



**Network for
Regional Healthcare
Improvement**

Making MACRA Work

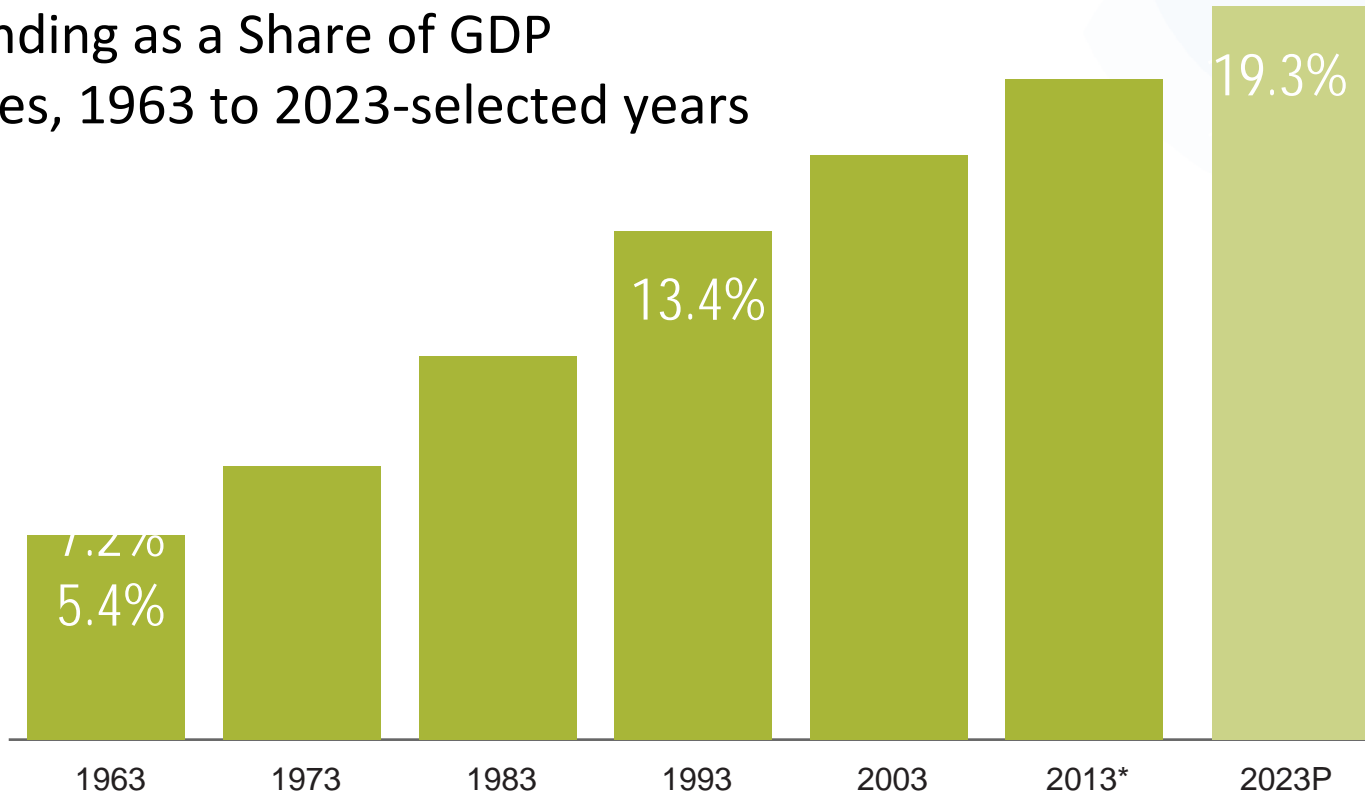
Implementing Value-Based Payment and Improving Care in a New Environment

Elizabeth Mitchell
President & CEO, NRHI

February, 2017

We have a problem

Health Spending as a Share of GDP United States, 1963 to 2023-selected years



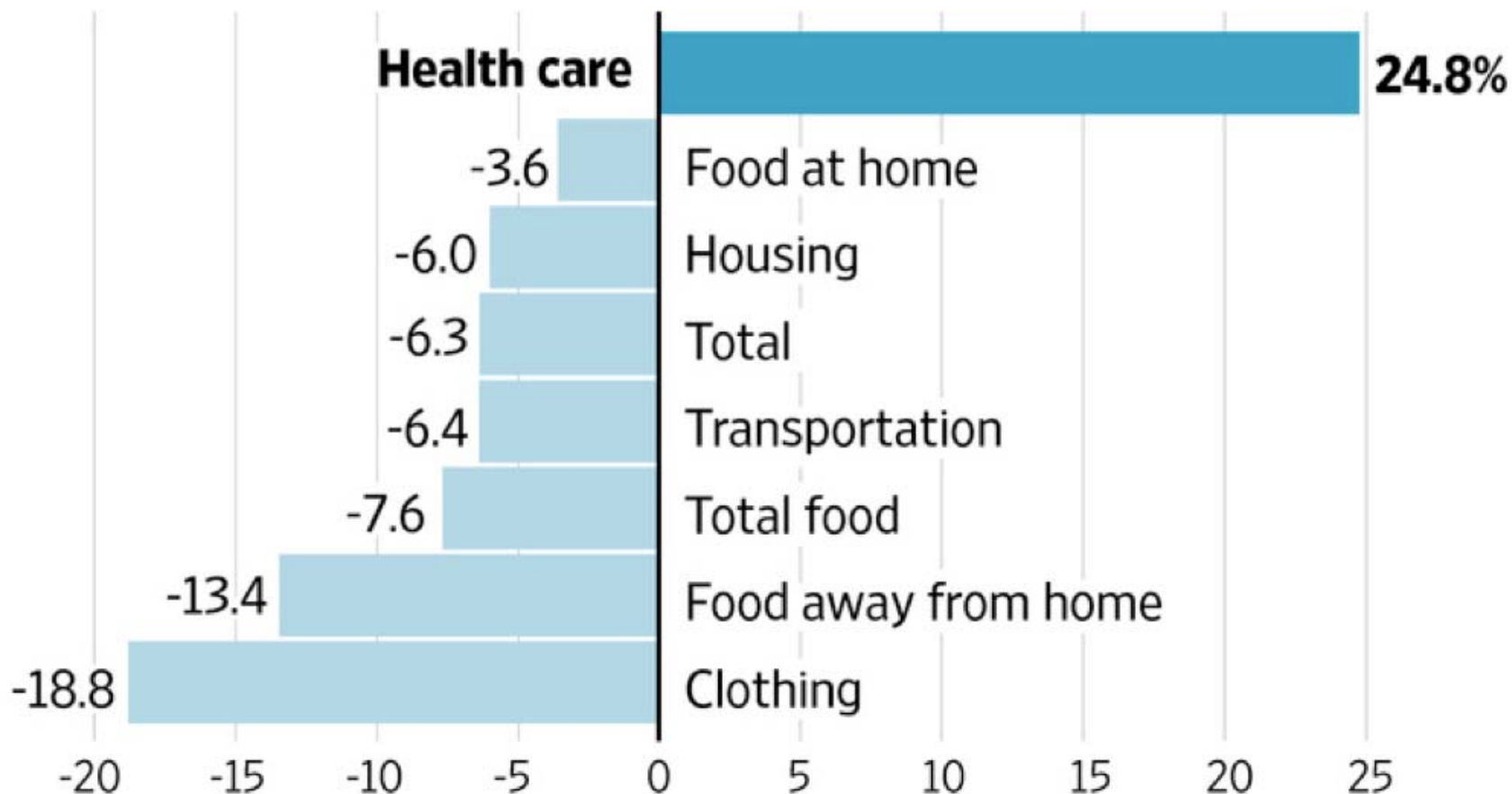
*2013 figure reflects a 3.1% increase in gross domestic product (GDP) and a 3.6% increase in national health spending over the prior year. See page 27 for a comparison of economic growth and health spending growth.

