



CATALYST FOR PAYMENT REFORM

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Major Employer Group Launches Two New Initiatives to Reform Health Care Using Payment Policies

Initiatives Would Use Power of the Purse to Improve Maternity Care, Enhance Care Affordability

SAN FRANCISCO – December 7, 2011 – To spark tangible improvements in health care delivery and affordability, Catalyst for Payment Reform (CPR), a leading coalition of health care purchasers, announced two initiatives today aimed at improving maternity care and the overall quality and affordability of health care in this country. Both initiatives focus on using payment policy to drive fast and substantial change.

To kick off the two initiatives, CPR has released “Maternity Care Payment Reform” and “From Reference to Value Pricing,” two action briefs that introduce the topics and outline steps purchasers can take in these areas. These tools, along with CPR’s new health plan RFI (request for information) questions on these topics, will help purchasers spur progress by health plans. RFI questions enable purchasers to compare and select the health plans they rely on to reimburse the doctors and hospitals that care for their enrollees. CPR plans to take the RFI one step further by translating it into model contract language purchasers can use with health plans. All tools are available at www.catalyzepaymentreform.org.

Due in part to existing payment policies, the rate of cesarean deliveries in the U.S. has skyrocketed over the past decade, now costing health care payers more than \$3.5 billion per year. However, research has shown many of these cesarean deliveries are not medically-indicated. CPR’s new maternity care initiative focuses on improving the way we pay for maternity care to redirect financial incentives away from over-utilized, unnecessary interventions in labor and delivery, toward evidence-based care that improves health outcomes while reducing costs.

“Maternity care presents an unusual opportunity to reform health care. By changing how we pay for maternity care, we can improve quality and spend less,” explains Suzanne Delbanco, Executive Director of Catalyst for Payment Reform.

Reference pricing is an approach that establishes a standard price for a drug or other product, procedure, service or bundle of services, and generally requires that health plan members pay for any contractually allowed charges beyond the reference price. When quality is also taken into consideration, reference pricing can also be called value pricing.

Studies have shown that reference pricing can reduce costs substantially. For example, the RAND Corporation estimated in 2009 that if Massachusetts implemented reference pricing to pay for academic medical center care at the rates then paid to community hospitals, private payers in that state could lower their costs by as much as \$8.8 billion. Reference pricing brings health care consumers into the equation and can exert pressure on high-cost providers to lower their prices.

“Using payment policy to engage consumers in decision-making and to reduce unwarranted price variation by providers is a powerful tool to enhance quality and reduce costs,” commented Delbanco.

CPR invites health care purchasers and plans to use its entire health plan RFI on payment reform and will host instructional webinars for those interested in learning more about the tool. Details are forthcoming. To download the RFI questions free of charge visit <http://www.catalyzepaymentreform.org/RFI>.

About Catalyst for Payment Reform

Catalyst for Payment Reform is an independent, non-profit corporation working on behalf of large employers to catalyze improvements to how we pay for health services and to promote better and higher-value care in the U.S. CPR received input on the RFI from members of its advisory committees, as well as other health care payment experts, employers and health plans. Distribution of the RFI is made possible through the support of Aetna Inc. and the Aetna Foundation. The Pacific Business Group on Health is a founding partner of CPR and is working collaboratively to advance payment design.

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