OREGON HEALTH CARE QUALITY CORPORATION

HealthInsight OREGON

Healthcare Affordability: Untangling Cost Drivers

Oregon Stakeholder Call

February 20, 2018

Why This Matters

- Between 2006 and 2016, the average premium contribution paid by US families with employer-sponsored health insurance increased by 77 percent, from $2,973 in 2006 to $5,277 in 2016.
- During the same period, median household income rose by just below 19 percent, from $48,451 to $57,617.
- Kaiser Family Foundation just reported that by 2030, Medicare beneficiaries are likely to pay up half of their average Social Security income for out-of-pocket healthcare costs.
- With 30 percent of healthcare services deemed “low value” or “waste,” there is ample opportunity to bring down the cost of health care without reducing or compromising patient care.

Background: Total Cost of Care

Robert Wood Johnson Foundation

nrhi Network for Regional Healthcare Improvement

REGIONAL COMMITMENT.
NATIONAL IMPACT.

The initiative was piloted by NRHI and RHICs in five regions. Their success led to the expansion to fourteen additional regions over the course of the project.

Pilot RHICs

Center for Improving Value in Health Care | Colorado
Maine Health Management Coalition | Maine*
Midwest Health Initiative | St. Louis, Missouri
Minnesota Community Measurement | Minnesota
Oregon Health Care Quality Corporation | Oregon

Expansion Regions

California Healthcare Performance Information System | California
Greater Detroit Area Health Council | Michigan
HealthInsight Nevada | Nevada
HealthInsight New Mexico | New Mexico
HealthInsight Utah | Utah
Health Care Improvement Foundation | Philadelphia
The Health Collaborative | Ohio
Integrated Healthcare Association | California
Maryland Health Care Commission | Maryland
Massachusetts Health Quality Partners | Massachusetts
The University of Texas Health Science Center at Houston | Texas
Virginia Health Information | Virginia
Washington Health Alliance | Washington
Wisconsin Health Information Organization | Wisconsin

**Phase I and II only participant*

Q Corp's Total Cost of Care work is led by the 21 member, multi-stakeholder Cost of Care Steering Committee

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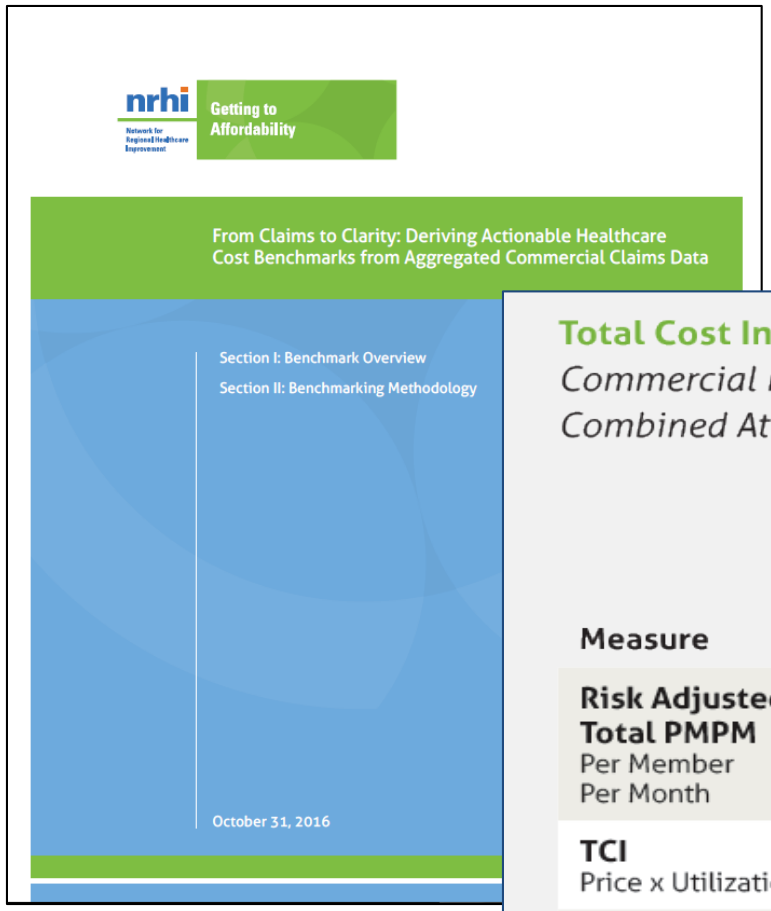
National Benchmarking: Variation Exists - *1st Report, 2017*



