

# Total Cost of Care & Total Resource Use Overview

*Consumer-Purchaser Disclosure Project*

*November 17, 2011*

*Sue Knudson*



# HealthPartners

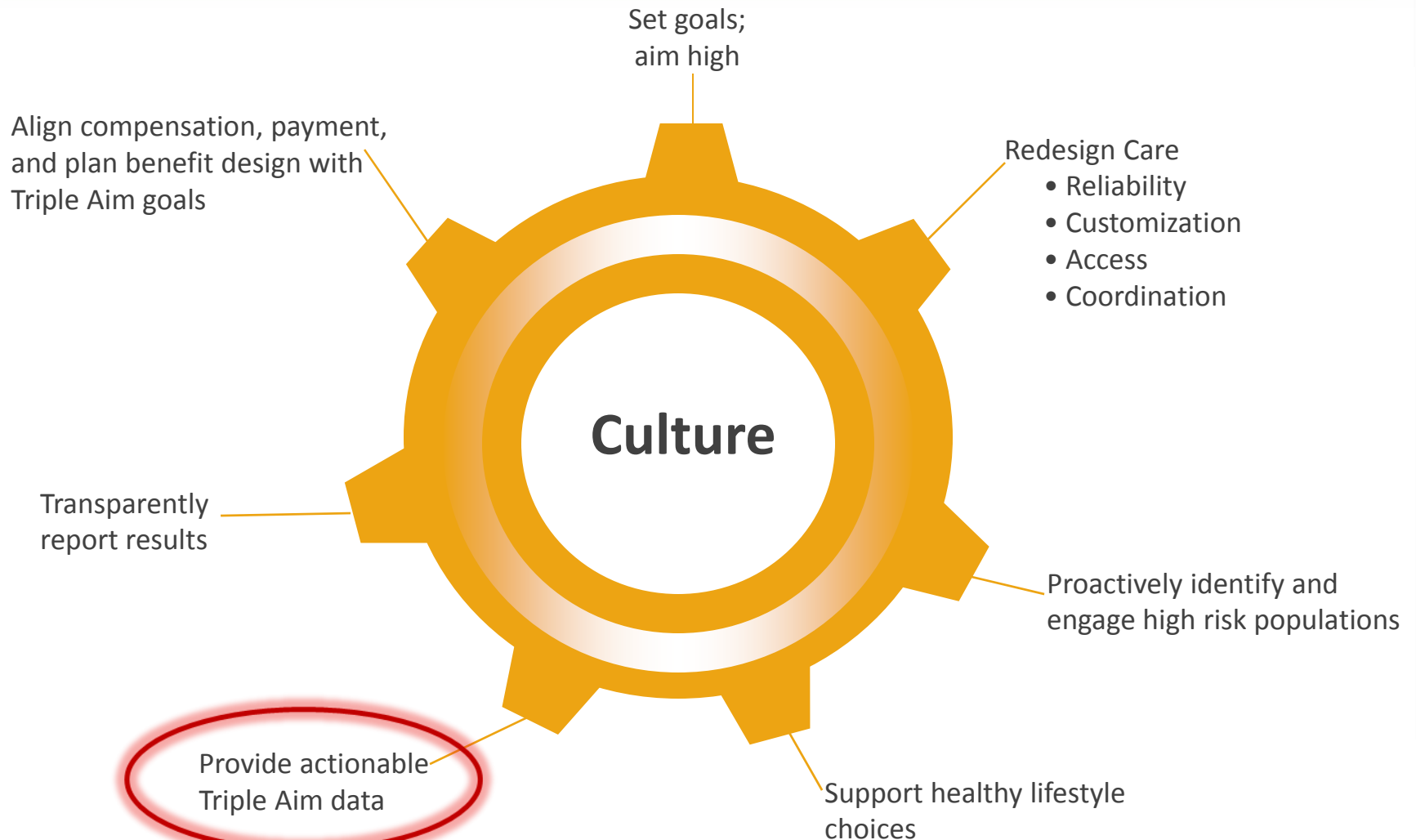
**Mission: To improve the health of our members, patients and the community**

