

# Medicare at 50: Issues and Future Directions

Congressional Briefing  
*Alliance for Health Reform and The Commonwealth Fund*

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**Anthem.**

## HHS: Delivery System Reform requires focusing on the way we pay providers, deliver care, and distribute information

Focus Areas	Description
Pay Providers	<ul style="list-style-type: none"><li>▪ Promote value-based payment systems<ul style="list-style-type: none"><li>– Test new alternative payment models</li><li>– Increase linkage of Medicaid, Medicare FFS, and other payments to value</li></ul></li><li>▪ Bring proven payment models to scale</li><li>▪ <b>Goal:</b> 30% of provider spend tied to value-based payments by 2016 and 50% by 2018 (Anthem currently 53% tiers 2, 3, and 4; 29%, tiers 3 and 4)</li></ul>
Deliver Care	<ul style="list-style-type: none"><li>▪ Encourage the integration and coordination of clinical care services</li><li>▪ Improve population health</li><li>▪ Promote patient engagement through shared decision making</li></ul>
Distribute Information	<ul style="list-style-type: none"><li>▪ Create transparency on cost and quality information</li><li>▪ Bring electronic health information to the point of care for meaningful use</li></ul>

Source: Burwell SM. Setting Value-Based Payment Goals – HHS Efforts to Improve U.S. Health Care. NEJM 2015 Jan 26; published online first.

2

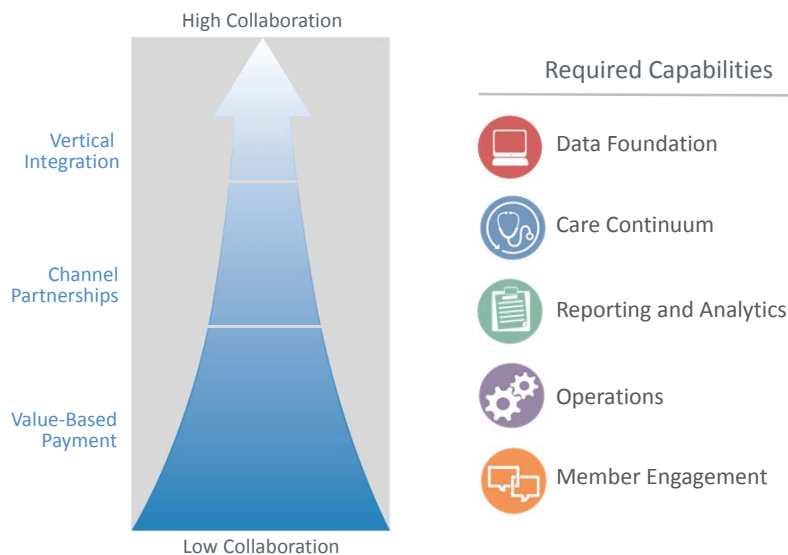
### Cost Drivers: Medicare vs. Commercial *Overall Spending*

% of Members	Commercial	Medicare
Top 1%	28%	14%
Top 5%	57%	36%

	Commercial	Medicare
1	Ischemic heart disease	Ischemic heart disease
2	Chronic kidney disease	Chronic kidney disease
3	Breast cancer	Sepsis
4	Sepsis	Chronic bronchitis
5	Leukemia	Congestive heart failure
6	Neonatal Disorders	Lung cancer
7	Back joint disease	Pneumonia
8	Lung cancer	Leukemia
9	Stroke	Multiple myeloma
10	Lymphoma	Stroke





3

### Provider Collaboration Pathway and Capabilities








4






## Landscape of Anthem Payment Innovation

 <p><b>2,250</b> designations</p>	<p>Blue Distinction Centers of Excellence</p>
 <p><b>787</b> hospitals <small>&gt;75% of Commercial inpatient admissions</small></p>	<p>Hospital Payment for Quality and Safety</p>
 <p><b>163,000</b> physicians</p>	<p>Physician Pay for Quality and Pay for Value Programs</p>
 <p><b>42,500</b> primary care physicians</p>	<p>Patient Centered Primary Care Including Patient Centered Medical Homes and Comprehensive Primary Care Initiative</p>
 <p><b>143</b> health systems</p>	<p>Accountable Care Organizations</p>
<p><b>All value-based contracts</b></p>	<p>\$50B, or 53%, of total medical spend</p>

5

### Payment Innovation in Primary Care: Enhanced Personal Health Care

 <p><b>7.8%</b> fewer acute inpatient admits per 1,000</p>	 <div style="position: absolute; top: 10%; left: 10%; background: white; border-radius: 50%; padding: 10px;"> <p><b>\$9.51</b> PMPM GROSS SAVINGS OVER THE FIRST YEAR (3.3%)</p> </div> <div style="position: absolute; top: 30%; left: 30%; background: white; border-radius: 50%; padding: 10px;"> <p>NET SAVINGS <b>\$6.62</b> PMPM</p> </div>
 <p><b>5.7%</b> fewer inpatient days per 1,000</p>	
 <p><b>5.1%</b> PMPM decrease in outpatient surgery costs</p>	
 <p><b>3.5%</b> decrease in ER costs, and a 1.6% decrease in ER utilization</p>	

 Quality driven	 Coordinated	 Knowledge exchange	 Value-based reimbursement	 Membership experience
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## Enhanced Personal Health Care: Aligned Anthem and Provider Incentives

Under the Shared Savings program, providers earn additional payment:

- Increase the amount of savings by reducing costs
- Increase the percent of savings they can earn by meeting quality and utilization targets established in the program's scorecard



