Remaking Health Care in America

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Building a vision for health care in America

On the 37th of September, the House of Representatives of the United States of America in Congress assembled, and after the first day of September next, the masters or owners of every ship or vessel of the United States, arriving from a foreign port into any port of the United States, shall, before each ship or vessel shall be admitted to an entry, render to the collectors a true account of the number of crewmen, that shall have been employed on board each vessel since she was last entered at any port in the United States—and shall pay to the said collector at the rate of twenty cents per month for every

One of the last of the great leaders, who have been the

For the benefit of those who have been

New Era: How They Feel

They Say: 'I notice the

It was the

For the benefit of those who have been

New Era: How They Feel

They Say: 'I notice the

It was the
Mayo Clinic Is Concerned About the Future of Health Care in America…

- Uninsured
### Issues

- Uninsured
- Variable quality

#### Mortality Amenable to Health Care

Deaths before age 75 that are potentially preventable with timely and appropriate medical care

<table>
<thead>
<tr>
<th>Country</th>
<th>Deaths per 100,000 population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota</td>
<td>75.3</td>
</tr>
<tr>
<td>France</td>
<td>75</td>
</tr>
<tr>
<td>Japan</td>
<td>81</td>
</tr>
<tr>
<td>Spain</td>
<td>84</td>
</tr>
<tr>
<td>Sweden</td>
<td>88</td>
</tr>
<tr>
<td>Italy</td>
<td>88</td>
</tr>
<tr>
<td>Australia</td>
<td>88</td>
</tr>
<tr>
<td>Canada</td>
<td>92</td>
</tr>
<tr>
<td>Norway</td>
<td>97</td>
</tr>
<tr>
<td>Netherlands</td>
<td>97</td>
</tr>
<tr>
<td>Greece</td>
<td>99</td>
</tr>
<tr>
<td>Germany</td>
<td>104</td>
</tr>
<tr>
<td>Austria</td>
<td>107</td>
</tr>
<tr>
<td>New Zealand</td>
<td>109</td>
</tr>
<tr>
<td>Denmark</td>
<td>109</td>
</tr>
<tr>
<td>U.S.</td>
<td>114.7</td>
</tr>
<tr>
<td>Finland</td>
<td>115</td>
</tr>
<tr>
<td>Ireland</td>
<td>139</td>
</tr>
<tr>
<td>U.K.</td>
<td>150</td>
</tr>
</tbody>
</table>

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2006

International variation, 1998
Issues

- Uninsured
- Variable quality
- Disintegrated, fragmented care

Why is Coordinated, Integrated Care Needed?

Percent of "sicker patients" reporting problems in coordination of care when dealing with 4+ physicians

Source: Commonwealth Fund International Health Policy, Survey of Sicker Adults, 2005

Issues

- Uninsured
- Variable quality
- Disintegrated, fragmented care
- High cost
**Total Health Expenditures as a Share of GDP**

U.S. and Selected Countries, 2003

Source: Kaiser Family Foundation

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**Life Span Health Expenditures**

100% of all health care expenditures over a life span

Source: RAND, "Living Well at the End of Life", 2003
Regional Variation in Medicare Spending
Dartmouth Atlas of Health Care

Total Rates of Reimbursement for Non-capitated Medicare Per Enrollee

- **Los Angeles, CA**: $10,810
- **Miami, FL**: $16,351
- **Bronx, NY**: $12,543
- **La Crosse, WI**: $5,812

Efficient Resource Use
ICU Days for Decedent in Last Six Months

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
<th>% change integrated avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrated systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temple, TX</td>
<td>1.8</td>
<td></td>
</tr>
<tr>
<td>Rochester, MN</td>
<td>2.5</td>
<td></td>
</tr>
<tr>
<td>Salt Lake City, UT</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td>Integrated avg</td>
<td>2.1</td>
<td>Base</td>
</tr>
<tr>
<td>U.S.</td>
<td>3.3</td>
<td>+57%</td>
</tr>
<tr>
<td>Miami</td>
<td>6.6</td>
<td>+214%</td>
</tr>
<tr>
<td>LA</td>
<td>6.4</td>
<td>+204%</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>5.3</td>
<td>+152%</td>
</tr>
<tr>
<td>Houston</td>
<td>4.3</td>
<td>+105%</td>
</tr>
</tbody>
</table>

