Employers Are In The Driver's Seat: Choose The Road To Better, More Affordable Health Care

Suzanne F. Delbanco, Ph.D.
sdelbanco@catalyze.org
Executive Director
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About CPR

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An independent non-profit corporation **working to catalyze employers, public purchasers and others** to implement strategies that produce higher-value health care and improve the functioning of the health care marketplace.

15M+ covered lives, $80B+ annual health care spend

- 32BJ Health Fund
- Aircraft Gear Corporation
- Aon
- Arizona Health Care Cost Containment System (Medicaid)
- AT&T
- CalPERS
- Compassion International
- Covered California
- Equity Healthcare LLC
- General Motors
- Group Insurance Commission, MA
- Hilmar Cheese Company, Inc.
- The Home Depot
- Independent Colleges and Universities Benefits Association
- Mercer
- Miami University (Ohio)
- Ohio Department of Medicaid
- OhioPERS
- Pennsylvania Employees Benefit Trust Fund
- Pitney Bowes
- Qualcomm Incorporated
- San Francisco Health Service System
- Self-Insured Schools of California
- South Carolina Health & Human Services (Medicaid)
- Teacher Retirement System of Texas
- TennCare (Medicaid)
- Unite Here Health
- Walmart Inc.
- Washington State Health Care Authority
- Wells Fargo & Company
- Willis Towers Watson

CPR's Goals

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Each year there will be a **meaningful increase** in the portion of payments flowing through methods proven to improve value.

Health care purchasers will be more **educated and activated** on the use of high-value health care purchasing strategies.

Through greater visibility and effective policies, the **health care marketplace will be more competitive**, cost conscious (or cost constrained) and responsive to the needs of those who use and pay for health care.

How We Deliver On Our Shared Agenda

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Education
Resources on a variety of topics for employers and health care purchasers including online courses and webinars.

Tools & Support
Resources to help purchasers design, implement, and evaluate health care purchasing strategies.

Coordination
Aligned sourcing, collaboratives and membership for purchasers to push collectively on the system to deliver better value.

Research & Analysis
Scorecards, report cards, and white papers contributing to the national dialogue on behalf of health care purchasers.

The Health Care Marketplace Isn't Working

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- Imbalances of power between supply side and buy side – insufficient competition
- Shopping is too complex for most end users
- Prices continue to outpace inflation
- Price and quality uncorrelated

Photo credit: Renate Vanaga

Over The Last 20 Years, Purchasers Have Laid New Foundations

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- **Standard quality measurement and public reporting** sparked by The Leapfrog Group
- **Payment reform** movement in private sector sparked by CPR; today at least 60% of spending is tied to quality
- **Price transparency** movement sparked by CPR; prices are slowly becoming more transparent to those who use and pay for health care

