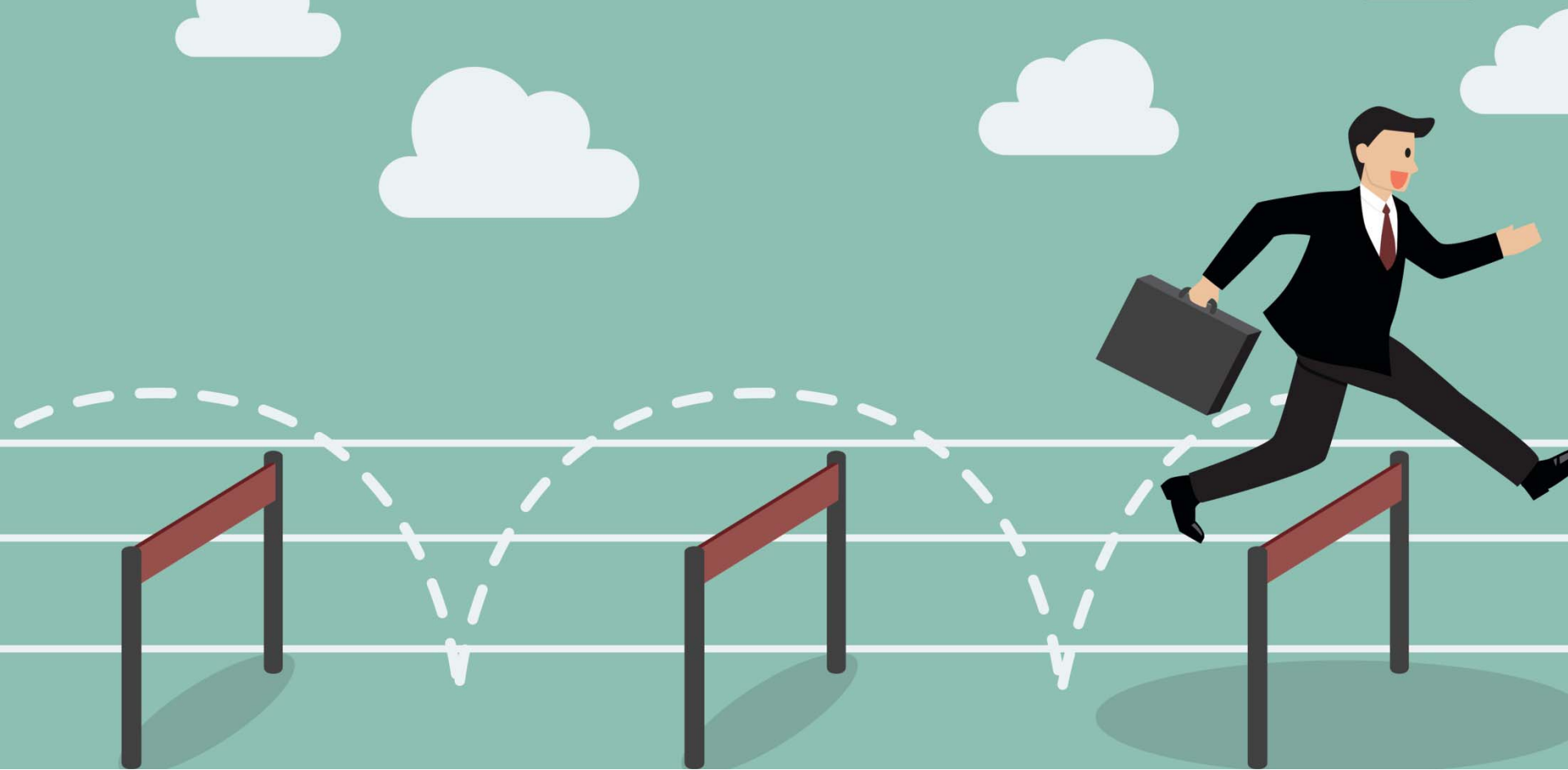


# NAVIGATING VALUE BASED PURCHASING

March 9, 2017

Leah Binder, President & CEO



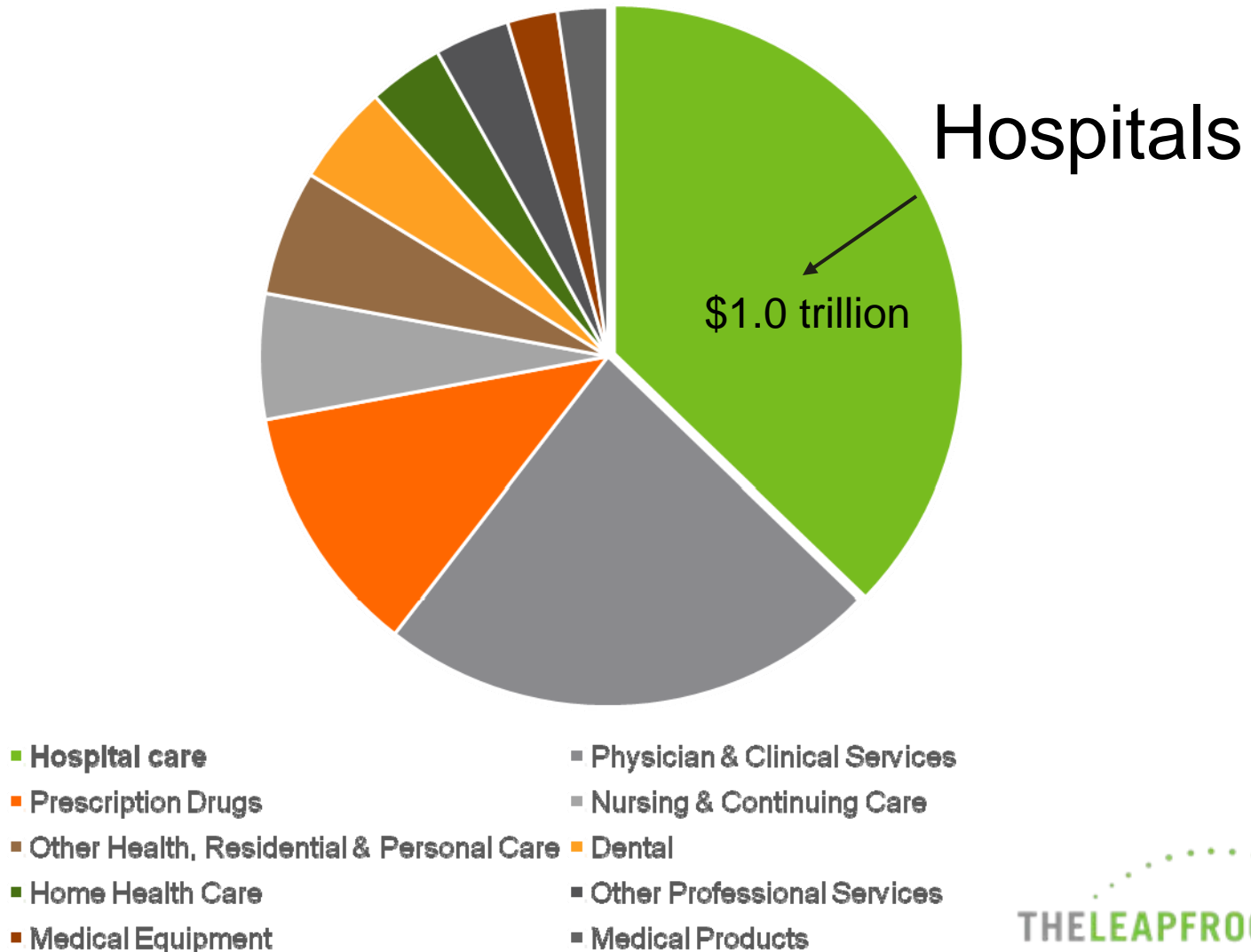
3 Hurdles Everyone Is  
Stumbling On



# Hurdle #1

# One third of U.S. health costs, 2015

4