Total Cost Index and Resource Use Index:

Commercial Population 2014
Combined Attributed and Unattributed

Measure	**HI** Utah	**MHCC** Maryland	**MHI** St. Louis, MO	**MNCM** Minnesota	**Q CORP** Oregon
Risk Adjusted Total PMPM Per Member Per Month	$348	$279	$290	$369	$354
TCI Price x Utilization	1.07	0.86	0.89	1.13	1.09
RUI Utilization	1.08	0.88	1.08	1.05	0.93
PI Price Index	0.99	0.97	0.82	1.08	1.17

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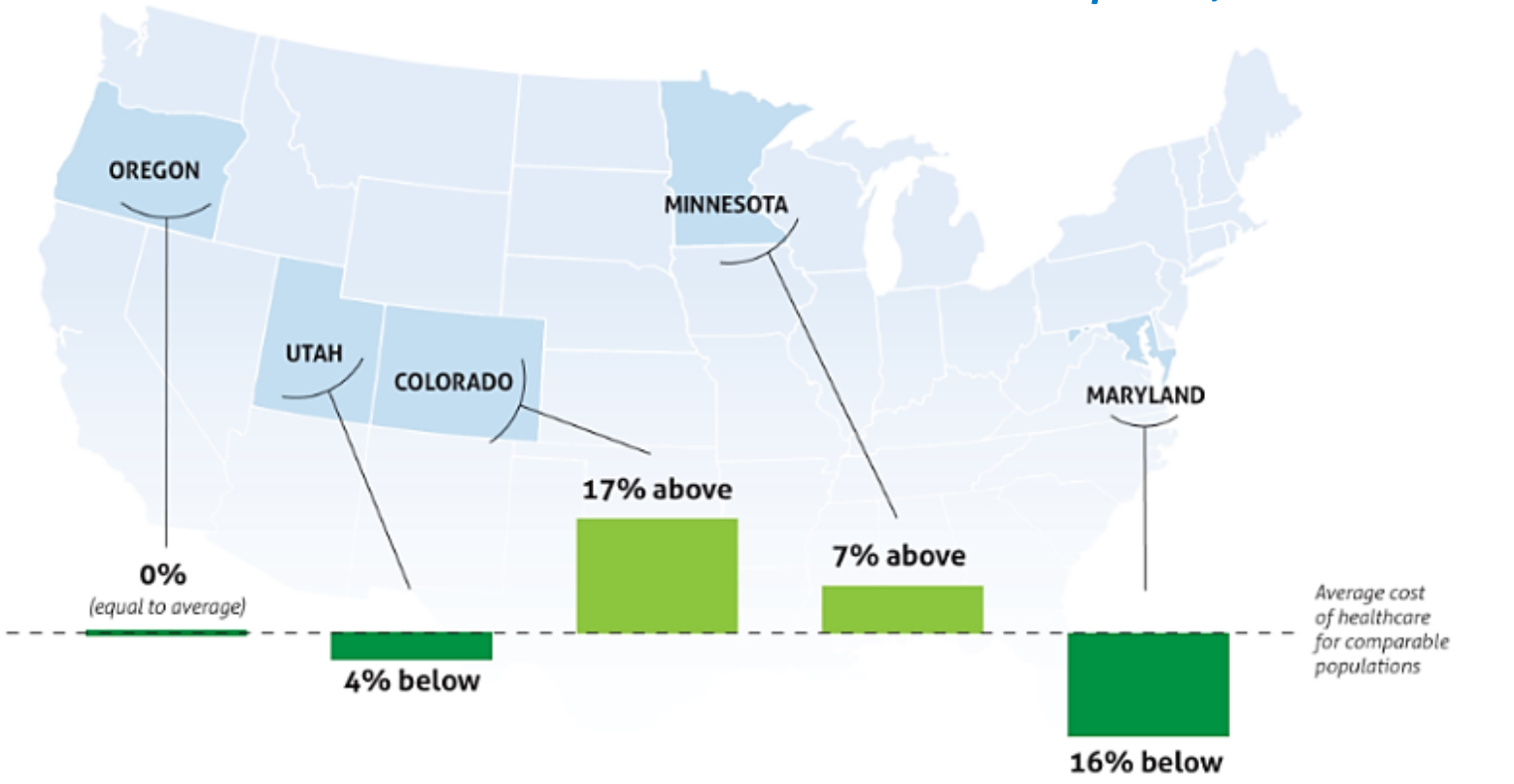
National Benchmarking: Local Forces Drive Variation-

