Health Care Cost Transparency in Minnesota

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MN Community Measurement

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MN Community Measurement: Who We Are and What We Do

Multi-stakeholder collaborative
- Physicians
- Hospitals and health systems
- Health plans
- Employers
- Consumers
- State government

Activities
- Develop
- Collect
- Analyze
- Report

Types of data
- Quality
- Cost
- Patient Experience
- Disparities
MNCM Context and History

MNCM grew out of the idea that everyone benefits from:

- Working together to agree on measurement priorities
- Reducing fragmented, conflicting, and duplicative efforts
- Combining data to get more reliable and stable results
- Creating a common, trusted source of information
- Making data transparent
What is Being Measured?

- Quality
  - Clinics and hospitals
- Patient Experience
- Cost
  - Total cost of care
  - Drivers of cost: resource use and price
  - Average prices for common services
- Disparities
  - Variation by race, ethnicity, language, and country of origin
Area of Focus: Cost

• Total cost of care, by medical group

• Drivers of cost: overall resource use and prices by medical group

• Prices by medical group for 118 common services (e.g., office visit, imaging, lab tests)
Three Types of Cost Information

1. **Total Cost of Care** – average per person cost for patient population (commercially insured only)
   - All care over 12-month period, regardless of where the care was delivered
   - Total amount paid: insurance + patient
   - Risk-adjusted, and adjusted for high-cost outliers

2. **Factors driving variation in total cost of care**

3. **Prices for common services**
Total Cost of Care Variation, 2017

*Excludes outlier costs above $125,000 for any individual patient..
Price vs Resource Use, 2017

Results are risk adjusted and exclude outlier costs above $125,000 for any individual patient.
Growth and Cost Drivers

Growth from Previous Year*

<table>
<thead>
<tr>
<th>Year</th>
<th>Inpatient</th>
<th>Outpatient</th>
<th>Professional</th>
<th>Pharmacy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20.0%</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.5%</td>
</tr>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>45.3%</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24.9%</td>
</tr>
</tbody>
</table>

Share of Growth, 2013-17*

- Inpatient: 45.3%
- Outpatient: 24.2%
- Professional: 23.6%
- Pharmacy: 5.5%

Share of Spending, 2017*

- Inpatient: 16.7%
- Outpatient: 16.7%
- Professional: 42.8%
- Pharmacy: 23.6%

*Before removal of outlier costs above $125,000 for any individual patient.
Examples of Variation in Prices for Specific Services

2017 Dates of Service, Commercial Insurance

<table>
<thead>
<tr>
<th>Service</th>
<th>Low</th>
<th>Average</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knee X Ray</td>
<td>$29</td>
<td>$72</td>
<td>$378</td>
</tr>
<tr>
<td>MRI – lower extremity</td>
<td>$195</td>
<td>$851</td>
<td>$3,050</td>
</tr>
<tr>
<td>Strep Test</td>
<td>$8</td>
<td>$22</td>
<td>$96</td>
</tr>
<tr>
<td>Office Visit 15 min</td>
<td>$62</td>
<td>$150</td>
<td>$202</td>
</tr>
</tbody>
</table>

- Actual allowed amounts, not billed charges (averaged across 4 largest commercial payers)

- Specific information on average prices by medical group is available at mnhealthscores.org
Public Reporting

Compare ratings on the quality and cost of healthcare in Minnesota and neighboring areas.

Get started by selecting one of the following categories:

- Clinic Quality and Patient Experience
- Medical Group Quality and Total Cost
- Hospital Quality and Patient Experience
- Cost of Services and Procedures

Clinic Quality and Patient Experience

Use our clinic quality and patient experience ratings and resources to improve your health and health care.