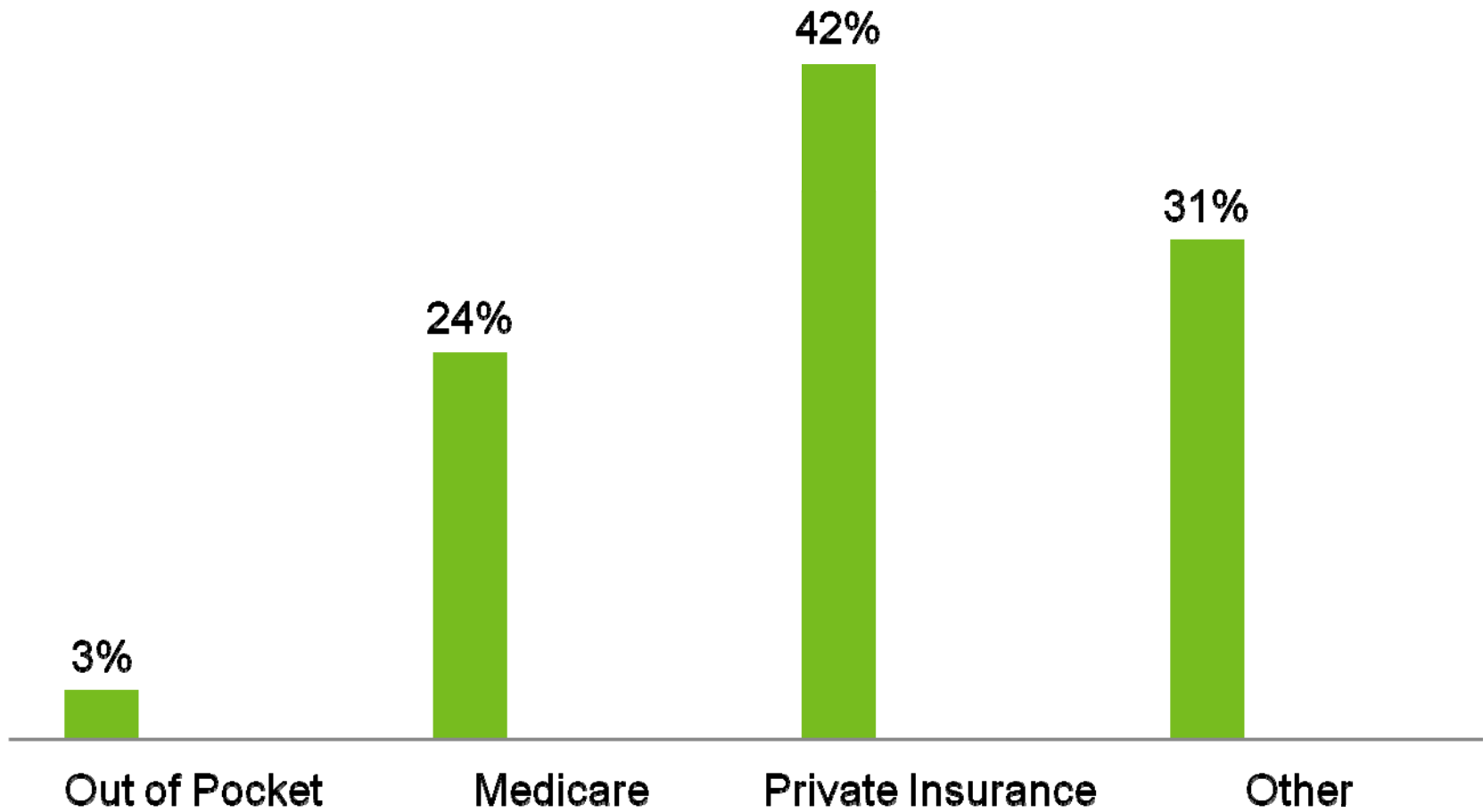




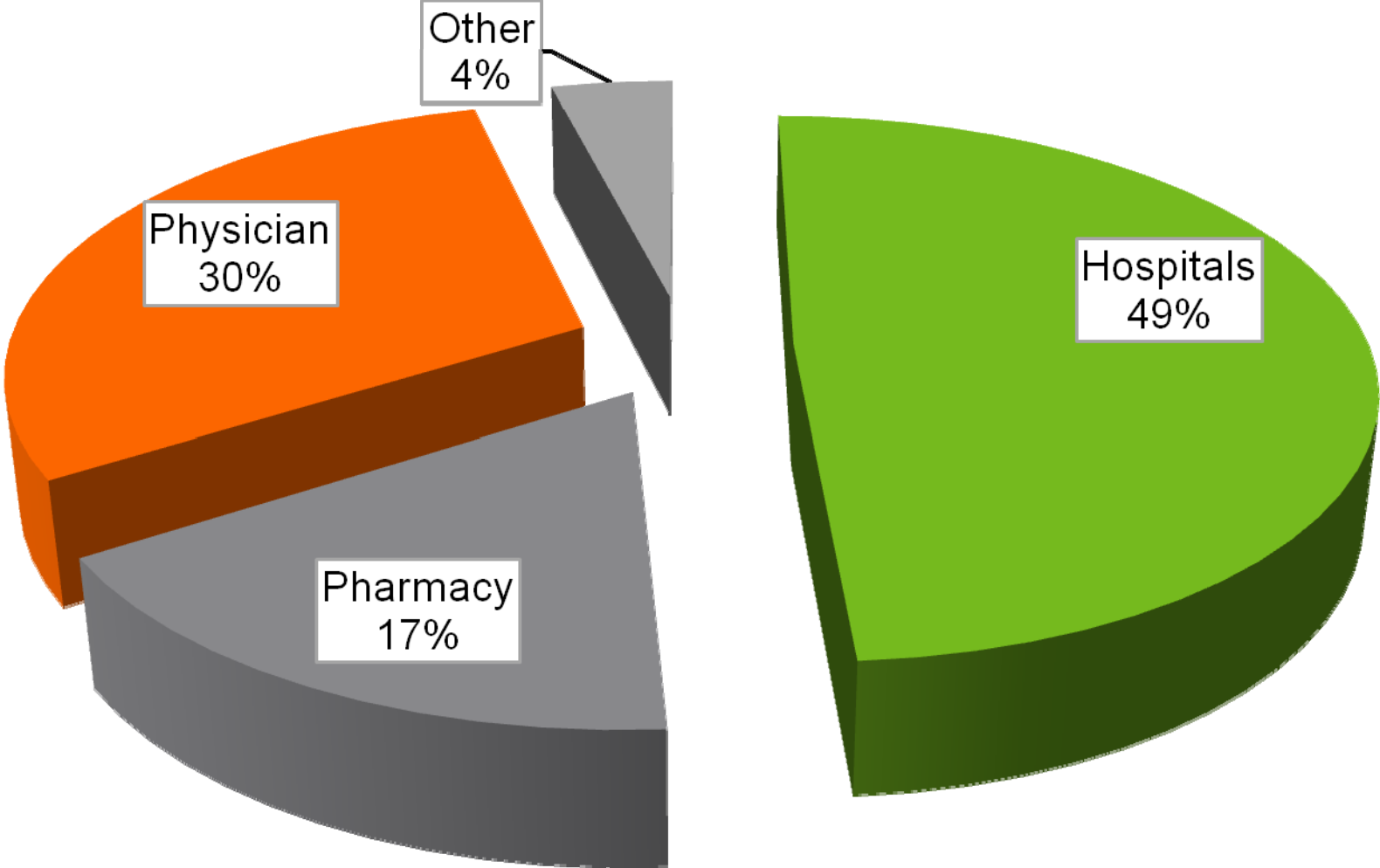
Queen  
Esther,  
356 BCE

# Who Pays \$1,000,000,000,000?

6



# Employer Spend (PwC, 2017)



What procedure or condition is the most common reason for hospitalization in the U.S.?





