NCOIL 2013 Annual Meeting

New Models of Care Delivery

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Agenda

- Models Of Care Delivery
  - Open Systems
  - Patient Centered Medical Homes (PCMH)
  - Accountable Care Organizations (ACO)
  - Staff Model
- Care Delivery Continuum

On the spectrum from least to most intensive redesign, these models are characterized as follows:

Introduction

- Delivery system reform is focused on:
  - Increasing quality/efficiency of health care delivery
  - Addressing cost of health care
- Models of care delivery discussed provide reasonable context with respect to actuarial issues regarding the full spectrum of redesigns
- The future may bring more changes to health care delivery models not yet developed

Open Systems Model

- Patients access professional care through individual providers
  - Specialists and facility care may require referral
- Open system model has evolved to a network model (preferred provider organization-PPO)
- Network model more prevalent form of open system model
- Historically, open system model formed core of health care delivery
- Typically, reimburses providers on fee-for-service (FFS) basis
- It is fragmented; often lacks coordination among providers and fosters duplication of services

Patient Centered Medical Homes

- Focuses on creating strong relations between practice staff, patient and provider, and relies substantively on clinical systems
  - Includes focus on quality, patient centeredness, organized IT and data reporting/analysis, practice organization, and payment/reimbursement methodology (payment based on per member per month (PMPM) instead of FFS basis)
- Well suited to higher-risk patients (such as those with chronic conditions or economically vulnerable)

Accountable Care Organizations

- Comprised of providers that work together to provide cost-efficient, quality care for members
- Providers often have financial incentives based on efficiency and quality of care targets
- Many ACOs are open network
- The Affordable Care Act (ACA) included provisions to encourage the development of ACOs:
  - CMS created the Medicare Shared Savings Program (more than 200 ACOs participate)
  - CMS also created the Pioneer ACO program with 32 unique ACOs

Accountable Care Organizations (cont.)

- ACO providers have varying degrees of success
  - Shared savings, with bonus-only methods, typically reimburse the provider on a FFS basis and later pay a bonus
  - Shared savings can include sharing of losses based on the agreed upon targets
  - Global capitation payments provide significant financial incentives, and risk, to providers

Staff Model

- Closed-panel system whereby physicians are generally employees of the HMO
- Employs providers that perform services for the members enrolled in the HMO
- Goal of this type of health care system is to increase quality of care and reduce cost of care through efficient delivery and management of patient-focused care

Actuarial Components for Care Delivery Models

- Setting budgets and appropriate care coordination fees
- Measuring results
- Evaluating risks and reinsurance
- Evaluating credibility
- Reporting and monitoring of results
- Effect on utilization
- Effect on costs
- Networks of provider
- Evaluating quality incentives

Care Delivery Enhancers

- New strategies have emerged to further enhance care delivery; they can be part of any successful delivery model:
  - Telemedicine is the use of telecommunication and IT options to provide care from a distance; improves access to medical services not available in rural areas
  - Remote telemonitoring/telemedicine provides specialist advice/treatment guidance to the patient's local providers of care without the need to travel
  - Use of mid-level providers (e.g., nurse practitioners, physician assistants or certified nurse specialists) can be more cost efficient
  - Retail health clinics can provide basic preventive care and primary care services

Care Delivery Enhancers (cont.)

- Each of the strategies previously described can result in faster and appropriately-timed access to needed and high quality care, at a potentially lower cost resulting in:
  - Improved quality due to a reduction in duplication of services
  - Improved access to appropriate care in remote locations
  - Improved access through expanded available hours for care
  - Improved access through a reduction in waiting times
  - Reduced health care cost through avoided ER visits
  - Reduced health care cost due to a better match of patient acuity and provider level or site of service

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