



THE LEAPFROG GROUP

Informing Choices. Rewarding Excellence.
Getting Health Care Right.

**Leapfrog Hospital Rewards Program™
& Horizon BCBSNJ Hospital Recognition Program:
Moving Health Care Forward**

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Leapfrog Hospital Rewards Program™: Moving Health Care Forward

- Easy-to-manage national hospital Incentive & Reward program for the private sector
- But health care is local!
 - Flexible enough for employers and health plans to collaborate & implement regionally as their hospital VBP strategy
- Designed through multi-stakeholder collaboration and vetted through leading experts
- Built on Leapfrog Hospital Insights measurement platform

What are Improvements on Leapfrog Hospital Insights Worth?

Admission Type	Potential for Lives Saved	Potential for Avoided Readmissions	Potential for \$\$ Saved (billions)
AMI	33,832	24,838	\$5.596
CABG	4,089	9,246	\$3.962
PCI	2,800	15,203	\$2.795
CAP	2,673	48,962	\$2.039
Newborn Delivery	12,749	46,674	\$4.142
TOTAL	63,953	144,923	\$18.536

Lives saved total includes 7,810 lives saved from ICU staffing

Clinical Areas of Focus

- 33% of commercial inpatient admissions
- 20% of commercial inpatient spend
- Opportunity for quality improvement
- Potential dollar savings as quality improves

Top 10 Clinical Focus Groups Ranked by Potential Opportunity for Savings	Total Potential Opportunity ¹	Total Payments ²	NQF-approved measures?
CORONARY ARTERY BYPASS GRAFT	\$62,666,869	\$691,772,784	Yes
PERCUTANEOUS CORONARY INTERVENTION	\$58,157,873	\$717,954,275	Yes
ACUTE MYOCARDIAL INFARCTION	\$53,616,015	\$607,227,166	Yes
COLON SURGERY	\$38,389,673	\$396,004,245	
HEART FAILURE	\$34,983,226	\$224,919,006	
COMMUNITY ACQUIRED PNEUMONIA	\$29,536,322	\$355,686,956	Yes
OTHER CARDIAC SURGERY	\$25,767,191	\$211,578,764	
DELIVERY AND NEWBORNS	\$23,368,721	\$1,781,273,763	Yes
VASCULAR SURGERY	\$16,412,194	\$133,287,531	
SPINE - OTHER	\$12,925,843	\$422,595,301	

