Washington State Health Care Authority

The State's Perspective: What Purchasing for Value Means

Dorothy Teeter
Director, Washington State Health Care Authority

Moving the Health Care Market to Value Workshop
March 1, 2016

Outline

- The *WHY* - Why WA State is dedicated to Paying for Value
- The *HOW* - Our path to transformation
- The *WHAT'S NEXT* – Spread & scale strategy

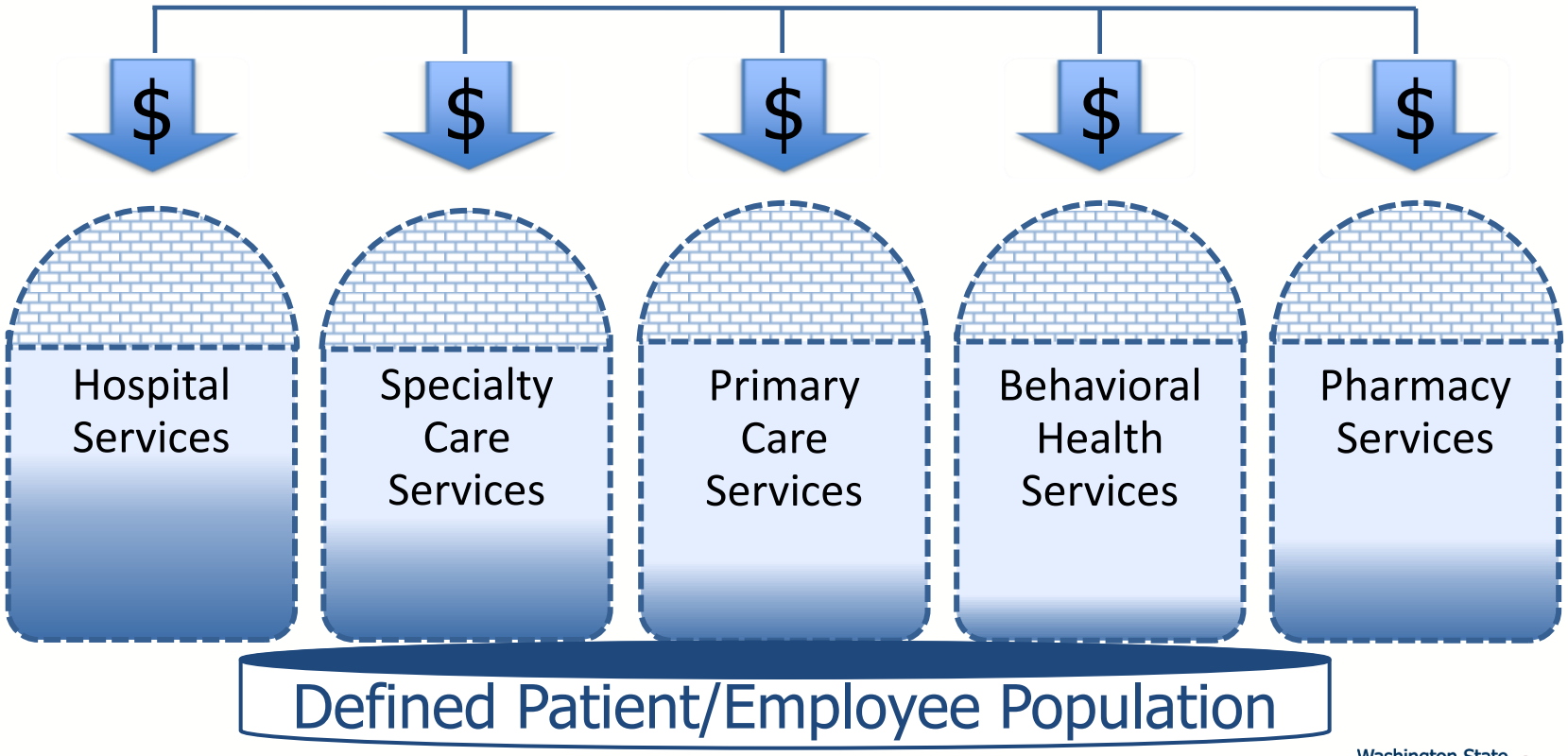
The *WHY*

- What "Value" means to us
- Why we want to drive our business strategy from volume → value
- Alignment with Federal framework and goals


ROWING HARDER DOESN'T HELP IF THE BOAT IS HEADED IN THE WRONG DIRECTION
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Volume-Based Payments

