A SYSTEMATIC APPROACH TO MANAGING THE TOTAL COST OF CARE

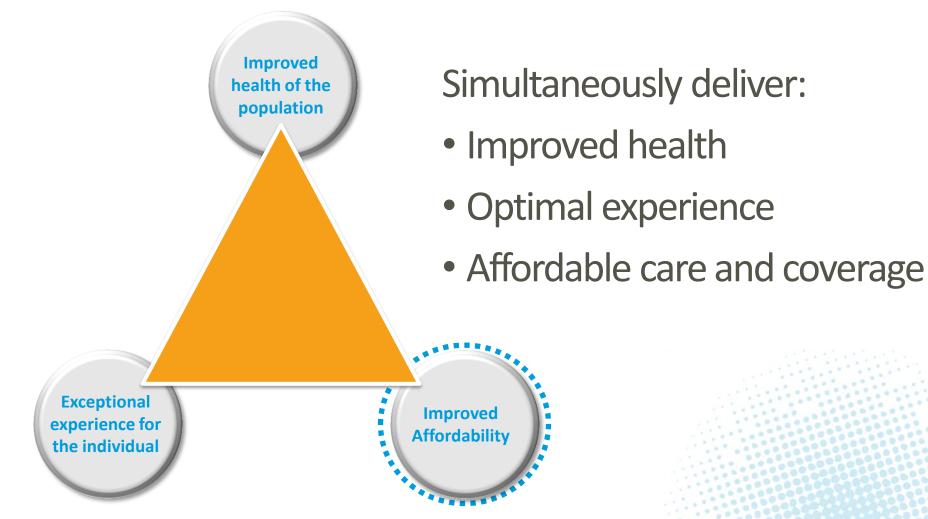
"Life is like riding a bicycle. To keep your balance, you must keep moving."

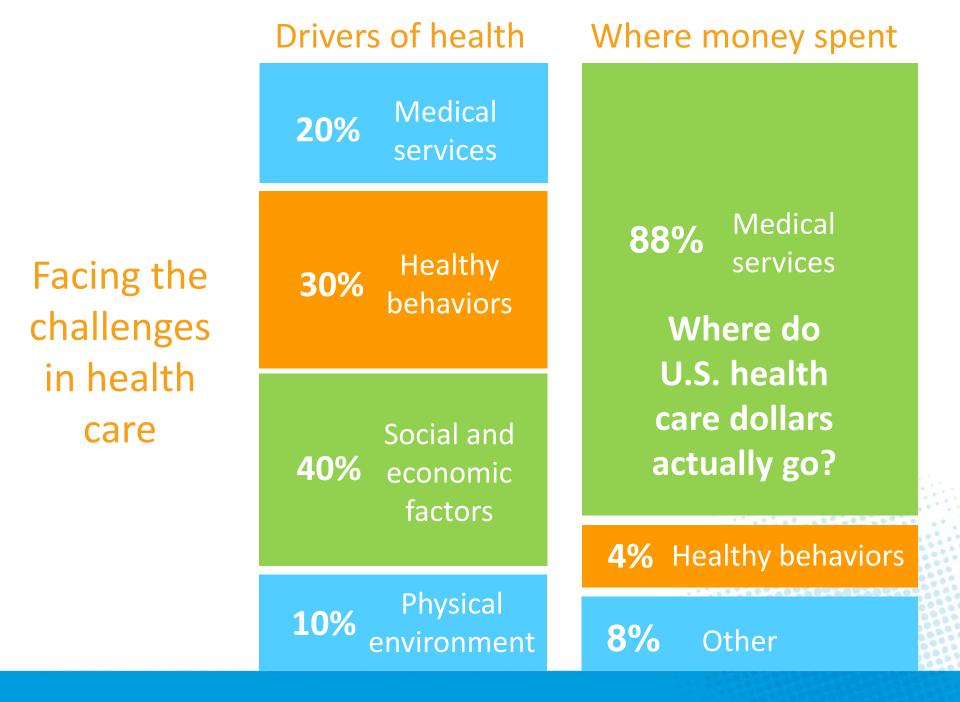
-Albert Einstein

About HealthPartners

- Non-profit, consumer-governed 21,000 team members
- Integrated care and financing system
 - Health plan 1.4 million members
 - Medical Clinics
 - 1,700 physicians, 40 primary care locations, plus 35 medical specialties
 - 1 million patients, multi-payer
 - Dental Clinics
 - 60 dentists across 20 locations, plus 6 dental specialties
 - Five Hospitals
 - Level 1 trauma and tertiary center
 - Acute care hospitals
 - Critical access hospitals

