

# **RWJF 2<sup>nd</sup> National Summit on Health Care Price, Cost and Quality Transparency**

## **Opening up the Black Box on Health Care Costs**

***Preliminary Findings from the Total  
Cost of Care Pilot***

# Total Cost of Care Pilot Partners

## Regional Health Improvement Collaboratives (RHICs)

- Center for Improving Value in Health Care (Colorado)
- Maine Health Management Coalition
- Midwest Health Initiative (St Louis, MO)
- Minnesota Community Measurement
- Oregon Health Care Quality Corporation

## Technical & Funding

- **Technical Advisors**
  - HealthPartners®
  - Maine Health Management Coalition Foundation
- **Support**
  - Robert Wood Johnson Foundation

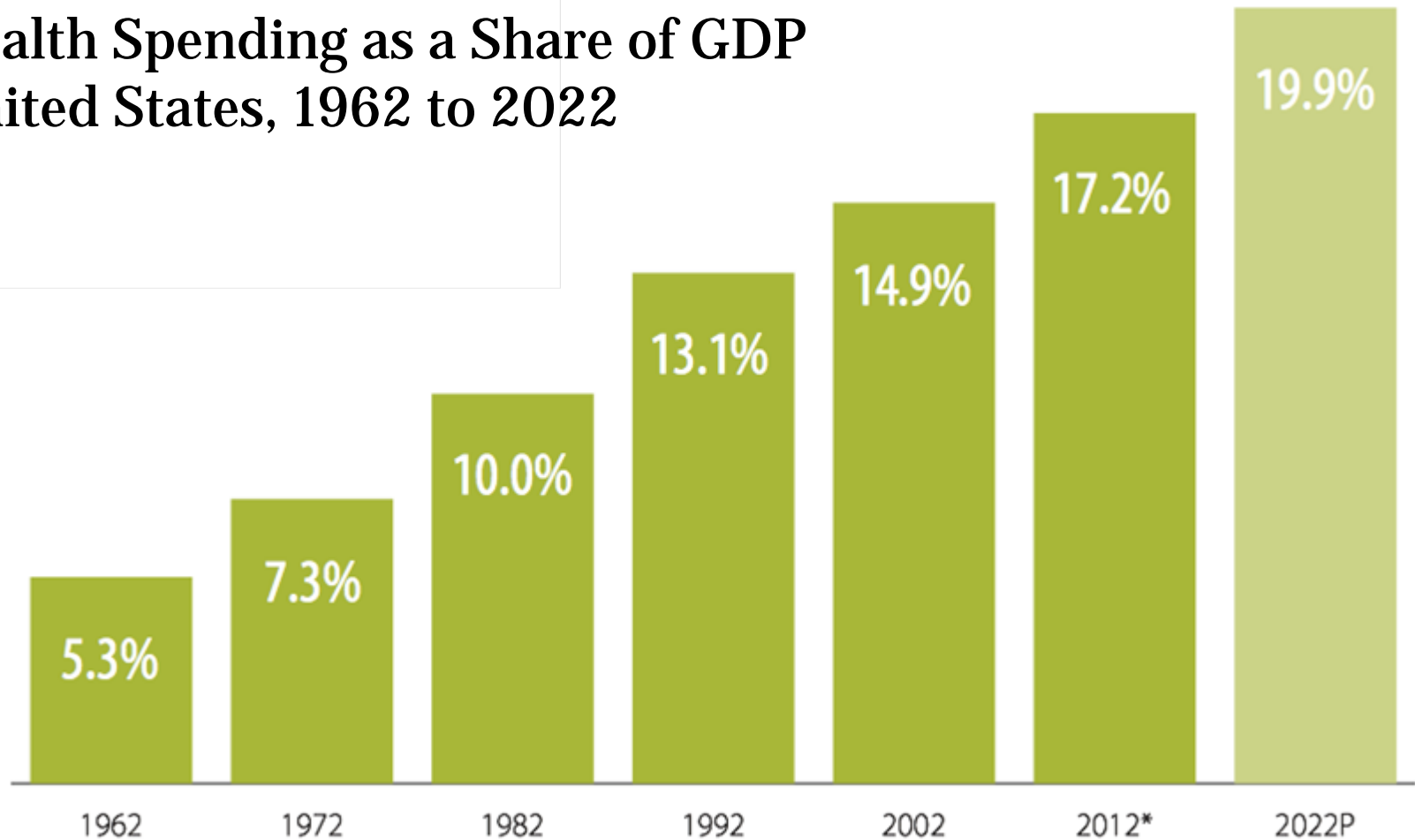
# Why Total Cost of Care Matters

**Mylia Christensen**, Executive Director  
Oregon Health Care Quality  
Corporation

**Elizabeth Mitchell**, President and CEO  
Network for Regional Healthcare  
Improvement

# We have a problem.

## Health Spending as a Share of GDP United States, 1962 to 2022



# We know the reason(s).

**Lack of  
Data Access**

**Wrong  
Incentives**

**Medical  
Error  
Rates**

**Poor  
Health  
Outcomes**

**Fragmented  
Delivery System**

**Lack of  
Cost  
Transparency**



# We have a force for change...

January 27, 2015

→ Secretary Burwell Announces HHS Quality Payment Goals, Introduces Timeline For Shifting Medicare Reimbursements From Volume to Value



