Introducing Transparency to the use of Medical Device Implants

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The Quality Colloquium
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Presentation Outline

- Background: IHA and Pay for Performance
- New Medical Technology Challenge
- Applying P4P Lessons
- IHA Medical Device Value Based Purchasing Demonstration Project
- Orthopedics as a Case Study

Integrated Healthcare Association (IHA)

- Statewide leadership group of California health plans, physician groups, healthcare systems, academic, consumer, purchaser, pharmaceutical, and technology representatives

- Mission: *To create breakthrough improvements in health care services for Californians through collaboration among key stakeholders.*

IHA - California P4P Program

The goal of the IHA P4P program is to create a compelling set of incentives that will drive *breakthrough improvements* in *clinical quality, patient experience* and *efficiency* through:

- √ Common set of measures
- √ A single public scorecard
- √ Health plan incentive payments

Plans and Physician Groups – Who's Playing?

Health Plans

- Aetna
- Blue Cross
- Blue Shield
- CIGNA
- Health Net
- Kaiser *
- PacifiCare
- Western Health

Medical Groups/IPAs

- 225 groups / 40,000 physicians

Health Plan Members

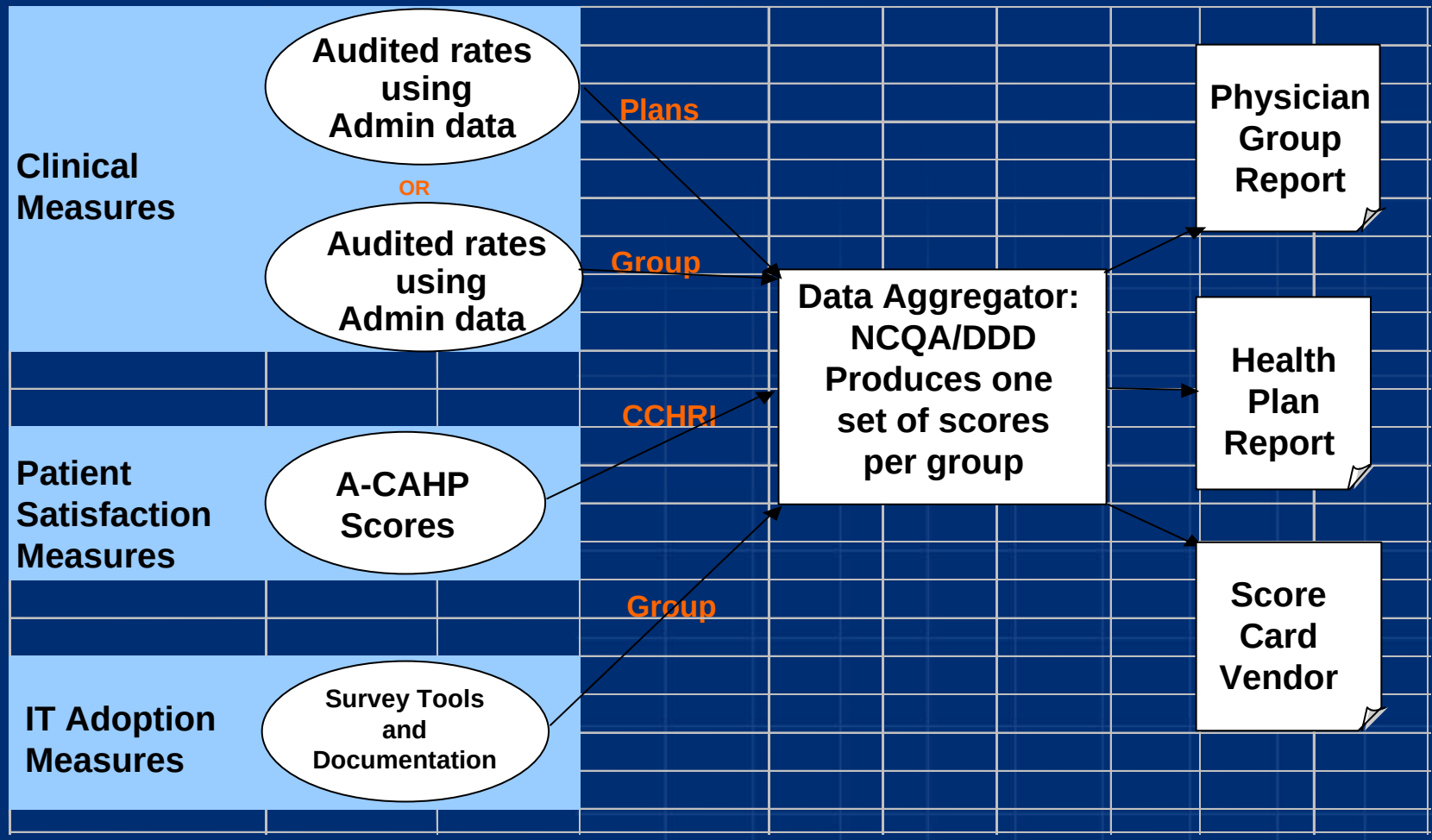
- 12 million HMO members included in public reporting

