



Medicare Reference Based Pricing and Data to Support Employer Alliances

August 19, 2021



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VALUE IN HEALTH CARE

Housekeeping

- All lines are muted
- Please ask questions in the Chat box
- Webinar is being recorded
- Slides and a link to the recording will be posted on the Event Resources page on civhc.org



Presenters



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Agenda

- Overview of CIVHC and the CO APCD
- Medicare Reference-Based Price Report 2018 Update & Trends
- Data to Support Employer Cost Savings Efforts
 - High Cost Procedures
 - Chronic Conditions
 - Generic Drug Substitution
 - Cost Driver Analysis



Our Mission

We strive to empower individuals, communities, and organizations through collaborative support services and health care information to advance the Triple Aim: **Better Health**, **Better Care**, **Lower Cost**

We are:

- Non-profit
- Independent
- Objective



Who We Serve

Change Agents

Individuals, communities, or organizations working to lower costs, improve care, and make Colorado healthier.



Clinicians



Hospitals



Government



Consumers



Employers



Researchers



Health Plans



Non-Profits

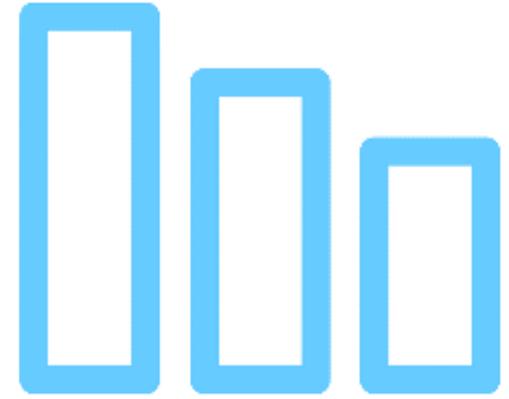


How We Inform



Public CO APCD Data

Identify opportunities for improvement in your community through interactive reports and publications



Non-Public CO APCD Data

License data from the most comprehensive claims database in CO to address your specific project needs



What's in the CO APCD

<https://www.civhc.org/get-data/whats-in-the-co-apcd/>





Medicare Reference-Based Price Report



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Medicare Reference-based Price Report

- Based on RAND Corporation 3.0 study using 2016-2018 CO APCD Claims
- CIVHC report features:
 - Interactive Division of Insurance and County-level Map Views
 - Addition of Patient Experience CMS 5-star ratings
 - Trend information from 2017-2018
 - Infographics at the DOI and Hospital level



