nrhi

Network for Regional Healthcare Improvement

Getting to Affordability

Healthcare Affordability:
Data is the Spark, Collaboration is the Fuel

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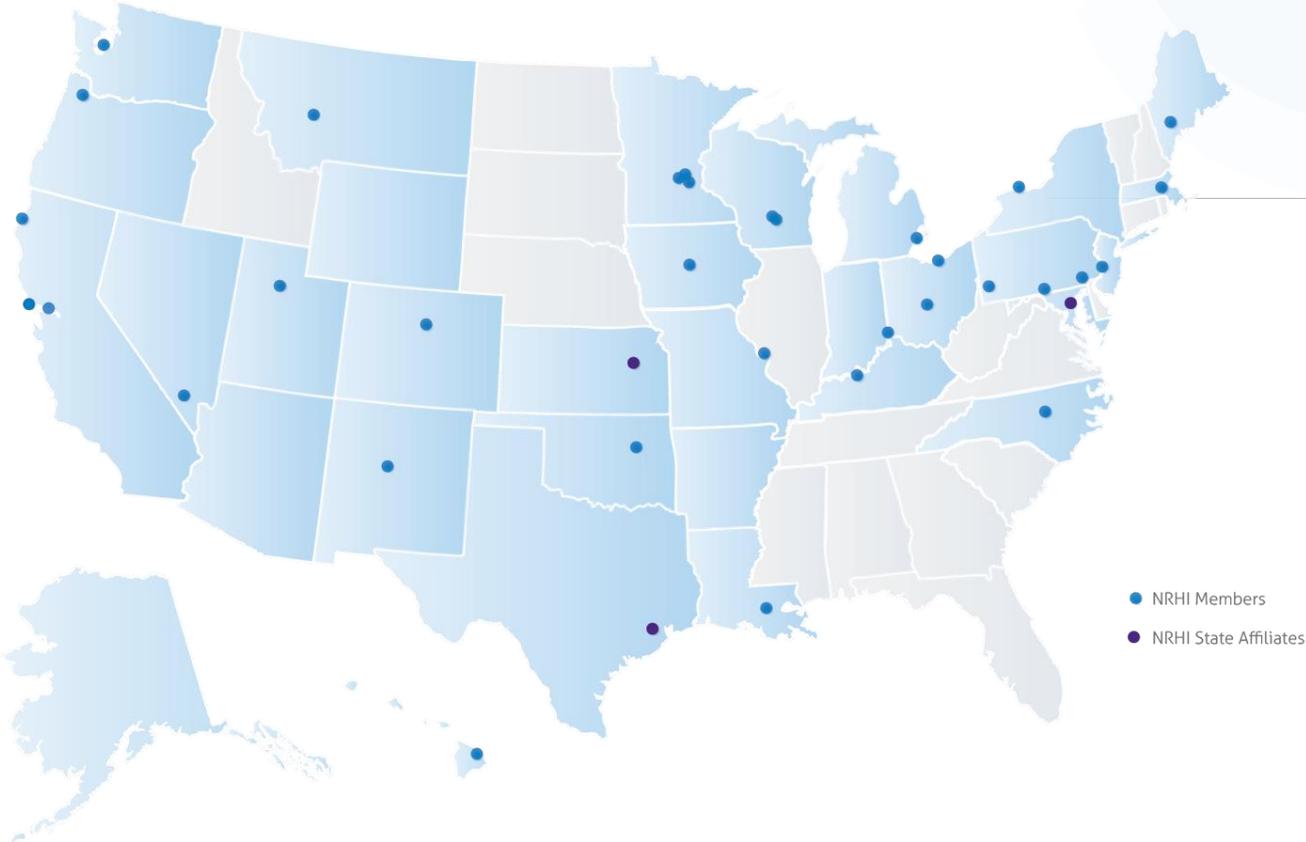# In 2016, Colorado's higher total commercial health care costs were driven by:

Higher prices

Higher utilization of services

Both higher prices and higher utilization of services

Expansion of Medicaid

NRHI Members Span the U.S.

