Making Healthcare Affordable

…data fed, doctor led

Toward a Shared Vision of Payment Reform
Thursday, October 21, 2010
Massachusetts Medical Society, Waltham, MA

Michael van Duren, M.D., MBA
Chief Medical Officer, Sutter Physician Services

Goals

• Show that creating an affordable provider system is possible
  – Eliminate “waste”
  – Improve quality

• Data fed; physician led - demonstration

• Clear implementation steps
Health Care Opinion Leaders Survey

“How effective do you think each of these approaches would be to control rising costs and improve the quality of care?”

Percent saying “extremely/very effective”

- Reduce inappropriate medical care: 75%
- Use evidence-based guidelines to determine if a test, procedure should be done: 70%
- Increased and more effective use of IT: 66%
- Increase the use of disease and care management strategies for the chronically ill: 65%
- Reward providers who are more efficient and provide higher quality care: 61%
- Allow Medicare to negotiate drug prices: 57%
- Reduce administrative costs of insurers, providers: 54%
- Establish a public/private mechanism to produce, disseminate information of effectiveness, best practices: 54%
- Have all payers, including private insurers, Medicare, and Medicaid, adopt common payment methods or rates: 51%
- Consolidate purchasing power by public, private insurers working together to moderate rising costs of care: 50%

Note: Based on a list of 19 issues.

Care defects consume billions of dollars every year

Cost of care defects as % total cost of care for each condition/procedure

The results of an analysis for a large national employer showed that 10% of overall costs of care, across all employees and dependents, could be saved if defects were reduced to zero.

Health Care Incentives Improvement Institute, Inc. (2010)
March 2005, the Medicare Payment Advisory Commission (MedPAC) recommended that Medicare provide confidential resource use reports to physicians.

Payment Models

<table>
<thead>
<tr>
<th>ACO-Shared Savings</th>
<th>PCP Medical Home</th>
<th>Bundled Payments</th>
<th>Partial Capitation</th>
<th>Full Capitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providers accountable for total per-capita costs; patient assignment, not lock in (important distinction)</td>
<td>Supports coordinated care, does not provide accountability for total costs</td>
<td>Promotes efficiency and coordination w/in a defined episode, does not provide accountability for total costs</td>
<td>Provides “upfront payment” but accountability limited to services and providers that fall under partial capitation</td>
<td>Provides “upfront” payment w/ accountability for per-capita costs, requires patient “lock-in”</td>
</tr>
</tbody>
</table>

Source: ACO Learning Collaborative
Sutter Health’s ACO Vision

VISION 2.0

Sutter Health’s (ACO) will be accountable for the health, wellness, outcomes, cost, and experience of care across the continuum for our population.

To accomplish this, Sutter Health will deliver a consistent, high quality experience where each person can articulate the value of Sutter Health in their lives.

ACO Vision
Affordability, but how?
Levels at which address affordability

- Policy
- Regulatory
- Payer
- Provider Organizations
  - Physician
  - Hospital
- Clinician
- Consumer/Patient

What drives physician care pattern variation?

- Components driving cost
  - # of Visits
  - Specialty Referrals
  - Ancillary testing (Imaging, Lab)
  - Treatment choice (drugs, interventions)
  - Decision to operate

- Can we measure these patterns?
- Can we manage these patterns?
Philosophy of Physician Behavior

Philosophy of Physician Behavior
Contributors to overutilization

- Fee for Service
- Self-interest
- Training
- Lack of feedback

Solutions

- Alignment of Incentives
- Pay for performance
- Profiling
- Accountability
- Outlier counseling
- Prior authorization
- Punishment/rewards
- Respectful feedback
- Actionable information
- Helpful tools
- Decision support
- Trustworthy data
- Supportive learning environment

Results

- Burnout
- Frustration
- Resentment
- Engagement
- Professional pride
- Empowerment

Tools

- Compliance with evidence based medicine
- Variation reduction
Variation Reduction