Key Findings

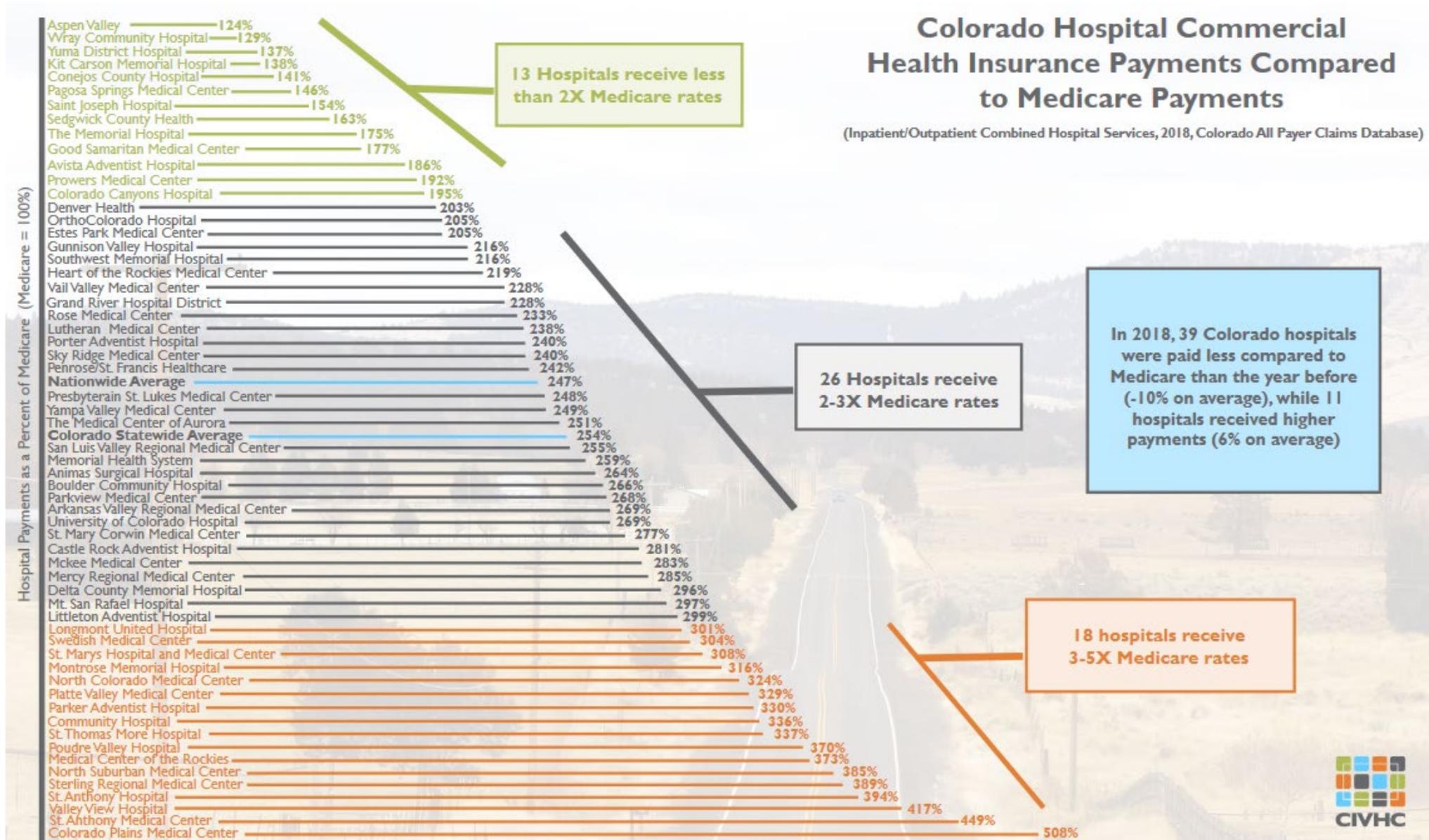
- Colorado's comparative outpatient service payments are significantly higher than the national average (267%) at over three times Medicare rates (312%). This places outpatient services in Colorado as among the most expensive on average in the country and one of the highest cost drivers for health care services in the state.
- Hospital prices vary widely through both rural and urban counties. In fact, the two lowest-paid hospitals (Aspen Valley, Wray Community Hospital) and two highest-paid (Colorado Plains Medical Center, St. Anthony Summit Medical Center) are located in rural counties.



Key Findings Continued

- From 2017 to 2018, inpatient and outpatient hospital payments in all but one (West) region of the nine DOI regions in Colorado decreased. Compared to hospitals nationally, however, only two DOI regions (Denver, Boulder) get paid less than the national average.
- Of the 52 hospitals with both 2017 and 2018 data available, for inpatient and outpatient services combined, the majority had a reduction in commercial payments in 2018 (-10% on average. Eleven hospitals received payments that were higher than in 2017 (6%+ on average).

Hospital Variation and Trends



Analysis conducted by RAND Corporation: https://www.rand.org/pubs/research_reports/RR4394.html based on data from Colorado All Payer Claims Database (CO APCD), 2018.

