Children's National
Health Network℠
Part of the Children's National Health System

THE BUSINESS OF PEDIATRICS:

BETTER CARE = BETTER PAYMENT

19th CNHN Pediatric Practice Management Seminar

Thursday, December 6, 2016

Children's National
Health Network℠
Part of the Children's National Health System

SMALLER vs BIGGER?
WHAT PRACTICE SIZE IS JUST RIGHT?

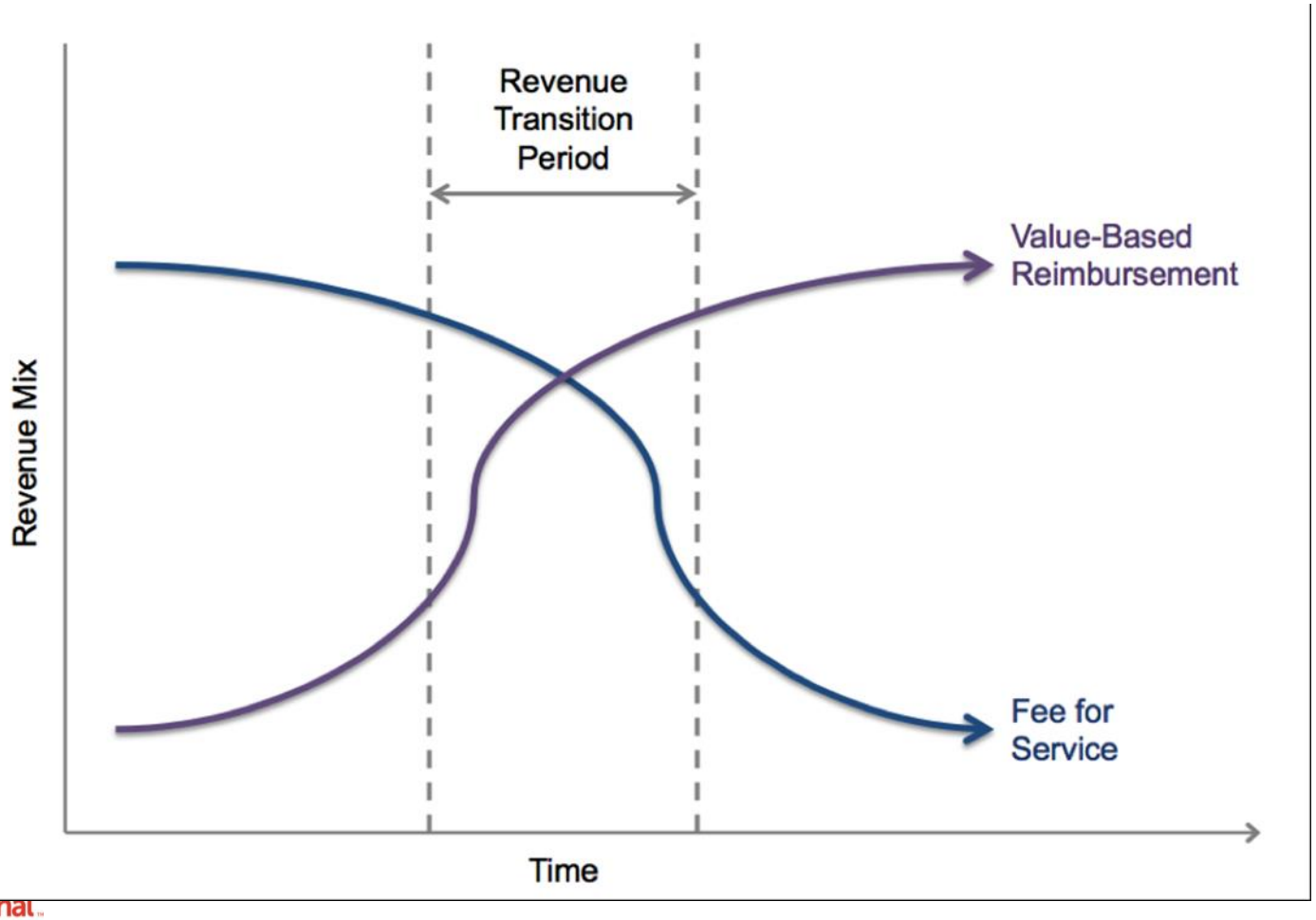
Mark Weissman, MD

Children's National
Health Network
Part of the Children's National Health System

Looking ahead-
what's best for pediatric practice?

Children's National
Health Network
Part of the Children's National Health System

Shift from FFS to value-based payment

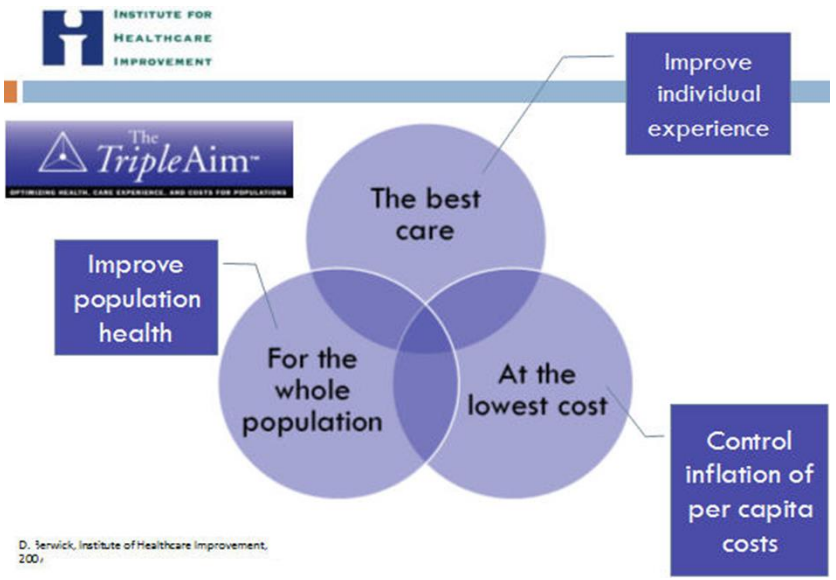


Children's National
Health Network
Part of the Children's National Health System

ACA driving new payment models

Health Care Reform

“Triple Aim”