- Bring small groups of physician peers together
- Create safe environment
  - Respect, confidentiality, trust
  - Desire for improvement
  - Pull, not push
- Show variation by comparing episodes of care
  - Episode grouper software
  - Visual display, live, drillable
  - Follow curiosity, not judgment

Sutter Care Pattern Analyzer
Exploration Process

- Select a clinical area
  - High volume, high cost, ability to impact, curiosity
- Narrow to one “Episode Treatment Group”
  - Drill down into all areas of variation; look for differences and patterns
- Explore without judgment, follow curiosity
- Be looking for a “project”
  - Specific metric to improve

http://SCPA
Variation in Chronic Sinusitis
Neurology: Variation in Treatment of Migraines

Sutter Care Pattern Analyzer

Actual data for Sutter physicians with at least 100 episodes of hypertension
### Variation Reduction Milestones

#### Initiating and Implementing Variation Reduction Projects

<table>
<thead>
<tr>
<th>Month 1</th>
<th>Month 2</th>
<th>Months 3-6</th>
<th>Months 7-12</th>
<th>Post 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>o Identify Local Leaders</td>
<td>o Have a meeting with preliminary departments identified</td>
<td>o Month 3: Implement improvement effort/standard</td>
<td>o Ongoing tracking and trending of improvement efforts</td>
<td>o Quarterly reports of progress</td>
</tr>
<tr>
<td>o Identify Opportunity Departments to engage first</td>
<td>o Identify their project</td>
<td>o Months 3-12: Department meets monthly to discuss/assess variation reduction improvement efforts and metrics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Meet with physician leaders of department</td>
<td>o Agree on the new improvement effort/standard to be measured</td>
<td>o Track and trend project</td>
<td>o Department reports affordability progress to local leaders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Identify metrics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>o Select baseline metric</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</table>

#### Example of variation reduction analysis

**Antibiotic Usage for Acute Otitis Media for Sutter Health Pediatricians - 12 month time period xx -xx**

<table>
<thead>
<tr>
<th>Volume of Prescriptions</th>
<th>Average Cost</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMOXICILLIN ($11.00)</td>
<td>$11.00</td>
<td>$61,879</td>
</tr>
<tr>
<td>AMOXICILLIN POTASSIUM</td>
<td>$19.01</td>
<td>$75,685</td>
</tr>
<tr>
<td>AZITHROMYCIN ($25.29)</td>
<td>$25.29</td>
<td>$66,703</td>
</tr>
<tr>
<td>CEFDINIR ($56.61)</td>
<td>$56.61</td>
<td>$53,485</td>
</tr>
<tr>
<td>SULFA/OXYHACETIN</td>
<td>$10.24</td>
<td>$4,148</td>
</tr>
<tr>
<td>OFLOXACIN ($42.11)</td>
<td>$42.11</td>
<td>$13,348</td>
</tr>
<tr>
<td>CIPRODEX ($100.74)</td>
<td>$100.74</td>
<td>$29,214</td>
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**Recommendations for treatment of Acute Otitis Media from AAP, AAFP, 2004**

1. For mild disease with minimal fever: No antibiotics
2. For more severe illness: Amoxicillin 80-90 mg/kg/d
3. Failure to respond in 48-72 hrs: Change antimicrobial agent
Antibiotic Usage for Acute Otitis Media for Sutter Health Pediatricians - 12 month time period 10/2008 to 9/2009

Current Usage Pattern (and Costs)

<table>
<thead>
<tr>
<th>Drug</th>
<th>Total Costs ($)</th>
<th>Total Scripts</th>
<th>Average Cost per Script</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMOX-POTASSIUM</td>
<td>9,004.66</td>
<td>460</td>
<td>19.10</td>
</tr>
<tr>
<td>AMOXICILLIN</td>
<td>13,347.64</td>
<td>89</td>
<td>149.39</td>
</tr>
<tr>
<td>CIPRO</td>
<td>29,214.17</td>
<td>290</td>
<td>99.39</td>
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<tr>
<td>CIPRODEX</td>
<td>46,703.20</td>
<td>313</td>
<td>148.19</td>
</tr>
<tr>
<td>AZITHROMYCIN</td>
<td>53,484.85</td>
<td>1847</td>
<td>28.95</td>
</tr>
<tr>
<td>CEFDINIR</td>
<td>61,878.54</td>
<td>803</td>
<td>77.14</td>
</tr>
<tr>
<td>AMOXICILLIN-POTASSIUM CLAVULANATE</td>
<td>73,685.33</td>
<td>5626</td>
<td>13.05</td>
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What Can We Do?

