

Welcome to the February 16, 2022 All-Alliance Webinar

The Total Cost of Care Report: Answering the Question “Where Are Washington State’s Health Care Dollars Going?”

**Please keep your camera and microphone off.*

Share questions and comments in the Chat.



Today's Meeting

1. Introduction
2. Presentation
3. Discussion



Introducing the Alliance's Total Cost of Care Report



RELEASE



Jim Andrianos Calculated Risk, Inc.

What is *Total Cost of Care (TCoC)*?

TCoC is a grand total of provider fees, representing payment in full, for all or as many health care services that we can accumulate.

- We present the results on a **per capita** basis, beginning with the total fees spent during a period of time for all people known to have insurance coverage.
- In industry jargon, insured people are “**members**”, and annual spending is averaged by month. So, we present total fees (or cost) as “Per Member Per Month”, or **PMPM**.

What TCoC is not:

- The grand total of all **premiums** paid to insurance carriers, or the total **budgets** of government programs such as Medicaid
- The **expenses incurred by provider organizations** to deliver health care services (e.g., rent, staff wages, provider compensation, insurance, etc.)

What's *different* about Total Cost of Care

In the past, The Alliance has analyzed and reported on discrete healthcare situations and treatments

- Examples: hip joint replacements, breast cancer screening, drug prescribing

In contrast, Total Cost of Care:

- Spans all services and circumstances: from **screening** and **diagnosis**, to **treatment** and **follow-up**; from **routine exams** to **organ transplants**
- It is intended for purchasers, providers, health plans – not consumers & patients
 - It is more of a information resource than a “report”
- ★ Like other spending measures, TCoC is not a direct indicator of quality.

Total Cost of Care 'report' is really a *Information Resource*

The Tableau interactive browser is gateway to 19,638 cost results

- Likely too much for the typical person to consume and digest
- The inaugural TCoC release is best understood as a **foundational record** of the **structure of regional health care costs**

 **A key aim today is to collect your ideas for putting this repository to use** 

TCoC: sampling of use cases

1. Bring multi-payer per capita spending benchmarks to employers
2. Present per capita commercial spending in relation to Medicaid; track over time
3. Document pre- and post-COVID service spending changes statewide; by payor group, by region
4. Supply employers with PMPM reports that incorporate social determinants of health information
5. Plus your ideas...

Total Cost of Care Methodology

Overview of approach/method: 3 acronyms

We use multi-payor claims data to tabulate Total Cost of Care

1. Group services into similar categories using Milliman's Health Cost Guidelines (HCGs)
2. Tally fees (known in the industry as "allowed amounts") into HCGs accordingly and calculate "per member per month" (PMPM) statistics
3. Adjust PMPM figures to recognize that patient/member illness burden differs, using Milliman Advanced Risk Adjusters (MARA) software
 - MARA uses claims and enrollment data and evaluates member diagnoses, utilization, age, gender to assign a relative health risk score.
 - Scores are standardized to the overall population. Score above 1.0 indicate greater illness burden than average; scores below 1.0 signal lesser illness burden than average.

How services are grouped within HCGs

Facility Inpatient <i>Alcohol and Drug Abuse</i> <i>Mat Csect Delivery</i> <i>Mat Norm Delivery</i> <i>Maternity Non-Delivery</i> <i>Medical</i> <i>Other Newborn</i> <i>Psychiatric</i> <i>SNF</i> <i>Surgical</i> <i>Well Newborn</i>	Professional <i>Allergy Immunotherapy</i> <i>Allergy Testing</i> <i>Cardiovascular</i> <i>Chiropractor</i> <i>Emergency Room</i> <i>ER Visits and Observation Care</i> <i>Hearing and Speech Exams</i> <i>Inpatient Anesthesia</i> <i>Inpatient Surgery</i> <i>Inpatient Visits</i> <i>Maternity</i> <i>Miscellaneous Medical</i> <i>Office Administered Drugs</i> <i>Office Surgery</i> <i>Office/Home Visits</i> <i>Outpatient Alcohol & Drug Abuse</i> <i>Outpatient Anesthesia</i> <i>Outpatient Psychiatric</i> <i>Outpatient Surgery</i> <i>Pathology/Lab - Inpatient & Outpatient</i> <i>Pathology/Lab - Office</i> <i>Physical Therapy</i>	Professional (cont'd) <i>Preventive Immunizations</i> <i>Preventive Other</i> <i>Preventive Physical Exams</i> <i>Preventive Well Baby Exams</i> <i>Radiology IP</i> <i>Radiology Office - CT/MRI/PET</i> <i>Radiology Office - General</i> <i>Radiology OP - General</i> <i>Radiology OP- CT/MRI/PET</i> <i>Urgent Care Visits</i> <i>Vision Exams</i>
Facility Outpatient <i>Alcohol & Drug Abuse</i> <i>Cardiovascular</i> <i>Observation</i> <i>Other</i> <i>Pathology/Lab</i> <i>Pharmacy</i> <i>Preventive</i> <i>Psychiatric</i> <i>PT/OT/ST</i> <i>Radiology - CT/MRI/PET</i> <i>Radiology General</i> <i>Surgery</i>		Ancillary <i>Ambulance</i> <i>Benefits Glasses/Contacts</i> <i>Benefits Other</i> <i>DME and Supplies</i> <i>Home Health Care</i> <i>Prosthetics</i>
		Prescription Drug <i>Prescription Drugs</i>

