



# The Promise and Challenges of Clinical Integration in an Episode of Medical Care Payment Environment

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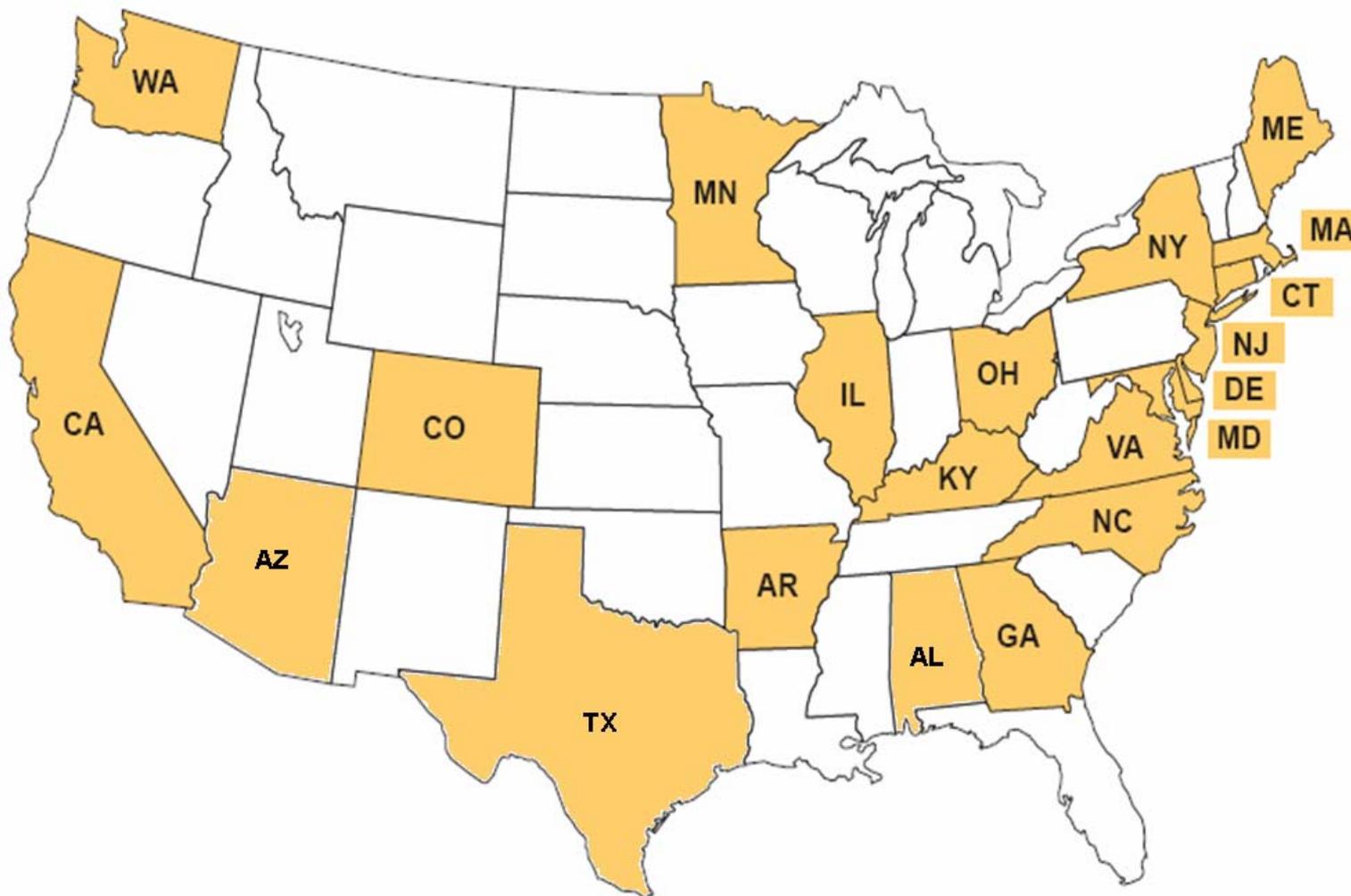
## BTE's Mission

*Bridges to Excellence is a not-for-profit organization developed by employers, physicians, health care services researchers, and other industry experts with a mission to create significant leaps in the quality of care by recognizing and rewarding health care providers who demonstrate that they have implemented comprehensive solutions in the management of patients and deliver safe, timely, effective, efficient, equitable and patient-centered care.*

