Accountable Care

Western Michigan Healthcare Financial Management Association

September 22, 2011

Mindy Olivarez, MBA
Director, Healthcare Innovation
Priority Health

Summary

- Accountable care overview
- Key pillars of accountable care
  - clinical integration
  - economic alignment
  - consumer/patient experience
  - dissemination of per capita cost information
  - transparency and consumer engagement
- Overview of Priority Health's efforts to enable accountable care

How Does This Relate to Us?

- There can be no doubt about the societal mandate to address cost trends. Failure will destroy our economy.
- Major challenges include current payment incentives, cost-shifting, and industry consolidation
- What will be major requirements?
  - A *major cultural change*: Focus on efficient, effective use of resources vs. generating revenue
  - Comprehensive primary care and intensely coordinated care of complex disease(s) across delivery systems
  - Relentless focus on variations in care
  - Moderation in pricing strategies

What is excellent care?

- **Safe:** *Avoiding harm* to patients from the care that is intended to help them
- **Patient-centered:** Providing care that is respectful of and responsive to individual patient preferences, needs, and values and ensuring that patient values guide all clinical decisions
- **Timely**: Reducing waits and sometimes harmful delays for both those who receive and those who give care
- **Equitable**: *Providing care that does not vary in quality* because of personal characteristics such as gender, ethnicity, geographic location, and socioeconomic status
- **Effective:** Providing services based on scientific knowledge to all who could benefit and refraining from providing services to those not likely to benefit (*avoiding underuse and misuse*, respectively)
- **Efficient**: *Avoiding waste*, including waste of equipment, supplies, ideas, and energy

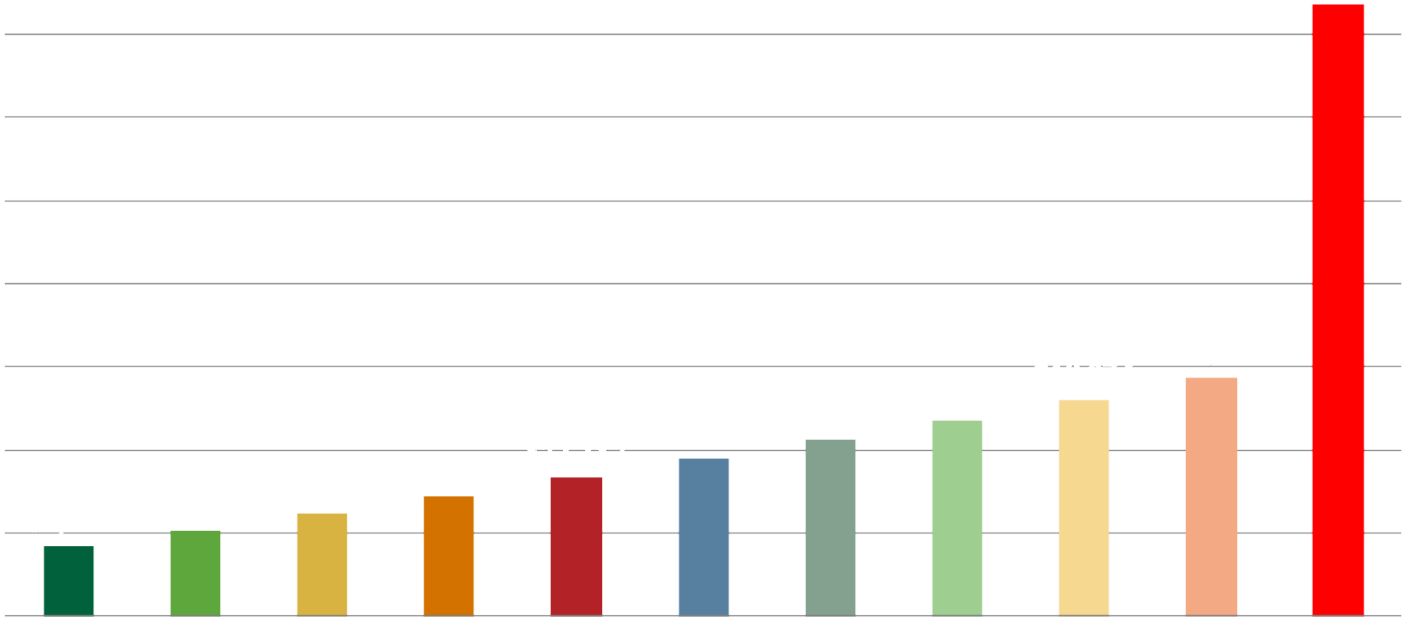
What is affordable care?