Source: Dartmouth Atlas of Health Care website, Sep 26, 2007
Why Mayo Clinic?
We have always put the patient first... and health care reform must be patient centered

“The best interest of the patient is the only interest to be considered, and in order that the sick may have the benefit of advancing knowledge, a union of forces is necessary.” – William J. Mayo, MD

Mayo Clinic Health Policy Center
Goal
• Influence stakeholders to implement substantive health care reform before 2011 that will enhance quality and availability of health care for all patients
• Serve as the non-partisan voice of the patient

Convener
• 1,000 thought leaders
• 1,400 patients
• 1,000 surveyed
• 400 on 9-city tour

Scope of Participation

- National Business Group on Health
- Insurers
- Employers
- AAMC
- American Academy of Nursing
- AARP
- Blue Ridge Group
- PHRMA
- New York Times
- Media
- Academia
- Government
- Members of Congress
- Special interest advocates
- Medical device and pharma companies
- National Patient Advocate Foundation
Your Voice, New Vision Listening Tour
• Nine city tour to collect letters and film/record “woman/man on the street” views
• Focus groups
• Survey

MAYO CLINIC HEALTH POLICY CENTER CORNERSTONES
Principles to advance patient-centered reform

Create Value
- Improve outcomes and satisfaction
- Decrease medical costs and waste

Coordinate Care
- Coordinate care across people, functions, activities, locations and time

Reform the Payment System
- Change the ways providers are paid in order to improve health and minimize waste

Insure Everyone
- Provide guaranteed, portable health insurance for all individuals, giving them choice, control and peace of mind
Political Communications & News Media

Advocating for Value

An Overview of The Affordable Care Act
Legislative Nightmare

- Built on Senate bill that was cobbled together to get 60 votes and assumed conference with House bill
- Amendments added separately at end of bill
- Further amended by Reconciliation bill, but limited to budget provisions
- As a result there are major areas of ambiguity, and changes will be needed over time
- The regulatory process becomes more important than normal

Mayo Clinic’s Perspective on the New Law

- The law promotes principles of accessible, affordable, higher-value care in limited measure
- More must be done
  - Fundamental Medicare reform
- Remained neutral on final legislation
- Pointed out areas of alignment and concern
  - Alignment
    - Positive first steps on pay for value
    - Expanded coverage and insurance reforms
  - Concern
    - Financing with across-the-board cuts
    - Pay-for-value timeframe and scope
    - No SGR fix

The Affordable Care Act

Implications for the Practice

- Increased patient access
  - Individual mandates and insurance reforms
  - Subsidies
  - State and regional exchanges
  - Choice of private products
  - Medicaid expansion

- Incentives for coordination and value
  - Medicare pay-for-value elements
    - Value modifier for physician payments
  - ACOs and bundled payments
  - CMS Innovation Center
  - IOM study panels
The Affordable Care Act
Implications for Education

- New law encourages careers in primary care
  - Financing PC through loans/grants
  - More needs to be done (i.e. wages, workload issues)
  - Legislation moves toward more primary care done by non-physician providers
- Health care workforce will be driven by public health priorities

The Affordable Care Act
Implications for Research

- New agency (PCORI) to oversee distribution of comparative effectiveness research grants
  - Independent institute closely aligned with AHRQ and NIH
- Undetermined potential to apply for funding
  - Comparative effectiveness research (PCORI)
  - Shared decision making; Cures Acceleration Network (CDC & NIH)

The Affordable Care Act
Implications for Health Information Technology

- New law is different than “Meaningful Use”
  - The two will ultimately converge for quality measurement and reporting
- Different enrollment standards and protocols
  - Significant implications for revenue cycle
- ICD9 conversion to ICD10
- Importance of patient ID
Funding and Cost-Control Mechanisms

