

Health Reform after Health Reform: The Heavy Lifting Begins

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Discussion outline

- **The need for health reform after health reform**
 - Insurance reform (if that's what we get) just the beginning
- **Kaiser Permanente as a model of integration**
 - The structure of KP
 - How the KP model creates “systemness”
 - How do we know integration is working?
- **What do we do with this?**
 - We have to get beyond fragmentation
 - KP shows possibilities, but isn't easily replicated
 - Payment reform, delivery system reform go hand-in-hand

Why reform is (ever) on the agenda

- **Symptoms**

- Inadequate coverage—50 million uninsured
- Unsustainable costs—world's highest, excess growth
- Dubious care quality—IOM, RAND, Dartmouth

- **Untreated underlying disease: fragmentation**

- Information does not exist is or is not easily available
- Incentives and accountability are not aligned

- **Why does this go on?**

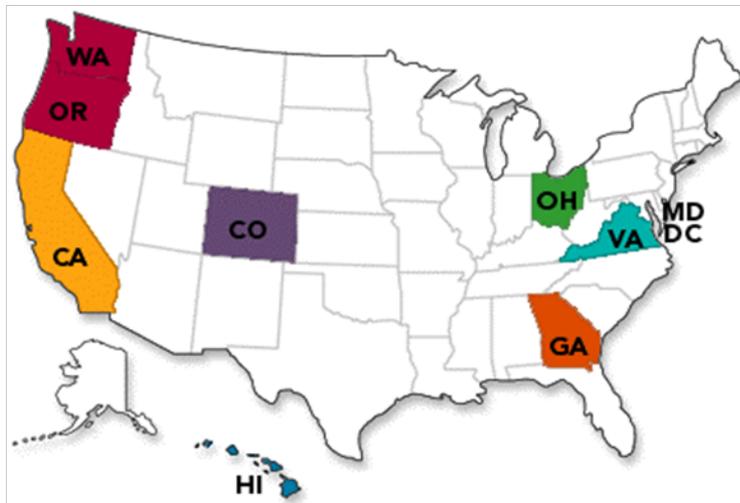
- Market forces (alone) have not/cannot solve problem
- Political process prefers placebo to treatment

How do we break the logjam?

- **Create functioning insurance markets**
 - Individual mandate, guaranteed issue, rating rules
- **Move reimbursement away from fee for service**
 - Payment linked to outcomes MAY help
 - Payment for larger units of care essential
- **Need greater integration of care delivery**
 - Someone needs to take ownership
 - Someone needs to be able to receive bundled payments
 - Someone needs to manage care for chronically ill
 - Someone needs think about health, not just care