* Kaiser Permanente Medical Groups participate in public reporting only

Measurement Domain Weighting

	2003	2004	2005 & 2006
Clinical	50%	40%	50%
Patient Experience	40%	40%	30%
IT Adoption	10%	20%	20%

Data Collection & Aggregation



Note: Plans use aggregated dataset for payment calculations

P4P Incentive Payments

	2003	2004	2005 (est.)
Clinical	$17M	$26M	$30M
Patient Exp.	$17M	$22M	$19M
IT	$ 3M	$ 6M	$ 9M
Total	$37M	$54M	$58M

California P4P – Lessons Learned

- Data aggregation increases validity and reliability of measurement > physician trust
- Uniform, comparable measurement eliminates "dueling report cards"
- Payment incentives help rationalize data collection effort
- Public reporting is highly motivating
- P4P has raised the issue of quality to top of groups' strategic agenda

Applying P4P Lessons to New Medical Technology

- New medical technology (procedures, biologics and devices) are an emerging challenge
- Information lag between FDA approval and post market "evidence"
- "Off-label usage"
- Lack of timely, comparable, aggregated data and absence of transparency

IHA's Value Based Purchasing Medical Device Project

- 2-year demonstration project in southern California
- Focus is adoption and usage of orthopedic (knees/hip replacements and spinal implants) and cardiovascular (e.g. defibrillators) devices
- Seeks to develop data repository: aggregate and share comparable data
- Data collection and best practice sharing to support value based purchasing
- Funded by the Blue Shield of California Foundation

IHA's Value Based Purchasing Medical Device Project

Goals:

- Collect data
- Establish benchmarks
- Enhance collaboration
- Align financial incentives

To improve:

- Quality
- Safety
- Cost
- Efficiency
- Access

Orthopedic Landscape – Hip and Knee Replacement

- The majority of total joint replacements by surgeons with low volume (< 25 per year)
- Direct consumer advertising is driving demand
- Slight “upgrades” allow price increases
- Device company/surgeon relationships dictate purchasing

Orthopedic Landscape

The New York Times

Whistle-Blower Suit Says Device Maker Generously Rewards Doctors By REED ABELSON (June 29, 2006)

Cleveland Clinic Moves to Fight Conflicts of Interest
By REED ABELSON (May 10, 2006)

The New York Times

Growing Debate as Doctors Train on New Devices
By BARRY MEIER (August 1, 2006)

The New York Times

Doctors' Links With Investors Raise Concerns
By STEPHANIE SAUL AND JENNY ANDERSON (August 16, 2005)

Orthopedic Landscape

- US hip and knee implant procedures will exceed 1 million this year
- 9.5% annual increase (2004/2005)
- 1991-2003 price increases:

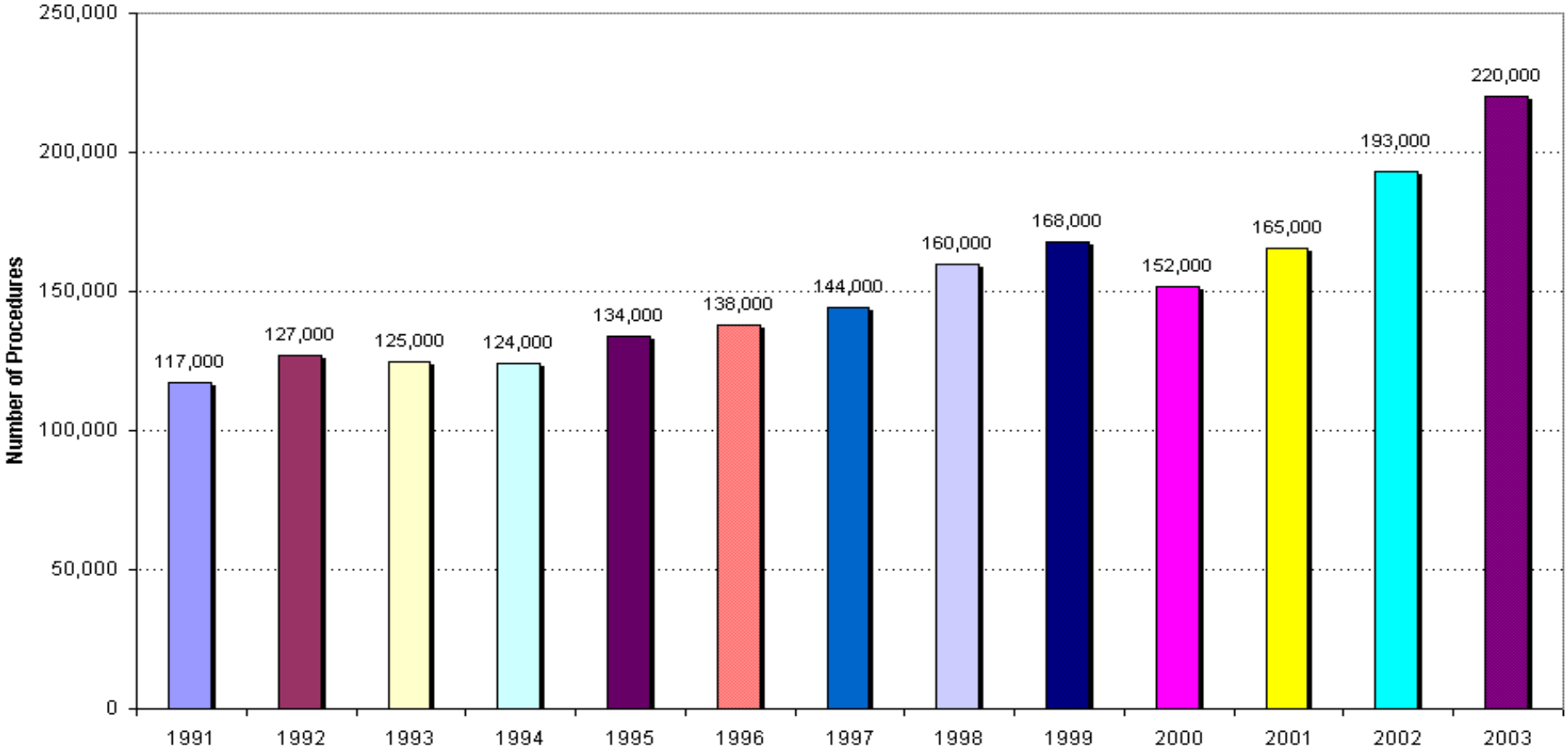
  Implant: + 115%

  Hospital: + 14%

  Physician: - 40.3%

* Orthopedic Network News, Vol. 17, Num. 3, July 2006

Number of Total Hip Replacement Procedures
(ICD-9-CM Procedure Code: 81.51)



Source: National Hospital Discharge Survey, 1991 - 2003; available from the U.S. Department of Health and Human Services; Centers for Disease Control and Prevention; National Center for Health Statistics

Notes: Numbers have been rounded to the hearest thousand. Because of the possibility that multiple procedures were listed per patient, the above chart presents the sum of all instances of the target procedure code across all patient records.

