



National Bundled Payment and Data Analytics Conference

Reimbursement Reform: Implementing Direct Patient Investment & Physician Integration to Achieve Desired Outcomes

Presented by: James Eischen

Created by: James Eischen; Braden Adam Drake





Bundled Payment:

Varying Fee for Covered Service to Better Incentivize Coordinated Care

Reimbursement redesigned to replace free market

Success = More Payment

Failure = Less Payment





Why Fee for Covered Service Is Not Working



- Reimburses for specific interventions/services performed
- Not: time spent, quality of care, patient outcomes
- Incentivizes over-utilization
- Disincentives care not reimbursed

Why Public and Private Plans Seek Reimbursement Alternatives

Policy Perspective

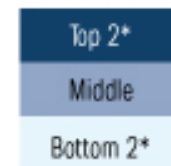
- The U.S. ranks near last among industrialized nations in several quality measures

- While remaining the most expensive system in the world: double the GDP of most nations

Mirror, Mirror on the Wall, 2014 Update: How the U.S. Health Care System Compares Internationally, THE COMMONWEALTH FUND,
<http://www.commonwealthfund.org/publications/fund-reports/2014/jun/mirror-mirror>

EXHIBIT ES-1. OVERALL RANKING

COUNTRY RANKINGS



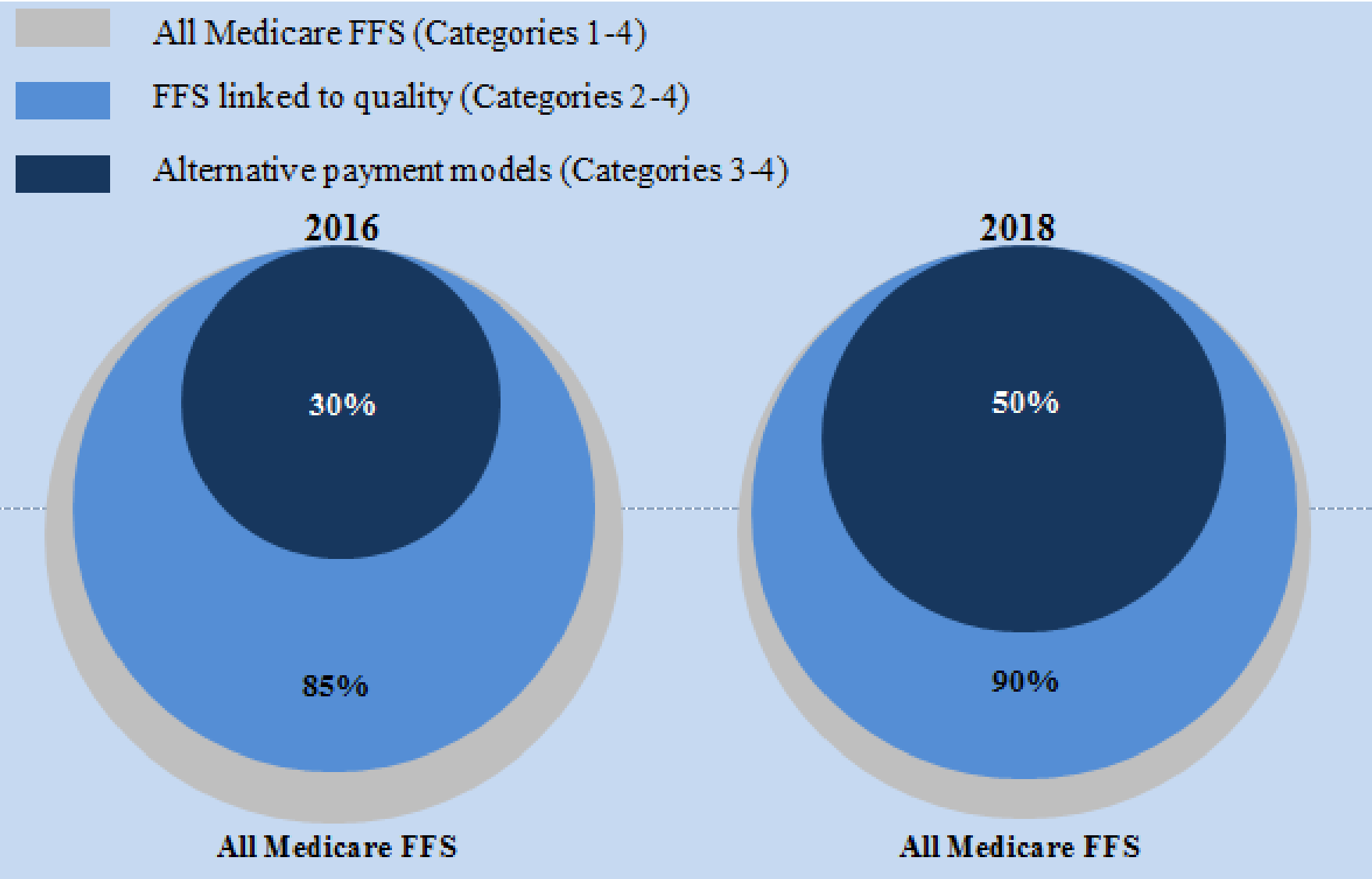
	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING (2013)	4	10	9	5	5	7	7	3	2	1	11
Quality Care	2	9	8	7	5	4	11	10	3	1	5
Effective Care	4	7	9	6	5	2	11	10	8	1	3
Safe Care	3	10	2	6	7	9	11	5	4	1	7
Coordinated Care	4	8	9	10	5	2	7	11	3	1	6
Patient-Centered Care	5	8	10	7	3	6	11	9	2	1	4
Access	8	9	11	2	4	7	6	4	2	1	9
Cost-Related Problem	9	5	10	4	8	6	3	1	7	1	11
Timeliness of Care	6	11	10	4	2	7	8	9	1	3	5
Efficiency	4	10	8	9	7	3	4	2	6	1	11
Equity	5	9	7	4	8	10	6	1	2	2	11
Healthy Lives	4	8	1	7	5	9	6	2	3	10	11
Health Expenditures/Capita, 2011**	\$3,800	\$4,522	\$4,118	\$4,495	\$5,099	\$3,182	\$5,669	\$3,925	\$5,643	\$3,405	\$8,508

Notes: * Includes ties. ** Expenditures shown in \$US PPP (purchasing power parity); Australian \$ data are from 2010.

Source: Calculated by The Commonwealth Fund based on 2011 International Health Policy Survey of Sicker Adults; 2012 International Health Policy Survey of Primary Care Physicians; 2013 International Health Policy Survey; Commonwealth Fund National Scorecard 2011; World Health Organization; and Organization for Economic Cooperation and Development, *OECD Health Data, 2013* (Paris: OECD, Nov. 2013).

