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The National Pay for Performance Summit

Preconference I: Measuring Resource Use, Efficiency, and Total Cost of Care

March 19, 2012

Sponsored by the Integrated Healthcare Association and the National Committee for Quality Assurance

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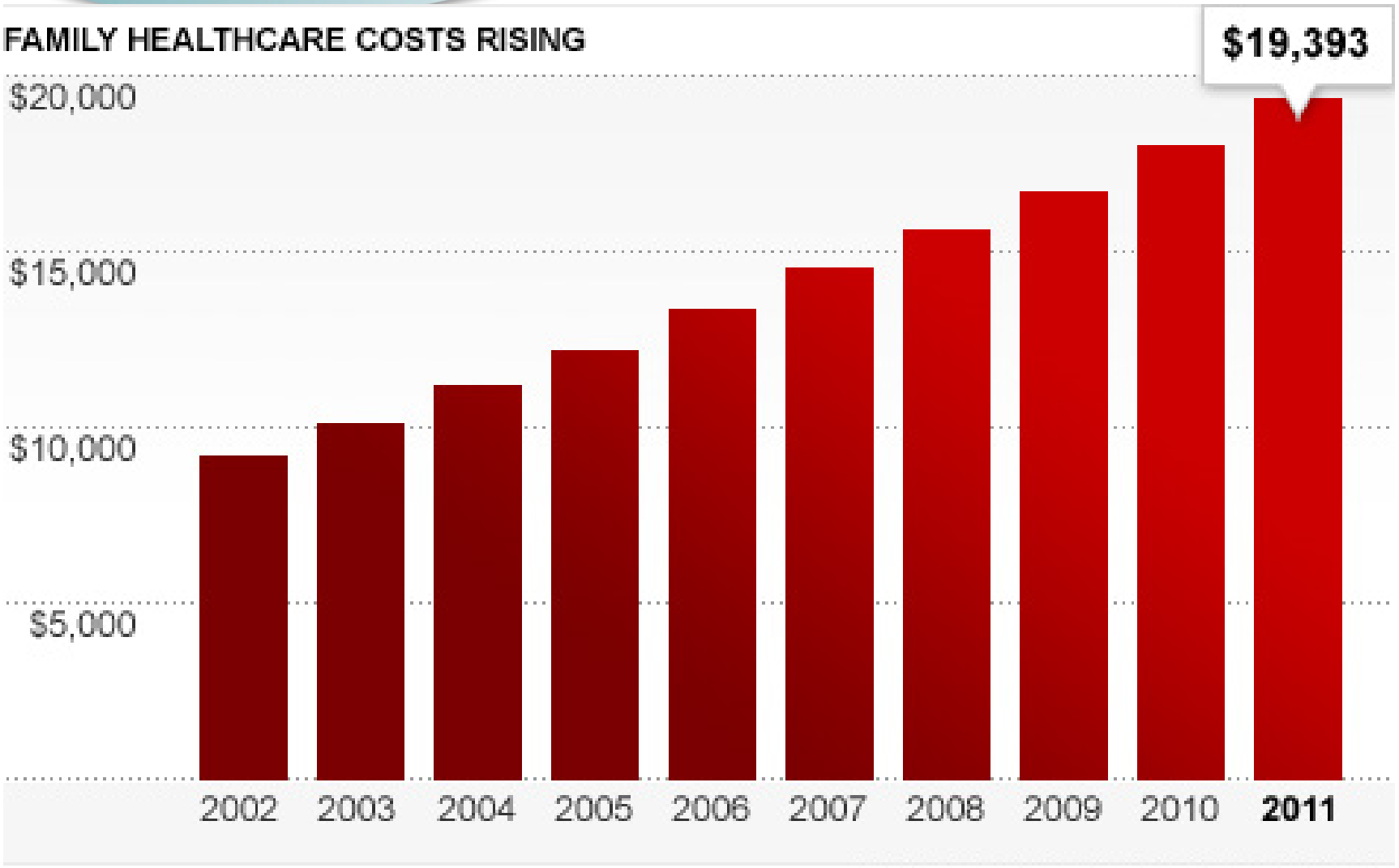
Episode Treatment Groups and Clinical Variation Reduction:

A Means to an End with Shared Savings

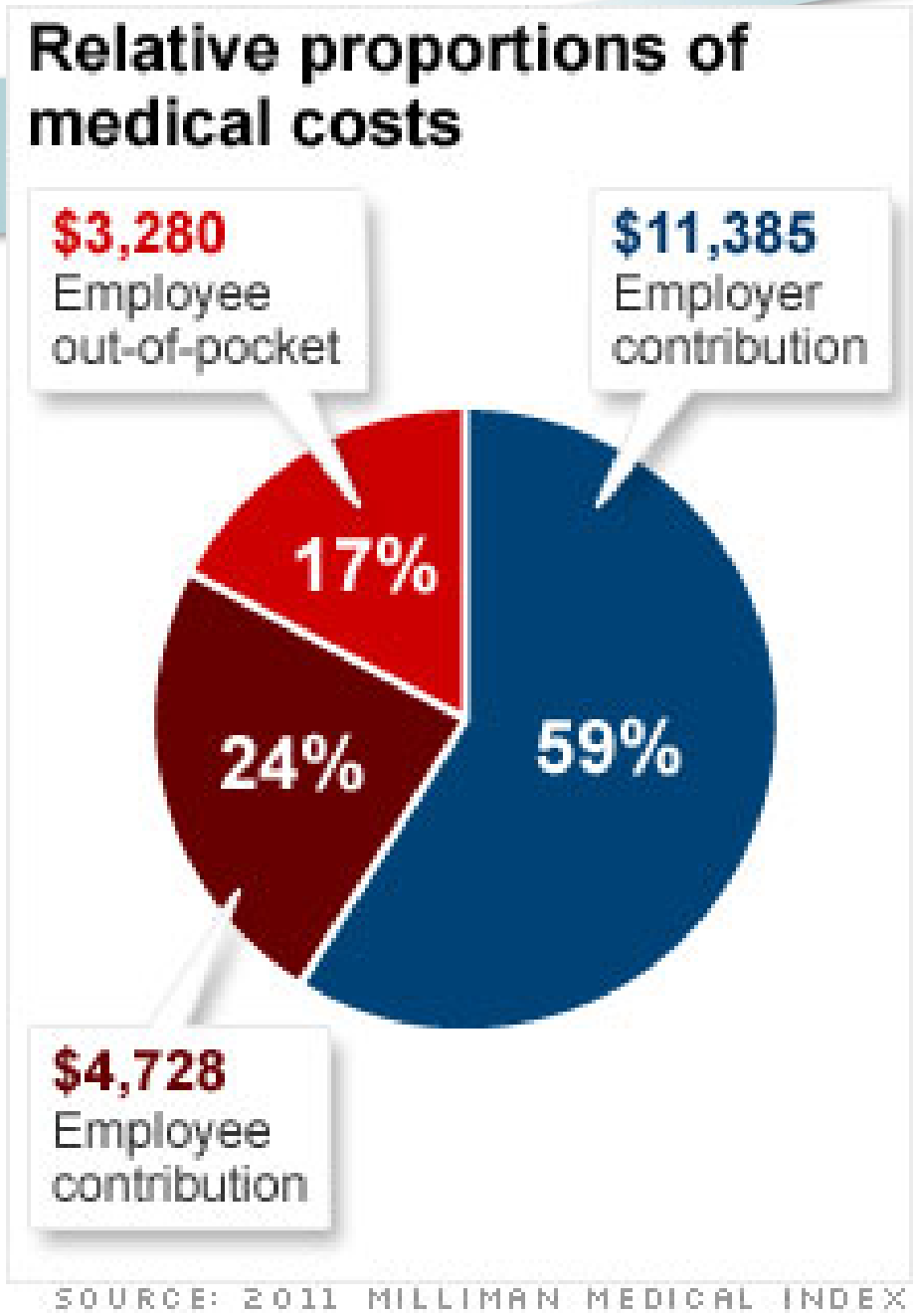
Agenda

1. Medical Group response to cost concerns: ***Variation Reduction***
2. Does it work? Is it sustainable?
3. How does it work? (demonstration)
4. How can I start this in my organization?

Health care costs for a family of four have doubled in less than a decade from $9,235 in 2002 to over $19,000 in 2011.