- Not-for-profit, consumer-governed
- Integrated care and financing system
  - 12,000 employees
  - Health plan
    - 1.36 million members in Minnesota and surrounding states
  - Medical Clinics
    - 500,000 patients
    - 800 physicians
      - HealthPartners Medical Group
      - Stillwater Medical Group
    - 35 medical and surgical specialties
    - 50 locations
    - Multi-payer
  - Dental Clinics
    - 60 dentists
    - Specialties: oral surgery, orthodontics, pediatric dentistry, periodontics, prosthodontics
    - 20 locations
  - Four hospitals
    - Regions: 454-bed level 1 trauma and tertiary center
    - Lakeview: 97-bed acute care hospital, national leader in orthopedic care
    - Hudson: 25-bed critical access hospital, award-winning healing arts program
    - Westfields: 25-bed critical access hospital, regional cancer care location





# Triple Aim: Transformation Elements





# Partners for Better Health Goals 2014

Health Success	Experience Success	Affordability Success
<p><b>Improved health for our customers and community as measured by:</b></p> <ul style="list-style-type: none"><li>• Better well being, more satisfied and healthy lives.</li><li>• The best local and national health outcomes and the best performing health care costs in the region.</li></ul>	<p><b>Deliver an exceptional experience that customers want and deserve at an affordable cost as measured by:</b></p> <ul style="list-style-type: none"><li>• The best performance on customer's willingness to recommend our clinics, hospitals and health plan to family and friends.</li><li>• Feeling well-supported, respected and cared for throughout life.</li></ul>	<p><b>Lower health care costs for our customers as measured by:</b></p> <ul style="list-style-type: none"><li>• Cost trends that are at or below general inflation (Consumer Price Index, a leading economic indicator).</li><li>• The best performing overall health care costs in the region.</li><li>• HealthPartners clinics and hospitals will be in the best 10 percent in the region in overall costs of health care.</li></ul>



## What is Total Cost of Care?

- When you hear “Total Cost of Care” think total claims cost to a patient/consumer and/or purchaser.
- Total Cost of Care accounts for all health care services, across all places of service and all types of providers.
- At a macro level, it is a population based measure (like health plan PMPM) that can be attributed to medical groups for accountability (think ACO).
- HealthPartners Total Cost of Care can be drilled down to report performance at a condition, procedure or service level.



## More specifically, total cost of care is...

A population-based and person-centered measurement framework:

- Includes **all care**, professional, inpatient, outpatient, pharmacy, ancillary, etc.
  - **Values prevention** *and* management of chronic disease and acute care
- It can be drilled to understand **price vs. resource use drivers** at every level
- For effective comparisons and benchmarking, it is important to:
  - **Illness burden adjust** – we use Johns Hopkins Adjusted Clinical Groups (ACGs )
  - For **transparency and improvement**, it is displayed as an **index** to protect competitive information yet be transparent with relative performance
- Because our market is largely open access we use **attribution** which is based on the most office visits
- Tested and reviewed for **reliability and validity**



# Potential National Endorsement

## National Quality Forum

- January 2011 Call for **Non-Condition Specific** Resource Use and Cost Measurement Specifications
- HealthPartners measures were recommended for endorsement by the National Quality Forum Resource Use Steering Committee in August
- [www.healthpartners.com/tcoc](http://www.healthpartners.com/tcoc)

## Rigorous Application & Review Process

- Importance (literature review)
- Scientific Acceptability, including reliability and validity testing
- Usability (is it actionable)
- Feasibility (can others replicate it)

