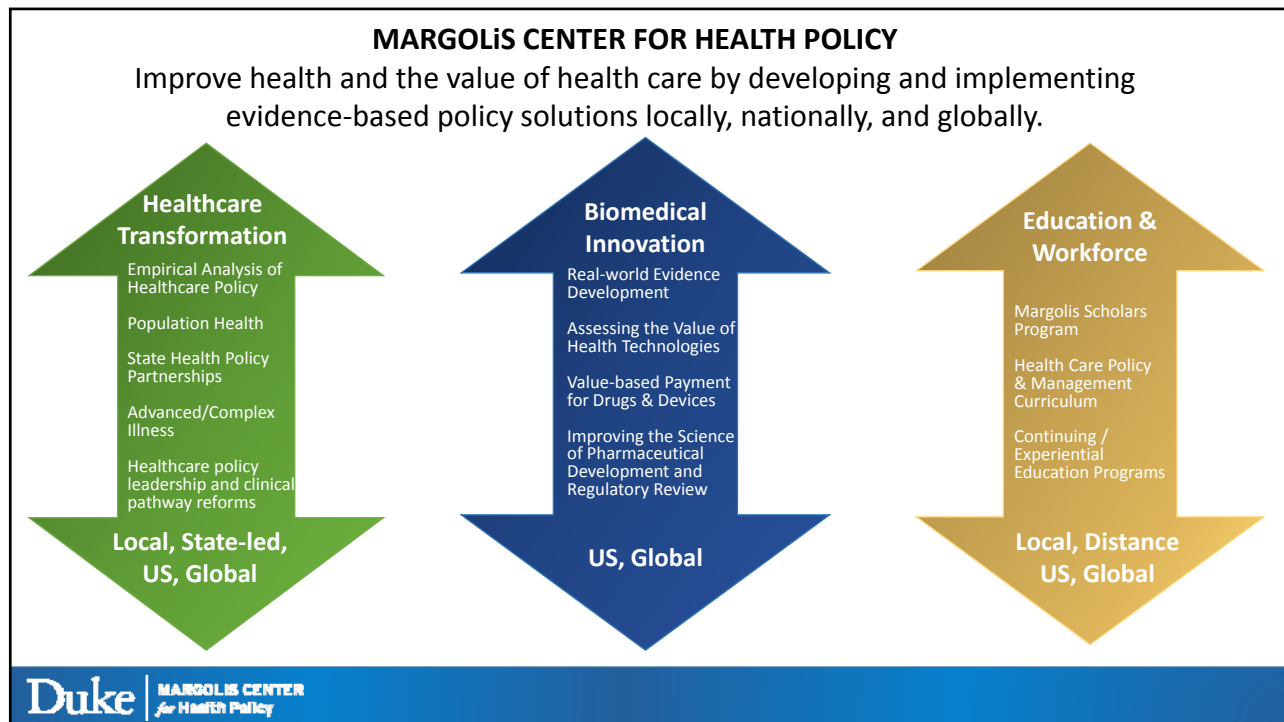


# Updates and Outlook for Population Health Reform

Mark McClellan, MD PhD  
Duke-Margolis Center for Health Policy

## Topics

- Introduction to the Duke-Margolis Center for Health Policy
- Health policy reform and health care reform in 2018
- Evidence and next steps on population health reform



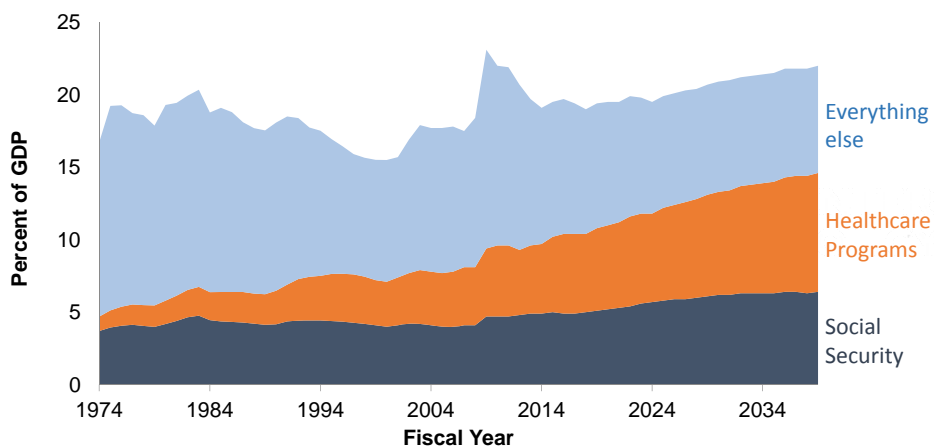
## Duke-Margolis Curriculum on Policy and Management for High-Value Health Care

