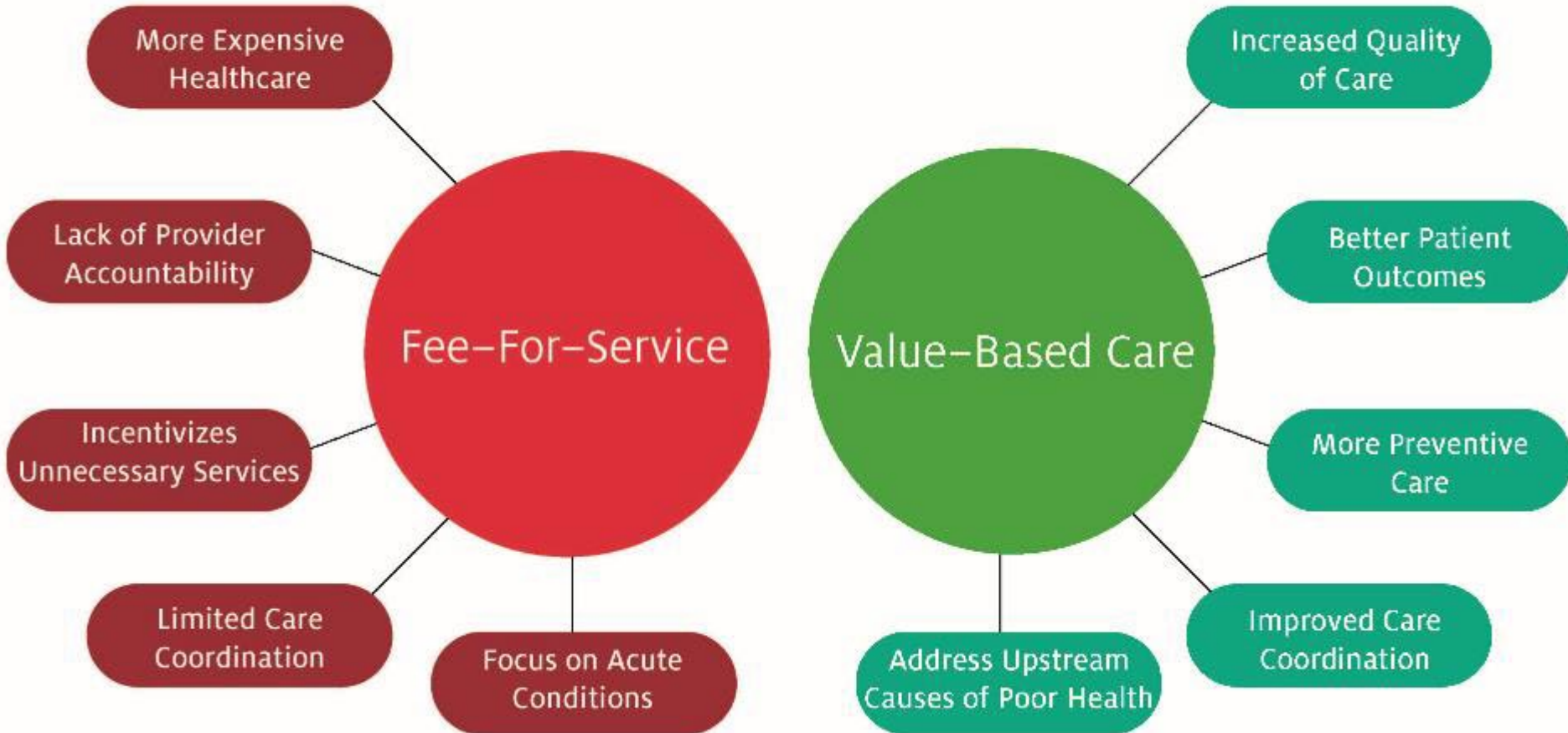


*WHY OUR MULTI-PAYER SYSTEM  
FRUSTRATES DELIVERY SYSTEM REFORM  
AND WHAT TO DO ABOUT IT*

## Changing Payment Incentives



**POLL**

# Administrative Complexity for Providers

## ***Management Challenges:***

- ❑ Resource-intensive
- ❑ Prioritizing performance measures
- ❑ Developing cohesive strategies
- ❑ Higher operating expenses

## ***Consequences:***

- ❑ Dissuades providers from participating in APMs
- ❑ Modest operational changes vs. transformative changes



*It's like 50 people shouting their priorities at you, and then trying to prioritize those into some semblance of order. (Physician Practice Manager)*

