How Social and Environmental Determinants Can Be Used to Pay Differently for Health Care
IGNITE presentation by Robert Phillips, MD, MSPH

ACA Opened the Door for Payment Reform and Practice Transformation to Address Social Determinants of Health, Now What?
IGNITE presentation by Craig Hostetler, MHA

Module by Tanner Nissly, DO, Brian Frank, MD, Andrea Westby, MD, and Lucas Stone, MS

Appropriate Audience: All learners

Related Modules:
- Access to Primary Care is Not Enough: A Health Equity Road Map
- Community Vital Signs: Achieving Equity through Primary Care Means Checking More than Blood Pressure
- Identifying and Addressing Patients’ Social and Economic Needs in the Context of Clinical Care
- Intersectionality—The Interconnectedness of Class, Gender, Race and other Types of Vulnerability

Learning Objectives

After participating in this learning module, the participant will be able to:

1. Appraise the ways that social risks impact outcomes in quality measures.
2. Evaluate challenges in value-based care reimbursement models with under-resourced populations.
3. Identify opportunities for health equity advocacy regarding payment structure for value-based reimbursement models.
4. Identify the benefits and challenges of the UK and New Zealand approaches, particularly as they relate to implementing value-based payments in the US healthcare system.

Background
The United States outspends other developed countries in health care by 150% and yet Americans are living shorter lives and are in poorer health than their Asian and European counterparts.¹ At the same time, we spend less than half as much as other nations on social services.² Meanwhile, health inequities are estimated to cost the United States more than $300 billion annually.³
In the face of increasing costs without improved outcomes, the Patient Protection and Affordable Care Act (ACA) was passed in 2010. Among many reforms, the law led to testing multiple alternative methods of healthcare payment. The goal of these alternative payment methods is to achieve the Triple Aim of lowering cost, improving population outcomes, and improving patient experience. Physician payment incentives for improved patient outcomes were implemented across the country. However, it became clear that certain populations of patients with increased social risk factors had poor health despite increased physician incentives and, as a result, there was growing concern that incentives may discourage care of patients with multiple social risk factors. Implementing alternative payment models requires a robust data infrastructure to effectively capture data about social determinants of health (SDoH)/social risk factors.

The next major legal attempt to address health inequities through payment reform came in 2014, when Congress passed the Improving Medicare Post-Acute Care Transformation Act (the IMPACT Act) which compelled a review of evidence linking social risk factors with performance under existing federal payment systems. The National Academies of Sciences, Engineering, and Medicine (NASEM) was commissioned to identify social risk factors that affect health outcomes of Medicare beneficiaries and methods to account for these factors in Medicare payment programs. Report findings outlined the detrimental impact of social risk factors on an individual’s health outcomes and advised that these be taken into account when reporting on achievement of quality measures. It also recommended restructuring payment incentives to reward improved outcomes in disadvantaged populations, even if they remain below national targets. However, current data to assess social risk factors is lacking and requires further research.

Pilot programs in states like Oregon are finding that non-medical interventions can be paid for as “flexible services” if individual providers justify their health outcome benefits. Other countries, such as New Zealand and the United Kingdom (UK), have effectively collected data about environmental and social determinants and implemented a healthcare payment system that takes these factors into account. The identification of high risk areas and populations makes it possible to direct more resources to higher risk areas to improve outcomes. This has had an effect of reducing health disparities among the most disadvantaged groups. An understanding of other countries’ approaches to value-based care will enhance our ability to design a payment system that reflects the contribution of socioeconomic and geographic factors to individual and population health. As recommended in the NASEM report, the goal of any such system should be twofold:

1) To provide specific payment adjustments to reward achievement and/or improvement for patients with social risk factors.

2) To provide targeted support, where feasible, for providers who disproportionately serve these patients.

