

Improving The Quality of Health Care in Washington State

August 2006

The Quality Colloquium
Harvard University
Senator Karen Keiser
August 22, 2006

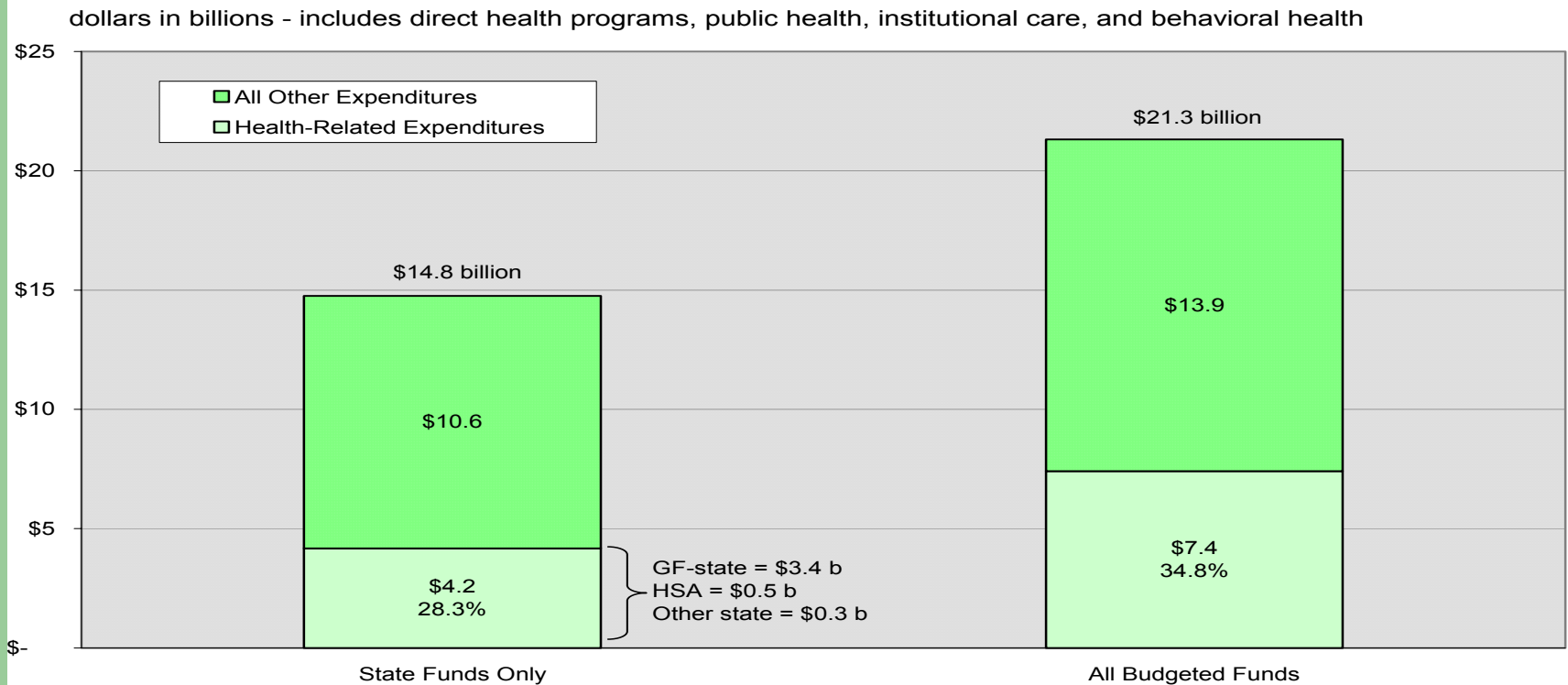
Washington State: a primer

- **Population:** 6,065,040
- **Median Annual Income:** \$48,688, 4%[^] US
- **Major Employers:** Microsoft, Boeing, Weyerhaeuser, Starbucks
- **Gross State Product:** \$268.5 billion
- **Total State Expenditures:** \$12.0 billion
- **State Health Care Expenditures:** \$4.8 billion
- **Covered Lives:** 1.3 million
- **State Mammal:** Orca

Preview:

- Health Care Context in Washington
- State Initiatives to Improve Quality
 - Evidence Based Prescription Drug Program
 - Performance Measures and Financial Incentives
 - Health IT & Technology Assessment
 - Transparency
 - Wellness
 - Chronic care
- Looking Forward: The Blue Ribbon Commission

Washington State Health Costs: 28% of state budget; 34% of total funds



Source: State of Washington Office of Financial Management (July 2005)

