Intermountain Healthcare: Aligning Provider Financial Incentives

LAN Summit: Population-Based Payment Approaches
October 26, 2015
Using Evidence-based Care

Aligning Financial Incentives

Engaging Patients
Where we’ve been

Where we’re going

Doctors + Hospitals
Medical service, inconsistent care
Less engaged in health and care
Patients + Members

Use evidence-based medicine
Engage patients in health & care decisions
Patients + Members

Payers
Facing rising costs

Better Care
More Affordable
Payers

Align financial incentives
Physician Payment Model Beta Test

Patient Service Area: NSL/ Bountiful

Participating Practices
- 11 IMG clinics – 315 clinicians
- 4 affiliated partner clinics - 68 clinicians

Participating Patients
- 7,500 Intermountain Employees
- FY’14-15 Budget $28 million
- Zip code allocated locked cohort

Measurement & Reporting
- Compensation Metrics 2 Service, 31 Quality, TCOC Budget
- Reports including Utilization Variation & Care Gaps
Guiding Principles: Quality Measure Selection

1. Simple
2. Feasible and cost-effective
3. Representative of clinical quality
4. Outcomes-oriented
5. Measures and targets will change over time
6. Fully matured measures will be sunset
7. Engagement from physician groups
8. When feasible, should align with national measures
9. Targets are thresholds, not percentiles
10. Must be able to report measures
Financial Incentives Guiding Principles

1. Relatively simple to understand
2. Relatively simple to manage (bias toward simplicity)
3. **Encourages decisions that add Value** (Access, Quality, Cost)
4. **Discourages decisions that do not add Value**
5. Rewards are based on achieving thresholds rather than percentiles
6. Transparency of calculation of shared savings
7. Bias towards consistency across payers, markets, providers, etc.
8. Incentives aligned for patients, hospitals, physicians, members, & purchasers
9. Promotes teamwork: “**We’re all in this together**”
10. Robust, dynamic, scalable
Shared Accountability Regional Financial Model

- Provides Care Process Models
- Distributes budgets
- Provides Population Health Mgt. Services

Payer

“Population Budget”

Intermountain Healthcare

Geographic Committee

Intermountain Hospitals

Intermountain employed Physicians

Contracted affiliated Physicians

18 Shared Commitments
Provider Shared-risk Payment
- Productivity
- Quality Performance
- Service Performance
- Medical Expense Savings
As quality and patient experience scores increase or product performance improves, total payment will increase.

Note: All performance payments are assessed at the group level. * - capped at 12.5%
Payer Strategy

**Medicare**  ✔ selecthealth.
- Medicare Advantage – January 2013
- ACO – no thanks

**Medicaid**  ✔ selecthealth.
- “ACO” model – January 2013

**Commercial**
- ✔ selecthealth. – January 2016
- Followed by others
Lessons Learned...

• Invest in provider education and communication
• Develop guiding principles!
• Structure Business Intelligence to be simple & actionable
• Engage physicians in the development process from conception to realization
• Have agreement on definition and roles of data access
• Establish data governance
• Invest in provider to clinic mapping
• Build in enough time to get feedback from customers
Questions?

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