Mary
McWilliams

Puget Sound Health Alliance

Impact of Transparency in Local Markets: Voluntary Pricing Efforts in Puget Sound

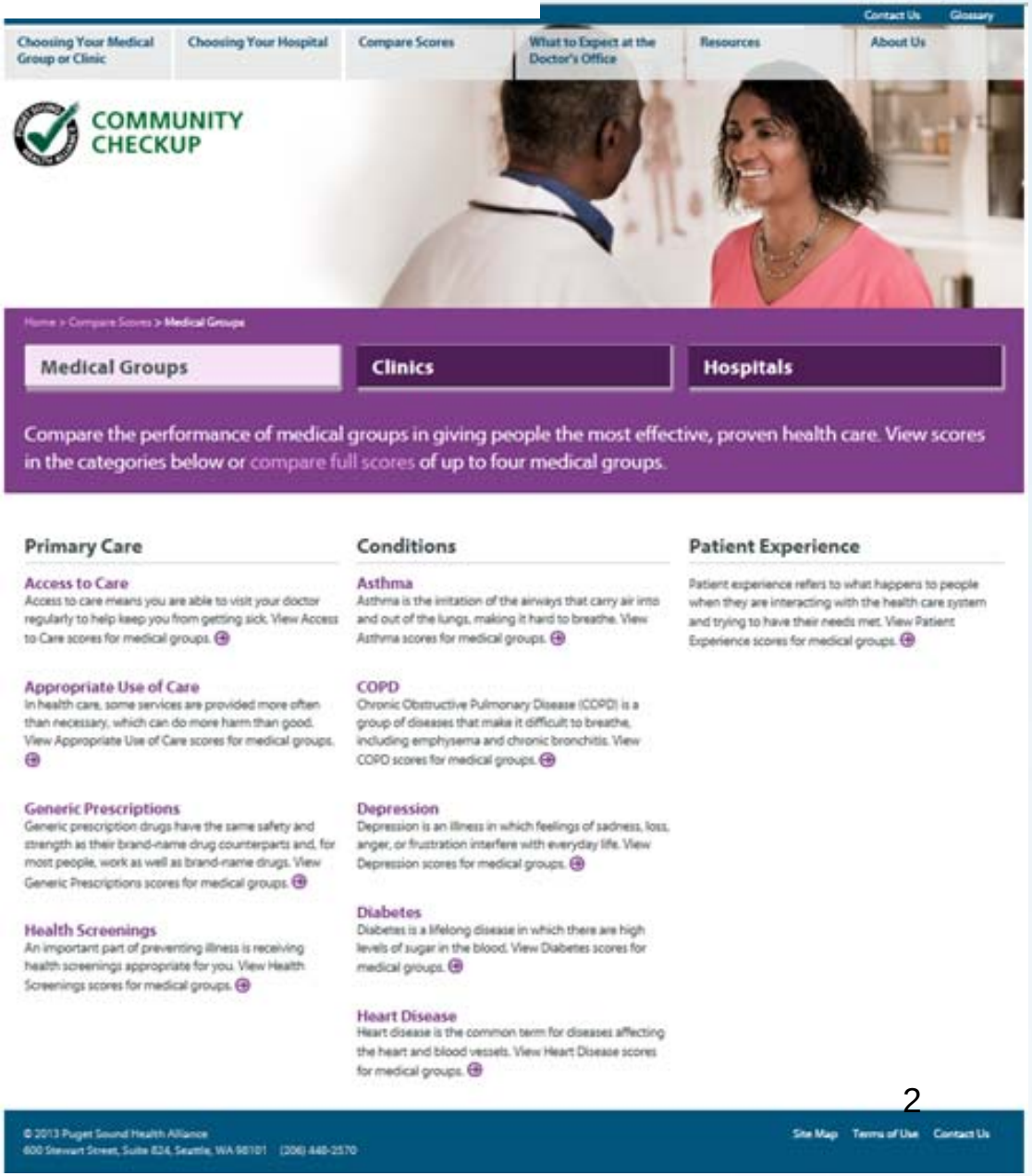
December 3, 2013

Performance Measurement & Reporting to Advance High Value Healthcare

Puget Sound Health Alliance

Community Checkup

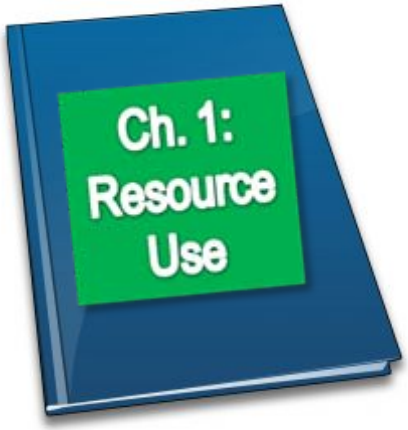
- Since 2008
- Public Facing
- Ambulatory Quality
- Inpatient Quality
- Health Plans – eValue8