Mark Pregler

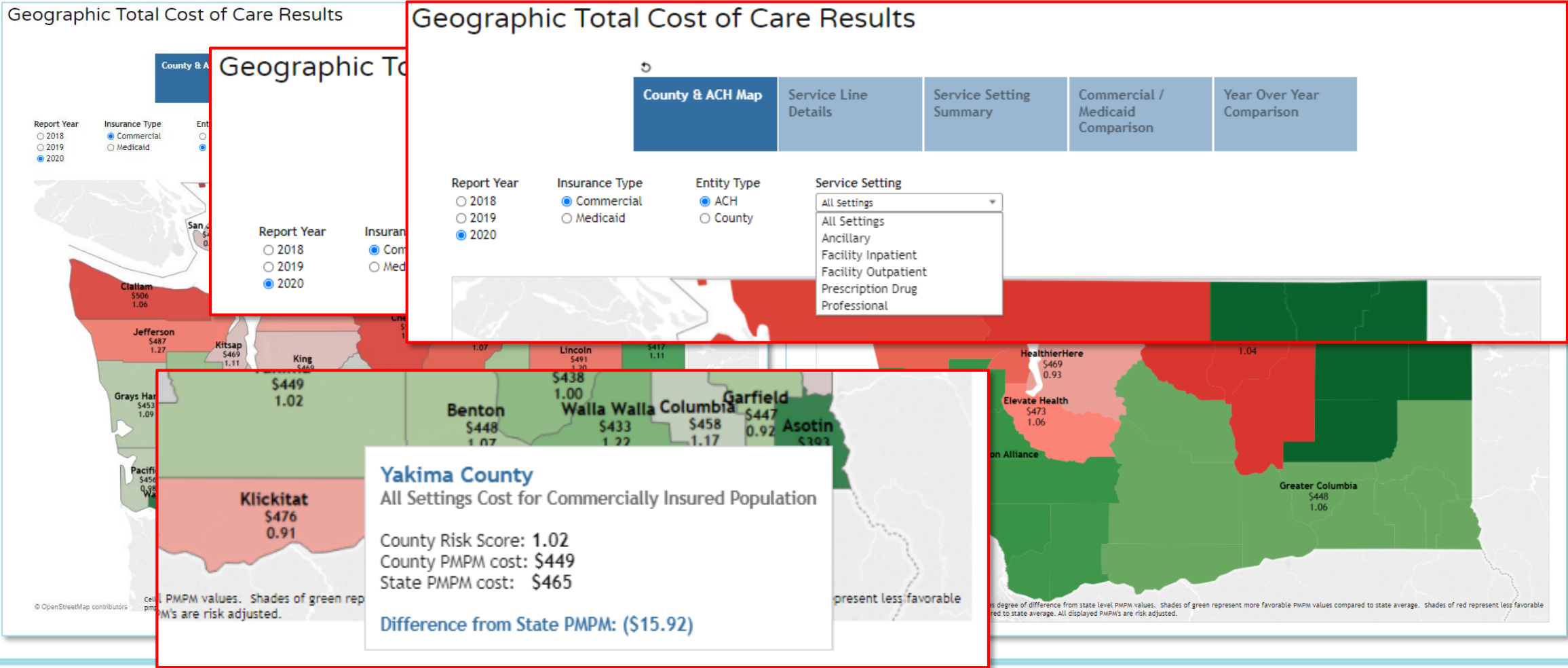
Director Data Management and Analytics

<https://wacommunitycheckup.org/highlights/>



Total Cost of Care Highlight

County and ACH Maps



Total Cost of Care Highlight

Service Line Details

Geographic Total Cost of Care Results

Report Year		Service Setting		County & ACH Map	
<input type="radio"/> 2018 <input type="radio"/> 2019 <input checked="" type="radio"/> 2020		Service Setting All Settings Facility Inpatient Facility Outpatient Professional		Asotin County Facility Outpatient Total County Risk Score Facility Outpatient Risk Score Data in this cell is not available Difference from State Average more favorable PMPM values compared to state average	
Service Setting		Service Line		County & ACH Map	
				WA 1.00	
				Adams 0.91	
All Settings		All Lines		\$464.80	
Facility Inpatient		All Lines		\$87.87	
		Medical		\$26.70	
		Surgical		\$42.50	
		Psychiatric		\$2.68	
		Alcohol and Drug Abuse		\$1.04	
		Mat Norm Delivery		\$4.78	
		Mat Csect Delivery		\$3.40	
		Well Newborn		\$0.87	
		Other Newborn		\$3.27	
		Maternity Non-Delivery		\$1.11	
		SNF		\$1.54	
Facility Outpatient		All Lines		\$133.53	
		Observation		\$4.59	
		Emergency Room		\$19.89	
		Surgery		\$49.35	
		Radiology General		\$7.58	
		Radiology - CT/MRI/PET		\$4.62	
		Pathology/Lab		\$4.85	
		Pharmacy		\$22.25	
		Cardiovascular		\$2.99	
		PT/OT/ST		\$1.57	
		Psychiatric		\$1.17	
		Alcohol & Drug Abuse		\$0.48	
		Other		\$10.14	
		Preventive		\$4.06	
Professional		All Lines		\$137.47	

Geographic Total Cost of Care Results

Asotin County
Facility Outpatient Costs for Commercially Insured Population

Total County Risk Score: 1.28
Facility Outpatient Risk Score: 1.38
Data in this cell is not risk adjusted

Difference from State PMPM: (\$0.97)

more favorable PMPM values compared to state average. Shades of red represent less favorable pmpm values compared to state average. Shades of green represent more favorable pmpm values compared to state average. Shades of red represent less favorable pmpm values compared to state average. PMPMs are risk adjusted for Service Settings, but not for Service Lines.

Geographic Total Cost of Care Results

County & ACH Map

Service Line Details

Service Setting Summary

Commercial / Medicaid

Year Over Year Comparison

Report Year

Insurance Type

Entity Type

Service Setting

Group Counties with ACH?

Report Year

Insurance Type

Entity Type

Service Setting

Group Counties with ACH?

Report Year

Insurance Type

Entity Type

Service Setting

Group Counties with ACH?

Entity Name

WA

Better Health Together

Adams

Ferry

Lincoln

Pend Oreille

Spokane

Stevens

Cascade Pacific Action Alliance

Cowlitz

Grays Harbor

Wahkiakum

Greater Columbia ACH

Asotin

Benton

Columbia

Franklin

Garfield

Kittitas

Klickitat

Walla Walla

Whitman

Yakima

HealthierHere

King

North Central ACH

Report Year

Insurance Type

Entity Type

Service Setting

Group Counties with ACH?

Report Year

