

In Search Of Cooperation—Part II, *as appeared in Modern Healthcare*

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In November of 2000, I wrote a commentary for *Modern Healthcare* with the same title as this one. I was president-elect of the American Health Lawyers Association, and I argued that the healthcare system needed to become more cooperative and collaborative. Nine years later, we may be poised to take a major leap forward.

In both the current Senate and House versions of healthcare reform legislation, there are comprehensive proposals with significant implications for healthcare providers that create a pathway to higher quality, more cost-efficient healthcare in America. The intellectual underpinning of the delivery system reform provisions of these bills is the Institute of Medicine's seminal work, *Crossing the Quality Chasm*, published in 2001, which followed the IOM's groundbreaking study, *To Err is Human*, published in 1999. The IOM defined quality in the *Chasm* report as care that is safe, effective, efficient, patient-centered, equitable and timely. Those words and concepts are embedded throughout the Senate and House bills.

Among the key provisions related to delivery system reform are the following:

- A hospital value-based purchasing program in Medicare that moves beyond pay-for-reporting on quality measures to paying for hospitals' actual performance on those measures;
- Revisions to expand and extend quality reporting for physicians and other nonhospital providers;
- A charge to the HHS Secretary to establish a national quality-improvement strategy, which would, among other things, address improvements in patient safety, health

People



Douglas A. Hastings
Chair Emeritus
Health Care
Washington, DC
202-861-1807
dhastings@ebglaw.com

outcomes, disparities, effectiveness, efficiency and patient-centeredness;

- Recognition of accountable-care organizations, or ACOs, which, beginning in 2012, would be allowed to qualify for incentive bonus payments; among other requirements, an ACO would have to have a formal legal structure to allow it to receive bonuses and distribute them to participating providers;
- Formation at the CMS of an "innovation center" that would be required to test and evaluate patient-centered delivery and payment models;
- The establishment of a bundled payment pilot program involving multiple providers to cover costs across the continuum of care and entire episodes of care; under the Senate Finance Committee bill, if the pilot is successful, it would be made a permanent part of the Medicare program;
- Reductions in Medicare payments to hospitals with preventable readmissions above a threshold based on appropriate evidence-based measures;
- Extension of the current gainsharing demonstration.

ACOs are defined as group practices, networks of practices, and joint ventures between hospitals and practitioners, among others. Bundled payments would relate to a variety of conditions and would be made to a Medicare provider or an organization comprised of multiple providers to cover the costs of an episode of care. Many of today's large health systems, group practices and academic medical centers should be in a position to qualify under these programs by developing care more effectively and efficiently in accordance with evidence-based measures. But the language of the proposed legislation suggests that, in addition, new and existing networks of providers, including PHOs and IPAs, as well as new forms of organizations, such as virtual ACOs, to be developed in response to this legislation if passed, also would be in a position to benefit if they can show sufficient clinical integration and an ability to meet quality measures based on the six aims. And with Medicare driving in this direction, there is enhanced opportunity for payers and providers to similarly collaborate and coordinate in the private pay arena. New forms of capitation arrangements already are being explored in some markets.

Thus far, the political process and the press have not given much coverage to these payment and delivery-system reform provisions. But I believe that there is wide acceptance of value-oriented, care-coordination concepts in the health policy community in both parties. If a healthcare reform bill passes, I believe these kinds of provisions should and will be included.

We are on the cusp of seeing a comprehensive framework for a safer, more effective, more efficient, more patient-centered, more equitable and more timely health =care system and a healthier population as a result. It is an opportunity that we should not waste.

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