







1978 National High School Debate Topic

*Resolved: That the federal government
should establish a comprehensive program
to regulate the health care system in the
United States.*



Overview

- The societal and legislative context
- An update from across the pond
- A comparison of commercial, Medicare and NCQA metrics
- The inexorable march
- The early returns
- The end game

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4

The Societal and Legislative Context

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Steven Brill

"...we spend more on healthcare than the next 10 biggest spenders combined: Japan, Germany, France, China, the U.K., Italy, Canada, Brazil, Spain and Australia. We may be shocked at the \$60 billion price tag for cleaning up after Hurricane Sandy. We spent almost that much last week on health care."

Source: Steven Brill, "Why Medical Bills are Killing Us," Time, March 4, 2013, p. 20.
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Steven Brill

"We're likely to spend \$2.8 trillion this year on health care. That \$2.8 trillion is likely to be \$750 billion, or 27%, more than we would spend if we spent the same per capita as other developed countries, even after adjusting for the relatively high per capita income in the U.S. versus those other countries."

Source: Steven Brill, "Why Medical Bills are Killing Us," Time, March 4, 2013, p. 20.
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Steven Brill

"In the U.S., people spend almost 20% of the gross domestic product on health care, compared with about half that in most developed countries. Yet in every measurable way, the results our health care system produces are no better and often worse than the outcomes in those countries."

Source: Steven Brill, "Why Medical Bills are Killing Us," Time, March 4, 2013, p. 20.
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The Baby Boom and Financial Doom



Fareed Zakaria:

"The facts are hard to dispute. In 1900, 1 in 25 Americans was over the age of 65. In 2030...1 in 5 Americans will be over 65. We will be a nation that looks like Florida...this has huge budgetary implications...In 1975 Social Security, Medicare and Medicaid made up 25% of federal spending. Today they add up to a whopping 40%. And within a decade, these programs will take up over half of all federal outlays."

Source: Fareed Zakaria, "The Baby Boom and Financial Doom," Time, Dec. 24, 2012, p. 22.

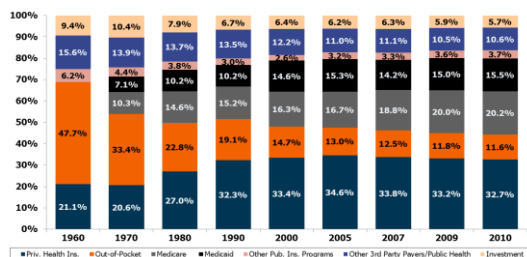
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The Prime Mover in Healthcare



Percent Distribution of National Health Expenditures, by Source of Funds, 1960-2010

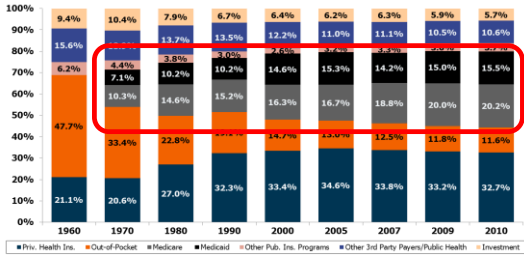


Source: Kaiser Family Foundation calculations using ME data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at http://www.cms.gov/Research-Statistics-Data-and-Systems/02_Research/03_Statistics/04_Actuary/05_National-Health-Expenditures-by-type-of-service-and-source-of-funds-CY-1960-2010-08-m40210.pdf.

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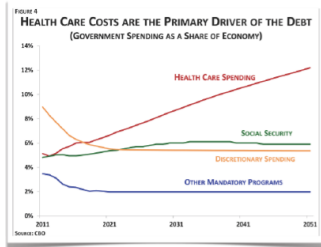
Percent Distribution of National Health Expenditures, by Source of Funds, 1960-2010



Source: Kaiser Family Foundation calculations using ME data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cdc.gov/nchs/medicaidandmedicare>. (See Historical: National Health Expenditures by type of service and source of funds, CY 1960-2010. See <http://www.kff.org/medicaid/>.)