http://money.cnn.com/2011/05/11/news/economy/healthcare_costs_family/index.htm



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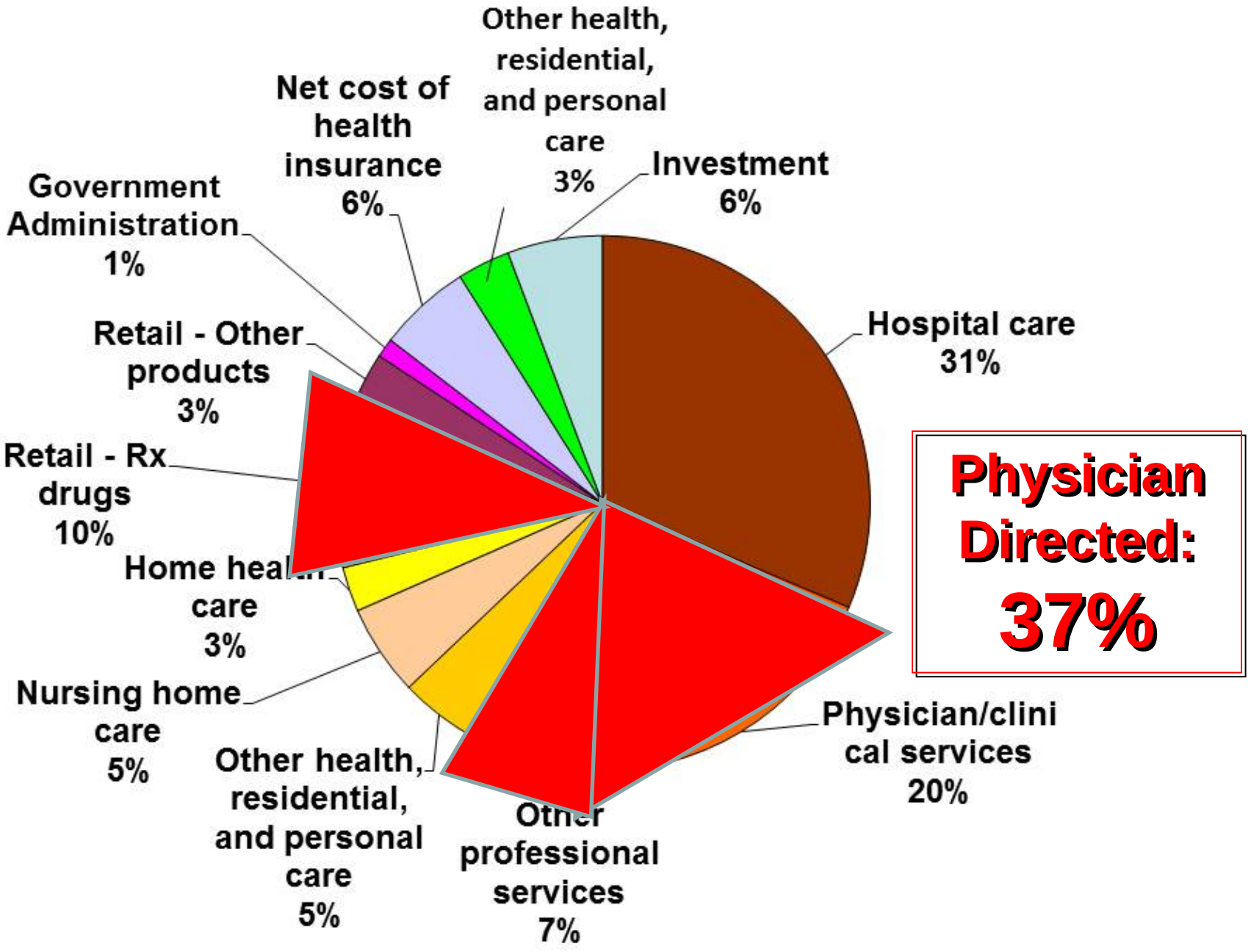
http://money.cnn.com/2011/05/11/news/economy/healthcare_costs_family/index.htm



http://occupyhealthcare.net/2012/02/the-money-pit/

Medical Group opportunities

- Hospital days?
- Transitions?
- Disease management?
- Case management?
- **Physician treatment choices**?
  - PDSA : quality improvement
  - Six Sigma
  - Lean
  - **Variation Reduction**

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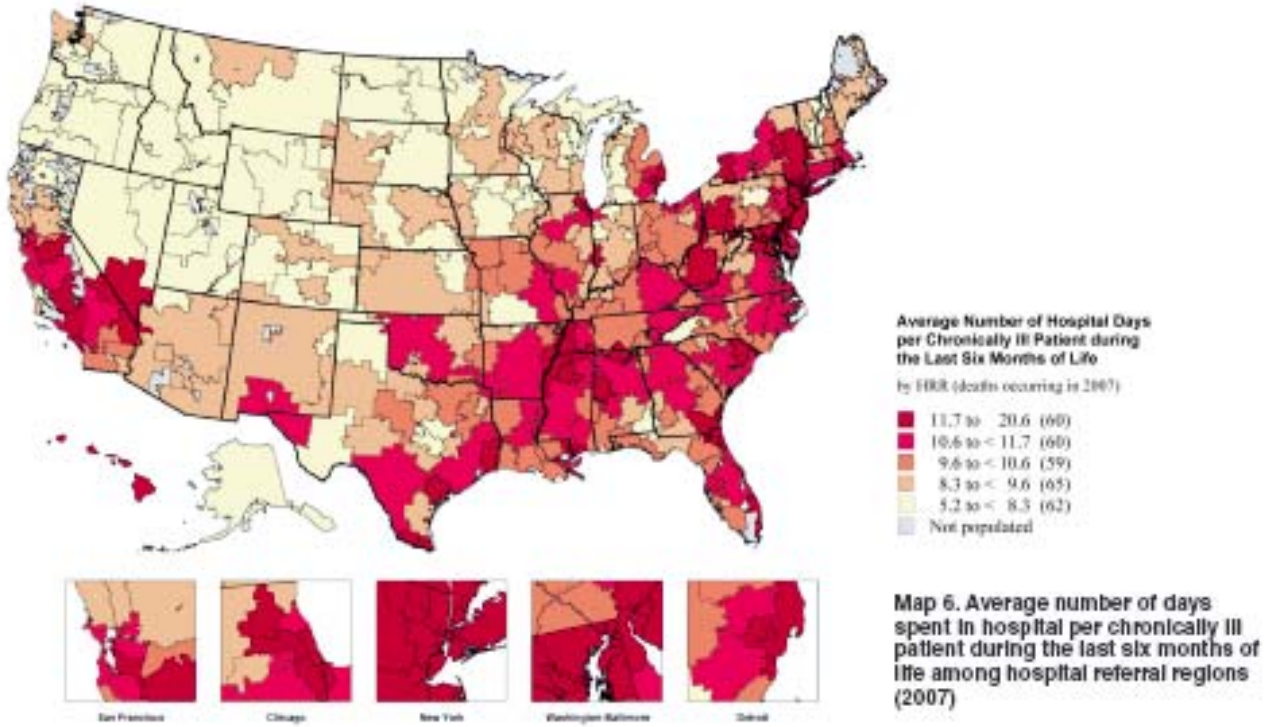
What is Variation Reduction?

- New Program
- New Methodology
- With Results
  - Physician behavior change
  - Affordability projects
  - Significant savings (waste elimination)
  - Well received by clinicians

Regional Variation: Dartmouth Atlas



Map 6. Average number of days spent in hospital per chronically ill patient during the last six months of life among hospital referral regions (2007)

http://www.dartmouthatlas.org/

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The Value Equation

Value = Appropriateness x Quality

Cost to Patient

Quality = Clinical Outcomes + Access + Satisfaction

Lean: Where is the “waste?”

Variation Reduction - Purpose

- Affordability … and Quality
  - Find the waste, and address it

- How: Change Physician Behavior
  - "*Good luck with that!*"
  - Respectful and welcomed
  - Effective and sustainable

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System Variation Reduction
Count of Projects in the "Pipeline"

	SMF/ SMG	SGMF/ GMG	PAMF/ PAFMG Data through 11/30/11	SPMF/ SMGR/ PFMA	SEBMF/ EBPMG	Total
1. In Discussion – *meeting*						
1a. In Discussion – *exploring*	3	0		0	2	
1b. In Discussion – *narrowing*	4	1		2	1	
1c. In Discussion – *chartering*	0	4		1	0	
1. In Discussion – *total*	**7**	**5**	**13**	**3**	**3**	**31**
2. Active – *reporting*	**1**	**2**	**11**	**0**	**1**	**15**
3. Mature – *achieving*	**7**	**8**	**20**	**1**	**1**	**37**
Total	***15***	***16***	***44***	***4***	***5***	***84***

Network

Results – through January 2012

- Palo Alto Medical Foundation (started 2008)
  - 31 active/mature projects
  - $17.1 M savings
- Rest of Sutter Medical Network (started 2010)
  - 21 active/mature projects
  - $1.2 M savings

Active/Mature Projects

- Pharmacy Projects
  - Use of generic PPIs
  - Use of generic Statins
  - Use of generic ARBs
  - Use of generic Fibrates
  - Oral Diabetics
  - Gel injections for OA of the knee
  - Asthma Steroids
  - Use of antibiotics for Otitis Media
  - Nasal Steroids
- Procedure/Service Projects
  - Dermatology: Tx of BCC: Nodular BCC, Mohs Surg. and Superficial BCC
  - Urology: Kidney Stones
  - Cardiology: Low Risk Chest Pain & Palpitations
  - OB: Post Menopausal Bleeding
  - Rheumatology: Rheumatoid Arthritis
  - Nephrology: Anemia Management in CKD
  - Ophthalmology: Glaucoma
  - Allergy: Skin Testing and Allergic Rhinitis
  - PMR: # of Epidurals for LBP

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Active/Mature Projects

- Procedure/Service Projects
  - Endocrinology: Type II Diabetes
  - Neurology: Dementia
  - General Surgery: Lap Cholecystectomy
  - Podiatry: Bunions
  - Plastics: Reduction Mammoplasty; Breast Reconstruction After Mammo
  - Pediatrics: Urgent Visits for Asthma
  - Pulmonary: CT scans for Pulmonary Nodules
  - Orthopedics: Carpal Tunnel; Total Hip Replacement

- Procedure/Service Projects
  - Neurosurgery: Lumbar Disc Degeneration
  - Sleep: Restless Leg Syndrome; Periodic Limb Movement Disorder
  - ENT: Nasal and Sinus Endoscopy
  - Sports Medicine: Knee Arthroscopy
  - Gastroenterology: Screening Colonoscopy
  - Oncology: Use of MGF in Breast Cancer
  - HTN Kaizen: Hypertension

Origins/Evolution

How can we support clinicians in practicing better?