● NRHI Members
● NRHI State Affiliates

What is NRHI?

- National membership organization of 35 regional health improvement collaboratives (RHICs) and state partners across the United States

- RHICs work together through NRHI to accelerate and spread regional innovation nationwide

- NRHI spearheads signature initiatives with participation from multiple members
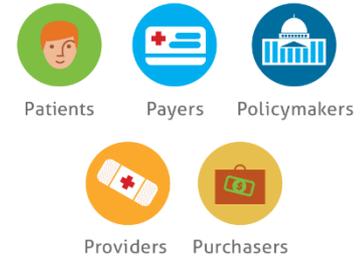
The Path to Affordable Healthcare
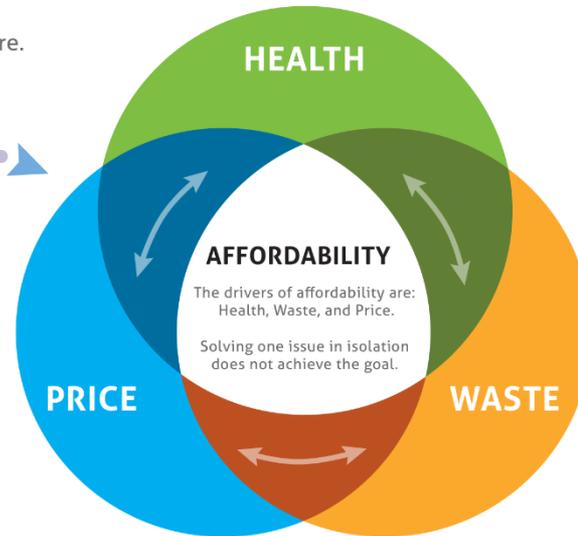
We have a problem.

Costs
Quality

The way we receive healthcare in the United States is broken, and as a result Americans are less healthy while paying more.

We all created the situation. It will take all of us working together to solve it.

Patients   Payers   Policymakers

Providers   Purchasers

Regional Health Improvement Collaboratives

Providers
Payers
Policymakers
Purchasers
Patients

**Regional Focus
Neutral Conveners
Non-Profit**

HEALTH

AFFORDABILITY

The drivers of affordability are: Health, Waste, and Price.

Solving one issue in isolation does not achieve the goal.

PRICE

WASTE

What does it take to address the problem?

Transparency
Data & Information
Aligning Incentives
Community Engagement
Collaboration Across Sectors
New Payment Models
Informed Consumers

Who could do all this?

Patient Education	Paying for What Matters
Analysis & Reporting	Quality Improvement

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Getting to Affordability

REGIONAL COMMITMENT. NATIONAL IMPACT.

The initiative was piloted by NRHI and RHICs in five regions. Their success led to the expansion to thirteen additional regions over the course of the project.

Pilot RHICs

Center for Improving Value in Health Care | Colorado
Maine Health Management Coalition | Maine*
Midwest Health Initiative | St. Louis, Missouri
Minnesota Community Measurement | Minnesota
Oregon Health Care Quality Corporation | Oregon

Expansion Regions

Greater Detroit Area Health Council | Michigan
HealthInsight Nevada | Nevada
HealthInsight New Mexico | New Mexico
HealthInsight Utah | Utah
Health Care Improvement Foundation | Philadelphia
The Health Collaborative | Ohio
Integrated Healthcare Association | California
Maryland Health Care Commission | Maryland
Massachusetts Health Quality Partners | Massachusetts
The University of Texas Health Science Center at Houston | Texas
Virginia Health Information | Virginia
Washington Health Alliance | Washington
Wisconsin Health Information Organization | Wisconsin