Insurance Type

Entity Type

Service Setting

Group Counties with ACH?

Entity Name

Risk Score

Service Setting

All Settings

Facility Inpatient

Facility Outpatient

Professional

Prescription Drug

Ancillary

Entity Name

Risk Score

Service Setting

All Settings

Facility Inpatient

Facility Outpatient

Professional

Prescription Drug

Ancillary

Entity Name

Risk Score

Service Setting

All Settings

Facility Inpatient

Facility Outpatient

Professional

Prescription Drug

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Facility Outpatient

Professional

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Entity Name

Risk Score

Service Setting

All Settings

Facility Inpatient

Facility Outpatient

Professional

Prescription Drug

Ancillary

Total Cost of Care Highlight

Commercial/Medicaid Comparison

Geographic Total Cost of Care Results

County & ACH Map

Service Line Details

Service Setting Summary

Commercial / Medicaid Comparison

Year Over Year Comparison

Report Year

Insurance Type

Entity Type

Service Setting

Group Counties with ACH?

Entity Name	Service Setting / Insurance Type											
	All Settings		Facility Inpatient		Facility Outpatient		Professional		Prescription Drug		Ancillary	
	Commercial	Medicaid	Commercial	Medicaid	Commercial	Medicaid	Commercial	Medicaid	Commercial	Medicaid	Commercial	Medicaid
WA	\$464.80	\$277.75	\$87.87	\$63.16	\$133.53	\$54.40	\$137.47	\$69.58	\$92.04	\$79.20	\$13.88	\$11.41
Better Health Together	\$421.85	\$278.29	\$72.15	\$52.75	\$105.21	\$44.96	\$143.70	\$82.38	\$89.19	\$79.70	\$13.60	\$19.06
Adams	\$465.93	\$304.94	\$80.15	\$66.97	\$134.46	\$80.83	\$116.65	\$69.41	\$162.86	\$83.52	\$15.84	\$12.71
Ferry	\$474.36	\$332.22	\$41.17	\$47.28	\$163.87	\$106.30	\$132.96	\$85.26	\$121.29	\$64.79	\$10.33	\$28.84
Lincoln	\$490.82	\$313.85	\$76.24	\$40.13	\$139.53	\$87.56	\$125.32	\$70.18	\$179.63	\$83.63	\$16.07	\$19.77
Pend Oreille	\$396.29	\$341.08	\$50.13	\$88.79	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Spokane	\$417.13	\$270.77	\$73.02	\$54.78	\$128.38	\$30.83	\$147.33	\$83.30	\$84.05	\$78.89	\$13.10	\$18.33
Stevens	\$440.20	\$339.35	\$60.24	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Cascade Pacific Action Alliance	\$440.78	\$283.98	\$83.64	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Cowlitz	\$409.31	\$244.46	\$58.78	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Grays Harbor	\$453.21	\$359.83	\$84.51	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Lewis	\$464.77	\$248.67	\$93.45	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Mason	\$443.31	\$297.41	\$89.70	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Pacific	\$456.24	\$339.60	\$71.75	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Thurston	\$435.48	\$285.29	\$83.18	\$50.13	\$125.02	\$77.17	\$109.91	\$79.10	\$103.14	\$84.23	\$21.56	\$14.01
Wahkiakum	\$383.06	\$216.24	\$54.31	\$44.29	\$105.71	\$40.69	\$94.07	\$50.15	\$175.74	\$72.63	\$14.33	\$6.01

