

AFR National Health Conference

What Australia can learn from health care reform in the U.S.

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Outline

I. The shape and scope of U.S. health care reforms

- What's in the health care reform bill
- Other important provisions for reform
- Drivers of health care reform

II. Innovation in health care funding and delivery

- Comparative effectiveness research
- Center for Innovation in Medicare and Medicaid
- New ways to deliver and pay for health care services

Referenced paper available

What's in the health care reform bill Patient Protection and Affordable Care Act (PPACA)

1. Coverage and affordability
 - *32 million more people covered.*
 - *Expanding Medicaid, subsidies for low-income people and small business, state-based health insurance exchanges.*
2. Universal mandate
 - *On larger employers and individuals.*
3. Health insurance reforms
 - *No exclusions based on pre-existing conditions.*
 - *No rescissions.*
 - *Limits on annual out-of-pocket costs.*
 - *Dependent children up to age 26 can stay on parents' policy.*
 - *Basic benefits package described, including preventive services .*
 - *No co-payments or cost-sharing for preventive services.*

What's in the health care reform bill (contd)

4. \$26 billion investment in prevention, primary care, public health, workforce
- *National Prevention, Health Promotion and Public Health Council established to drive strategy and sustained investment.*
 - *\$11 billion to expand Community Health Centres.*
 - *School-based clinics and nurse-managed clinics.*
 - *Community transformation grants and a range of prevention and wellness programs.*
 - *National Health Care Workforce Commission.*
 - *Funding and programs to expand number and range of primary health care professionals, encourage workforce diversity, ensure cultural competency.*
 - *Expands National Health Service Corps; establishes Public Health Sciences Track and Public Health Services Ready Reserve Corps*

What's in the health care reform bill (contd)

5. Long-term care

- *Nursing home transparency and enforcement provisions.*
- *Dementia and abuse training required for nursing home staff.*
- *CLASS Act – voluntary insurance program to pay for purchase of home and community-based care and non-medical services.*
- *Elder Justice Act – to prevent elder abuse, neglect, exploitation*
- *Pain management improvements.*

6. Quality and safety, disparities, data collection

- *National strategy for health care quality improvement, quality measurement, use of data in both public and private sectors.*
 - *Increased status for Office of Minority Health and new Institute on Minority Health and Health Disparities at NIH.*
 - *Improved data collection: mandated collection on basis of race, ethnicity, sex, language, disability.*
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What's in the health care reform bill (contd)

7. Making the system sustainable

- *Reduces the deficit by \$143 billion over the first decade.*
- *Extends the life of the Medicare Trust Fund by 12 years.*
- *'Bends the Curve' – tackles fraud, abuse, waste and duplication, innovation, CER.*
- *Patient literacy and involvement in decision-making.*
- *Speeds up biomedical and translational research for cures.*

8. Funding

- *Costs \$788 billion / 10 years.*
- *Paid for by savings from Medicare; tax on 'cadillac' insurance plans; levies on health insurance, pharmaceutical, medical device industries; tax on tanning salons.*

Other important provisions for reform

- Expansion of S-CHIP by 4 million children.
 - \$36 billion for e-health in American Recovery and Reinvestment Act.
 - \$1.1 billion for comparative effectiveness research in ARRA.
 - \$2 billion for Community Health Centres in ARRA.
 - \$10 billion in supplemental funding for NIH in ARRA.
 - Mental health parity requirements implemented.
 - FDA regulation of tobacco products.
 - Expanded veterans' health benefits and carers' benefits.
 - Obesity task force and First Lady's "Let's Move" program.
 - HIV/AIDS national strategy
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- Childhood nutrition
 - Food safety

Drivers for health care reform

- Everyone recognised that the system was broken.
- Health care providers were on-side.
- Not the Clinton approach – Congressional Democrats owned the bill.
- Presented as an economic issue not a social justice issue.
- Data from Dartmouth Atlas of the Health Care; accessible stories from people like Atul Gawande.
- Leadership – Obama, Pelosi, Reid, Waxman, Dingell

Success!!



Innovations in health care funding and delivery

Comparative Effectiveness Research (CER)

Patient-Centered Outcomes Research Institute established:

“to assist patients, clinicians, purchasers, and policy-makers in making informed decisions by advancing the quality and relevance of evidence concerning the manner in which diseases, disorders, and other health conditions can effectively and appropriately be prevented, diagnosed, treated, monitored and managed through research and evidence synthesis that considers variations in patient subpopulations, and the dissemination of research findings with respect to the relative health outcomes, clinical effectiveness, and appropriateness of medical treatments, services and items.”

