# Policy Challenges & the Intermountain Approach

September, 2015

**Lucy A. Savitz, Ph.D., MBA**
Assistant Vice President, Delivery System Science
Intermountain Healthcare
Research Professor, Epidemiology
University of Utah, School of Medicine

# Joined by Team Members

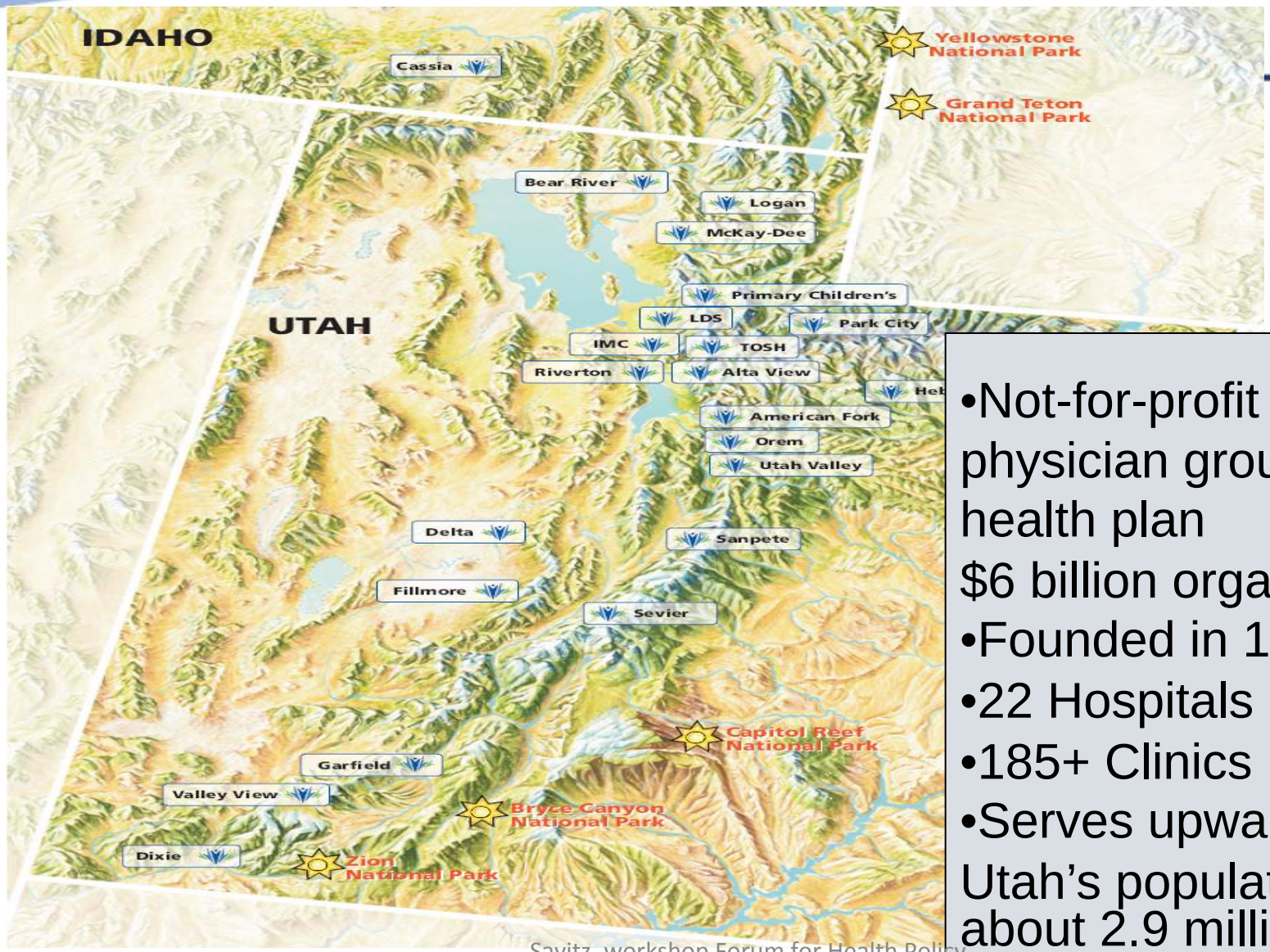
Tom Belnap

Savitz, workshop Forum for Health Policy
16 Sept 2015

Andrew Knighton


Utah

# Intermountain Healthcare




- Not-for-profit hospitals, physician group, and health plan
- $6 billion organization
- Founded in 1975
- 22 Hospitals
- 185+ Clinics
- Serves upwards of 50% Utah's population of about 2.9 million

Intermountain Healthcare

# Policy Challenges Impacting How We Deliver Care

- Rigidity of the Payment System
- Inequalities in Care
- Need Greater Transparency for Accountability

# Defining $ Values

- **Cost** is what it costs the delivery system to provide a service
- **Reimbursement** is what insurers pay the delivery system for providing that service (revenue).