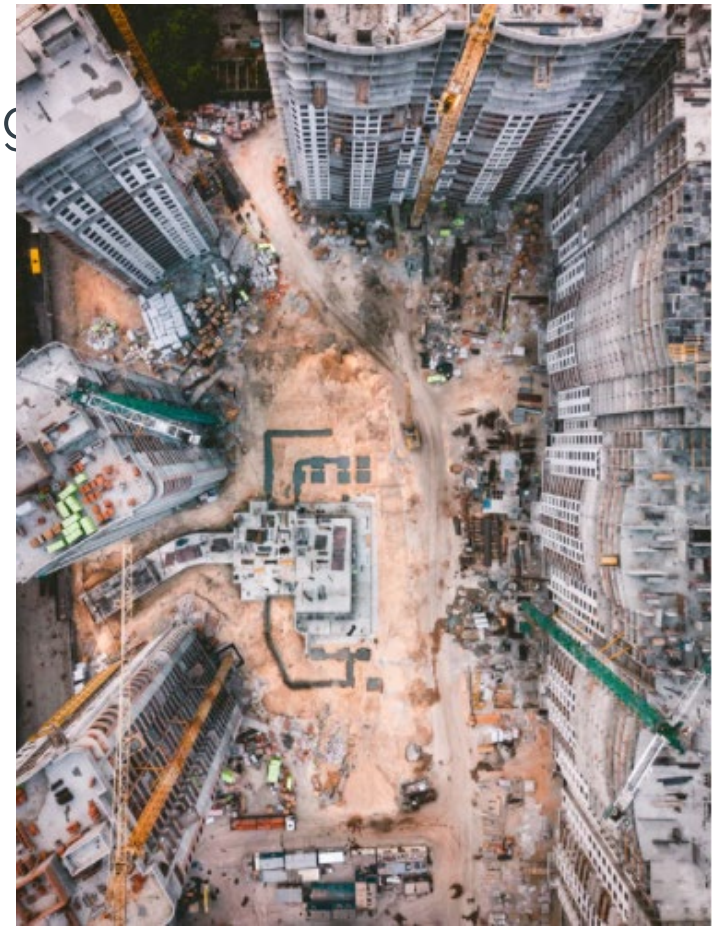
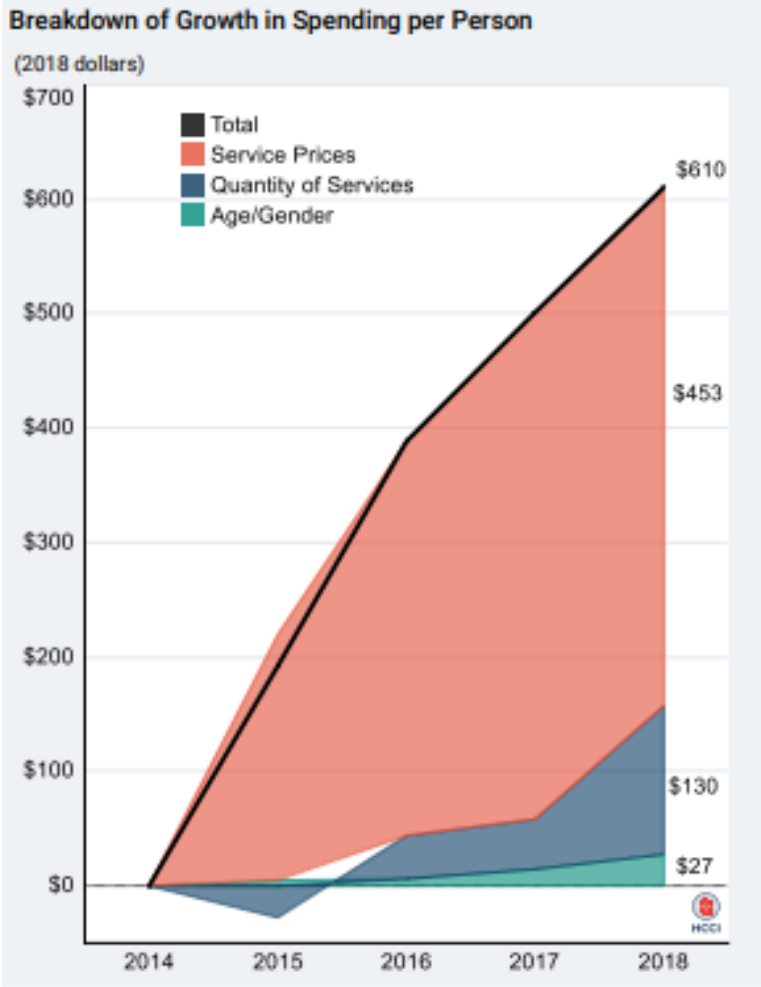


Photo credit: Ivan Bandura

But It's Not Enough

- Prices have continued to rise
- Higher prices accounted for 74% of total spending increases above inflation over the 5-year period



Health Care Cost Institute, 2018

Fewer Americans Feel They Can Afford Healthcare

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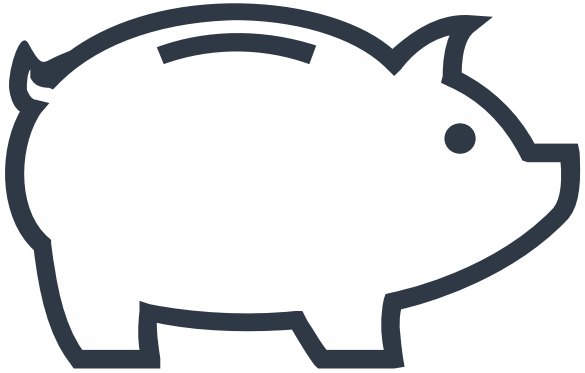
Unmet Care Due to Cost



Percent of adults with commercial coverage who went without care due to cost

'13	'16	'17
7.5%	9.5%	9.7%

(Lower is Better)

