

Engaging Market Forces, Competition, and
Quality to Attract, Retain and Compensate Health
Care Providers
or
You CAN have your cake and eat it too

MARTIN HICKEY, MD

CEO

NEW MEXICO HEALTH CONNECTIONS

LHHS COMMITTEE

NOVEMBER 24, 2014



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

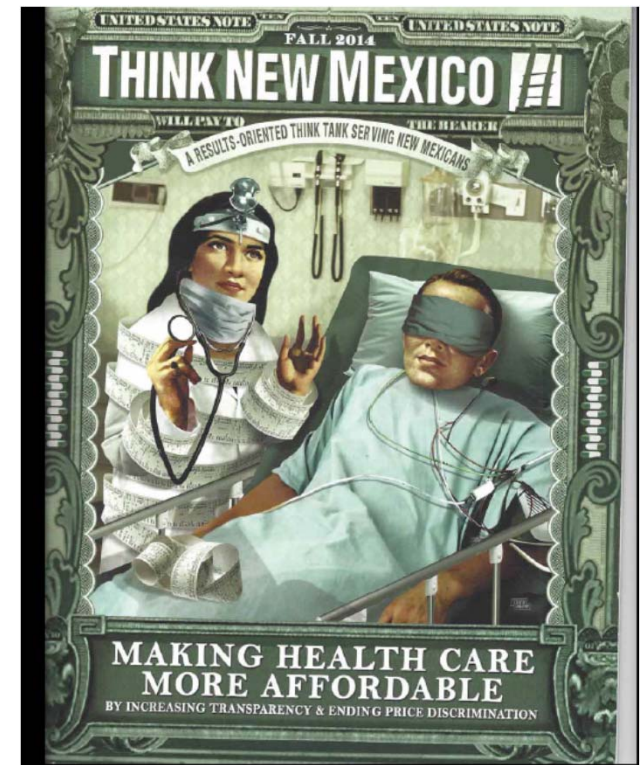
- **485** missing essential providers with maldistribution adjustments
153 Primary care; 271 Nurse Practitioners; 104 Psychiatrists
UNM Skews data significantly in Bernalillo County
- Addition of 160,000 Medicaid and 75,000 Exchange (158,000 total) will add to burden on these providers and increase lack of access
- Lack of access increases cost of care and burns out providers



