

Special Video Report Transcript

Headline: Suzanne Delbanco of Catalyst for Payment Reform Discusses Ideas on Paying for Care

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Suzanne Delbanco, executive director of Catalyst for Payment Reform

"I'm the executive director of what's called Catalyst for Payment Reform. And if that's too hard to remember, you can just remember our tag line, which is, "The health care system needs CPR." The group's goal is to really jump start a movement toward changing the way we pay for health care in the United States, so that a greater proportion of payment is either tied to performance somehow or is actually designed to cut waste out of the system. Ultimately, our goal is to create an environment that's much more conducive to improving the delivery of care by changing the way we pay for care."

"Our estimate is -- and this is based on one of our member companies' queries to health plans -- is that only about 1% to 3% of payments today is tied to the actual performance of care that's delivered by providers. And one way of imagining what the future could look like and what we're driving toward is to think, 'What if that were 20%, 40%?' So that a much greater proportion of payments were actually tied somehow to the value of what's being delivered, as opposed to the volume of care that's being delivered."

"Catalyst for Payment Reform is made up of very large purchasers of care. We have 11 founding purchasers right now. Nine of them are Fortune 500 companies, and two of them are actually states. CalPERS is participating as well, as is the Group Insurance Commission in Massachusetts. At the state level, we want to be able to help advise purchasers who are doing business locally -- that's where health care is purchased -- what market dynamics they need to be aware of, and how they might affect different types of payment or delivery reform as they play out, so that they can be smarter purchasers and either try to create reform where there is none or maybe shape it in a slightly different way to avoid unintended consequences. So in the state of California -- where we are hoping to work closely with the Pacific Business Group on Health -- we're looking to choose a market in California to assess in great detail and to determine what's the best path forward for payment reform and work with employers who've got covered lives here in the state."

"As an example, we're working on creating common requests for information for health plans. So in the sourcing process, employers often issue an RFI to find out what a health plan has in store in a particular area or what products or services they're working on. So if we create a common set of questions around payment reform, then we're much more

likely to get the attention of the health plans and to find a way to work with them collaboratively once they see that a decent amount of their clients are actually interested in the same thing. So we're creating tools around the sourcing process and contracting process with health plans. We're also creating a series of action briefs and a market assessment tool to help employers figure out how to handle the specific dynamics of health care markets that might be far from headquarters, but where they're still trying to be smart purchasers of care."

"We see today as being a unique opportunity for really making progress with payment reform. Employers have tried it before. They've had some success, but because now the largest purchaser of care in the country, Medicare, is going to change the way it's paying for care, there's a lot of momentum that employers can build onto by also working in a similar fashion as Medicare to try to change payment. Now, there are ways in which it makes sense for private-sector purchasers to align with Medicare, and there are ways in which it may move ahead or beyond or in a different direction from Medicare. But all of that could also create an environment in the future that makes it more possible for Medicare to even be more bold. So we're looking at ways where we can align -- let's say around readmissions payment policies -- and we're also looking at ways where we can set the pace. And that can include things like reference pricing, where one sets a price for a particular type of service, where there's not a lot of difference in quality, and works to align the incentives of everyone from consumers to providers to meet the goal of charging no more or paying no more than that."

"I think Catalyst for Payment Reform will be able to declare success when we see a much greater proportion of payments being tied to the performance of providers, to the actual value of the care being delivered, and when we see payments designed in such a way that we've really done a good job of at the edges getting rid of incentives for overuse or excess care or extra testing ordered, etc. -- redundant care -- but we've also protected against underuse or a situation in which patients are not getting all the care that they need because of the way the financial incentives work for providers. So we have a lot of intellectual hard work to do to determine where that happy medium is, but I think we'll know success when we see it by some of those characteristics."