



Robert Wood Johnson Foundation

## From the Board Chair

Dear Readers:

There is so much coming out of the ongoing national health reform debate with the potential to dramatically affect our work that it almost seems we have enough content for a monthly, or perhaps even weekly, PROMETHEUS Payment® newsletter.

Consider that in just the past few weeks, there has been major movement in the halls of the U.S. Congress, where no less than five separate committees are working on health reform proposals that will directly tackle payment reform. Meanwhile in Chicago, President Obama delivered an inspired speech to the American Medical Association (AMA) calling for a health system that rewards good health outcomes with bonuses and bundled payments so that providers aren't paid for "every single treatment you offer a patient with a chronic condition like diabetes, but instead are paid for how you treat the overall disease."

Sound familiar? It should, because these are core elements of a system that the PROMETHEUS Payment model has been advocating, designing and testing for years. Needless to say, the latest news has kept the entire PROMETHEUS team busy as we work to keep the program and the invaluable knowledge we have gained these past few years in the limelight.

In this, the third quarterly PROMETHEUS Payment newsletter, you will read about everything that has been happening in our universe as the project proceeds and as we attempt to inform the political process. From the ongoing work of the pilot sites and our collaborators that have finally lead to an active Evidence-informed Case Rate (ECR®) engine, to our participation in an exciting Washington, D.C., payment reform briefing with the Robert Wood Johnson Foundation, to the release of our recent *Health Affairs* piece, our work continues in earnest.

It's looking like this will be an exciting summer for both our nation's health care system and this project. While the final details of health reform remain in flux, it has become clear that a dramatic change in the way we pay for health care is coming. We at PROMETHEUS Payment continue to burn the midnight oil to ensure that the result is the viable, equitable and sustainable payment model we have all dreamed about.

Sincerely,

Alice G. Gosfield, Esq.  
*Chairman of the Board*  
PROMETHEUS Payment, Inc.

## THE LATEST FROM PROMETHEUS

### *All Roads Lead To Payment Briefing and Webinar*

From the President's AMA speech to the Senate Finance Committee, ideas about how to pay providers to improve quality and reduce costs are becoming a focal point of health reform discussions. Overwhelmingly, however, it appears that the majority of solutions being discussed are based on the more popular concepts of old, like Accountable Care Organizations and "medical homes." But followers of PROMETHEUS know that there are other solutions already transforming care and being tested in real communities across America.

On June 10th, representatives of the PROMETHEUS Payment program were invited to join the Robert Wood Johnson Foundation and other experts in the field of health care payment reform to

discuss these ideas during a luncheon briefing in Washington, D.C. Guest speakers, including Harold Miller of the Network for Regional Healthcare Improvement (NRHI) and Sara Rosenbaum of the Department of Health Policy at George Washington University, gave an audience, representing every segment of the health world, an overview on the various payment models currently being discussed—identifying what they have in common, what separates them and the associated pitfalls of each. François de Brantes of the PROMETHEUS Payment project, as well as Jim Knutson and Paul Brand from our Rockford, Ill., pilot site, reported on how the project functions, its successes and possibilities to sustain high-quality, patient-centered care.

To view a webcast of the luncheon briefing visit:  
<http://www.rwjf.org/pr/product.jsp?id=43629>

## PROMETHEUS Engine Functional and Validated

It works! It really works! After years of laboring with our partners at IRP Claimshop, a division of MedAssets, we are proud to announce that the core PROMETHEUS Payment engine is finally up and running at full speed. This is the software which can allocate claims from providers to the right Evidence-informed Case Rates (ECRs) and which powers the PROMETHEUS Payment system. Many who first consider the implications of the PROMETHEUS Payment model, think this functionality very complex. And while the computing is complex, the interface with employers, health plans and providers is quite simple thanks to the engine design implemented by IRP Claimshop, a division of MedAssets. Claimshop modified its claims processing engine to bundle professional, institutional and pharmacy claims into clinically relevant care episodes defined by PROMETHEUS' ECRs.

## Discover Your Own PACs

The ability to analyze where Potentially Avoidable Complications (PACs) occur is a breakthrough concept in recognizing the value and potential of PROMETHEUS Payment. Our model uses financial incentives to encourage providers to avoid these PACs but identifying them in a claims database can also help insurers, hospitals, or other providers set priorities for quality improvement.

Through the fully-functioning PROMETHEUS Payment engine, we can now offer any employer, health plan or provider system the ability to run their own data for use in discovering their own PACs.

If you are interested in learning more, contact us at:  
[info@prometheuspayment.org](mailto:info@prometheuspayment.org)

## Should Health Care Come With A Warranty?

A recent *Health Affairs* study, co-authored by the PROMETHEUS Payment team, looks at the possibility of adding “warranties” to health care. Warranties are a common, and often expected, feature of customer service and economic exchange: A buyer purchases a product; the seller promises to cover repairs or otherwise compensate the buyer if the product proves faulty.

In the article, the authors examine the PROMETHEUS Payment model to illustrate the potential role of warranties in health care and their potential impact on providers' behavior and profitability. They conclude that that it is feasible to construct a health care payment model with warranties that could motivate providers to improve quality, while still increasing provider profit margins.