# Other Barriers to Practice Transformation



## Diluted and Conflicting Financial Incentives

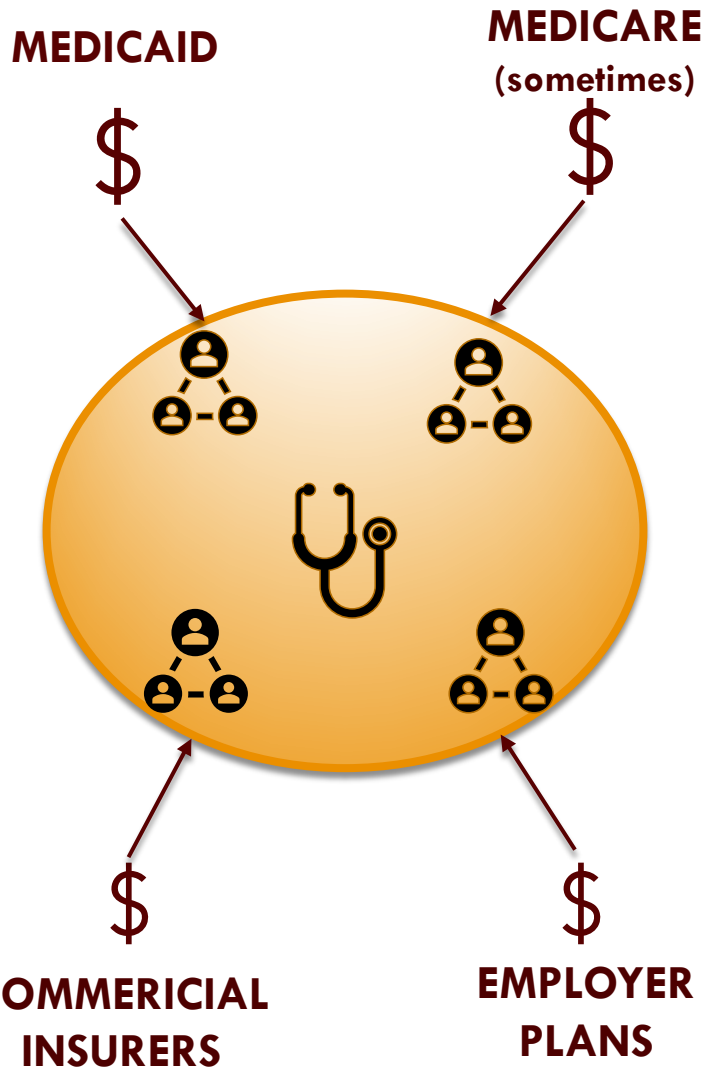
- *Low reward on investment*
  - ▣ Single payment model covers small % provider's patients
  - ▣ Financial rewards/revenue < practice transformation costs
- *FFS and APMs Conflict*
  - ▣ FFS rewards high volume/intensity
  - ▣ APMs reward lower utilization, whole person care

## Limited Payor Support for Provider Capacity Building

- *Practice transformation requires \$\$*
  - ▣ New staff
  - ▣ IT upgrades/data management
  - ▣ Quality improvement activities
- *Under-resourced providers need help from payers*
  - ▣ Funding
  - ▣ Guidance
  - ▣ Ongoing support
- *But payers not providing enough help*
  - ▣ Free rider concerns
  - ▣ Public payors' calculus focuses on their ROI

**POLL**

# Multi-Payer Alignment Initiatives (MPAIs)



- What are they?: Alignment of payer approaches and resources
  - *Top Down*: Federal or state law dictates payment model features
  - *Bottom-up*: Voluntary collaboration among payers (with input from provider & patient reps)
- Goal: Increase % of patients covered by same payment rules and incentives

# *Challenges Facing MPAs*

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- Culture of competition and mistrust
- Difficulties reaching consensus
  - ▣ Competing priorities and viewpoints
  - ▣ Slow process
- Power imbalances
- Payers' internal operational considerations
  - ▣ Invested in current approach
  - ▣ Prefer standardized approach across service areas
- Conflict between federal and state/regional MPAs
- Incomplete participation



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## IMPROVING MPAs: MORE FLEXIBILITY FROM CMS

- ❑ Co-develop MPAs with payers
- ❑ Develop APMs for wider mix of payers & patient populations
- ❑ Modify MPA approach to fit local circumstances & avoid conflict with state and regional MPAs
- ❑ Participate in state and regional MPAs



## IMPROVING MPAs: ERISA CARVEOUT FOR MPAs

*ERISA elevates the convenience of employers over state sovereignty and sacrifices the federalism benefits of states as engines of policy innovation.*

*Erin Fuse Brown &  
Elizabeth McCuskey (2020)*

- ❑ ERISA preemption means mandatory MPAs cannot reach self-insured employers
- ❑ Weak policy justifications for ERISA preemption
- ❑ States should be allowed to weigh higher employer costs (if any) against competing interests

# Alignment Through Single-Payer

## “Single-Payer”

- Government insurance plan
- Uniform payment approach for individual provider’s entire patient panel

## Benefits of Single-Payer:

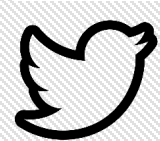
- Less administrative complexity
- Uniform payment incentives
- Strengthens case for provider capacity building
- Avoids problems that plague MPAs



# Thank you!



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