For more information or to view the full Medicare Reference-Based Price report, visit us at civhc.org



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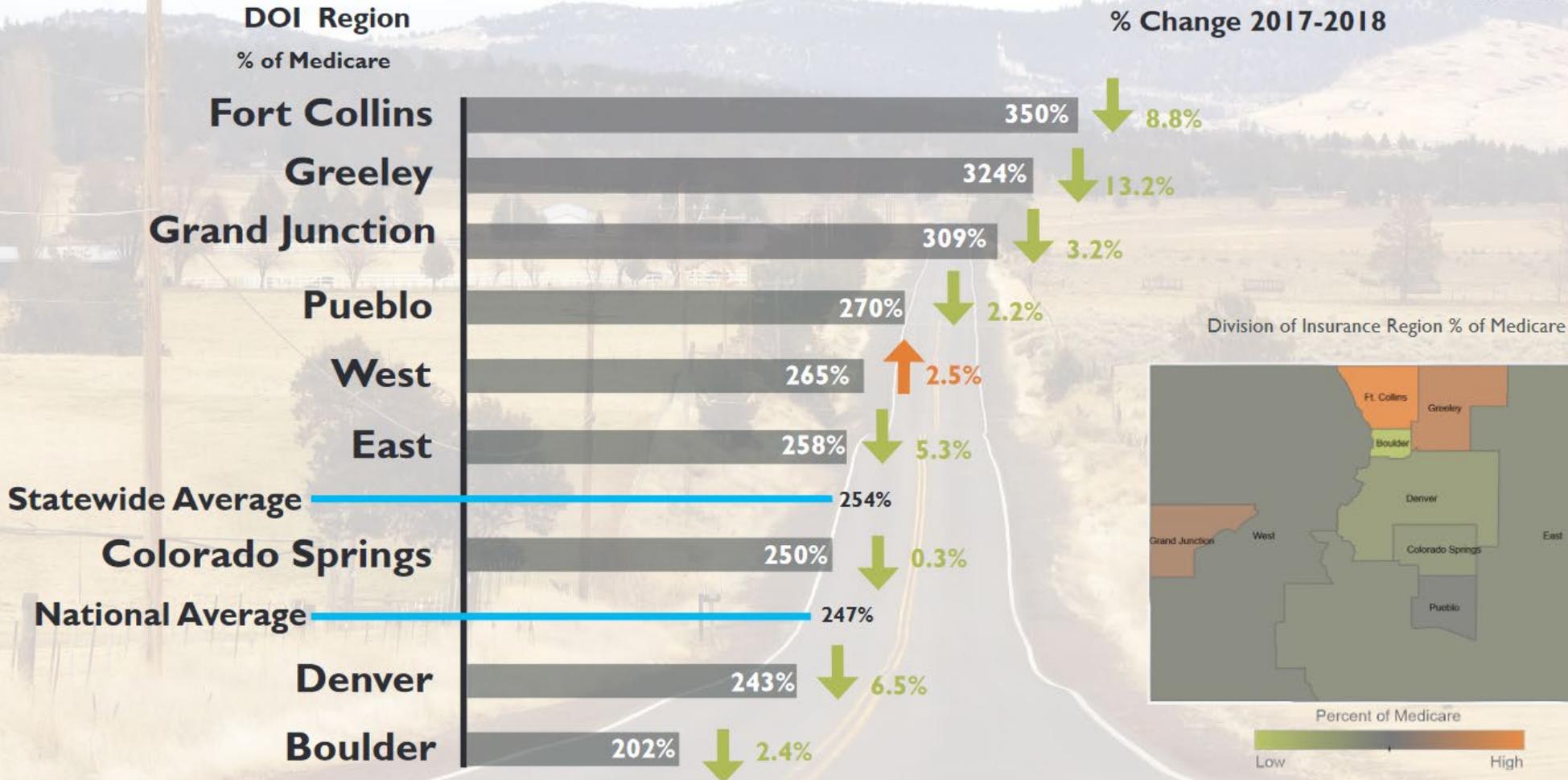
Division of Insurance Variation & Trends

Colorado Division of Insurance Region Commercial Health Insurance Payments Compared to Medicare Payments

(Inpatient/Outpatient Combined Hospital Services, 2018, Colorado All Payer Claims Database)



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For more information or to view the full [Medicare Reference-Based Price](https://www.civhc.org) report, visit us at [civhc.org](https://www.civhc.org)