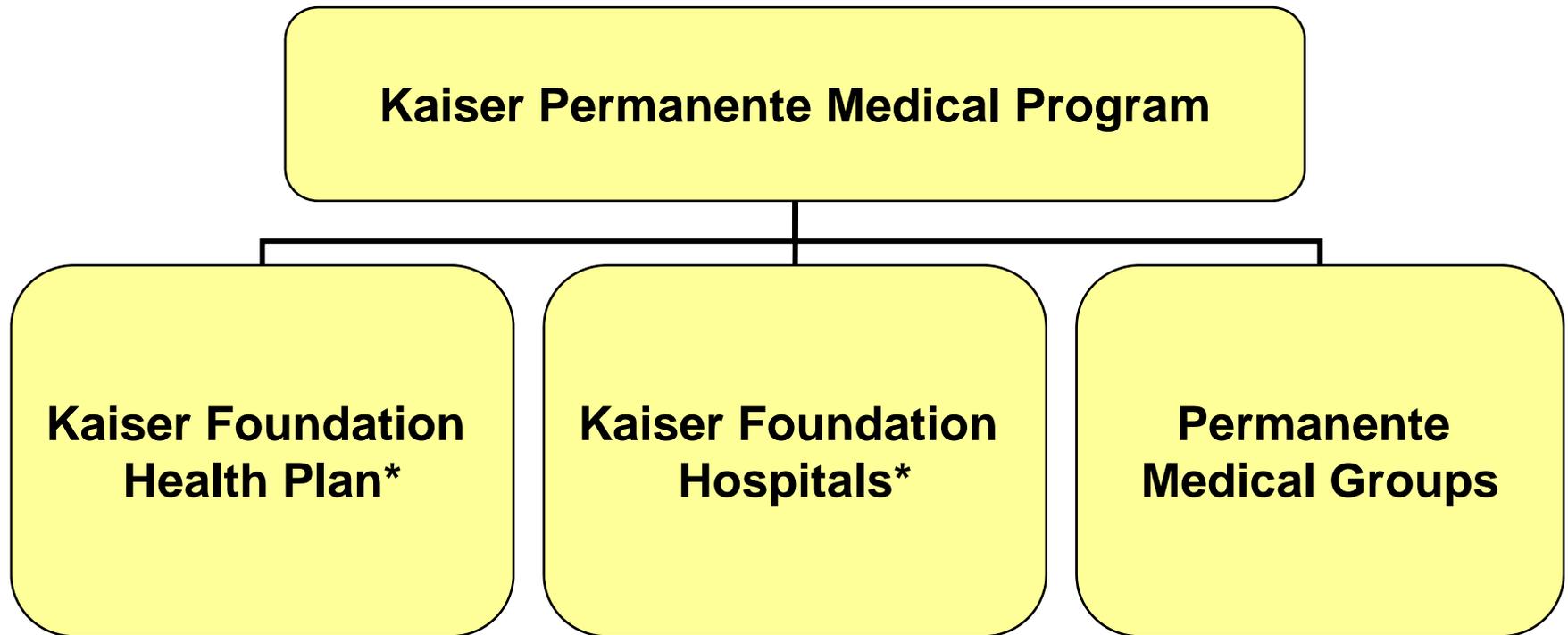
When payment reform meets integration

Kaiser Permanente



- 8.6 million members
- 14,000+ physicians
- 166,000+ employees
- 35 hospitals/medical centers
- 431 medical offices
- \$40b revenue (2008)

A simple view of Kaiser Permanente



* common Board of Directors

Kaiser Foundation Health Plan/Hospitals

Health Plan

- Insurance company role (ultimate holder of financial risk)
- Marketing/Sales - enrolls groups and members, collects premiums
- Contracts with providers for care
- Provides administrative services
- Owns and runs ancillary services

Hospitals

- Owns hospitals and medical facilities
- Coordinates services with independent hospitals
- Expenses reimbursed by Health Plan

The Permanente Medical Groups

- **Physician owned (LLC or partnership)**
 - Group accepts risk through capitation
 - Physicians are salaried shareholders or partners
- **Group hires and manages all MDs—all physician leadership elected**
- **Provide/organize all primary & specialty MD care for KFHP members only**
- **Manage cost and quality of care delivery**
 - Culture of resource stewardship, accountability, evidence

How integration creates “systemness”

- **Shared responsibility for program success**
 - KP “owned” jointly by physicians, health plan, and labor
 - “Shared fate” model—the “MEMO” relationship
- **Integration along multiple dimensions**
 - Financing and medical care: baked in with capitation
 - Across providers: leadership, performance management
 - Over time (Kaiser babies become Medicare members)
- **Functional specialization**
 - Physicians practice medicine, nurses care for patients
 - Health plan executives practice finance, administration & sales

Knowledge key to successful integration

- **Investing \$3+ billion in electronic medical record**
 - Real-time, continuous access to information on visits, lab and radiology reports, immunizations, medications allergies
 - All caregivers directly connected for decision support
- **Data and evidence support performance**
 - Focus on population measurement (public health)
 - Systems orientation drives performance improvement
 - Technology assessment, comparative effectiveness research
 - Clinical guidelines and best practices
 - Evidence gathering: clinical trials, registries

