Leading the Change to Value, Together

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The Everett Clinic

Moving the Health Care Market to Value: Leveraging the Power of Purchasers

Seattle, WA

March 1, 2016

Sponsored by:

- King County
- Seattle Metropolitan Chamber of Commerce
- Washington Health Alliance
- Washington Roundtable
- Washington State Health Care Authority

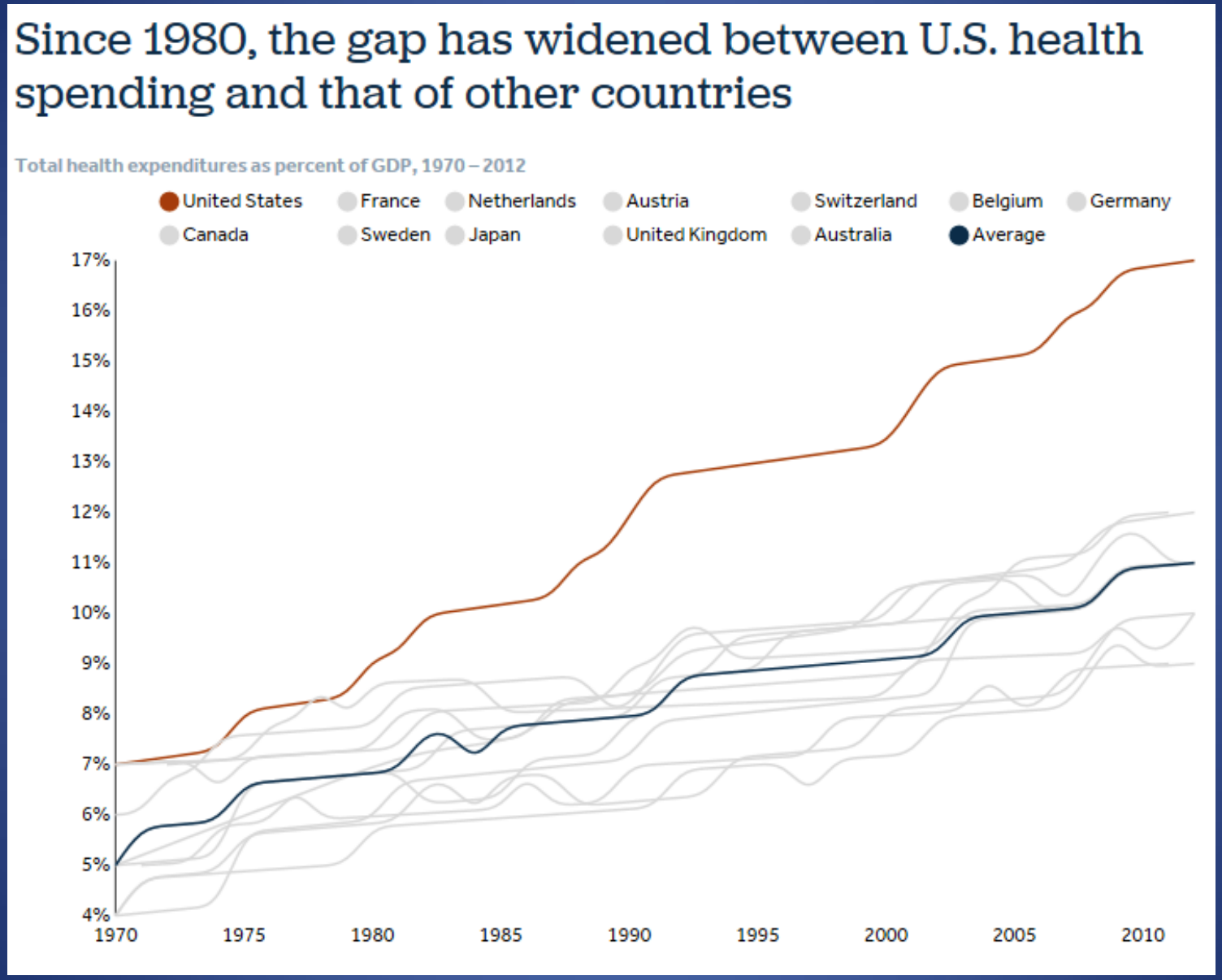
The “Burning Platform”

- Healthcare is too expensive
- Consolidated markets
- Healthcare transformation
- Increasing demand for transparency
- Pricing confusing, variable, and not understood
- **Rewards to those who deliver value with a lower total cost of care**



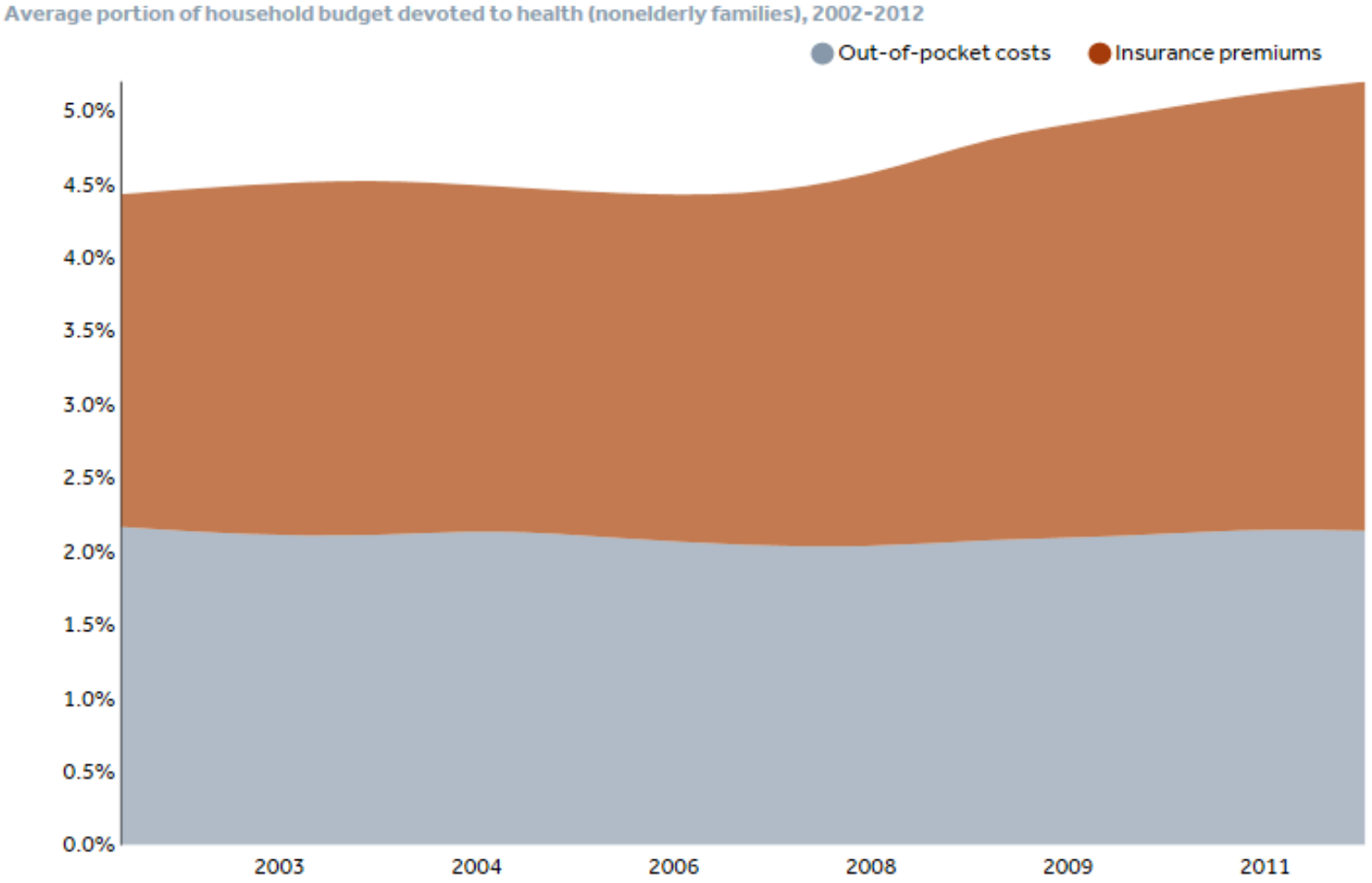
Does medical care cost too much?





