

Committee meeting notes

Committee Name: Health Economics Committee

Recent Meeting Date(s): May 13, 2021

Achievements/Decisions:

1. Nancy Giunto introduced committee members to the Alliance's Statement on Diversity and Inclusion, recently approved by the Board.
2. Milliman's Will Fox gave a primer on a risk-adjustment tool called MARA, Milliman Advanced Risk Adjusters. The Alliance plans to use MARA when producing Total Cost of Care (TCoC) measurements.
3. Members engaged in a discussion of the importance and use of TCoC reports, with an emphasis on specifying desirable and pragmatic use cases for stakeholders. An abbreviated recap:
 - a. Discussion frequently returned to a scattergram from Oregon depicting risk-adjusted TCoC paired with composite quality scores for medical groups. Some of the use cases associated with this general formulation included the following. It was generally agreed that the use cases relying on more general application of the TCoC calculation at the population level were more useful than at the individual level.
 - i. Helping consumers understand why they would want to consider patronizing higher-performing groups.
 - ii. Confirming whether higher-performing groups are in one's network.
 - iii. Clarifying opportunities to better align benefit design incentives.
 - iv. Assisting medical groups by showing performance variation between clinic sites.
 - b. In addition to total cost and composite quality, a measure of wasteful utilization along the lines of the Health Waste Calculator had appeal.
 - c. It was noted that provider organizations typically do not see a total cost measure that includes services rendered by outside or competing providers beyond those associated with specific value-based agreements.
 - d. TCoC measures should be used to see trends as well as comparisons within a time period.
 - e. Use cases can address policy concerns and state efforts.

Issues/Risks/Concerns:

- A range of considerations to recognize and account for in TCoC comparisons were suggested, including: adult vs. pediatric care; urban vs. rural location; and commercial vs. Medicaid insurance.
- It was clarified that risk-adjustment applies to total cost and not to the lower-level service categories that comprise total cost.
- The need for standardized measures across payors, specialty performance measures, and episode-of-care stratification was cited as important in the near future.
- Based on plan experience, it was noted that initial use cases are likely to apply only to the largest plans and purchasers; regarding measures of total cost for medical groups, plans typically can achieve results for 2-3 dozen groups, and mostly in primary care.

Upcoming Activities:

- During the interim between the May and July meetings, the Alliance will begin developing preliminary TCoC analyses and measures for possible review at the July 8th HEC meeting.