Children's National
Health Network
Part of the Children's National Health System

HHS: CMS Timetable for Value Based Payment

- "Triple Aim" ⇨ "Better, Smarter, Healthier"
- January 2015: HHS sets clear goals & timeline for shifting Medicare reimbursements **from volume to value**
  - Shift Medicare payments to physicians and hospitals through alternative payment models such as medical homes and accountable care organizations (ACOs)
  - **30% by 2016; 50% by 2018**
  - In addition, HHS has set a goal of tying 85% of all fee-for-service (FFS) payments to quality and cost measures by 2016, and 90% by 2018.
- AMA, AAFP: We're "on board"

MACRA: MIPS & APM's

- Beginning 2017, Medicare providers will be required to participate (incrementally) in Merit-Based Incentive Payment System (MIPS) or Alternative Payment Model (APM) (eg ACO with risk-based payment)
- Higher performing practitioners will receive increased payments- funded by reduced payments to lower performers
- Public reporting of performance
- Applies to Medicare but potential to extend to Medicaid and commercial insurance (adult care initially- pediatrics?)

Children's National Health Network
Part of the Children's National Health System

MACRA (Medicare Access and CHIP Reauthorization Act of 2015) (BIPARTISAN APPROVAL)

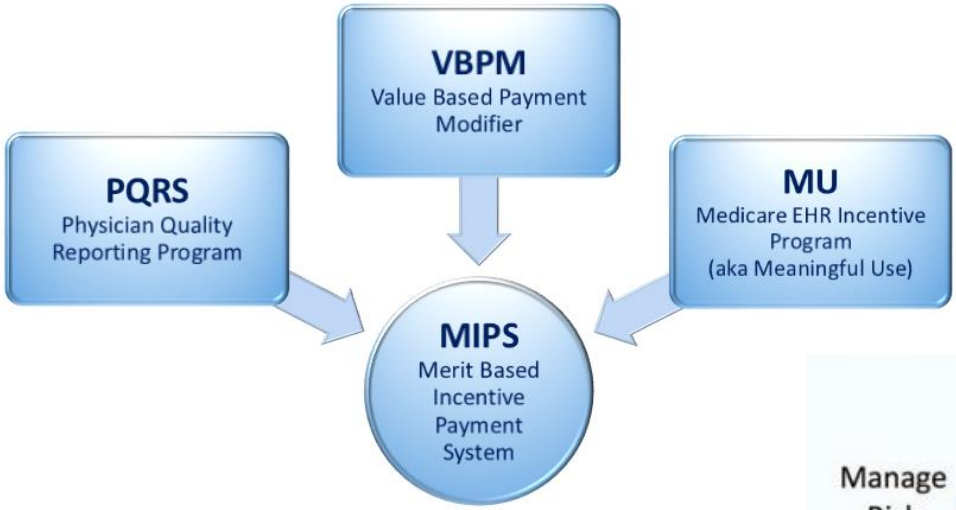
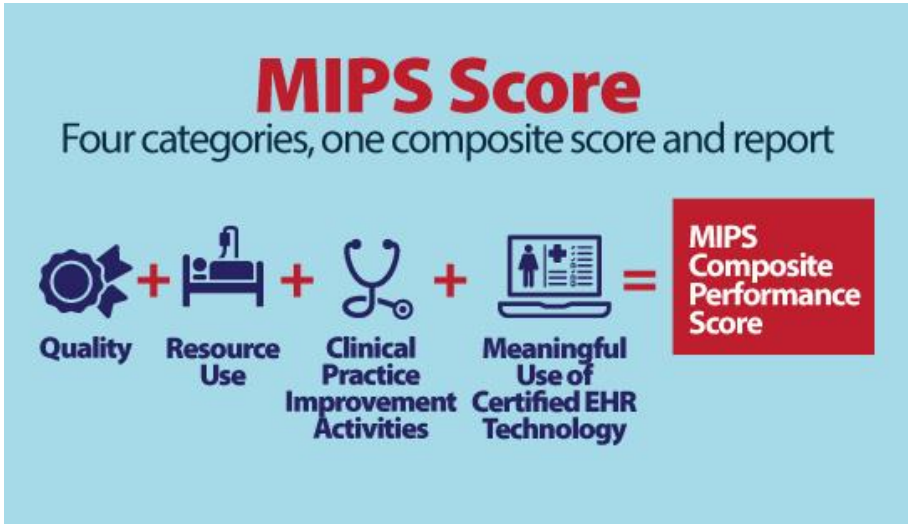
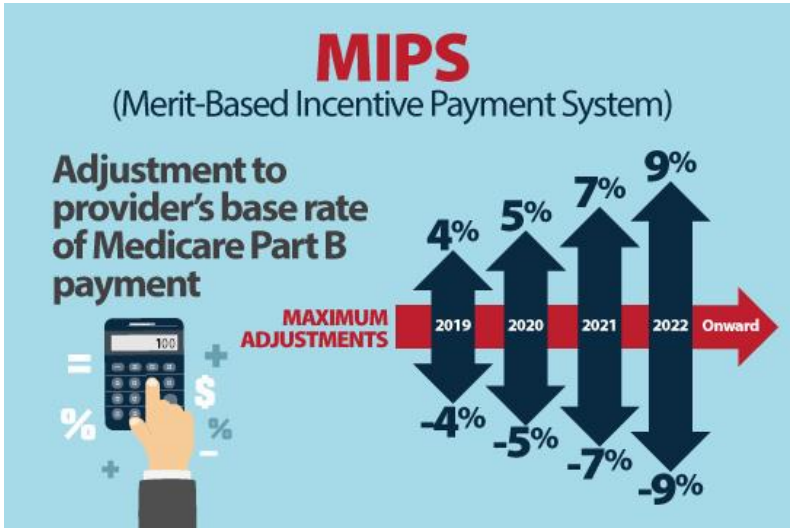


Figure 1. The reimbursement decision for providers.

