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Let's Get Healthy California & California State Innovation Model (CalSIM) Initiative Review of Draft State Health Care Innovation Plan (SHCIP) Webinar

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October 16, 2013

Welcome

Presentation Roadmap

- Welcome
- CMMI Goals Overview
- SHCIP Goals, Targets and Accountability
- Key Initiatives (4)
- Building Blocks (6)
- Financial Analysis
- Questions and Answers
- Closing Remarks

CMMI Goals Overview

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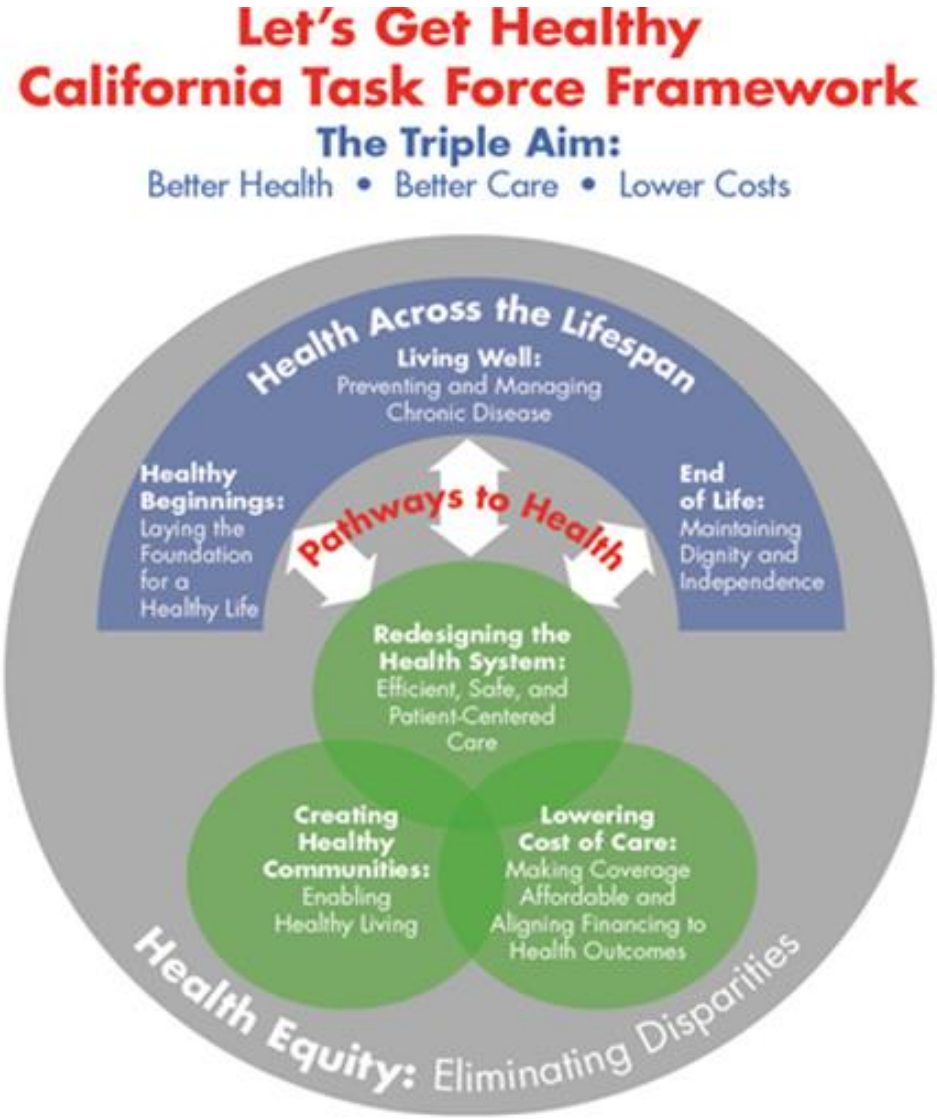
CMMI Goals and Criteria

- Provide a broad vision of health system transformation and payment reform.
- Address the Triple Aim of better health, better health care and lower costs.
- Demonstrate a return on investment in three years.
- Include a broad array of stakeholders.
- Engage multiple payers.
- Affect a preponderance of care.
- Leverage existing initiatives and investments.

SHCIP Goals, Targets and Accountability

LGHC: Foundation for the SHCIP



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Role of the SHCIP in California

- The SHCIP must be viewed in a larger California context – many current initiatives underway to achieve the Triple Aim and LGHC goals.