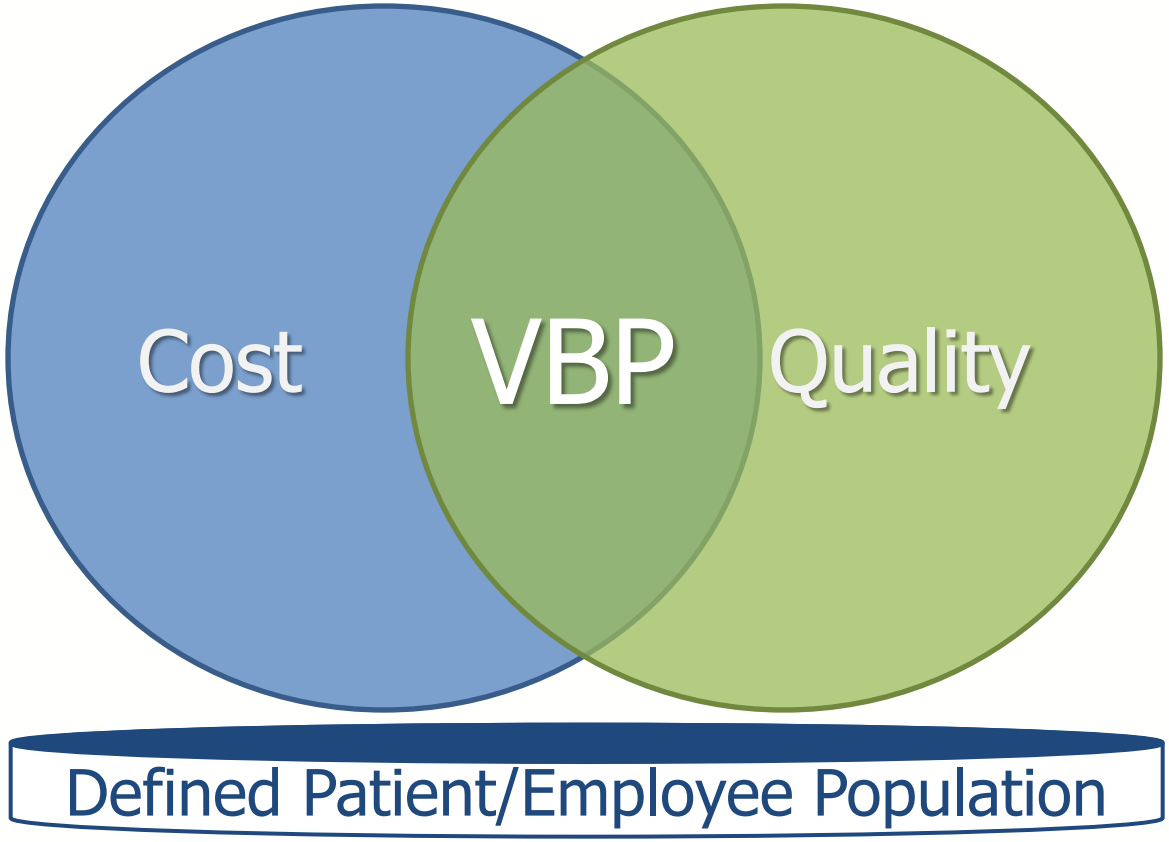
 # Services x Fee per Service = Cost



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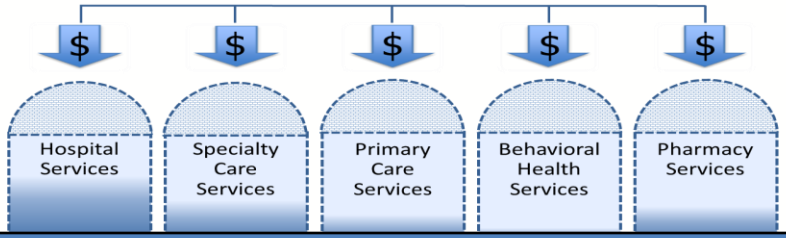
Value-Based Payments (VBP)

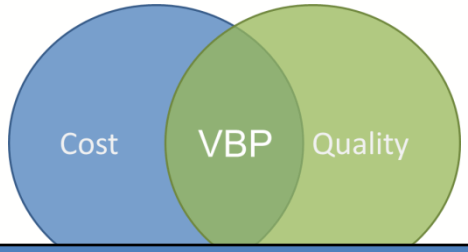
Outcomes > # Services



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Better Care: System Transformation