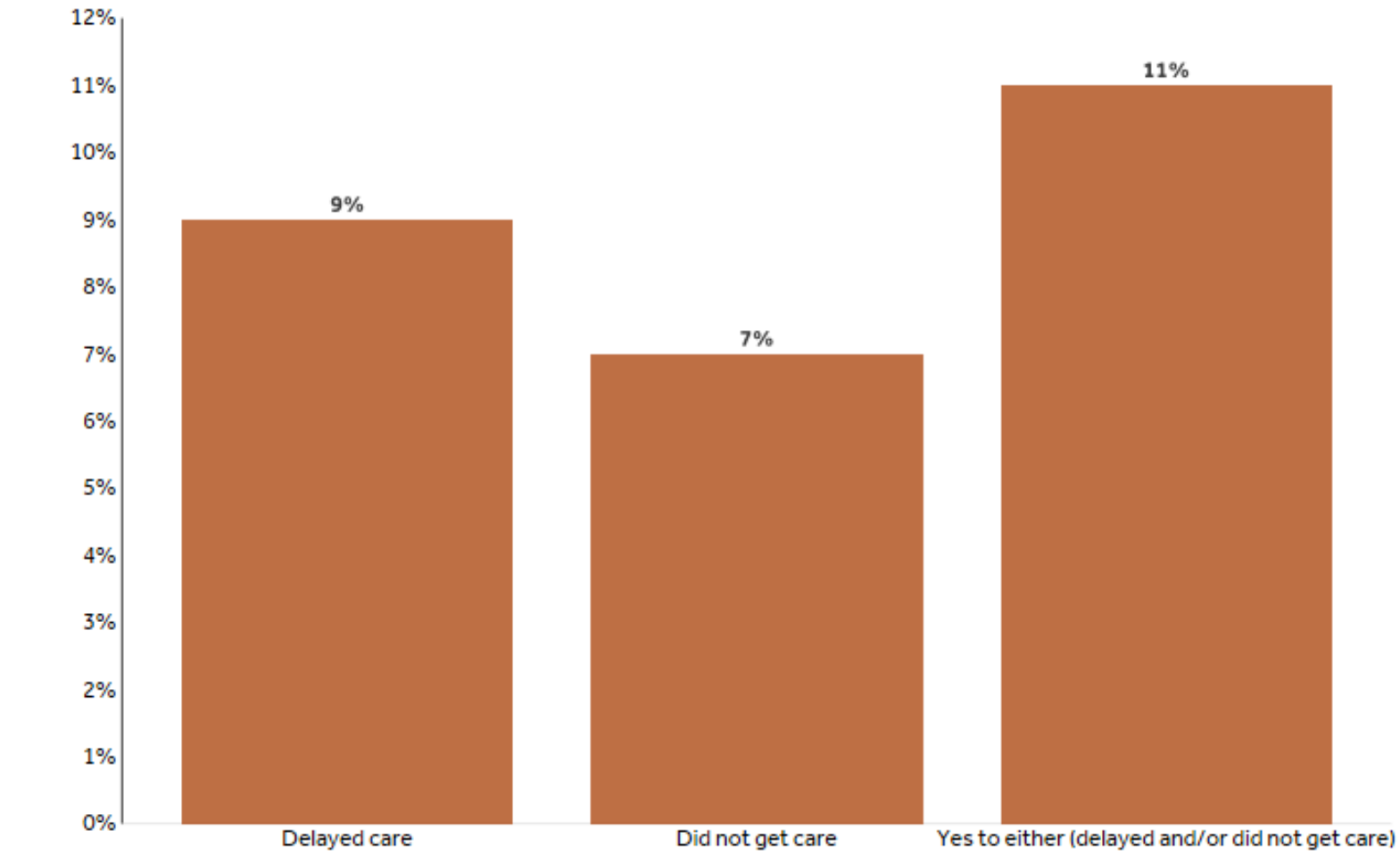
Source: Kaiser Family Foundation analysis of 2013

On average, larger shares of household budgets are devoted to health expenses than 10 years ago



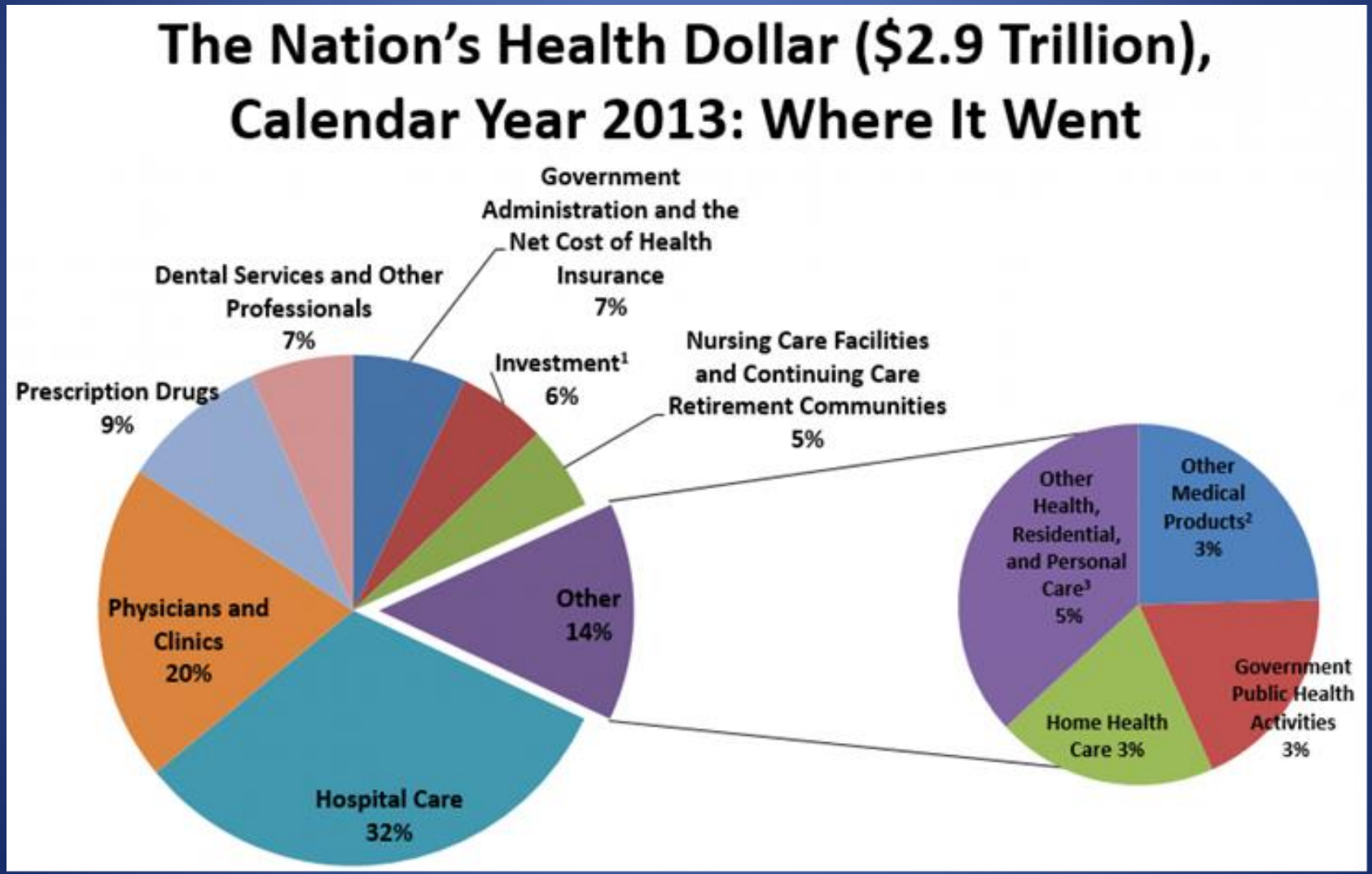
Source: Kaiser Family Foundation analysis of Consumer Expenditure Survey

