WASHINGTON HEALTH ALLIANCE

Leading health system improvement

Welcome to our newest Alliance members!

Members who've joined since our last All-Alliance meeting, or who weren't previously recognized:

Jazz Pharmaceuticals

IBM Watson Health

Bloodworks Northwest

arevohealth

magick.ai

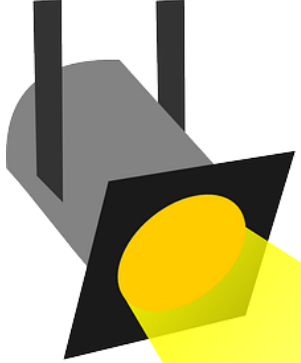
FOUNDATION MEDICINE

CHILDREN'S THERAPY CENTER

And, soon to join:

Humana.

UW MHA



A few Alliance Highlights

- Membership and Business Engagement – Welcome Theresa Tamura
- WA-APCD Lead Organization RFP
- New Work:
  1. Development of a Quality Composite Score
  2. New Pricing Reports Coming
  3. Addition of risk adjustment technology that can support Total Cost of Care and other reporting
  4. Health Waste Calculator Results . . . at a medical group level

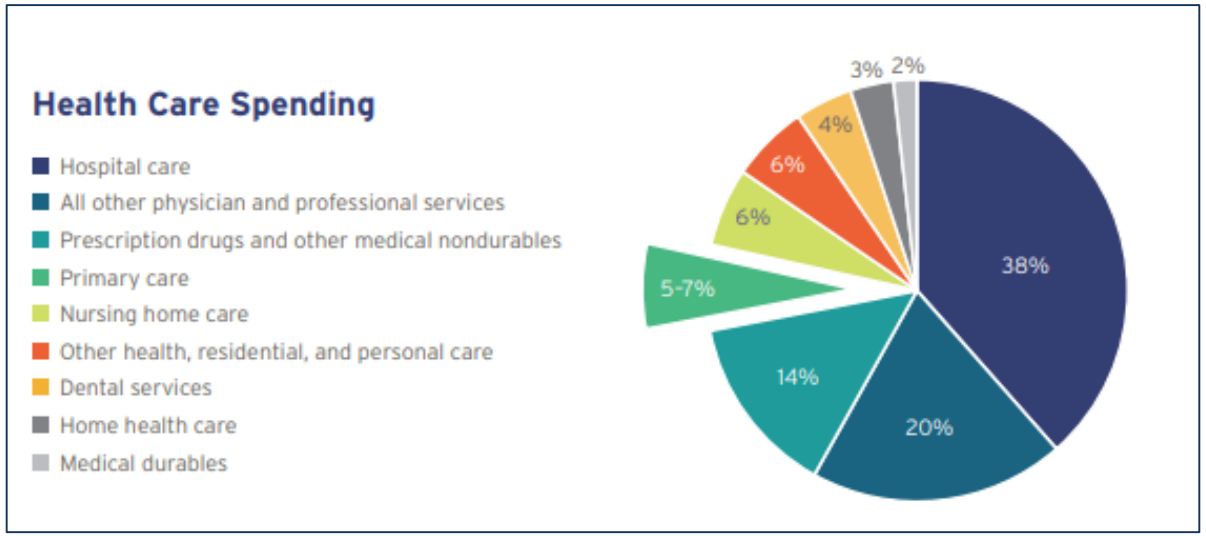
15% Primary Care Spend? Easy to Say, Hard to Do

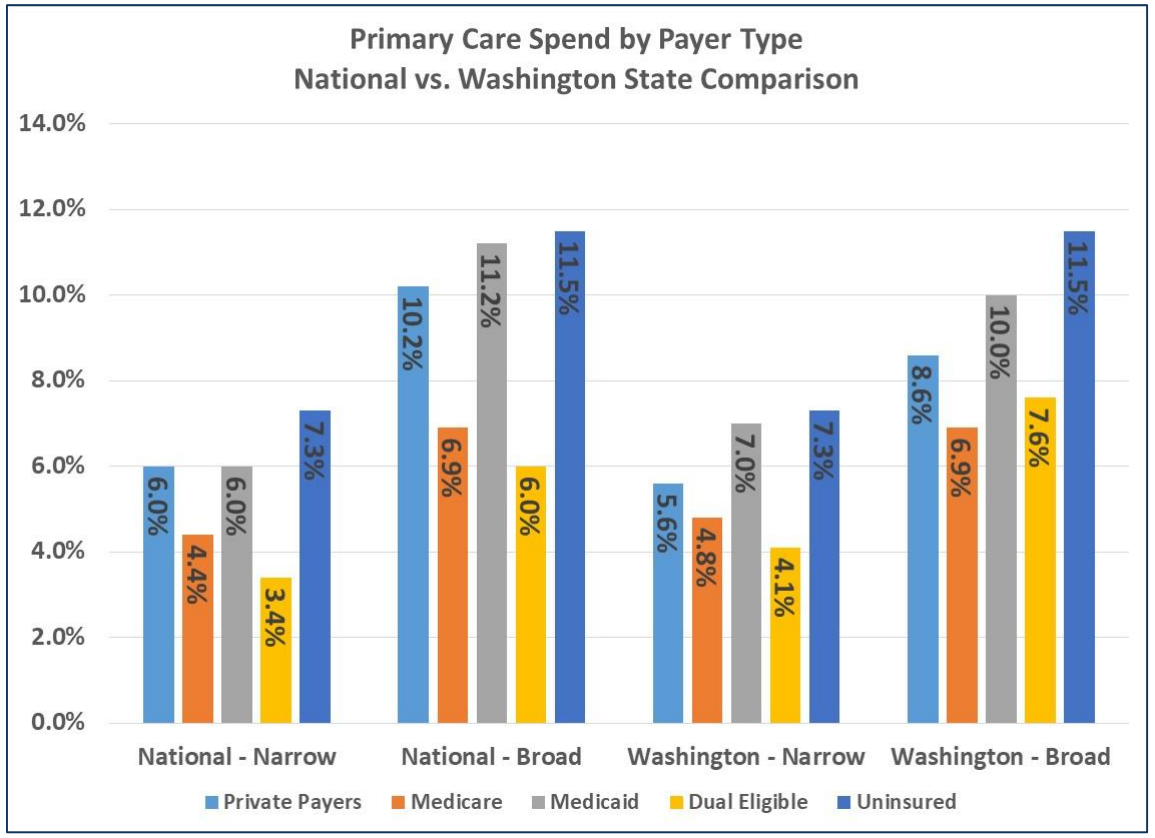
What will it take to increase spending for primary care **without** increasing total health care spending?