How Employers Are Using Reference-based Data*

- Reference-Based Benefits – California Public Employees' Retirement System
 - Set threshold benefit level of \$30,000, saved \$2.8M in first year.
- Reference-Based Contracts – Montana
 - Maximum 230% of Medicare payment
- Reference-Based Prices – like above but without the contract
 - Employers contract with vendor to reprice claims and pay a set % of Medicare

*Catalyst for Payment Reform, Reference-based pricing: 3 models that cut health care cost inflation at its roots, April 12, 2021

Select GEOGRAPHY TYPE: County
 Select SERVICE TYPE: Inpatient and Outpatient Services

Percent of Medicare
 Low High

Medicare Reference-based Price Report

<https://www.civhc.org/get-data/public-data/focus-areas/reference-pricing/>

© OpenStreetMap

Inpatient and Outpatient Services

Hospital Name	Hospital % of Medicare	DOI % of Medicare	County % of Medicare	Patient Experience	Hospital Overall Rating
Animas Surgical Hospital	264%	265%	282%	★★★★★	-
Arkansas Valley Regl Med Ctr	269%	258%	269%	★★★☆☆	★★☆☆☆





Additional Reports to Help Employers Identify Cost and Quality Opportunities



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Background

- CIVHC worked with Colorado Business Group on Health, Peak Health Alliance, and other employers to develop standard reports to help support improving quality/lowering costs
- Seven reports have been developed to date:
 - Reference Based Price Report
 - Low Value Care
 - Potentially Avoidable ED Visits
 - Top 5 Procedure Cost Savings Analysis
 - Chronic Condition and Avoidable Complications
 - Prescription Drugs and Generic Alternatives Analysis
 - Cost Driver Analysis

Background

- All reports currently available for free for employers or employer groups with sufficient claims in the CO APCD
- Asking for feedback on report value/enhancements from employers
- Contact David Dale for more information or to demo additional reports: ddale@civhc.org

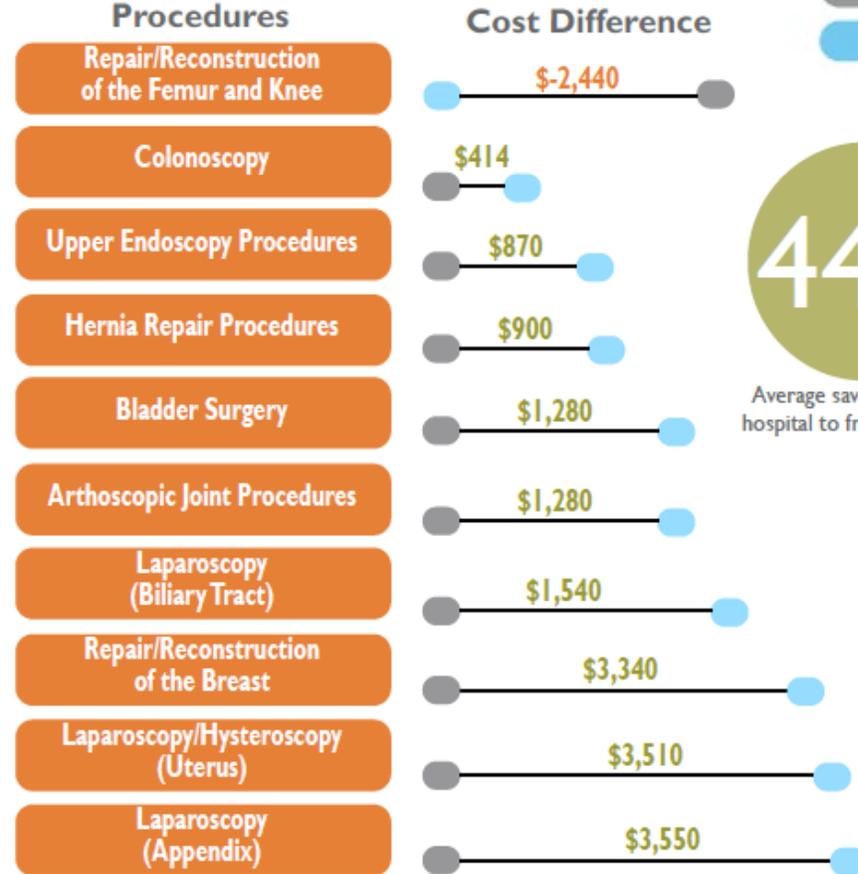


The Colorado Purchasing Alliance (TCPA) Case Study

Purpose:

- investigate potential cost savings available for outpatient procedures
- compare costs for services performed at hospitals to those performed at independent, free-standing centers not owned by a health system or hospital

Top 10 TCPA Outpatient Surgical Procedure Categories (2018-2019)



Claims Volume by Facility Type

Free-Standing - 49,000

Hospital-Based - 10,000

44%

Average savings moving from hospital to free standing facility

10% Shift in Service Site

Potential 2-Year Cost Savings

50% Shift in Service Site

\$1.1 Million

\$5.7 Million



Select a comparison **county**:

Select a comparison **division of insurance (DOI) region**:

EMPLOYER PROCEDURES SUMMARY

Top 6 Episodes by Cost

(hover to see where procedure ranks by episode volume)

Select an Episode Description to Filter Results Throughout Dashboard



Average Episode Cost
(hover to see average cost trends)

\$11,278

% of Total Cost
out of all procedures evaluated
(hover to see % of total cost trends)

100.0%

EL PASO COUNTY FT. COLLINS REGION STATEWIDE

Average Episode Cost
(hover to see average cost trends)

\$7,944

\$9,874

\$10,822

% of Total Cost
(hover to see % of total cost trends)

100.0%

100.0%

100.0%

Top 5 Procedures Cost Savings Analysis

- Identify the procedures driving high costs
- Examine costs by phase (pre, procedure, post) and how these costs vary by setting
- Compare average costs of post-procedure services (physical therapy, medication, rehab, ER visits, etc.)
- Identify procedure and post-procedure complication rates
- Compare facility specific costs (often subject to suppression)



Chronic Conditions & Avoidable Complications

- Identify the chronic conditions and member population driving high costs
- Identify complication rates and ER Rates and costs associated with each
- Explore the top service categories and ER visit diagnoses associated with the top conditions from your member population

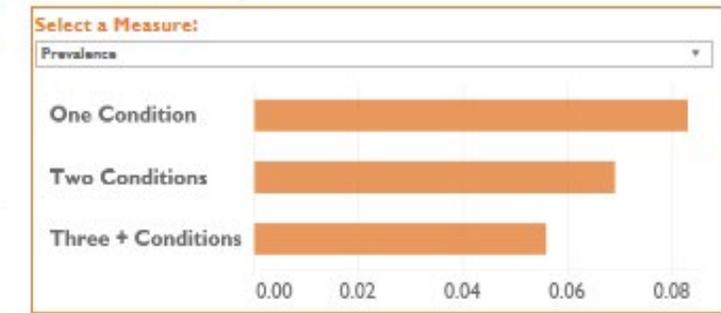
TOP CHRONIC CONDITIONS EMPLOYER SUMMARY

Instructions

Top 5 Chronic Conditions

Episode Description	EP	Total Episodes	Prevalence Rate
Depression & Anxiety		122,878	47.2%
Hypertension		82,164	31.6%
Low Back Pain		52,998	20.4%
Gastro-Esophageal Reflux Disease		41,004	15.8%
Allergic Rhinitis/Chronic Sinusitis		34,745	13.3%

Member Summary



GEOGRAPHIC COMPARISON

Condition Selected: Hypertension

Select a Comparison County:

Denver

Select a Comparison Division of Insurance (DOI) Region:

Boulder

Total Cost

Employer

\$394,179,537

Denver County

\$300,133,893

Boulder Region

\$37,471,781

Statewide

\$479,241,208

Yearly Condition Cost

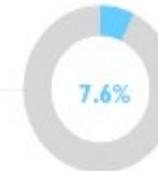
\$3,010.60

\$937.93

\$1,049.79

\$511.13

Prevalence Rate





Prescription Drugs & Generic Alternatives

Spending Overview

Total Spending

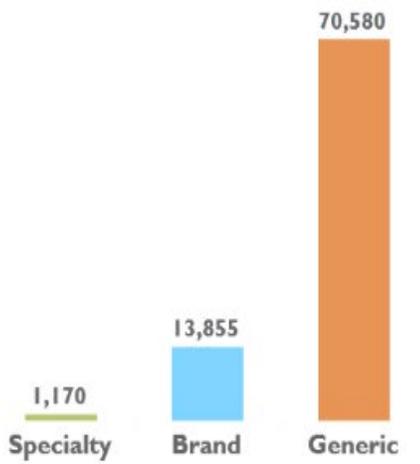
\$10.8M
All drug types

\$5.0M
Specialty

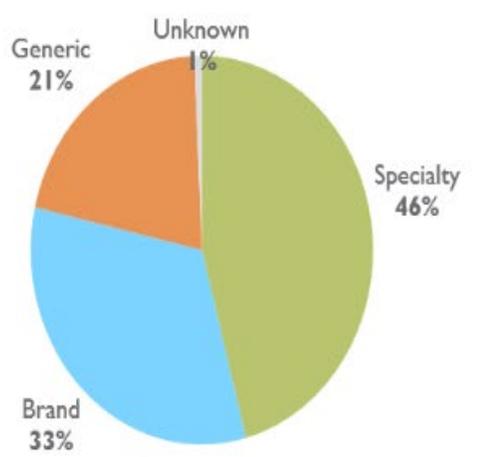
\$3.5M
Brand

\$2.2M
Generic

Number of Prescriptions



% of All Spending ⁱ



Avg Quantity Dispensed Cost



- See the breakdown of costs among member population by drug type
- Identify member population's top 25 drugs by volume and spending
- Explore which of member population's top drugs have generic alternatives available



Cost Driver Analysis

- See the breakdown of costs by spending category amongst member population and how trends have changed over time
- Explore costs of specific services within each spending category and trends over time



EMPLOYER SUMMARY

Percent of Spending by Category, 2016-2019



Percent of Spending by Category Over Time



Total Spending by Category, 2016-2019

Hover to see spending over time



Spending per Member per Month, 2016-2019



Employer Purchaser Alliances Sharing

- The Colorado Purchasing Alliance
 - Robert Smith, CEO
- Peak Health Alliance
 - Claire Brockbank, CEO





Data to Drive Decisions

Webinar Series

Analytics from the CO APCD

The Colorado Purchasing Alliance

“Purchasers Leading Market-Based Health Reform”

“Without data you’re just another person with an opinion.”

W. Edwards Deming



{from an independent source.... R. Smith}

About The Colorado Purchasing Alliance: Using data to drive a... A Regional/National Purchasing Initiative

Colorado Purchaser LOIs

- Board of Education Self-funded Trust (BEST)
- Colorado Employer Benefit Trust (CEBT)
- City and County of Denver
- Colorado PERA
- Harrison School District
- Jefferson County Public Schools
- Larimer County
- Littleton Public Schools
- Pinnacol Assurance
- Sheet Metal Workers Local 9
- **State of Colorado**
- St. Vrain Valley Schools

63k EE (approx.)

(Employees in Colorado)

