



Baton Rouge General
A Community of Caring

**Striving for a Value-driven
Healthcare System**

April 12, 2015

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Baton Rouge General Medical Center

Business 101

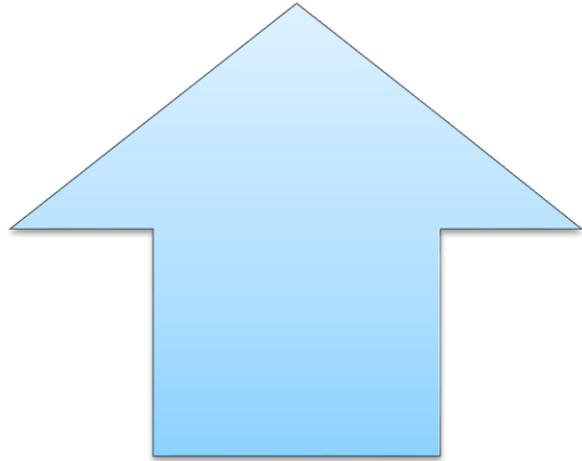
How to create value for customers?



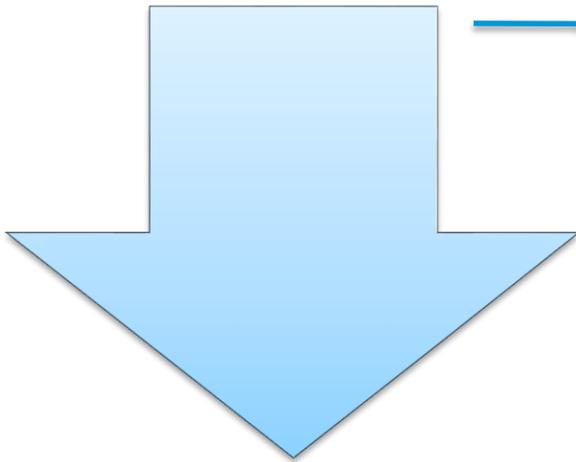
Value-based competition



What's Value in Healthcare?



Quality of
outcomes that
matter to patients



Cost of delivering
those outcomes

No Outcome, No Income

Transformation of

Strategy

Organizational
Structure

Culture

Data &
Analytics

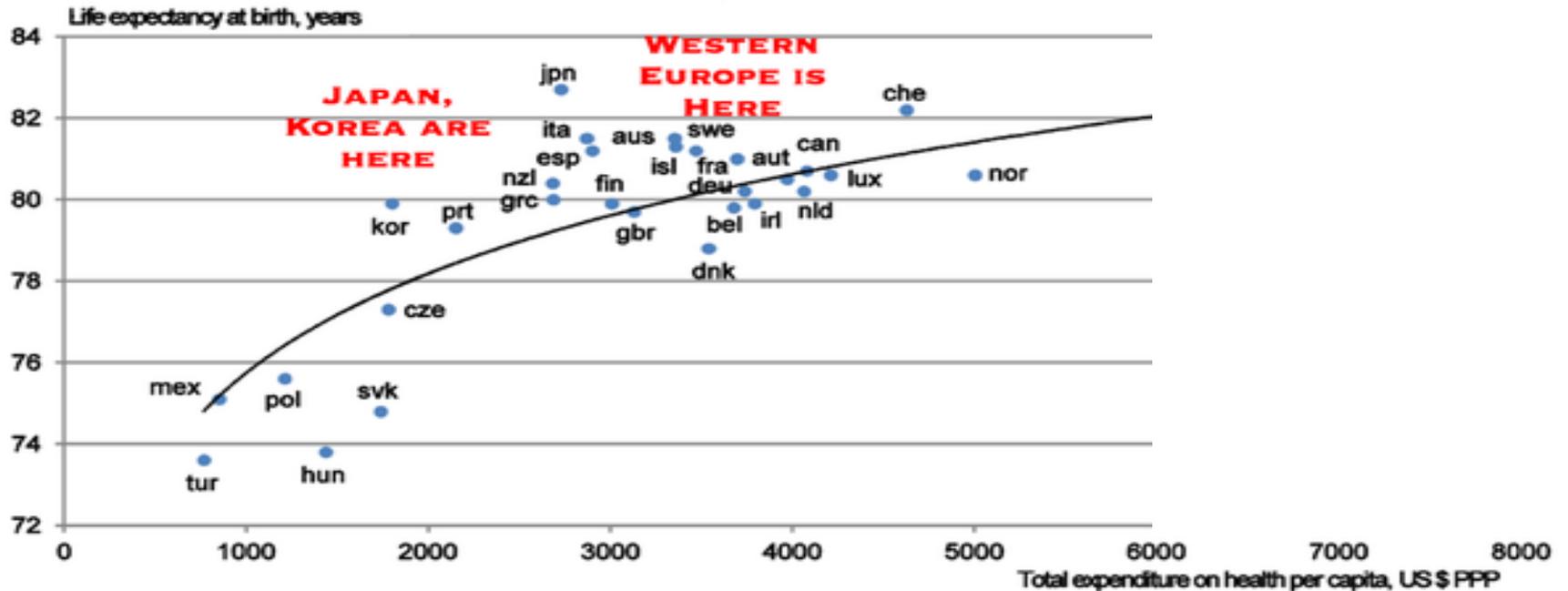
Outcomes

Measured
Results

Processes

Craft-based vs. Lean Production
Sequential vs. Iterative Care Processes

Why Change?



Why Change Is Needed...

