

## Senate Finance Committee Unveils Delivery System Reform Options

Senate Finance Committee leaders Max Baucus (D-MT) and Charles Grassley (R-IA) late Tuesday unveiled a series of [health reform policy options](#) that aim to promote higher quality care by fostering better provider coordination and value-based purchasing throughout the provider community. The options also include investments in tools that would boost productivity and reduce prices as well as ways to make the Medicare Advantage (MA) program more efficient and combat fraud and waste in Medicare.

The options also suggest a need to boost reimbursement for primary care, eliminate conflict of interest associated with physician self-referral and fix the physician payment formula.

Wednesday, Finance senators and staff will “walk through” the policy options, allowing time for members who have not been working on the legislation to ask questions. Senators are also expected to discuss the options with Congressional Budget Office director Doug Elmendorf, with whom Baucus has said repeatedly he has been working to hash out ways health reforms could achieve a positive budget score. Already, CBO has signaled a willingness to relax a policy that did not it to score savings for investments aimed at boosting fraud and waste detection, Baucus said ([see related story](#)).

**Value-based purchasing.** The Finance document promotes payment reforms and options to establish value-based payment systems in the hospital, home health and skilled nursing facility industries. These include improvements to the physician quality reporting initiative, transparency and evidence-based decision making for imaging services, and quality reporting for inpatient rehab and long-term acute care facilities. The document also discusses the possibility of provider bonus payments for primary care physicians and general surgeons.

**Chronic disease management.** Better management of chronic disease has been under discussion for some time and the policy options include creation by CMS of a Chronic Care Management Innovation Center that would test and disseminate payment innovations that foster patient center care coordination for the costliest patients.

**Medicare Advantage reforms.** MA reforms suggested by the paper include options to link payment to quality and set benchmarks based on plan bids.

**Delivery system reform tools.** Tools that could enhance the delivery system include increased use of health information technology, comparative effectiveness and greater transparency.

**Physician workforce.** Several options for boosting the physician workforce --

including greater flexibility in training programs and redistributing unused graduate medical education slots to increase access to primary care physicians -- are also included.

**Fraud and abuse.** The committee also proposes a more robust effort to combat fraud and abuse. Options include implementing a screening process for Medicare provider and suppliers, creating a data base that would expand data-sharing capabilities across federal agencies and increasing certain penalties.

### **The 52-page set of options received quick kudos from some stakeholders.**

Chip Kahn, president of the Federation of American Hospitals (FAH), said the options move the nation one day closer to comprehensive health reform becoming a reality, and identify key building blocks that will help develop effective, durable delivery reforms. "The plan laudably includes a critical investment in a quality infrastructure that calls for partnership among consumers, employers, labor, patients, providers and payers (public and private alike); various efforts to promote preventive, primary and coordinated care, and the prospective elimination of self-referral and the conflict of interest which it breeds," he said.

**The reform options also drew early praise from the National Partnership for Women & Families.** Delivery system reform is critical to getting us to where we want to go, which is creating a quality-based affordable health care system for everyone -- but we can't get there without transformational changes, said Debra Ness, president of the group. She called the options a terrific starting point for the conversation on how to reach the shared goal.

The lawmakers' decision to float "options," she added, recognizes that there need to be multiple paths in play to reach health reform goals.

She applauded the focus on primary care, chronic care management, prevention and increased ability to address needs of highest risk, most-vulnerable patients who often fall in cracks and cost the most. She also praised the inclusion of alternate payment strategies that would move toward integrated and collaborative care and shared accountability. Plus, she applauded the document's call to expand incentives for health information technology beyond the physician's office as well as its focus on performance measures.

**One disappointment however was that there was not a permanent fix to the physician payment system.** "I think what they've done is create some room and time to learn about better models but that still looms," she said.

All in all, she said she was impressed. "I want to stand up and cheer," she said. "We're not all the way there, but this is a great starting point." -- *Amy Lotven* ([alotven@iwpnews.com](mailto:alotven@iwpnews.com))

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