- The SHCIP is to be viewed as a down payment and a catalyst to advance transformation over the long term, beyond the three year timeframe.

Role of the SHCIP in California, *cont.*

- Given the three year timeframe, the SHCIP Initiatives focus on high risk populations.

- The Building Blocks address ongoing needed capacities for transformation.

SHCIP Goals and Targets

1. LGHC overall target: bring health care expenditures growth in line with GSP growth by 2022; SHCIP will reduce health care expenditures over 3 years.
   - Regional targets will be set.
   - Projected savings: $1.3 - $1.7 B / $60 M investment.
2. Increase value-based contracts that reward performance, reduce pure FFS reimbursement.
3. Demonstrate significant progress on the LGHC indicators.

Leadership

- California Department of Public Health (CDPH)
- California Public Employees' Retirement System (CalPERS)
- Centers for Medicare and Medicaid Services (CMS), *requested*
- Covered California
- Department of Health Care Services (DHCS)
- Department of Managed Health Care (DMHC)
- Office of Statewide Health Planning and Development (OSHPD)
- Pacific Business Group on Health (PBGH)
- Payer Partners

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Accountability

- Accountability is key to SHCIP success and bending cost curve.
  - Publish and conduct annual performance review (both state and regional).
  - Oversight meetings:
    - LGHC Task Force annual review of the performance report.
    - Regional meetings with leadership to review regional targets and performance.

Vision, Values, and Principles

CalSIM VISION STATEMENT FOR HEALTH SYSTEM TRANSFORMATION

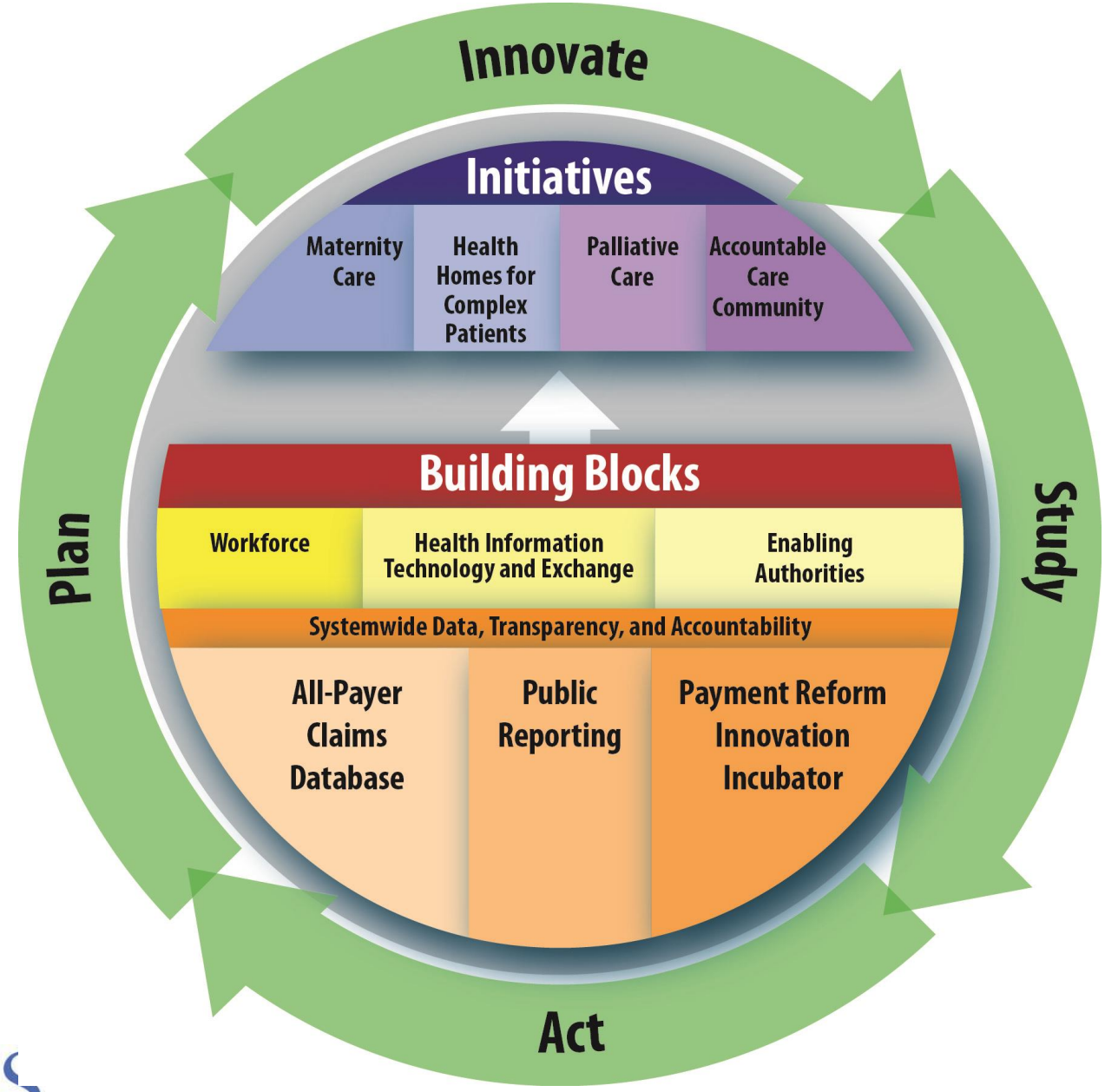
California is home to high quality, efficient, seamless health systems throughout the state, which improve health outcomes for all Californians