2013 World Health Care Report Card – U.S. Ranks LAST

COUNTRY RANKINGS

Top 2*
Middle
Bottom 2*



	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING (2013)	4	10	9	5	5	7	7	3	2	1	11
Quality Care	2	9	8	7	5	4	11	10	3	1	5
Effective Care	4	7	9	6	5	2	11	10	8	1	3
Safe Care	3	10	2	6	7	9	11	5	4	1	7
Coordinated Care	4	8	9	10	5	2	7	11	3	1	6
Patient-Centered Care	5	8	10	7	3	6	11	9	2	1	4
Access	8	9	11	2	4	7	6	4	2	1	9
Cost-Related Problem	9	5	10	4	8	6	3	1	7	1	11
Timeliness of Care	6	11	10	4	2	7	8	9	1	3	5
Efficiency	4	10	8	9	7	3	4	2	6	1	11
Equity	5	9	7	4	8	10	6	1	2	2	11
Healthy Lives	4	8	1	7	5	9	6	2	3	10	11
Health Expenditures/Capita, 2011**	\$3,800	\$4,522	\$4,118	\$4,495	\$5,099	\$3,182	\$5,669	\$3,925	\$5,643	\$3,405	\$8,508

Notes: * Includes ties. ** Expenditures shown in \$US PPP (purchasing power parity); Australian \$ data are from 2010.

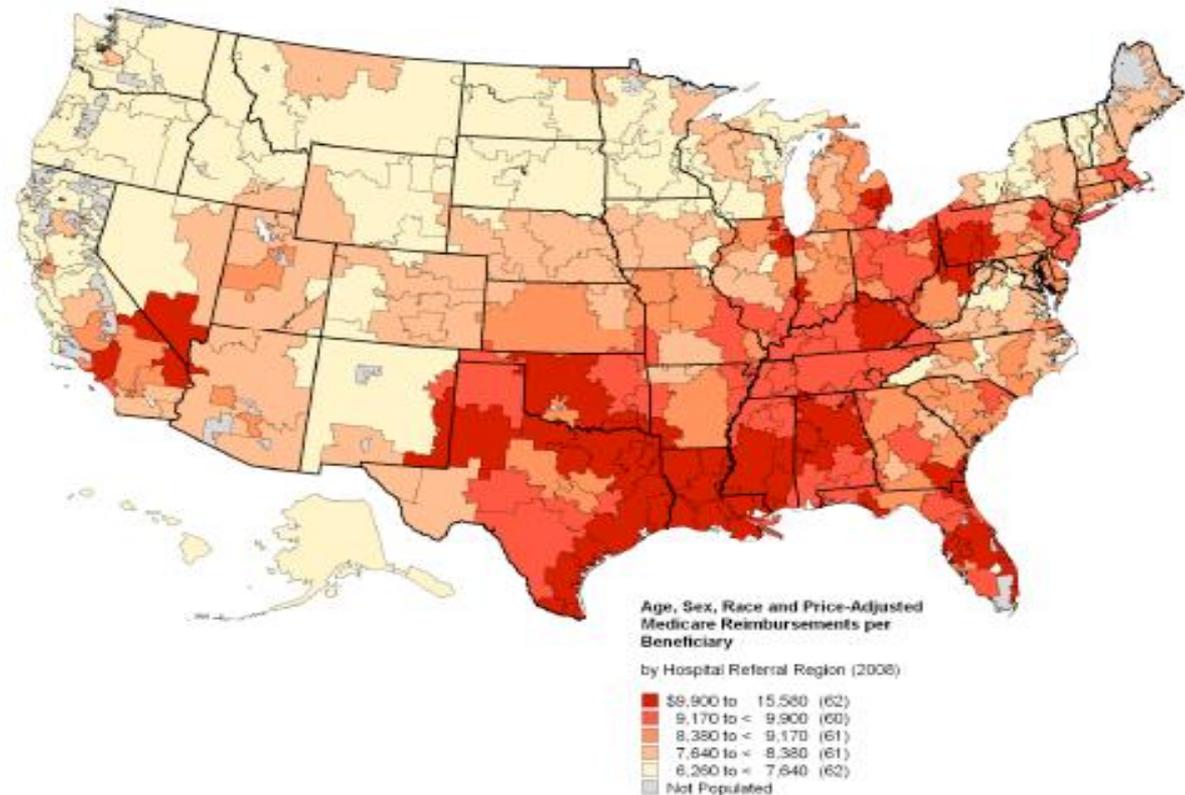
Source: Calculated by The Commonwealth Fund based on 2011 International Health Policy Survey of Sicker Adults; 2012 International Health Policy Survey of Primary Care Physicians; 2013 International Health Policy Survey; Commonwealth Fund National Scorecard 2011; World Health Organization; and Organization for Economic Cooperation and Development, *OECD Health Data, 2013* (Paris: OECD, Nov. 2013).

Why Change Is Needed...