The Old Way

- Policies
- Guidelines
- Pay for performance
- Counseling outliers
- Utilization review
- Begging

- Frustration
- Resentment

New Way: Variation Reduction

- Curiosity as the driver
- Respectful communication
- Helpful feedback
- Bottom up approach
- Visual impact (right brain)
- Live drill down

- Positive impact on results
- Positive impact on culture

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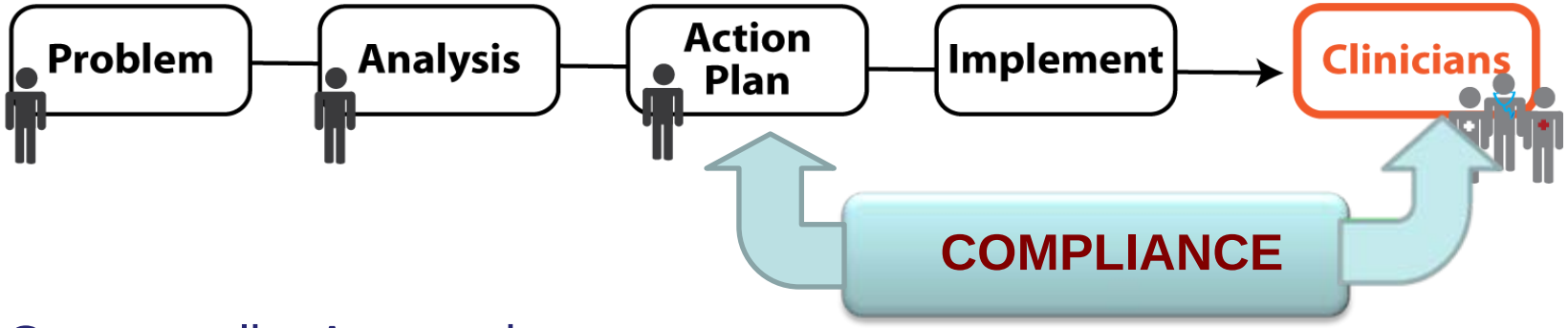
Philosophy of Physician Behavior

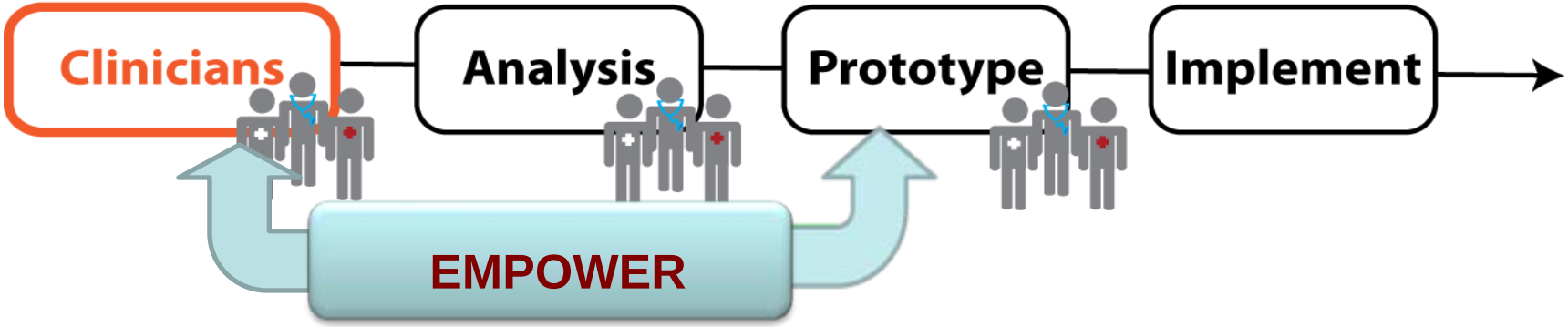
Philosophy of Physician Behavior

Contextualist Approach

Deductive Approach



Contextualist Approach



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Variation Reduction Program Components

Data + Display + People + Process = Program

Which is the most important component?

Remove any one and it won't work…

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What is different? Why now?

How did variation reduction emerge as a new methodology?

- New technologies

- Old principles

- Serendipitous discoveries
  - (backed up by science)

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New technologies

- Data warehousing
  - Large amounts of data standardized
- Business Intelligence tools
  - Visual data
  - Live drill down
- Electronic Health record
  - Allows clinical and outcomes analysis
- Report Automation
  - Facilitates scale and distribution

Old Principles

- Curiosity
- Personal feedback
- Competitiveness / peer pressure
- Process Improvement Methodology
  - Demming
  - Toyota
  - IHI

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Serendipitous Discoveries
(backed up by science)

- Bottom up methodology
  - choice = ownership
- Respectful, helpful approach
  - non-threatening
- Visual data
  - emotional impact, accuracy is not a distraction
  - choice architecture
- Group process
  - adult learning, positive deviants

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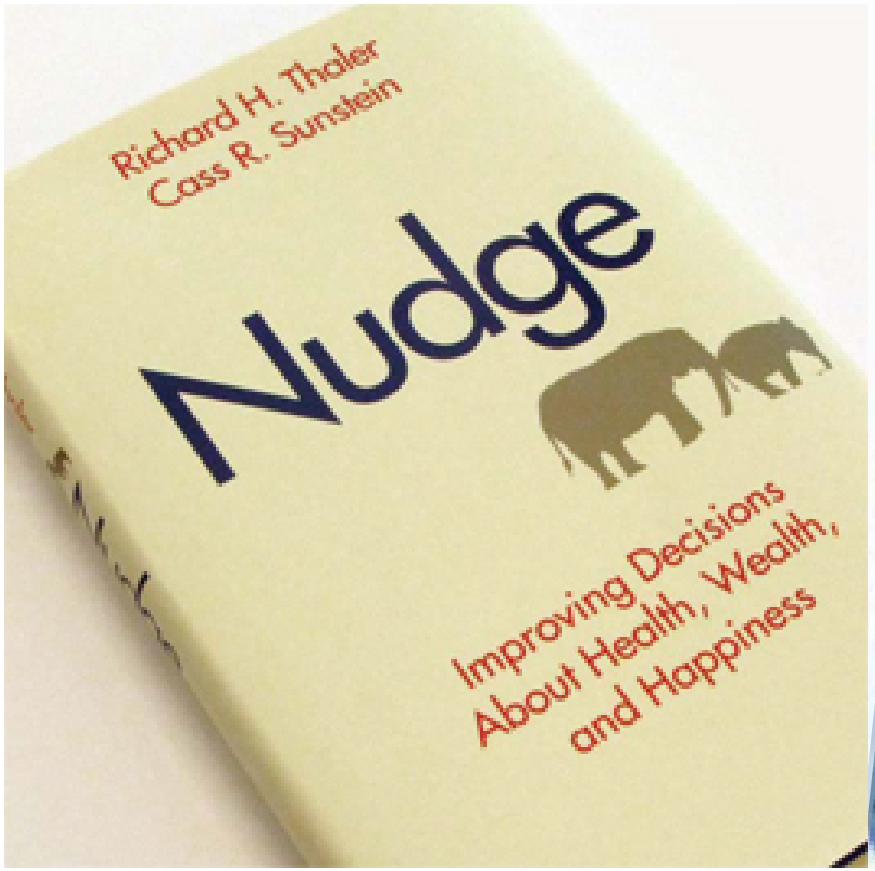
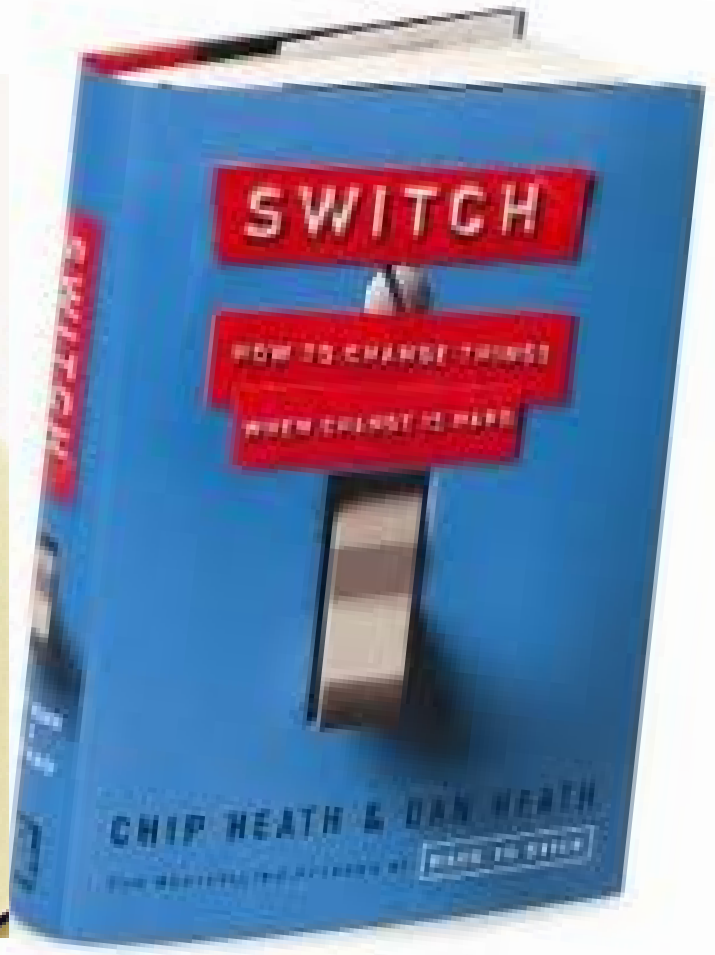
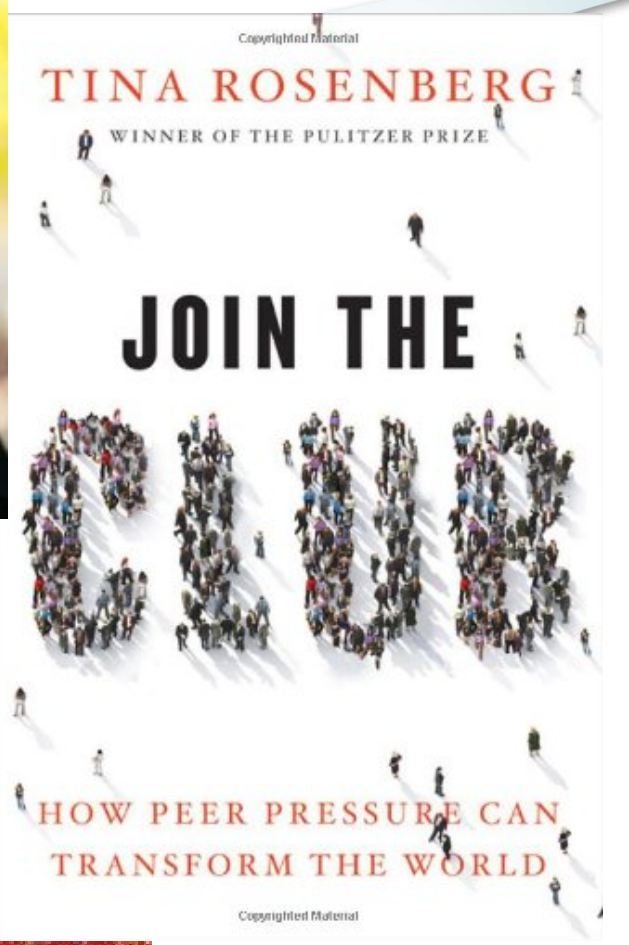
Science behind Data & Emotions:



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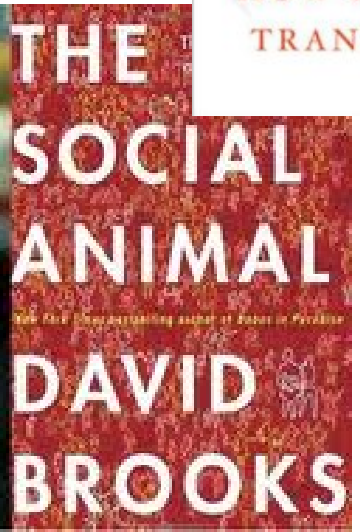
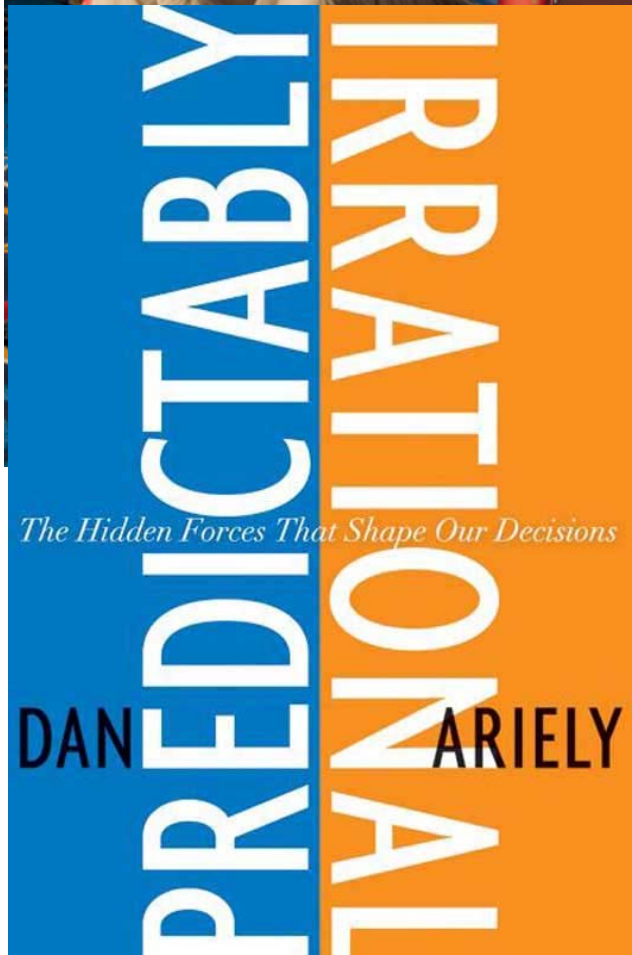

THE SOCIAL ANIMAL
DAVID BROOKS


PREDICTABLY IRRATIONAL
The Hidden Forces That Shape Our Decisions
DAN ARIELY

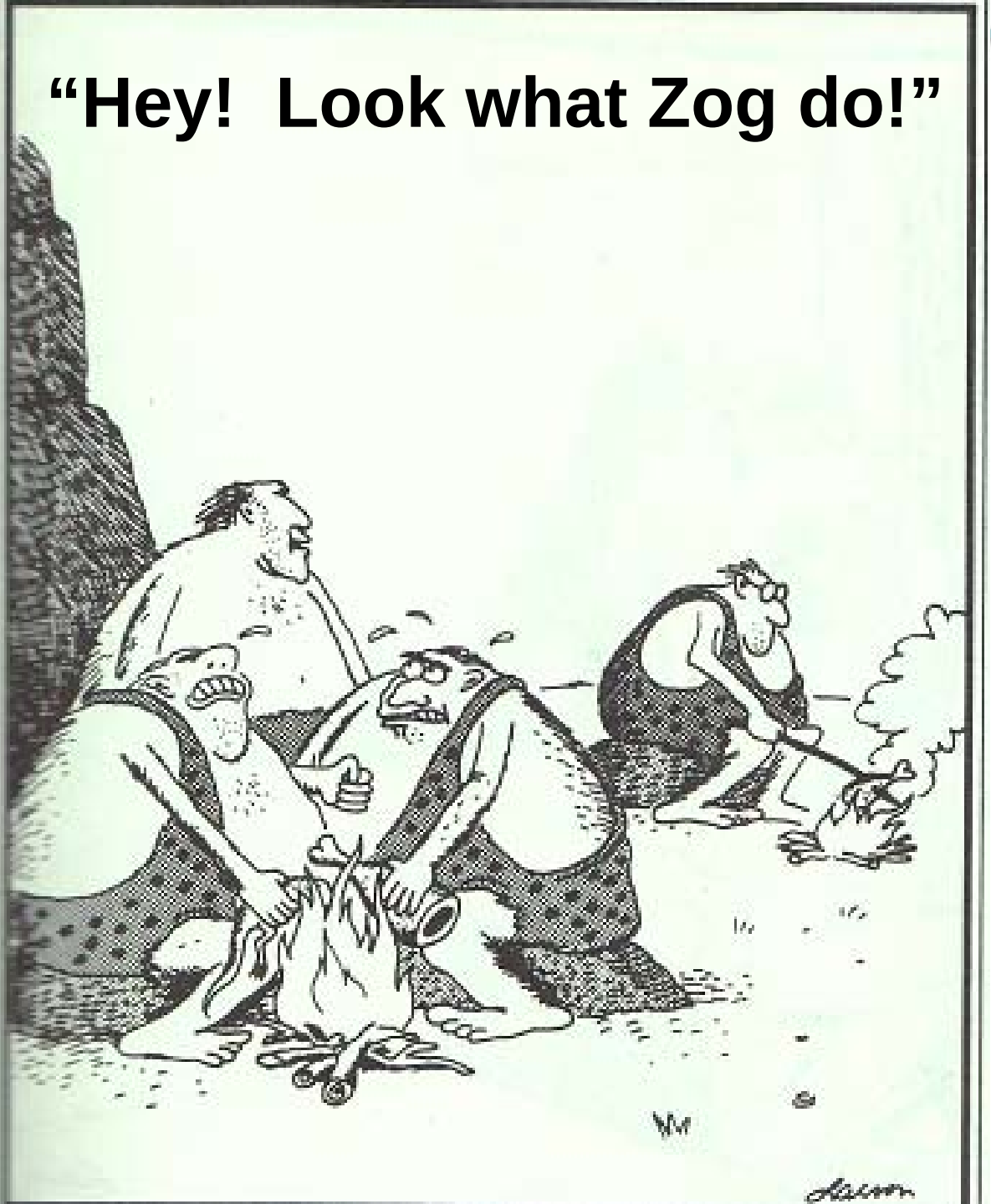
Adult Learners

- We are naturally curious
- We like to learn
- We are motivated to improve
- We learn by reflecting on our own experience
- With others

Magic of the group process

- We are social beings
- We are naturally competitive
- We want to look good in front of our peers
- We learn from each other

“Hey! Look what Zog do!”



Guiding Principles for VR Facilitation

- Follow Curiosity
- Pull, not push
- Bottom up, not top down
- Safety, fun
- Non-punitive
- Respect – sincere
  - (no agenda other than being helpful)
- Talk about emotions
  - (before talking about the data)

Change Management

- Anticipate resistance
- Focus on winning the hearts and minds of your people

Why Is Visual Data Display So Important?

- Can not afford distractions:
  - Accuracy
  - Methodology
  - Detailed questions

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Why Is Visual Data Display So Important?

- Must be all right brain, gut level, intuitive

  "Aha, I see I am an outlier. I know what I should do differently!"

