

# CMS Update on Improving Quality and ACOs



## *2013 National Association of ACO's Fall Conference: Building ACO's for the future*

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# Discussion

- **System transformation and CMS Innovation Center**
- **Value-based purchasing, quality measurement and quality improvement programs**
- **ACO's and early results**
- **National Outcomes and Future Collaboration**

# Thank You

- For the care you are providing every day
- For the hard work you are doing to improve your care systems every day
- For your commitment to health care reform, innovation and transformation

# The CMS Mission

***As an effective steward of public funds, CMS is committed to strengthening and modernizing the nation's health care system to provide access to high quality care and improved health at lower costs.***

# CMS Measures of Success

- **Better care and lowers costs:**  
*Beneficiaries receive high quality, coordinated, effective, efficient care. As a result, health care costs are reduced.*
- **Improved prevention and population health:**  
*All Americans are healthier and their care is less costly because of improved health status resulting from use of preventive benefits and necessary health services*
- **Expanded health care coverage:**  
*All Americans have access to affordable health insurance options that protect them from financial hardship and ensure quality health care coverage.*

# We need delivery system and payment transformation

## ***Current State –***

**Producer-Centered**

**Volume Driven**

**Unsustainable**

**Fragmented Care  
Systems**

**FFS Payment Systems**

**PRIVATE  
SECTOR**

The diagram features two large, light blue arrows pointing from the 'Current State' on the left to the 'Future State' on the right. The top arrow is labeled 'PRIVATE SECTOR' and the bottom arrow is labeled 'PUBLIC SECTOR'. The arrows are stacked vertically, with the top arrow starting at the 'Current State' and the bottom arrow starting at the 'Future State'.

## ***Future State –***

**People-Centered**

**Outcomes Driven**

**Sustainable**

**Coordinated Care  
Systems**

## **New Payment Systems**

- Value-based purchasing
- ACOs Shared Savings
- Episode-based payments
- Care Management Fees
- Data Transparency

# The CMS Innovation Center

## Identify, Test, Evaluate, Scale

The purpose of the [Center] is to test innovative payment and service delivery models to reduce program expenditures...while preserving or enhancing the quality of care furnished to individuals under such titles.

- *The Affordable Care Act*

# Our Strategy: Conduct model tests to find out what works

The Innovation Center portfolio of models will address a wide variety of **patient populations, providers, and innovative approaches to care and payment**



# **CMS Innovations Portfolio: Testing New Models to Improve Quality**

## **Accountable Care Organizations (ACOs)**

- Medicare Shared Savings Program (Center for Medicare)
- Pioneer ACO Model
- Advance Payment ACO Model
- Comprehensive ERSD Care Initiative

## **Primary Care Transformation**

- Comprehensive Primary Care Initiative (CPC)
- Multi-Payer Advanced Primary Care Practice (MAPCP) Demonstration
- Federally Qualified Health Center (FQHC) Advanced Primary Care Practice Demonstration
- Independence at Home Demonstration
- Graduate Nurse Education Demonstration

## **Bundled Payment for Care Improvement**

- Model 1: Retrospective Acute Care
- Model 2: Retrospective Acute Care Episode & Post Acute
- Model 3: Retrospective Post Acute Care
- Model 4: Prospective Acute Care

## **Capacity to Spread Innovation**

- Partnership for Patients
- Community-Based Care Transitions
- Million Hearts

## **Health Care Innovation Awards**

## **State Innovation Models Initiative**

### **Initiatives Focused on the Medicaid Population**

- Medicaid Emergency Psychiatric Demonstration
- Medicaid Incentives for Prevention of Chronic Diseases
- Strong Start Initiative

### **Medicare-Medicaid Enrollees**

- Financial Alignment Initiative
- Initiative to Reduce Avoidable Hospitalizations of Nursing Facility Residents