**Problem #1: Cost ≠ Reimbursement**

**Problem #2: If we avoid some costs by doing better, reimbursement (revenue to the system) goes down→there are dis-incentives.**

# Continuous Positive Airway Pressure (CPAP) for Neonates with Respiratory Distress

- Targeted neonates younger than 33 weeks gestational age
- Historically transferred from American Fork to Utah Valley Regional Medical Center
- Results
  - Reduced transport from 78% to 18% in year 1
  - Financial/cost impact measured in terms of Net Operating Income or NOI

# Net Operating Income, NOI

Very simply—

Operating revenue – expenses

# Financial Impact of CPAP for Neonates

| | Before | After | NOI |
|---|---|---|---|
| Birth Hospital | 84,244 | 553,479 | 469,235 |
| Transport (staff only) | 22,199 | -27,222 | -49,421 |
| Tertiary Hospital (NICU) | 958,467 | 209,829 | -748,638 |
| **Delivery System Total** | 1,064,910 | 736,086 | **-328,824** |
| | | | → $60k |
| **Intermountain Health Plan** | 900,599 | 512,120 | **388,479** |
| **Medicaid** | 652,103 | 373,735 | 278,368 |
| **Other Commercial Payers** | 429,101 | 223,215 | 205,556 |
| **Insurer Total** | 1,981,803 | 1,103,070 | 872,733 |

NOI=net operating income

# Addressing Payment Rigidity

- Taking on more risk to eliminate payment perversities that penalize high quality, low cost care
  - Assessing Inequalities
  - Shared Accountability
    - Patients
    - Physicians

# Assessing Inequality

**Getting the Right Care to the Right Person at the Right Time**

- Variation in access to care (cost, time, culture, prejudicial treatment)
- Variation in unnecessary care (unwarranted emergency visits, hospitalizations)

# Assessing Inequality

**Getting the Right Care to the Right Person at the Right Time**

- Variation in access to care
- Variation in unnecessary care

➢ Assessing High Cost/Super Utilizers

➢ Taking a person-centric approach that incorporates social determinants.

# What are Social Determinants?

Factors that influence where we:

- Live
- Work
- Play
- Pray

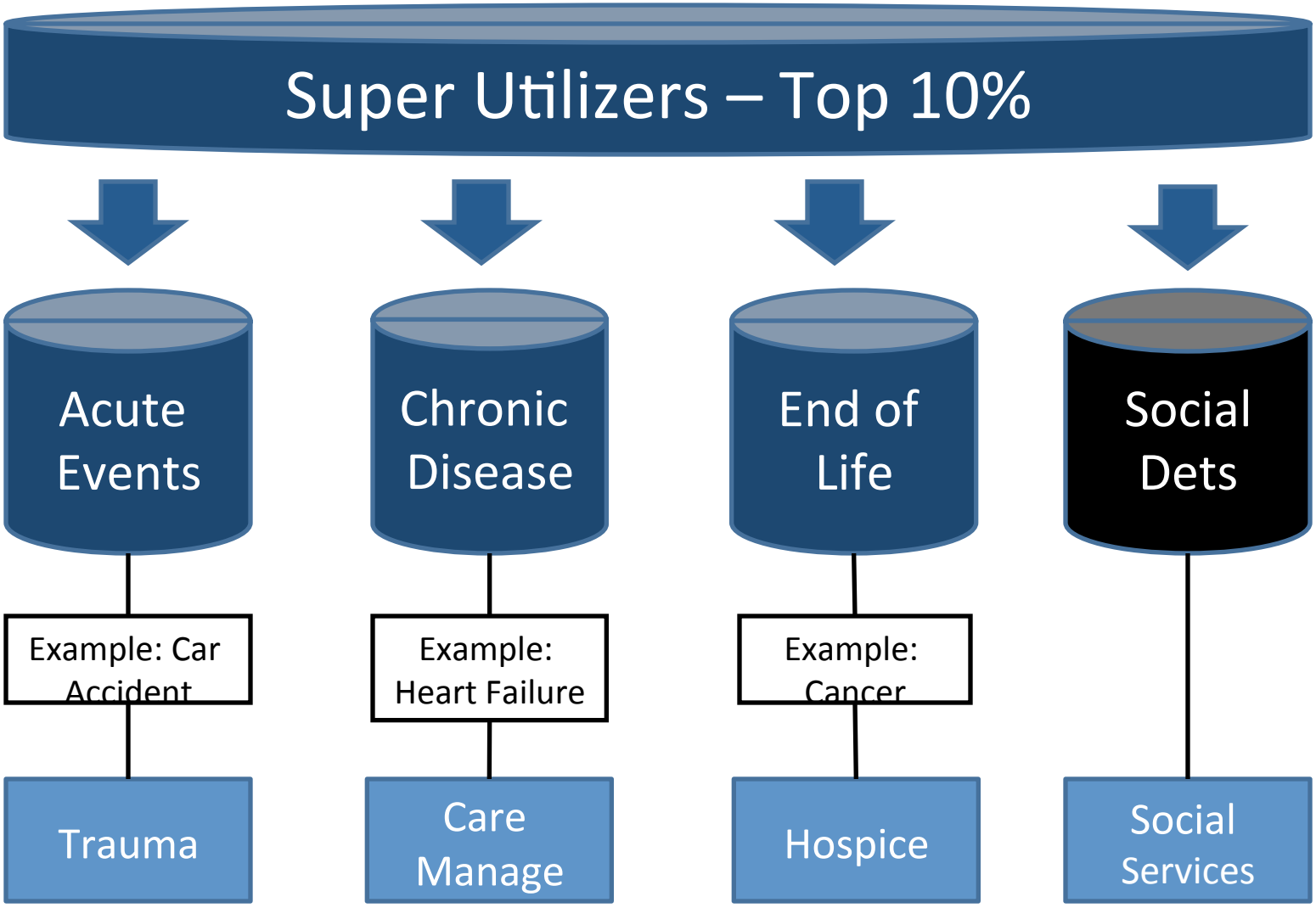
…and get medical care when needed.

