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The Prometheus Payment Approach

The DMS Young Physicians Group gathered with colleagues and friends at Strings Restaurant for their quarterly meeting on May 21. The presentation they heard from Francois de Brantes, CEO of Bridges to Excellence, presented a new payment reform model called PROMETHEUS Payment. PROMETHEUS is a payment reform model that was designed by individuals representing a variety of organizations including the American College of Physicians, the Leapfrog Group, the National Business Group on Health, the Blue Cross and Blue Shield Association, many of the top consulting firms, national insurers and the Center for Medicare & Medicaid Services. What follows is a summary of the PROMETHEUS approach to evidence-based payment reform.

A variety of solutions are being touted to correct the widespread deficiencies and increase value in our health care system—with concepts like “Accountable Care Organizations” and “medical homes” getting a lot of attention. Another is the PROMETHEUS Payment® approach—a promising model for measuring and paying for care that could be especially valuable for health care leaders and policy-makers as they are faced with the challenges of health care costs in this economy. The consumer-centered PROMETHEUS approach is currently being tested in real communities.

Most experts agree that a fundamental problem of the nation’s health system is that both the current fee-for-service and the per-patient (capitation)-style models of reimbursing providers encourage *volume-driven* health care rather than *value-driven* health care. Providers are rewarded for “doing things” (often too many

or not enough), rather than delivering quality services that are proven to keep people healthy, reduce errors and help avoid unnecessary care.

The PROMETHEUS Payment model seeks to ignite a transformation in health care payment by challenging the way providers and insurers conduct business—moving away from unit-of-service payment to episode-of-care payment. Launched in 2006 and now with four pilots across the country through the support of the Robert Wood Johnson Foundation, PROMETHEUS Payment steps beyond “pay for performance” models of change to test paying for individual, patient-centered treatment plans that fairly reward providers for coordinating and providing high-quality and efficient care.

Episodes of Care

At its core, the PROMETHEUS Payment model centers on packaging payment around a comprehensive episode of medical care that covers *all* patient services related to a single illness or condition. Covered services are determined by commonly accepted clinical guidelines or expert opinion that lays out the tested, medically accepted method for best treating the condition from beginning to end.

The costs of treatments are calculated into what is called an “Evidence-informed Case Rate” (ECR®), which creates a patient-specific budget for the entire care episode. ECRs include all the covered services related to the care of a single condition—bundled across all the providers who would treat a given patient for the given condition (such as a hospital, a physician, laboratory, pharmacy, rehabilitation facility, etc.). The

ECR is adjusted to take into account the severity and complexity of the individual patient's condition.

To date, for pilot purposes PROMETHEUS Payment has developed ECRs for a significant number of acute, chronic and inpatient procedures, including heart attacks (AMI), hip and knee replacement, diabetes, asthma, congestive heart failure and hypertension. These existing ECRs can potentially impact payment for almost 30% of the entire insured adult population and represent a significant amount of dollars spent by employers and plans.

What really makes PROMETHEUS Payment different from other health care payment systems and typical pay-for-performance models is its strong incentive for clinical collaboration to ensure positive patient outcomes. In addition to earning the base ECR payments, providers are given the opportunity to earn bonuses through a comprehensive quality "scorecard" tied to the reduction of potentially avoidable complications.

Comprehensive Quality Scorecard

The PROMETHEUS Payment comprehensive quality scorecard contains a variety of metrics that track and evaluate care across the entire scope of treatment. These include scores for a range of items: each provider's performance in meeting the clinical practice guidelines which define the ECR; positive patient outcomes; the avoidance of preventable complications; and the patient's satisfaction with care received.

When ECRs are paid, a portion of the budget is withheld and then paid out depending on the scores that the providers and their clinical collaborators earn. To create a very clear incentive for clinical collaboration, the final scores depend 70% on what the individual provider does and 30% on what every other provider treating that patient for that condition has done. PROMETHEUS experts say the value of coordination across settings is critical, particularly in the management of chronic conditions.