9 Considerations to Set the Stage for Today's Discussion

Considerations for Today's Discussion

#1 The U.S. under-invests in primary care, as reflected in spending by both public and private payers.

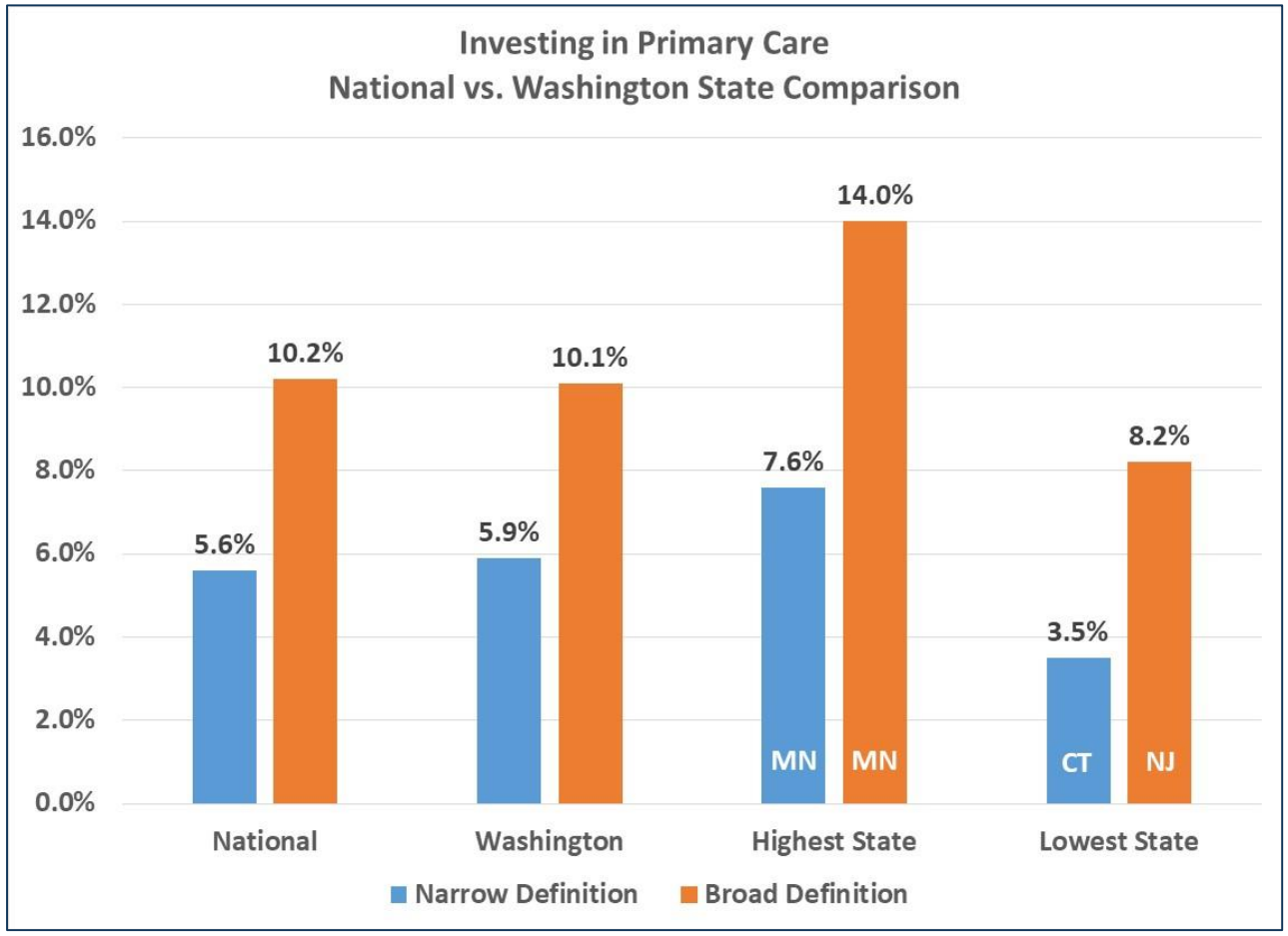




Source: "Investing in Primary Care," Patient Centered Primary Care Collaborative, July 2019
"Broad" definition includes PAs and ARNPs, behavioral health and OB-Gyn