Analysis by Catalyst for Payment Reform 2019, BRFSS data (CDC) 2013-2017

Quality Has Not Improved According to Key Indicators

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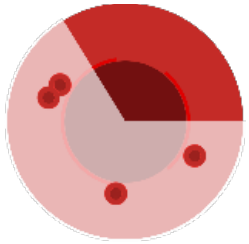
HbA1c testing

'12	'13	'16	'17
89%	89%	90%	90%

(Higher is better)

HbA1c poor control



'12	'13	'16	'17
31%	34%	38%	36%

(Lower is better)

Source: NCQA HEDIS© 2019; Notice of Copyright & Disclaimer Information Available

Cesarean Sections

Women with low-risk* pregnancies had cesarean sections

*NTSV

'16	'17
25.8%	26.3%

(Lower is better)

Source: The Leapfrog Group, 2019

High-Value Benefit Designs are Taking Off; But Not Yet Prevalent

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High-value benefit designs encourage consumers to seek the right services.

22% of employers reduce out of pocket costs for high value services

10% increase costs for services that are overused

*2020 Willis Towers Watson Health Care Delivery Survey

Not Enough Provider Network Designs Are Discerning

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Not all providers are the same and restricting choice can mean better, more affordable care and **stimulate competition** among providers

High-value benefit designs encourage consumers to seek care from providers **at the intersection of high-quality and low-cost.**

18% of employers offer a high performance or narrow network

*2020 Willis Towers Watson Health Care Delivery Survey

Many Purchasers Have Delegated Too Much to TPAs/Carriers

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- Many TPAs and carriers who have provider networks are conflicted – Who is their customer? The purchaser or the provider? They do not share the purchaser's priorities.
- These TPAs and carriers may have restrictions built into their contracts with providers that constrain them from offering purchasers high value strategies
- Consolidation among TPAs/carriers nationally has reduced competition and thus the need to innovate
- There may be strong opportunities for purchasers in direct relationship with health care providers

Photo credit: Agni B.

Provider Consolidation Reduces Purchasers' Market Power

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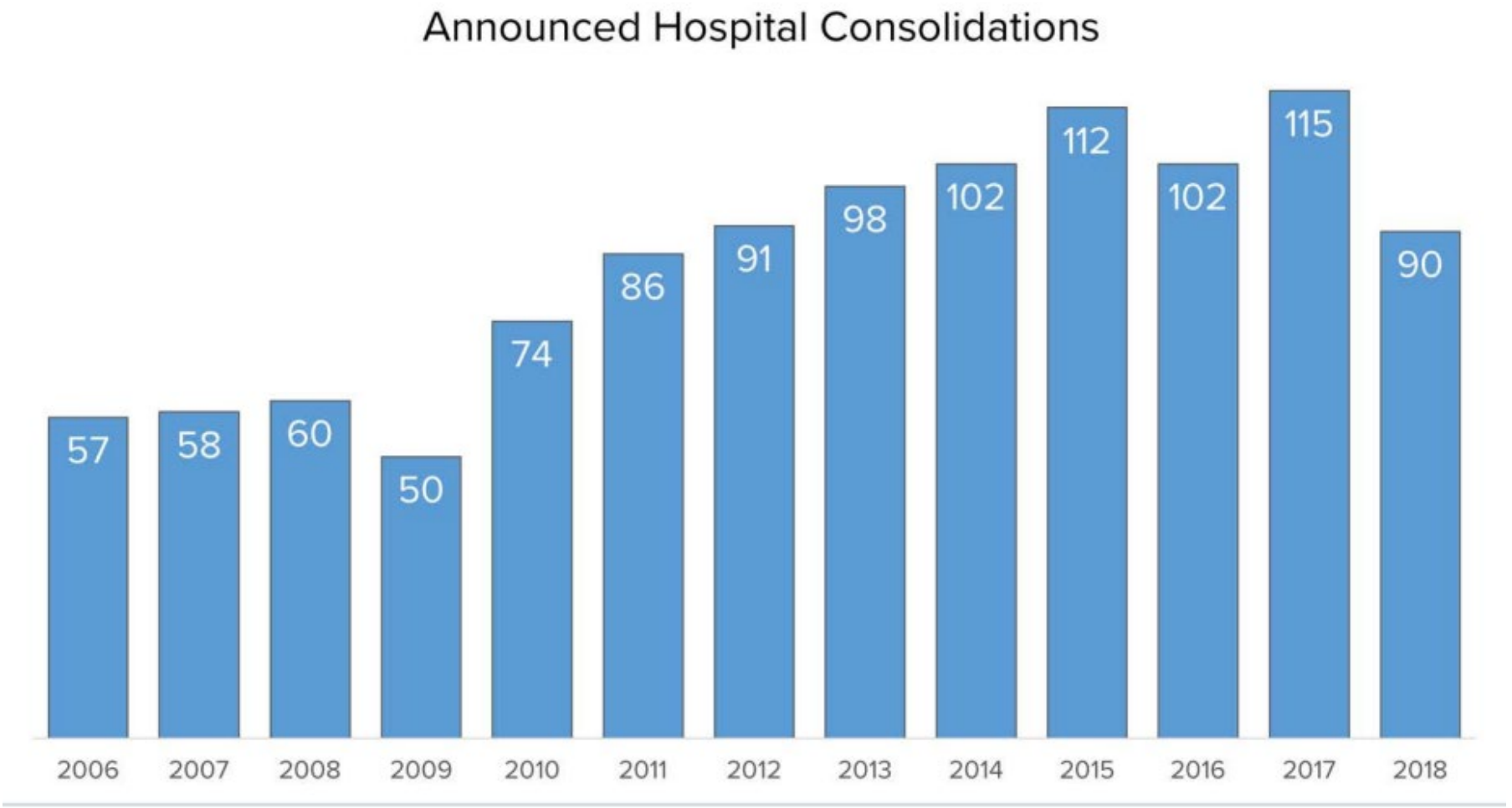