Affordability comes from the provision of needed care and *the elimination of avoidable care*. What care is avoidable?

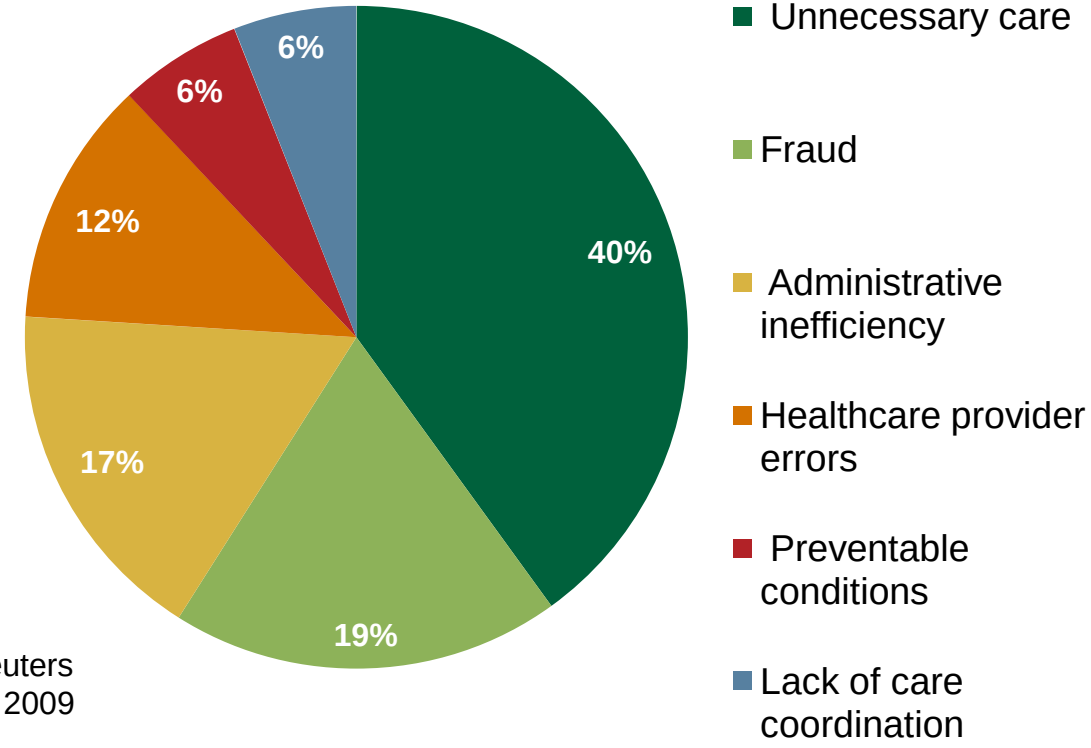
1. avoidable illness—keeping people healthy
2. avoidable severity—keeping people who get sick from getting even sicker
3. avoidable use—procedures and services that are unnecessary, wasteful, and harmful
4. Avoidable costs—services that are priced unfairly, inequitably, or higher than necessary for system sustainability

The trends in health care costs

Medical Index Projections
Healthcare costs for American families if trends continue



Brutal Fact: Avoidable costs exceed $700 billion annually in America



Thomson-Reuters Analysis Oct 2009

What is *accountable* care?

Transforming systems of care to deliver Triple Aim results:

- eliminating avoidable medical costs
- producing better outcomes
- creating better patient experiences

Characteristics of an accountable care organization:

- Governance that provides strategic leadership
- A delivery system (physicians & hospitals) with a sizeable patient population
- A strong primary care base as the foundation
- Strong administrative and clinical support

Key pillars of accountable care:

1. Accelerated clinical integration
2. Increased economic alignment among facilities, physicians, and the community
3. Improved patient experience
4. Aggressive dissemination of per capita cost, population health and quality, and patient experience information
5. Transparency that meaningfully engages consumers and patients