Pend Oreille County

Facility Inpatient Costs for Commercially Insured Population

Total County Risk Score: 1.06

Facility Inpatient Risk Score: 1.15

Difference from State PMPM: (\$37.74)

Whitman	\$466.81	\$328.25	\$70.51	\$74.59	\$140.67	\$106.03	\$106.96	\$57.26	\$141.92	\$77.15	\$21.61	\$14.01
Yakima	\$448.88	\$323.74	\$87.50	\$63.23	\$159.52	\$85.48	\$103.75	\$83.64	\$79.53	\$73.95	\$16.97	\$21.72
HealthierHere	\$469.38	\$273.58	\$85.06	\$66.11	\$136.08	\$57.09	\$143.22	\$54.63	\$87.85	\$82.77	\$13.34	\$9.78
King	\$469.38	\$273.58	\$85.06	\$66.11	\$136.08	\$57.09	\$143.22	\$54.63	\$87.85	\$82.77	\$13.34	\$9.78
North Central ACH	\$485.94	\$257.61	\$80.67	\$61.47	\$167.57	\$57.66	\$124.84	\$61.72	\$120.67	\$69.35	\$15.20	\$6.65

Cell shading indicates degree of difference from state level PMPM values. Shades of green represent more favorable PMPM values compared to state average. Shades of red represent less favorable PMPM values compared to state average. All displayed PMPMs are risk adjusted.

Results

Service Line

Service Setting Summary

Commercial / Medicaid Comparison

Year Over Year Comparison

Service Setting

Group Counties with ACH?

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Difference from State PMPM: (\$37.74)

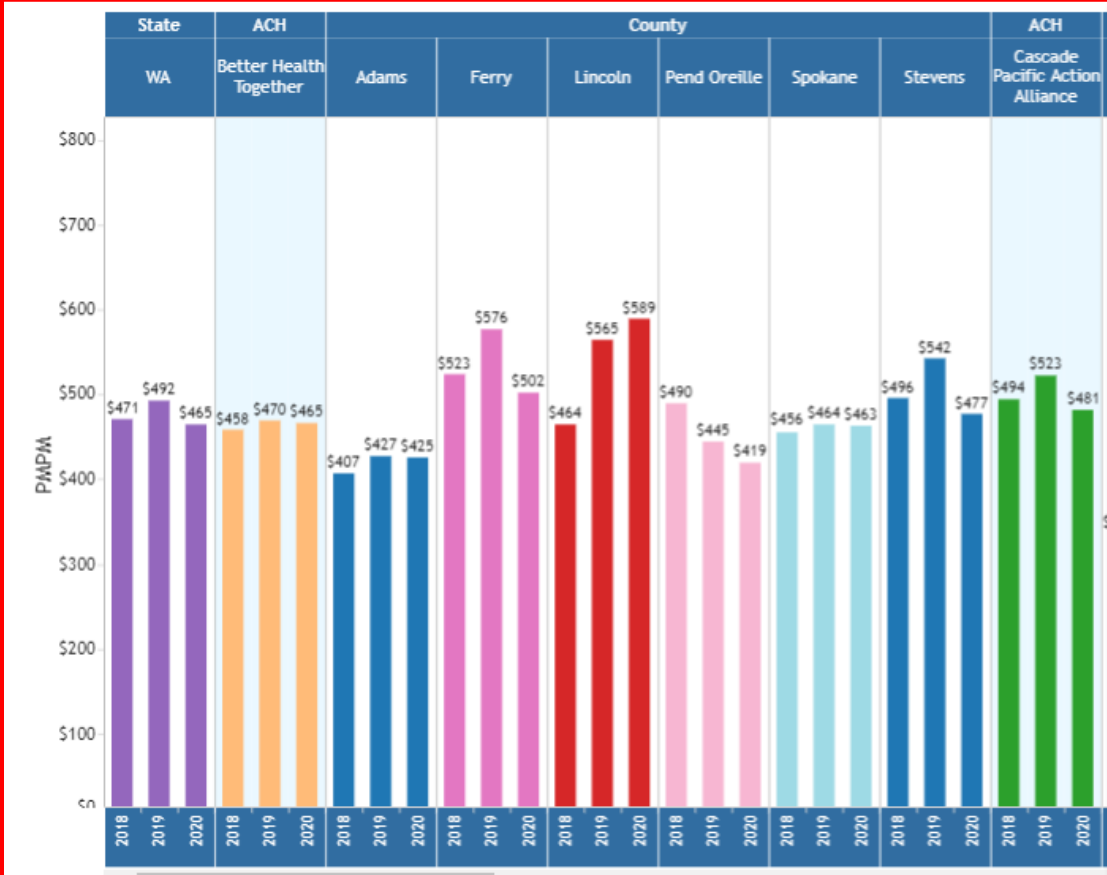
Pacific	\$155.99	\$92.56	\$92.46	\$71.19
Pend Oreille	\$125.02	\$77.17	\$109.91	\$79.10
Pierce	\$139.32	\$38.50	\$140.35	\$66.94
San Juan	\$152.79	\$78.09	\$101.85	\$76.95
Skagit	\$163.17	\$88.17	\$132.09	\$76.55