Why Public and Private Plans Seek Reimbursement Alternatives

Target percentage of Medicare FFS payments linked to quality and alternative payment models in 2016 and 2018



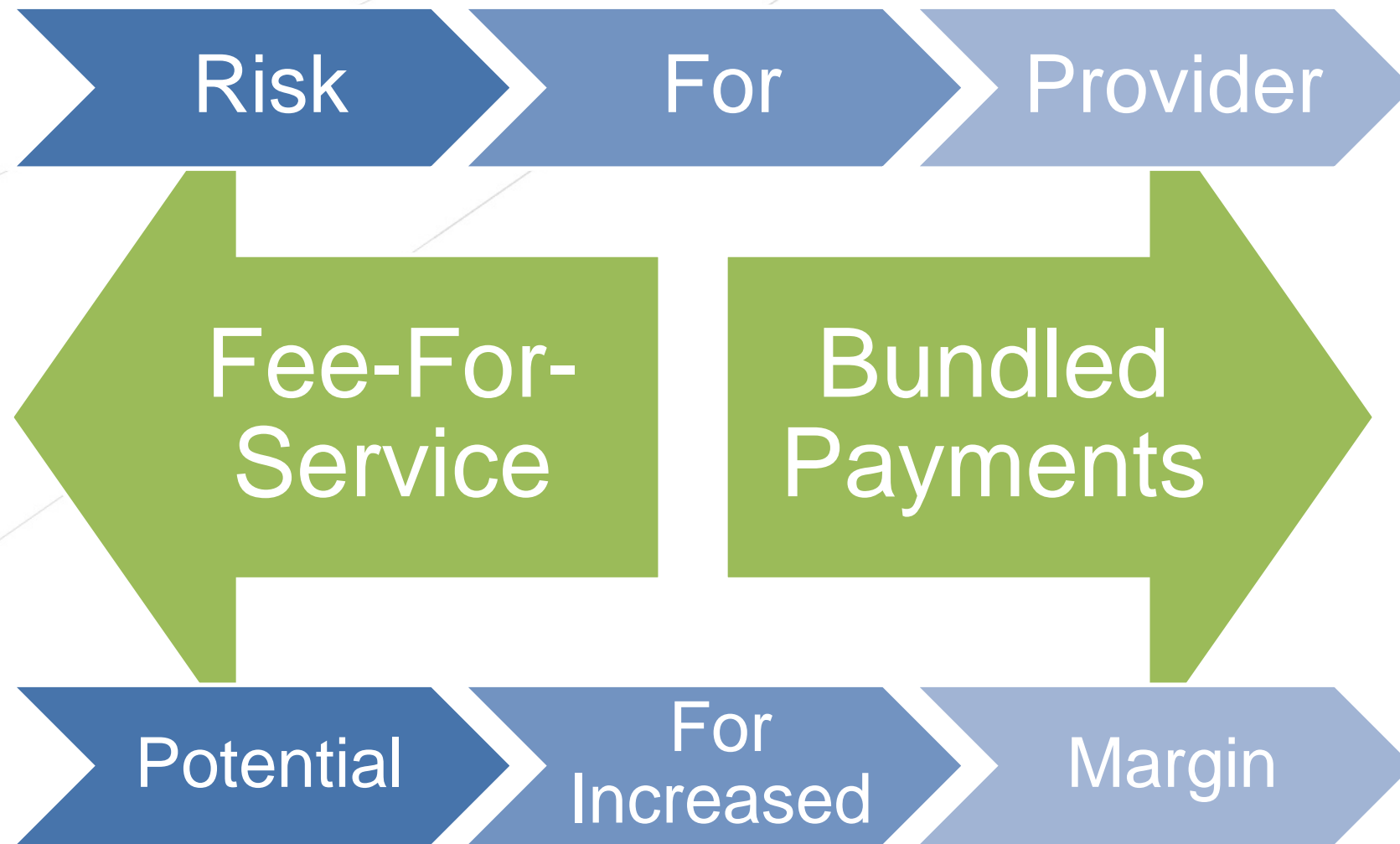
Hospital/Provider Perspective

- Government health programs are transitioning to alternative reimbursement soon

<http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-01-26-3.html>

Why Public and Private Plans Seek Reimbursement Alternatives

Hospital/Provider Perspective



- Bundled payments, while more risky for providers, may create opportunities to cut costs and increase margins
- Providers ahead of the curve in quality of care may receive more reimbursement from Medicare/plans

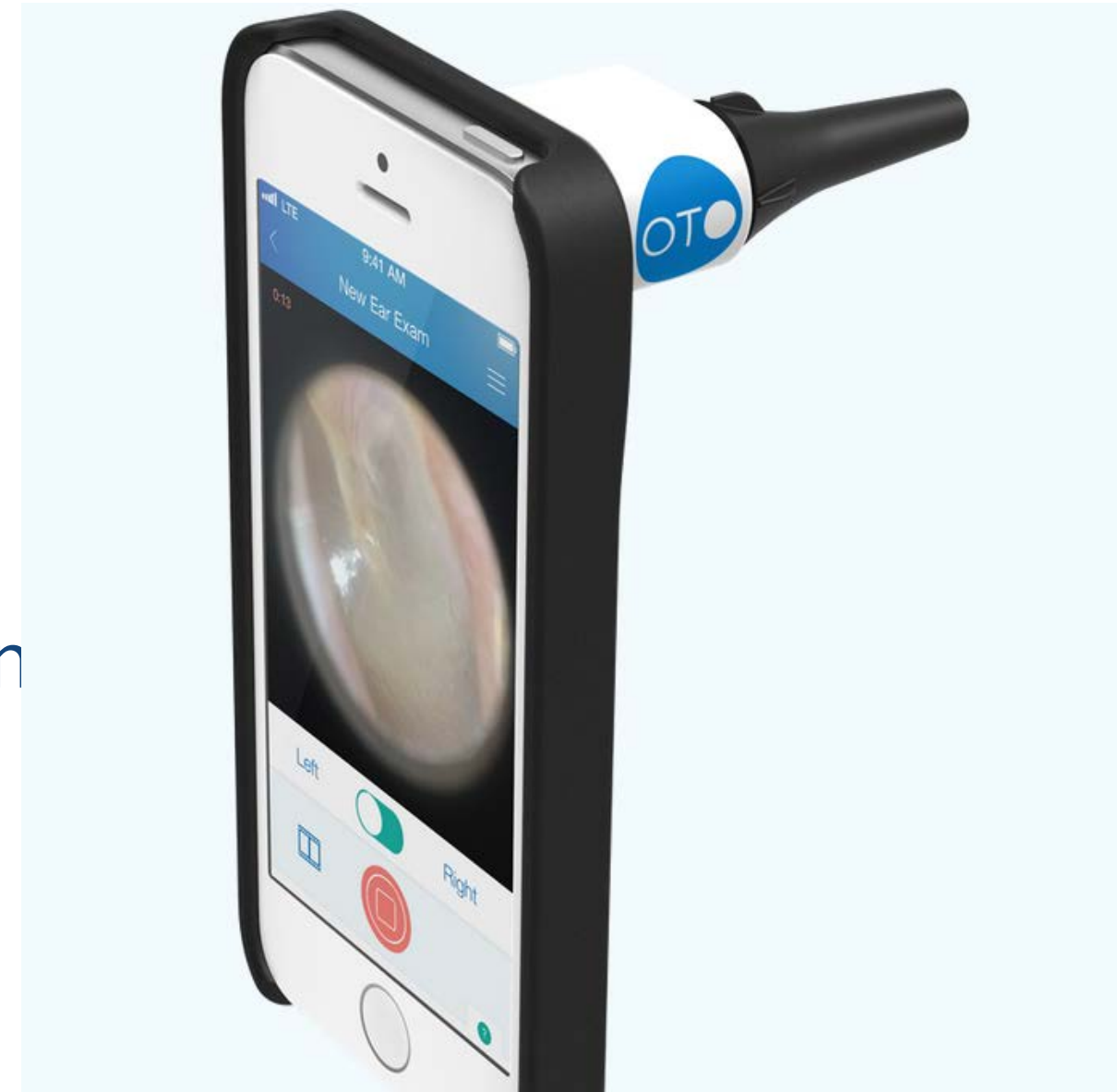
<http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-01-26-3.html>