View all Clinic Quality of Care Ratings
View all Clinic Patient Experience Ratings
Public Reporting – Cost and Quality

<table>
<thead>
<tr>
<th>Medical Groups</th>
<th>Total Cost</th>
<th>Diabetes: Adult</th>
<th>Vascular Care</th>
<th>Depression: Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Lake Pediatrics, Minnetonka, MN</td>
<td>Average $401</td>
<td>Not Reportable</td>
<td>Not Reportable</td>
<td>Not Reportable</td>
</tr>
<tr>
<td>Essentia Health St. Mary’s, Detroit Lakes, MN</td>
<td>Average $400</td>
<td>Below Average 33%</td>
<td>Average 49%</td>
<td>Average 9%</td>
</tr>
<tr>
<td>France Avenue Family Physicians - Minnesota Healthcare Network, Edina, MN</td>
<td>Average $399</td>
<td>Top 50%</td>
<td>Average 56%</td>
<td>Average 8%</td>
</tr>
<tr>
<td>North Memorial, Robbinsdale, MN</td>
<td>Average $398</td>
<td>Above Average 42%</td>
<td>Average 51%</td>
<td>Below Average 4%</td>
</tr>
<tr>
<td>Entira Family Clinics (formerly Family Health Services MN), St. Paul, MN</td>
<td>Average $398</td>
<td>Top 52%</td>
<td>Top 64%</td>
<td>Top 17%</td>
</tr>
<tr>
<td>Central Pediatrics, Woodbury, MN</td>
<td>Average $396</td>
<td>Not Reportable</td>
<td>Not Reportable</td>
<td>Not Reportable</td>
</tr>
<tr>
<td>HealthPartners Clinics, Minneapolis, MN</td>
<td>Average $392</td>
<td>Top 46%</td>
<td>Top 59%</td>
<td>Below Average 5%</td>
</tr>
</tbody>
</table>

Public reporting display on MNHealthScores.org – Cost and quality side-by-side
Other Formats & Audiences: Detail for Providers Only

### Analysis By Claim Type for attributed patients

<table>
<thead>
<tr>
<th>Patients Type</th>
<th>Actual</th>
<th>Expected</th>
<th>Actual/Expected</th>
<th>TCRVT™</th>
<th>Price Ratio</th>
<th>Expected based on all reported groups and adjusted for risk mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient</td>
<td>$1,837,886</td>
<td>$1,731,033</td>
<td>1.062</td>
<td>.993</td>
<td>1.069</td>
<td>UB claim form with room and board codes.</td>
</tr>
<tr>
<td>Outpatient</td>
<td>$2,923,818</td>
<td>$2,961,713</td>
<td>0.987</td>
<td>.955</td>
<td>1.034</td>
<td>UB claim form, non inpatient.</td>
</tr>
<tr>
<td>Professional</td>
<td>$4,414,479</td>
<td>$5,205,190</td>
<td>0.847</td>
<td>.907</td>
<td>0.955</td>
<td>All CMS-1500 claim form claims.</td>
</tr>
<tr>
<td>RX (Prorated for missing Rx data)</td>
<td>$1,560,190</td>
<td>$2,117,442</td>
<td>0.737</td>
<td>.764</td>
<td>0.965</td>
<td>Pharmacy claims prorated for Rx paid by different PBM.</td>
</tr>
<tr>
<td>Total</td>
<td>$10,736,372</td>
<td>$12,019,374</td>
<td>0.893</td>
<td>0.907</td>
<td>0.985</td>
<td></td>
</tr>
</tbody>
</table>