Notes: *Health spending* refers to national health expenditures. Projections shown as *P*.

Source: "National Health Expenditure Data," Centers for Medicare & Medicaid Services (CMS), 2014 (historical) and 2015 (projections), www.cms.gov.

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Percent change in middle-income households' spending on basic needs (2007-2014)



Source: Brookings Institution, Wall Street Journal

The move to value payment.

THE WALL STREET JOURNAL

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<http://www.wsj.com/articles/medicare-to-rework-billions-in-payments-1422293419>

Tar

The New York Times

POLITICS

Congress Approves Bill to Avert Medicare Pay Cut for Doctors

By REUTERS MARCH 31, 2014, 7:09 P.M. E.D.T.

WASHINGTON — The U.S. Senate gave final congressional approval on Monday to legislation to avert a pay cut for doctors who participate in the Medicare insurance program for the elderly and disabled.

By a vote of 64-35, the Democratic-led Senate sent the measure, approved last week by the Republican-led House of Representatives, to President Barack Obama to sign into law.

Health Systems
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to value-based arrangements by 2020

Written by Emily Rappleye (Twitter | Google+) | January 28, 2015

A group of the top U.S. health systems, payers and stakeholders announced Wednesday the formation of the Health Care Transformation Task Force, a private-sector alliance aimed at accelerating the healthcare industry's transformation to value-based care.

looking for healthcare data



Background: Total Cost of Care



REGIONAL COMMITMENT. NATIONAL IMPACT.



The initiative was piloted by NRHI and RHICs in five regions. Their success led to the expansion to nine additional regions over the course of the project.

Pilot RHICs

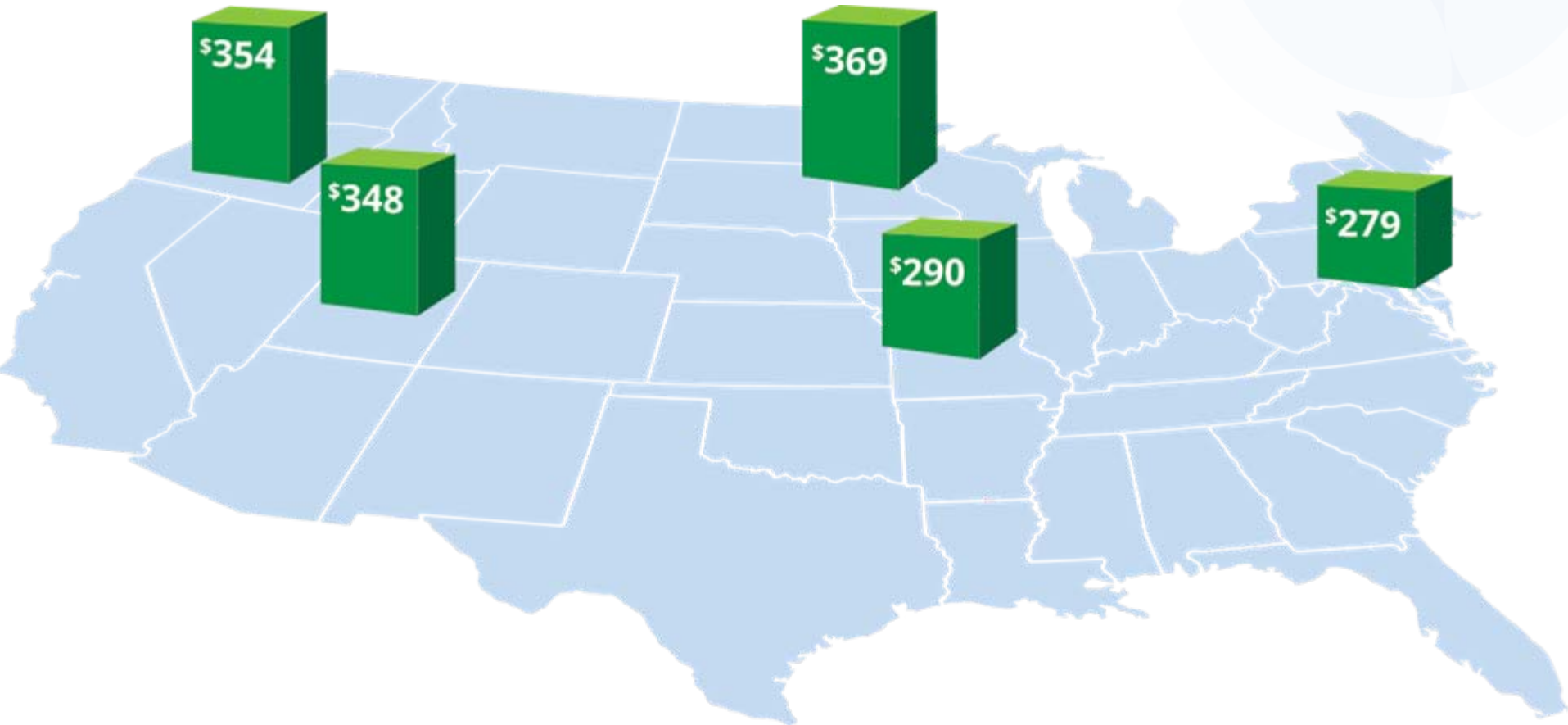
Center for Improving Value in Health Care | Colorado
Maine Health Management Coalition | Maine*
Midwest Health Initiative | St. Louis, Missouri
Minnesota Community Measurement | Minnesota
Oregon Health Care Quality Corporation | Oregon

