

## Finding and Addressing Waste to Improve Value in Health Care

Susanne Dade, Deputy Director  
Washington Health Alliance, Seattle, Washington

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### Health Care and the Social Contract

**1**  
Healthy people will take care of sick people.

**2**  
Middle aged people will care for the young and the old.

**3**  
We will help to pay for each other's care through a community risk pool arrangement (insurance).

**4**  
When I seek care from you, you'll do everything possible to avoid harming me.

**5**  
The health care sector will be good stewards with all of the resources that we provide it.



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# Waste in Health Care – Why We Care

**\$5.7 Trillion**

Total Spend on health care by 2026

**20%**

Percentage of GDP spend on health care by 2026

**\$500 - \$9,000**

Annual deductible for commercially insured individuals

**~ ½ of Americans**

Say they would have difficulty paying an unexpected \$400 medical bill and are one paycheck away from poverty

**~ 9 out of 10**

Adults likely lack all the skills they need to understand the health care system or manage their health care

**1 in 5 Adults**

Have medical debt actively in collections (in some areas, more like 30-50%)

**\$30 Billion**

What the health care industry spends per year on marketing . . . designed to make people worry about diseases they don't have and to ask for drugs, tests or treatments they don't need



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**And . . .  
We are  
Harming  
People**

## Physical Harm

Healthcare acquired infections  
Surgical errors  
Medication errors  
Excessive radiation  
False positives resulting in MORE . . .



## Emotional Harm

Worry  
Anxiety  
Lower productivity  
Absenteeism



## Financial Harm

Debt  
Bankruptcy  
Devastating trade-offs: food, medication and other health care, education, housing, employment



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## First, Do No Harm

Calculating  
Health Care  
Waste in  
Washington  
State

December 2018



## Results from the Health Waste Calculator



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## Overview of the MedInsight Health Waste Calculator <sup>TM</sup>

- Standalone software that analyzes health insurance claims data to identify and quantify wasteful services **as defined by national initiatives such as Choosing Wisely® and the U.S. Preventive Services Task Force**
- Version 7 used for this analysis - includes 48 measures
- Analysis done at the claim line level and includes both professional and facility-related claims
- The Health Waste Calculator includes situational intelligence that creates an assessment of the degree of waste:
  - ✓ **Necessary:** Data suggests appropriate services were administered by the healthcare provider
  - ✓ **Likely Wasteful:** Data suggests the need to question the appropriateness of services rendered
  - ✓ **Wasteful:** Data suggests the service should not have occurred based on current evidence, clinical guidelines and professional recommendations



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## What do we mean by waste or low value care?

In this report we use all the terms (waste, overuse, low-value) interchangeably.

Regardless of the terminology, we are talking about **medical treatments, tests and procedures that have been shown to provide little benefit in particular clinical scenarios and in many cases have the potential to cause physical, emotional and financial harm to patients.**

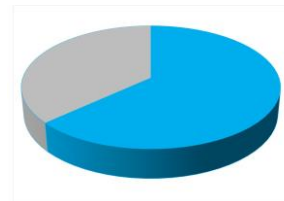
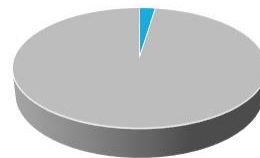
Overuse occurs when health care services are provided with a higher volume than is appropriate. "Appropriate" in this context, means health care that is:

- Supported by well-established evidence;
- Truly necessary to improve the outcome of care for a particular patient;
- Not duplicative of other tests or procedures already received; and
- As free from harm as possible.

## CAVEATS

**For all of the following reasons, the results should be viewed as *directional*, rather than absolute.**

- 48 measures, representing a subset of the total potential areas of low value healthcare in our state. *Extrapolation of these results to other types of care is not advised.*
- Claims data for approximately 4.3 million residents of Washington state – robust estimate of low-value services rather than a comprehensive analysis of services received by *all* Washingtonians during the measurement period. *Extrapolation of these results to other populations is not advised.*



Pie charts not to scale, for illustrative purposes only.

## CAVEATS (continued)

- Prevalence of waste noted, including number of services and individuals impacted, is based on *actual* utilization.
- Costs are *estimated*, based on Milliman's Consolidated Health Cost Source database for Washington state. Estimated costs are based on reference unit prices that represent the average cost of each service. Reference pricing for *allowed amounts* was used and estimates are based on the “case rate” method included in the Health Waste Calculator.
- Noted costs are only associated with the particular service in question, including professional and facility charges. Costs do not include subsequent unnecessary tests, procedures, treatments, inpatient or post-acute care that subsequently resulted from the initial unnecessary intervention – this is called “cascading harm.”
- When using claims data, there is always a time lag. The results in this report are from July 2016 - June 2017. We acknowledge that performance may have changed since June 2017.