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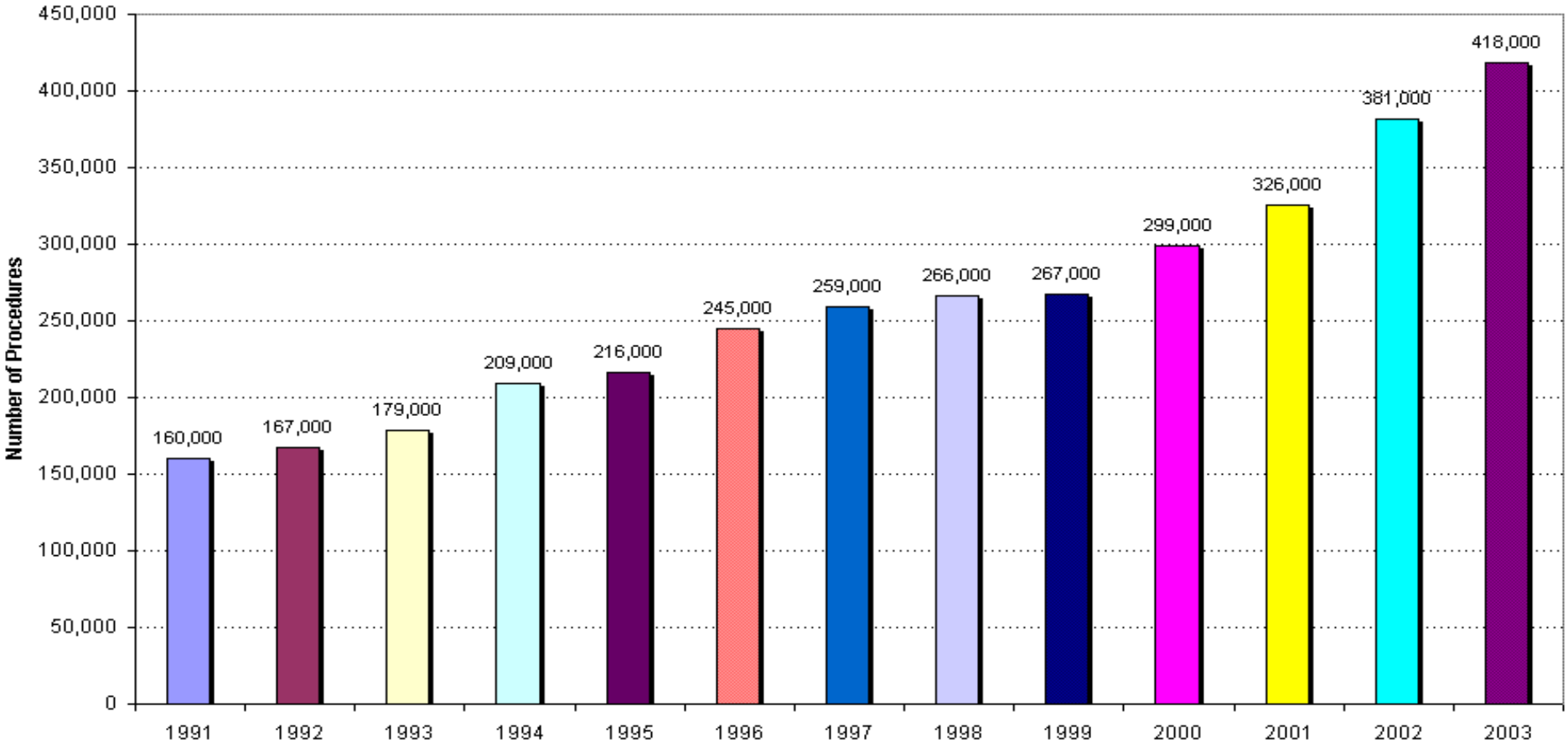
(ICD-9-CM Procedure Code: 81.54)



