Payment Reform 3.0: It’s Time

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SPEND LESS to pay for tax cuts

SPEND LESS to pay for coverage expansion
Individual payment models’ performance mixed → disappointing, glass > ½ full?

- ACOs
- MSSP
- Pioneer
- Next Generation?
- Primary Care
- CPCi
- Bundled Payments (Models 2* {acute and post-acute} and 4** {prospective acute})

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Private Sector PCMH evaluations

- Sinaiko et al ("collaborative" meta analysis)
  - No statistically significant impact on cost or quality in general
  - 4.2% cost reduction for sickest patients*
- BCBS of MI (4000+ docs), better results
- CareFirst (4000+ docs; conflicting results)
  - Even if PCMH saved 2% off trend, still not enough...
- McWilliams et al, *NEJM* perspective: Care Coord. not enough

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Lessons for Payment Reform 3.0

• Focus on ID’ing right patients and directing care resources to them
• PMPM + “risk” not nec. better than targeted in-kind assistance
• TCC not to be avoided, but embraced by heterogeneous care teams
• Need to focus on PRICES as much as “win-win” utilization reduction (reference prices, with time certain transition path)
  ➢ Tie exclusivity period to $/QALY for new drugs
• Focus on specific SDOH might lower health costs enough ...
• HIT systems not ready for prime time, need back-office HIT at CMS to speed use of info system as real time pop health / cost reducing tool