7

## Accountable for Quality

Provider Scorecard Based on Nationally-Recognized Standards of Care

Quality Measures		▶ 60%
<b>Medication Adherence</b>		
CMS	Oral Diabetes	
CMS	Hypertension(ACE or ARB)	
CMS	Cholesterol (Statins)	
<b>Diabetes Care</b>		
NCOA, HEDIS	Lipid Profile	
NCOA, HEDIS	Urine Protein Screening	
NCOA, HEDIS	HbA1c Testing	
NCOA, HEDIS	Eye Exam	
<b>Annual Monitoring of Persistent Medications</b>		
NCOA, HEDIS	Digoxin	
NCOA, HEDIS	ACE/ARB	
NCOA, HEDIS	Diuretics	
NCOA, HEDIS	Anticonvulsants	
<b>Other Acute and Chronic Care</b>		
NCOA, HEDIS	Appropriate Testing for Children with Pharyngitis	
NCOA, HEDIS	Appropriate Treatment for Children with Upper Respiratory Infection	
NCOA, HEDIS	Osteoporosis Management in Women who had a Fracture	
NCOA, HEDIS	Heart Failure: Beta-blocker Therapy	
ACC/AHA	CAD: ACE/ARB Therapy	
NCOA, HEDIS	Persistence of Beta-Blocker Treatment after a Heart Attack	
NCOA, HEDIS	Complete Lipid Profile for Patients with Cardiovascular Conditions	
NCOA, HEDIS	Arthritis: Disease Modifying Anti-Rheumatic Drug (DMARD) Therapy in RA	
NCOA, HEDIS	Use of Appropriate Medications for People with Asthma	
NCOA, HEDIS	New Episode of Depression: Effective Acute Phase Treatment	
NCOA, HEDIS	New Episode of Depression: Effective Continuation Phase Treatment	
<b>Adult Preventive</b>		
NCOA, HEDIS	Breast Cancer Screening	
NCOA, HEDIS	Cervical Cancer Screening	
<b>Pediatric Preventive</b>		
NCOA, HEDIS	Childhood Immunization Status: MMR	
NCOA, HEDIS	Childhood Immunization Status: VZV	
NCOA, HEDIS	Well-Child Visits Ages 0-15 Months	
NCOA, HEDIS	Well-Child Visits Ages 3-6 Years Old	
NCOA, HEDIS	Well-Child Visits Ages 12-21 Years Old	
<b>Utilization/Care Coordination Measures</b>		▶ 40%
	Avoidable ER Visits	
	Ambulatory Sensitive Inpatient Admissions	
	Generic Drug Dispensing Rate	

8

## CareMore: Care Innovation

- Care Centers provide a “Healthy Start” initial evaluation and integrated care that combines wellness and medical supervision and offers personalized health planning
- Extensivists intensively manage chronically ill members
- Biometric monitoring applied to care management

Predictive modeling

Integrated IT infrastructure

Longitudinal patient record

Evidence-based protocols

Point-of-care decision support

9

## Superior Outcomes

### End-stage renal disease

**36%** fewer inpatient admissions

**62%** less inpatient bed days than the national average

### Diabetes

**7.07** average HbA1c

**60%** lower amputation rate

### Congestive heart failure

**56%** reduction in hospital admission rate in 3 months

	<b>CAREMORE</b> <small>It's what we do.™</small>	National Medicare FFS
ALOS	<b>3.7 days<sup>1</sup></b>	<b>5.4 days</b>
Bed Days / 1000	<b>967</b>	<b>1,868</b>
Admit Rate / 1000	<b>261</b>	<b>344</b>
Readmission Rate <sup>2</sup>	<b>14.1%</b>	<b>19.6%</b>

<sup>1</sup> With contracted facilities    <sup>2</sup> Excluding ESRD

10





## Anthem Cancer Care Quality Program

**1 in 3**  
Chemotherapy patients receive treatment inconsistent with medical evidence

**25%**  
Annual growth in cost of new cancer therapies

**69%**  
Oncology practice revenue from drug margins

**180**  
New cancer studies published quarterly

-  Evidence / best practice based pathways developed with oncologists & based on national guidelines
-  Meaningful incentives for pathway compliance
-  Streamlined approval process enables increased efficiency
-  Enhanced reporting for on quality, cost, outcomes

11

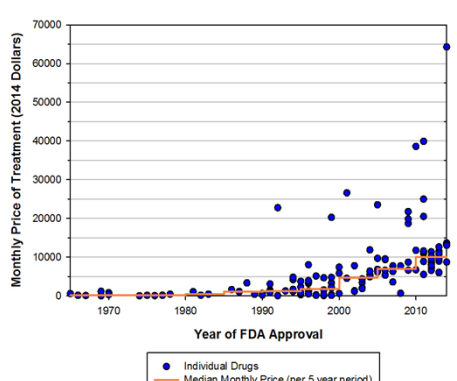
## New Cancer Drugs: *Higher Cost for Less Value*

**13** new cancer treatments approved by FDA in 2012:

- 1** extended survival by 6 months
- 2** extended survival by only 4-6 weeks

**\$5,900** average cost of treatment per month

### Monthly and Median Cost of Cancer Drugs at the Time of FDA Approval 1965-2014



Peter B. Bach, MD, Memorial Sloan-Kettering Cancer Center

12

## Anthem's Approach to Pathway Development



- A subset of regimens supported by **evidence** and **clinical guidelines**
- Applicable for **80%-90% of patients** and selected based on:
  1. Clinical benefit (efficacy)
  2. Side effects/toxicities (especially those leading to hospitalizations & impacting quality of life)
  3. Strength of national guideline recommendations
  4. Cost of regimens
- Developed through a **rigorous evidence-based medicine process** involving **external advisors** and **publicly available**

13