## Payment Reform Taxonomy

1	2	3	4
Fee for Service	Fee for Service	Alternate Payment Models	Population-Based Payment
No link to quality	Link to quality	Built on Fee for Service	

**...an opportunity to change care for the better...**

**Treatment Room**

**Practice Transformation**

...and consensus on a starting point.

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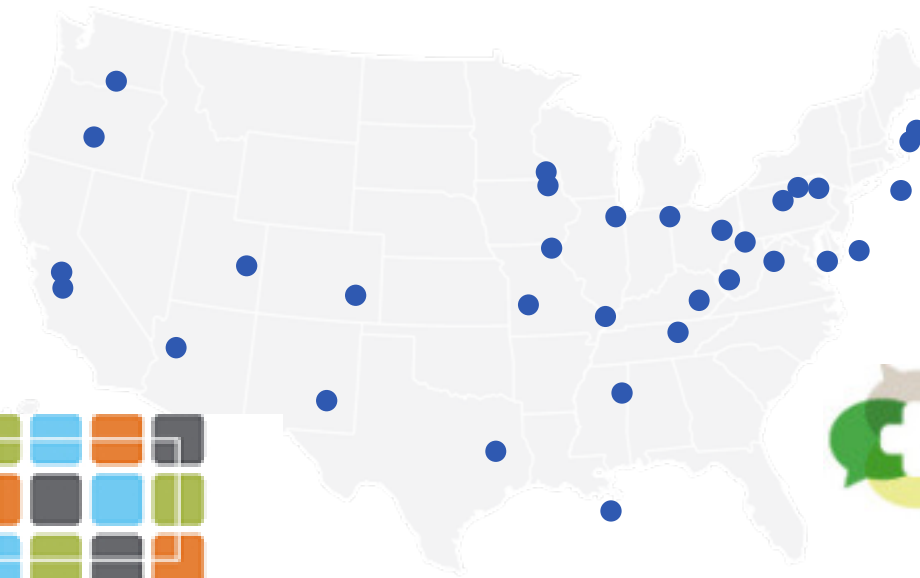
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# Multi-Region Innovation Pilots like Total Cost of Care

OREGON HEALTH CARE  
**QUALITY**  
CORPORATION



CENTER FOR IMPROVING  
VALUE IN HEALTH CARE



**How have these  
regional collaboratives  
achieved these results?**

**By coming together.**



## But what's new?

Increased pressure to reduce costs

Increased demands for transparency

A push for redesign of care

A push for payment reform

New momentum for data sharing

# Why Total Cost of Care?

# Total Cost of Care

Represents all healthcare costs attributed to a primary care provider

Population, person-centered measurement approach using regional multi-payer data

Adjustment for patient illness burden allows for meaningful comparisons across practices

Separate out cost from relative resource use for identification of variation and potential overuse

## This morning you will...

Learn about the technical issues faced by those implementing standardized measurement.