The Triple Aim





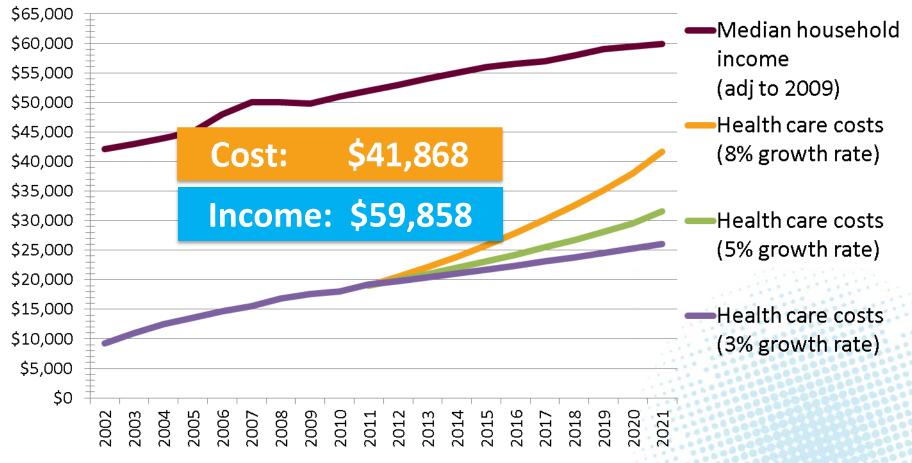
Bi-Partisan Policy Center view

Issues in American health care:

- Fee-for-service payment
- Fragmentation in care delivery
- Administrative burden
- Population aging, rising rates of chronic disease and co-morbidities, as well as lifestyle factors and personal health choices

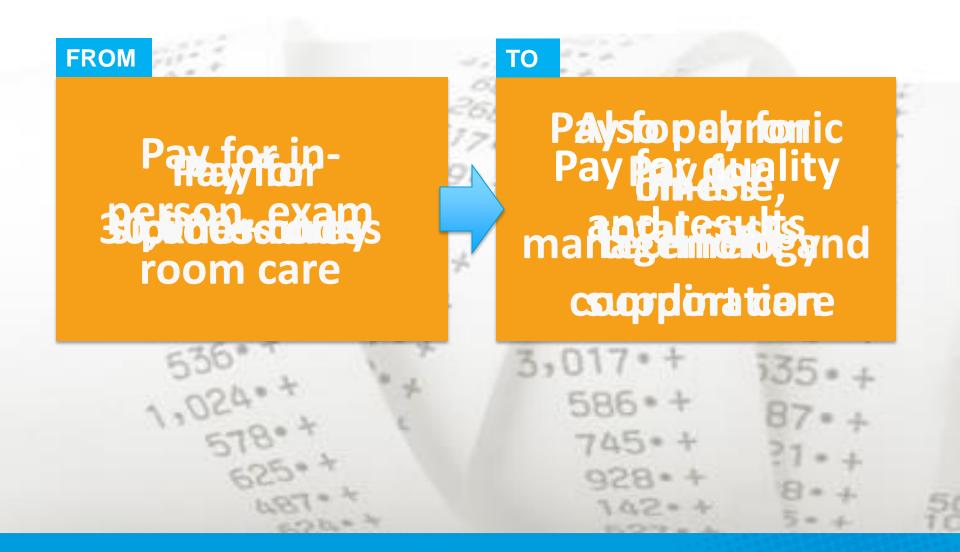
The problem of cost trend

With Median Household Income (projected to 2021)



Source: Alliance of Community Health Plans

The problem of payment



The problem of overuse

"In health care, more is not always better." -National Partnership for Women & Families