Purchaser Health Care Strategies

Traditional Tactics

- Reduce benefits
- Reduce pay to providers
- Increase cost sharing

Alternative Strategies:

- Improve quality
- Focus on high cost patients
- Promote health & wellness
- Increase transparency

Source: Mercer Human Resource Consulting

What's Wrong? Quality Performance Is Too Low

- RAND: Americans get recommended care only 55% of the time
- CDC: 2 million patients acquire infections in the hospital each year => 90,000 die
- IOM: 20% to 30% of health care spending goes for procedures, drugs, treatments that neither improve quality of life nor extend life.
- “Strong Medicine Survey”: 135 Doctors asked how they would treat a particular condition for a particular patient. 82 different treatments
- Archives of Internal Medicine: for 160 commonly prescribed drugs, 21% of use is off label, 73% of those uses have “little or no scientific support”
- American Journal of Preventive Medicine: One of three tests (urinalysis, electrocardiogram, & X-rays) inappropriately ordered 43-46% of the time.

State Initiatives to Promote Quality: 2003-2006

Washington State Prescription Drug Program: SB 6088/2003

- Created an evidence-based preferred drug list
 - Evaluates drugs on clinical effectiveness, then cost
- Used by Medicaid, the Uniform Medical Plan (state employees) and Labor & Industries (workers comp).
- **Results:** Saved three state agencies \$22.3 million in first full year of implementation (FY05)

PDL Impact on Expenditures & Savings: ACE Inhibitors for HRSA

ACE Inhibitors (HRSA)	
Month	Baseline Spending
JAN	\$ 471,401
FEB	\$ 457,447
MAR	\$ 516,876
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<i>Pre-PDL monthly spending</i>	\$ 481,908

Create the ASSUMED baseline ACE-I expenditure for savings calculations by computing the monthly average expenditure for 3-month period prior to inclusion of ACE-I on WA State PDL

PDL for ACE-I Implemented APR 2004 →

	ASSUMED Pre-PDL Spending for ACE-I	ACTUAL Post-PDL Spending for ACE-I	ESTIMATED Monthly Savings for ACE-I
APR	\$ 481,908	\$ 481,322	\$ 586
MAY	\$ 481,908	\$ 365,736	\$ 116,172
JUN	\$ 481,908	\$ 336,907	\$ 145,002
JUL	\$ 481,908	\$ 327,218	\$ 154,690
AUG	\$ 481,908	\$ 330,250	\$ 151,658
SEP	\$ 481,908	\$ 329,825	\$ 152,083
OCT	\$ 481,908	\$ 327,362	\$ 154,546
NOV	\$ 481,908	\$ 330,572	\$ 151,336
DEC	\$ 481,908	\$ 385,353	\$ 96,555
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ACE Inhibitors HRSA savings CY 2004	\$	\$	\$ 1,122,627

HRSA monthly reductions in total spending for ACE Inhibitors

State Quality Initiatives— performance measures

Performance Measures in State Contracts: HB 1512/2005

- Directs state health care agencies to work with private sector to:
 - Develop common performance measures based upon medical evidence
 - Implement financial incentives in state contracts with plans & providers

Status: Working with Puget Sound Health Alliance (large purchasers group)

Puget Sound Health Alliance

What is the Alliance?

- A regional partnership involving employers, physicians, hospitals and patients
- Formed in late 2004 as recommendation of Ron Sims' King County Health Care Task Force
- Charged with working together to improve quality and efficiency while reducing the rate of health care cost increases in Washington state.
- Participants agree to support the use of evidence and data to identify and measure quality health care
- Recipient of RWJ grant to accelerate efforts to align incentives to improve quality & encourage consumers to use effective care

Puget Sound Alliance (cont)

What is the Alliance working on?

- **Regional Health Care Performance Report**
 - Comparing quality and cost of care
 - For use by employers, plans, consumers, providers
 - Rollout in 2007
- **Evidence-based Clinical Guidelines/Standard Quality Measures**
 - 2006: diabetes, heart disease, back pain, depression & drugs
 - Consistent with national guidelines, affirmed by local physicians
- **Behavior Change Is Key**
 - Align financial incentives across providers, patients and purchasers

Puget Sound Health Alliance
Framework to Improve Quality and Value of Health Care

INFORMATION

- *Market-wide* agreement on clinical, cost of care, and patient experience measures and methods
- Public reporting of objective performance measurement – “Transparency”

INCENTIVES

- Alignment of employee benefits with desired behavior and/or outcomes
- Provider financial incentives and contracting linked to quality, value and provision of data
- Focused provider performance information that enables employees/patients to make informed decisions

“STAKEHOLDERS”

Employers/Purchasers
Employees/Patients
Providers
Health Plans

SUPPORT FOR IMPROVEMENT

- Coalescing leadership to achieve *market-wide* change
- Broad promotion of state -of-the-art tools, and evidence -based information

Doing this **better,**
faster &
cheaper than any
one employer, health
plan,
hospital, or group
of doctors could
do by themselves

Regence-Boeing Experience: flawed model or implementation?

