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Among the many differing opinions about and proposals for health care reform, there is one issue that just about everyone agrees on: We need to change the way to pay for health care. That said, there are a number of different types of payment reform in the mix: Some focus on paying for outcomes; some allow payment for services not currently reimbursed (e.g., care coordination); and some pay for episodes of care. The “baskets of care” project is just one of the types of payment reform that are being explored in Minnesota. The process of developing baskets of care has provided a significant opportunity for learning, discovery, and collaboration among stakeholders.

The concept: bundled services and payments

The current fee-for-service payment model does not reward health care providers of higher-quality care, but rather rewards those who deliver higher quantities of care. Rewarding providers for doing a better job of preventing medical complications or reducing readmissions to hospitals could go a long way toward improving quality and making health care costs more sustainable.

Signed into law in May 2008, Minnesota’s comprehensive health care reform

Baskets of care

An innovative approach to delivering and paying for health care services

By Cally Vinz, RN, and Sara Bonneville

legislation includes many components that seek to improve the quality of patient care and make it more affordable and accessible. The 2008 health reform legislation included a provision requiring the Minnesota Department of Health (MDH) to establish at least seven “baskets of care” (MN Statutes, 62U.05). The legislation defined a basket of care as a collection of health care services that are paid separately under a fee-for-service system, but which are ordinarily combined in delivering a full diagnostic or treatment procedure to a patient. This concept seeks to bundle payments for a set of health care services to create incentives for health care delivery groups, health plans, and employers to collaborate and develop innovative ways to efficiently deliver evidence-based and high-quality health care services.

Each basket of care is a uniformly defined “product” that will be understandable to consumers. Consumers will be able to compare similar baskets of care offered by

multiple providers or groups of providers and purchase a product based on its quality and value.

MDH contracted with the Institute for Clinical Systems Improvement (ICSI) to facilitate the development of the baskets of care and formed a baskets of care steering committee to advise the commissioner of health. The steering committee comprised individuals representing stakeholder groups that may implement or use baskets of care (e.g., physicians, payers, employers, patients). Seven subcommittees convened to determine the scope and components of the initial baskets.

MDH received recommendations from the steering committee regarding the definitions in June and the quality measures in November for the proposed baskets of care. In addition, the committee and two work groups identified potential obstacles and solutions to implementing baskets of care.

The steering committee and subcommittees have identified, defined, and rec-

ommended eight baskets of care to the commissioner of health (they can be viewed at www.health.state.mn.us/healthreform/baskets/index.html):

- Asthma care for children
- Diabetes
- Prediabetes
- Acute low-back pain
- Obstetric care
- Preventive care for adults
- Preventive care for children
- Total knee replacement

The eight recommended baskets of care can be grouped under the broad headings of procedural (i.e., total knee replacement), acute care (i.e., low-back pain), and chronic care (i.e., diabetes). What is learned from the development and implementation of the baskets of care will help the Minnesota health care community understand the feasibility and effectiveness of bundling services in improving the value of care delivered.

Innovation in health care delivery

A key goal of the baskets of care project is to encourage providers, payers, and consumers to think differently about the delivery of health care services. The project gives health care providers the opportunity to cooperate and develop innovative ways

to deliver health care—and to improve the quality of care and reduce costs.

The total knee replacement basket of care helps illustrate how the baskets of care concept may work. As recommended by the steering committee, this basket of care includes the following components:

- *Preoperative phase* (pre-surgery education, physical therapy, deep vein thrombosis prophylaxis, nutrition, and smoking discussions)
- *Operative/acute-care phase* (anesthesia, knee prosthesis, imaging, medications, labs, post-procedure facility services, pain management, physical and occupational therapies, medicine consultation, case management)
- *Post-hospital phase* (follow-up surgical visits, physical and occupational therapies, deep vein thrombosis prophylaxis, pain management, imaging, home health and transitional care).

A hospital, surgical team, physical therapist, post-procedure facility, and possibly many other providers would need to be involved in providing these services. Under the current fee-for-service payment system, the patient would likely be directed to all of these individual services separately. The delivery of care, care transitions, and subsequent billing might not be coordinated. Administratively, there could be much waste. The basket approach would potentially simplify and improve the delivery of care and billing for patients.

In conjunction with the subcommittees, a measurement work group recommended quality measures for each of the eight baskets of care. If multiple provider groups offered one or more baskets of care, consumers would be able to compare quality as well as costs

Toward implementation

MDH recognizes that providers will have many questions about developing and implementing a basket of care, such as how to competitively price a basket, how to develop relationships and contract with other care delivery groups to deliver all the components of a basket, and how patients will find out about and engage in a basket of care. The Phase I and Phase II workgroups that looked at barriers to implementation and possible solutions have now posted their final reports on the MDH Web site. They offer useful information on how implementation of baskets of care may be approached at this time.

In addition, MDH will post a tool kit on its Web site to help educate integrated systems, as well as smaller and/or independent practices and hospitals, on how to move toward implementation. The kit will include guides to help providers address administrative and operational issues, contracting, pricing, and more. For example, there will be a guide on how an integrated system or an independent practice could develop a basket of care. Go to www.health.state.mn.us/healthreform/baskets/index.html for this additional information and guidance on establishing a basket of care.

among the offerings and make more informed decisions about where to receive care. This would allow consumers to shop for care addressed by a basket of care based on value.

Potential benefits

The many possible benefits from the successful implementation of baskets of care include:

- **Promotion of innovation.** The baskets of care approach is intended to foster innovation in care delivery and payment models. Established baskets would also promote cost and quality transparency, which would enable a provider group to differentiate itself in the marketplace.
- **Patient engagement and better quality of care.** Patient engagement is a key component of accomplishing high levels of effective, efficient care. Baskets of care can help patients have a clear expectation of all the services to be performed for an episode of care. Better-informed patients may be more engaged in their care and more satisfied with their experience.
- **More cost-effective care.** Baskets of care encourage clinics, hospitals, and other

care delivery entities to work together. Efficiencies can be found in the shared management of an episode of care. For example, linked departments or facilities may be able to simplify administration and billing procedures and reduce costs and waste.

- **Better-coordinated care.** By supporting care coordination, the basket of care approach may help ensure that patients get defined care that traditional care delivery processes may not be able to deliver as effectively.

Addressing challenges

The baskets of care concept is complex and some questions remain unanswered. Challenges include the need to balance flexibility and innovation with comparability and uniformity. To encourage discussion and problem solving among stakeholder groups that may implement or use the baskets of care, two operational and administrative challenges work groups were convened. The Phase I work group developed potential solutions to address coding, claims, and billing issues using Minnesota's current health care payment structure, and generated longer-term con-

siderations for payment redesign. The Phase II work group focused on broader operational and administrative obstacles across all of the baskets.

Current status

Although providers and payers are not required to use baskets of care as a method of organizing care delivery or payment, the law allows providers to begin using baskets of care beginning in January. It also calls for MDH to publish comparative price and quality information on established baskets of care by July 1, 2010, or as this information becomes available.

More than 80 health care providers, health plans, and employers interested in implementing one or more baskets of care attended a Baskets of Care Early Adopters Summit in November. Combined with the baskets of care subcommittees' reports, the networking opportunities and lessons learned from this summit will help Minnesota medical groups move beyond the concept of baskets to developing and implementing them in ways that improve the delivery of effective, high-quality, and efficient health care services.

As part of fulfilling its legislative charge, MDH will adopt a permanent rule relating to the definitions and quality measures for baskets of care in early 2010. More information about the recommendations from the various committees and work groups is available at www.health.state.mn.us/healthreform/baskets/index.html. ■

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