Testimony Submitted to the Senate Finance Committee

Hearing on Health Care Quality: The Path Forward

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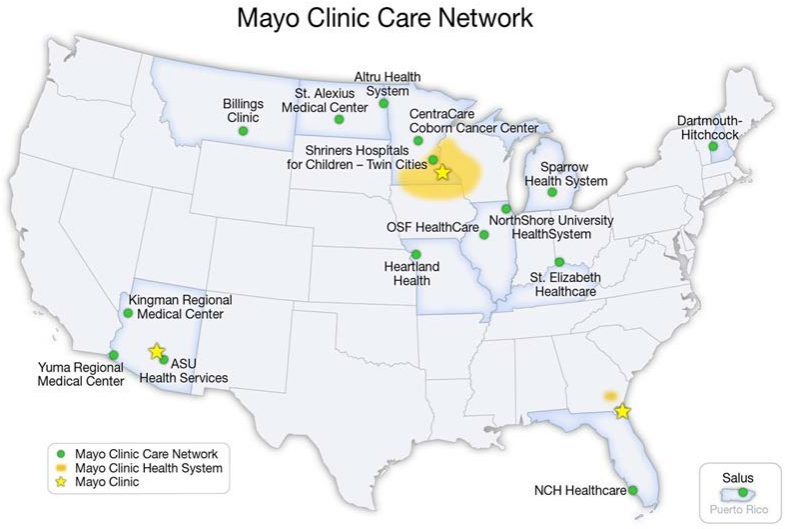
Introduction

On behalf of Mayo Clinic, I appreciate the opportunity to submit written testimony on the need to develop evidence-based quality measures as part of reform of Medicare's physician payment system. We believe physician payment must be based on evidence-based quality measures that lead to better patient outcomes. By rooting this at the core of payment reform, we can put in place a structure that incents providers to both offer higher quality care for Medicare patients and deliver that care cost-effectively. Mayo Clinic is deeply committed to providing the highest quality of care in the most efficient manner, which is why we have invested significant intellectual and financial capital on discovery in these critical areas. I am pleased to share some of our recent knowledge as well as our experience from more than one century of striving to provide high value health care.

Mayo Clinic Background

Mayo Clinic is a not-for-profit health care system dedicated to medical care, research and education. With more than 3,600 physicians and 60,000 employees, Mayo Clinic demonstrates a relentless and unwavering commitment to excellence which has spawned a rich history of health care innovation. Each year, more than one million people from all 50 states and 140 countries come to Mayo Clinic to receive the highest quality care at sites in Minnesota, Arizona and Florida. In addition, Mayo Clinic Health System, a family of clinics, hospitals and health care facilities, serves communities in Iowa, Georgia, Minnesota and Wisconsin. Most recently, we established the Mayo Clinic Care Network in 2011, which consists of health care organizations across the U.S. that share a commitment to improving the delivery of health care in their communities through high quality, data-driven, evidence-based medical care. While retaining their autonomy, members of the Mayo Clinic Care Network have direct access to Mayo Clinic's expertise, as well as to Mayo Clinic's evidence-based disease management protocols, clinical care guidelines, treatment recommendations and reference materials for complex medical conditions.

Mayo's geographic footprint is illustrated in the map below.



Mayo Clinic's unique and distinguishing characteristic is the Mayo Clinic Model of Care which is a trusted and collaborative approach to medicine that is complemented by a constant quest for knowledge and innovation and dates back to the Mayo brothers who founded Mayo Clinic 149 years ago.

In 2013, Mayo Clinic in Rochester was ranked among the top three U.S. hospitals by *U.S. News & World Report*. Of the 16 specialty areas reviewed by *U.S. News*, Mayo Clinic in Rochester was ranked in the top 10 in 15 specialties, in the top five in 11 specialties and was the number one ranked hospital in four specialties.

When it comes to research and health care innovation, Mayo Clinic has been a steadfast leader. In 1907 Mayo adopted a unified medical record – a stunning advancement that is now embraced by almost two-thirds of practices in the United States. Mayo developed the first and largest multidisciplinary academic medical group practice, created the first microscopic system for grading cancer, invented the heart-lung machine and was awarded the Nobel Prize for the discovery of cortisone. Mayo Clinic will continue to pursue innovative care and services that will benefit patients worldwide.