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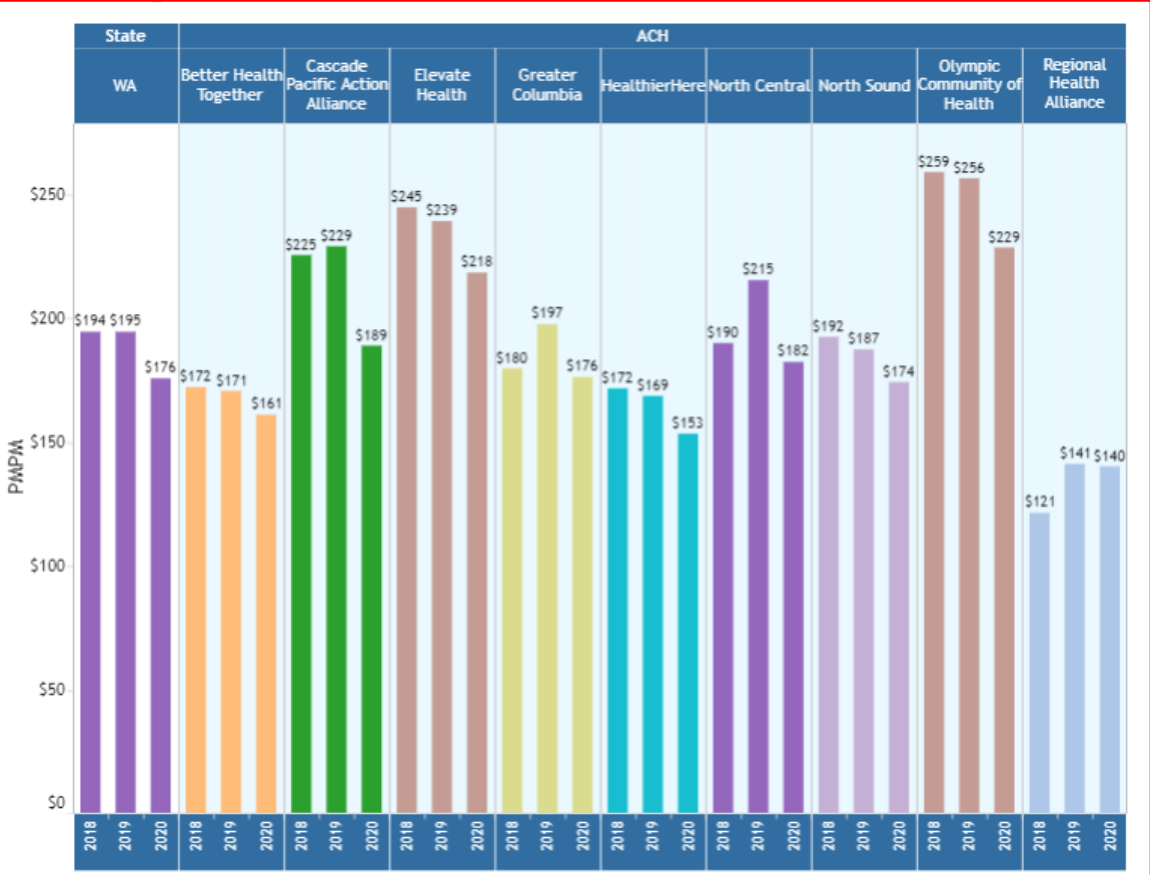
Total Cost of Care Highlight