https://nihcm.org/assets/articles/nihcm-consolidation-charts-updated-010920.pdf

Provider Consolidation Reduces Purchasers' Market Power

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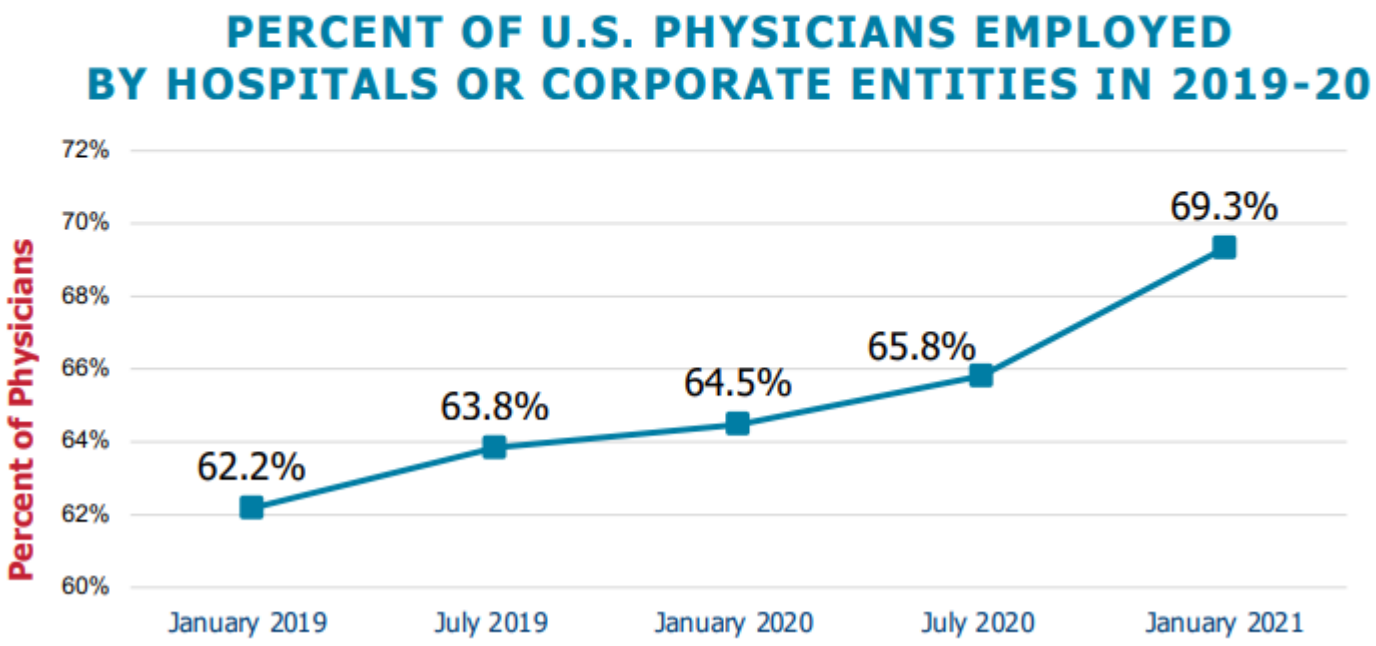
National Trends: Nearly Seven in Ten Physicians Employed by Hospitals or Corporate Entities at the End of 2020



http://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/Revised-6-8-21_PAI-Physician-Employment-Study-2021-FINAL.pdf?ver=K6dyoekRSC_c59U8QD1V-A%3d%3d