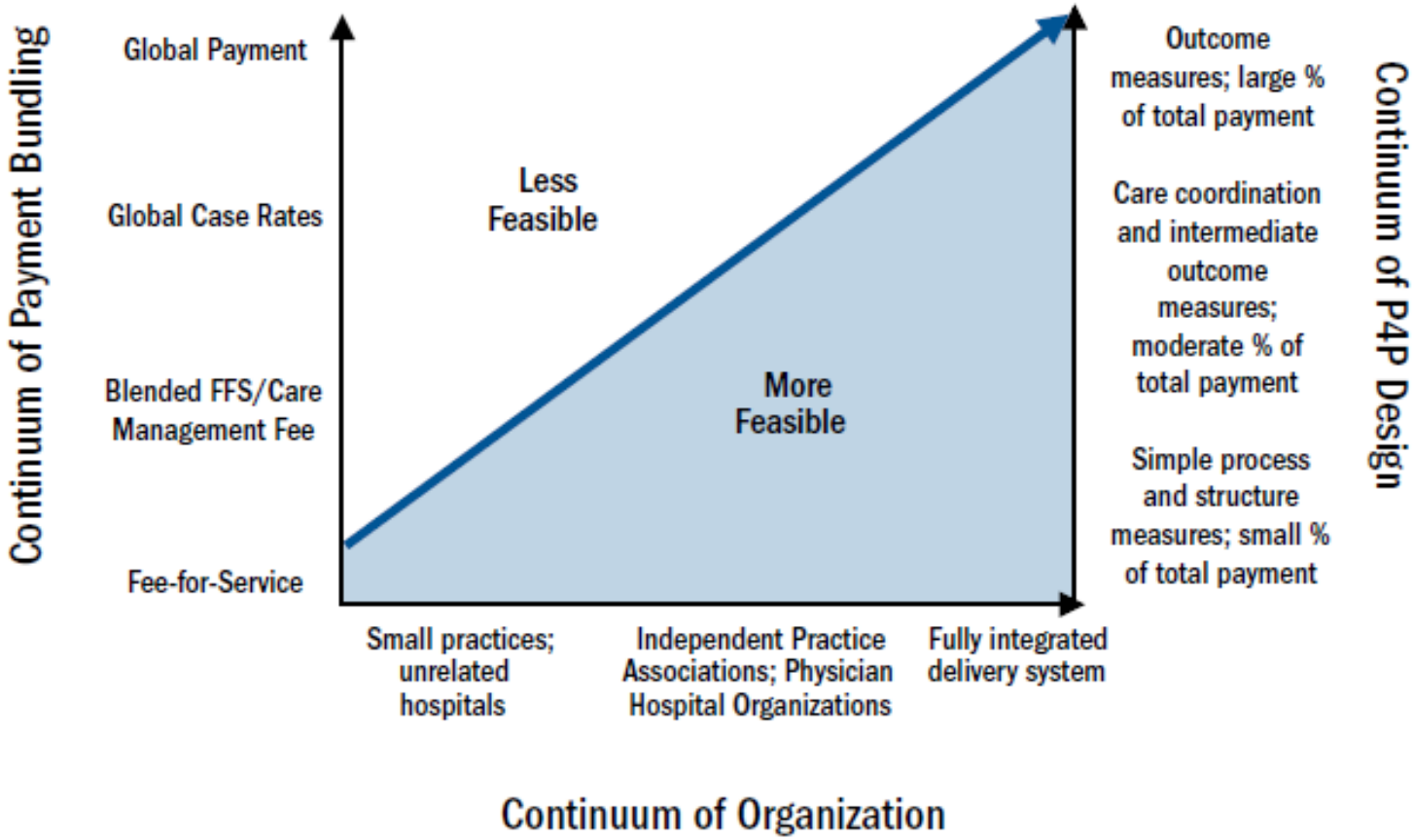
1. Accelerated clinical integration

- Tightly integrated EMRs
  - Registries to identify care opportunities and manage population health
- Provider to provider ratings on clinical outcomes
- Tools to guide quality referrals to the most efficient/effective specialist
- Active support for care management

2. Improved economic alignment

- Current fee-for-service contributes to fragmentation, variation and waste
- Transition to pay-for-value that rewards accountability, for example:
  - Severity-adjusted global budgets with quality bonus
  - Bundled payments for episodes or procedures (e.g., Prometheus pilot)
  - Outcome-based incentives for systems, specialists, hospitals, as well as primary care
- Multi-year contracts that support progressive integration and risk assumption

Exhibit 1. Relationship Between Payment Methods and Organizational Models



Source: Adapted from A. Shih, K. Davis, S. Schoenbaum, A. Gauthier, R. Nuzum, and D. McCarthy, *Organizing the U.S. Health Care Delivery System for High Performance* (New York: The Commonwealth Fund, Aug. 2008).

