Inefficiencies in Isolation: Stand Alone vs. Coordinated Care Programs

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NBCH
15 YEARS OF LEADERSHIP IN VALUE-BASED PURCHASING
National Business Coalition on Health

Presentation Outline

- National Business Coalition on Health: An Introduction
- Care Coordination: A Business Imperative for Employers
- Carve Out Programs: An Assessment
- Coordinated Care: Charting a Future Path

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National Business Coalition on Health

- **Identity:** National, non-profit membership association of **62** business and health coalitions. Network of **7,000** employers and **30 million** covered lives
- **Vision:** Improving health, transforming health care, community by community
- **Mission:** Advancing value based purchasing and building coalition change agent capacity

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What Do Employers Want?

Two Things:

- Improved workforce health and productivity!
- Greater control of the direct and indirect costs associated with workforce illness and disability!

Both are Business Imperatives!

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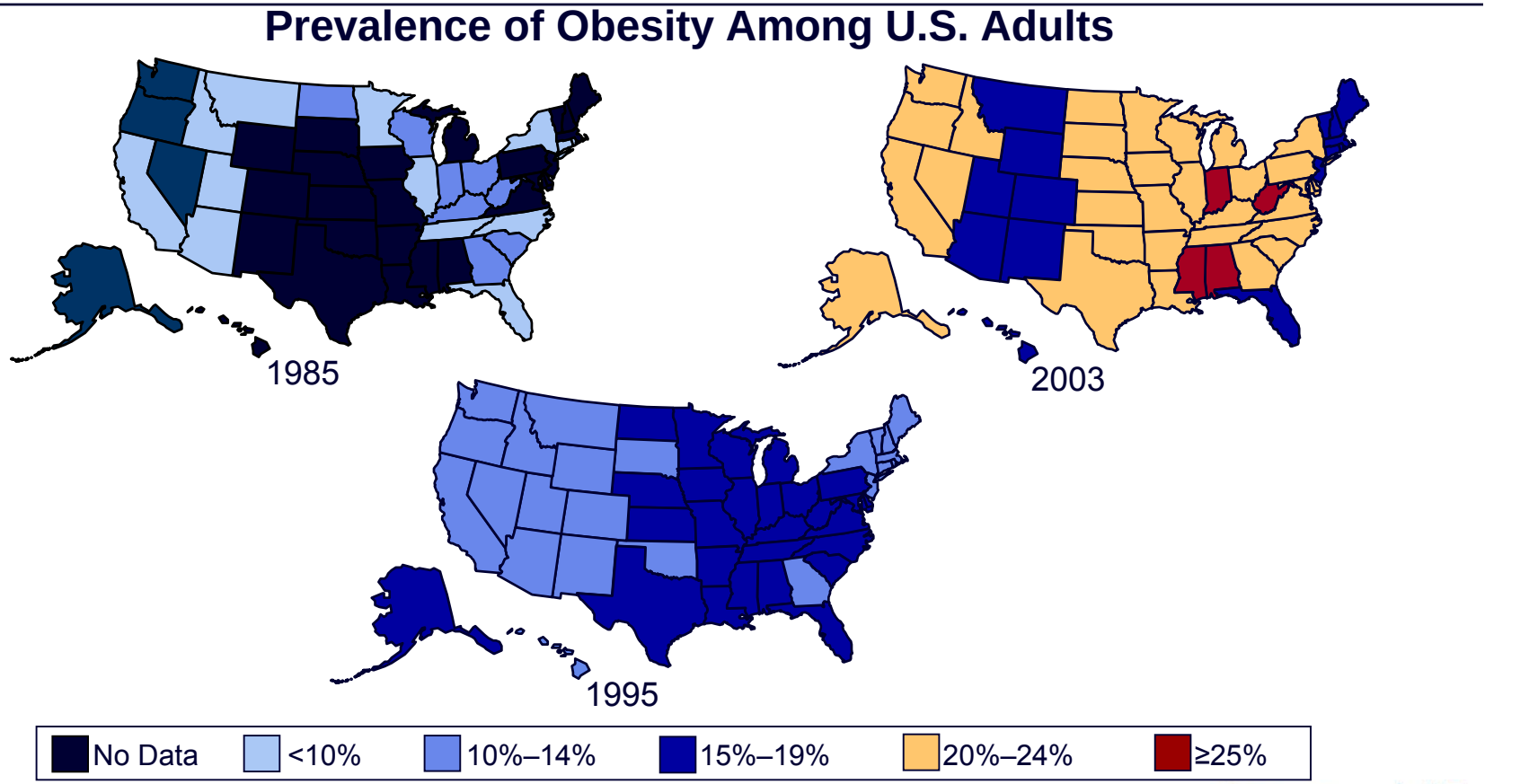
We Know Opportunities Abound for Health Status Improvement