Children's National Health Network
Part of the Children's National Health System

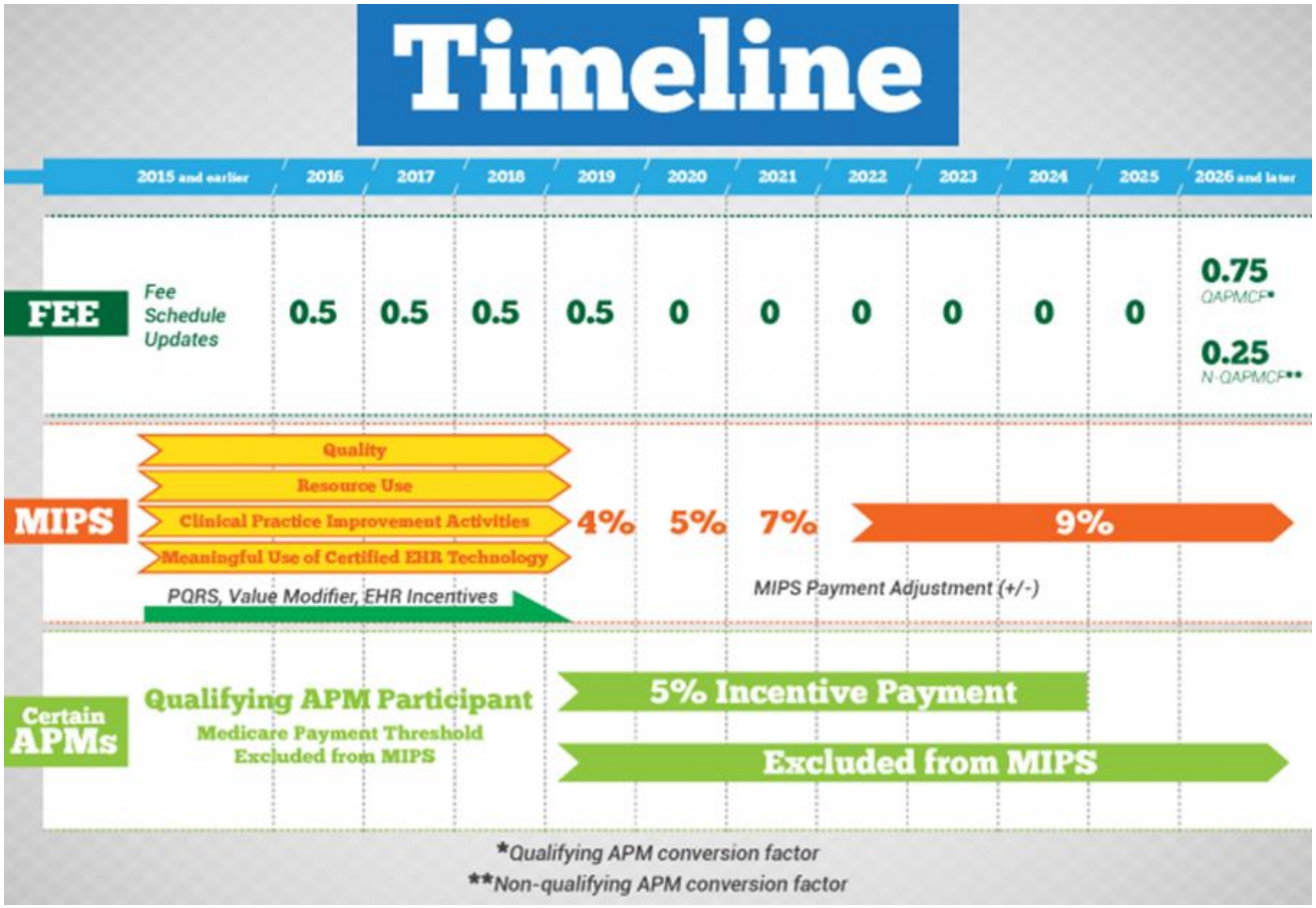
Merit-Based Incentive Payment System (+/-)





Children's National Health Network
Part of the Children's National Health System

MIPS: Merit-based Incentive Payment System



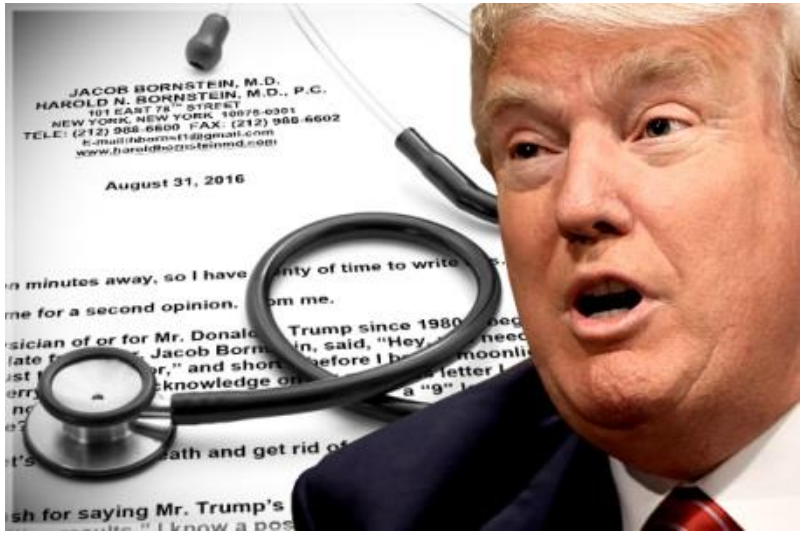
Children's National Health Network
Part of the Children's National Health System

What about pediatrics?