Read the full piece:

<http://www.rwjf.org/healthreform/product.jsp?id=44359>

## Paper Series Describe the Fundamental Aspects of PROMETHEUS Payment Model

To best capture the fundamental aspects of the PROMETHEUS Payment model in a digestible, yet academically credible format, the design team is proud to announce the completion of the third and final in our series of technical papers. The complete series now available for download includes:



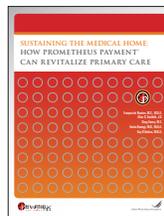
- (1) “Making PROMETHEUS Payment® Rates Real: Ya’ Gotta’ Start Somewhere” which explains how we took claims data—a notoriously bad reporting mechanism for how care is actually delivered—and used it to fashion credible, equitable, science-based Evidence-informed Case Rates (ECRs).

Download: [Making PROMETHEUS Payment® Rates Real: Ya’ Gotta’ Start Somewhere](#)



- (2) “What’s The Score?” describes the PROMETHEUS provider scorecard—an essential element of what makes us different from other payment systems and typical pay-for-performance models—including the principles of scoring, the sources of the measures, how scores are calculated and the impact on payment that creates a real incentive for clinical collaboration among otherwise independent providers.

Download: [What’s The Score?](#)



- (3) “Sustaining The Medical Home: How PROMETHEUS Payment® Can Revitalize Primary Care” our latest paper, which explains how PROMETHEUS Payment can effectively encourage the popular concept of the “patient-centered medical home,” resulting in better patient outcomes and greater affordability of care.

Download: [Sustaining The Medical Home: How PROMETHEUS Payment® Can Revitalize Primary Care](#)

## STORIES FROM THE FIELD

### Our “Aha!” Moment:

#### How PAC Analysis Made PROMETHEUS Real For MHMC



Elizabeth Mitchell

“Managed care!”  
 “Pay-for-performance!”  
 “Patient-centered medical homes!”

These are but a few of the rallying cries for health care payment reform that U.S. health care consumers have been hearing in one form or another for decades. From FDR, to Richard Nixon, to Bill Clinton and now to Barack Obama,

America has a long history of searching for cures for the nation’s health care ills.

Yet it is no secret that despite different payment systems for different decades, America’s health care system remains critically flawed. We pay more for health care, but receive poorer health outcomes, than people living in other developed nations. Costs continue to climb at approximately double the rate of general inflation; businesses and working families everywhere struggle to afford coverage; and, to quote President Obama, providers find themselves increasingly “pushing paper” rather than healing patients.

At the Maine Health Management Coalition (MHMC) – a multi-stakeholder, employer-led collaborative of providers, businesses, and health plans representing almost 220,000 lives in our state – this is a story that my members and I know all too well. For 15 years, we have worked to foster the delivery of safer, higher quality, and more efficient health care to our members’ employees and dependents. And as leaders in larger efforts like the Robert Wood Johnson Foundation’s *Aligning Forces for Quality initiative*, our work increasingly touches the lives of all Mainers.

MHMC has long recognized that the way we pay providers for care and the system of incentives that they operate within is fundamentally flawed. Overutilization, overspending, waste – all are endemic in our system which has been set up to reward providers for “doing things” rather delivering quality services that are proven to keep people healthy, reduce errors and help avoid unnecessary care.

When we first discovered the PROMETHEUS Payment model almost two years ago, we saw it as an intriguing potential solution. What an elegant, yet decidedly different, concept: evidence-based budgeting for episodes of care, with the ability to increase value of our health care system in a fair and equitable way. All together, learning about evidence-based case rates (ECRs) and potentially avoidable complications (PACs) was compelling enough to pique the interest of some of our leading providers and employers, which in and of itself is not easy.

We discovered that transforming our early interest in PROMETHEUS into a widespread willingness to give this a shot was an exceptionally heavy lift. Experiences with the largely failed payment system reform efforts of the past have left a healthy dose of cynicism across this state. I got a fair amount of push back (commonly heard: “Do you *really* think PACs are that prevalent in Maine?”) and it took some convincing that the PROMETHEUS engine could help identify if and where these avoidable complications existed – and what they might be costing us.

The skepticism changed when we recently ran the entire MHMC claims database through the PROMETHEUS analytics process to identify PACs. While we knew there were deficiencies in care, and sort of expected the results (all the major studies speculate that 25-35% of spending is attributable to PACs), this analysis was eye-opening. It makes a difference when you can use data to demonstrate that wasteful spending and deficiencies of care are *real* and in *our* costs. It was evidence that made national theories locally relevant. Here we had an immediate opportunity for PAC reduction and cost savings in Maine. Aha!

While we’re still going over the results and determining next steps, the renewed interest that the PROMETHEUS analysis of MHMC’s claims data sparked among our members has been encouraging. The best news is that, much like the fever pitch for reform that is building in some corners across the nation, I know that the entire health care community in Maine is committed to the transformation in payment that we so desperately need. We’ve seen the evidence with our own eyes.

*Elizabeth Mitchell is CEO of the Maine Health Management Coalition in Portland, ME.*



PROMETHEUS Payment®, Inc. is a not for profit corporation which has been created to steward the further development and implementation of the PROMETHEUS Payment model.

PROMETHEUS Payment is specifically designed to: (1) improve quality (2) lower administrative burden (3) enhance transparency and (4) support a patient-centric and consumer driven environment, all while facilitating better clinical coordination throughout health care.

By creating common clinical incentives for all parties, the likelihood of significant system reform is enhanced even though in the fullness of time PROMETHEUS Payment will not substitute for all fee for service and capitation. In the last analysis, PROMETHEUS Payment is intended to create a payment environment where doing the right things for the patient helps providers and insurers do well for themselves.

For more information on the PROMETHEUS Payment system, visit [www.prometheuspayers.org](http://www.prometheuspayers.org).