Considerations for Today's Discussion

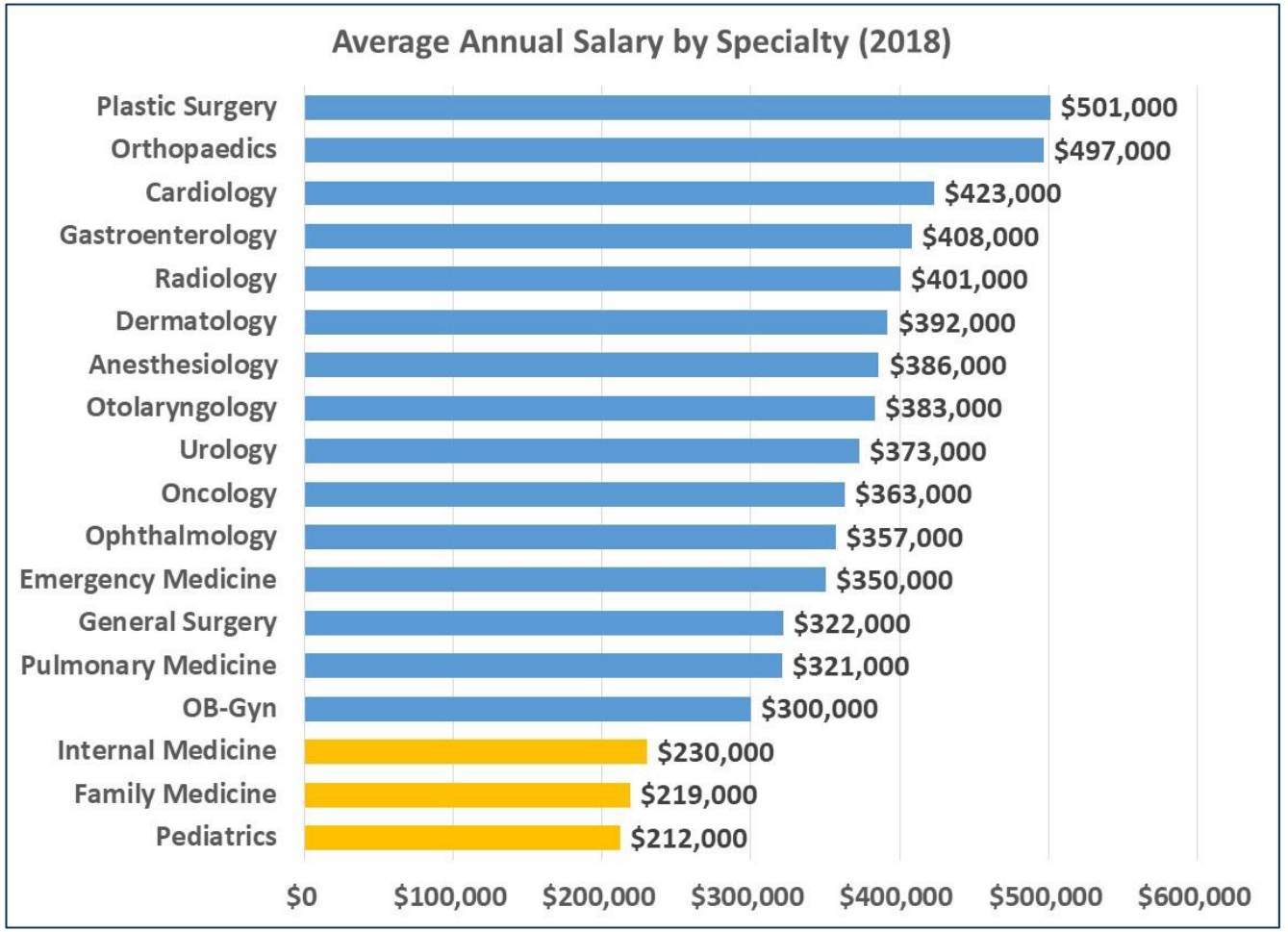
#2 In Washington, our *estimated* primary care spend is on par with the national average that many say is too low. Some states are ahead of us, demonstrating that it can be done.



Source: "Investing in Primary Care," Patient Centered Primary Care Collaborative, July 2019; Expenditures for 2011-2016
"Broad" definition includes PAs and ARNPs, behavioral health and OB-Gyn

Considerations for Today's Discussion

#3 We pay less for primary care relative to consultative specialty.



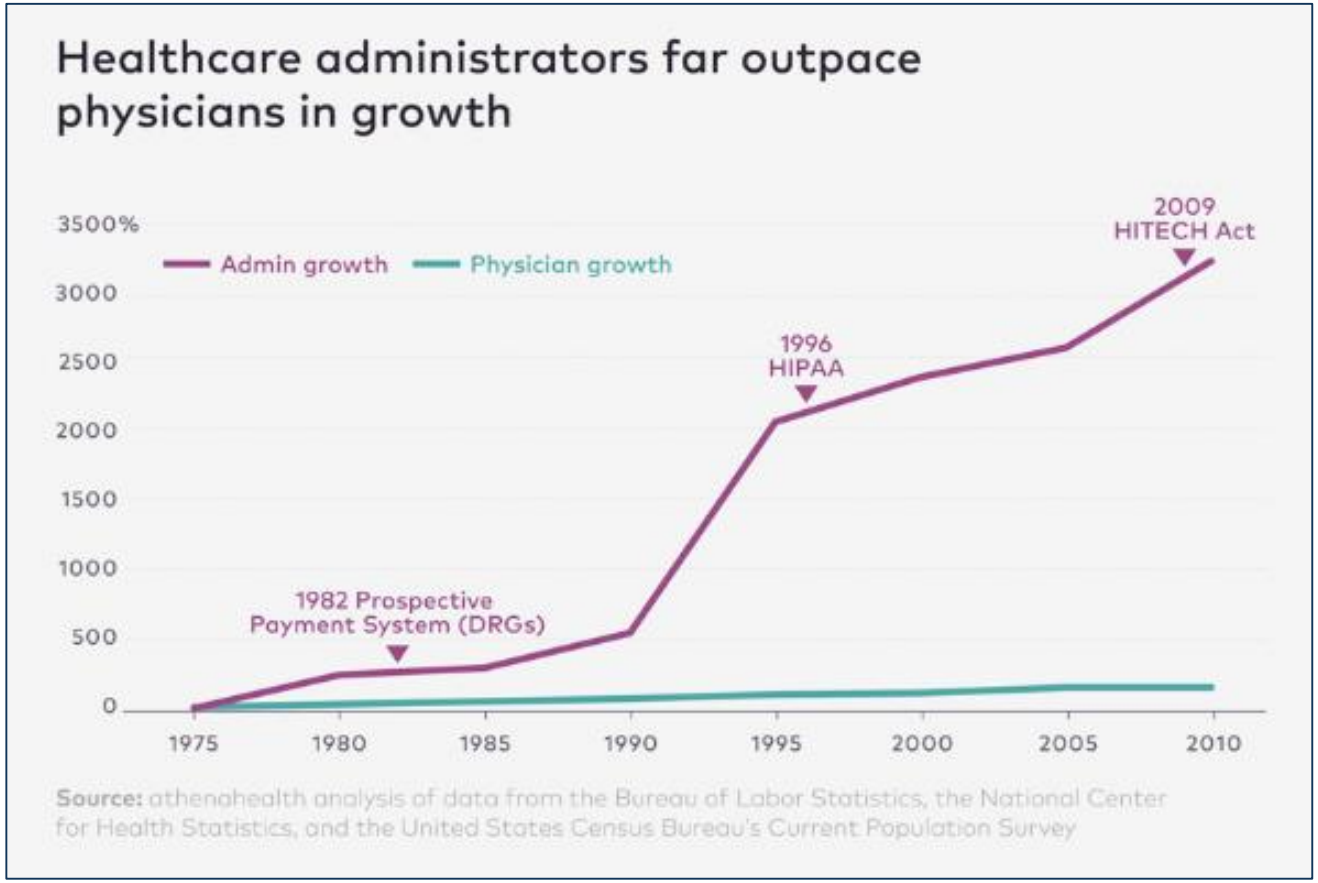
Source: MedScape 2018 Physician Compensation Report

Considerations for Today's Discussion

#4 Payers and health care/ hospital systems are driving rapid consolidation across the health care system. Purchase of primary care (and other) practices is a part of this consolidation.

