

MQF/ACHSD/Health Dialog Cost Study
April 2009

Conclusions:

- Much hospital use is potentially avoidable.
- Although variability in potentially avoidable hospitalization is present, it is observed in all communities (Healthcare Service Areas, or HSAs) in the state.
- Outpatient care, especially imaging (standard, advanced, and ultrasound), laboratory tests, and specialist visits, is costly and highly variable geographically throughout the state. The variability suggests that some of this utilization is avoidable (overuse) and that there may be underuse as well.
- Persons with chronic diseases drive high rates of potentially avoidable utilization, including preference-sensitive care.
- Significant costs are associated with overuse.
- Phase 1 is not a study of hospitals or a study of practitioner quality. Its only quality implication is that variability in outpatient testing suggests (but does not prove) both overuse and underuse.

What we envision (but have not committed to) for Phase 2 of claims analysis:

- Analysis of costs of care for similar patients at the practitioner/group/community level
- Analysis of quality of care for similar patients at the practitioner/group/community level
- Measurement of efficiency (cost-quality relationship) of practitioner/group/community