EY Entrepreneur Of The Year®
2015 Award Winner

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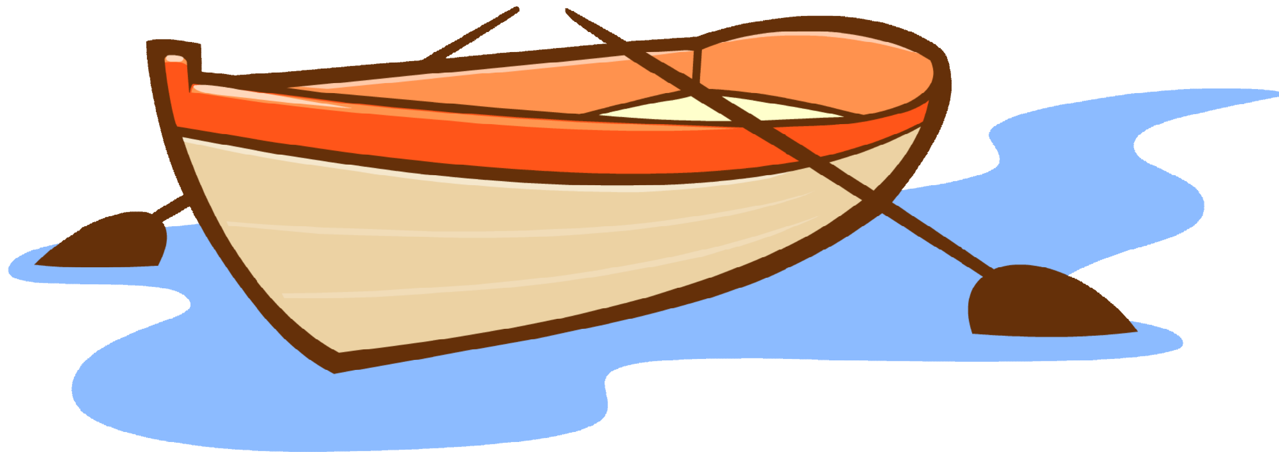

Developing High Performing Networks by Reducing the Delivery of Low-Value Care

March 1, 2018

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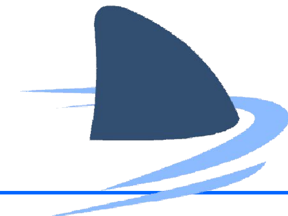
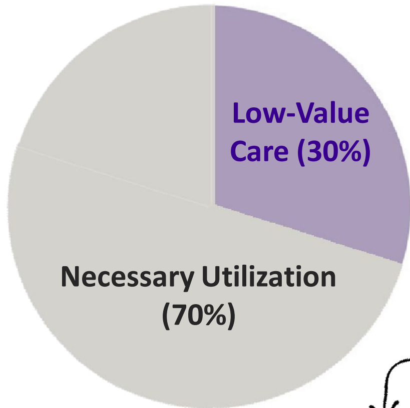
Developing High Performing Networks

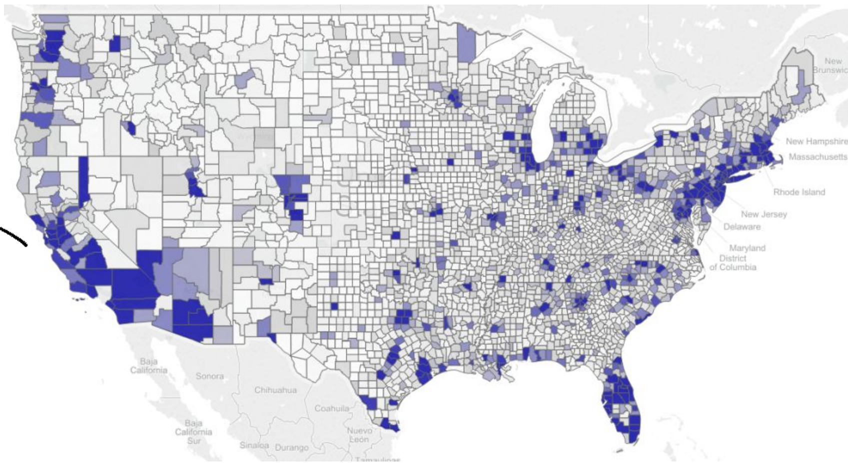
The High Stakes of Low-Value Care



The economic driver for pay-for-value programs is the ability of a government program or marketplace arrangement to not only achieve Triple Aim goals but to also mitigate Low-Value services, which account for thirty cents of every dollar spent on the delivery of care.



