Making the Business Case for Value-Based Care:

REAL-WORLD PROVIDER CASE STUDIES SHOW EVIDENCE THAT FOCUSING ON VALUE IS A BETTER BUSINESS MODEL THAN MAXIMIZING VOLUME

March 1, 2018

LEAVITT PARTNERS

Participants

Panelists

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Moderator

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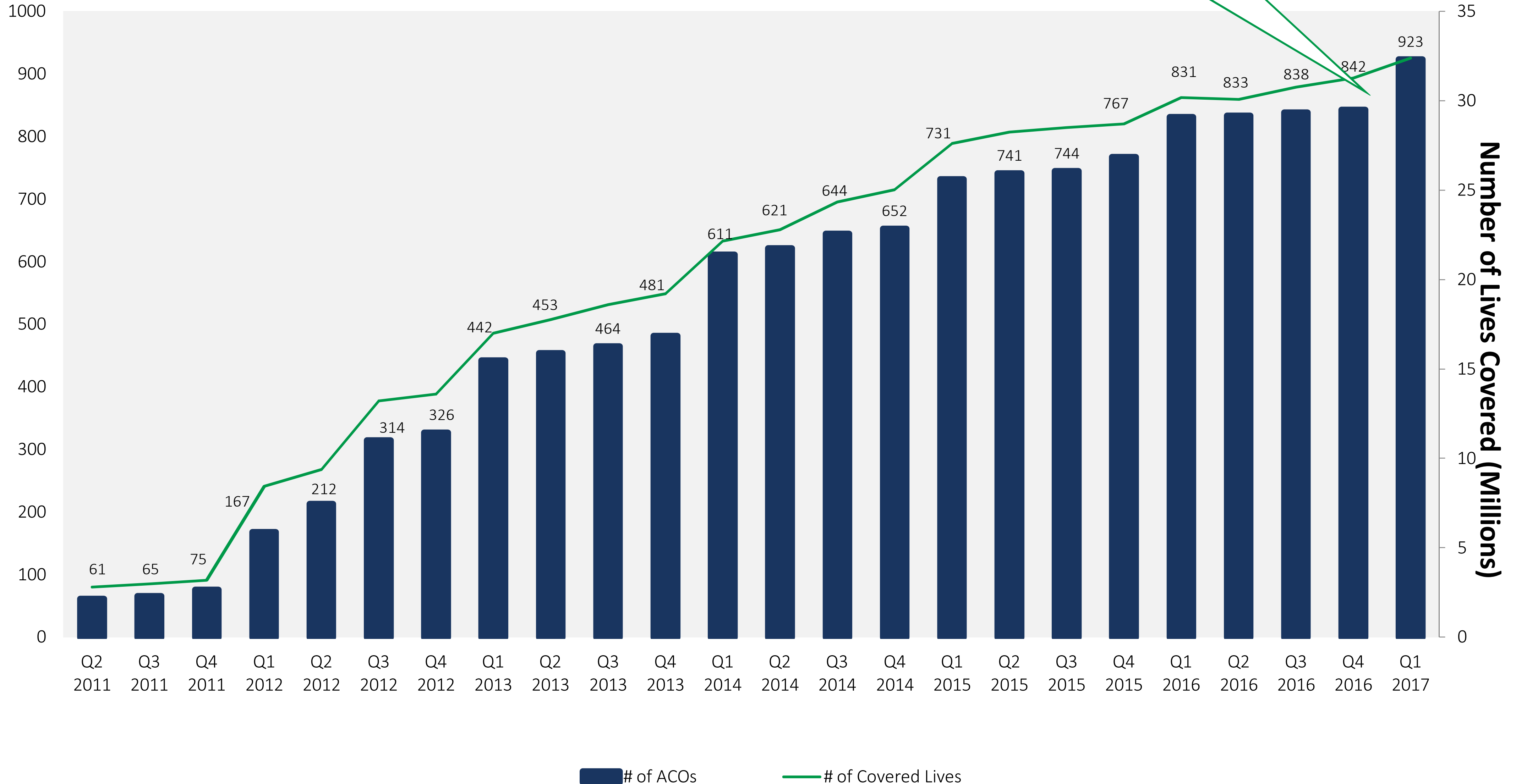
David Muhlestein, PhD JD

LEAVITT PARTNERS; WASHINGTON, DC

ACO Growth



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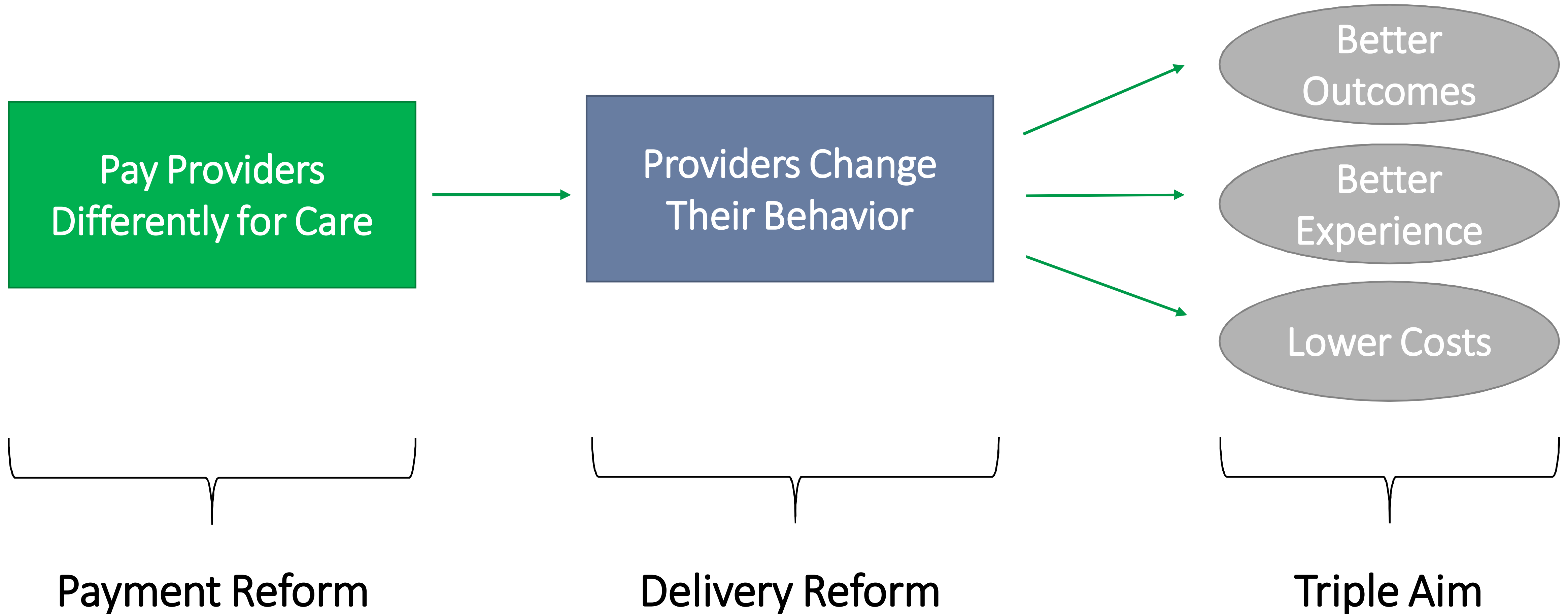
The *Theory* of Health Care Reform



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Aggregating Knowledge: Accountable Care Learning Collaborative

