

Evolving to Value Payment

*Payment Reform Working Group
Health Care Access Commission*

September 8, 2010



COMMON PURPOSE
UNCOMMON CARING

Allina Payer Relations & Contracting

Allina Pilots by Payment System

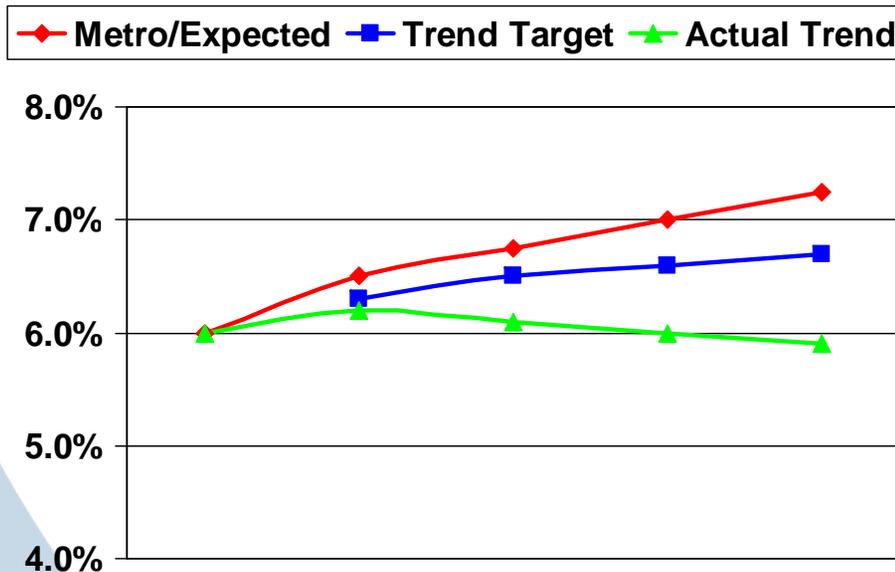
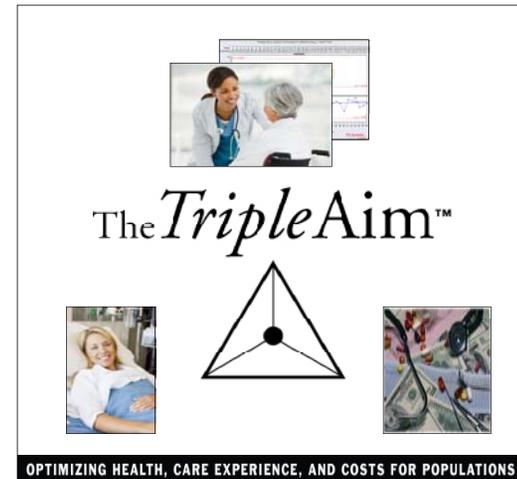
**Lower Financial Risk
Volume Focus**

**Higher Financial Risk
Efficiency Focus**

Fee For Service	Pay for Coordination	Pay for Performance	Episodic Payments	Shared Savings	Capitation / Population Health
Paid for each unit of service without constraint on spending	Additional per patient payment to coordinate and manage care	Additional payment tied to objective measures of performance, usually improvement in quality and patient experience	Payment based on the delivery of services within a given timeframe	Shared savings derived from spending below Total Cost of Care (TCOC) benchmarks, that are based on historical spending patterns	Paid a fixed amount per member per month to cover a defined scope of services for a defined population, regardless of actual number or nature of services provided
 <p>ALLINA. Hospitals & Clinics</p>	<p>Reform pilot</p> <ul style="list-style-type: none"> •Allina Medical Home <p>COMMON PURPOSE UNCOMMON CARING</p>	<p>Reform pilot</p> <ul style="list-style-type: none"> •Value based purchasing •Local Payer P4P programs •Bridges to Excellence 	<p>Reform ideas</p> <ul style="list-style-type: none"> •Baskets of Care •Geisinger ProvenCare 	<p>Reform pilot</p> <ul style="list-style-type: none"> •NW Metro Alliance •Medica TCOC 	<p>Reform pilot</p> <ul style="list-style-type: none"> •Heart Of New Ulm <p style="text-align: right; color: blue;">Payer Relations & Contracting</p>

Northwest Metro Alliance

- is a collaboration between Mercy Hospital, Allina Medical Clinic, HealthPartners Medical Group, and HealthPartners Health Plan
- is focused on achieving the Triple Aim



Key components to the NW Metro model are:

- **withhold** for achievement of triple aim goals
- **shared savings** for TCOC achievement beyond the target

Lessons Learned

- TCOC model does align incentives better than current models. Finding the right balance in rewards / shared savings is challenging
- Data sharing is essential to target opportunities for better performance on aims
- TCOC and ACO-type contracts need to be a long term commitment to change culture and recognize efforts
- The market needs a majority of payers on TCOC contracts to provide momentum and common parameters such as risk adjuster, outlier definition, and attribution method
- Health plan product design needs to align with providers managing triple aim, at a patient level

What does it take to be effective in the ACO world?

- Effective Primary Care core
- Specialty Care integration
- Clinical excellence and consistency
- Coordinating and managing care across all settings
- Technical support systems to measure and report on the quality of care and cost of care
- Infrastructure and skills for management of financial risk alignment of incentives
- Patients actively engaged in their care