



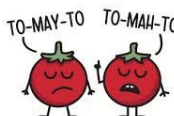
Tackling Waste
and Reducing Harm
in Health Care

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The Road to Affordable Health Care in Washington, October 31, 2018

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Waste . . . Overuse . . . Low Value

Medical treatments, tests and procedures
that have been shown to provide little
benefit in particular clinical scenarios
and in many cases
have the potential to cause
physical, emotional and/or financial harm

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Waste in health care is both

a quality problem

and an affordability problem

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Context

For most American consumers, health care affordability is a function of:

- Price of health care services
- Unpredictability
- Less insurance coverage
- Out-of-pocket exposure
- Financial security
- Utilization

The US has higher prices for most health care services and prescription drugs than most comparable countries, and the amount of price variation is largely unrelated to underlying costs.

Four out of ten insured adults say they got an unexpected medical bill in the past year.

While more people have health insurance (ACA), coverage has decreased; since 2008 workers' deductibles and co-insurance have gone up ~8 times faster than wages.

Nearly 1/2 of Americans say they would have difficulty paying an unexpected \$500 medical bill and they have less than \$1,000 in their savings account.

The amount of waste in health care is estimated to be 20% - 30%; unnecessary care drives costs.

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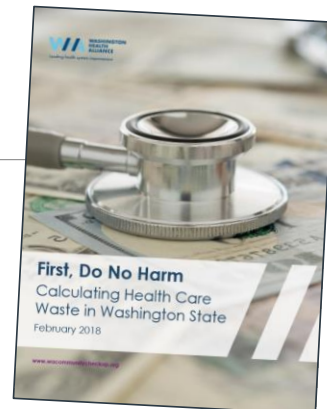


MedInsight Health Waste Calculator™

- Software that analyzes claims data to identify wasteful services as defined by national initiatives such as Choosing Wisely® and the U.S. Preventive Services Task Force
- Analysis done at the claim line level; includes facility and professional services
- Situational intelligence creates “degree of wasteful certainty” (Necessary, Likely Wasteful, Wasteful)
- 40+ measures, continually refined - # of measures increasing with time (adding approximately 30 new measures by 2019)
- Interest in the tool building locally and nationwide

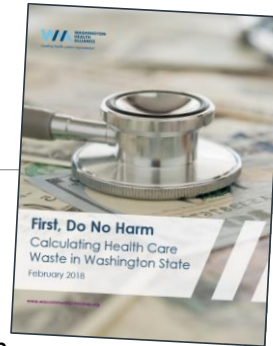
First, Do No Harm

- Groundbreaking report, released February 2018
- *Significant* local and national attention



First, Do No Harm

- Used Version 5 of the Health Waste Calculator (47 measures)
- Results based on 2.4 million commercially insured lives in Washington
- July 2015 – June 2016 (measurement year)
- We view results as directional, not absolute



First, Do No Harm

47 measures, 1 year

- 1.5 million services examined
45.7% were determined to be low value
(likely wasteful + wasteful)
- 1.3 million individuals received services
47.9% (622,340 people) received low value services
- Estimated \$785 million spent on services
36% (~\$282 million) spent on low value services



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42 measures, 1 year (CY 2016)

- 74,000 services examined
39% were determined to be low value
- 56,000 individuals received services
45% (25,000 people) received low value services
- Estimated cost of low value care is ~\$14 million; member cost share approximately \$1.2 million
- Majority of wasteful services were “low cost” (unit cost <\$539)

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Top Areas to Target for Waste Reduction:

1. Too frequent screening for prostate cancer
2. Baseline lab studies, EKGs, chest X-rays and Pulmonary Function testing before low-risk procedures
3. Imaging tests for eye disease
4. Annual screening EKGs for low-risk patients
5. Too frequent cervical cancer screening
6. Population-based screening for Vitamin D deficiency
7. Imaging for low back pain

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Why this matters to us:

- We are spending millions of dollars on health care services that don't result in or add value to patients, and may increase their risk of harm.
- Our employees and their families are spending money to pay for services that don't add value.
- Health care is part of our supply chain. Waste in health care is a significant and expensive defect.
- We must require better from the delivery system in general, and especially from our accountable care arrangements who commit to high value.

First, Do No Harm . . . Part Deux



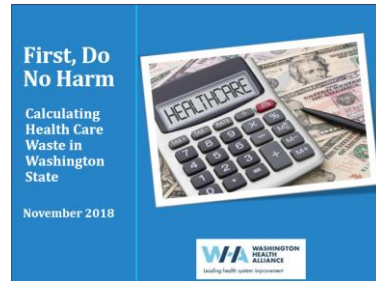
- The Washington Health Alliance will release its next report in November.
- Today is a sneak preview of results.





First, Do No Harm . . . Part Deux

- We used the latest version of the Health Waste Calculator (Version 7) which includes 48 measures.
- Results based on 4.3 million insured lives (2.2 million commercially insured and 2.1 million Medicaid insured)
- July 2016 – June 2017 (measurement year)
- Some new interesting measures in the Health Waste Calculator



We know that what we're finding is just the tip of the iceberg.

We are spending millions of dollars on low value health care and we are creating risk of harm for people.

This needs to stop.