

Igniting Health Care Payment Reform

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Prometheus Payment[®], Inc. tests a bold, new method of paying providers for high-quality health care

How much does health care really cost? And what does society get in return?

These seemingly simple questions have been, in practical application, nearly impossible to answer. Health care costs vary greatly in the United States, and rising health care costs rarely signal either high-quality or positive outcomes. In many ways, the concepts of cost, quality and “value,” as they relate to health care, together comprise an impenetrable black box—not something for mere mortals to understand.

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Michael W. Painter, JD, MD
Senior program officer, Robert Wood Johnson Foundation

A new model for health care payment could change that. The PROMETHEUS Payment[®] approach seeks to promote and reward high-quality, efficient, patient-centered health care by using a novel method to pay hospitals and physicians and other providers.

It would establish common incentives for all parties, creating an environment in which doing the right clinical things for patients would also allow providers and insurers to do well financially. It carries three simultaneous goals:

- Improve health care quality and value;
- Lower providers’ administrative burden; and
- Pay providers fairly for what science says should be done to treat a patient for a given condition.

The PROMETHEUS Payment[®] Design Team convened experts from a variety of perspectives—including health care providers and purchasers—to develop an actual blueprint for a different payment system. Their approach recognizes that many groups have a vested interest in reforming the system, but that changes in payment can only succeed if these disparate parties work together.

It’s a project that is badly needed. Health care costs continue to climb at approximately double the rate of general inflation, and nobody can definitively explain why. Worse, improvements in health care quality have not kept up with increases in costs. The result is that hundreds of national, regional and local initiatives are seeking to improve the quality, safety and financial viability of health care. While many of these initiatives show real promise, the PROMETHEUS Payment[®] system seeks to bring coherence to them. The PROMETHEUS Payment[®] model explicitly ties payment to clinical guidelines and outcomes, which by necessity requires tight coordination among an entire care team.



Robert Wood Johnson Foundation



HOW PROMETHEUS PAYMENT® WORKS

The initiative takes its inspiration from the myth of Prometheus, the Greek deity credited with bestowing fire to humans. According to the legend, this was done against Zeus’ wishes; it took a direct challenge to his omnipotence to bring light to humankind.

Similarly, PROMETHEUS Payment®, Inc. seeks to ignite health care payment reform by challenging the way providers and insurers currently conduct business. Stepping beyond the “pay for performance” model of change, the PROMETHEUS Payment® approach visualizes individualized, patient-centric care that fairly rewards providers for promoting high-quality and efficient care.

The model starts with commonly accepted clinical practice guidelines—CPGs—the tested, medically accepted method for best treating an illness or condition. It then calculates what it would cost if CPGs were explicitly followed to treat a patient for the condition addressed, taking into account all of the providers that would treat the patient for that condition (such as a hospital, a physician, laboratory, pharmacy and a rehabilitation facility). That calculation forms the basis of an Evidence-informed Case Rate™ (ECR)—the total amount that is paid to all providers for a particular condition. ECRs are then adjusted to take into account the severity and complexity of the patient’s clinical condition. Financial margins are added to complete the rate. Providers would declare and negotiate which portions of the case rate they agree to deliver, and at what price.

“The idea is to establish a transparent, fair and equitable price,” says Francois de Brantes, leader of the PROMETHEUS Payment® design team. “It’s not a simple process—or a simple price—because care is a complicated thing, but if we’re doing this right, we will create an ECR that is patient-specific, built on a model for how care should be delivered and reflective of the actual care process.”

The fully defined ECR is a layered episode of care. It starts with a base—a minimum level of service for “uncomplicated” care, consistent with what the evidence suggests is good practice for that care. Then, above the base, there is a severity adjustment—to account for potential complicating factors—and a margin, to give providers a financial incentive to adhere to the standard of care. Finally, there is a “withhold”—a portion of the total payment that is held back, then paid, once it is established how a provider performs on a “scorecard” of quality metrics.

“The PROMETHEUS Payment® approach gives every clinic, hospital and physician an incentive to do business with the right counterpart and gives all of them an incentive to collaborate,” says health care attorney Alice G. Gosfield, chairman of the PROMETHEUS Payment®, Inc. board. “It requires everybody in the health care system to be explicit about who is doing what, where, when—and why— so that patients get the right care, and they all get paid a fair, equitable rate for science-based care.”