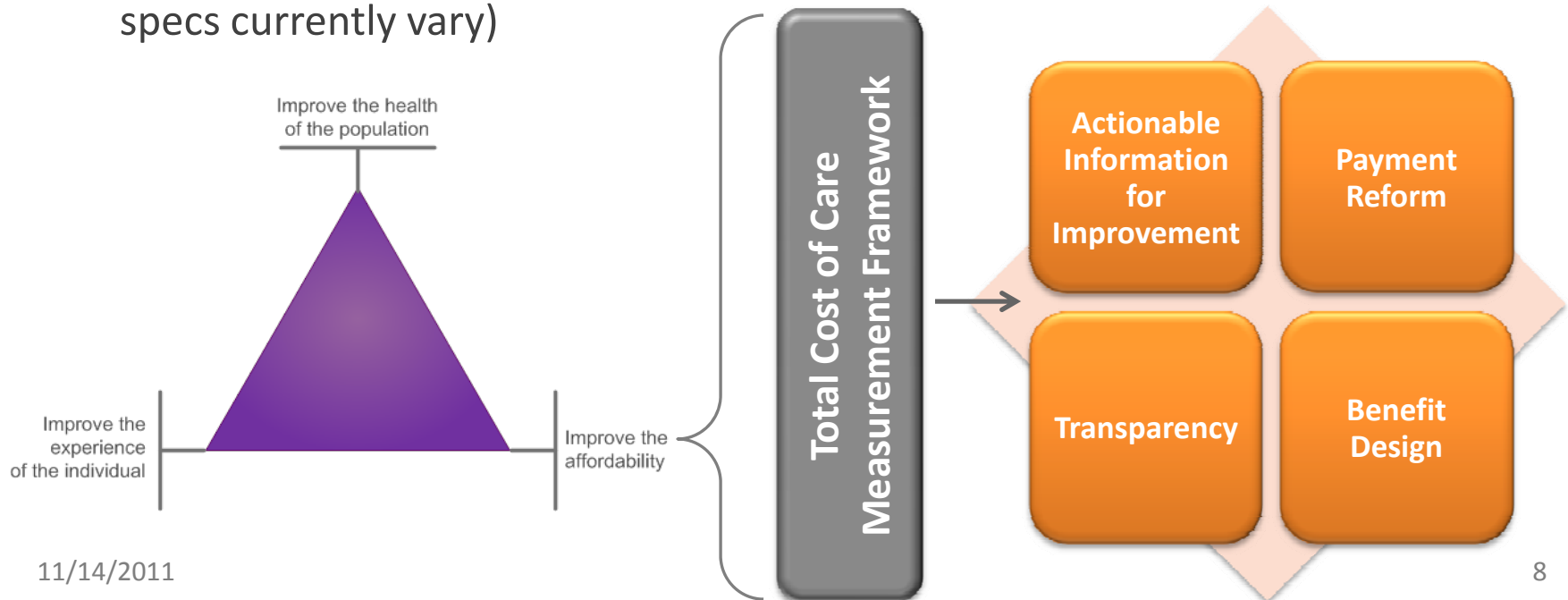
### 12 Month Timeline:

- **Steering Committee Review** (completed & passed)
- **Comment** (complete), **Member Voting** (complete, TBA)
- **Consensus Standards Approval Committee** (December)
- **NQF Board of Directors** (December, tentative)



## Usability: Balancing the Triple Aim with TCOC Metrics

- There are no standard measures of affordability today. We are trying to close this gap.
- Total Cost of Care compliments the robust standard measurement approaches and benchmark information in the quality and experience domains
- The commercial health care market measures this routinely (detailed specs currently vary)





# Actionable Triple Aim Information

We provide actionable clinical quality, experience and affordability performance results for providers to use to identify improvement opportunities.