Industry Collaboration

www.accountablecareLC.org/CSB

Case Study Briefs

CSB CASE STUDY BRIEF

Home-Grown Solutions for Tracking Total Cost of Care

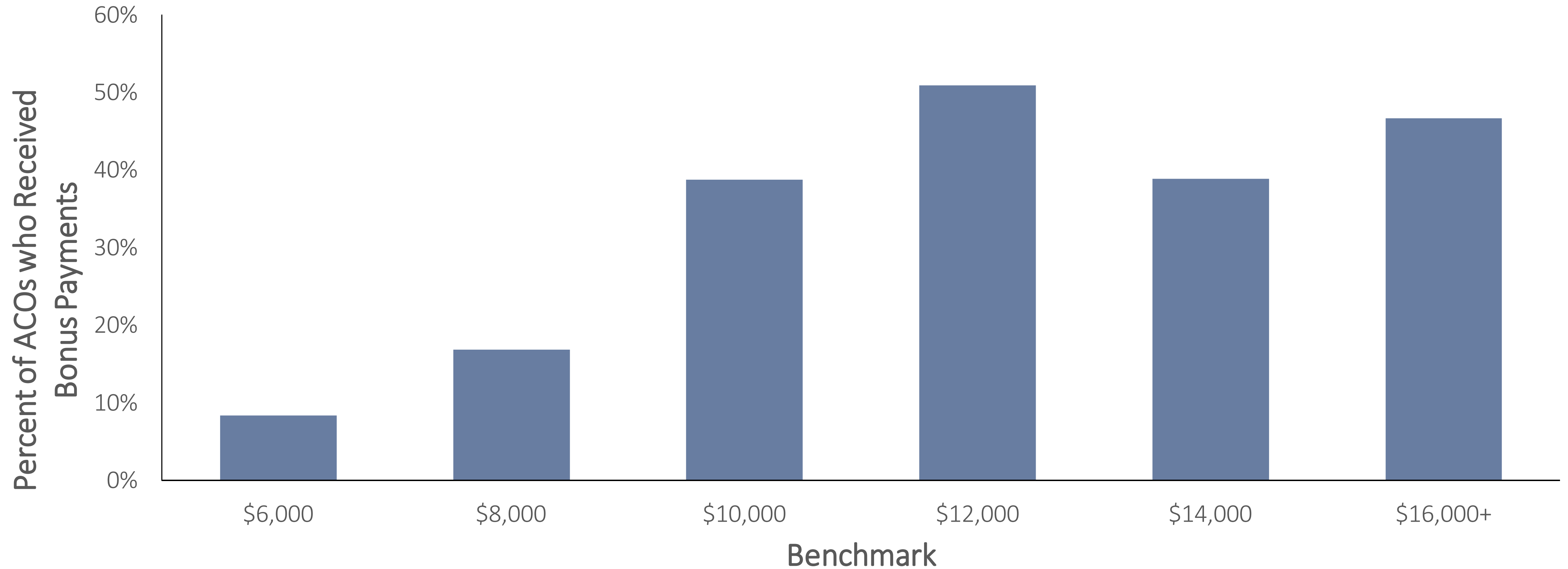
Arizona Connected Care's Approach

BACKGROUND

APPROACH

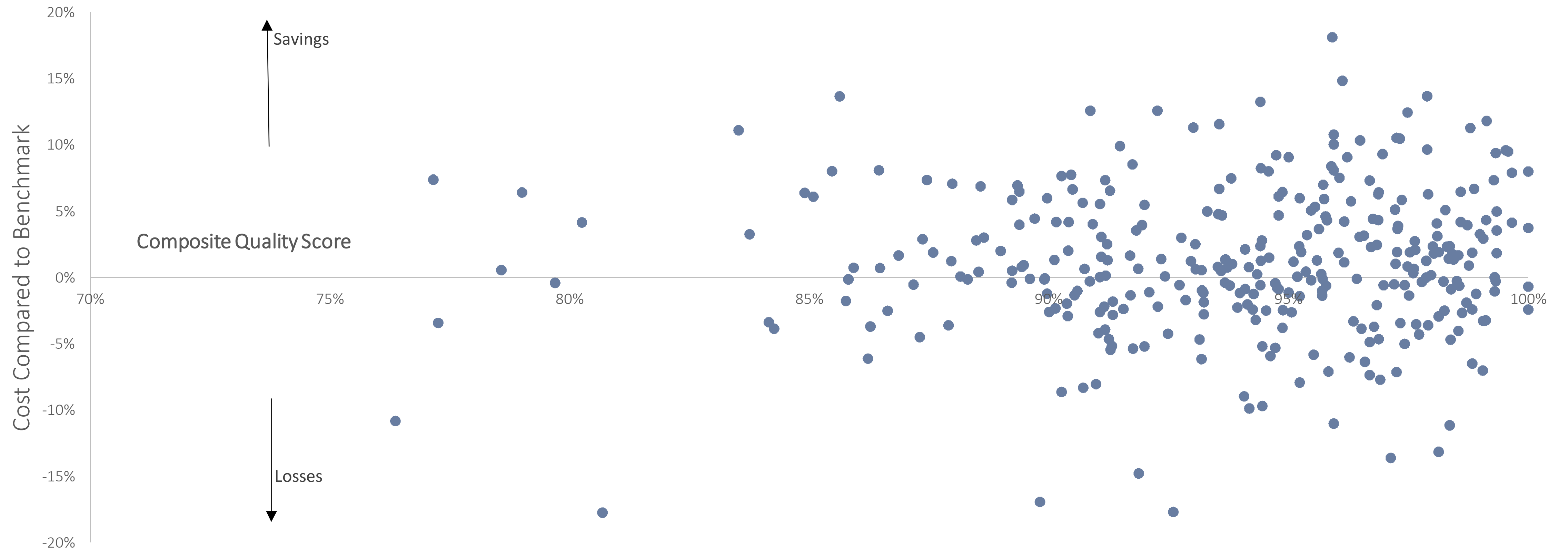
Results by Benchmark

2016 MSSP ACO Results



Quality and Savings

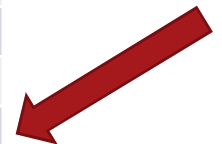
2016 MSSP ACO Quality and Cost Scores



Medicare ACO Program Results 2016

Program	# Participants	# Participants Who Earned Savings	# Participants Who Owed Losses	Total Aligned Beneficiaries	Total Benchmark Expenditures	Cost per Beneficiary
MSSP	432	134	4	7,884,058	$81,376,645,025	$10,322
Pioneer	8	6	0	269,528	$3,381,183,973	$12,545
Next Gen	18	11	7	471,734	$5,149,126,612	$10,915
CEC	13	12	0	16,085	$1,415,517,283	$88,001
Total	471	163	11	8,641,405	$91,322,472,893	$10,568

Program	Total Benchmark Expenditures Minus Total Expenditures	Gross Savings %	Earned Shared Savings Payments/Owe Losses	Net Savings (Losses)	Net Program Savings %	Net Savings per Beneficiary (Losses)
MSSP	$651,943,651	0.80%	$691,275,105	$(39,331,454)	-0.05%	$(5)
Pioneer	$68,032,685	2.01%	$37,128,920	$30,903,765	0.91%	$115
Next Gen	$48,299,724	0.94%	$37,973,093	$10,326,632	0.20%	$22*
CEC	$75,120,837	5.31%	$51,151,304	$23,969,533	3.61%	$1,490
Total	$843,396,897	0.92%	$817,528,422	$25,868,476	0.03%	$3



*Incorporating discounts, savings per beneficiary was ~$134

Why Haven't Value-Based Payment Models Achieved All Their Objectives?

1. Payment models need to be improved
2. Not enough time in the program
3. No clear business case

Todd Allen, MD

INTERMOUNTAIN HEALTHCARE; SALT LAKE CITY, UT

Our Long Journey Around Value

- We were the same as everyone
  - Non-integrated referral-based clinical structure
  - Challenged by managed care
- Three fortunate hires in the early 1980’s
  - Allowed quality science, measurement of true cost and data automation to be joined together
- Discovery of Jack Wennberg’s work
  - Applied that to the practice level in the form of QUE studies
  - Simple, descriptive process and outcome statistics
  - Minimum variation of 200%
- Discovery of Deming’s work, history and techniques

Key Lessons: Lesson 1

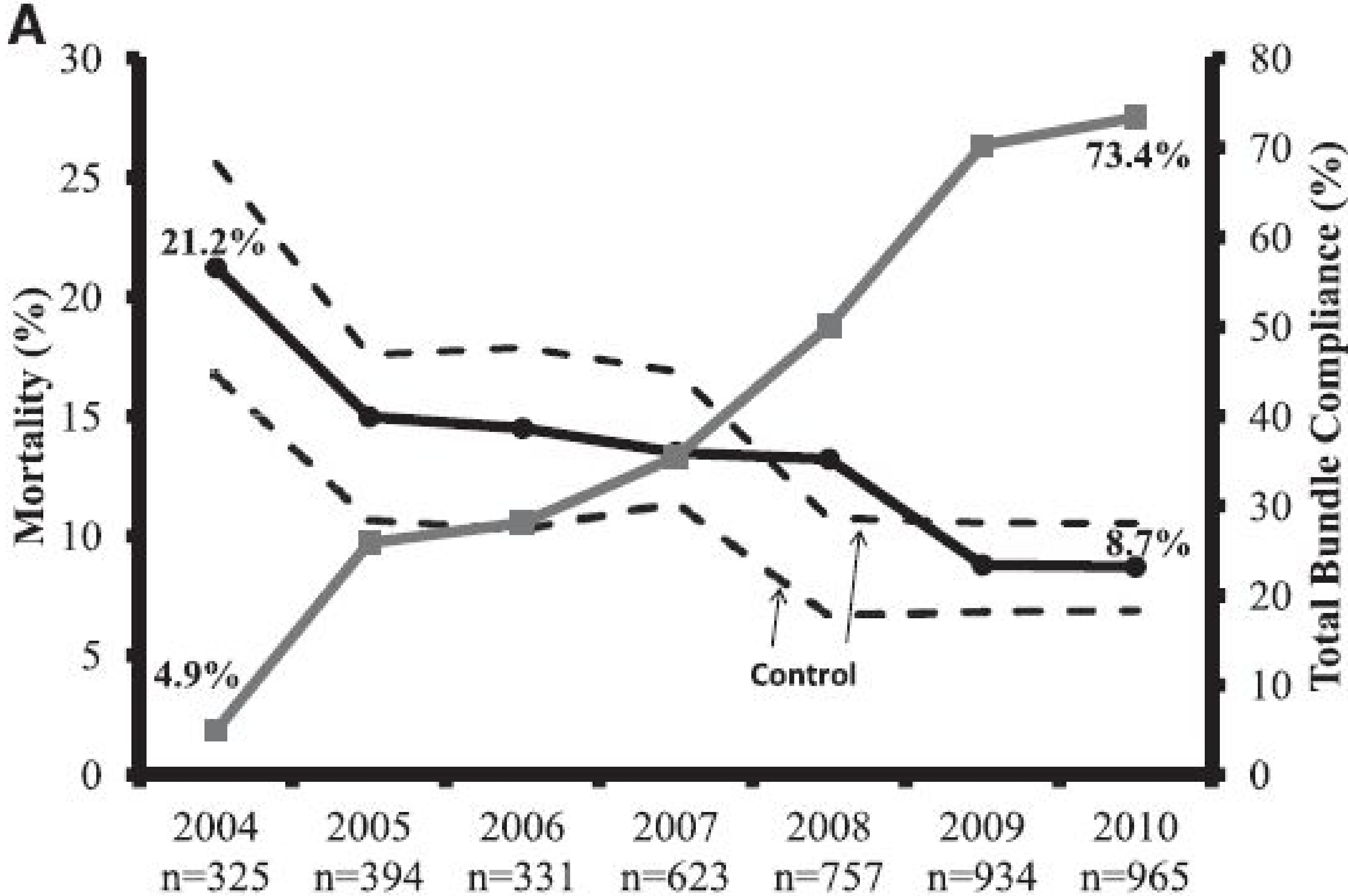
- We count our successes in **LIVES**
- There is nothing new here except the idea that "it takes a team" (and perhaps transparent data systems)
- It **SHOULD** have started in medicine