Children's National
Health Network
Part of the Children's National Health System

The future is not so clear…

ACA Repeal?

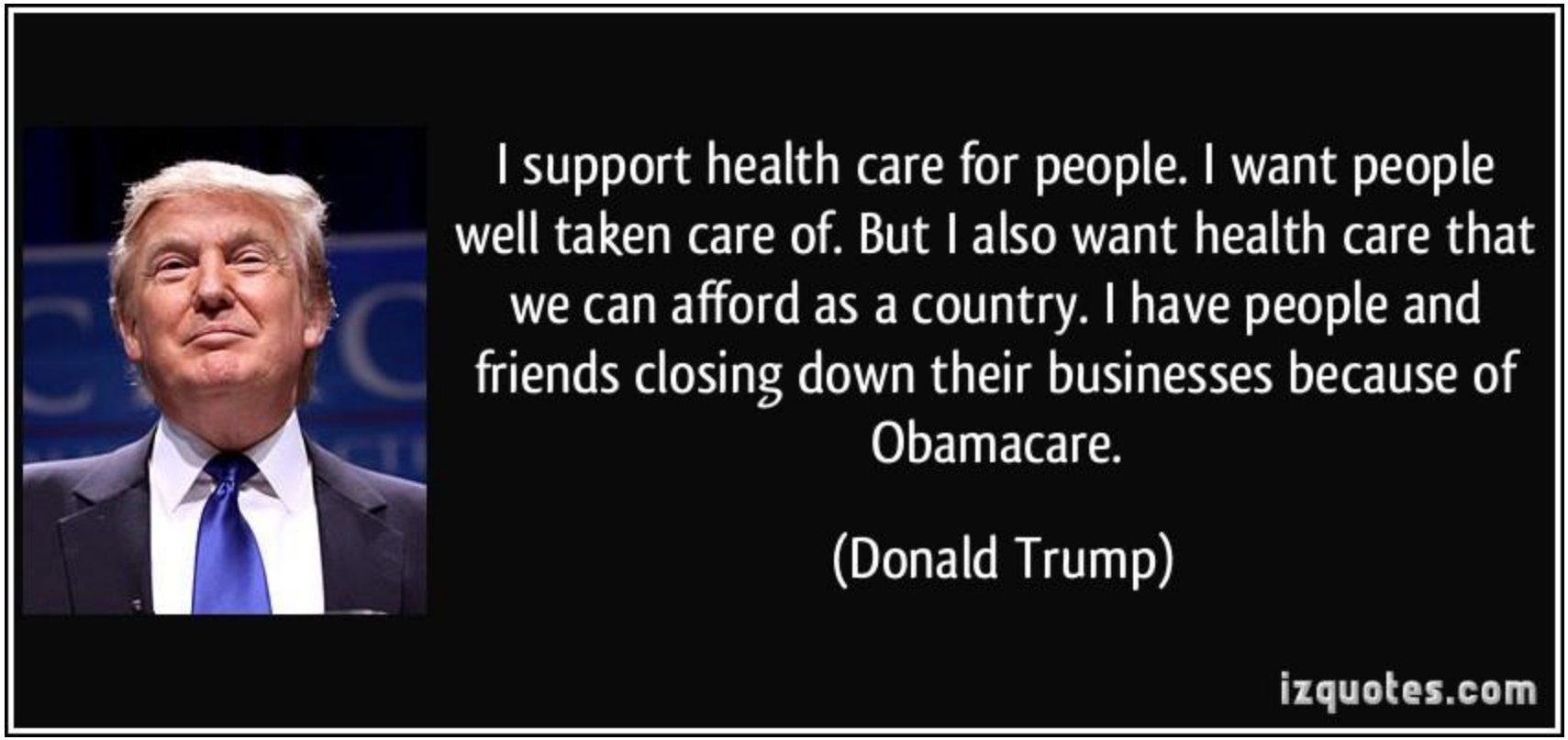


Pediatric Payment

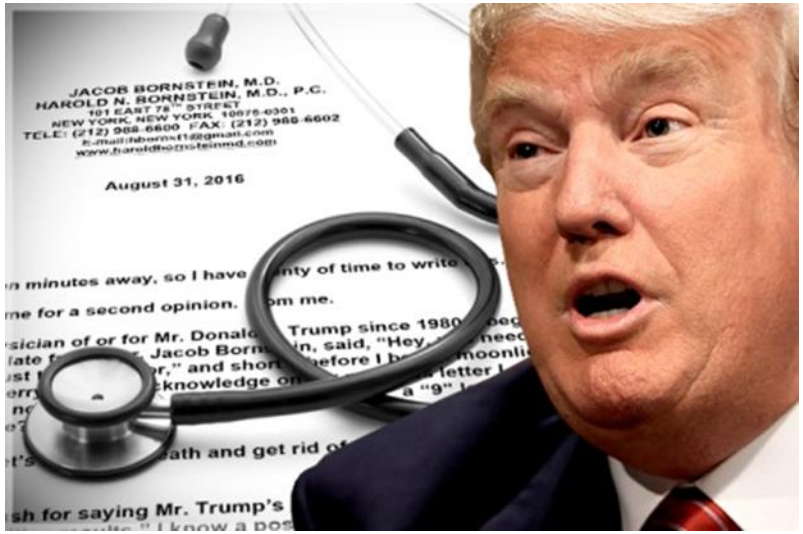
Business of Pediatrics 2016

Children's National
Health Network
Part of the Children's National Health System

I have a plan…


I support health care for people. I want people well taken care of. But I also want health care that we can afford as a country. I have people and friends closing down their businesses because of Obamacare.
(Donald Trump)
izquotes.com