# Social Determinants Linked to Mortality

- From Galea et al., 2011
  - Low education level, racial segregation, low social support, poverty/low income
- From US NCHS, 2007

| Education Level (25-64 yo) | Mortality Rate (per 100,000) |
|---|---|
| Less than high school | 650.4 |
| Only high school | 477.6 |
| Some education beyond | 206.3 |

# Intermountain Hot Spot Mapping



# Considering the Impact of *Social Determinants* on Readmissions

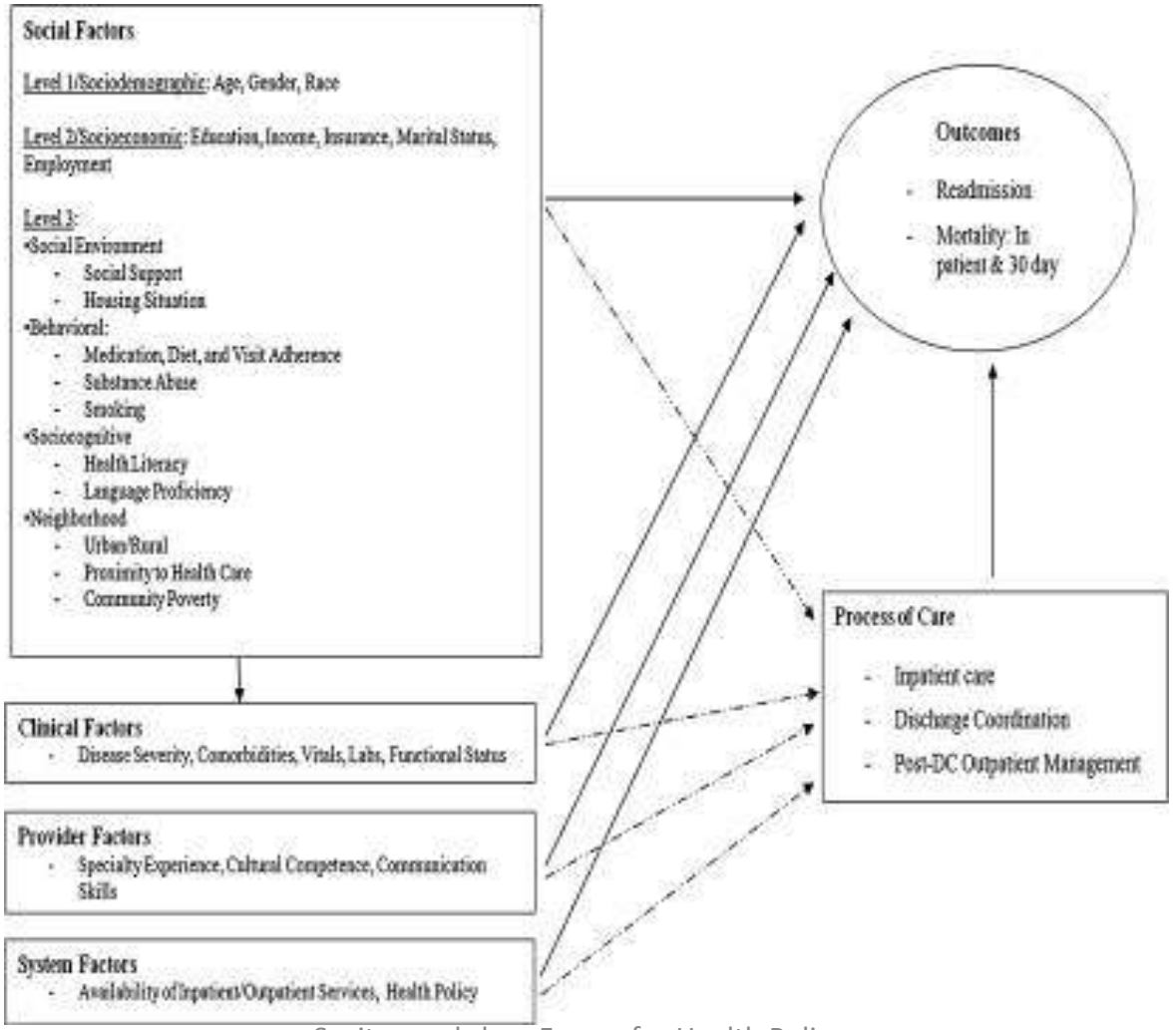
* Common, costly, and potentially hazardous
* Major focus in virtually all hospitals/ systems

*Understanding the relative effects of social factors on reported readmission rates may help hospitals better target improvement efforts at an organizational level.*

Nagasako et al., 2014

# Social Factors Influencing Readmission

(Cavillo-King et al.)



# Social Factors Influencing Readmission

(Cavillo-King et al.)

