

Achieving Affordable Health Care: The Role of Cost and Resource Use Measures

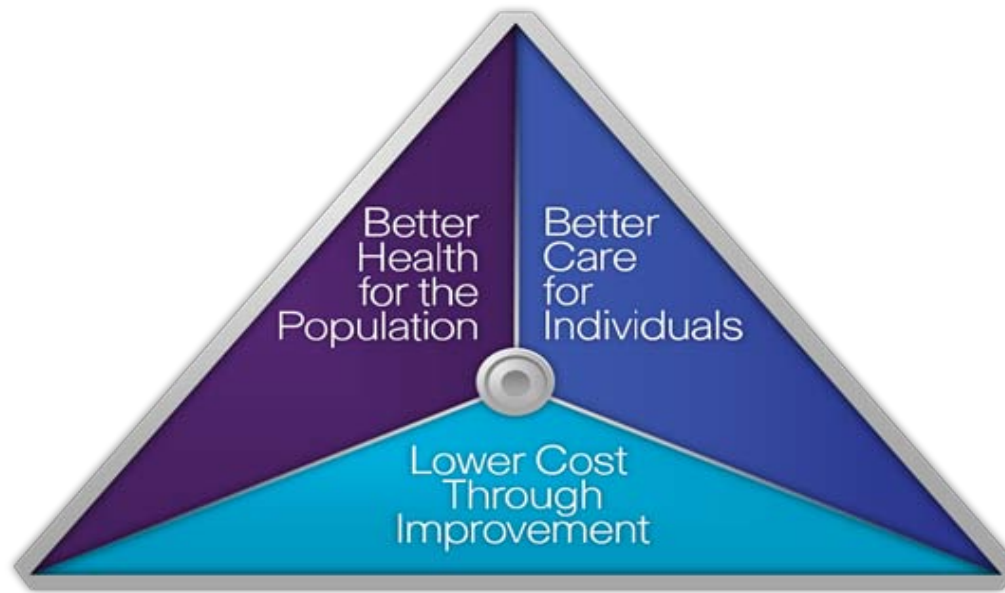
Part II: Utilizing Cost and Resource Use Measures in Payment and Public Reporting Programs

Invitational Learning Session
December 14, 2011

Agenda

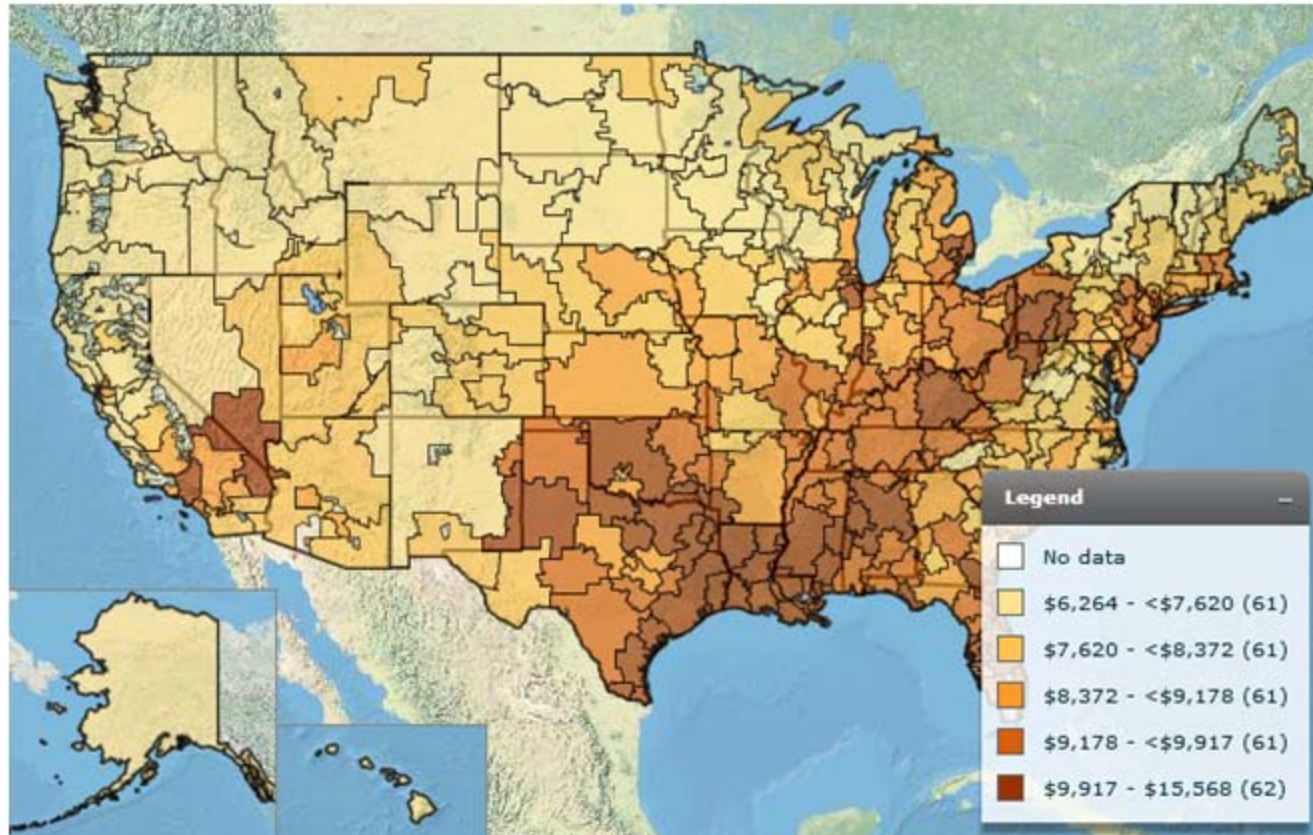
- Overview
 - **Debra Ness**, President, National Partnership for Women & Families and Co-Chair, Consumer-Purchaser Disclosure Project
 - **Bill Kramer**, Executive Director, National Health Policy, Pacific Business Group on Health and Co-Chair, Consumer-Purchaser Disclosure Project
- Presenters
 - **Paul Handel, MD**, Sr. Vice President and Chief Medical Officer, Health Care Service Corporation
 - **Robert Greene, MD**, Vice President of Clinical Analytics, United Health Care Clinical Services
 - **Denise Love**, Executive Director, National Association of Health Data Organizations
 - **Shoshanna Sofaer, Dr. P.H.**, Professor and Chair of Health Care Policy, Baruch College/CUNY
- Discussion and Wrap-Up

