

Paid Claims Data Analysis

Analysis of care costs and quality to

- Inform policy
- Inform purchasers and payers
- Inform consumers
- Inform communities
- Inform providers

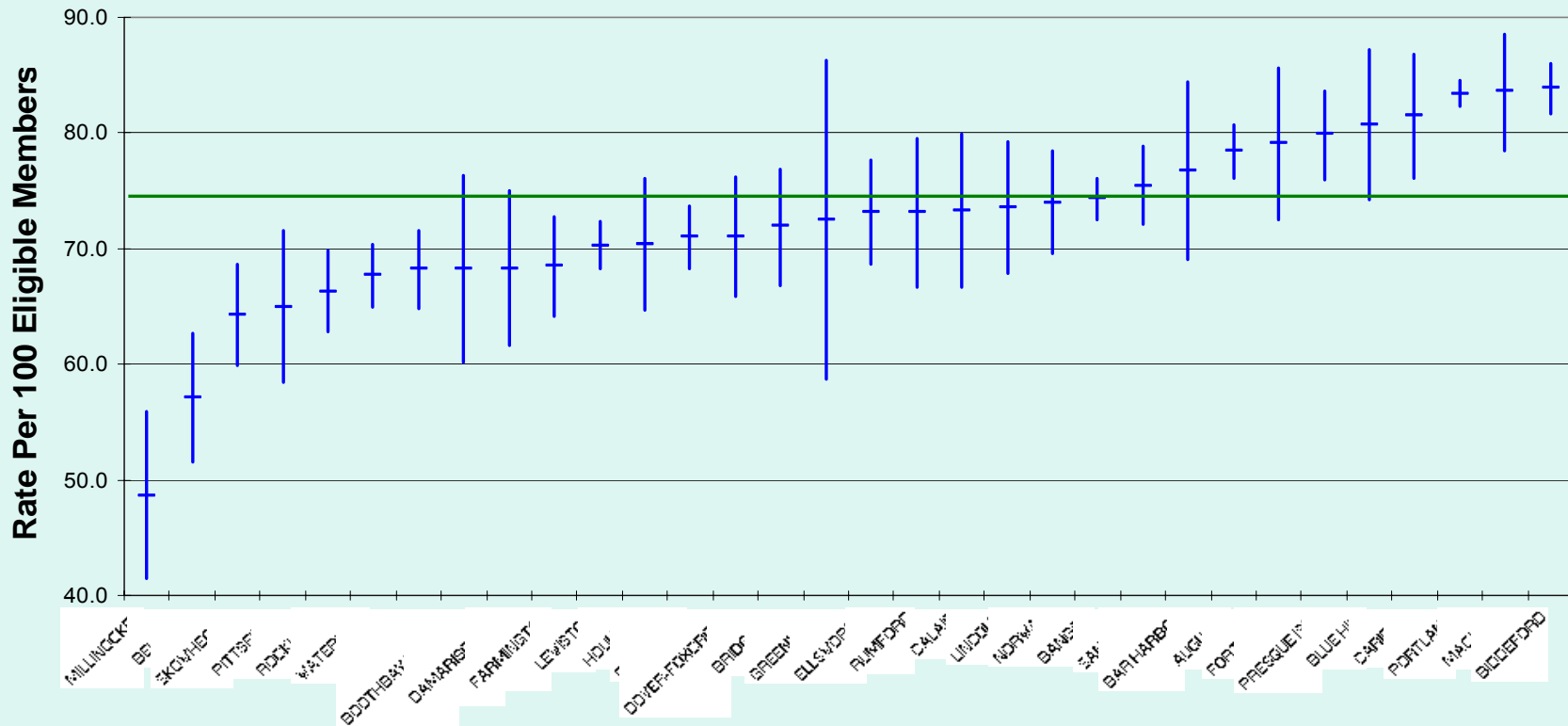


Paid Claims Data Analysis

- Pilot (2004-2007): Built and assessed the capability of the MQF warehouse to support population based, statewide quality measures and studies
- Phase 1 (2007-2009): All-Payer Analysis of Variation in costs of healthcare in Maine (Variation ~ Quality)
- Phase 3 (2009-2010): Deliverables to include:
 - Update phase 2 to include *quality measures*
 - Demonstrate differences in cost and quality at the physician/practice level
 - Will require assignment of physicians to practices
 - Identify specific services that account for cost/quality differences
 - Identify and analyze systems of care