About 1 in 10 adults report that they delayed or did not get care because of its cost



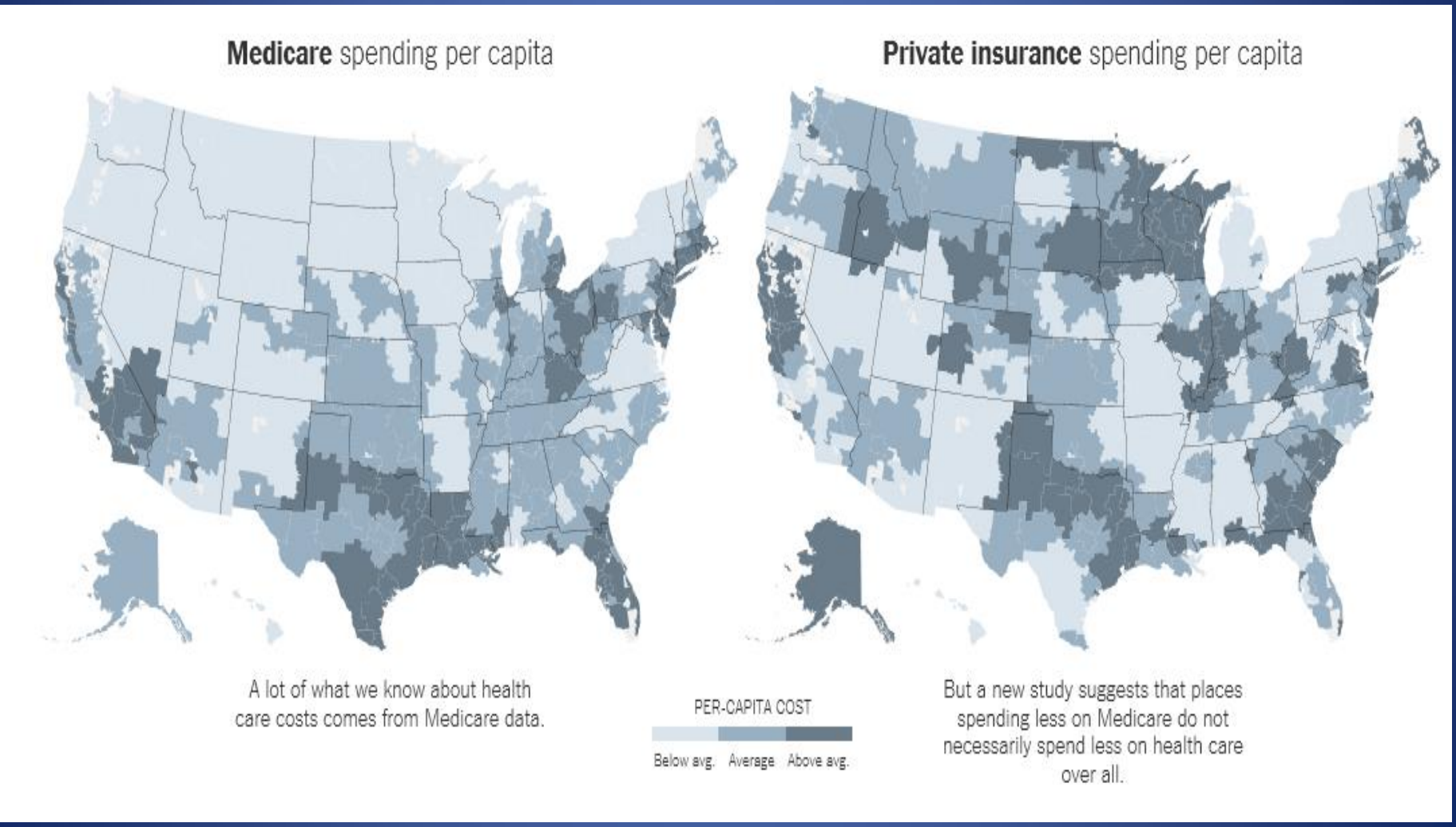
Source: Kaiser Family Foundation analysis of National Health Interview Survey

