



BlueCross BlueShield  
of Texas

# Moving Toward Value-Based Care While Increasing Transparency

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Sept. 20, 2017

EXCELLENCE

INTEGRITY

RESPECT

COMMITMENT

CARING



**BlueCross BlueShield  
of Texas**

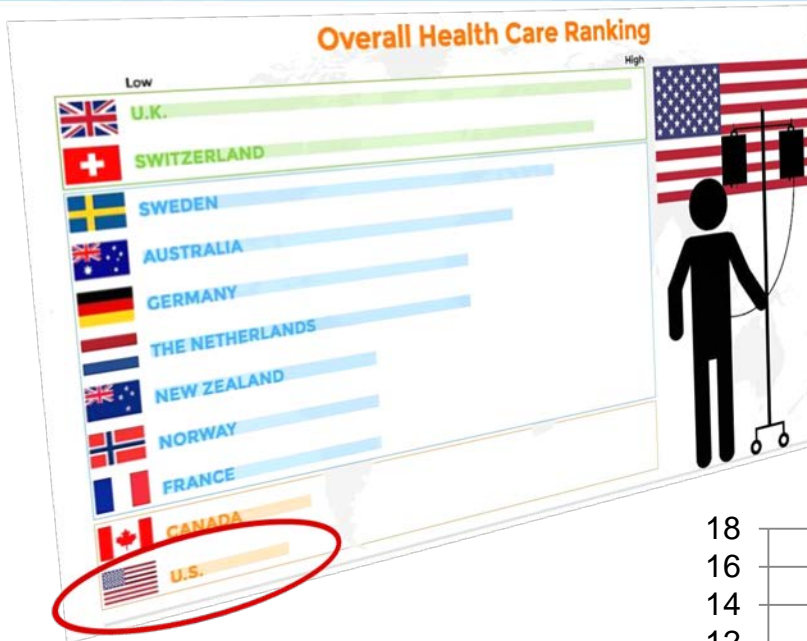
## OUR PURPOSE

To do everything in our power  
to stand with our members  
in sickness and in health

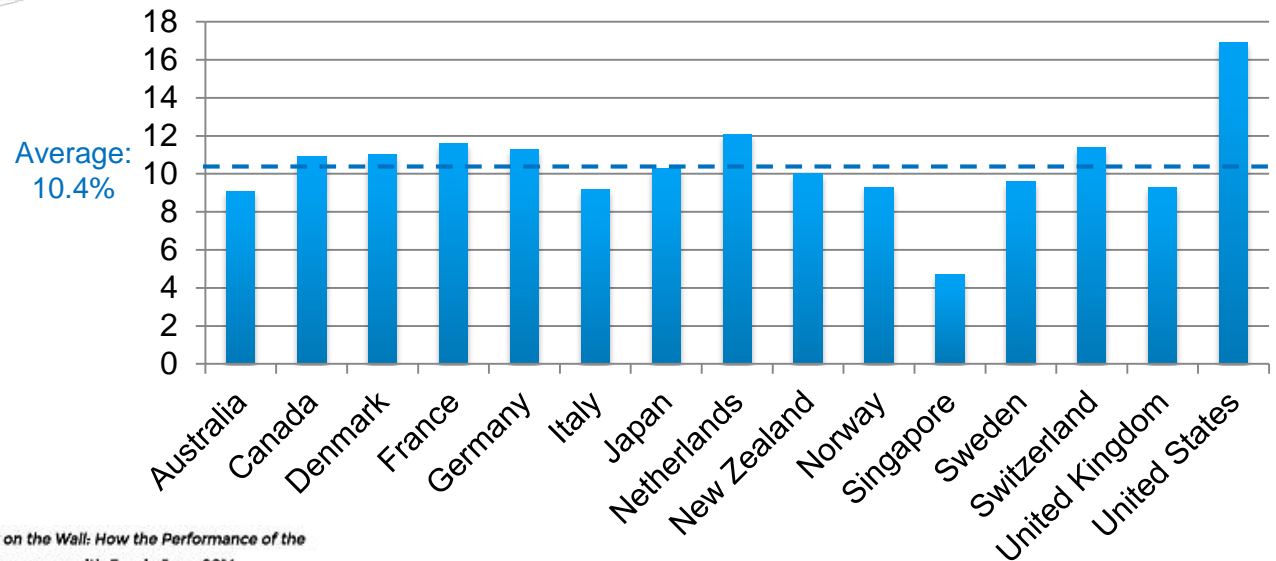




# State of U.S. Health Care



**Percentage of GDP Spent on Health Care**



Source: K. Davis, K. Stremikis, D. Squires, and C. Schoen, *Mirror, Mirror on the Wall: How the Performance of the U.S. Health Care System Compares Internationally*, 2014 Update, The Commonwealth Fund, June 2014.