Key Lessons: Lesson 2

- Most often, but not always
- **Better** Care is **Cheaper** Care…

- Our aim is to provide the **best** medical quality at the lowest **necessary** cost.

Mortality and Compliance (All)

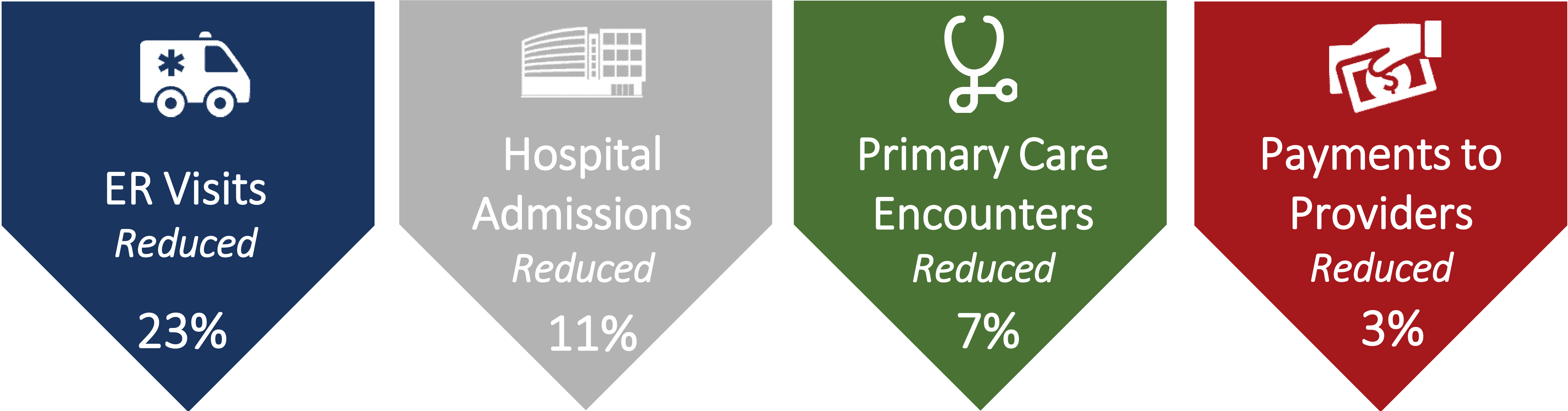


Cost Results By Severity of Sepsis

Cost variable	Severity of sepsis	Total bundle compliant		p
		Non-compliant	Compliant	
Adjusted total cost ($)	Septic shock	32,498 ± 35,487	32,440 ± 35,445	0.9767
	Severe sepsis	28,021 ± 40,301	24,589 ± 27,672	**0.0096***
Unadjusted total cost ($)	Septic shock	26,868 ± 29,915	27,278 ± 29,453	0.7604
	Severe sepsis	21,940 ± 31,737	20,858 ± 24,211	0.3211
Adjusted variable cost ($)	Septic shock	15,304 ± 17,475	15,375 ± 17,670	0.9426
	Severe sepsis	13,134 ± 19,892	11,468 ± 13,619	**0.0108***
Unadjusted variable cost ($)	Septic shock	14,236 ± 16,367	14,492 ± 16,551	0.7824
	Severe sepsis	11,871 ± 18,212	10,515 ± 12,475	**0.0234***

Behavioral Health Clinical Program

Mental Health Integration -- Team-Based Care



Saved **$115** per **$22** investment (per person per year)
for Mental Health Integration

Primary Care Clinical Program: Diabetes Prevention

Treatment Options

Prediabetes 101
2-hour group class

Medical Nutrition Therapy
Individualized nutritional counseling

Weigh to Health
Intensive lifestyle intervention program

Omada Pilot ***(200 SelectHealth Members)***
Guided online evidence-based behavioral counseling

Results

70% more likely
to achieve 5% weight loss in first year

50% less likely
to develop diabetes in first year

400,000 savings
by avoiding or delaying 51 cases of diabetes since 2014

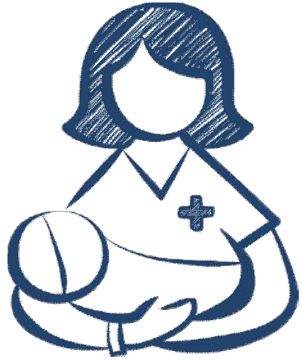
Surgical Services Clinical Program

- 225 OR suites
- 50 endoscopy suites
- Approximately 167,000 surgical procedures per year

Innovation through ProComp

- A service to reduce supply and staffing variation in surgical procedures
- Reduces procedure costs and patient length of stay
- Generated $90 million in savings

Women and Newborns Clinical Program



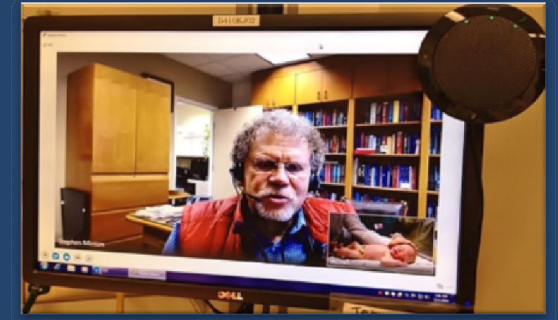
30,885 Births

(58% of Utah births)

3,000 NICU Admissions

INNOVATION

TeleHealth Newborn Critical Care Support



390 neonatal consults since 2014,
54 transports avoided
with cost savings of $980,000

W. Edwards Deming

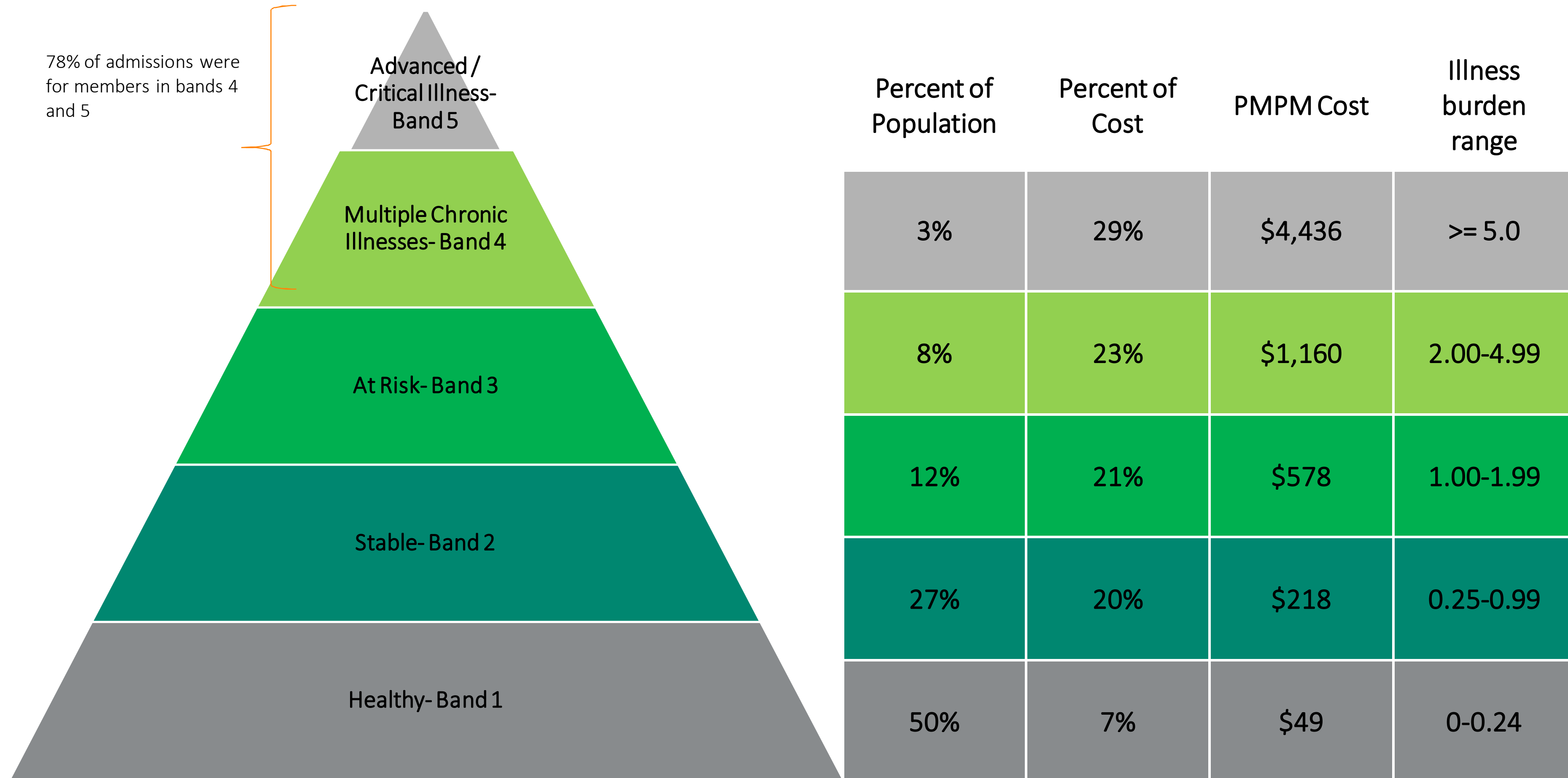
- Organize **EVERYTHING** around value-added (front line) work processes