2nd Report, 2018



Relative Cost of Healthcare

Opportunities for reducing the cost of healthcare are revealed by comparing 2015 risk-adjusted spending across participating states for private payers. Bringing the higher than average cost states highlighted above down to the average of the participating states could potentially save over $1 billion. Imagine if all the participating states could match the lowest cost state, several billion dollars would be available for other parts of the economy.

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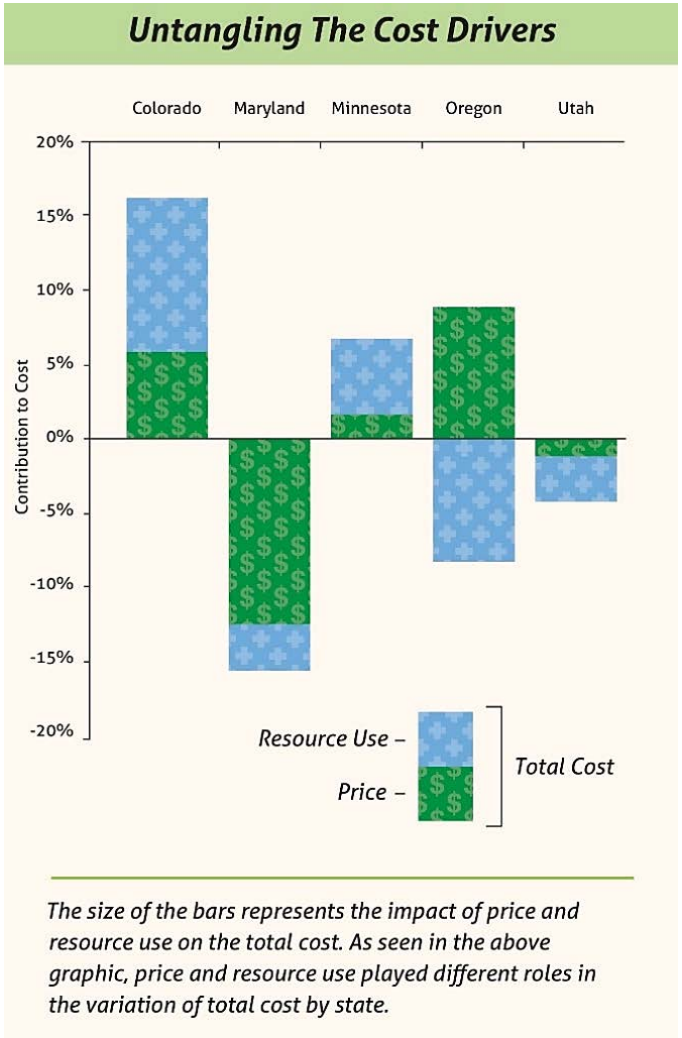
Key Findings

- Healthcare costs are complicated! (who knew?)
- It's not just price.
- It's not just care patterns and delivery systems
- It's not just waste in the system
- It's different from state to state (and sometimes within a state).