CalSIM VALUES

1. Reward Value and Innovation
2. Improve Quality of Care
3. Promote Care Coordination
4. Create Transparency
5. Reduce Disparities
6. Foster Competition

CalSIM GUIDING PRINCIPLES

- Multi-payer alignment and true delivery system reform are long-term processes that require long-term commitments.
- Purchasers/payers should aim for consistency while retaining flexibility for experimentation and innovation.
- California's size, complexity, and diversity necessitate a constellation of solutions, including regional and community approaches.
- To best meet the federal requirement to show net cost savings within three years, populations or conditions with high use, or poor outcomes should be targeted for improvement.
- Where appropriate, less expensive care settings, technologies, and workers should be employed.
- System and payment reforms should advance team-based care.
- Given competing health reform demands, existing promising initiatives should be leveraged.
- Administrative and clinical information should be advanced and reported to better inform consumers and all stakeholders to continuously improve health and health care.



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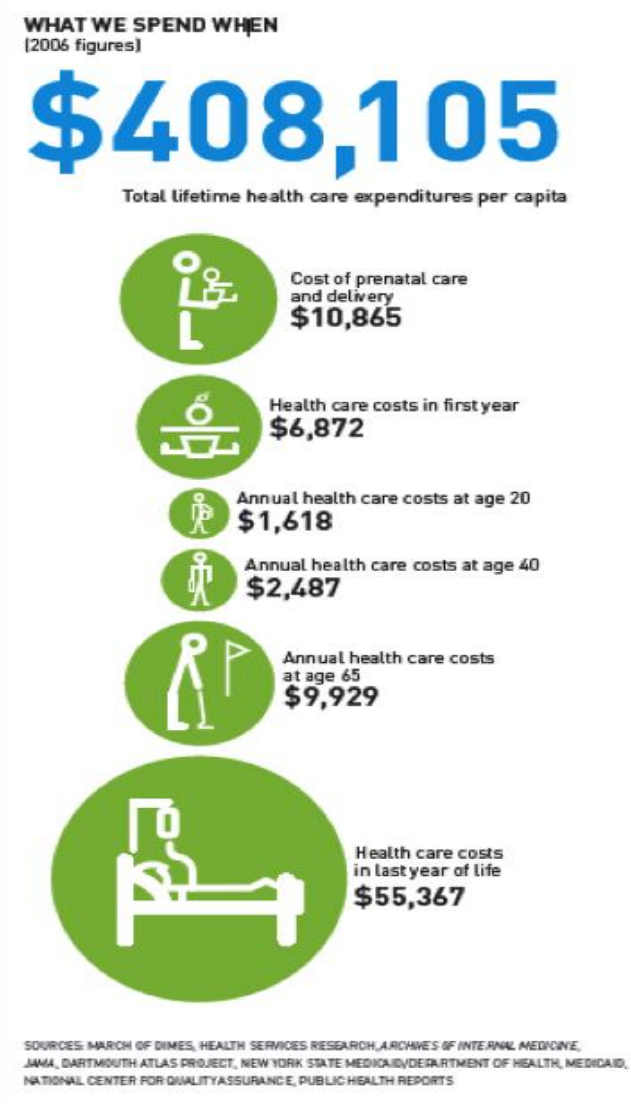
Key Initiatives

