



Risk Transfer to Health Systems Managing to a Global Budget

Southeastern Actuaries Conference

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Risk Transfer to Health Systems

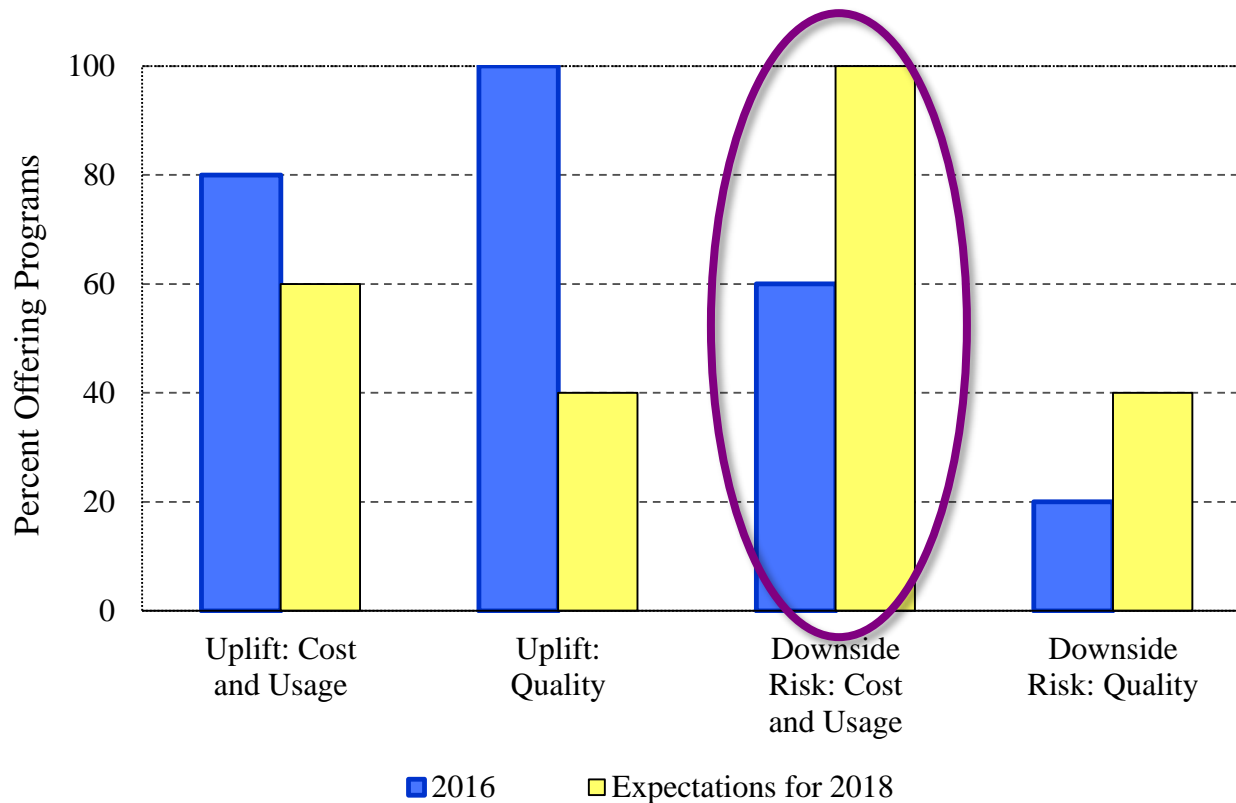
Managing to a Global Budget

- **Healthcare financial risk is being shifted from health plans to network health systems**
- **Risk transfer began with upside incentives and is evolving to downside risk:**
 - CMS/MSSP moving to NextGen ACO
 - Medicare Advantage percentage of premium
- **Health system clinical leaders need actionable information to manage their global budgets**