Why Public and Private Plans Seek Reimbursement Alternatives

Innovator Perspective

Meanwhile technology: outpacing the health care marketplace

Fee-for-service provides little or uncertain reimbursement for wellness solutions



Why Public and Private Plans Seek Reimbursement Alternatives

Innovator Perspective

To achieve better health outcomes for less \$ we are shifting towards medicine that is:

- patient engaged
- patient empowering
- connected

Why Public and Private Plans Seek Reimbursement Alternatives

Innovator Perspective

How mHealth Should Help Patients Control Their Health

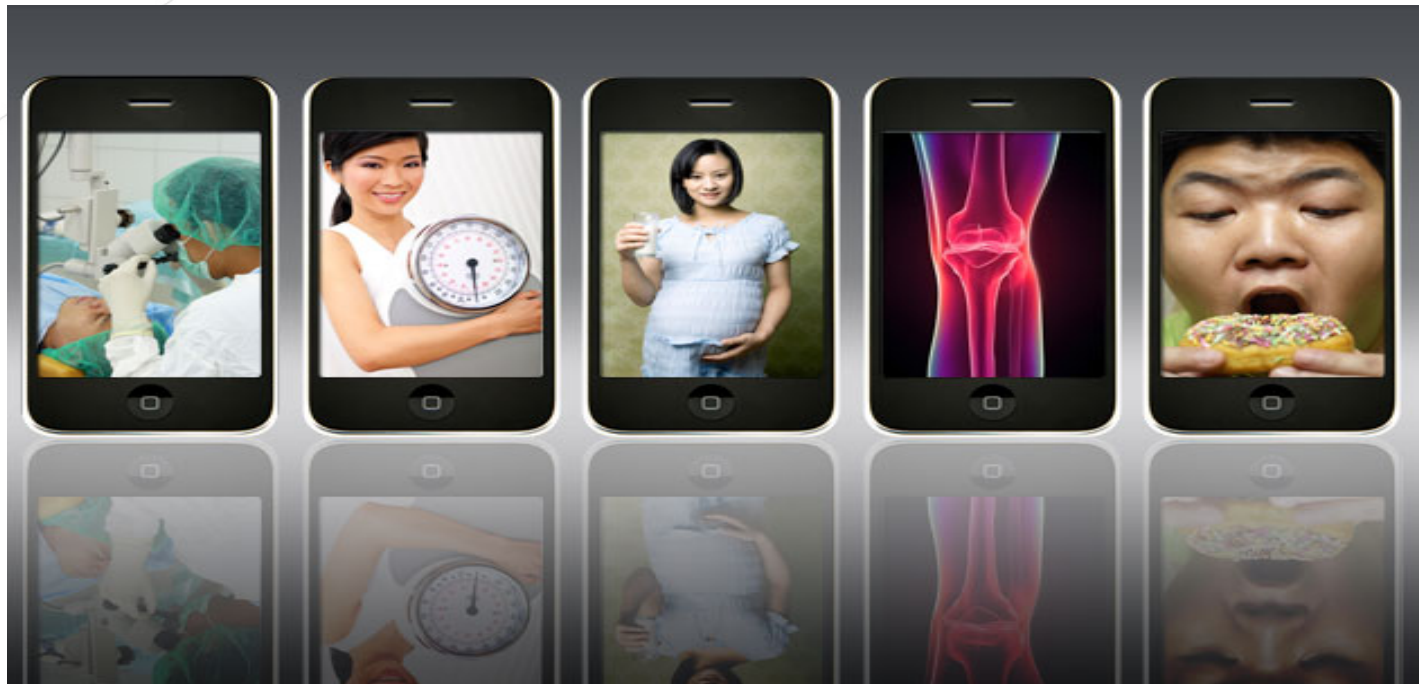
– Janis Powers, HFM.ORG, <http://www.hfma.org/Content.aspx?id=28498>

- mHealth = Mobile Health
- Shifting towards patient centered mHealth

Why Public and Private Plans Seek Reimbursement Alternatives



Innovator Perspective



HIGGLAW.COM

<http://www.healthxchange.com.sg/healthyliving/HealthatWork/Pages/top-5-health-apps-to-download.aspx>

HFM HIGGS FLETCHER & MACK^{LLP}



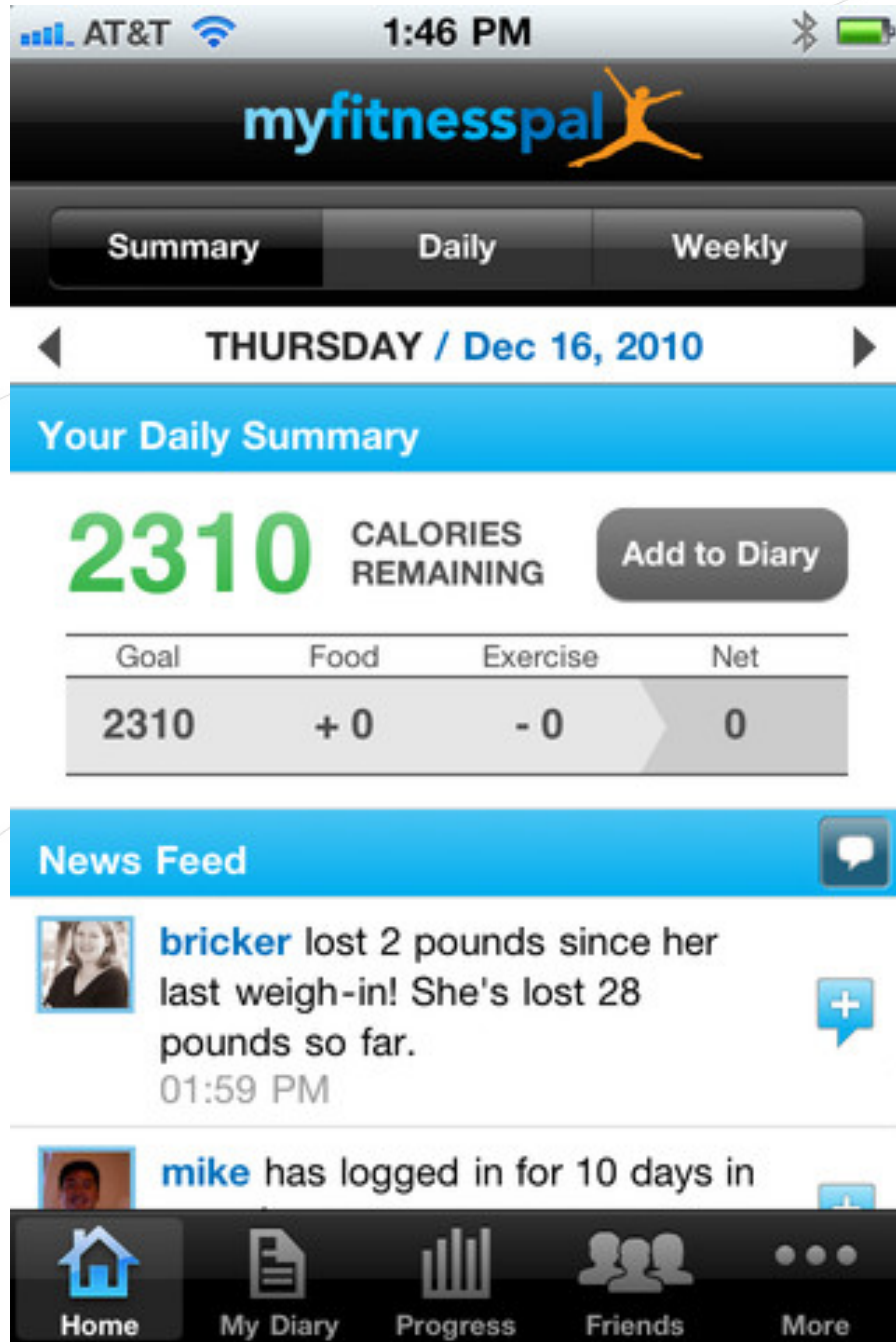
Why Public and Private Plans Seek Reimbursement Alternatives