**The most common reason for hospitalization**

**Table: 33 ACO Quality Measures**

Domain	Measure	Description	Pay-for-Performance Phase In		
			R= Reporting P= Performance		
			PY1	PY2	PY3
Patient/Caregiver Experience	ACO #1	Getting Timely Care, Appointments, and Information	R	P	P
Patient/Caregiver Experience	ACO #2	How Well Your Doctors Communicate	R	P	P
Patient/Caregiver Experience	ACO #3	Patients' Rating of Doctor	R	P	P
Patient/Caregiver Experience	ACO #4	Access to Specialists	R	P	P
Patient/Caregiver Experience	ACO #5	Health Promotion and Education	R	P	P
Patient/Caregiver Experience	ACO #6	Shared Decision Making	R	P	P
Patient/Caregiver Experience	ACO #7	Health Status/Functional Status	R	R	R
Care Coordination/Patient Safety	ACO #8	Risk Standardized, All Condition Readmissions	R	R	P
Care Coordination/Patient Safety	ACO #9	ASC Admissions: COPD or Asthma in Older Adults	R	P	P
Care Coordination/Patient Safety	ACO #10	ASC Admission: Heart Failure	R	P	P
Care Coordination/Patient Safety	ACO #11	Percent of PCPs who Qualified for EHR Incentive Payment	R	P	P
Care Coordination/Patient Safety	ACO #12	Medication Reconciliation	R	P	P
Care Coordination/Patient Safety	ACO #13	Falls: Screening for Fall Risk	R	P	P
Preventive Health	ACO #14	Influenza Immunization	R	P	P
Preventive Health	ACO #15	Pneumococcal Vaccination	R	P	P
Preventive Health	ACO #16	Adult Weight Screening and Follow-up	R	P	P
Preventive Health	ACO #17	Tobacco Use Assessment and Cessation Intervention	R	P	P
Preventive Health	ACO #18	Depression Screening	R	P	P
Preventive Health	ACO #19	Colorectal Cancer Screening	R	R	P
Preventive Health	ACO #20	Mammography Screening	R	R	P
Preventive Health	ACO #21	Proportion of Adults who had blood pressure screened in past 2 years	R	R	P
At-Risk Population Diabetes	Diabetes Composite ACO #22 – 26	ACO #22. Hemoglobin A1c Control (HbA1c) (<8 percent) ACO #23. Low Density Lipoprotein (LDL) (<100 mg/dL) ACO #24. Blood Pressure (BP) < 140/90 ACO #25. Tobacco Non Use ACO #26. Aspirin Use	R	P	P
At-Risk Population Diabetes	ACO #27	Percent of beneficiaries with diabetes whose HbA1c in poor control (>9 percent)	R	P	P
At-Risk Population Hypertension	ACO #28	Percent of beneficiaries with hypertension whose BP < 140/90	R	P	P
At-Risk Population IVD	ACO #29	Percent of beneficiaries with IVD with complete lipid profile and LDL control < 100mg/dl	R	P	P
At-Risk Population IVD	ACO #30	Percent of beneficiaries with IVD who use Aspirin or other antithrombotic	R	P	P
At-Risk Population HF	ACO #31	Beta-Blocker Therapy for LVSD	R	R	P
At-Risk Population CAD	CAD Composite ACO #32 – 33	ACO #32. Drug Therapy for Lowering LDL Cholesterol ACO #33. ACE Inhibitor or ARB Therapy for Patients with CAD and Diabetes and/or LVSD	R	R	P



### **Risk Contracting**

- AC 1 - Fiduciary Responsibility for Organizations Accepting Risk
- AC 2 - Financial Risk Parameters in Contracts
- AC 3 - Laws and Regulations Regarding Risk
- AC 4 - Risk Oversight and Monitoring
- AC 5 - Contracting Processes and Procedures

### **Structure and Operations**

- AC 6 - Philosophy of Transparency
- AC 7 - Credentialing and Membership Authority
- AC 8 - Performance Remediation Process
- AC 9 - Participating Provider Communication Tools
- AC 10 - Oversight of Service Access and Availability

### **Information Technology**

- AC 11 - Advanced EHR (Electronic Health Record)/EMR (Electronic Medical Record) Availability
- AC 12 - Advanced EHR/EMR Inclusions
- AC 13 - Clinical Decision Support for Participating Providers
- AC 14 - Electronic-Based Tools for Referrals
- AC 15 - Online Access
- AC 16 - Health Record Information Exchange and Alerts
- AC 17 - Process for Managing Test Results and Referrals
- AC 18 - Consumer Centered Clinical Decision Support Tools

### **Clinical Management**

- AC 19 - Referrals
- AC 20 - Plan Addressing Delivery of Health Information to At Risk Consumers
- AC 21 - Education of Consumers for Self-Management
- AC 22 - Appropriate Utilization Management Program

### **Population Health**

- AC 23 - Comprehensive Population Needs
- AC 24 - Health Risk Assessments
- AC 25 - Shared Decision-Making
- AC 26 - Outreach and Inreach for Gaps in Individual Care
- AC 27 - Ongoing Care Management of Targeted Conditions
- AC 28 - Network's Population Health Program

### **Consumer Centeredness**

- AC 29 - Consumer Engagement
- AC 30 - Financial Incentives Link to Consumer Centeredness
- AC 31 - Health Literacy
- AC 32 - Selection of PCP (Primary Care Physician)/Provider of Choice/Medical Home
- AC 33 - Medical Home Practice Recognition

