Purchaser Value Network Policy in Brief

Improving Care for High-Need, High-Cost Patients

Overview

Improving care for patients with complex or multiple chronic diseases has long been a priority for public and private sector purchasers of health care. A significant proportion of healthcare expenditures are concentrated among chronically ill patients—40 percent of a typical private employer's healthcare spending goes towards caring for the 15 percent of employees with multiple chronic conditions.[1] For many of these patients, the care is not well coordinated, and clinical outcomes and patient experience are substandard.

Several large employers have taken the lead in pushing for improved care for high-need, high-cost patients. Examples include the Intensive Outpatient Care Program (IOCP) piloted by Boeing, the California Public Employees' Retirement System (CalPERS), and the Pacific Gas and Electric Company (PG&E), and the onsite primary care clinics operated by the Wonderful Company.[2] IOCP includes a per member, per month (PMPM) payment for trained care coordinators and enhanced access to care. The Wonderful Company's onsite clinics blend health coaching, peer relationships, and behavioral health integration to improve care for chronically ill patients.

Private Purchasing Lessons and Federal Policy Implications

Federal policymakers re-examining chronic care initiatives in Medicare and Medicaid can improve their programs by incorporating lessons from private purchasers. Key lessons and specific policy implications include:

Purchaser Lesson	Policy Implication
1. Supportive payment for chronic care management (CCM) services is best achieved through population-based payment reform initiatives implemented within integrated care systems. [3] Payment models that support team-based care, including mental health, social work as well as services from non-licensed staff, can improve the quality of life for patients as well as lower costs for the health care	• Adding new high-severity CPT codes like 99490 can provide support for care coordination initiatives in a fee-for-service setting, but simply adding new FFS codes is not a sufficient long-term solution. Wherever possible, population-based payments, which include accountability for quality, patient experience and total cost of care, should be used.[4]

[1] Health Affairs Blog: Using The Intensive Outpatient Care Program To Lower Costs And Improve Care For High-Cost Patients

[2] Forthcoming Commonwealth Fund case studies

[3] HCPLAN APM Framework Whitepaper

[4] AAFP: Brookings Institution Forum: Panelists Call for Medicare Chronic Care Payment Reform

system	
2. Aligning financial incentives for chronically ill beneficiaries through changes in benefit design are a necessary complement to changes in physician incentives through provider payment reform.	• Chronically ill Medicare beneficiaries should have lower cost sharing for high-value CCM services. Providers accepting upside and downside financial risk should be permitted to reduce or waive patient cost sharing (including co-pays, co-insurance, and deductibles) for high-value CCM services.[5] • For employer-based health benefit plans, IRS rules for HSA-eligible expenses should be modified to permit coverage of high-value services within high deductible health plans.[6]
3. Expanding access to telehealth services can improve receipt of effective care management interventions, particularly for chronically ill beneficiaries in rural areas, resulting in improved outcomes and cost-effectiveness.[7]	• The limitations on the use of telehealth services in Medicare should be re-examined and relaxed for providers accepting accountability for quality, patient experience and total cost of care.[8]
4. Patient-reported outcomes and patient experience measures are necessary to evaluate the quality of care, patient experience and care coordination for chronically ill patients.[9]	• CMS should prioritize the development and accelerate the use of quality measures (including patient-reported outcomes) for patients with chronic conditions, in alignment with private sector purchasers.[10]

For More Information

For more information on these or other employer-led initiatives, please contact Kelly Klaas, Purchaser Value Manager, Pacific Business Group on Health, kklaas@pbgh.org, 415-615-6309.

[5] Center for Value Based Insurance Design: Incorporating Value-Based Insurance Design to Improve Chronic Disease Management in the Medicare Advantage Program
[6] National Academy of Medicine: Benefit Design to Promote Effective, Efficient, and Affordable Care
[7] Healthcare IT News: Bumps along the rural road: using telemedicine to treat chronic disease in rural communities
[8] Modern Healthcare: New CMS Rule: Through the Prism of Chronic Disease Management and Telemedicine
[9] Health Affairs: Incorporating Patient-Reported Outcomes Into Health Care To Engage Patients And Enhance Care
[10] Health Catalyst: Survey: Fewer Than 2 in 10 Hospitals Regularly Use Patient-Reported Outcomes Despite Medicare's Impending Plans for the Measures