**Social Environment**
- Social Support

**Behavioral**
- Smoking
- Treatment Adherence

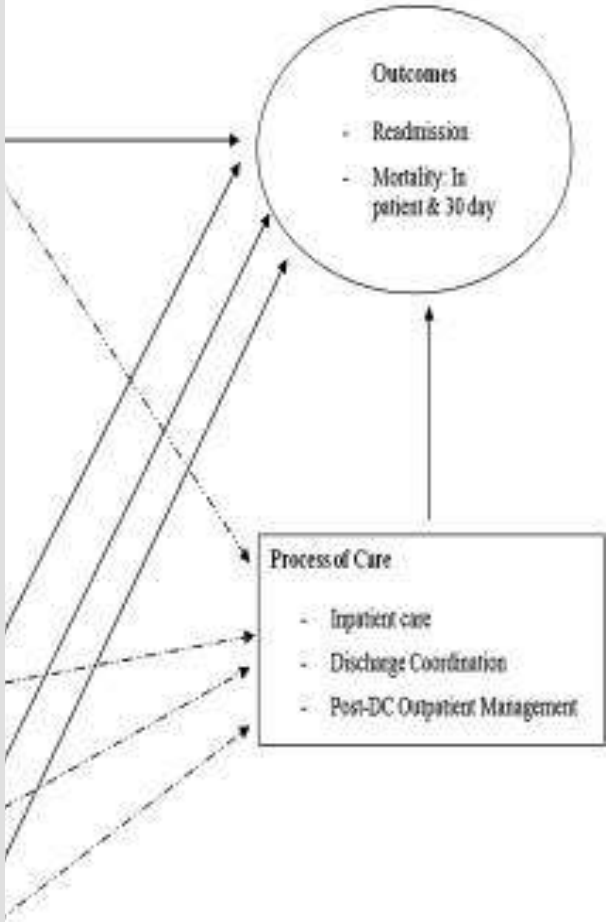
**Sociocognitive**
- Literacy, Language

**Neighborhood**
- Urban/Rural
- Distance to Health Care

**Clinical Factors**

**Provider Factors**

**System Factors** – Health Policies



# Fundamental Presumption

Health = Health Care

"The critical flaw in our *(U.S.)* healthcare system… is that it was never designed for the kind of patients who incur the highest costs."