Innovator Perspective

There is room for exponential growth and innovation in the U.S. wellness/health marketplace!



Why Public and Private Plans Seek Reimbursement Alternatives



Innovator Perspective



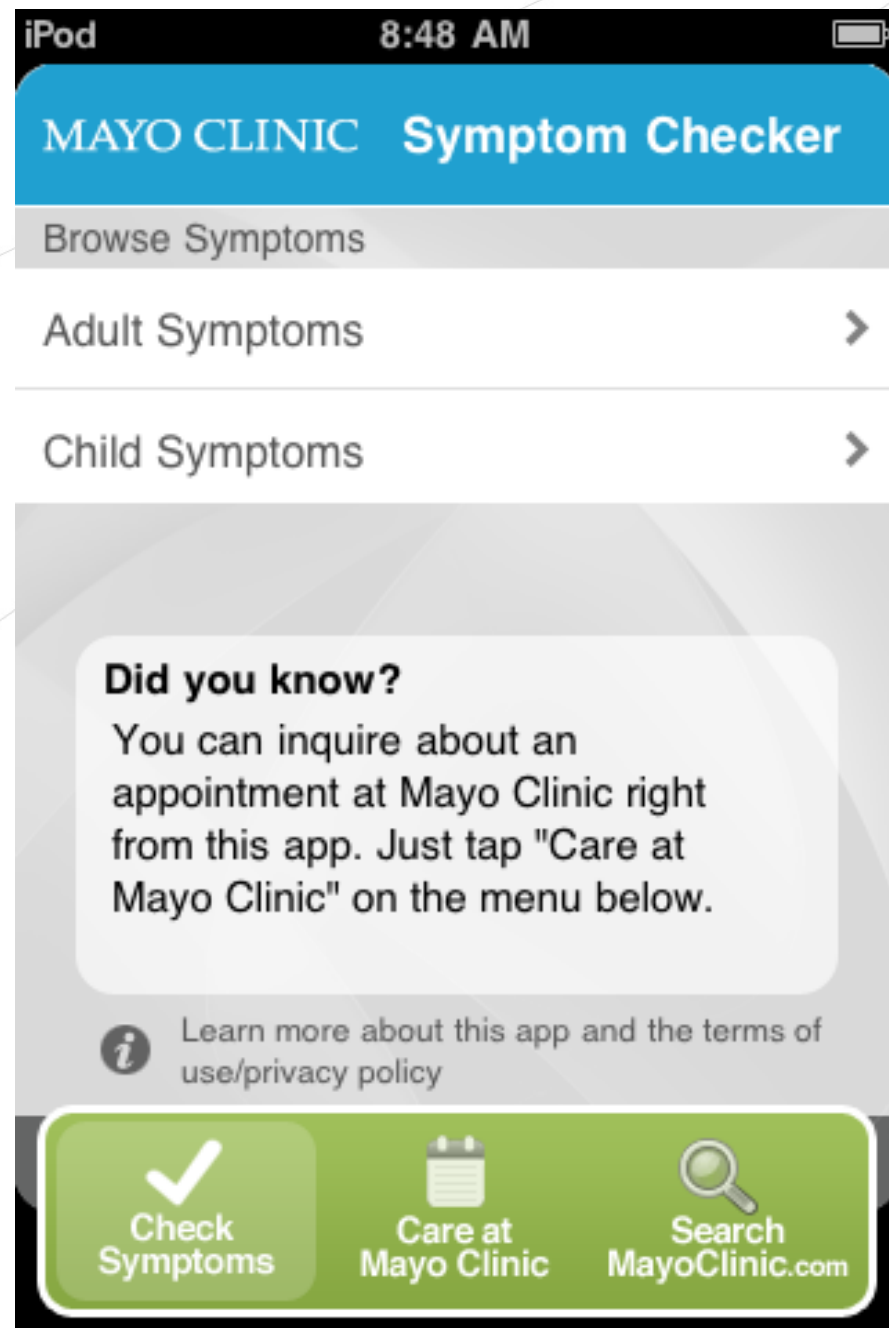
Why Public and Private Plans Seek Reimbursement Alternatives

Innovator Perspective

5 Healthcare Trends You Could Cash in on

- Murray Newlands, INC.COM, [HTTP://WWW.INC.COM/MURRAY-NEWLANDS/MEDICAL-HEALTH-TRENDS-AND-STARTUPS-GROWING.HTML](http://www.inc.com/murray-newlands/medical-health-trends-and-startups-growing.html)
- Within the next 5 years, the health wellness industry is expected to grow to a \$737 billion market (*hint: people might pay for health...*)
- *“Big data has already earned its place as one of the top ‘trends to watch’. Among the many industries likely to be heavily reliant on analytics is healthcare.”*

Why Public and Private Plans Seek Reimbursement Alternatives



Innovator Perspective

MAYO CLINIC

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Find a Doctor
Find a Job
Give Now

Log in to Patient Account
Translated Content

PATIENT CARE & HEALTH INFO | DEPARTMENTS & CENTERS | RESEARCH | EDUCATION | FOR MEDICAL PROFESSIONALS | PRODUCTS & SERVICES | GIVING TO MAYO CLINIC

Symptoms Symptom Checker

Foot pain? Headache? Sore throat? Skin rash? Use the Symptom Checker to find out what's causing your symptom.