Source: 2014 International Profiles of Health Care Systems. The Commonwealth Fund. January 2015.

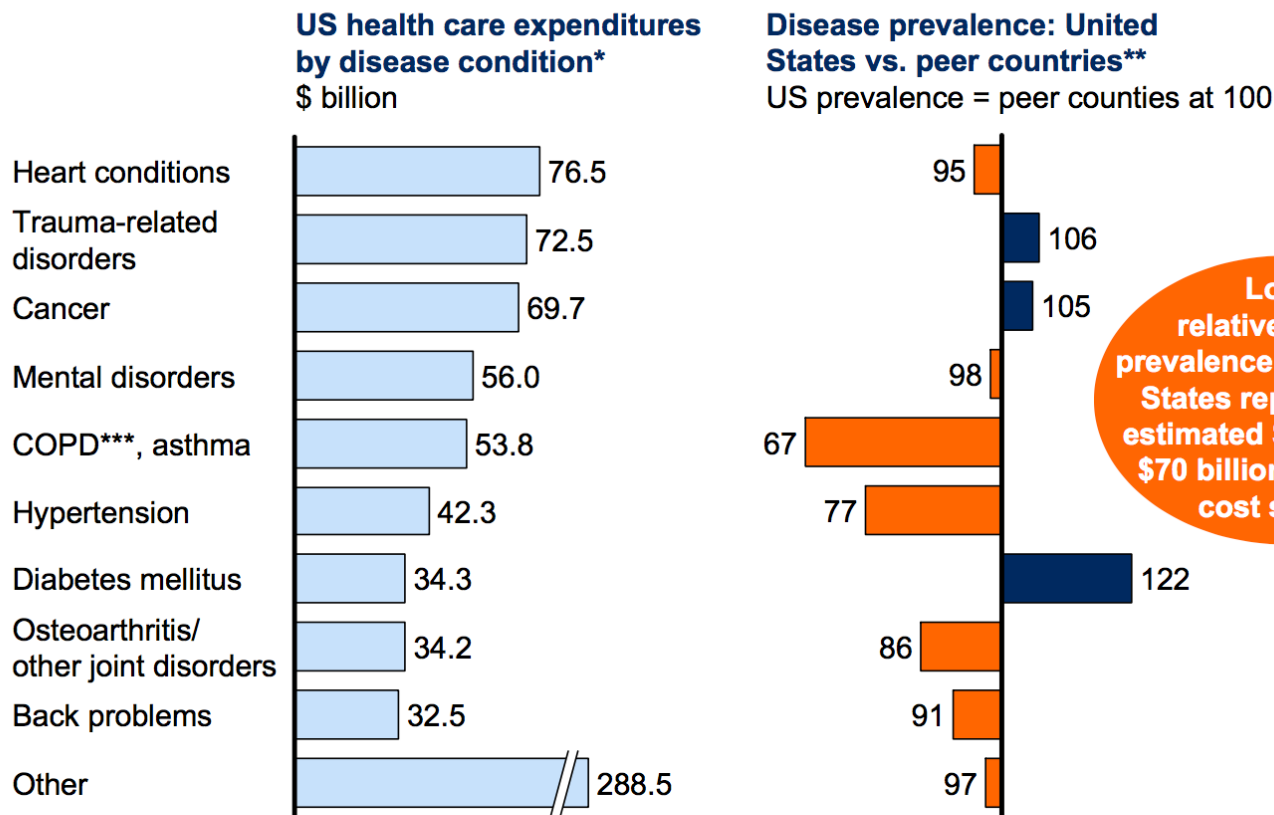
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# But the US is not as sick as Europe



## Disease prevalence in the United States is lower than in peer countries for most high-cost medical conditions

■ Higher US prevalence  
■ Lower US prevalence



Lower relative disease prevalence in the United States represents an estimated \$57 billion to \$70 billion in medical cost savings

\* Includes 35 of 60 medical conditions surveyed by US Medical Expenditure Panel Survey; the costs of these diseases represent 35 percent of total US health expenditures.

\*\* Peer countries are France, Germany, Italy, Spain, and the United Kingdom.