1. Maternity
2. Health Homes for Complex Patients
3. Palliative Care
4. Accountable Care Communities

Annual Per Capita Cost by Age



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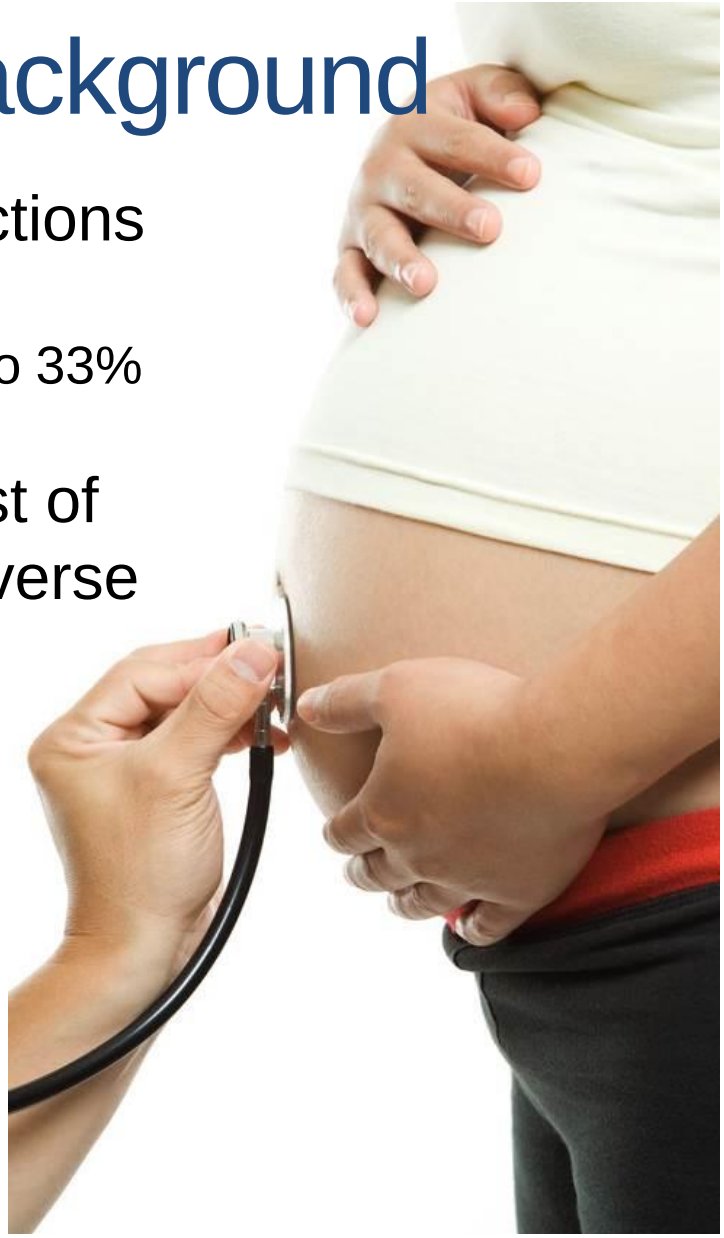
Maternity Care: Background

- Growing number of cesarean sections and early elective deliveries.
  - The C-section rate rose from 22% to 33% between 1998 and 2008.
- C-sections are over twice the cost of vaginal deliveries and lead to adverse maternal outcomes.
- Notable racial variation between vaginal and cesarean deliveries.
- 44% of CA hospitals don't offer meaningful vaginal birth after cesarean option.