New Product:

- Created a high-performance provider network
- Provider selection was based on claims data and certain quality & cost benchmarks
- New option was made available to 47,000 Boeing union employees
- Reduced cost share: no monthly premium, no deductibles, \$10 copays
- To be rolled out July 1, 2006

Regence Rollout: “a failure to communicate?”

Impact:

- Nearly 500 providers (out of 17,000) were excluded
- Affected 8,000 of the 47,000 enrollees.
- Workers upset at “losing” their doctor
- Plan was “deferred” until July 2007

Lessons:

- Need more collaborative work in developing quality standards
- Better communication with consumers

State Initiatives on Quality: IT

Health Information Technology Advisory Board: SB 5064/2005

- Charged with making recommendations about how state can promote a robust, interoperable system of electronic medical records
- Report due December 2006

State Initiatives on Quality: IT

Health Information Technology Goals: SB 2573/2006

- Encourages hospitals to adopt robust health information technologies by 2012
- Authorizes HCA to accept grants to implement EMR adoption

State Initiatives on Quality: IT Grants

Results: the Washington Health Information Collaborative

- New public-private partnership will award \$1 million in IT grants
- Funded by two \$500,000 contributions from First Choice Health and the state's Health Care Authority
- Targeted to smaller and rural physician practices & hospitals
- Awards of up to \$20,000 per grantee will be presented this fall
- Received 130 letters of intent to apply (7/1/2006)

State Initiatives: Technology Assessment

Health Tech Assessment Program: SB 2575/2006

- Created an evidenced based system to evaluate emerging health treatments/devices
- Purpose -- determine if & when state will pay for certain high cost treatments
- Modeled after the prescription drug program.
 - contract out evaluation to an evidence based practice center
 - A clinical committee will review evidence and make coverage recommendations
 - Process will be open and transparent
 - Coverage decisions will apply to all three health care purchasing agencies – Medicaid, state employees, and workers comp.

State Initiatives: Transparency

- No public comparison of quality, cost or patient experience in local health care
- Without this information:
 - Clinics, hospitals and plans are not held accountable (and aren't rewarded for) for quality and value
 - Employers, patients and families don't have information to make the best health care decisions
- The State will work with others to push transparency in the health system
 - Contracting provides leverage
- Puget Sound Alliance issuing a report next year on quality & cost.

State Initiatives: Wellness

Worksite Wellness:

- State allocated \$450,000 for the creation of an online health assessment tool for state employees.
- Two wellness projects launched this year.

Wellness Initiatives (cont)

“Washington Wellness Works”

- A statewide initiative to improve the health of state employees, retirees, and dependents (320,000 lives).
- Provides a Health Risk Assessment (HRA) for all enrollees – begins July 2006
- Data will assist in targeting health promotion strategies
- Designing an evaluation to measure success.

Wellness (cont)

“Health Counts.”

- A pilot program for state employees enrolled in the Uniform Medical Plan, began July 1
- Employees may take the online health risk assessment.
- Makes them eligible for a \$30 premium rebate for certain healthy behaviors, getting certain recommended preventive services.

State Goal: Create a sustainable, affordable, high quality health care system

Establish a collaborative, evidenced based system to set priorities and determine what the State will pay for.

Expand the transparency of health plan and provider performance

Promote wellness among state employees and beneficiaries

Encourage technology improvements in patient/provider information

Manage the chronically ill or 'high opportunity' populations insured by the state

Washington Chronic Care Management Project

Goal -- Effectively manage chronic care illnesses

– i.e., the ‘High Opportunity’ populations

- 5% of state clients generate 50% of program costs
- **RFP for the “Washington Chronic Care Management Project”** issued in July for two year contract beginning in Jan 2007
 - Calls for establishment of three pilots and a statewide effort
 - Requires use of predictive modeling to identify highest risk Medicaid clients
 - Requires use evidence based interventions to improve health

Looking Forward: Blue Ribbon Commission

Vision: “In five years, we envision a system in which every Washingtonian is able to obtain needed health care at an affordable price. ...”

Mission: Develop a five-year plan for substantially improving access to affordable health care for all Washington residents.

Membership: Includes Governor and leaders of both the House and Senate