# **Innovation Center 2013 Looking Forward**

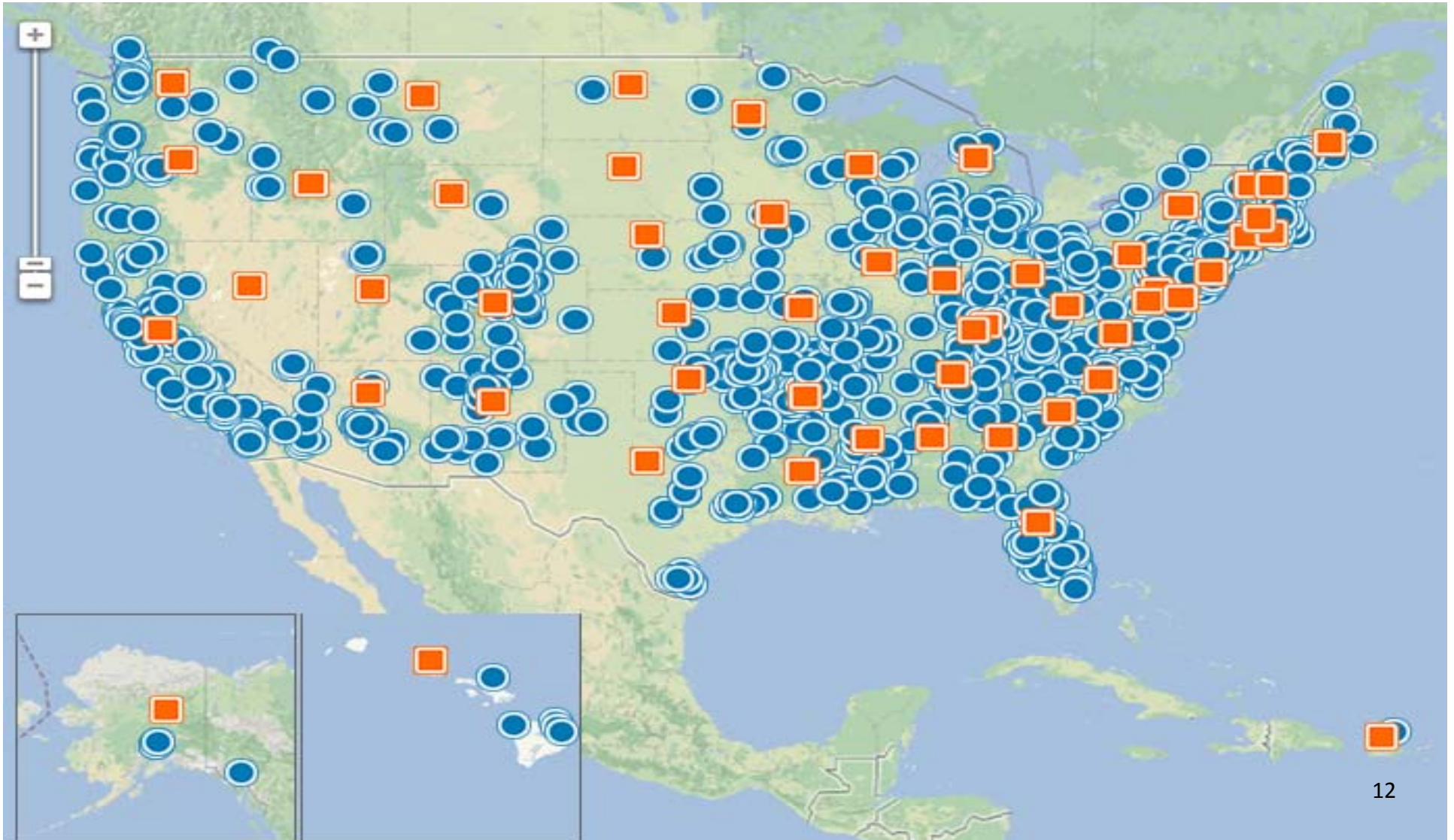
## **We're Focused On**

- **Implementation and Execution**
- **Monitoring & Optimization of Results**
- **Collaboration across CMS to drive innovation and delivery system transformation**
- **Evaluation and Scaling**
- **Determine which new models need to be launched to round out Innovation portfolio**

# **Providers are Driving Transformation**

- **More than 50,000 providers are or will be soon providing care to beneficiaries as part of the Innovation Center's current initiatives**
- **Over 250 organizations are participating in Medicare ACOs**
- **More than 4 million Medicare FFS beneficiaries are receiving care from ACOs**
- **More than 1 million Medicare FFS beneficiaries are participating in primary care initiatives**

# Innovation is happening broadly across the country



# The key to an improved health system

## A transformed mind-set

Every clinician and health care administrative person starts every day believing that **success**

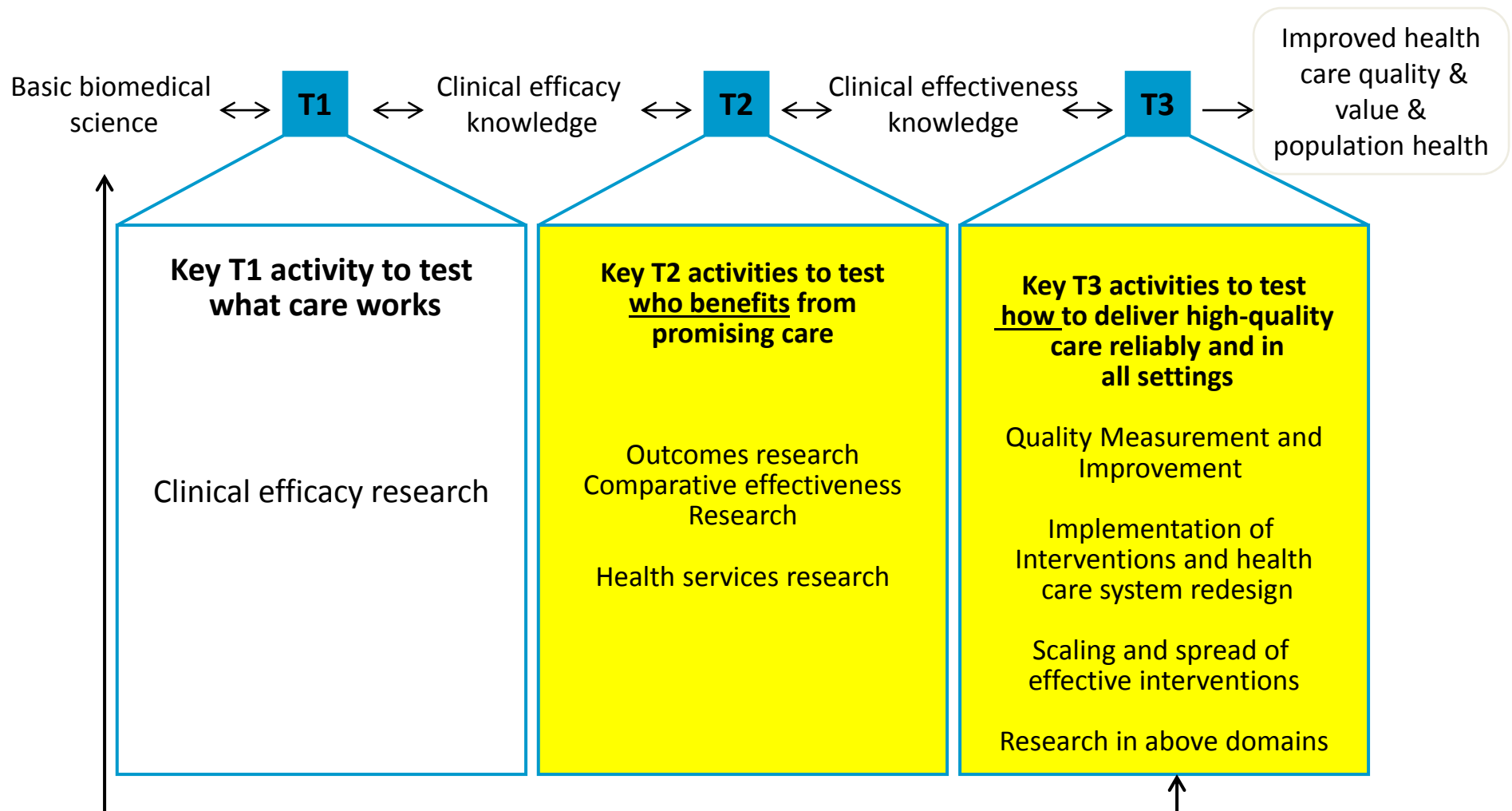
*– whether it's the success of the patient,  
the doctor, or the organization –*

is directly related to their ability to **achieve better outcomes and lower costs by improving care for their population** and that they have the **knowledge and tools** to do it.

