1. Using the control panel - Use the control panel on the right side of your screen to minimize and expand this panel by clicking on the arrow in the upper right corner.

2. Ask Questions - You can submit questions using the Question section located near the bottom of the control panel. We will take time to answer as many questions as we can during Q&A at the end of the presentation. If your question was not answered, we will respond to you individually after the event.

3. After the webinar - We want your feedback! Please take the short survey at the completion of the webinar. Also, all registrants will receive a copy of the presentation, and the recording for on-demand replay.
Healthcare Lingo

- Value-based
- Transformational
- Patient-centered
- Outcomes
- Change management
- Population health management
- Care model redesign
Fragmented Delivery System
Healthcare Transformation

- Better Care
- Smarter Spending
- Healthier People
Key CMS Priorities

BETTER care
SMARTER spending
HEALTHIER people

Via a focus on 3 areas

- Incentives
- Care Delivery
- Information Sharing

Moving from Volume to Value

Volume-Driven Health Care
- High quality, low cost
- Encourages care coordination
- Right care, right place, right time
- Patient centered
- Rewards health and prevention

Value-Driven Health Care
CMS Goal: Value-Based Payments

**Medicare Fee-for-Service**

**GOAL 1:**
Medicare payments are tied to quality or value through alternative payment models (categories 3-4) by the end of 2016, and 50% by the end of 2018

**GOAL 2:**
Medicare fee-for-service payments are tied to quality or value (categories 2-4) by the end of 2016, and 90% by the end of 2018

**NEXT STEPS:**
Testing of new models and expansion of existing models will be critical to reaching incentive goals
Creation of a Health Care Payment Learning and Action Network to align incentives for payers

**STAKEHOLDERS:**
Consumers | Businesses
Payers | Providers
State Partners

Healthcare Paradigm: Driving Quality and Efficiency

Pay for Performance
- Successfully meet quality and/or efficiency targets to earn incentives
- No downside risk

Value Based Purchasing
- Paying for performance with financial downside risk
- Large payers, CMS

Shared Savings & Total Cost of Care
- Upside and downside risk programs
- Align incentives toward prevention and improved outcomes
- Improving care, reducing costs

Advanced Payment Models
- Direct to Employer
- Bundles
- Blended FFS/Care Coordination

Full Risk/Capitation
- Shared financial risk across practice
- Revenues fixed

Volume to Value:
- Population Health: Payment Models
- Cost Containment
- Improved Quality
- Best Practices
- Uninsured
- Dual Eligibles
- Post Acute Care
- Care Management
Macra Transforming Medicare Physician Payment

- Repeals the Sustainable growth Rate (SGR) methodology for determining updates to the Medicare physician Fee Schedule
- Establishes annual positive or flat fee updates for 10 years and institutes a two track fee update beginning in 2019
- Establishes the Merit-based incentive Payment System (MIPS) that consolidate existing Medicare quality programs
- Establishes a pathway for physicians to participate an Alternative Payment Model (APM)
### MACRA Timeline*

#### Medicare Part B Baseline Payment Updates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>+0.5%^</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
<td>+0.5%</td>
</tr>
</tbody>
</table>

*Non-qualifying APM Conversion Factor

**Qualifying APM Conversion Factor

#### Merit-Based Incentive Payment System (MIPS)

<table>
<thead>
<tr>
<th>PQRS, Value-based Modifier, and Meaningful Use*</th>
<th>Quality, Resource Use, Meaningful Use, and Clinical Practice Improvement Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>-6%</td>
<td>+/-4%</td>
</tr>
<tr>
<td>-9%</td>
<td>+/-5%</td>
</tr>
<tr>
<td>-9%</td>
<td>+/-7%</td>
</tr>
<tr>
<td>5% Incentive payment</td>
<td>APM Participants Exempt from MIPS</td>
</tr>
</tbody>
</table>

Source: CMS MACRA Timeline, Quality Payment Program, CMS Website
## Current Pressures

