Fight or Flight: Response to New MD Payment Models

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President & CEO, Atrius Health
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Atrius Health

• The Northeast’s largest nonprofit independent multi-specialty medical group
• A national leader delivering high-quality, patient-centered, coordinated care

Dedham Medical Associates
Granite Medical Group
Harvard Vanguard Medical Associates
VNA Care Network & Hospice/VNA of Boston

• Providing care for ~ 675,000 adult and pediatric patients
• 750 physicians across more than 35 specialties.
Vision

Transforming care to improve lives.

Mission

We provide the right care with kindness and compassion every day for every person we serve.

Key Statistics

- Employees: 6800
- Physicians: 1,000 clinicians (750 MDs)
- Patients Served: 675,000
- Annual Patient Visits: 2.2 million
- Clinical Locations: 32, (3 hospices)
- Revenue: $1.9B (2015)
Atrius Health’s Services

- **Primary care.** ~340 physicians. Internal Medicine, Pediatrics, Family Medicine
- **Behavioral Health.** ~160 providers. 33,000 unique pt./yr.
- **Specialties.** 35+ medical and surgical specialties (Ob/Gyn, cardiology, dermatology, orthopedics, etc.)
- **Urgent Care.** Evenings/weekends/holidays 365 days/year. 24/7 phone advice (APs, RNs)
- **VNA Care Network/Hospice.** Home health, palliative care and hospice, private duty nursing, assisted living nursing management
Patients Want Access to Care

Average New Patient Wait Time (days)

- Internal Medicine
- Family Medicine
- OB/GYN
- Gastroenterology
- Cardiology
- Pediatrics
- Orthopedic Surgery

Wait times in Days

New competitors remake the market?!

U.S. Most Expensive Healthcare in the World!

Average spending on health per capita (US$ PPP)

- US
- SWF
- NZ
- NETH
- GER
- CAN
- HK
- SWF
- AUS
- US
- NZ

Note: US$ PPP = purchasing power parity

Total expenditures on health as percent of GDP

- US
- FRA
- NETH
- SWF
- GER
- CAN
- NZ
- UK
- SWF
- AUS

$3.03 trillion, 2014

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Costs Growing Faster than MA Economy

Source: Center for Health Information and Analysis, 2015
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Access to Primary Care, Not So Good in MA

- “While Massachusetts has a large number of primary care physicians, 500,000 residents live in a federally-designated primary care professional shortage area

- Primary Care Nurse Practitioners (NPs) provide care at comparable quality at lower cost than physicians, and are more likely to practice in rural areas and to serve Medicaid patients…”

Source: Health Resources and Services Agency, Designated HPSA statistics, 2015
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By 2025, demand for physicians will exceed supply by a range of 46,000 to 90,000.

From The Complexities of Physician Supply and Demand: Projections from 2013 to 2025, a report for AAMC
Our Challenge is to Move

From

Volume-based reimbursement

Price focus

To

Value-based reimbursement

Total Medical Expense

Competition is looking very different!
Definitions

Patient-Centered Medical Home

Care delivery model whereby patient treatment is coordinated through the primary care physician to ensure patients receive the necessary care when and where they need it, in a manner they can understand.

Definitions

Accountable Care Organization

A formally organized entity, consisting of physicians, hospitals and other relevant health service professionals that have elected to join together and are responsible through contracts with payers for providing a broad set of health care services to their Medicare patients.
**Definitions**

**Pay for Performance**

- **Financial incentives** for predetermined performance goals
- **Measures.** Quality, efficiency, patient satisfaction (AQA, NCQA, NQF, TJC, Leapfrog)
  - Quality. process or outcomes measures
  - Efficiency. Utilization (imaging), ED use, etc.
  - Examples. PGP, Care Mgmt. High Cost Beneficiaries

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**MD Payment Models**

1. **Fee For Service (FFS)**
2. Salaried (w/wo performance incentives)
3. **Upside Incentives**
   - Care Coordination. Medical Home
   - Pay for performance (PQRS, Meaningful Use)
4. **Financial risk**
   - Value Based Payments. Shared Savings
     - Condition Specific/case rate (risk)
     - Episode of Care (EOC)
     - Bundled Payment
     - Accountable Care Organizations
   - Full capitation (global payment)
     - Alternative Payment Model (BCBS)
Changing MD Incentives

“Physician compensation is expected to increasingly incorporate factors such as quality, outcomes & patient satisfaction. Incentive pay makes up 3% to 5% of the total compensation of employed physicians
But is expected to be between 7% and 10% in the next few years, according to a survey of 424 health care executives”


CMS Payment Reforms

- 85% of FFS will be linked to quality and value in 2016
- 90% FFS will be linked to quality and value by 2018
- 50% of all payments tied to quality or value through alternate payment models by 2018
Payment Under Merit-Based Incentive