Helping Patients Get Better	Performance	Rate
<b>Care for Chronic Conditions</b>	★★★★	
Diabetes <sup>5</sup>	●	36% 25%
Heart disease <sup>5</sup>	●	44% 34%
High blood pressure <sup>4</sup>	●	77% 70%
Depression <sup>3</sup>	●	19% 23%
Asthma - adult <sup>4</sup>	●	92% 91%

Patient Experience	Performance	Rate	Network Avg	Response Ranges
<b>Getting Care and Information</b>	★★★			
Adult: Convenient appointments <sup>1</sup>	●	4.24	4.24	Dissatisfied= 7% 5% Neutral= 41% Satisfied= 46% Very Satisfied=
Adult: Seeing the doctor of your choice <sup>1</sup>	●	4.24	4.23	Dissatisfied= 6% 10% Neutral= 36% Satisfied= 48% Very Satisfied=
Adult: Getting an appointment for routine care <sup>1</sup>	●	4.09	4.05	Dissatisfied= 6% 9% Neutral= 53% Satisfied= 32% Very Satisfied=
Adult: Getting an appointment for illness or injury <sup>1</sup>	●	4.13	4.14	Dissatisfied= 6% 10% Neutral= 48% Satisfied= 36% Very Satisfied=

Overall Cost	Performance	Rate	Network Avg		
<b>Overall Cost Index<sup>9</sup></b>	\$\$	0.965	1.000		
Cost Index By Place of Service					
	Professional	Inpatient	Hosp OP	Rx	Other
	45%	16%	19%	18%	2%
	1.012	0.964	0.909	0.92	1.09
Top Utilized Hospitals					
Hospital	Cost Index	Utilized			
REGIONS HOSPITAL-RADI/ACUTE/SLEEP	\$	38%			
HEALTHEAST ST JOHNS HOSPITAL	\$\$\$	14%			
MERCY HOSPITAL	\$\$	12%			
ABBOTT NORTHWESTERN HOSPITAL	\$\$\$	11%			
NORTH MEMORIAL MEDICAL CENTER	\$				



# Actionable Information

- We augment overall performance information with drillable illness burden adjusted cost of care benchmarking to support improvement work.
- Our approach uniquely subsets price drivers from resource use drivers to discover areas of opportunity.

Risk adjustment for comparability

Split total cost of care into resource use and price

= Potential Opportunity (TCI)  
 = Potential Opportunity (Pricing)  
 = Potential Opportunity (RUI)  
 = Potential Opportunity (Patient Mgmt Utilization)  
 = Potential Opportunity (High Cost/Utilization)  
 Highlighted cells indicate indices >= 1.01

Provider Group	Members			Average ACG Score			TCI			Price Indexed to 2010			Resource Use Indexed to 2010		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Provider XYZ	25,000	25,500	26,000	1.06	1.08	1.07	0.99	0.96	0.96	0.93	0.96	1.00	0.99	0.98	0.96
Metro Total	270,000	300,000	306,000	1.04	1.05	1.05	1.00	1.00	1.00	0.93	0.96	1.00	1.00	1.02	1.00

Analysis Group	Service Category TCI									Price Index						Resource Use Index					
	IP TCI		OP TCI		Prof TCI		RX TCI		IP Price		OP Price		Prof Price		IP RUI		OP RUI		Prof RUI		
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	
Provider XYZ 11/11/2011	0.95	0.96	0.90	0.89	1.01	1.01	0.92	0.94	0.96	0.96	0.93	0.94	1.05	1.04	0.99	1.00	0.97	0.94	0.96	0.97	
Grand Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	



# Actionable Information

- We provide a complimentary suite of utilization measures and subset the high cost drivers.
- Indexed views provide built-in benchmarking.

