Where are we and how did we get here?

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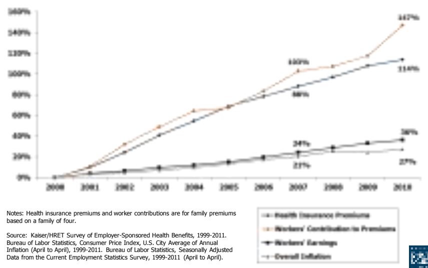
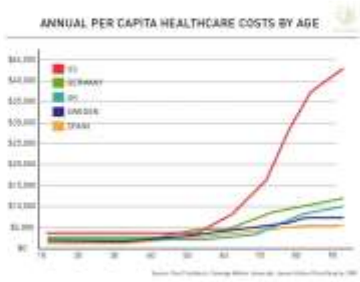
U.S. Healthcare Spending On Track To Hit $10,000 Per Person This Year

There's never a shortage of major healthcare policy events in any given calendar year – and 2015 will be no exception. Here's a short list of some that are pending and noteworthy – with a few predictions.

First up isn't a prediction as much as a major milestone that's reflective of escalating healthcare costs. According to CMS (here) our National Healthcare Expenditure (NHE) is projected to hit $3.207 trillion this year. The U.S. Population is currently hovering at around 320 million, so 2015 looks to be the first year healthcare spending will reach $10,000 per person. We may be "bending the cost growth curve," but the per capita amount continues to grow.

Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 2000-2010



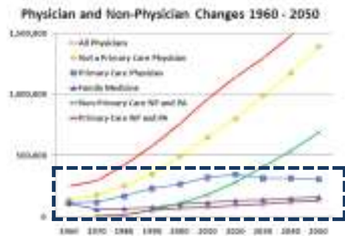


Quality: Although US costs are highest …the quality of care is far from optimal

- RAND: Americans get evidence-based care only 55% of the time
- IOM: Up to 400,000 Americans die each year due to avoidable medical errors
- CDC: 2 million acquire nosocomial infections annually; 90,000 die
- WHO: US is 37nd in the world

10/17/2016

We have a shrinking primary care workforce



Health Care Legislation: 2009-2015

- The American Recovery and Reinvestment Act of 2009 (HITECH Act)
- Patient Protection and Affordable Care Act of 2010 (ACA)
- Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)

The way we practice and the way we are paid is changing quickly and dramatically: “Volume to Value”

The American Recovery and Reinvestment Act of 2009 (ARRA/HITECH Act)

- Large incentives to computerize all of healthcare ($20B)
  - Funded EHR conversions nationally
  - Needed to demonstrate ‘Meaningful Use’ of EHRs
  - Now Meaningful Use phase 2 and 3
- Purpose: Measurement of care delivered

Patient Protection and Affordable Care Act of 2010

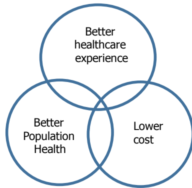
- Insurance reform and coverage expansion
- Focus on prevention, quality and safety
- Physician payment changes (overvalued procedures)
- *New Delivery System Models and Alternative Payment Methods* (CMMI)
  - Accountable Care Organizations
  - Bundled payments
  - **Patient-centered Medical Homes (PCMH)**

Medicare Access and CHIP Reauthorization Act of 2015 (MACRA)

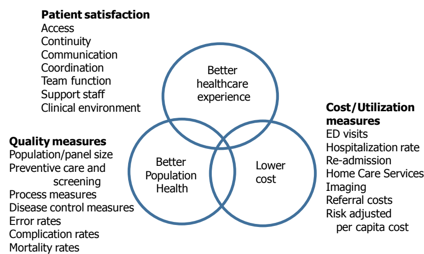
Bipartisan support repealed the SGR and established two payment methodologies

- **Merit-based Incentive Payments (MIPS)**
- *Built on FFS payment methodologies*
  - *Combines quality reporting (PQRS, MU, VBM etc.)*
  - *Incentives and penalties*
- **Advanced Alternative Payment Methods (aAPMs)**
- *Built on risk-adjusted capitation with financial risk held by the systems (AKA population health)*
  - *Accountable Care Organizations*
  - *Bundled payments*
  - ***Patient-centered Medical Homes (PCMH)***

How will performance be measured? Measures of impact and outcome: The Triple Aim

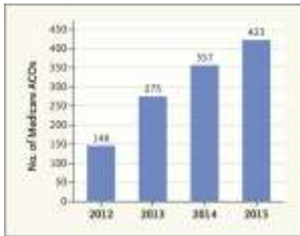


The triple aim performance measures



Predicting the Future:
HHS Secretary Burwell *NEJM, March 2015*

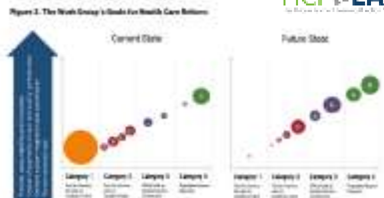
Growth of Accountable Care Organizations



Pham HH et al. N Engl J Med 2015;373:987-990.

Do ACOs achieve CMMI goals?

JAMA. 2016 Aug 16;316(7):705-6, 707-8.



Quadruple Aim: Improved professional satisfaction

PERSPECTIVE

The Coming Battle over Shared Savings — Primary Care Physicians versus Specialists

The flow of funds will be determined on the basis of the organizational structure, the relative power of PCPs and specialists, specialists' demonstration of their value, and the organization's conception of its mission.