\*\*\* Chronic Obstructive Pulmonary Disease.

Source: Medical Expenditure Panel Survey, 2005; Decision Resources 2006; McKinsey Global Institute analysis



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# Value Based Care

Paying for Value



$$\text{VALUE} = \frac{\text{QUALITY}}{\text{COST \$}}$$

**QUALITY** 

- Achieve better outcomes
- Increase safety
- Improve satisfaction

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**COST \$**

- Reduce avoidable medical spending
- Decrease total cost of care

# Value Creation in New Models



## *Continuum of Payment Models*





# Providing accountable care



## Outcomes

- Improve the individual experience of care
- Improve population health
- Reduce the cost of health care for populations

## Processes

- Oversee the provision of clinical care
- Coordinate the provision of care across the continuum of health services
- Invest in and learn to use appropriate IT to manage population health

## Structure

- Accountability for the measured health of a population
- Align incentives to encourage the production of high quality health outcomes

# ACO QUALITY METRICS



## Preventive Health

- Breast Cancer Screening
- Cervical Cancer Screening
- Colorectal Cancer Screening
- Childhood Immunization Status – MMR

## Comprehensive Diabetes Care

- HbA1c Testing
- HbA1c Control (<8.0%) \*
- Blood Pressure Control < 140/90 mmHg \*

## Asthma

- Medication Management for People with Asthma

## Inpatient Utilization

- All Cause Readmissions (Actual to Expected)

## Other Quality Metrics

- Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis
- Use of Imaging Studies for Low Back Pain
- Appropriate Treatment for Children With Upper Respiratory Infection
- Appropriate Testing for Children with Pharyngitis

## AHRQ Ambulatory Sensitive Admissions

- Prevention Quality Chronic Composite—Includes PQIs 01, 03, 05, 07, 08, 13, 14, 15, & 16
- Prevention Quality Acute Composite—Includes PQIs 10, 11, & 12

## Member Experience – CAHPS Clinician and Group Survey

- Clinician/Group CAHPS: Follow-Up on Test Results
- Getting Timely Appointments, Care, and Information
- How Well Providers (or Doctors) Communicate with Patients

- Quality metrics run on ACO Population (continuously enrolled members in either Base Period Cohort or Performance Period Cohorts)
- Member Experience Survey by third party
- All metrics based on HEDIS specifications except AHRQ and Member Experience.
- Claims and administrative data are sufficient to calculate most metrics, with no additional data needed from ACO
- \* Clinical data needed for control measures (e.g. BP and lab values) will be submitted electronically by the ACO to BCBSXX (Goal is to meet HEDIS Criteria for Standard Supplemental Data.)