Risk Transfer to Health Systems

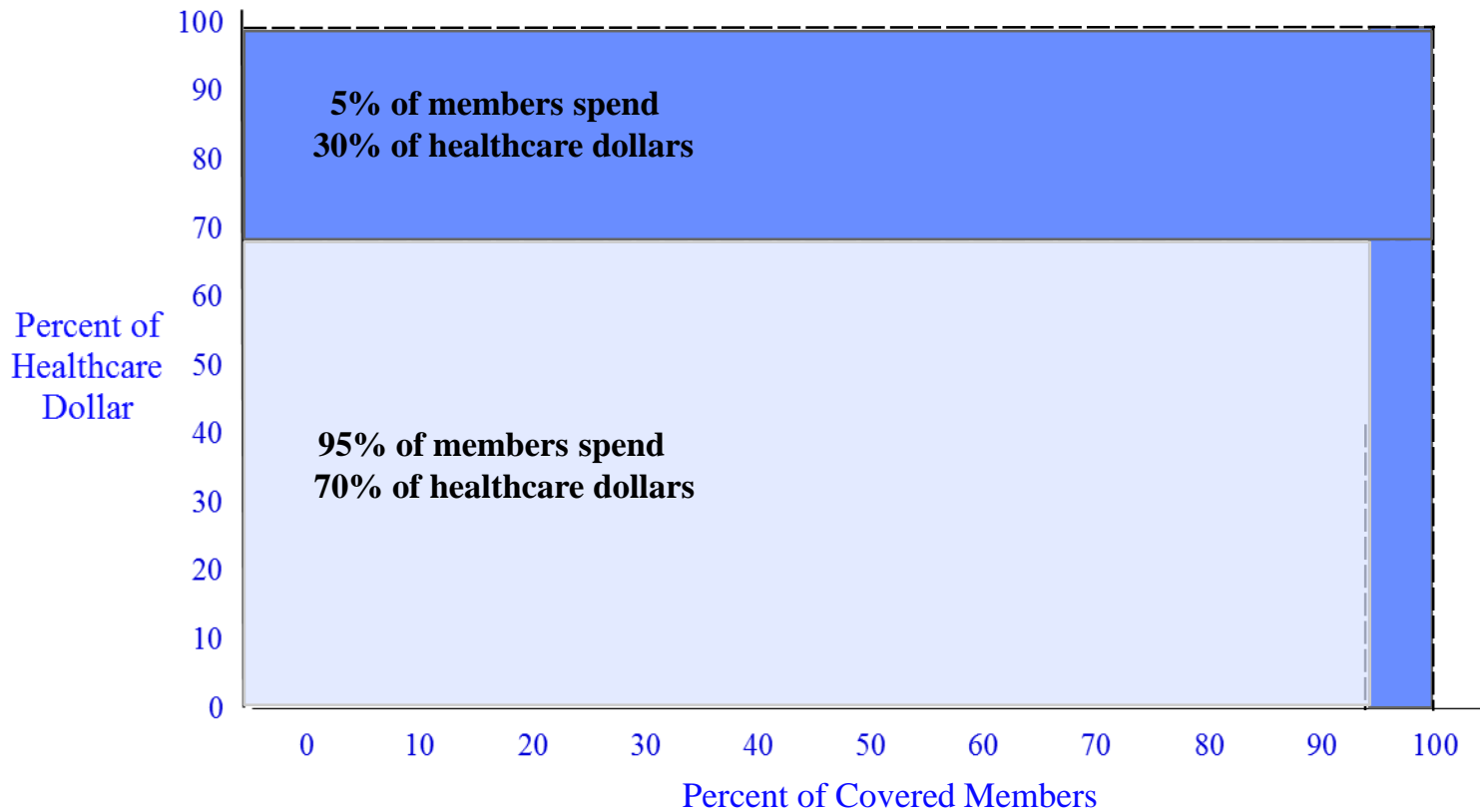
Health Plan Survey Results: 2018

What percent of health plans will have a downside risk arrangement with at least one network health system?