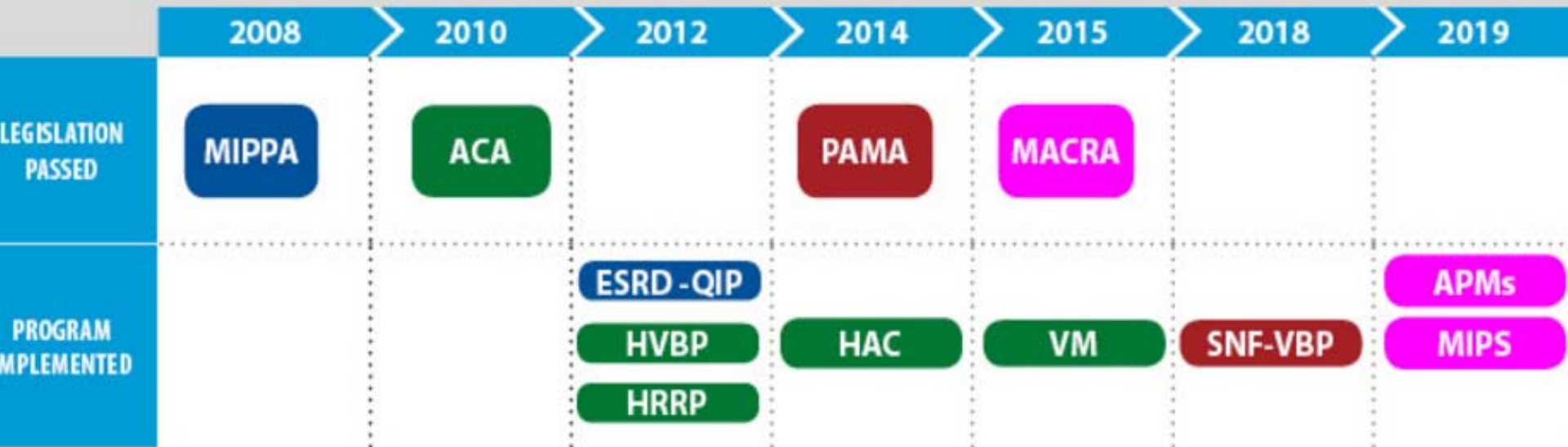
### **Care Coordination**

- AC 34 - Primary Care Connections
- AC 35 - Case Management / Coordination of Care Program
- AC 36 - Multidisciplinary Teams
- AC 37 - Coordination with External Providers
- AC 38 - Collaboration with Community Resources
- AC 39 - Case Management
- AC 40 - Evaluation of Care Coordination Effectiveness

### **Performance Improvement Program**

- AC 41 - Comprehensive Performance Improvement Program
- AC 42 - Performance Thresholds
- AC 43 - Annual Review of Improvement Targets

# VALUE-BASED PROGRAMS



## LEGISLATION

**ACA:** Affordable Care Act  
**MACRA:** the Medicare Access & CHIP Reauthorization Act of 2015  
**MIPPA:** Medicare Improvements for Patients & Providers Act  
**PAMA:** Protecting Access to Medicare Act

## PROGRAM

**APMs:** Alternative Payment Models  
**ESRD-QIP:** End-Stage Renal Disease Quality Incentive Program  
**HACRP:** Hospital-Acquired Condition Reduction Program  
**HRRP:** Hospital Readmissions Reduction Program  
**HVBP:** Hospital Value-Based Purchasing Program  
**MIPS:** Merit-Based Incentive Payment System  
**VM:** Value Modifier or Physician Value-Based Modifier (PVBM)  
**SNFVBP:** Skilled Nursing Facility Value-Based Purchasing Program

# Hurdle # 2: Safety

13

## Outcome Measures

MRSA	PSI 11: Postoperative Respiratory Failure
C. diff	
CLABSI	PSI 12: Postoperative PE/DVT
CAUTI	
SSI: Colon	PSI 14: Postoperative Wound Dehiscence
Foreign Object Retained	PSI 15: Accidental Puncture or Laceration
Falls and Trauma	
Air Embolism	
PSI 3: Pressure Ulcer	
PSI 4: Death Among Surgical Inpatients	
PSI 6: Iatrogenic Pneumothorax	

## Process Measures

Communication about Medicines	Safe Practice 3: Teamwork Training and Skill Building
Communication about Discharge	Safe Practice 4: Identification and Mitigation of Risks and Hazards
Communication with Doctors	Safe Practice 9: Nursing Workforce
Communication with Nurses	Safe Practice 17: Medication Reconciliation
Responsiveness of Hospital Staff	Safe Practice 19: Hand Hygiene
Computerized Physician Order Entry (CPOE)	Safe Practice 23: Care of the Ventilated Patient
ICU Physician Staffing (IPS)	
Safe Practice 1: Leadership Structures and Systems	
Safe Practice 2: Culture Measurement, Feedback & Intervention	



Maybe  
“just”  
220,000?



# Cost of Surgical Site Infections

16

**\$900**



**\$3000**



**MEDICAID**

**MEDICARE**

**PURCHASERS**



**\$39,000**

**PURCHASERS**



### Leap Tip

To complete this section, look up the [Leapfrog Hospital Safety Grades](#) of the hospitals in your community, and then calculate what percentage of your admissions utilized these facilities. If a hospital doesn't have a grade, we suggest assigning them to the "B" category, which is close to average.



Enter the total percent of admissions to hospitals with the following [Leapfrog Hospital Safety Grade](#):



32 %

*i* National Estimate: 32%



25 %

25%



36 %

36%



7 %

7%

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# Medical errors cost lives and dollars

19



## The Impact of Medical Errors on Your Covered Lives

# 6 Estimated Avoidable Deaths Among Your Covered Lives

To estimate the lives your company loses to medical errors every year, we reviewed the literature for the mortality rates associated with different kinds of avoidable error and the rates of harm at different hospitals.

The measures included in this analysis reflect a subset of all potential harms that patients may encounter in U.S. hospitals, and do not include errors that occur at other sites of care such as ambulatory surgical centers or specialty clinics. As such, these results may reflect an underestimation of the avoidable deaths among your covered lives.

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[Next](#)



# Medical errors cost lives and dollars

20



## The Impact of Medical Errors on Your Covered Lives

**\$7,568,832** **Estimated  
Lost Dollars**

**\$7,569**

### Average Cost Per Admission

Total cost divided by number of inpatient admissions

**7.57%**

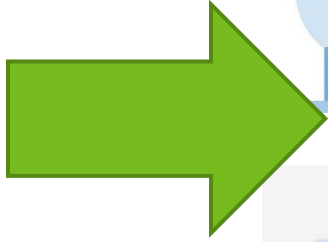
### Percentage of Total Health Care Expenses Lost to Medical Errors

To estimate the dollars your company loses to medical errors every year, we reviewed the literature for the dollar value associated with different kinds of avoidable error and the rates of harm at different hospitals. The resulting number is a hidden surcharge **associated with every inpatient admission** that is due to preventable medical errors.

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ELSEVIER



CrossMark

THE  
SPINE  
JOURNAL

The Spine Journal 15 (2015) 2122–2125

Perspective

Are all spine MRI studies created equal?  
Understanding and rewarding quality

Richard J. Herzog, MD, FACR\*

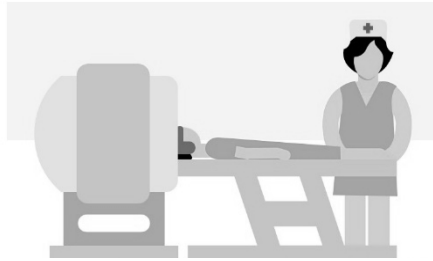
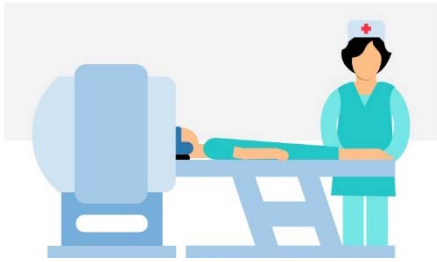
*Director of Spinal Imaging, Department of Radiology and Imaging, Hospital for Special Surgery, 535 E. 70th St, New York, NY 10021, USA*