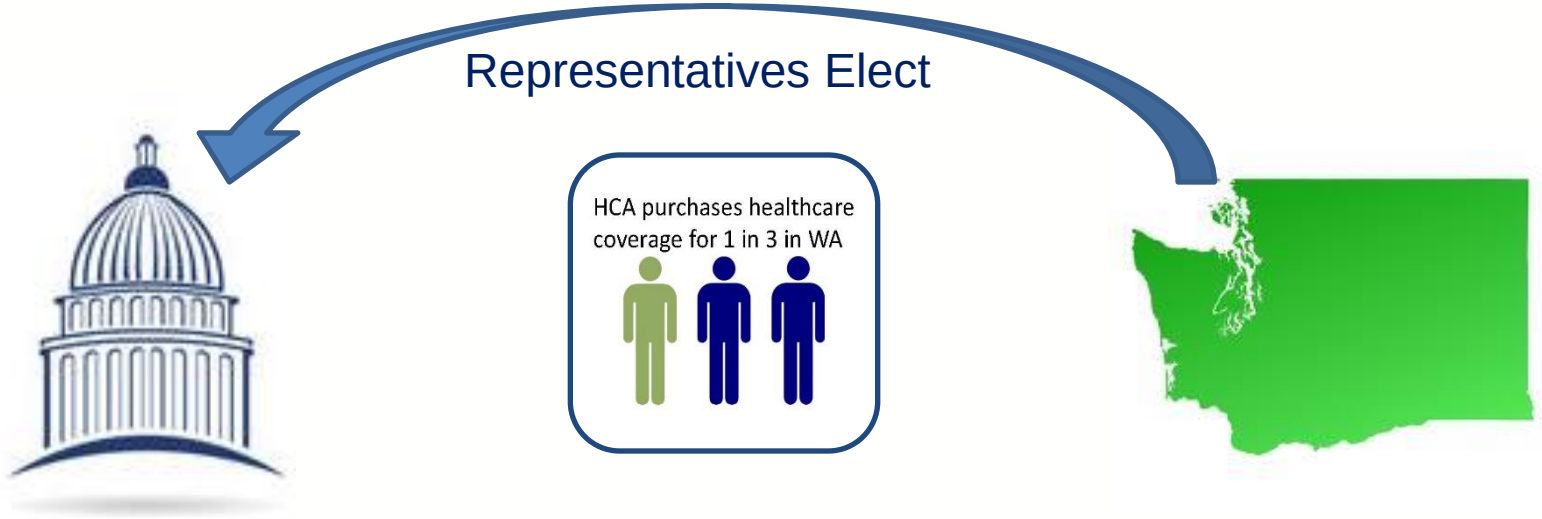




Status Quo (Volume-Based) System	Transformed (Value-Based) System
Fragmented clinical and financial approaches to care delivery	**Integrated** systems that pay for and deliver whole person care
Uncoordinated care and transitions	**Coordinated** care and transitions
Unengaged members left out of their own health care decisions	**Engaged and activated** members who are connected to the care they need and empowered to take a greater role in their health
Variation in delivery system performance (cost and quality) with no ties to clinical or financial **accountability** and **transparency**	**Standardized performance measurement** with clinical and financial **accountability** and **transparency** for improved health outcomes

Policy to Action

HCA sits in a unique position at the crossroads of health care policy and action, and is responsible for **25% of statewide healthcare spend**.



HCA Health Care Purchasing Goal:
By 2019, 80% State-Financed in value-based payments &
50% Commercial value-based payments

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Federal and Washington State Purchasing for Value Goals

Medicare

30%

In **2016** at least 30% of **Medicare** payments are linked to quality and value in Alternative Payment Models (APMs) or VBP arrangements.

50%

In **2018** at least 50% of **Medicare** payments are so linked.

Healthier WA

50%

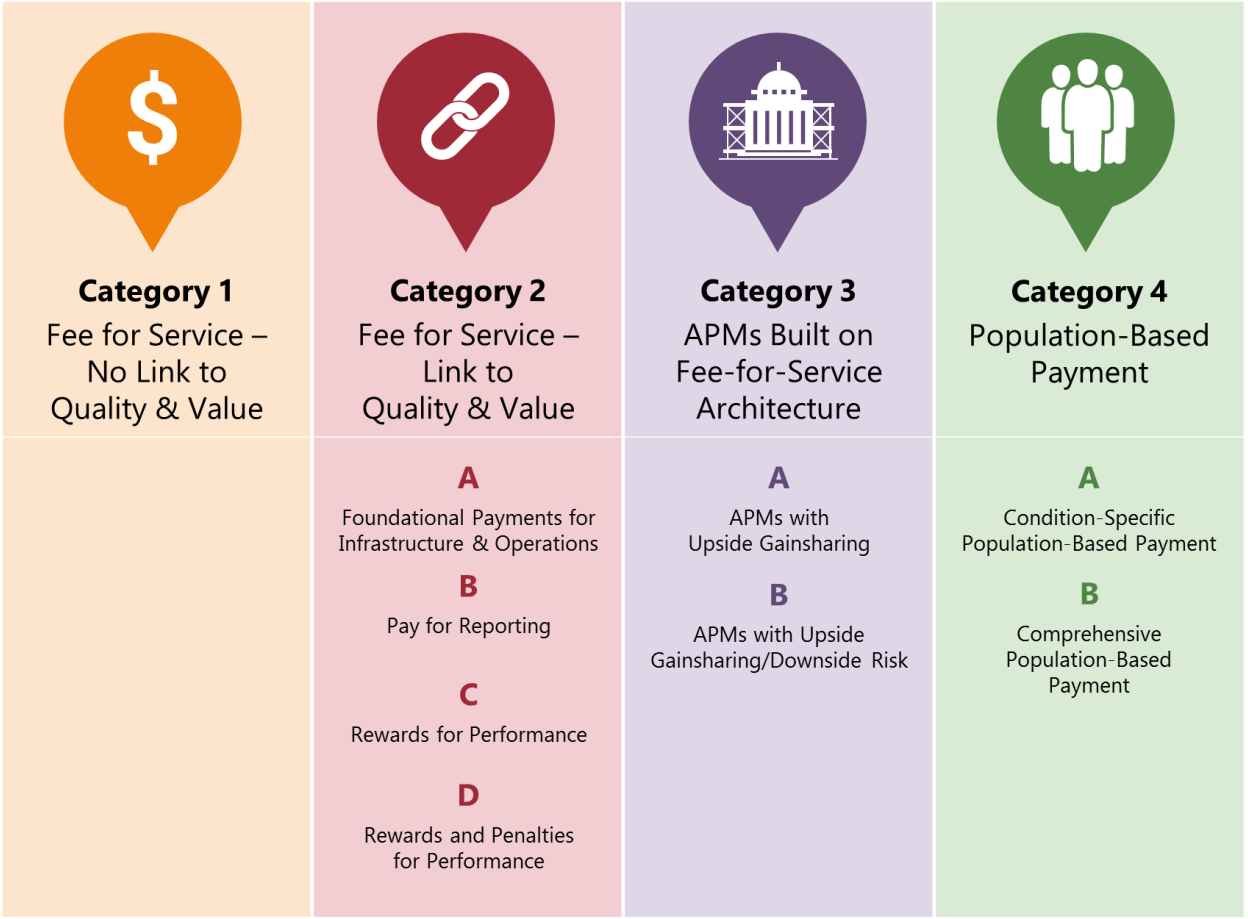
In **2019** at least 50% of **commercial** health care payments are linked to quality and value in Alternative Payment Models (APMs) or VBP arrangements.