We Haven't Yet Gotten Payment Reform Right

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Payment reform: a range of health care payment models that use payment to promote or leverage greater value for patients, purchasers, payers, and providers.

Spectrum of Health Care Provider Payment Methods

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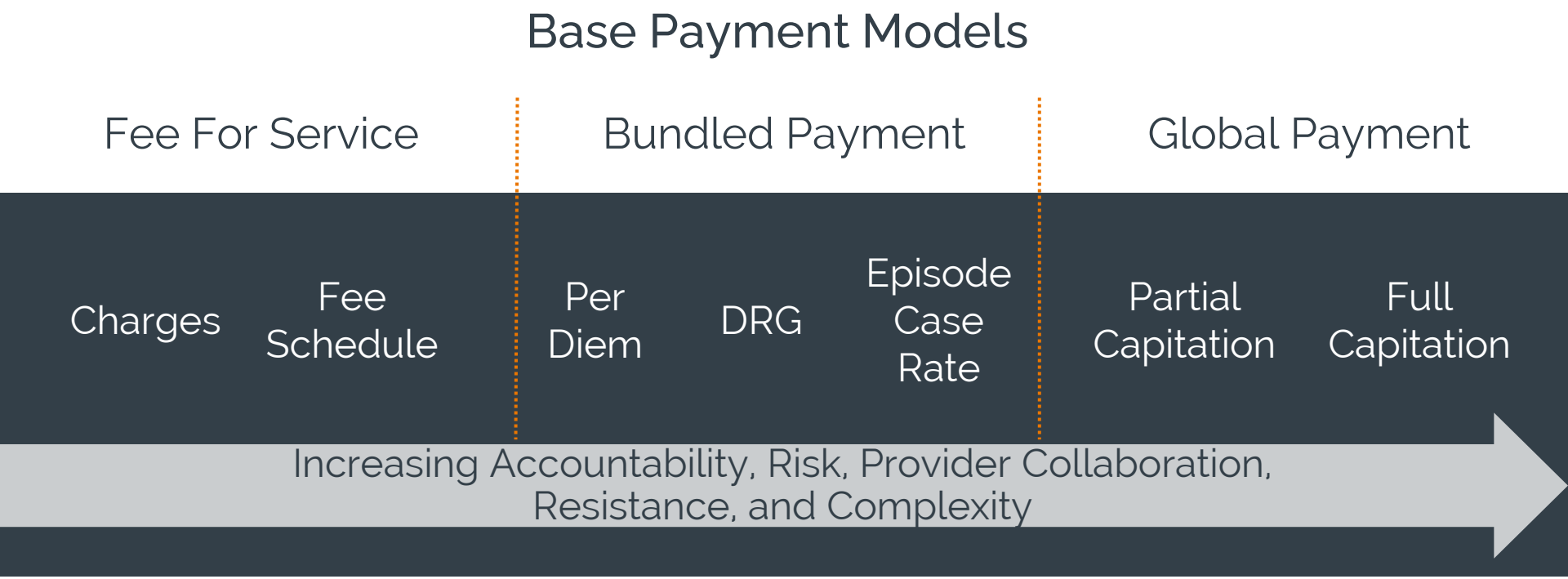

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Performance-Based Payment or Payment Designed to Cut Waste
(financial upside & downside depends on quality, efficiency, cost, etc.)

