

# THE HEALTH INDUSTRY FORUM

2011 ANNUAL REPORT



THE HEALTH INDUSTRY  
**Forum**

*Informing innovative health care policy and practice*

## CHAIRMAN'S LETTER

# TO OUR MEMBERS



STUART ALTMAN, Ph.D.  
Chairman and professor,  
Brandeis University

In 2011, implementation of the Affordable Care Act (ACA) began in earnest. It was a year of significant change and uncertainty for the health care industry, as the Department of Health and Human Services (HHS) issued draft or final regulations for a wide range of programs, and two new entities created by the law — the Center for Medicare and Medicaid Innovation and the Patient Centered Outcomes Research Institute — began their work.

The Health Industry Forum engaged federal officials, industry leaders and policy experts in analyzing critical policy issues related to the ACA's implementation, including accountable care organizations, new Medicare-bundled payment programs, establishment of state health exchanges, and setting priorities for the new Patient Centered Outcomes Research Institute. The year was also notable for the growing Congressional debate over reducing the federal budget deficit. The Forum concluded its 2011 program with an in-depth analysis of the likely impact of future deficit reduction on the health care system.

We were fortunate that senior leaders from the Centers for Medicare & Medicaid Services (CMS), Department of Health and Human Services, and Patient Centered Outcomes Research Institute (PCORI) agreed to participate in our meetings this year. These included CMS Administrator Don Berwick; CMS Innovation Center Chief Rick Gilfillan; and PCORI Executive Director Joe Selby.

Successful health care reform and, indeed, creating a sustainable long-term path for the U.S. health care system will require significant contributions from the private sector. In keeping with this notion, the Forum highlighted the work of leading private-sector innovators in such areas as delivery system restructuring, health care benefit design and comparative effectiveness research. We are grateful to the Forum's members for their many contributions to this endeavor.

PRIMARY  
PROVIDED

**DESCRIPTION**

Office Visit  
Lab Work  
X-Rays / Abdominal  
Surgery  
Anesthesia  
Pathology  
Medical/Surgical Supplies  
Post-Op Care

\$

125.00  
225.00  
350.00  
7,500.00  
1.00

**TOTAL CLAIM**  
**PAYMENT DEPOSIT**  
**BALANCE DUE**



# I FORUMS

These invitation-only meetings provide an ideal venue for dialogue among diverse stakeholders and experts. We structure agendas to create time for open, interactive discussions. We are able to put together forums quickly in response to fast-breaking issues that can inform key policy debates. We also serve as a resource to federal officials by convening groups of industry leaders who provide informal feedback on key initiatives.

## **ACO Development: Policy Meets Reality (March 30, 2011)**

In anticipation of new proposed federal rules for accountable care organizations (released on March 31, 2011), this forum analyzed key policy and program design issues based on the experience of health systems participating in the physician group practice (PGP) demonstration. Participants analyzed the impact of existing PGP rules related to patient attribution, risk adjustment and shared savings formulas and made recommendations for improvements that should be incorporated in the new Medicare Shared Savings Program. Several health systems discussed the opportunities and challenges presented by these new programs within their local markets, and stakeholders debated the potential for savings under this new model for health service delivery.

## **Episode Payment: Private Innovation and Opportunities for Medicare (May 17, 2011)**

The Health Industry Forum hosted this meeting to contribute to the efforts of the Center for Medicare and Medicaid Innovation to develop new episode payment pilot programs. Innovation Center Chief Rick Gilfillan and his care models team began the meeting by establishing broad goals for the new pilot programs. Four different panels then described private sector episode payment initiatives in various stages of implementation. The goal of these panels was identifying real-life lessons about design and implementation that would help guide Medicare program development. The group then synthesized recommendations for the Innovation Center to consider in its efforts to design episode payment programs that are feasible, sustainable and scalable.

## **Where Do We Go From Here? The Future of Health Reform (May 23–25, 2011)**

*Co-Sponsored by the Council on Health Care Economics*

The 18th Annual Princeton Conference focused on the future of health care reform and the many implications of the Affordable Care Act (ACA). Panelists during this two-day meeting included HHS senior administration officials Donald Berwick, Sherry A. Glied, Michael Hash and David Blumenthal, as well as veterans of past health care reform battles and private health system leaders. Panelists looked at historical efforts to enact comprehensive health reform and lessons that shaped the Obama administration's approach to passing the legislation.

