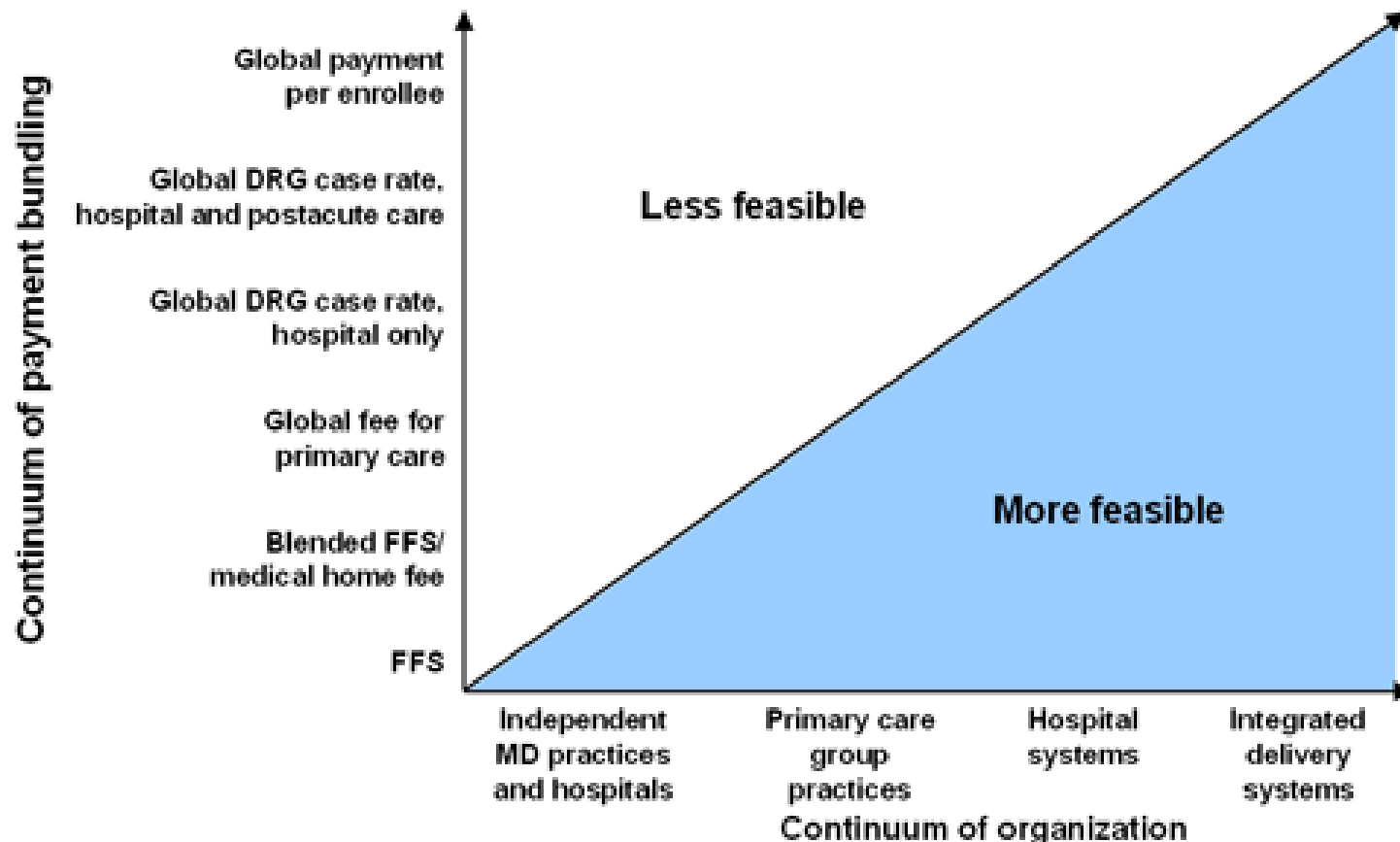


Payment Reform Approach: Meet the providers where they are

Medicare Payment Reform Framework: Organization and Payment Methods



Notes: DRG is diagnosis-related group. FFS is fee-for-service.

Source: S. Guterman, K. Davis, S. C. Schoenbaum, and A. Shih, "Using Medicare Payment Policy to Transform the Health System: Framework for Improving Performance," *Health Affairs Web Exclusive* (Jan. 27, 2009):w238-w250.