BTE is also the operational arm of PROMETHEUS Payment, Inc, a separate 501-c-3 organization



# BTE is currently the largest P4P effort in the country





## Are we succeeding?

YES:

Large and small employers (public and private) as well as insurers are participating across the country

Thousands of physicians have become recognized and are better managing their patients

We have concrete evidence that “reengineered” practices deliver better care at a lower cost

A strong signal (credible performance assessments and meaningful rewards) gets practices to change behavior

BUT:

Ultimately we’re fighting an impossible head wind (toxic payment systems) that we have to convert to a tail wind through more fundamental payment reform



# What is being paid for today?

Payment structures send powerful signals about type of care purchasers want delivered

- Physicians are professionals—but they also respond to incentives

## Current signals

- Want more units of care
- “High-tech” care is most highly valued
- Want less primary care
- Coordination is not valued
  - Each physician should do their own thing
  - Redundant services not a problem
- Quality not important
  - Payment same for low quality care
  - Mistakes yield more payment



## **PROMETHEUS Payment brings these concepts together**

Create the right framework for pricing care by starting with a base set of services informed by evidence/best practices

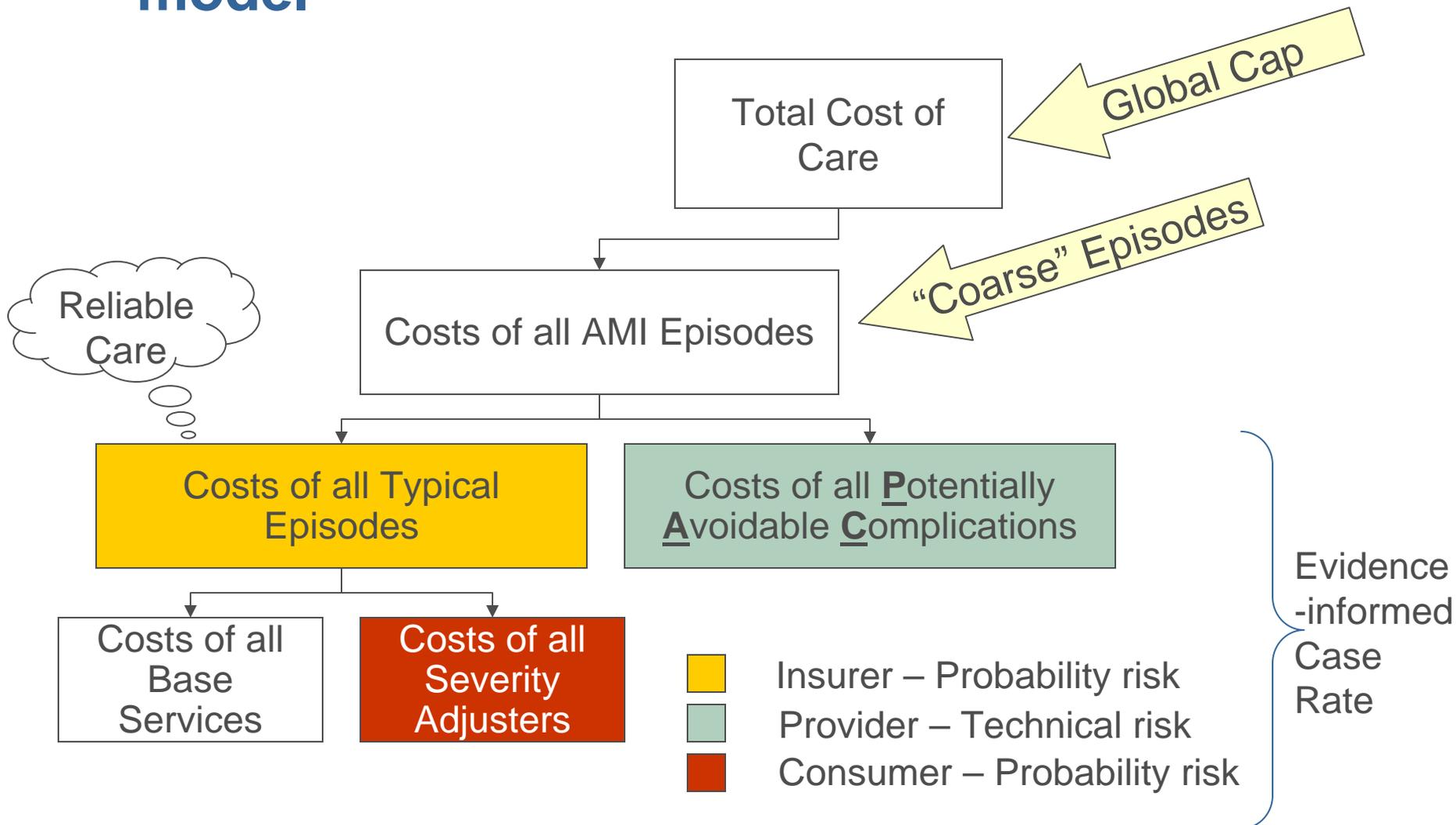
Further split technical risk into the component attributable to the patient (severity/health status) and the component attributable to the provider

