April 24, 2006

Dear Prospective Prometheus Pilot Region:

The Prometheus team is pleased to present this Request for Information as the first phase of an environmental scan to select the initial pilot markets to be launched in 2007.

Responses are due June 30th.

The first step in preparing your response is to thoroughly read the White Paper. www.bridgestoexcellence.org/bte/wp_prometheus.htm

Also there are two calls scheduled for your convenience to ask questions in order to help you refine your response:

- Friday, May 26th 2:30 - 4:30p.m.
- Thursday, June 1st 2:30 - 4:30 pm.

Dial in: 1-800-556-9130. Access code: 482054

Thank you for your interest,

The Prometheus team

PROMETHEUS
Igniting Payment Reform

Request for Information

# PROMETHEUS

## I. About Prometheus

Prometheus is an alternative payment model designed by a team of experts in health care economics, law, policy, plan operations, and performance measurement. The purpose of Prometheus is to help payers and purchasers to respond to one of the main challenges set forth by the Institute of Medicine's series of reports on the Quality of Care in America: to reform a toxic payment system. As opposed to a payment model that completely replaces the two most dominant payment systems in the US, fee-for-service and capitation, Prometheus focuses on the use of case rates and global fees in order to address many of the issues faced by previous payment systems. Prometheus uses well-practiced payment elements of today, however there are several critical design factors that differentiate the concept. First, it uses case rates that are based on evidence-based guidelines and severity adjustments. Evidence-based Case Rates (ECRs) are paid right up-front and high performers have the financial incentive to make more than 100% of the ECR. On the other hand, low performers will make less. A performance scorecard is used to promote clinical integration around the care of the whole patient. Between ten percent and twenty percent of the payment is deposited in a performance contingency fund and tied to provider performance on process and outcomes of care, patient experience of care, and cost-efficiency. Providers are encouraged to be clinically integrated, even virtually, with 30% of their score dependent on the performance of other providers that care for the same patients. The Prometheus engine also differs from previous payment systems in that it can be deployed in any market and does not require new claims systems. It also does not require the presence of integrated systems of care (IDNs). There are many aspects of this model that will have to be tested, evaluated, and refined, and that is what we propose to do by launching pilots in different market environments. Implementing Prometheus' innovations will require creating an engine that can execute on a variety of tasks. The first task is to establish severity-adjusted Evidence-based Case Rates (ECRs). The second task is to determine the appropriate allocation of those case-rates across different types of providers treating the same patient. The third task is to track the performance of all providers caring for the patient covered by the ECR, and the last task is to reconcile all payments to reward good performance. The design team acknowledges the significant complexities contained within each of the four tasks and the significant effort it will take to make each operational. We expect to learn a lot from those efforts and to engage plans and providers actively in the details so that the model reflects a true alignment between what should be paid to deliver high value care and what is actually paid.

## II. Role of the pilot market.

The design team acknowledges the significant complexities involved in adapting a new payment model. Because of this, PROMETHEUS certified vendors will be available to implement the payment model in a market. The markets can build their own version, but having the vendors available will reduce the cost of implementing the model. To implement PROMETHEUS does not require collaboration among multiple payers in a market, nor does it require financial integration of participating providers. It does motivate clinical integration among cooperating providers to enhance their care delivery processes and efficiencies, without merging their practices or having another party hold their money. In the beginning especially, the cost of implementation must avoid significant economic dislocation, although with the change necessary for a new system, there will be inevitable transition costs. Neither plans nor providers need to invest in costly infrastructure and highly revamped processes. While the use of electronic records would be ideal, PROMETHEUS can be implemented without it. There will need to be some investment in systems; it is unlikely that substantial improvements in the effectiveness, efficiency and safety of care can be achieved without some increased investment in systems. There is also no need for legal restructure.

## III. Project Milestones

The development of Prometheus and milestones for the effort are set up into four quarters. The first quarter promotes the project by presenting the concept to key stakeholders/customers with the intention of receiving feedback. Additionally, this quarter also entails analyzing and recommending pilot market sites. The engine for quarter one deals with the flow through process using two conditions and two procedures, and establishes detailed process maps for vendor Scopes of Work. The second quarter advocates the refinement of presentations and broadly engages the market. The operations include the implementation plan for pilot sites, the creation of scorecard prototypes, as well as the refinement of the evaluation plan. Additionally, the effort will supervise vendor development of engine components and test processes. Quarter three continues to broadly engage the market, but also begins to test and validate the scorecard and integrate it with the engine processes. Also, the Prometheus team will then determine the need for any baseline measures in pilot areas and will work through pilot implementation. Quarter four will advocate the continuation of broadly engaging the market, but will also finalize the evaluation plan and take baseline measures. During this quarter, the Prometheus team will also work through all of the remaining pilot implementation issues for the January 2007 launch.

