The Leapfrog Group & Catalyst for Payment Reform: Early Elective Deliveries Webinar for Employers & Purchasers

February 21st, 2012

Hosted by:
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The Leapfrog Group

- Members include healthcare purchasers, large employers, and business coalitions
- Focus is on getting healthcare right and assisting purchasers and consumers in making good decisions regarding the purchase of healthcare
- Leapfrog supports full transparency of performance in healthcare delivery; both quality of care and efficiency of care
- One of the vehicles for achieving these goals is the Leapfrog Hospital Survey

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The Leapfrog Hospital Survey

- Serves interests of purchasers and consumers
- Is a dashboard of process, structural, and outcome measures that purchasers and consumers want and need
- Includes national measures not being publically reported anywhere else (i.e. early elective deliveries, ICU physician staffing, CPOE adoption, efficiency)
- The dashboard selection criteria include:
  - evidence base in peer reviewed literature
  - high impact on quality *without increasing costs*
  - harmonized with data hospitals already report to CMS, The Joint Commission, and other national and statewide organizations
- Provides public accountability and transparency of performance and drives behavior change in providers, purchasers, and consumers

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Details on Press Release on 2011 Early Elective Delivery Data

- National release on January 25, 2012
- Data in the national release reflected on the aggregated hospital performance on the measure
- Hospital-level data available at: www.leapfroggroup.org/tooearlydeliveries
- National partnership with: Childbirth Connection, Institute for Healthcare Improvement (IHI), and Catalyst for Payment Reform
- National plans (Aetna, Cigna, UnitedHealthcare, Wellpoint) also sending communications to expectant moms educating them about the safety implications of electively delivering their infant early, with a link to Leapfrog's data
- Also promoting March of Dimes website and materials

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Early Elective Delivery Measure

- Measure: The proportion of a hospital's newborns delivered with a gestational age between the 37th and 39th completed week, that were delivered electively
- Evidence reflects infants delivered before the 39th completed week of gestation have higher morbidity rates than those infants born at/after the 39th completed week of gestation
- Measure introduced to Leapfrog Hospital Survey in 2009
- 2011 measure fully aligned with Joint Commission perinatal measure specifications; some minor changes in exclusions for 2012.

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Results from 2011 Hospital Submissions

- Since we launched the 2011 survey on April 1, 2011, 757 hospitals have reported on the elective deliveries measure.
- Of those hospitals, 39% reported an elective delivery rate of 5% or less. This is up from only 30% of hospitals that were able to meet this target last year.
- 65% of hospitals that reported in 2010 and then again in 2011 reported a reduction in their rate of elective deliveries.
- The national average rate has improved from 17% in 2010 to 14% in 2011.
- We've seen some impressive improvements across states as well…a sample of states is on next slide..

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State Rates of Elective Delivery

State	*2010 Elective Delivery Rate*	*2011 Elective Delivery Rate*
Arizona	32.2%	**19.5%**
California	14.7%	**11.2%**
Florida	20.9%	**13.2%**
Illinois	17.7%	**13.7%**
Indiana	26.5%	**11.3%**
Massachusetts	14%	**9.6%**
Michigan	14.3%	**9.2%**
New Jersey	15.7%	**11.7%**
New York	22.8%	**19.8%**
Ohio	14.2%	**7.6%**
South Carolina	27.8%	**19.4%**
Tennessee	19.0%	**14.9%**

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For More Information

- For more information on The Leapfrog Group: www.leapfroggroup.org

- For information on hospital performance on the Leapfrog Hospital Survey Early Elective Delivery measure www.leapfroggroup.org/cp

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CATALYST FOR PAYMENT REFORM

Catalyzing Maternity Care Payment Reform Through Purchaser Leverage

February 21, 2012

CPR's Approach

Who We Are

A national independent organization led by large employers, with the active involvement of providers, health plans, consumers and labor groups working to improve health care quality and reduce costs by identifying and coordinating workable solutions to improve how we pay for health care in the U.S.

