



## **WORK SESSION 7**

# **Encouraging Payers and Providers to Support New Payment Systems**

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# Encouraging Participation by Payers

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- ❑ Educate purchasers about the importance of new payment systems
- ❑ Purchasers should give preference to payers that implement new payment systems, and encourage payers to compete on how quickly and efficiently they can implement system changes. (Option 7.1.5)
- ❑ A sufficient number of purchasers should reach agreement with a payer on a new approach so there is a commitment of a critical mass of patients to make it worthwhile for the payer
- ❑ There may need to be a threat of a state mandate requiring payers to use a new payment system



# Reducing Payers' Costs

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- Payers could save money by jointly supporting work of national, state, or regional organizations to develop billing systems, measurement systems, etc. that all payers can use, rather than duplicating development efforts. (Option 7.1.2)
  - Purchasers should demand that payers use systems that are “the same” from the providers’ perspective; it should be up to payers if they want to collaborate on developing the back office functions
  - There may be a need for mechanisms for payer agreement while avoiding antitrust issues



# Encouraging Hospitals and Providers to Support Changes

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- ❑ Educate the community about the need for hospitals and specialty providers to change – be blunt!
- ❑ Payers and providers should collaboratively develop a plan for transition (make changes *with* providers rather than *to* them)
- ❑ Technical assistance should be made available to providers to help them eliminate waste and increase efficiency, so that reductions in revenue will be accompanied by reductions in costs. (Option 7.2.1)
- ❑ Payers should seek to reduce administrative costs and unnecessary regulations imposed on providers, in order to help offset reductions in revenues. (Option 7.2.3)
- ❑ Help hospitals find role in improved primary care that might replace lost revenues



## Other Points Noted:

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- ❑ There will be opportunities for new and desirable hospital/specialist roles if they are willing to pursue them.
- ❑ The goal of payment reform should be increasing value, not protecting providers' revenues or profit margins.
- ❑ Purchasers (employers) will also see value in outcomes such as “return to work,” potentially enabling more dollar savings to be shared with providers.



# How do we help Small MD Practices?

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- ❑ OPTION 7.3.1: Provide technical assistance to small physician practices in understanding how to manage care and finances under new payment models.
- ❑ OPTION 7.3.4: Encourage/assist small physician practices to join together in organizational structures such as independent practice associations that can facilitate quality improvement, create mechanisms for sharing resources, etc.
- ❑ OPTION 7.3.5: Encourage/assist small physician practices to form or join organizational structures that can accept accountability for overall patient outcomes and costs.
- ❑ OPTION 7.3.2: Provide grants to small physician practices to cover all or part of the costs of installing new infrastructure and transitioning to new care models.



# Encouraging Consumer Support

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In addition to encouraging participation by payers and providers, it will be important to encourage consumers support, too