Louisiana's Medical Cost Crisis

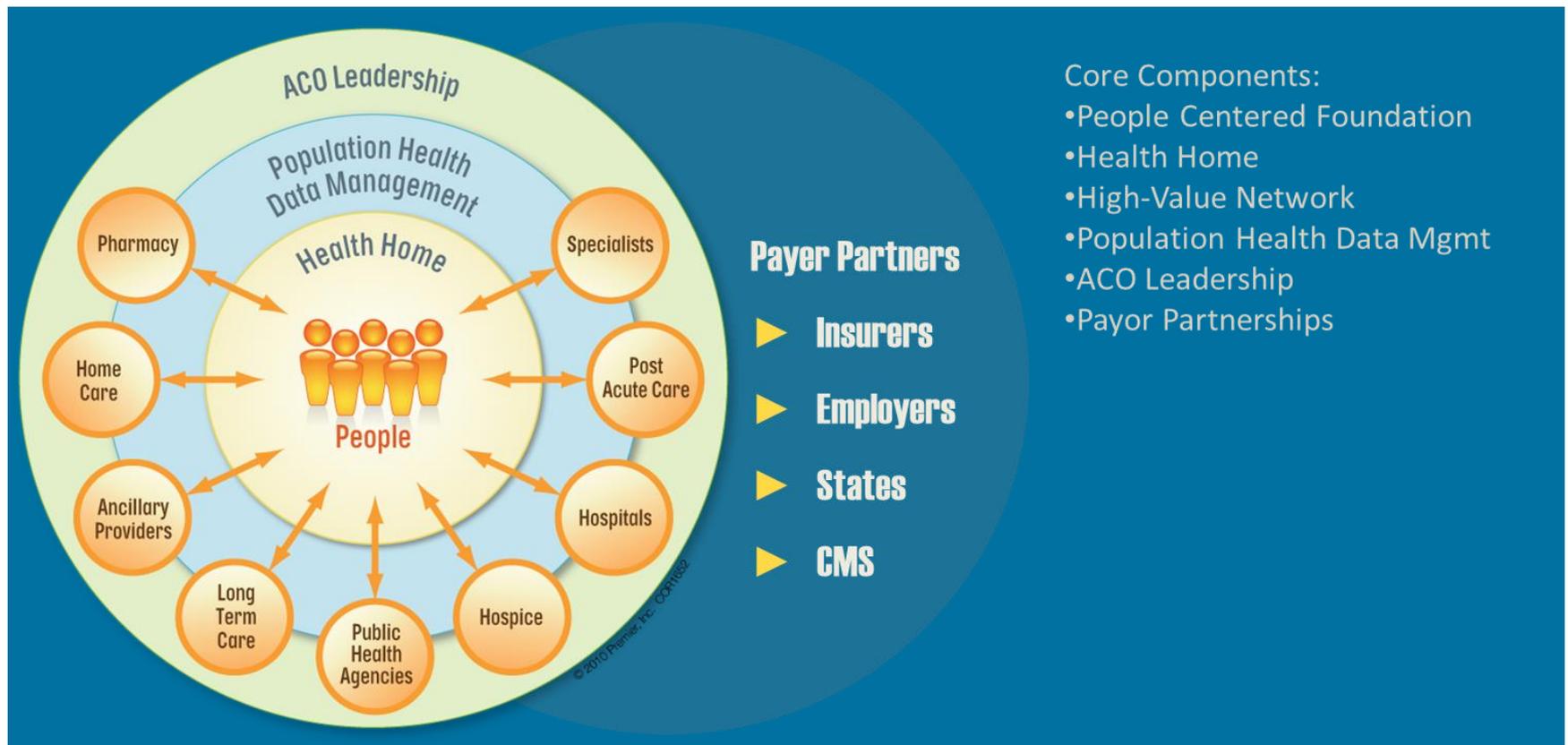
Ten Highest Spending Medicare HRR's after Adjustment

1. Miami, FL
2. McAllen, TX
3. Monroe, LA
4. Houston, TX
5. Alexandria, LA
6. Lafayette, LA
7. Shreveport, LA
8. Baton Rouge, LA
9. Fort Lauderdale, FL
10. Metairie, LA



Accountable Care Organizations

An Accountable Care Organization (ACO) is a group of providers willing and capable of accepting accountability for the total cost and quality of care for a defined population.



The Cost Conundrum

Variations in spending

Case studies – some hints?



“Here ... a medical community came to treat patients the way subprime mortgage lenders treated home buyers: as profit centers.”

Atul Gawande

	2006 Spending	92-06 Growth
McAllen	\$14,946	8.3%
LaCrosse	\$5,812	3.9%

“...a culture that focuses on the wellbeing of the community, not just the financial health of our system.”

Jeff Thompson, MD
CEO Gunderson-Lutheran
LaCrosse, WI

RIO Grande Valley ACO

When ACO's succeed

How did they do it?

Invested in IT (40% of costs)

- Identified metrics from EMRs and analyzed data to generate insights into improvement opportunities
- Population health analytical tools and business intelligence tools

Engaged in Clinical Transformation

- Solicited patient feedback, transformed waiting rooms, allowed for same day appointments, and expanded hours
- Invested in care management resources to manage across continuum of care

How did it pay off?

Shared Savings

- \$20 million below Medicare Baseline and received reimbursements in over \$11 million

Improved Health outcomes

- Performed in the top 5th percentile on all measures (see below)

Domain: At Risk Population	RGV ACO	90th Percentile
Subdomain: Diabetes	Performance Rate	Performance Rate
Beneficiaries with diabetes who met all measures	48.34%	38.05%
Hemoglobin A1c Control(HbA1c) (< 8 percent)	74.96%	80.63%
Low Density Lipoprotein(LDL) (< 100 mg/dL)	76.71%	67.04%
Blood Pressure(BP) < 140/90 (ACO-24)	82.14%	79.20%
Tobacco Non-Use(ACO-25)	93.52%	87.17%
Aspirin Use(ACO-26)	97.64%	93.10%

Categories of Care

Three categories of care:

- 1. Effective or necessary care** → *accounts ≤ 15% of total Medicare spending*
 - Includes care that **all** eligible patients should receive
 - Defined by medical science—by objective information about outcomes of treatment and by evidence-based guidelines
 - Problem is *underuse*
- 2. Preference-sensitive care** → *accounts for 25% of Medicare spending*
 - More than one option exists and decision as to which option is right for the individual patient depends on patient preference
- 3. Supply-sensitive care** → *accounts for ~ 60% of Medicare spending*

The Price Conundrum

Payment data from 3 of the country's largest commercial insurers, Aetna, Humana, and United Healthcare

- Costs of care vary tremendously, but essentially zero correlation between where a city ranks in Medicare spending and private insurance spending
- The degree of market power and negotiating leverage over payers is primary determinant of transaction prices
- Baton Rouge is one of the few regions in the country that ranks high in both Medicare and private insurance spending

Cooper et al., The Price Ain't Right? Hospital Prices and Health Care Spending on the Privately Insured, December 2015