# **What will cause the change?**

- **There is no “silver bullet”**
- **Align Service Delivery and Payment Models with desired outcomes**
- **Provide data to empower rapid learning**
- **Demonstrate successful alternative models**
- **Provide intensive support**
- **Learn how to scale and spread**

# The “3T’s” Road Map to Transforming U.S. Health Care



Source: JAMA, May 21, 2008: D. Dougherty and P.H. Conway, pp. 2319-2321. The “3T’s Roadmap to Transform U.S. Health Care: The ‘How’ of High-Quality Care.”

# Transformation of Health Care at the Front Line

- **At least six components**
  - **Quality measurement**
  - **Aligned payment incentives**
  - **Comparative effectiveness and evidence available**
  - **Health information technology**
  - **Quality improvement collaboratives and learning networks**
  - **Training of clinicians and multi-disciplinary teams**

**Source: P.H. Conway and Clancy C. Transformation of Health Care at the Front Line. JAMA 2009 Feb 18; 301(7): 763-5**



# Discussion

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# **Affordable Care Act has expanded CMS's ability to drive change**

- **Hospital Value Based Purchasing**
- **Quality Reporting Programs**
- **Physician Value-Based Payment Systems**
- **Shared Savings Program: Accountable Care Organizations (ACO)**
- **Center for Medicare and Medicaid Innovation**

# CMS expanded portfolio of quality reporting and performance programs

## Hospital Quality

- Medicare and Medicaid EHR Incentive Program
- PPS-Exempt Cancer Hospitals
- Inpatient Psychiatric Facilities
- Inpatient Quality Reporting
- HAC payment reduction program
- Readmission reduction program
- Outpatient Quality Reporting

## Physician Quality Reporting

- Medicare and Medicaid EHR Incentive Program
- PQRS
- eRx quality reporting

## PAC and Other Setting Quality Reporting

- Inpatient Rehabilitation Facility
- Nursing Home Compare Measures
- LTCH Quality Reporting
- ESRD QIP
- Hospice Quality Reporting
- Home Health Quality Reporting
- Ambulatory Surgical Centers

## Payment Model Reporting

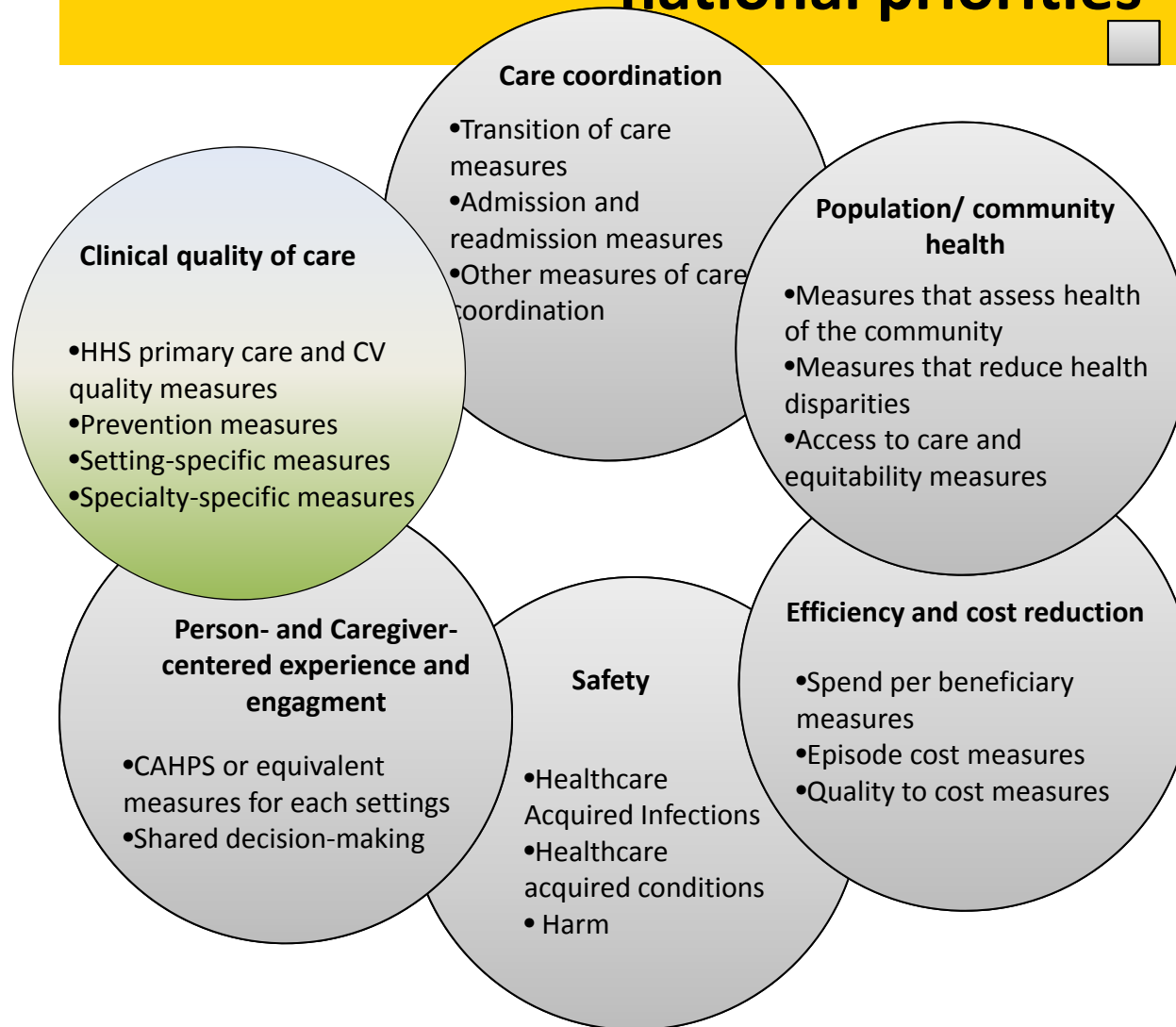
- Medicare Shared Savings Program
- Hospital Value-based Purchasing
- Physician Feedback/Value-based Modifier