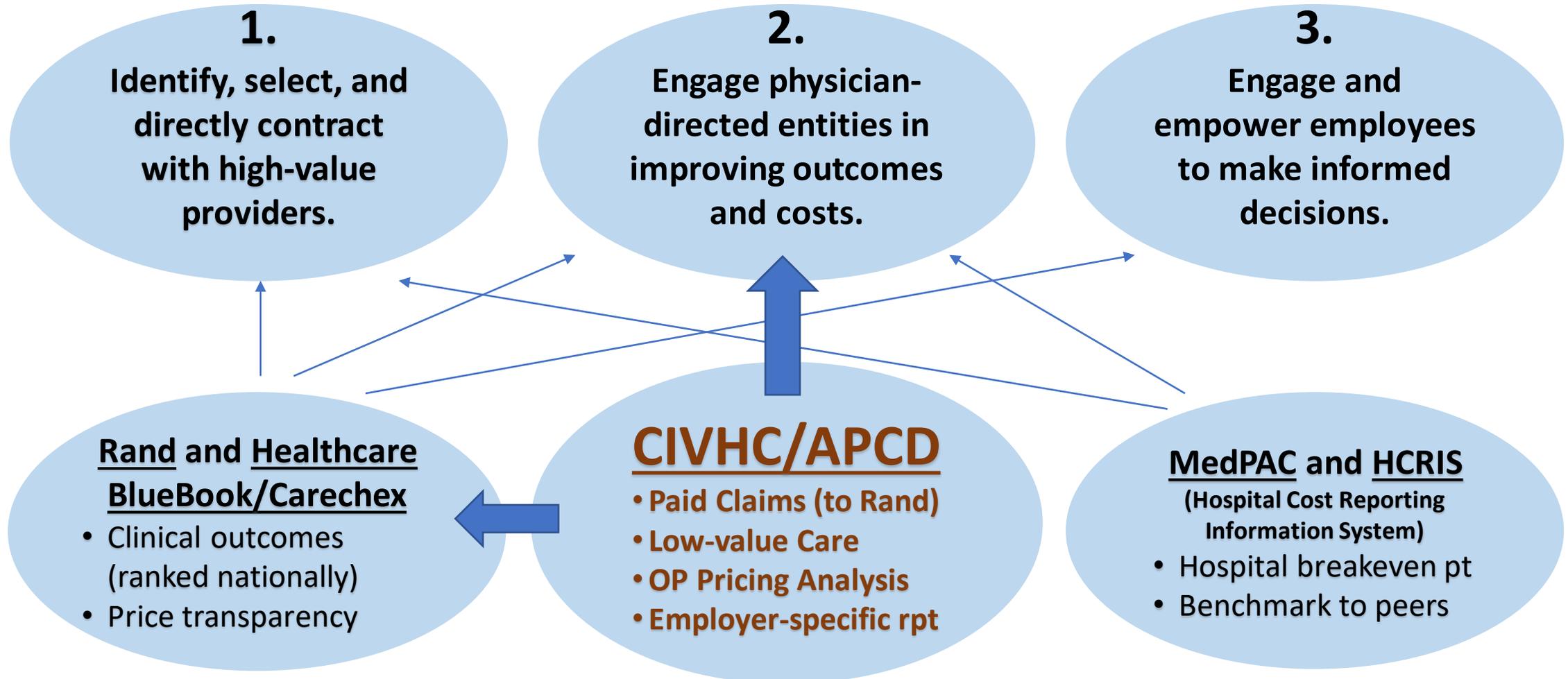
Purchasing Business Group on Health*

• Albertsons:	10,600
• Apple:	1,000
• Comcast:	10,200
• Lowes:	1,700
• Walmart	27,000
• Wells Fargo	6,370
• Boeing	<u>1,800</u>
Total	58,670 EE's

*PBGH purchases care for 40+ national employers representing approximately 15 million lives.

Sources and Uses of Data

“The ultimate purpose of collecting data is action.” – W. Edwards Deming



Questions? Suggestions?



Reach out to info@civhc.org



Connect with CIVHC on Facebook, LinkedIn, and Twitter



Recording will be posted here:

www.civhc.org/about-civhc/news-and-events/event-resources/

Upcoming Webinars

September 16 – **Change Agent Sarah Gordon** formerly with Brown and now with Boston University will be discussing her experiences using CO APCD data to understand the impact of churn in Medicaid coverage after the Affordable Care Act

October and beyond – stay tuned to civhc.org, newsletters/Data Briefs, and social media where we will announce upcoming topics and Change Agents using health care data to drive decisions