The Pursuit of Cost Reduction Along with Improvement



- **The Triple Aim requires the simultaneous pursuit of:**
 - **Better Care:** improving the individual experience of care
 - **Better Health:** improving the health of populations
 - **Lower Costs:** reducing the per capita costs of care for populations

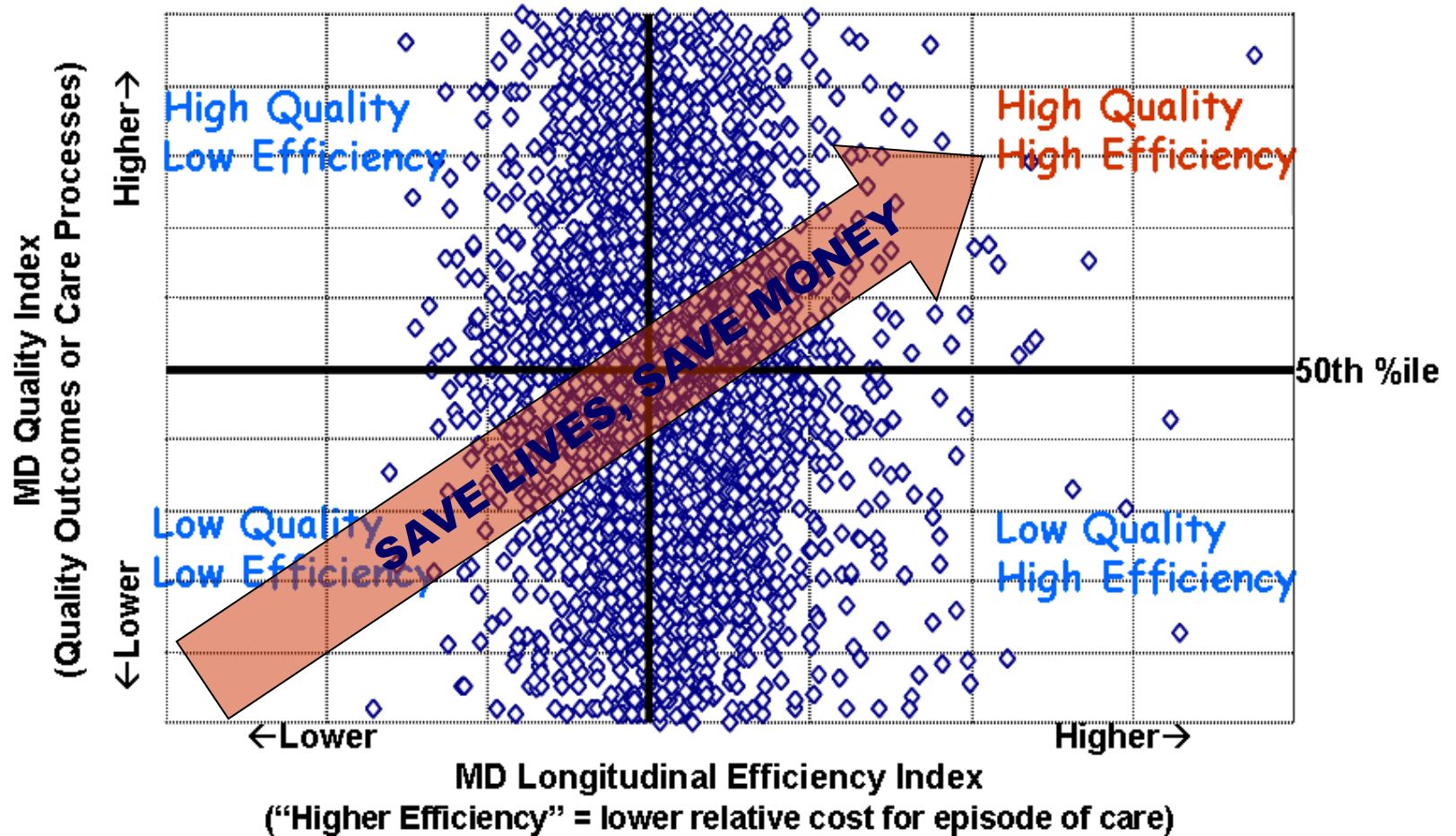
Variation In Regional Spending Is Striking: Price-adjusted Medicare Payments Per Enrollee*