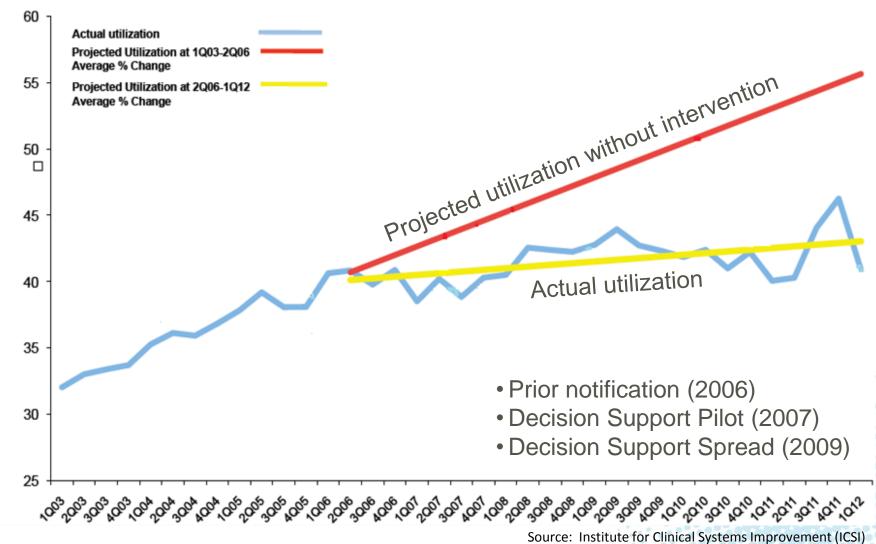
Choosing care that is: "supported by evidence, not duplicative of other tests or procedures already received, free from harm and truly necessary"

-Choosing Wisely

"Overuse contributes to poor quality care and drives up medical costs." -The Commonwealth Fund

Overuse is when "the potential for harm exceeds the possible benefits of care." -The National Priorities Partnership

Hi-Tech Diagnostic Imaging (ICSI)





HOW DOES IT WORK? THE BASICS

PopulationBased BalancingTheTripleAim Guidelines Transparency BenefitDesign NQF Measurement RiskAdjustment Importance Reliability **PaymentReform** ActionableInformation ity ScientificAcceptability Usability ResourceUse **FeasibilityValidity**

Tackling a foundational problem



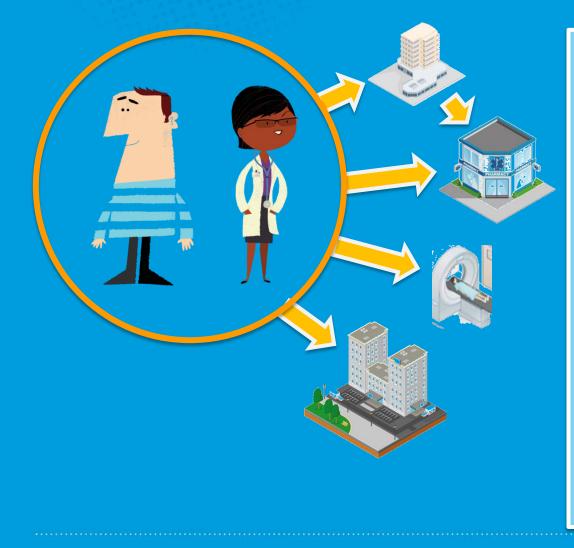
A Unique Point of View

Care Delivery

- Supportive partnerships
- Robust, actionable data
- Process improvement consultation
- Integrated/complementary health management



What is Total Cost of Care?