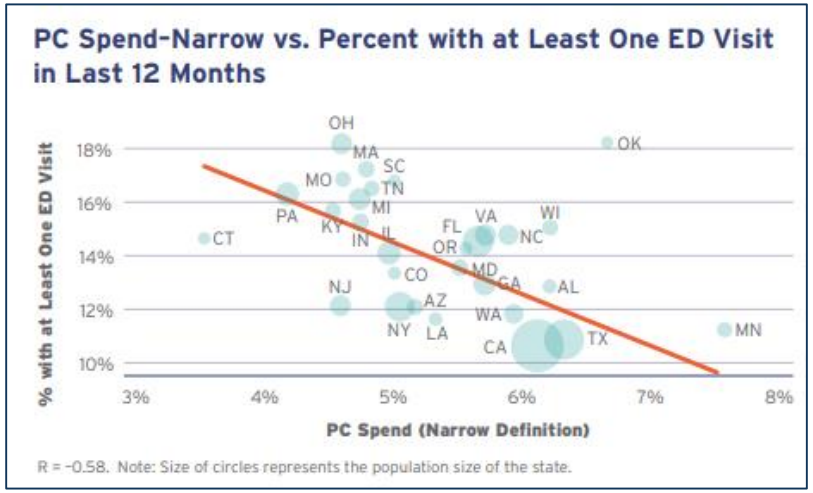
Considerations for Today's Discussion

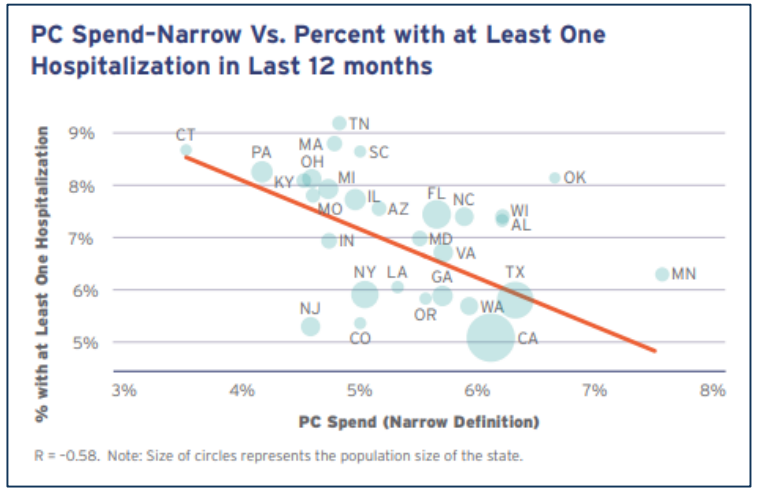
#5 The number of physicians in the U.S. grew 150% between 1975 – 2010, while the number of healthcare administrators increased 3200% during the same time period.

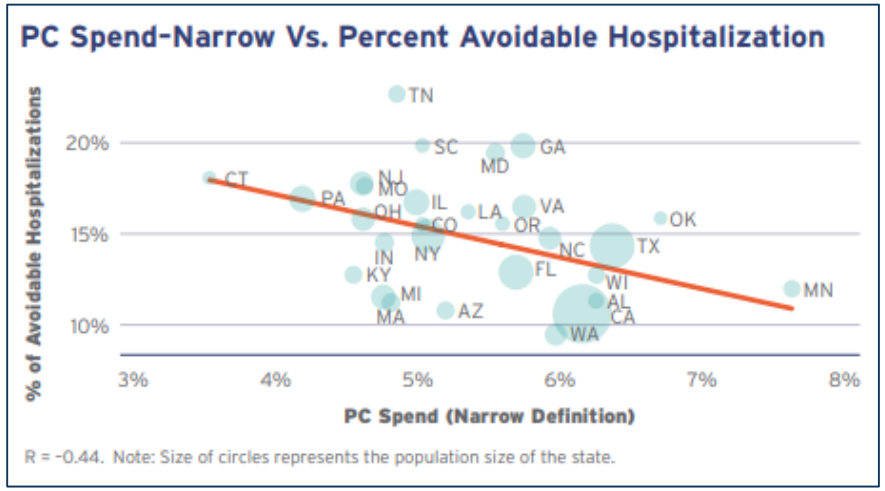


Considerations for Today's Discussion

#6 Mounting evidence shows a relationship between increased primary care spend and fewer ED visits, total hospitalizations and hospitalizations associated with ambulatory-sensitive conditions.