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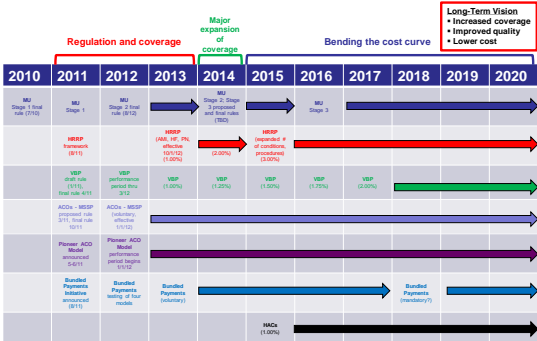
Federal Healthcare Spending



Source: House Budget Committee, "The Path to Prosperity," March 20, 2012, p. 50.

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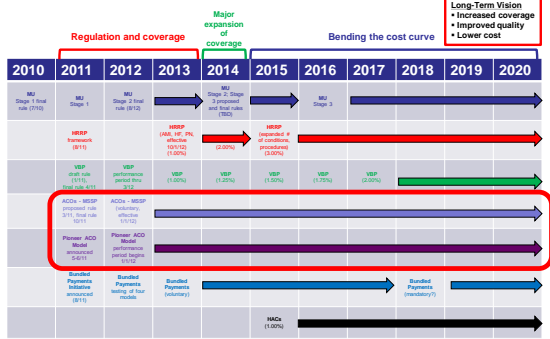
Major Healthcare Delivery Reforms, 2010-2020



MU = meaningful use; HRBP = Hospital Readmission Reduction Program; VBP = Value-Based Purchasing; ACA = accountable care organizations; MSRP = Medicare Shared Savings Program; HCU = healthcare- or hospital-acquired conditions.

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Major Healthcare Delivery Reforms, 2010-2020



MJ = meaningful use; HRRP = Hospital Readmission Reduction Program; VBP = Value-Based Purchasing; ACOs = accountable care organizations; MSSP = Medicare Shared Savings Program; PACs = healthcare- or hospital-acquired conditions.

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An Update from Across the Pond

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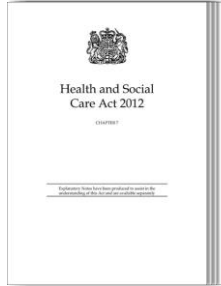
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Health Reform in the U.K.



Andrew Lansley,
Secretary of State for Health,
May 2010-September 2012



- *Deliver power to clinicians*
- *Put patients at the heart of the NHS*
- *Reduce the costs of bureaucracy*

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The Health and Social Care Act



- Aims include improving quality of care, reducing inequalities, increasing integration of health and care services, and enhancing choice and competition (on quality)
- Abolishes primary care trusts (PCTs) and Strategic Health Authorities (SHAs), replacing them with Clinical Commissioning Groups (CCGs)
- The first wave of **CCGs**, the planners and buyers of healthcare **to meet the needs of a local population**, assumed their new roles on April 1, 2013.

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The Health and Social Care Act



- Nov. 13, 2012, the Government published a **new Mandate for the NHS Commissioning Board** (which will oversee the CCGs), setting out the ambitions for the health service for the next two years (e.g., preventing premature deaths, enhancing quality of life for people with long-term conditions, ensuring a positive experience of care)
- Government announced a **“friends and family” test** which will see hospitals ranked on the basis of whether patients would recommend them.
- Almost £1 billion has been paid out in **redundancy packages** for about 21,000 staff as part of the restructuring of the NHS.

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Independent Charities



nuffieldtrust

- Advocates **accountable, integrated and transformed care**
- Proponent of the **accountable lead provider** approach

TheKingsFund

Ideas that change health care

- Focuses on **"person-centred integrated care"**
- Particular emphasis on **patients with complex needs** (including the frail elderly)

1. Dr. Steven Lubner, "The Accountable Lead Provider: making integrated care a reality?" www.nuffieldtrust.org.uk, Dec. 19, 2012. • MEDEANALYTICS® 22

The Mid Staffs Scandal



Feb. 2013 report: **400-1,200 deaths due to poor care** between Jan. 2005 and March 2009 (50 months)



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A Comparison of Commercial, Medicare and NCQA ACO Metrics

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Market Research Methodology



- Interviews of ACO payer and provider leaders
- Extensive literature review
- Review of presentations at healthcare conferences
- Analysis of all metrics, categorization into logical groupings, and comparison of commercial metrics with those of Medicare and NCQA