Gain perspective on how physicians are leading improvement using total cost of care in their communities.

Learn best practices for engaging key stakeholders and overcoming barriers to cost transparency.

Hear why this work is foundational to the next frontier of cost measurement and reduction.

# Meaningful Measure Alignment for Real World Impact

**Ellen Gagnon**, Senior Project & Operations Director  
NRHI (Moderator)

## Panelists

**Sue Knudson**, Senior Vice President, Health  
Informatics HealthPartners

**Jonathan Mathieu**, PhD, Vice President for Research  
& Compliance and Chief Economist  
Center for Improving Value in Health Care

**Michael DeLorenzo**, PhD, Director of Health Analytics  
Maine Health Management Coalition



# Total Cost of Care Pilot

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## Project Goal

**To develop and produce information to enable communities to reduce the total cost of care in multiple regions with replicable, multi-stakeholder driven strategies.**



# Project Key Milestones

## Status: March 2015

November  
2013

February  
2014

May  
2014

April  
2015

Planning

Alignment

Evaluation & Dissemination

Project  
Kick  
Off

Nat'l Physician  
Leadership  
Seminar

National  
Summit

April 30<sup>th</sup>

Explore characteristics of participant data to define common parameters

Complete plan for public reporting  
Complete plan for national benchmarks

- Calculate national benchmarks
- Identify key stakeholders and engage them in reducing TCOC
- Use benchmarks in reporting
- Make reporting public

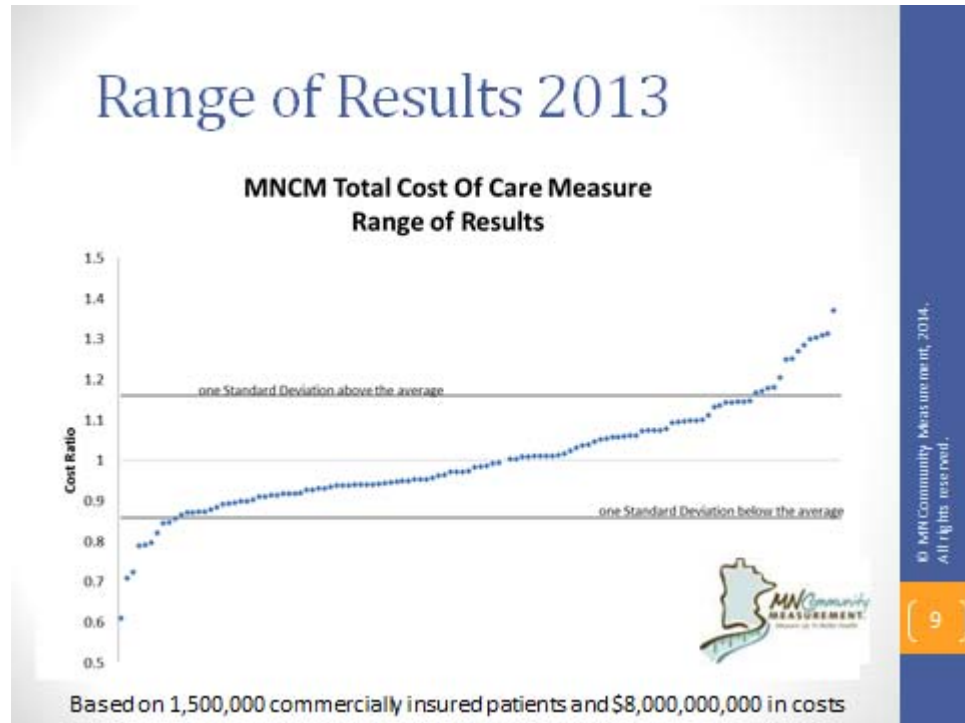
**What are the barriers to producing total cost information and how can they be overcome?**

Can it  
be  
done?



