PROMETHEUS PAYMENT: On the Frontlines of Health Care Payment Reform

Introduction

Proposals for paying health care providers in the United States have come in all shapes and sizes over the decades, from traditional fee-for-service and capitation systems to the more recent episode-based and bundling models. What these payment systems have all tried to address is the fundamental problem with our nation’s health care system reimbursement practice—that it encourages volume-driven health care, rather than value-driven health care.

“For some conditions or procedures, and in some parts of the country, up to 40 percent of the dollars we spend on health care each year are being lost to inefficiency, wasteful spending and poor patient outcomes,” says François de Brantes, executive director of the Health Care Incentives Improvement Institute® (HCI3) and a nationally recognized expert on health care payment. “Despite the wide variety of efforts to solve these problems, none has yet succeeded in creating a realistic system that can reward providers fairly, improve quality and reduce overall costs.”

de Brantes directs the development and piloting of the PROMETHEUS Payment® program, a new approach for measuring and bundling health care payment. For policy-makers and stakeholders faced with the challenges of rising costs of health care, the PROMETHEUS model is a potentially powerful tool in their arsenal for tackling payment issues.

“The health reform law made it clear that the government is going to take the lead in moving health care payment reform from the theoretical into the real world of physician offices and hospitals,” says de Brantes. “For payers and providers who want to get ahead of the curve, everything in the bill—from bundled payments, to episodes of care, to linking payment to quality outcomes—is in some way addressed by PROMETHEUS Payment.”

Indeed, at the core of PPACA is a new mandate for the Center for Medicare & Medicaid (CMS) to test innovative payment and service delivery models. This work was recently kicked off with the release of a request for proposals for the construction of an episode of care logic that would be fully in the public domain and to be completed by 2013.

“It’s cliché to say that ‘change is here’ these days in Washington, but in the world of payment reform, if the new legislation is implemented as expected, it really is,” he says. “Big changes to the way the country pays for care in the future will be here before we know it.”

PROMETHEUS PAYMENT PILOT SITES

- Spectrum Health—Grand Rapids, MI
- Crozer-Keystone Health System—Philadelphia, PA
- Employers Coalition on Health—Rockford, IL
- HealthPartners—Minneapolis, MN

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A Revolution In Payment Reform

Launched in 2006, and now with four pilot sites operational across the U.S., the Robert Wood Johnson Foundation-supported PROMETHEUS Payment model lit a fire in the health care payment world, moving beyond the often tried unit-of-service or “paying for performance” models of change that have so far failed to significantly bend the cost curve.

At its core, PROMETHEUS Payment is a bundled episode-of-care payment model centered on individual, patient-centered treatment plans that fairly reward providers for coordinating and providing the high-quality and efficient care patients deserve and expect. It creates comprehensive bundled budgets for a single illness or condition that cover all of the patient services for that condition plus unique financial incentives that reward and sustain the delivery of high-quality, efficient, coordinated care.

The “budgeted” treatment costs are calculated by developing what is called an “Evidence-informed Case Rate” (ECR®), which creates a patient-specific tailored budget for the entire period of care from start to finish. PROMETHEUS ECRs include all the covered services related to the care of a single condition that clinically accepted guidelines or expert opinions say should be provided—bundled across all the providers who would treat that patient for the given condition (such as a hospital, a physician, laboratory, pharmacy, rehabilitation facility, etc.). Finally, the ECR is adjusted to take into account the severity and complexity of the individual patient’s condition.

“It’s best to think of PROMETHEUS as being about bundled budgets not bundled payments,” says Alice G. Gosfield, Esq., chair of the Health Care Incentives Improvement Institute board. “We aren’t dictating how that money gets spent, just that the cost to treat patients fall within certain boundaries as determined by evidence-informed and tested science. The model is intended to motivate providers to ensure that the patient is well taken care of and does not experience any unnecessary complications.”