Launching in Diverse Communities

The Robert Wood Johnson Foundation (RWJF) is helping to fast-forward the PROMETHEUS Payment® approach from concept to reality. A \$6.4 million commitment from RWJF is allowing PROMETHEUS Payment®, Inc.—a tax exempt entity—to expand and test its model in pilot communities.

“Multiple initiatives around the country are all focused on the same goal, which is to improve the quality of health care that is delivered to patients,” says Michael W. Painter, JD, MD, senior program officer for RWJF. “We’re interested in this project in particular because it rationalizes the relationship between health care and payment, while ensuring that care is based on the best available science and focused on the needs of the individual patient.”

RWJF is supporting four main activities that will allow PROMETHEUS to:

- 1 Expand on its starter set of Evidence-informed Case Rates™ (ECRs)—the total amount that will be paid to all providers who collectively treat a particular condition for a particular patient, in accordance with the current best practices. These ECRs will give patients and payors a predictable measure of costs and are generous and flexible enough to give providers a clear incentive to improve care.



- 2 Develop a PROMETHEUS Payment® Scorecard—a public report that will contain comprehensive information for consumers and physicians, providers and payors on performance and price, which will substantially increase transparency in health care.
- 3 Implement and test the model in four pilot communities.
- 4 Assess the impact of the model in these communities by external evaluators.

“Developing this model and making it operational has been a significant undertaking, but PROMETHEUS Payment® is now unchained and ready for implementation,” said Francois de Brantes, leader of the PROMETHEUS Payment® design team. “We’ve assembled an expert team that is fully capable of putting our concept into practice in the pilot sites. We expect to be operational, albeit at an introductory level, within six months.”

The project has already named Rockford, Ill. and Minneapolis as pilot sites, with at least two others to be named in the near future. In Rockford, a coalition of local employers will test the model working directly with local providers. In Minnesota, employers, health plans and providers are involved in a full-scale test of PROMETHEUS in action. “Willing plans and eager providers will make the PROMETHEUS Payment® approach a success,” says Gosfield.

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Francois de Brantes
 Leader of the PROMETHEUS design team
 National Coordinator; Bridges to Excellence

PROMETHEUS Payment® Inc. has contracted with Innovative Resource for Payers (IRP) a private corporation, to design and operate the ECR™ Tracker, the project’s tracking engine. Leveraging its existing Claimshop® system, IRP will organize data from health plans and providers participating in the pilot and use these data to power the PROMETHEUS Scorecard.

“We are extremely proud to be part of the team that PROMETHEUS has assembled for this work,” said Painter. “This project has the potential to orient the health care payment to the patient’s perspective and could become a powerful tool to help people choose high-value health care.”

For more information on the PROMETHEUS payment system, visit www.prometheuspayers.org.

A WAY TO MANAGE COSTS & IMPROVE QUALITY?

Keith Michl, MD, is a solo practicing internist based in Manchester, Vt. As a physician practicing for 24 years, Dr. Michl has seen the many ways health care can be paid for, including fee-for-service and capitation—where a fixed “per capita” amount is paid for each person treated—as well as reforms such as pay-for-performance.

“I was always struck by how unfair most payment systems could be—that they really didn’t do a good job of accounting for patient severity,” Dr. Michl said. “And then we would see clinical guidelines come out, and they were all well and good, but they didn’t really influence how care was actually delivered.” For Michl, as a physician, the appeal of PROMETHEUS Payment® lies in the way the ECR can adapt based on the severity of the case. It builds in potential costs for unexpected complications and the uniqueness of every patient. This would keep the provider from “cherry-picking” easier cases, he said.

Making sure all patients stand to benefit is also of high interest to Michael C. Riordan, president and CEO of Greenville Hospital System (S.C.). As the major provider of care in its community, the hospital system sees many of the most complicated cases—and is not in position to turn away the difficult ones. Because the PROMETHEUS Payment® system encourages providers and physicians to work together, it may spur disparate providers or even competitors to work together in ways they have not done to date.

“I believe the PROMETHEUS Payment® approach will drive quality through a reimbursement and reward structure, and that’s important,” Riordan said, “But another advantage is that it will drive community health planning within geographic regions, and that’s something that will benefit populations at-large, not just individual patients.”