Fee For Service Still Prevalent; Links to Quality Less So

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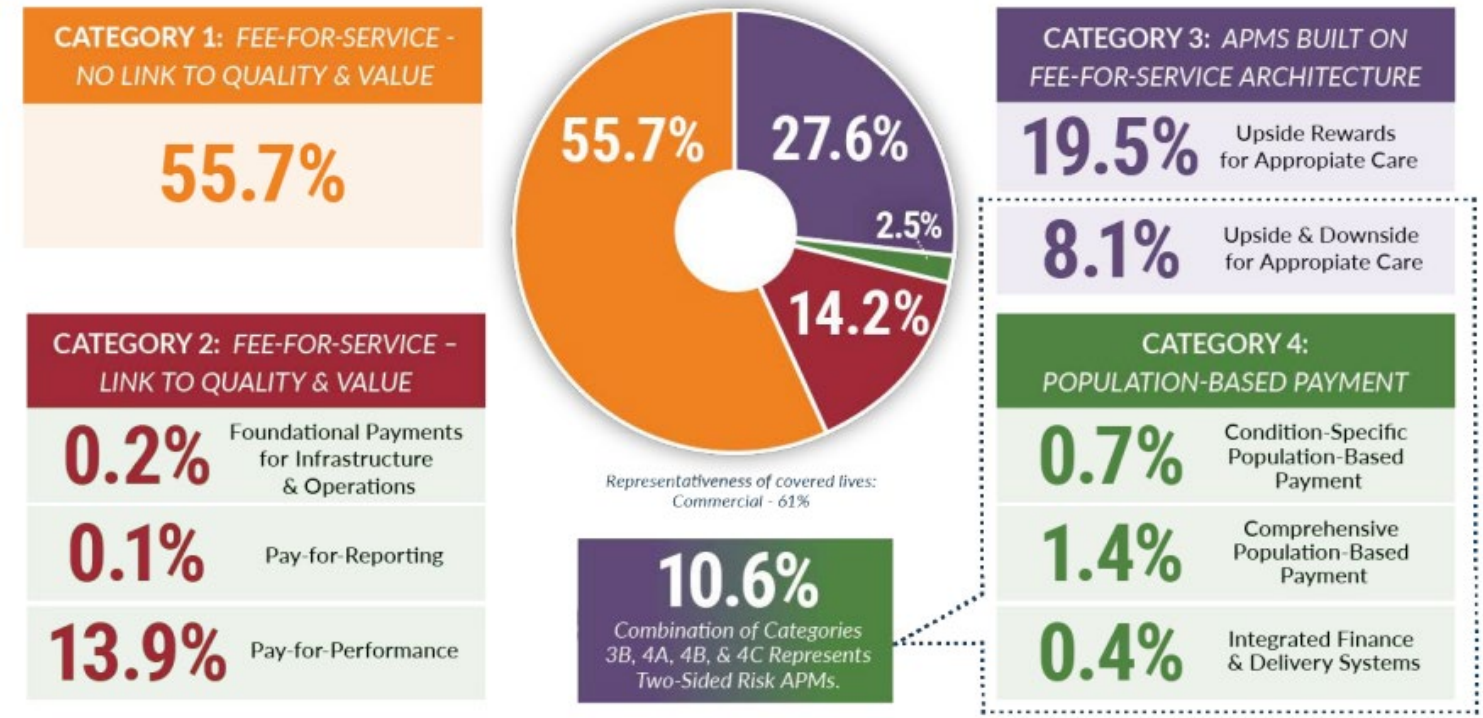
- Just 2.5% of payments do not start with fee for service
- Only 44% of payments are tied to quality
- Of the payments linked to quality, the vast majority offer carrots – no sticks



Same Payment Methods Means the Same Provider Behavior

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If we want providers to change how they deliver care, we can't keep paying the same way and expecting them to improve...

- When we pay a la carte for each service – we get providers to deliver more services
- If we want better outcomes at lower costs, we need to pay accordingly.

Photo credit: Sunrise Photos

Examples of Different Payment Methods Improving Value

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RESEARCH ARTICLE | CONSIDERING HEALTH SPENDING

HEALTH AFFAIRS > VOL. 40, NO. 3: NURSING HOMES, COVID-19 & MORE

CONSIDERING HEALTH SPENDING

An Employer-Provider Direct Payment Program Is Associated With Lower Episode Costs

Christopher M. Whaley, Christoph Dankert, Michael Richards, and Dena Bravata

Carrum Health bundles services into episodes, providers bill as a team, payment includes accountability to improve outcomes, pays providers immediately

- Independent study by RAND of 8 employers' experience
- Episode prices for spinal fusion, joint replacement and weight loss surgery declined by an average of $4,229, a 10.7% relative reduction.
- Patient cost-sharing payments decreased by $498 per episode (a 27.7% relative decrease)
- Fewer readmissions: about 80% less than national average