MQF Regional Variation in Effective Care

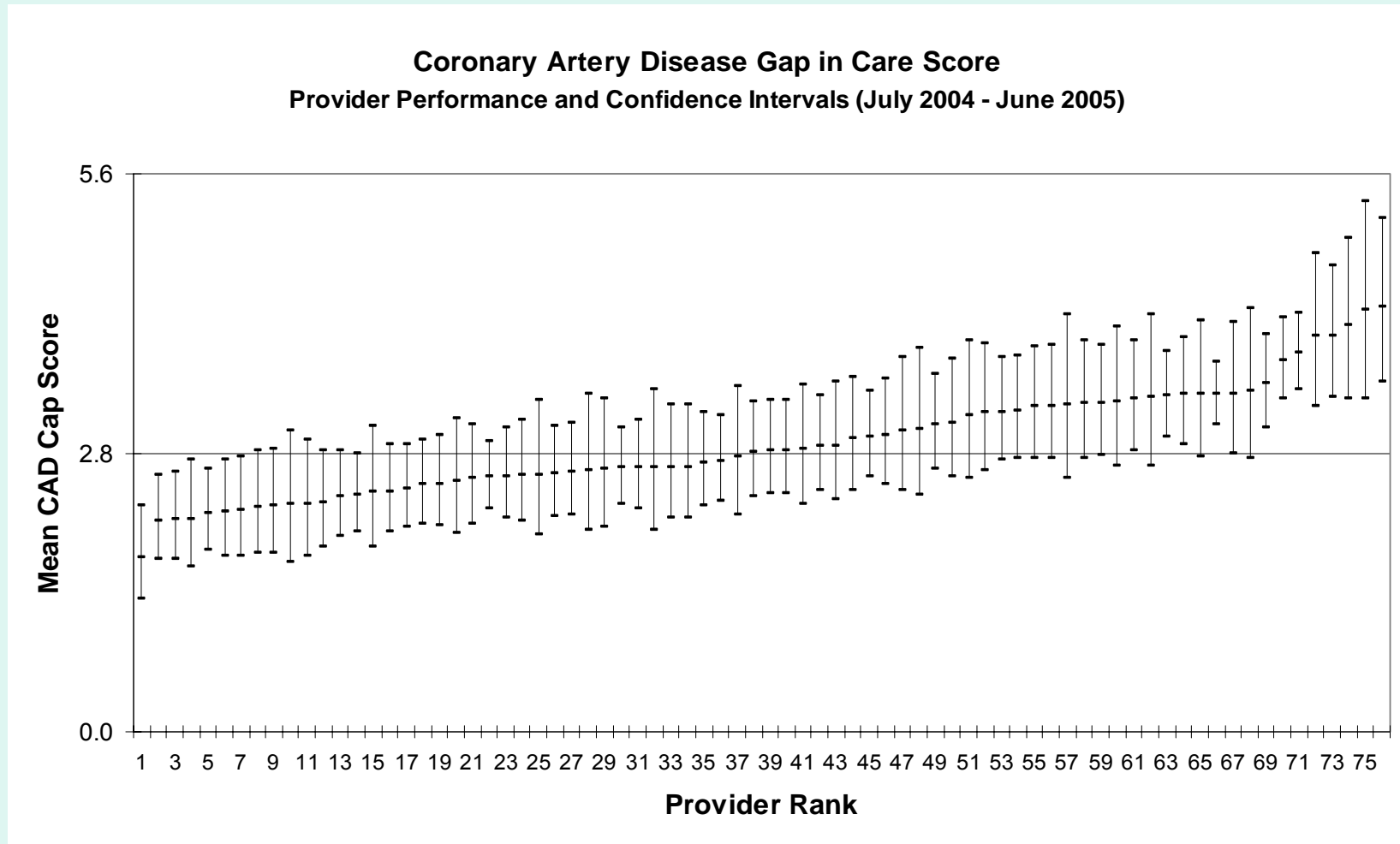
Percent of Diabetic Members Aged 18-64
Having LDL-C Test Performed
Measurement Period: 7/1/2004-6/30/2005



**Report on Initial Analysis of
Maine's Paid-Claims Database,**
Health Dialog for DHA/MQF,
February 2007

Hospital Service Area (HSA)