Received 9 July 2015; accepted 9 July 2015

One patient gets a MRI for back pain



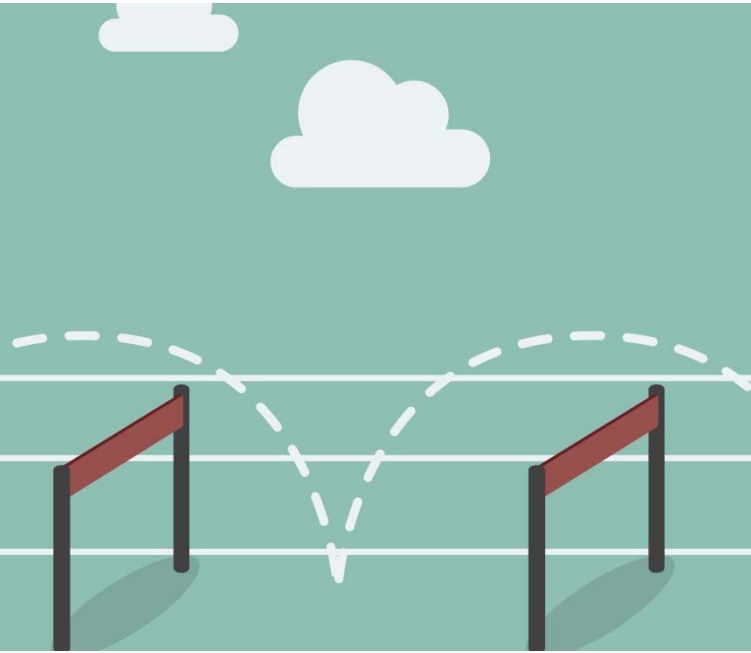
... and not a single diagnosis is common amongst all ten







# What next?

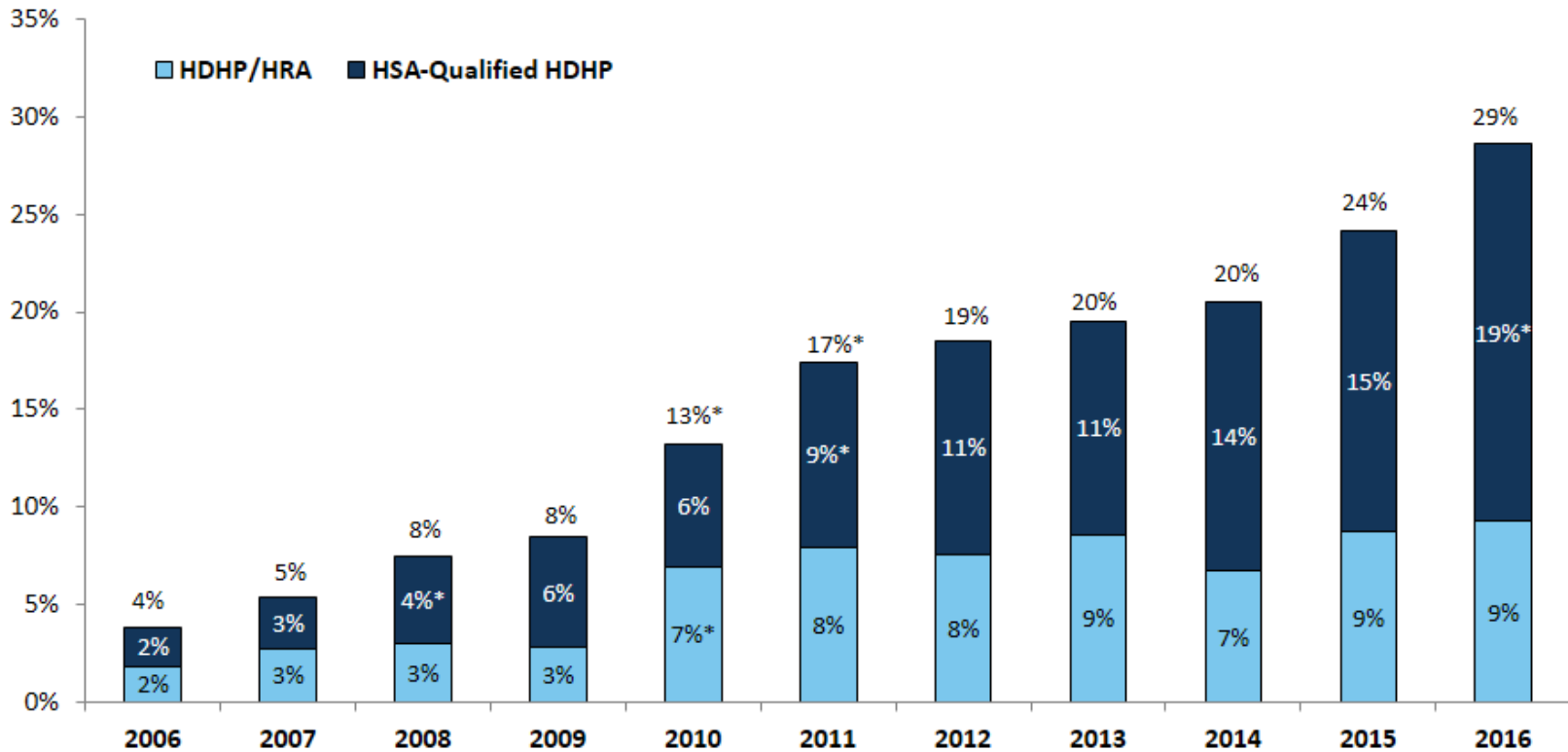


# What we do know (99.9%)

- 1.Expansion of HSAs
- 2.More consumer responsibility in the insurance market: Minimal benefits mandates, tax credits and high-risk pools for accessibility
- 3.Some kind of tax on employer health benefits



# Hurdle # 3



\*Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

NOTE: Covered Workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. For more information, see the Survey Methods Section. The percentages of covered workers enrolled in an HDHP/SO may not equal the sum of HDHP/HRA and HSA-Qualified HDHP enrollment estimates due to rounding.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2016.