3. Improved patient experience

- Regular monitoring of patients' health experience (e.g., Press Ganey, PCAT, etc)
- Active engagement of patients in shared decision-making
- Consumer-initiated ratings of satisfaction
- Consumer experience of health improvement *(e.g., Did the treatment work?)*

4. Aggressive dissemination of per capita cost, population health and quality, and patient experience information

- Maximize reporting capabilities to collect, measure, aggregate and analyze provider performance
- Provide risk-adjusted reports for episodes of care to illustrate cost and use variation across similar specialties
- Share referral efficiency with delivery systems to identify practices with high referral patterns compared to their peers
- Compare aggregate system per capita cost performance within communities

5. Transparency that meaningfully engages consumers and patients

- Personal Health Records (PHR) owned by the patient that are populated by the Provider
- Treatment options and health information that involves the patient in their care
- Cost of treatments and services for the system the patient has designated as their medical home
- Provide search tools to steer the patient to a provider within their designated system
- Quality ranking for providers based on historical information and clinical outcomes

How Priority Health will enable accountable care: Partners In Performance

- Working with providers and health systems to align payment and clinical programs around triple aim goals
- Measuring performance and variations in care through state-of-the art data analytics, predictive modeling, risk adjustment, and claims administration
- Offering clinical programs to support the success of an accountable care organization
- Member engagement

Examples of work already in process….

PriorityHealth

Primary Care Comparative Performance

Physician Groups with Improved Performance

PFP	2009/2010 Quality Index	Quality Index Change
Group A	.98/1.06	.08
Group B	.91/.93	.02
Group C	1.02/1.04	.02
Group D	1.04/1.05	.01
Group E	.69/.77	.08

Physician Groups with Maintained Performance

PFP	2009/2010 Quality Index	Quality Index Change
Group F	1.03/1.03	0.0
Group G	1.03/1.03	0.0
Group H	1.02/1.02	0.0
Group I	1.04/1.04	0.0

Physician Groups with Reduced Performance

PFP	2009/2010 Quality Index	Quality Index Change
Group J	1.06/1.03	-.03
Group K	1.03/1.02	-.01
Group L	1.06/1.05	-.01
Group M	1.11/1.09	-.02
Group N	.85/.81	-.04

Hospital Quality for X

HealthGrades:

3.6 of 5 star rating (average) for the five services that have a rating

Readmission Rates:

Hospital has one of the lowest readmission rates for the commercial population among five Michigan hospitals:

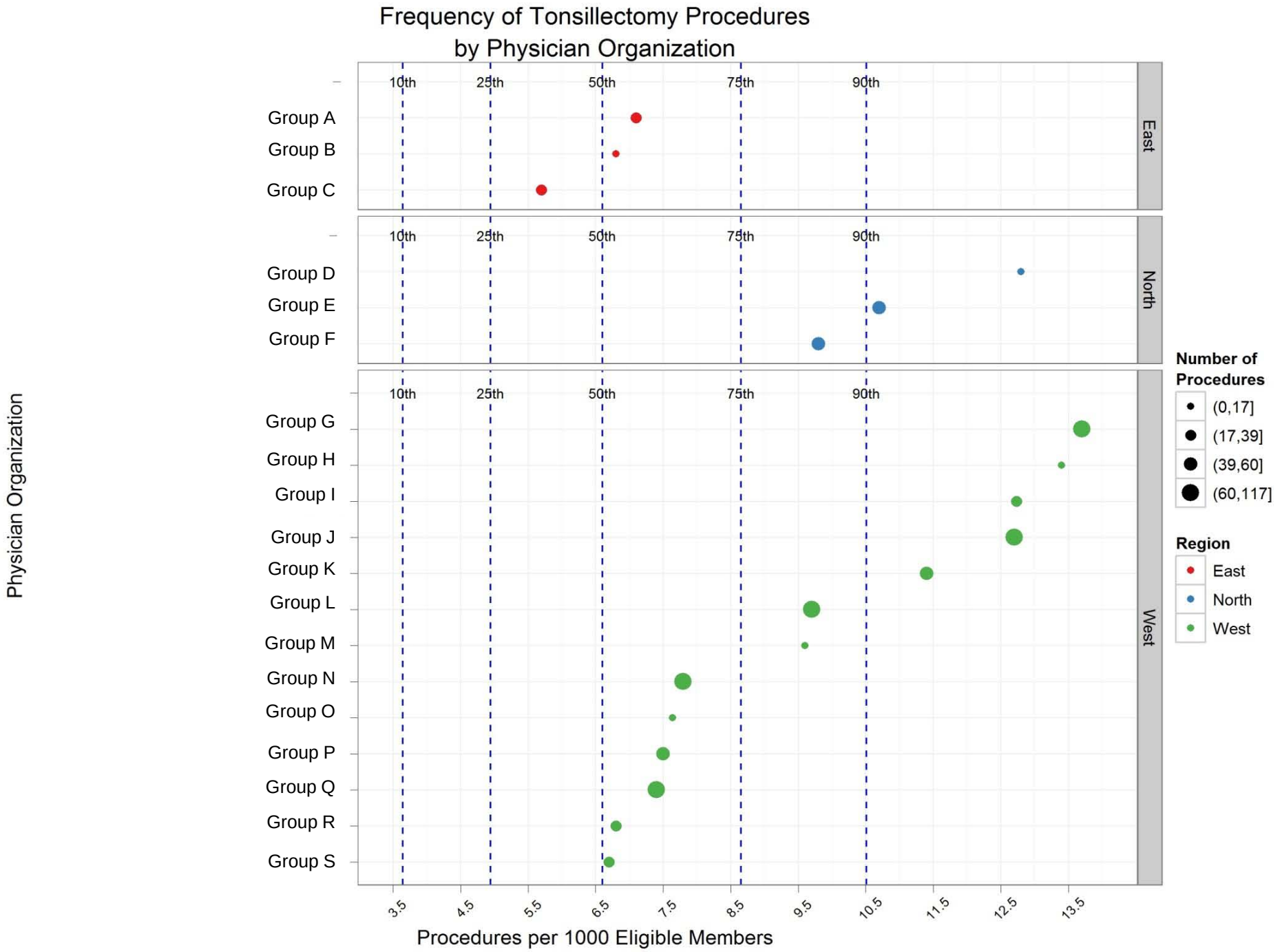
- Hospital A 9.68%
- Hospital B 6.49%
- Hospital C 6.32%
- Hospital D 6.18%
- Hospital E 5.04%