Tracking performance improvement

Outpatient - All Measures											Last Updated January 23, 2007		
Outpatient Quality Performance vs. HEDIS Benchmarks ⁽¹⁾											ON PACE	MEETS TARGET	BELOW TARGET
Cancer Screening and Prevention			Perinatal Care		Cardiovascular Health			Use of Appropriate Medications for People with Asthma ⁽⁴⁾			Antidepressant Med Management		
Colorectal Cancer Screening (modified HEDIS)	Cervical Cancer Screening ⁽²⁾	Breast Cancer Screening ⁽²⁾	Postpartum Care (for births 11.06.05 to 11.05.06)	HTN Control (modified to <=139/89)	Diabetes Glycemic Control (modified to <=8.0)	PHASE LDL Control <100	Ages 5-9	Ages 10-17	Ages 18-56	Acute Phase Treatment	Continuation Phase Treatment		
Dec 31, 2006	Dec 31, 2006	Dec 31, 2006	Dec 31, 2006	Dec 31, 2006	Dec 31, 2006	Dec 31, 2006	Sep 26, 2006	Sep 26, 2006	Sep 26, 2006	Dec 31, 2005	Dec 31, 2005		
1997-2006	2004-2006	2005-2006	year to date	previous 12 months	previous 12 months	previous 12 months	2006	2006	2006	2005	2005		
54%	84%	79%	86%	72%	68%	52%	98%	94%	91%	65%	49%		
58%	81%	83%	82%	77%	69%	56%	97%	97%	93%	84%	65%		
59%	82%	84%	80%	77%	69%	58%	100%	98%	93%	82%	57%		
63%	80%	82%	80%	73%	62%	54%	99%	97%	91%	82%	57%		
66%	80%	82%	88%	76%	65%	55%	98%	97%	93%	81%	59%		
51%	83%	80%	87%	72%	66%	55%	98%	97%	92%	84%	61%		
68%	85%	83%	90%	75%	68%	59%	98%	94%	94%	84%	62%		
62%	83%	86%	93%	80%	69%	62%	96%	92%	95%	78%	58%		
64%	85%	86%	90%	74%	67%	59%	98%	97%	92%	78%	53%		
67%	82%	85%	88%	71%	65%	55%	95%	97%	91%	81%	58%		
61%	86%	83%	89%	74%	71%	57%	99%	92%	93%	85%	64%		
63%	83%	88%	89%	77%	70%	57%	99%	97%	93%	80%	58%		
56%	81%	84%	88%	68%	71%	54%	96%	94%	94%	80%	66%		
66%	84%	84%	88%	74%	69%	57%	98%	94%	92%	78%	56%		
56%	81%	79%	86%	71%	67%	53%	91%	92%	82%	78%	56%		
56%	84%	88%	86%	79%	68%	60%	93%	97%	92%	80%	59%		
53%	80%	83%	86%	73%	69%	59%	96%	98%	92%	82%	57%		
60%	82%	84%	87%	75%	68%	56%	97%	95%	92%	82%	60%		
100%	31%	100%	94%	81%	69%	94%	56%	69%	94%	100%	100%		

MAR 06

Cardiovascular Health		
HTN Control (modified to <=139/89)	Diabetes Glycemic Control (modified to <=8.0)	PHASE LDL Control <100
Mar 31, 2006	Mar 31, 2006	Mar 31, 2006
previous 12 months	previous 12 months	previous 12 months
72%	68%	52%
74%	68%	51%
74%	66%	50%
74%	69%	48%
70%	65%	47%
72%	67%	50%
73%	68%	50%
79%	70%	53%
71%	65%	53%
73%	70%	49%
70%	70%	50%
74%	73%	54%
64%	71%	48%
72%	65%	48%
65%	58%	42%
76%	68%	52%
68%	67%	48%
72%	67%	49%
63%	44%	25%

JUN 06

Cardiovascular Health		
HTN Control (modified to <=139/89)	Diabetes Glycemic Control (modified to <=8.0)	PHASE LDL Control <100
Jun 30, 2006	Jun 30, 2006	Jun 30, 2006
previous 12 months	previous 12 months	previous 12 months
72%	68%	52%
76%	69%	54%
76%	67%	54%
76%	68%	51%
74%	65%	48%
73%	67%	52%
75%	67%	54%
81%	71%	60%
71%	66%	50%
73%	69%	52%
73%	70%	53%
76%	72%	56%
65%	71%	51%
74%	67%	52%
79%	66%	55%
70%	68%	53%
74%	68%	52%
75%	50%	75%

SEP 06

Cardiovascular Health		
HTN Control (modified to <=139/89)	Diabetes Glycemic Control (modified to <=8.0)	PHASE LDL Control <100
Sep 30, 2006	Sep 30, 2006	Sep 30, 2006
previous 12 months	previous 12 months	previous 12 months
72%	68%	52%
77%	69%	55%
77%	68%	57%
76%	68%	53%
76%	66%	52%
73%	67%	54%
76%	68%	57%
82%	70%	63%
74%	67%	59%
73%	70%	54%
75%	72%	56%
77%	72%	57%
67%	71%	53%
75%	69%	50%
74%	68%	48%
79%	66%	57%
72%	70%	57%
75%	68%	55%
88%	69%	94%