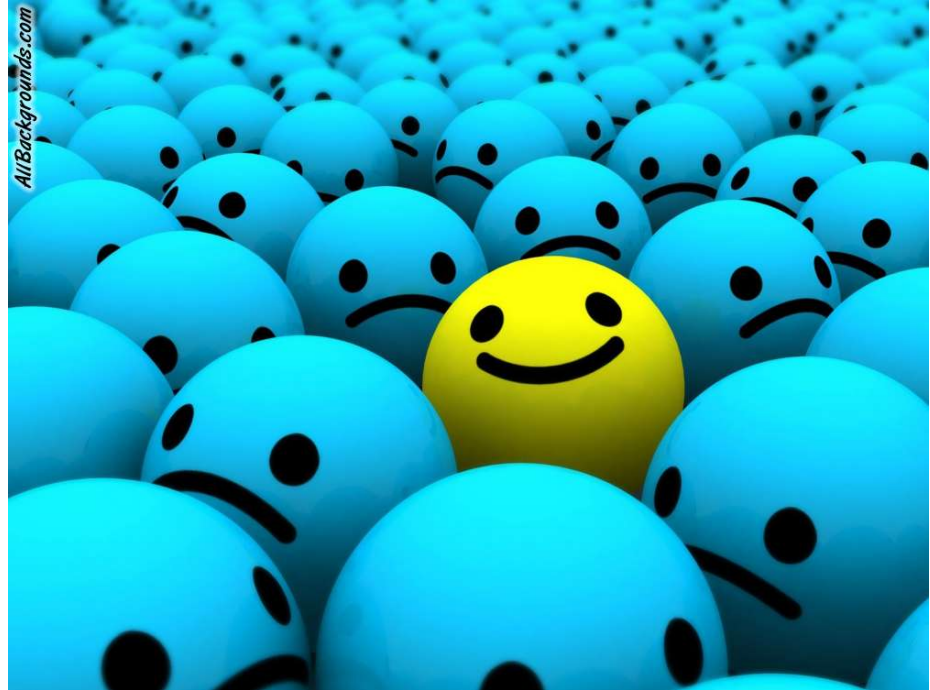
What does it take to create meaningful  
TCoC and Resource Use benchmarks  
using commercial data?

# What causes variation?



Is there significant variation in results when you use different risk adjusters and/or attribution methods?

