

Lessons Learned from Wisconsin's Partnership for Healthcare Payment Reform

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Overview

- Setting The Stage – Who's Who?
- Early Efforts In Statewide Engagement In Payment Reform In Wisconsin– Who, What, Why, How
- Piloting Bundled Payment – What We Did, How It Went, What We Learned
- Shared Savings Design – What We Did, How It Went, What We Learned
- What's Next?



University of Wisconsin
 Population Health Institute
 SCHOOL OF MEDICINE AND PUBLIC HEALTH



PARTNERSHIP FOR
 HEALTHCARE
 PAYMENT REFORM



WCHQ

Wisconsin Collaborative
 for Healthcare Quality



Robert Wood Johnson Foundation

**Aligning Forces
 for Quality**

Improving Health & Health Care
 in Communities Across America



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WHIO is Mission Driven



WHIO

Knowledge can change the world, and the diverse members of the Wisconsin Health Information Organization (WHIO) are putting shared knowledge into action to improve the transparency, quality and efficiency of health care.

The Wisconsin Health Information Organization is a **voluntary initiative** supported by visionary leaders from **insurance companies, health care providers, major employers and public agencies** who share a commitment to the future of health care.

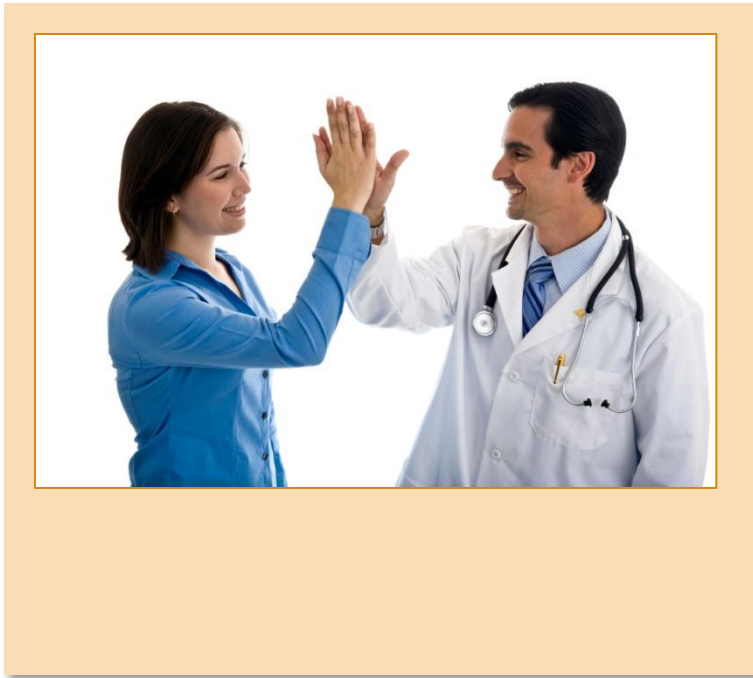
WHIO Data



- WHIO is an **All-Payer Claims Database**, consisting of two years of medical and pharmacy claims information (300M claim lines; > \$70B billed charges)
- Data on **4 million members** covered by 16 payers, including commercial, Medicaid, and Medicare Advantage
- Data is grouped into clinically meaningful **episodes of care** (ETGs), inpatient admits, quality metrics, and disease categories for understanding cost of care, adherence to evidence-based care standards, and disease prevalence

The WCHQ Mission

Wisconsin Collaborative for Healthcare Quality



We publicly report and bring meaning to performance measurement information that improves the quality and affordability of healthcare in Wisconsin, in turn improving the health of individuals and communities.

