



## **Mini-Rotation on the Health Care System**

### **Theme: Health Reform and Shaping the Future**

### **Topic: Practicing Medicine in the Era of Health Reform**

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#### **Objectives:**

By the end of this session, participants should be able to:

- Explain the context underlying causes of healthcare cost growth and the strengths and flaws of potential solutions
- Understand how the payment system in healthcare is evolving and how that might impact healthcare delivery
- Consider the range of tactics needed to improve the value of healthcare to the population

#### **Overview of the presentation** (August 2015):

##### Drivers of reform

- High costs
- Poor quality
- Focus on illness instead of wellness

##### Cost concerns

- Growth in costs
- U.S. vs. other countries
- Implications for employers
- Implications for government and funding for other needs
- One-third to one-half of expenditures might be wasted

##### Optional strategies to contain costs

- Reducing payments to providers and suppliers
- Having patients pay a greater share
- Rationing services

- Giving providers incentives to be more efficient (payment reform)

#### Challenges in cost control

- Physicians and patients respond to the level/structure of payment, but not exactly as intended
- Unmet needs, unfunded but worthy programs

#### Fee-for-service payment

- Fee for service encourages greater volume of services
- Lack of payment for care coordination to manage high costs complex patients

#### Alternative payment

- Better model: capitation/risk contracts/ACOs for correct incentives

#### CMS demonstration: High-risk care management

- Reduce cost and improve quality for high cost Medicare beneficiaries
- Care managers embedded in primary care practices
- Supported by health IT
- Positive outcomes

#### Challenges to new models

- Overlapping programs and contracts
- Timely data and useful performance measures
- Transition costs—establishing and funding the EHR/IT/analytic infrastructure
- Limited leverage when patients seek covered services that provide little or no benefit
- Time to ROI not consistent with duration of contracts
- Co existence with referral business and traditional FFS incentives

#### Structural forces reducing cost trend

- Providers assuming more risk
- Digitization and clinical decision support/ benchmarking
- Employers moving toward defined contribution models