- Topics and Learning Objectives
  - Introduction: Imperatives and Challenges in Moving to Value
  - Payment Reform to Support Health Care Transformation
    - Accountable Care Organizations
  - Patient-Centered Care Initiatives: Primary Care
  - Patient-Centered Care Initiatives: Specialized Care
  - Health Care Delivery System Design for Value-Based Care
  - Data, Measurement, and Analytics to Support High-Value Care
  - Aligning Health Technologies with High-Value Care
  - Integrating Social Determinants of Population Health
  - Health Care Reforms in a Global Context
- Group Projects on Value-Based Care Reform

## Health Policy Reform Issues for 2018

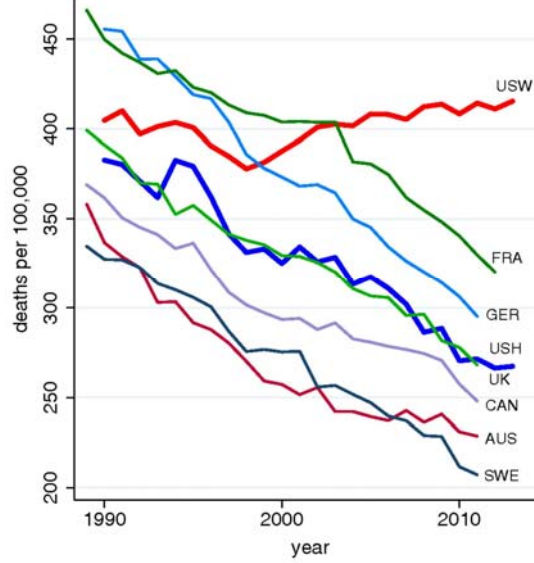
- Further legislation unlikely on ACA "repeal and replace"
  - Outlook for individual insurance markets
  - Medicaid reforms continuing – with some modifications
  - Childrens Health Insurance Program (CHIP) reauthorized for 6 years
- Drug pricing
- Opioids and mental health
- Improving value and value-based payment reforms – with state focus

## Healthcare and the Federal Budget



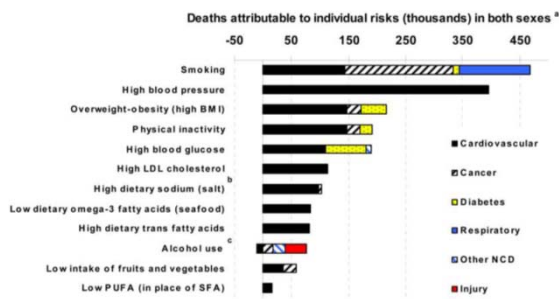
Source: Congressional Budget Office, 2016 Long-Term Budget Outlook.

Death rates have risen for specific American populations

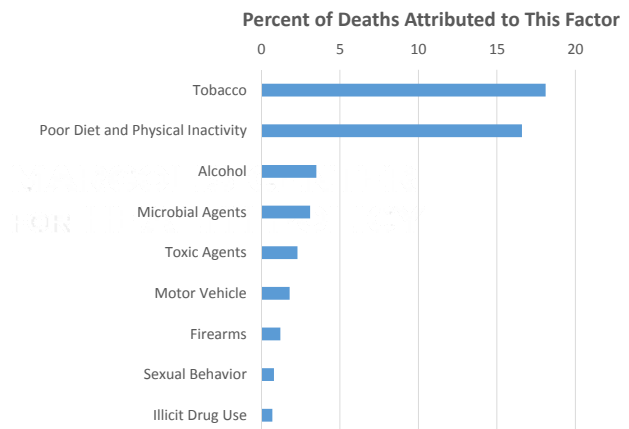


Source: Case and Deaton *PNAS* 2015

## Almost Half of Deaths Are Preventable

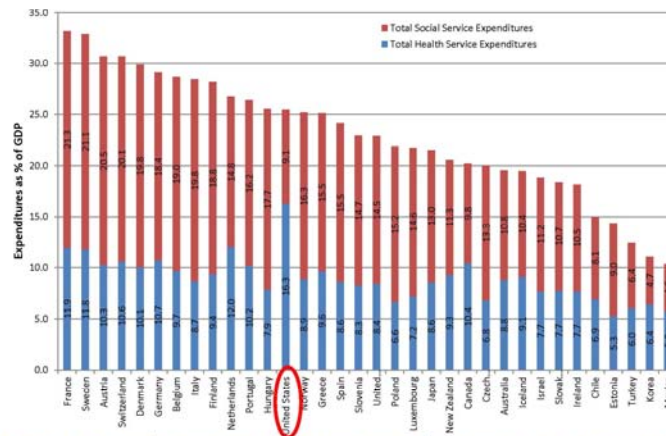


Danaei G, Ding EL, Mozaffarian D, Taylor B, Rehm J, et al. (2009) *PLoS Med* 6(4): e1000058.