Potentially Avoidable Complications

Coordinating care and avoiding complications are

defining features of the PROMETHEUS Payment model and form the basis for unique incentives that reward providers for improving care and reducing potentially avoidable complications (PACs).

PACs are usually deficiencies in care that cause harm to the patient, yet might have been prevented through more proactive care—for example, when a patient with diabetes ends up getting an amputation because of uncontrolled blood sugar.

Unfortunately, PACs remain all too common in the U.S. health care system. In analyzing large sets of national claims data, the PROMETHEUS Payment team found that up to 40 cents of every dollar spent on chronic conditions and 15 to 20 cents of every dollar spent on acute hospitalization and procedures are attributable to PACs. All told, PACs amount to hundreds of billions of dollars for less than optimal care and represent a substantial opportunity for improving patient care and reducing total cost of care.

Under PROMETHEUS Payment, the incentive for providers to act on and reduce PACs comes directly from the savings found in reducing them. A PAC allowance is calculated for and included in each ECR. This amounts to 50% of dollars spent today on these conditions. Should complications occur, this portion of the budget serves to offset the actual costs of the corrective treatment. But if providers can reduce or eliminate PACs, they can keep the entire allowance as a bonus and significantly improve their margins per patient.

Conclusion

All together, the PROMETHEUS Payment model offers a realistic, rational and sustainable blueprint for a new health care payment system. It effectively promotes and regards high-quality, efficient, patient-centered care, providing common performance incentives for all parties and creating an environment where doing the right things for patients also allows providers and insurers to do well financially. Perhaps most importantly, it does this without introducing new costs or administrative burdens and without changing the way patients access care today. And it saves money. Even

(Continued on page 5)

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Cocktails and hors d'oeuvres

Please RSVP by email to dms@denvermedsociety.org or by phone to 303-377-1850.

DMS Caucus Discusses Recipes for Healthcare Reform

DMS Delegates and Alternates to the CMS House of Delegates met on June 2 to discuss current health care developments and craft policy recommendations for the House. The House of Delegates will meet in Breckenridge, September 11-13, during the CMS Annual Meeting, and all physicians are invited to attend. Working from the CMS Roadmap, DMS caucus members focused on three of the Roadmap's banner goals: health care reform, practice viability, and patient safety/liability.

Key positions and issues identified by participants follow. DMS members are invited to comment on these as well as offer their own perspectives and suggestions for policy resolutions to be submitted to the House in September.

Patient Safety/Liability

- * System change which severs the connection between accountability and compensation is necessary to achieve a learning environment in which patient safety can be fully addressed.
- * Defining the boundaries of medical practice v. other health care disciplines.
- * Change in the liability environment will have a direct impact on practice viability.



Bruce Madison, MD, Alan Synn, MD, and Louise McDonald, MD

Practice Viability

- * Medicaid reimbursement adequacy should be a priority in order for both practice viability and meaningful access to be maintained and enhanced.
- * Reasonable compensation for cognitive specialties, based on training, not specialty.
- * The most critical element for practice viability is the need for new models of health care delivery.

Health Care Reform

- * Denver physicians are committed to comprehensive system change.
- * Denver physicians are committed to universal coverage and access.
- * Colorado physicians need to develop a physician driven vision for system reform.
- * Physicians should drive discussions on developing and promoting new models of health care delivery while continuing to participate in efforts to address financing and other aspects of reform.
- * Support for sustainable models of primary care, including undergraduate and graduate medical training and funding, are essential parts of successful reform.
- * Colorado physicians should be aware of and informed about AMA positions taken regarding national reform efforts.
- * The Colorado Physician Congress on Health Care Reform must be responsive to federal timelines and proposals in order to having meaningful input with the Colorado congressional delegation.



Deb Parsons, MD, David Downs, MD, and Curtis Hagedorn, MD

Prometheus Payment

(Continued from page 2)

with a considerable increase in payment tied to PROMETHEUS Payment's scorecard, because of the enormous amount of money that is paid today for poor quality care and deficiencies, there would still be significant savings seen across the system.