<table>
<thead>
<tr>
<th>Economic Concerns</th>
<th>Hospitals</th>
<th>Physicians</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Continued cost pressures</td>
<td>• Decreasing volumes</td>
</tr>
<tr>
<td></td>
<td>• Payor Mix</td>
<td>• Reimbursement cuts</td>
</tr>
<tr>
<td></td>
<td>• Physician shortages</td>
<td>• Professional fee cuts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Rise in practice costs</td>
</tr>
<tr>
<td>Health Reform</td>
<td>• Increased accountability for costs and outcomes</td>
<td>• New payment model impact &amp; coverage changes</td>
</tr>
<tr>
<td></td>
<td>• Emphasis on Value</td>
<td>• Incentive changes</td>
</tr>
<tr>
<td></td>
<td>• Inpatient demand decreasing</td>
<td>• Specialty demand decreasing</td>
</tr>
<tr>
<td></td>
<td>• Competition for market share and physicians</td>
<td>• Participation in ACOs and other APMs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Market share</td>
</tr>
</tbody>
</table>
Clinical Integrated Networks
Clinical Integration is a collaboration among independent physicians and hospital systems to increase quality, efficiency and ultimately the health of populations with the overall goal of demonstrating value to the market.

Why is it important?

• Increased focus on the quality, efficiency and value of healthcare is driving increased interest in clinical integration.

• Payers, hospitals and health systems to engage physicians to manage costs and improve the quality and efficiency of healthcare delivery.

• “Clinically Integrated Networks” are a popular means to pursue the cost, quality and value goals of post-ACA healthcare delivery.

• Forming a CIN is a major undertaking involving complex strategic, legal and business issues.
Models of Transformational Care

- Patient-Centered Medical Home:
  - Primary care based
  - Utilizes the concept of “team”
  - NCQA, private payer certifications available

- Quality Collaborative:
  - Umbrella term for many different models
  - Can be hospital, payer or physician sponsored

- Clinically Integrated Network:
  - “ACO for private payers”
  - Strictly regulated by FTC and DOJ because of anti-trust concerns

- Accountable Care Organization:
  - Often focused on Medicare patients (but there are commercial ACOs, too)
  - PCPs can only participate in one (CMS)
  - More thoroughly defined and developed than CINs
Key Concepts of Clinical Integration

Collaboration between hospitals and physicians (both independent and hospital-employed)

Purposeful agreement to improve quality and efficiency of care, managing populations more efficiently including care outcomes and utilization creating value

Use of evidence-based practices (care paths) and data-driven performance improvement, informed by IT tools

A written arrangement with a payor which aligns financial incentives of the hospital and physicians
Stakeholders

- Hospitals & Health Systems
- Patients & Communities
- Payors & Employers
- Physicians
Value Proposition

Hospitals and Health Systems

– Provide right care in right setting
– Improved coordination, efficiency, satisfaction, transparency and information
– Market Pressure
– Alignment of independent and employed physicians
– Enhanced reimbursement for improved quality
Value Proposition

Physicians

– Improved coordination of patient care
– Access to patient information and transparency across the continuum
– Implementation of data driven practice guidelines
– More involved in decision making
– More contracting power
– Share in performance based incentives
Value Proposition

Payors and Employers

– Reduced cost
– Enhanced Value
– Better management of high-cost chronic disease
– Alignment of physicians
– Enhanced reimbursement for increased quality
Value Proposition

Patients and Communities

– Improved coordination of care
– More control of care
– Higher satisfaction
– Improved quality and outcomes
– Lower cost and higher value
Clinically Integrated Network Structure

- **Payors and Employers**
- **Contracts**
- **CI Network**
- **Private Practice Physicians**
- **Employed Physicians**

**Participation Agreements**

**Distribution of Funds**
Common Goals within Clinical Integration

- Preserve and improve market position
- Enhance care coordination
- Eliminate waste and efficiencies
- Standardize protocols and care paths
- Reduce variances
- Define, measure and report quality
- Manage utilization
Components of Clinically Integrated Network

- Physician Partnerships
- Physician Leadership
- IT infrastructure
- Performance Metrics
- Performance Monitoring
- Incentive Pools
- Payor Engagement
- Clinical Redesign support
Physician Partnership and Leadership

• Provides leadership and support to governance structure
• High performing, culturally compatible & strategically important-serving key markets and specialties
• Shared decision making: drive quality initiatives and priorities
• Enhancing collaboration within and between affiliate and employed groups
• Financial and human capital commitments
Performance Measures

• Baseline Performance
  – Support current P4P programs, risk contracts (HEDIS, PQRS, ACO)

• Raising the Bar
  – Support development of specialty measures
  – Transparency, sharing results
  – Performance improvement- exceeding targets or improvements over previous performance

• Transformational Strategy
  – Disease management measurement
  – Primary Care Medical Home
  – ACO
Selecting Measures

- Clinical conditions commonly treated
- Types of care delivered frequently
- Setting where care is often delivered
- Quality Improvement goals/program
- Other quality reporting programs
IT Infrastructure Resources