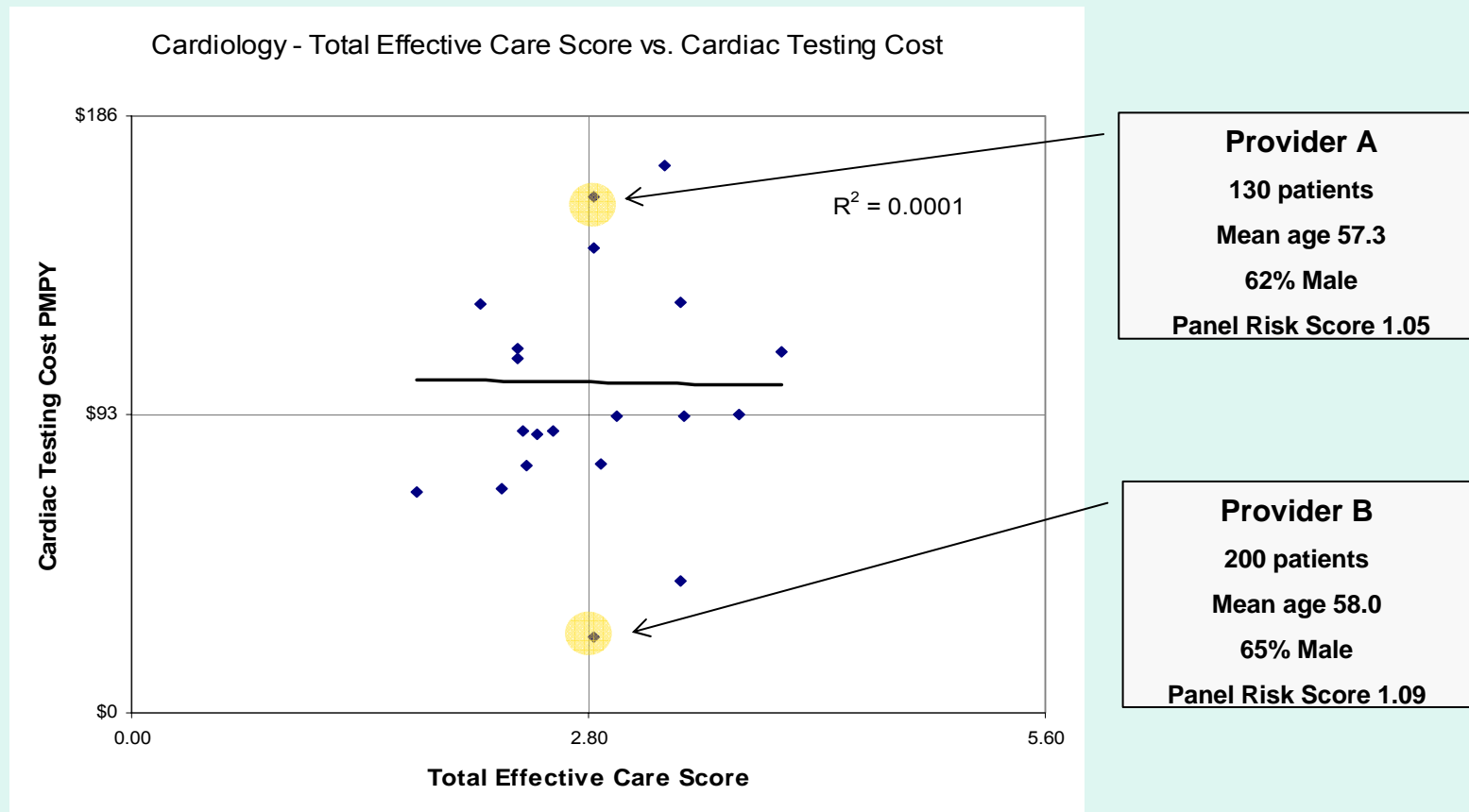
Performance Varies Across Providers



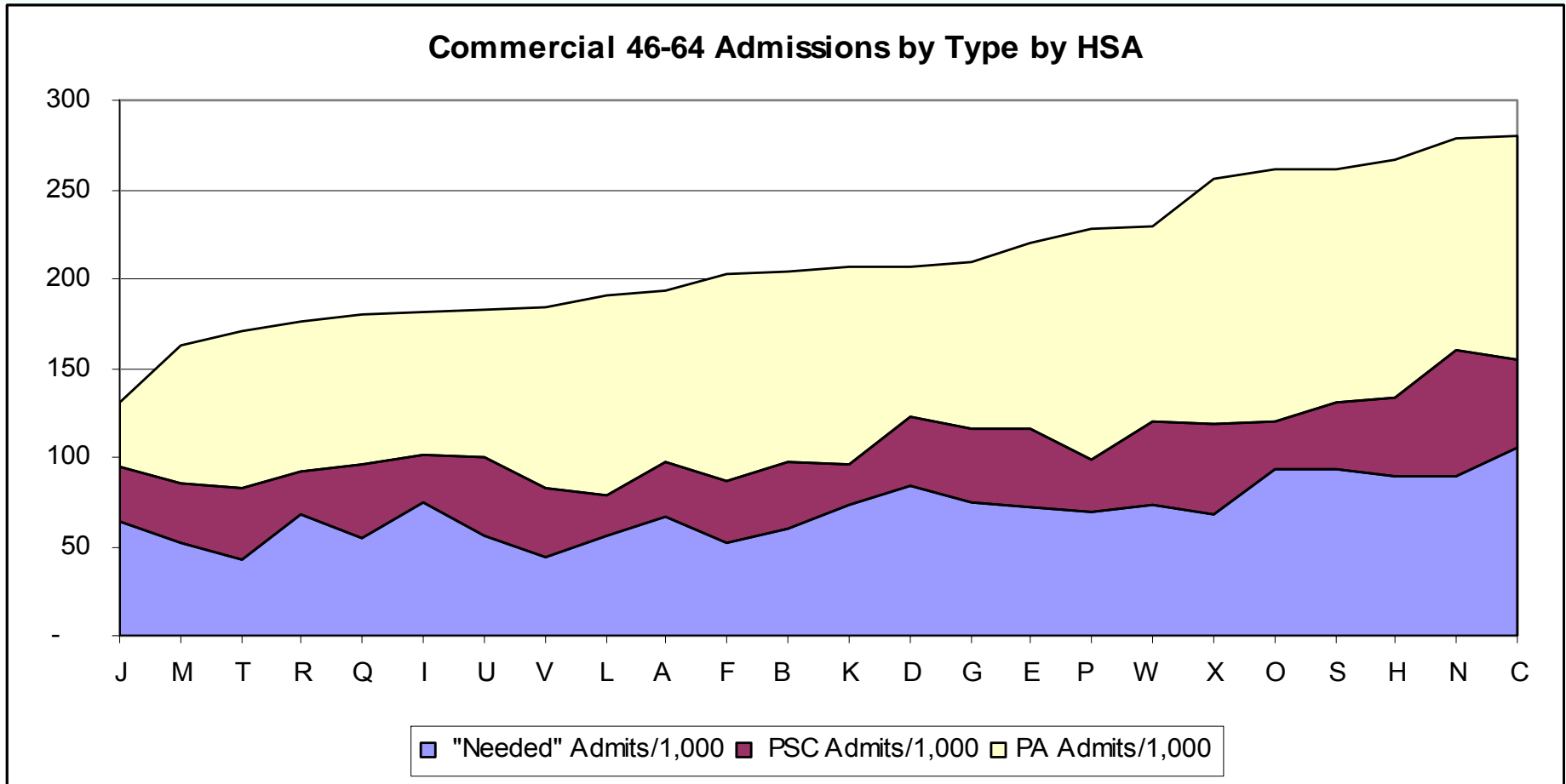
Report on Initial Analysis of Maine's Paid-Claims Database, Health Dialog for DHA/MQF, February 2007

Cardiology Results

- There is no correlation between delivery of effective care and efficiency performance (supply sensitive cost)
- Comparison of provider performance is revealing



PA admissions are high and variable



- **Healthcare Variation in Maine**, April 2009
- Health Dialog for Dirigo Health Agency/Maine Quality Forum)

ADMISSIONS BY TYPE

Type of Admission	\$ Total IP	% of total IP	\$ Total PA IP	% of total PA IP
Cardiac-Circulatory	\$193.3M	21.1%	\$56.5M	19.9%
Musculoskeletal	\$114.5M	12.5%	\$18.1M	6.4%
GI	\$86.9M	9.5%	\$37.2M	13.1%
Respiratory	\$72.4M	7.9%	\$52.0M	18.3%
All Other	\$448.9M	49.0%	\$119.8M	42.3%
Total	\$916.0M	100%	\$283.6M	100%