- Need to achieve this in seconds, without words

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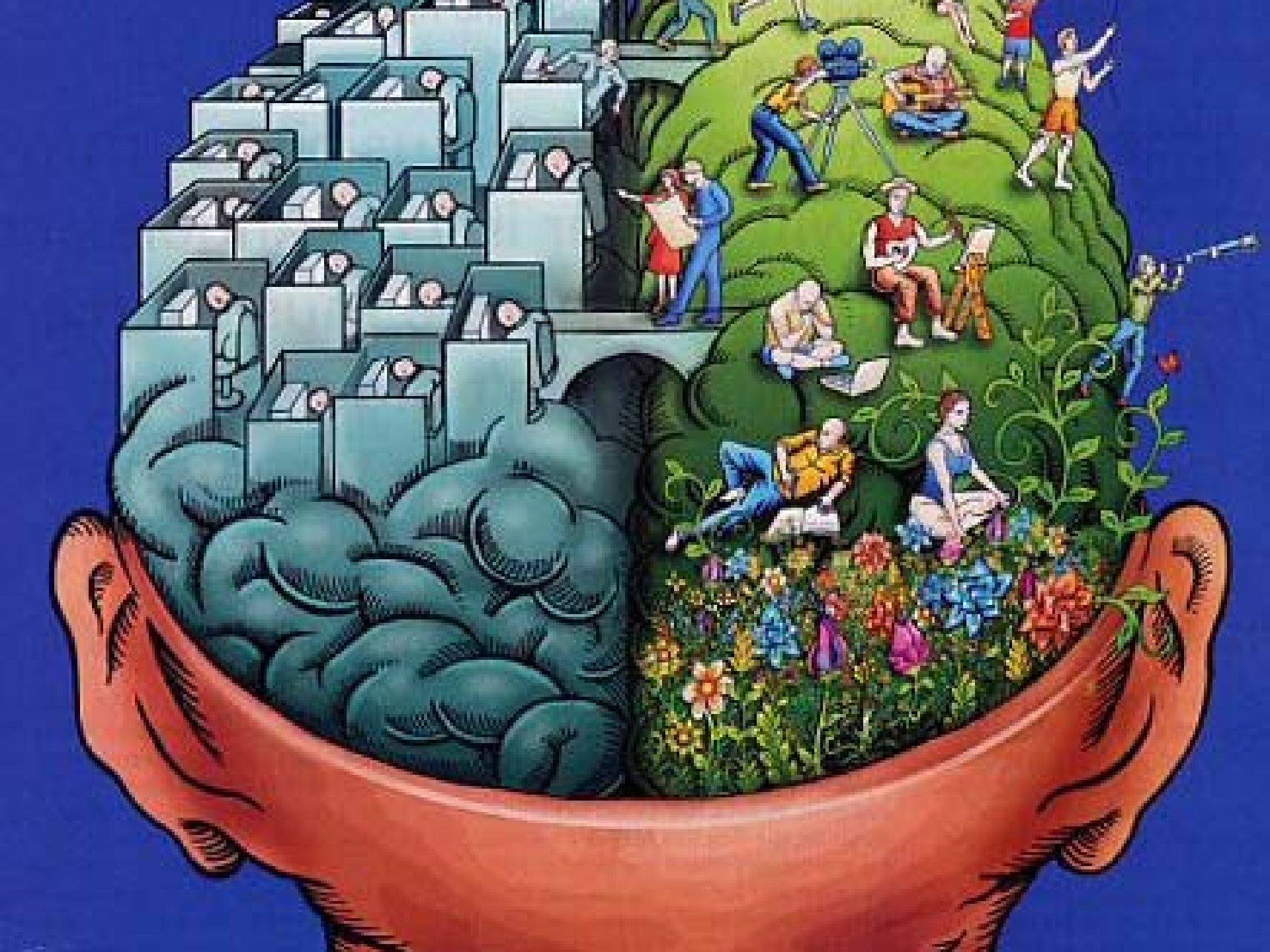
AHA!



Brain

How to Speak to the Right Brain?

- Visual data; not words or numbers
- Message must jump out on its own
- Remove all extraneous text
- Personal impact
- Change needed must be obvious
  - Choice architecture

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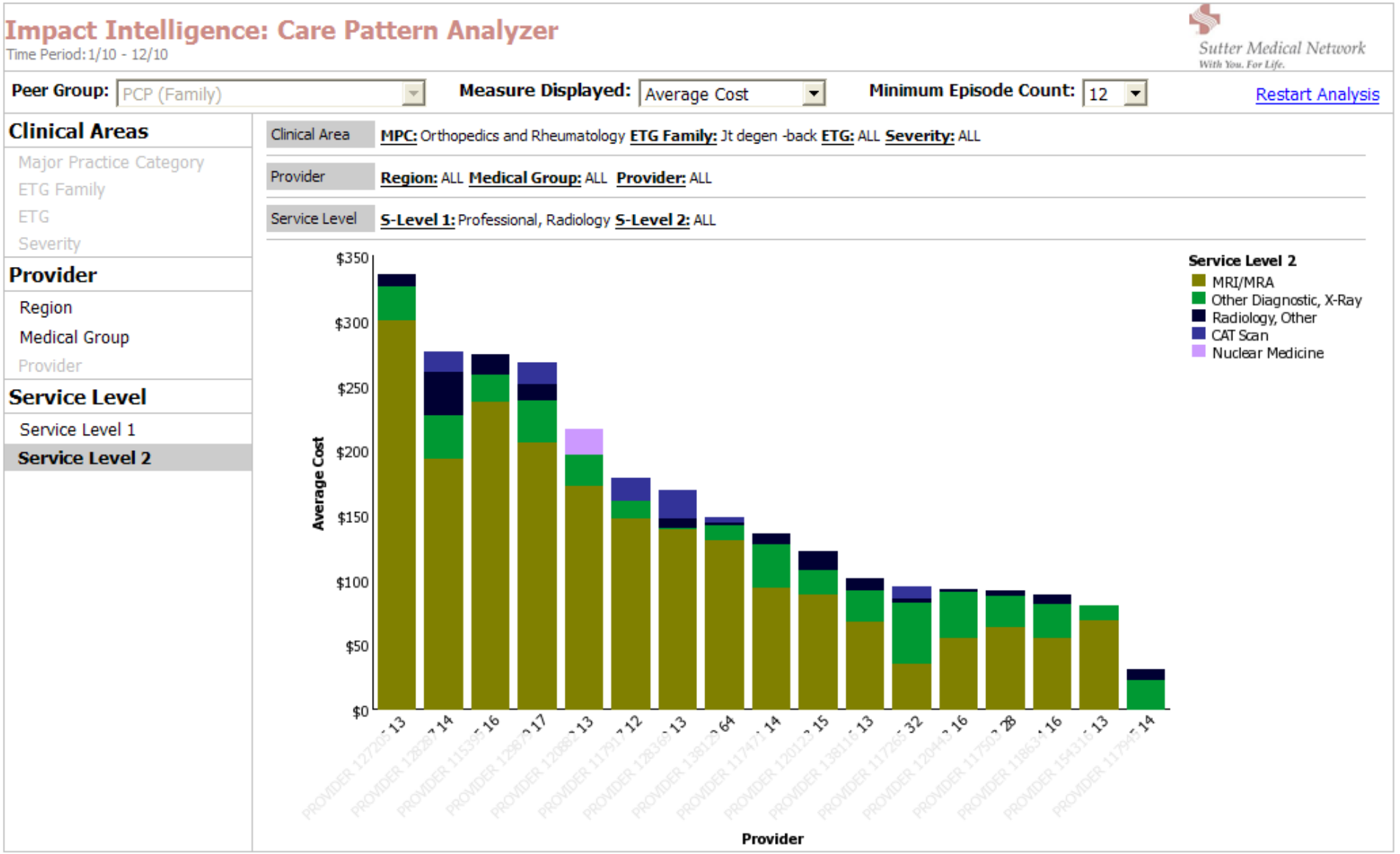
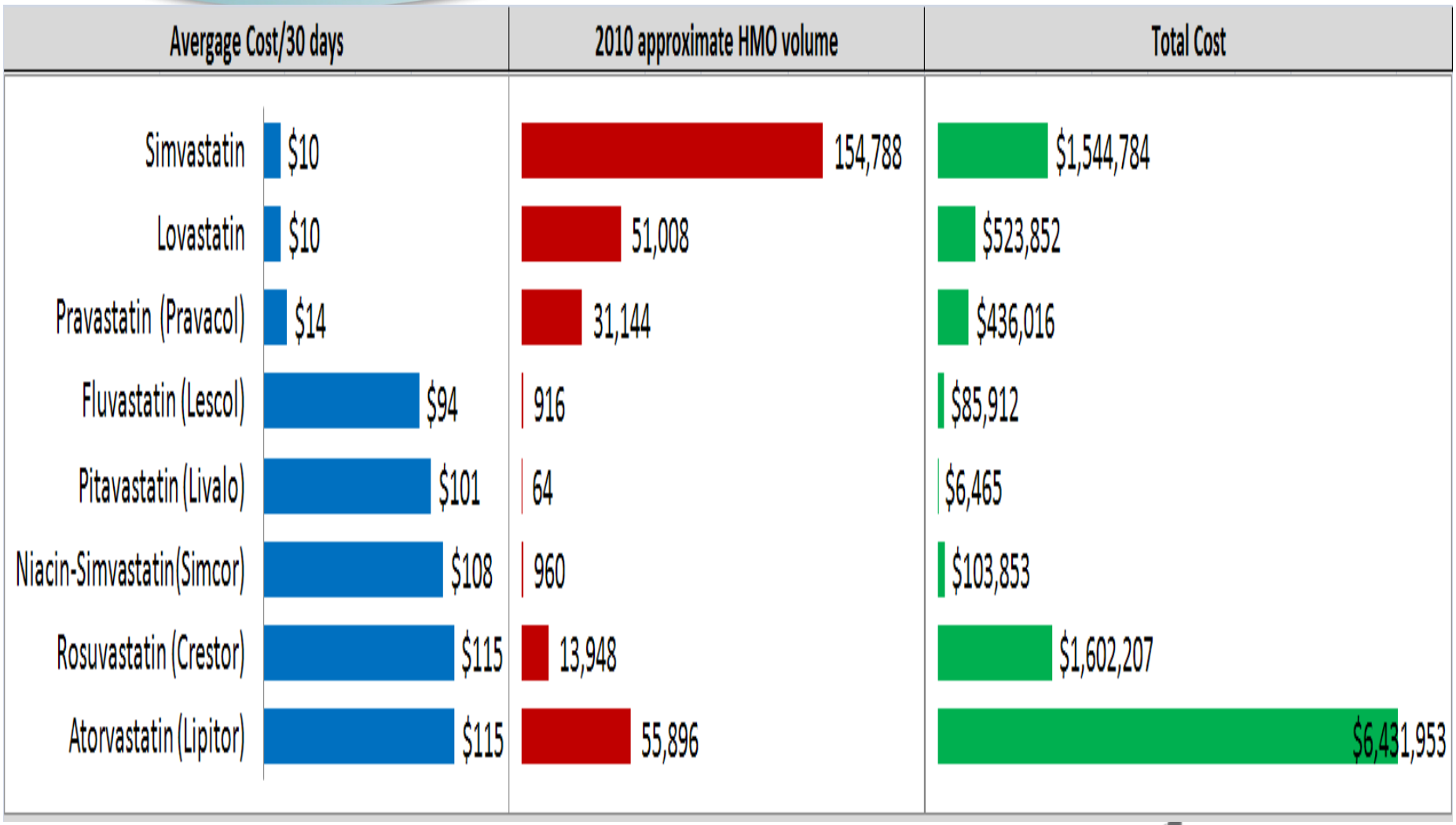
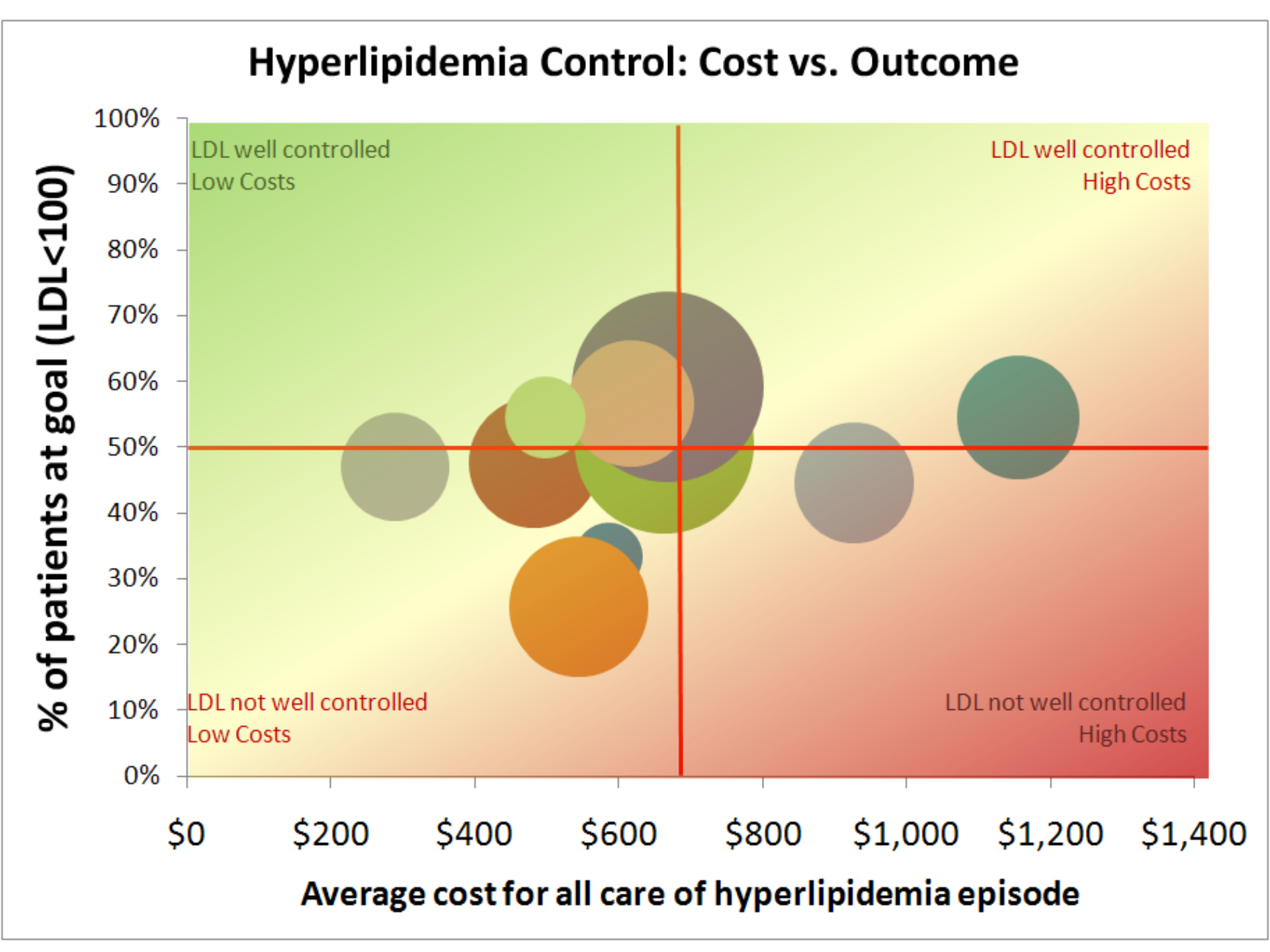
Visual Display of Variation

