

**Health Care Innovation Program
Symposium IX:**

**Teaching Hospitals and
Health Services Research**

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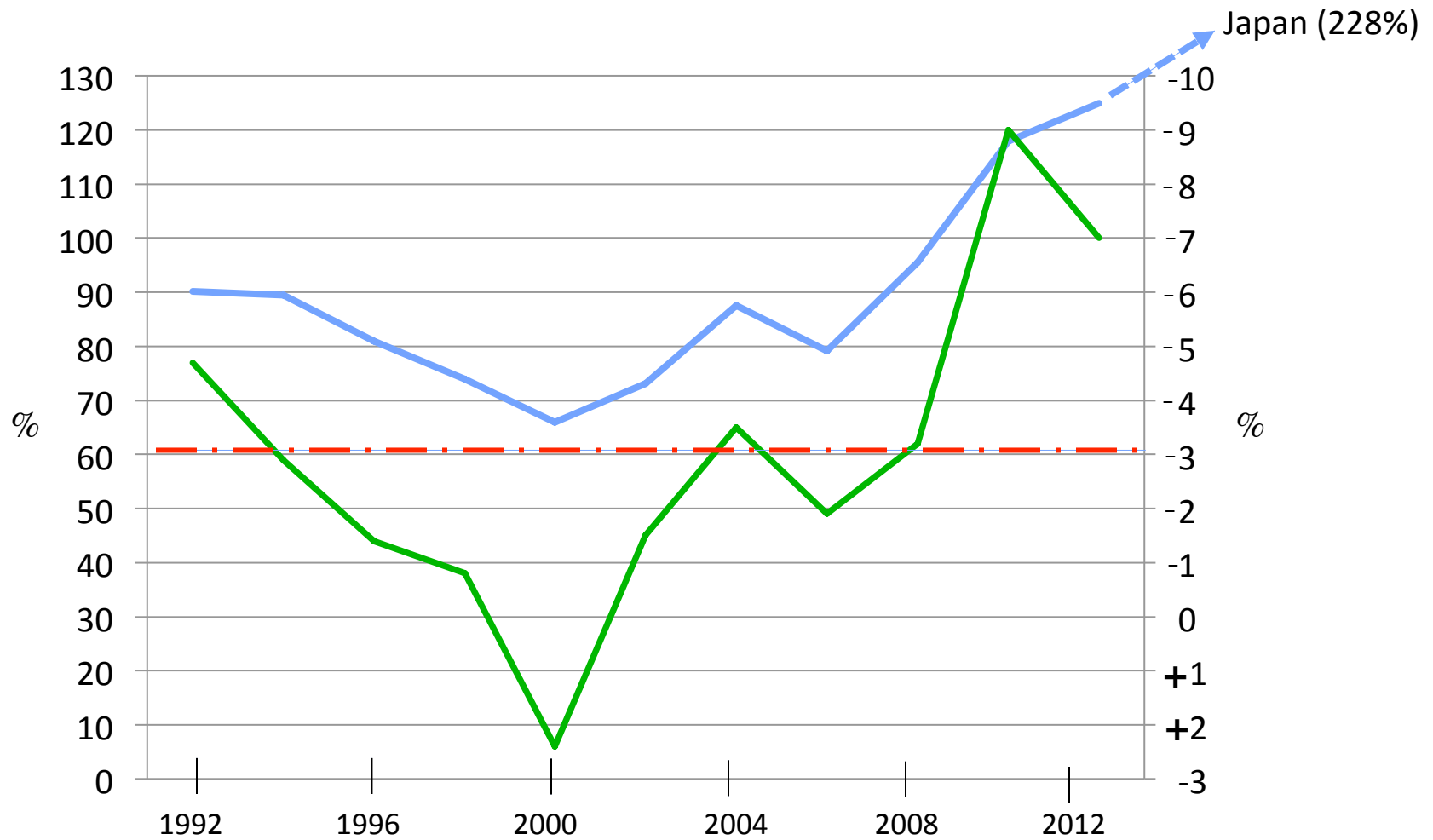
The Game Changers

“The fastest moving and most influential externality to bring about change is regulation. With the stroke of a pen, you can change a whole industry’s nature. Many companies are simply unable to adapt.”

-Dr. Jagdish Sheth on “Why Do Good Companies Fail?”

- **American Recovery and Reinvestment Act of 2009 (The “Stimulus”)**, which requires hospitals and physicians to be meaningful users of health information technology, e.g. electronic medical records.
- **Patient Protection and Affordable Care Act of 2010 (Obamacare)**,
 - Reduces Medicare Payments to Hospitals → Coverage Expansions: Medicaid and the Individual Mandate
 - Legitimizes Insurance Exchanges → Public and Private
 - Legitimizes High Deductible Health Plans → Bronze and Silver Products on the Exchange @ 60% and 70% Actuarial Value.
 - Guaranteed Issue of Health Insurance, Regardless of Pre-Existing Condition.
 - Minimum Essential Benefits (Prevention, Maternity, Mental Health)
- **Budget Control Act of 2011 (The Sequester)**, which further reduces Medicare payments to hospitals, to help reduce the Federal Budget deficit.
- **American Taxpayer Relief Act of 2013 (The Fiscal Cliff)**, which reduces Medicare payments to hospitals yet again, to avoid tax increases.