Phase I and II only participant

What We Found
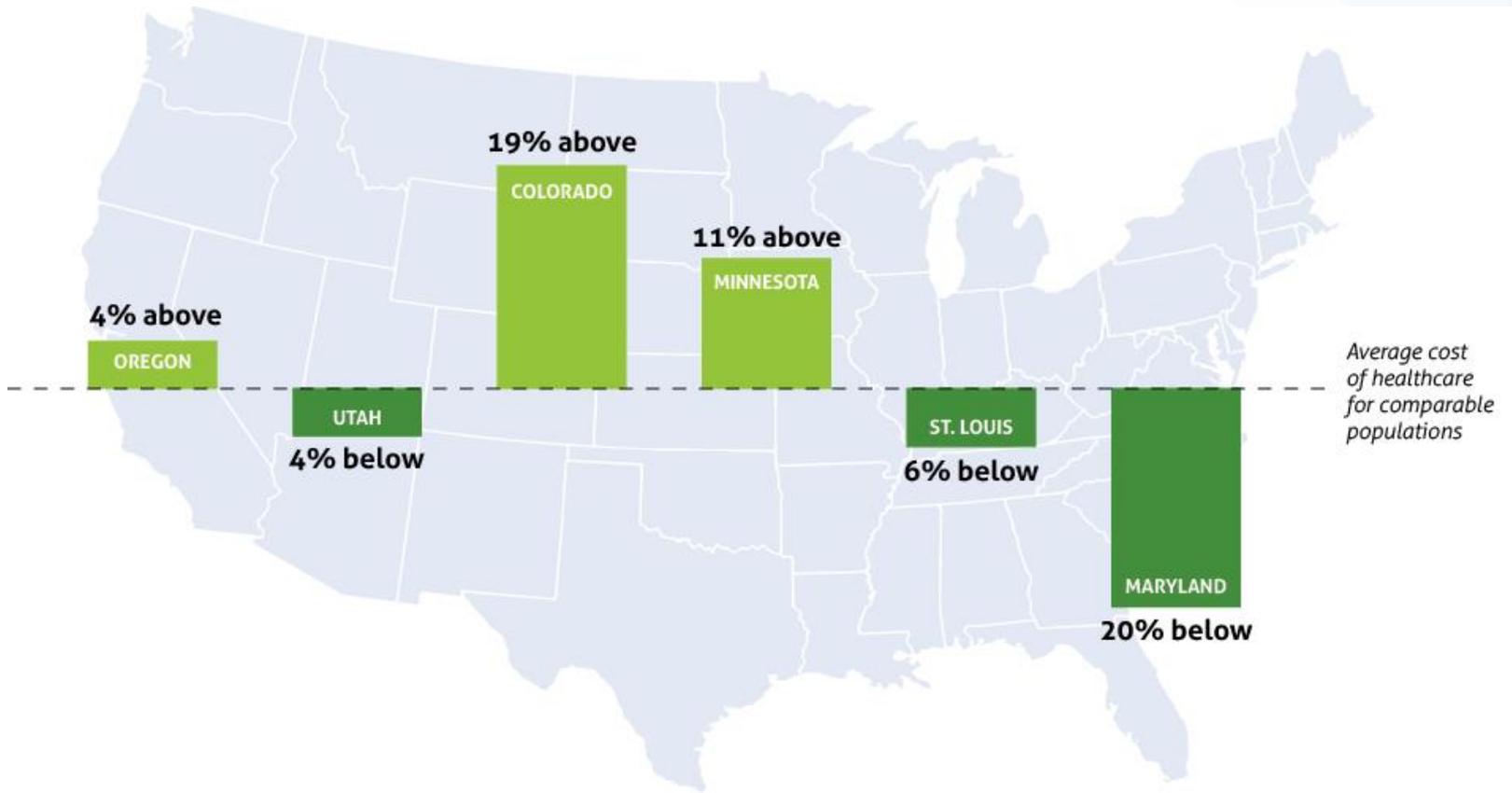
Key Findings

- Multiple years of consistent results confirm stability of measure

- It's not just price variation that drives costs - in both directions – utilization is also a key driver

- Foundation built by benchmarking regions has sparked curiosity and promoted spread of cost transparency

- Data alone is not sufficient; multi-stakeholder collaboration is essential

Consistency in Results Over Time

## Comparing Participants in All Three Years

Year to Year Comparison of Total Cost of Care
Compared to Average
Commercial Population 2014 — 2016
Combined Attributed and Unattributed

Only Participants With Data For All Three Years

Measure	Maryland	Minnesota	Oregon	Utah
Total Cost				
2014	-16%	11%	7%	0%
2015	-12%	11%	4%	0%
2016	-17%	14%	7%	-1%
Rank				
2014	1	4	3	2
2015	1	4	3	2
2016	1	4	3	2

What's driving the variation?