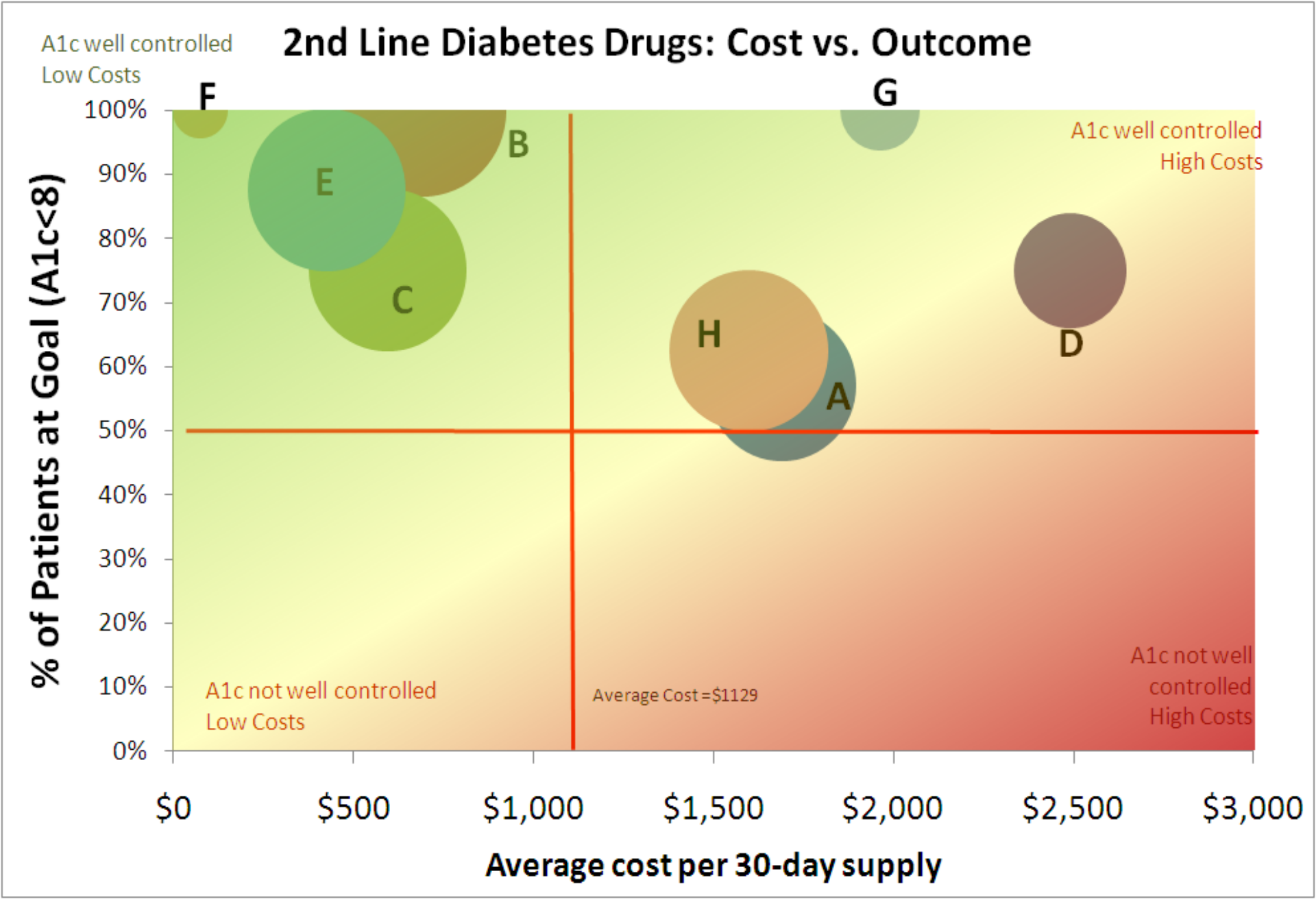


HMO Statin Prescription Volume

PPO volume not included




Hyperlipidemia Control: Cost vs. Outcome
% of patients at goal (LDL<100)
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
LDL well controlled
Low Costs
LDL well controlled
High Costs
LDL not well controlled
Low Costs
LDL not well controlled
High Costs
$0
$200
$400
$600
$800
$1,000
$1,200
$1,400
Average cost for all care of hyperlipidemia episode


2nd Line Diabetes Drugs: Cost vs. Outcome
A1c well controlled
Low Costs
F
G
B
E
C
H
A
D
A1c well controlled
High Costs
A1c not well controlled
Low Costs
Average Cost =$1129
A1c not well
controlled
High Costs
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
% of Patients at Goal (A1c<8)
$0
$500
$1,000
$1,500
$2,000
$2,500
$3,000
Average cost per 30-day supply

How it works

1. Face to face meeting of 5 -15 clinicians
   - Explore visual data as a group
   - Personal feedback on variation
   - Stimulates curiosity and learning
2. Select focus area
   - Agree on new clinical standard
   - Define performance metrics
3. Monthly metrics
   - Measure & report ongoing improvement efforts

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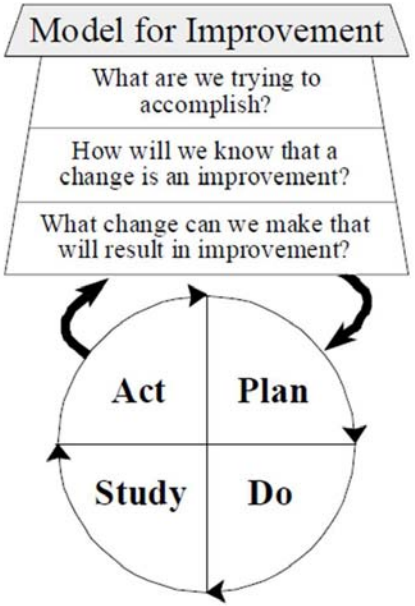
Improvement Project Sequence