Year Over Year Comparison

Geographic Total Cost of Care Results



Geographic Total Cost of Care Results



Alliance Roadmap for Total Cost of Care

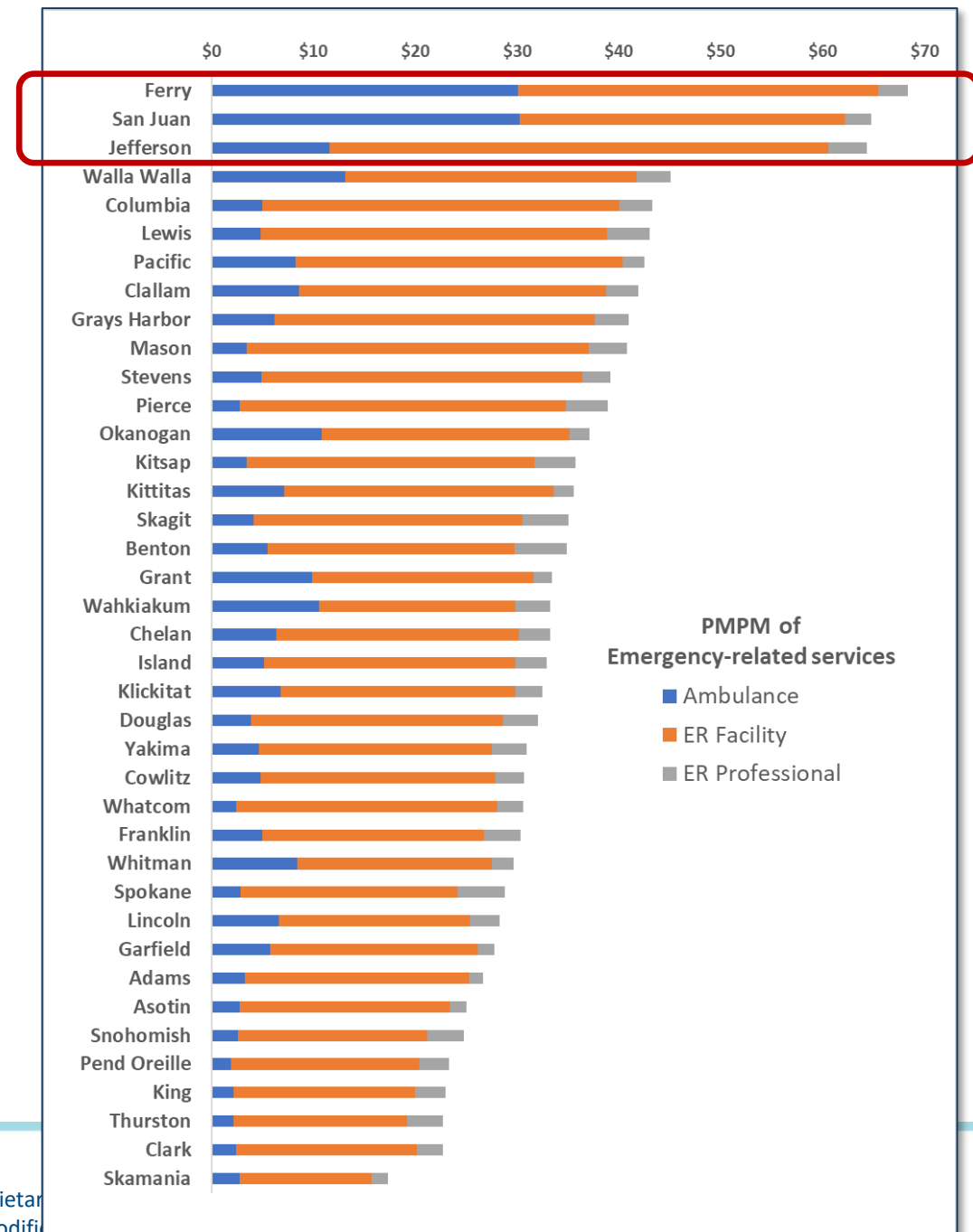
- Integration of a TCoC index with Quality Composite Score
- Additional result stratifications
 - Medical Group and Clinic Locations
 - Area Deprivation Index (equity lens)
- Cost driver analysis (volume, intensity, price) and inclusion of utilization statistics (admits/1000, services/1000)