Evidence-based Processes Drives High Quality Outcomes

Our Mayo Clinic colleagues work to improve quality because it saves lives and improves outcomes. For more than a decade, multidisciplinary efforts have been underway to develop and employ evidence-based care pathways to improve processes, measures and, ultimately, clinical outcomes. Through many of these efforts, we have demonstrated quality improvement in patient care while reducing costs. Certain areas of investigation have produced as much as $186 million in savings during the past six years.

Below are a few examples of standardized, evidence-based practices that both keep patients safe and reduce costs.

- **Post-operation infection rate reduction.** By implementing a series of interventions throughout the entire surgical episode from preoperative preparation to post discharge care, Mayo Clinic and six other U.S. health care systems (through an improvement project directed by the Joint Commission Center for Transforming Healthcare in collaboration with the American College of Surgeons) cut the overall colorectal surgical site infection rate from 9.8 percent to 4.0 percent in one year and saved more than $3.7 million.
- **Inpatient dialysis utilization.** Mayo Clinic was able to achieve at least a 20 percent reduction in inpatient dialysis utilization which accounts for 50 percent of total dialysis costs with no reduction in quality. This was achieved by establishing standardized care through Electronic Medical Records enhancements; decision aids for patients prior to dialysis referral; and improving transitions to transplant, renal therapy and palliative care. At Mayo's Rochester, Minnesota site, this equates to a cost avoidance of up to $10 million with no reduction in quality.

- **In hospital bloodstream infection reduction campaign.** Mayo care teams continue to reach new milestones for preventing central line-associated bloodstream infections (CLABSI) and other adverse medical incidents. Central lines can become a pipeline for bacteria to enter the bloodstream and cause very serious illness. A bloodstream infection can lead to death in up to 15 percent of cases, increase length of stay by 20 days and cost $36,000 per episode. If a central venous catheter is not placed correctly, serious mechanical complications, such as a collapsed lung or punctured artery, can result. Incorrect removal can cause an air embolism. As a result of intensive teamwork and adoption of standard, evidence-based guidelines for infection prevention, CLABSIs have dropped by 58 percent since 2008.

Health Care Delivery in the U.S.

Mayo Clinic commends you for your efforts to tackle this challenging issue and is committed to working with you to establish a plan that ensures quality, efficiency and better outcomes for patients.

In America, we have come to expect the best of everything. However, when it comes to health care, we pay more in this country than anywhere else in the world. And yet the United States falls behind other countries on measures of health outcomes. Millions of Americans do not have or cannot afford the health care they need. We need to rethink how we pay for health care and develop differentiated payment models across the care delivery continuum – primary, intermediate and complex care. At times, patients require primary care and preventive services. This makes up the largest portion of the continuum.

At other times, however, patients require elevated care — that may be delivered at hospitals with special expertise. Finally at the other end of the continuum, a small percentage, perhaps 1 in 1,000 each year across the U.S., of patients have conditions that are difficult to diagnose and treat, and they need complex care. They are very sick and cannot get an accurate diagnosis, or require complicated care from a number of specialists or need cutting-edge therapies.

Our health care system must be flexible and adaptable to the varying needs of patients.

Without it, providers will never be able to embrace the elusive goal of value: high quality care at lower costs. We propose the creation of a Medicare payment system that recognizes the different types of care along the continuum and rewards the quality and value of each, whether primary, intermediate or complex care.

Our health care payment system should include incentives and rewards for the proper management of primary care to complex cases. One irony of our current system is that the financial return from mismanagement – needlessly bouncing a patient from specialist to specialist and lab test to lab test and sometimes even giving the wrong or no answers – can be far greater than the financial return when patients are correctly and efficiently diagnosed and their treatment is managed properly.

Americans deserve a Medicare payment system that recognizes the continuum of care and rewards quality, efficiency, and continuity of care at each level. Medicare payment models should allow

providers to choose the payment option that best fits their health care practices. The answers to the challenges we face will not be simple, but if we align how we pay for care with how we diagnose and treat patients, we can reach our goal of high-value health care for every patient.

Use of Data to Drive Quality and Cost Effectiveness

It is imperative to design a reimbursement system that appropriately utilizes data to reward quality, efficiency and continuity of care across the entire spectrum of care. Optimal utilization of data will spur innovation, generate efficiencies, improve both quality and continuity of care. Continuity of care is critical to the effectiveness of care particularly when quality of care is viewed from the perspective of the patient. Patients, providers and taxpayers alike are poorly served when patients "churn" in the wrong part of the continuum of care because health professionals have failed to coordinate care or provide smooth transitions across the continuum.

