physicians and other providers that could work together to improve the quality of health care services and reduce costs for a defined patient population."

EXHIBIT 1

Delivery Systems That Could Become Accountable Care Organizations

Model	Characteristics	Current Examples
Integrated delivery systems	• Own hospitals, physician practices, perhaps insurance plan. • Aligned financial incentives. • E-health records, team-based care.	Geisinger Health System Group Health Cooperative of Puget Sound Kaiser Permanente
Multispecialty group practices	• Usually own or have strong affiliation with a hospital. • Contracts with multiple health plans. • History of physician leadership. • Mechanisms for coordinated clinical care.	Cleveland Clinic Marshfield Clinic Mayo Clinic Virginia Mason Clinic
Physician-hospital organizations	• Nonemployee medical staff. • Function like multispecialty group practices. • Reorganize care delivery for cost-effectiveness.	Advocate Health (Chicago) Middlesex Hospital (Connecticut) Tri-State Child Health Services (affiliated with the Cincinnati Children's Hospital Medical Center)
Independent practice associations	• Independent physician practices that jointly contract with health plans. • Active in practice redesign, quality improvement.	Atrius Health (eastern Massachusetts) Hill Physicians Group (southern California) Monarch HealthCare (southern California)
Virtual physician organizations	• Small, independent physician practices, often in rural areas. • Led by individual physicians, local medical foundation, or state Medicaid agency. • Structure that provides leadership, infrastructure, resources to help small practices redesign and coordinate care.	Community Care of North Carolina Grand Junction (Colorado) North Dakota Cooperative Network

"Health Policy Brief: Accountable Care Organizations. *Health Affairs*, July 27, 2010
http://www.healthaffairs.org/healthpolicybriefs/

Testing New Models of Care (Medicare)

- Shared savings program with qualifying accountable care organizations that meet quality performance standards (beginning in 2012) (Sec. 3022, 10307)
  - HHS Secretary will establish quality performance standards to assess the quality of care furnished by ACOs.
- National pilot program for payment bundling of acute, inpatient and outpatient hospital, physician, and post-acute services under traditional fee-for-service (not later than 2013) (Sec. 3023, 10308)
  - An episode of care defined as the period beginning three days prior to a hospitalization and spanning 30 days following discharge.
  - HHS Secretary will develop episode of care grouper. (Sec. 3003(a)(4))

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Testing New Models of Care (Medicare)

- Independence at Home Demonstration Program (to begin no later than January 1, 2012) (Sec. 3024)
  - Physician and nurse practitioner home-based primary care teams care for high-risk beneficiaries with two or more chronic illnesses, prior hospitalization, and functional dependencies in their homes.
  - Providers may share in savings if they reduce preventable hospitalizations, prevent hospital readmissions, reduce ER visits, improve health outcomes, improve efficiency of care, reduce health care costs, and achieve beneficiary/family caregiver satisfaction.
  - Transfer of $5 million each FY 2010-2015

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Testing New Models of Care (Medicare)

- Hospice Concurrent Care Demonstration Program (Sec. 3140)
  - Directs the HHS Secretary to establish a 3-year demonstration program that would allow patients who are eligible for hospice care to also receive all other Medicare covered services at the same time.
  - The demonstration will be conducted in up to 15 hospice programs and will be independently evaluated to determine whether the program has improved patient care, quality of life, and cost-effectiveness for participating Medicare beneficiaries.

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Testing New Models of Care

- Community-Based Care Transitions Program (Sec. 3026)
  - $500 million (FY 2011-2015) to CMS to support collaborative partnerships between hospitals and community-based organizations that provide improved care transition services to high-risk Medicare beneficiaries
  - Focus on high-risk traditional fee-for-service Medicare beneficiaries with chronic illnesses, including cognitive impairment, depression, and history of multiple readmissions
- Coverage of environmental health hazards (Sec. 10323; FYI to Prevention Workgroup)
  - Pilot program to provide innovative approaches to furnishing comprehensive, coordinated, and cost-effective care to individuals affected by environmental exposure to asbestosis or mesothelioma
  - Competitive grant program for hospitals, CHCs, NCI-designated cancer centers, state/local government, and non-profits to screen at-risk individuals for environmental health conditions

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Testing New Models of Care (Medicaid)

- State option: Health homes for people with chronic illness
  (Effective Jan. 1, 2011; Sec. 2703)
  - A health home is a designated provider (including a provider that operates in coordination with a team of health care professionals) or a health team selected by an eligible individual with chronic conditions to provide health home services.
  - Health home services include comprehensive care management, care coordination and health promotion, patient & family support
  - 90% match for payments to health homes for eight FY quarters; total amount of payments made to states shall not exceed $25M
- Bundled payment demonstration project for up to 8 states for episode of care that includes a hospitalization
  (Effective January 1, 2012 to December 31, 2016; Sec. 2704)

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Testing New Models of Care (Medicaid)

- Global Payment System Demonstration Project (Sec. 2705)
  - Up to five participating states will adjust the payments made to an eligible large safety net hospital system or network from a fee-for-service payment structure to a global capitated payment model.
  - The Center for Medicare and Medicaid Innovation will test and evaluate the demonstration project to examine any changes in health care quality outcomes and spending by the eligible safety net hospital systems or networks.
  - Effective FY 2010-2012.
  - Authorizes such sums as necessary.