Conversation Starters: Using the TCoC Resource

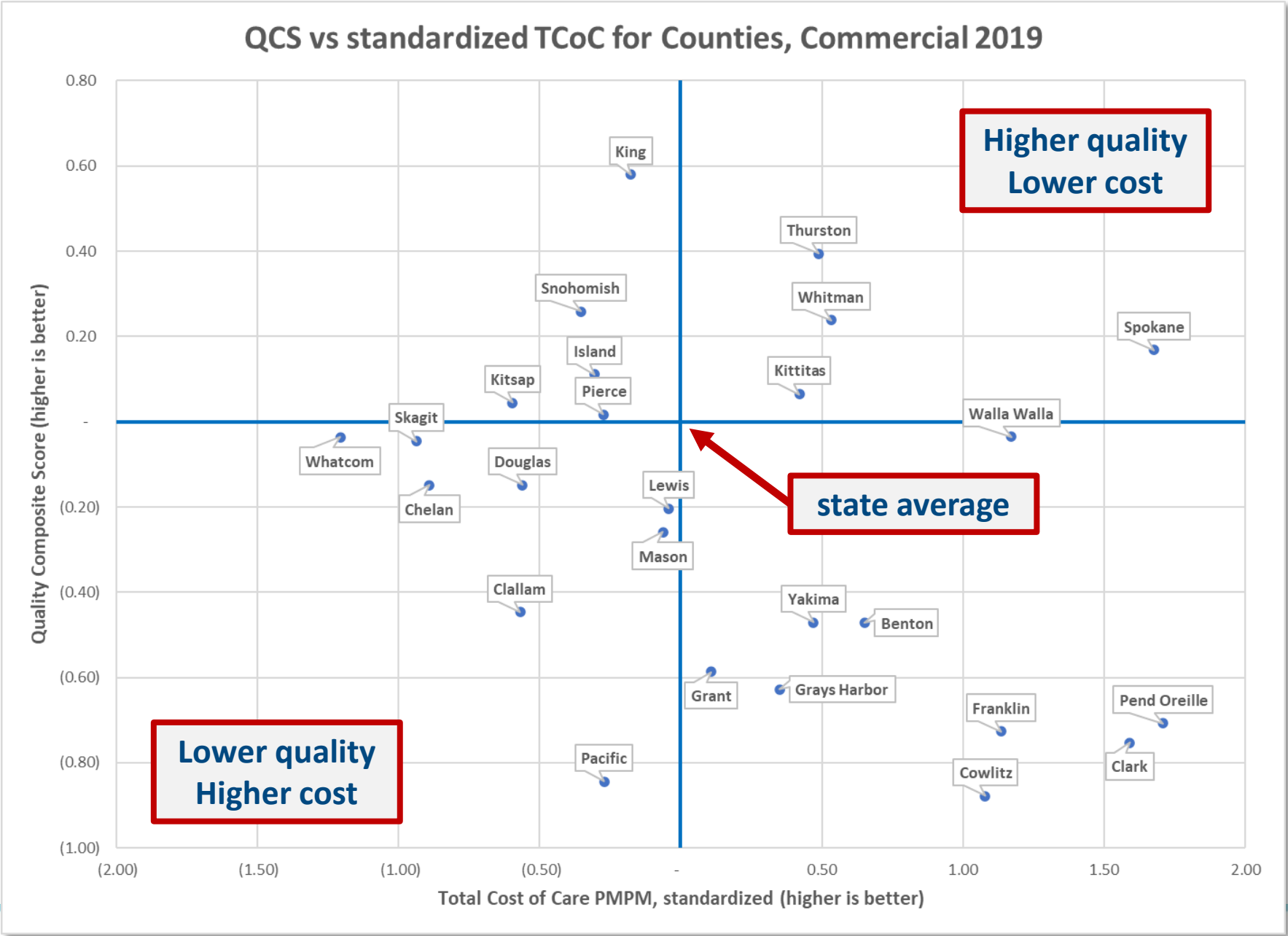
Spending variation for selected services