### Utilization Metrics 2016 Totals

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016 Totals for all patients attributed to Sample Medical Group</th>
<th>Per 1000 Patients Per Year</th>
<th>Average Number of Events for 1,000 patients in a year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Expected</td>
<td>Difference</td>
</tr>
<tr>
<td>Admissions</td>
<td>111</td>
<td>106</td>
<td>5</td>
</tr>
<tr>
<td>Days</td>
<td>419</td>
<td>445</td>
<td>(26)</td>
</tr>
<tr>
<td>Average Length of Stay</td>
<td>3.77</td>
<td>4.22</td>
<td>(0.45)</td>
</tr>
<tr>
<td>Surgical Admits</td>
<td>44</td>
<td>36</td>
<td>8</td>
</tr>
<tr>
<td>Surgical Days</td>
<td>152</td>
<td>152</td>
<td>0</td>
</tr>
<tr>
<td>Average Length of Stay</td>
<td>3.45</td>
<td>4.22</td>
<td>(0.77)</td>
</tr>
<tr>
<td>Medical Admissions</td>
<td>67</td>
<td>70</td>
<td>(3)</td>
</tr>
<tr>
<td>Medical Days</td>
<td>267</td>
<td>294</td>
<td>(27)</td>
</tr>
<tr>
<td>Average Length of Stay</td>
<td>3.59</td>
<td>4.22</td>
<td>(0.23)</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>332</td>
<td>345</td>
<td>(13)</td>
</tr>
<tr>
<td>High Tech Imaging in ER</td>
<td>59</td>
<td>83</td>
<td>(24)</td>
</tr>
<tr>
<td>Outpatient Surgery</td>
<td>207</td>
<td>273</td>
<td>(66)</td>
</tr>
<tr>
<td>Office Visits</td>
<td>8,824</td>
<td>8,665</td>
<td>(341)</td>
</tr>
<tr>
<td>Primary Care</td>
<td>5,157</td>
<td>4,497</td>
<td>700</td>
</tr>
<tr>
<td>Specialty Care</td>
<td>3,127</td>
<td>4,168</td>
<td>(1,041)</td>
</tr>
<tr>
<td>Lab</td>
<td>10,637</td>
<td>12,757</td>
<td>(2,120)</td>
</tr>
<tr>
<td>Radiology</td>
<td>1,528</td>
<td>1,783</td>
<td>(255)</td>
</tr>
<tr>
<td>High Tech Imaging ^</td>
<td>451</td>
<td>500</td>
<td>(49)</td>
</tr>
<tr>
<td>Standard</td>
<td>1,077</td>
<td>1,282</td>
<td>(205)</td>
</tr>
<tr>
<td>Pharmacy - Count of scripts</td>
<td>23,049</td>
<td>24,647</td>
<td>(1,598)</td>
</tr>
</tbody>
</table>

Generic prescribing rate: 88.1% 87.4%
What Does It Take To Accomplish Price And Cost Transparency?

- **Commitment**
  - Consensus on value of doing the work
  - Momentum/determination to keep moving forward

- **Collaboration**
  - Need to build consensus about details like attribution, level of detail reported

- **Persistence**
  - It takes time to get everyone on the same page and bought in to methodology – providers need more detail
  - It is a good idea to publish results privately to providers first
  - MNCM is currently the only region publishing by medical group
Do We Need An All-Payer Claims Database?

• Surprisingly, **NO.**
  
  • MN Community Measurement uses a “distributed model” where participating health plans all run the analysis the same way and provide us the results for aggregation
  
  • Most other regions doing this analysis do have APCDs
  
  • There are advantages and disadvantages to each approach – but distributed model can be a testing ground that doesn’t require payers to give up control of their data
Cost and Price Transparency: Things to Consider

• Price transparency has a role to play, especially when consumers face significant out of pocket costs. The best price information is:
  • Easy to find and use
  • Timely
  • Relevant to consumer’s specific health concerns and insurance coverage

• But, be careful not to focus only on price:
  • Total cost of care is affected by variation in use of care and in prices. MNCM analysis finds:
    • 95% variation in resource use
    • 94% variation in price
  • Many consumers think high price = high quality. Must have information on both to make good decisions
• Transparency alone is not enough
  • Need to give consumers/employees a reason to use this information
  • Benefit design is an important tool – through its impact on both consumers’ and providers’ behavior. Examples include:
    • Tiered networks
    • Reference pricing
    • High-value networks
Wrap-up/Summary

• There is more than 2.5-fold variation across medical groups in Minnesota in total cost of care
• Pharmacy and outpatient are growing at the fastest rates, but professional services still account for about 45% of growth in total cost – because they are a big share of the total to start with
• Prices for individual services also vary substantially across providers
• Measurement and transparency are important tools in driving improvement
  • Identify opportunities
  • Measure progress/impact