Engaging Market Forces, Competition, and Quality to Attract, Retain and Compensate Health Care Providers

or

You CAN have your cake and eat it too

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LHHS COMMITTEE
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We all do what we get paid to do....

Health Care: Primary Care Provider shortage
Health care costs....Defying Gravity: How it’s done
Incentives: plain and simple
Aligning Incentives

**TRANSPARENCY = Competition**

How it’s Done
What we are Doing
You (health system) can all do it too
Key Shortage Overview – Primary Care and Behavioral Health

New Mexico Health Care Work Force Committee 2014 Report

- **485** missing essential providers with maldistribution adjustments
- **153 Primary care, 271 Nurse Practitioners; 104 Psychiatrists**
  UNM Skews data significantly in Bernalillo County

- Addition of 160,000 Medicaid and 75,000 Exchange (158,000 total) will add to burden on these providers and increase lack of access

- Lack of access increases cost of care and burns out providers
2014 Report has several Suggestions

- Will require significant taxpayer dollars to implement
- New Mexico Physicians Compensation 80 – 90% under National Average and less than surrounding states
- The Cost Problem of Health Care in misaligned incentives
- Primary Care and Behavioral Health are at the bottom of the Provider food chain but can create the most value and health status improvement

There IS Another way – Other states are doing it
"What Goes Up Must...”
Currently Defying Gravity

The rate of growth in expenditures on hospital care and physician & clinical services is remarkable.

And while that rate of growth has been on a steep upward curve for two decades, the curve becomes nearly vertical in the last five years.

Data shown is total, inflation adjusted dollars that are going into healthcare through commercial insurance, Medicare, and Medicaid
What’s Wrong With This Picture?

Industry Trends - 4/30/09

- “Pittsburgh has more MRI Machines than Canada” (Healthcare Economist)
- “Scans per thousand insured people went from 85 to 234 in the U.S. between 1999 and 2007.” (Forbes)
- “Side effects to these scans, including increased levels of radiation exposure, especially dangerous for kids.” (The New England Journal of Medicine)
- “A doctor who owns his own machine is four times likely to order a scan as a doctor who doesn’t.” (Forbes)
- “Nonradiologists performing their own imaging are at least 1.7-7.7 times as likely to order imaging as non-self-referring physicians.” (AJR:179, October 2002)
It is the American Way...

BUT!

2 X Average GDP is spent on Healthcare in US vs. what other industrialized countries spend

Morbidity and Mortality is 38th in the industrialized nations
Waste / Inefficiency
Still a Key Issue

Eliminate ‘waste’ in health care that accounts for 30% of cost

- Unrealized system cost savings
- Variation around clinical outcomes/quality

Hospital Responses
Illusion of Control

- Build more empty hospitals—West Side
- Buy Specialists—Outpatient facility fees
- Buy Primaries—Vacuum cleaners
- Admission quotas for ER Physicians
- Buy small hospitals
- Buy more DaVinci Robots
- Your premiums and our tax dollars pay for this waste
Healthcare Reform: Jumping the ‘S’ Curves

Heads in Beds

Tough to go from A to B!
Courage!

Value
Aligning Incentives

Today (and Past)
- More Visits, more procedures (especially in Hospitals), more Hospitalizations
- Creates much more revenue; alleviates need to control costs

Future (Done in Some Other States)
- Rational – Care is necessary
- Fiduciary – Primary Care Care and Referrals (navigation)
- Value Based – Measurement of Quality and Cost
- Purchasing – a True and Informed Market
- Benefits – Incentivize member for health and necessary care
TRANSPARENCY

- Think New Mexico: Making Health Care More Affordable
- Be Well NM/Healthcare.gov – Exchange or Marketplace
- Provider PEER to PEER Quality, Cost and Efficiency
- Specialist, Hospital to Primary Care Provider
- New Mexico Health Information Exchange and all Payer Claims Database – Measurement of Clinical Efficiency and Effectiveness and Opportunities for Improvement
Simple Choice
How it Works

Collect Quality and Efficiency Data on Providers
- Episode Treatment Groupers
- Risk Adjusted: Apples to Apples
- Share by Name among Specialty Peers and Hospitals
- Share with Primary Care Referring Providers

Primary Care Providers refer to most efficient and outcome effective Specialists and Hospitals

Specialists and Hospitals Self Improve by Comparing to Each Other

The Quality Curve Mean Moves to the Right
Treatment of Patients with \textit{Migraines: Cost by Clinic Quintile}

<table>
<thead>
<tr>
<th></th>
<th>HIGHEST COST</th>
<th>2ND HIGHEST COST</th>
<th>MIDDLE COST</th>
<th>2ND LOWEST COST</th>
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<tr>
<td>Radiology</td>
<td>$322</td>
<td>$188</td>
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<tr>
<td>Facility Administered Drugs</td>
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<td>Emergency-Urgent Care Visits</td>
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<td>$82</td>
<td>$71</td>
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<td>$35</td>
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<td>\textbf{$301}</td>
<td>\textbf{$254}</td>
<td>\textbf{$222}</td>
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<tr>
<td>Office Visits (#) per Patient</td>
<td>2.1</td>
<td>1.9</td>
<td>1.6</td>
<td>1.6</td>
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</tr>
</tbody>
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\textbf{Opportunities}
Reduce radiology costs and emergency/urgent care visits

Cost Difference between Highest and Lowest Quintiles = \textbf{$346} per patient
Improving Quality

- Normal Curves
- Peer Transparency
- Referrals
Peer Pressure and Finances

Saving Significant Money
- Referral to most Cost and Outcome Effective Specialists and Hospitals
- Fewer complications and readmissions
- Huge Savings
- Drives Down “Medical Loss Ratio” from 80% to 70%

Distribution of Excess Premium – Shared Savings
- Lower premium and member rebates for members – 50%
- Primary Care Providers and behavioral Providers – 50%
- Distributed by quality measures – clinical, reduced readmissions, patient satisfaction
- Later include high preforming specialists and hospitals – but already receiving most referrals

Extensive Quality Measures to Assure no Under Care – Health information Exchange
Crossing the Chasm

VOLUME  VALUE
**New Mexico Health Connections**

**Data Analytics**
- Episode of treatment Groupers
- Shared with Physicians
  - their own Portals for Self Improvement
  - Peer Pressure
- Shared Savings to Shared Risk – more “skin in the game”

**Community Health Workers**
- Transitions of Care
- Inter personal follow up – Continuum of Care
- True *Medical Home*

**Health Improving Benefits**
- No Chronic or Behavioral Health Medication or Co-pays: Free Medications
- Free First Three Visits for Primary Care and Behavioral Health
**Take Home Points**

- Primary Care earn more income - double today!!!
- Money Saved and Premiums Lowered – less need for hospitalizations, more unnecessary beds, fewer Emergency Room Visits
- Rewards Physicians and Providers for quality and efficiency
- More Primary Care Providers come and stay in New Mexico
- Market Value pays for Attraction and Retention, not Taxpayers!
- Mount Auburn Cambridge Independent Practice Association
- Giesinger, Theda Care, Everett Medical Group,
- Other Payers, Doctor Groupings, and Systems Can Do This!
Take Home Points

- Transparency
- Competition and Market Forces
- Human Nature
- Lower Cost Care
- New Mexico 3rd Highest Rate Decrease in Nation – 12%

Vast Improvement in Individual and Health Status!
THANK YOU

Martin Hickey, MD

New Mexico Health Connections, CEO

(We Can Do This Together)