

**NHII 03**

**Financial Incentives  
Group B**

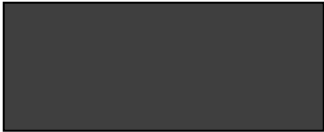
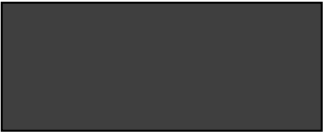
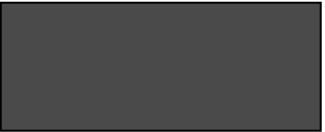
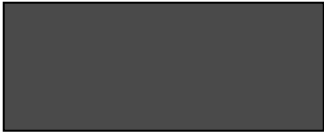
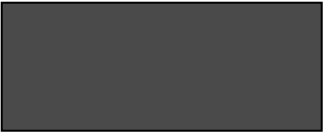







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**Donald W. Moran  
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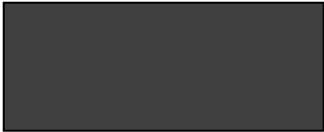
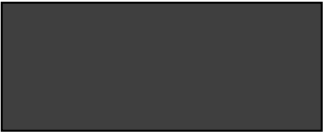
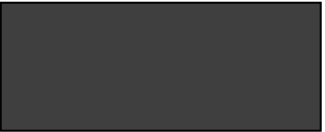
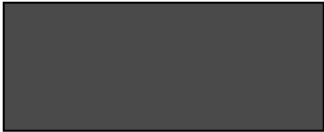
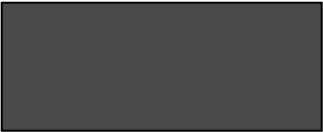
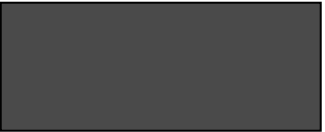






# Financial Incentives Group B

## Current Status of Incentives $\approx$ NHII:

	<b>INTRASITE</b>	<b>MULTI-SITE</b>	<b>EXTERNAL</b>
Budgeted Systems			
Closed Panel Pre-Paid Groups			
Horizontal Systems			
All Other			

# Financial Incentives Group B

Desired State of Incentives  $\approx$  NHII:

	<b>INTRASITE</b>	<b>MULTI-SITE</b>	<b>EXTERNAL</b>
Budgeted Systems			
Closed Panel Pre-Paid Groups			
Horizontal Systems			
All Other			

# **Financial Incentives Group B**

## **Time Horizons Defined:**

### **“Short Term” =**

- Immediate Departmental consideration in current budget cycle leading to:
  - ❖ 2004 legislative initiatives
  - ❖ FY 2005 appropriations requests.
- “Real world” impact in CY 04-05.

### **“Medium Term” =**

- Active current internal policy development leading to initiatives for next policy/budget cycle.
- “Real world” impact beginning in CY 06-07.

# **Financial Incentives Group B**

## **Short Term Recommendation #1**

### **Continue/Accelerate Support for Private Sector Connectivity & Content Initiatives:**

- Data/Message Standards & Nomenclature**
- “Connectivity-Ware”**
- Decision Support Content/Programming**
- NHII-compatible local/regional model development.**

# **Financial Incentives Group B**

## **Short Term Recommendation #2**

**Focused support on quickly demonstrating system impact of close-to-full connectivity on the ground:**

- Develop & implement “NHII-centric” model to use existing grant authorities and \$\$\$ to support active community/regional pilots.**
- Major initiative with new FY 05(ff) money to bring up as many as 40-50 new development sites.**
- Immediate active effort to develop model “NHII content” for broader rollout.**

# **Financial Incentives Group B**

## **Short Term Recommendation #3:**

**Develop new demonstration focus on efforts to stimulate private market acceptance & investment in NHII components:**

- Cost effectiveness analysis of key features.**
- Development of competitive vendor market.**
- Product evaluation/accreditation.**
- Vendor investment incentives.**

# **Financial Incentives Group B**

## **Short Term Recommendation #4:**

### **Begin investment in demonstrating consumer/patient impact:**

- Develop “NHII compliance” metrics.**
- Provider/health plan reporting & “Scorecards”**
- Test relevance to stakeholder decision-making.**



# **Financial Incentives Group B**

## **Medium Term Recommendation #1**

**Define and implement strategy for active public sector capital financing of major implementation projects:**

- Loan programs (structure TBD) for institutions with capacity to generate internal ROI (actually, + NPV).**
- Grant programs for smaller and/or non-margin-oriented actors in system.**
- Tied, in all cases, to explicit projects that meet tight criteria for building NHII-essential capacity.**

# **Financial Incentives Group B**

## **Medium Term Recommendation #2:**

### **Harmonize reimbursement incentives (public & private) to achievement of NHII objectives:**

- Expand demos to consider methods/settings for coverage of presently non-reimbursed services (e.g., *e*-consults).**
- Consider harmonizing capital reimbursement to promote feasibility of loan finance ( $\approx$  loan forgiveness features).**
- Consider FFS reimbursement differentials for those achieving superior outcome gains (not input differences).**

# **Financial Incentives Group B**

## **Other Observations**

**Our group found major tensions between long term and short term strategies:**

- **In the long term, NHII is a Rorschach test.**
- **In any given shorter term, creative tension between:**
  - ❖ **Realities of local/regional development agendas seeking financing; and**
  - ❖ **Broader national policy objectives.**

**Before “real money” flows, this tension will have to be resolved.**