Landscape:
Where the money goes…



Source: Centers for Medicare and Medicaid Services

Private Insurance Subsidizing Loss In Medicare Insurance

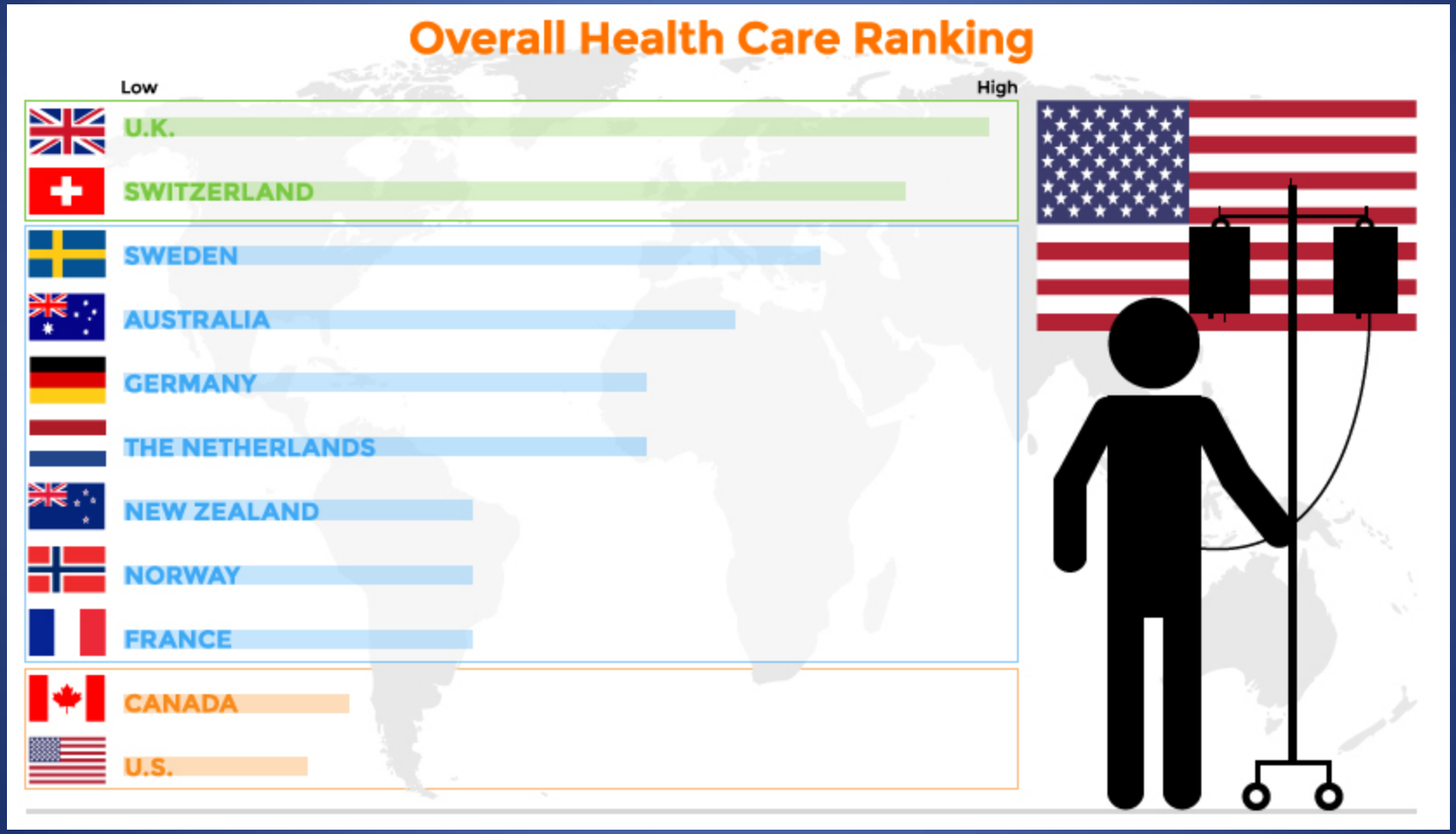


Source: NYT Dec. 2015: Quealy & Sanger-Katz

Do you get what you pay for?