- Can conduct, support or synthesise research.
- Development of clinical registries, clinical data networks, clinical practice guidelines etc.
- Input from all stakeholders, with support tools and resources to assist with patient / consumer involvement.
- Annual funding of \$500 million through trust fund.

Innovations in health care funding and delivery

Center for Innovation in Medicare and Medicaid (CIM)

- Established within Center for Medicare and Medicaid Services.
- Broad authorities to develop, implement, evaluate new payment models.
- Priorities for models that will work for Medicare, Medicaid and private payers.
- Requirement for reporting on outcome measures at patient level.
- Ability to expand duration and scope of successful models, and terminate or modify those not working effectively.
- No requirement for budget neutrality in initial testing stages.
- Funding of \$10 billion / 10 years.

Innovations in health care funding and delivery

New ways to deliver and pay for health care

- Coordinating primary care
 - medical homes (eg Massachusetts Coalition for Primary Care; Geisinger model)
- Bundled payments
 - paying for entire treatment needs or cycles of care (eg ProvenCare; Accountable Care Organisations)
- Rewarding quality and safety
 - using data to inform payment rates (eg Keystone initiative; Medicare will not pay for hospital readmissions due to preventable infections and errors)

New ways to deliver and pay for health care - medical homes

Making the foundations of GP care better.

- Improved measurement, evaluation, feedback.
- Paying for cost-effectiveness, quality, patient satisfaction.
- Moving away from fee-for-service.
- Better links between physical and mental health.
- More community health centres.

New ways to deliver and pay for health care – Community Health Centres as medical homes

Community Health Centres

- Located in or serve a high need community.
- Provide comprehensive health care services, including support services, tailored to local needs.
- Governed by a community board.

Deliver:

- Improved health outcomes and patient satisfaction.
- Cost savings due to better prevention, reduced hospital admissions.
- Reduction in health care inequalities.
- Increased economic benefits and additional jobs to local community.

Staffing:

- A range of health care providers.
 - National Health Service Corps (rewards for those who join).
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New ways to deliver and pay for health care – bundled payments

ProvenCare (Geisinger)

- Global fee covers work-up, surgery, hospital and professional fees, any complications. Effectively a '90 day warranty'.
- Changing the reimbursement structure has changed the way care is delivered and improved surgery outcomes

Medicare does not pay for hospital-acquired problems.

Effective October 2008, Medicare payments are withheld from hospitals for care associated with treating:

- certain catheter-associated urinary tract infections
- vascular catheter-associated infections
- mediastinitis after coronary artery bypass graft (CABG) surgery
- bed sores
- objects left in patients' bodies
- blood incompatibility
- air embolism
- falls.

New ways to deliver and pay for health care – Accountable Care Organisations provide comprehensive care across the system

Accountable Care Organisations – a flexible model

- Comprise primary care doctors, specialists and hospitals, including many individual practices. (ie an integration of a Medicare Local and a Local Hospital Network)
- Providers are responsible for delivering comprehensive care to a designated patient group across different health care settings.
- Financial incentives to constrain volume growth and deliver improved quality of care.
- Must plan prospectively for budget and resource needs, provide practice management capacity.
- Undertake data collection and evaluation to support comprehensive measurement of performance against agreed targets.

Successful ACO requires coalition building among key stakeholders who all have the same goals. Focus is on the patients.

New ways to deliver and pay for health care – tackling preventable errors

Keystone Initiative in Michigan

- Addresses infection rates in IV lines and catheters.
- Simple interventions – eg routinely washing hands, cleaning patients' skin, removing unnecessary catheters.
- Over 4 years: 1800 lives saved, 129,000 hospital days avoided.
- Impressive, sustainable results across 108 intensive care units over six years.

Checklists provide solutions to costly problems.

Combine these with:

- *Reimbursement rates that provide incentives to reduce hospital-acquired infections.*
- *Requirements to report infection rates and make these publicly available*

New ways to deliver and pay for health care – tackling human errors with PDAs

Electronic incident reporting

(Dr Steve Bolsin, Geelong Hospital)

- Registrars provided with portable, programmed, PDA device to report incidents throughout work day.
- Checking shows 98% reporting rate.
- About 50% of incidents had no impact or a minor impact on patient outcomes – near misses (learn from these).
- Improves medical and ethical education of trainee doctors.
- Results first reported in 2002. But limited enthusiasm from health bureaucrats for implementing a PDA-based system for adverse event reporting.

Conclusions

Health care 'reform' in Australia is focused on acute care.

- Doing more of the same will not improve health outcomes or health budgets.

Health care reform in the US takes a holistic approach.

- Key focus is on ensuring that innovation is a consistent driver of quality, patient-focused care, that will reduce costs over time.

What can Australia learn about health care reform from the US?