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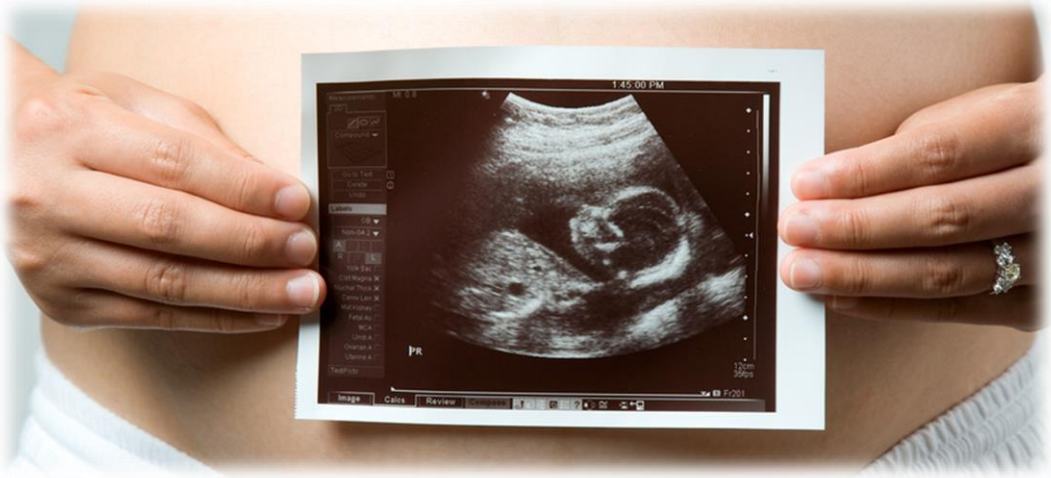
Maternity Care: Objectives, Targets, and Action Steps

- Objectives and Targets
  - Reduce rates of early elective deliveries (<39 weeks) by a further 50% to less than 3% annually.
  - Reduce cesarean section rates overall by 10% to 30%.
  - Target repeat cesareans by incentivizing increase of vaginal births after cesarean from 9% to 11%.
- Action Steps
  - State purchasers, employers, and partnering plans health plans will require hospitals to report appropriate and timely data and create/implement appropriate incentives.
  - State team will oversee annual review of outlier hospitals.

Maternity Care: Use of Testing Funds

- Use of Testing Funds
  - Support enrollment in CMQCC Maternal Data Center.
  - Technical assistance to design and implement a value-based payment program.
  - Develop a blended payment approach.
  - Implement a statewide maternity performance improvement team to assist with meeting quality targets.



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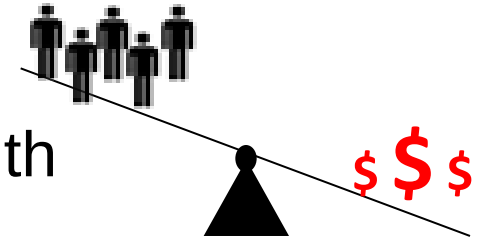
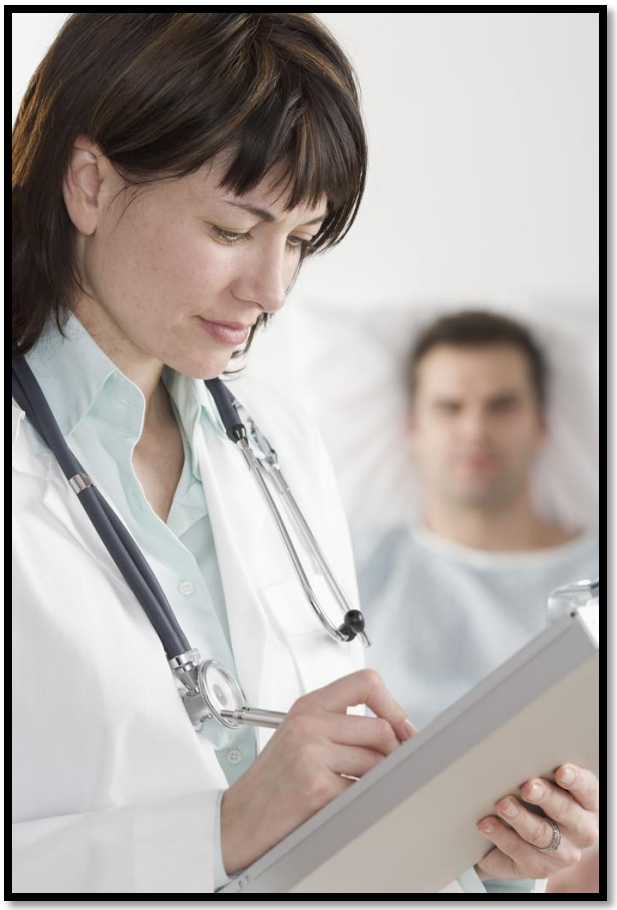
Health Homes for Complex Patients: Background



- Across all CA payers, 5% of the population accounts for +50% of health care expenditures.
- 38% of CA citizens have 1 or more chronic conditions; almost 25% experience related limitations on daily activities.
- Business case for widespread dissemination of health homes for complex patients.

