



INNOVATIVE DELIVERY SYSTEM REFORM

Reining in rising health costs and improving quality hinges on doctors, hospitals, and other providers working together to ensure that they provide the right care to the right patient at the right time. Rather than rewarding the *quantity* of care, payment systems must be modernized to reward high *quality* care. Realigning payment incentives will reduce waste, slow the growth of health care costs, and improve Americans' health. Affordable Health Care for America Act contains multiple provisions to reform the health care delivery system.

PROMOTING ACCOUNTABLE CARE ORGANIZATIONS

An “accountable care organization” (ACO) is an organized group of physicians who are rewarded for providing high quality care at low cost over a sustained period of time. Section 1301 directs the Secretary to establish a comprehensive ACO pilot program and authorizes the continued expansion of the program where it proves successful in improving quality and keeping costs under control.

PROMOTING PAYMENT BUNDLING

Hospital and physician incentives can be restructured by paying a lump sum for an episode of care (“bundling” payments), rather than paying separately for each service provided. Section 1152 directs the Secretary to establish pilot programs to test the effectiveness of payment bundling across the nation in a wide array of settings so we can learn the best way to bundle payments to encourage efficiency and ensure quality. Successful arrangements could be expanded nationwide without further legislation.

REDUCING HOSPITAL READMISSIONS

Section 1151 uses new financial incentives to encourage hospitals and post-acute providers to undertake reforms needed to reduce *preventable* readmissions, which will improve care for beneficiaries and rein in unnecessary health care spending.

REWARDING HIGH-QUALITY AND EFFICIENT CARE

Section 1161 provides for increased payments to Medicare Advantage plans that demonstrate high quality of care in low-cost areas. Section 1123 increases Medicare rates by 5 percent in the areas of the country that provide the most efficient care.

PROMOTING THE PATIENT-CENTERED “MEDICAL HOME” MODEL

Section 1302 directs the Secretary to establish a pilot program that reimburses providers who give comprehensive care-coordination to patients with chronic illnesses. Patient-centered medical homes provide incentives that will encourage an integrated approach to continuous care. The Secretary is authorized to expand the medical home concept if it proves effective in improving quality of care and holding down costs.

PROMOTING PRIMARY CARE

Primary care providers can provide lower cost and higher quality care for many ailments. Section 1303 increases payment rates for primary care physicians by 5 percent and provides an additional 5 percent

payment increase for primary care physicians in health professional shortage areas. Section 2212 expands scholarships and Section 2211 creates a new loan repayment program to train more primary care physicians. Section 2201 builds on expansions to the National Health Service Corps to get more physicians to health shortage areas, and this expansion in the Corps could eliminate 40 percent of the current estimated deficit in primary care providers. Sections 1501 redistributes unused residency slots to programs that agree to train more primary care physicians. Sections 1502 and 1503 encourage more training of primary care medical residents and promote the training of practitioners in the outpatient setting, where most primary care is delivered.

DISCLOSING FINANCIAL RELATIONSHIPS

Section 1451 reflects MedPAC recommendations that all manufacturers of drugs and devices should report their financial relationships with health entities, including physicians, pharmacies, hospitals, and other organizations. MedPAC has concluded that such relationships can create a conflict of interest, which can lead to increased spending and suboptimal patient care.

UPDATED PAYMENT RATES

MedPAC has identified areas of overpayment to skilled nursing facilities, inpatient rehabilitation facilities, and home health care providers. Sections 1101, 1102, and 1154 adopt these payment changes to ensure appropriate and adequate programs. Sections 1103, 1131 and 1155 embrace the President's recommendation to adjust payments to reflect increased productivity in the health sector.

HEALTHCARE ASSOCIATED INFECTIONS

Section 1461 requires that hospitals and ambulatory surgical centers report public health information on healthcare associated infections to the Secretary of Health and Human Services which will improve the quality of care for hospitalized patients. Section 1751 expands to Medicaid the current Medicare policy of denying payment for certain healthcare associated infections.

MORE AND BETTER HEALTH CARE DATA

The transition to a more efficient, higher-quality health care system begins with getting more data about the clinical effectiveness of medical procedures. Section 1401 invests \$2.9 billion in comparative effectiveness research. Sections 1124, 1441, 1443, 1444, and 1145 expand physician and hospital reporting of quality measures. Section 2571 creates a registry to track the use of medical devices. Section 1442 directs the Secretary to develop improved measures of health care quality. Section 2402 creates the Assistant Secretary for Health Information to provide for ongoing monitoring and reporting on critical population health data.

DEVELOPING NEW INNOVATIVE PRACTICES TO IMPROVE CARE

Section 1907 establishes a new Center for Medicare and Medicaid Innovation that will test approaches for improving quality and reducing costs while expanding those that work. Section 2401 creates the Center for Quality Improvement at the Agency for Healthcare Quality and Research in order to identify existing best practices, develop new best practices, and disseminate successful models around the country.

PROMOTING "SHARED DECISIONMAKING"

There is evidence that providing patients with more information about the risk and benefits of treatment options can help keep health care costs down, and ensures that patients are fully involved in the care they receive. Section 1236 directs the Secretary to establish a demonstration program to evaluate the benefits of having doctors spend more time consulting with their patients about various treatment options.