To date PROMETHEUS Payment has developed ECRs for 21 acute, chronic and inpatient procedures, including heart attacks (AMI), hip and knee replacement, diabetes, asthma, congestive heart failure and hypertension. These existing ECRs can potentially impact payment for almost 30 percent of the entire insured adult population and represent more than 45 percent of dollars spent by employers and plans.

Further setting PROMETHEUS apart from other proposed health care payment systems and typical pay-for-performance practices is the strong incentive for real clinical collaboration to ensure positive patient outcomes that is built into the model’s DNA. In addition to earning the base calculated ECR payment budgets for the episode, providers are given the opportunity to earn “bonuses” through a comprehensive quality “scorecard” that is tied to the reduction of what are known as potentially avoidable complications (PACs).

“What the scorecard and bonuses do is give providers the financial incentive to get back to practicing the type of high-quality, patient-centered medicine that attracted them to health care in the first place,” says de Brantes. “It is nice to believe that through changes forced onto the current system providers can find the time and spend the money to manage patient care beyond what they are being paid for. But the fact of the matter is that the last decade has seen most providers forced to make changes that do just the opposite, cutting...
costs and support staff to the bone, focusing more on coding requirements and turning their office into assembly lines.”

To encourage this break from current practices, the PROMETHEUS Payment quality scorecard contains a variety of metrics that track and evaluate care across the entire scope of treatment. These include scores for a range of items including each provider’s performance in meeting the clinical practice guidelines which define the ECR, positive patient outcomes, the avoidance of PACs and the patient’s satisfaction with care received.

In operation, when ECRs are paid, a portion of the budget is withheld and then paid depending on the scores that the providers and their clinical collaborators earn. To create a very clear incentive for clinical collaboration, 70 percent of the final scores depend on what the individual provider does and 30 percent on what every other provider treating that patient for that condition has done.

**Improving Quality**

Coordinating care and avoiding complications are defining features of the PROMETHEUS Payment model and form the basis for a unique set of incentives that reward providers for improving care and reducing PACs. These are deficiencies in care that cause harm to the patient, yet might have been prevented through more proactive care—for example, when a patient with diabetes ends up getting an amputation because of uncontrolled blood sugar.

While not always easy to define, PACs remain all too common in the U.S. health care system. Analyzing large sets of national claims data, the PROMETHEUS Payment team found that an average of 30 cents of every dollar spent on chronic conditions and 15 to 20 cents of every dollar spent on acute hospitalization and procedures are related to PACs. All told, PACs amount to hundreds of billions of dollars a year for less than optimal care and represent a real opportunity for improving the quality of patient care while reducing total costs.

**PROMETHEUS ECRS**

To date PROMETHEUS Payment has developed ECRs for a total of 21 acute, chronic and inpatient procedures. These existing ECRs can potentially impact payment for almost 30 percent of the entire insured adult population and represent a significant amount of dollars spent by employers and health plans.

**Chronic Medical (7)**
- CAD
- Diabetes
- CHF
- COPD
- HTN
- Asthma
- GERD

**Acute Medical (3)**
- AMI
- Stroke
- Pneumonia

**Outpatient Procedural (5)**
- Hip Replacement
- Knee Replacement
- Bariatric Surgery
- Colon Resection
- CABG

**Inpatient Procedural (5)**
- Knee Arthroscopy
- Colonoscopy
- Cholecystectomy
- Hysterectomy
- Angioplasty (PCI)

**Other (1)**
- Pregnancy & Delivery
“The value of PACs is simple: They allow us to show and prove the unnecessary waste in care to providers and get them to act on it. When we began this project the concept of PACs did not really exist in the world of payment reform,” says Amita Rastogi, MD, MHA, medical director for Cost of Care Programs with Bridges to Excellence and PROMETHEUS Payment. “Spreading the PAC concept has allowed us to take things to the next level—breaking through the confusion that all too often stymies change, bringing transparency to the costs of poor care being delivered and starting the process of reducing the waste that comes from it.”