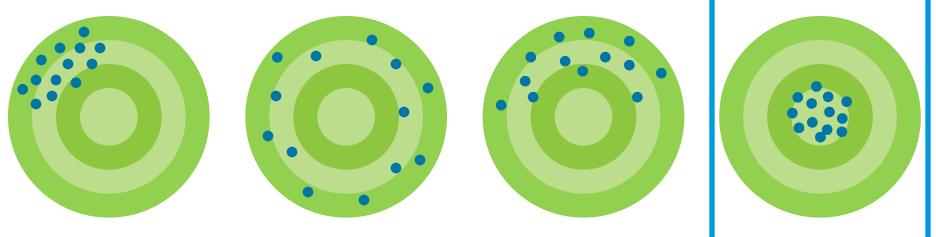
- Population based model
- Attributable to medical groups for accountability
- Includes all care, treatment costs, places of service, and provider types
- Measures overall performance relative to other groups
- Illness-burden adjusted
- **Drillable** to condition, procedure and service level
- Identifies price differences and utilization drivers

Components of total cost of care



- The product of prices
 Volume of health care
 Fee services and
 Reference
 resources used
 Place
 - Fee schedule
 - Referral patterns
 - Place of service

Reliability and Validity



Reliable, not Valid Valid, not Reliable

Neither Valid, nor Reliable Both Valid, and Reliable

Multiple Levels of Transparency

Population-Based TCOC Performance Drill from the population to a specific service Condition-Based TCOC Performance

Procedural bundled price transparency

> Service specific price transparency

Total Cost of Care data

HealthPartners

Total Cost of Care Report - Rolling 12 Months: April through Maroh - 2010, 2011 & 2012 -Risk Adjusted Total Cost of Care Metrics

-Total Spend Including Clinics, Hospitals, Rx and Referral Providers

-Attributed, Commercial, Continuously Enrolled, Excluding Bables and 65+

-Total Reimburgement Capped at \$100,000



	Members			Average ACG Soore			TCI			Price	indexed to 2	012	Recource Use Indexed to 2012			
Provider Group	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	2010	2011	2012	
Provider XYZ	98,381	95,516	88,284	1.08	1.07	1.05	0.96	0.97	0.98	0.94	0.96	0.99	0.98	0.98	0.99	
Metro Total	312,838	308,824	296,832	1.06	1.08	1.05	1.00	1.00	1.00	0.96	0.88	1.00	1.01	1.00	1.00	

The and through third querier results should be viewed as preliminary indicators to year and results due to fluctuations in membership and its corresponding impact on continuous annotiment and ACG risk score assignments

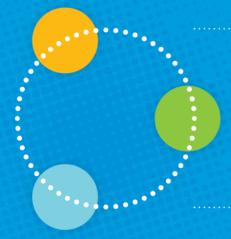
	Patient Management Utilization Measures															
	E&M Count Index (Total)		E&M Count Index (PC)		E&M Count Index (Spec)		% PC E&M*		Lab/Path Count Index		Standard Rad		Rx Count Index			nerio x*
Provider Group	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Provider XYZ	0.97	0.97	0.94	0.93	0.99	1.01	51%	49%	1.07	1.07	1.01	1.01	0.97	0.97	80%	84%
Metro Total	1.00	1.00	1.00	1.00	1.00	1.00	62%	61%	1.00	1.00	1.00	1.00	1.00	1.00	78%	83%

Measure is not risk adjusted

	High Cost Utilization Measures														
	Admit Count Index		IP Surg Count Index		ER Count Index		OP Surg Count Index		Hightech Rad Index (ER)		Hightech Rad Index (nonER)		% ER Hightech Rad		
Provider Group	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	
Provider XYZ	1.00	0.99	0.98	1.04	0.95	0.93	0.95	0.96	0.92	0.93	0.92	0.92	17%	17%	
Metro Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	17%	16%	

Measure is not risk adjusted

\frown				Service	Category '	rci			Price Index							Resource Use Index						
		IP TCI		OP TCI	Pro	Prof TCI		Fix TCI		IP Price		OP Price		Prof Price		IP RUI		OP RUI		RUI		
Provider Group	20	11 20	12 2	011 201	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012		
Provider XYZ	0.	95 0.	96 0	1.86 0.8	1.04	1.05	0.95	0.95	0.95	0.95	0.91	0.91	1.03	1.03	1.00	1.01	0.95	0.95	1.00	1.01		
Metro Tota	1.	00 1.	00 1	1.00 1.0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00		