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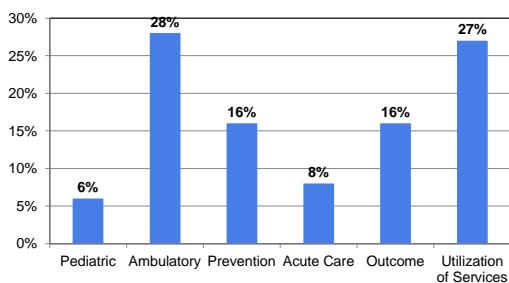
Six ACO Metric Categories

- Pediatric
- Ambulatory
- Prevention
- Acute care
- Outcome
- Utilization of services

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Distribution of Commercial ACO Metrics



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Top 10 Commercial ACO Metrics

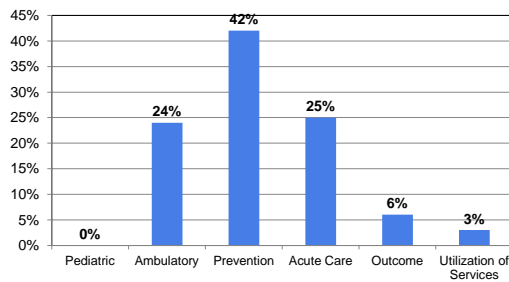
	Metric Category	Clinical Metric
1	Prevention	Breast Cancer Screening
2	Ambulatory	Diabetes : HbA1c, Testing
3	Ambulatory	Diabetes : Nephropathy Screening
4	Prevention	Colorectal Cancer Screening
5	Utilization of Services	Avoidable Emergency Room visits/1000
6	Ambulatory	Diabetes : Cholesterol Testing
7	Outcome	30-Day Readmission Rate
8	Utilization of Services	Generic Medication Prescribing Rate
9	Outcome	Rate of Diabetics with LDL < 100mg/dL
10	Prevention	Cervical Cancer Screenings

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Distribution of CMS ACO Metrics

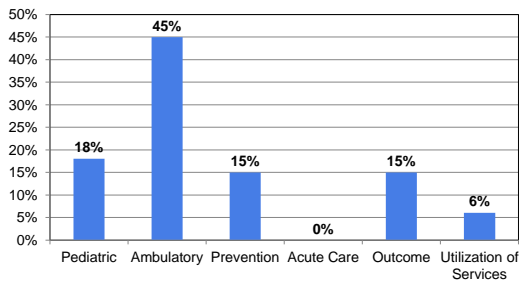


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Distribution of NCQA ACO Metrics



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Top 10 Commercial Metrics Compared with CMS and NCQA

	Metric Category	Clinical Metric	CMS	NCQA
1	Prevention	Breast Cancer Screening	Y	Y
2	Ambulatory	Diabetes: HbA1c, Testing	N*	N*
3	Ambulatory	Diabetes: Nephropathy Screening	N	Y
4	Prevention	Colorectal Cancer Screening	Y	Y
5	Utilization of Services	Avoidable Emergency Room visits/1000	N	N
6	Ambulatory	Diabetes: Cholesterol Testing	N**	N
7	Outcome	30-Day Readmission Rate	Y	Y
8	Utilization of Services	Generic Medication Prescribing Rate	N	N
9	Outcome	Rate of Diabetics with LDL < 100mg/dL	Y	N
10	Prevention	Cervical Cancer Screenings	N	Y

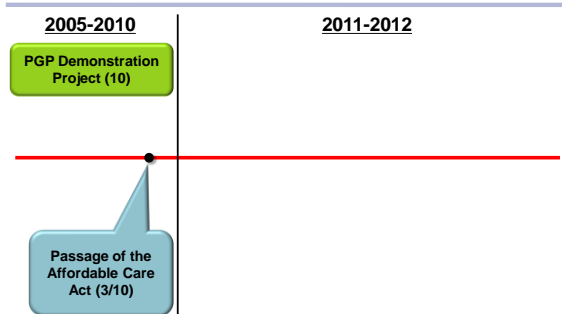
* Includes outcome metrics that identify HbA1c results, which implies testing performed
 ** Includes outcome metric that identifies the LDL < 100mg/dL

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The Inexorable March

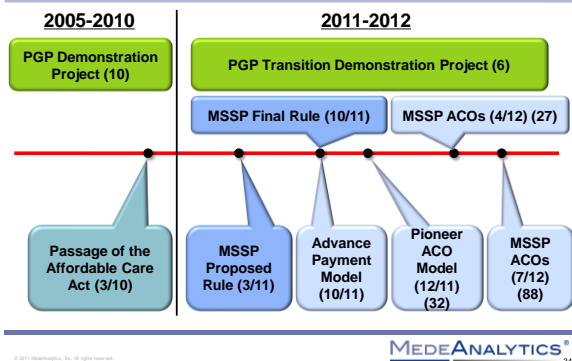
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Medicare ACO Timeline

