



## The Delivery System Reform Incentive Program: Transforming Care Across Public Hospital Systems

California's new five-year Section 1115 Medicaid Waiver created the Delivery System Reform Incentive Program, a federal pay-for-performance initiative that is the first of its kind in the nation in terms of its structure and scope. The Incentive Program offers an unprecedented opportunity for California's 21 public hospital systems to receive a total of up to \$3.3 billion in federal dollars, provided they achieve ambitious milestones that will transform care delivery to be more integrated and organized, and improve patient health outcomes. The program thus creates incentives for public hospital systems to dramatically expand upon recent quality improvement initiatives, and make them system-wide. These large-scale efforts embody the principles of health care reform — expanding access to care, enhancing quality, improving population health and containing costs.

### Unprecedented, Ambitious Effort

The performance-based structure of the Incentive Program represents an effort to align health care delivery with achieving system-wide improvements and better health outcomes, a dramatic shift from traditional health care financing.

*Over five years, public hospital systems are each on average working to achieve 217 milestones within 15 major delivery system improvement projects simultaneously.*

These projects span four key areas:

- **Infrastructure Development:** investments in people, places, processes and technology (e.g., implementing disease management registries to enable more proactive, planned care)

- **Innovation & Redesign:** piloting, testing and replicating of innovative care models (e.g., expanding medical homes to enable more primary and coordinated care)
- **Population-Focused Improvement:** 21 measures including the patient's experience, the effectiveness of care coordination, prevention (e.g., mammogram rates and childhood obesity) and health outcomes of at-risk populations (e.g., blood sugar levels in patients with diabetes)
- **Urgent Improvement in Care:** significant improvement in targeted quality and patient safety measures, including severe sepsis detection and management and prevention of central line associated bloodstream infections

In order to receive the Incentive Program's designated federal funding of up to \$3.3 billion over five years, public hospital systems must first: (1) achieve the milestones in their approved plans; and (2) provide the non-federal share. Public hospital systems are providing all the matching funds as there is no State General Fund in the Incentive Program.<sup>1</sup>

### Leading National Efforts to Improve Patient Care

The experiences of California's public hospital systems in implementing their Incentive Program plans can contribute to the national discourse on how to provide more integrated, effective and value-added health care to safety net populations. The gains made and lessons learned through the Incentive Program can establish a new standard for quality improvement and delivery system transformation that can serve as a model for the health care industry nationwide.

<sup>1</sup> For more information on the Incentive Program, please see the full CAPH June 2011 policy brief, *The Delivery System Reform Incentive Program: Transforming Care Across Public Hospital Systems*, at [www.caph.org](http://www.caph.org).

INCENTIVE PROGRAM	PUBLIC HOSPITAL SYSTEMS	
	Number of hospitals that selected specific projects	Percentage of hospitals that selected specific projects
<b>Category 1: Infrastructure Development</b> <i>(must choose at least 2 projects, which include multiple milestones)</i>		
Implement and Utilize Disease Management Registry Functionality	14	67%
Expand Primary Care Capacity	11	52%
Increase Training of Primary Care Workforce	9	43%
Enhance Performance Improvement and Reporting Capacity	8	38%
Expand Specialty Care Capacity	7	33%
Enhance Interpretation Services and Culturally Competent Care	5	24%
Enhance Urgent Medical Advice	5	24%
Enhance Coding and Documentation for Quality Data	5	24%
Collect Accurate Race, Ethnicity and Language (REAL) Data to Reduce Disparities	3	14%
Introduce Telemedicine	2	10%
Develop Risk Stratification Capabilities/Functionalities	1	5%
<b>Category 2: Innovation &amp; Redesign</b> <i>(must choose at least 2 projects, which include multiple milestones)</i>		
Expand Medical Homes	17	81%
Expand Chronic Care Management Models	10	48%
Integrate Physical and Behavioral Health Care	10	48%
Redesign Primary Care	7	33%
Redesign to Improve Patient Experience	7	33%
Implement/Expand Care Transitions Programs	6	29%
Conduct Medication Management	5	24%
Increase Specialty Care Access/Redesign Referral Process	4	19%
Apply Process Improvement Methodology to Improve Quality/Efficiency	3	14%
Establish/Expand a Patient Care Navigation Program	2	10%
Improve Patient Flow in the Emergency Department/Rapid Medical Evaluation	2	10%
Use Palliative Care Programs	2	10%
Implement Real-Time Hospital-Acquired Infections (HAIs) System	2	10%
Redesign for Cost Containment	1	5%
<b>Category 3: Population-Focused Improvement</b> <i>(all projects required, includes 70 milestones)</i>		
Patient/Care Giver Experience <i>(required)</i>	21	100%
Care Coordination <i>(required)</i>	21	100%
Preventive Health <i>(required)</i>	21	100%
At-Risk Populations <i>(required)</i>	21	100%
<b>Category 4: Urgent Improvement in Care</b> <i>(2 projects required; must choose at least 2 additional)</i>		
Severe Sepsis Detection and Management <i>(required)</i>	21	100%
Central Line Associated Blood Stream Infection Prevention <i>(required)</i>	21	100%
Surgical Site Infection Prevention	16	76%
Hospital-Acquired Pressure Ulcer Prevention	13	62%
Venous Thromboembolism (VTE) Prevention and Treatment	9	43%
Stroke Management	3	14%
Falls with Injury Prevention	1	5%