- Quality improvement **IS** the science of process management

Ken Cohen, MD

NEW WEST PHYSICIANS; GOLDEN, CO

Move to Risk? The “Why”



Percent of Population	Percent of Cost	PMPM Cost	Illness burden range
3%	29%	$4,436	>= 5.0
8%	23%	$1,160	2.00-4.99
12%	21%	$578	1.00-1.99
27%	20%	$218	0.25-0.99
50%	7%	$49	0-0.24

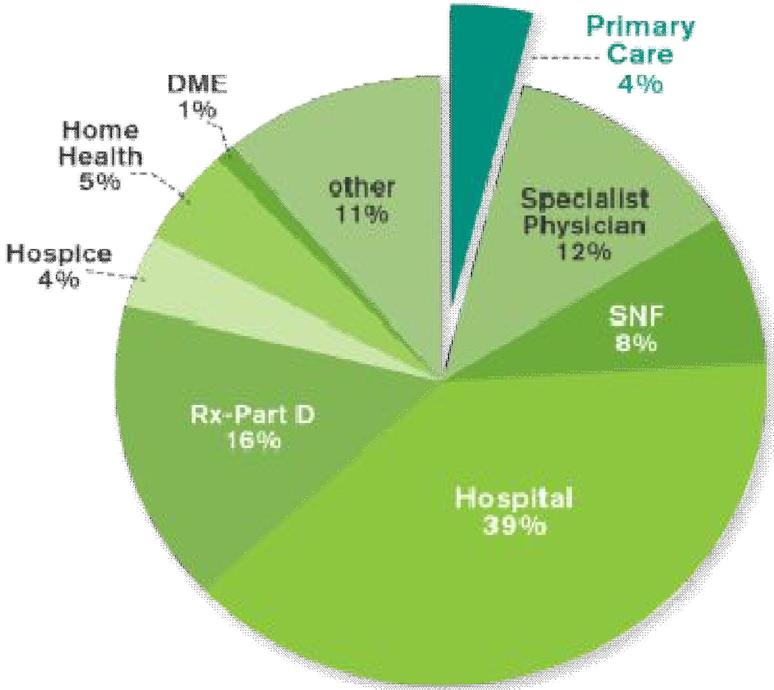
Source: CareFirst HealthCare Analytics- 2012 data

More Care Does Not Equal Better Care!

Wasted care represents 35% of healthcare expenditures and does not improve outcomes or quality of life – the goal of moving into risk is the rigorous elimination of wasted care!

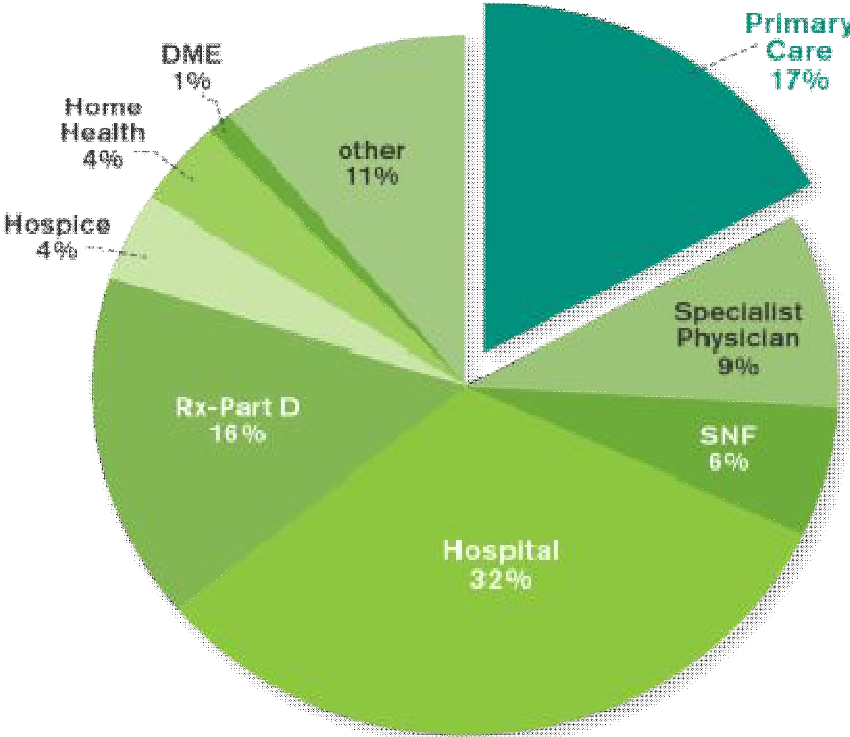
Medicare FFS vs Medicare Advantage Risk Model

Traditional
Fee for Service



FFS Revenue $ 280,000,000

Medicare Advantage
Medical Home



MA Revenue $ 3,800,000,000

*Data from 2011 Medicare Claims

Increased Satisfaction

Physicians

- More time with patients
- More control over patient care
- Improved quality of life
- Improved outcome/performance metrics
- Reduced provider liability
- Potential for incentives

Patients

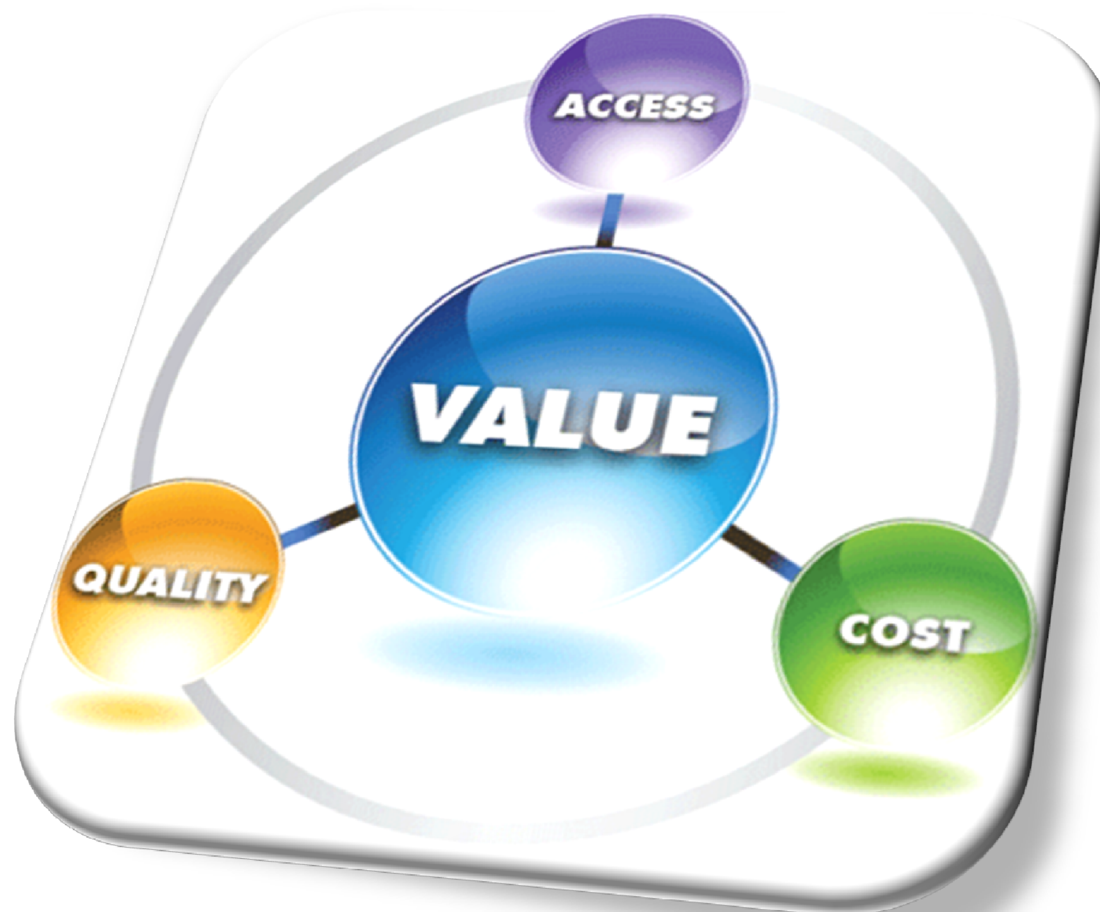
- Better relationship with personal physician
- Improved outcomes and lower mortality!
- Reduced unnecessary care and hospitalization
- Better coordination of care
- Cost savings
- Better health plan benefits