Untangling The Cost Drivers
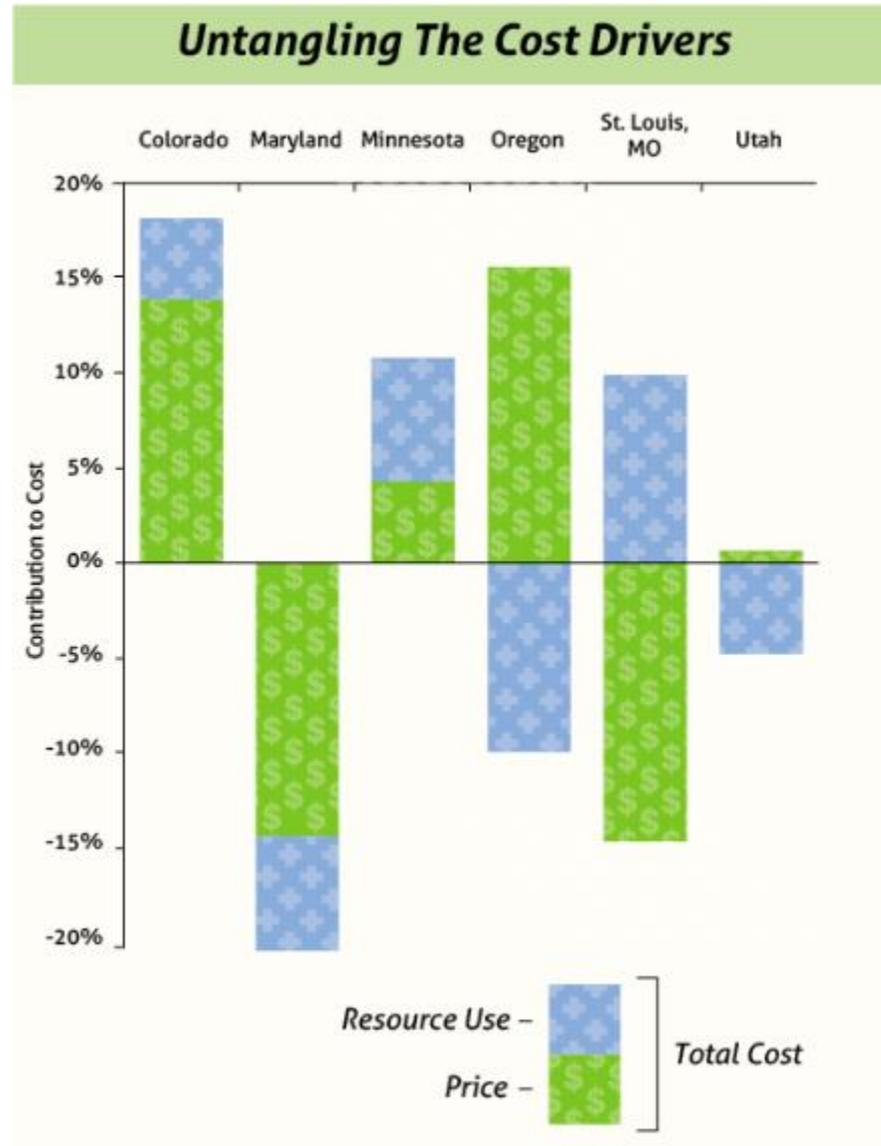
Spreading Actionable Cost Reporting

An Expanding Influence

OREGON

MINNESOTA

UTAH

COLORADO

ST. LOUIS

MARYLAND

Benchmark Regions   Expansion Regions

Advancing cost transparency in benchmark regions is producing a ripple effect across the country. If cost transparency was achieved in the 13 expansion regions, it is estimated that reporting on an additional 55 million commercially- covered lives, could ignite meaningful change by providers, purchasers, payers, patients, and policymakers.

