

PILOTING NEW PAYMENT SYSTEMS (A)

Work Session Recommendations

What Should be the Goals of Pilot Projects?

- Difficult to prioritize because innovation may be stifled
- 5.1.1. and 5.1.2. To **test and/or determine whether** costs will be reduced (or that cost increases will be slowed) **while making improvements in quality.**
- 5.1.3. To gain experience with the billing and payment systems to be used to support the payment changes, and to identify and develop solutions to problems and unintended consequences.

What Should be the Goals of Pilot Projects? (cont'd)

- 5.1.4. To gain experience with the care improvements to be supported through the payment changes, and to identify and develop solutions to problems and unintended consequences.
- 5.1.5. Gain experience with changes in patient information and incentives.
- 5.1.6. To test alternative options for specific elements of the program where there is insufficient evidence to make a decision about the best approach.
- 5.1.7. To enable administrative systems to be developed and tested.
- 5.1.8. To begin building any new provider organizational structures needed to accept and manage the new payment structure. **Purchasers not pay for capital investments.**

What Should be the Goals of Pilot Projects? (cont'd)

- Additional goals:
 - 5.1.0. Improve patient-centered care
 - Bringing the various stakeholders together to participate
 - Determine impact on attraction and retention in physician practices
 - Improve access to specialty care
 - To better engage consumers in cost/quality “discussion”
 - Analyze unintended consequences
 - **IMPORTANT:** Each pilot must be very specific with respect to its scope and goals and carefully consider the evaluative component

What Types of Patients/Conditions Should Be the Initial Targets for Pilot Projects?

- Want to encourage practices to make changes that will impact entire patient pool while focusing the evaluation on a specific condition
- The more patients involved, the more payers you will involve – a desired effect
- 5.2.3 includes 5.2.4 - 5.2.7
- Adequate resources in practices must be dedicated to the pilot
- Dramatic measureable impact will spur broad adoption

What Types of Patients/Conditions Should Be the Initial Targets for Pilot Projects? (cont'd)

- 5.2.1. All of the patients being served by the providers participating in the pilot project **with the evaluative component focused on a subset.**
- 5.2.3. Patients/conditions where there is the strongest evidence of overuse, underuse, or misuse of care driven by inappropriate payment incentives.
(encompasses 5.2.4 - 5.2.7)

What Types of Patients/Conditions Should Be the Initial Targets for Pilot Projects? (cont'd)

- 5.2.9. Patients/conditions for whom the majority of payers will participate in the new payment structure.
(penetration/influence)

How Many Providers Should be Included in a Pilot Project?

- Wanting the pilot to succeed vs. wanting to build upon wall of knowledge
- 5.3.2. The proposed payment structure should be tested with a few providers who are willing and able to manage the new structure.
 - It depends on what the pilot is testing; generalizability and scalability are still challenges

To What Extent Should Pilot Projects Be “Budget Neutral?”

- 5.4.2. Pilot projects should be expected to provide cost savings within 2-3 years of implementation, but will likely require higher expenditures initially.
- Many caveats, though.

To What Extent Should Pilot Projects Be “Budget Neutral?” (cont’d)

- Practices are limited in the financial burden they can absorb
- “Held harmless” instead of “budget neutral”
- The nature of a pilot is that it is a test and there may be some “winners” and “losers” – the question becomes who will make the initial investment instead of a matter of budget neutrality
- Evaluative component should look at multiple years
- Budget neutrality should be based on the system, not just the practice or hospital level
- Capital infusion for primary care needs to be offset by savings down the line

How Many Payers Must Be Aligned to Enable Providers to Implement Care Improvements?

- Focus of a pilot should be patient population/volume instead of payers
- Market-by-market consideration; goal is to make it as simple as possible
 - 6.1.6. All or most locally-based payers (both public and private). IDEAL
 - 6.1.4. All of the payers that have sufficient volume to significantly change the revenues and profitability of the providers who would be affected by the new payment system. PENNSYLVANIA
- Be sure to engage purchasers
- 6.1.7 – serve as a model for Medicare