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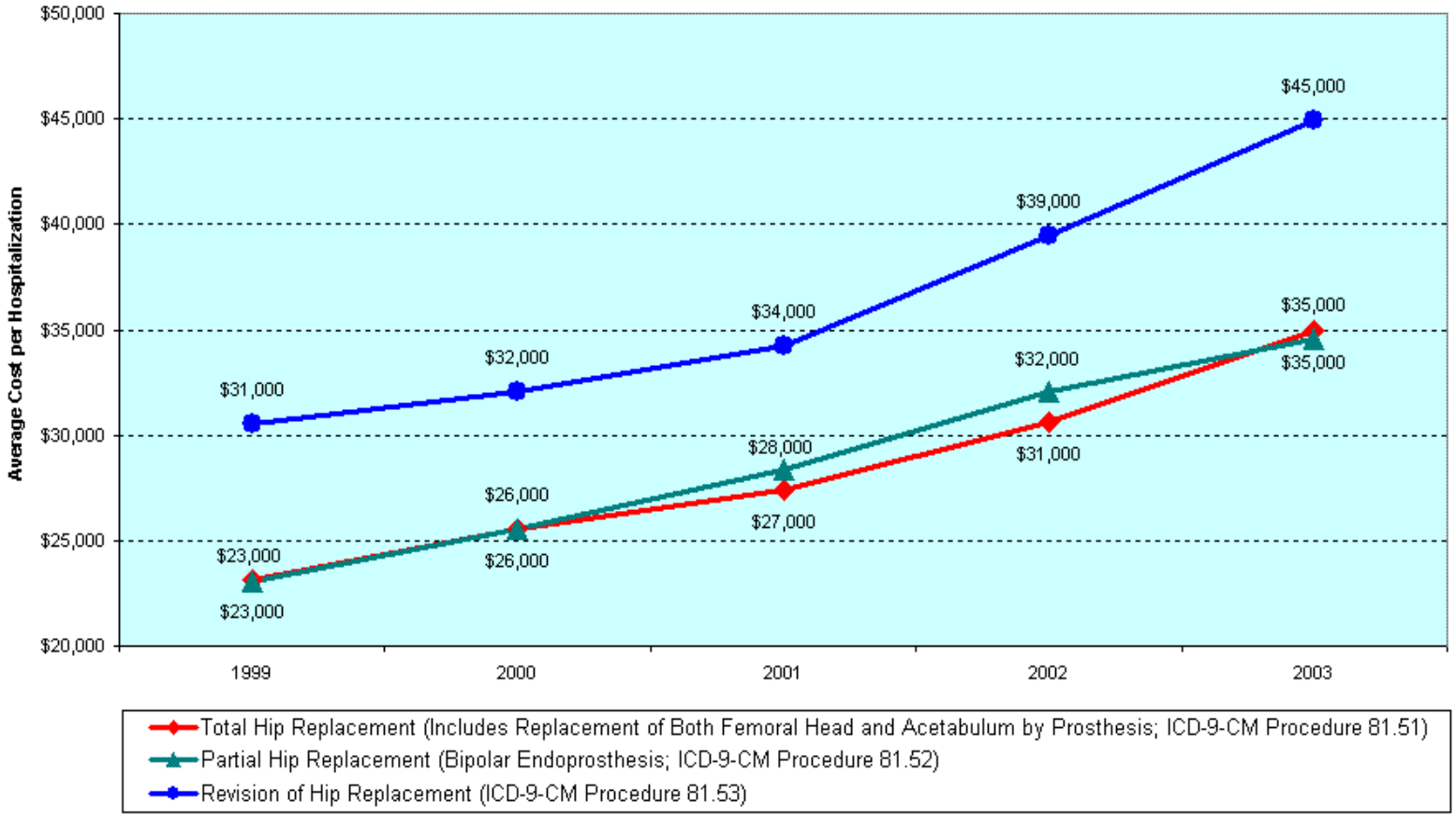