Source: Fact Finder **2012-2016 American Community Survey 5-Year Estimates**

Data is the Spark; Collaboration is the Fuel

Data in Action **Providers**

Multi-payer reporting enables providers to validate, challenge, and change practice patterns, select high-value specialists, and monitor the impact of change over time.

Data in Action **Purchasers**

Identification of high-value providers and health plans informs purchaser's benefit network design.

Data in Action **Policymakers**

Provides meaningful information to inform policy targeted at the actual drivers of healthcare costs.

Data is the Spark; Collaboration is the Fuel

Data in Action
Payers

Provides aggregated cost information they wouldn't otherwise have access to and can drive improvement in the market.

Data in Action
Patients

Public reporting raises patient awareness of the variation that exists and informs selection of higher quality, more cost-efficient providers.

Thank You!

Overview

- Colorado data based on 2016 claims in the CO APCD
    - 17 commercial health plans
    - 63 Adult primary care practices
    - 31 Pediatric primary care practices
    - 55 Medicare primary care practices

How This Study is Different

- **Other studies are either too broad** to be actionable **or too specific to meaningfully** to measure system-wide change. For the first time, these results do both.

- CO has long known that costs vary regionally across the state. These results help us **understand whether price, utilization or both are driving cost variation**.

- Multi-state comparisons provide insights into how the CO marketplace differs from other regions offering **potential alternatives to our model**.

Findings

- **CO's total cost per person is 19% higher due to:**
  - **5% higher Utilization**
  - **13% higher Prices**
- **We are the only state with both higher than average total cost and prices across all major service categories**

Total Cost of Care by Service Category
Commercial Population 2016
Combined Attributed and Unattributed

Measure	Colorado	Maryland	Minnesota	Oregon	St. Louis, MO	Utah
Total Cost						
Overall	19%	-20%	11%	4%	-6%	-4%
Inpatient	21%	-27%	12%	5%	-13%	8%
Outpatient	34%	-34%	3%	0%	1%	5%
Professional	2%	-16%	30%	18%	-22%	-9%
Pharmacy	28%	-3%	-10%	-16%	15%	-14%
Resource Use						
Overall	5%	-7%	7%	-10%	10%	-5%
Inpatient	-8%	-10%	9%	-16%	13%	13%
Outpatient	17%	-26%	6%	-24%	29%	3%
Professional	-4%	2%	17%	-3%	-5%	-8%
Pharmacy	22%	-4%	-16%	-7%	21%	-17%
Price						
Overall	13%	-14%	4%	16%	-15%	1%
Inpatient	31%	-19%	3%	25%	-23%	-4%
Outpatient	15%	-11%	-3%	32%	-22%	3%
Professional	7%	-18%	11%	22%	-17%	-1%
Pharmacy	5%	1%	7%	-10%	-5%	4%

Note: This is the midpoint of the ranges created from the sensitivity analysis and represents the percent about or below the risk adjusted average across all regions.