Risk Transfer to Health Systems

Two Distinct Membership Groups



Risk Transfer to Health Systems

Focusing Medical Management Efforts

Health system clinical leaders need actionable information to address two main questions:

- *“What medical conditions and services do you want me to focus on to reduce unwarranted practice variations?”*
- *What level of utilization is appropriate, and does not represent potential under-utilization of these services?”*

Risk Transfer to Health Systems

Focusing Medical Management Efforts

■ Medical condition level MedMarkers

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-
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■ Clinical MedMarker Protocol Ranges

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Risk Transfer to Health Systems

Focusing Medical Management Efforts

Medical Condition: Low Back Pain, SOI-1

Practitioner Name: Health System
Specialty Type: N/A
Practitioner ID: *****
Aggregate Group: State XY

Quartile: 4
Decile: 10
Efficiency Score: 1.36
Significant Difference: Yes
Health Systems: 15

What services or procedures are most "predictive" of inefficient scores?
MedMarkers

Medical Condition: Low Back Pain – SOI-1

Average Charge Per Episode of Care													
Medical Condition Name	SOI	Episode Count	Average Charge per Episode	Professional Output and Ambulatory					Prof Inpt	Facility		Alt Sites	Other Med
				Prof Visits	Lab/Path	Diag Tests	Med/Surg	Rx		Outpt	Hosp Inpt		
Low back pain	1												
Peer Group		19,020	\$1,240	\$248	\$11	\$223	\$227	\$134	\$7	\$330	\$14	\$0	\$46
Health System 1		560	*\$1,687	*\$407	\$10	*\$366	*\$159	\$130	\$0	*\$575	\$0	\$0	\$40

MedMarker is MRI of Spine:
 25% of episodes have MedMarker present

Average Utilization Per Episode of Care														
Medical Condition Name	SOI	Episode Count	Average Episode Duration	Professional Output and Ambulatory					Prof Inpt	Facility		Alt Sites	Other Med	
				Prof Visits	Lab/Path	Diag Tests	Med/Surg	Rx		Outpt	Hosp Inpt Admits			Days
Low back pain	1													
Peer Group		19,020	68	2.43	0.68	2.27	6.60	2.15	0.01	0.42	0.00	0.00	0.00	1.01
Health System 1		560	68	*2.71	0.41	*2.45	*2.57	2.79	0.00	*0.57	0.00	0.00	0.00	*1.82

(Circled value: 2.45)

Risk Transfer to Health Systems

Focusing Medical Management Efforts

Medical Condition: Low Back Pain, SOI-1

Practice Name: Health System 1
Practice Specialty: N/A
Practice ID: *****
Region: State XYZ

Quartile: 4
Efficiency Score: 1.36
Overall Episodes: 560
Health Systems: 15

Medical Condition: Low Back Pain, SOI-1
MedMarker™: MRI Spine



 Clinical MedMarker Protocol Range

Risk Transfer to Health Systems

Focusing Medical Management Efforts

Practice Pattern Impact Report - Orthopedic Conditions

Health System 1: Assigned Orthopedic Episodes – ACO Assignment Logic (Members assigned to Health System 1)

MedMarker Service	Medical Condition	SOI	Assigned Episodes	Percent Episodes with MedMarker	Clinical MedMarker Protocol Range		Reduced Practice Variations	
					Low	High	Excess Usage Defined By ACO Target	Savings Opportunity
MRI Spine	Low back pain	1	560	25%				
MRI Spine	Low back pain	2	68	55%	----			
MRI Spine	Cervical spine pain	1	179	10%				
Arthroscopy Knee	Derangement of Knee	1	91	40%			--	