$900 Billion Unnecessary Spend



Over $9B in Orange County, CA

"Weaknesses of Fee for Service Payment"

#1: "Excess use of Low-value Care"

Dr. Patrick Conway, Acting Principal Deputy Administrator for Innovation and Quality, Chief Medical Officer, CMS

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Developing High Performing Networks
The High Stakes of Low-Value Care

"**Bigger than higher prices, administrative expenses, and fraud**, however, was the amount spent on unnecessary healthcare services." **In just a single year, up to 42% of patients receive "Low-Value" Care."**

Dr. Atul Gawande,
Harvard University

"It's generally agreed that **about 30 percent of what we spend on healthcare is unnecessary**. If we eliminate the unneeded care, there are more than enough resources in our system to cover everybody."

Dr. Elliott Fisher,
Dartmouth Institute for Health Policy

"It is **distressingly ordinary for patients to get treatments that research has shown are ineffective or even dangerous.** Sometimes doctor simply haven't kept up with science. Other times doctors know the state of play perfectly well but **continue to deliver these treatments because it's profitable."**

David Epstein,
ProPublica

"With a push from the federal government, the health-care industry in recent years has been **shifting to a model that compensates hospitals based on efficient and effective care,** instead of rewarding overall volume. There is evidence that **physicians respond to volume incentives by adding more procedures — perhaps unnecessary ones — to a patient's visit."**

John Romley,
University Southern California

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Why Risk-Readiness® Benchmarks?

The High Stakes of Low-Value Care

"Doctors are all paid when we provide care, in some way. When we get patients to consume more of it, there's more revenue. The problem is that this care isn't necessarily benign. ***Drugs have adverse effects. Diagnoses cause worry and also can lead to more and more invasive interventions. Procedures may have adverse outcomes, sometimes serious ones.*** *Drugs, tests, and procedures that aren't necessary provide no benefit.* ***Therefore, by definition, the cost of these drugs, tests, and procedures—in adverse effects, time, and money—outweigh the benefits****." Aaron Carroll, JAMA*

A study* in Washington state reviewed the insurance claims from 1.3 million patients over one year and found…

Over **600,000 patients** underwent a treatment they didn't need—collectively **costing $282 million**

Three of four annual cervical cancer screenings were performed on women who **had adequate prior screening—costing $19 million**

About **85% of lab tests to prep healthy patients** for low-risk surgery **were unnecessary—wasting $86 million**

*Study by Washington Health Alliance

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Developing High Performing Networks

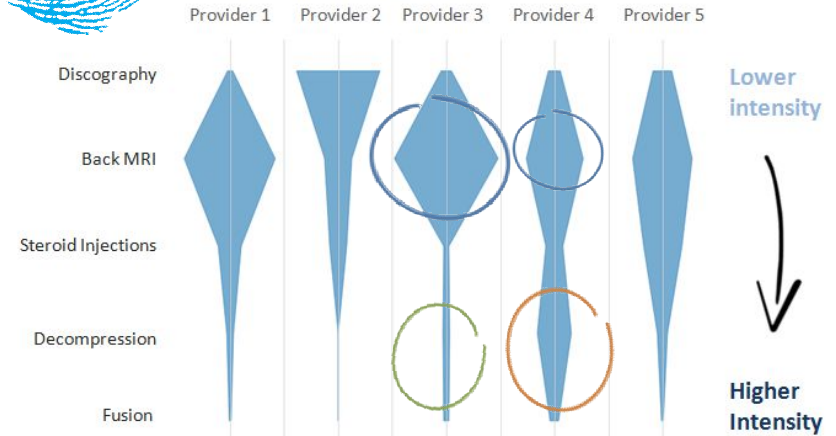
The High Stakes of Low-Value Care

At the core of **Risk-Readiness®** is

Unexplained Variation:

The estimated **30% of medical expense** that goes to **low-value care**.