Larry G. Strieff, MD

HILL PHYSICIANS MEDICAL GROUP; SAN RAMONE, CA

Oncology Case Rate (OCR)

Bundle Payment System: **Six-Year Program Results**

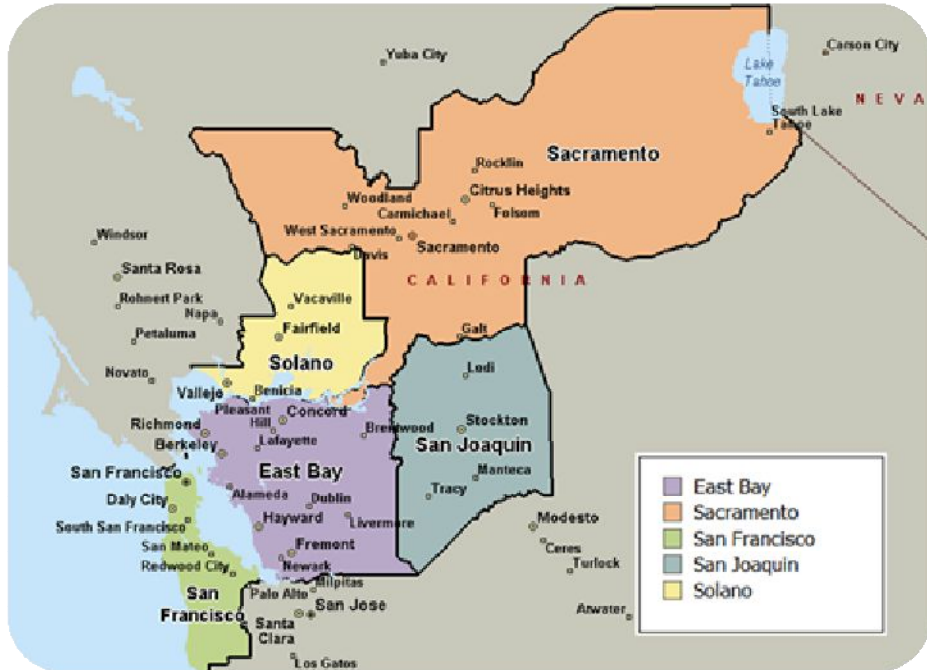


Larry Strieff, MD
Specialty Medical Director
Hematology Oncology Division Chief

Khanh Nguyen, PharmD
Vice President, Pharmacy Services and Population Health

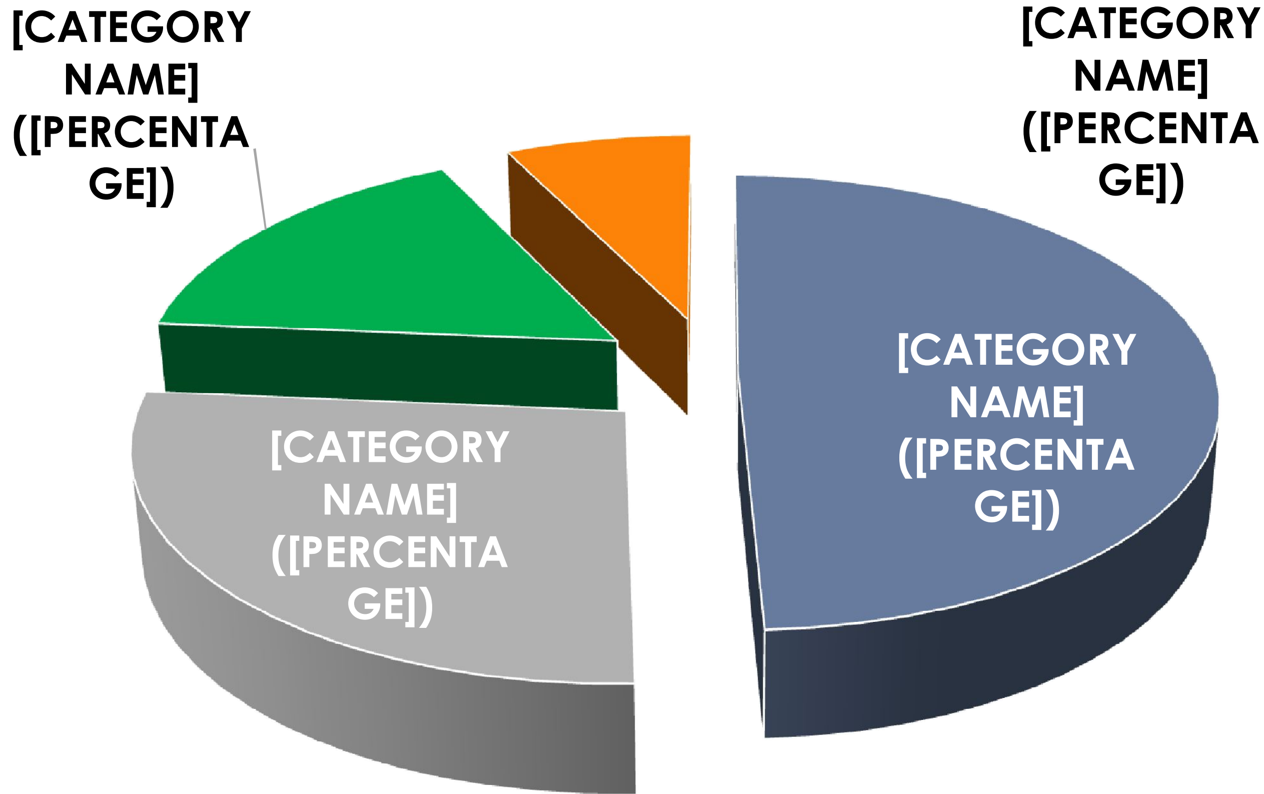
Hill Physicians Medical Group
March 1, 2018

Hill Physicians Medical Group



- ❖Independent Physician Association founded in 1984
- ❖Provider network: 4,100 providers and consultants
  - 1,100 Primary Care
  - 3,000 Specialists (**170 Oncologists**)
- ❖Service the Northern California area
  - 405,000 Members
  - 5 Regions - 10 Counties

California Medical Group Marketplace: 2017 HMO Enrollment



Medical Group	Est. Members Enrolled
Group Practices, inc. Kaiser	9.9 million
IPAs	5.4 million
Foundations, Community Clinics	3.3 million
University of California & County Groups	1.5 million

Cattaneo & Stroud, Inc. "The Active California Medical Group Market." Data as of March 15, 2017. Accessed at http://cattaneostroud.com/ on Feb. 9, 2018.

Mutual Sustainability Through Alignment of Incentives

The Model
Two Linked Modules - Act as Checks & Balances

Case Rate Payments
Cancer dx are grouped
Paid monthly
Providers bear some risk
Stop loss program protects providers
CALCULATED TO BE EQUIVALENT TO 100% FFS

Quality Management Program
Clinical Quality
Patient Experience
Provider Satisfaction
Utilization
OPPORTUNITY FOR ADDITIONAL 10% INCENTIVE

Case Rate portion is best described as a **prospective variable contact cap by cohort**

Quality Management Program (QMP)

QMP Domains	Description
Clinical Quality	❖ Subset of 13-24 ASCO QOPI core measures
Patient Experience & Physician Satisfaction	❖ Press Ganey® ❖ Internally developed referring PCP satisfaction survey
Utilization	❖ IP bed days ❖ ED visits ❖ Infusion Center Use ❖ Chemo Initiation
OPPORTUNITY FOR ADDITIONAL 10% INCENTIVE	❖ These are **NEW** dollars that previously were not available to the oncologists