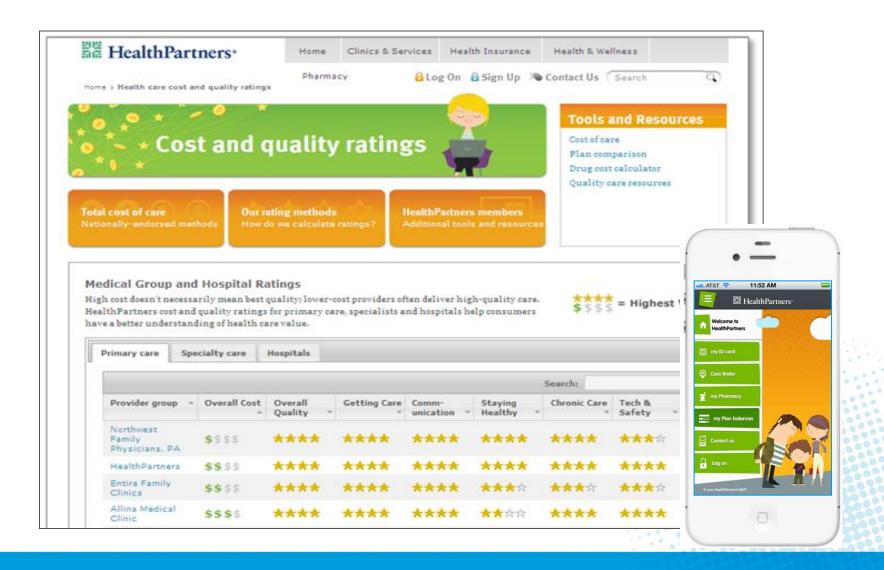
PRACTICAL USES

Stakeholders

- Health Care Providers
- Health Plans
- Employers and Purchasers
- Government Agencies
- Patients
- Community Collaboratives
- Researchers



Example: Web and Mobile Transparency



Example: Regional and national standards

MN Community Measurement

Dartmouth Commercial Atlas Project

Example: Northwest Metro Alliance Care Improvements



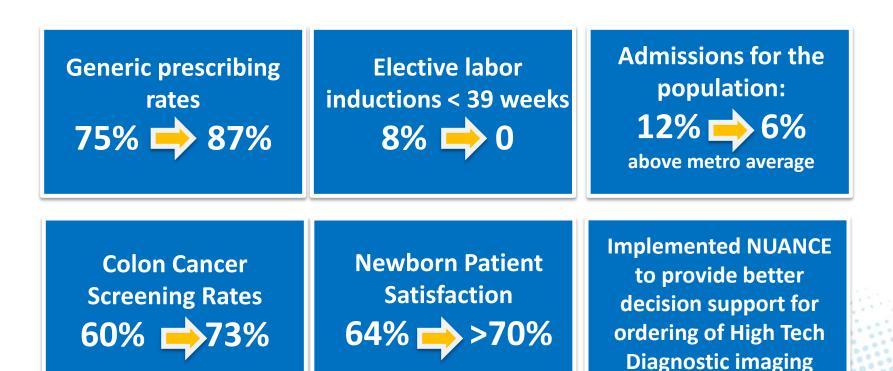
Clinic focus:

- Bronchitis
- Generics
- Low Back Pain

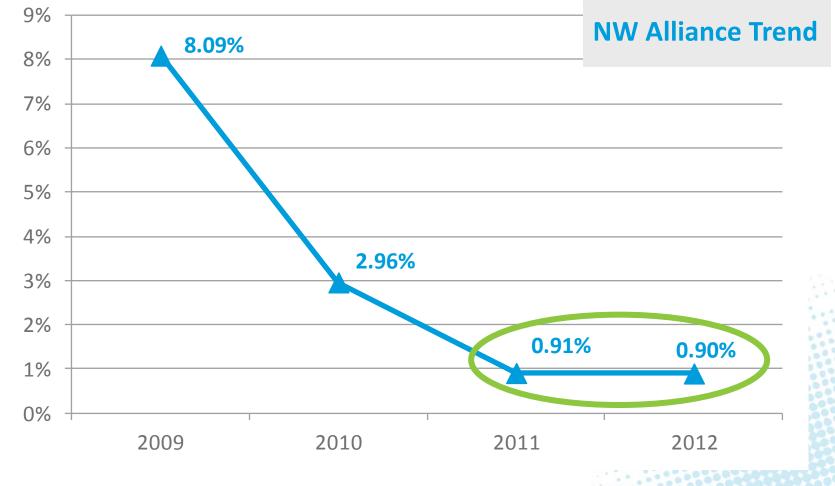
Hospital focus

- Readmissions
- Mental health
 7-day follow up
- Safe and effective inductions of labor