e.g., Emergency-related services

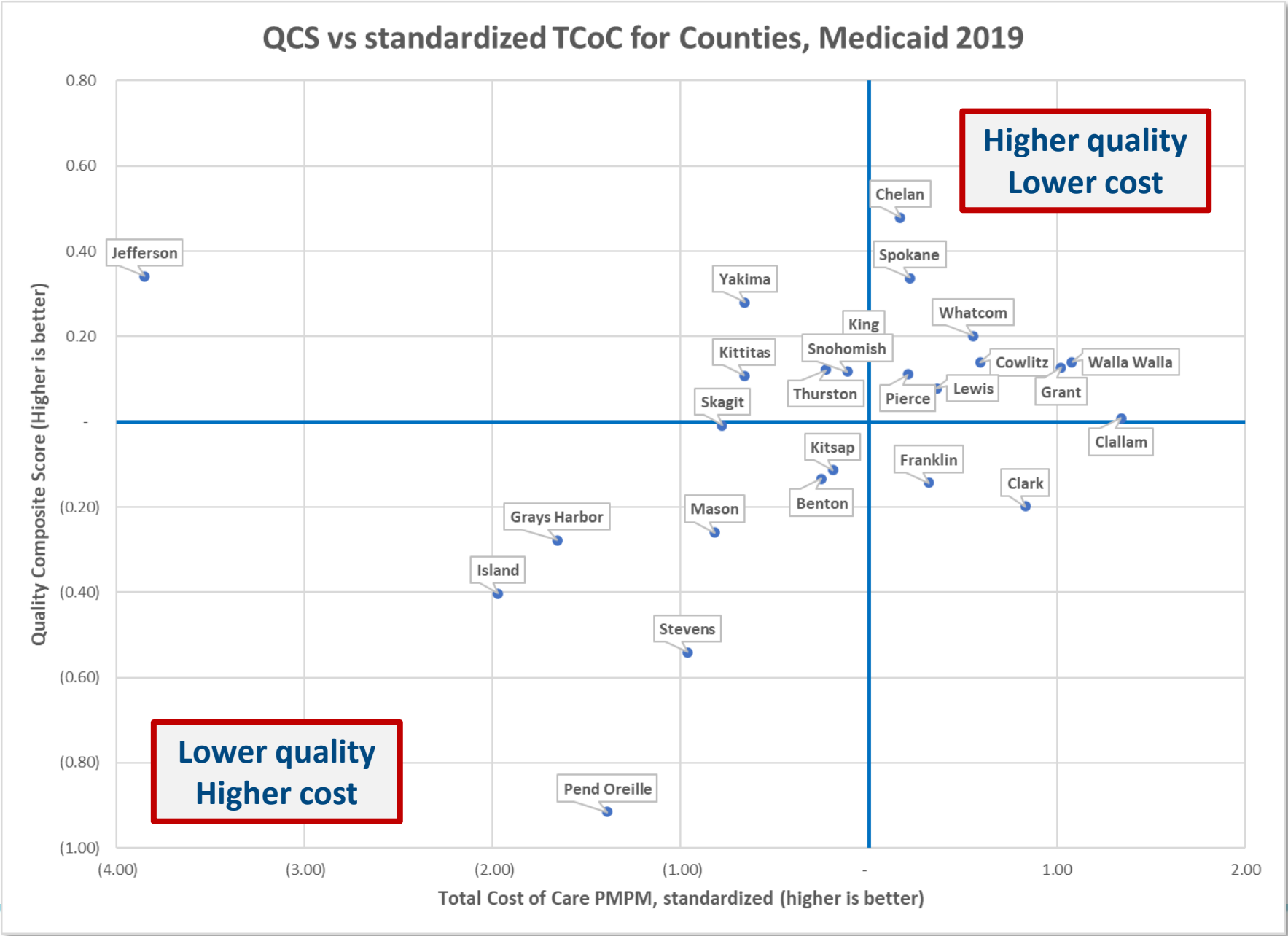
- What's different about Ferry, San Juan, and Jefferson counties?
- Why does Jefferson have much higher per capita **ER Facility** spending?
- Why do Ferry and San Juan counties have much higher per capita **Ambulance** spending?
- What people and organizations would find these questions worth exploring?



Cost
alongside
quality:
People with
commercial
insurance (2019)



Cost
alongside
quality:
People enrolled
in Medicaid
(2019)



Aligning multiple aspects of healthcare

1. Neighborhood Atlas® rating

A public domain measure of “area deprivation” at the U.S. Census Block Group level.
Based on 17 measures related to Income, Education, Employment, and Housing Quality.
Each neighborhood is grouped into one of ten deciles.

2. Illness burden score (MARA)

A relative measure of a population’s illness burden, based on age, sex, utilization, and diagnoses.

3. Quality Composite Score

Overall relative performance across 29 measures of quality published in the Community Checkup.

4. Total Cost of Care

Annual risk-adjusted spending per member per month

Aligning multiple aspects of healthcare

- 1. Neighborhood Atlas® rating
- 2. Illness burden score (MARA)
- 3. Quality Composite Score
- 4. Total Cost of Care

		MARA Health Risk Score	WHA Quality Composite	WHA TCoC Index
Neighborhood Atlas® decile				
Least disadvantaged	1st	?	?	?
	2nd	?	?	?
	3rd	?	?	?
	4th	?	?	?
	5th	?	?	?
	6th	?	?	?
	7th	?	?	?
	8th	?	?	?
	9th	?	?	?
Most disadvantaged	10th	?	?	?
WA State		1.00	0.00	1.00

*As we move from most to least advantaged residential areas, do health risk scores decline, stay the same?
Does quality hold steady? Does per capita spending rise, fall, or show some other pattern?*

DISCUSSION:

What are your ideas for using the Total Cost of Care information resource -- on its own or as part of something larger?

Send your comments and suggestions to:

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