CO Total Cost of Care 2015/16 by Service Category: Percentage Comparison to Multi-State Average
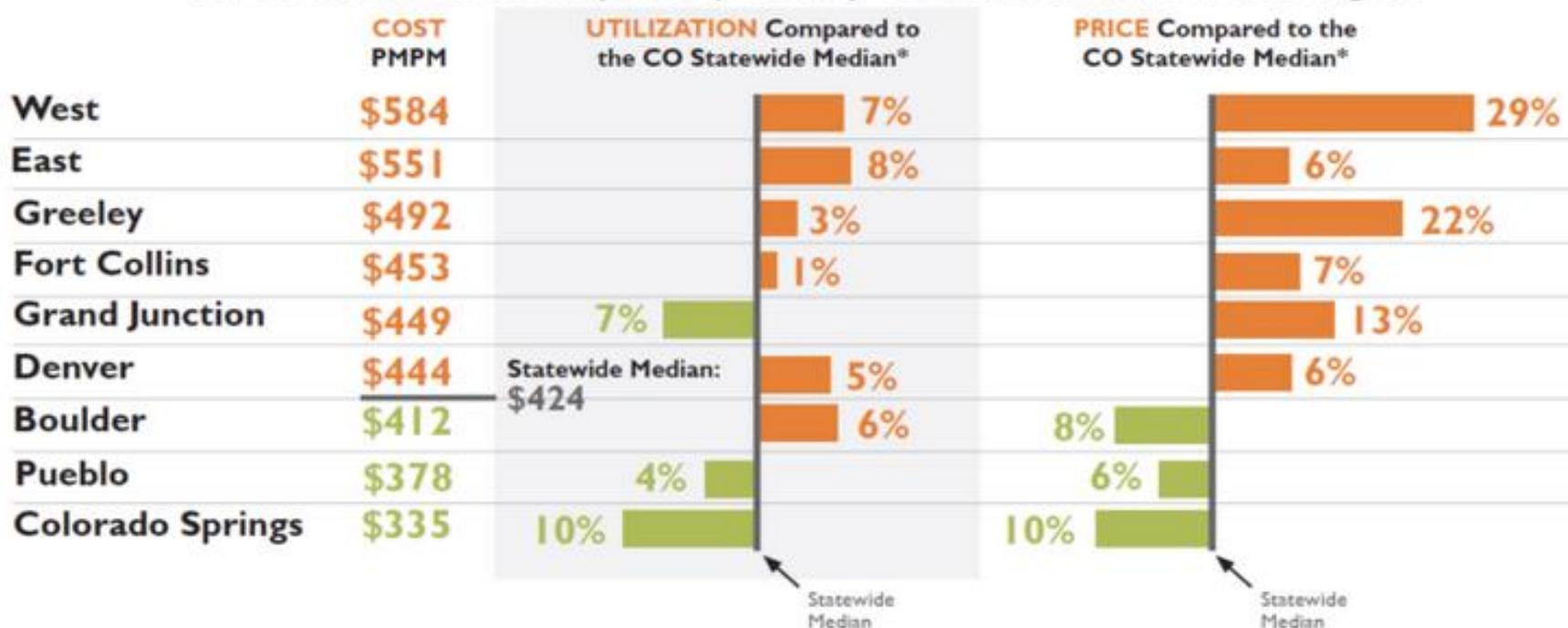
Category	2015	2016	Percentage Point Change
Total Cost			
Overall	17%	19%	**+2%**
Inpatient	16%	21%	**+5%**
Outpatient	30%	34%	**+4%**
Professional	5%	2%	**-3%**
Pharmacy	24%	28%	**+4%**
Resource Use (Utilization)			
Overall	11%	5%	**-6%**
Inpatient	0%	-8%	**-8%**
Outpatient	25%	17%	**-8%**
Professional	3%	-4%	**-7%**
Pharmacy	23%	22%	**-1%**
Price			
Overall	6%	13%	**+7%**
Inpatient	16%	31%	**+15%**
Outpatient	4%	15%	**+11%**
Professional	2%	7%	**+5%**
Pharmacy	0%	5%	**+5%**

Colorado Regional Data, Total Costs

Total (Inpatient, Outpatient, Professional, Pharmacy) Median Risk-Adjusted
Per Member Per Month (PMPM) Cost by CO Division of Insurance Region

	COST PMPM	UTILIZATION Compared to the CO Statewide Median*	PRICE Compared to the CO Statewide Median*
West	$584	7%	29%
East	$551	8%	6%
Greeley	$492	3%	22%
Fort Collins	$453	1%	7%
Grand Junction	$449	7%	13%
Denver	$444	5% (Statewide Median: $424)	6%
Boulder	$412	6%	8%
Pueblo	$378	4%	6%
Colorado Springs	$335	10%	10%

Statewide Median

Statewide Median

*Statewide medians only reflect results for the 163 adult primary care practices included in the 2016 Colorado All Payer Claims Database study