Patient Management Utilization Measures																
Analysis Group	E&M Count Index (Total)		E&M Count Index (Primary Care)		E&M Count Index (Specialty Care)		Percent Primary Care E&M		Lab/Path Count Index		Radiology Index		RX Count Index		Percent Generic Rx	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Provider XYZ	0.97	0.97	0.94	0.92	1.00	1.01	49%	48%	1.07	1.07	1.00	1.00	0.97	0.97	76%	78%
Grand Total	1.00	1.00	1.00	1.00	1.00	1.00	51%	50%	1.00	1.00	1.00	1.00	1.00	1.00	74%	77%

High Cost Utilization Measures														
Analysis Group	Admit Count Index		IP Surgery Count Index		ER Count Index		OP Surgery Count Index		HighTech Rad Svcs Count Index (ER)		HighTech Rad Svcs Count Index (non-ER)		Percent ER Hightech	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Provider XYZ	0.98	1.00	0.97	0.99	0.90	0.92	0.91	0.93	0.92	0.91	1.07	1.07	17%	18%
Grand Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	17%	18%



# Actionable Information

- Condition based information is useful to evaluate effectiveness of care model design and medical home efforts.

Patient Management Utilization Measures										
Condition	E&M Count Index (Total)	E&M Count Index (Primary Care)	E&M Count Index (Specialty Clinics)	Percent Primary Care E&M		Lab/Path Count Index	Standard Radiology Index	Rx Count Index	Percent Generic Rx	
				Prov	Metro				Prov	Metro
ARTHRITIS	1.02	1.00	1.03							
ASTHMA	1.09	1.13	1.04							
BACK PAIN	1.04	1.04	1.03							
CHF	1.20	1.11	1.23							
CHRONIC RENAL FAILURE	1.06	1.09	1.05							
COPD	1.08	1.01	1.12							
DEPRESSION	1.00	1.01	0.99							
DIABETES	1.02	1.06	0.99							
HYPERLIPIDEMIA	1.00	1.02	0.98							
HYPERTENSION	1.03	1.04	1.03							
ISCHEMIC HEART DISEASE	1.00	0.97	1.02							
ALL OTHER CONDITIONS	1.04	1.05	1.03							
Provider XYZ	1.03	1.04	1.02							

High Cost Utilization Measures									
Condition	Admit Count Index	IP Surgery Count Index	ER Count Index	OP Surgery Count Index	Hightech Rad Svcs Count Index (ER)	Hightech Rad Svcs Count Index (non-ER)	Percent ER Hightech Rad		
							Prov	Metro	
ARTHRITIS	0.97	0.85	1.02	0.94	1.06	1.11	11%	12%	
ASTHMA	1.02	0.97	1.15	0.88	1.17	1.24	20%	21%	
BACK PAIN	1.06	0.99	1.08	0.89	1.11	1.14	17%	17%	
CHF	1.00	1.05	0.68	1.69	0.22	1.52	2%	14%	
CHRONIC RENAL FAILURE	0.96	0.91	0.78	1.18	0.72	1.43	7%	13%	
COPD	0.92	0.89	0.92	1.12	0.86	1.10	11%	13%	
DEPRESSION	1.09	0.96	1.11	0.95	1.26	1.09	24%	22%	
DIABETES	1.13	1.11	0.91	1.05	1.10	1.08	17%	17%	
HYPERLIPIDEMIA	1.02	0.94	0.90	0.94	0.99	1.05	16%	17%	
HYPERTENSION	1.07	1.05	0.95	0.97	1.03	1.14	17%	18%	
ISCHEMIC HEART DISEASE	0.96	0.91	0.80	0.97	0.50	1.00	10%	18%	
ALL OTHER CONDITIONS	1.09	1.32	0.98	1.00	1.03	1.06	20%	20%	
Provider XYZ	1.04	1.04	1.03	0.97	1.06	1.08	18%	18%	



