



Connecting Consumers and Provider Performance: The Supply and Demand Model

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Supply-side management means creating a high-value supply chain

Step 1 – Identify the higher value suppliers:

- Self-reported (but audited) performance
- Third-party reported performance

Step 2 – Reward the higher value suppliers:

- Move volume through benefit and/or network design
- Pay incremental dollars through bonuses or fee increases

Step 3 – Repeat the process:

- Create faster and more reliable feedback loops



Time for us to treat the consumer-patient as an adult





It's not about demand side or supply side management, it's about both

Demand Side Management:

- Disease management to improve self-care habits and health status of high risk chronically ill patients
- Health risk assessments and wellness programs to help consumers stay healthy or reduce health risks
- Cost-sharing mechanisms to inform and affect consumers in the marginal cost of each care service and the selection of providers

Supply Side Management:

- Pay-for-performance to encourage the achievement of and improvement in higher quality care
- High-performance networks (restricted or not) to highlight outliers and push volume to better performers
- Formularies and Centers of Excellence to encourage the more efficient and effective use of resources
- Publication of report cards to motivate performance improvement



There are two main ingredients to impact the demand and supply side





Many companies have mechanisms to encourage healthy employee behavior

J&J gives employees a credit against health care premiums of up to \$500 per year for being actively engaged in healthy activities

Dow has developed an index to measure employee health and focuses on programs to help them reduce risks

Boeing launched a comprehensive effort that includes HRAs and targeted interventions



But ultimately consumers need information and incentives to move

These physicians, with your requested specialty, are in the area you selected.



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Gen/Fam Practice						
Physician's Name	Excellence In:				Hospital Affiliation	You Pay
	<u>Systems of Care</u>	<u>Diabetes</u>	<u>Heart/Stroke</u>	<u>Patients' Experiences</u>		
Walter J Alt MD		★	★ Super Star	★	●	\$0
S. Mark Bean MD		★	★ Super Star	★	●	\$0
Barrie Paster MD		--	N/A	Data Not Yet Available	●	\$15
Joseph Py	--	--	N/A	Data Not Yet Available	○	\$30



Supply and demand side management go hand in hand