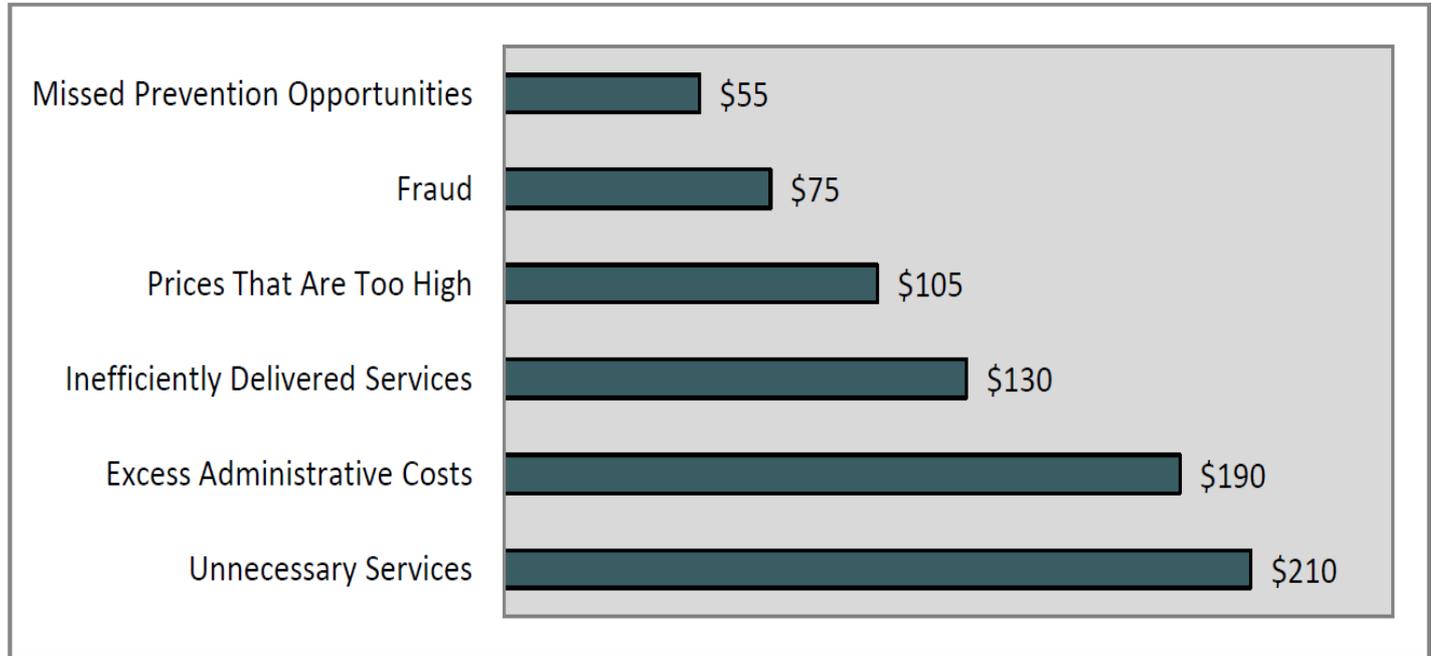
Four Ways out of the Price Conundrum

1. Regulate prices that hospitals and providers can charge consumers → (e.g., Maryland)
2. Health systems can become insurers → (e.g., Kaiser Permanente)
3. Expand Medicare to more and more people until we are single payer
4. **True value-based competition where hospitals and providers compete on who can deliver the best outcomes, best service, and lowest prices → ACOs and Clinical Integration**

Why Change Is Needed...

“Waste” in the system

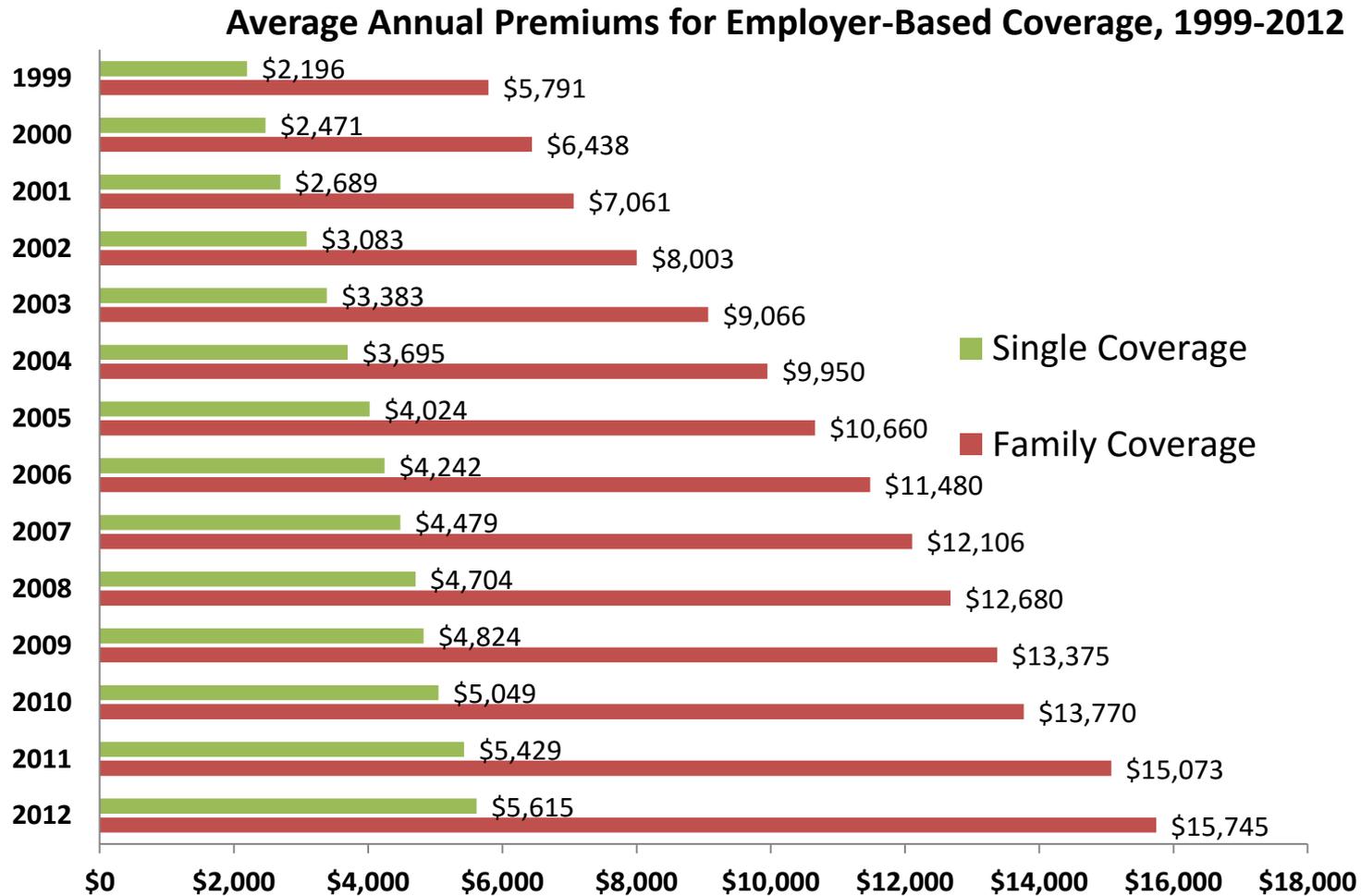
Figure 1.4: Sources of Healthcare Overspending (\$, billions)