PriorityHealth

Benchmarking: preference-sensitive conditions

	Back Surgery	Cardiac Cath	Cholecystecomy Closed	Hysterectomy-Abdominal	Hysterectomy Vaginal	PCI	Tonsillectomy
System A	6.3	9.3	5	3.6	3.1	6.9	9.6
System B	3.2	6.2	4	2.9	2.7	4.6	7.6
System C	7.5	10.7	5.4	5.7	7.3	6.8	12.6
Health Plan	4.9	9.1	4.8	3.9	3.4	6.4	9.2
National - 50th Percentile	3.9	11.0	4.5	3.8	2.4	5.8	6.6

Procedures/1,000 Members Per Year


Frequency of Tonsillectomy Procedures
by Physician Organization
10th
25th
50th
75th
90th
East
North
West
Group A
Group B
Group C
Group D
Group E
Group F
Group G
Group H
Group I
Group J
Group K
Group L
Group M
Group N
Group O
Group P
Group Q
Group R
Group S
Physician Organization
3.5
4.5
5.5
6.5
7.5
8.5
9.5
10.5
11.5
12.5
13.5
Procedures per 1000 Eligible Members
Number of Procedures
(0,17]
(17,39]
(39,60]
(60,117]
Region
East
North
West

PriorityHealth

Patient Safety Metrics for X Hospital

Comparative statistics on five key hospital-acquired complication rates*:

Complication	HPHO incidents	Incidents/1000 discharges	National Average incidents/1000
Foreign object after surgery	1	1.00	0.09
Falls & Trauma	4	1.12	0.56
Vascular cath-assoc'd infection	1	.28	.37
Catheter-associated UTI	2	.56	.32
poor glycemic control	1	.28	.05

**based on 1,004 surgeries and 3,569 discharges, as reported by CMS in Hospital Compare—Hospital Acquired Conditions: May 2011*

PriorityHealth

Patient Experience: Physicians and Hospital

Access: Physicians accepting new Priority Health members

	Total	Open	% Open
HMO	62	34	55%
ASO	62	35	56%
Medicare	54	31	60%
Medicaid	52	17	31%

Experience with X Hospital:

- HealthGrades reports a patient feedback score of 5 stars out of 5—the highest possible rating!

PriorityHealth

Efficiency of Community Specialists

-ENT, Cardio and Ortho very efficient

-Gastro less efficient and more costly

Specialty	Provider Episodes	Peer Group Episodes	Cost	Peer Group Episode Cost	Efficiency Score
ENT	31	4,164	$576	$632	0.91
Cardiology	205	6,631	$3,984	$4,250	0.94
Ortho	553	12,106	$2,022	$1,937	1.02
Gastro	303	5,397	$2,240	$1,792	1.25

PriorityHealth

Affordability: System A's per capita cost trend HMO/POS

	2007-2008	2008-2009	2009-2010	YTD 2011
System A	(4.1%)	14.2%	2.8%	15.3%

The Evolution of Partners in Performance – The Future

- Patient-centered focus (Triple Aim)
- Strong primary care base that assumes accountability for managing a population
- Living within a budget
- Relentless focus on elimination of variations in care
- Clinical integration – clinical and economic alignment, collaboration
- Honor the choices and values of patients

Questions?