## Summary

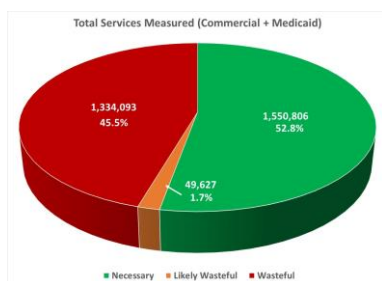
- Results include both commercially insured and Medicaid insured individuals in Washington state
  - **4,357,768** distinct members were included
    - 2,227,570 commercially insured individuals
    - 2,130,198 Medicaid insured individuals
- Results reflect examination of **48 common treatments, tests and procedures** known by the medical community to be overused – all tie to specific Choosing Wisely recommendations.

## Summary

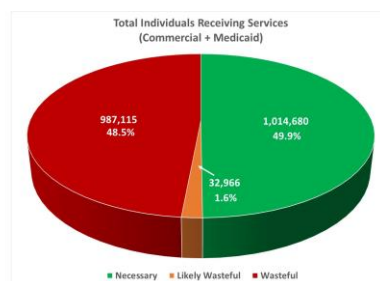
- Across the 48 measures, for both lines of business combined:
  - 2,934,526** services were measured, totaling an *estimated* spend of \$849 million
  - 47.2%** of measured services were found to be wasteful (1,383,720)
  - 2,034,761 individuals received services: **50.1%** (1,020,081) received low value services
  - An *estimated* **\$341 million** was spent on low value care
- The overall "Waste Index" is slightly higher for the commercially insured population than for the Medicaid insured population (48.6% versus 45.5%).
- Many of the top areas of waste are the same for both populations, but there are a few differences in how the services are ranked for each line of business.
- Ten out of 48 areas of waste measured account for 88% of the total.

## Health Waste Calculator Results (Overall, Commercial + Medicaid)

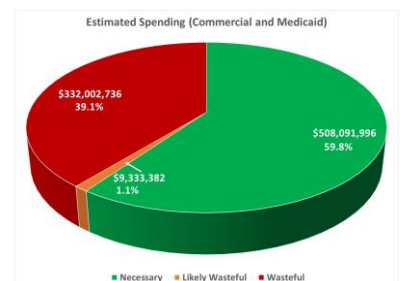
### SERVICES



### PEOPLE



### SPEND



- 2,934,526 services examined
- 47.2%** of services (1,383,720) determined to be low value\*

- 2,034,761 individuals\* received services
- 1,020,081 (50.1%)** individuals\* received low-value\*\* services

- Approximately \$849 million spent
- Approximately **\$341 million (40.2%)** spent on low-value\* services

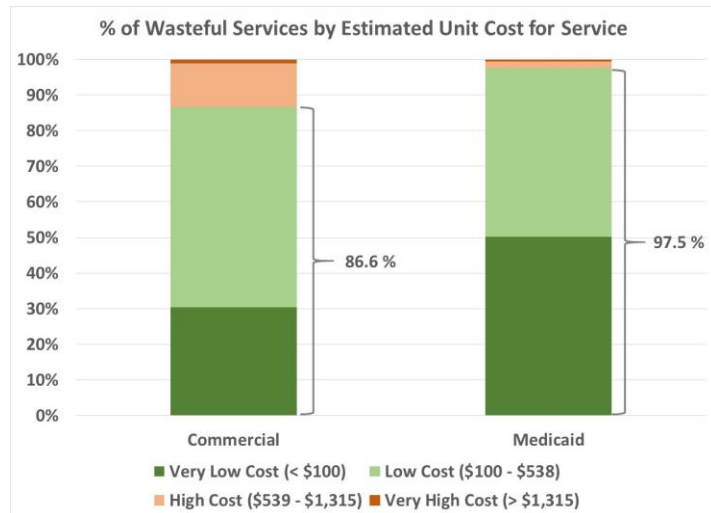
\*Low value includes Likely Wasteful + Wasteful

## Low Cost, Low Value Services are a BIG Driver

92% of all wasteful services found in this analysis (for the combined commercial and Medicaid populations) were very low cost (<\$100) or low cost (\$100 - \$538).

The break-down for each line of business in Washington shows some differences.

The “Little Things” add up!