Recommendations for treatment of Acute Otitis Media from AAP, AAFP, 2004

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What Would That Achieve?

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<th>Proposed Usage Pattern*</th>
<th>Total Cost Savings*</th>
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<td>Total Costs= $287,318</td>
<td>Total Cost= $119,471</td>
<td>Greater than $167,847</td>
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Total SAVINGS* = Greater than $167,847

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Epic: Best-Practice Alert

- Inclusion: any low back pain dx
- Exclusion: cancer on problem list
Best Practice Alert: Results


With 16310 LBP cases since 4/4/2010, the reduced rate from 9.5% to 8% means there were 244 imaging events avoided.

(All) (All)
Count of BPA firings and responses

Week since first pilot go live
CONTEXTUALIST APPROACH

Deductive Approach

Contextualist Approach

Success Factors

Small Group of Peers
- Trust, Safety, Openness
- Provides Clinical Context
- Learning is self-directed

Visual Data
- Impact is on “right brain”
- Avoid analysis
- Allows pattern recognition

Live, drill through
- Stimulate curiosity
- “pull” rather than “push”
- Creates ownership

Expert facilitation
- Create safe space
- Guide discussion to discovery, mutual learning
- Convert exploration to improvement project
Success Metrics

- Intermediate
  - Physicians accept feedback on resource utilization
  - Physicians accept data validity (claims & pharmacy)
  - Physicians accept grouper methodology

Over 7 Million saved in 2 years
(Larry Shapiro, Laurel Trujillo, Wendi Knapp)
Palo Alto Medical Foundation

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Practice Standard</th>
<th>Balancing Measures</th>
<th>Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surgery</td>
<td>Lap Cholecystectomy</td>
<td>incidence of post op pancreatitis</td>
<td>22</td>
</tr>
<tr>
<td>Allergy</td>
<td>Skin Testing and Allergic Rhinitis</td>
<td>Number of office visits</td>
<td>19</td>
</tr>
<tr>
<td>PMR</td>
<td># of Epidurals for LBP</td>
<td>Follow up injections</td>
<td>14</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>Glaucoma</td>
<td>number of visual field tests</td>
<td>13</td>
</tr>
<tr>
<td>Urology</td>
<td>Kidney Stones</td>
<td>number of post lithotrypsy office visits</td>
<td>12</td>
</tr>
<tr>
<td>Endocrinology</td>
<td>Type II Diabetes</td>
<td>HBA1C levels</td>
<td>12</td>
</tr>
<tr>
<td>OB</td>
<td>Post-Menopausal Bleeding</td>
<td>days to detection of uterine cancer</td>
<td>8</td>
</tr>
<tr>
<td>Neurology</td>
<td>Dementia</td>
<td>Post consult PCP visits for dementia</td>
<td>7</td>
</tr>
<tr>
<td>Dermatology</td>
<td>Tx of BCC: Nodular BCC, Mohs Surg, and Superficial BCC</td>
<td>Number of procedures after initial procedure</td>
<td>4</td>
</tr>
<tr>
<td>Oncology</td>
<td>Use of MGF in Breast Cancer</td>
<td>Admission for infection in breast cancer patients</td>
<td>4</td>
</tr>
<tr>
<td>Nephrology</td>
<td>Anemia Management in CKD</td>
<td>Hospital admission rates for CKD patients</td>
<td>4</td>
</tr>
</tbody>
</table>
Questions?
Reactions?

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916-402-7492