Those who opposed this legislation weighed in with their own perspectives. Several panels looked at the implementation of the ACA, with an examination of insurance regulations, state health exchanges, Medicaid expansion, ACOs, the Innovation Center and more. Looking beyond implementation, panels discussed the potential impact of the ACA on health care spending and examined strategies to constrain the growth of health care costs. Panels also looked at how health reform will affect the quality of health care, new payment reforms and how the delivery system can provide more coordinated care.

#### **The Evolution of State Health Insurance Exchanges (July 13, 2011)**

*Co-Sponsored by the Kaiser Permanente Institute for Health Policy*

This forum examined the Accountable Care Act's requirement that states establish health insurance exchanges by 2014 in order to extend coverage to the uninsured and expand insurance choices for individuals and small businesses. It began by examining the potential impact of exchanges on health insurance plans' business practices and products. It then discussed the approaches to exchange development taken by three different states: California, Maryland and Vermont. Finally, given the political pressure for changes to the ACA, this forum discussed potential avenues for compromise between Democrats and Republicans and potential changes that could improve states' ability to implement health insurance exchanges effectively.

#### **Advancing Comparative Effectiveness Research Under Health Care Reform (October 19, 2011)**

*Co-Sponsored by the National Pharmaceutical Council*

The Affordable Care Act provides significant long-term funding to expand the nation's capacity to produce comparative effectiveness research (CER) through a newly established Patient-Centered Outcomes Research Institute (PCORI). This forum began by examining how the goals of PCORI and health reform interact with real-world decision-making, guided by three case studies of comparative effectiveness research in action. Next, it convened a panel of "CER customers" — including providers and payers — to identify the characteristics of research likely to have meaningful impacts on decision making. In the final panel, pharmaceutical industry representatives discussed how the expanded focus on CER may affect industry business practices and future product development. The meeting concluded with an interactive discussion with PCORI's executive director, Joe Selby.



Medical Insurance Information

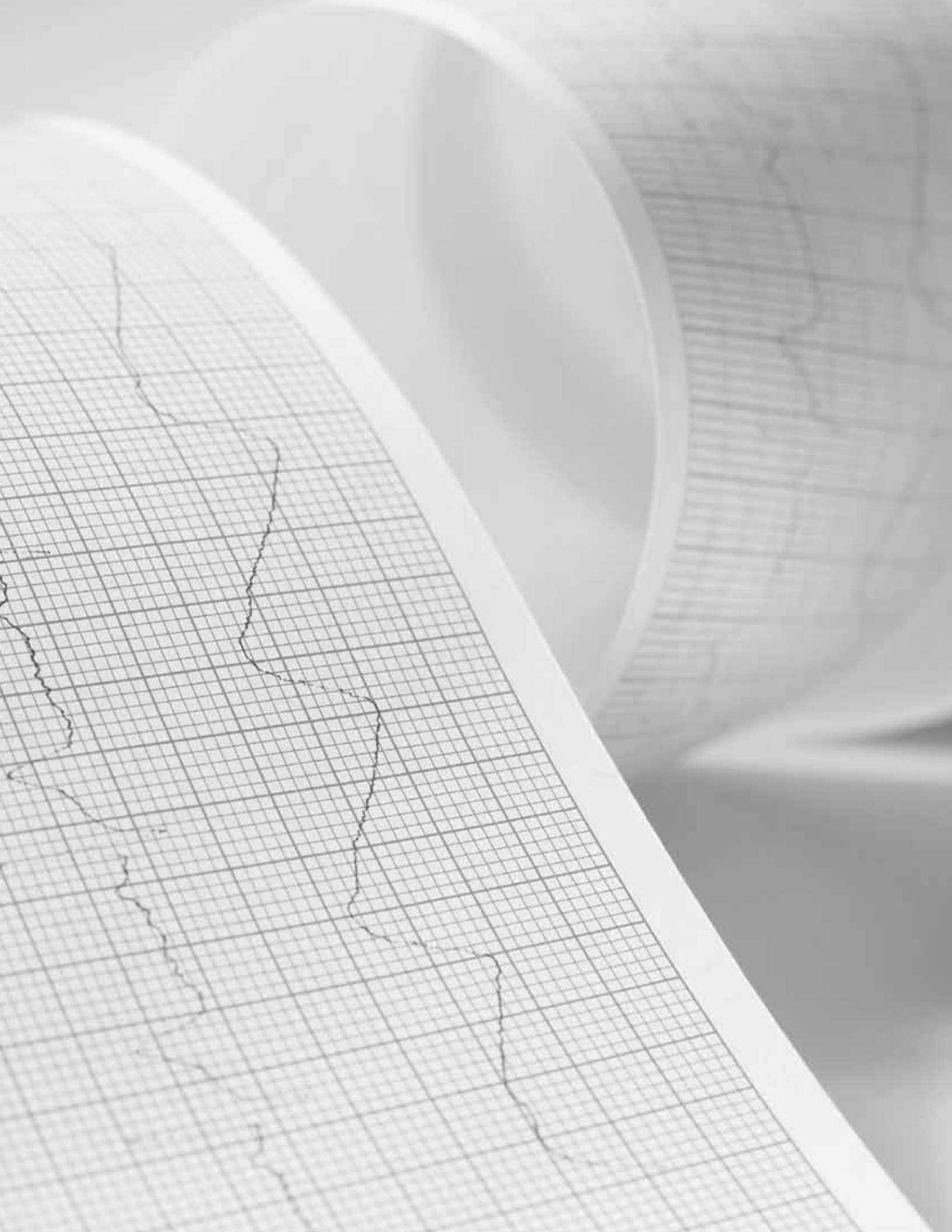
Relationship: ( )  
Cell: ( )  
Policy Number: ( )