Use SCPA to identify variation reduction opportunities

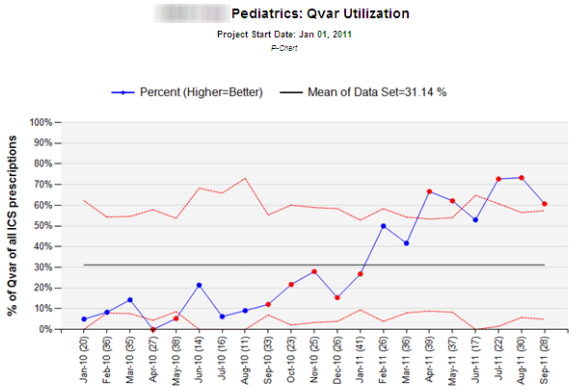
Clinicians agree on a standard and define performance metrics



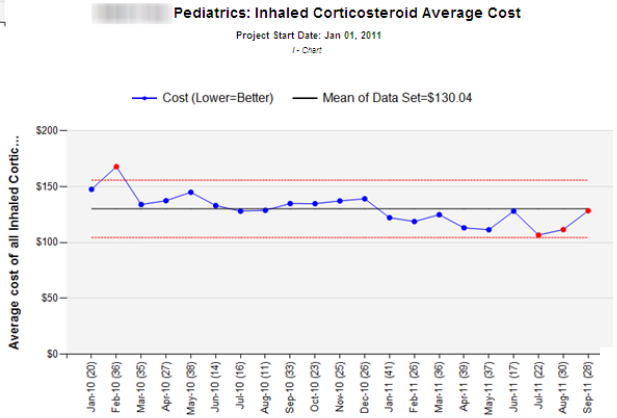
Clinicians agree to launch an improvement project

Highlighted Project: Asthma Steroids

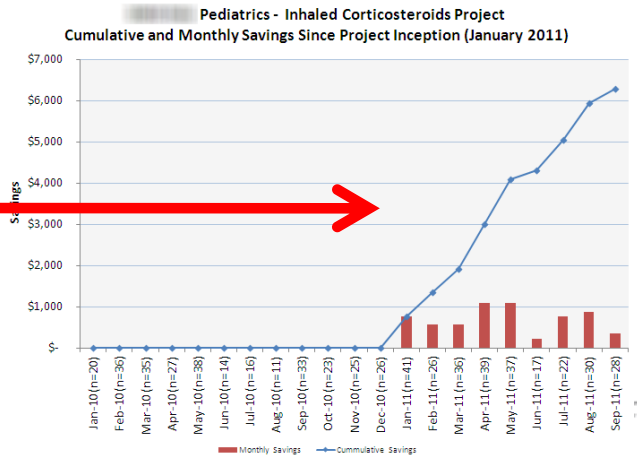
1. Prescribing of preferred drug increases



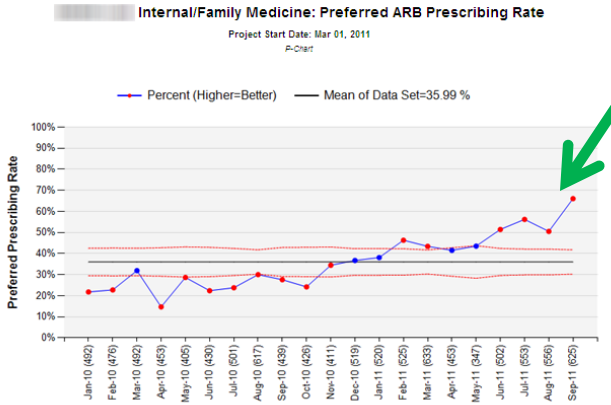
2. Average drug cost drops



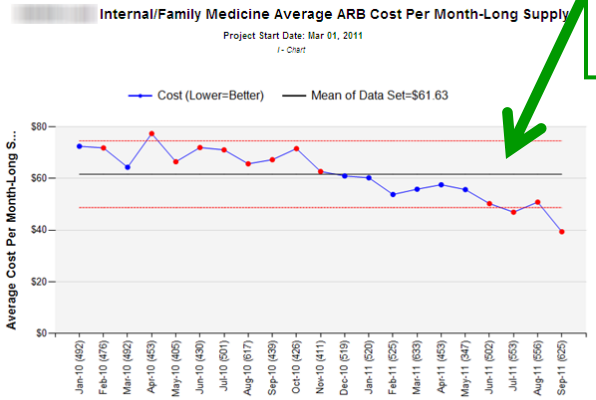
3. Savings over baseline begin to accumulate



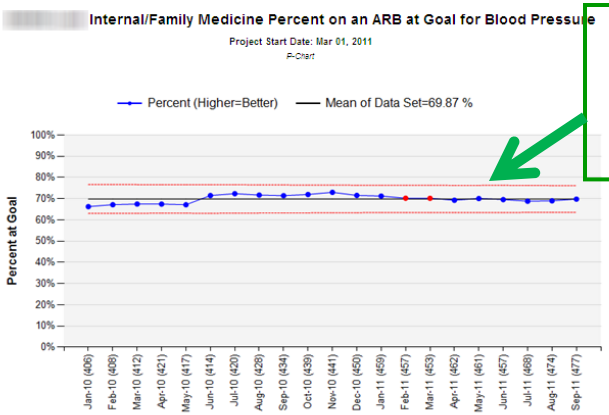
Highlighted Project: :
Hypertension – Generic ARBs



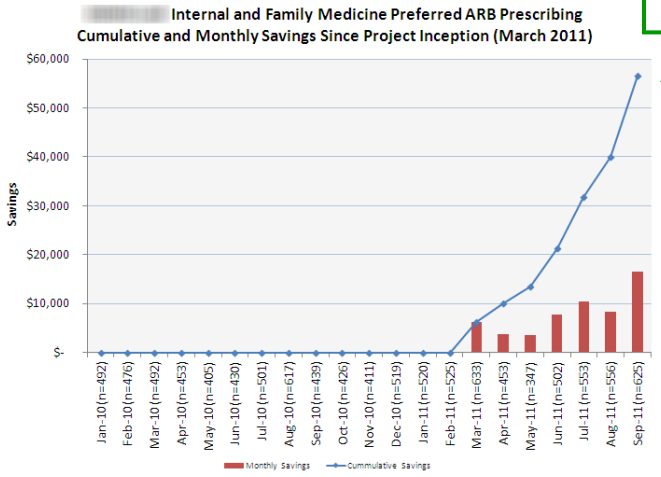
Prescribing of preferred drug increases



Average drug cost drops



No adverse effect on quality



Savings begin to accrue

Total Savings: $56,500

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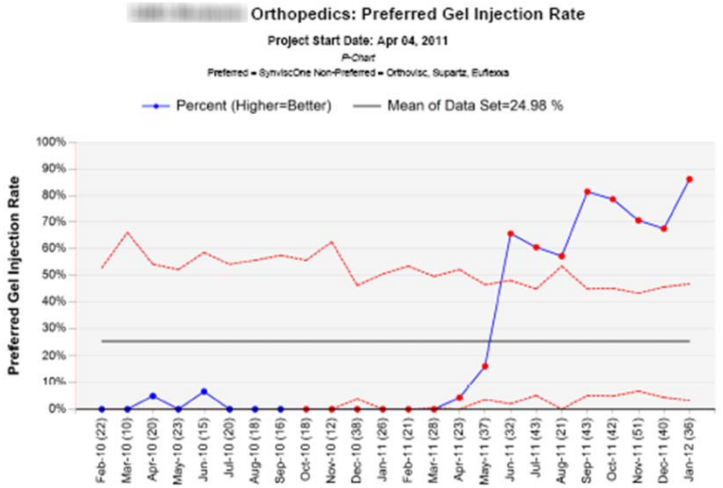
Highlighted Project: Orthopedics
Gel Injections for Osteoarthritis of the Knee

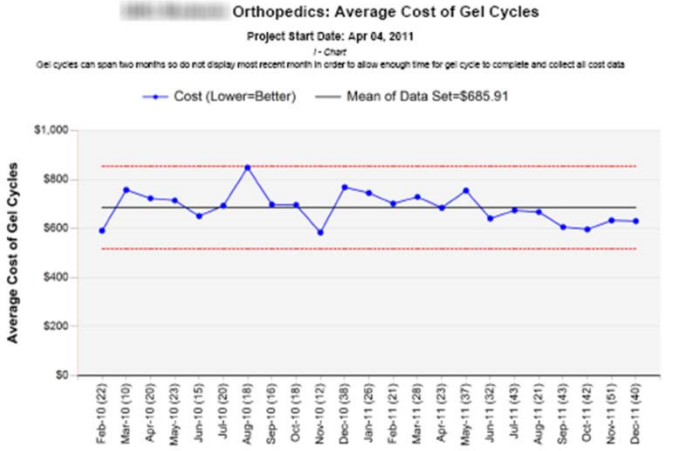
Preferred Gel Injection Rate shoots up after Orthopedists decide to switch to SynviscOne



456 appointment slots are freed up because SynviscOne requires one visit instead of three

Access improved !

Average cost of gel injections falls from $722 to $650 reducing spend by **$24,000**



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Results – through January 2012

- Palo Alto Medical Foundation (started 2008)
  - 31 active/mature projects
  - $17.1 M savings
- Rest of Sutter Medical Network (started 2010)
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Reactions from Physicians

"I haven't had this much fun since residency"

"I have been waiting for this for ten years"

"That was a lot more fun than I expected from the title of the meeting"

"When are you guys coming back?"