Ultimately payment reform must be coupled with practice innovation for lasting healthcare transformation.
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Ignite Videos
- How Social and Environmental Determinants Can Be Used To Pay Differently For Health Care by Robert Phillips, MD, MSPH (~9 min).
  https://www.youtube.com/watch?v=0hyga1B-SIs
- ACA Opened the Door for Payment Reform and Practice Transformation to Address SDoH, Now What? by Craig Hostetler, MHA (~10 minutes)
  https://www.youtube.com/watch?v=bMoH_hLWV_8

Accompanying Slides
- There are no accompanying slides for Craig Hostetler’s video.

Questions for Group Discussion
After watching the talk, consider splitting your learners into smaller groups and facilitate discussion on the following questions:

1. What social risk factors may affect patient health?
2. Patients with social risk factors have worse health outcomes. Providers who care for patients with social risk factors have worse quality measures. Is this due to lower-quality care or is this due to the social risk profile? Are other factors involved? How can we discern the true cause of poor health outcomes and quality measures?
3. If payments are adjusted based on social risk, what types of initiatives should be engaged to alleviate disparities?
4. What can we learn from pilot projects in the United States and international efforts in payment reform?

Applying an Equity Lens in Professional Practice
As you reflect on the material in this module, consider how you will apply it in your professional practice by asking questions based on the Equity and Empowerment Lens’ 5Ps:

PURPOSE: How can we equitably distribute payment by taking into account social determinants?
PEOPLE: If we were to change the reimbursement models based on social determinants of health/social risk factors, who will be positively affected? Who will be negatively affected? How will the intervention affect the relationship between patients and providers?
PLACE: How might deprivation indices be used to redistribute resource investment geographically?
PROCESS: Are we excluding anyone with restructuring the payment system? Is everyone who needs to be at the table (included) present?
POWER: Whose voices are not being heard on this issue? What priorities are we overlooking? What are the risks for moving ahead with payment reform regarding SDoH?

For more in depth discussion read and refer to:

- This article succinctly summarizes the NASEM report and offers three strategies to monitor quality, fairly judge provider performance, and ensure that payment reflects the level or resources needed to provide high-quality care and reduce disparities.


- This article describes how the UK and New Zealand use data regarding material and social deprivation to construct indices designed to measure socioeconomic variation across communities, assess community needs, inform research, adjust clinical funding, allocate community resources, and determine policy impact. Indices serve to define organizing principles for population health. It also explores their use in policy.

**Resources for further exploration**

**Macro: In Health Care Transformation**


- This report explores why Medicaid should account for SDoH in setting payments and in measuring quality. It also describes methods Medicaid programs in Minnesota and Massachusetts used to examine SDoH.


- These resources both address Medicaid and managed care approaches to payments according to SDoH.


- This paper details the American Academy of Family Physicians’ (AAFP) plan for complete payment reform, including accounting for SDoH.

**Meso: In Quality Improvement**
  ○ PRAPARE is a standardized assessment tool to gather and act on SDoH. This toolkit also provides resources on implementing SDoH at a system level.

**Micro: In Clinical Encounters- Shared Decision Making**

  ○ Trainings on how to respectfully elicit SDoH.
  ○ This resource presents a Structural Vulnerability Assessment Tool as a way to non-judgmentally obtain important information about SDoH.
  ○ This resource is a helpful commentary about how to discuss incarceration with patients in a way that is non-judgmental while also recognizing the vulnerabilities that patients experience and how they impact health.

**Words and Concepts Used in this Module that are Defined in the Guidebook**

- Social Determinants of Health
- Deprivation Index
- Community Vital Signs
- Risk Adjustment
- Value-Based Programs
- Social Risk Factors

**References**


Module Writers
Tanner Nissly, DO
University of Minnesota Department of Family Medicine and Community Health
Minneapolis, MN

Andrea Westby, MD
University of Minnesota Department of Family Medicine and Community Health
Minneapolis, MN

Brian Frank, MD
Oregon Health and Science University
Portland, OR

Lucas Stone, MS
Oregon Health and Science University
Portland, OR

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