(Total PA IP is 31% of total IP)

(Healthcare Variation in Maine, April 2009
 Health Dialog for Dirigo Health
 Agency/Maine Quality Forum)

Impact of Chronic Disease on Cost and Utilization by Age

Chronic Impact	0-17	18-45	46-64	65+
% of Pop	7%	8%	18%	31%
% of IP Costs	15%	22%	58%	72%

- Age plays a large role both in terms of chronic disease prevalence and in terms of impact on inpatient dollars

(Healthcare Variation in Maine, April 2009

Health Dialog for Dirigo Health Agency/Maine Quality Forum)

High-Cost, Highly Variable Outpatient Services

Type of Service	OP Costs	Savings with 10% Reduction	Savings with 25% Reduction	Savings with 50% Reduction
Lab Tests	\$89.6M	\$9.0M	\$22.4M	\$44.8M
Advanced Imaging	\$66.6M	\$6.7M	\$16.7M	\$33.3M
Standard Imaging	\$52.1M	\$5.2M	\$13.0M	\$26.0M
Echography	\$32.4M	\$3.2M	\$8.1M	\$16.2M
Specialist Visits	\$64.1M	\$6.4M	\$16.0M	\$32.1M
Total	\$304.8M	\$30.5M	\$76.2M	\$152.4

(*Healthcare Variation in Maine*, April 2009
Health Dialog for Dirigo Health Agency/Maine Quality Forum)

Overall Inpatient and Outpatient Savings

Inpatient Savings	Savings from 25% Reduction	Savings from 50% Reduction	Savings from 75% Reduction
Total	\$71.1M	\$141.8M	\$212.7M

Outpatient Savings	Savings from 10% Reduction	Savings from 25% Reduction	Savings from 50% Reduction
Total	\$30.5M	\$76.2M	\$152.4M

Total Savings	\$101.6M	\$218M	\$365.1M
Savings as a % of total inpatient & outpatient dollars	4%	9%	16%

Healthcare Variation in Maine, April 2009
 Health Dialog for Dirigo Health Agency/Maine
 Quality Forum)

Results: Summary

- **Utilization is the primary driver of cost and much is unwarranted**
- **Inpatient Costs: There is significant variation in total admissions and PA admissions across the State**
 - PA admissions account for a significant portion of all admission costs
 - The volume of PA admissions across State Healthcare Service Areas (HSAs) varies by type and is not explained by illness
 - Maine residents across HSAs who have **chronic conditions** account for a high percentage of health care spending and a majority of inpatient spending
 - Much of this inpatient utilization falls into the category of “potentially avoidable”
- **Outpatient Costs: there is significant variation in outpatient spending throughout Maine, much of it can be reduced**
 - The top five categories of outpatient spending amenable to interventions make up approximately 23% of outpatient spending
 - The remainder of outpatient spending is evenly distributed among numerous categories

Healthcare Variation in Maine, April

2009

Health Dialog for Dirigo Health Agency/Maine
Quality Forum)