WCHQ Member Organizations

Wisconsin health systems, physician groups, hospitals and health plans

Representing approximately 60% of Wisconsin primary care physicians and 60% of all Wisconsin physicians

- Access Community Health Centers
- Agnesian HealthCare
- Aspirus
- Associated Physicians
- Aurora Health Care
- Bellin Health
- Beloit Health System
- Columbia St. Mary's
- Dean Clinic/St. Mary's Hospital
- Fort HealthCare
- Froedtert Health
- Group Health Cooperative of South Central WI
- Gundersen Health System
- Holy Family Memorial
- Integrity Health Network
- Marshfield Clinic
- Mayo Clinic Health System: Eau Claire & La Crosse
- Medical College of Wisconsin
- Mercy Health System
- Meriter-UnityPoint Health
- Ministry St. Joseph's Hospital
- Monroe Clinic
- Physicians' Health Network
- Prairie Clinic
- Prevea Health
- Primary Care Associates of Appleton
- ProHealth Care
- QuadMed
- Richland Medical Center
- Sacred Heart Hospital
- Sauk Prairie Healthcare
- Sixteenth Street Community Health Centers
- ThedaCare
- United Hospital System
- UW Health
- Wheaton Franciscan Healthcare
- Wildwood Family Clinic

Early Efforts in Statewide Engagement in Payment Reform

PHPR – In the Beginning...

- November 2009 – WHIO creates **Payment Reform Steering Committee**
- April 2010 – Steering Committee hosts **Leadership Summit**
 - 170 “C – Level” leaders from stakeholder organizations
 - Facilitated by Harold Miller
 - Agreed to form Acute, Chronic, Preventive Care Workgroups to develop pilot projects
- Hypothesis: *The outcomes for patients treated for a specific condition will improve, and costly complications or exacerbations of the patient’s condition will be avoided, if the payment system fosters competition among providers at the level of the medical condition based on the quality of care delivered and the total cost of services.*

Partnership for Healthcare Payment Reform

Our Mission:

The Partnership for Healthcare Payment Reform supports the **voluntary engagement** of Wisconsin's diverse healthcare stakeholders in **assessing, designing, testing and implementing** innovative, comprehensive approaches to **healthcare payment reform** in order to improve the **quality and affordability** of healthcare in Wisconsin and advance the **health** status of Wisconsin residents.

PHPR Received Support from Many Organizations

- The Alliance
- Anthem Blue Cross Blue Shield of Wisconsin
- The Business Health Care Group of Southeast Wisconsin
- Dean Health System
- **Greater Milwaukee Business Foundation on Health**
- Gundersen Lutheran Health System
- Hayward Area Memorial Hospital and Waters Edge
- Hospital Sisters Health System
- Humana
- Meriter Health Services
- MetaStar, Inc.
- Monroe Clinic
- Network Health Plan
- Prairie du Chien Memorial Hospital
- ProHealth Care
- Rural Wisconsin Health Cooperative
- Sacred Heart Rehabilitation Institute
- Security Health Plan
- ThedaCare Center for Healthcare Value
- UnitedHealthcare of Wisconsin
- University of Wisconsin Population Health Institute
- WEA Trust
- WHEFA
- Wisconsin Academy of Family Physicians
- Wisconsin Department of Health Services
- Wisconsin Manufacturers & Commerce, Inc.
- Wisconsin Hospital Association
- Wisconsin Medical Society
- WPS Health Insurance

Why Did 60+ Organizations Participate in Design Efforts?