# Quarterly Reports & Consultative Approach

Focus		Population-Based Reports	Patient Specific Data
Financial View		<ul style="list-style-type: none"><li>• Finance total Cost of Care Report, includes medical, pharmacy, stop loss and illness burden adjusted PMPM</li></ul>	<ul style="list-style-type: none"><li>• Membership Data File</li><li>• Medical Data File</li><li>• Pharmacy Data File</li><li>• Stop loss Data File</li></ul>
Benchmarking View		<ul style="list-style-type: none"><li>• TCI, RUI, PI</li><li>• Patient Management &amp; High Cost Utilization</li><li>• Service Component TCI, RUI, PI</li></ul>	<ul style="list-style-type: none"><li>• Membership Data File</li><li>• Medical Data File</li><li>• Pharmacy Data File</li></ul>
Pharmacy		<ul style="list-style-type: none"><li>• Trended generic prescribing rate by Primary and Specialty Care</li><li>• Top 25 prescribed medications</li><li>• Pharmacy physician profile reports</li></ul>	<ul style="list-style-type: none"><li>• Pharmacy Data File</li></ul>
Chronic Conditions		<ul style="list-style-type: none"><li>• Chronic Condition TCI, RUI, PI</li><li>• Patient Management &amp; High Cost Utilization</li><li>• Service Component TCI, RUI, PI</li><li>• Opportunity reports</li></ul>	<ul style="list-style-type: none"><li>• Patient Registries that identify Care Gaps: Asthma, CAD, CHF, COPD, CVD, Diabetes, HTN, Preventive Care</li><li>• Health Assessment self-reported diabetes &amp; asthma</li></ul>
Episodic View		<ul style="list-style-type: none"><li>• Top ten base ETGs</li><li>• Top ten specialties</li><li>• Top ten specialties by top ETGs</li></ul>	<ul style="list-style-type: none"><li>• Medical Data file</li><li>• Pharmacy Data File</li></ul>
1 Referral Partners		<ul style="list-style-type: none"><li>• Primary and Specialty Care</li><li>• Inpatient and Outpatient Care</li></ul>	<ul style="list-style-type: none"><li>• Medical Data File</li></ul>



## Improvements

- Provider groups in network use total cost, price and resource use data to drive care model changes:

### HealthPartners Clinics

### Contracted Provider Partners

- Primary care redesign
- Care process redesign in specialties
- Use of cost effective hospitals and specialty providers
- Improved generic prescribing rates
- Standardized lab intervals
- Appropriate use of diagnostic imaging
- Shared decision making
- Evidence based back pain care
- Reducing readmissions
- Appropriate use of ER and in-patient care



# Payment Reform

## Current

- Shared Savings based on Total Cost of Care Performance
  - \* 2/3 of health plan spend linked to these agreements
- Provider Incentive for Triple Aim results

## Future

- Accountable Care Organization (ACO) payments
- Global payment
- Less fee-for-service payments
- More TCOC risk and shared savings





## Benefit Design

- Tiered benefit design uses Total Cost of Care as basis for evaluating cost assessments
- Defined contribution benefits with selections based on provider Total Cost of Care Performance
- Health & Wellness based benefit designs for Health Improvement



## Transparency: A multifaceted approach

### 1. Population Based TCOC Performance



2. Condition Based TCOC Performance  
(condition specific and all care)

3. Procedural (ex. Knee replacement) bundled price  
transparency for the entire episode & component parts

4. Service specific (lab, office visit, routine health  
maintenance grouping, etc.) price transparency

Multiple approaches to meet variable consumer  
and stakeholder needs.





# Transparency

## Treatment or Service

Select the area that you would like to search. You may search based on a zip code OR by selecting a state and city.

ZIP Code   
 State  City

For the search area selected ( Zip Code 55112 ) cost information is available for the services shown below.

Select a service:

- Allergy Testing
- Allergy Treatment
- Bladder Infection
- Bronchitis
- Cataract Surgery
- Colonoscopy Screening
- Ear Infection
- Ear Tubes
- Endoscopy - Diagnostic
- Endoscopy - with Biopsy
- Gallbladder Removal - Laparoscopic
- Hernia Surgery - Laparoscopic
- Hernia Surgery - Traditional
- Hip Replacement
- Hysterectomy - Abdominal
- Hysterectomy - Laparoscopic Vaginal
- Hysterectomy - Vaginal
- Immunizations
- Knee Replacement
- Laboratory Services
- MRI and CT Scans
- Mole Removal
- Office Visits
- Pink Eye
- Pregnancy
- Sinus Infection
- Skin Irritation
- Sore Throat
- Tonsillectomy or Adenoidectomy
- Wart Removal
- X-Rays

Find and compare service costs. It's as simple as choosing the area you're interested in, selecting a service and then viewing and comparing cost data for each provider at each facility.