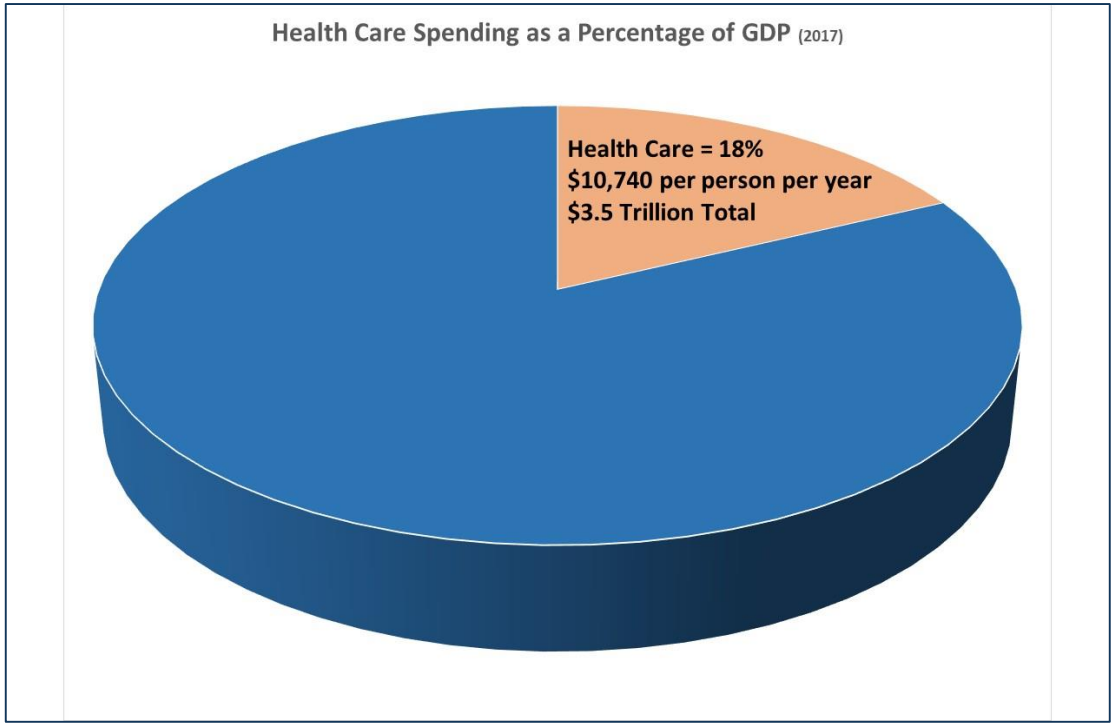




Source: "Investing in Primary Care," Patient Centered Primary Care Collaborative, July 2019

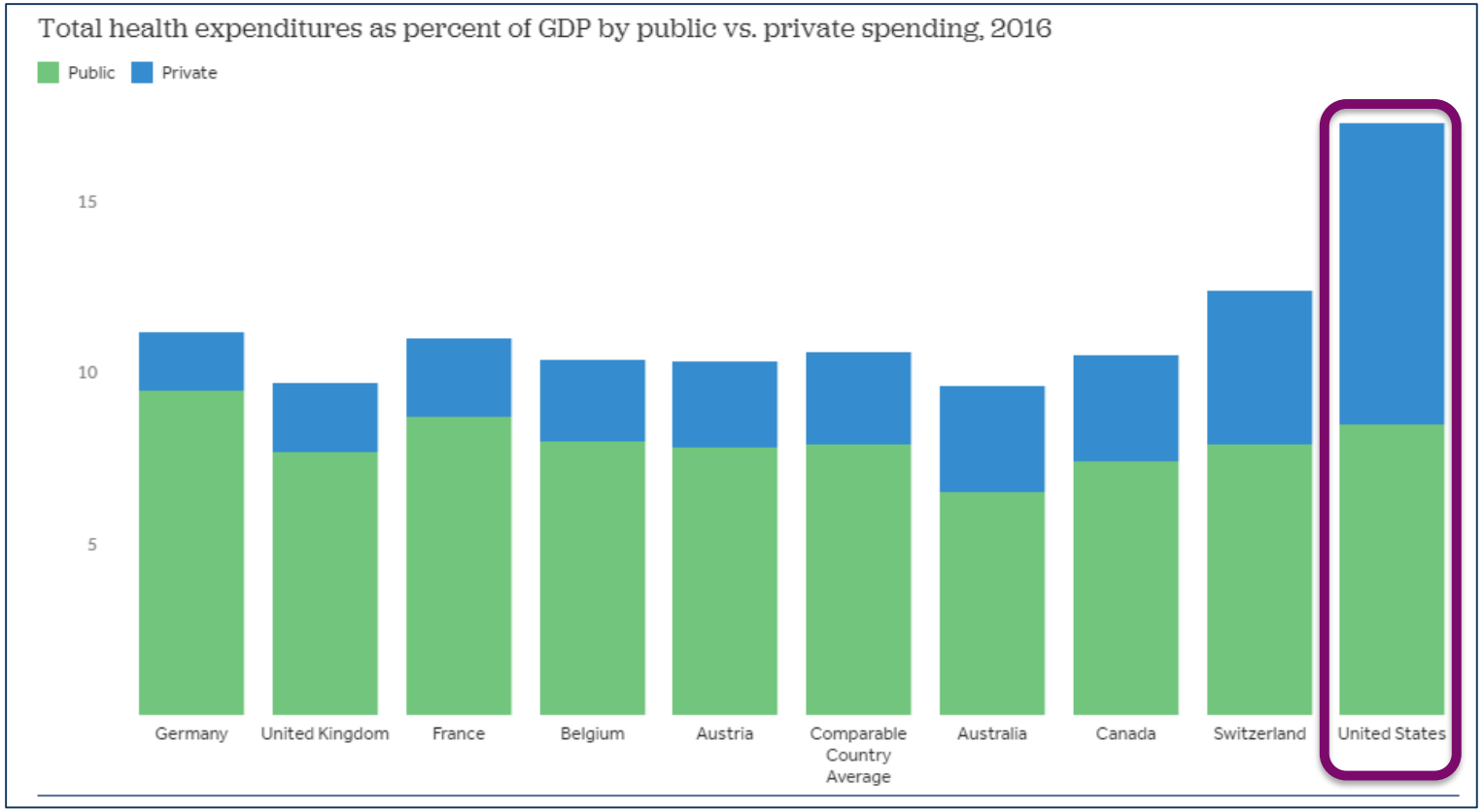
Considerations for Today's Discussion

#7 We already spend A LOT on health care in the United States – more per capita than all other OECD nations. Most say we can't sustain this level of spending and that it is having a deleterious effect on the country's ability to invest in other important infrastructure. The same is true at a state level here in Washington.



Considerations for Today's Discussion

#8 Private spending on health care (private purchasers, individuals) is substantially higher in the U.S. than elsewhere.