Expansion Regions

HealthInsight Utah | Utah
Health Care Improvement Foundation | Philadelphia
The Health Collaborative | Ohio
Maryland Health Care Commission | Maryland
Massachusetts Health Quality Partners | Massachusetts
The University of Texas Health Science Center at Houston | Texas
Virginia Health Information | Virginia
Washington Health Alliance | Washington
Wisconsin Health Information Organization | Wisconsin

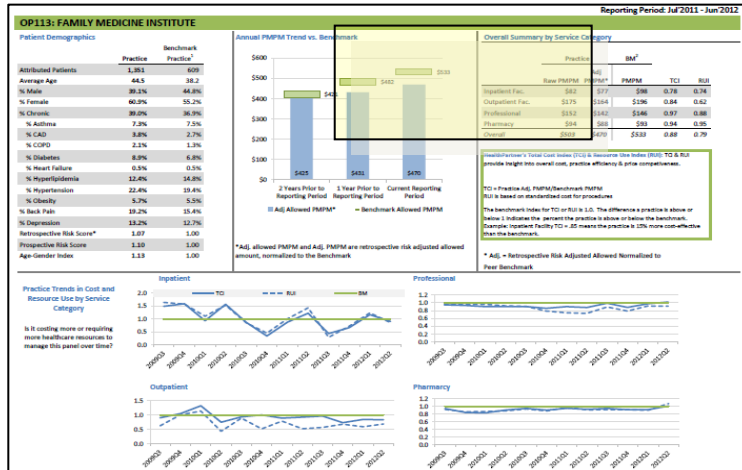
**Phase I and II only participant*

We now have some information!



2014 commercial multi-payer claims

Primary Care Practice Report



	Practice		BM ²	
	Raw PMPM	Adj PMPM*	PMPM	TCI
Inpatient Fac.	\$82	\$77	\$98	0.78
Outpatient Fac.	\$175	\$164	\$196	0.84
Professional	\$152	\$142	\$146	0.97
Pharmacy	\$94	\$88	\$93	0.94
Overall	\$503	\$470	\$533	0.88



² BM = Peer Benchmark

Note: Retrospective Risk Score for Practice = 1.07

Displayed as an index to protect information while being transparent with relative performance.

Local Benchmarking & Public Reporting

What does the HealthScore mean?

Ratings of clinics, medical groups and hospitals are grouped into the following categories. Not every health topic features results in all five categories.

- Top** - Top 15 clinics or top 5 medical groups, as long as their results are above average
- Above Average** - Results are significantly above the state average
- Average** - Results are equivalent to the state average
- Below Average** - Results are significantly below the state average
- Not Reportable** - No rate is available due to clinic or hospital not submitting information, not providing the type of care, or having too few patients to be reported

What does the Cost mean?

Ratings of medical groups are grouped into the following categories.