Two Key Program Features

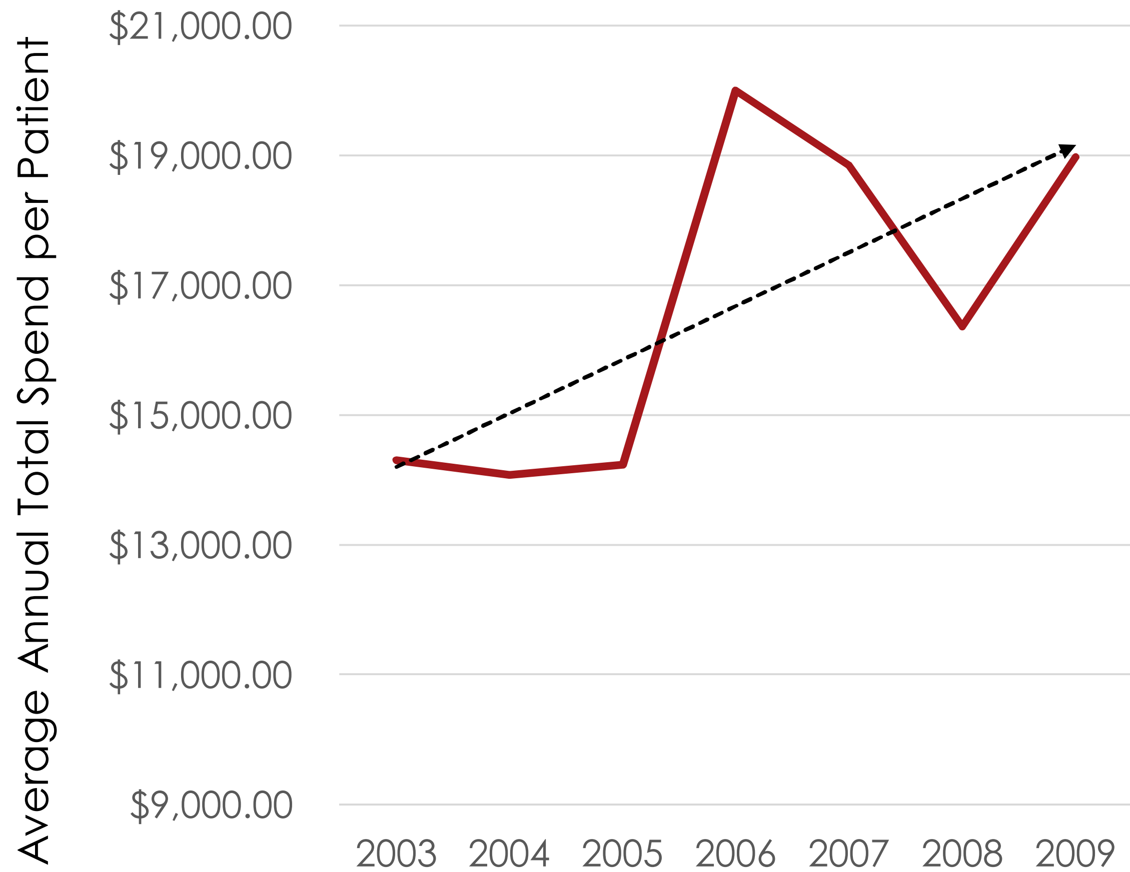
Stop Loss

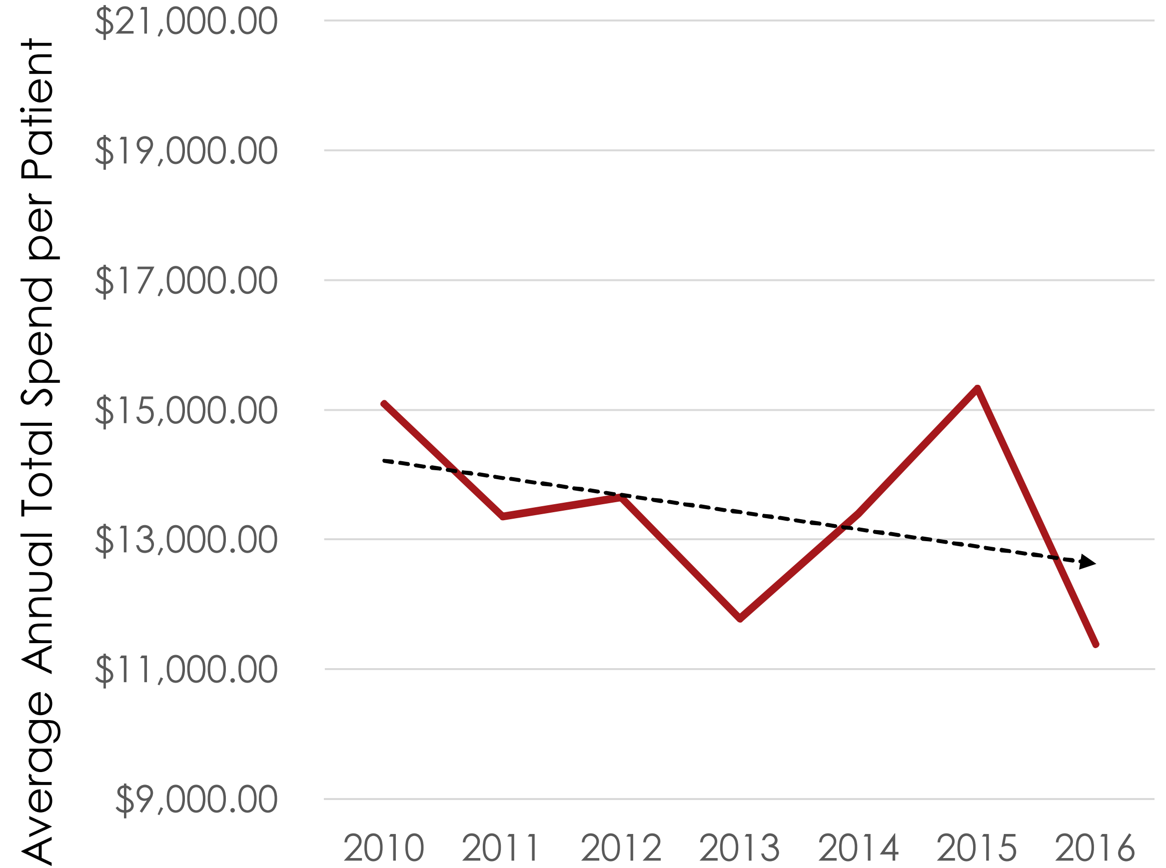
- Protects for new drugs during current case rate year
- No drug exclusions
- No prior authorizations

Annual Recalibration

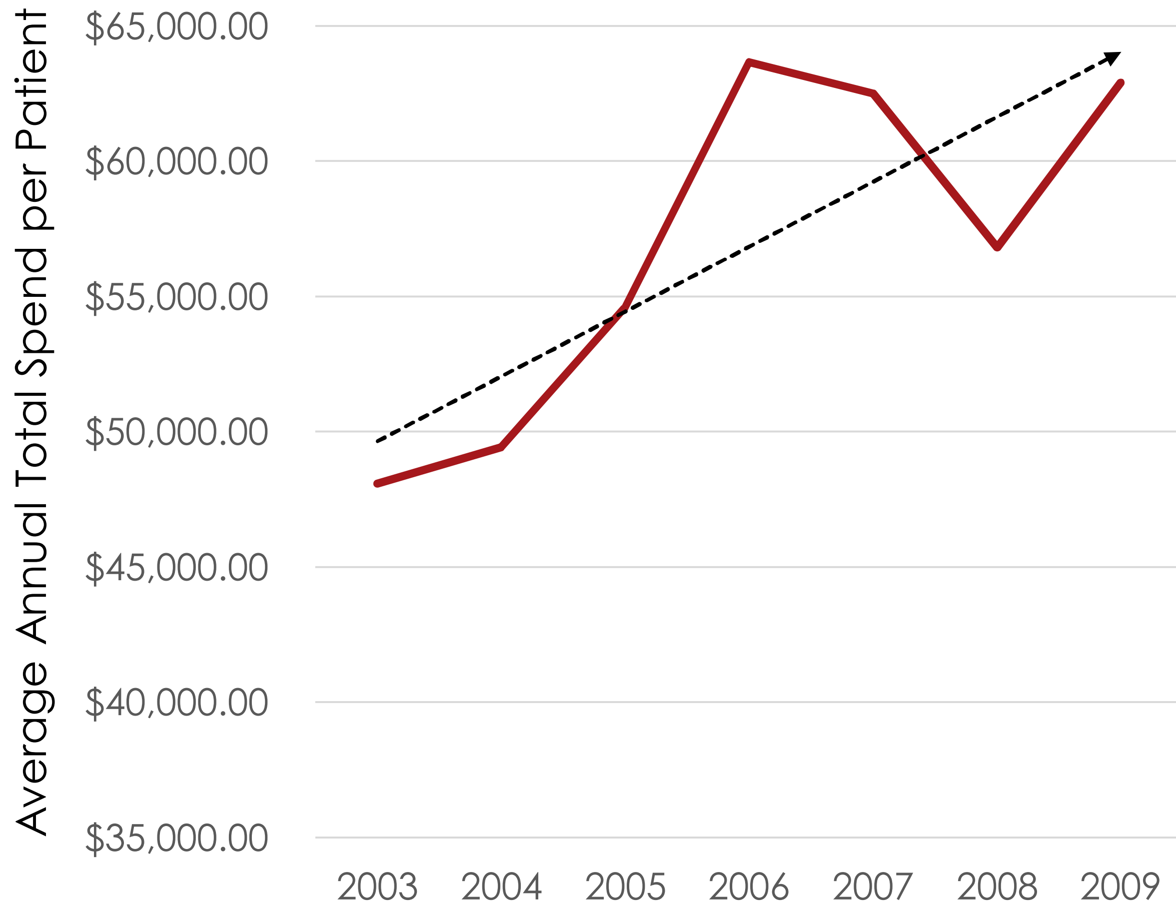
- Provides longer term protection
- Adjusts for use of newer agents