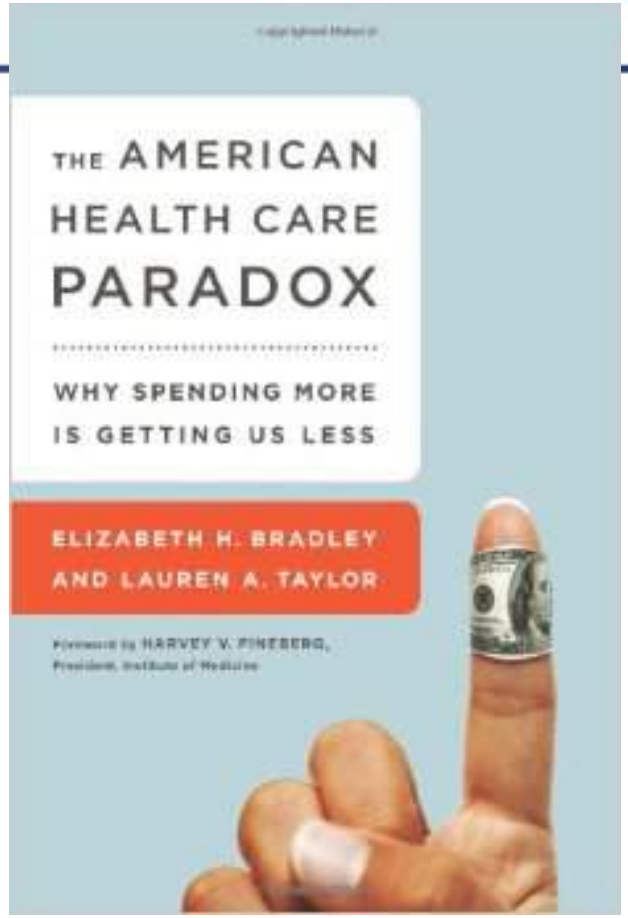
Dr. Atul Gwande

# What We Know

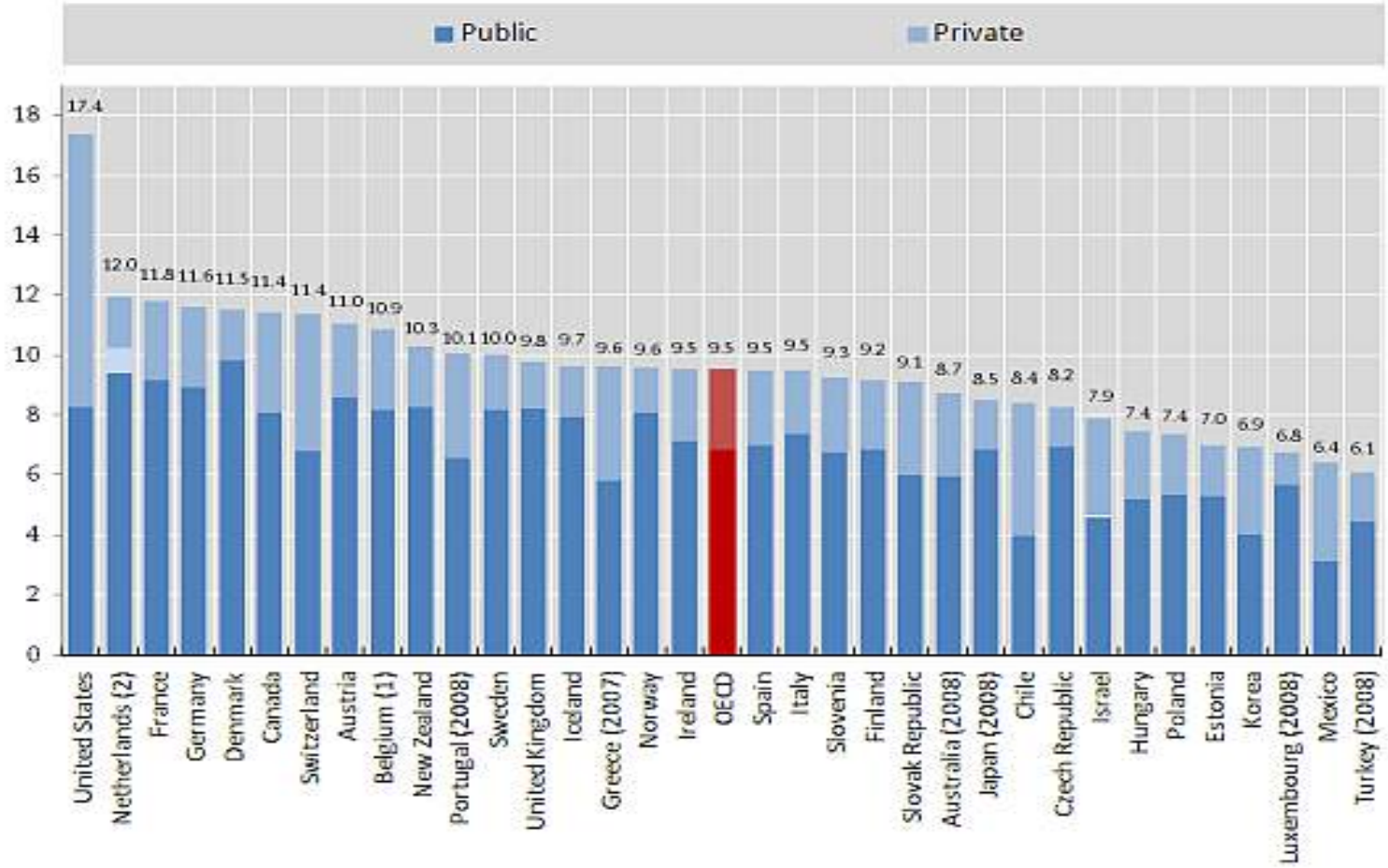
| Determinants of Health | Percentage |
|---|---|
| Genetics | 20 |
| Social, Environ, Behavioral | 60 |
| Health Care | 20 |

- U.S. disproportionately spends on health care relative to OECD countries.
- Countries with higher ratios of social-to-health spending have statistically better health outcomes.
- This issues is not only about people who are poor.

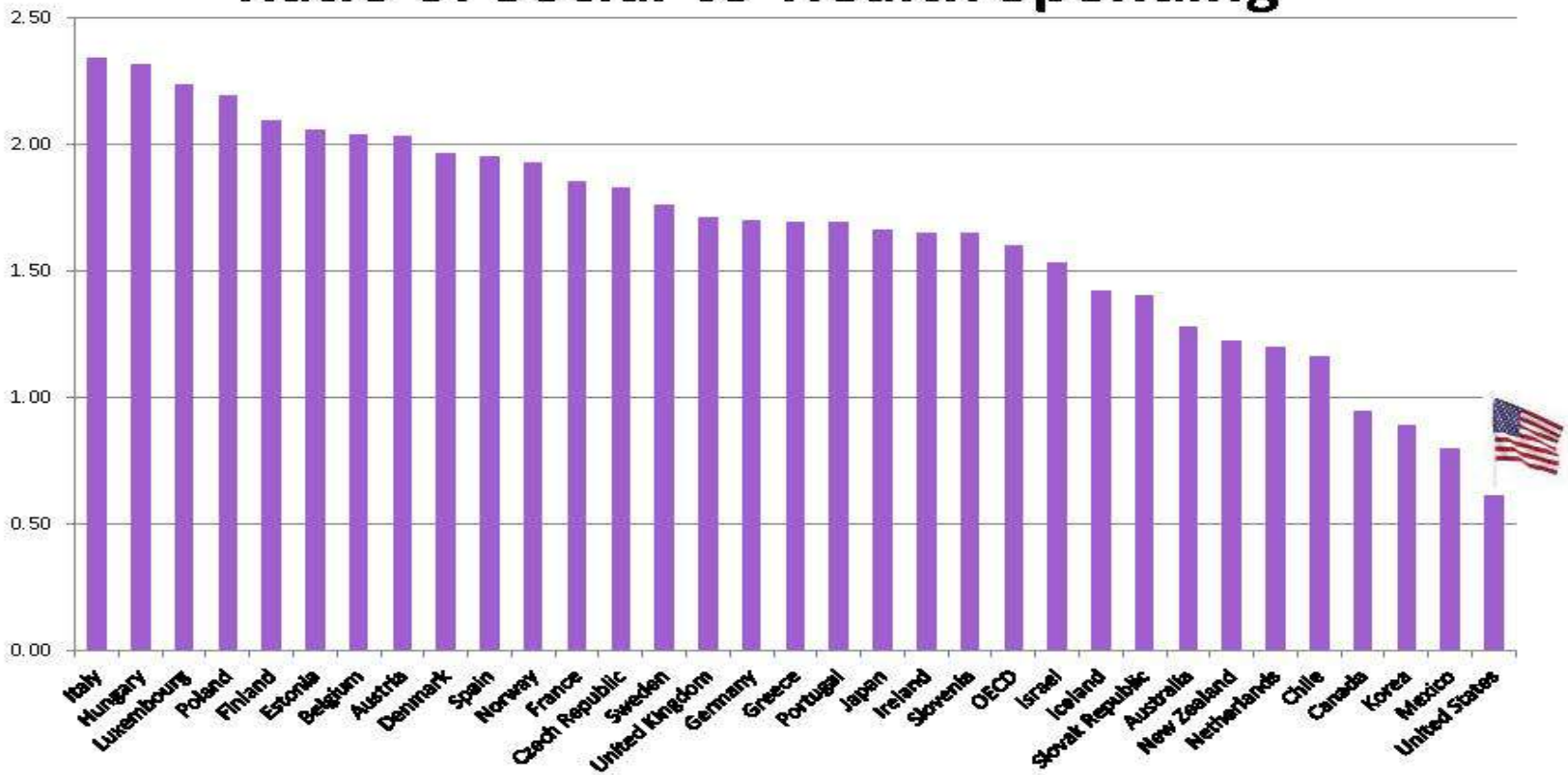
# Health Care Spending in the U.S.