United States Federal Debt and Budget Deficit



— Federal Budget Deficit / Surplus as % of GDP
— Federal Debt as % of GDP

Sources: OMB, BEA

The Economics of Health Care are Forever Changed

- **Hospital Use Rates are Declining**
 - Better Care Coordination and Chronic Disease Management
 - Prevention, Wellness, Screening, Early Detection & Intervention
 - Lower Birth Rates
 - Lower Readmission Rates
 - Higher-Out-of-Pocket Cost Sharing (Co-Pays and Deductibles)
- **Hospital Operating Margins Will Not Continue at Historic Levels** – at least not for a long time.
 - The first hospitals to fail will be distressed assets in distressed markets with a distressed payer profile.
- **Charity and Unreimbursed Care Continues to Grow**
 - No Medicaid expansion in 25 states
 - High deductible health plans (the “insured” are “uninsured” for a greater percentage of wanted/needed medical care)

The Economics of Health Care are Forever Changed

- **Exchange Statistics (as of 1/13/2014)**
 - 7.7 million completed application
 - 1 million pending eligibility verification
 - 1.6 million eligible for Medicaid
 - 3 million eligible but did not select Plan
 - 2.2 million selected an exchange plan
 - ❖ Sample surveys reveal that only 3% of the 2.2 million were previously uninsured (~66,000 out of 47 million) (McKinsey, U.S. Center for Health Reform, Kaiser Family Foundation, 2014)
 - ❖ Of currently uninsured, 43% unaware of individual mandate (Gallup, 2013)
 - Exchange legitimizes high deductibles
 - \$4,200 on average for Silver Plans
 - \$6,500 on average for Bronze Plans

Teaching Hospital Game Plans

- **Targeted Growth in Key Specialties** (Oncology, Cardiovascular, Transplant, Orthopedics, Neuroscience, Genomics, Mothers & Infants)
- **Renew Patient Care Infrastructure**
- **Ambulatory Care Expansion** (Geographically Dispersed)
- **Mega-System Formation**
 - More Referral Channels and Aligned Physicians
 - Larger Revenue Base To Spread Fixed Costs
 - > Supply Chain
 - > Revenue Cycle
 - > IT Infrastructure
 - > Purchased Services
 - > Administration
 - > Capital Asset Management
 - Business Model Extensions
 - > ACOs
 - > Medical Homes
 - Population Health “Risk Bearing” Platforms
 - > Insurance Plans
 - > Pay-for-Performance
 - Industry Consolidation

PCORI at Three Years

Three Strategic Goals:

- I. To Increase the Quality, Quantity, and Timeliness of Usable, Trustworthy, Capable Research Information
- II. To Accelerate the Implementation and Use of Research Evidence
- III. To Influence Research Funded by Others to Make It More Patient-Centered and Useful

Applying the CER Framework to:

- Prevention, Diagnosis and Treatment Options
- Improve Health Systems
- Enhance Communication and Dissemination of Evidence
- Address Disparities in Health and Health Care

What is Patient-Centered Research?

- **Engaged Stakeholders**: Individuals and organizations representing patients, their caregivers, clinicians, health care delivery systems, payers and purchasers, the research community, policy makers and industry.
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- **PCOR Community**: Investigators / Advisory Panels / Ambassadors / Governors / Methodology Committee
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- **Patient/Stakeholder Reviewers**: Patients and stakeholders, trained by PCORI in research review, make up 50% of merit-review panels.
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- **Patient-Centered Research**:
 - technical merit
 - adherence to PCORI methodology standards
 - the relevant condition's burden on individuals and society
 - the relevance to patients of the proposed comparisons, study populations, and outcomes
 - the likelihood that the results could change clinical or personal practices, improving outcomes

To Date

- PCORI has awarded \$318 million for 192 investigator-initiative studies (www.pcori.org)
- PCORI has announced targeted studies:
 - With NIA, large clinical trial, comprising multi-component intervention with usual care for preventing injurious falls in the elderly.
 - Treatment options for black and Hispanic patients with asthma.
 - With AHRQ, a registry-based cohort study comparing the effectiveness of uterine sparing treatment options in women with symptomatic uterine fibroids.
- PCORI National Patient-Centered Clinical Research Network (PCOR Net)
 - 11 Large Health System based networks
 - 18 Patient Group based networks
 - Interoperable data sets supporting multi-network observational and randomized studies
 - Financially sustainable resource for addressing a wide-range of clinical and service delivery questions
- PCORI's "Pipeline to Proposals" Awards
 - 30 seed grants to establish new partnerships between researchers and stakeholder communities

Some Observations

- **PCORI's Current Research Portfolio (128 clinical studies):**
 - 23% focus on cancer detection, treatment and surveillance
 - 19% focus on mental health
 - 16% focus on cardiovascular disease
 - 11% focus on endocrine diseases (including diabetes)
- **Other Interesting Statistics:**
 - 15 studies on models of self-care
 - 7 studies on pain management
 - 45% feature prospective, randomized comparisons
 - Experienced researchers (65% received terminal degree at least 10 years ago; 70% are previous NIH principal investigators)

Lessons Learned

- **For the research community, collaborating with stakeholders is an uncommon and unfamiliar process.**
- **Patient and family advisory boards of hospitals, health plans, and delivery systems are good “research partners.”**
 - Identifying and Refining Research Questions
 - Choosing Comparators and Outcomes
 - Identifying and Recommending Study Populations
 - Developing Recruitment and Survey Instruments
 - Interpreting and Disseminating Findings

Preview of Coming Attractions

- PCORI will make funding commitments of \$1.5 billion over the next three years.
 - Targeted Funding Announcements of High Priority Questions
 - Support for New Investigations
 - Rare Diseases
 - More Clinical Trials
 - Evaluate Best Methods to Engage Patients and Stakeholders in Research

“TAKE-AWAY” FOR TEACHING HOSPITALS AND HEALTH SERVICES RESEARCHERS:

**MAKE RESEARCH MORE USEFUL AND MORE LIKELY TO BE IMPLMENTED
IN HEALTH CARE DECISION MAKING**