Source: Institute of Medicine via *The Washington Post*¹¹

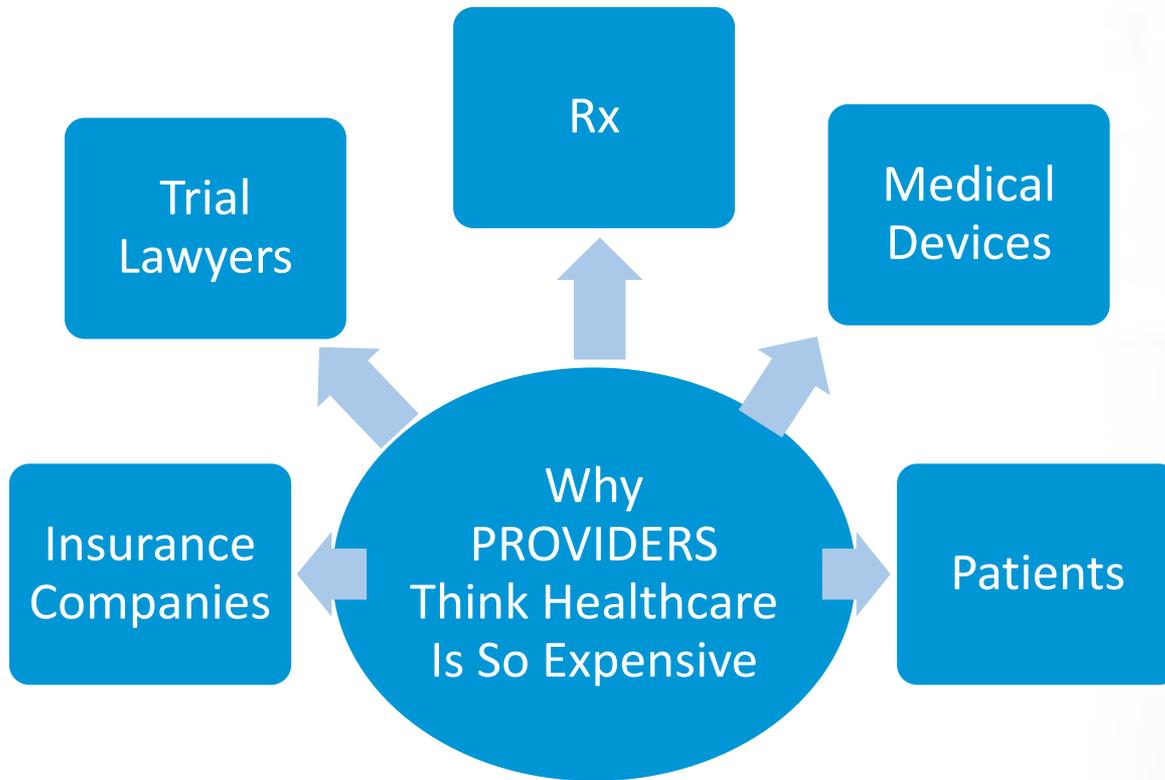
Why Change Is Needed...

The Rising Cost of Employer-Sponsored Health Insurance



Why Is Healthcare So Expensive?

It depends on who you ask...



Why is Healthcare *Really* So Expensive?