Considerations for Today's Discussion

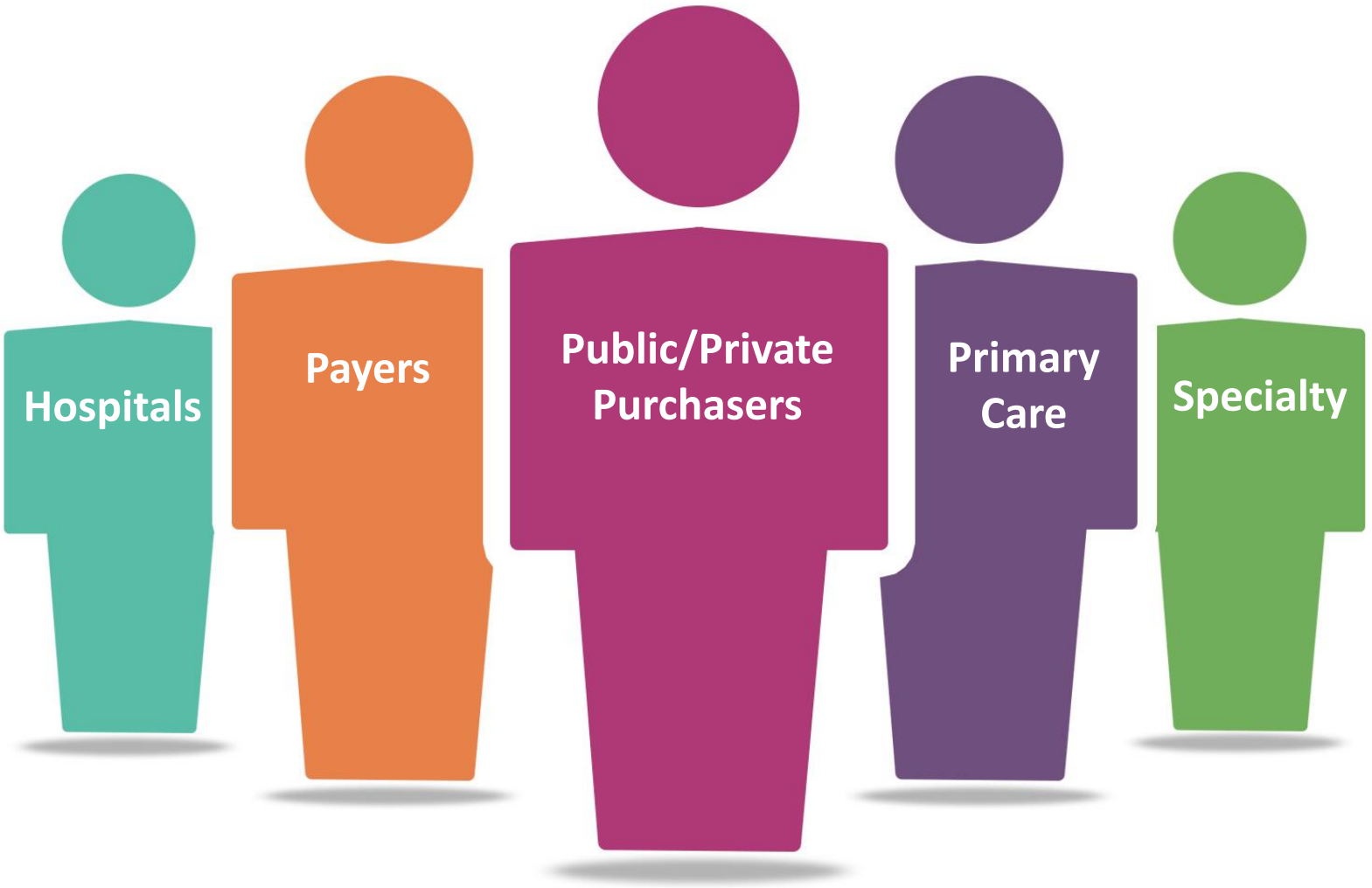
#9 Under investment in primary care – it matters.

- Thwarts the ability of primary care to provide patients with the personal attention and broad scope of services that they need.
- Results in sporadic "rescue care" rather than proactive care to manage chronic conditions and strengthen healthy behaviors – making it hard to ever get ahead of the curve.
- Reduces coordination of care across settings, leaving patients to navigate a fragmented, often ineffective health care system by themselves.
- Exacerbates access to care challenges – chronic under payment for primary care dis-incentivizes individuals and organizations from getting into the "primary care business."

So what should we be thinking about?

- Is it realistic to think that we can increase relative spending for primary care without increasing total health care spending?
- What are the key considerations?
- What unintended consequences do we need to watch out for?
- How do we get different (and powerful) special interests to collaborate, many of whom fear loss of their current advantage as a result of reduced spending in their part of the health care economy?
- How do we ensure more primary care spending will result in better outcomes (better quality, better health, lower cost)?

Taking Different Perspectives Into Account



Today's Panel

Mary Fliss, MHA, CHE
WA State Health Care Authority

Tim Lieb, BS
Regence Blue Shield

Jeff White, MBA, MS
The Boeing Company

Jonathan Sugarman, MD, MPH
WA Academy of Family Physicians

Sheila Rege, MD
WA State Medical Association

Julie Peterson
WA State Hospital Association

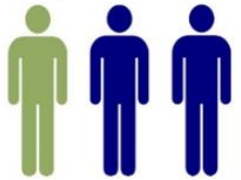
Let's start with a public purchaser perspective.

Mary Fliss, MHA, CHE
Deputy for Clinical Strategy and Operations
WA State Health Care Authority

What We Do at HCA

- State's largest health care purchaser
  - Medicaid (Apple Health)
    - 1.9 million people
  - Public Employees Benefits
    - 370,000 people
  - School Employees Benefits (2020)
    - 144,000 more covered lives coming
- Driving change through incentives
  - Reward patient-centered, high-quality care
  - Reward health plan and system performance
  - Drive standardization

We purchase care for 1 in 3 non-Medicare Washington residents with an annual spend over $12B



Washington State Health Care Authority

Advancing Primary Care

Policy

Payment

Practice

Community

The Landscape

- Leveraging purchaser (contracts), convener, regulation, legislative levers

- Convening primary care providers, purchasers and others in the community to advance this work

Let's continue with a private purchaser perspective.

