

# Pharmacy Quality and “Bending the Curves”

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# “Now Is the Season for Action”

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- Health Care Reform Today
- Bending the Curves: Better Quality, Lower Costs
- Accountability for Value
  - Reliable Measures of Quality and Cost
  - Payment Reform to Support Improvements in Care
  - Benefit Reforms and Prevention
- Opportunities for Leadership

# Health Care Reform in Washington

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## Key Elements:

- **Insurance Market Reform**
- **Individual Requirement** for Basic Coverage
- **Income-Related Subsidies** for Affordability
- **Fully Paid For**, Now and in the Future
  - Income/Other Tax Increases
  - Tax on High-Cost Health Insurance Plans
  - Employer “Play or Pay”
  - Medicare Payment Reforms
  - Independent Advisory Commission
- **Better Medicare Benefits**, including enhanced drug coverage
- **Prevention and Quality**

# Bending the Curve: Pharmacy Leadership

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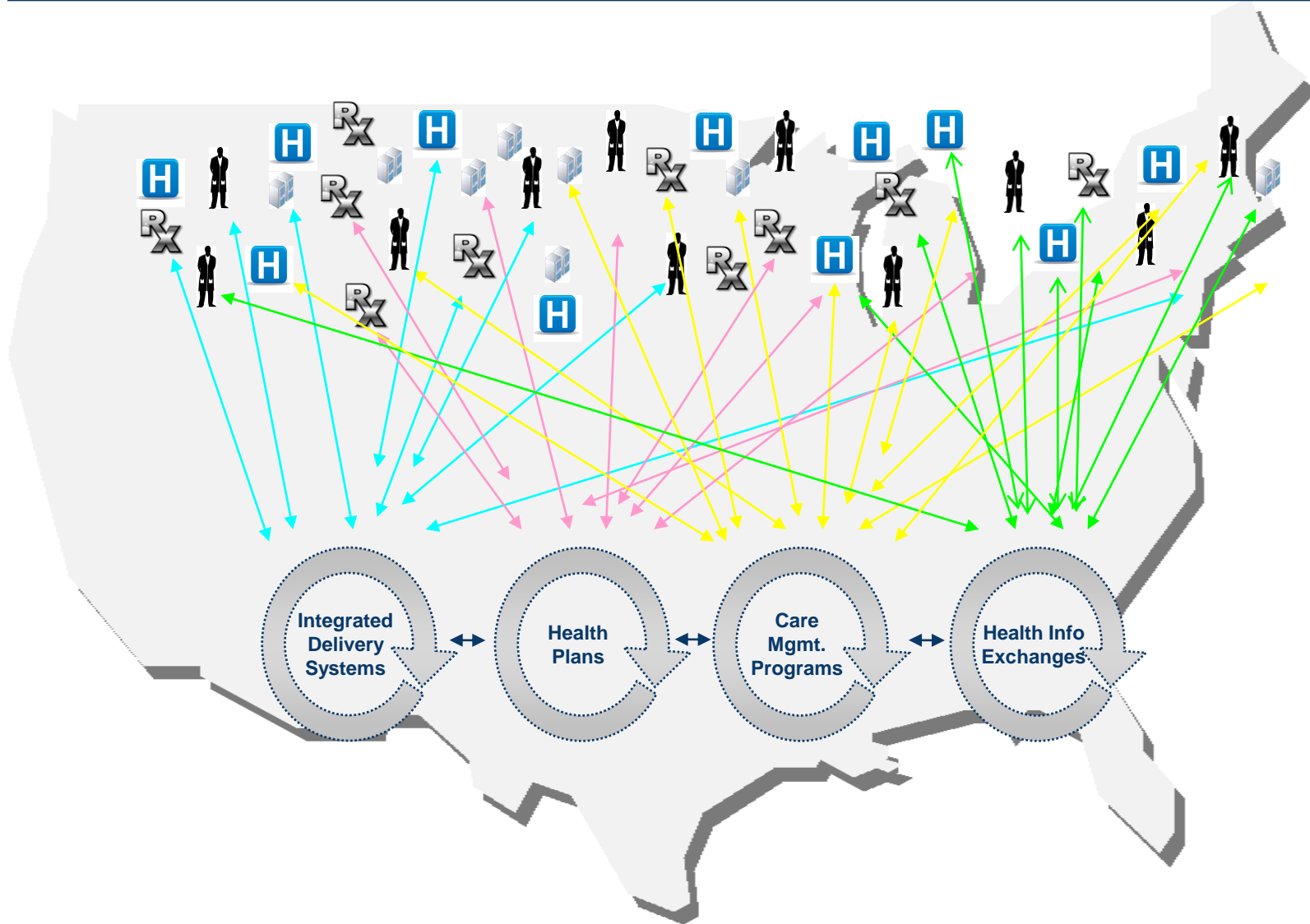
- **Evidence-Based Reforms in Care Processes**
  - Medication therapy management and other care mgt. programs
- **Individualized, Comprehensive Care for Patient Needs**
  - Focus on personalized needs of patients, not professional silos
  - Coordination of care across settings
  - Steps to address health risks broadly, including root causes of costly complications
- **Measuring Quality**
  - Pharmacy processes and outcomes
  - Patient-level care and outcomes
- **Widespread, Consistent Implementation of Quality Measures**