As the nation explores ways to increase health care value and usher in meaningful changes in the way care is paid for, the PROMETHEUS Payment model offers a viable option for a future with better patient outcomes and greater cost effectiveness. More information can be obtained at the website: www.PrometheusPayment.org.

The Essential Elements of Prometheus Payment

1. Evidence-informed Case Rate (ECR)

- A comprehensive packaged budget for the treatment of an illness or condition that includes all covered services related to the care for that condition, as determined by tested, medically accepted, clinical practice guidelines.
- Covers payment for all the providers across all settings who would treat the patient for that condition (such as a hospital, physician, laboratory, pharmacy and rehabilitation facility).
- Is adjusted to take into account the severity and complexity of the individual patient's condition.

2. Provider quality scorecard

- A portion of the ECR payments is withheld and paid depending on the scores that providers and their clinical collaborators earn on individual quality scorecards.
- Includes a comprehensive mix of quality care metrics, such as: provider's performance in meeting clinical guidelines, positive patient outcomes, the avoidance of complications and patient satisfaction.
- Incentivizes clinical collaboration by making 30% of the score dependent on what others treating that patient for that condition have done.

3. Potentially avoidable complications (PAC) pool

- Potentially preventable deficiencies that occur in inpatient or outpatient care which cause harm yet could have been prevented through proactive care.
- Represent up to 40 cents of every dollar spent on chronic conditions, and up to 30 cents of every dollar spent on hospitalizations.
- A PAC allowance is calculated based on the ECR. It is paid out either to offset the costs when complications do occur or as bonuses to providers for avoiding them.

The DMS, in its on-going commitment to keeping its Young Physicians informed, not only prepares you for future changes (see companion article), but recognizes you also live in the here and now. To enhance your survival skills in today's environment the next meeting is a must.



Young Physicians Program

Marketing and Growing Your Practice

presented by

Marcia L. Brauchler, MPH
Physicians-Ally, Inc.

Thursday
September 17, 2009

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7:00 Dinner begins
7:30 Program starts

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for yourself and a guest by Sept. 14.

OPERATION MEDICAL LIBRARIES

While on military duty, American physicians and nurses were seeing firsthand the scarcity of resources in Iraq and Afghanistan. *Operation Medical Libraries* was born in an attempt to eliminate this disparity. In April of this year, your generosity assisted physicians from the United States Military to hand deliver clinical resources to clinicians in medical schools and hospitals.

Following the encouragement of DMS member, Dr. Jane Kano, the Denver Medical Library held a medical book drive to support these physicians in developing and war-torn parts of the world. Twenty boxes of medical texts and journals were carefully padded with surgical gloves (donated by P/SL), and sent away to military installations in the U.S. The use of the Army Post Office address lowered shipping costs, eliminated delays in customs, and helped to ensure that the people in need were the recipients of the materials.

Operation Medical Libraries is an ongoing project aimed at relieving shortages of books that have been banned due to years of censoring medical training or any publication having to do with the human body. If you have books collecting dust on your office shelves, please consider continuing this effort by sending them to those in need.

For more information on book donations, visit the *Operation Medical Libraries* website at: <http://opmedlibs.medalumni.ucla.edu/>



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The Denver Medical Society is committed to supporting members' practice viability. That's why we created the Physicians Practice Toolbox (www.physicianspracticetoolbox.com) and now the PPT Practice Viability Tip via email. The first Tip should have arrived in your Inbox recently and a new Tip will arrive every 4 weeks.

Our goal is to provide resources and information that help medical practices navigate the health care environment. The PPT Practice Viability Tip, a short email message, will contain timely information on topics vital to running a successful practice and links to additional helpful materials.

Please share the PPT Practice Viability Tip with your managers or send us your manager's email to add to our Tip email list. Visit www.physicianspracticetoolbox.com today; register for your free PPT membership and login to access no cost practice viability assessments and other tools.



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