Year 3 (2012) Triple Aim Highlights

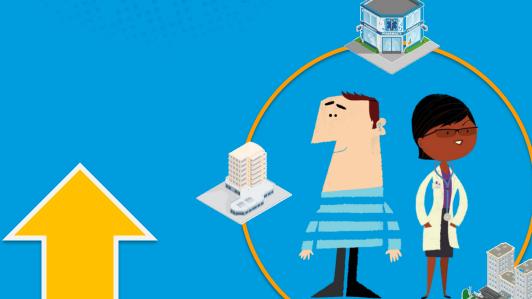


2012 Year End TCOC Trend Results Northwest Alliance Risk Adjusted PMPM Trend, Yearly



Trend

HealthPartners Project Portfolio



Healthy lifestyles Coordinated care Appropriate use of services Patient engagement Evidence-based care Avoidable admissions, ER visits, labs & Hi-tech diagnostics Project Portfolio: Improvement in the ER

Better care for low risk protocols in the emergency room for:

- Chest Pain
- Congestive Heart Failure



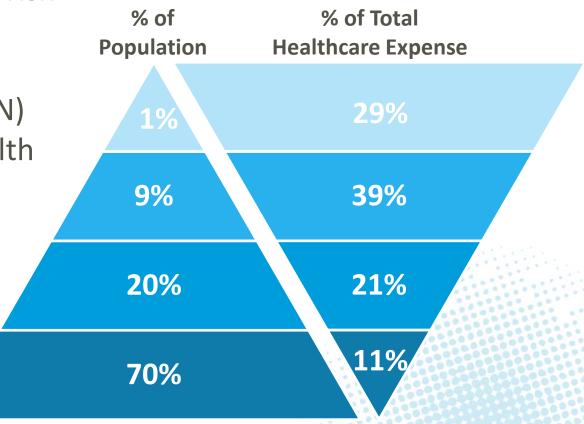




Project Portfolio: Care Coordination Support

Consistent approach across clinics & hospitals:

- Identify those most at risk
- Proactive outreach
- Care Plans
- Shared visits (MD & RN)
- Access for mental health



Project Portfolio: Lung Cancer Pathway

Partnership between primary & specialty care

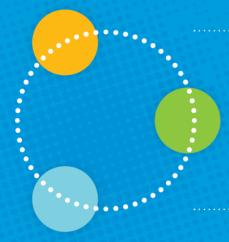
Built into the electronic record

Confidence & Trust = Increased Satisfaction

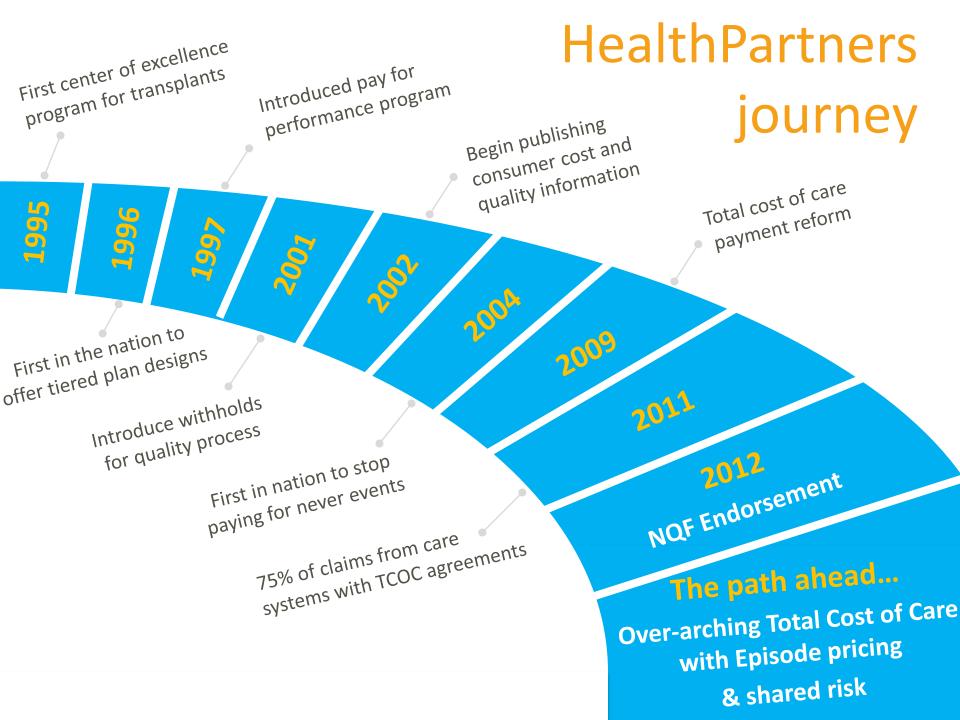
Project Portfolio: Joint Replacement Model

