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Study: Employers could save millions by steering patients to high-performing providers

Employers could save hundreds of millions of dollars by steering consumers toward higher-quality, low-cost doctors and helping develop high-value providers, according to a study released Wednesday.

The study, performed by Massachusetts-based GNS Healthcare and funded by the Business Health Care Group and the Greater Milwaukee Business Foundation on Health, used 2017 claims data from the Wisconsin Health Information Organization.

It analyzed the performance of 3,760 primary care physicians throughout the state. Those doctors had at least 100 observations where they cared for a patient in which an evidence-based measure applied.

The study found a total cost of \$1.4 billion among the 26 diseases it evaluated that primary care physicians treated.

If doctors performing in the bottom half of the distribution were to move to the top half, costs would be about \$394.5 million less, according to the study.

The study also found \$687 million in costs for cardiologists performing angioplasty procedures, orthopedic surgeons performing hip and knee replacements, and obstetricians delivering babies.

Boosting performance could save \$100 million.

“Those are big numbers, and employers, when they’re looking for cost savings, are frankly tired of the idea that the only way you get cost savings is to shift cost drivers,” said Dave Osterndorf, strategic consultant for the Business Health Care

Group and partner and chief actuary at Health Exchange Resources. "They want to take cost out of the system."

Osterndorf, who spoke Wednesday in Brookfield, said employers want more of a dialogue with healthcare providers. They plan to push for more efficiency, plan design changes and paying for value, he said.

More health plans should provide claims data to the Wisconsin Health Information Organization, he said.

Making healthcare data more available and useful could help push Wisconsin toward becoming a more value-driven state, he said.

"This should be a collaborative effort," he said. "The longer we stay in a world where the biggest thing we do as employers is to try and negotiate lower rates, and you as providers try to find ways to increase your revenue, the more we're going to fail. Changing that dynamic is really important."

He said this will be an ongoing effort and will likely become a multi-year study.

Dr. Earl Steinberg, chief health plan division and chief clinical analytics officer at GNS Healthcare, said the estimates show opportunity.

"The estimated savings potential is high, but it's not necessarily realistic that we're going to change all doctors' practice patterns or realistically move all of these patients to different docs," he said.

Steinberg said the estimates are average normalized price, which aren't the actual costs since they're derived from an average of national amounts paid and don't account for differences in contracts between specific providers and insurers.

He added that there was "virtually no correlation" between cost and quality, with around 1,000 doctors they studied being better than average on cost and quality.

Dana Richardson, Wisconsin Health Information Organization CEO, said that value-based purchasing "has been slow to come."

"When I think about cost, I say to myself, this journey that we have been on for quality has been 30 years and we don't have 30 more years to address cost," she said. "I contend that we need to think about our work to slow the rise of healthcare cost as an expedition instead of a journey. And we need to do that

because it needs to be a serious movement from one point to another.”

Richardson said the move will be difficult. But she said that healthcare leaders have to be “unshakeable” in addressing costs.