- 1 Choose a symptom**
- 2 Select related factors**
- 3 View possible causes**

Adult Symptoms	Child Symptoms
Abdominal pain	Abdominal pain
Blood in stool	Constipation
Chest pain	Cough
Constipation	Decreased hearing
Cough	Diarrhea
Diarrhea	Earache

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Why Public and Private Plans Seek Reimbursement Alternatives

Innovator Perspective

Early-stage Telehealth Business ExamMed Wants 'MedCoins' to Push Boundaries of Concierge Care

- Stephanie Baum, MEDCITY NEWS, <http://medcitynews.com/2015/01/early-stage-telehealth-business-exammed-wants-med-coins-push-boundaries-concierge-care/>



ExamMed attempts to induce patient and physician behaviors with alternative currency transparency (*intriguing*)...

but is it “moving the needle” on:

- direct physician/patient connection, and
- direct patient investment?

Why Public and Private Plans Seek Reimbursement Alternatives

Innovator Perspective

Engaging Patients to Decrease Costs and Improve Outcomes

– Alexandra Kimball, Kristen Corey, and Joseph Kvedar, MEDICAL ECONOMICS,
[HTTP://MEDICALECONOMICS.MODERNMEDICINE.COM/MEDICAL-ECONOMICS/NEWS/ENGAGING-PATIENTS-DECREASE-COSTS-AND-IMPROVE-OUTCOMES](http://MEDICALECONOMICS.MODERNMEDICINE.COM/MEDICAL-ECONOMICS/NEWS/ENGAGING-PATIENTS-DECREASE-COSTS-AND-IMPROVE-OUTCOMES)

- 79% of surveyed patient respondents said they were more likely to select a health provider who allows them to conduct healthcare interactions online, on a mobile device or at a self-service kiosk
- *"One study found that many would even pay for such online services."*



HealthSpot Kiosk, Image:
<http://www.bizjournals.com/columbus/blog/2014/05/healthspot-raises-18-3m-on-way-to-20m-goal.html?page=all>

Why Public and Private Plans Seek Reimbursement Alternatives

Patient Driven Medicine

Doctors Strive to Do Less Harm by Inattentive Care

– Gina Kolata, *NEW YORK TIMES*, [HTTP://WWW.NYTIMES.COM/2015/02/18/HEALTH/DOCTORS-STRIVE-TO-DO-LESS-HARM-BY-INATTENTIVE-CARE.HTML?ACTION=CLICK&CONTENTCOLLECTION=OPINION&MODULE=MOSTEMAILED&PGTYPE=ARTICLE®ION=MARGINALIA&VERSION=FULL&_R=1](http://www.nytimes.com/2015/02/18/health/doctors-strive-to-do-less-harm-by-inattentive-care.html?action=click&contentcollection=opinion&module=mostemailed&pgtype=article®ion=marginalia&version=full&_r=1)

- Bundled care/Medicare patient survey requirements make adjustments to increase scores
 - stronger reimbursement
- The tech and health solution market & better plan reimbursement



What is the Connection Between the U.S. Wellness Market & *Plan Reimbursement Reform?*

- The wellness market and plan reimbursement reform operate in separate silos
- Do separated and fragmented health silos solve the problems?



Patients/Consumers



<http://www.unsv.com/voanews/specialenglish/scripts/2011/10/23/0040/>

The Silo Effect of Passive Patient Engagement

“3 Off-the-Wall Things Insurers are Doing to Increase Engagement?”

– Heather Caspi, HEALTHCARE DIVE,

[HTTP://WWW.HEALTHCARE DIVE.COM/NEWS/3-OFF-THE-WALL-THINGS-INSURERS-ARE-DOING-TO-INCREASE-ENGAGEMENT/364555/](http://www.healthcaredive.com/news/3-off-the-wall-things-insurers-are-doing-to-increase-engagement/364555/)

- **Food Deals:**

- One health plan is using the app NutriSavings, the app scores their groceries upon checkout

- If their total score is high enough → \$20 per month for participating



The Silo Effect of Passive Patient Engagement

“3 Off-the-Wall Things Insurers are Doing to Increase Engagement?”

– Heather Caspi, HEALTHCARE DIVE

- **Workouts:**

- Pact Health, a health plan which started as a health app, increases and decreases deductibles \$5 per workout

- “A loss is three times more motivating than a gain.”



Image: <http://www.xtremekravmaga.com/programs/private-personal-training/>

The Silo Effect of Passive Patient Engagement

“3 Off-the-Wall Things Insurers are Doing to Increase Engagement?”

– Heather Caspi, HEALTHCARE DIVE

- **Integrated Technology:**

- Another plan offers a \$1 per day incentive for reaching steps per day goals

- The goal is that fitness tracking app users will be encouraged to utilize other app features like provider cost comparisons



Misfit Flash

The Silo Effect of Passive Patient Engagement

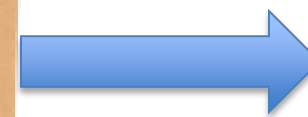
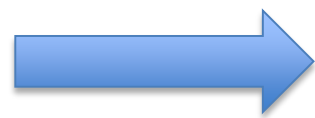
Patient engagement is great, but without physician integration, the system remains disconnected silos



Does the Wellness/Health Marketplace Have Something to Offer Plans

Toward Improved Reimbursement Integration With Marketplace Efficiencies?

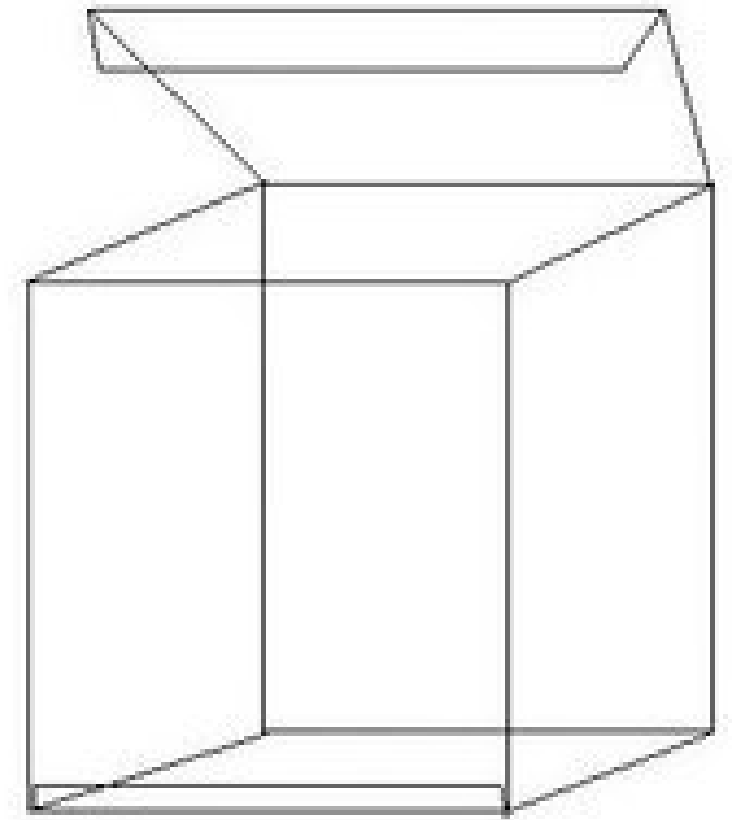
- Are reforms hiding the real problems?
 - Bundled reimbursement looks extremely promising, but does it include direct patient investment, and financial incentives for physicians to directly connect with patients?



Does the Wellness/Health Marketplace Have Something to Offer Plans

Toward Improved Reimbursement Integration With Marketplace Efficiencies?

