

Better integrating health care delivery in our country can improve the quality of care delivered to patients as well as create cost-saving efficiencies. In America's health care system today, service delivery is highly fragmented. The result is a failure to provide the right care at the right time—harming patients and increasing costs. Providers lack the incentives to coordinate care and the infrastructure to do so.

Health reform should incentivize the creation of integrated health care delivery systems around the country. It is time to build on local success stories, leveraging community resources, and to make integrated care networks strategic partners that can deliver the improved access, quality of care and cost-savings needed to make the expansion of coverage both affordable and effective.

**To correct the misaligned incentives in Medicare and Medicaid, health reform can incentivize the development of Integrated Delivery Networks by:**

- ❖ **Create a new provider class of Integrated Delivery Networks (IDNs).** Medicare Advantage isn't working. IDNs are an approach to managing the care for fee-for-service Medicaid and a valuable care alternative for those who cannot or do not want to join Medicare Advantage plans. Forming IDNs, wherein public and private partners have true, established partnerships and joint governance, creates a structure to facilitate communication and coordinate service delivery.
  - The Department of Health and Human Services should designate IDNs as a new provider class, developing standards and metrics that must be met while allowing and supporting local innovations.
  - Safety net providers, public and private, with proven expertise serving Medicare, Medicaid and uninsured patients, should be at the center of IDNs. IDNs could include physician groups, specialists, clinics, hospitals, long-term care facilities, and possibly health plans.
  - Patients in IDNs must have neighborhood medical homes that will better coordinate and manage care for patients, particularly those with chronic diseases.
  - IDNs must be financially incentivized to:
    - Serve patients covered by both public and private insurance plans in order to increase access for more patients and create broader system efficiencies.
    - Strengthen and expand the capacity of primary care, as well as network-wide systems and programs that enhance care coordination.
- ❖ **Using bundling to realign financial incentives to encourage coordination.** The care coordination services provided by IDNs should be reimbursable by all federal health programs. As networks are developed they will require investments in expanded capacity for primary care and core network functions. Eventually, bundled payments could be made to the delivery network in order to move away from the inefficiency of fee-for-service payment model and to capture cost savings from decreased use of expensive services and enhanced patient care management.
- ❖ **Leveraging health information technology (HIT).** Successful IDNs require a secure, standardized HIT system to exchange critical health care information at the point of care. HIT is also essential for providing effective care management services to patients, and to empowering patients to manage their own health and medical care. IDNs should qualify for enhanced HIT funding, including personal health records for patients, beyond what is included in American Recovery and Reinvestment Act.
- ❖ **Creating accountability and transparency for improving quality and reducing costs.** Integrated networks will be required to measure and report on the quality of care provided.

*For a more detailed proposal on how integrated delivery networks can support health reform efforts, or for more information, contact Allen Miller at COPE Health Solutions at 310-386-5812. Many of the concepts here are also discussed by the National Association of Public Hospitals in their "Coordinated Care Network" proposal.*