This unnecessary spending drives billing in a fee-for-service economic model, but success in pay-for-value comes from managing and mitigating these pockets of variation.



Every provider has a unique practice pattern or finger print that informs Risk-Readiness®

RowdMap applies the ***Dartmouth Atlas for Unwarranted Variation*** methodologies to data on Medicare Parts A,B & D. This research has been repeatedly validated over the last 30 years and we now have a national data set to apply the methodologies at a large scale.

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The High Stakes of Low-Value Care

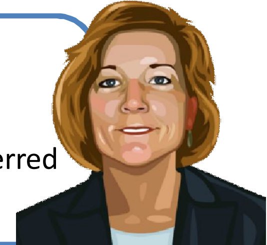
Low-Value Care Impacts Every Family in the Country

"Virtually every family in the country, the research indicates, has been subject to over testing and overtreatment in one form or another. The costs appear to take thousands of dollars out of the paychecks of every household each year. Researchers have come to refer to financial as well as physical "toxicities" of inappropriate care—including reduced spending on food, clothing, education, and shelter."

Dr. Atul Gawande, *OverKill*

Joan

Joan is 47 years old. She has arteriosclerosis and has been referred to a cardiothoracic surgeon.



If Joan goes to a high-performing, high-value cardiothoracic surgeon, the total physician costs would be **$81**, of which she would pay **$24**.

If Joan goes to a low-performing, low-value cardiothoracic surgeon, the total physician costs would be **$2,400**, of which she would pay **$720**.

The difference between a high-value and low-value cardiothoracic surgeon could cost Joan and her family up to a **3000% difference.**

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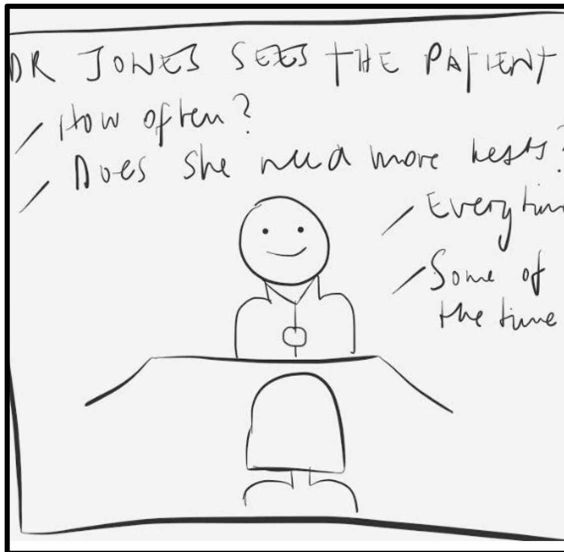
Developing High Performing Networks

The High Stakes of Low-Value Care

No Man is an Island in the World of Risk

Identify whole-system care patterns that are aligned with high-value. Identifying high-value providers and pathways are essential for population health risk management.

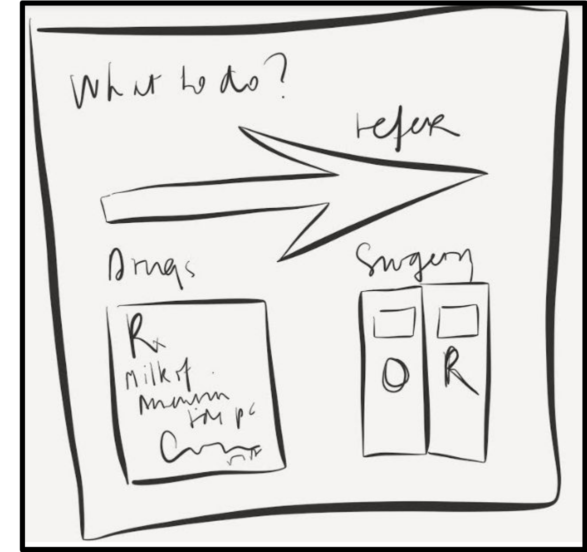


It all starts with a visit
where a plan of care is devised

How often are visits?
What's done in a visit?
What happens after a visit?