What integration supports: 3 examples

- **Prevention**

- Building prevention into routine care
- “Between visit” care: on-line, secure email

- **Chronic condition management**

- Focus on person, not disease
- Focus on care continuum
- View hospitalization as a failure, not as a revenue source

- **Pharmaceutical management**

- Formulary is a process, not a list
- Review for appropriateness
- Drug use management: generics, formulary compliance

“Between visit” care

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KP in the news

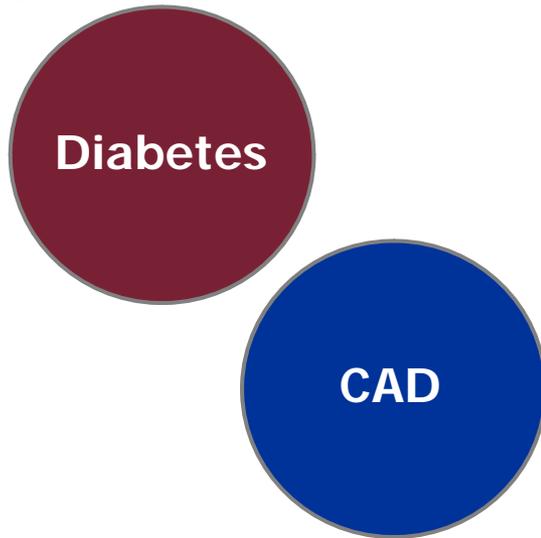
[How green is your hospital?](#) Kaiser Permanente praised for environmentally friendly building.

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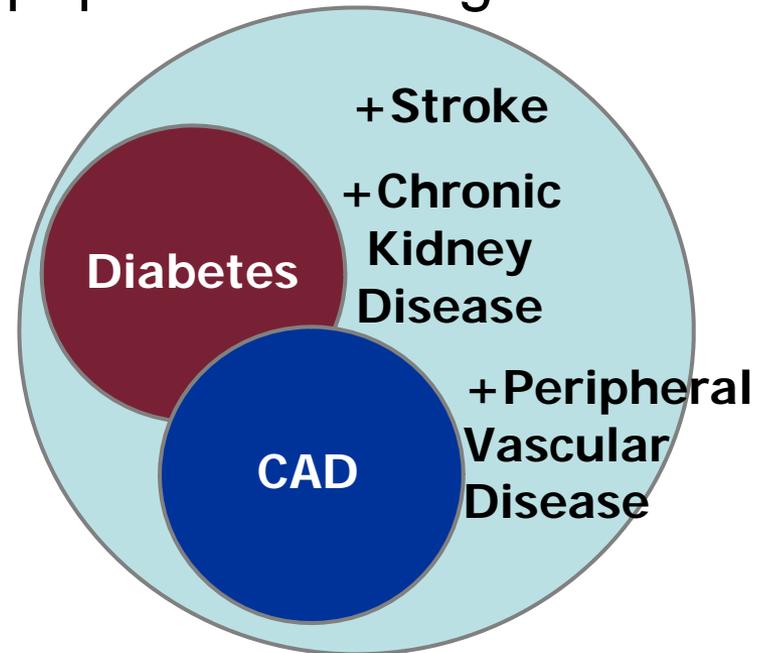
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Focus on people, not diseases