# VBCM (ACO) Operationalization Map





**ACOINO**



# Beware of ACOs in Name Only

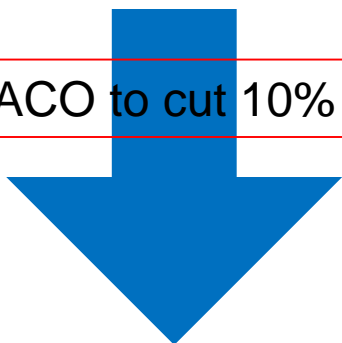


## Hospital A

\$2,000 per member per year;  
Attracts 500 **XYZ** employees

Total costs =  $\$2,000 \times 500 = \$1 \text{ M}$

New ACO to cut 10% costs



\$1,800 per member per year;  
Attracts 800 members

Total costs =  $\$1,800 \times 800 = \$1.44 \text{ M}$

## Hospital B

\$1,000 per member per year;  
Attracts 500 XYZ employees

Total costs =  $\$1,000 \times 500 = \$0.5 \text{ M}$

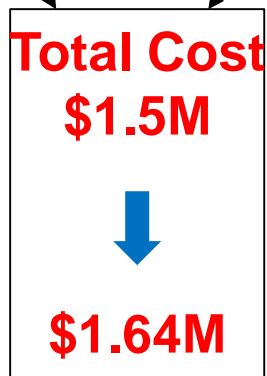
Total Cost  
**\$1.5M**



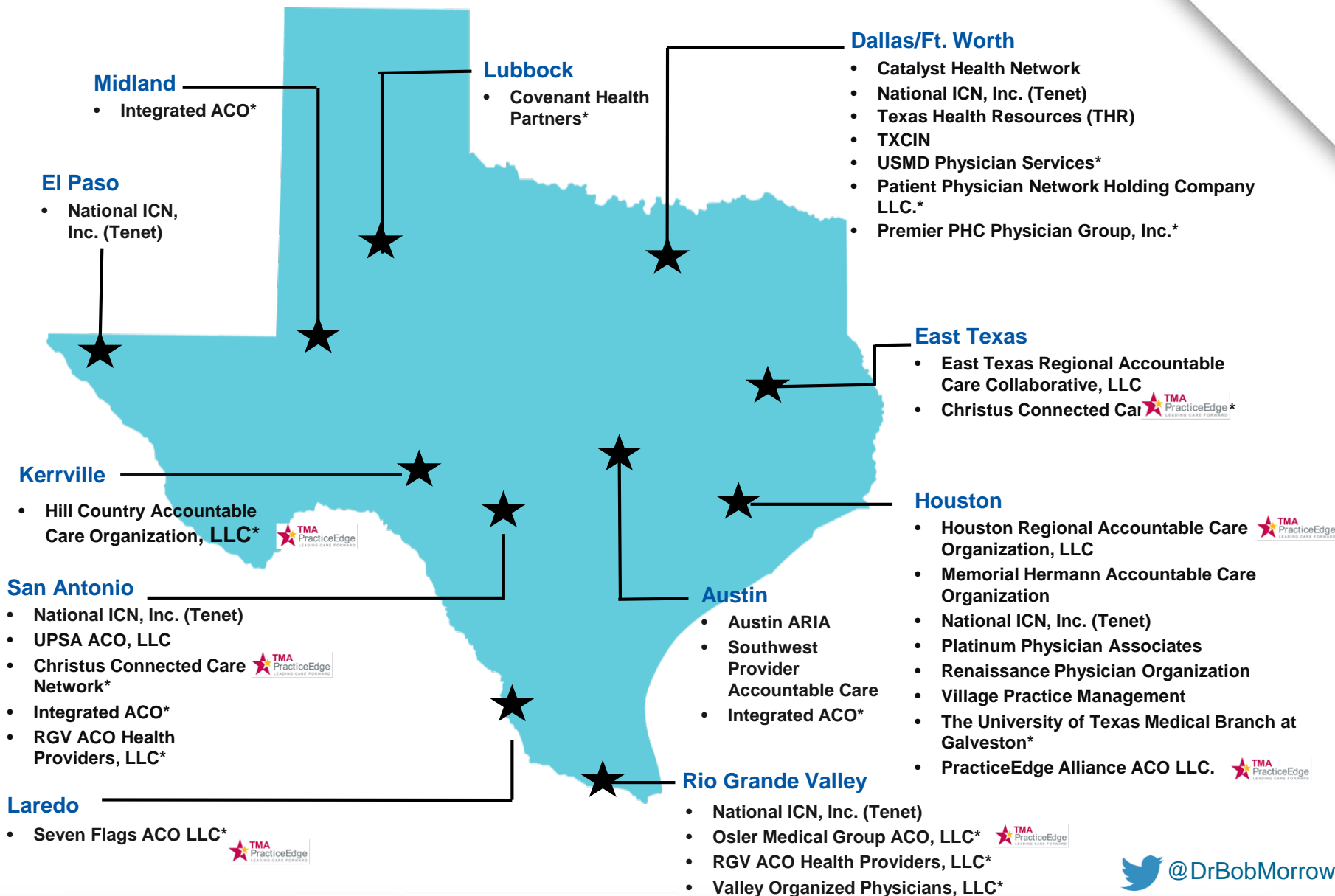
**\$1.64M**

\$1,000 per member per year;  
Attracts 200 XYZ employees

Total costs =  $\$1,000 \times 200 = \$0.2 \text{ M}$



# Our Accountable Care Organizations



# Our ACO Program Results



2015

5 Accountable Care Organizations



118K

Avg. Membership



86%

% of Quality Targets Achieved



2016

14 Accountable Care Organizations



427K

Avg. Membership



88%

% of Quality Targets Achieved



\$14.4M

Aggregate Program Savings to Date



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# Making the Case for Transparency