Implications for children, families & pediatricians

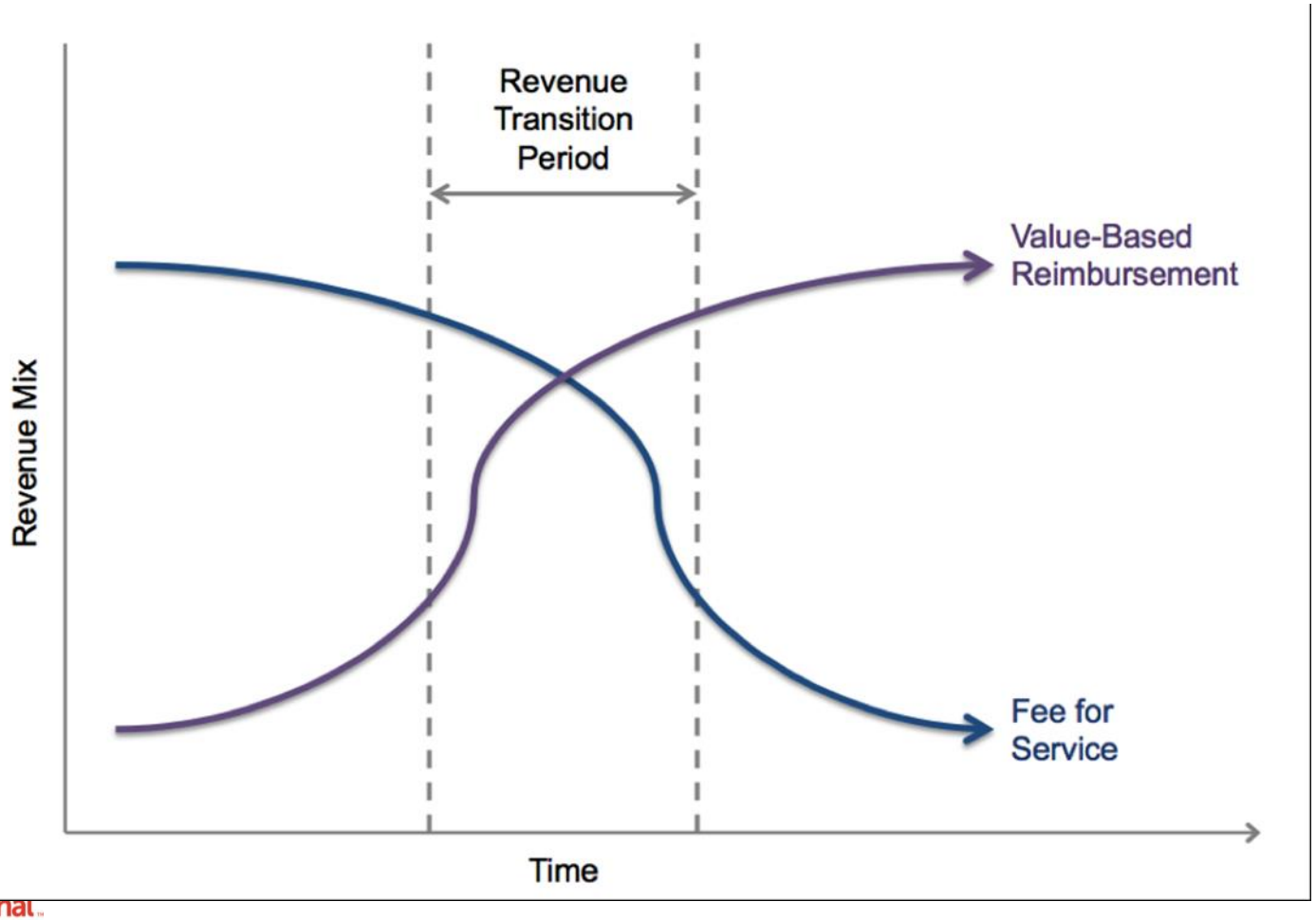


Priorities & timeline?

- ACA repeal vs replace
- HHS (Tom Price) & CMS (Seema Verma) appointees & priorities
  - Medicaid block grants to states
  - CHIP (Children's Health Insurance Program) reauthorization (thru 2017)
  - Coverage of children and preventive services
    - Reduced coverage?
    - Lower premium vs more out of pocket expense?

Children's National Health Network
Part of the Children's National Health System

Shift from FFS to value-based payment continuing



Children's National
Health Network
Part of the Children's National Health System

Current payment incentive trends will continue

- Pediatric practices will be increasingly accountable for meeting both care quality (eg HEDIS, EPSDT) and cost measures
  - Not just for patients you see in your practice- but **all patients attributed to you** as PCP/medical home/panel
  - Not just the cost of care in your practice (what you charge) but the **total utilization and total spend of all patients attributed to you** across the care continuum
- Payment adjusted on top of base payment through withholds or incentives

Children's National Health Network
Part of the Children's National Health System

Think differently about care delivery and payment models

Children's National
Health Network
Part of the Children's National Health System

Expand focus beyond individual patient

Manage care & expense for ALL patients

Children's National
Health Network
Part of the Children's National Health System

What's a pediatric practice to do?