## Targeting Key Drivers of Waste

**Ten out of 48 measures account for 88% of the waste measured for the combined population** (commercial and Medicaid). These ten include the following which are listed in priority order based on the number of wasteful services measured:

1. Opiates for Acute Low Back Pain in the First 4 Weeks
2. Antibiotics for Upper Respiratory and Ear Infections\*
3. Annual EKGs or Cardiac Screening for Low-Risk Individuals\*
4. Imaging Tests for Eye Disease\*
5. Preoperative Baseline Laboratory Studies Prior to Low-Risk Procedures\*
6. Two or more concurrent antipsychotic medications
7. Routine PSA Screening for Prostate Cancer\*
8. Too Frequent Cervical Cancer Screening for Women\*
9. Screening for Vitamin D Deficiency\*
10. Prescribing NSAIDs for Hypertension, Heart Failure or Chronic Kidney Disease

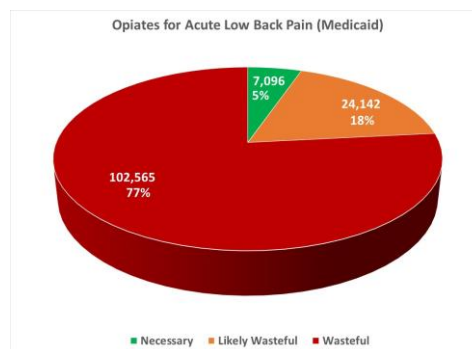
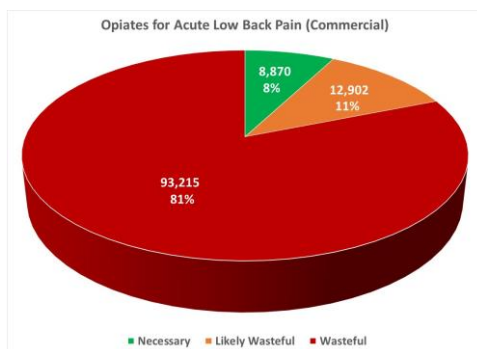
Seven of the ten areas of waste listed above were also among the top areas of waste from our first report (February 2018); these are noted above with an asterisk (\*).



## Opioids Prescribed for Acute Low Back Pain During First 4 Weeks

The overall Waste Index is 92% for the commercially insured population and 95% for the Medicaid insured population.

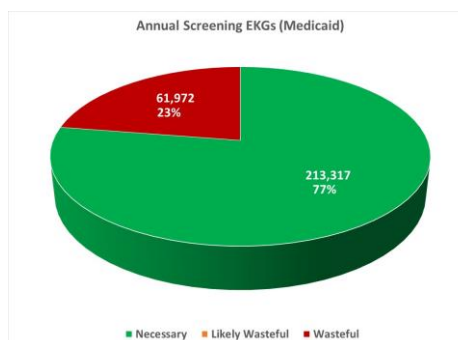
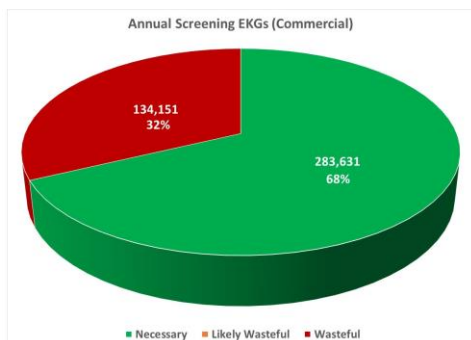
**A total of 232,824 wasteful services were delivered, impacting 105,906 individuals at an estimated cost of \$13.1 million.**



## Annual EKGs or Cardiac Screening for Low-Risk Individuals

The overall Waste Index is 32% for the commercially insured population and 23% for the Medicaid insured population.

**A total of 196,123 wasteful services were delivered, impacting 179,623 individuals at an estimated cost of \$62.2 million.**



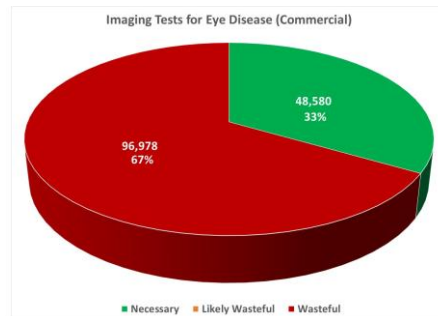
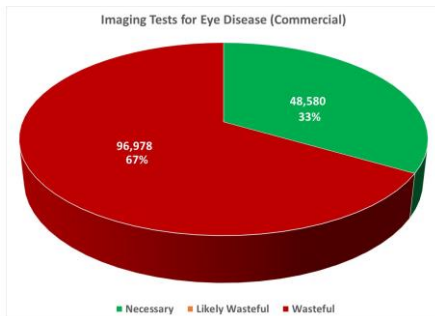


## Imaging Tests for Eye Disease

(Optical Coherence Tomography, Fundus Photography, Visual Field Testing, External/Internal Eye Photographs)

The overall Waste Index is 67% for the commercially insured population and 74% for the Medicaid insured population.