## "Population" Quality Reporting

- Medicaid Adult Quality Reporting
- CHIPRA Quality Reporting
- Health Insurance Exchange Quality Reporting
- Medicare Part C
- Medicare Part D

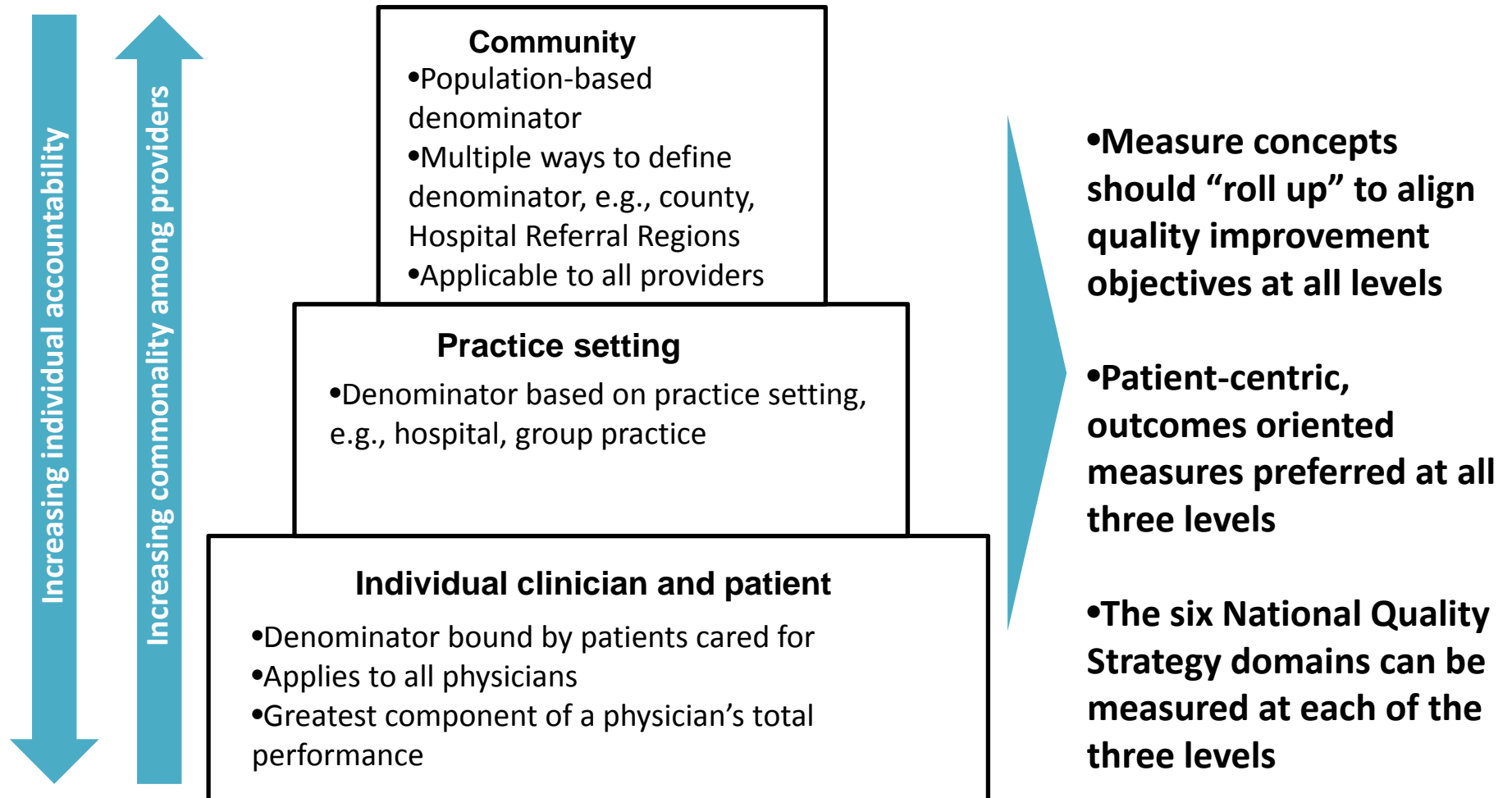
# CMS framework for measurement maps to the six national priorities

Greatest commonality  
of measure concepts  
across domains



- Measures should be patient-centered and outcome-oriented whenever possible
- Measure concepts in each of the six domains that are common across providers and settings can form a core set of measures

# Quality can be measured and improved at multiple levels



# Value-Based Purchasing

- Goal is to reward providers and health systems that deliver better outcomes in health and health care at lower cost to the beneficiaries and communities they serve.
- Hospital value-based purchasing program shifts approximately \$1 billion based on performance
- Five Principles
  - Define the end goal, not the process for achieving it
  - All providers' incentives must be aligned
  - Right measure must be developed and implemented in rapid cycle
  - CMS must actively support quality improvement
  - Clinical community and patients must be actively engaged

VanLare JM, Conway PH. Value-Based Purchasing – National Programs to Move from Volume to Value. NEJM July 26, 2012

# **Programs linking quality to Payment**

- **Starting in Oct 2012, hospitals with excess risk adjusted Medicare readmissions had payments reduced (5 conditions proposed for FY15)**
- **Payment reductions for hospitals in bottom quartile of healthcare acquired conditions starting Oct 2014**
  - **Finalized to start with 2 domains weighted 65/35% each: healthcare acquired infections and healthcare acquired conditions**

# Physician Value Payment Programs

- **Principle of report once and receive credit for all programs: Physician Quality Reporting System, Value-Based Payment Modifier, Medicare and Medicaid EHR Incentive Programs, and Pioneer ACO and Shared Savings Program if applicable**
- **Focus on registry reporting and EHR based reporting, both of which can be all payer**
- **Value-based payment modifier starts in 2013 (groups of 100 or more) and by 2017 adjusting all Medicare payments to physicians based on quality and cost**