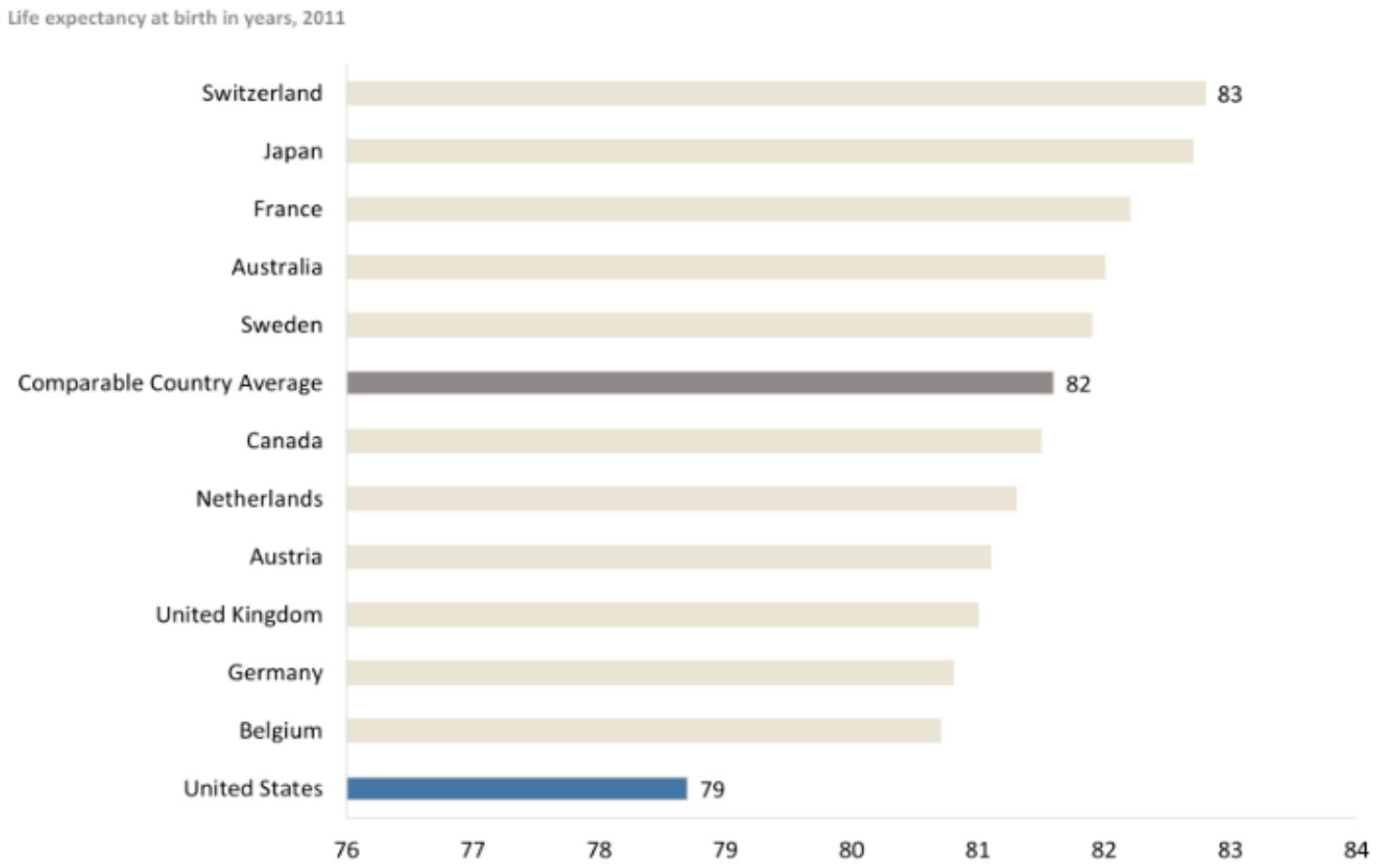


U.S. Health Care Quality



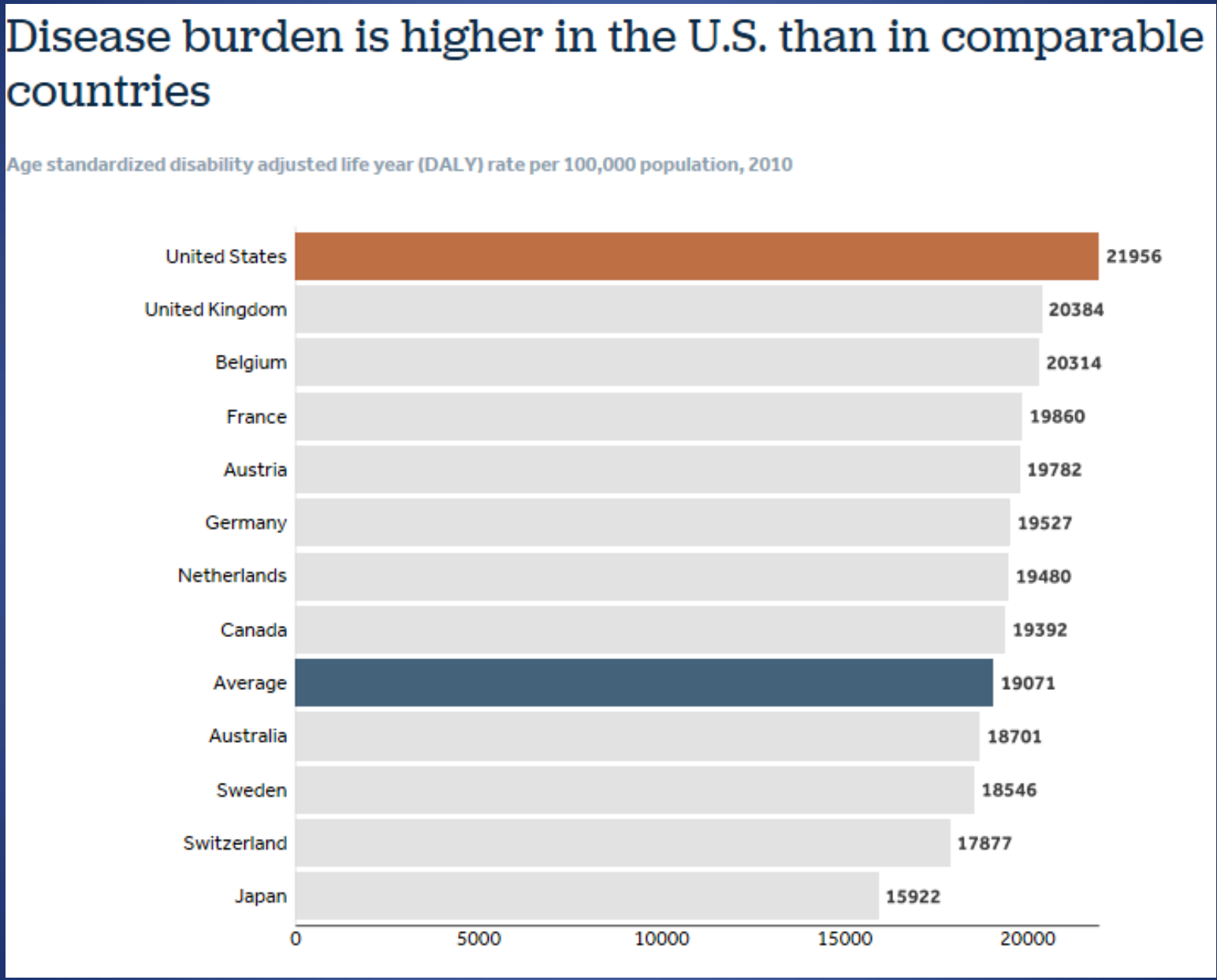
Source: The Commonwealth Fund 2014

The U.S. has the lowest life expectancy at birth among OECD comparable countries



Source: OECD Health Data Statistics

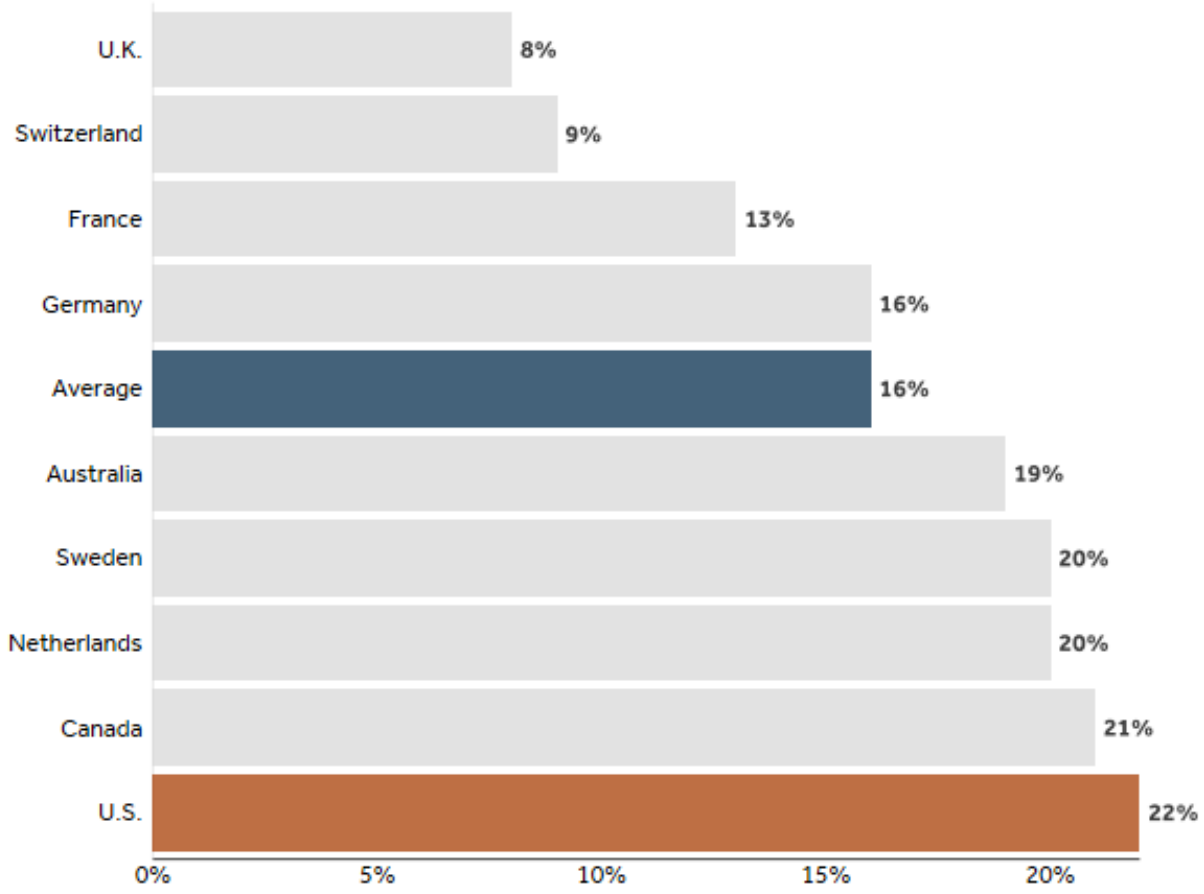
Disease burden is higher in the U.S. than in comparable countries