Health Homes for Complex Patients: Objectives, and Targets

- Objectives and Targets
  - Spread health homes for complex patients.
  - Create definition based on functionality.
  - Stratify to identify high risk patients; candidates for palliative care.
  - Expand the use of team based care.
  - Incorporate frontline workers.



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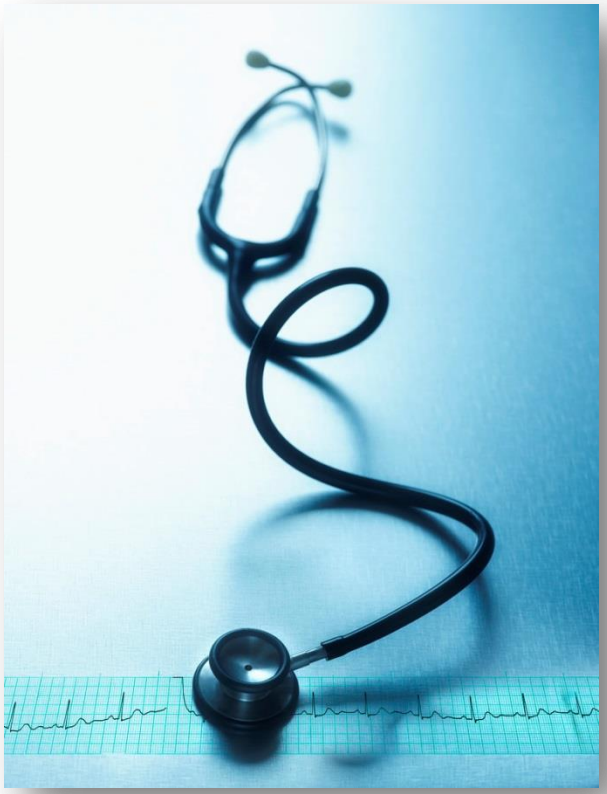
Health Homes for Complex Patients: Action Steps and Use of Testing Funds



- Action Steps
  - Identify promising locations.
  - Purchasers and payers to implement payment incentives.
  - Providers to demonstrate use of frontline and allied health professionals.
  - Leverage ACA Section 2703 funding.
- Use of Testing Funds
  - Support action steps.
  - Provide practice transformation training and workforce development.
  - Submit a Medicaid State Plan Amendment (SPA).

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Palliative Care: Background

- Background
  - Mismatch of patient preferences and care delivery.
  - Low hospice utilization.
  - Workforce shortage.
    - 63% CA public hospitals and 32% of private entities provide palliative care.
    - Only 20% of potentially appropriate patients have access to community-based palliative care.

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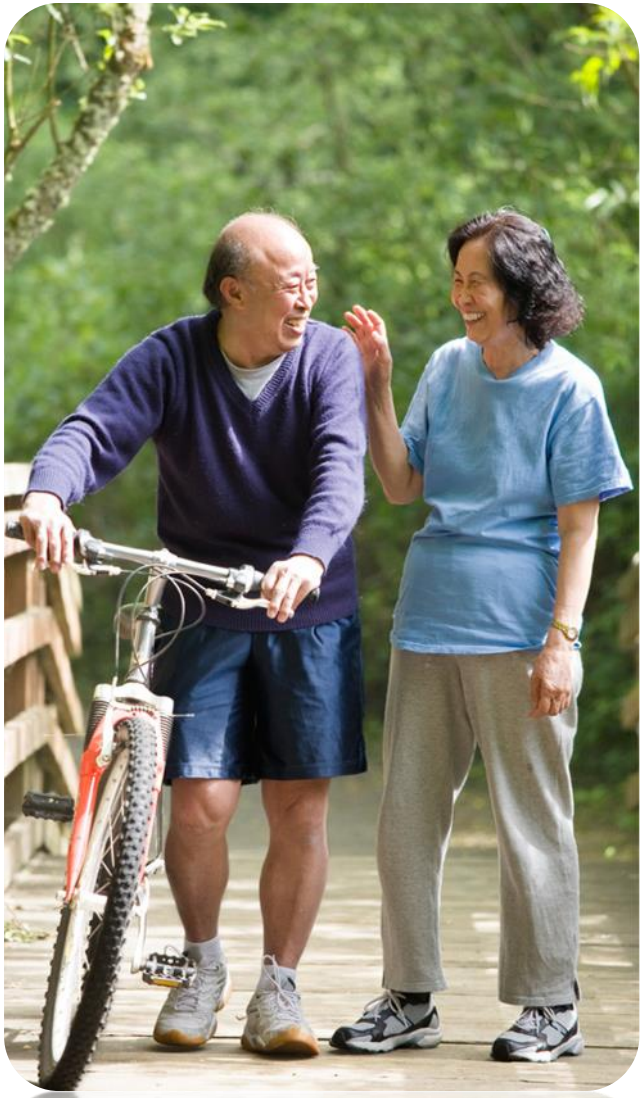
Palliative Care: Objectives, Targets and Action Steps