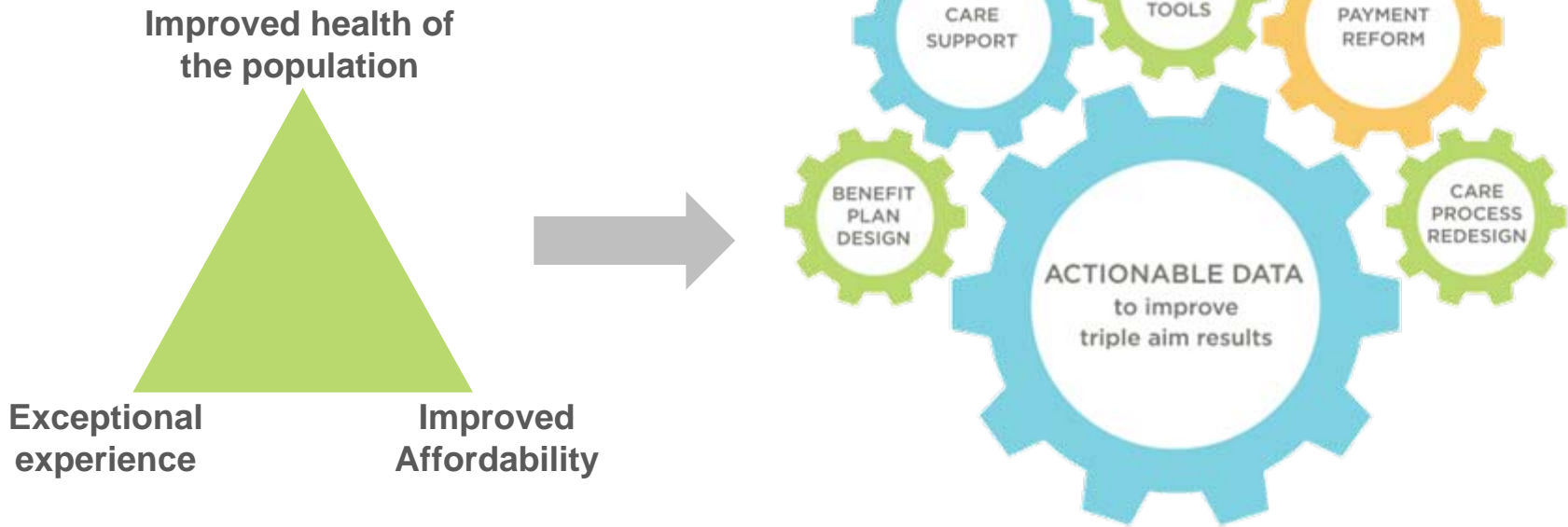
# How standard is standard?



**What is the optimal level of standardization necessary to produce comparable results?**

# High Impact Measures

Total Cost of Care complements the robust standard measures of quality and patient experience.



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$$\text{TOTAL COST OF CARE} = \text{RESOURCE USE} \times \text{PRICE}$$

# Data Quality Considerations

- Bottom Line:
  - Reality – There is no perfect data
  - Question – When is the data “Good Enough”
  - Answer – It depends on...
- Intended Use of Results and Associated Risks:
  - Reporting to Primary Care Physician Practices
  - Public and other Stakeholder Group Reporting
  - Support Pay for Performance – Moving Money
- Desired Comparisons:
  - Statewide
  - Regional
  - National