- How to achieve benefits of market efficiency with a more transparent health market?
- What is missing?
 - Direct patient investment
 - Physician financial incentives/engagement
 - Inducing desired behaviors for both physicians and patients



How Do We Connect the Dots?

Health Marketplaces Might Reveal Solutions

Private Direct Solutions

- Addresses two critical stakeholders:
 - Physicians
 - Patients
- Induces engagement

I'm busy....is anyone paying me to do this?

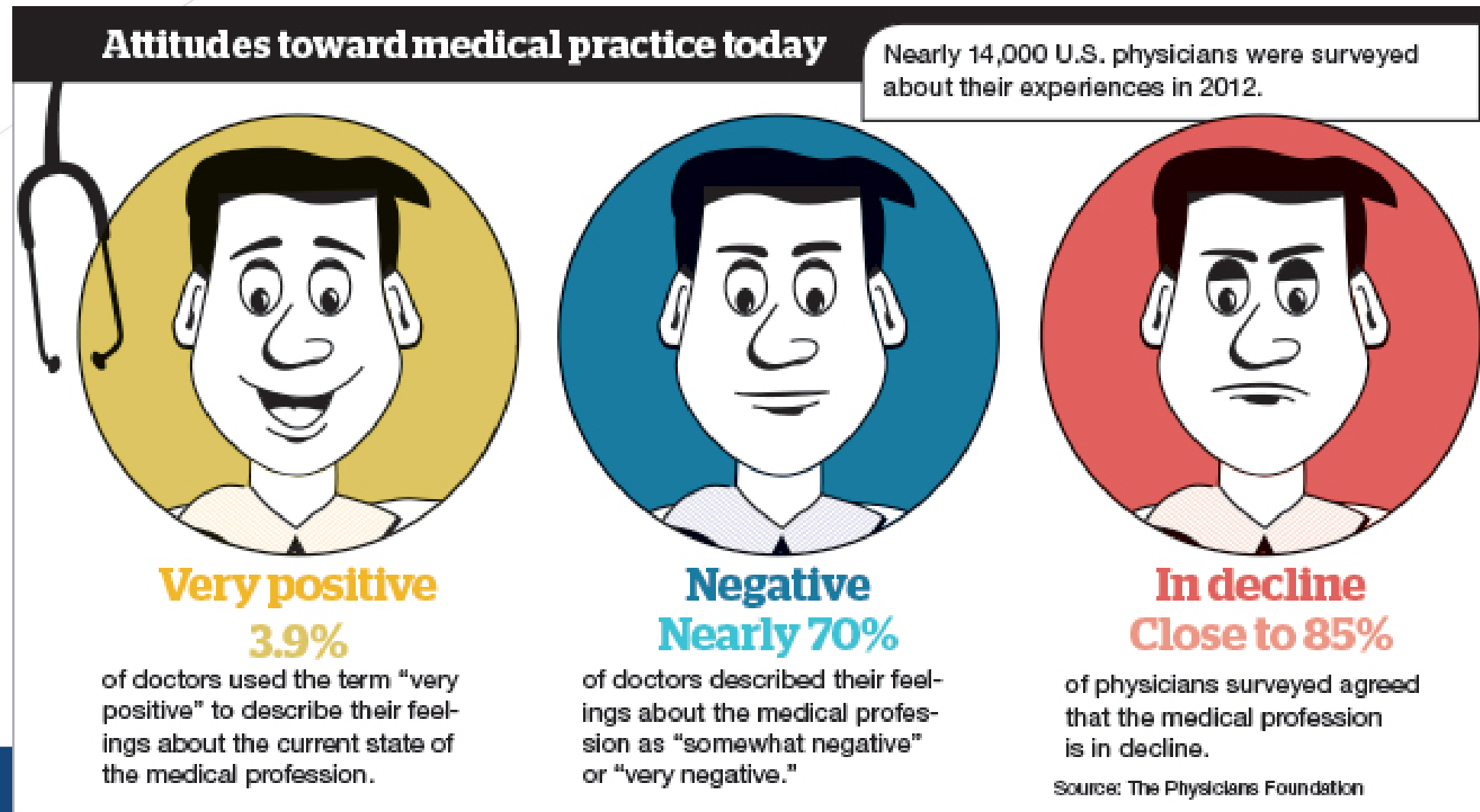


<http://www.lilesparker.com/2014/07/03/the-dangers-of-keeping-medical-records-in-the-cloud/>

Direct Patient Investment, Direct Physician Integration

Why Physicians are Turning to Private Direct Solutions

- Less red tape, less stress, and more time for patients



<http://impactnews.com/austin-metro/lake-travis-westlake/direct-primary-care-a-growing-option/>

Direct Patient Investment, Direct Physician Integration

Why Physicians are Turning to Private Direct Solutions

In a Survey of Residents

90%

Said that they would prefer employment with a salary rather than an independent practice income

39%

Said that they were not ready to handle the business side of medicine

1 in 4 New Doctors Would Change Careers If they Could Start Over

- Bruce Jaspens, FORBES, [HTTP://WWW.FORBES.COM/SITES/BRUCEJAPSEN/2015/01/11/1-IN-4-DOCTORS-WOULD-CHANGE-CAREERS-IF-THEY-COULD-START-OVER/](http://www.forbes.com/sites/brucejaspens/2015/01/11/1-in-4-doctors-would-change-careers-if-they-could-start-over/)

Direct Patient Investment, Direct Physician Integration

Source: *Cash-Only Practices: 8 Issues to Consider*, Niel Chesanow, MEDSCAPE, <http://www.medscape.com/viewarticle/824543>

Some Basic Information

Concierge Medicine

80% of retainer medicine market

Average annual fee: \$1,200 - \$3,000

Typically fees paid annually

Same day appointments

24/7 care, text messaging, instant access

Direct Primary Care

20% of retainer medicine market

Average monthly fee: \$25 - \$100

Typically monthly fees, not annual

Most don't have same day access

Most don't take insurance. Some do.

Direct Patient Investment, Direct Physician Integration

Why Patients Are Turning to Private Direct Solutions

- Predictable monthly payments not impacted by co-pays or deductibles
- Instant access, same-day appointments, after-hours electronic communication
- More coordinated and personalized care

THE DEDUCTIBLE DILEMMA:
A Look At Low Vs. High Deductible Health Plans For You

THE BASICS

DEDUCTIBLE: The amount you pay for care before the insurance company starts to pay its share.

"Meet your deductible & your insurance company begins to cover some costs of your care."