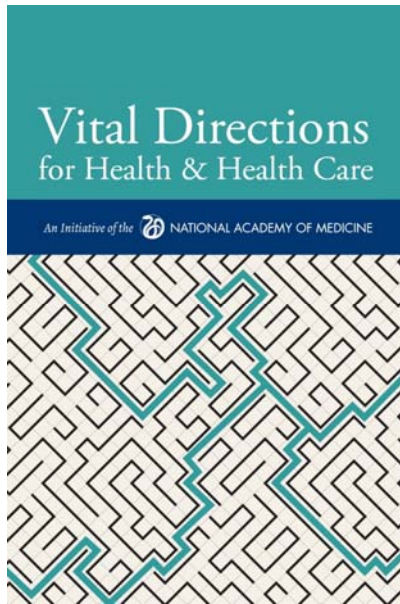
Mokdad, Marks, Stroup, Gergerding. *JAMA* 2004; 291:1238-1245.

## Total health-service and social-service expenditures for OECD Countries



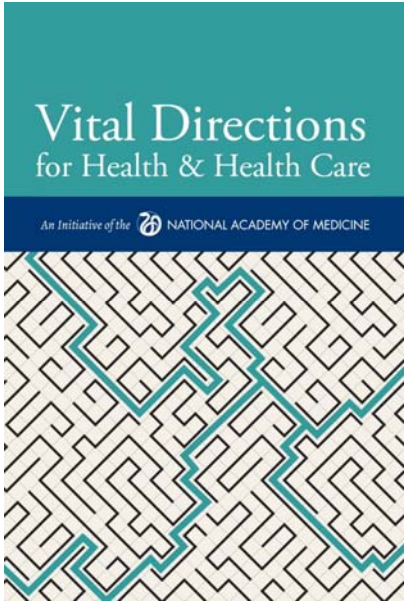
In OECD, for every \$1 spent on health care, about \$2 is spent on social services  
 In the US, for \$1 spent on health care, about 55 cents is spent on social services<sup>6</sup>

Source: Bradley and Taylor, 2013




## Vital Directions for Health and Health Care: National Academy of Medicine Report

- 18 months of collective review, analysis, and deliberation
- Core goals:
  - Better health and well-being
  - High-value health care
  - Strong science and technology
- Commissioned 150+ experts to write 19 discussion papers



**Vital Directions**  
for Health & Health Care

An Initiative of the  NATIONAL ACADEMY OF MEDICINE


### Eight Categories of Recommendations

**ACTION PRIORITIES**

- Pay for value
- Empower people
- Activate communities
- Connect care

**ESSENTIAL INFRASTRUCTURE NEEDS**


- Measure what matters most
- Modernize skills
- Accelerate real-world evidence
- Advance science

 NATIONAL ACADEMY OF MEDICINE

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for Health Policy

## Alternative Payment Models (APMs)

Traditional	“Pay for Performance”	Payment Linked to Patient Not Services Limited	More Complete
\$	🔗	🏛️	👥
<b>Category 1</b> ..... Fee for Service – No Link to Quality & Value	<b>Category 2</b> ..... Fee for Service – Link to Quality & Value	<b>Category 3</b> ..... APMs Built on Fee-for-Service Architecture	<b>Category 4</b> ..... Population-Based Payment



**HCP LAN**  
Health Care Payment Learning & Action Network

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### Value-Based Payment Reform: Shift from Accountability for Services To Accountability for Patient Health and Total Spending

From: supply-led systems, often with volume-based contracts

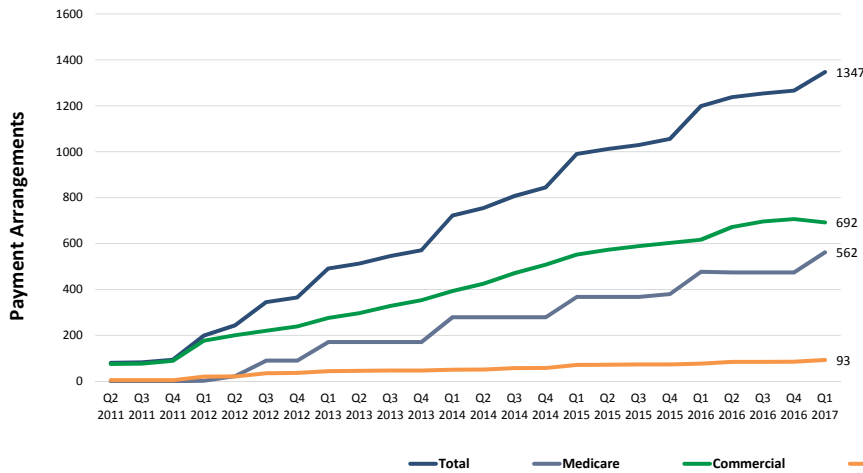
To: demand-driven systems, often with capitated contracts