- 3M
- The Boeing Company
- CalPERS
- Capital One
- Carlson
- Delta Air Lines
- Dow
- eBay
- Equity Healthcare
- FedEx
- GE
- Group Insurance Commission, State of Massachusetts
- Intel
- Marriott
- Ohio Medicaid
- Ohio PERS
- Safeway
- US Foods
- Verizon
- Wal-Mart
- Xerox

Shared Agenda

Demand payments be designed to cut waste or reflective of performance

- Track progress with National Scorecard
- 20% by 2020

Leverage purchasers and create alignment

- Model health plan RFI questions and contracts and dialogue with plans
- Alignment with CMS, e.g. HHS Partnership for Patients

Implement Innovations

- Price transparency
- Reference or value pricing
- Maternity care payment

Purchasers Have a Catalyst Role to Play

Coordinated Purchaser Action

Leverage Purchaser Power: Critical Mass

- Shared vision - payment reform framework & principles
- Aligned employer agenda - short term wins, longer-term bold approaches
- Clear signals to plans – RFIs and contracts
- Toolkit for local action – Market Assessment, Action Briefs, etc.

Environment Conducive to Reform

- Direct dialogue with HHS for alignment and influence
- National Scorecard on Payment
- Compendium of Payment Reform Efforts – what works?
- Analyze and raise visibility of provider market power and cost shifting issues

Critical Mass Starts With Active Purchasers

CPR Toolkit developed to create shared understanding of opportunities and to encourage actions that leverage payment to improve value.

Payment Framework
- Help purchasers understand range of payment models and associated benefits and challenges

Action Briefs
- Outline steps to implement payment reforms and ways to mitigate potential unintended consequences

Market Assessment
- Identify opportunities based on market conditions, health plan capacity, and delivery system organization

Sourcing Tools
- Support purchaser initiatives though standardized RFI/RFP language and contract modules

SPECIAL INITIATIVES
- **Maternity Care Payment**
- **Value Pricing**
- **Price Transparency**

Plus, a National Scorecard to monitor the nation's progress

Disturbing Trends in Maternity Care

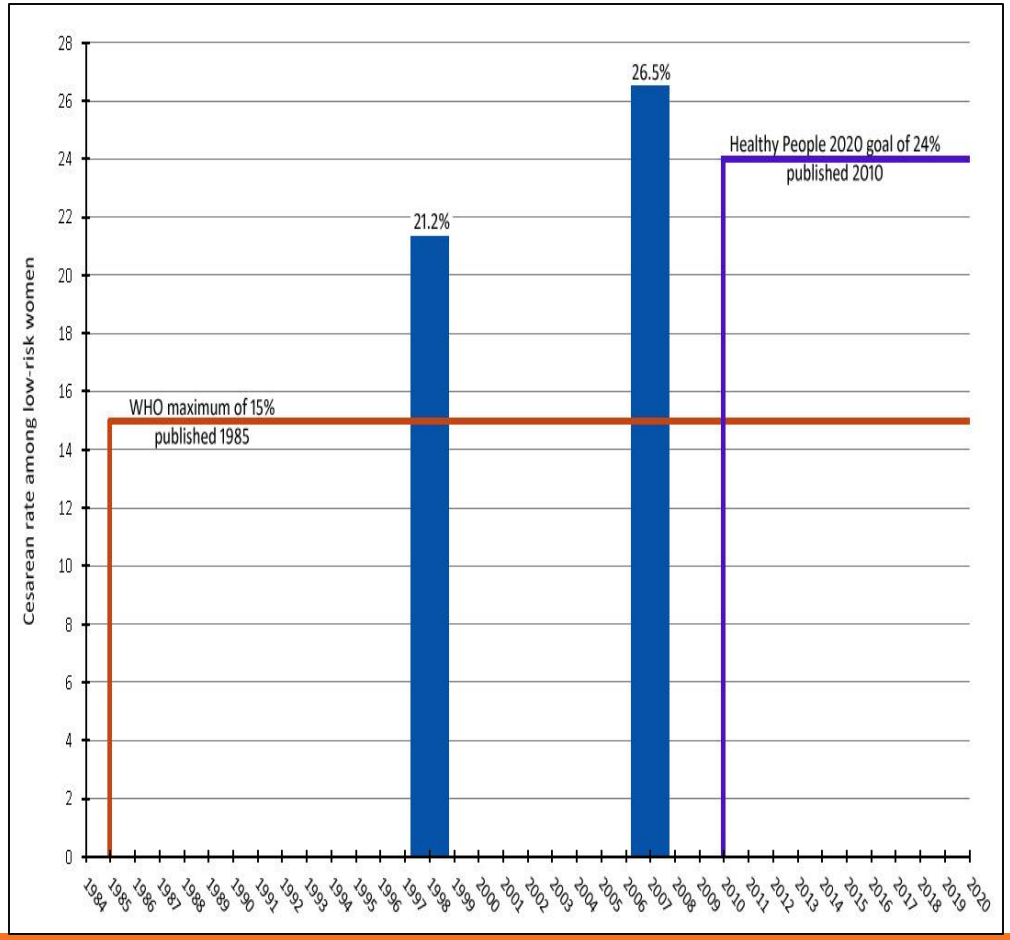
Unnecessary interventions are increasing costs and the incidence of complications among both mothers and babies, with no evidence of improved outcomes.