Medical and evacuation insurance and to bring

Work: ( )

Relationship: ( )

Policy Number: ( )





## II SENIOR POLICY ROUNDTABLES

In addition to its regular meetings, the Health Industry Forum holds small senior policy roundtables in which the Forum's board and charter members meet with special guests to informally discuss key policy issues. We held two roundtables during 2011.

### **Accelerating Innovation in Health Care Payment and Delivery: A Conversation With CMMI Chief Rick Gilfillan (February 4, 2011)**

Dr. Gilfillan began the meeting with an overview of goals and objectives of the CMS Innovation Center. Invited guests then presented two case studies of health care innovation: the Blue Cross and Blue Shield of Massachusetts Alternative Quality Contract and the communitywide performance initiatives in Grand Junction, Colorado. The group then engaged Dr. Gilfillan in a discussion of lessons learned and strategies for diffusing these innovation models.

### **How Will Deficit Reduction Impact the Health Care System? (November 8, 2011)**

Washington policymakers have increasingly focused on reducing the deficit. Over the coming decades the primary source of projected growth in federal spending will come from increased Medicare and Medicaid spending. Accordingly, all of the major deficit reduction proposals released during the past year include significant federal health care spending cuts. Former CBO Director Robert Reischauer began the meeting with a review of the long-term budget outlook and the characteristics of recently introduced deficit reduction proposals. Former Aetna CEO Jack Rowe then discussed the potential long-run impact of significant deficit reduction on the health insurance industry, including the industry's likely future investment in core and related health care businesses.



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## III PUBLICATIONS

One of the year's highlights was the publication of the much-anticipated new book "Power, Politics and Universal Health Care: The Inside Story of a Century-Long Battle" by Stuart Altman and David Shactman. In addition, the Health Industry Forum's staff published numerous papers in peer-reviewed journals, and our conference reports were distributed to more than 1,400 individuals.

### Peer-Reviewed Journal Articles

Robert Mechanic, Palmira Santos, Bruce Landon, Michael Chernew, "Medical Group Responses to Global Payment: Early Lessons From the Alternative Quality Contract in Massachusetts," *Health Affairs*, September 2011.

Robert Mechanic, "Opportunities and Challenges for Episode-Based Payments," *New England Journal of Medicine*, August 25, 2011.

Zuiri Song, Dana Gelb Safran, Bruce Landon, Yulei He, Randall Ellis, Robert Mechanic, Matthew Day, Michael Chernew. "Health Care Spending and Quality in Year 1 of the Alternative Quality Contract," *New England Journal of Medicine*, July 14, 2011.

Michael Chernew, Robert Mechanic, Bruce Landon, Dana Gelb Safran, "Private Payer Innovation in Massachusetts: The Alternative Quality Contract," *Health Affairs*, January 2011.