• Data Collection and Sharing
  – Ensure smooth sharing/exchange of patient data between sites
  – Practice disparities: EMR, Practice Management System, Paper

• Performance Management
  – How will CIN monitor physicians performance
  – Setting targets, underperformance strategy

• Support for Clinical Redesign
  – What support will be provided to practices to improve care management and coordination
  – Prioritization within CIN
Data Sharing and Integration Methods

- **Clinical/Disease Registries**
  - Data about patients with discrete chronic conditions centralized in searchable file or system
  - Monitor outcomes and manage care for patients with specific chronic diagnoses
- **Data Warehouse**
  - Broad array of data from different sources collected in central repository; viewable via Web-based portal
  - Access information about all patients (e.g., lab results), guidelines, reports
- **Health Information Exchange**
  - Bi-directional links created to share patient data between different record systems
  - Provide real-time updates of information within physician, hospital records
Data Sources

- Physicians: practice management systems, EMR
- Inpatient encounters
- Pharmacy
- Radiology
- Laboratory
- Claims, Financial data
- Continuity of Care Document (CCD)
- Electronic Data Warehouse
Ultimate goal of contracting is to be financially rewarded for improving quality of care and reducing cost.

How much of Net Revenue is tied to VBP and Performance?
Contracting Example

Care Delivery Model

Clinically Integrated Network

Population Served

- Medicare Advantage
- Traditional Medicare
- Commercial Payor 2
- Commercial Payor 1
- Health System Employees

Contracting Method

- Risk Contract
- ACO Shared Savings
- Tiered Network & Shared Savings
- Shared Savings
- Pay for Performance

Rising Risk

High

Low
What is an ACO?

• Accountable Care Organizations (ACOs) are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to their Medicare patients.

• The goal of coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors.

• When an ACO succeeds both in delivering high-quality care and spending health care dollars more wisely, it will share in the savings it achieves for the Medicare program.

Source: “CMS, Accountable Care Organizations, CMS Website”
Progression to Accountable Care

Clinically Integrated Network
- Provider network
- The “Team” for clinical Integration

Clinical Integration
- What the CIN does
- Participants collaborate on care
- Game plan and rules
- Operational & legal concepts

Accountable Care Organization
- Market and payor engagement
- Clinical integration to achieve goals
- Population Health Management
- Shared Savings and/or Risk
## Clinical Integration to Accountable Care

<table>
<thead>
<tr>
<th>Payment Models</th>
<th>Clinical Integration Incentives</th>
<th>ACO Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Contracts with achievable reward for value</td>
<td>• All physicians align under contracts that reward total cost of care</td>
</tr>
<tr>
<td>Physician Network</td>
<td>• Target physicians who meet participation agreements</td>
<td>• Target physicians crucial to disease management and care coordination</td>
</tr>
<tr>
<td></td>
<td>• Physicians with high volumes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Include specialty physicians</td>
<td></td>
</tr>
<tr>
<td>Performance Initiatives</td>
<td>• Measures that encourage PI</td>
<td>• Measures focus on care coordination, cost and quality</td>
</tr>
<tr>
<td>IT Structure</td>
<td>• Assess individual physician performance</td>
<td>• Integrate data for a picture of care across the continuum</td>
</tr>
<tr>
<td></td>
<td>• Incorporate all appropriate sources (inpt, office, ancillary data)</td>
<td>• Third party data</td>
</tr>
<tr>
<td>Care Management</td>
<td>• Provide support to achieve efficiencies within delivery models</td>
<td>• Delivery system redesign focus</td>
</tr>
<tr>
<td></td>
<td>• Improve patient engagement and post-acute care</td>
<td>• Develop mandatory goals around care transformation</td>
</tr>
</tbody>
</table>

**Source:** Building the Performance-Focused Physician Network (20921) , Road Map for Assessing and Implementing a Clinical Integration Strategy
Discussion and Questions
Looking for more information? Please contact Shawn Auer at sauer@us.ibm.com

Save the Date for the next Executive Webinar!
May 26, 2016 | 12:00pm CT

**True-Patient Centered Care:**
**Integrating Behavioral Health in PCMH Practice**
Hosted by: Charles Coleman, PhD, CMPH, PHM, Solutions Lead, Behavioral & Mental Health Programs, IBM Watson Health

Register Now:
http://watsonhealth.ibm.com/May26-True-PatientCentered-Care-Webinar.html
Thank you!