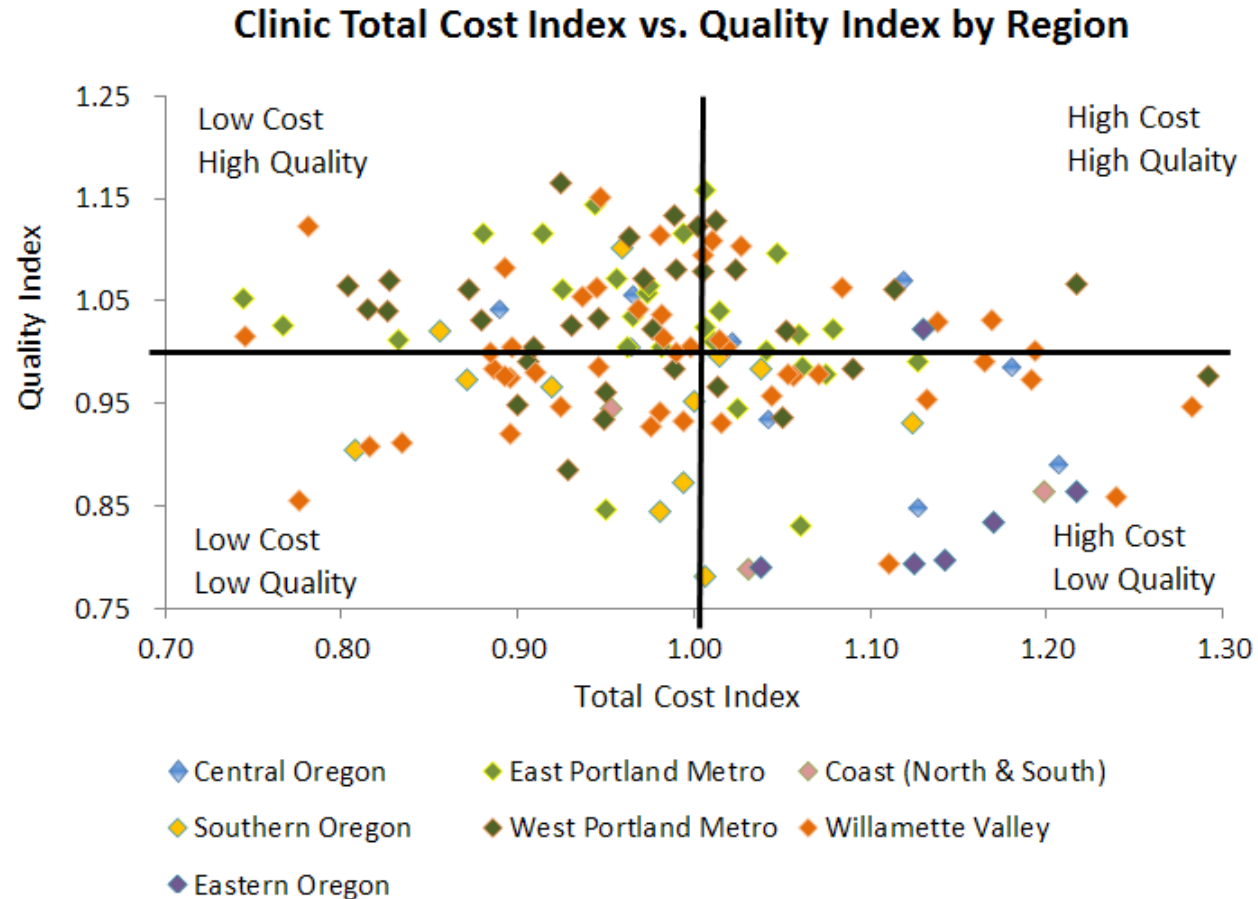
- Lower Than Average** - Cost is significantly lower than the state average
- Average** - Cost is equivalent to the state average
- Higher Than Average** - Cost is significantly higher than the state average
- Not Reportable** - No cost is available due to medical group having too few eligible patients to be reported

MEDICAL GROUPS		TOTAL COST	ASTHMA: ADULTS	DIABETES: ADULT	VASCULAR CARE
		MORE INFORMATION	MORE INFORMATION	MORE INFORMATION	MORE INFORMATION
A-Z	Sort	Sort	Sort	Sort	Sort
<input type="checkbox"/>	Allina Health Clinics MINNEAPOLIS, MN	NOT REPORTABLE	ABOVE AVERAGE 71%	TOP 63%	ABOVE AVERAGE 75%
<input type="checkbox"/>	Allina Health Specialties MINNEAPOLIS, MN	AVERAGE \$450	AVERAGE 62%	AVERAGE 55%	ABOVE AVERAGE 72%
<input type="checkbox"/>	Altru Health System GRAND FORKS, ND	AVERAGE \$502	BELOW AVERAGE 0%	BELOW AVERAGE 47%	BELOW AVERAGE 64%
<input type="checkbox"/>	Apple Valley Medical Clinic APPLE VALLEY, MN	AVERAGE \$425	BELOW AVERAGE 47%	TOP 60%	TOP 81%