Hold providers strictly accountable for their portion of technical risk across the care continuum

Create a solid business case for doing right through (a) the allowances for Potentially Avoidable Complications, and (b) the scorecard

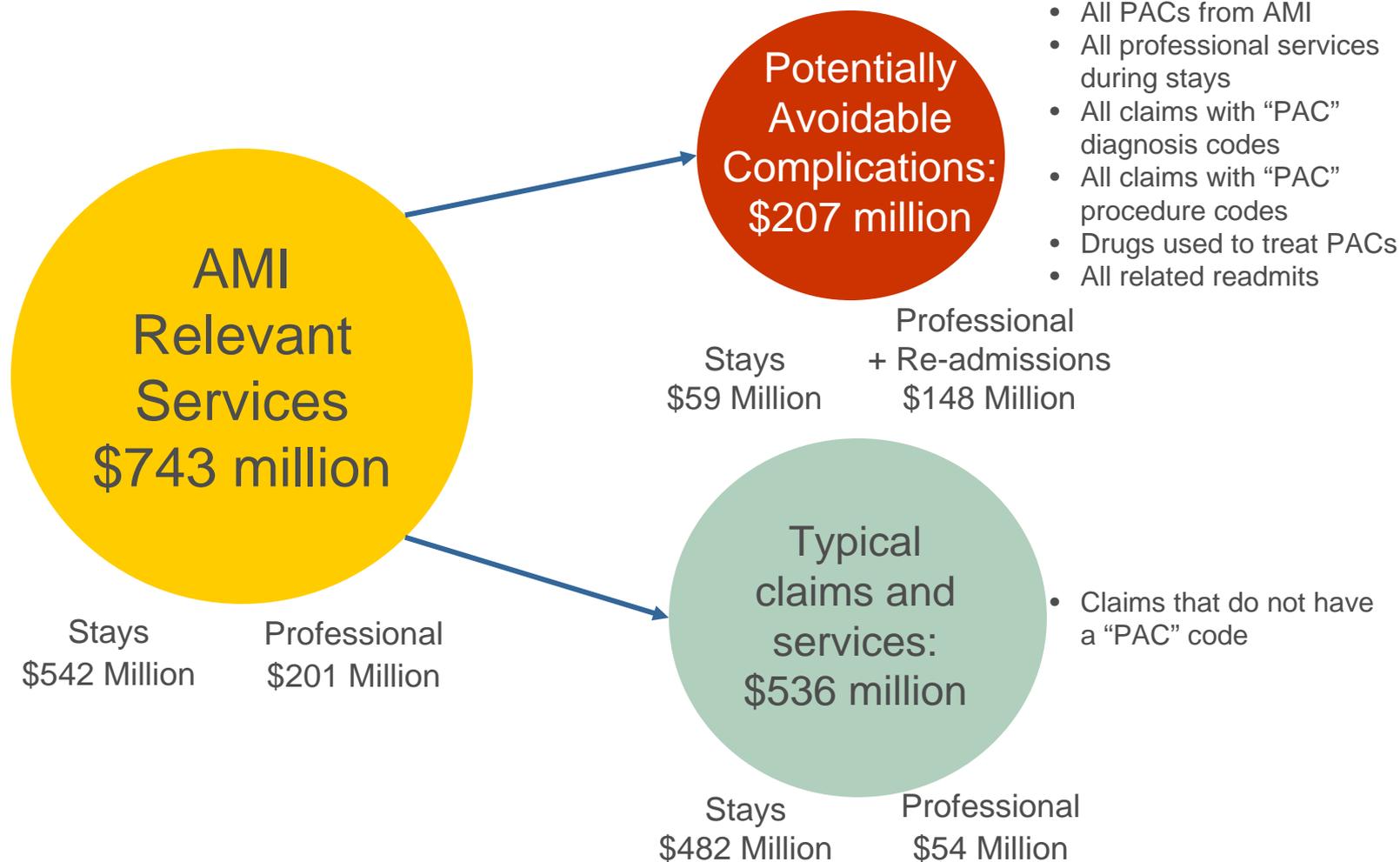


# Risk bifurcation in the PROMETHEUS model



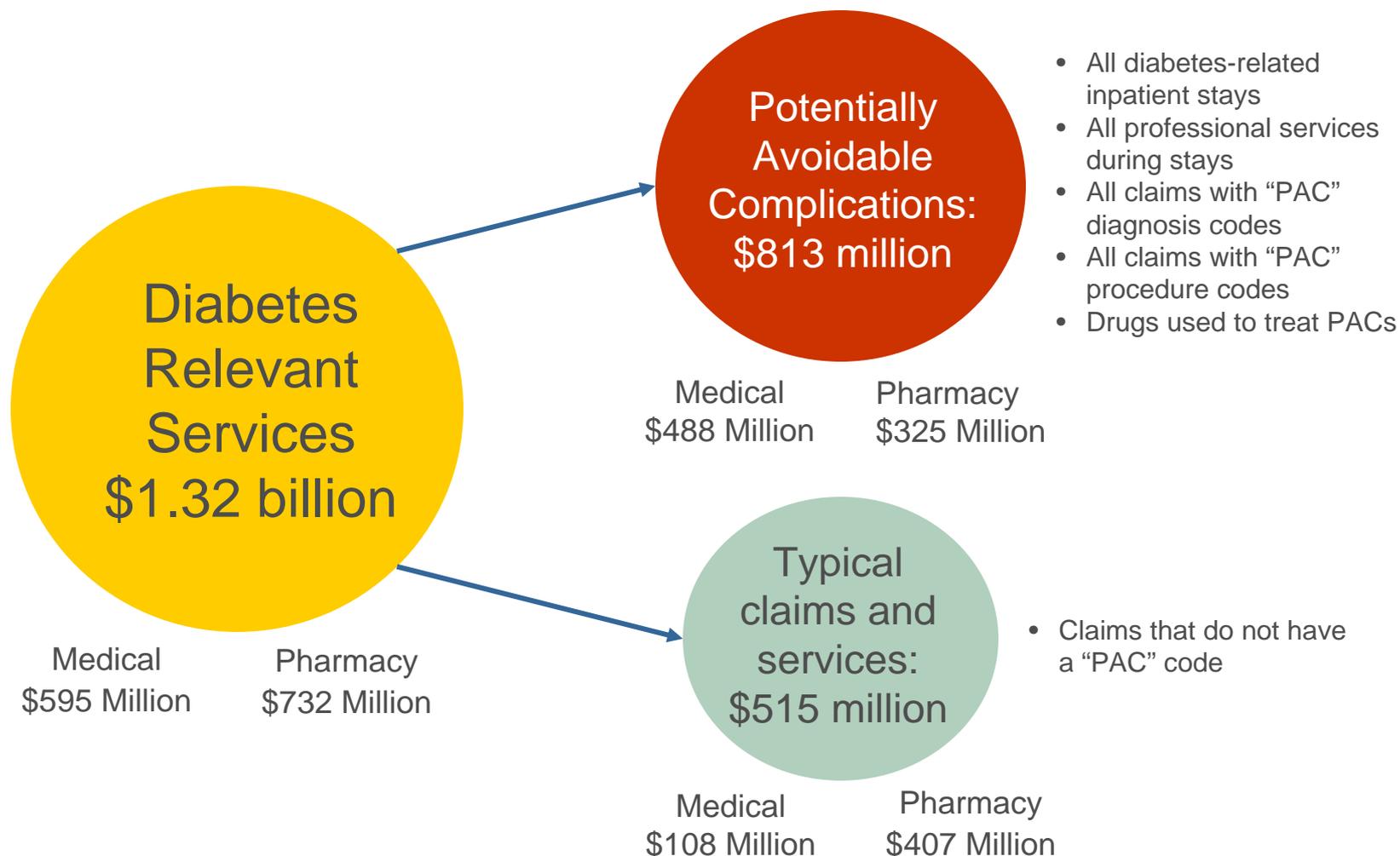


# Huge amounts can be saved by reducing Potentially Avoidable Complications





# And even more so in chronic care where PACs are rampant





## **A new payment system means new organizations**

Real clinical integration is a necessary condition to win in an episode of care payment system

