Pay for Performance: Linking Member Outcomes to Value-Based Reimbursement

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Background
Reimbursement for Healthcare is Changing

Fee-for-Service

- Revolves around sick care
- Inefficiencies in care

→

Value-based reimbursement

- Aligning incentives
- Improved care coordination
- Accountability
Objective

Study the link between Value-based arrangement and quality outcomes for Medicare Advantage plans

Humana’s Value-based Reimbursement Model

1. Improved care
   - HEDIS Preventive Measure Compliance

2. Improved population health
   - Admission Rate
   - ER Visit Rate

3. Lower healthcare costs
Methods
Methods

**Value-Based**

- Pay-for Value Contract
- Attribution or Self-Selection

- Shared Savings or fully shared risk

- Comparison
  - 13 HEDIS Preventive Measures
  - Hospital Acute Admissions
  - ER Visits

**No Incentives (FFS)**

- Attribution or Self-Selection

- Comparison is done on a retrospective observational basis
- Individuals tied to PCP based on claims or self-selection
Results
HEDIS Preventive Measure Compliance I

Chronic Condition Management

- Diabetes care — Blood Sugar Controlled: +7%
- Cholesterol Controlled: +8%
- Cholesterol Screening: +6%
- Eye Exam: +7%
- Kidney Disease Monitoring: +3%
- Cardiovascular Care — Cholesterol Screening: +5%

[Graph showing compliance rates for various chronic conditions with value-based and not incentivized categories]
HEDIS Preventive Measure Compliance II

Screening & Monitoring

- Osteoporosis Management for Women Following a Fracture: +16%
- Colorectal Cancer Screenings: +7%
- Adult Body Mass Index Assessments: +5%
- Rheumatoid Arthritis Management: -3%

Legend: Green = Value-Based, Red = Not Incentivized
HEDIS Preventive Measure Compliance III

Special Needs Population Care

- Medication Review: +8%
- Functional Status Assessment: +2%
- Pain Screening: -1%

[Graph showing compliance rates for different measures]
Hospital Admissions & ER Visits

- Value-based arrangements showed lower hospital admissions and ER visit rates

- Measurement controls for health differences between Value-based and non-incentivized groups*

* Populations normalized for morbidity & geography through matching to Original Medicare on CMS-HCC risk score and state of residence
Conclusions
Limitations

• Study does not control for:
  - Which practices choose to opt in to Value-based relationships
  - Population characteristics other than risk score

• Risk score intended as a financial risk-adjustment measure; efficacy as a utilization morbidity measure needs study
People associated with providers in Value-based relationships had:

- **Improved quality of care**, as evidenced by improved HEDIS compliance rates in 11 out of 13 measures studied

- **Improved population health**, when evaluated on admissions and emergency room visit rates
Thank you!

Humana
HEDIS Preventive Measure Details

<table>
<thead>
<tr>
<th>Category</th>
<th>Measure</th>
<th>Compliance Rate Summary</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Value-Based</td>
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<tr>
<td>Chronic Condition Management</td>
<td>Diabetes care — Blood Sugar Controlled</td>
<td>83%</td>
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<tr>
<td></td>
<td>Cholesterol Controlled</td>
<td>60%</td>
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<td>Cholesterol Screening</td>
<td>92%</td>
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<td></td>
<td>Eye Exam</td>
<td>69%</td>
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<td></td>
<td>Kidney Disease Monitoring</td>
<td>93%</td>
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<td></td>
<td>Cardiovascular Care — Cholesterol Screening</td>
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<td>Screening and Monitoring</td>
<td>Osteoporosis Management for Women Following a Fracture</td>
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<td>Colorectal Cancer Screenings</td>
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<td>Adult Body Mass Index Assessments</td>
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<td>Rheumatoid Arthritis Management</td>
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<td>Special Needs Population care</td>
<td>Medication Review</td>
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<tr>
<td></td>
<td>Functional Status Assessment</td>
<td>90%</td>
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<tr>
<td></td>
<td>Pain Screening</td>
<td>93%</td>
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<tr>
<td>Total (Average)*</td>
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<td>78.4%</td>
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</table>

- Average compliance rate weighted on 13 measures based on CMS Stars (plan-quality) weightings
- Statistical significance based on chi-square test at 98% confidence