# Health Care Spending as a % of GDP, 2009



# Ratio of Social-to-Health Spending




*Switzerland and Turkey are missing data for 2009

# Caveats

- We tend to medicalize health concerns
- Slow transfer of resources from health care delivery to social services
- Need to measure what matters to people living in our communities

# Population Health Context

Three Elements:

1. Commit to collaborate with geographic responsibility
2. Invest in creative and innovative approaches
3. Participate in coordinated efforts to modify causes of disease.

# Collaborative View

## Health ≠ Health Care

# Intermountain Shared Accountability


Intermountain Healthcare is initiating a Shared Accountability strategy to provide high-value healthcare. Physicians will help lead this effort by providing evidence-based care and by helping patients become more engaged in their care. The strategy includes a payment model rewarding providers for delivering evidence-based care and engaging patients.

Intermountain Healthcare
Healing for life

selecthealth

# Engaging Patients in Shared Accountability

- Shared Decision Making
- Patient Reported Measures

# Patient Reported Measures

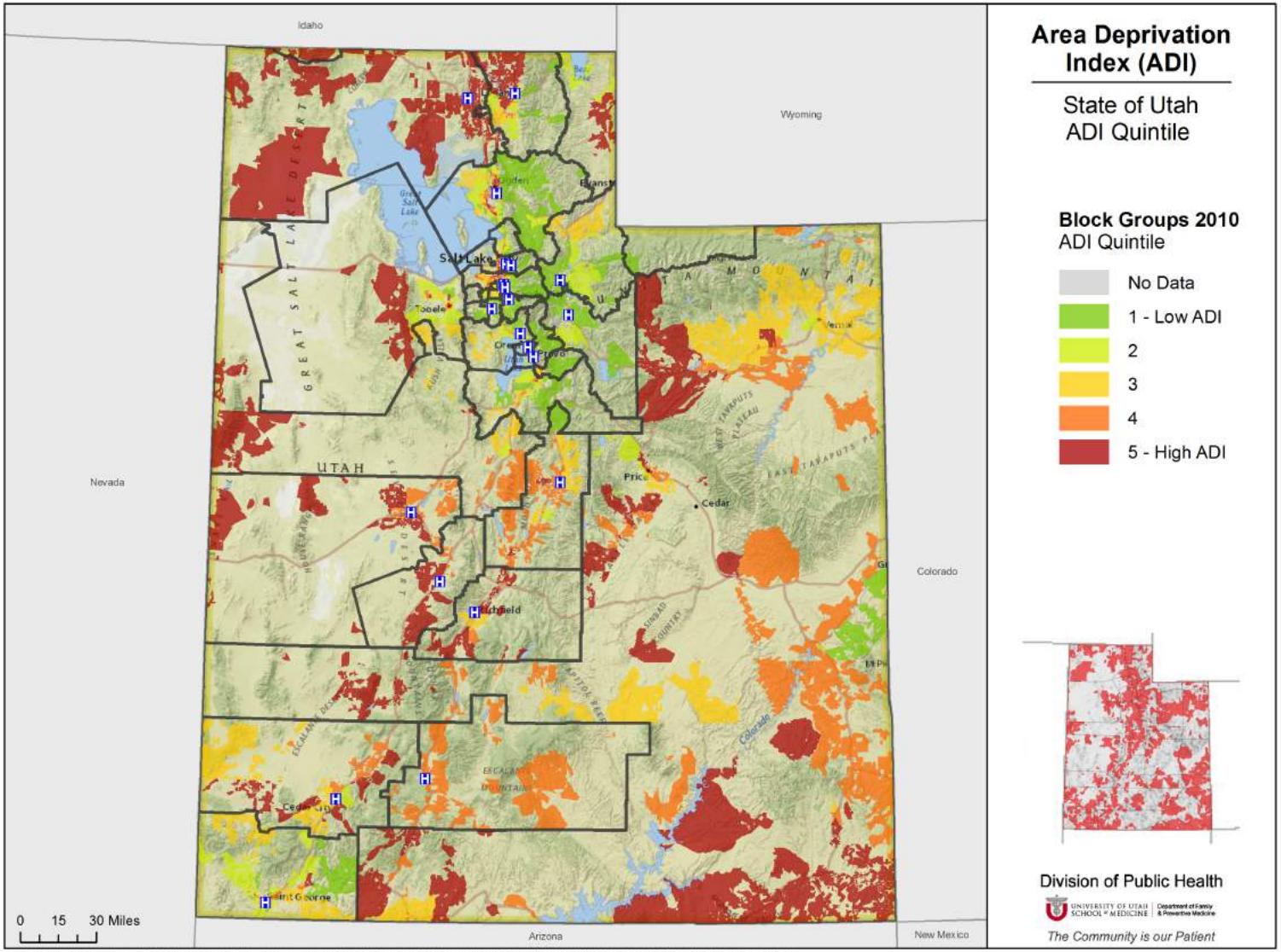
- Across the lifespan
  - Quality of Life
  - Availability of Social Support
  - Housing Security
  - Personal Violence Experience
- Episodic
  - Physical Functioning
  - HOOS/KOOS
  - Pain