# **The Future of Quality Measurement for Improvement and Accountability**

- **Meaningful quality measures increasingly need to transition away from setting-specific, narrow snapshots**
- **Reorient and align measures around patient-centered outcomes that span across settings**
- **Measures based on patient-centered episodes of care**
- **Capture measurement at 3 main levels (i.e., individual clinician, group/facility, population/community)**
- **Why do we measure?**
  - **Improvement**

**Source: Conway PH, Mostashari F, Clancy C. The Future of Quality Measurement for Improvement and Accountability. JAMA 2013 June 5; Vol 309, No. 21 2215 - 2216**

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# **Multiple paths for Medicare ACOs**

- **Medicare Shared Savings Program**
  - One-sided shared savings track
  - Two-sided shared savings/loss track
  - Advance Payment Model
- **Pioneer ACO Model**
  - Five payment tracks with substantial risk
  - Population based payments

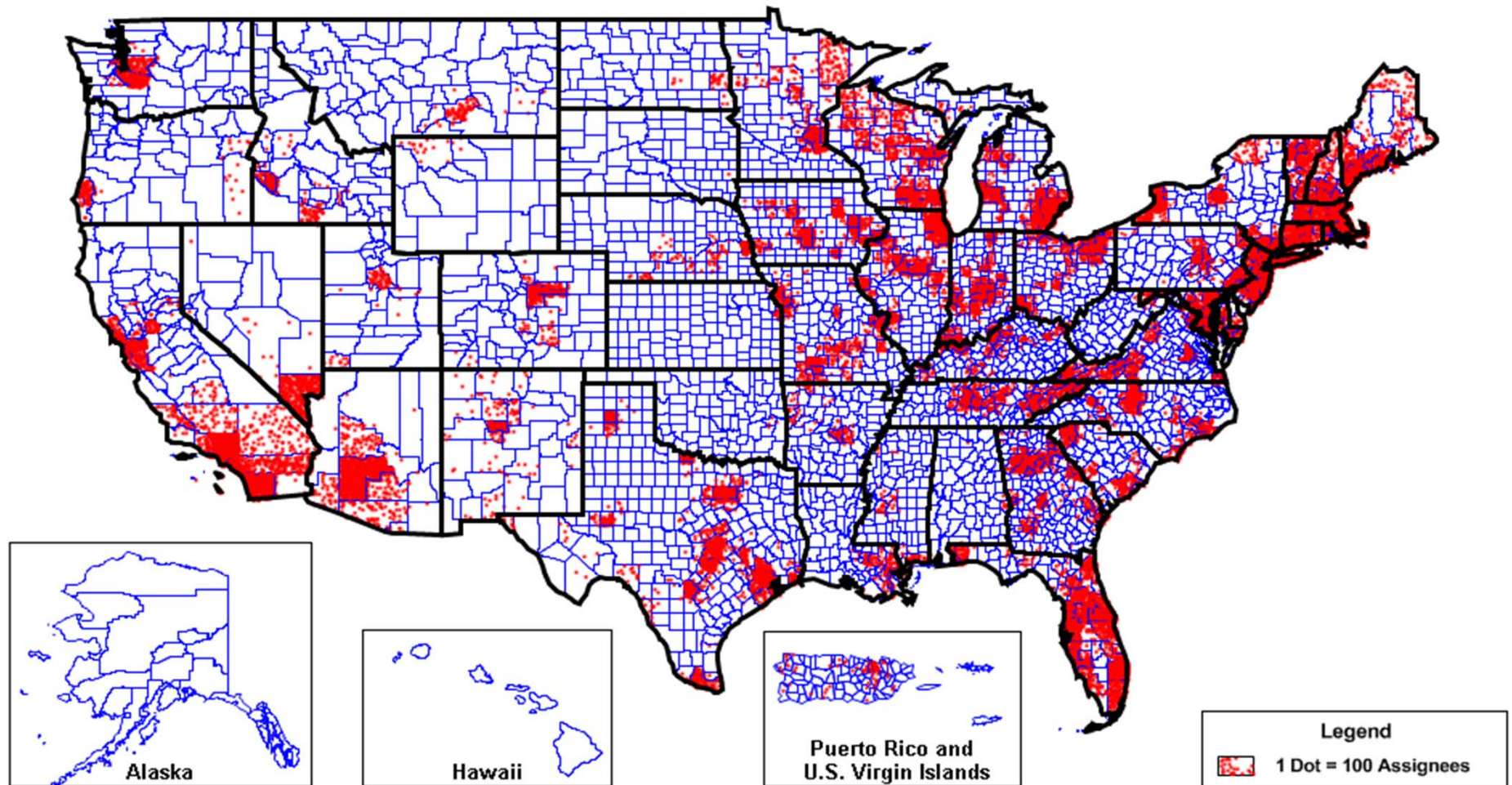
# ACO Vision

- **An ACO promotes seamless coordinated care**
  - **Puts the beneficiary and family at the center**
  - **Remembers patients over time and place**
  - **Attends carefully to care transitions**
  - **Manages resources carefully and respectfully**
  - **Proactively manages the beneficiary's care**
  - **Evaluates data to improve care and patient outcomes**
  - **Innovates around better health, better care and lower growth in costs through improvement**
  - **Invests in team-based care and workforce**

# **Medicare ACOs are diverse and spreading**

- **Over 250 ACOs accountable for over 4 million beneficiaries**
- **Majority are physician-led**
- **Rural and safety net providers in multiple states**

**4 million Medicare beneficiaries having care coordinated by  
220 SSP and 32 Pioneer ACOs  
(Geographic Distribution of ACO Population)**



# Quality Measurement & Performance for ACOs

- **Quality measures (33) are separated into the following four key domains:**
  - **Better Care**
    1. Patient/Caregiver Experience
    2. Care Coordination/Patient Safety
  - **Better Health**
    3. Preventative Health
    4. At-Risk Population
- **Must meet quality targets to share in savings and amount of savings shared depends on quality performance**



# **Promising early quality results in the Pioneer Model**

- **All 32 Pioneer ACOs successfully reported quality measures, achieving the maximum reporting rate and earning PQRS incentives for 2012**
- **Pioneers outperformed published benchmarks**
- **On measures with FFS data (colorectal cancer screening, tobacco cessation, depression screening), Pioneer ACOs performed better than the known Medicare FFS rates**
- **Pioneer ACOs had higher scores on CAHPS patient experience surveys, compared to Medicare FFS rates**



