

"For every complex problem, there is an answer that is clear, simple... and wrong." - H.L. Mencken, American Journalist

Segmenting Health Care's Challenges: A Practical Model for Improving Value



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Topics



- About CBGH (Briefly)
- Segmenting Health Care's Challenges
- CBGH Member Experience in Each Segment
- Improving the Value Proposition:
 - Objectives
 - Tactics, and Tools

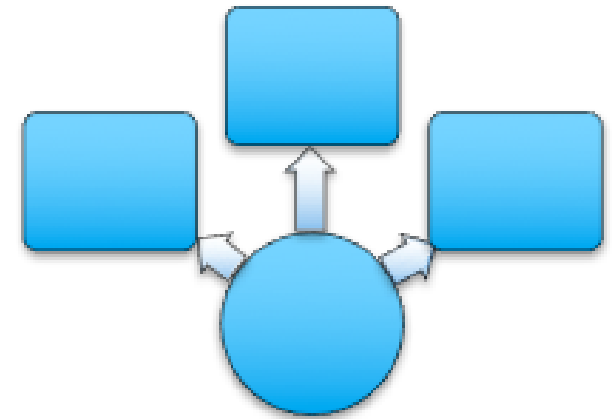
About CBGH

- Employer/purchaser led
- Multi-stakeholder coalition
- Non-profit
- Committed to working together to improve the healthcare value proposition
- Theme - Fix problems, not blame



Segmentation:

It's not just for marketing anymore!



The process of subdividing a large, complex, and heterogeneous market or problem into clearly identifiable, more homogeneous sub-sets or segments with similar needs, wants, or demand characteristics.

“All theories are wrong. Some theories are useful.”

Segmenting the Issues
which, combined,
drive $\geq 35\%$ “quality waste.”

- **Underuse:** Preventative & primary care
- **Overuse:** Routine, episodic care
- **Misuse:** Acute care



When it comes to improving value...

Each issue has different drivers



Prevention/Treatment of Chronic Disease

1. Primary care relationship and care plan compliance.
2. **Practice quality** (eg, Advanced Primary Care).
3. Under payment.

Routine/Episodic Procedures (OP & IP)

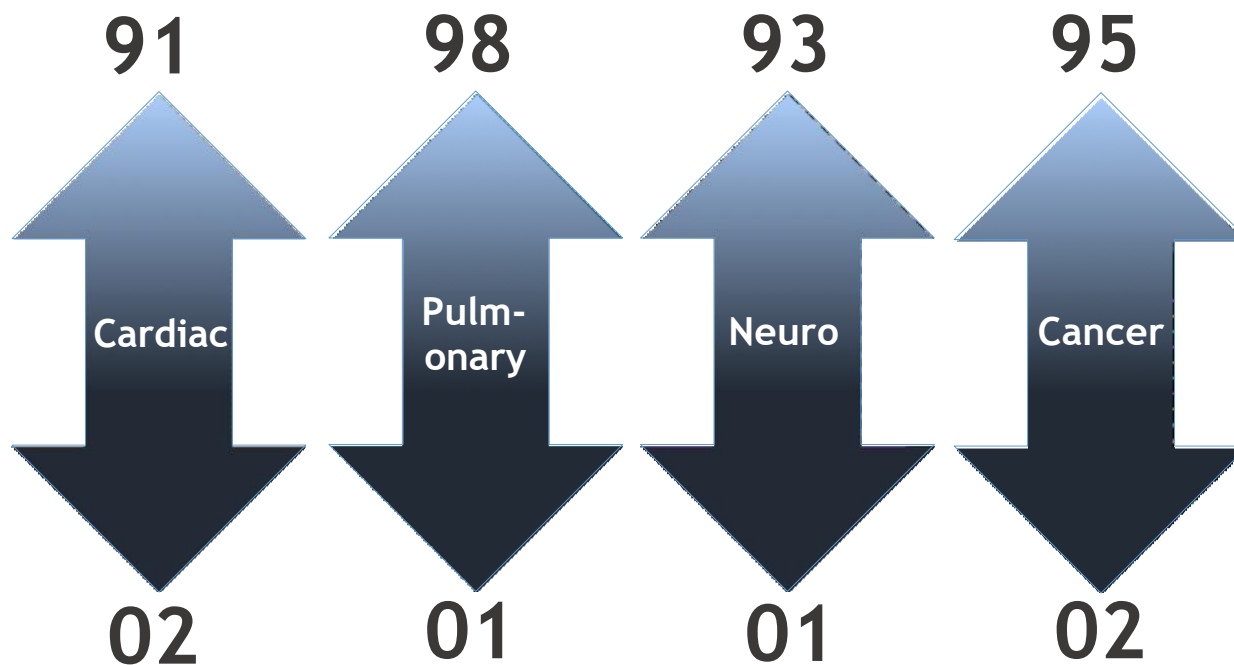
1. Clinical efficacy/appropriateness.*
2. Price variation.