# Individual Plan on the ACA Exchanges, Average Nationally for a 40 YO Individual, 2017

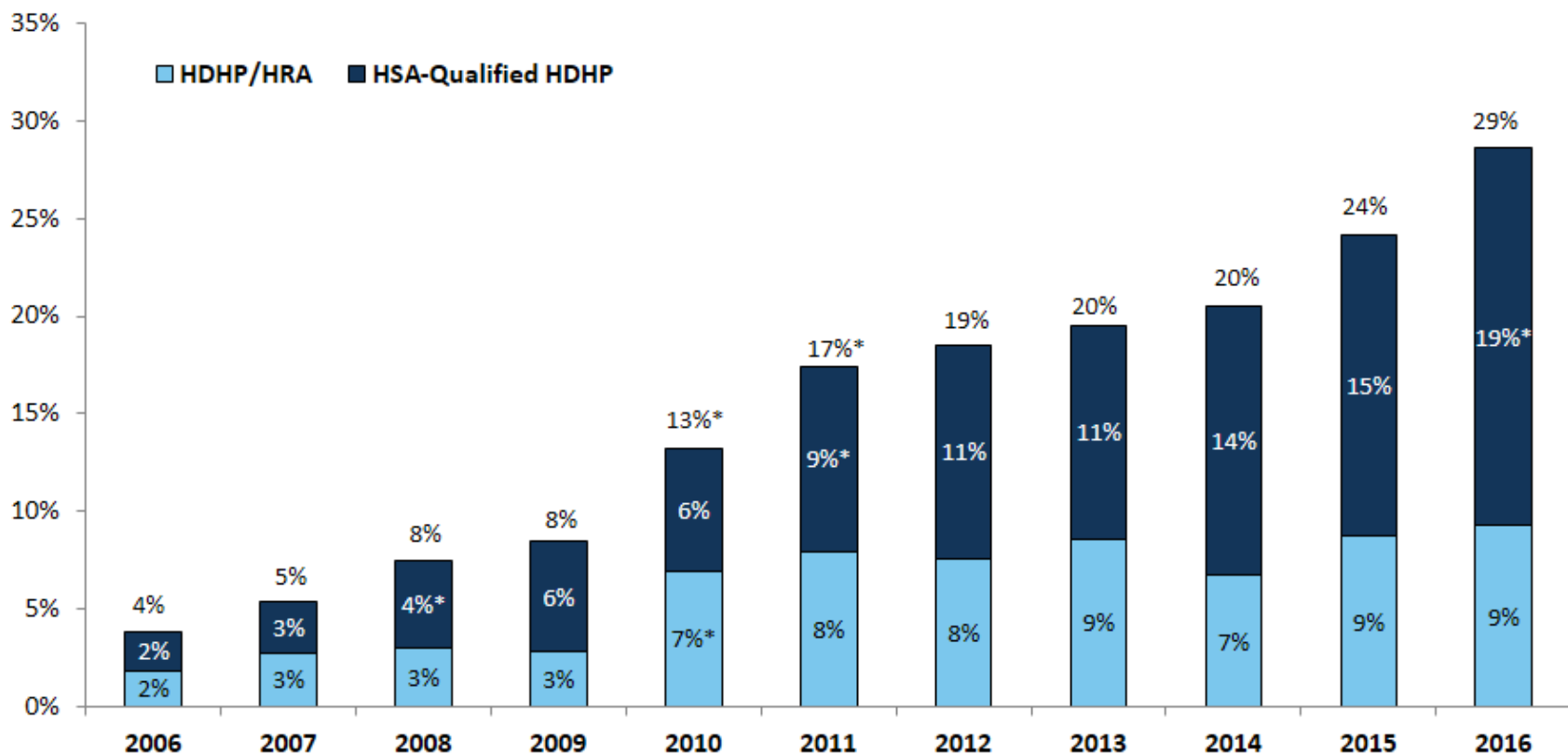
29

Metal Level	Monthly Premium	Annual Deductible
Gold	\$522.45	<b>\$1,197</b>
Silver	\$410.73	<b>\$3,572</b>
Bronze	\$350.23	<b>\$6,092</b>

## Exhibit E:

# Percentage of Covered Workers Enrolled in an HDHP/HRA or HSA-Qualified HDHP, 2006-2016

3



\*Estimate is statistically different from estimate for the previous year shown ( $p < .05$ ).

NOTE: Covered Workers enrolled in an HDHP/SO are enrolled in either an HDHP/HRA or a HSA-Qualified HDHP. For more information, see the Survey Methods Section. The percentages of covered workers enrolled in an HDHP/SO may not equal the sum of HDHP/HRA and HSA-Qualified HDHP enrollment estimates due to rounding.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2016.

# Individual Plan on the ACA Exchanges, Average Nationally for a 40 YO Individual, 2017

31

Metal Level	Monthly Premium	Annual Deductible
Gold	\$522.45	<b>\$1,197</b>
Silver	\$410.73	<b>\$3,572</b>
Bronze	\$350.23	<b>\$6,092</b>

# Value for Consumers

32

## 3<sup>rd</sup> Party Payors

- What scientists think is good quality

## Consumers

- What scientists think is good quality
- **What I think is good quality.**



# Consumers

33



# EARLY BIRD DINNER SPECIALS

10% OFF

EARLY BIRD SENIOR DISCOUNT  
MON - FRI 3PM - 5PM

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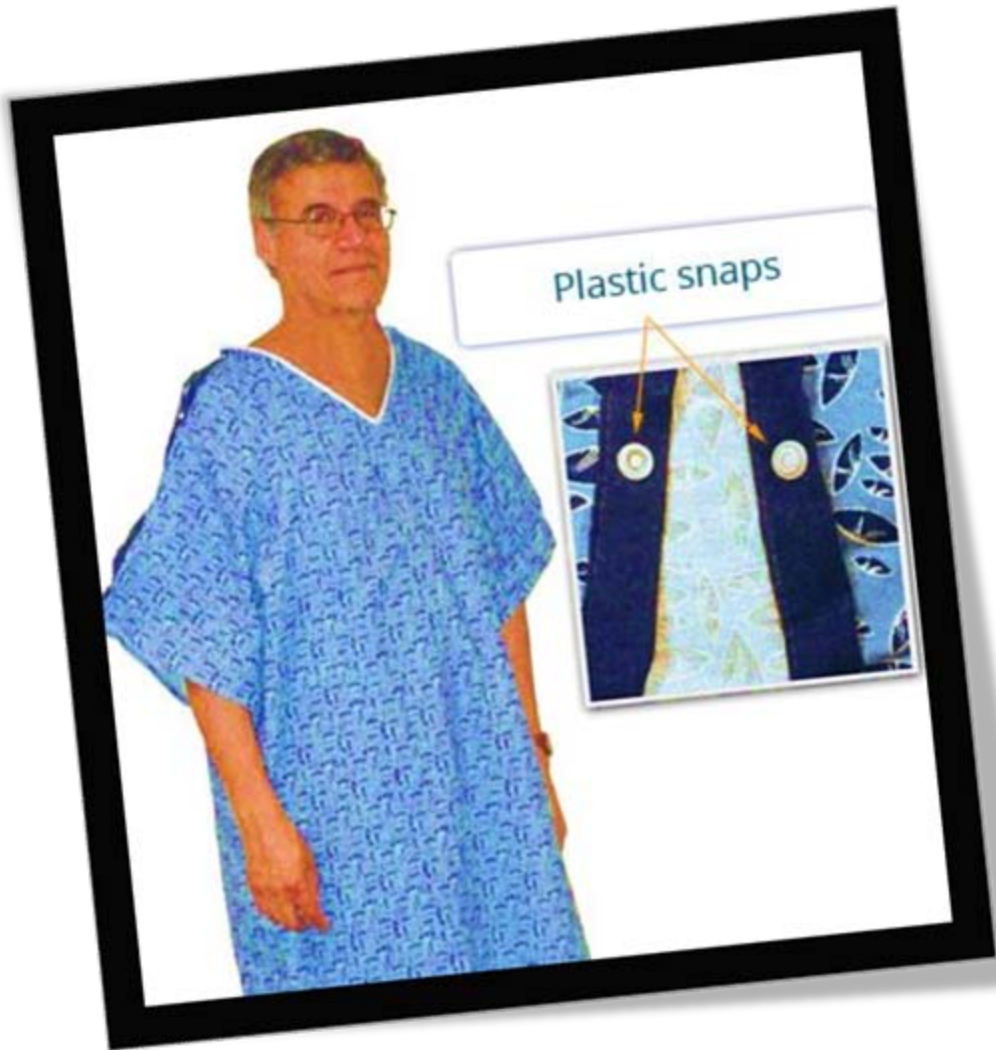
**DELRAY**  
Medical Center

**DELRAY**  
Medical Center  
South Florida Healthcare

Visitor  
Parking  
Enter







*B*  
**BOCA TERRY**  
LUXURY BATHROBES

Wrap your patients in affordable luxury.