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Testing New Models of Care (Medicaid)

- Pediatric ACO Demonstration Project (Sec. 2706; authorizes such sums)
  - Allows pediatric medical providers that meet specified requirements to be recognized as an accountable care organization for purposes of receiving incentive payments
  - Effective January 1, 2012 to December 31, 2016.
- Emergency psychiatric demonstration project for up to 3 years (Effective FY 2011-2015; Sec. 2707)
  - Payment to private Institutions of Mental Diseases (IMD) for Medicaid eligibles ages 21-64 who need emergency medical care to stabilize threats to self or others
  - Appropriates $75 million for FY 2011-2015 for FMAP for participating states

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Testing New Models of Care (Medicaid)

- Improved coordination for dual-eligible beneficiaries
  - Clarifies Medicaid 5-year demonstration authority for coordinating care (Sec. 2601)
  - Creation of the Federal Coordinated Health Care Office within CMS to align access, quality, care continuity, and benefits for dual-eligibles. (Sec. 2602)

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Testing New Models of Care

- Co-location of primary and specialty care in community-based mental and behavioral health settings.
  (HHS Secretary will award grants to establish demonstration projects. Authorizes $50M in FY 2010 and such sums as necessary in FY 2011-2014; Sec. 5604)
- Community-based interdisciplinary, interprofessional health teams to support patient-centered medical home
  (HHS Secretary will establish grant program. Authorizes sums necessary. Sec. 3502, 10321)
- HHS Secretary shall establish grants or contracts to provide medication management for people with 4 or more medications, high risk medications, and/or chronic diseases to improve quality of care and reduce overall costs. (Authorizes sums necessary, Sec. 3503, 10328)

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Testing New Models of Care

- Program to facilitate shared decision-making (Sec. 3506)
  - Facilitate collaborative processes between patients, caregivers, or authorized representatives and clinicians
  - Provide information on trade-offs among treatment options.
- Nursing Homes Demonstrations (Sec. 6114)
  - Two 3-year demonstration projects by March 2011 to develop best practice models for culture change and use of information technology to improve resident care
- Medical Malpractice (Sec. 6801, 10607; Authorizes $50M for 5-year fiscal period beginning FY 2011)
  - The HHS Secretary is authorized to award demonstration grants to states for the development, implementation, and evaluation of alternatives to current tort litigation for resolving disputes over injuries allegedly caused by health care providers or health care organizations.

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Next steps

Workgroup will consider:

- Developing principles to promote testing new models of care
  - Innovative approaches to bending the cost curve
  - Building on existing strengths in North Carolina
  - Prioritizing resources for primary care and prevention

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Next steps

Workgroup will consider:

- Which payment and service delivery models can succeed
  - Promoting broad payment and practice reform in primary care
  - Contracting directly with groups of providers of services and suppliers
  - Utilizing geriatric assessments and comprehensive care plans to coordinate care
  - Transitioning from fee-for-service to salary-based payment
  - Supporting care coordination for chronically-ill individuals at high risk of hospitalization through a health information technology-enabled provider network
  - Establishing community-based health teams
  - Allowing states to test and evaluate fully integrating care for dual eligibles
  - Defining Healthcare Innovation Zones

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Next steps

Workgroup will consider:

- What opportunities are on the horizon
  - What are the key needs and grant opportunities for North Carolina?
  - What is likely to come out from the Center for Medicare and Medicaid Innovation?

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Useful Resources

- Patient Protection and Affordable Care Act

  (HR 3590 signed into law March 23, 2010)

  http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h3590enr.txt.pdf

- Health Care and Education Reconciliation Act of 2010

  (HR 4872 signed into law March 30, 2010)

  http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h4872eh.txt.pdf

- Kaiser Family Foundation

  http://www.kff.org/healthreform/upload/8061.pdf

- Congressional Budget Office

  http://www.cbo.gov/ftpdocs/113xx/doc11379/Manager'sAmendmenttoReconciliationProposal.pdf
  http://www.cbo.gov/ftpdocs/114xx/doc11490/LewisLtr_HR3590.pdf
  http://www.cbo.gov/ftpdocs/114xx/doc11493/Additional_Information_PPACA_Discretionary.pdf

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