Jeff White, MBA, MS
Global Benefits
The Boeing Company

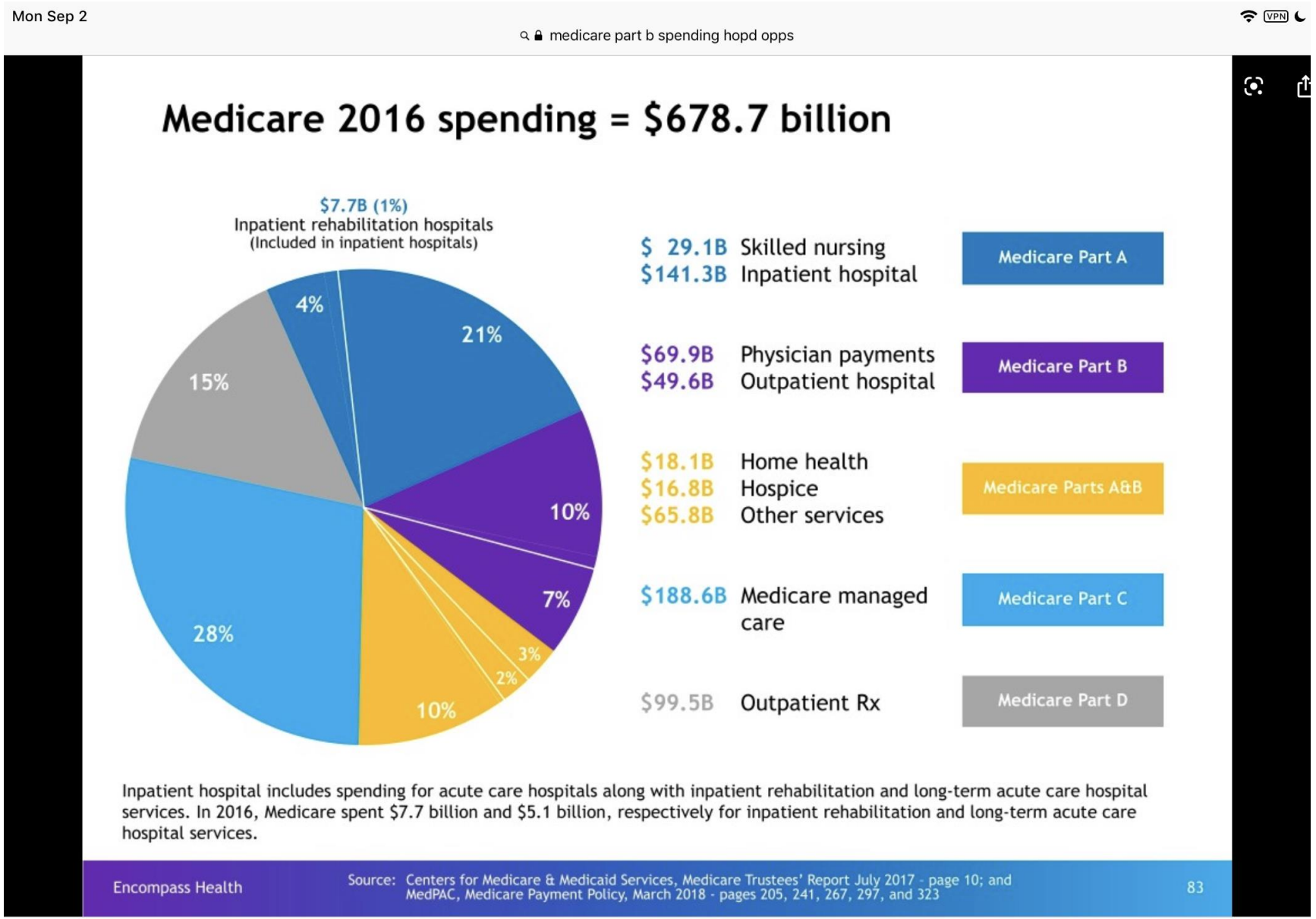
Tim Lieb, Washington Market President, Regence Blue Shield, offers the perspective of commercial insurance companies

Julie Peterson, CEO of Kittitas Valley Healthcare, and here today representing the WA State Hospital Association

Dr. Sheila Rege, a radiation oncologist based in Kennewick, joins us today to represent the Washington State Medical Association

Refresher on Spending

Sheila Rege MD



Pros and Cons – Increase Primary Care $ but not Total Health Care $?

Certain features of current law may result in some challenges for the Medicare program. Physician payment update amounts are specified for all years in the future, and these amounts do not vary based on underlying economic conditions, nor are they expected to keep pace with the average rate of physician cost increases. These rate updates could be an issue in years when levels of inflation are high and would be problematic when the cumulative gap between the price updates and physician costs becomes large. Payment rate updates for most non-physician categories of Medicare providers are reduced by the growth in economy-wide private nonfarm business multifactor productivity[2] although these health providers have historically achieved lower levels of productivity growth. If the health sector cannot transition to more efficient models of care delivery and if the provider reimbursement rates paid by commercial insurers continue to be based on the same negotiated process used to date, then the availability, particularly with respect to physician services, and quality of health care received by

[2]For convenience the term *economy-wide private nonfarm business multifactor productivity* will henceforth be referred to as *economy-wide productivity*.

Innovative Models for Specialists

High-Risk, High-Cost Group is First Priority

Pyramid of Risk

Developing a Comprehensive Strategy

Ensuring the sickest, most costly patients are well managed

- Are you able to identify high cost/high need and risking risk patients? **(Patient Stratification)**
- Do you have point-of-care tools to steward team member workflow **(CM workflow tools)**
- Can you monitor the return on your engagement efforst? **(Care Team Insights)**

First priority

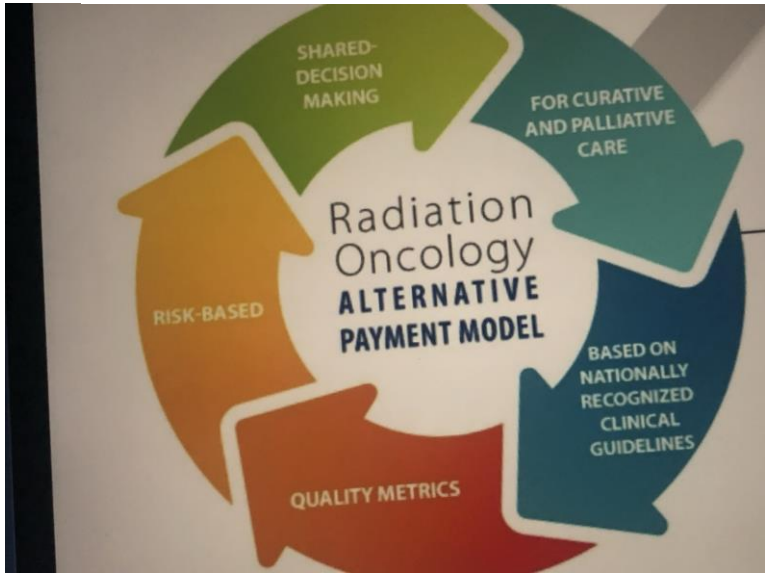
Leveraging analytics to support a comprehensive primary care strategy

