



INSTITUTE OF MEDICINE

OF THE NATIONAL ACADEMIES

ROUNDTABLE ON VALUE & SCIENCE-DRIVEN HEALTH CARE



VALUE INCENTIVES LEARNING COLLABORATIVE



MAY 26, 2010

THE KECK CENTER OF THE NATIONAL ACADEMIES

ROOM 100

500 FIFTH STREET NW

WASHINGTON, DC 20001

**Objective:** Consider issues and identify innovative collaborative opportunities to improve understanding and action on health care that that delivers the most value.

**Issues prompting the discussion**

- *Overall health care costs:* about \$2.6 trillion in 2010—nearly 17% of the U.S. economy.
- *Relative health costs:* 50% above the 2nd highest, about twice the average in Europe.
- *Health cost trends:* Medicaid spending accounted for 21 percent—representing the single largest component—of total state spending.
- *Health outcomes:* lagging behind on basic indicators (e.g. infant mortality, life expectancy).
- *Misaligned incentives:* fee for service rewards volume and discourages care coordination.
- *Health care waste:* estimates of 20-30% expenditures unrelated to health improvement.
- *Employer competitiveness:* U.S. workforce health trails that of other industrialized nations by 10 percent.
- *Personal costs:* 62% of bankruptcies in 2007 were due in part to medical expenses.
- *Stifled innovation:* entrepreneurs deterred from starting businesses by high health costs.
- *Opportunity costs:* increasing demands placed on states by Medicaid costs have crowded out other state priorities and limited growth in state appropriations for public education.
- *Economic sustainability:* by 2050, Medicare and Medicaid expenditures alone could account for nearly a quarter of the economy.
- *Promising approaches:* value-based payment design, pay for performance, bundled payments, payments for episodes of care, and non-payment for “never events”.

***Agenda***

8:45 am      Coffee and light breakfast available

9:00 am

**Welcome from the IOM**

*Harvey V. Fineberg, Institute of Medicine*

9:15 am

**Chairs: welcome and introductions**

*Sheri S. McCoy, Johnson & Johnson*  
*Elizabeth Nabel, Brigham and Women's Hospital (by phone)*  
*John Rowe, Columbia University*

10:30 am

**Value in health care: background context**

Discussion of the economic case for deriving more value from health care services to promote efficiency and improve outcomes, the foundational activities of the Roundtable, and the impact of health reform legislation.

- Healthcare costs and economic security  
*Douglas Elmendorf, Congressional Budget Office*
- The value proposition and current patterns and trends in the United States—work of the Roundtable on Value & Science-Driven Health Care, and results from the IOM-Peterson Cost series  
*J. Michael McGinnis, Institute of Medicine*
- Impact of provisions in health reform legislation  
*Nancy-Ann DeParle, White House (invited)*
- Introduction and overview of the Center for Medicare and Medicaid Innovation  
*Anthony Rodgers, Centers for Medicare & Medicaid Services*

*Open discussion*

12:00 pm

**Lunch**

1:00 pm

**Value innovation initiatives**

Discussion of ongoing, innovative public and private payment reform projects, and the potential for a learning network to facilitate progress.

- Efficiency engineering  
*Gary Kaplan, Virginia Mason Medical Center*
- Integrated systems  
*James Hereford, Group Health Cooperative*

- Virtually integrated systems  
*Robert Steffel, Healthbridge*
- Bundling of payment for services  
*Ann Robinow, Robinow Health Care Consulting*
- Consumer-directed value incentives  
*Michael W. Painter, Robert Wood Johnson Foundation*

*Open discussion*

BREAK

4:00 pm	<b>Possibilities for collaborative engagement</b>
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*Sheri S. McCoy, Johnson & Johnson*  
*Elizabeth Nabel, Brigham and Women's Hospital (by phone)*  
*John Rowe, Columbia University*

*Open discussion*

4:45 pm	<b>Summary and next steps</b>
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*J. Michael McGinnis, Institute of Medicine*

5:00 pm     **Adjourn**