IV. Timeline for Responses

To be considered for pilot market candidacy, we request that proposal responses be submitted to Francois de Brantes (Francois.deBrantes@bridgestoexcellence.org) by June 30th 2006. We will carefully review all proposals and select the most appropriate markets based on each candidate's responses.

III. Contact Information

Candidates can learn more about the effort in the Prometheus White Paper. The white paper is available via the internet at: http://www.bridgestoexcellence.org/bte/wp_prometheus.htm. Any additional questions or concerns can be addressed by contacting Francois de Brantes.

IV. Criteria for Selecting Pilot Markets

In order to select the pilot market candidates to initially test the Prometheus engine, we will be using the following list of criteria. A Quality Function Deployment model (QFD), a house of quality tool for six sigma quality, will be used to validate each of the proposals. The QFD will include all of the elements that we are looking for in the pilot markets. It is crucial that we pick markets with different characteristics, so that we can test the differential impact of Prometheus on those sites. Each of the criteria will be assigned a weight based on their relative importance. Using the QFD model, we will rank the potential markets based on each candidate's responses to each of the criteria. Overall, the team will try to select an "advanced" market, an "intermediate" market, and a "basic" market that possess the following characteristics:

| | Basic | Intermediate | Advanced |
|---|---|---|---|
| Delivery System | Mostly fragmented | Presence of multi-specialty groups and/or IPAs | Presence of fully integrated systems |
| Current use of capitation | None | Some | Some |
| Ability to manage case rates | Little or none | Moderate | Moderate to high |

The full list of criteria that will be used to rank the markets include:

*Large concentrated medically diverse population*: This criterion is a measure the size of the population, as well as the health status, variation in health conditions, and scope of medical services utilized in the current market. A large population includes any markets with greater than one million patients. *Stable patient population*: This criterion is a measure of population migration in and out of the state over the past year. *Large, Active employers/coalition*: This criterion determines if the specific geographic market area has a number of purchasers of health benefits with a combined count of covered lives in a specific geographic market area of at least 50,000 and/or 8%-10% of the local population. Such purchasers are typically Fortune 100 companies. *Large market share of willing plans*: This criterion measures the extent to which healthcare plans in the market are experienced with and supportive of pay for performance programs. It considers how healthcare plans have responded to any recent experiences with pay for performance or similar programs. This criterion can also be measured by determining if the market is typically ultra-conservative or open-minded to change.

*Willingness of local provider leaders*: This criterion is an assessment of the prevalence of active pay for performance programs in the market and describes how local physicians traditionally react to different payment models. It is an indication of how easily local provider leaders would adapt to a new pay for performance model and how willing they would be to voluntarily participate in such an effort. *Presence of local business groups on health:* This criterion is a log of local business coalitions of health in which employers are engaged and actively participating. This should provide a sense of what the coalitions have recently been doing and the number of employers that are actively involved. *Experience of market in performance measurement/reporting:* This criterion measures the current use and type of pay for performance, quality management, and performance measurement in the current local market. *Other major healthcare market initiatives:* This criterion deals with other major healthcare market initiatives which include any legislation or payment reform programs that the market is currently involved with. Such initiatives may include pay for performance, RHIOS, etc. *Dominant stakeholder/provider:* This criterion determines the extent to which a dominant market player has the potential to exercise its power to help or hinder change initiatives. *Existence of integrated delivery systems:* This criterion looks at the existence and experience of the local market with integrated delivery systems. *Familiarity with capitation:* This criterion measures the use of capitation in the market. Is it used? Has it been used? Was use discontinued? *Current prevalence of case rates:* This criterion measures the current use of case rates by healthcare facilities and healthcare plans in the local market. The basis for the case rates is evidence-based guidelines and includes adjustments for patient severity of disease, and high performers can get more than 100% of the case rate. It looks at providers' experience with case rates and their

willingness to comply with ECRs.