Delivery Trends

- Cesarean delivery rates for the privately insured have now risen to over 32% in the U.S. (up from less than 20% in 1996)
- Induced labor has doubled since 1990 to about 20% of all deliveries

Payment Trends

- Perverse incentives: *cesarean delivery reimbursement averages 50% more than that for spontaneous vaginal birth*



Partners in Taking Action

CPR is working alongside Leapfrog to support employers and other health care purchasers, as well as health plans, to encourage adherence to clinical guidelines through payment reform.

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Comparison of Early Elective Delivery Rates for Hospitals that Reported to Leapfrog's Hospital Survey in 2010 and 2011

Hospital	City	State	2010 Early Elective Newborn Delivery Rate (data as of 3/28/11)	2011 Early Elective Newborn Delivery Rate (data as of 12/31/11)	2011 Early Elective Delivery Rate is Lower Than 2010 Rate (lower is better)
Alaska Regional Hospital	Anchorage	AK	5.7%	>40%	No
Brookwood Medical Center	Birmingham	AL	23.1%	2.2%	Yes
Huntsville Hospital	Huntsville	AL	13.4%	12.0%	Yes
Banner Baywood Medical Center	Mesa	AZ	39.1%	12.0%	Yes
Banner Del E Webb Medical Center	Sun City West	AZ	>40%	17.5%	Yes
Banner Desert Medical Center	Mesa	AZ	31.8%	20.0%	Yes
Banner Estrella Medical Center	Phoenix	AZ	34.7%	35.1%	No
Banner Gateway Medical Center	Gilbert	AZ	38.6%	24.3%	Yes
Banner Good Samaritan Regional Medical Center	Phoenix	AZ	27.7%	14.0%	Yes
Banner Thunderbird Medical Center	Glendale	AZ	>40%	20.4%	Yes
Page Hospital	Page	AZ	22.0%	20.5%	Yes
Scottsdale Healthcare-Osborn	Scottsdale	AZ	24.8%	12.6%	Yes
Scottsdale Healthcare-Shea	Scottsdale	AZ	26.5%	10.8%	Yes
Yuma Regional Medical Center	Yuma	AZ	7.7%	12.5%	No
Alameda County Medical Center Highland Hospital	Oakland	CA	27.3%	11.2%	Yes
Banner Lassen Medical Center	Susanville	CA	21.6%	20.5%	Yes
California Pacific Medical Center - California Campus	San Francisco	CA	6.0%	20.4%	No
Cedars-Sinai Medical Center	Los Angeles	CA	16.8%	9.1%	Yes
Citrus Valley Health Partners Corporate And Queen Of The Valley Campus	West Covina	CA	40.0%	33.8%	Yes
Clovis Community Medical Center	Clovis	CA	>40%	36.0%	Yes
Community Hospital Of San Bernardino	San Bernardino	CA	0.0%	0.0%	Same
Desert Regional Medical Center	Palm Springs	CA	0.0%	0.0%	Same
Doctors Hospital Of Manteca	Manteca	CA	0.0%	7.6%	No
Doctors Medical Center Of Modesto	Modesto	CA	22.5%	24.6%	No
Dominican Hospital	Santa Cruz	CA	10.0%	11.0%	No
Foothill Presbyterian Hospital	Glendora	CA	28.0%	>40%	No

www.leapfroggroup.org

A Lower Rate of Early Elective Newborn Deliveries is Better

The Leapfrog Group's Hospital Rates of Early Scheduled Deliveries: measuring hospital's percentage of non-medically indicated (without a medical reason) births between 37 and 39 weeks gestation, that were delivered by caesarean section or induction