Source: Institute for Health Metrics and Evaluation

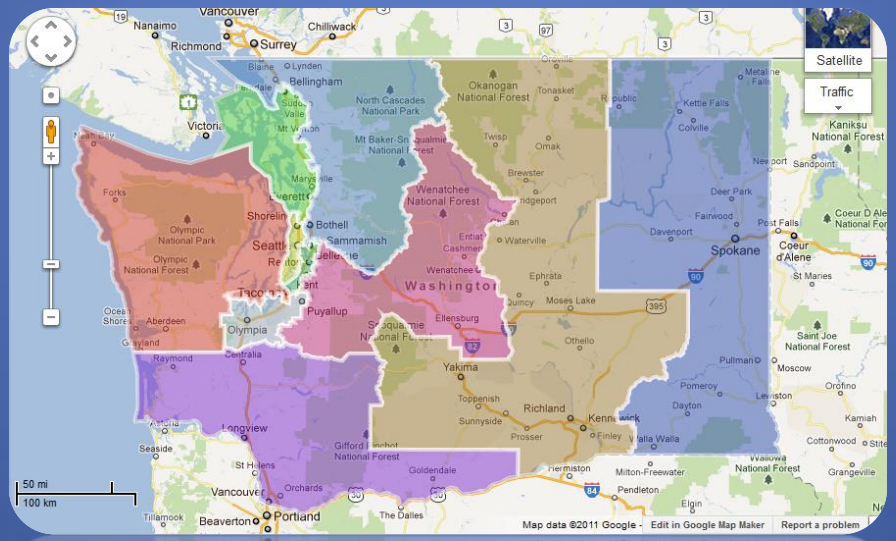
The U.S. has higher rates of medical, medication, and lab errors than comparable countries

Percent of sicker adults who have experienced medical, medication, or lab errors in past two years, 2011

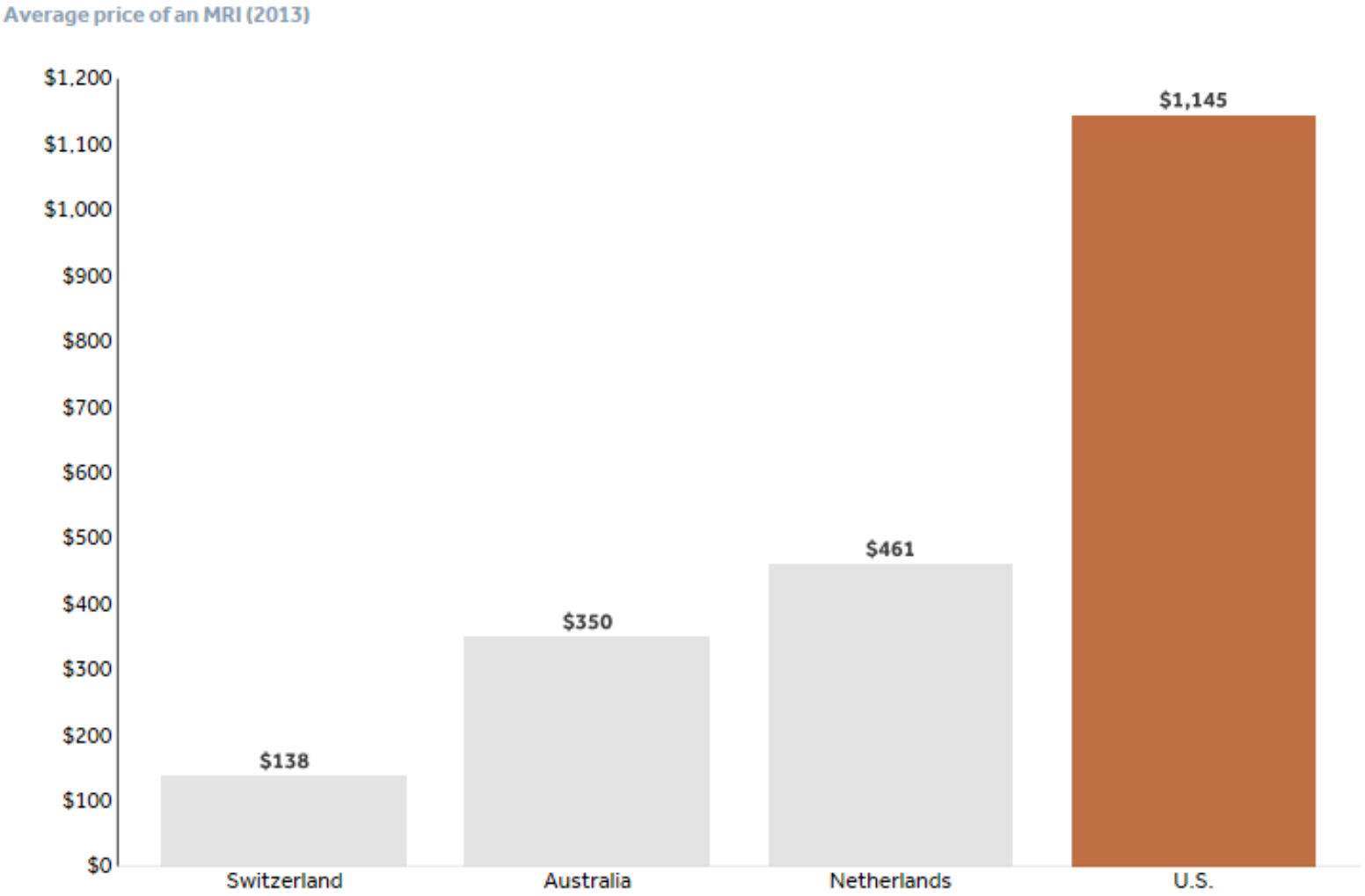


Source: 2011 Commonwealth Fund International Health Policy Survey

Is there variation?