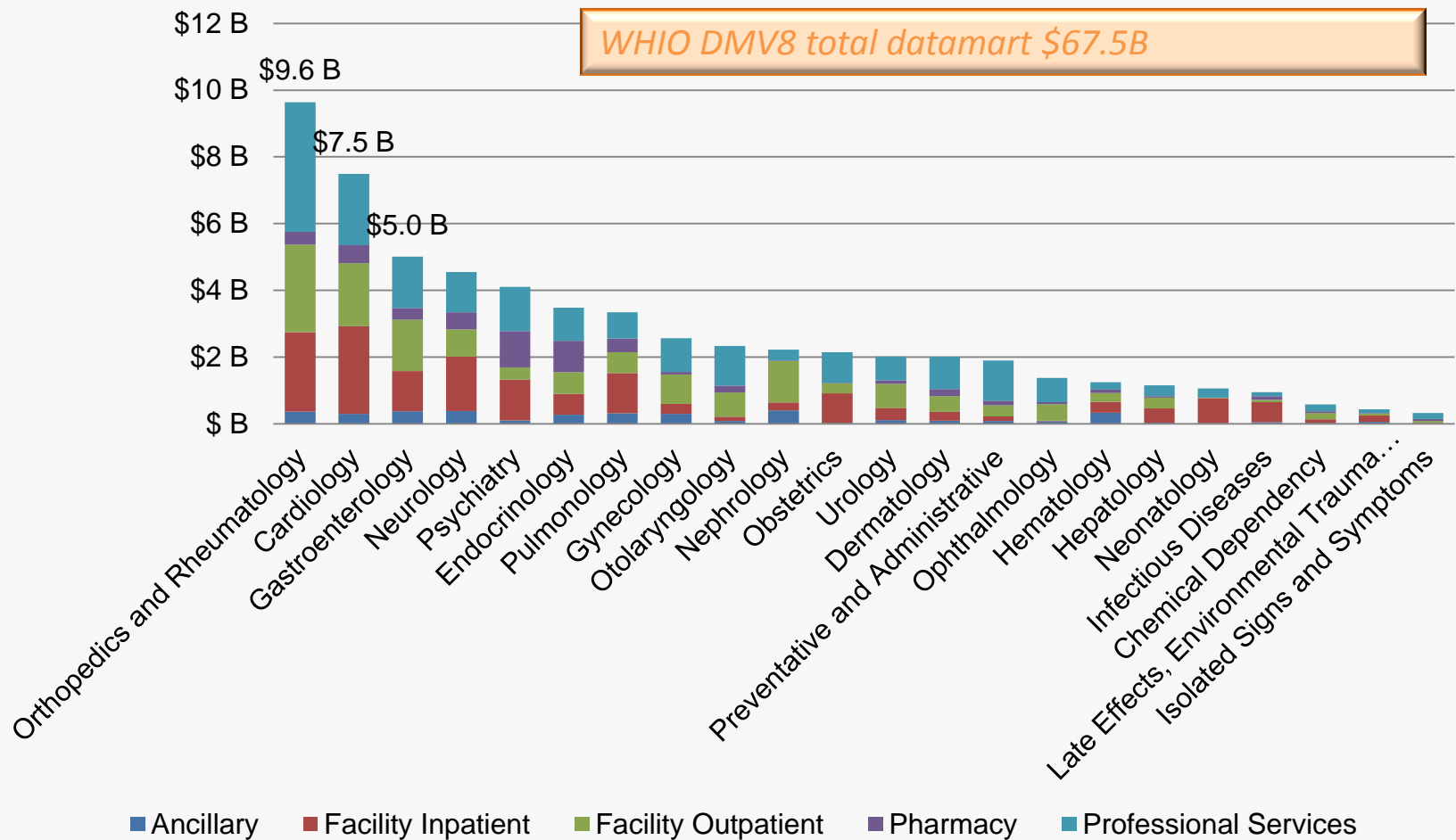
- Maximize purchasing strategies
- Opportunity to align incentives among payers
- Collaborative nature of the work—building on Wisconsin’s tradition and healthcare assets
- Shared learning
- Commitment to quality
- Opportunity to test “what we know we have to do”
- Sense of responsibility/duty to sustainable healthcare system

Pilot Conditions

- Acute Care Workgroup chose **total knee replacement**
- Chronic Care Workgroup chose **adult diabetes**
 - No take-up
 - Existing diabetes initiatives
 - Rapid expansion of MSSP/Pioneer ACOs
- Preventive Care Workgroup chose **preventive cancer screenings**
 - WHIO board sunsetted this project in late 2011