• Medicare cuts
• Taxes
• Fees
• Penalties
• Independent Payment Advisory Board

The Law Does Not

• Fix the sustainable growth rate (SGR) formula for physician payments
• Put Medicare on a sustainable course
• Address pay for value aggressively enough to transform the delivery system – but it is a start
• Reduce medical education payments
• Include a “public plan”
• Reduce Medicare eligibility to age 55

Financial Impact

Disclaimer

• Preliminary/most impacts not yet known
• Many known impacts cannot be estimated
• Some negative impacts can be reduced
  • Advanced imaging • Readmissions • Hospital Acquired Conditions
• Potential positive impacts cannot be quantified
  • Demonstration opportunities
    • Accountable care organization and medical home
    • CMS Innovation Center
    • Bundling payment demonstration
    • Independent Payment Advisory Board
• Fee-for-service payment adjustments
  • Value modifier for physician payment component
  • Low cost area payment adjustments
  • Physician fee schedule adjustments
  • Wage index improvements
  • Medical education FTE cap redistribution
  • Rural hospital payments
### Payment Impact on Mayo Clinic

**Average Annual Impact**

<table>
<thead>
<tr>
<th>Payment increases</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expanded coverage of uninsured by 2019</td>
<td>+$M</td>
</tr>
<tr>
<td>Miscellaneous benefits</td>
<td>+$M</td>
</tr>
<tr>
<td>HIT funding (stimulus grants, NIH, etc.)</td>
<td>+$M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payment reductions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuts in hospital DRG payments</td>
<td>-$M</td>
</tr>
<tr>
<td>Independent Payment Advisory Board</td>
<td>-$M</td>
</tr>
<tr>
<td>Advanced imaging payment*</td>
<td>-$M</td>
</tr>
<tr>
<td>Unnecessary readmissions*</td>
<td>-$M</td>
</tr>
<tr>
<td>Additional Medicaid shortfalls*</td>
<td>-$M</td>
</tr>
<tr>
<td>DRG cuts/incl. coding + documentation</td>
<td>-$M</td>
</tr>
</tbody>
</table>

Average net annual payment impact: -$M

*Opportunities exist to mitigate impact

### Thriving in a New Environment

- Internal organizational change → value creation
  - Achieve the highest levels of outcomes, safety and service
  - Standardize, improve effectiveness and reduce cost in all practice settings, core clinical processes and core business processes
  - Reduce costs and fees
  - Allow professionals to contribute at the highest level of their training
- Place high priority on health care delivery science
- Participate in demonstration projects and influential commissions established by the new law

### Health Policy Center Mission

Utilize the knowledge, expertise and resources of Mayo Clinic and strategic collaborators to promote, protect and advance public policies that support patient-centered, high-value health care in the U.S.
Health Policy Center Goals

- Implementation of ACA = high-value health care
- Continue building the vision for high-value health care
- Collaborate with others outside of ACA provisions

Health Policy Center Tactics

- Events to develop recommendations
- Political communications • Media and Web strategies
- Grassroots • Relationship Management

Events

- HHS Secretary Sebelius, Value Summit, Fall 2010
  • Providing suggestions on format and content through the Healthcare Quality Coalition and the Congressional Quality Care Coalition
- National Symposium, Dec. 5-7, 2010
  • Achieving the Vision: Advancing High-Value Health Care
  • Bethesda, MD
- HIT Coalition Summit, Jan., 2011
  • Role of Data Integrity
  • Rochester, MN
  • Invitation-only event

Events (continued)

- Quality Academy, May 2011
- Alumni Association, September 2011
- Policy Forums on topics resulting from 2010 Symposium
Communications with HHS / CMS

- Center for Medicare and Medicaid Innovation
- IOM / HHS Value Modifier
- ACO Pilot

Americans for Better Health Care

- New program of the Mayo Clinic Health Policy Center
- Effort to engage patients and the public
- Desire is to advocate for high-value health care
  - Go beyond just talking to really teach the concept
Why do we need to make these changes?

"The best interest of the patient is the only interest to be considered..."

William J. Mayo 1910

www.mayoclinic.org/healthpolicycenter