- **Fee-for-service reimbursement**
- **Fragmented care delivery**
- **Administrative burden on providers, payers and patients**

- Population aging, rising rates of chronic disease and co-morbidities, as well as lifestyle factors and personal health choices
- Advances in medical technology
- Tax treatment of health insurance

- **Insurance benefit design**
- **Lack of transparency about cost and quality, limited data to inform consumer choice**

- Consolidation and competition
- High unit prices of medical services
- Medical malpractice and fraud and abuse laws
- Structure and supply of the health professional workforce

Change is Hard, But Necessary

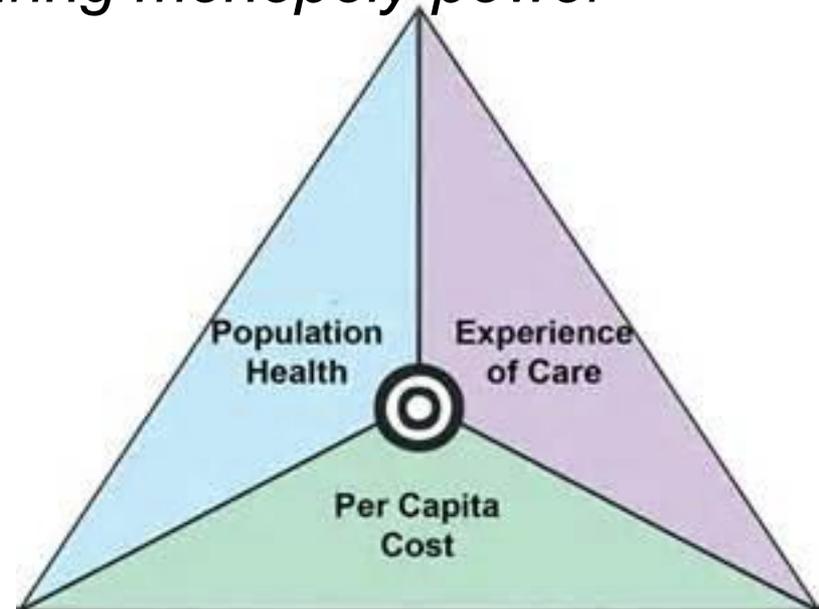


It is not necessary to change...survival is not mandatory – W. Edwards Deming

Volume to Value

- The one thing the medical profession has not been traditionally rewarded for is better, *higher-value care* (where value = quality/cost)
- Instead we have been financially rewarded either for *doing more stuff* or for *securing monopoly power*

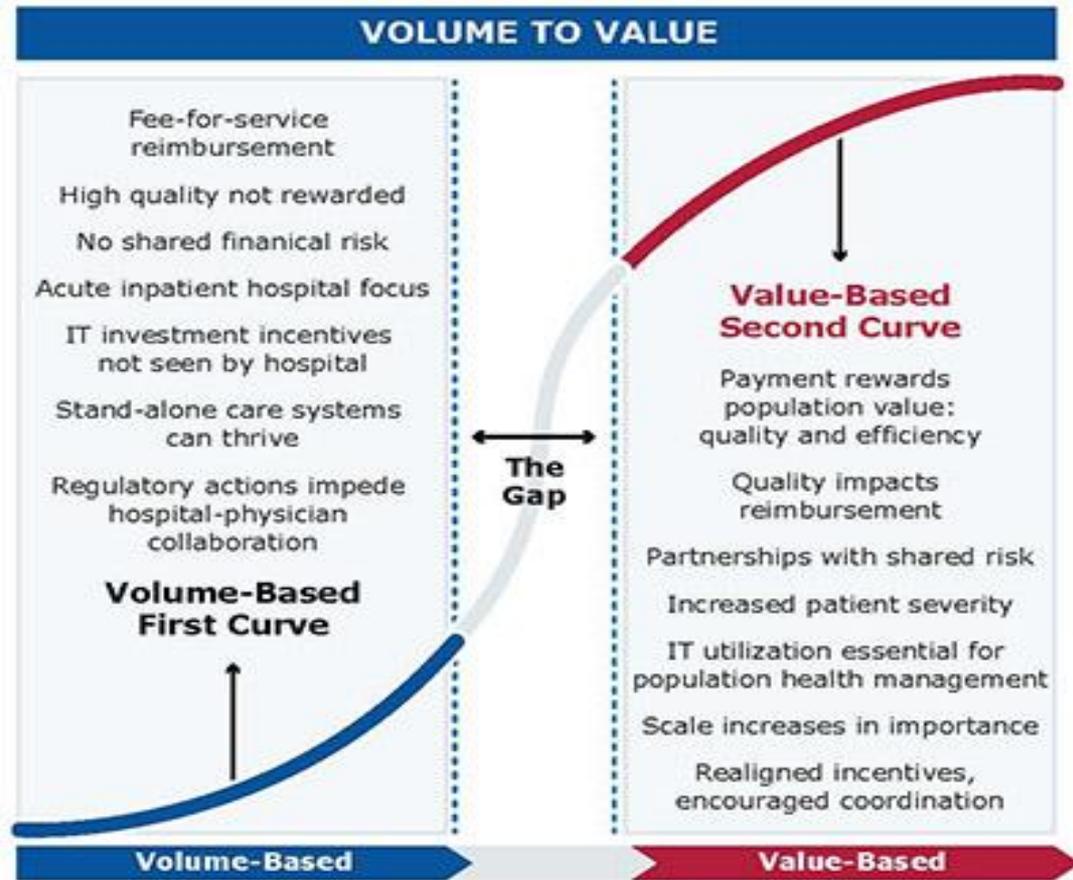
In a fee-for-service payment system, we are actually penalized for making the effort to organize and deliver care with the *best service, quality, and efficiency*



IHI Triple Aim

Volume → Value

Innovating
for Value in
Healthcare



How can we Improve what we don't Measure?

The Value of an Electronic Medical Record and Analytical Tools



Wal-Mart's Centers of Excellence



BENTONVILLE, AR - As it looks to both reduce out-of-pockets costs for employees, while also lowering its total healthcare costs, global retailer Wal-Mart announced last month a new program that will pay 100 percent of the costs for certain spine and cardiac surgeries plus travel expenses at six selected healthcare systems across the country.