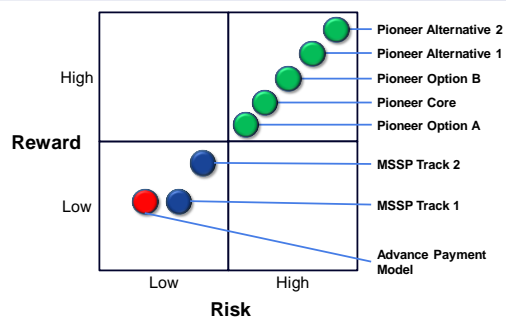


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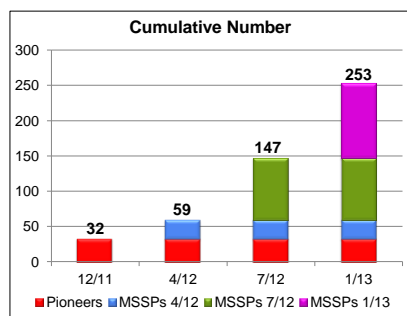
Medicare ACO Timeline



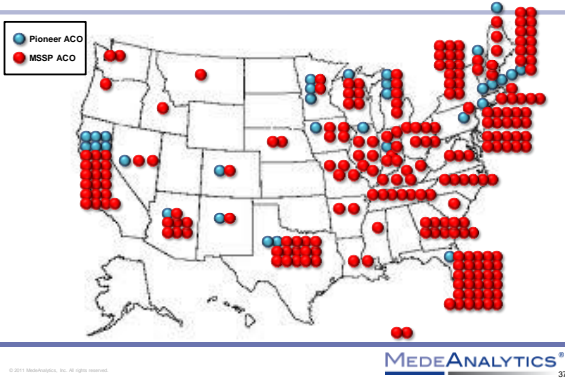
Medicare ACO Models: Risk and Reward



Growth of Medicare ACOs



The 253 Medicare ACOs



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37

Top 10 States by Number of Medicare ACOs

State	# of ACOs
1) Florida	32
2) California	22
3) Massachusetts	18
4) New York	16
5) Texas	16
6) Georgia	11
7) Maryland	10
8) New Jersey	10
9) Arizona	8
10) Michigan	8

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Commercial ACOs

- Early pilots began in 2008
- ~300 and growing
- Health plans setting the pace:

aetna

BlueCross BlueShield of Illinois

blue of california

Cigna

Humana

UnitedHealthcare

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Patients in ACOs

- **2.4 million** Medicare patients cared for by a Medicare ACO
- **8 to 14 million** commercially insured patients are in non-Medicare ACOs
- **15 million** non-Medicare patients are receiving care within a medical practice that is part of a Medicare ACO

Source: Oliver Wyman, "The ACO Surprise," Nov. 26, 2012

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Cause for Pause

- Uneven results of the Physician Group Practice Demonstration Project, the model for Medicare ACOs

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Cause for Pause

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Cause for Pause

- Uneven results of the Physician Group Practice Demonstration Project, the model for Medicare ACOs
- Only 5% of Medicare beneficiaries in Medicare ACOs today
- No financial results from any of the current Medicare ACOs, and in February, 30/32 Pioneer ACOs asked CMS to maintain quality reporting-only status for 2013 and delay quality performance-based status until 2014.

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Cause for Pause

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- Projected net federal savings decreased from \$5.3 billion for 2010-2019 to ~\$1.5 billion for 2012-2016

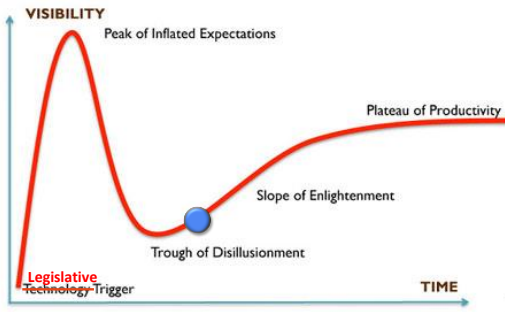
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- Projected net federal savings decreased from \$5.3 billion for 2010-2019 to ~\$1.5 billion for 2012-2016
- 2x the most optimistic net savings projection = <0.2% of total Medicare spending over the next 10 years