Directions

*--Please include responses to the following questions in your proposal as completely as possible.--Responses to the criteria questions will be ranked based on a relative comparison to the other market proposals.--Please Keep idividual responses for each question to one page or less--Markets will be assigned to the basic, moderate and advanced categories based on a comparison of proposals.--Please also note that selection of markets does not require that the market meets all of the criteria, by any means.*

| I. Specific Market Criteria | |
|---|---|
| 1 | Large Concentrated Medically Diverse Population a. What is the approximate size of the patient population for all payors in your market? b. Please provide any information or proof of medical diversity (i.e. specialty facilities, percentage of residents with certain disease prevalence, age/race/sex demographics) that would indicate the relative medical diversity of your population. |
| 2 | Stable Patient Population b. Please provide any information that would indicate the rate at which consumers switched providers in the past year. a. What are the approximate rates of migration of healthcare consumers in and out of the local market in any of the past 3 years? |
| 3 | Large Active Employers/Coalition a. Are there any local business groups on health present in the market? If so, to what degree are they engaged in the market's efforts and what have they been doing? b. Does your market have plans to implement any new business coalitions of health? If so, please describe such potential efforts. c. Is there evidence of said local groups being interested in the Prometheus project? |
| 4 | Large Market Share of Willing Plans a. How have healthcare plans responded to any recent experiences with pay for performance or similar programs? d. Is the total spending between willing employers and health plans in the market at least 30% of the market share? b. To what extent are healthcare plans experienced with and supportive of pay for performance programs? c. Is the market typically ultra-conservative or open-minded to change? Please rank on a scale from 1 to 10; 1 being ultra-conservative and least likely to be on board with new ideas, and 10 being open-minded and the willing to be the first to try new out new healthcare initiatives in the market. |
| 5 | Willingness of Local Provider Leaders a. Please describe the prevalence of active quality programs in the market. c. How easily do you feel that local provider leaders would adapt to a new payment model? d. How willing do you feel that local provider leaders would be to volunteer in such an effort? e. If applicable, how willing were local provider leaders with regard to similar efforts such as case rates in the past? b. Please describe how local physicians have traditionally reacted to different payment models, including their willingness to share data and work collaboratively. |
| 6 | Other Major Healthcare Market Initiatives a. Please describe the prevalence of the use of recognized report cards, such as HEDIS in the market. b. How have these initiatives progressed, and to what degree have they impacted the local market? a. What other legislation or payment reform programs, such as pay for performance and RHIOS, is the market currently involved with? |
| 7 | Dominant Academic Centers, Medical Facilities, or Other Large Constituents in the Market a. How many and what type of dominant academic, medical facilities, and other centralized constituents exist in the local market? b. Please describe the amount of leverage these facilities carry in the market. |
| 8 | Existence of Integrated Delivery Systems a. Are there any IDS models currently used in the local market? If so, describe the success of these models. b. Please describe the interplay of providers in the active, or virtual, integrated delivery systems. c. To what degree is the information needed to deliver care as quickly as possible, such as risk management and early detection, available to providers? |
| 9 | Familiarity with Capitation b. If the market does have familiarity with capitation, how has it helped the market control healthcare costs? a. Please describe the use of capitation in the market. Is it used? Has it been used? Was it discontinued? Please explain. |
| 10 | Current Prevalence of Case Rates a. Describe the current use of case rates by healthcare facilities and plans in the local market. b. How willing are providers to comply with ECRs? |

| II. Additional Information to be Submitted in the Proposal | |
|---|---|
| 11 | Please provide a brief description of who the candidate represents. |
| 12 | Please explain why you feel your market can meet the criteria for success. |
| 13 | Please provide information on what your market has accomplished in the past in collaborative efforts of any kind. |
| 14 | Please provide any additional information that would indicate why you feel we should select your market to be a Prometheus pilot. |
| 15 | With regards to the inputs in the QFD model, do you feel that your market would best qualify as a basic, moderate, or advanced pilot market? |
| 16 | Have we missed any other unique criteria from the market's perspective that would make your market a good candidate? |
| 17 | Does your market currently have a plan to get the implementation of this payment model done and how detailed is it? |
| 18 | Does your region have access to baseline data that indicates the cost and quality of care in the region? If so, please describe what type of data it is, the source as well as the regional parameters (health plan specific, state wide etc.) |