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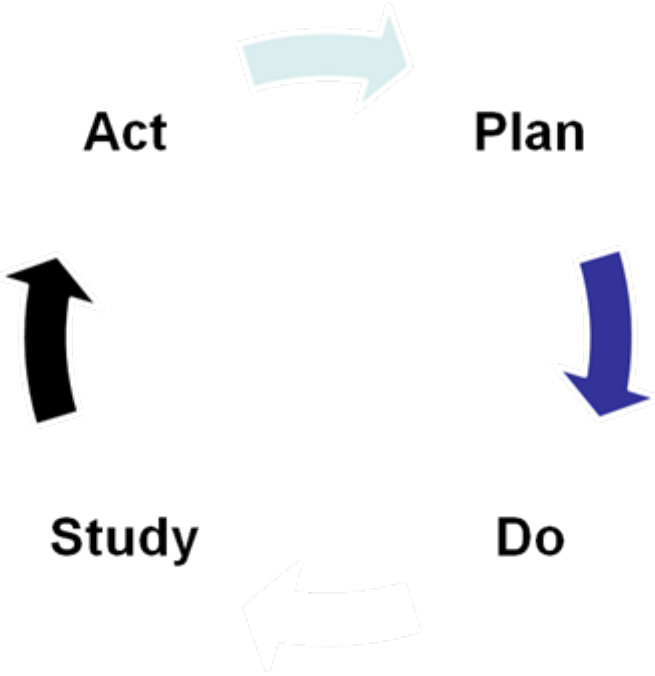
How We Spread

- Multiple attempts, multiple failures, win!



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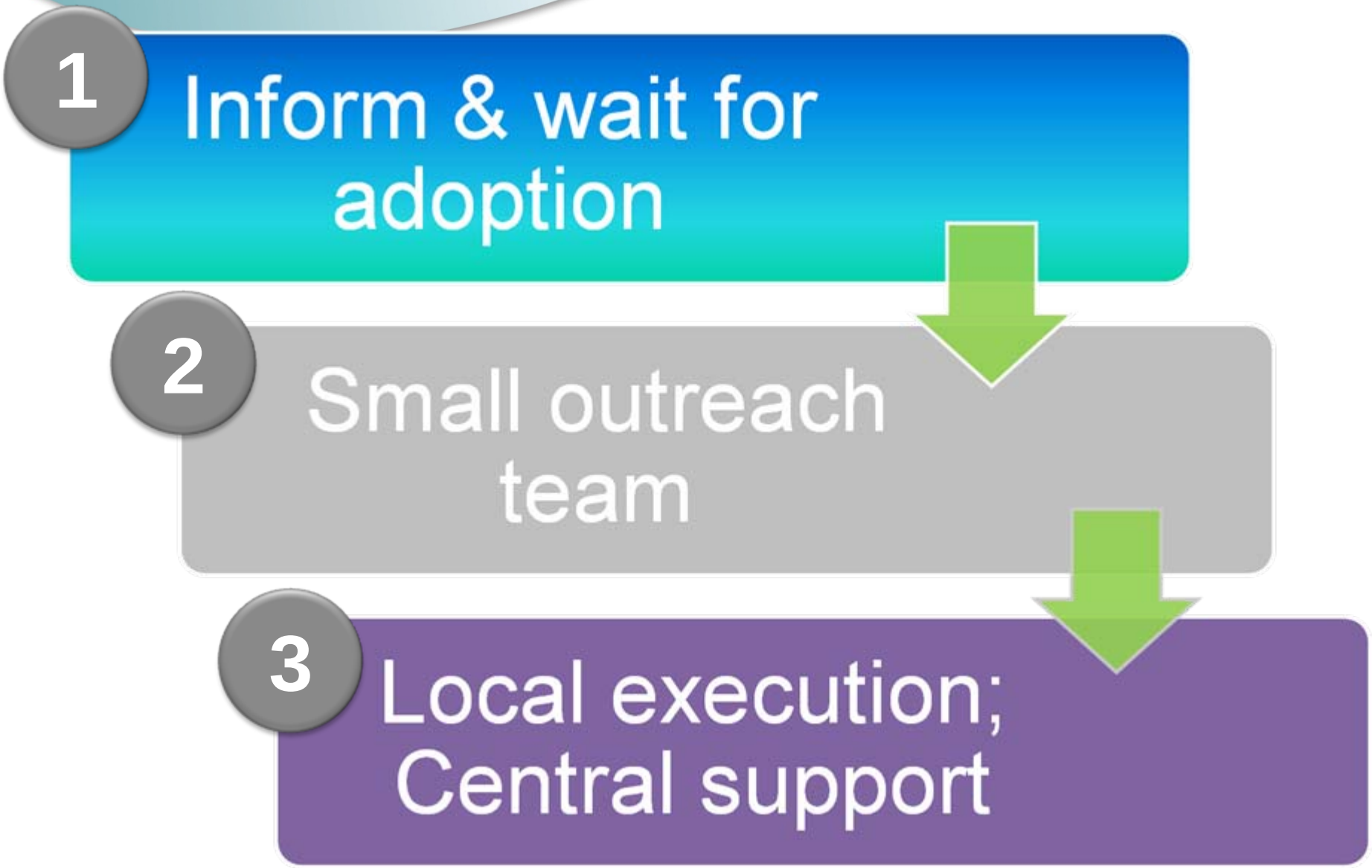
3 “generations” of spread attempts



What is it we are trying to spread?

- Fast way of multiplying the savings?

- or -

- Creating a local capacity for sustaining more savings projects

- or -

- A culture shift: a new way for clinicians to relate to each other that cultivates engagement and professionalism

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1 Inform & Wait

- Provided access & training for online data tool to explore variation among MDs

Key reasons approach failed:

- VR is new work
- No models or templates or roadmap
- Skills to lead groups are new and challenging
- Risk of perceived failure high
- No support system
- Goal not clear
- Absence of burning platform

2 Small Outreach Team

Concepts to Carry Forward…

- Small team of true believers
- Go directly to target departments
- Experiment with prototyping

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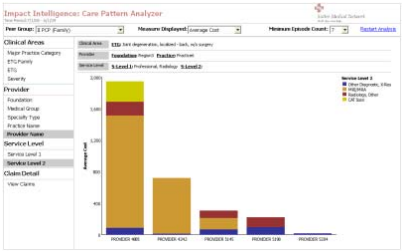
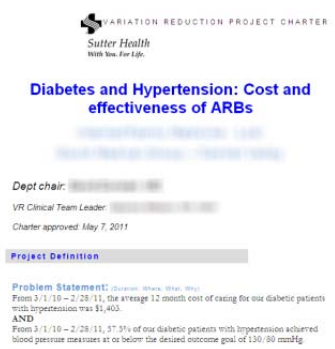
Patterns Emerged

- Data exploration tool



- Project methodology

- Common format for charter, analytics, data display, meeting structure


VARIATION REDUCTION PROJECT CHARTER

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Diabetes and Hypertension: Cost and effectiveness of ARBs

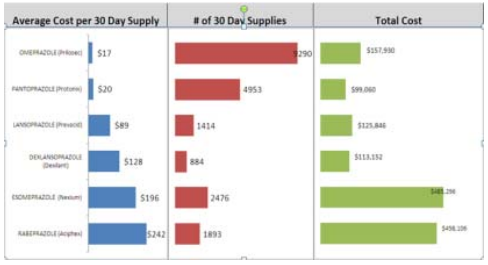
Dept chair:

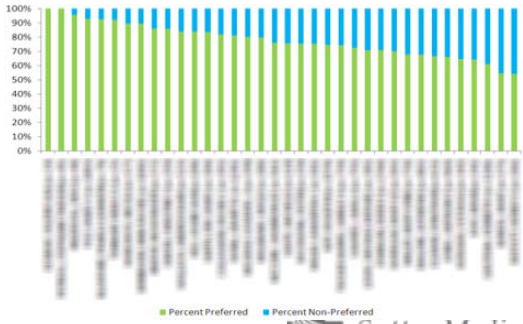
VR Clinical Team Leader:

Charter approved: May 7, 2011

Project Definition

Problem Statement:
From 3/1/10 – 2/28/11, the average 12 month cost of caring for our diabetic patients with hypertension was $1,403.
AND
From 3/1/10 – 2/28/11, 57.5% of our diabetic patients with hypertension achieved blood pressure measures at or below the desired outcome goal of 130/80 mmHg.





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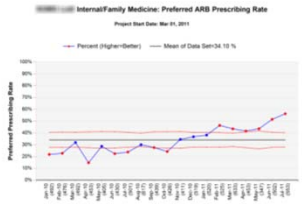
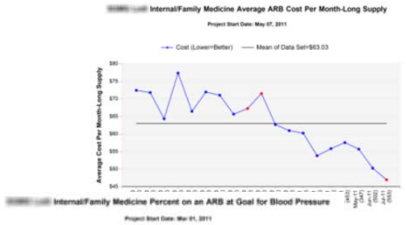
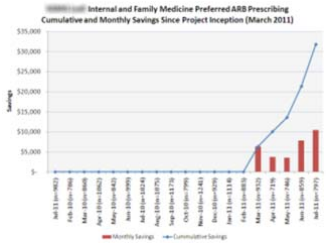
Measuring Standard Emerged

- Common Tracking Tools
  - Tracking improvement
  - Tracking Costs
  - Monitoring Quality
  - Accruing Savings







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Key Learnings from Approach

- Variation Reduction was doable
- Select projects that are easier
  - Pharmacy projects: not where we are going to end, but a good place to start
- Go where you are welcome

Must Have's…

- Organizational Buy-In
  - Senior leaders
  - Clinicians
- Return on Investment
  - Cultural
  - Financial
- Measurement of Progress
  - Dashboard
  - Scorecard

3 Local Execution, Central Support

- Local Outreach Team
  - Training
  - Handoff of existing projects
  - Local governance
- Community of Practice
  - Need for coordination
  - Standardization of methodology
  - Support in Learning
- Central Analytical Staff
  - Consistency
  - Best Practice Sharing

How IS the Spread Working?

- 80+ projects
- Over $18M in reduced healthcare spending
- Mindset shift about affordability (culture change)

Demo

- Sutter Care Pattern Analyzer
  - Sutter designed user interface
  - Front end for vendor product

  - Severity adjusted Episode Treatment Groups
  - Peer comparisons within specialty
  - Visual drill down to individual claim lines

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For More Information

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