But the emphasis on reducing hospitalizations means the integration has to have a significant outpatient focus, not an inpatient one

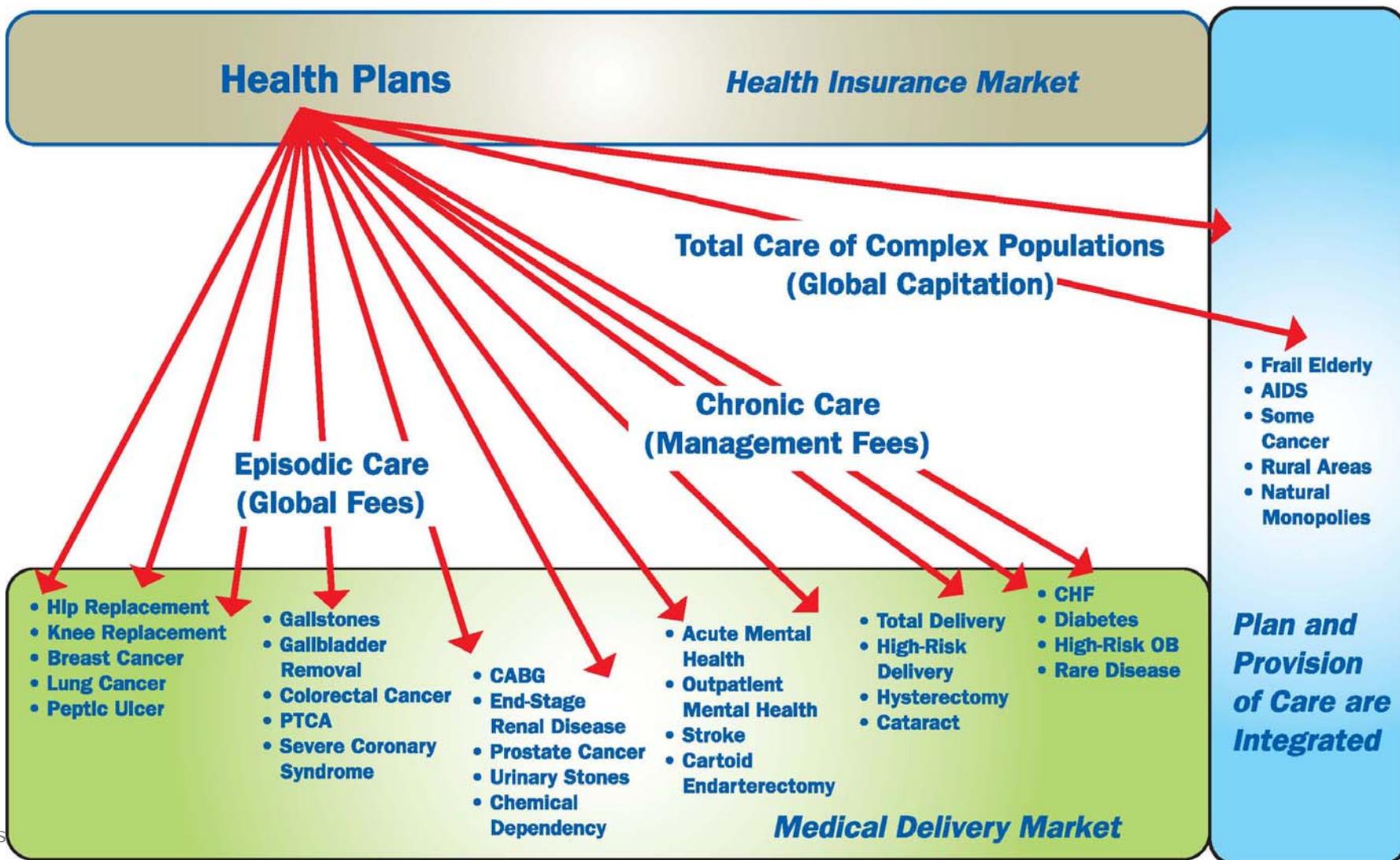
Evidence-informed Case Rates become ex ante prices that can be used by consumers to differentiate provider organizations, introducing real competition on real value

Winners will integrate with best in class in a reformed and reshaped supply chain



# MARKET STRUCTURE OF AN EOC PARADIGM

## Insurers Organizing Payment Around Acute and Chronic Paradigm





# Evolutionary View of System Reform