# Effective Steps to “Bend the Curve”

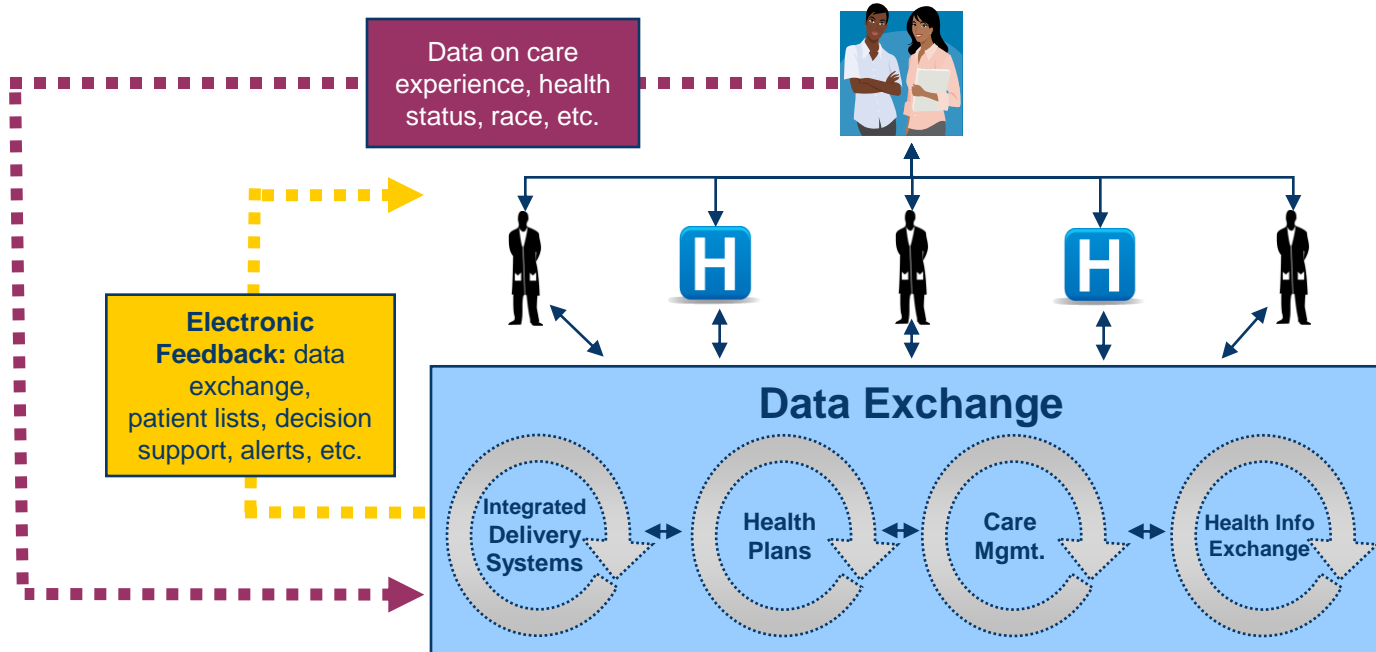
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- **Pillar 1: Build the necessary foundation for cost containment and value-based care.**
  - “Meaningful use” of health IT means demonstrated impact on care
  - Substantial investment in comparative effectiveness research (CER)
  - Improve health care workforce through reforming education subsidies and scope of practice laws
- **Pillar 2: Reform payments to create accountability for high-value care.**
  - Initial reforms: Adjust FFS payments in Medicare and Medicaid
  - Build new payment systems like shared savings for provider accountability
  - Apply pressure to “non-accountable” payments
  - Medicare payment/coverage flexibility with “rapid learning” capacity