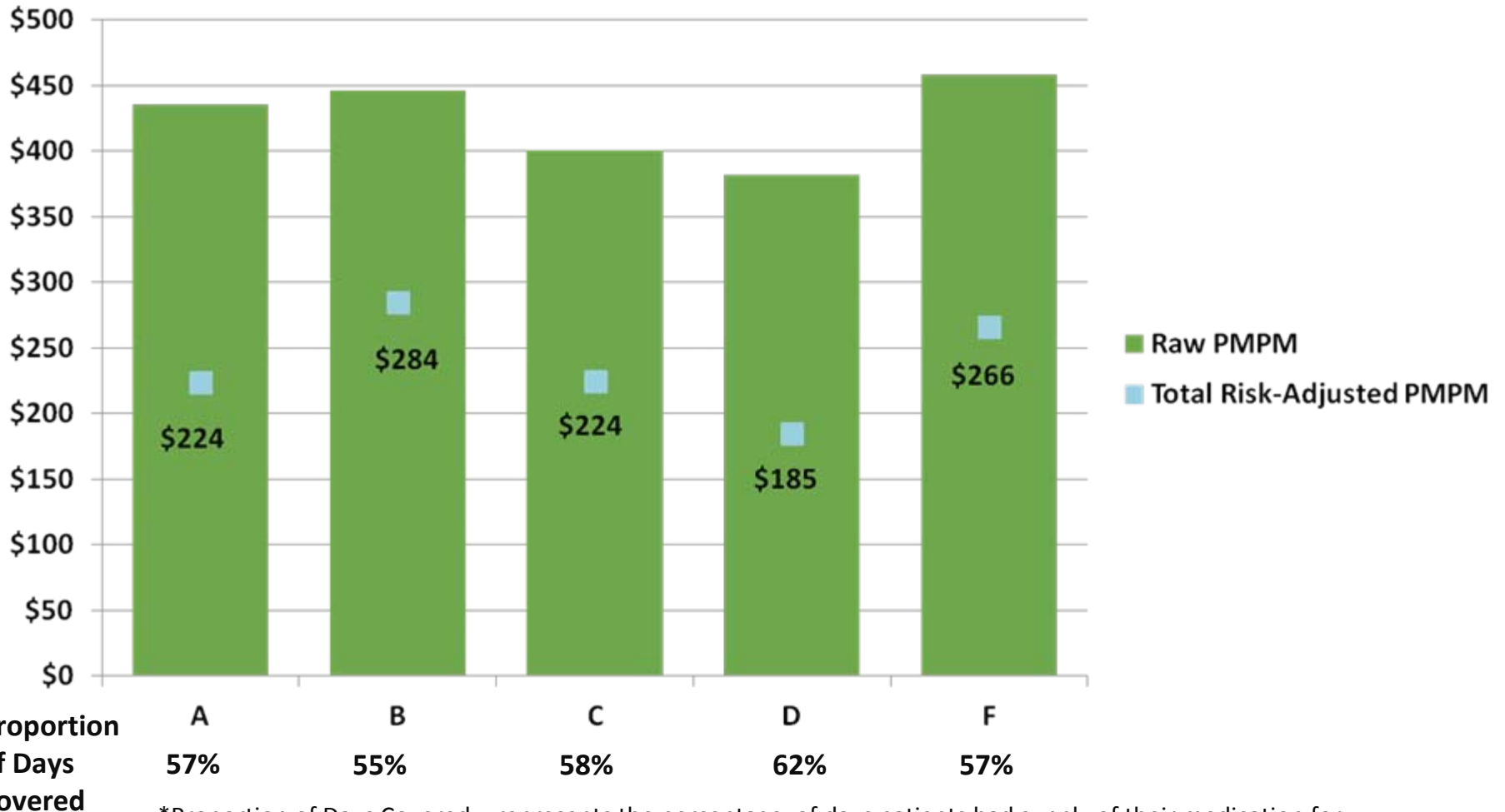
Variation in Cost vs. Quality

Variation exists in quality and cost:

- Among clinics across the state
- Among regions around Oregon
- Among clinics within any region

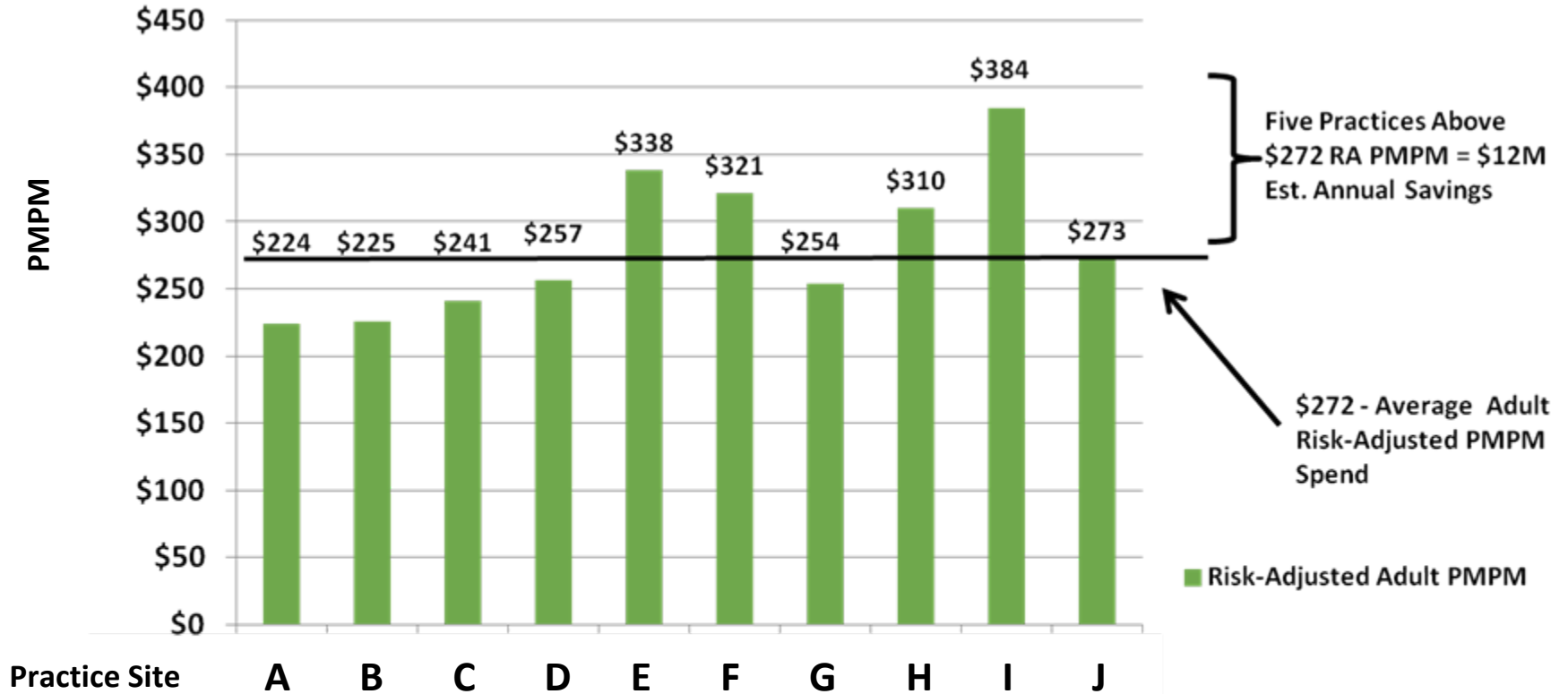


Variation in Spending for Adult Patients with Hypertension Attributed to Large Primary Care Medical Groups



*Proportion of Days Covered – represents the percentage of days patients had supply of their medication for three classes of drugs commonly used to treat hypertension: Beta Blockers, Calcium Channel Blockers and Renin Inhibitors. It may be affected by use of \$4 generics and other instances where obtaining medication does not result in a claim.