Paid Claims Analysis Phase 2 - Project Plan/Deliverables

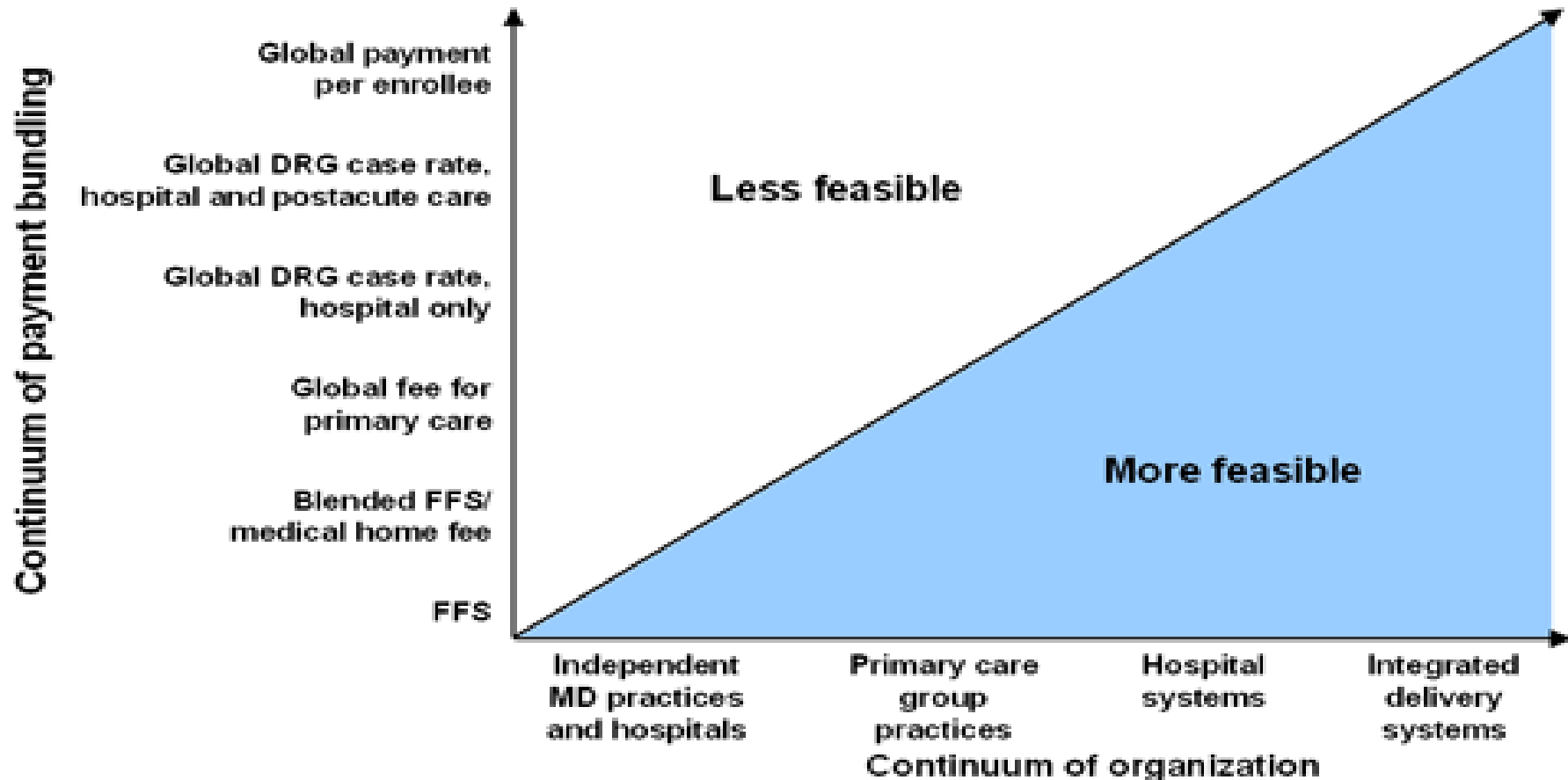
- Part I – update and expand upon Cost Driver Study to include quality
 - Update data warehouse through 2007
 - Utilizing 2007 data, analyze cost **and** quality by HSA/geography in Maine
 - demonstrate variations at the total population level as well as for specific cohorts (i.e., chronic disease)
- Part II – Analyze variation in cost and quality by provider group
 - Identify physician practice groups in Maine
 - Demonstrate variations in cost and quality among practices in Maine, in general and for specific chronic diseases
 - Primary care
 - Cardiology
 - Orthopedics
 - other (GI? Pulmonary?) – work with MQF to evaluate as many specialties as can be done with administrative data
- For both Parts I and II, we will identify the specific drivers/services (imaging, lab, specialty visits, hospital admissions) which account for the differences in quality and cost by geography and practice
- Part III – Analysis of systems of care
 - Identify systems of care through analysis of referral and admission patterns– create spectrum of ACOs
 - Analyze cost and quality of ACOs along whole spectrum

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Payment Reform Approach: Meet the providers where they are

Medicare Payment Reform Framework: Organization and Payment Methods



Notes: DRG is diagnosis-related group. FFS is fee-for-service.

Source: S. Guterman, K. Davis, S. C. Schoenbaum, and A. Shih, "Using Medicare Payment Policy to Transform the Health System: Framework for Improving Performance," *Health Affairs Web Exclusive* (Jan. 27, 2009):w238-w250.