- Most pediatric practices are good at "small practice" business- but business is changing…
- Most pediatric practices lack the infrastructure & resources for managing care and cost outside their practice- particularly for attributed patients who are not actively engaged in primary care medical home
- Larger payer and health systems have potentially more resources- but often not focused on needs of children, families & small pediatric practices
- **2016 Future of Pediatrics practice survey:** >60% pediatric practice respondents preferred practice independence- and also interested in exploring clinically integrated network (CIN) option for pediatrics

Children's National
Health Network
Part of the Children's National Health System

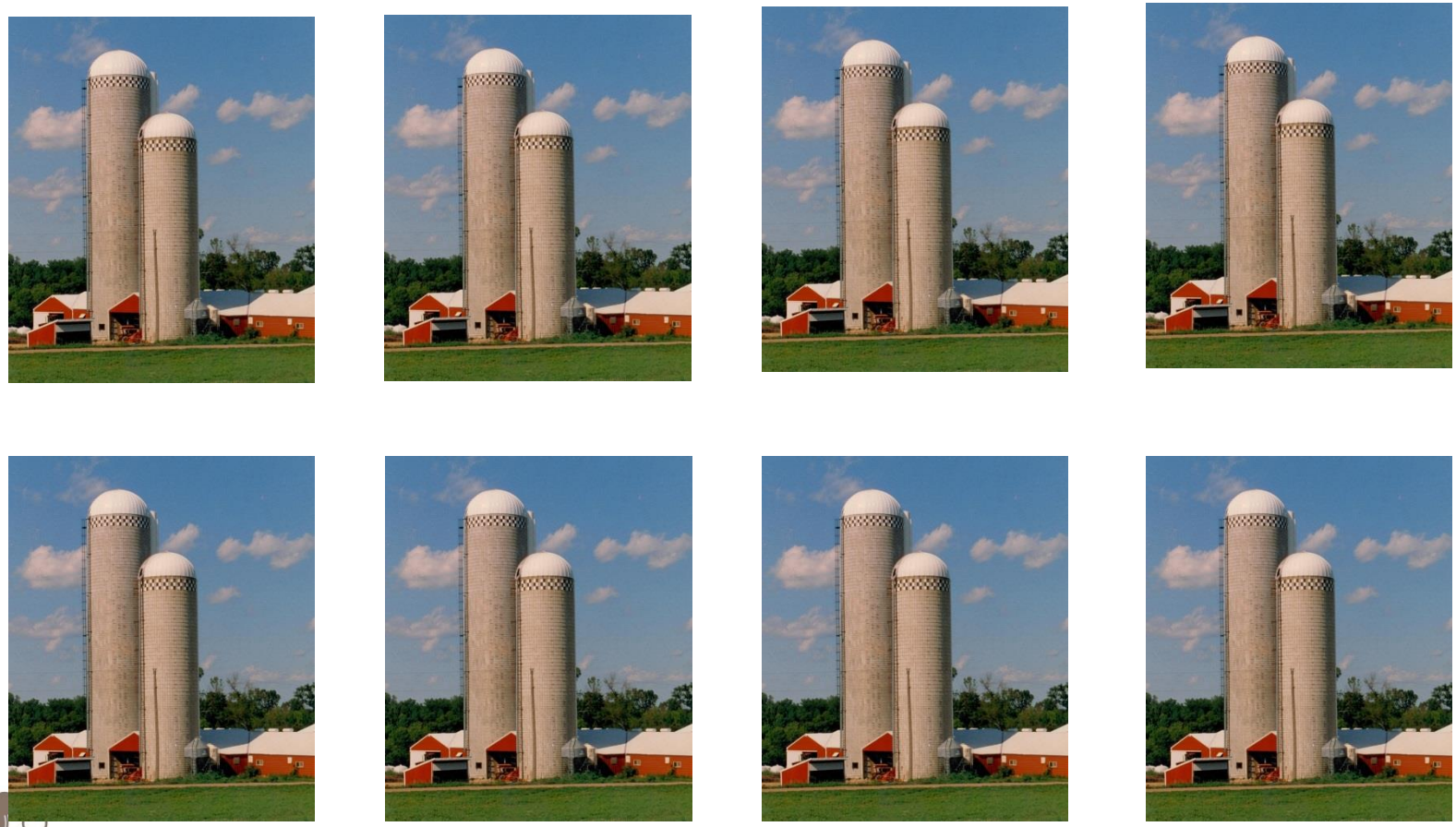
Smaller vs bigger- or maybe both?

- "Smaller is better"
  - Maximize personalized care and small business productivity model (Chip Hart presentation to follow)

- "Bigger is better"
  - Explore and develop models where small practices can align and share/profit from resources targeted to pediatric population health delivery and payment