**Knee Replacement**  
 Doctor/Clinic Costs  
 Hospital Costs

all of  
 providers in them.  
 view the online Health Information Library.

## Report

**Knee Replacement** Not all providers work at all facilities. Check with your provider for more information about where he/she provides services.

Start Over Back Look Up My Benefits

	Aspen Specialty Center	HealthPartners Specialty Center - Orthopaedic & Sports Medicine	Park Nicollet Clinic - Meadowbrook Ortho
<b>Detail Report &amp; Comparison Total:</b>	<b>\$3,958.95</b>	<b>\$3,883.21</b>	<b>\$4,203.97</b>

**Price Detail**

	Aspen Specialty Center	HealthPartners Specialty Center - Orthopaedic & Sports Medicine	Park Nicollet Clinic - Meadowbrook Ortho
Surgeon Fee (based on 3 day stay)	\$3,218.95	\$3,143.21	\$3,463.97
Anesthesia Fee	\$740.00	\$740.00	\$740.00
<b>Total</b>	<b>\$3,958.95</b>	<b>\$3,883.21</b>	<b>\$4,203.97</b>

Prices as of 06/15/2011

Calculate my drug costs

How can I use this information? Comparing costs helps you plan and save money. [Learn more >](#)

## Report

**Knee Replacement** Not all providers work at all facilities. Check with your provider for more information about where he/she provides services.

Start Over Back Look Up My Benefits

	Abbott Northwestern Hospital	HealthEast Woodwinds Hospital	Regions Hospital
<b>Detail Report &amp; Comparison Total:</b>	<b>\$21,735.05</b>	<b>\$18,135.33</b>	<b>\$14,958.49</b>

**Price Detail**

	Abbott Northwestern Hospital	HealthEast Woodwinds Hospital	Regions Hospital
Hospital Fee (based on 3 day stay)	\$21,735.05	\$18,135.33	\$14,958.49
<b>Total</b>	<b>\$21,735.05</b>	<b>\$18,135.33</b>	<b>\$14,958.49</b>

Prices as of 06/15/2011

Calculate my drug costs

How can I use this information? Comparing costs helps you plan and save money. [Learn more >](#)

Providing consumers useful information on actual costs



# Results

- In top 25 national in NCQA's Health Insurance Plan rankings for 2010/11
- Obtained Medical Home recognition across all clinics
  - NCQA Primary Care Medical Home highest level designation
  - State of MN Health Care Home certification in Primary Care and Infectious Disease
- Hospital: Leapfrog Group's Highest Value Hospital Award 2009/10
- Benchmark employee satisfaction
- Physician satisfaction (AMGA survey)
  - 25<sup>th</sup> percentile → 82<sup>nd</sup> percentile
- Achieved margin target in each of last 9 years
- Plan administrative costs at 5.4%; clinic unit costs moderated (1.07% compound annual growth rate 2004-10)
- Growth
  - 20% increase in medical plan membership over three years; 15% in dental plan
  - Regions Hospital achieved top market share position in 2010
  - Clinic's active patients increased

