



The Patient Protection and Affordable Care Act

Reforming the Health Care Delivery System

Medicare currently reimburses health care providers on the basis of the volume of care they provide rather than the value of care. For each test, scan or procedure conducted, Medicare provides a separate payment, rewarding those who do more, regardless of whether the test or treatment contributes to helping a patient recover. The Patient Protection and Affordable Care Act includes a number of proposals to move away from the “a la carte” Medicare fee-for-service system toward paying for quality and value.

Linking Payment to Quality

- ✓ The Patient Protection and Affordable Care Act will establish value-based purchasing to provide incentive payments to hospitals that meet certain quality performance standards starting in FY2013.
- ✓ Other providers will start on a path toward value-based purchasing with new quality reporting programs for inpatient rehabilitation facilities, long-term care hospitals, hospice providers and PPS-exempt cancer hospitals in FY2014.
- ✓ The Secretary of Health and Human Services (HHS) will submit a plan to Congress for moving home health providers and skilled nursing facilities to value-based purchasing systems by FY2012.
- ✓ Physicians will receive timely feedback on their performance compared to peers and the Patient Protection and Affordable Care Act will establish new physician payment incentives based on the quality and efficiency of care provided to Medicare beneficiaries.
- ✓ Payments to hospitals with high rates of preventable hospital acquired infections will be reduced.
- ✓ An independent, non-profit Patient-Centered Outcomes Research Institute, funded by public and private payers, will identify what works best to improve health quality and outcomes of care.

Strengthening the Quality Infrastructure

- ✓ The Secretary of HHS will establish a national strategy to improve health care quality, create a Federal interagency working group to provide advice on the national quality improvement strategy and priorities, and ensure collaboration with multi-stakeholder groups.
- ✓ The Secretary will identify gaps in quality measures and fund measure development.

Encouraging Development of New Patient Care Models

- ✓ The Patient Protection and Affordable Care Act will establish a national program for “Accountable Care Organizations.”
 - ACOs are teams of providers that work together to coordinate care across health care settings to improve quality for a patient and reduce costs. Participating ACOs are required to meet performance and patient outcome standards and may share in the savings that result from keeping costs below what Medicare would have otherwise paid. ACOs change the model for taking care of patients by integrating care, improving quality, and reducing costs.

- ✓ A new Innovation Center will develop and test new patient-centered payment models designed to encourage evidence-based, coordinated care in Medicare, Medicaid, and CHIP, with the authority to expand successful models.
- ✓ A national, voluntary pilot program will encourage hospitals, doctors, and post-acute care providers to improve patient care and achieve savings for Medicare through bundled payment models. Rather than paying separately for each hospital stay and necessary care after discharge, bundled payments align provider incentives by paying a lump sum for an entire episode of care. This will ensure more attention to discharge planning and follow-up care that reduces complications and unnecessary hospital readmissions.
- ✓ The Secretary of HHS will implement a program to reduce potentially preventable hospital readmissions. Beginning in FY2012, hospitals will receive reduced payments for potentially preventable readmissions for the three conditions that are currently endorsed by the National Quality Forum and will have authority to expand the policy to include other conditions in future years.
- ✓ The Patient Protection and Affordable Care Act will create a payment incentive program for hospitals and community-based organizations that provide transitional care services to Medicare beneficiaries at high-risk of rehospitalization.

Independent Medicare Advisory Board

- ✓ The Patient Protection and Affordable Care Act will establish the Independent Medicare Advisory Board to make recommendations to Congress to reduce excess cost growth in the Medicare program.
- ✓ Benefits and beneficiary cost-sharing will be protected from cuts.
- ✓ The Board's recommendations will be automatically implemented unless Congress enacts alternative proposals with an equivalent impact.

Modernizing and Improving Medicaid through Delivery System Reforms

- ✓ The Patient Protection and Affordable Care Act will create a new State option where Medicaid beneficiaries with chronic conditions will designate a provider as their medical home to deliver or coordinate their care.
- ✓ A Medicaid Quality Measurement Program will expand existing quality measures and establish priorities for the development and use of quality measures.
- ✓ The Patient Protection and Affordable Care Act will prohibit federal matching payments to States for Medicaid services related to hospital acquired conditions.
- ✓ A demonstration project for bundled payments for acute care and post acute care will be established under the Medicaid program.
- ✓ A Medicaid Global Payment demonstration project will allow a large safety-net provider to alter their provider payment system from a fee-for-service structure to a capitated, global payment structure.
- ✓ Pediatric medical specialty practices will qualify as "accountable care organizations" under State Medicaid programs.