Cleveland Clinic



Virginia Mason™



Health Transformation Alliance



- **20 major companies with 4 million health plan beneficiaries**
- Plan to share data about health care spending and outcomes
- Plan to use collective data and market power to hold down health care costs
- Could subsequently ripple through the world of employer-provided health care coverage – 170 million people

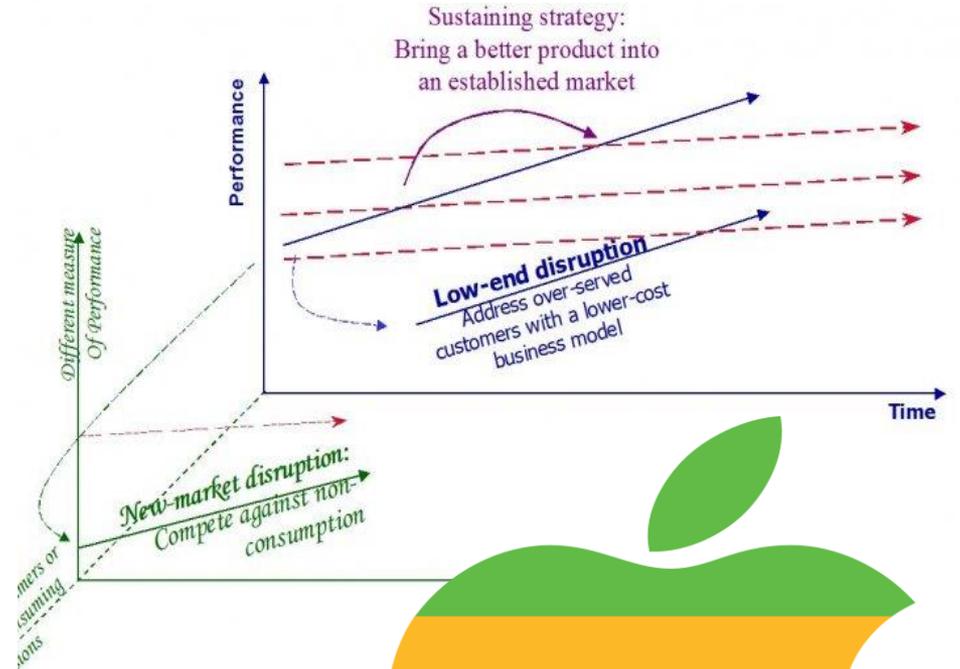
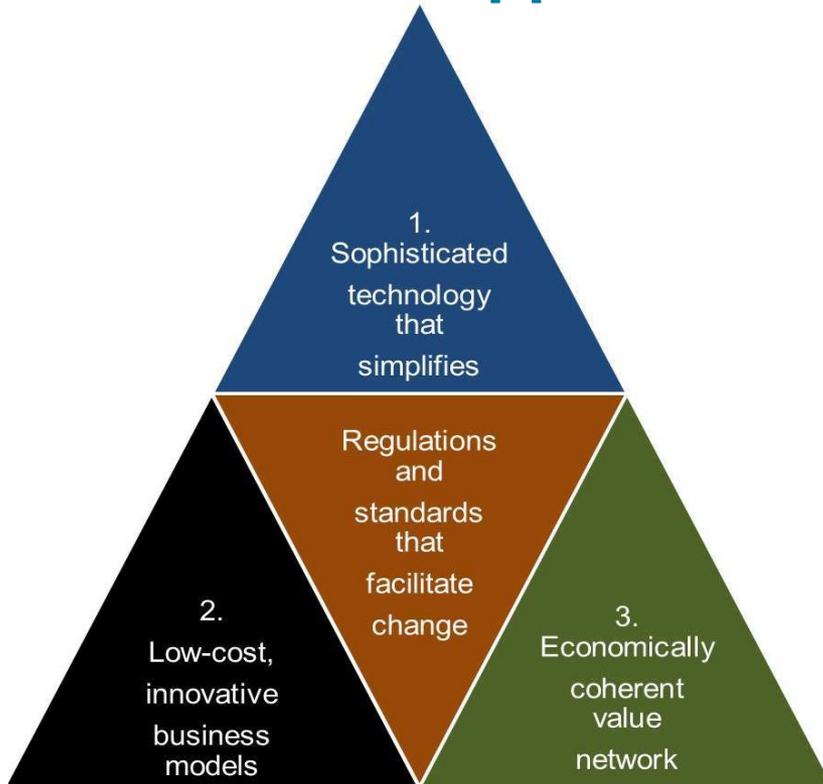
Transparency

- **Availability of provider specific information on the price of health care services to the consumer**
- **Information on efficiency and effectiveness of specialists made available to PCPs to help guide targeted referral patterns**
- **Information on cost & quality of facilities to help guide informed consumer choices**



Disruptive Innovation

Threats vs. Opportunities



Health Quality Partners

Medicare Care Coordination Demonstration Project

**“if this were a pill,
you’d do anything
to get it”**

-Ezra Klein

“If this were a pill, you’d do anything to get it” *The Washington Post*.
April 29, 2013

25% fewer
deaths

39% fewer
hospitalizations

28% lower
net costs

37% fewer
ER visits

- Clemens S. Hong, Allison L. Siegel, and Timothy G. Ferris.

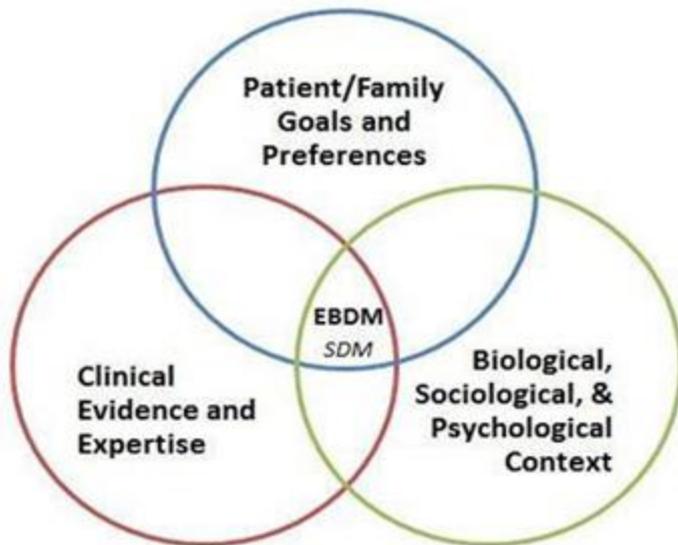
“Caring for High-Need, High-Cost Patients: What Makes for a Successful Care Management Program?” *The Commonwealth Fund*. Issue Brief. August 2014.