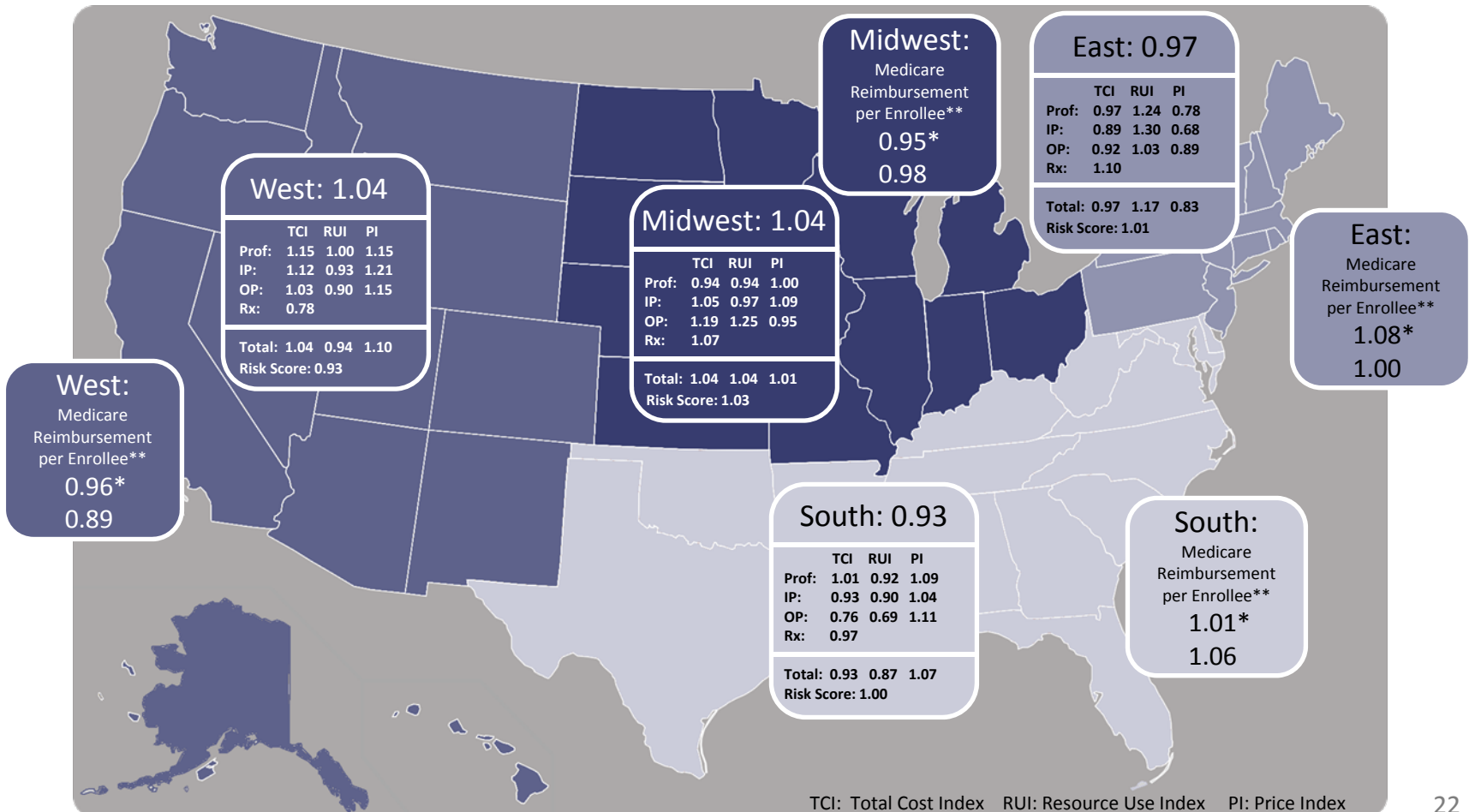
**Thank you!**



# Commercial Atlas Development

## Commercial Total Cost of Care & Resource Use – Proof of Concept

### Proof of Concept: HealthPartners Measurement Approach



TCI: Total Cost Index RUI: Resource Use Index PI: Price Index

\*Prior to Price Adjustment /Akin to TCI or Actual Price & Use

Data Sources: National Commercial Database, Pharmedics, Inc. (Watertown, MA), \*Dartmouth Atlas