Intermountain Healthcare

# Area Deprivation Index (ADI)

# What is an area deprivation index (ADI)?

- Geographic area-based measure of the socio-economic deprivation experiences by a neighborhood
- Index developed and validated by Singh (2003) based upon 17 census measures
  - Education
  - Employment
  - Income
  - Living Conditions
- Patient assigned an ADI score based upon the census block group of residences
- Compositional, surrogate measure for impact of deprivation/social determinants
- Higher levels of deprivation have been associated with an increased risk of adverse health and health care outcomes (Kind, 2014)




Service Layer Credits: Content may not reflect National Geographic's current map policy. Sources: National Geographic, Esri, DeLorme, HERE, UNEP-WCMC, USGS, NASA, ESA, METI, NRCAN, GEBCO, NOAA, increment P Corp.

## Linking deprivation with health care delivery outcomes…

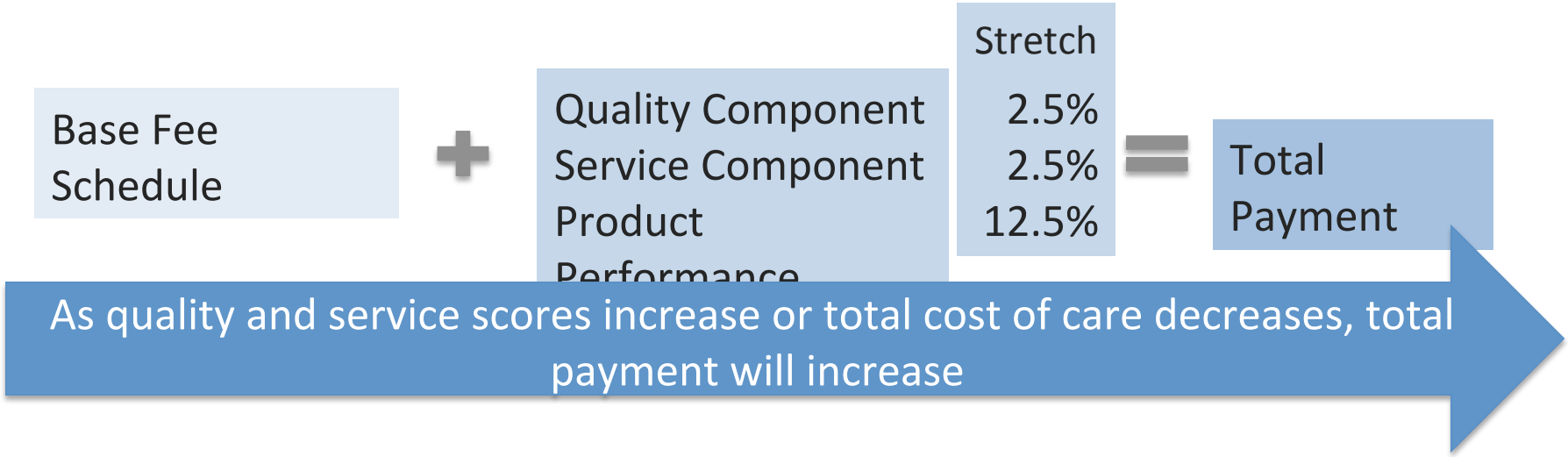
- Higher levels of ED utilization
- Increased readmission risk
- Delays in time to diagnosis and time to treatment
- Medication adherence
- Shared decision making & informed choice