Health Action Collaborative New Payment Model (DRAFT)

Service Category	Provider Incentives	Patient Incentives
Supply Sensitive	Global Budget	High Co-pays
Preference Sensitive	Pay for Informed, Evidence-Based Choice	Low Co-pays with Shared Decision Making
Effective Care	Pay for Outcomes	No Cost Barriers, Incentives for Compliance

Figure 9: Selection of Providers for Drill Down

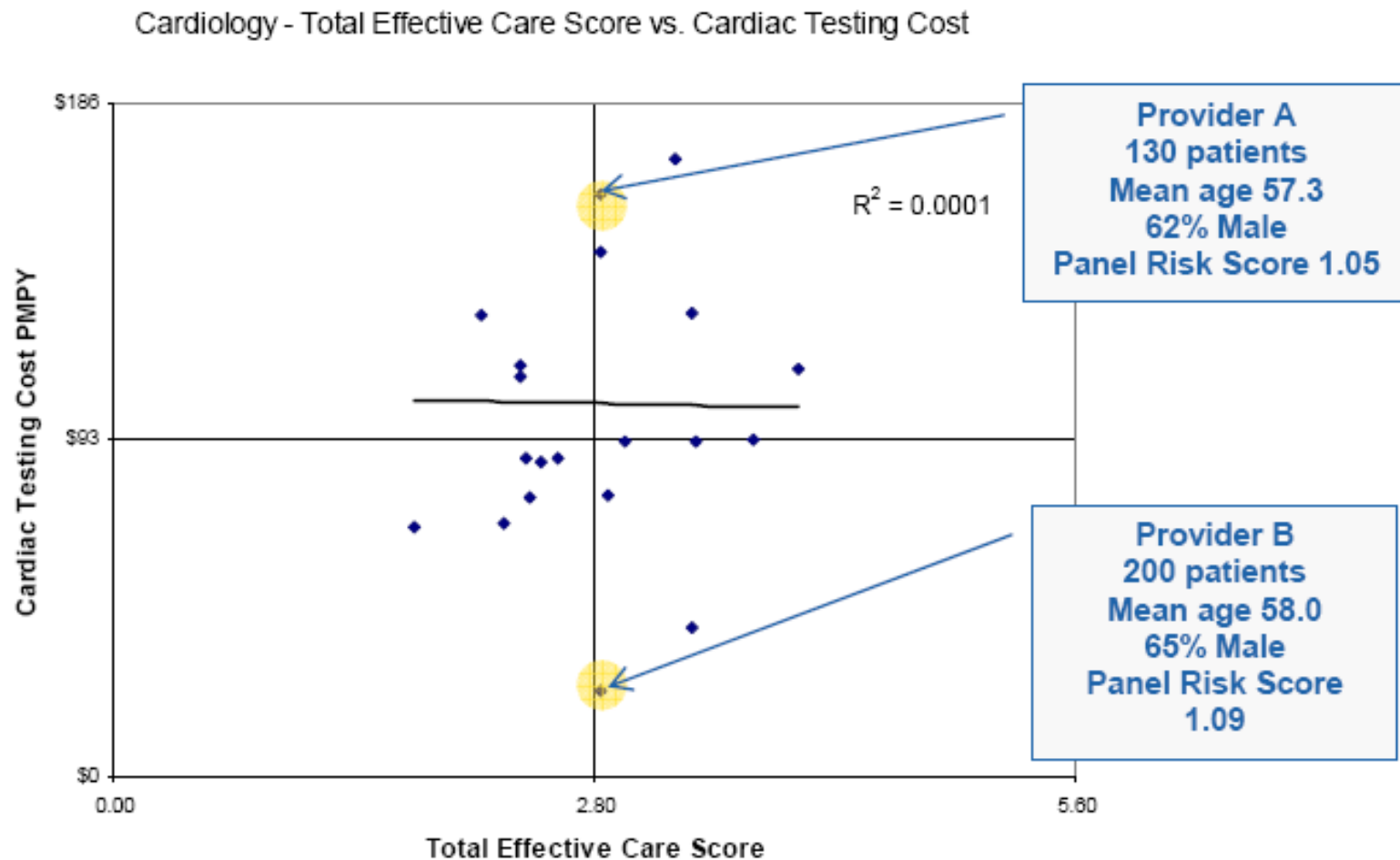


Figure 9 shows the providers' effective care scores were nearly identical and at the median for the providers analyzed. Yet, there was a substantial difference in cardiac testing costs. The cardiac testing measure included cardiac catheterizations, echocardiography exams, cardiac stress tests, ECGs, and other cardiac tests such as perfusion tests. (from MQF/MHDO/HDAS test analysis of commercial claims, Feb. 2007)