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Gartner's Hype Cycle, Slightly Modified

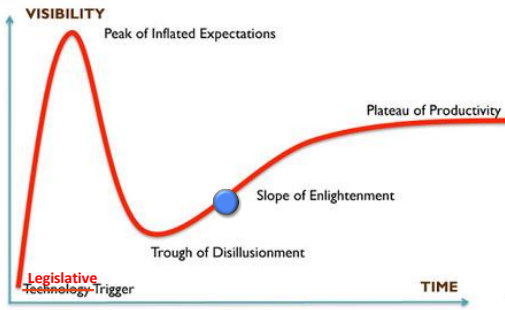


Source: Gartner, <http://www.gartner.com/technology/research/methodologies/hype-cycle.jsp>.
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Gartner's Hype Cycle, Slightly Modified



Source: Gartner, <http://www.gartner.com/technology/research/methodologies/hype-cycle.jsp>.
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The Early Returns

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48



- Collaborative pilot to achieve a material, sustainable impact on healthcare costs for over 40,000 California Public Employees' Retirement System (CalPERS) members
- Strategies included a coordinated care model, enhanced communication, better compliance, staying in network, using generic medications, and reducing unnecessary procedures
- Results: \$37 million in savings in 2010-2011; downward trends for bed days, average length of stay, and hospital readmissions; parties beat cost-of-healthcare target by \$8 million

Source: Blue Shield of California, "FACT SHEET: Blue Shield of California Accountable Care Organizations," www.bshd.org/aca, accessed Jan. 4, 2013.

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49

AdvocateCare

- Started in January 2011
- Has > 600,000 patients
- Tracks five measures:
 - 1) Emergency department visits
 - 2) Admissions
 - 3) Readmissions
 - 4) Length of stay
 - 5) Network care coordination
- Early results: 26% reduction in readmission rates for patients with chronic illnesses such as diabetes or congestive heart failure



Advocate Health Care



BlueCross BlueShield of Illinois



Source: Advocate Health Care and Blue Cross Blue Shield of Illinois presentation at National ACO Congress, Oct. 31, 2012.

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50

Colorado Accountable Care Collaborative



- Medicaid ACO started in mid-2010
- Has over 132,000 enrollees
- Provides clients with a regular primary care physician and uses care coordinators
- First-year results:
 - Achieved targeted savings of \$20 million
 - 9% reduction in hospital readmissions
 - Improved health for people with chronic diseases (e.g., asthma, diabetes)

Source: Katie Kende McCrison, "Better primary care saves Colorado \$20 million," www.healthpolicycolorado.org, accessed Jan. 4, 2013.

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51

The End Game

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52

The Triple Aim



*"The creation of ACOs is one of the first delivery-reform initiatives that will be implemented under the ACA. Its purpose is to foster change in patient care so as to accelerate progress toward a three-part aim: **better care for individuals, better health for populations, and slower growth in costs** through improvements in care."*

- Don Berwick

Source: Donald M. Berwick, "Learning Accountable Care Organizations—The Proposed Rule for the Medicare Shared Savings Program," *New England Journal of Medicine*, March 31, 2011.

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Multi-Payer ACO

- Involves both public and private payers
- Leverages startup, infrastructural and operational investments across a broader population
- Avoids cost shifting
- More effectively contributes to the bending of the *societal*, not just *governmental*, healthcare cost curve

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Comprehensive Primary Care (CPC) Initiative

- Collaborative effort between Medicare, Medicaid and commercial payers
- Intent is to promote improved care coordination and better primary care
- As of 3/26/13, 497 primary care practices in AR, CO, NJ, NY, OH, KY, OK and OR
- Four-year initiative; CMS pays an average management fee of \$20 per beneficiary per month in years 1 and 2, and about \$15 in years 3 and 4
- Other payers will pay an enhanced payment for comprehensive services being offered to their members
- Heavy reliance on health information technology



Source: www.innovations.cms.gov/initiatives/Comprehensive-Primary-Care-Initiative/index.html

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Technology Roadmap



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Technology Roadmap

Practical Applications for Population Health Management, Care Coordination and Cost Reduction



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Our Destiny



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Accountable Care Organizations:
The State of the Union

Ken Perez, Senior Vice President of Marketing and
Director of Healthcare Policy
May 10, 2013

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59