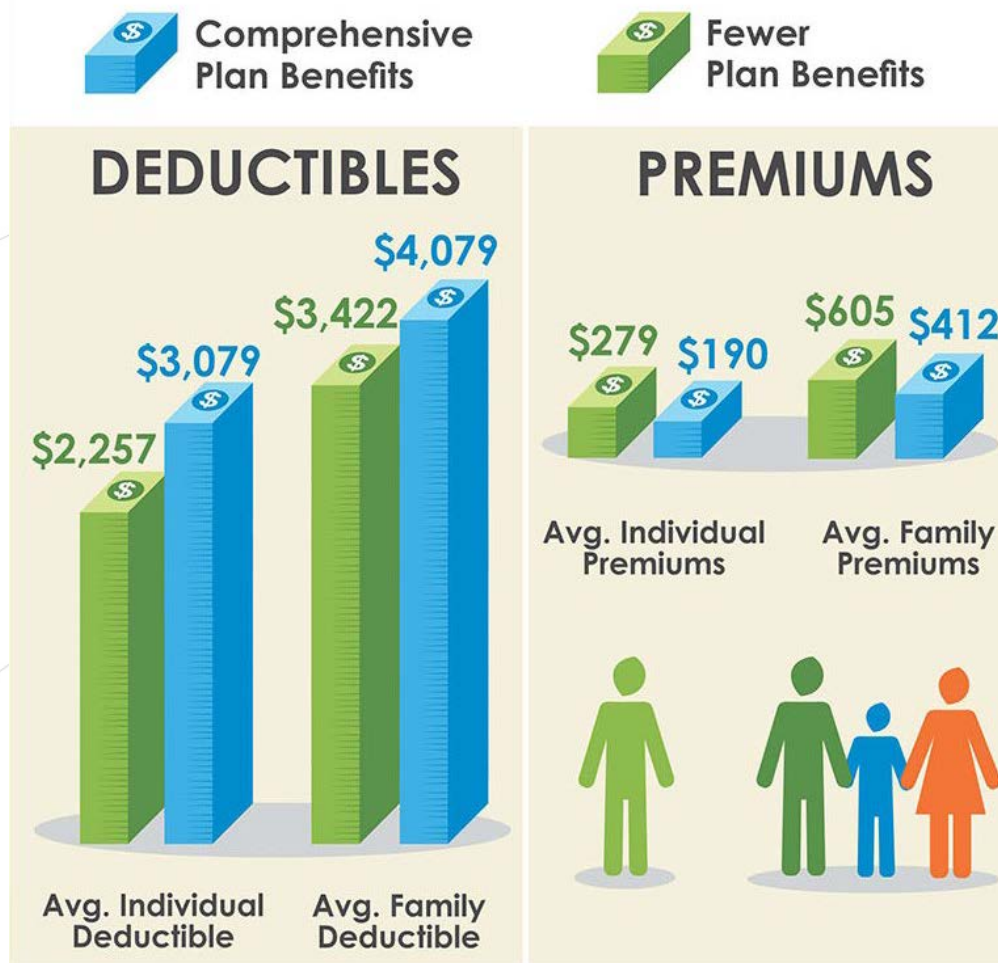
Deductibles Are Just One Form of Cost-sharing. Many plans also have:
COPAYMENTS - Fees you may pay for a service
COINSURANCE - You may pay a % of your charges for a service

WHICH HEALTH PLAN SUITS YOU?

The infographic features a central illustration of a building with a dollar sign on its roof, representing a health plan. Below the building, a path leads to a signpost labeled 'THE BASICS'. To the right of the path, a definition of 'DEDUCTIBLE' is provided. Below this, two callout boxes explain the concept of meeting a deductible and list other cost-sharing mechanisms like copayments and coinsurance. At the bottom, a question asks 'WHICH HEALTH PLAN SUITS YOU?'.

Direct Patient Investment, Direct Physician Integration

Copays and Deductibles, a Deterrent to Seeking Care?



2014: An insurance company won't be able to turn you down or charge you more because of your **pre-existing condition**.
Open enrollment for Health Insurance Marketplace starts on **Oct. 1, 2013**. Coverage starts **Jan. 1, 2014**.

One study found . . .

10% decrease in ER visits among enrollees of high deductible plans

In the two lowest income groups, 25% decrease in high severity first time medical visits

Analysis of High Deductible Health Plans, RAND CORPORATION,
http://www.rand.org/pubs/technical_reports/TR562z4/analysis-of-high-deductible-health-plans.html

Age Group	Avg. Individual Deductibles	Avg. Individual Plan Premiums
<18	\$2,066	\$146
18-24	\$2,192	\$194
25-34	\$2,410	\$282
35-44	\$2,869	\$422
45-54	\$2,869	\$522
55-64	\$3,194	\$588

Direct Patient Investment, Direct Physician Integration

“The ‘success’ of increased cost sharing hinges on the ability of patients to make educated decisions about their health care purchases much like they do when buying other goods and services such as milk, cars, or cell phone plans. . . this is a flawed strategy for health care cost containment. The health care market is unlike other markets; thus, forcing increased cost sharing on American households is a deeply inefficient strategy for trying to contain health care costs.”

Increased Health Care Cost Sharing Works as Intended: It Burdens Patients Who Need Care Most, Elise Gould, ECONOMIC POLICY INSTITUTE,

<http://www.epi.org/publication/bp358-increased-health-care-cost-sharing-works/>

What Does Private Direct Medicine Contribute?

Value Propositions:

Direct
Patient
Investment



Potentially
Improved
Outcomes

Reduced Plan
Costs

What Does Private Direct Medicine Contribute?

Direct Patient Investment

Potentially Improved Outcomes

Reduced Plan Costs

Actuarial data?

Qliance Study Shows Monthly-Fee Primary Care Model Saves 20 Percent on Claims,

<http://stateofreform.com/news/industry/healthcare-providers/2015/01/qliance-study-shows-monthly-fee-primary-care-model-saves-20-percent-claims/>

- *“Qliance examined insurance claims data from 2013 and 2014 for approximately 4,000 Qliance patients covered by employer benefit plans, and compared the cost of their care to that of non-Qliance patients who worked for the same employers.”*
- *“...revealed a savings of \$679,000 per 1,000 Qliance patients on total claims -19.6% less than the total claims for non-Qliance patients during the same period.”*
- *“...savings were driven by a marked reduction in expensive emergency room visits, inpatient care, specialist visits, and advanced radiology, which more than made up for the higher investment in primary care for Qliance patients.”*

What Does Private Direct Medicine Contribute?

Qliance Savings Data – 2013-14

	Incidents Per 1,000 Qliance patients	Incidents Per 1,000 Non-Qliance patients	Difference (Qliance vs. Other)	Savings per patient per year
ER Visits	81	94	-14%	(\$5)
Inpatient (days)	100	250	-60%	\$417
Specialist Visits	7,497	8,674	-14%	\$436
Advanced Radiology	310	434	-29%	\$82
Primary Care Visits	3,109	1,965	+58%	(\$251)
Savings Per Patient	---	---	---	\$679
Total Savings per 1000 (after Qliance fees)				\$679,000
% Saved Per Patient				19.6%

Data Sources: All claims data (except prescription claims) from carriers for selected large employers; Qliance EMR data; Employer eligibility data.

Claims Attribution: All claims incurred by Qliance patients prior to first Qliance visit were excluded; All employees with any interaction with Qliance included as our patients, even if the employee used another primary care provider (which is possible in some of the plan designs among clients); All claims incurred after any interaction with Qliance included, regardless of employee's intent to use Qliance as their primary care provider; All non-primary care provider visits included under "specialist" category (such as physical therapy, acupuncture, etc.)

Population: Eligible members in employer-sponsored health plan; Employees only, to remove confounding factors from differences in dependent benefits structures and participation variances among clients.