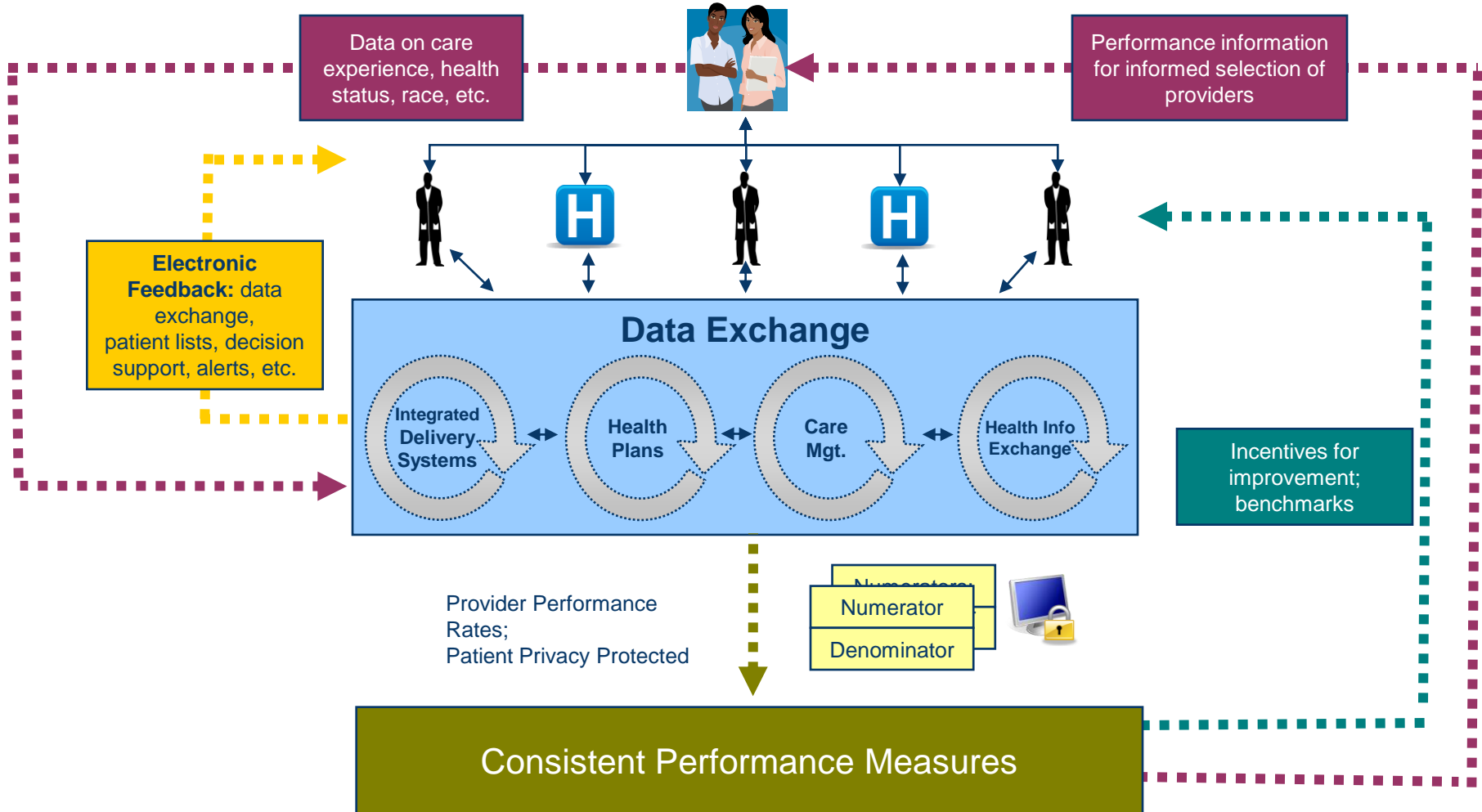
# Electronic Data-Sharing to Improve Quality and Care Coordination Is Increasing Around the Country