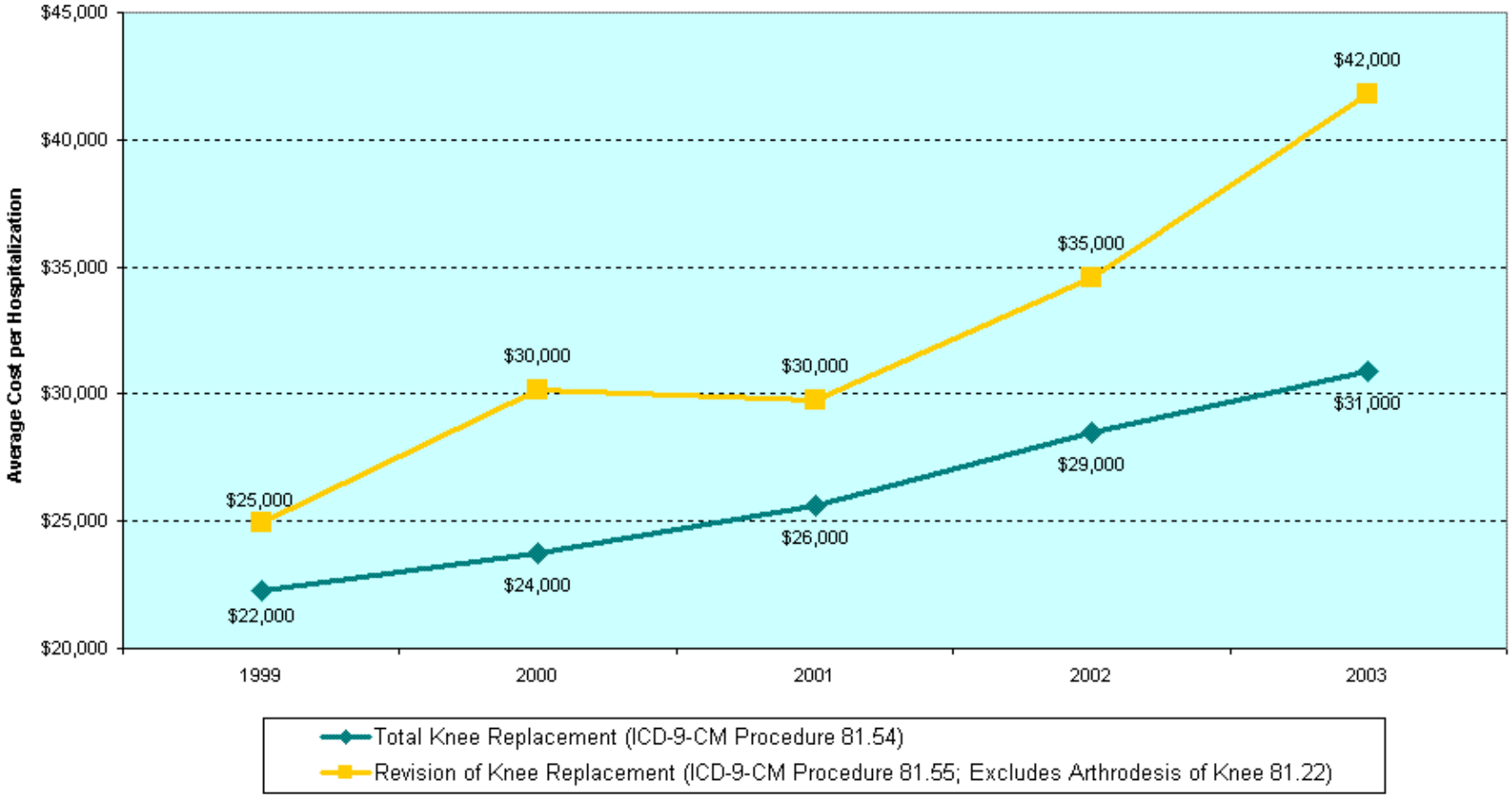
Average Hospitalization Costs for Hip Replacements