*A visit leads to **diagnostic tests and procedures***

How many tests/procedures?
What kinds of tests/procedures?
What's the cost of the test/procedures vs. alternatives?



*Tests and procedures lead to **Rx use and referrals to specialists, like surgeons***

How many scripts or referrals?
What kinds of scripts? Generic vs. Brand?
What kind of referrals? What kinds of surgeries?

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High- Value Care ToolKit

For All Lines of Business

- ☐ Price Products Using Your Network's Low-Value Care PMPM Benchmarks
- ☐ Contract High-Value Providers – [Network Sculpting]
- ☐ Pay Providers Based on Their High/Low Value Performance – [Value-Based Pay]
- ☐ Drive Members to Visit High-Value Providers – [Member Steerage]
  - ☐ Differentiate Benefits for Member Visits to High-Value Providers
  - ☐ List High-Value Providers First/Bold in Your Provider Directories/Transparency Tools
  - ☐ Attribute Members to High-Value Providers during PCP Auto-Assignment
  - ☐ Encourage Sales/Brokers to Assign Members to High-Value Providers at Time of Enrollment
  - ☐ List High-Value Providers First/Bold in Care Coordination Workflows
- ☐ Share Referral Benchmarks with Physicians – [Referral Efficiency]
- ☐ Share Low-Value Care Benchmarks with Physicians – [Behavior Change]

Tactics in Blue are for All Lines of Business including Medicaid

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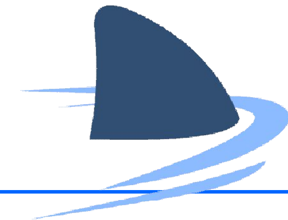
About RowdMap

Networks Built from Comprehensive Benchmarks



RowdMap's **Risk-Readiness® benchmarks** help health plans, physician groups, and hospital systems **identify, quantify, and reduce the delivery of low-value care**—a central tenet of successful pay-for-value programs.

FIRSTNAME	LASTNAME	COUNTY	OVERALL VALUE SCORE	VISIT SCORE	PROCEDURE SCORE	PHARMACY SCORE	REFERRAL SCORE	MEDICARE FFS PATIENTS
CRAIG	STEIN	MARICOPA	3.5	2	3	4	5	1361
JOHN	WELLS	MARICOPA	3	3	1	5	3	1043
FREDERICK	KLEIN	PIMA	1.75	1	1	3	2	1043
DARYL	HUTCHINSON	MARICOPA	4	4	4	5	3	1026
RAMSEY	UMAR	MARICOPA	2.5	2	1	3	4	952
JOHN	DIBAISE	MARICOPA	2.75	3	4	2	2	942
SUDHAKAR	REDDY	MARICOPA	2.75	2	4	2	3	939
PARAG	CHOKSHI	MARICOPA	2	2	1	4	1	930
RAMKRISHNA	KOTHUR	MARICOPA	3.5	4	3	2	5	909
MIGUEL	ARENAS	PIMA	4	5	5	1	5	866
FRANKLIN	LEWKOWITZ	MARICOPA	2.25	1	2	2	4	848
MALVINDERJIT	SINGH	MARICOPA	2.5	2	4	3	1	821

Payers: Improve Network Cost of Ownership

- ☑ Reduce overall medical expenditures
- ☑ Lever streamlined commercial and government networks to manage risk
- ☑ Competitively differentiate bids & growth

Providers: Improve Strength of Revenue

- ☑ Identify revenue at risk (low-value care)
- ☑ Diversify vulnerable revenue
- ☑ Protect and grow high-value revenue streams

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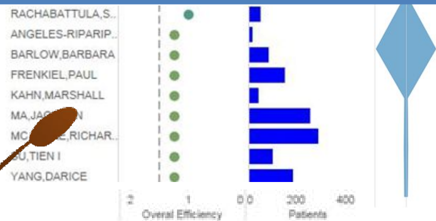
Payer-Provider Risk-Readiness®

What if you knew which providers would drive your success?



CMS: 50% of FFS will be gone by 2018

THE WALL STREET JOURNAL. U.S.

What if you knew which providers would sink you?

WHAT WOULD YOU DO IF YOU KNEW who will win and who will lose in value-based arrangements?

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