PHPR Case Study: Bundled Payment for Total Knee Replacement

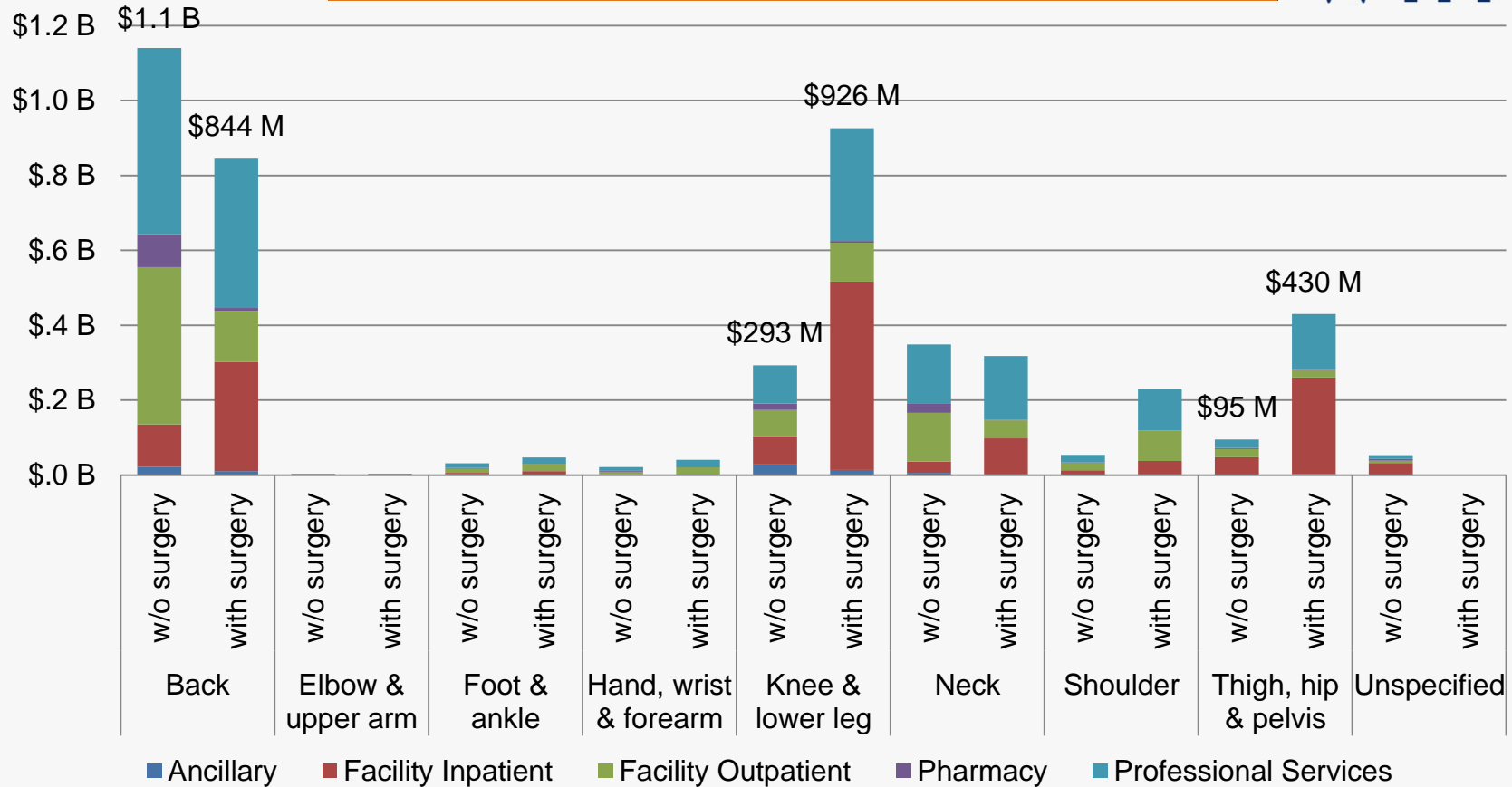
Total Billed by Major Practice Category and Type of Service – 2013 Data