- Patient and caregiver preparation for surgery
- Expectations for Surgery
- Quality and Safety Protocols in the Hospital
- Handoffs from hospital to transitional or home care

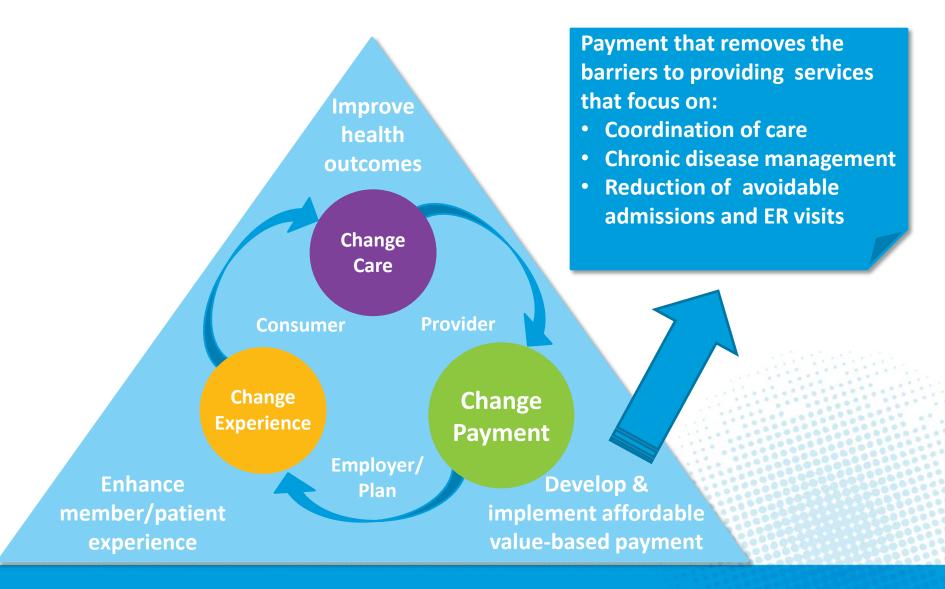




PAYMENT APPROACHES



What is value-based payment?



Primary Care Affordability Concept

Established patients get needed care through the following delivery methods:

Office Visits Phone Visits E-Visits Nurse Visits Care Coordinators Health Care Home Phone calls, e-mails and services that benefit overall health that are <u>not billable</u>today

- Must meet quality and experience targets to achieve full primary care case rate payment
- Model still has an eye on Total Cost of Care

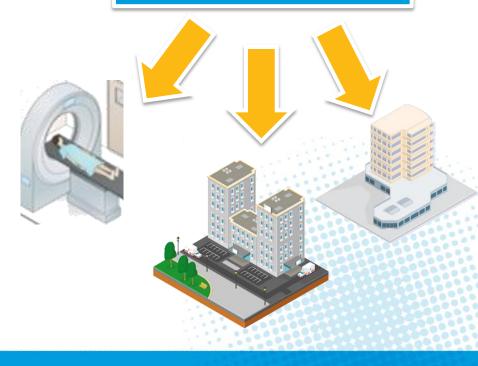
Example: Orthopedics Bundled Payment

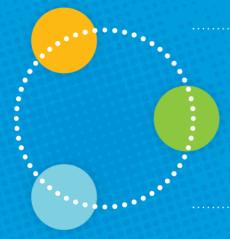
Knee Replacement Episode Payment to one provider



Provider distributes payment to supporting providers







YEAH, BUT...