Price Continues to Lead in Oregon

Risk Adjusted Total Cost and Resource Use Compared to Average:
Commercial Population 2015
Combined Attributed and Unattributed

Measure	Colorado	Maryland	Minnesota	Oregon	Utah
Risk Score	-8%	20%	2%	1%	-10%
Total Cost	17%	-16%	7%	0%	-4%
Resource Use	11%	-3%	5%	-8%	-3%
Price	6%	-13%	1%	9%	-1%

Note: This is the midpoint of the ranges created from the sensitivity analysis and represents the percent above or below the risk adjusted average across all regions.
View the full range of results in Table 1 on page 17

Total Cost of Care by Service Category
Commercial Population 2015
Combined Attributed and Unattributed

Measure	Colorado	Maryland	Minnesota	Oregon	Utah
Total Cost					
Overall	17%	-16%	7%	0%	-4%
Inpatient	16%	-18%	7%	0%	-1%
Outpatient	30%	-30%	0%	-7%	17%
Professional	5%	-18%	21%	12%	-17%
Pharmacy	24%	7%	-11%	-12%	-8%
Resource Use					
Overall	11%	-3%	5%	-8%	-3%
Inpatient	0%	-7%	8%	-14%	16%
Outpatient	25%	-19%	5%	-16%	13%
Professional	3%	2%	10%	-3%	-13%
Pharmacy	23%	6%	-9%	-10%	-9%
Price					
Overall	6%	-13%	1%	9%	-1%
Inpatient	16%	-12%	-1%	16%	-14%
Outpatient	4%	-13%	-5%	11%	4%
Professional	2%	-20%	10%	15%	-5%
Pharmacy	0%	1%	-2%	-2%	2%

Note: This is the midpoint of the ranges created from the sensitivity analysis and represents the percent above or below the risk adjusted average across all regions.
View the entire Table 2 on page 19

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Cost Drivers: Why are Oregon's Prices Higher?

Factors Affecting Commercial Unit Price:	Factors Affecting Utilization:
Provider market power	Health status (morbidity)
Health Plan market power	Physician practice patterns
Cost-shifting	Patient cost-sharing level
Regional cost of living	State mandates
Location of service	Providers in network

- In states with lower utilization rates the price of services is often increased.
- Provider and Health Plan negotiation can play a role.
- Limited competition can lead to higher prices.
- Oregon's higher cost of living could impact prices.

Discussion Questions

- What's most surprising?
- Price: any other possible drivers for higher than average prices?
- What could be driving inpatient prices?
- What other types of related information would be helpful?

Oregon Total Cost of Care Program Timeline

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Priorities for Total Cost of Care

Expanding beyond commercial population	• Looking for CCO partners to help us understand the feasibility of producing TCOC reports using Medicaid claims data • Expanding to Medicare FFS in early 2018
Collaboration with local stakeholders to analyze spending trends across regions and payer types	• Partnering with OHLC to identify a pilot community to bend the cost curve across all payers
Benchmark reports for 2015 & 2016	• Continuing to participate in NRHI Benchmark reports, allows for increased exposure and potential funding opportunities
Public reporting	• Q Corp will work closely with its Cost of Care Steering Committee to ensure public cost reporting is actionable and consumer-friendly • Public release of combined 2015 and 2016 data in spring 2018
Develop tools to help stakeholders address costs	• Received a development grant from NRHI to explore referral patterns

Participant Trending

- Regions who participated in both years see consistent ranking and results.

Comparing Participants in Both Years

Year to Year Comparison of Total Cost of Care Compared to Average

Commercial Population 2014 vs 2015

Combined Attributed and Unattributed

Measure	Maryland	Minnesota	Oregon	Utah
Total Cost				
2014	-16%	11%	7%	0%
2015	-12%	11%	4%	0%
Rank				
2014	1	4	3	2
2015	1	4	3	2

Note: This table compares results based only on the four regions participating in both years of analysis (See Table 5 on page 22). They will differ from the values in other tables, which reflect the five participants in a specific year (either 2014 or 2015). The 2015 values represent the midpoint of the ranges created from the sensitivity analysis.

Rank Order: 1 = Lowest; 4 = Highest