Children's National Health Network
Part of the Children's National Health System

FFS Medicine: Entrepreneurial Silos



Children's National
Health Network
Part of the Children's National Health System

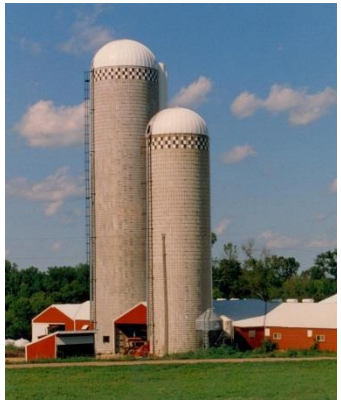
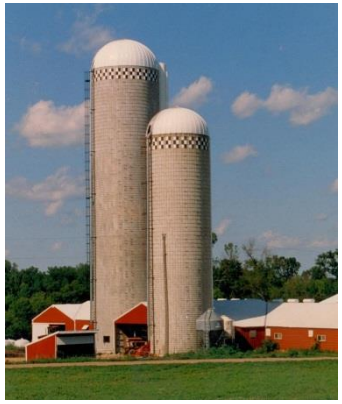
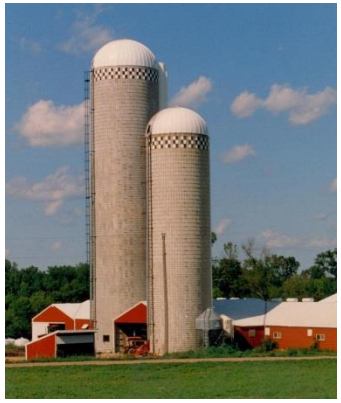
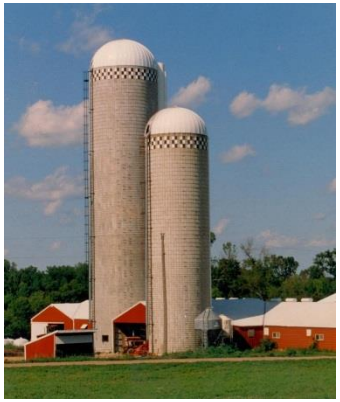
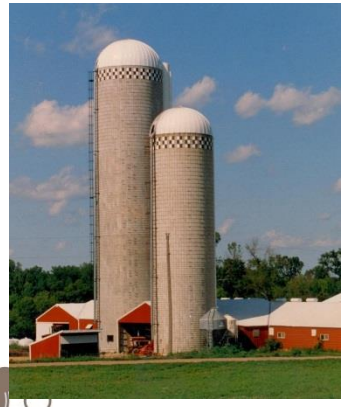
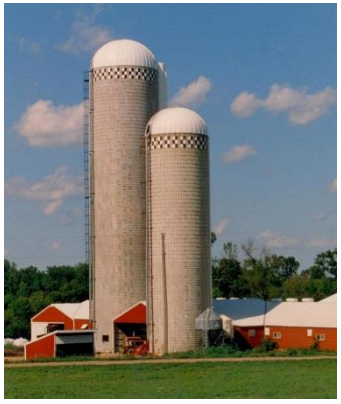
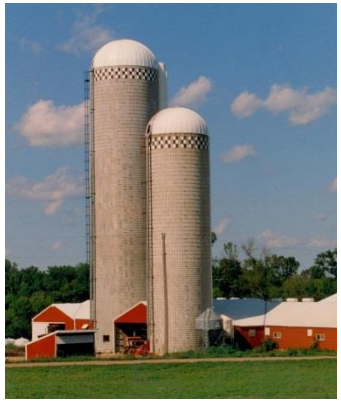
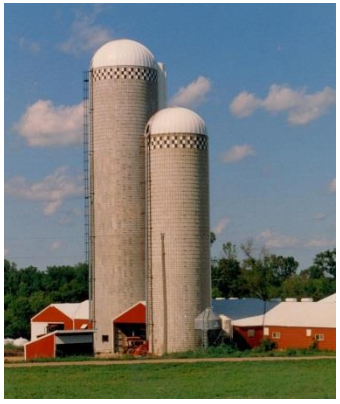
FFS Medicine: Incentivizes volume

- Primary Care Practice
- Specialty Care
- Hospital Care

- Competing cost centers within hospitals or health systems or across communities
- Poor communication or coordination across silos
- Total care: fragmented and expensive

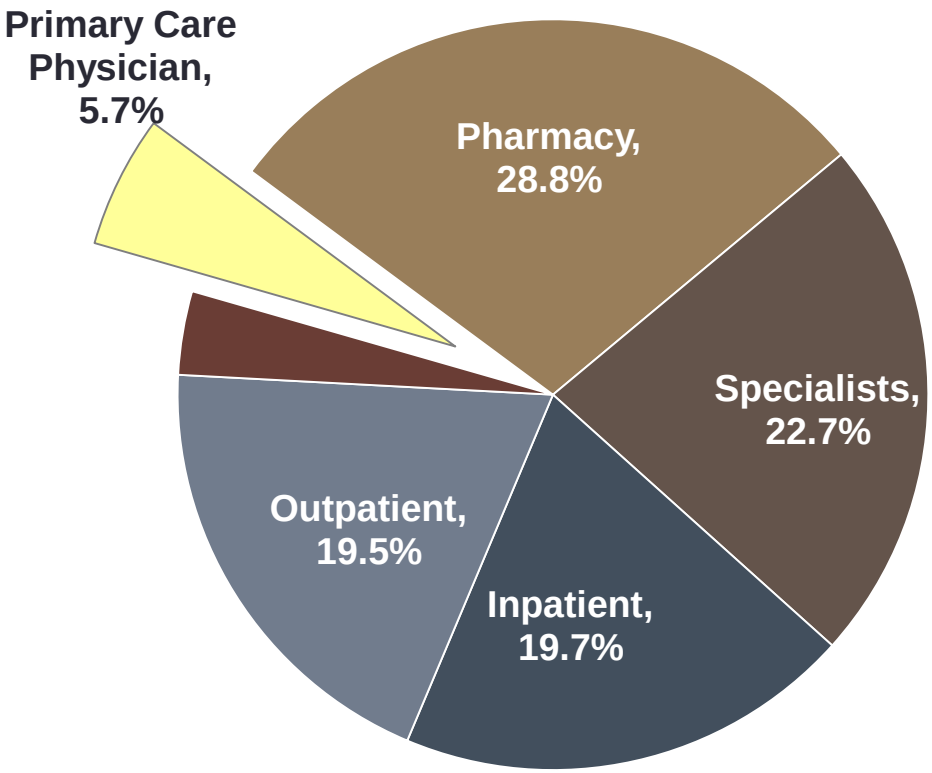
Children's National Health Network
Part of the Children's National Health System