Data Suggests Reduced Plan Utilization and Improved Tracking/Outcomes

“For instance, if patient has knee pain, Qliance providers could manage that symptom over the course of multiple office visits, and possibly avoid an MRI scan and a specialist referral.”

“[With plan-dependent care:] There is no way to turn one office visit into three because there is no time to spend with patients.”

Health Reform and the Decline of Physician Private Practice (Page 25)

http://www.physiciansfoundation.org/uploads/default/Health_Reform_and_the_Decline_of_Physician_Private_Practice.pdf

What Does Private Direct Medicine Contribute?

Healthcare Costs: Low-Hanging Fruit, Todd Hixon,
<http://www.forbes.com/sites/toddhixon/2014/04/04/healthcare-costs-low-hanging-fruit>

Potential improved outcomes?

“WeCare Clinics, Iora Health, Qliance Medical Management*, MDVIP, and OneMedical have all reported:

Reductions in total healthcare costs for their patients of 15% or more versus population norms.

Most of these programs are only a few years old; there is reason to expect that results will improve as their providers have a chance to deepen patient relationships and see the cumulative benefit of preventive work that they have done in the past.”

Direct Patient
Investment

Potentially Improved
Outcomes

Reduced Plan Costs

Direct Physician Delivery for Private Fees

Gain Sharing or Intervention Reimbursement: Probable Outcomes

- Traditional fee for service plan reimbursement struggles to align physician interaction with patient education & coordination
- If the solutions are accountability and incentivized engagement, doesn't small business more naturally achieve both?

What Does Private Direct Medicine Contribute?

Direct Patient Subscription



Physician Directly
Connected to . . .

• Care Coordination

• Outcomes

• Customer Service

What Does Private Direct Medicine Contribute?

Could the future look something like OneMedical?

(hint: there is room for administrative & tech solutions...)

“For an annual fee, patients have access to a variety of tech-enabled health services, including 24/7 virtual care and same day appointments. However, One Medical is not concierge medicine — the practices still accept insurance to cover a portion of healthcare costs.”

Dignity Partnership Brings New Primary Care Model to Arizona, Emily Rappleye,

http://www.beckershospitalreview.com/hospital-physician-relationships/dignity-partnership-brings-new-primary-care-model-to-arizona.html?utm_source=Sailthru&utm_medium=email&utm_term=Healthcare%20Dive&utm_campaign=Issue%3A%202015-02-11%20Healthcare%20Dive

What Does Private Direct Medicine Contribute?

- The physician as a connected care “captain” may require small business posture: a natural alignment of profit and personal accountability
- Can reimbursement reform achieve care goals absent incentivized physician connection (i.e. why telemed/wireless tracking has great technology and limited physician adoption...)?

Direct Private Care Models: Projections for Growth and Broader Adoption

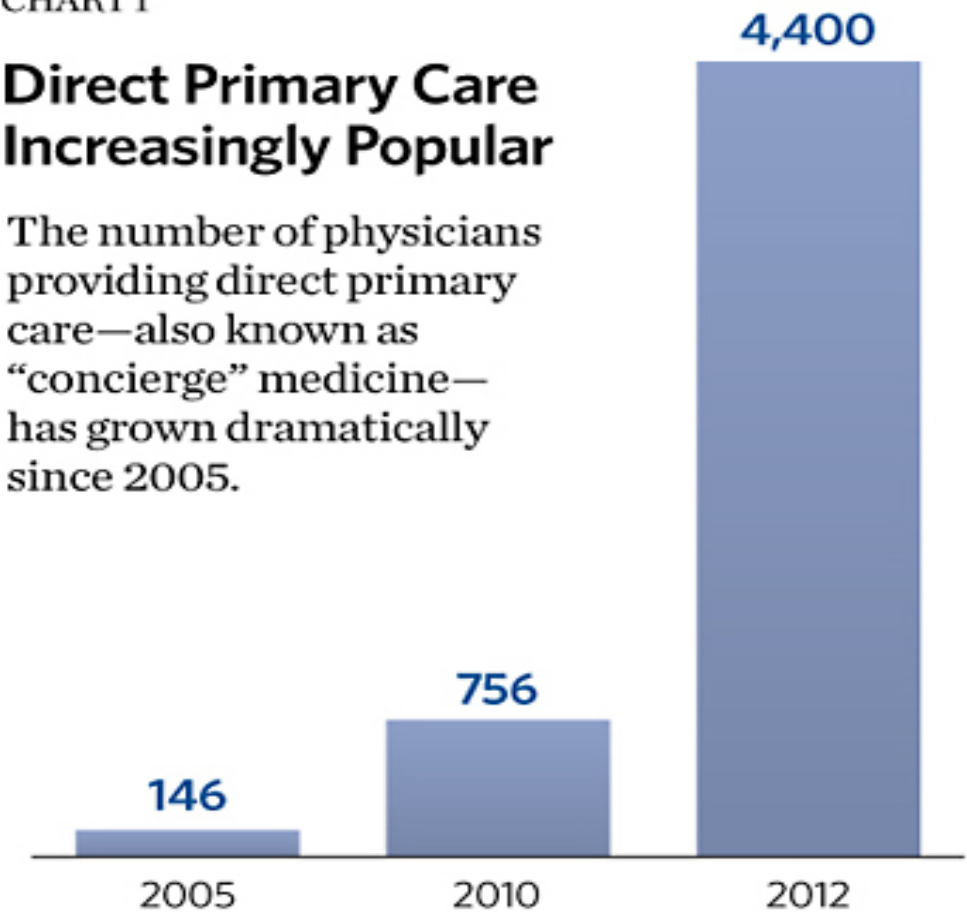
In a survey among physicians just over 10% of respondents stated they planned to switch to concierge/cash practices within 3 years

Image: <http://www.heritage.org/research/reports/2014/08/direct-primary-care-an-innovative-alternative-to-conventional-health-insurance>

CHART 1

Direct Primary Care Increasingly Popular

The number of physicians providing direct primary care—also known as “concierge” medicine—has grown dramatically since 2005.



Sources: Chris Silva, “Concierge Medicine a Mere Blip on Medicare Radar,” *American Medical News*, September 30, 2010, <http://www.amednews.com/article/20100930/government/309309997/8/> (accessed June 16, 2014), and Elizabeth O’Brien, “Why Concierge Medicine Will Get Bigger,” *The Wall Street Journal MarketWatch*, January 17, 2013, <http://www.marketwatch.com/story/why-concierge-medicine-will-get-bigger-2013-01-17> (accessed July 24, 2014).

BG 2939  heritage.org

Direct Private Medicine & Wellness Marketplace

What is the take-away?

Reimbursement reform could accelerate more effectively
by integrating direct patient investment & direct
physician incentive



Image: <http://patient-centered-it.com/2009/09/13/patients-communicate/>

Direct Private Medicine and the Wellness Marketplace

A radical idea...

Integrate Private Direct Patient Investment & Physician Incentives Into BP Models/Solutions



Direct Private Medicine and the Wellness Marketplace

Empowering Bundled Payment Solutions

To Achieve Marketplace Efficiencies=Engage In
Marketplace Relationships!



Direct Private Medicine and the Wellness Marketplace

Empowering Bundled Payment Solutions

Design BP Products/Solutions To Integrate
Direct Patient & Physician Engagement







QUESTIONS?

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