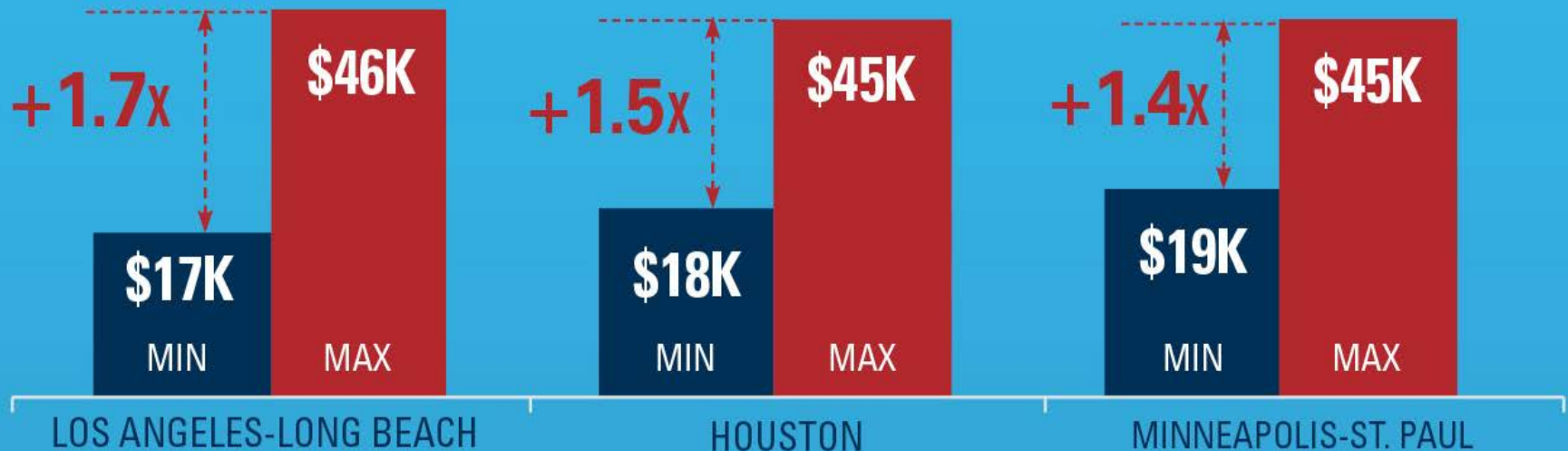
# Shopping for Health Care



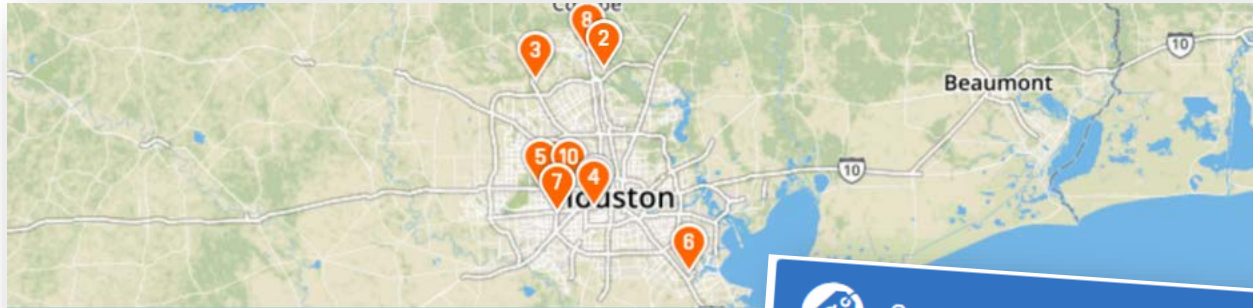
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## SHOP AROUND: IT COULD SAVE YOU THOUSANDS