Joint Degeneration ETGs



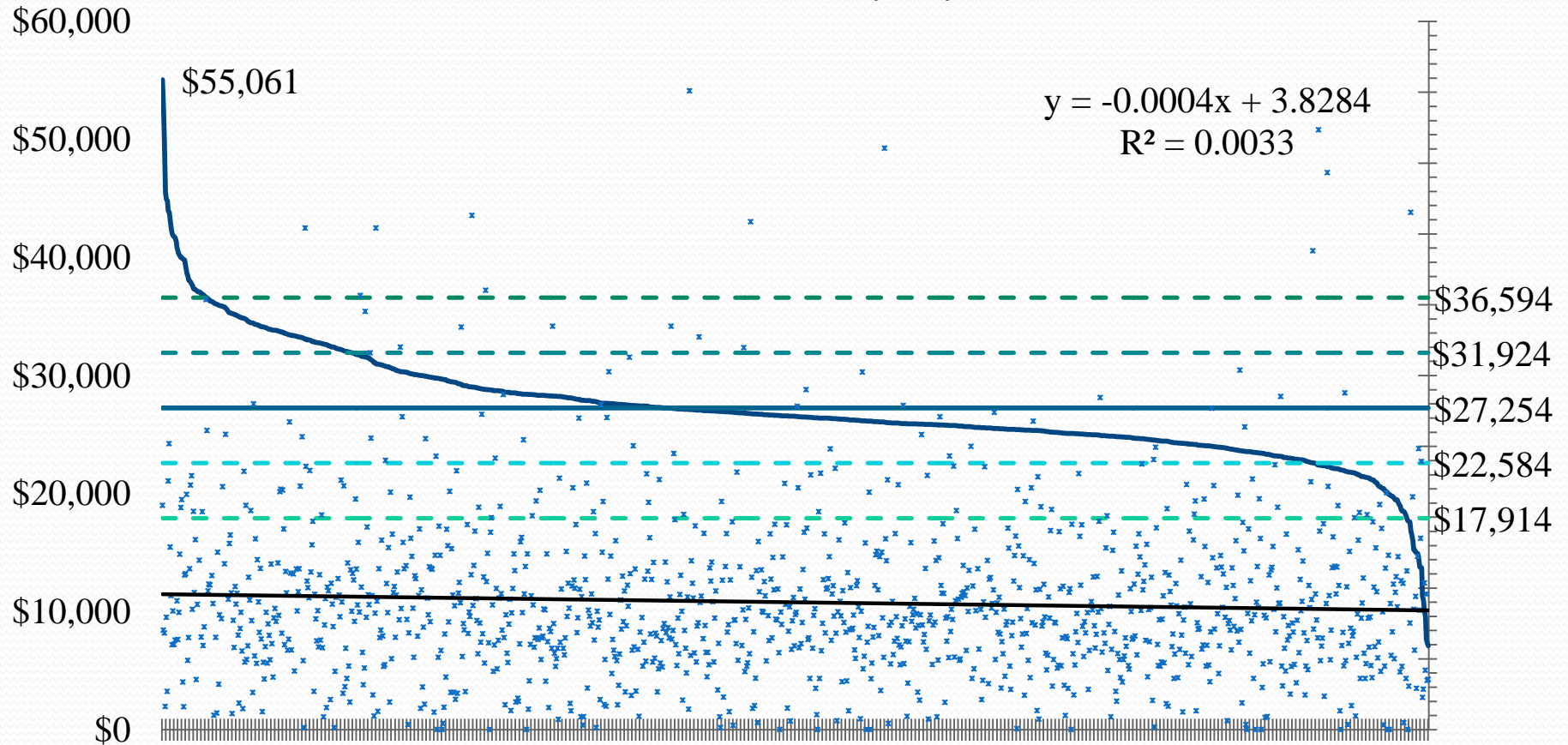
WHIO DMV8 Joint Degeneration, Localized ETGs (total \$4.9 B)