Not designed for value-based care

Children's National
Health Network
Part of the Children's National Health System

CareFirst: PCP's Opportunity is with the Entire Healthcare System

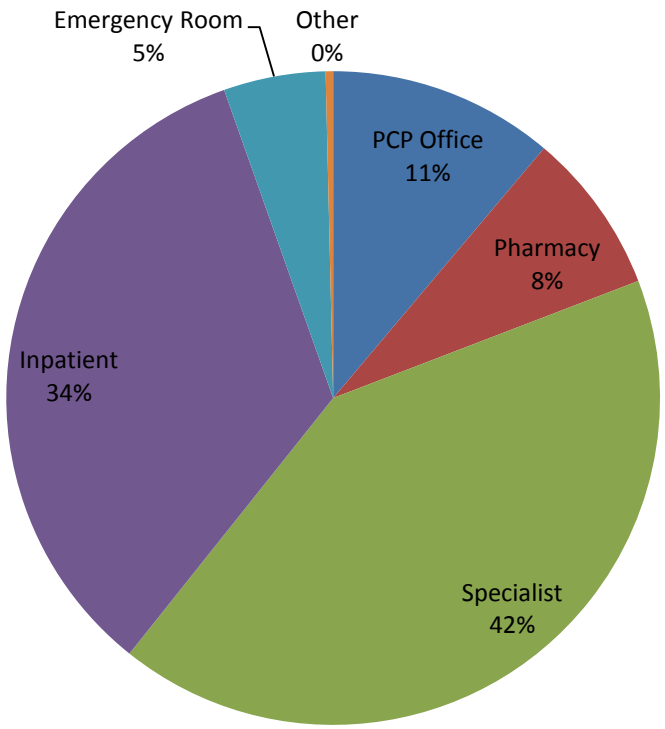


Distribution of Medical Spending is Changing

- Spending on prescription drugs has become the largest share of the medical dollar (including spending in the Pharmacy and Medical benefits)
- This key change causes increased focus on pharmacy care coordination

Source: CareFirst HealthCare Analytics – Medical spending is based on claims paid in 2014 for the CareFirst Book of Business Excluding Medicare Primary Members. The Pharmacy % is adjusted to represent typical spend for members with CareFirst's pharmacy benefit.

PCP's challenged to control total spend unless aligned with specialists & hospital- need to align care model & payment incentives- for all



CareFirst Sample Pediatric PCMH Expense

Children's National Health Network
Part of the Children's National Health System

Need to develop integrated care networks

Children's National
Health Network
Part of the Children's National Health System

Value-based Care & Payment: Requires new infrastructure to manage care of populations

- Payer and provider contracting
- Network development and management
- Identifying and managing populations by risk
  - Population health analytics
  - Care coordination & case management
- Driving & improving quality & safety performance
- Managing population health payment, shared savings & risk
- Limited pediatric experience & expertise- particularly in adult-centric systems

Children's National Health Network
Part of the Children's National Health System

Children's Hospitals now partnering with community pediatricians in care and contracting networks (Medicaid ⇨ Commercial)

Seattle Children's
HOSPITAL · RESEARCH · FOUNDATION

Cincinnati Children's

Children's Mercy
KANSAS CITY

NATIONWIDE CHILDREN'S
When your child needs a hospital, everything matters.℠

PHOENIX CHILDREN'S *Hospital*

Children's℠
Healthcare of Atlanta
100th ANNIVERSARY

Children's National
Health Network℠
Part of the Children's National Health System

Pediatric Clinically Integrated Networks

- CIN video:
- The Children's Care Network (TCCN) from CHOA (Children's Healthcare of Atlanta)
- http://www.tccn-choa.org/

Getting bigger: building an integrated pediatric network

- Children's Hospitals typically underwrite network development
  - Physician-led; shared governance models
- New value-based payment models typically blend FFS payments to practitioners with added payments for care coordination and meeting quality performance measures (clinical, engagement & cost)
  - Models for sharing savings of total cost of care across network/stakeholders
- Networks designed to meet FTC requirements for "clinically integrated network" (CIN) and/or to accept risk incrementally
- Children's Hospitals typically outsource managed care infrastructure (business); leverage pediatric focus & expertise, provider networks & working relationships

Children's National Health Network
Part of the Children's National Health System

Children's National moving forward on CIN

- **Children's National will be partnering with community-based pediatricians to develop a pediatric Clinically Integrated Network (CIN)**
  - CIN permits pediatric practices to remain independent but be part of aligned regional system focused on care of children- and improving quality and cost outcomes and value-based payments for all in CIN.
- Successful CIN's are physician-developed and led.
  - CNHN will convene regular CIN planning sessions (February – May 2017) – looking for community pediatrician champions and leaders to participate.
  - Goal- present CIN model at June 2017 Future of Pediatrics
- Interested? Contact: Mark Weissman
  - mweissma@childrensnational.org 202-476-3524

Children's National Health Network
Part of the Children's National Health System

Pediatric CIN: Why now?

- Continued local market evolution to value-based payment models
  - Driven by states or payers; not by providers
  - Adult health system focus and consolidation
  - Limited at-risk dollars and focus on children (vs adults)
- Opportunity to develop pediatric physician-led organization that leverages value & promotes success of community practice participants
  - Self-organizing local provider activities underway- not likely to reach sufficient scale to influence payers
- Leverage Children's National resources & brand to advance model focused on children, quality & appropriate payment
- Pediatric CIN likely not the end-game- aligns & strengthens community pediatric providers and Children's National to address appropriate pediatric care and payment with future adult partners

Children's National
Health Network
Part of the Children's National Health System

Questions & discussion

Children's National
Health Network
Part of the Children's National Health System