Moving Understanding to Action: Maternity Care Payment Action Brief

- Use health plan RFI & contract language
- Remove perverse incentives for intervention in labor and delivery
- Push for hard stop policies on elective births <39 weeks
- Include maternity metrics in P4P contracts
- Educate consumers, doctors and hospitals
- Credential midwives
- Stand by your plan
- Implement benefit design and shared decision making tools that support smart choices

CATALYST FOR PAYMENT REFORM

Maternity Care Payment

ActionBrief

Labor and delivery account for nearly a quarter of all hospitalizations for many employers,[1] and costs associated with pregnancy and its complications are a driving factor in the rising costs of health care. Cesarean deliveries, elective labor inductions and scheduled deliveries before 39 weeks are also the rise. The growing use of medically unnecessary interventions is increasing costs and the incidence of complications among mothers and babies, with no evidence of improved outcomes.

MATERNITY CARE PRACTICE IS MOVING AWAY FROM THE EVIDENCE

Maternity practices that were developed to treat specific problems are now applied routinely to all pregnant women regardless of their risk, and many obstetrical practices have become standard without scientific evaluation of their effectiveness.[2] As a result, medically unnecessary interventions, such as elective cesarean deliveries, episiotomy and electronic fetal monitoring, are increasing the cost of maternity care and worsening the health outcomes of both infants and mothers. However, many less-invasive approaches, such as continuous labor support, nonsupine positions for giving birth, delayed cord clamping, and vaginal birth after cesarean (VBAC), continue to be underutilized.[3] The areas of greatest concern in the growing gap between evidence-based practice and current US practice patterns are the increasing rates of preterm births, cesarean delivery, and elective induction.

WHAT IS DRIVING THESE TRENDS?

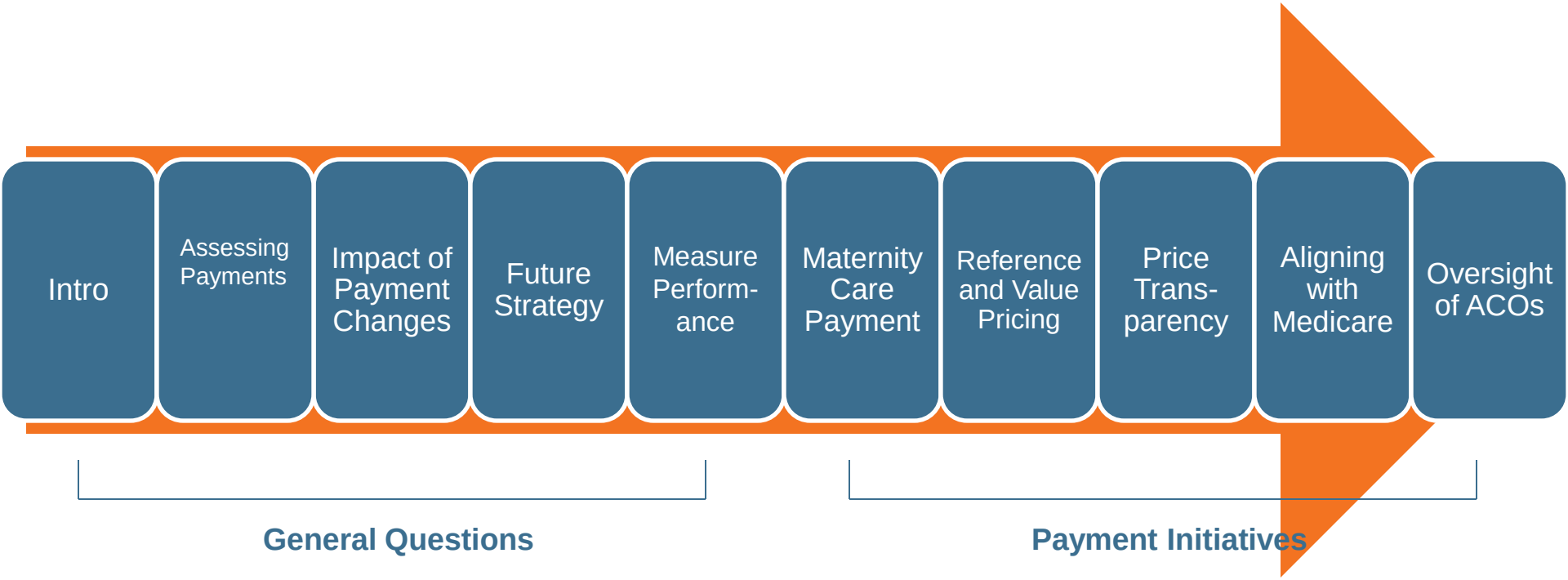
This trend is driven by both expectant mothers and providers.[4] Expectant mothers sometimes request deliveries at convenient times, and the use of anesthesia, which has increased, has been shown in some cases to interfere with the progression of labor.[5] While there have been recent efforts to educate pregnant women about the potential risks of elective pre-term delivery and elective inductions and cesareans, many women may not be aware of the added risks of intervention.