# **Promising early financial results in the Pioneer Model**

- **Pioneer ACOs generated gross savings of \$87.6 million in 2012, or 1.2% savings on a total benchmark of \$7.6 billion**
- **13 out of 32 ACOs earned shared savings totaling \$76 million, one ACO owed shared losses of ~\$2 million**
- **Pioneer ACOs performed in a challenging environment --Medicare spending for beneficiaries aligned to Pioneer ACOs grew by only 0.3%, substantially below historical Medicare growth rates and below the 0.8% growth rate of the “reference” population to whom they were compared**

## **Encouraging ACOs to choose the best path for their organization**

- **7 of 9 Pioneer ACOs that left the model plan to transition to the Shared Savings Program and remain committed to accountable care**
- **Several Pioneer ACOs also participating in the Bundled Payments for Care Improvement model**

# Discussion

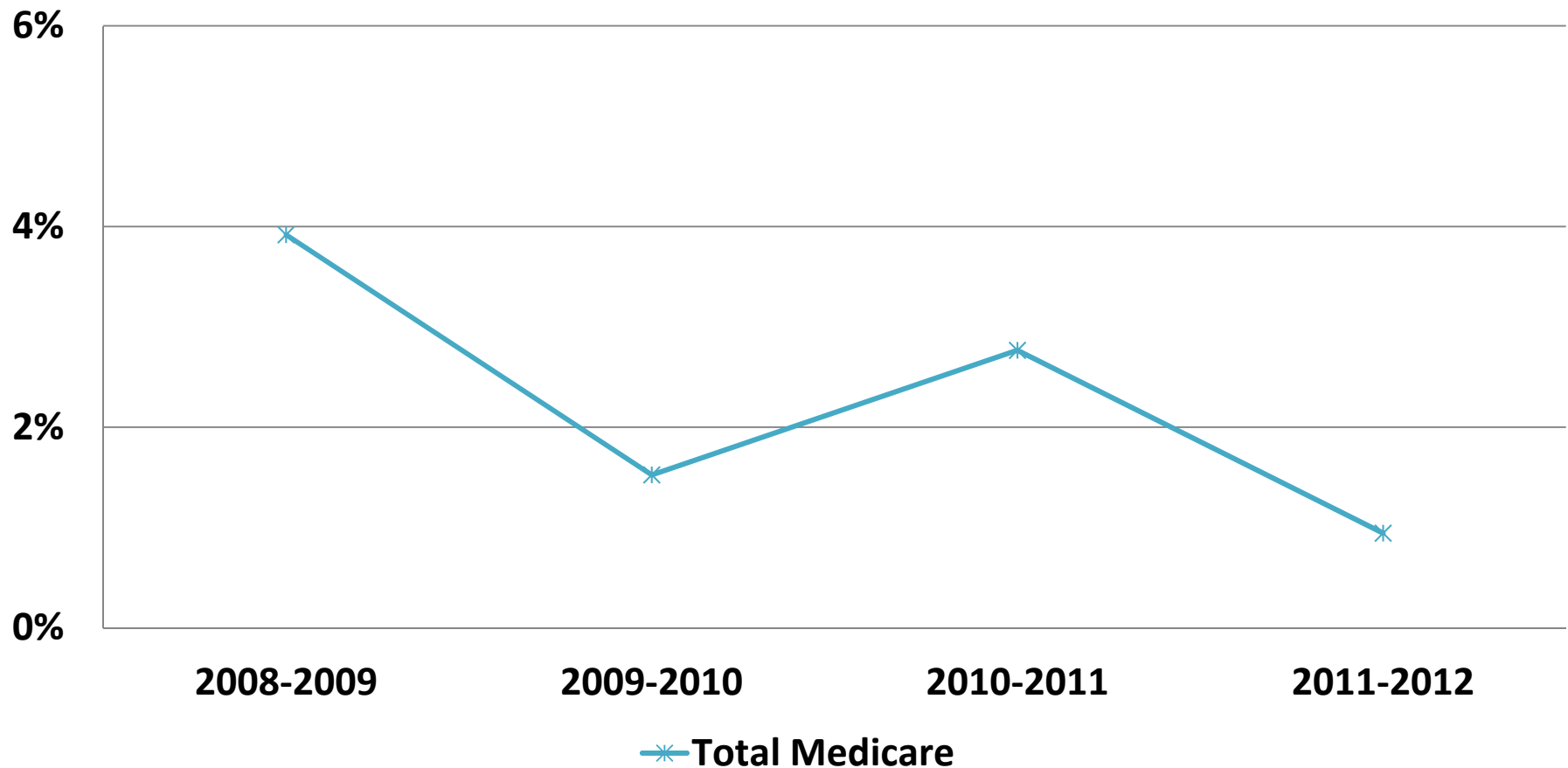
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# **We are starting to see results nationally**

## **Cost trends are down, Outcomes are Improving & Adverse Events are Falling**

- Total U.S. health spending grew only 3.9 percent in 2011
- Medicare trend over 3 years at historic lows - +.4% in 2012
- Medicaid spending per beneficiary has decreased over last two years - .9% and .6% in 2011 and 2010
- Hospitals have reduced early elective deliveries dramatically leading to decreased NICU admits
- Expanding coverage with insurance marketplaces gearing up for 2014