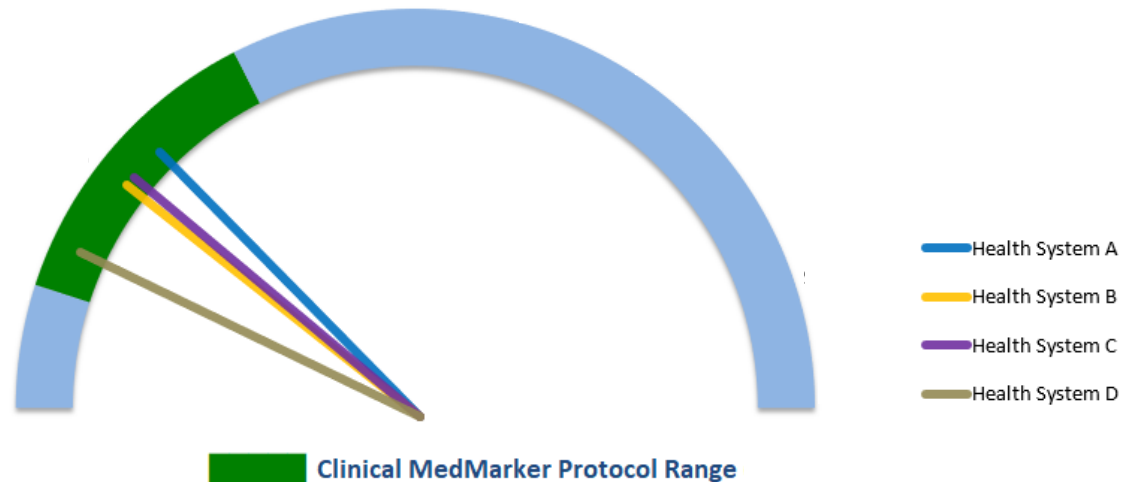
Focusing Medical Management Efforts

Health System A: Arthroscopy of Knee

Medical Condition:
MedMarker™:

Derangement of Knee (SOI-1)
Arthroscopy Knee

% Episodes with MedMarker



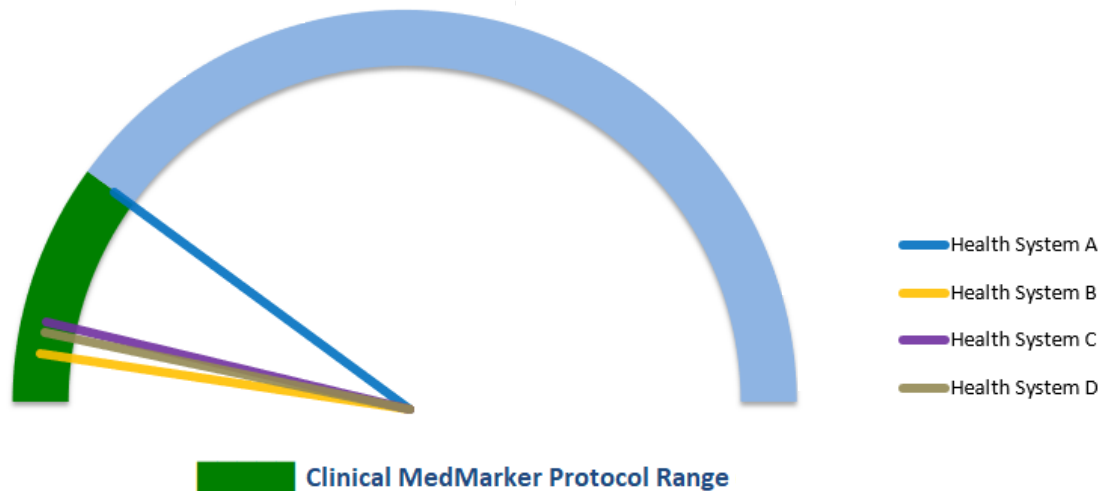
Focusing Medical Management Efforts

Health System A: MRI of Spine

Medical Condition:
MedMarker™:

Low Back Pain (SOI-1)
MRI Spine

% Episodes with MedMarker



Risk Transfer to Health Systems

Managing to a Global Budget

Education Only or Consider Health Plan Levers

- **Incorporate actionable results in risk contracts:**
 - Identify medical conditions with most practice variability
 - Focused services that should be in risk arrangements

- **Identify UR/UM areas for improvement:**
 - Enhance precertification (gold-carding)
 - Integrate into current trend analytics

Risk Transfer to Health Systems

Managing to a Global Budget

Education Only or Consider Health Plan Levers

- **Place PCPs at center of network and quality efforts:**
 - Increase PCP involvement in high-variation conditions
 - Improve PCP referrals to efficient specialists

- **Develop quantitative clinical pathways:**
 - Look back in time at services delivered before MedMarker performed
 - Quantify which services should and should not be performed



Accurate.Accepted.Actionable

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