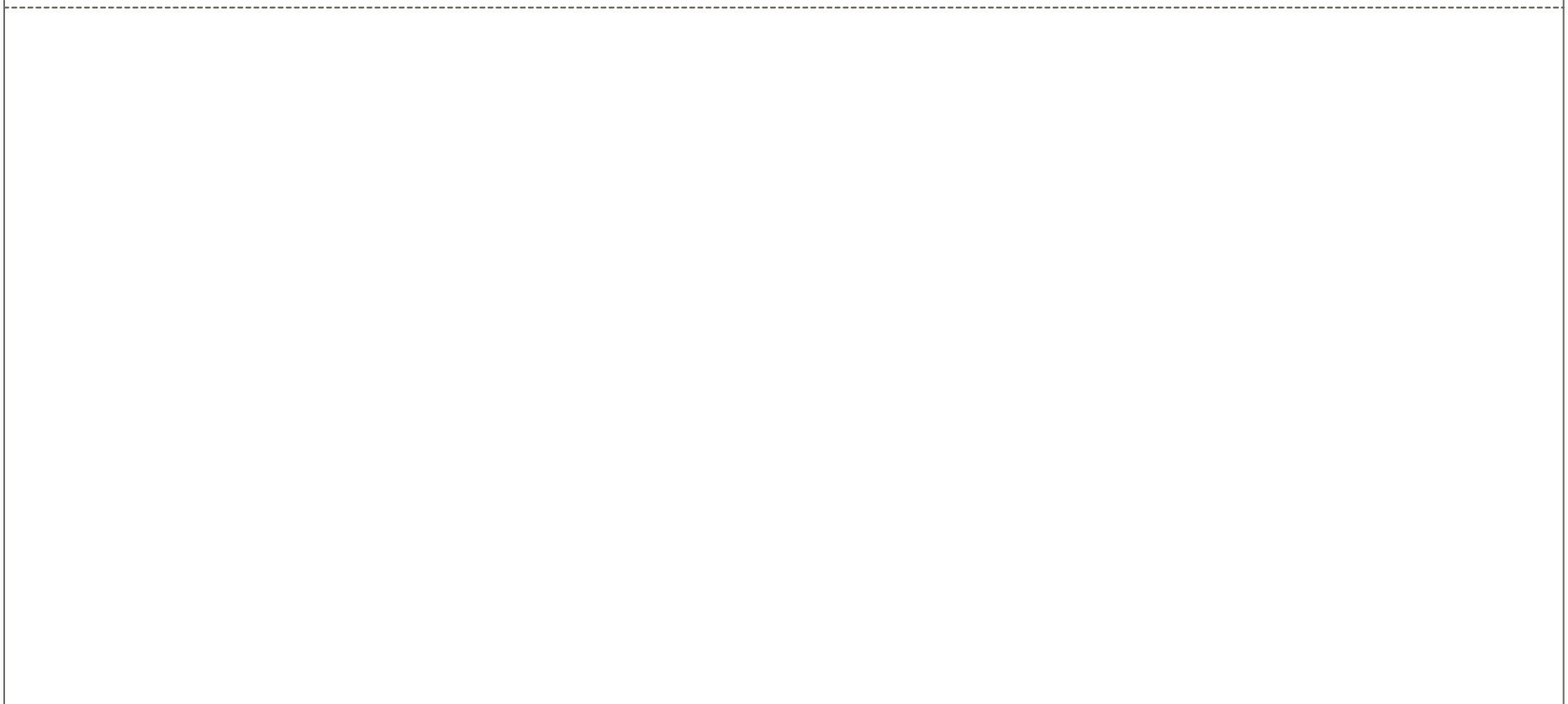
# Data Quality Considerations

- Trade Offs:
  - Completely standardized and clean claims data
  - Representative of target population
  - Adequate n's to support intended purpose
- Validation:
  - Cannot validate a claims data set, per se
  - Can validate and establish appropriateness of a claims data set to support a specific use case
  - Data determined to be valid for one purpose will not necessarily be valid to support other uses
- All of this can be thoughtfully addressed!



# BREAK

Back at 10:15



# Engagement Through Transparency

## *The Physician Perspective*

**Jay Want, MD**, Owner & Principal  
Want Healthcare LLC (Moderator)

### Panelists

**Divya Sharma, MD, MS**, Medical Director  
Mosaic Medical (Oregon)

**Tamaan K. Osbourne-Roberts, MD**, President,  
Colorado Medical Society and Director of Hospital  
Medicine, Innova Emergency Medical Associates (CO)

# Q Corp Total Cost of Care Report Overview

Clinic scores are risk adjusted to account for variations in illness burden.