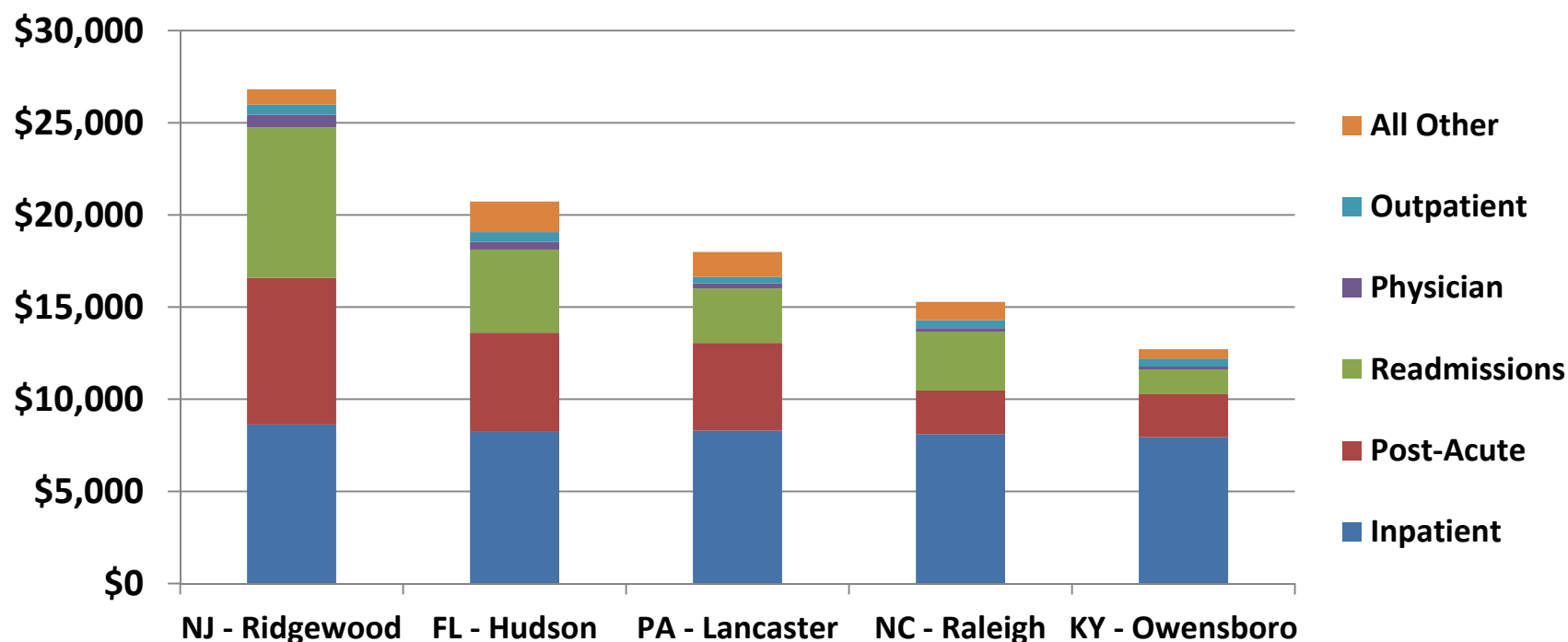
# Results: Medicare Per-Capita Spending Growth at Historic Low