- Objectives and Targets
  - Incorporate palliative care services in health homes for complex patients.
  - Develop and expand palliative care workforce.
  - Adopt new benefit and payment approaches to better meet patient preferences.
- Action Steps
  - Review and adopt innovative benefit design and payment mechanisms.
  - Incorporate training for palliative care services.
  - Pursue a Medicare Hospice waiver.

Palliative Care: Use of Testing Funds

- Use of Testing Funds
  - Ensure linkages with Health Homes for Complex Patients initiative.
  - Support frontline workers and provider trainings.
  - Medicare Hospice waiver application.



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Accountable Care Communities (ACC): Background

- Background
  - Establishes a collaborative, multi-institutional approach with health care, government, and non-profits.
  - 5 major elements to an ACC: goals, data sharing, host entity, governance, financing.
  - Innovative examples in other communities: Akron, Ohio, Massachusetts, Oregon.

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Accountable Care Communities: Objectives, Targets, and Action Steps

- Objectives and Targets
  - Develop replicable programs or elements of programs.
- Action Steps
  - Selection of Communities.
  - Financing ACC/Wellness Trust.
  - Develop ACC responsibilities with focus on select conditions.

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Accountable Care Communities: Use of Testing Funds

- Use of Testing Funds
  - Support state activities such as sight selection, implementation, and oversight.
  - Develop infrastructure, incentivize collaboration.
  - Provide seed monies for a wellness trust.

Building Blocks

1. Workforce
2. Health Information Technology and Exchange
3. Enabling Authorities
4. All-Payer Claims Database
5. Public Reporting
6. Payment Reform Innovation Incubator

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Workforce: Background and Action Steps

- Background
  - Workforce shortage of health professionals; expected increase in demand for care.
  - Racial/ethnic composition of the health workforce not representative of population.
- Action Steps
  - Incorporate frontline workers within SHCIP initiatives.
  - Leverage OSHPD's workforce investments to maximize support.
  - Support workforce training to meet initiative objectives/needs.

Workforce: Use of Testing Funds

- Use of Testing Funds
  - Enhance various workforce training efforts.
  - Effectively incorporate community health workers and promotoras.
  - Explore reimbursement and employment models for community health workers.

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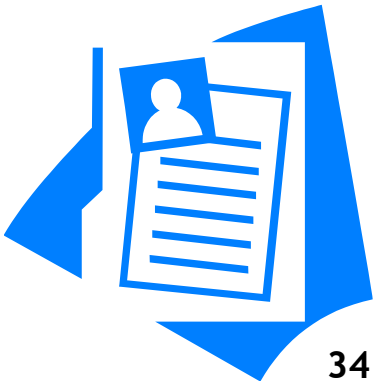
Health Information Technology and Exchange: Background, Objectives and Targets

- Background
  - An estimated $1.54 billion in federal incentive payments have been invested in California to support the adoption of electronic health records, develop trainings and operational policies, and stimulate health information exchanges.
  - Challenges include a diverse geography, a range of technical readiness.
- Objectives and Targets
  - Support SHCIP initiatives, in particular, health homes for complex patients.

Health Information Technology and Exchange: Action Steps and Use of Testing Funds

- Action Steps
  - Identify HIE best practices.
  - Provide toolkits for Health Homes for Complex Patients.
  - Develop business case for technologies that demonstrate savings.

- Use of Testing Funds
  - Support identification of best practices.
  - Develop a tool kit for health homes for complex patients.
  - Support business case analyses.



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Enabling Authorities

- Health Homes for Complex Patients
  - Medi-Cal waiver (as appropriate) to leverage Section 2703 funds.
- Palliative Care
  - Medicare hospice waiver for concurrent palliative and curative care.
- Workforce
  - Leverage the essential health benefits rule under the ACA.
- All-Payer Claims Database
  - Potential legislation to support the All-Payer Claims Database
    - SHCIP will initially pursue a voluntary approach.