Practice Specific Overview Data

SERVICE CATEGORY	AVERAGE PMPM	PRACTICE PMPM
Professional	$160	$197
Outpatient	$131	$121
ED	$18	$15
Inpatient	$72	$63
Pharmacy	$113	$144
Total	$475	$524

SERVICE CATEGORY

Professional: Total Cost 23%, 26%, -2%
Outpatient: 55%, -60%, 7% Total Cost
ED: 41%, -62%, 12% Total Cost
Inpatient: -2%, -10%, 12% Total Cost
Pharmacy: Total Cost 27%, 28%, -1%
Total: Total Cost 10%, 28%, -14%

Resource Use
Price Index

Practice Specific, Service-Level Data

IMAGING CATEGORY	AVERAGE PMPM	PRACTICE PMPM
CAT Scan	$2	$2
Echo or Ultra	$3	$2
Imaging	$31	$21
MRI	$5	$8
Total	$41	$33

IMAGING CATEGORY

CAT Scan — Total Cost ↑ 5%, 8%, -2%

Echo or Ultra — 9%, -13%, 5% Total Cost ↓

Imaging — -27%, -9%, 34% Total Cost ↓

MRI — 24%, 31%, Total Cost ↑ 63%

Total — -13%, -7%, 19% Total Cost ↓
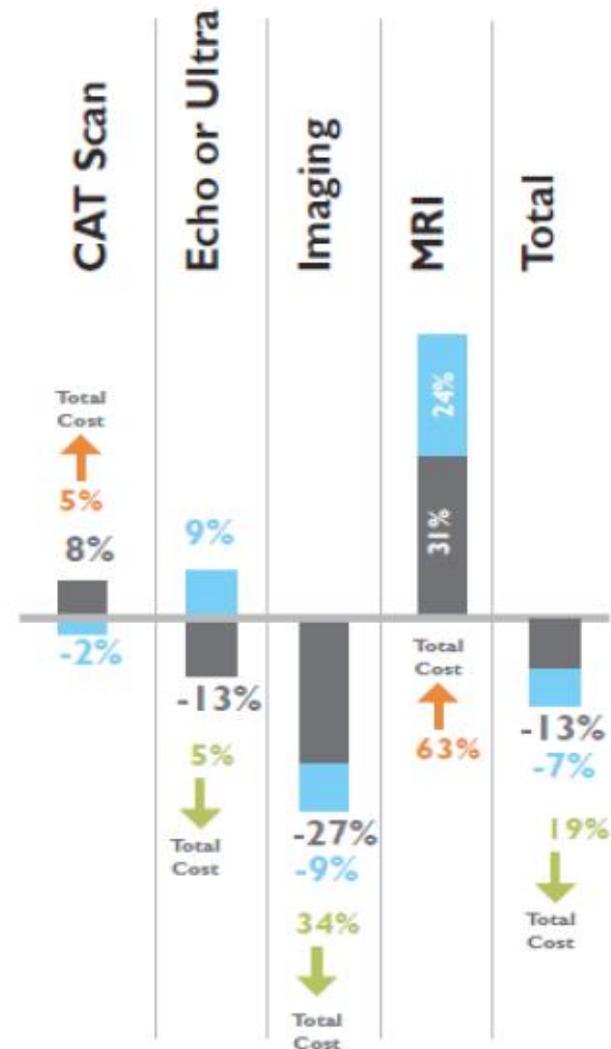
Resource Use
Price Index

- **Primary Care Providers** participating in pay-for-value programs where they are responsible for care beyond their walls.

- **Policymakers** looking to better understand drivers of Colorado's relatively high total cost of care, the causes of variation across regions, and what might be done to better control costs.

- **Employers and Health Plans** looking for ways to align benefit designs to help patients make better informed decisions and select high value healthcare providers.

- **Consumers** looking for information on where to find and receive high value care.

- **Add nationally endorsed quality measures** to the practice-level reports
- Make summary information based on the **practice-level results available publicly**
- **Add additional payers –** Medicare and Medicaid
- **Offer as a service** to additional practices

Questions?

- Jonathan Mathieu, VP of Data and Delivery and Chief Economist, jmathieu@civhc.org