Source: Behavioral Risk Factor Surveillance System, CDC

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We Know Opportunities Abound

- 125 million Americans have chronic diseases
  - Over half have multiple conditions
- Those with 5 or more chronic conditions account for:
  - 50% of Medicaid spending
  - 65% of Medicare spending
  - 75% of private insurance spending
  - 65% of prescription drugs
  - 80% of healthcare visits

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Source: Gerard Anderson, MD, John Hopkins Bloomberg School of Public Health, Foresight Seminar, 12/16/03

With Gold at the End of the Rainbow

" **Modest reductions in avoidable factors** – unhealthy behavior, environmental risks, and the failure to make modest gains in early detection and innovative treatment – will lead to **40 million fewer cases of illness and a gain of over $1 trillion annually in labor supply and efficiency by 2023**. Compared to the costs we project under the business-as-usual scenario, this represents a **27% reduction in total economic impact**."

- ***"An Unhealthy America"***
  Milken Institute, Oct. '07

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But Employers to Blame!

For a Toxic Payment System that Pays for:

- Volume rather than outcomes
- Individual units of care rather than episodes of illness
- Acute care not prevention
- Medical errors and “do overs”
- With no performance based payment

And for a Consumer Entitlement Mentality:

- That insulates individuals from cost sensitivity because of 3rd party payment

No Business Case for Quality!

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And Solutions have Proven Elusive

- Failure of traditional provider delivery system – for many reasons
- Employer responded by creating a well intentioned but siloed and fragmented DM industry with uncertain impact
- With employer health costs continuing to rise
- And patient participation rates lagging
- And physician hostility all too apparent

The Problem in Summary

Two of My Favorite Quotes:

"Every system is perfectly designed to achieve the results it achieves."

"Getting better at what we're currently doing is not the answer."

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Is There a Coordinated Care Elixir?

- The Vision starts with Ed Wagner's **Chronic Care Disease Management Model**
- With the Key Elements Moving Forward:

  - Aligned Economic Incentives

  - Integration

  - Trust and Patient Centered Health Care

Aligned Economic Incentives

- For Providers: Explicit **provider payments** for chronic care management services and achieving positive outcomes

  - Example **– Bridges to Excellence**

- For Consumers: Explicit **incentives**, starting with carrots, moving to sticks, for changing personal behaviors and self management

  - Examples **– Value Based Benefit Design, The Asheville Model**

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Integration

- Basic Principles: “It Takes a Village” and “Connecting the Dots”
- Multi-disciplinary approach that includes: **evidence based treatments; disease registries and patient tracking; coaching/counseling; behavior modification; self-management; peer/family/community support structure**
- The ideal: **integrated systems of care**. The alternative: connecting siloed initiatives

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Trust and Patient-Centered Health Care

- Guiding Principle: disease management initiatives must start from a **trusted patient source – physician/pharmacist/nurse**
- Hence, most employer carve out and health plan sponsored efforts start with fundamental handicap
- Our best hope moving forward (in absence of integrated systems of care): **the patient-centered advanced medical home** and the reengineering of primary care

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What Can Employers Do?

NBCH/PCPCC's Purchaser Guide:

1. **Participate in a regional pilot(s)**
2. **Incorporate PCMH into insurer procurement and performance assessment activity**
3. **Align payment strategy with PCMH adoption objectives**
4. **Build coalitions in support of PCMH**
5. **Engage your workforce and dependents**
6. **Integrate PCMH into other corporate health strategies – Connect the Dots!**

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Final Thoughts

- Our **payment architecture** perpetuates fragmented care delivery and acute care services and **must be reformed!**
- Consumers/patients must be activated and held responsible through mix of **incentives, coaching/counseling, information, peer support**
- Employers are a key, if not the, key **change agent**
- We need to accelerate the **deployment of best practices** – employers feel a sense of urgency!

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