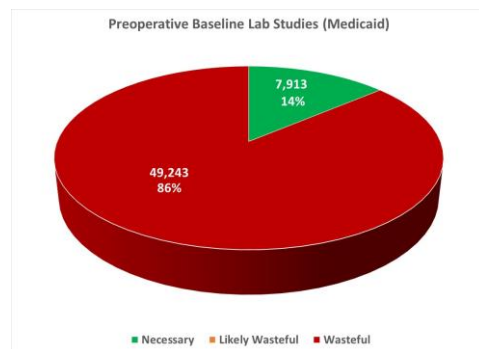
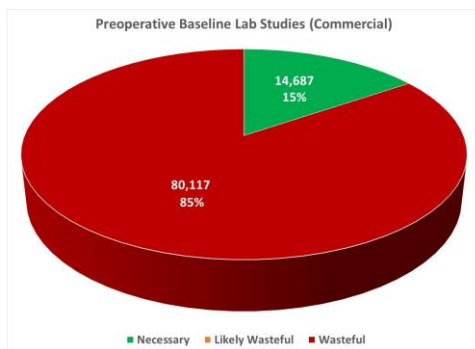
**A total of 137,070 wasteful services were delivered, impacting 95,305 individuals at an estimated cost of \$40 million.**



## Preoperative Baseline Lab Studies Prior to Low-Risk Procedures

The overall Waste Index is 85% for the commercially insured population and 86% for the Medicaid insured population.

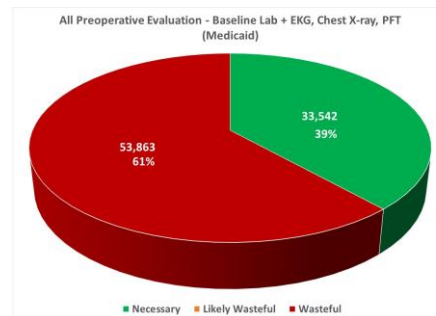
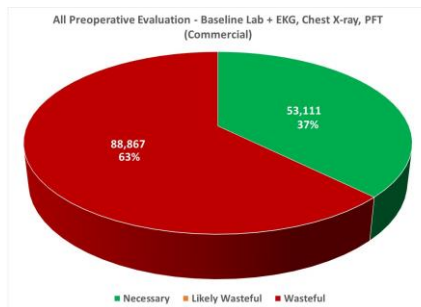
**A total of 129,360 wasteful services were delivered, impacting 109,913 individuals at an estimated cost of \$74.3 million.**



## All Preoperative Testing Prior to Low-Risk Procedures (Baseline Lab Studies + EKGs, X-rays, Pulmonary Function Testing)

There is a second measure regarding preoperative evaluation in the Health Waste Calculator. The second measure examines pre-op EKGs, chest X-ray and pulmonary function testing in members without significant systemic disease performed 30 days or fewer prior to a low-risk procedure.

**Combined, a total of 142,730 wasteful services were delivered, impacting 122,257 individuals at an estimated cost of \$85.2 million<sup>8</sup>.**



## Drop the Pre-Op!

A "Drop the Pre-op!" communication campaign was developed by clinician leaders and is cosponsored by the Washington Health Alliance, the WA State Medical Association and the WA State Hospital Association. The campaign is targeted at providers in family and internal medicine, surgical subspecialties and anesthesiology, and dental practitioners. The following information flyer is now being used throughout Washington state to educate providers. You can find this flyer and other related materials here: [www.wsma.org/choosing-wisely](http://www.wsma.org/choosing-wisely)

**DROP THE PRE-OP!**

Physicians Agree: All patients need pre-op EVALUATION, but a low-risk patient having a low-risk procedure does not need pre-op TESTING.

Providing high-quality care to patients includes eliminating unnecessary tests, treatments and procedures.

A recent study in Washington state reveals that almost 50% of patients received unnecessary pre-operative testing prior to low-risk procedures. This is a waste of time, money and resources.

Patients are entitled to the highest quality of care. Tests and procedures should be based on evidence-based medicine, not on tradition or habit.

**Benefits of Reducing Unnecessary Pre-op Testing**

**For patients:**

- Reduce unnecessary time spent in the office.
- Reduce patient stress and anxiety.
- Reduce waiting for test results and anxiety for "false positive" results.
- Reduce unnecessary test costs.