### COST OF HIP REPLACEMENT SURGERY



# Transparency Tools: Cost Estimator



## MRI (without and with Contrast) Neck Spine

Estimated cost to you: \$508—\$1,411

Expected cost to your employer: \$0—\$3,060

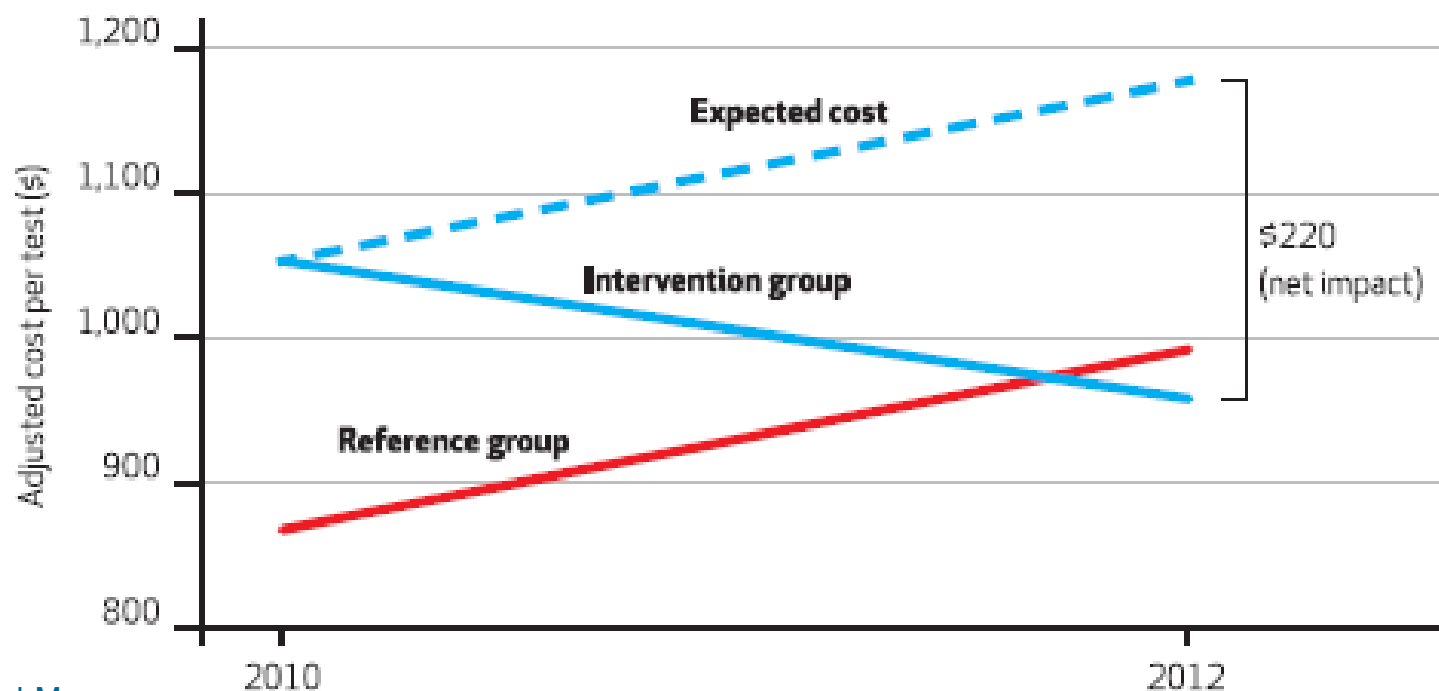




# Price Transparency For MRIs Increased Use Of Less Costly Providers And Triggered Provider Competition

DOI: 10.1377/hlthaff.2014.0168  
HEALTH AFFAIRS 33,  
NO. 8 (2014): 1391-1398  
©2014 Project HOPE—  
The People-to-People Health  
Foundation, Inc.

Adjusted Cost Per Magnetic Resonance Imaging (MRI) Scan In Intervention And Reference Groups, 2010 And 2012



# Where You Go Matters – Top 10 Dx



## Average Cost to Treat (per claim)

Diagnosis	Hospital ER	Freestanding ER	Urgent Care Clinic	Retail Clinic
Headache	\$2,214	\$2,472	\$170	\$80
Urinary Tract Infection, Site	\$1,987	\$1,579	\$151	\$66
Other and unspecified, Site	\$2,527	\$2,729	\$158	\$77
Acute Bronchitis	\$1,298	\$1,611	\$175	\$77
Acute Upper Respiratory Infection	\$872	\$1,127	\$162	\$82
Dizziness and Giddiness	\$2,696	\$3,026	\$167	\$70
Acute Pharyngitis	\$888	\$1,331	\$166	\$86
Nausea with Vomiting	\$2,257	\$2,126	\$169	\$77
Unspecified Essential Hypertension	\$1,872	\$2,024	\$142	\$63
Lumbago	\$1,482	\$1,814	\$159	\$66



# Explosion of Freestanding ERs



**50%**

of the USA's  
Freestanding  
ERs are in  
Texas



**75%**

Overlap in  
services between  
FSEDs and UCC



**10X**

Service Costs  
are 10X that of  
Urgent Care



# Freestanding ER Response Efforts

- **Legislative Support**
- **Media Coverage**
- **Social Media Awareness**
- **Public Policy Research**



# Key Takeaways



- Health care **costs are growing**, and we must work together to keep health care affordable.
- **Employers and consumers carry the weight** of a heavy portion of health care costs.
- Creative solutions include increasing **cost transparency** and moving toward **fee-for-value reimbursement**.





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# Thank you.