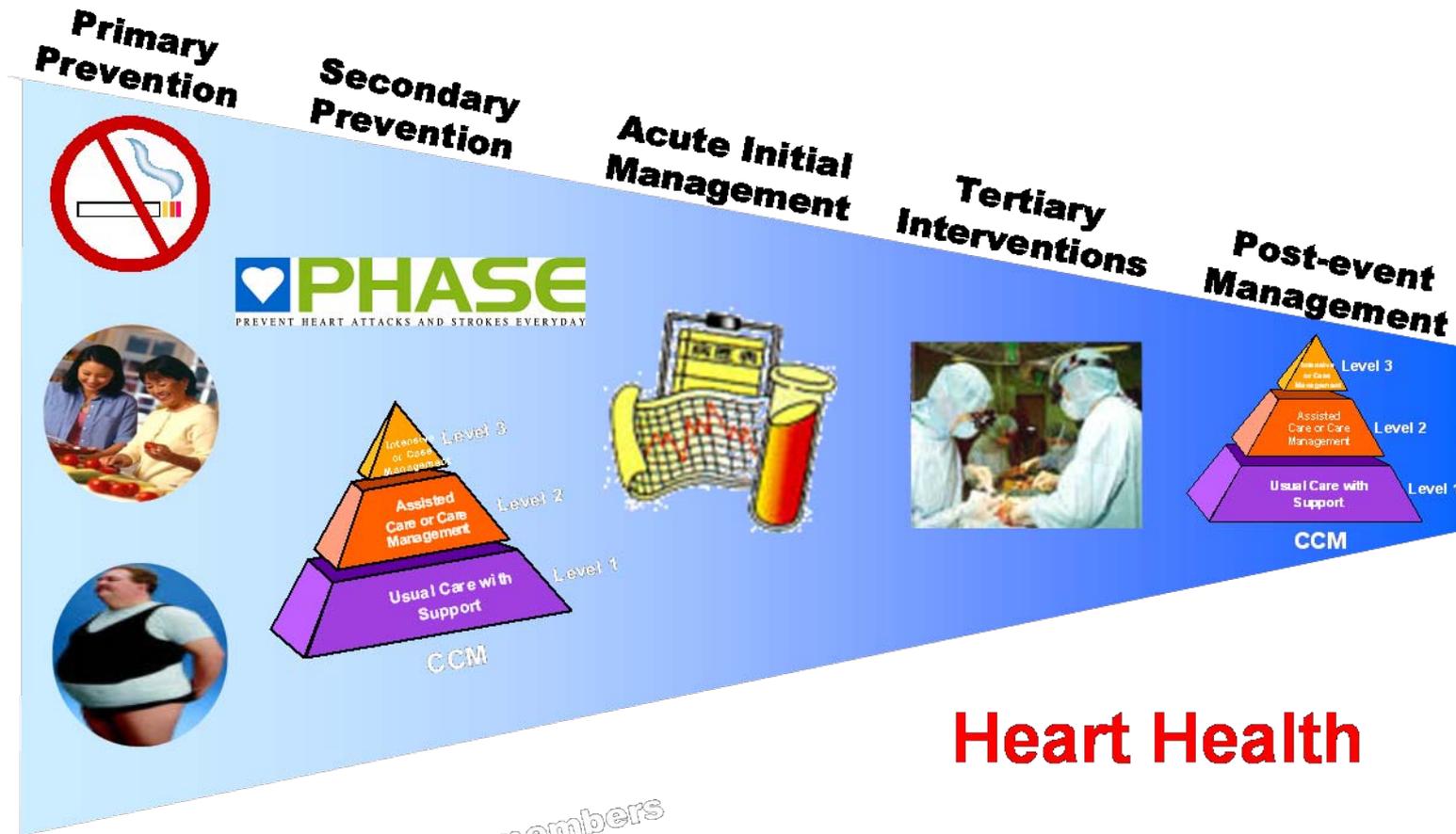
- **Original CCM Programs** involved disease-specific approaches