80%

In **2019** at least 80% of **state-financed** health care payments are so linked.

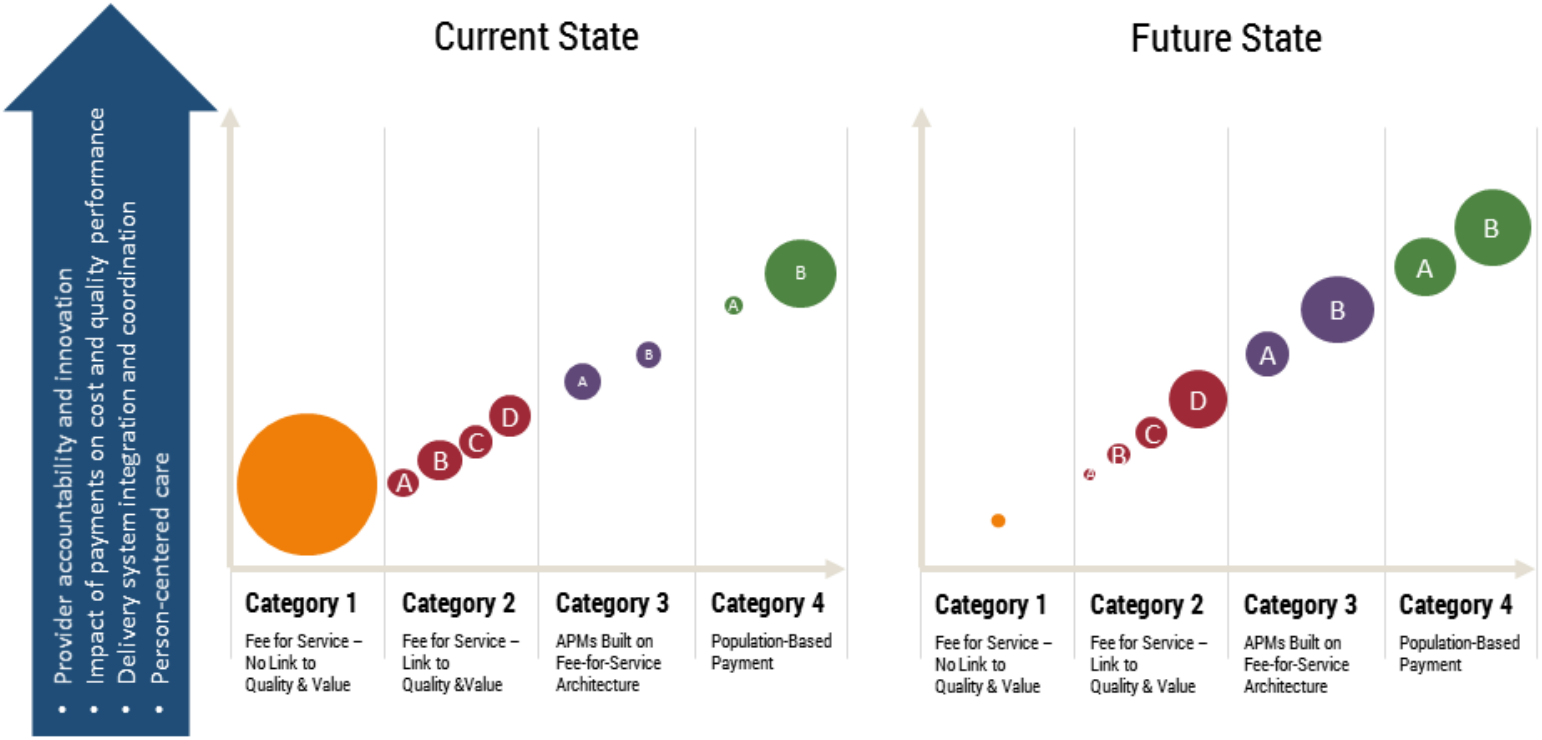
These payment reforms are expected to demonstrate **better outcomes** and **lower costs** for patients.