Variation in Risk-Adjusted Adult PMPM for Select XXX Medical Group Practice Sites





Total Cost of Care in California

Lindsay Erickson, Director, Value Based P4P Program

March 9, 2017

California Physician Organization Report Card

IHA partners with the California Office of the Patient Advocate to publicly report physician organization performance: <http://www.opa.ca.gov/>

Click on medical group for group's star ratings and information:	MEDICAL GROUP USES TREATMENTS PROVEN TO BE EFFECTIVE	PATIENTS RATE THEIR MEDICAL GROUP	AVERAGE ANNUAL PAYMENT FOR CARE	MEDICAL GROUP USES TREATMENTS PROVEN TO BE EFFECTIVE
<input type="checkbox"/> Arch Health Partners	GOOD	GOOD	LOWER PAYMENT	Select a topic for more ratings <ul style="list-style-type: none"> Asthma Care Checking for Cancer Chlamydia Screening Diabetes Care Treating Children: Getting the Right Care Treating Bronchitis: Getting the Right Care Giving Lab Tests for Patients Taking Medications for a Long Time Testing for Cause of Back Pain Preventing Hospital Readmission After Discharge Controlling High Blood Pressure
<input type="checkbox"/> Encompass Medical Group	FAIR	EXCELLENT	HIGHER PAYMENT	
<input type="checkbox"/> Greater Tri-Cities IPA	POOR	GOOD	LOWER PAYMENT	
<input type="checkbox"/> Kaiser Permanente - Southern California Permanente Medical Group - San Diego	GOOD	GOOD	LOWER PAYMENT	
<input type="checkbox"/> Mercy Physicians Medical Group	GOOD	GOOD	HIGHER PAYMENT	
<input type="checkbox"/> Mid County Physicians Medical Group	FAIR	EXCELLENT	HIGHER PAYMENT	
<input type="checkbox"/> MultiCultural Medical Group, Inc.	FAIR	FAIR	LOWER PAYMENT	
<input type="checkbox"/> Primary Care Associates Medical Group	GOOD	GOOD	LOWER PAYMENT	
				PATIENT EXPERIENCE RATINGS Select a topic for more ratings <ul style="list-style-type: none"> Patients Rate Their Medical Group Communicating with Patients Coordinating Patient Care Health Promotion Helpful Office Staff Timely Care and Service
				AVERAGE ANNUAL PAYMENT FOR CARE

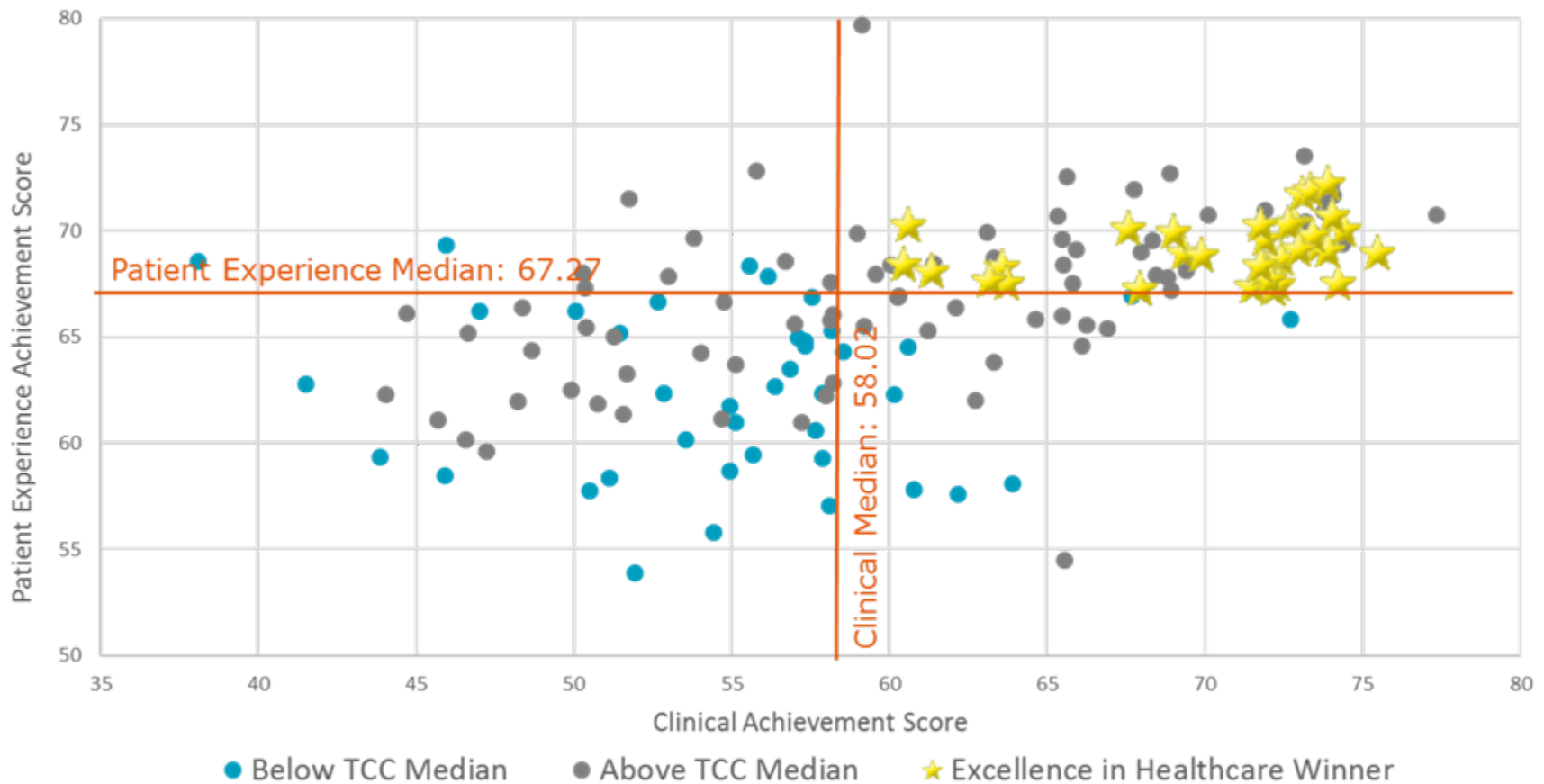
Striking Variation in Cost within California Regions



Risk Adjusted TCC is geography adjusted using CMS' Hospital Wage Index Geographic Adjustment Factor