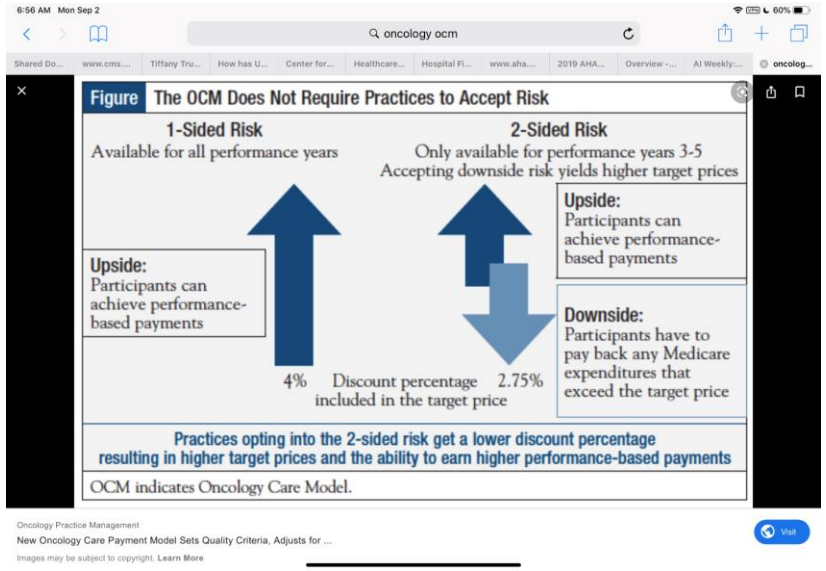
- Are analytics meaningfully underpinning your PCMH work by providing support for the management of broad quality requirements? **(Community Care)**
- Do you have tools to easily segment and monitor patients based on clinical condition or other variables for focused campaigns? **(Precise Patient Registries)**
- Do you have tools to engage and manage your employees health? **(Catalyst4Health**

Using data to unearth opportunities for systematic improvements

- Do you have the ability to identify variability and ares for improvement at the clinical program level to drive systematic improvement? **(Clinical and Operational Apps)**
- Are you able to identify the greatest areas fo inappropriate utilization? **(Paitent Harm)**

Required for LT sustainability

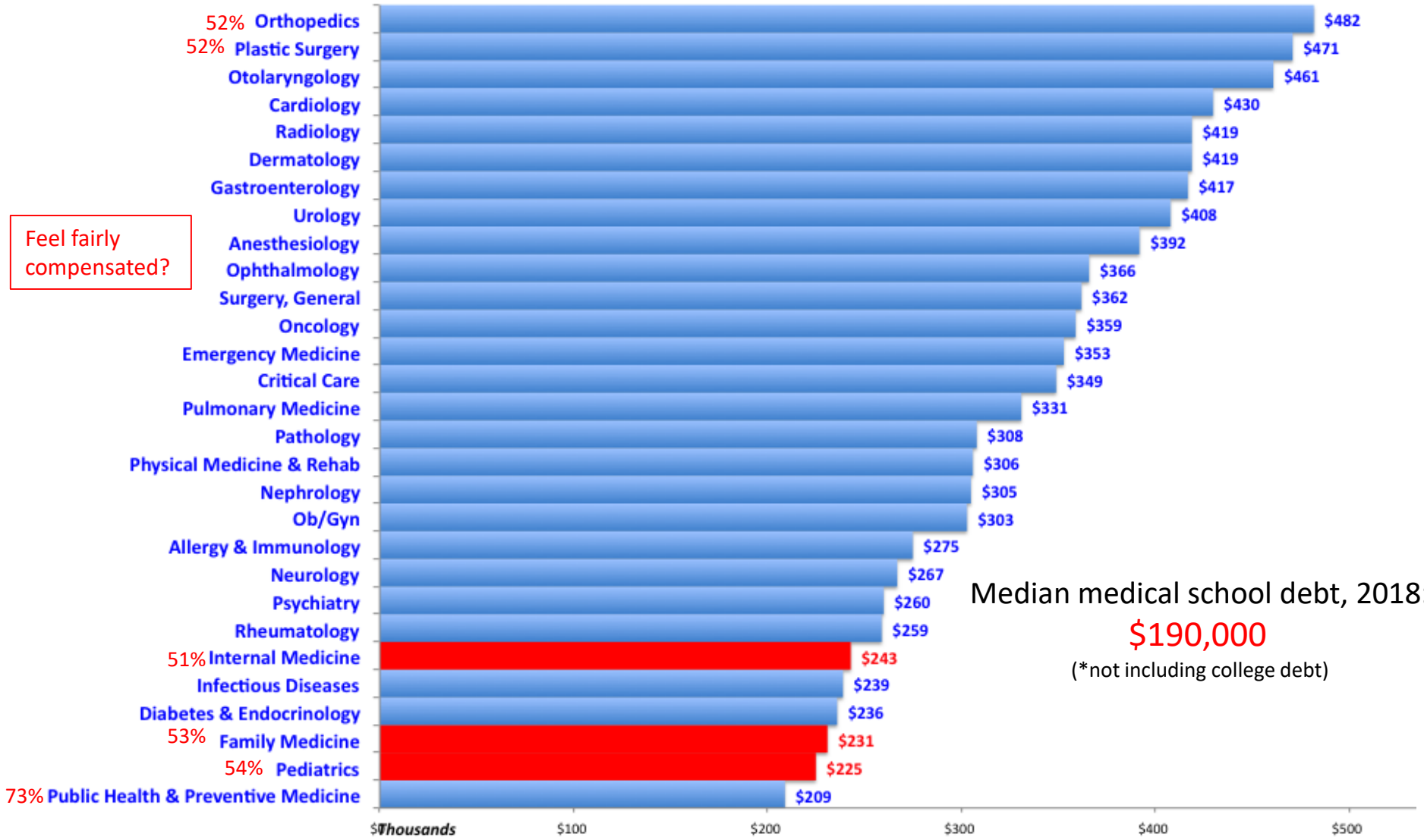




Dr. Jonathan Sugarman, CEO of Global to Local, and here today representing the WA Academy of Family Physicians

Average Annual Physician Compensation, by Specialty

(Source: Medscape Physician Compensation Report, 2019)



Feel fairly compensated?

Median medical school debt, 2018:

$190,000

(*not including college debt)

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