Tertiary/“Quaternary” Hospital Services

1. **Service line quality**
(eg. unwarranted variation in mortality, complication rates).
2. Fragmented, fee-for-service payment
(Discouraging quality improvement)

*Clinical appropriateness, a dimension of quality, is the issue. No matter how “excellent” a service is, if unnecessary, it cannot be considered high quality.

Among Colorado Hospitals Nat'l Percentile Differences – Major Service Lines



Composite Quality Includes

- Risk-adjusted mortality
- Risk-adjusted complications
- AHRQ quality measures
- Patient safety
- Patient satisfaction

Data Source:

- MedPar
- Three-year rolling average



CBGH Member Experience

In each of the three segments

- **Chronic Disease/Care**

- A relentless, universal, increase in incidence of chronic disease - 7 of 7 purchasers
- Only 10-15% patients w chronic conditions receive the majority of expected care
- A consistent *decrease in expected/desired care* in six of seven populations

- **Episodic Care**

- A *corresponding increase* in potentially avoidable complications/services
- Price variations for undifferentiated services of 250% to 1200%

- **Hospital Care:**

- Composite quality scores for major service lines vary from the 98th to 1st percentile
- Risk-adjusted complications rate indices from .30 to 3.5
- Pricing variations

Recommended Objectives

For each segment

Chronic Disease & Conditions

Identify and reduce the risk and the burden of chronic disease.

Outpatient Procedures/Acute Care

Promote consumerism for “shoppable” services.*

Inpatient & Catastrophic Care

Provide and promote access to highest quality services.

*These services represent about 35% of the total healthcare spend.

*Medical errors are now the third leading cause of death in the US.

CBGH Suggested Tool Kit/Tactics

Chronic Disease/ Conditions

- Screenings to identify risk
- NDPP Support
- Prometheus Analytics
- Bridges to Excellence
- **Comp. Primary Care Plus**
- CO Culture of Health

Routine/Episodic Procedures (OP & IP)

- **Pricing Transparency**
(Healthcare BlueBook)
- Choose Wisely Education

Tertiary/“Quaternary” Hospital Services

- Leapfrog Safety Scores
- CareChex
- **Centers of Excellence**
- **Bundled/Alternative Payments**
- Patient Navigation

- **Hospital pricing referenced to Medicare**
- **Reference-Based Pricing White Paper**

- **Value-Based Insurance Designs**
- PBM Group Purchasing
- eValue8 (Health Plan Performance Assessment)
- RFP Support
- **Strategic Planning Support**
- Predictive Modeling/Case Management

Black = Current CBGH Program
 Green = 2018 Program
 Blue = CCAHC Recommendation
 Grey = CBGH Recommendation

Self-funding Alone is Inadequate

“We have found that the *level of employers’ rate increase tends to align with the level of strategic planning in place.* Those that have developed plans (i.e., identify strategic targets several years into the future and tactics that can be used to manage rate increases) experience lower increases (**4.9%**) than employers that do not have a multiyear plan (**12.1%**).

- Lockton 2017 Employer Survey

Useful Resources

- CareChex/Methodology: <http://carechex.com>
- Catalyst for Payment Reform: www.catalyze.org
- CBGH: www.cbghealth.org or robert.smith@cbghealth.org
- Colorado APCD (interactive): <http://www.civhc.org/get-data/interactive-data/>
- Comprehensive Primary Care+: <https://innovation.cms.gov/initiatives>
- ChooseWisely: www.choosingwisely.org
- Leapfrog Safety Grades: www.hospitalsafetygrade.org
- Nat'l Diabetes Prevent.Prgm: www.cdc.gov/diabetes/prevention/index.html
- Prometheus Analytics: www.prometheusanalytics.net
- Value-Based Insurance Designs: <http://vbidcenter.org>