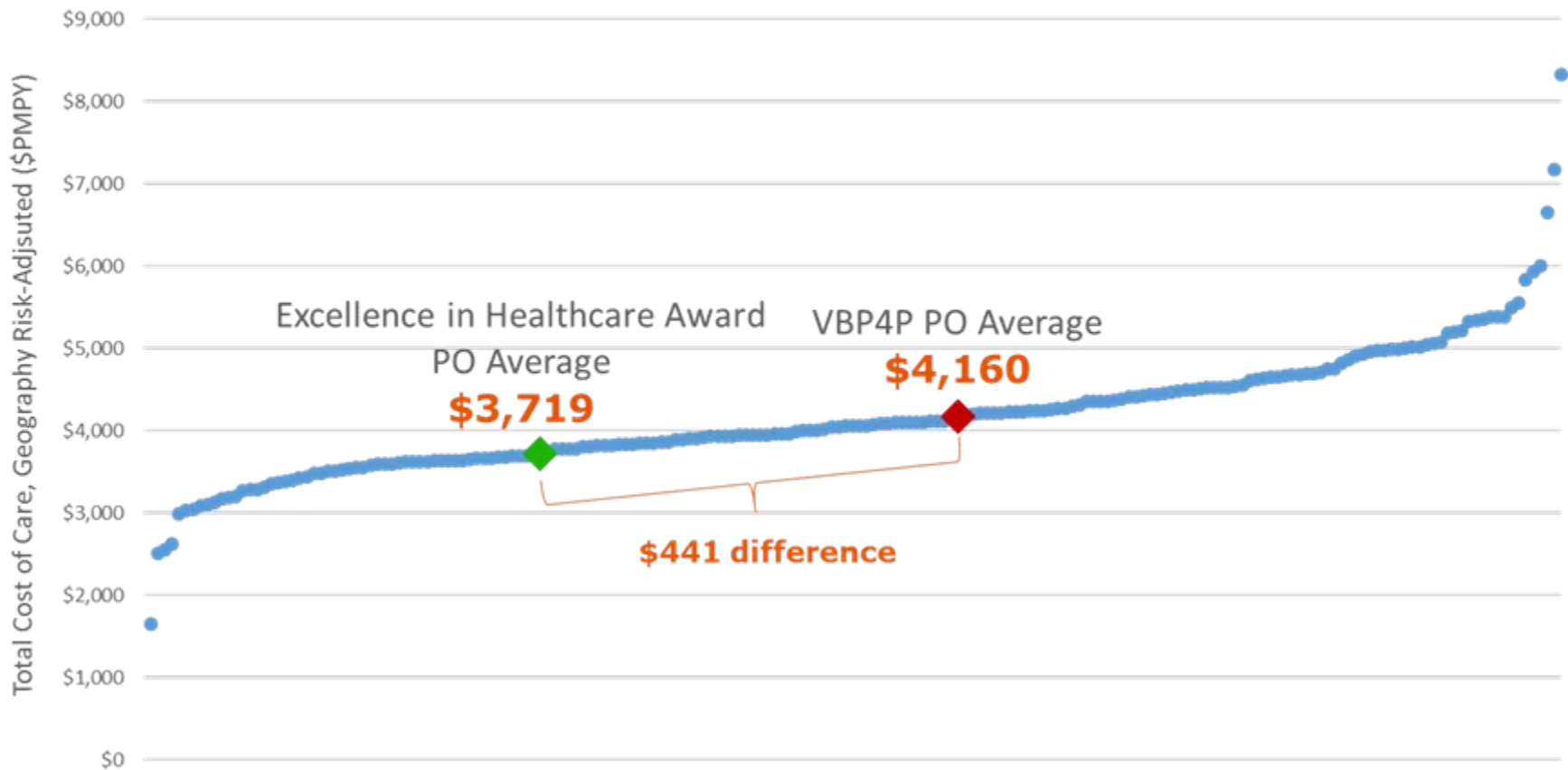
IHA Excellence in Healthcare Winners

Only 34 top performing physician organizations met performance standards across Clinical Quality and Patient Experience and Cost



If all POs performed like “Excellence” Winners...

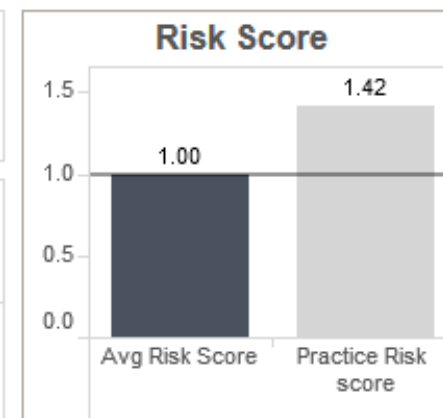
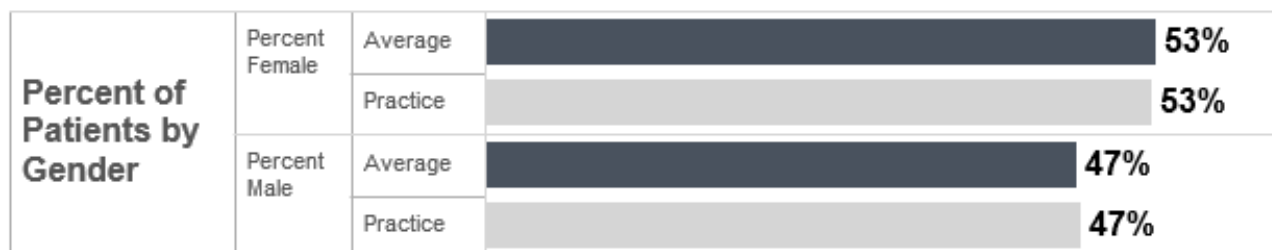
\$3.9 Billion Saved



Practice General Description (2014)