- **PHASE** views a broader population as high risk



Integration puts focus on care continuum

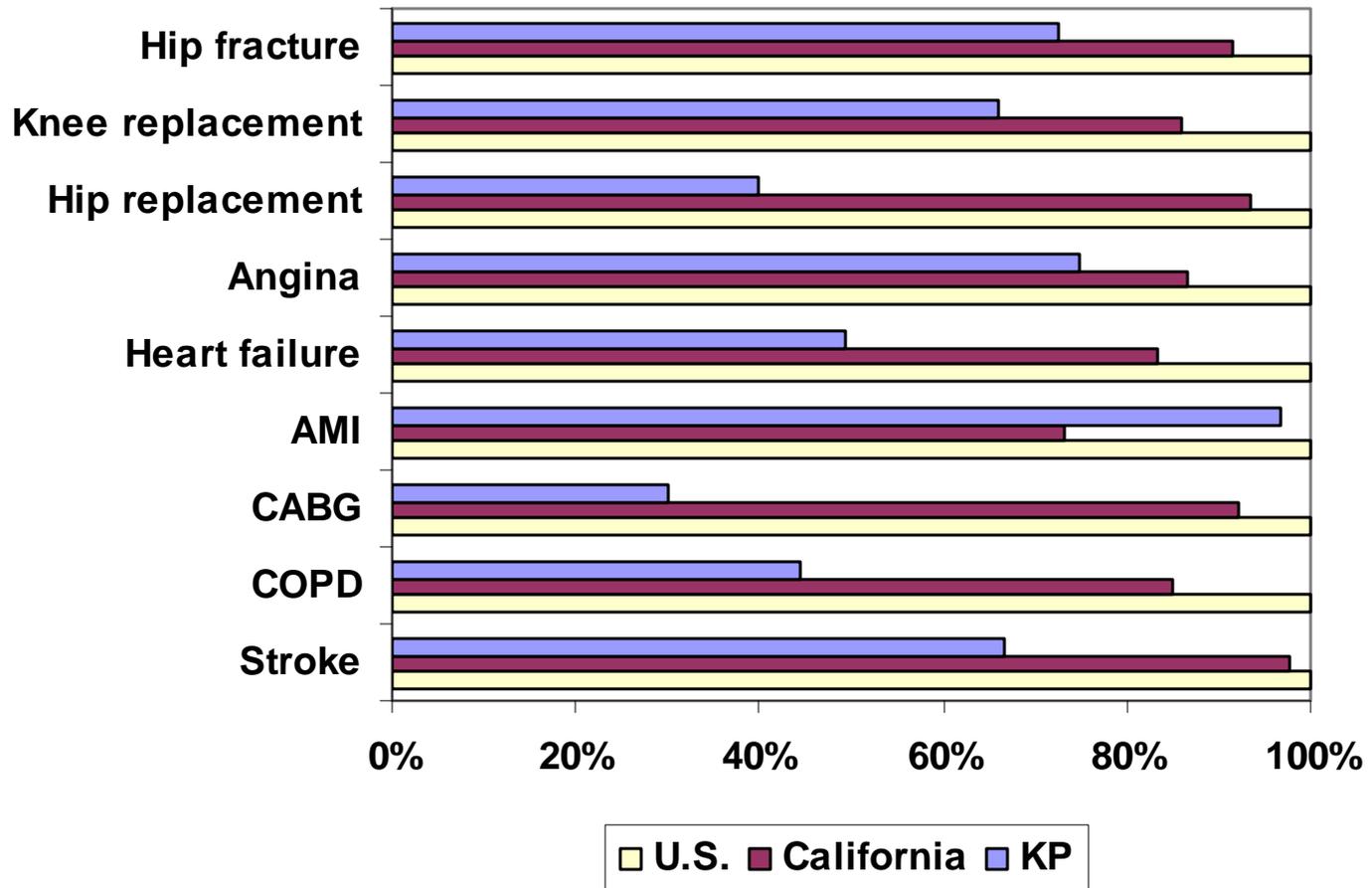


Heart Health

KPNC members

Avoiding inpatient hospital admissions

Inpatient Admissions/1000, 65 and Older



Rx pharmaceutical management

- **MD response to peers/evidence yields leading:**
 - Generic use (98% if available), formulary compliance (97%)
- **Appropriate use of Cox-II inhibitors**
 - Scoring mechanism identified patients at risk of GI bleed
 - 5% in 2003 compared with U.S. average of 40-45%
- **“Prozac First” campaign**
 - Drove use from 45% of prescriptions to 58% (U.S. = 20%)
- **Promote generic statins with same LDL control**
 - KP: Lovastatin share=74%; brand share = 26%
 - US: Lovastatin share = 0%; brand share = 100%

What should be in reform (but isn't yet)

- **Data (personal, population, provider, process)**
 - We can't manage what's not measured and not shared.
 - We can't pay on what's not measured and we shouldn't pay on what's not evidence-based.
 - We can't learn from what's not measured.
- **Systemness & accountability**
 - Data alone do nothing—we need ability & incentive to act.
 - We need rules & institutions to support market functioning.
- **Delivery system reform**
 - Alignment of fiduciary and clinical responsibility
 - Connection of physicians with each other, hospitals
 - Focus on people, not diseases; prevention not treatment

Getting there from here