Source: HCUP Databases (Nationwide Inpatient Sample). Healthcare Cost and Utilization Project (HCUP). Agency for Healthcare Research and Qualtity, 1999-2003.

Notes: Numbers have been rounded to the nearest thousand. A patient record was included in this analysis if any of the possible listed procedures included the target procedure code. "Cost" refers to hospitalization charges and typically do not include professional (i.e., Dr's) fees and non-covered charges.

Average Hospitalization Costs for Knee Replacements



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Need for Data Collection

- No reliable mechanism to provide outcome data in a practical, timely manner
- Even data on failures is not easily collected
- Pricing information tightly held
- Comparable information on effectiveness of surgeons lacking

National Registries

- Sweden – 1979
- Finland – 1980
- Norway – 1987
- Denmark – 1994
- Hungry – 1998
- Canada - 2000

- Australia and New Zealand- developing
- US(Kaiser only) - 2002

Relative Revision Rates: US and Sweden

Total Hip Replacement (1998):

Sweden – 8%

US – 18%

Swedish process improvement has driven decreased revisions. E.g. cumulative frequency of Aseptic Loosening:

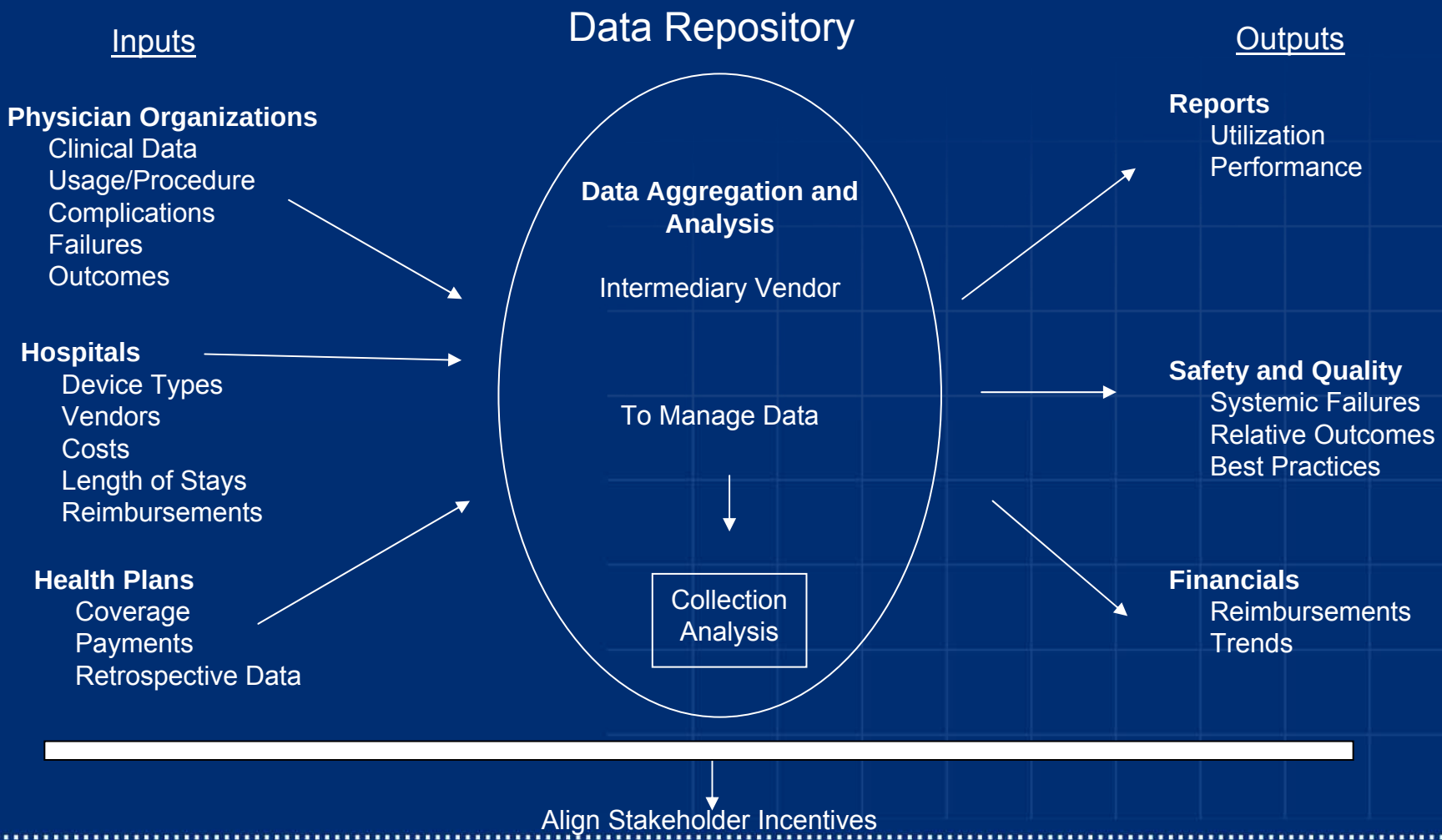
1979 - >10%

1981 - 6%

1985 – 4%

* Presentation by David G. Lewallen, MD, Mayo Clinic with data derived from UCIA National implant profile, Baltimore, Maryland, 97/98.

Medical Device Data Repository



Integrated Healthcare Association (IHA)

For more information:

www.iha.org

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