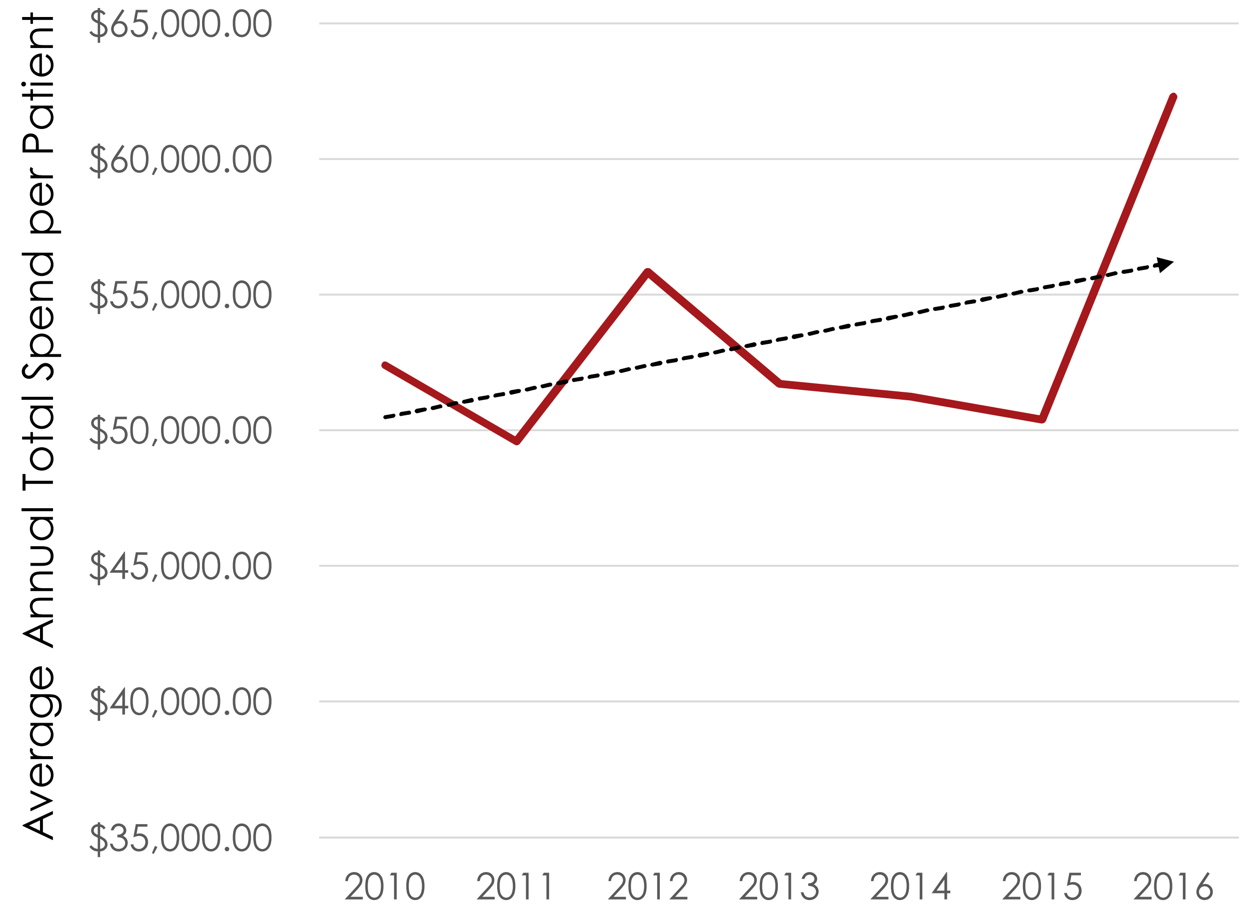
Overall Resource Use: Breast Cancer



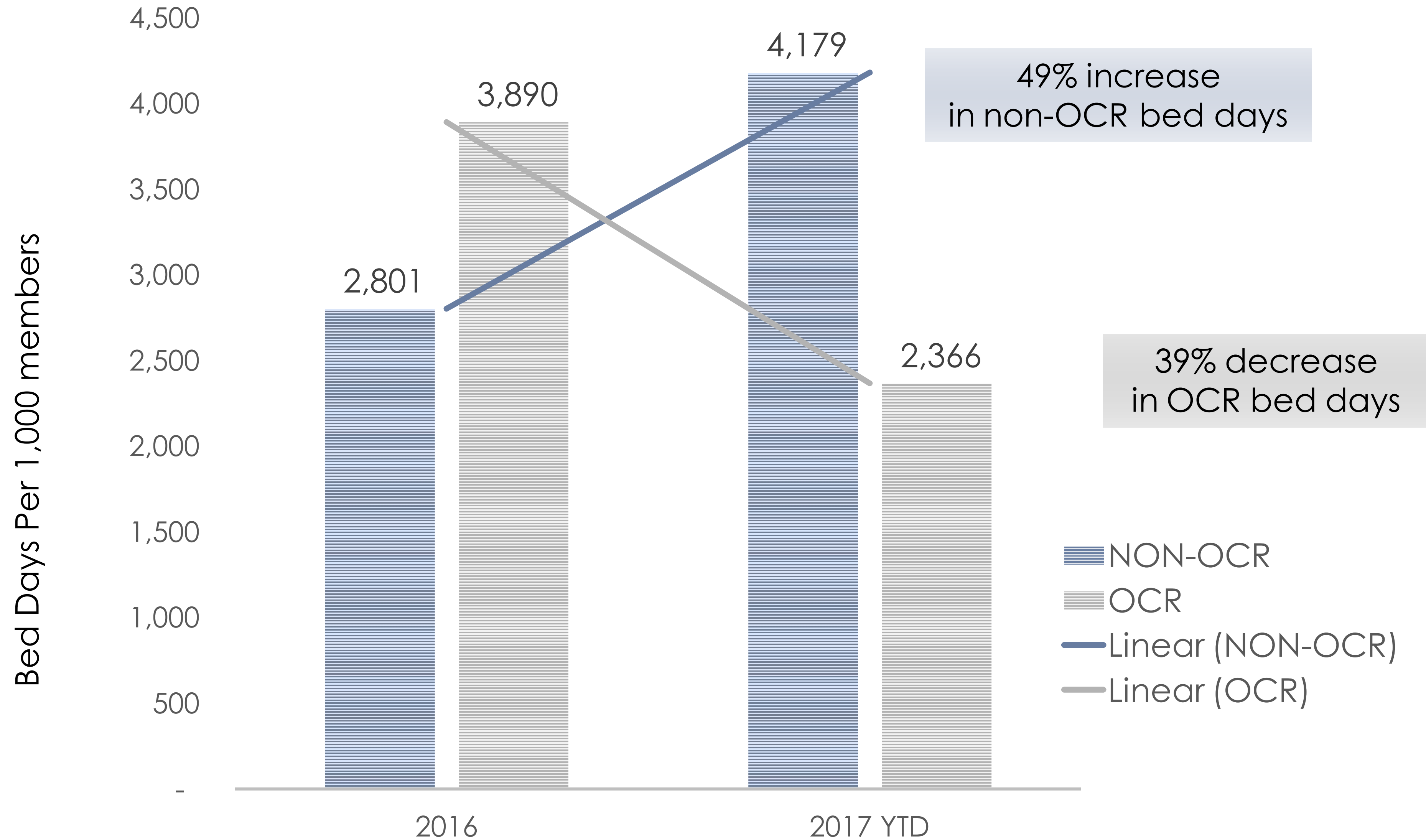


Overall Resource Use: All Cancers

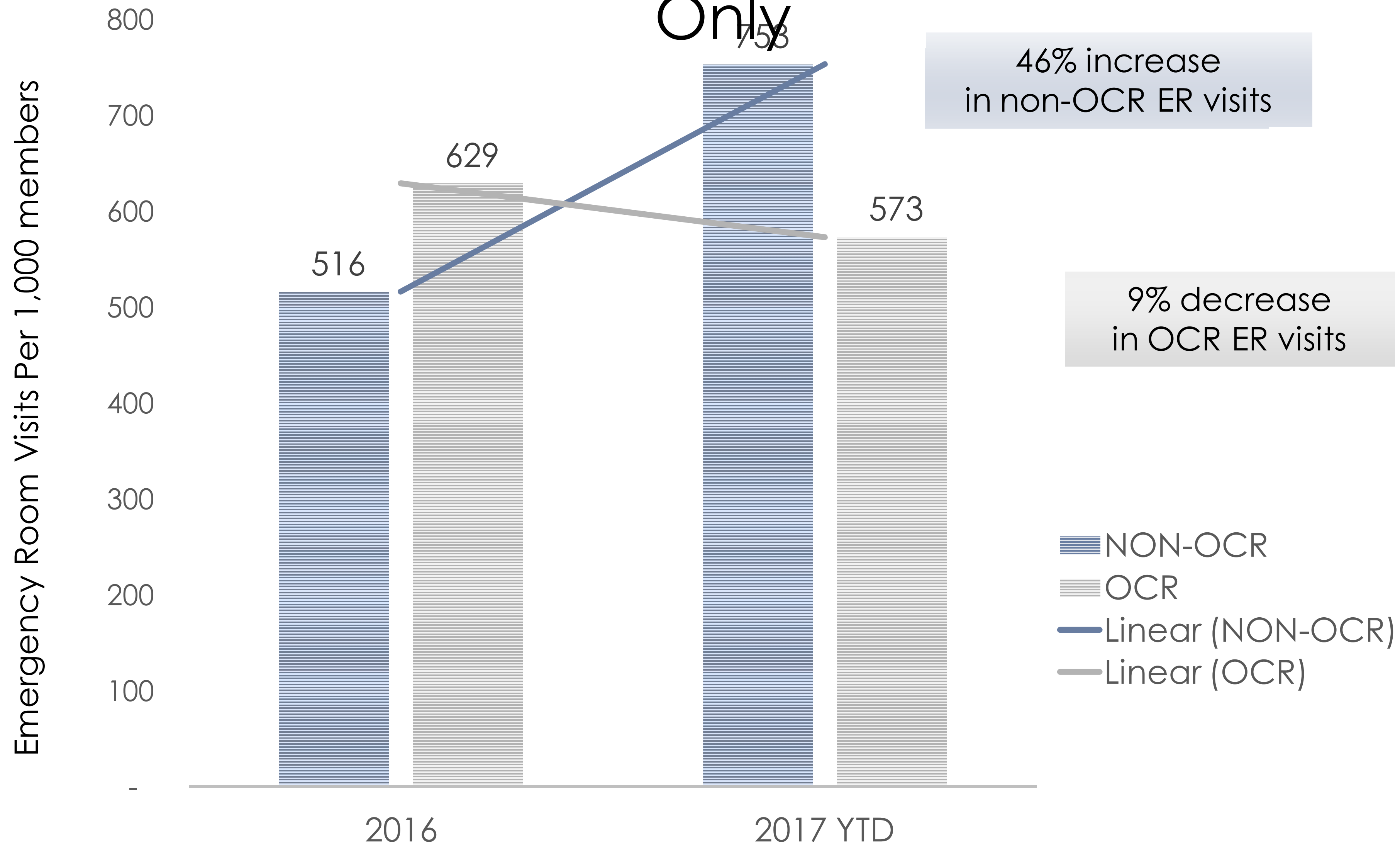


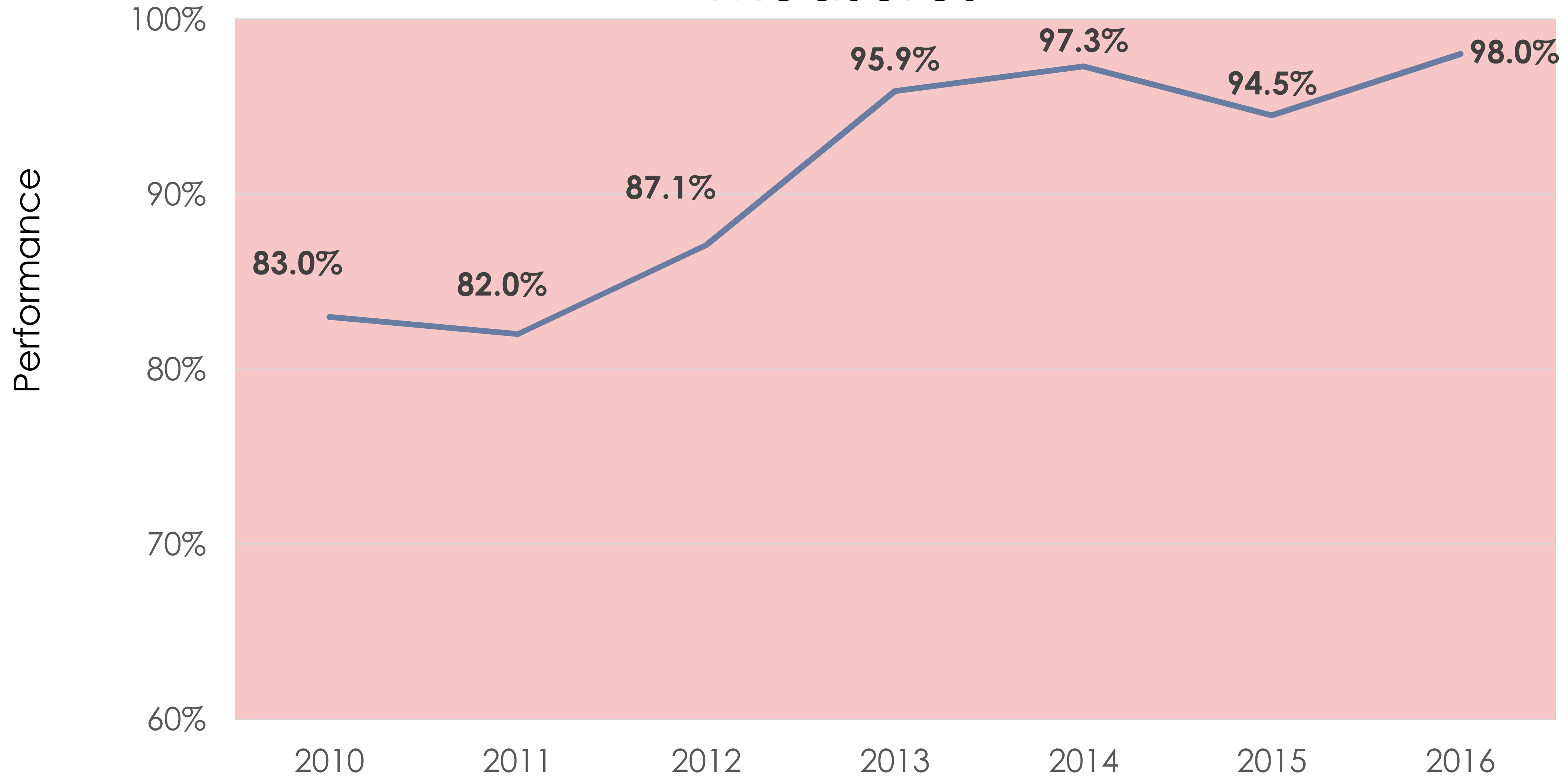


Inpatient Bed Days Per 1,000: Oncology Case Rate-Eligible Patients Only

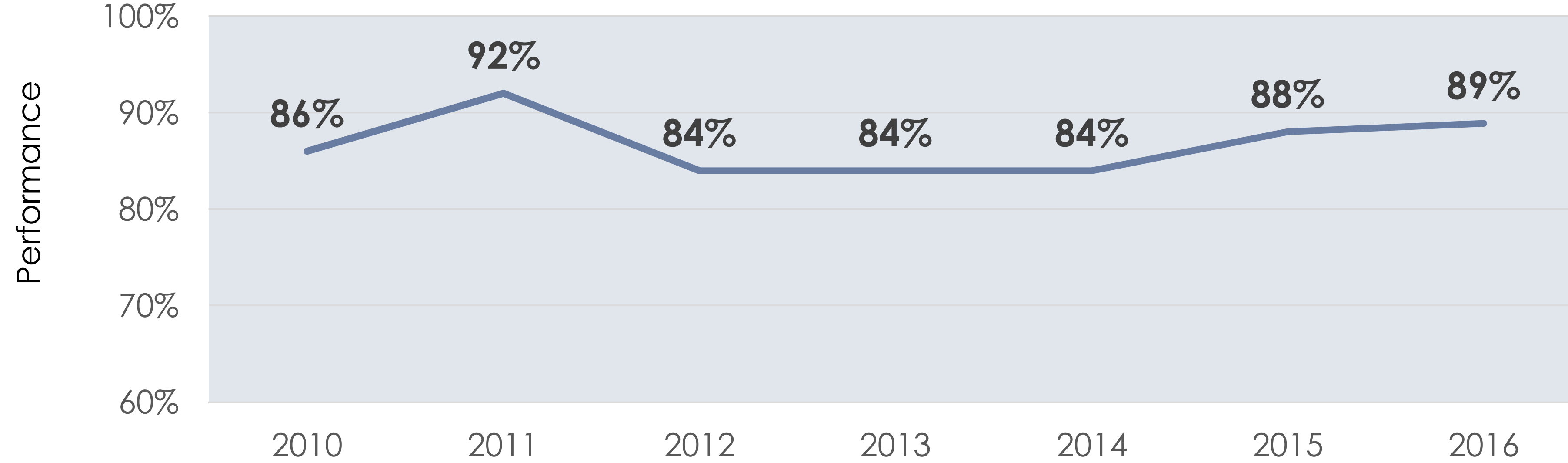


Emergency Room Visits Per 1,000: Oncology Case Rate-Eligible Patients Only




Clinical Quality of Care:
Performance on 13-30 ASCO QOPI Measures
Performance
100%
90%
80%
70%
60%
83.0%
82.0%
87.1%
95.9%
97.3%
94.5%
98.0%
2010
2011
2012
2013
2014
2015
2016

Patient Satisfaction



Referring Physician Satisfaction

Oncology Case Rate Program: Observations

Hill Physicians

Cost Savings

- Decrease in total spend per patient

Better Utilization, Quality

- Decrease in bed days
- Decrease in ER visits
- Increase in ASCO clinical performance

High Satisfaction

- Persistent high levels of patient satisfaction
- Improved referring provider satisfaction