Darren Zinner, Catherine DesRoches, Bristol SJ, Clarridge B, Campbell EG, 2010, "Tightening Conflict-of-Interest Policies: The Impact of 2005 Ethics Rules at the NIH" *Academic Medicine*, 85(11):1685-1691, November 2010.

### Editorials

Stuart Altman, "Obama and Romney Health Plans: Both Borrowed From Richard Nixon," *Special to CNN*, October 25, 2011.

Stuart Altman and Robert Mechanic, "Advice to the Governor: Tough Medicine," *CommonWealth magazine*, October 19, 2010.



## Conference Reports

Health Industry Forum Conference Report, “Advancing Comparative Effectiveness Research Under Health Care Reform,” October 19, 2011, <http://healthforum.brandeis.edu>.

Health Industry Forum Conference Report, “The Evolution of State Health Insurance Exchanges,” July 13, 2011, <http://healthforum.brandeis.edu>.

Health Industry Forum Conference Report, “Episode Payment: Private Innovation and Opportunities for Medicare,” May 17, 2011, <http://healthforum.brandeis.edu>.

Health Industry Forum Conference Report, “ACO Development: Policy Meets Reality,” March 30, 2011, <http://healthforum.brandeis.edu>.

## Media

On November 26, 2011, Stuart Altman discussed presidential politics in The Boston Globe: “Romney’s Medicare plan short on details.”

On November 4, 2011, Stuart Altman talked about a new plan for slowing the growth in health care spending in The Boston Globe: “Proposal may reduce health cost increases.”

On November 3, 2011, Stuart Altman discussed his new book “Power, Politics and Universal Health Care: The Inside Story of a Century Long Battle” on WBUR’s Radio Boston.

On October 17, 2011, Stuart Altman discussed the Massachusetts model for global payments in The New York Times: “Massachusetts Tries to Rein In Its Health Costs.”

On August 22, 2011, Stuart Altman was again selected as one of Modern Healthcare’s 100 Most Powerful People in Healthcare for 2011.

On June 6, 2011, Stuart Altman discussed health spending in Time magazine: “Kevorkian Economics: Should People Be Allowed to End Their Lives to Save Money?”

On April 11, 2011, Stuart Altman talked about health care and the presidential election in the Boston Herald: “Romneycare still bone of contention.”

On March 13, 2011, Stuart Altman discussed health care spending in The Boston Globe: “Pay may be hot issue, but other factors push harder on health costs.”

On February 20, 2011, Rob Mechanic discussed the drive to move Massachusetts to a global health care payment system, on New England Cable News This Week in Business.





## IV RESEARCH PROJECTS AND PARTNERSHIPS

The Health Industry Forum staff, in collaboration with colleagues at Brandeis University and research partners, are working on a range of projects analyzing new health care payment models, delivery system reforms and quality improvement initiatives.

### **Analytic Support for CMS Bundled Payment for Care Improvement Program**

Brandeis University, in partnership with the Geisinger Health System, is supporting approximately 50 hospitals in preparation for Medicare's new Bundled Payment for Care Improvement Program. Brandeis is designing episodes in collaboration with participating institutions and generating analytic reports to help hospitals identify areas for improving quality and efficiency.

### **Survey of Risk Contracting and Physician Compensation in Organized Medical Groups**

Brandeis University conducted a survey of 28 organized delivery systems in collaboration with Kaiser Permanente and the Council of Accountable Physician Practices documenting the prevalence of alternative (non-fee-for-service) payment contracts and the extent to which organizations have modified their internal business practices to match these incentives. This Commonwealth Fund-supported study also interviewed senior executives to understand their interest in expanding alternative payment contracts in the future and their principal strategies for managing health care spending and improving quality.

### **Phase II Evaluation of the Alternative Quality Contract**

Brandeis University is preparing to conduct a second evaluation of the organizations participating in the Blue Cross Blue Shield of Massachusetts Alternative Quality Contract. Results from the initial evaluation of this five-year contract were published in Health Affairs and the New England Journal of Medicine. The second phase will assess medical groups' perceptions of the success of the initial performance improvement strategies and the extent to which they have modified or expanded these strategies through the contract's fourth year.