Mayo Clinic's work with Optum, a subsidiary of UnitedHealth Group, is an important and promising step in aligning health care delivery and costs. By combining Mayo Clinic's robust clinical information with Optum's extensive claims data, we will better understand health care delivery over time, compare the effectiveness of care given by various health care providers and analyze the total cost of care for specific procedures or diseases. This will help Mayo Clinic provide better care to our patients and help the industry define value through outcomes instead of volumes. This is the largest effort of this type (combining clinical and claims data) in the country. Stripped of all personal identifying information to protect patient privacy, we will be poised to assess some basic questions about what is successful, how much it costs and who is doing it best. As results are known and broadly shared, patients, providers and payers can seek and reward those who are providing the highest value.

The potential for this relationship will be even more remarkable when others join the alliance — academic medical centers, research universities, pharmaceutical and device companies, policymakers and other payers. The Optum Labs partnership is one aspect of Mayo Clinic's Center for the Science of Health Care Delivery, which was initiated in January 2011. Through collaborative work and partnerships, the center helps create and diffuse high-value, lower-cost care delivery models throughout the country.

By creating the center, Mayo Clinic is emphasizing the need to invest more resources into this discipline and to accelerate the pace of improvement. We constantly strive to perfect our own processes and procedures because we believe that health care providers have a responsibility to lead this effort.

Examples of high-value Center for Science of Health Care Delivery initiatives:

- **Shared decision making** - Patients often get caught in the "machinery of health care" – appointments, tests, procedures – without an opportunity to participate in their own treatment decisions. Mayo Clinic is using decision aids with patients to help them define treatment goals and guide discussions on treatment or medication preferences
- **Blood transfusion program** – Mayo's patient blood management initiative seeks to reduce the number of unnecessary transfusions, ensuring that patients receive them only when medically

necessary and there is a high likelihood of benefit. A transfusion program using standard protocols within Mayo Clinic's cardiovascular surgery practice resulted in a 50 percent reduction in red blood cell, platelet and plasma transfusions. In addition, transfusion-related acute kidney injury diminished by 40 percent. Since the initiation of this program in late 2009, patient care has significantly improved, and there has been a cumulative savings of $15 million.

Quality and Payment Reform

We believe evidence-based quality measures must be an underlying component of reformed physician payment methodology. We commend the Committee on examining all aspects of payment reform, including the proposed elimination of the Sustainable Growth Rate (SGR). The SGR has not been effective at controlling the volume of physician services. The SGR does not distinguish between those doctors who provide high-quality care to beneficiaries and those who provide unnecessary services. In fact, as noted above, physicians providing the most efficient care are penalized under Medicare's current payment system, while physicians who order more tests or perform more procedures than necessary receive greater reimbursement.

We must move beyond the traditional fee-for-service (FFS) system, which compensates volume of services regardless of overall patient outcomes, satisfaction and safety. Furthermore, the FFS payment model alone does not reflect the diverse physician practice models across the U.S. The variety of business patterns employed by our nation's physicians requires flexible models to accommodate these various structures.

Mayo Clinic SGR Reform Principles

After a decade of temporary fixes, Congress must act to implement a permanent solution to the SGR. We encourage Congress to adopt the following set of principles as the basis for any future reform.

- Repeal the Sustainable Growth Rate
- Establish a one- to three-year transitional update reimbursement schedule at no less than the Consumer Price Index (CPI).
- Put in place a menu of new payment models that recognize the diverse business models of our nation's physicians that ensures adequate provider reimbursement.
    - These payment models should offer opportunities for physicians to choose innovative models alongside FFS that work for their patients, practice, specialties and geographic region.
    - The new models of physician payment methodology must reward value-based outcomes, quality and efficient medical practices.

Conclusion

It is our hope that for patients and providers and the long-term sustainability of Medicare, all options will be examined with the goal of ensuring that this program is there for our grandchildren and beyond.

We applaud the Committee for making health care quality measures and payment reform a top priority this year and hope that a meaningful solution is found, agreed upon and enacted before the end of the

year. Please consider Mayo Clinic as a resource as you seek to find sustainable solutions for our country's health care future.