Common Questions

• Why do you give it away for free?



Common Questions

- Why do you give it away for free?
- It works in Minnesota, can it work elsewhere?



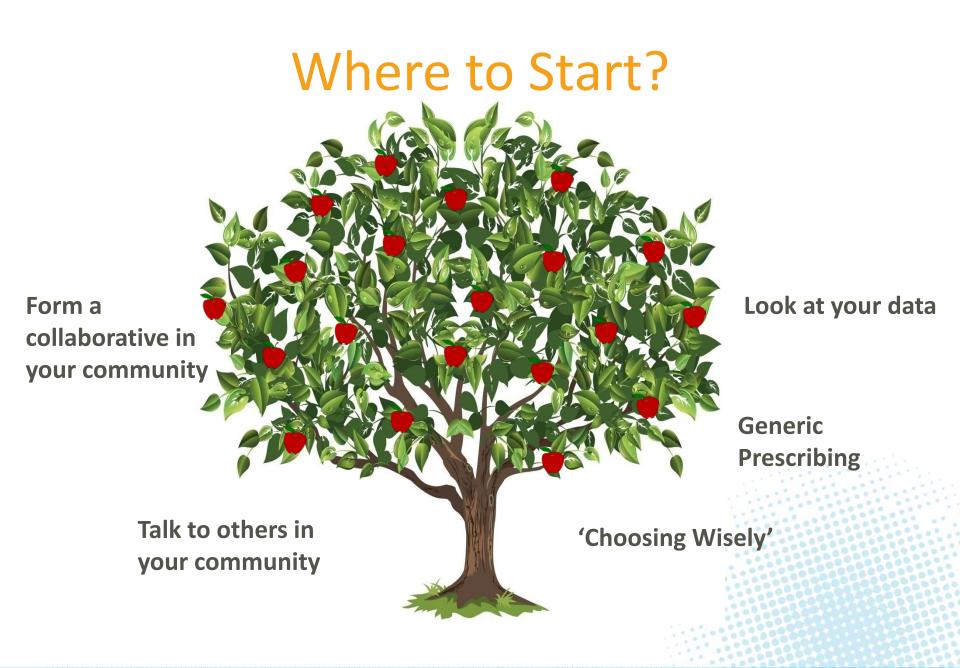
Uptake across the country

- 70+ Licensees in 27 states
- Plus several national and regional organizations

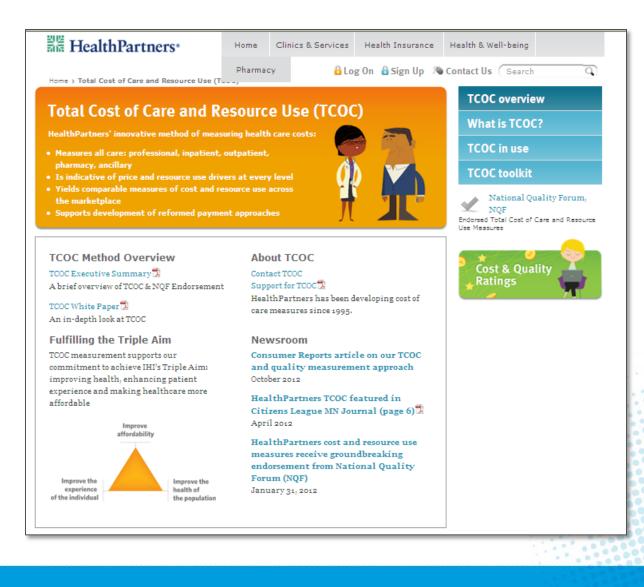
Common Questions

- Why do you give it away for free?
- It works in Minnesota, can it work elsewhere?
- How do we get started?





www.healthpartners.com/tcoc



To achieve the triple aim...

"The only way we can do it is to do, not one thing, but everything."

-Don Berwick, MD

Thank you

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