# Data-Sharing to Support Better Decisions



# Data Sharing to Support Better Decisions Should Be Used for Measurement and Improvement



# Better Measurement Provides Foundation for Progress on Payment Reform

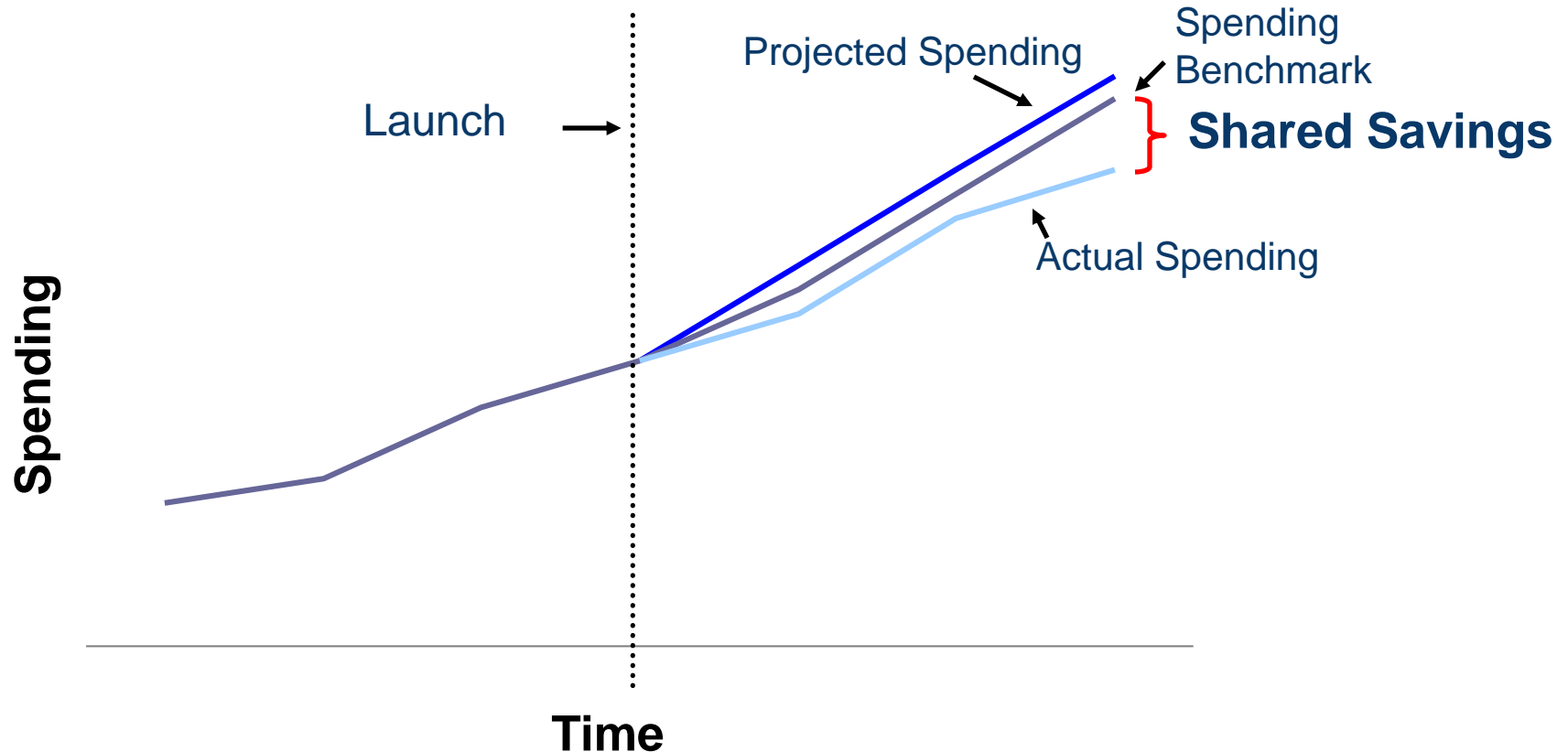
## *Past and Emerging Models of Accountability in Provider Payments*