PQRS, Value Modifier, EMR Meaningful Use

Updates after 2024:
- MIPS = 0.25%
- APMs = 0.75%

Next Generation ACO

- Higher degrees of risk than Pioneer ACO & MSSP
- FFS payment plus two pools & settle up
  - Infrastructure (per beneficiary per month; max $6 PBPM)
  - Population Based Payment. Reduction to base FFS payment
- Preferred provider network
- Affiliates (SNF, Capitation Affiliates)
- Post Acute. Expansion of waiver (Telehealth, post dc home visits, 3 d waiver)
Atrius Health capitation revenue aligned with reducing Total Medical Expense

<table>
<thead>
<tr>
<th>Capitation</th>
<th>$ 350 pmpm</th>
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<tbody>
<tr>
<td>Hospital</td>
<td>16%</td>
</tr>
<tr>
<td>Referral (Outside utilization)</td>
<td>33%</td>
</tr>
<tr>
<td>Rx</td>
<td>11%</td>
</tr>
<tr>
<td>Atrius Health Practice</td>
<td>40%</td>
</tr>
</tbody>
</table>

$ for illustration only

APM: Lessons Learned

- **Complexity.** Administratively more complex than FFS payment
- **Implementation Challenges.** Errors in...
  - Data integrity
  - Timeliness
  - Performance measure specification
  - Patient attribution (the process by which patients are assigned to a specific physician or practice)
- **Metrics.** Concerns about selected performance measures as it relates to changing patient care
- **Unforeseen & Unknowable.** Influence of uncontrollable, game-changing events in shared savings and capitation programs (e.g. new very high-cost specialty drugs)

Freidberg MW, et. al., Effects of Healthcare Payment Models on Physician Practice in the US, Rand Corp 2015

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There is Too Much Work!

Courtesy of Dr. Jon Darer, Chief Innovation Officer, Geisinger
Bring back the Joy to the Practice of Medicine!

**The Saturday Essay**

**Why Doctors Are Sick of Their Profession**

American physicians are increasingly unhappy with their once-vaulted profession, and that malaise is bad for their patients.

“American doctors are suffering from a collective malaise.

We strove, made sacrifices—and for what?

For many of us, the job has become only that—a job.”

Sandeep Jauhar WSJ.com, Aug. 29, 2014

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**The New Reality**

- Enhanced Medical Home process reliability
- Manage the medical neighborhood
- Enhance patient activation
- Reduce diagnostic errors
- Engage in care redesign/reengineering
- “Best practice” protocols for outpatient care (clinical bundles)

Oliver Wyman, 2014
What will MDs do?

MDs Seek Best Quality of Life and Stability
Stages of Change

TIME (1-2 years)

Denial

Blind Fury & Silent Rage

Anger

Agitation

Bargaining

Acceptance

EMOTION

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One Solution

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The concierge doctor is in

Telehealth Medicare

Leveraging technology in new ways…

- Annual wellness visits
- Prolonged evaluation and management services
- Chronic disease management (CHF, COPD, etc.)
- Preventive medicine (care gap closure)
- Personalized medicine (consumerism…what else can we help with?)
- Psychoanalysis
- Psychotherapy

*American Well, Doctors on Demand, Teladoc.*
72% of Physicians are Employed

- 24% women work part time
- MD Burnout highest in IM
- Only 25% IM MDs would choose the same specialty

84% MA PCPs in 8 Largest Provider Networks*

1. Partners (PCHI) 1165
2. Steward Health Care 559
3. Atrius Health 518
4. New Eng Qual Alliance 365
5. UMass Memorial 347
6. Boston Medical Ctr 347
7. Baycare Health Partners 301
8. The Pedi Phys Org at Children’s 294
9. Lahey Health 167
10. Mt. Auburn 111
11. South Shore 93
12. Lowell General 93

*http://bluecrossmafoundation.org/delivery-system-map/delivery-system-map/story/provider_networks/
2013 data

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MDs have been shielded from direct financial exposure from Alternative Payment Models

Financial incentives often not “passed through” to individual MDs

- **Productivity (RVUs)** most common model
  - No good alternatives to RVUs for productivity
  - Employers try to avoid dramatic reallocations of income
  - There is a need to balance economic efficiency with practical considerations

- **Quality**. Rather than $$, appeal to physicians’ sense of professionalism, competitiveness, and desire to improve patient care.

Freidberg MW, et. al., Effects of Healthcare Payment Models on Physician Practice in the US, Rand Corp 2015
Value: Our Best Hope

- **Best Practice: elimination of unjustified variation**
  - Improve care reliability (shift from *laissez faire medicine* to best practice)
  - Diagnostic errors: close care gaps; unclosed care loops

- **Pay for value not volume: P4P, VBP**
  - Incentives/disincentives for clinical outcomes/complications
  - Alternative Quality Contract; PQRS; Bundle Payments; Prometheus

- **Better Care Coordination**
  - Medical home, navigators, etc.
  - Data analytics to identify and manage disease sensitive conditions; prevent ED visits & re/hospitalizations
Thank you

Questions?