Source: CMS Office of the Actuary, Midsession Review – FY 2013 Budget

# Wide Variation in Spending Across the Country

## Heart Failure and Shock with Complications MS-DRG 291



Ratio to Nat'l Avg

1.49

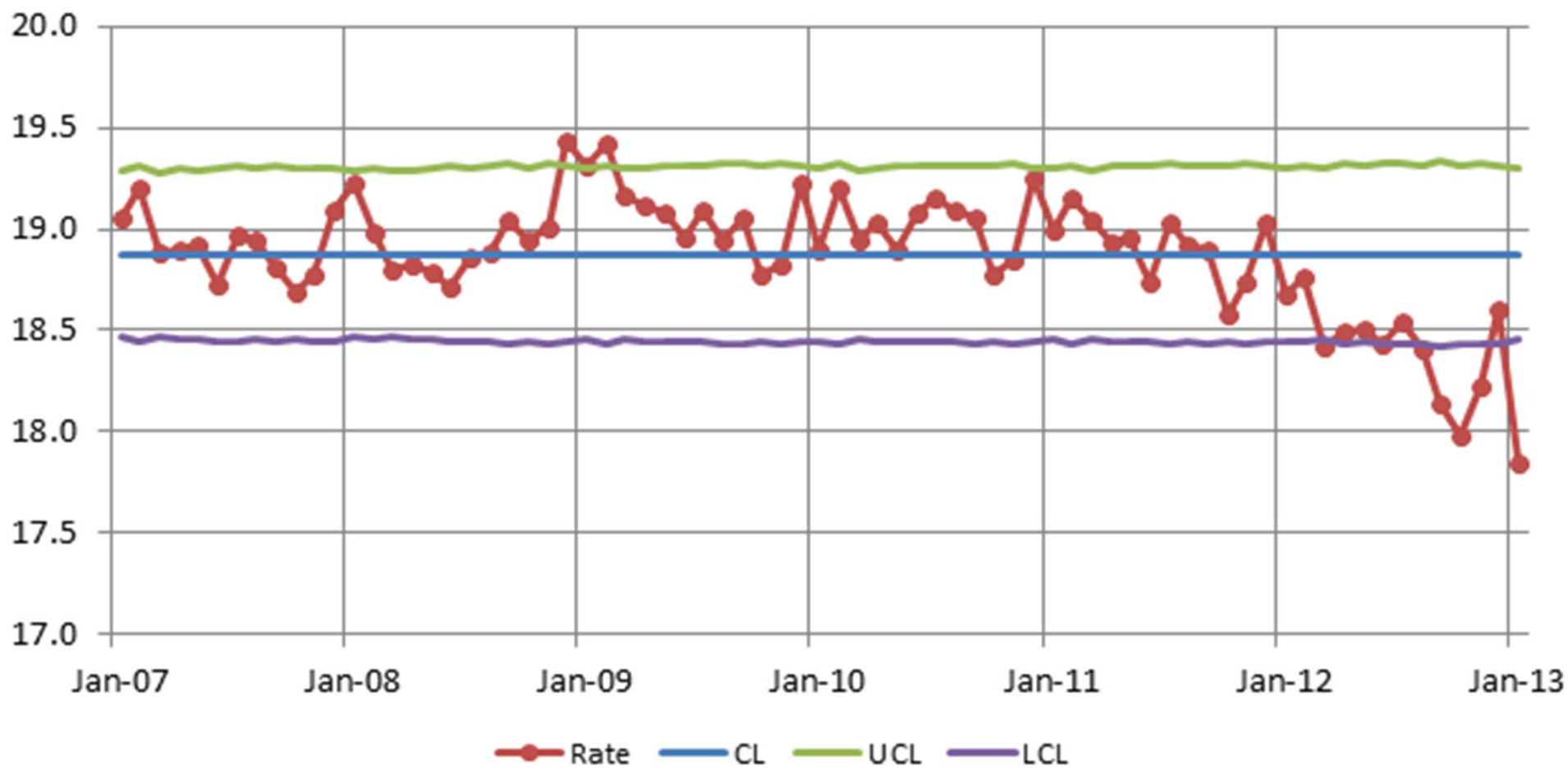
1.15

1.00

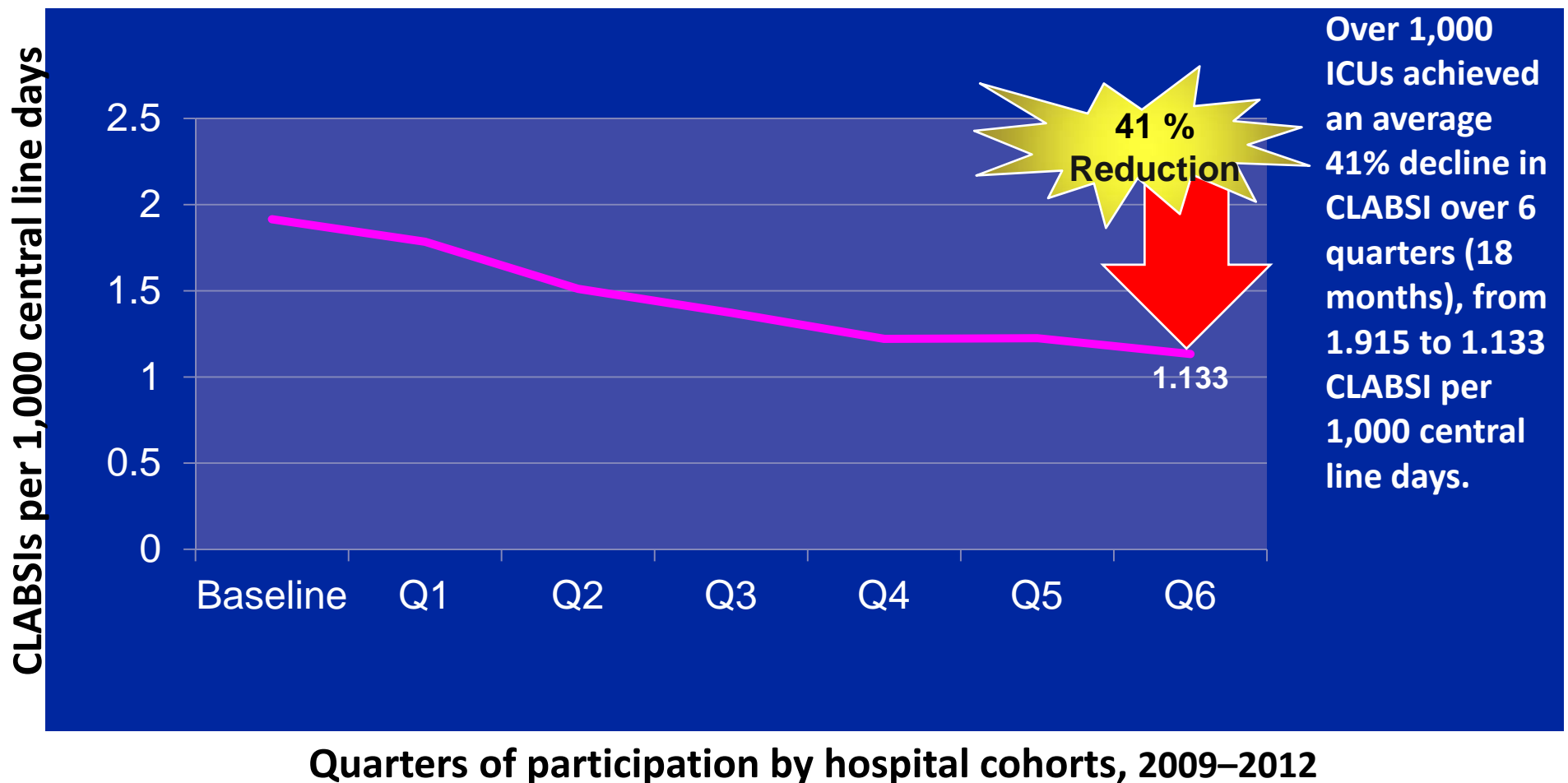
0.85

0.71

## Medicare All Cause, 30 Day Hospital Readmission Rate



# CLABSI Rates Declining Nationally





# **Opportunities and Challenges of a Lifelong Health System**

- **Goal of system to optimize health outcomes and lower costs over much longer time horizons**
- **Payers, including Medicare and Medicaid, increasingly responsible for care for longer periods of time**
- **Health trajectories modifiable and compounded over time**
- **Importance of early years of life**

**Source: Halfon N, Conway PH. The Opportunities and Challenges of a Lifelong Health System. NEJM 2013 Apr 25; 368, 17: 1569-1571**

# **Financial Instruments and models that might incentivize lifelong health management**

- **Horizontally integrated health, education, and social services that promote health in all policies, places, and daily activities**
- **Consumer incentives (value-based insurance design)**
- **“Warranties” on specific services**
- **Bundled payment for suite of services over longer period**
- **Measuring health outcomes and rewarding plans for improvement in health over time**
- **Community health investments**
- **ACOs could evolve toward community accountable health systems that have a greater stake in long-term population health outcomes**

# **How Might ACOs Accelerate Transformation**

- **Be vanguards in achieving better health, better care, and lower costs**
- **Learn from each other and show others how to progress**
- **Focus on the whole population and over time, not just the short office visit with a patient**
- **Analyze your data and use it to improve**
- **Be willing to take on risk**
- **Partner and collaborate with others**

## ***Our Ask:***

- **Continue the work of improving quality, safety, care coordination, and efficient resource use**
- **Support the National Quality Strategy**
- **Push your organizations to support this transition to a sustainable patient centered, accountable healthcare system**
- **Choose Your Pathways:**
  - **ACOs, Models focused on Primary Care, Bundled Payments for Care Improvement, State Innovation Models, others**
- **Make your personal commitment to transformation**

# Thank You

[innovations.cms.gov](https://innovations.cms.gov)