Supporting Better Performance		Paying for Better Performance		Paying for Higher Value	
<p><b>Pay for reporting.</b> Payment for reporting on specific measures of care. Data primarily claims-based.</p>	<p><b>Payment for coordination.</b> Case management fee based on practice capabilities to support preventive and chronic disease care (e.g., medical home, interoperable HIT capacity).</p>	<p><b>Pay for performance.</b> Provider fees tied to one or more objective measures of performance (e.g., guideline-based payment, nonpayment for preventable complications).</p>	<p><b>Episode-based payments.</b> Case payment for particular procedures or conditions based on quality and cost.</p>	<p><b>Shared savings with quality improvement.</b> Providers share in savings due to better care coordination and disease management.</p>	<p><b>Partial or full capitation with quality improvement.</b> Systems of care assume responsibility for patients across providers and settings over time.</p>

# How Do “Shared Savings” Models Work?

Shared savings derived from spending below benchmarks



# Paying for Value: Examples

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- Medicare Group Practice Demonstration
- Medicare “646” Regional Demonstrations
- Multi-Payer Collaborations
- ACO Pilot Network
- Medicare “Innovation Center”

# Shared Savings in Medicare Physician Group Practice Demo

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- **Year 1**
  - All sites improved quality measures
  - Two sites achieved 2+% reductions in cost trends (\$7.3 M in payments)
- **Year 2**
  - All 10 sites continued to improve quality measures
  - Four sites achieved 2+% reductions in cost trends (\$13.8 M payments)
- **Year 3**
  - All 10 sites continued to improve quality measures
    - Years 1-3: Average of 10% pts on diabetes, 11% pts on CHF, 6% pts on CAD, 10% pts on cancer screening, 1% pt on hypertension
  - Five sites achieved 2+% reductions in cost trends (\$25.3M payments)

# Effective Steps to “Bend the Curve” *(cont.)*

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- **Pillar 3: Improve health insurance markets.**
  - Restrict underwriting in non-group/small group insurance markets
  - Require basic health insurance
  - Reform inefficient subsidies in employer-based insurance to finance flat subsidies
  - Promote competitive bidding in Medicare Advantage
- **Pillar 4: Support better individual choices.**
  - Reform Medicare benefit design to promote value and beneficiary savings
  - Promote prevention and wellness that reduces costs
  - Support patient preferences for palliative care

# Reforming Health Care: Driving Patient Involvement

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- “Centers for Excellence” models
  - Consumers save more when they choose less costly, higher-quality care
- Initiatives to support wellness, chronic disease management, and lower overall disease burden
  - Including premium reductions
- Health insurance reforms to promote competition on value
  - Risk adjustment, comparative information on quality and cost, tax on high-cost health insurance

# Moving Forward on Health Care Reform – Including Key Roles for PQA

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- **Build Shared Support for Action**
  - Identify quality gaps: diabetes, obesity, others
  - Insurers, employers, government must work together to support
  - PQA and other Quality Alliances working with Quality Alliance Steering Committee have key implementation role
- **Consistent Measures Supporting Accountability for Improvement**
  - Quality includes outcome and satisfaction measures
  - Efficiency includes cost per episode and per person
- **Multi-Payer Payment Reforms Based on Measures**
  - Independent payment contracts
  - Aim for inclusion of Medicare, Medicaid
- **Consumer-Targeted Reforms**
- **Implementation**
  - Coordination/IT support
  - Evidence-based protocols
  - Other initiatives

# Reform Will Happen... Will Pharmacies Lead?

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- **Reforms to Support Improving Care**
  - Measure Development and Implementation, Especially with Patient-Level Focus
  - Support Provider Payment Reform: Accountability Leads to Value and Flexibility, Not Price Squeezes
  - Benefit Reforms: Wellness, Health-Related Behavior Incentives
  - Broad-based collaborations toward accountability for value: multiple payers, consistent measures
- ***Don't Wait* to Implement Reforms to Increase Value**
  - Implement and Expand Performance Measurement and Evidence on Effective Care
  - Take Advantage of Coming Payment Reforms to Support Better Care: Health IT including ERx, Medicare reforms, private-sector reforms