## Clinic Risk Score

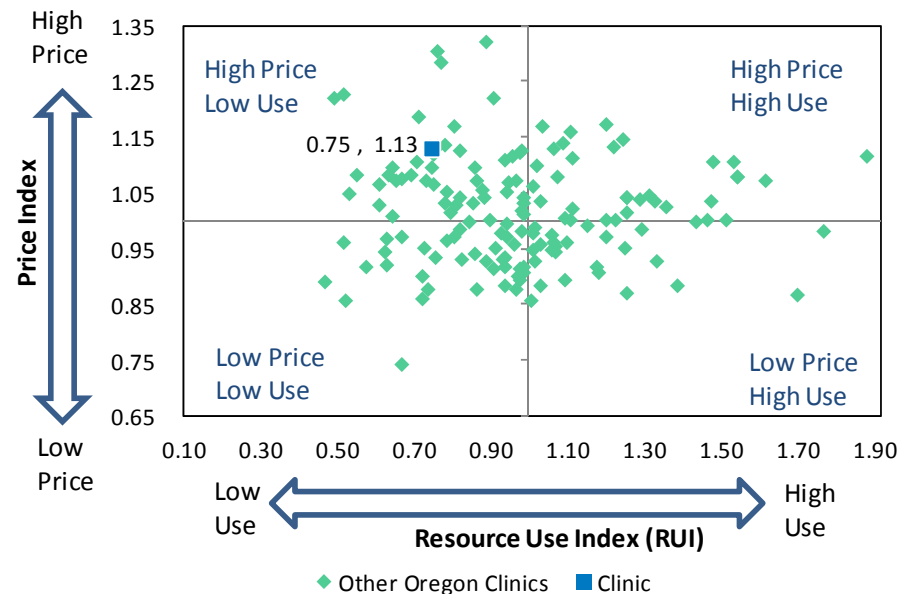


## Overall Summary by Service Category

	Clinic		OR Average	TCI	= RUI	x Price Index
	Raw PMPM	Adj PMPM	PMPM			
Professional	\$203.02	\$183.18	\$167.12	<b>1.10</b>	0.99	1.11
Outpatient Facility	\$69.00	\$62.25	\$115.53	<b>0.54</b>	0.60	0.90
Inpatient Facility	\$71.08	\$64.13	\$72.21	<b>0.89</b>	0.78	1.13
Pharmacy	\$73.92	\$66.70	\$69.20	<b>0.96</b>	0.98	0.98
Overall	\$417.03	\$376.26	\$424.06	<b>0.89</b>	0.85	1.05

## Inpatient Price vs. Resource Use Comparison by Clinic

Clinic comparisons on Resource Use and Price.



# Q Corp Total Cost of Care Reports Drill Down

Drill downs show more granular variation.

## Professional PMPM by Service Category

	Clinic		OR Average		Price
	Adj PMPM	PMPM	TCI	= RUI	
PCP Office/Home Visits	\$22.97	\$24.91	0.92	0.76	1.21
Surgery & Anesthesia	\$31.64	\$31.74	1.00	0.91	1.10
Specialist Office/Home Visits	\$22.25	\$17.58	1.27	1.17	1.08
Radiology Professional Services	\$19.15	\$12.84	1.49	1.28	1.16
Office Administered Drugs	\$7.99	\$10.11	0.79	0.62	1.28
Pathology/Lab Professional Services	\$14.27	\$9.39	1.52	1.27	1.20

## Chronic Condition Patient Summary

	Clinic		OR Average		Price	
	Patients	Adj PMPM	PMPM	TCI		= RUI
Active cancer	117	\$1,717.25	\$1,918.90	0.89	0.90	1.00
Severe rheumatic & other connective tissue disease	35	\$972.97	\$1,541.87	0.63	0.65	0.96
CAD without diabetes	110	\$681.79	\$1,229.72	0.55	0.52	1.06
Diabetes without CAD	121	\$675.74	\$728.50	0.93	0.85	1.09
Hypertension (Includes stroke & peripheral vascular disease)	351	\$589.34	\$505.09	1.17	1.14	1.03
Asthma	131	\$478.36	\$515.61	0.93	0.89	1.04









# Community Stakeholder Resistance & Engagement

**Elizabeth Mitchell**, President and CEO,  
NRHI (Moderator )

Panelists

**Jim Chase**, President, Minnesota Community  
Measurement

**Mary Jo Condon**, Senior Director, Midwest Health  
Initiative

**Meredith Roberts Tomasi**, Program Director  
Oregon Health Care Quality Corporation

# The Next Frontier

**Elizabeth Mitchell**, President and CEO,  
NRHI (Moderator)

## Panelists

**Kate Goodrich, MD**, Director, Quality Measurement and  
Health Assessment Group, Center for Medicare and Medicaid  
Services

**Mylia Christensen**, Executive Director  
Oregon Health Care Quality Corporation

**Tara Oakman**, Senior Program Officer  
Robert Wood Johnson Foundation

# Questions

[www.nrhi.org](http://www.nrhi.org)

#healthdoer(s)

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