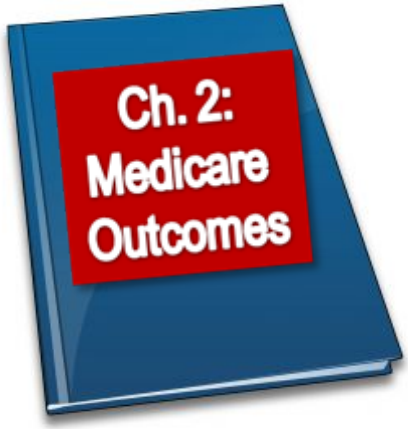
VALUE PORTFOLIO – Chapters Released Individually Then Brought Together to Identify Patterns for Purchasers

Released as "Chapters"

First Resource Use, then Outcomes, and finally Buyer's Cost



2012, Spring 2013
Commercial Patients
Inpatient Intensity and Consistency
…by delivery system



Jan 2013
Medicare Patients
Mortality and Adverse Event rates
…by delivery system

Fall 2013
Commercial Patients
Inpatient Case Price Variation
…by delivery system

Puget Sound Health Alliance

Pricing . . . Much More Challenging

We have had a two-track approach to getting and using pricing data

"Track A"

- Intended as one-time, ad hoc study to demonstrate market variation
- Designed to avoid the release of priced claims by health plans
- Focused on same select high volume hospitalizations (as in Resource Use)
- Plans/TPAs deliver aggregated allowed prices for all services during the dates of each patient's hospital stay
- Alliance combines to produce reports showing variation in multi-payer case price levels by treatment and by delivery system
- Results are constrained and presented to comply with DOJ/FTC reporting guidelines
- Release to Purchasers in early October 2013; limited release to delivery systems with quid pro quo in November

Total Case Price variation: reports for purchasers

Separate report for each kind of hospitalization, severity adjusted

1. Delivery system's case prices compared against regional quartiles
2. Each delivery system's average case price shown as a relative index
3. Magnitude of regional price variation is quantified

PURCHASERS' REPORT (EMPLOYERS, UNION TRUSTS, and HEALTH PLANS) *SAMPLE*

Cesarean Delivery, minor severity

	Overall Case Distribution	Percent of Delivery System Cases Priced within Regional Quartiles				
	Region Quartiles (EXPECTED)	Alder Sytem (OBSERVED)	Birch Sytem (OBSERVED)	Cedar Sytem (OBSERVED)	Dogwood Sytem (OBSERVED)	Elm Sytem (OBSERVED)
Highest Price Level	**25%**	5%	20%	25%	20%	45%
Higher	**25%**	15%	20%	25%	40%	35%
Lower	**25%**	30%	40%	25%	20%	15%
Lowest	**25%**	50%	20%	25%	20%	5%
	100%	100%	100%	100%	100%	100%
Average Case Price Index	**1.00**	.80	0.92	1.00	1.05	1.20
Magnitude of Regional Price Variation	**6.1x**	(95th percentile case price / 5th percentile case price)				

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Pricing . . . Much More Challenging

We have had a two-track approach to getting pricing data

"Track B"

- Seeking allowed amounts *as part of routine data submissions* from data suppliers

- First, we conducted 8-month intensive "interest-based bargaining" with stakeholders

  To understand one another's perspective AND
  To come to agreement on:
  1. GOALS for the work
  2. METHODS for supplying data
  3. Specific USES of the data and particular RESTRICTIONS
  4. Report SPECIFICATIONS

- All but the two largest health plans agreed to provide data (if all participate)

What We Are Learning

- A robust *community-wide source of objective data* on quality and price is important to purchasers – to identify value in the market
- It is important to pair quality data with utilization and cost to create an overall view of "value"
- Uses of allowed pricing data must be specified in advance and approved to secure release
- Purchasers must commit to actions to use the data
- Even so, very strong resistance from some health plans to release claim-line level data for performance measurement and reporting
- Anti-trust protections and time to secure approvals for price data for ad hoc studies impede timely results and the process is resource intensive – *need routine, predictable process for acquiring and using data*
- Whether we can achieve our goals with a voluntary approach remains questionable; legislation likely needed