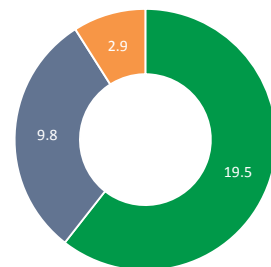
Source: WISH Report 2013

### Accountable Care Organization Growth by Payer Type

Growth in ACO Payment Arrangements by Payer Type



ACO Lives Per Payer (in Millions)



## Alternative Payment Models To Support High-Value Care

### SUPPORTING POLICIES

- Support for sharing data and analytics to improve care
- Performance measures derived from care data and patient reports
- Evidence development on best clinical care models
- Evaluation, modification, and scaling of successful payment and care reforms

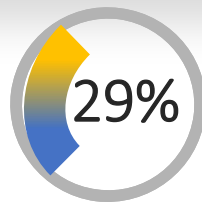
**Medical Home  
Payments  
for Primary Care**

**Bundled Episode  
Payments  
for Specialized Care**

**Accountable Care Organization/  
Population-Level Accountability Payments  
to Support Comprehensive Care**

**Results-Based Payments  
for Drugs and Devices**

## LAN Survey of Health Care Payments



...Of total payments as of late 2016  
in LAN categories 3 & 4



### % of Healthcare Dollars

24%

COMMERCIAL

43%

MEDICARE  
ADVANTAGE

18%

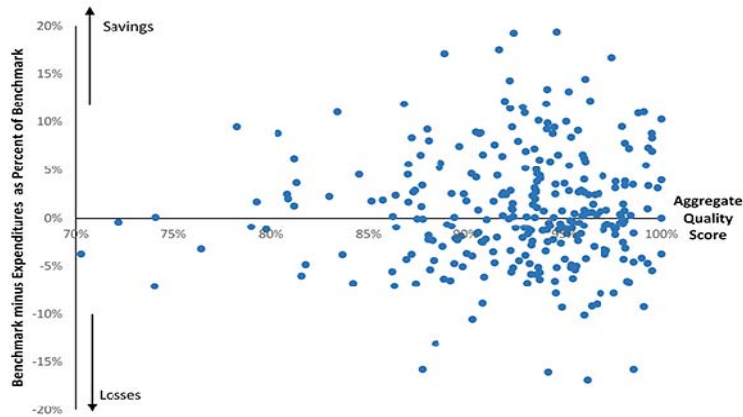
MEDICAID

33%

TRADITIONAL  
MEDICARE



## Most health care organizations not yet succeeding in value-based care models



Source: Muhlestein, Saunders, and McClellan, *Health Affairs* 2017

## New Health Care Organizational Competencies Needed to Succeed in Value-Based Care Models



### Leadership and Governance

- Board, leadership, staff engagement in patient value goals
- Organizational structure reflects patient value focus

### Finance

- Adequate capital to support new care models, risk
- Financial tracking and reform modeling

### Care Models

- Patient centered care pathways
- Longitudinal care coordination and teams
- Continuous quality and safety improvement

### Health IT

- Aligned IT infrastructure
- Key data sharing including patients
- Analytics to stratify and assess care interventions

## New CMS/CMMI Directions for Payment Reform: Work in Progress

- Drugs
- Opioid misuse and treatment
- Voluntary / some potential for mandatory reforms
  - Clarity needed on when mandatory approaches might be used, or voluntary program conversion
- Less burdensome and more predictable for providers
  - Simpler meaningful measures
  - More predictable benchmarks and attribution
- Patient/consumer-focused
  - Transparency and public reporting
  - Shared savings with consumers
- More advanced APM options for specialized care and small physician groups
- Address consolidation
  - ACO/Medicare Shared Savings Program reforms, Direct Primary Care coming
  - More physician-led models
- Specialized care models
  - BPCI - Advanced
  - OCM, CEC reforms
- Reforms through and in collaboration with private plans and states
  - Accountable Health Communities and SDOH screening/connection