KNEE REPLACEMENT EPISODES

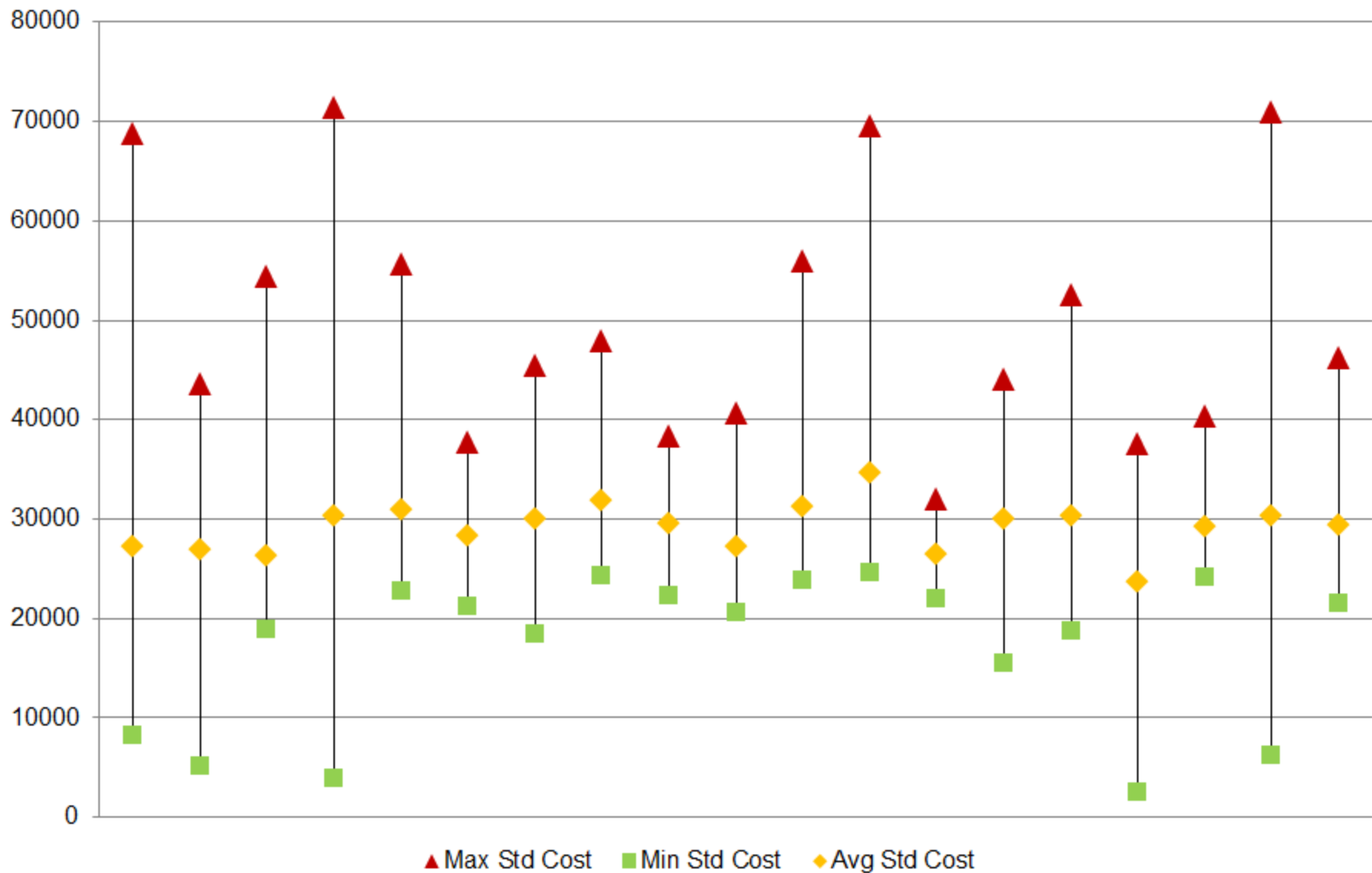
SINGLE KNEE, SINGLE ADMISSION, SEVERITY 1

WHIO DMV4 *Analysis by WMS*



- Grand Total
- - - Avg + 2 st dev
- × Health risk, retrospective
- Average Total Std Cost
- - - Avg - 1 st dev
- Linear (Health risk, retrospective)
- - - Avg + 1 st dev
- - - Avg - 2 st dev

Top 20 TKR Volume Facilities Inpatient TKRs without Complications Range and Average of Total Standard Cost



Why Pilot Bundled Payments?