1. Hospitals
2. Safety
3. Consumerism

# The Leapfrog Group

- Purchaser-driven nonprofit publicly reporting on hospital quality and safety
- Founded by purchasers in 2000 in response to 1999 IOM Report *To Err is Human*
- Transparency AND Value
- National and regional influence
- Used by all national health plans, most public reporting sites



# 3 National Leapfrog Programs

40

## *Survey: Hospitals Submit to Us*

1. The Leapfrog Hospital Survey

## *Composite Scores: Leapfrog Assigns to Hospitals*

2. Hospital Safety Grade
3. Value-Based Purchasing Platform





# Value Analytics

41

- 5 domains of hospital performance which together form the overall Value Score:

1. Medication Safety

2. Inpatient Care Management

3. Infections & Injuries

4. Maternity Care

5. High-Risk Surgeries



Value Score

# Domain 1: Medication Safety

42

## COMPUTERIZED CHECKS DO NOT CATCH ALL MEDICATION ERRORS

When hospitals tested their computer systems using orders that all contained potentially harmful, preventable errors, the systems failed to flag the following:



39% of potentially harmful orders



13% of potentially fatal orders

# Domain 2: Inpatient Care Management

43

- Hardwiring safety and quality: culture, leadership, staffing, board, policies
- Example: Never events Policy

# Leapfrog Never Events Policy

44

## Policy Since 2007

1. Apologize.
2. Report to Authorities.
3. Do a root cause analysis.
4. Waive all costs associated with the event.
5. Make the policy available to patients.

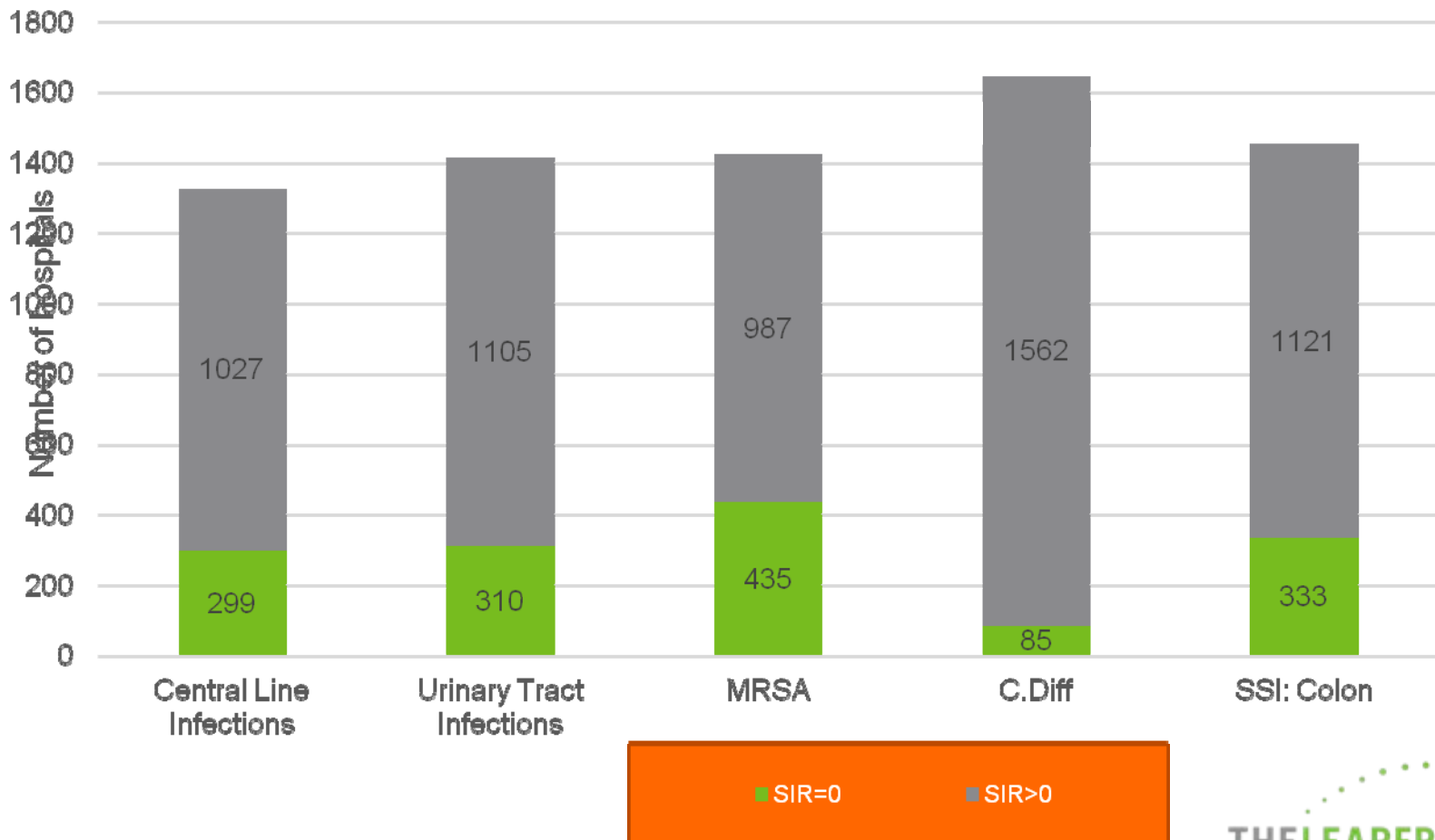
## Policy Additions 2017

- Involve patients & families**
- Verify compliance**
- Public protocols for caregiver support**

# Domain 3: Infections & Injuries

45

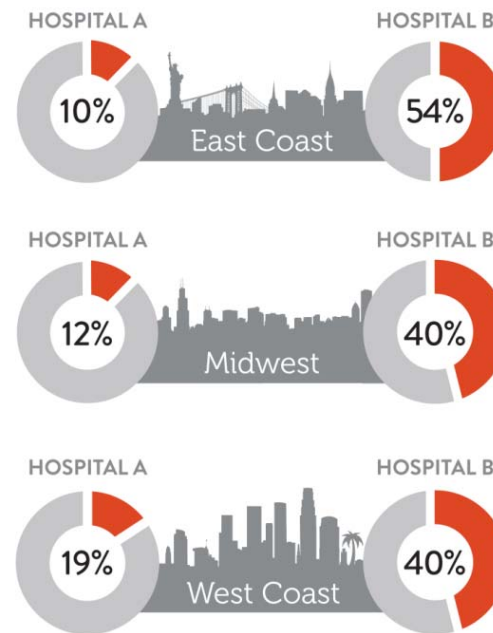
## Rates of Infection, Leapfrog Hospital Survey 2016



# Domain 4: Maternity Care

46

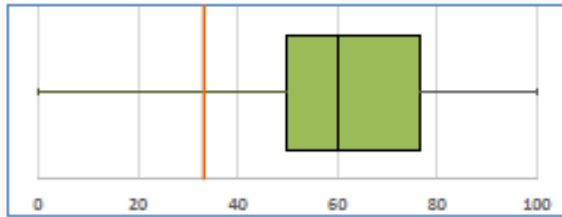
- 5 measures from the Leapfrog Hospital Survey:
  - Early Elective Deliveries, NTSV Cesarean Sections, Episiotomies, Maternity Care Process Measures, High-Risk Deliveries
  - C-Section Rates Vary