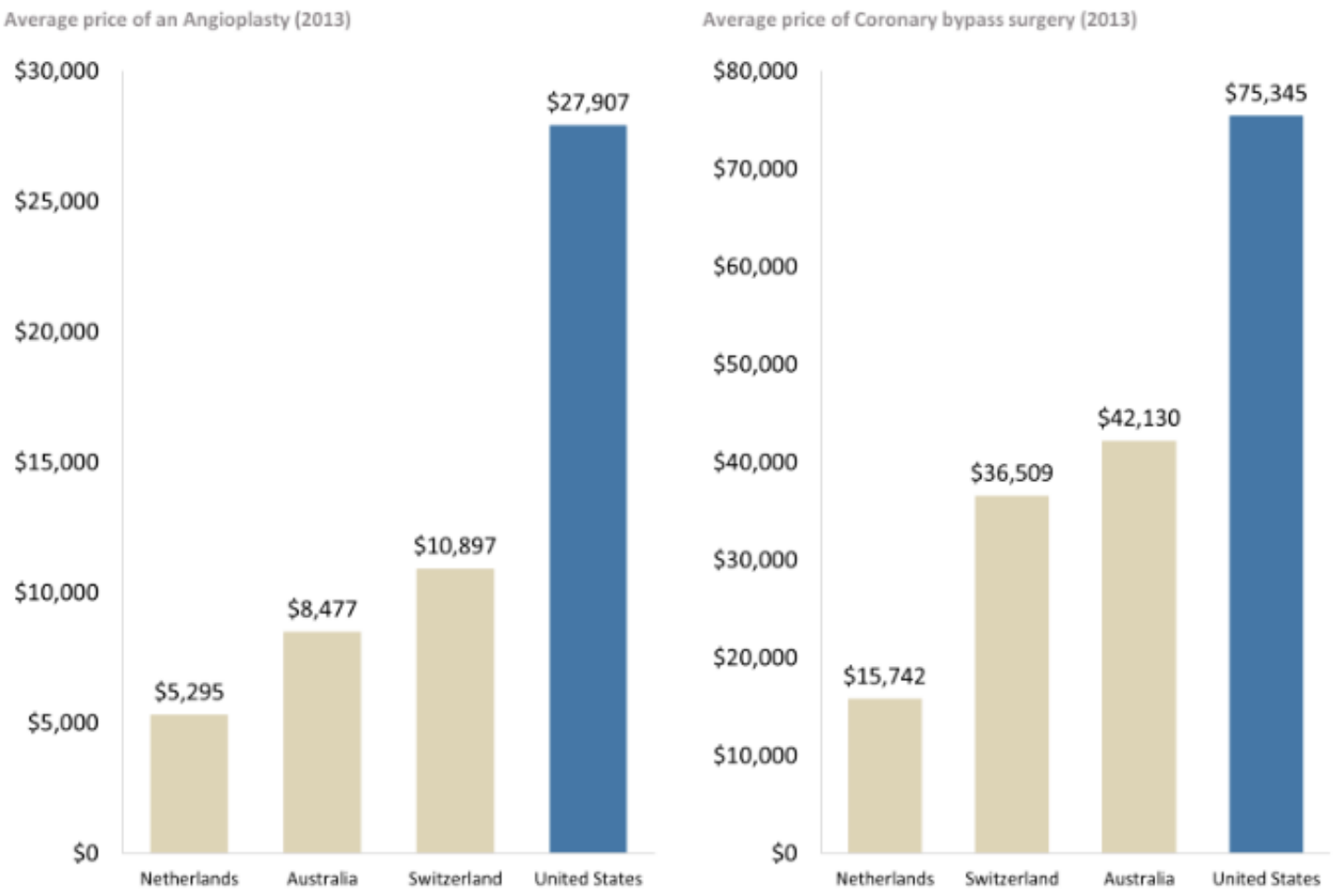


The average price of an MRI in the U.S. is significantly higher than in other comparable countries



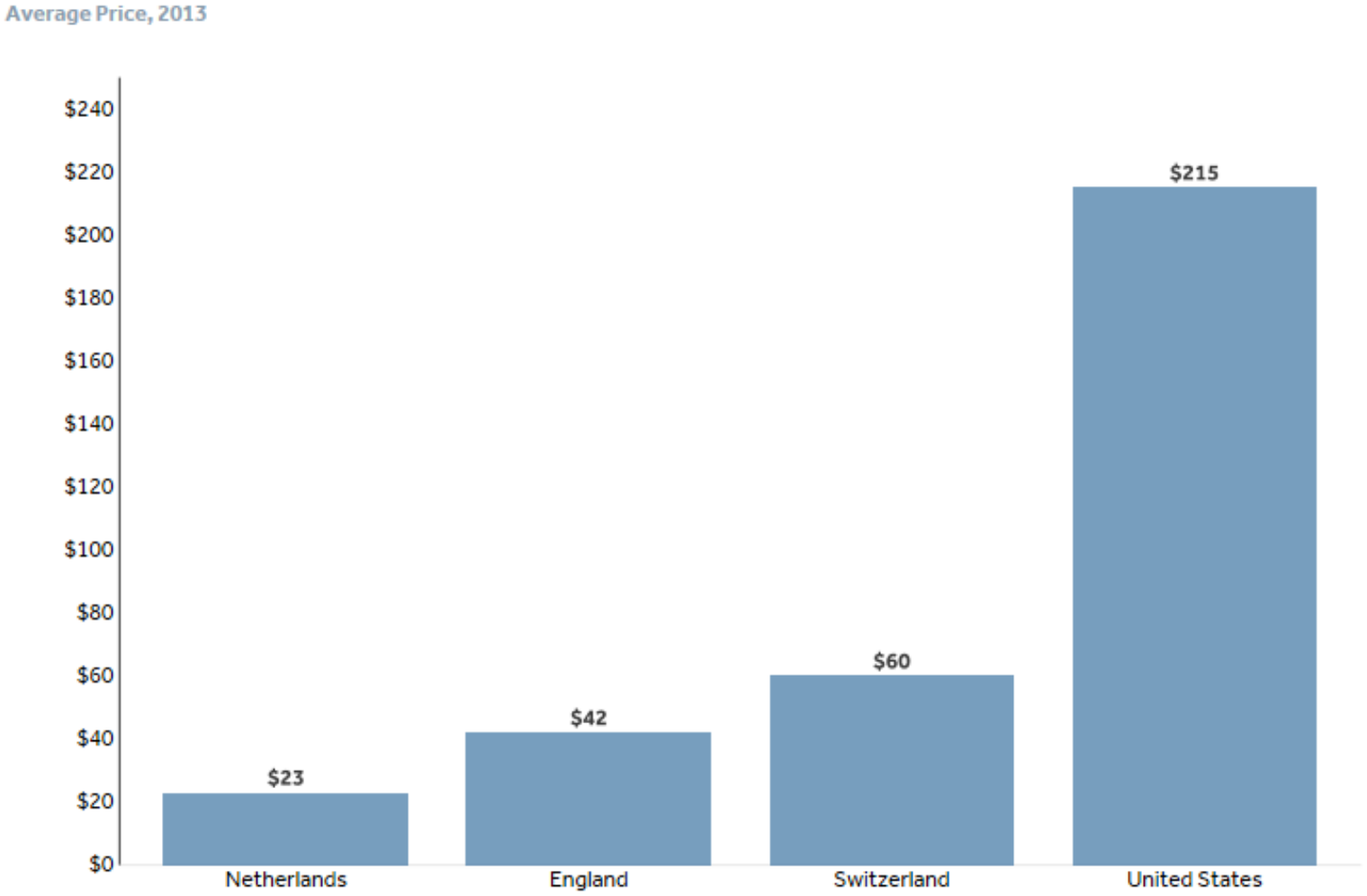
Source: International Federation of Health Plans (2013)

The average price of an angioplasty or bypass in the U.S. is higher than in other comparable countries



Source: International Federation of Health Plans 2013

The average price of Nexium in the U.S. is almost 3 times more than the average price in Switzerland



Source: International Federation of Health Plans (2013)

Price variation in our own back yard



- Back Surgery
  - Virginia Mason - $15,000
  - Yakima Regional Medical Center- $46,000

Data from Washington Health Alliance Oct 2014



- Knee or Hip Replacement
  - Wenatchee Valley Hospital - $23,000
  - MultiCare Good Samaritan (Puyallup) - $92,000

Data from Washington Health Alliance Oct 2014



Vast disparities in hospital charges

- Average spread in Seattle between highest and lowest charges for similar treatments - $37,835

Data released by Medicare June 4, 2015

We want the same thing

- What *purchasers* want: high quality, affordable care that keeps their employees healthy.
  - Not the pressure of paying more and more for care
- What *patients* want: high quality, affordable care that keeps themselves and their families healthy.
  - Not the pressure of paying more and more for care
- What *providers* want: high quality, affordable care that keeps their patients healthy.
  - Not the pressure of doing more and more to get paid