All-Payer Claims Database (APCD): Background, Objectives and Targets

- Background
  - An APCD enables comprehensive performance analyses and accountability.
  - The California Healthcare Performance Information System (CHPI) includes data from Medicare and three large payers (Anthem, Blue Shield and United).

- Objectives and Targets
  - Create an operational APCD within 6-12 months.

All-Payer Claims Database (APCD): Action Steps and Use of Testing Funds

- Action Steps
  - Meet with CHPI to identify potential private-public partnership.
  - Consider legislative options.
  - Develop database and conduct needed analyses to achieve SHCIP goals.
- Use of Testing Funds
  - Support incorporating plans into an APCD.
  - Conduct data analyses to support SHCIP framework and initiatives.

Public Reporting

- Background
  - California Office of the Patient Advocate (OPA) produces annual report cards on health plan and medical group quality.
  - Enhance OPA's mission to encompass the broader Triple Aim of Better Health, Better Care, and Lower Costs.
- Objectives and Targets
  - Monitor and track LGHC indicators.
- Action Steps
  - OPA will be the home for a dynamic LGHC and SHCIP website.
- Use of Federal Testing Funds
  - Advance the development of the OPA website.

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Payment Reform Innovation Incubator

- Background
  - Integrated Healthcare Association's (IHA) role in California, statewide performance measurement and Pay for Performance program.
- Objectives and Targets
  - Obtain consensus on methods for payment reform innovations
  - Monitor and disseminate best practices.
- Action Steps
  - Expand IHA to include additional stakeholders.
  - Identify methodologies to measure SHCIP payment goals.
  - Develop an approach to measure total cost of care for non-managed care organizations.
  - Support Initiative-specific activities.
- Use of Federal Testing Funds
  - Support to enable IHA to carry out the various activities.

IHA
INTEGRATED HEALTHCARE ASSOCIATION

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Financial Analysis

Estimating Potential Health Care Savings

- Savings estimated for Maternity Care, Health Homes for Complex Patients, and Palliative Care Initiatives.
- Savings = Target Population * Engagement Rate * Savings PMPY
- Initiatives target 8.1 million, 24% of insured, 47% of spending.

Initiative	Low Estimate	High Estimate
Health Homes for Complex Patients	$1,070M	$1,400M
Maternity Care	$60M	$98M
Palliative Care	$145M	$195M
Total	$1,275M	$1,693M

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Financial Analysis: Maternity Care

	Medicare	Medi-Cal	Commercial/ Other	Total
Target Population (number of births in 2015)	NA	350,739	258,972	609,711
Estimated engagement rate (% increase from baseline by 2017)	NA	90%	15%-20%	NA
Savings (per birth)	NA	$2,861	$7,300	NA
Total projected savings (in Millions)	NA	$48 – $98	$11 – $29	$60 - $98

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Financial Analysis: Health Homes for Complex Patients

	Medicare	Medi-Cal	Commercial/ Other	Total
Target Population (% of beneficiaries)	34%	10.5%	7%	NA
Estimated engagement rate (% by year 3)	15 – 20%	15 – 20%	15 – 20%	15 – 20%
Savings (PMPY, $s)	$1,000	$172	$77	NA
Total projected savings (in Million $s)	$986 - 1,290	$48 – 63	$36 – 47	$1,070 - 1,400

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Financial Analysis: Palliative Care

	Medicare	Medi-Cal	Commercial/ Other	Total
Target Population (% of discharges)	6%	2%	NA	NA
Savings (per discharge, $s)	$4,580	$4,580	NA	NA
Total projected savings (in Million $s)	$126 – 164	$20 – 26	NA	$145 - 190

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Evaluation and Accountability

Evaluation and Accountability Plan

- Establish, monitor and report on statewide and regional performance measures.
- Maintain two dashboards:
  - Let's Get Healthy California Dashboard: Track 39 indicators over 10 years.
  - SHCIP Dashboard: Monitor implementation process and outcomes of SHCIP initiatives.
- APCD is primary data source after implementation.
- Regional meetings for stakeholders, major purchasers to discuss project status and progress; report against metrics; venue to share learning on successes, barriers, and ongoing innovations.

Questions and Comments

Conclusion and Next Steps