In addition, the current fee-for-service payment mechanisms for labor and delivery create incentives for hospitals to perform complex, costly procedures. In the most recent comprehensive report on evidence-based maternity care, the "perverse incentives of payment systems" are listed as one of the pervasive barriers to evidence-based care.[6] Hospitals are generally paid a case rate for vaginal and cesarean deliveries, with provisions for

Maternity Care Payment | 1

CPR Action Briefs detail options & steps purchasers can take toward positive reforms

Health Plan Sourcing Tools: RFI Questions



RFI developed through a comprehensive, well-vetted and multi-stakeholder process

Distribution of the RFI is made possible through the support of Aetna Inc. and the Aetna Foundation.

RFI Questions: Maternity Care Payment

- The incidence/rate of and use of performance measures on:
  - ✓Cesarean delivery
  - ✓Births electively induced prior to 39 weeks
  - ✓Vaginal births after cesarean delivery, etc.
- Strategies employed to address the rising rate of cesarean deliveries and inductions
  - ✓Payment
    - Bundled payment
    - Blended payment for cesarean and vaginal deliveries
    - Payment incentives or penalties
    - Payment to midwives
  - ✓Education
  - ✓Policy

Health Plan Sourcing Tools: Model Contract Language

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Leading Employer Group Releases Model Contract to Help Employers Spur Health Plans to Reform Payment

First-of-its-kind tool unites employers and other health care purchasers around shared goal to make 20% of health care payments based on value by 2020, a dramatic increase from today

SAN FRANCISCO – January 12, 2012 – Today, Catalyst for Payment Reform (CPR), an independent non-profit pushing for better value in health care, released a first-of-its-kind tool to help employers and other health care purchasers enter into contracts with their health plans in ways that will drive payment reform. The model contract highlights immediate opportunities to reform how health plans pay doctors and hospitals. Together with CPR's health plan RFI (request for information) questions on payment reform, which purchasers use for selecting health plans, the contract language outlines bold purchaser expectations for progress on payment reform by their contracted plans or third party administrators. Expectations include advancement toward: value-oriented payment; quality and price transparency; comprehensive consumer decision-support tools; and monitoring of the level of competition among providers.

The rising costs and variable quality that plague health care in this country are often the direct result of a system that largely pays for health care services based on volume, not value. Today only about 1% of private-sector payments to doctors and hospitals reflect their performance. Sending a strong signal to reduce unwarranted payment variation among contracted providers, the contract language sets requirements to implement strategies now to make 20% of aggregate net payments to providers value-

- Outlines purchaser expectations
- For use during renewals or as addendum
- Focuses on value-oriented payment, transparency, provider competition and consumerism