Key Levers

- Transparency
- Clinical models
- Benefit design and financing







Transparency – demand it



Transparency = Informed $ Decisions

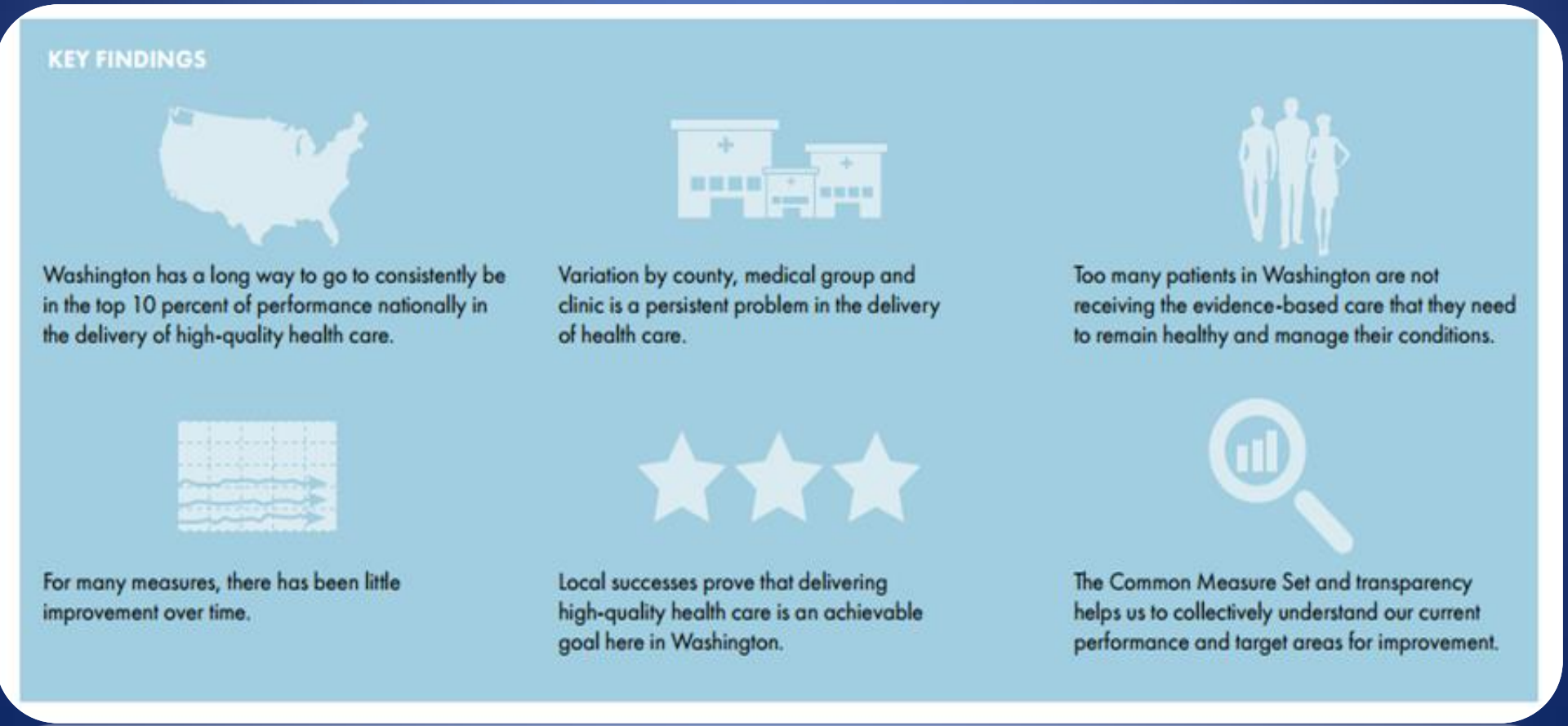
- Patients are increasingly paying a bigger share of their healthcare bill
- Patients can make informed decisions when they know cost
- Competition will help drive down prices if patients can see prices in advance





Transparency = Informed Quality Decisions

2015 Washington Health Alliance Community Checkup



- *Source: Washington Health Alliance*



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Winner of Nine Pulitzer Prizes

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Originally published Monday, November 3, 2014 at 5:00 PM

Editorial: State should follow Everett Clinic's lead and create transparency in health-care prices

The Everett Clinic's decision to be more transparent about its pricing helps consumers make better choices for their own health care.

Seattle Times Editorial

MOST Americans won't shell out money for goods until they have shopped around for the best deals. Something about following doctors' orders prevents many of us from applying that rule to health-care costs.

READER COMMENTS

Read all 4 comments ▸

Insist on the right clinical models



Integrated Behavioral Health

- Patients with chronic health issues are more prone to mental health challenges (i.e. depression, anxiety)
- Integrated BH means interventions are more accessible, more acceptable and more actionable for patients.
- Unfortunately copays for behavioral health services are higher than for primary care services even though….

It works!

- Boeing healthcare pilot: team care approach for employees who were highest users of healthcare services
- Integrated behavioral health into care team
- Results: 20% reduction in costs, 50% reduction in missed work days



Click to Print Now

Boeing health care pilot project cut costs 20 percent – and improved care

SUBSCRIBER CONTENT: Apr 25, 2010, 9:00pm PDT **Updated: Apr 24, 2010, 12:32am PDT**

An innovative health care pilot quietly completed by the Boeing Co. in the Puget Sound region shows promise as a model for treating patients with multiple conditions — improving their health, cutting the cost of their care, and changing how care is paid for.

Boeing's pilot project was so successful that the company

Prescription Management

- Science, not marketing, influences prescribing
- Generic drugs save money
- At TEC generics are prescribed 92% of the time
- Savings: $100 million a year

Savings Scale



Imaging Management

- Before providers order imaging (i.e. MRI) protocols must be met
- Protocols are based on scientific evidence
- At TEC unnecessary scans were reduced by 39%
- Savings: $3.2 million annually

Savings Scale



Care Programs for Complex Patients

- 20 percent of patients consume more than 70 percent of healthcare resources
- Innovative care programs control costs
- Innovative care programs improve outcomes and prevent unnecessary trips to the hospital:
  - Partners in Palliative Care
  - Boeing Intensive Outpatient Care Program
  - Advanced Care Coordination



Demand better benefit design and care financing



Benefit Design

- Benefit design needs to be aligned with value based reimbursement, out of pocket costs and selection of tiered networks
- Behavioral Health needs to be part of primary care benefits
- Innovative care programs for complex patients need to be part of benefit design

We need to change how providers get paid

- Move away from payment system based on volume (fee for service)
- Pilot contracts that pay providers for value (keeping patients healthy)
- Incentivize for reaching highest quality standards

If I were you….

- Insist on transparency
- Use your market power to pay for value, not volume
- As purchasers, you can demand it. Providers can’t make this change on our own.
- Insist on more from the delivery system, it needs to perform

Value: everyone benefits

- **Employees/patients** get high-value care
- **Purchasers** get reduced costs and improved productivity
- **Providers** get to focus on keeping their patients healthy instead of constant pressure to do more



Thank you