CMS Alternative Payment Model Framework



Current vs. Future

HCA will be tracking WA State progress on VBP-adoption using the APM Framework



http://hcp-lan.org

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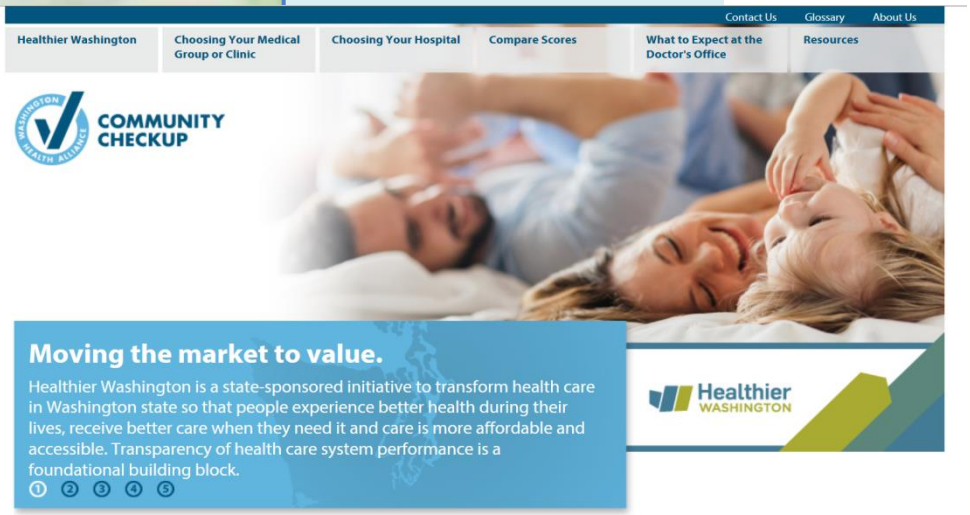
The *HOW*

- Leveraging data and evidence-based recommendations
  - Bree Collaborative
  - Washington Health Alliance Reports
- Changing the way we pay for care: value-based health options and innovative programs
  - Group Health & PEBB Accountable Care Program
  - Total Joint Replacement Bundles
- Educating and engaging PEBB members and supporting health care literacy

Data-Driven Purchasing Strategies



Results for:
Medical Groups
Clinics
Hospitals
Counties



www.wacommunitycheckup.org

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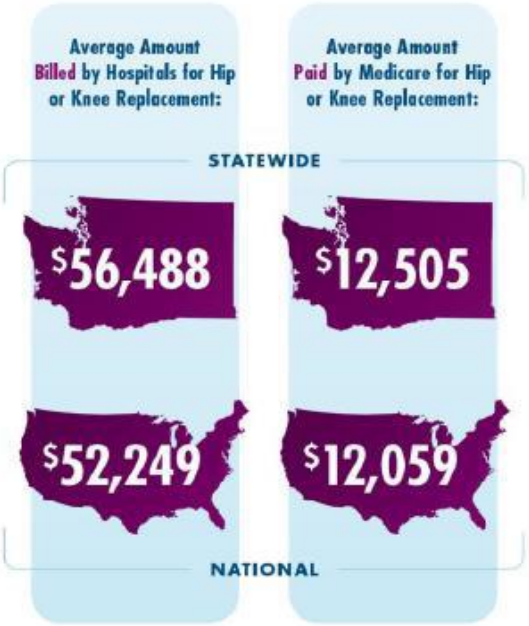
WASHINGTON HEALTH ALLIANCE

Leading health system improvement

Price Variation for Hip or Knee Replacement (DRG 470)

DIFFERENCE BETWEEN HIGHEST BILLING HOSPITAL AND LOWEST BILLING HOSPITAL FOR HIP OR KNEE REPLACEMENT:

4x OR **$69,475**

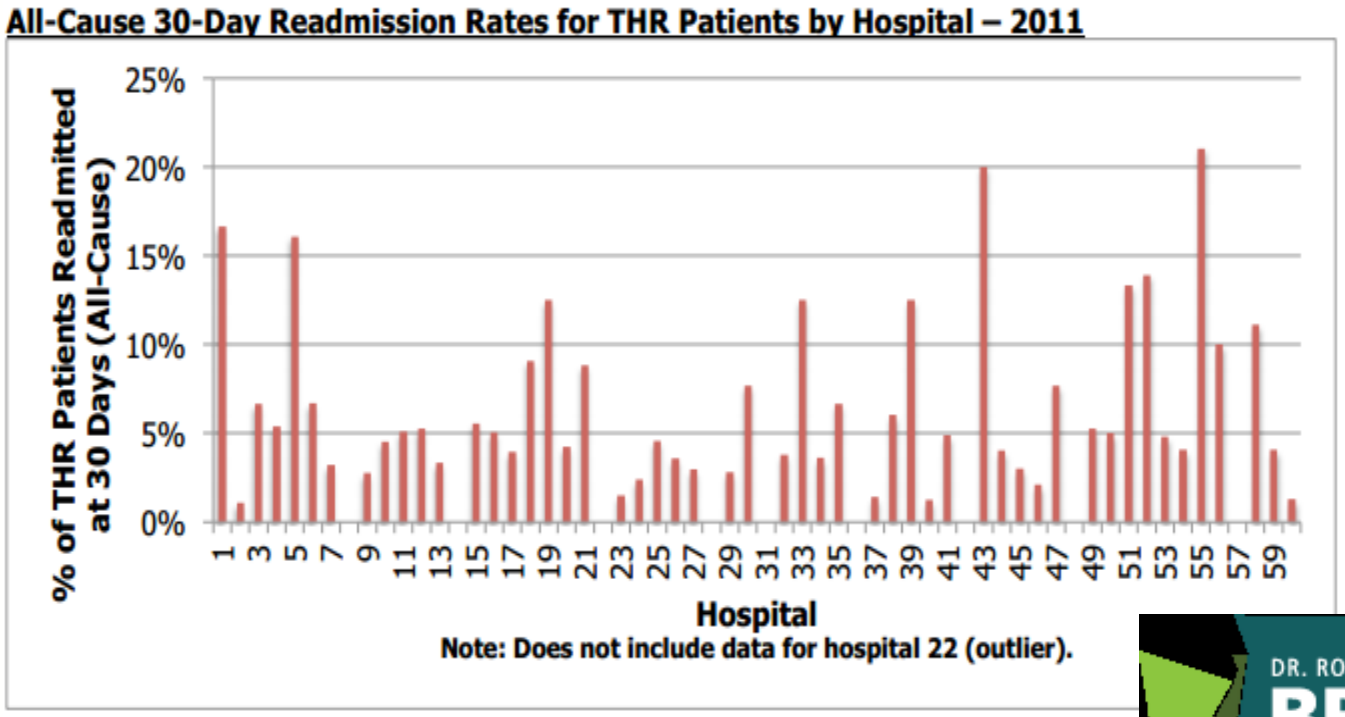


HOSPITAL OWNERSHIP:

- (H) Govt. - Hospital District or Authority
- (S) Govt. - State
- (L) Govt. - Local
- (P) Proprietary
- (P) Voluntary nonprofit - Private
- (C) Voluntary nonprofit - Church