*BY ADJUSTMENT TYPE AND PROGRAM COMPONENT
(Program Component: Overall; Adjustment Type: Price, Age, Sex & Race;
Year: 2008)

The Value Equation

Actual Distribution of Physicians by Quality and Efficiency



Definitions of Cost Measures

	Total Cost of Care Measures	Episodes of Care Measures	Relative Resource Use Measures
Definition	Total costs of the full cycle of care for a patient or population for medical conditions and/or defined period of time, not the cost of individual services.	All medical costs incurred by a patient for a specific diagnosis or condition and a specified period of time. (e.g. hip fracture—including diagnostic procedures, treatment and rehab)	The amount of health care resources used to provide services for a group of patients or health plan members compared to (or, relative to) the resource use of a comparable group.

For more information about these types of measures, see the materials and recording of the first part in this cost and resource use forum: <http://healthcaredisclosure.org/activities/forums>.



Creating Value: Combining Quality with Cost

Overall Care Report	Deaths	7 Types of Preventable Complications	Steps to Avoid Medical Errors	Patient Perspectives on Care (HCAHPS)	Cost to Alliance Members
REGIONAL HOSPITALS <small>sorted by quality, then cost</small>					
Hospital Name	+	○		78%	\$\$\$
Hospital Name	+	○		77%	\$\$
Hospital Name	+	○		77%	\$\$
Hospital Name	+	○		71%	\$\$
Hospital Name	+	○	declined	77%	\$\$
Hospital Name	+	-	declined	76%	\$\$\$
COMMUNITY HOSPITALS <small>sorted by quality, then cost</small>					
Hospital Name	+	○		71%	\$\$
Hospital Name	+	○		62%	\$\$
Hospital Name	+	○		61%	\$\$
Hospital Name	+	○		68%	\$\$\$
Hospital Name	○	○		68%	\$\$\$
Hospital Name	+	○	declined	67%	\$\$
Hospital Name	○	○		66%	\$\$\$
Hospital Name	○	○		78%	\$\$
Hospital Name	○	○		76%	\$\$
Hospital Name	○	○		71%**	\$
Hospital Name	+	○		61%	\$\$
Hospital Name	+	○		68%	\$\$\$
Hospital Name	○	○		68%	\$\$\$
Hospital Name	+	○	declined	67%	\$\$
Hospital Name	○	○	declined	78% [^]	\$
Hospital Name	○	○	declined	73%	\$\$
Hospital Name	○	○	declined	72%	\$

Challenges to Using Cost & Resource Use Measures

- Costs often seen as a proxy for quality by consumers
- Provider misperceptions regarding quality and cost
- More effective messaging to providers and consumers to encourage focus on “value” (cost and quality)
- Difficulty combining cost and quality measures into measures of overall value
- Determining the appropriate benchmarks for cost and resource use
- Lack of agreement on methodology (e.g., standards, provider attribution, risk adjustment)
- Resistance by many providers to use of cost & resource use measures for payment incentives, preferred provider tiering, and accountability.

About the Consumer-Purchaser Disclosure Project

The Consumer-Purchaser Disclosure Project is a coalition dedicated to improving the quality and affordability of health care in America for consumers and health care purchasers. The project's mission is to put the patient in the driver's seat — to share useful information about provider performance so that patients can make informed choices and the health care system can better reward the best performing providers. The coalition is comprised of leading national and local consumer organizations, employers and labor organizations. The Consumer-Purchaser Disclosure Project is funded by the Robert Wood Johnson Foundation along with support from participating organizations.

For more information go to <http://healthcaaredisclosure.org>

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