- Bundled payments have been shown to improve quality and efficiency of care*
- **Medicare** [was] scheduled to pilot episode of care bundled payments beginning January 1, 2013, *or sooner*
- Participation in PHSR bundled payment pilot allows **manageable testing** of larger payment reforms to come
- Few multi-payer bundled payment efforts in the country—Wisconsin can lead the way

*See, e.g., <http://www.gao.gov/new.items/d111261.pdf>; Cromwell J, et al., Cost savings and physician responses to global bundled payments for Medicare heart bypass surgery. *Health Care Financ Rev.* 1997 Fall;19(1):41-57.

TKR Pilot Overview

- Commercially insured patients, 18 - 64
- An *index procedure* of total knee replacement for patient with degenerative osteoarthritis
- *Routine care* appropriate to the index procedure during the *episode period*.
- *Patient complications* arising during the stay for *index procedure* or during the **90 day*** episode *warranty period* following the surgery, including *readmissions* and *revision procedures*.
- Bundle **includes*** *rehabilitation services*.

Measure	Who Collects and Reports	To Whom	How Often
SCIP Cardiology 2	Hospital	CMS/ PHPR	Quarterly
SCIP VTE 2	Hospital	CMS/ PHPR	Quarterly
Length of Stay	Hospital	PHPR	Quarterly
Readmission/Revision Rates for TKR	Payers/ WHIO	PHPR	6 months
Complications (infection rates, DVT, PE)	Payers/ WHIO	PHPR	6 months
Patient Satisfaction	Hospital	HCAHPS / PHPR	Quarterly
Outcomes Measure (WOMAC, KSS, KOOS, etc.) depending on what provider uses	Provider	PHPR	Quarterly
<i>Patient facility with activities of daily living – pre-op vs. post-op (being developed)</i>	<i>Provider</i>	<i>TBD</i>	<i>TBD</i>

PHPR Pilot – Expectations and Some Support

- CEO Commitment Letter
 - Push through opportunities for delay: negotiation of bundle price, average annual cost per patient, legal review
 - Implement project management practices to support the pilot's progress
 - Document and share results as well as process learnings throughout pilot implementation and duration

PHPR Pilot – Expectations and Some Support

- PHPR “support”
 - Bundle definition
 - Model contract language
 - Quality measures and reporting processes
 - Resources from other payment reform efforts around the country
 - Best practice sharing across pilot sites

Early Days: Participants

- 8 hospitals in 6 health systems + 1 ASC started the implementation process
- 4 hospitals and 1 ASC crossed the starting line and actually went live over the course of the pilot
 - Manitowoc Surgery Center – Anthem Blue Cross Blue Shield of Wisconsin (2012)
 - Meriter – Physicians Plus (2012)
 - Ministry (St. Joseph’s, St. Clare’s) – Marshfield Clinic - Security Health Plan (2014)
 - UW Hospital – Unity (2012)

So What Have We Learned?

Challenges to Implementing Payment Reform Pilots

- The “pilot” part of the pilot - tolerance for risk v. impact
- The status quo: legacy IT systems, business processes, existing contracts, revenue models
- Distraction from other competing initiatives
- Siloed thinking: What about care redesign, physician compensation?
- Anemic marketplace – AIR research
- “Culture eats strategy for breakfast.” – *Peter Drucker*

Key Learnings for All Participants

- Relationships – internal and external
- Data and analytic capabilities
- Cost containment opportunities
- Transparency with providers, patients, the marketplace
- Opportunity to “make a market”

Diverse Range of Responses in the Beginning

Historians...

"20 some years ago we tried this kind of thing and it didn't work."