Model Contract Language: Maternity Care Payment Provisions

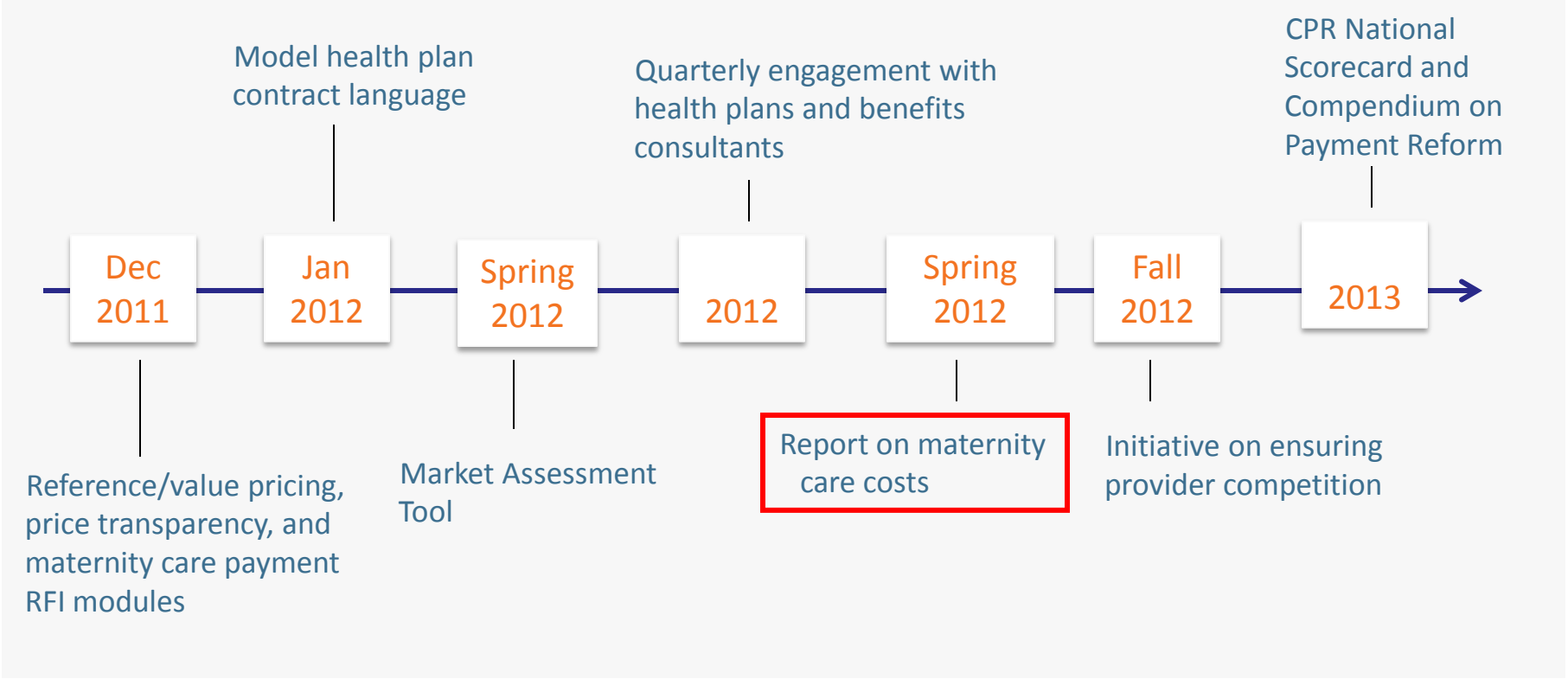
Administrators must:

- Remove the established financial incentives for medically unnecessary intervention in labor and delivery
- Measure and report results
- Educate network about what constitutes high-quality, safe, cost-effective maternity care
- If successful, consider applying payment approach to other areas where care is not evidence-based

Aligning Incentives to the Evidence: Examples of Payment Alternatives

- Financial incentives to eliminate elective deliveries <39 weeks
  - Creating a “do not pay” policy for elective deliveries prior to 39 weeks
- Blended payment for delivery
  - Providing one case rate for delivery, regardless of mode, removes the financial incentives for unnecessary intervention in delivery
- New bundled payments for pregnancy
  - Option 1: Bundle the hospital birth payment *and* the professional (obstetrician or midwife) fee for labor and delivery into a single payment
  - Option 2: Bundle the hospital delivery payment for both *mother and infant* into a single payment
  - Option 3: A comprehensive, single bundled payment for a maternity care “episode”

More to Come


Dec 2011
Jan 2012
Spring 2012
2012
Spring 2012
Fall 2012
2013
Model health plan contract language
Quarterly engagement with health plans and benefits consultants
CPR National Scorecard and Compendium on Payment Reform
Reference/value pricing, price transparency, and maternity care payment RFI modules
Market Assessment Tool
Report on maternity care costs
Initiative on ensuring provider competition

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