	CITY	HOSPITAL	DISCHARGES	AVG BILLED BY HOSPITAL	AVG PAID BY MEDICARE
1	PUYALLUP	(P) MULTICARE GOOD SAMARITAN HOSPITAL	174	$92,226	$12,363
2	TACOMA	(P) TACOMA GENERAL ALLENMORE HOSPITAL	210	$90,393	$14,410
3	SPOKANE	(P) DEACONESS HOSPITAL	142	$84,583	$13,388
4	FEDERAL WAY	(C) ST FRANCIS COMMUNITY HOSPITAL	93	$81,592	$12,228
5	ABERDEEN	(P) GRAYS HARBOR COMMUNITY HOSPITAL	74	$81,295	$12,541
6	YAKIMA	(P) YAKIMA REGIONAL MEDICAL AND CARDIAC CENTER	76	$81,267	$12,279
7	LAKEWOOD	(C) SAINT CLARE HOSPITAL	205	$78,027	$12,511
8	SEATTLE	(L) HARBORVIEW MEDICAL CENTER	44	$76,130	$17,376
9	TACOMA	(C) ST JOSEPH MEDICAL CENTER	238	$75,728	$11,822
10	SPOKANE	(P) VALLEY HOSPITAL	173	$74,798	$11,220
11	GIG HARBOR	(C) ST ANTHONY HOSPITAL	229	$72,747	$10,913
12	CENTRALIA	(O) PROVIDENCE CENTRALIA HOSPITAL	111	$72,437	$13,597
13	OLYMPIA	(C) PROVIDENCE ST PETER HOSPITAL	429	$67,282	$11,906
14	RENTON	(H) VALLEY MEDICAL CENTER	363	$66,673	$14,018
15	BREMERTON	(P) HARRISON MEDICAL CENTER	351	$66,045	$12,259
16	AUBURN	(P) MULTICARE AUBURN MEDICAL CENTER	63	$65,697	$12,602
17	SEATTLE	(P) SWEDISH MEDICAL CENTER	924	$63,706	$13,161
18	OLYMPIA	(P) CAPITAL MEDICAL CENTER	160	$63,344	$11,796
19	ISSAQUAH	(P) SWEDISH ISSAQUAH	40	$61,732	$10,030
20	SEATTLE	(O) NORTHWEST HOSPITAL	318	$59,304	$11,630
21	EDMONDS	(P) SWEDISH EDMONDS HOSPITAL	89	$57,238	$12,246
22	BURIEN	(P) HIGHLINE MEDICAL CENTER	77	$56,472	$12,656
23	EVERETT	(C) PROVIDENCE REGIONAL MEDICAL CENTER EVERETT	257	$54,309	$11,179
24	SPOKANE	(C) PROVIDENCE SACRED HEART MEDICAL CENTER	524	$50,785	$13,085
25	SPOKANE	(C) PROVIDENCE HOLY FAMILY HOSPITAL	236	$50,691	$11,962
26	VANCOUVER	(P) PEACEHEALTH SOUTHWEST MEDICAL CENTER	221	$50,479	$12,717
27	MOUNT VERNON	(H) SKAGIT VALLEY HOSPITAL	163	$49,141	$12,724
28	BELLEVUE	(O) OVERLAKE HOSPITAL MEDICAL CENTER	387	$48,016	$10,435
29	KIRKLAND	(H) EVERGREEN HOSPITAL MEDICAL CENTER	234	$47,741	$10,490
30	WALLA WALLA	(P) PROVIDENCE ST MARY MEDICAL CENTER	173	$46,916	$11,731
31	WENATCHEE	(O) CENTRAL WASHINGTON HOSPITAL	338	$42,557	$12,781
32	BELLINGHAM	(O) PEACEHEALTH ST JOSEPH MEDICAL CENTER	278	$41,438	$12,540
33	KENNEWICK	(H) KENNEWICK GENERAL HOSPITAL	81	$40,975	$11,620
34	RICHLAND	(P) KADLEC REGIONAL MEDICAL CENTER	149	$40,967	$11,937
35	ARLINGTON	(H) CASCADE VALLEY HOSPITAL	35	$40,159	$14,913
36	SEATTLE	(S) UNIVERSITY OF WASHINGTON MEDICAL CTR	77	$40,123	$20,332
37	SEATTLE	(P) VIRGINIA MASON MEDICAL CENTER	348	$39,515	$13,758
38	WALLA WALLA	(C) WALLA WALLA GENERAL HOSPITAL	27	$39,121	$11,973
39	MONROE	(H) VALLEY GENERAL HOSPITAL	17	$39,065	$15,414
40	MOSES LAKE	(H) SAMARITAN HOSPITAL	63	$38,777	$12,892
41	YAKIMA	(P) YAKIMA VALLEY MEMORIAL HOSPITAL	308	$34,698	$12,664
42	VANCOUVER	(P) LEGACY SALMON CREEK MEDICAL CENTER	250	$33,442	$13,250
43	ANACORTES	(H) ISLAND HOSPITAL	145	$31,524	$11,479
44	LONGVIEW	(C) PEACEHEALTH ST JOHN MEDICAL CENTER	154	$30,792	$13,205
45	PORT ANGELES	(L) OLYMPIC MEDICAL CENTER	172	$25,670	$12,027

High Variation = Poor Outcomes



DR. ROBERT BREE COLLABORATIVE

Source: Readmission Rates for TKR/THR Procedures in Washington State:
Summary of Findings from 2011 CHARS Data
Bree Collaborative – Accountable Payment Model Subgroup
October 2013. Available: http://www.breecollaborative.org/wp-content/uploads/bree_summary_CHARS_Analysis.pdf

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Value-Based PEBB Medical Plans, 2016

- Group Health Cooperative (3 plans)
- UMP plan: UMP Plus with two network options
  - Puget Sound High Value Network
  - UW Medicine Accountable Care Network



UMP Plus - Accountable Care Program for State Employees

Goals

- Improved patient experience
- Integrated “head and body” care
- Financial and clinical accountability