Disengaged Cheerleaders...

"Yah, yah... I get this is where everything is going, and I'm on board... just email me some stuff about it."



Pragmatists...

"This is your program, and your responsibility."



Optimists...

"Sounds interesting..."



Retirement Planners...

"This isn't worth my time because I'm planning on retiring in the next couple of years."

Lessons Learned –

Anthem Blue Cross Blue Shield Wisconsin



- Both parties need to be prepared to work collaboratively and share data readily
- Both parties need to listen to teach others their concerns and draft language around these concerns
- Consumer market is seeking high quality, low cost alternatives...this means every part of the bundle needs to consider offering up a lower unit cost
- Physicians' greatest concerns are related to positive outcomes and patient compliance
- Physicians and clinical teams need to be proactive in communicating with the patient and setting appropriate expectations for the patients

Lessons Learned – Anthem Blue Cross Blue Shield Wisconsin

- Payors need to consider alternative bundles – bundles with and without PT
- Payors need to be clear in how they will process these claims
- Payors need to design their benefits in favor of the patient
- Payors need to clearly outline the ICD9 (soon 10) codes and CPT codes within the bundle
- Trust between the parties is key...this is new territory...you need room to adjust

Moving Beyond Initial Implementations

- Wave 1: First three provider/payer pairs went live in 2012
 - One CMMI BPCI participant live in 2014
- Wave 2:
 - Two more hospitals, one more payer, live in 2014
 - An additional hospital likely live in 2015
- Wave 1 pilot participants are all transitioning from the pilot to “bigger things”
 - CMMI BPCI
 - More commercial bundles (TKR, THR, and beyond)
 - MSSP ACO with bundles as a QI strategy

What Supported Success?

➤ Leadership and First Movers

- WHIO – initiation, ongoing support
- Respected physician leaders chaired planning committees
- CEOs, senior leaders of providers and payers stepped forward to implement

➤ Experts and Resources

- IHA
- WCHQ/RWJF/AF4Q
- Wisconsin Hospital Association (WHA)
- Harold Miller
- Francois de Brantes and HCI₃
- PPHR as convener

Characteristics of Successful Pilot Participants

➤ Courageous and Committed

- Leadership commitment
- Organizational culture – innovation, commitment to quality
- Communication and trust among partners
- Engagement of physician champions
- Adequate infrastructure support, focus, visibility
- Positive attitude – the answer to “how” is “yes”

Characteristics of Successful Pilot Participants

➤ Pragmatic

- Understood where organization was **already accepting and managing risk** and built on those competencies along a continuum – risk isn't a new concept for any organization
- Proof of ROI in, e.g., investments in new data, claims systems isn't there yet – so **start with small projects and scale up**
- Effective use of **data** – understood and shared data on unwarranted variation; tracked project/progress
- Understood (+/-) true **costs**, focused on cost drivers

Was it Worth It? Yes...

- Approximately 130 cases across three sites in 2013
- **Quality** remained high or improved
- **Savings** reported: flat cost growth to 20% reductions from pre-bundle experience
- Key **learning** experience for every organization that participated
- **Patients** appreciated (+/-) simplicity, transparency
- **Some spread** – three more hospitals, one more payer, in 2014 – 15
- **Taught us the importance of scale and impact - created momentum for bigger things**

What's Next?

- Wisconsin has a very diverse healthcare marketplace and payer landscape; **pace and scale** of experimentation continues to increase
 - Less about “sponsor pilots,” more about “connect the dots”
 - Delivery system transformation, payment reform, and transparency should work in synergy
- Major provider systems are aligning to sponsor ACOs, share best practices
- Purchasers are exploring opportunities to drive alignment - e.g., state employees and Medicaid
- Statewide payment reform energy has transferred to:
 - CMMI-funded initiative focused on **cardiology**
 - Enhancing availability of **behavioral health screening and intervention**
 - **SIM** application

Acknowledgements

- All PHPR funders, planning participants, and pilot participants
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Thank You!

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