**For providers:**

- Provide evidence-based care to patients and reduce unnecessary costs.
- Reduce the time spent waiting, decreasing the waiting time for the next patient.
- Reduce the risk of misdiagnosis and unnecessary testing.
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**Choosing Wisely Recommendations**

1. Don't order baseline laboratory studies in patients without significant symptoms.

2. Don't order baseline chest X-ray or pulmonary function testing in patients without significant symptoms.

3. Don't order baseline EKG in patients without significant symptoms.

4. Don't order baseline echocardiogram in patients without significant symptoms.

5. Don't order baseline stress test in patients without significant symptoms.

6. Don't order baseline cardiac catheterization in patients without significant symptoms.

7. Don't order baseline cardiac surgery in patients without significant symptoms.

8. Don't order baseline cardiac transplantation in patients without significant symptoms.

9. Don't order baseline cardiac transplantation in patients without significant symptoms.

10. Don't order baseline cardiac transplantation in patients without significant symptoms.

**Choosing Wisely** WASHINGTON STATE TASK FORCE

**Pre-op Testing Prior to Low-Risk Procedures for Low-Risk Patients**

Physicians Agree: All patients need pre-op EVALUATION, but a low-risk patient having a low-risk procedure does not need pre-op TESTING.

**DO NOT ROUTINELY ORDER**

**Recommended Actions**

**Physicians, Hospitals and Other Health Care Organizations**

- Review guidelines and update policies to ensure that only necessary tests are ordered.
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**Physicians**

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**Choosing Wisely** WASHINGTON STATE TASK FORCE

## Calculating Health Care Waste Over Time

|   | Current Period<br>(July 2016 – June 2017) |                        |             | Prior Period<br>(July 2015 – June 2016) |                        |             |
|---|---|------------------------|-------------|---|------------------------|-------------|
|   | # of Services Examined                    | # of Wasteful Services | Waste Index | # of Services Examined                  | # of Wasteful Services | Waste Index |
| Opiates for acute low back pain             | 248,790                                   | 232,824                | 93.6%       | 267,494                                 | 251,528                | 94.0%       |
| Antibiotics for URI and ear infection       | 197,871                                   | 197,758                | 99.9%       | 202,094                                 | 202,020                | 99.9%       |
| Annual EKG/cardiac screening                | 693,071                                   | 196,123                | 28.3%       | 655,440                                 | 195,160                | 29.8%       |
| Imaging tests for eye disease               | 199,928                                   | 137,070                | 68.6%       | 190,751                                 | 136,248                | 71.4%       |
| Pre-op lab studies, low-risk procedures     | 151,960                                   | 129,360                | 85.1%       | 152,376                                 | 129,411                | 84.9%       |
| Two or more concurrent antipsychotic meds   | 488,477                                   | 118,015                | 24.2%       | 447,199                                 | 108,521                | 24.3%       |
| PSA-screening for prostate cancer           | 92,111                                    | 79,347                 | 86.1%       | 89,299                                  | 76,702                 | 85.9%       |
| Cervical cancer screening for women         | 254,510                                   | 52,594                 | 20.7%       | 252,161                                 | 58,231                 | 23.1%       |
| Screening for Vitamin D deficiency          | 136,629                                   | 40,049                 | 29.3%       | 145,214                                 | 43,033                 | 29.6%       |
| NSAIDs for hypertension, heart failure, CKD | 58,341                                    | 39,027                 | 66.9%       | 54,766                                  | 37,641                 | 68.7%       |

## Next Steps

- We will select 1-2 new areas for a deep dive and informational campaign (e.g., annual EKG/cardiac screening)
- We are working with a few delivery systems to run/test the HWC; so far results are comparable
- We are working with a handful of purchasers to run the data for their covered population through the HWC
- We will refresh our statewide results in 2019 for commercial and Medicaid
- We are developing the ability to produce results by delivery system – hopefully we'll have results in 2019
- A number of other states are gearing up to run the HWC – good news for us as this will give us more comparators and will elevate the conversation
- Lots of national – and even some international attention – for our report
- A number of other states are gearing up to run the HWC – good news for us as this will give us more comparators and will elevate the conversation



We are just starting  
our search for low  
value care. We  
know that our  
early results –  
while a great start  
– are just the tip of  
the iceberg.

Find our report “First, Do No Harm”:  
[www.wacommunitycheckup.org](http://www.wacommunitycheckup.org)

**W/A** WASHINGTON  
HEALTH  
ALLIANCE

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