### **Evaluation of HHS Delivery System Reforms Under the Affordable Care Act**

Brandeis University is working on a project to provide Health and Human Services' assistant secretary for planning and evaluation with recommendations on a coordinated evaluation plan to tie results from the numerous Medicare, Medicaid and Dual Eligible delivery system reform initiatives and Affordable Care Act provisions into an overall model of health system change. The project involves developing a common set of organizational and market variables to utilize across projects, an analysis of data sources, and recommendations for a coordinated evaluation design.

### **Data Sharing and Withholding Among Academic Scientists**

Open data sharing is an important principle in the conduct of academic science. Failure to share data is believed to have negative effects on innovation and the efficiency of science, as well as the education of the next generation of scientists. In partnership with the Massachusetts General Hospital, this National Institutes of Health–funded study of data-sharing attitudes and practices will employ a large national survey of 3,000 academic life scientists.

### **Analytic and Evaluation Support for Ascension Health Patient Safety Initiative**

Brandeis University is supporting an Ascension Health project to implement and evaluate specific interventions to decrease birth trauma and reduce malpractice claims in five hospitals as part of an Agency for Healthcare Research and Quality Grant. Brandeis is responsible for the evaluation design, data analysis and generation of quarterly performance reports.

## V PRESENTATIONS

The Health Industry Forum staff discussed health care reform, payment policy and the evolution of delivery systems in a variety of venues.

Selected presentations included:

On October 24, 2011, Rob Mechanic presented “Medical Group Responses to Global Payment in Massachusetts” at the Medical Group Management Association Annual Meeting in Las Vegas, Nev.

On October 21, 2011, Stuart Altman presented “Health Care Providers and Insurers: Friends or Foes?” to the California Leadership Conference in Newport Beach, Calif.

On October 14, 2011, Rob Mechanic presented “Realizing the Value Proposition of Episode Payment” to the First National Bundled Payment Summit in Washington, D.C.

On October 13, 2011, Stuart Altman presented “Episode Payment: Private Innovation and Opportunities for Medicare and Medicaid” and “Realizing the Value Proposition of Episode Payment” to the First National Bundled Payment Summit in Washington, D.C.

On August 11, 2011, Darren Zinner presented “Can the Structure of Scientific Funding Affect Research Productivity and Innovation?” at the 2011 Academy of Management Annual Meeting in San Antonio, Texas.

On May 26, 2011, Stuart Altman presented “The Future of Medicine and Health Care: The Impact of Controls on Health Care Spending” at the National Healthcare CXO Summit in Hollywood, Fla.

On March 24, 2011, Rob Mechanic presented “The Alternative Quality Contract: First Year Evaluation” to the National Pay for Performance Summit in San Francisco, Calif.

On February 26, 2011, Stuart Altman presented “The Impact of Health Care Reform on Academic Health Centers” to the Association of Professors of Medicine in San Juan, Puerto Rico.

On November 30, 2010, Stuart Altman presented “Achieving Accountable Care in Massachusetts: Payment Reform to Drive Delivery System Change” at the Massachusetts Health Policy Forum event in Boston, Mass.

## VI MEMBERS

The Health Industry Forum is made possible by the support of its members. The enthusiastic participation of the Forum's members has been invaluable in helping us to engage leading policymakers, inform the national health care reform debate and promote strategies to improve the quality and value of the U.S. health care system.

### Charter Members

Aetna Inc.  
Ascension Health  
EmblemHealth Inc.  
GlaxoSmithKline  
Johnson & Johnson  
Kaiser Permanente  
Pfizer Inc.

### Members

Atrius Health  
Blue Cross and Blue Shield Association  
Blue Cross and Blue Shield of Massachusetts  
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## LEADERSHIP

The Health Industry Forum is housed at the Heller School  
for Social Policy and Management at Brandeis University.

STUART H. ALTMAN, PH.D.  
Chairman  
Sol C. Chaikin Professor of National Health Policy at the  
Heller School for Social Policy and Management at Brandeis  
University. Stuart also serves as chairman of the Council on  
Health Care Economics and Policy.

ROBERT E. MECHANIC, M.B.A.  
Executive Director  
Senior Fellow at the Heller School for Social Policy and  
Management at Brandeis University and Executive Director  
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ELLEN AUERBACH GRODY, M.B.A.  
Director of Operations

PALMIRA SANTOS, PH.D.  
Senior Policy and Research Analyst

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THE HEALTH INDUSTRY

# Forum

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