DRIVE HEALTH INITIATIVE

Deliver Results, Innovation and Value for *Everyone*

July 12, 2017

Submitted Electronically via Regulations.gov

Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attention: CMS–9928–NC

Re: CMS–9928–NC – Request For Information

To Whom It May Concern:

The DRIVE Health Initiative appreciates the Department of Health and Human Services (the "Department") and its efforts to solicit feedback from the public on how changes may be made to existing regulations to put patients first, promote greater consumer choice, and enhance the quality and affordability of health care for all Americans. We respectfully submit the following comments in response the Department's Request For Information, seeking innovative ideas that could help stabilize and strengthen the individual and small group health insurance markets.

The DRIVE Health Initiative – led by employer groups The ERISA Industry Committee ("ERIC") and the Pacific Business Group on Health ("PBGH") – is a campaign to *decrease costs, improve quality, and re-vitalize the economy* through value-based care. Employer-sponsored health plans provide health insurance for over half of all Americans under age 65. Many large employers and other purchasers have developed successful strategies for controlling costs and improving quality through innovations in provider payment, delivery system improvement, and consumer engagement. This practical experience offers important and useful lessons to policymakers who are seeking solutions for the high cost and poor quality of our nation's health care. U.S. business leaders are ready to take on the challenge of driving adoption of successful value-based purchasing strategies.

But action from employers alone is not enough to deliver the pace and scale of change needed – government leadership is necessary. The efforts of patients, providers, and purchasers to operate under the market-based principles of free and informed choice will be inhibited unless government action is taken. DRIVE Health – **D**eliver **R**esults, **I**nnovation and **V**alue For **E**veryone – is a purchaser-led campaign to accelerate value-based care by working with the government to reduce unproductive regulations and implement market-based purchasing strategies.

Adopting Alternative Payment Models In Our Nation's Public Health Programs Could Help Improve Our Nation's Private Health Insurance Markets

It is widely understood that our nation's health care system does not operate in silos. Rather, our public health programs – like Medicare and Medicaid – have an inter-connecting relationship with the private health insurance markets. As a result, improvements made in one sector often will provide benefits to other sectors. For example, improvements in quality and affordability driven by large employers often provide value to individuals covered under Medicare.

Based on this understanding, the DRIVE Health Initiative believes that the adoption of alternative payment models under Medicare will positively impact the private insurance markets (in particular, the individual and small group health insurance markets). While there is a menu of alternative payment models the Department may incorporate into the Medicare program, the DRIVE Health Initiative believes that bundled payments – or episode-based payments – have been proven to effectively lower health care costs and improve quality of care. In fact, data shows that the Employer Centers of Excellence Network ("ECEN") – a program launched by PBGH – has proven highly effective for lowering health care costs for large employers like JetBlue, Lowe's, McKesson, and Walmart, while also improving quality for patients participating in the ECEN program.

What Is the ECEN Program?

The ECEN is a program available to large employers who want to provide their employees with high quality surgical care for certain high cost procedures at one pre-determined bundled price. Currently, the program includes hip and knee replacements, spine care, and bariatric surgery provided at carefully selected health care systems. Under the program, hospitals and individually participating physicians are selected after a rigorous evaluation that includes an extensive review of the system's quality, outcomes, and patient experience data.

For example, candidate systems must provide information including detailed clinical protocols, surgical-patient selection criteria, clinical registry participation, information on multidisciplinary shared decision-making, as well as institutional and physician-level performance metrics. These metrics include length of stay, return to surgery, infection rates, and procedure-specific outcomes such as joint dislocation after hip replacement and nerve-covering tears occurring during spinal surgery.

Under the program, prospective bundled rates cover all services rendered during the episode of care including facility fees, professional fees, ancillary care, implants, and durable medical equipment. Importantly, the negotiated rates usually average 20-35% less than what would traditionally be paid in standard fee-for-service arrangements.

What Are the Results of the ECEN Program?

The program has led to lower patient out-of-pocket costs and excellent patient satisfaction scores. For example, the average Lowe's associate who has joint replacement surgery performed by one of the participating ECEN systems personally saves approximately $3,300 in co-payments and other fees as compared to those patients who get the same care under traditional insurance. In an analysis of 12 months' experience, 100% of Lowe's ECEN joint surgery patients reported that they would refer co-workers or family to the program for a similar surgery. Data from other ECEN participants has shown similarly high employee satisfaction.

Twelve-months of claims data comparing Lowe's associates who have surgery with local providers under traditional insurance as compared to those who have surgery as part of the ECEN program produced striking results: (1) 9.1% of patients having joint surgery with local providers needed discharge to a skilled nursing facility after surgery, compared to *0% of those getting care with ECEN*; (2) 5.9 % of those having lumbar spine surgery with local providers needed skilled nursing care after surgery, while *0% of ECEN patients needed that care*; (3) standard health plan participants had a 6.6% chance of being re-admitted to the hospital within 30 days after joint surgery as compared to just *0.4% of ECEN patients*.

Savings from avoiding unnecessary surgery alone was estimated at $1.3 million. For the highest volume spine procedures, 52% of patients recommended for surgery by home providers were found by the ECEN centers of excellence to not be appropriate surgical candidates. More than 90% of those ECEN patients heeded that recommendation and did not go on to have surgery at home through traditional insurance. Early estimates around the ECEN spine program have indicated savings of an additional $1 million to $2 million per year.

Why Should the Department Care?

The DRIVE Health Initiative believes that through the adoption of private-sector innovations – and incorporating their most beneficial features into Medicare – the Department will not only save taxpayer dollars, but will also improve health outcomes for Medicare beneficiaries. Furthermore, we believe that by aligning Medicare's payment models with private-sector purchasing strategies, the private health insurance markets (in particular, the individual and small group health insurance markets) will see improvements in quality of care and lower health costs due in large part to the use of consistent payment models and a system-wide move toward value-based care.

The DRIVE Health Initiative also believes that the ECEN program has produced positive results, which as described above are: lower costs, better outcomes, and patient satisfaction. An idea for the Department to consider is to build on the precedent established by the Bundled Payments for Care Improvement model launched by the Centers for Medicare & Medicaid Innovation ("CMMI"), and incorporate components of the ECEN program into the existing model.

The Department may also consider piloting an ECEN-like program, focused on identifying high-performing health systems (or "centers of excellence") through a thorough and iterative evaluation process (using specific performance metrics, including, among others, length of stay, return to surgery, infection rates, and procedure-specific outcomes depending on the episode). Negotiated bundled rates could also cover various services rendered during the episode of care such as the facility fees, professional fees, ancillary care, implants, and durable medical equipment.

The DRIVE Health Initiative recognizes that there may be instances in which some of the specific aspects of the ECEN program may not transfer on an apples-to-apples basis to Medicare beneficiaries and/or covered services. In these instances, we would like to work hand-in-hand with the Department – and CMMI – to develop bundled payment programs that closely aligns with the successful private-sector programs, and also comports with Medicare's requirements. The DRIVE Health Initiative stands ready, willing, and able to serve as a partner to think through innovative ways to lower health care costs, improve quality, and to move toward a value-based health care system.

Sincerely,

The DRIVE Health Initiative

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