From Informed Consent and Delegated Decision Making



Informed Patient Choice and Shared Decision Making

Shared Decision Making → *process in which the provider discusses high quality, up-to-date information about the condition, including risks and benefits of available options and, if appropriate, the limits of scientific knowledge about outcomes; values clarification to help patients sort out their values and preferences; and guidance or coaching in deliberation, designed to improve the patient's involvement in the decision process*



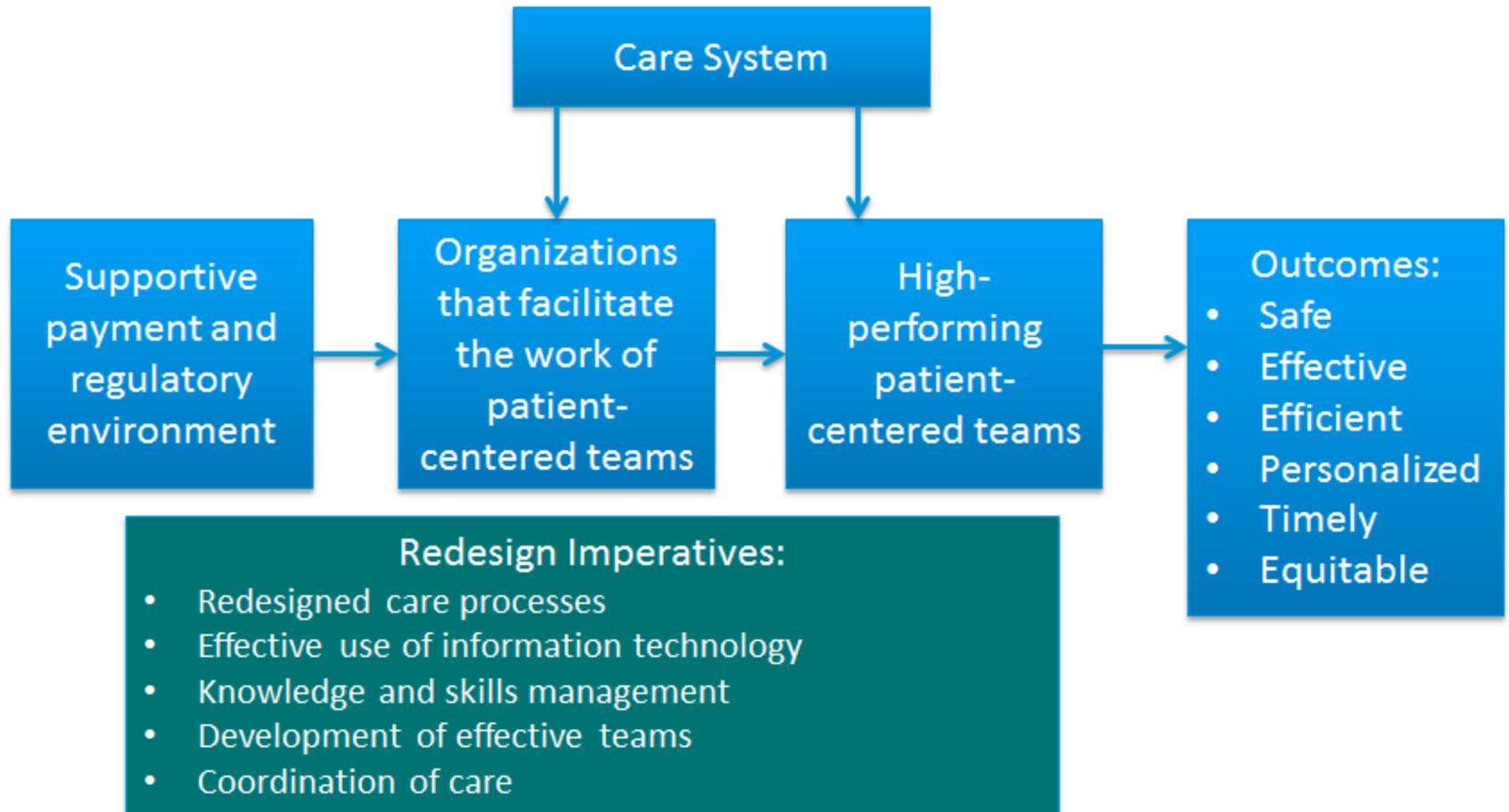
Sharing Expertise – Clinician's vs. Patient's Experience

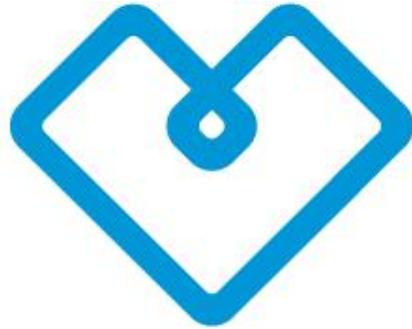
Clinician's expertise	Patient's Expertise
Diagnosis	Experience of illness
Disease aetiology	Social circumstances
Prognosis	Attitude to risk
Treatment options	Values
Outcome probabilities	Preferences

Source: Making Shared Decision Making Reality: No decision about me without me. The King's Fund and Foundation for Informed Medical Decision Making, August 2011.

The Journey to a Value-driven Healthcare System

Creation of a safe, reliable, high-value, sustainable health care *system*





Baton Rouge General

A Community of Caring