Key: Average Practice Higher Lower

Category		Average PMPM	Practice PMPM	TCI	RUI	PI
Professional	-	\$160	\$229	1.43	1.50	0.96
Outpatient	-	\$131	\$145	1.11	1.52	0.73
	ED/ER	\$18	\$26	1.46	0.99	1.47
Inpatient	-	\$72	\$94	1.31	1.51	0.87
Pharmacy	-	\$113	\$143	1.27	1.23	1.03
Total	-	\$475	\$611	1.29	1.44	0.89



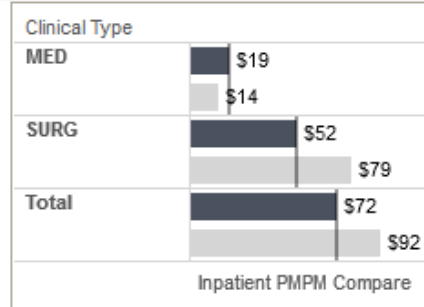
Professional/Outpatient Information (2014)



Key: Average Practice Higher Lower

Inpatient PMPM by Category

Category	Clinical Type	State PMPM	Practice PMPM	TCI	RUI	PI
Inpatient	MED	\$19	\$14	0.72	0.86	0.83
	SURG	\$52	\$79	1.50	1.73	0.87
Total	Total	\$72	\$92	1.29	1.47	0.88



Professional and Outpatient PMPM by Service Category

Service Category	State PMPM	Practice PMPM	TCI	RUI	PI
Ambulatory Surgery-Other	\$52	\$72	1.40	2.06	0.68
Cardiovascular Ambulatory Surgery	\$6	\$1	0.26	0.15	1.69
Dental Services	\$1	\$2	1.73	1.69	1.03
Diagnostic Tests-Other	\$0				
Durable Medical Equipment	\$5	\$4	0.87	0.86	1.01
Endoscopy Procedures	\$7	\$12	1.63	1.85	0.88
Hospital or ER Visits	\$6	\$5	0.85	0.97	0.88
Imaging Services	\$41	\$42	1.03	1.11	0.93
Laboratory Services	\$18	\$23	1.24	1.66	0.74
Medical Visit	\$14	\$11	0.80	0.65	1.23
Office or Home Visits	\$50	\$64	1.28	1.40	0.91
Oncology Procedures	\$1	\$1	0.46	0.39	1.16
Orthopedic Ambulatory Surgery	\$14	\$17	1.17	1.62	0.73
Procedures-Other	\$38	\$59	1.56	1.48	1.06
Rehab and Therapy Services	\$2	\$2	0.93	0.14	6.65
Specialist Home/Office Visits	\$6	\$10	1.72	1.63	1.06
Unspecified or Other	\$29	\$46	1.56	1.63	0.96
Total	\$291	\$372	1.28	1.50	0.85



PMPM for Radiology		State PMPM	Practice PMPM	TCI	RUI	PI
Category	Service Category					
Imaging	CAT Scan	\$2	\$2	1.20	1.34	0.89
	Echo or Ultra	\$3	\$4	1.34	1.48	0.90
	Imaging	\$31	\$30	0.97	0.94	1.03
	MRI	\$5	\$6	1.21	1.34	0.90
Total	Total	\$41	\$42	1.03	1.11	0.93

Service Category	
CAT Scan	\$2
	\$2
Echo or Ultra	\$3
	\$4
Imaging	\$31
	\$30
MRI	\$5
	\$6
Total	\$41
	\$42

Radiology PMPM Compare

National Benchmarking: Variation Exists



Total Cost Index and Resource Use Index: Commercial Population 2014 Combined Attributed and Unattributed

Measure	HI Utah	MHCC Maryland	MHI St. Louis, MO	MINCM Minnesota	Q CORP Oregon
Risk Adjusted Total PMPM Per Member Per Month	\$348	\$279	\$290	\$369	\$354
TCI Price x Utilization	1.07	0.86	0.89	1.13	1.09
RUI Utilization	1.08	0.88	1.08	1.05	0.93
PI Price Index	0.99	0.97	0.82	1.08	1.17

What's driving the variation?

Components of Medical Cost
Commercial Population 2014
Combined Attributed and Unattributed

Measure	HI Utah	MHCC Maryland	MHI St. Louis, MO	MNCM Minnesota	Q CORP Oregon
TCI					
Overall	1.07	0.86	0.89	1.13	1.09
Inpatient	1.45	0.62	0.82	1.12	1.08
Outpatient	1.15	0.67	0.97	1.09	1.17
Professional	0.94	0.90	0.76	1.26	1.16
Pharmacy	0.91	1.16	1.09	0.95	0.86
RUI					
Overall	1.08	0.88	1.08	1.05	0.93
Inpatient	1.57	0.63	1.03	1.01	0.85
Outpatient	1.21	0.52	1.25	1.07	0.99
Professional	0.93	1.05	0.96	1.07	0.97
Pharmacy	0.93	1.14	0.96	1.06	0.88
Price Index					
Overall	0.99	0.97	0.82	1.08	1.17
Inpatient	0.93	0.98	0.79	1.11	1.27
Outpatient	0.95	1.28	0.77	1.02	1.18
Professional	1.01	0.86	0.79	1.18	1.19
Pharmacy	0.98	1.02	1.13	0.89	0.98

Cost Drivers: Why are Oregon's Prices Higher?

Factors Affecting Commercial Unit Price:	Factors Affecting Utilization:
Provider market power	Health status (morbidity)
Health Plan market power	Physician practice patterns
Cost-shifting	Patient cost-sharing level
Regional cost of living	State mandates
Location of service	Providers in network

- In states with lower utilization rates the price of services is often increased.
- Cost-shifting: Medicare reimbursement rates are low in Oregon.
- Provider and Health Plan negotiation can play a role. Limited competition can lead to higher prices.



October 2016

HEALTH CARE QUALITY

HHS Should Set Priorities and Comprehensively Plan Its Efforts to Better Align Health Quality Measures

GAO-17-5