To incentivize providers to focus on reducing PACs, the PROMETHEUS Payment model taps the opportunity cost found in the savings from reducing them. A PAC allowance is calculated for and included in each ECR so that, should complications occur, this portion of the budget will help to offset or completely cover the actual costs of any needed corrective treatment. And if providers can reduce or eliminate PACs, they can keep the entire allowance as a part of the PROMETHEUS “bonus” which would significantly improve their margins per patient.

“Getting providers on board with payment reform is more than half the battle. The PAC margin incentives significantly help with this, particularly because there is no payment reform effort in the works—public or private—that builds them in like PROMETHEUS Payment,” says de Brantes. “Without this type of an incentive, very few providers are willing to gamble with the uncertainty of taking on financial risk. The last time we had broad ‘payment reform’ many providers ended up in bankruptcy.”

**Challenges and Lessons Learned**

In addition to significant success, the PROMETHEUS team acknowledges that there have been—and continue to be—considerable challenges.

“Implementing any type of comprehensive and effective payment reform is inherently going to be a difficult process. You are, after all, touching on something that has the potential to impact 17 percent of the nation’s GDP and over 14 million jobs, not to mention change the way folks have been paying for care for over 50 years,” says Douglas Emrey, program implementation manager for HCI3. “Just getting to where we are today, PROMETHEUS has opened up a Pandora’s box of challenges that we have had to overcome. For example, I’m often asked if PROMETHEUS can work across all practice types and what have been some of the pitfalls and lessons learned in the different structures of our pilots. In theory the answer to this has always been yes, it can work in any structure. But the reality is that each site is different and takes some tweaking to the approach. One of our pilot sites recently had difficulty in working with provider-owned systems. How we overcome that could have far-reaching implications for similar organizations interested in episode of care payment approaches.”

A completely different challenge comes from stakeholders who question the real potential for bundled payment models. Labeling the bundling as yet another in the long line of payment reform “fads” they paint it as simply too difficult to implement and destined to burn out.

With specific concerns ranging from disagreements over how bundles are built, to how payments are allocated and risk-adjusted, and what behavioral changes such a payment approach might impose on the marketplace (such as the...
hand-picking of patients and care rationing), these voices have valid but premature concerns, say de Brantes and Gosfield.

“We don’t describe PROMETHEUS Payment as a ‘revolutionary’ model for nothing,” says Gosfield. “We are leading the charge into new waters with a health care payment reform concept that aims to turn provider reimbursement practices around. Of course there are going to be countervailing opinions. But the proof for something like PROMETHEUS is in how it works in the real world. With relatively few resources and a dedicated team we have shown that it can indeed operate and sustain itself in a variety of pilot settings. To discount it and the entire concept of bundling outright at such an early stage is disingenuous. This is not like other payment models, and while it was complicated to design, it can be implemented in many settings, from which more could be learned. If anything, we should be spreading it even further to see how it holds up.”

What Is Next
Looking back on their success at getting four pilot sites up and running and collaborating with a growing pool of stakeholders to run their claims data through the PROMETHEUS Payment engine, the team is excited by the growth of the program and the potential it holds for health care in post-reform America.

“It really has been a rollercoaster ride these last few years, taking this concept from the drawing board and putting it on the ground into reality,” says Gosfield. “Only time will tell if it will stick, and we intend to learn from all of these efforts. But, we know that it is working in our pilot sites and that is 90 percent of the battle.”

For de Brantes, though, the greater promise of PROMETHEUS Payment is the philosophical shift in how the health care community is thinking about how to manage patients.

“Besides making this program a success, what I really want to do is socialize the concept of PACs in the medical community,” he says. “Diffusing PROMETHEUS is one step—but creating that cultural mind shift is the most important one. People are spending money on avoidable costs today and that needs to change. Not only is it a waste of our limited health care resources—it is a danger to the patients who are receiving substandard care. That change in and of itself would be revolutionary.”

For more information about the Health Care Incentives Improvement Institute and PROMETHEUS Payment, visit www.HCI3.org or contact us at info@HCI3.org.