2016 Partners

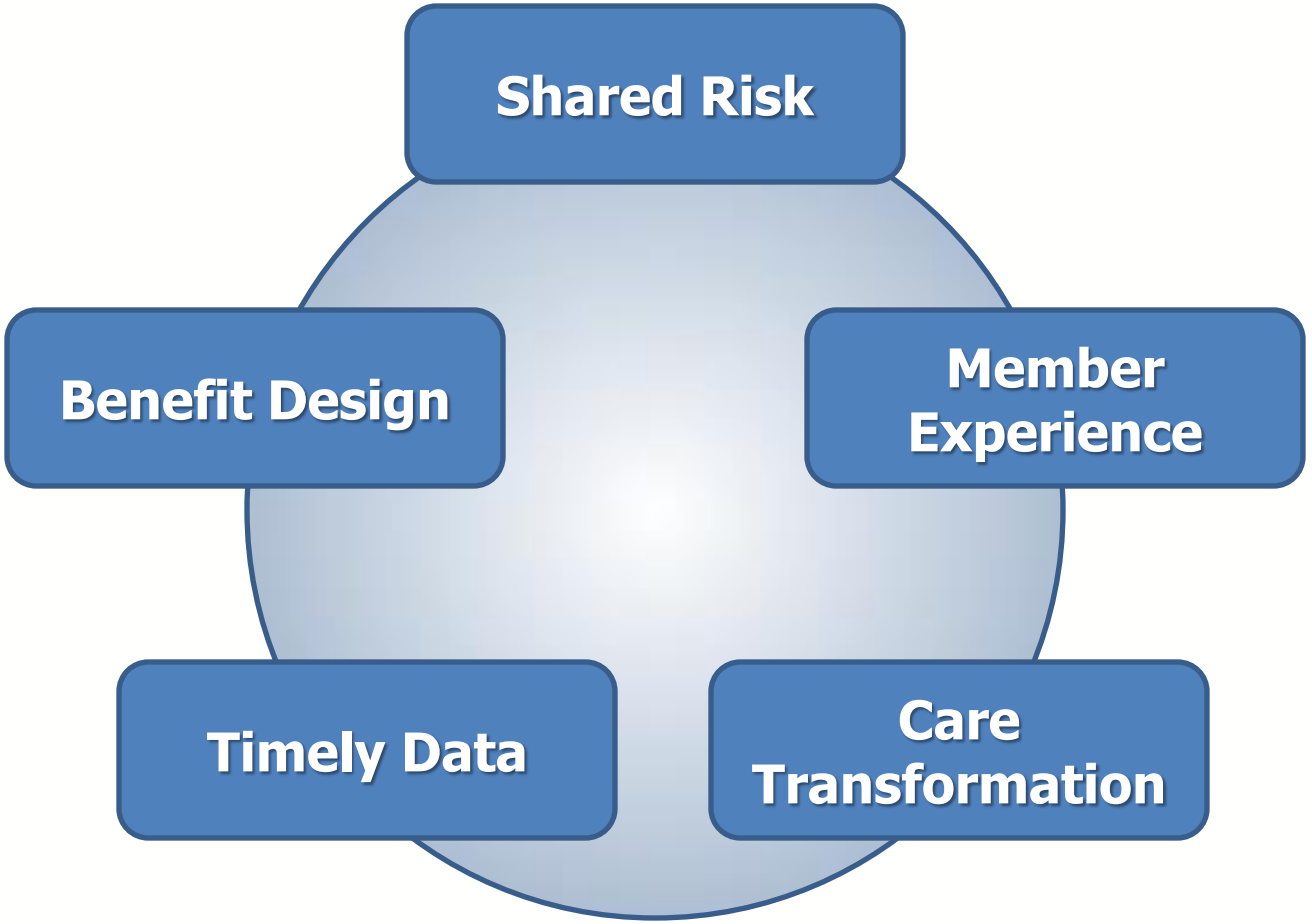
- UW Medicine Accountable Care Network
- Puget Sound High Value Network LLC

2017

- Expand statewide
- Recruit more employers and purchasers to join and implement approach

Currently available to public employees in Puget Sound region

UMP Plus Foundational Elements



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Total Joint Replacement Bundles

- Building Centers of Excellence
  - Total Joint (Hips & Knees) Replacement Bundles for PEBB Program UMP Members
  - 2017 launch
- Based on Bree recommendations
  - Clinical, Quality, & Financial Accountability
    - Clinical Components
    - Quality Standards
    - Warranty

Savvy Shopper Campaign

- Supports health care literacy at consumer level
- Supports provider with tools to engage with clients
- Empowers consumer at each stage in their care journey.



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The *WHAT's NEXT*

- Scale & Spread for statewide transformation
  - ACP expansion in 2017
- Purchaser Shared Learning Series
  - Accountable Care Program Toolkit
    http://www.hca.wa.gov/hw/Pages/acp_multipurchaser.aspx
    - Procurement documents
    - Redacted contracts
  - Monthly webinars – 1st Webinar on April 11th!
  - Technical assistance to public and private purchasers
  - Recruit public purchasers to join PEBB

We All Want the Same Thing; Join Us!

- As the purchaser of health care, you can make a difference
  - Contract for value
  - Participate in Spread & Scale Learning Series!





Additional Opportunities

More Information:

http://www.hca.wa.gov/hw/Pages/paying_for_value.aspx

Sign up for Healthier WA Feedback Network:

- healthierwa@hca.wa.gov