Examples of Different Payment Methods Improving Value

Photo credit: Andrea Niosi

- Pacific Business Group on Health blended payment – paid the same for births delivered vaginally or through c-section – this reduced c-sections by 20%, saving $5,000 for each one averted

- Pennsylvania Employees Benefit Trust Fund paid bundles for joint replacements, which reduced outpatient spending

Examples of Different Payment Methods Improving Value

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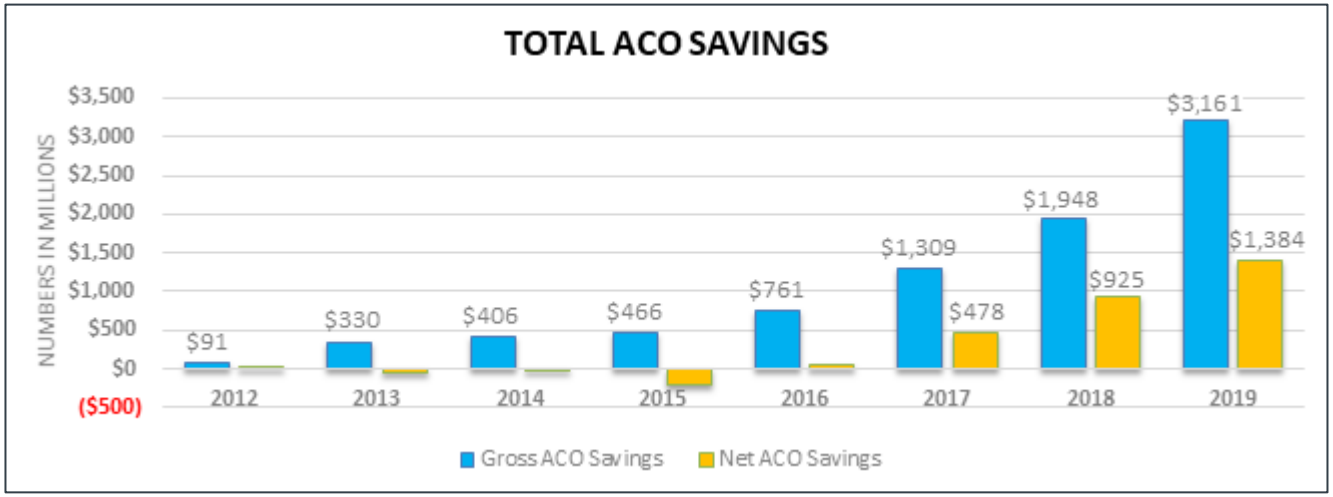
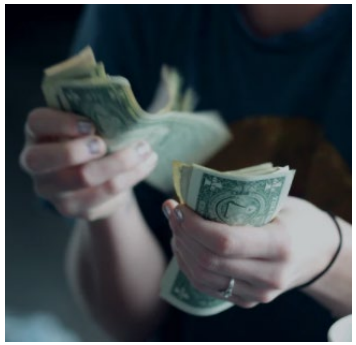
Medicare Shared Savings Program (MSSP)

- Performed better on savings over time.
- Scored well or better on measures of quality, including receipt of preventive services, declines in hospital readmissions, and patient/caregiver experience
- ACOs taking on downside risk have greater reductions in spending than those taking on upside risk only.



Source: https://www.naacos.com/highlights-of-the-2019-aco-program-results

How Much Can Employers Fix?



Up your purchasing game

- Adopt benefit designs
- Insist on effective payment reforms
- Be willing to eliminate low=value providers
- Continue to join forces with other employers, such as through the Alliance

Pressure the broader marketplace to evolve in the right directions by

- Using your purchasing dollars and
- Advocating for effective policies

Where Do We Need Policy Intervention?

Photo credit: Markus Spiske

- Current market dynamics mean the playing field is not level – market forces have failed
- There is too little antitrust enforcement to address these imbalances alone

Where Do We Need Policy Intervention?

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Key policies could help to level the field and enhance competition. Some examples include:

- Federal transparency and surprise billing laws
- Rhode Island caps on increases in the prices health plans pay providers
- California's ban on gag clauses
- Massachusetts ban on payer-provider contract provisions that prohibit steering patients to particular providers or tiering providers as well as "most favored nation" clauses
- Oregon's Coordinated Care Organizations replacing traditional managed care plans

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THANK YOU

Suzanne Delbanco, Ph.D.
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