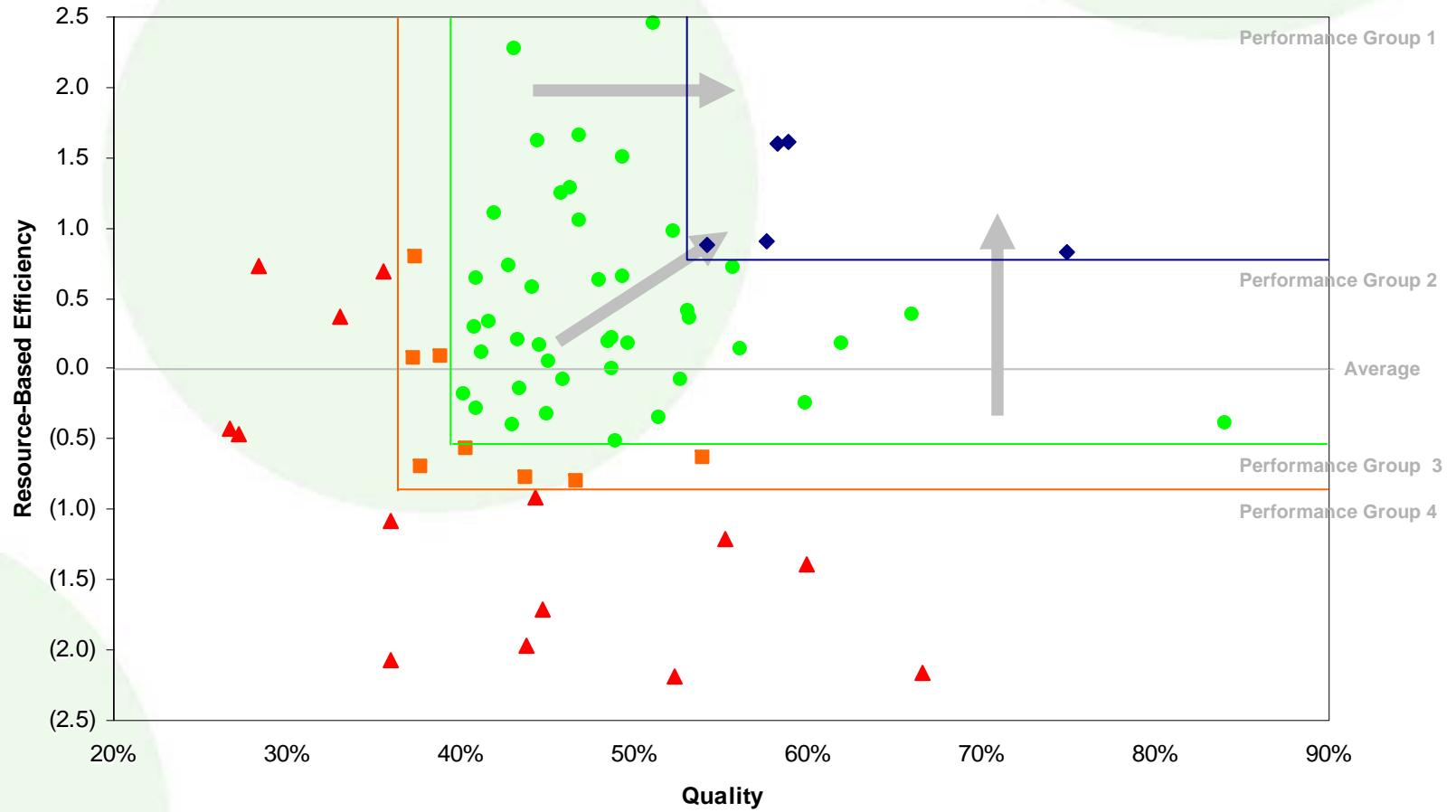
¹ Total Payments x Readmission Rate

² Premier Commercial Payment data (10/2001 - 9/2002)

Leapfrog Hospital Insights

- Helps to understand hospital performance along 2 axes
- Quality:
 - Processes of care that should happen for every applicable admission
 - Patient safety
 - Weighted & rolled up to help consumer understanding
- Efficiency
 - Length of stay & readmission rate
 - Implications for quality & cost

Opportunity to Improve Care



Example: Pneumonia

What does the Program do? Reward

- Leapfrog Hospital Rewards Program™
 - National Rewards Principles
- Customizable by implementers based on market dynamics and goals for the Program
 - Partner with The Leapfrog Group to implement
 - Use LHRP quality and efficiency data as basis for rewarding hospitals
 - Work with Leapfrog to determine savings calculation and rewards payment methodologies, in line with national Program guidelines
 - Collaborate with Leapfrog to engage stakeholders, hospitals, etc.
 - Use the Leapfrog name and brand

National Program Rewards Principles

Principle 1: Bonuses to hospitals must be based on shared savings that accrue to the purchaser/payer

Principle 2: All top LHRP Performance Group hospitals should receive bonus payments

Principle 3: Hospitals demonstrating sustained improvement should receive bonus payments

Principle 4: Patients should be encouraged to go to Performance Group 1 & Performance Group 2 hospitals through benefit design

Principle 5: Performance Group 1 hospitals and hospitals showing sustained improvement should be publicly recognized as well as financially rewarded

Principle 6: Rewards should be calculated every 6 months

Specific rewards methodologies can be tailored to local market needs.