# Benchmarking

## MEDICATION SAFETY

34

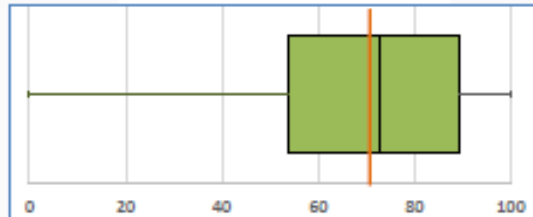


NATIONAL DOMAIN SCORE STATISTICS

25th Percentile	49.71
50th Percentile (Median)	60.00
75th Percentile	76.47
Average	58.83
Hospitals with Domain Applicable	1667

## INPATIENT CARE MANAGEMENT

71

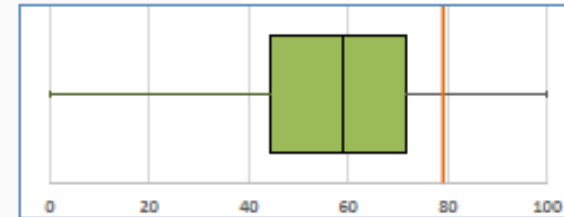


NATIONAL DOMAIN SCORE STATISTICS

25th Percentile	53.79
50th Percentile (Median)	72.73
75th Percentile	89.26
Average	68.23
Hospitals with Domain Applicable	1667

## INFECTIONS & INJURIES

79



NATIONAL DOMAIN SCORE STATISTICS

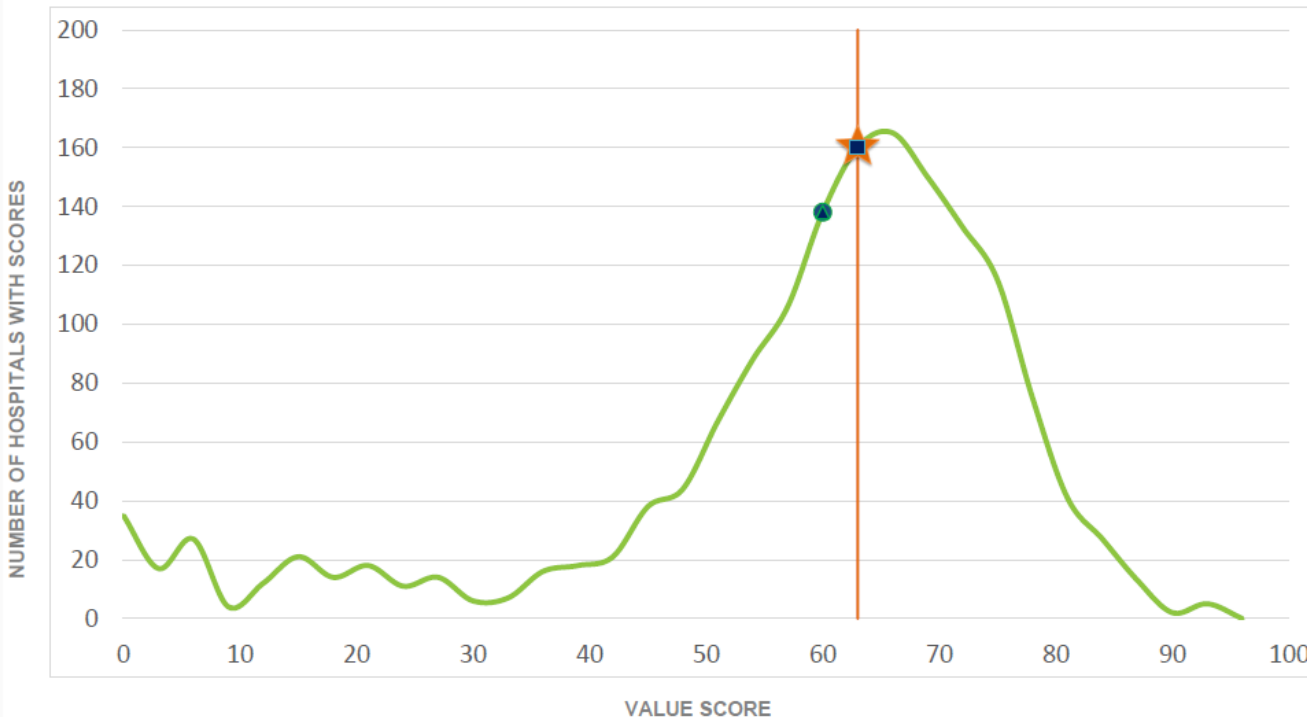
25th Percentile	44.19
50th Percentile (Median)	59.11
75th Percentile	71.82
Average	55.33
Hospitals with Domain Applicable	1660





# Example Report: Value Score

48

- The overall Value Score is calculated as the weighted average of the hospital's domain scores.

NATIONAL VALUE SCORE DISTRIBUTION



 YOUR VALUE SCORE	<b>63</b>
 NATIONAL AVERAGE	<b>60</b>
 STATE AVERAGE	<b>62</b>
 CUSTOM COHORT AVG	<b>59</b>
State:	Sample State
Cohort:	101-250 Beds



# Example Report: Past Performance

DOMAIN	MEASURE	2015 SCORE	2016 SCORE	CHANGE FROM 2015
Medication Safety	Computerized Physician Order Entry	100	50	↓ Decreased
	Bar Code Medication Administration	Not in Leapfrog Survey	15	N/A
Inpatient Care Management	ICU Staffing	100	100	● Comparable
	Safe Practices	66	0	↓ Decreased
	Never Events	100	100	● Comparable
	Hospital Readmission	Not in Leapfrog Survey	56	N/A
	Antibiotic Stewardship	Not in Leapfrog Survey	100	N/A
Infections & Injuries	CLABSI	100	64	↓ Decreased
	CAUTI	88	78	↓ Decreased
	SSI Colon	Not in Leapfrog Survey	84	N/A
	MRSA	Not in Leapfrog Survey	78	N/A
	C. Diff	Not in Leapfrog Survey	81	N/A
	Pressure Ulcers	0	100	↑ Increased
	Injuries	66	69	● Comparable
Maternity Care	Early Elective Deliveries	66	50	↓ Decreased
	Cesarean Section	8	48	↑ Increased
	Episiotomy	54	58	● Comparable
	Maternity Care Practices	0	27	↑ Increased
	High-Risk Deliveries	N/A	N/A	N/A
High-Risk Surgeries	Aortic Valve Replacement	N/A	N/A	N/A
	Abdominal Aortic Aneurisym	N/A	N/A	N/A
	Esophageal Resection	N/A	N/A	N/A
	Pancreatic Resection	N/A	N/A	N/A

# Hardwiring factors that make up the value equation for consumers & purchasers

50

- Consent/patient decisionmaking
- Handling of never events & adverse events
- Volume standards for surgeons
- Policies and monitoring to prevent overuse
- Public transparency
- Consistency of quality outcomes
- CAHPs for all



1. Hospitals
2. Safety
3. Consumerism

# Thank you

52

The Leapfrog Group (@LeapfrogGroup): [www.LeapfrogGroup.org](http://www.LeapfrogGroup.org)

Hospital Safety Score: [www.HospitalSafetyScore.org](http://www.HospitalSafetyScore.org)

Leah Binder (@LeahBinder)

- [Lbinder@LeapfrogGroup.org](mailto:Lbinder@LeapfrogGroup.org)
- 202-292-6713

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<http://blogs.wsj.com/experts/tag/leah-binder/>