Intermountain Healthcare

# Engaging Physicians in Shared Accountability

# 2016 Physician Payment Model

*as of June 2015 for SelectHealth Shared Accountability Products*



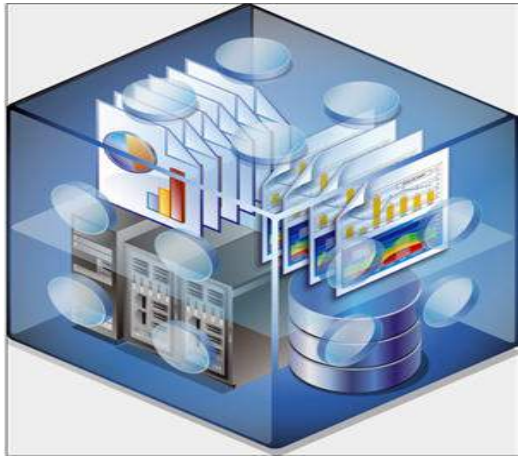

**Note: All payments are made at the group level**

# Detailed Reporting on Quality, Cost & Service

EDW Data Marts

- Claims Based Cost of Care Data
- Claims Based Quality Measures
- Intermountain Clinical Data
- Patient Experience Data
- Risk Stratification Data
- Admit, Discharge, & Transfer Data

Web-based Reporting Platform



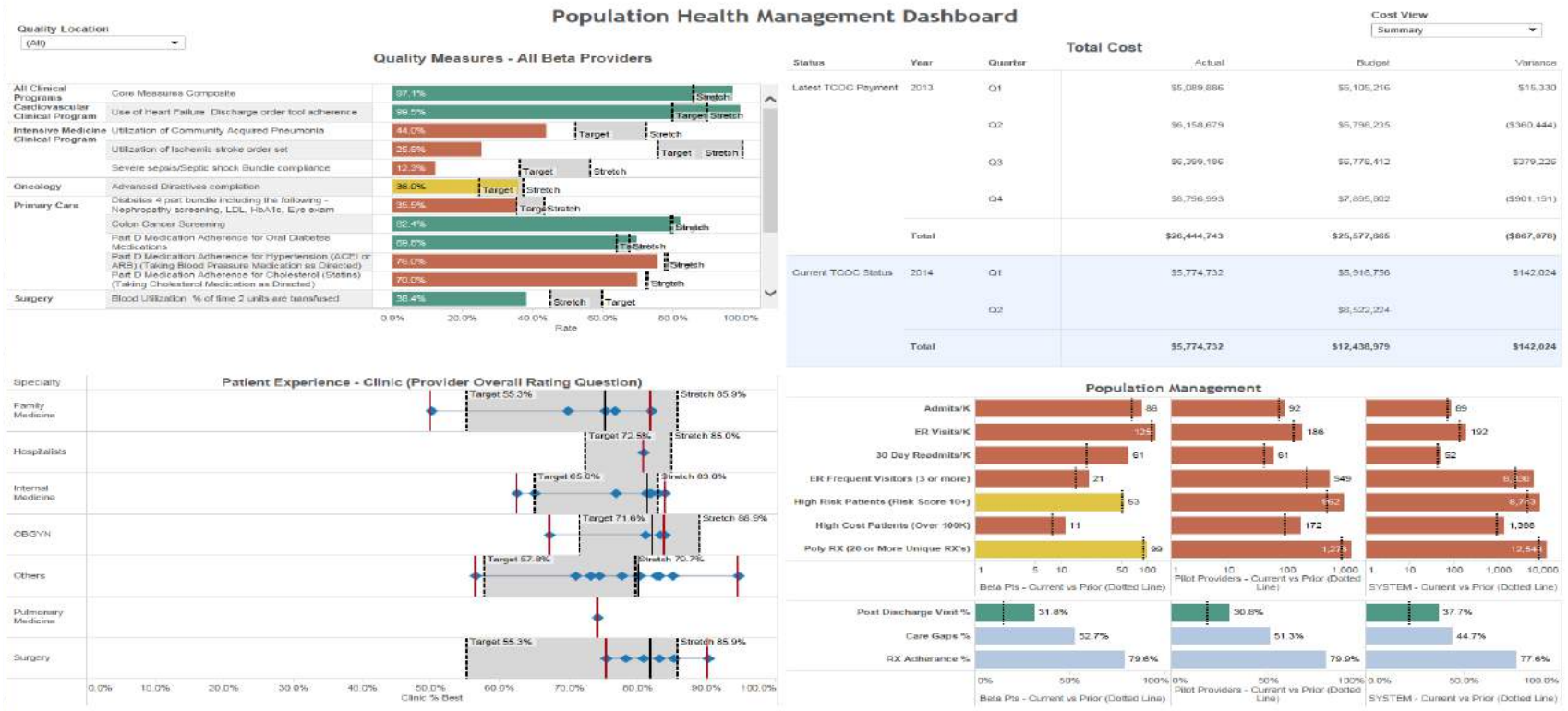
Patient-level detail
Condition-level detail
Procedure-level detail

End Users

- Physicians
- Care Managers
- Administrators

Intermountain Healthcare
Healing for life®

# Detailed Reporting on Quality, Cost & Service



# 2016 Physician Payment Model

***as of June 2015 for SelectHealth Commercial Shared Accountability Product***

Fee Schedule
+ Performance on Quality (can be negative, at Target, or Stretch)
+ Performance on Service (can be negative, at Target, or Stretch)
+ Performance to Product Budget (based on budgeted savings/losses)
= Total Payment

Note: if the three Performance Components sum to a negative amount, the sum will be deemed to be zero so that payment is never less than the Fee Schedule, i.e., "no net downside"

For government products, all incentive payments must be funded by better than expected plan performance


Intermountain
Healthcare
Healing for life℠