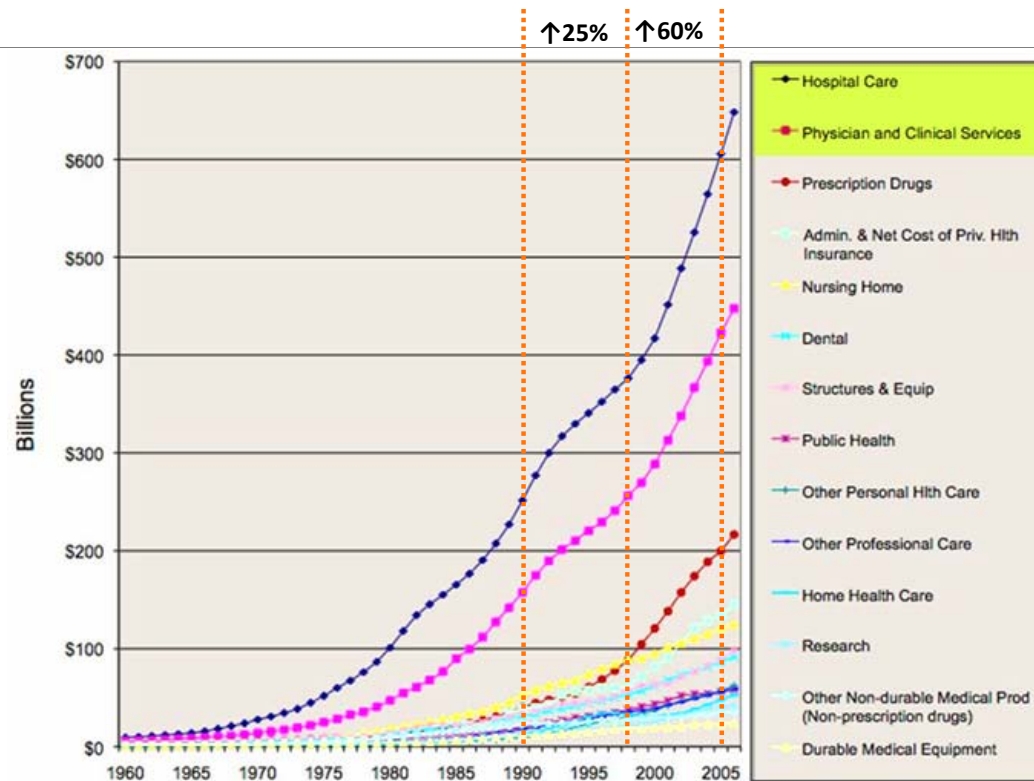
2014 Report has several Suggestions

- 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

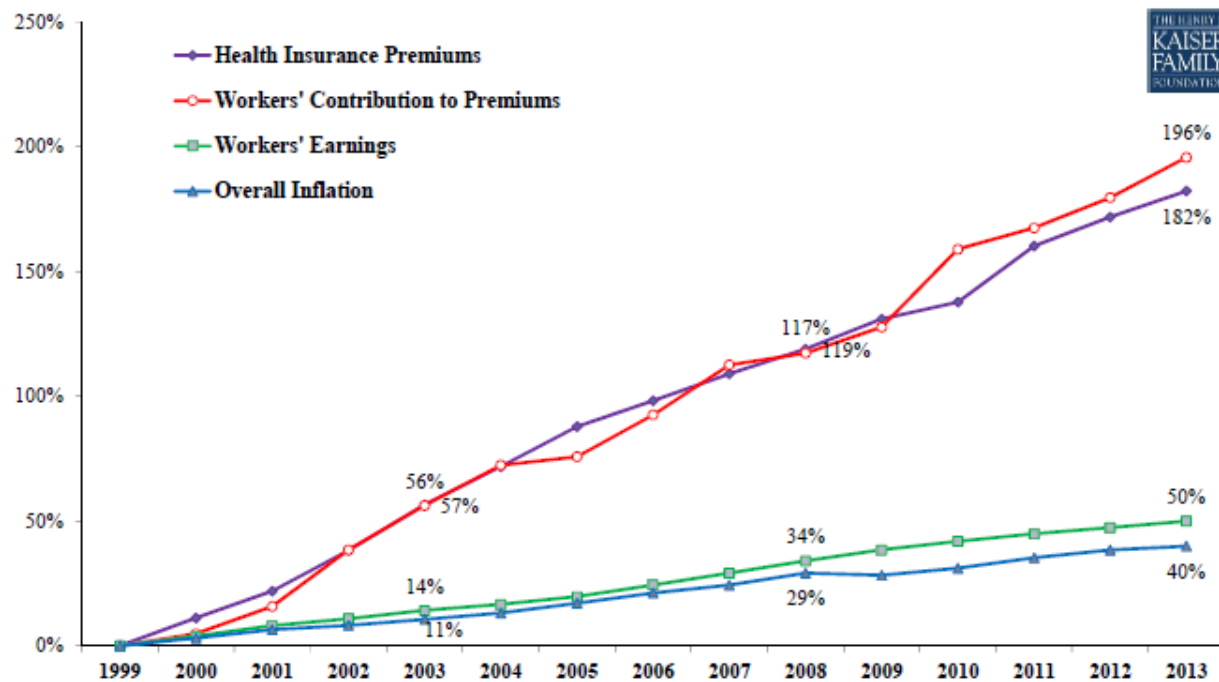


The rate of growth in expenditures on hospital care and physician & clinical services is remarkable.

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
Source: Neal C. Hogan, PhD. BDG Advisors, LLC. The End of the Third Bubble. Winter 2009.

What's Wrong With This Picture?



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2013; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2013; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2013 (April to April).

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!

Entrepreneurism

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

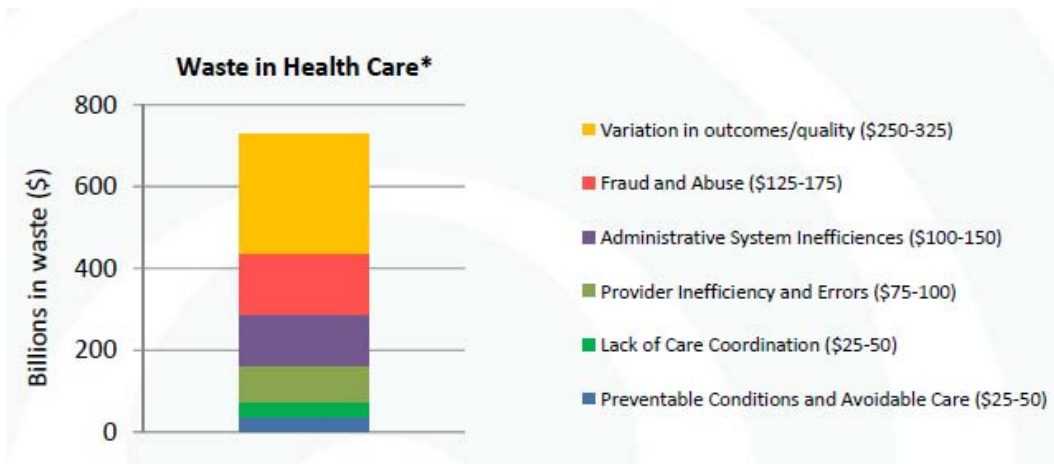


Value?

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



* Source: Thomson Reuters White Paper "Where can \$700 billion in waste be cut annually from the U.S. Healthcare System, - October, 2009"

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



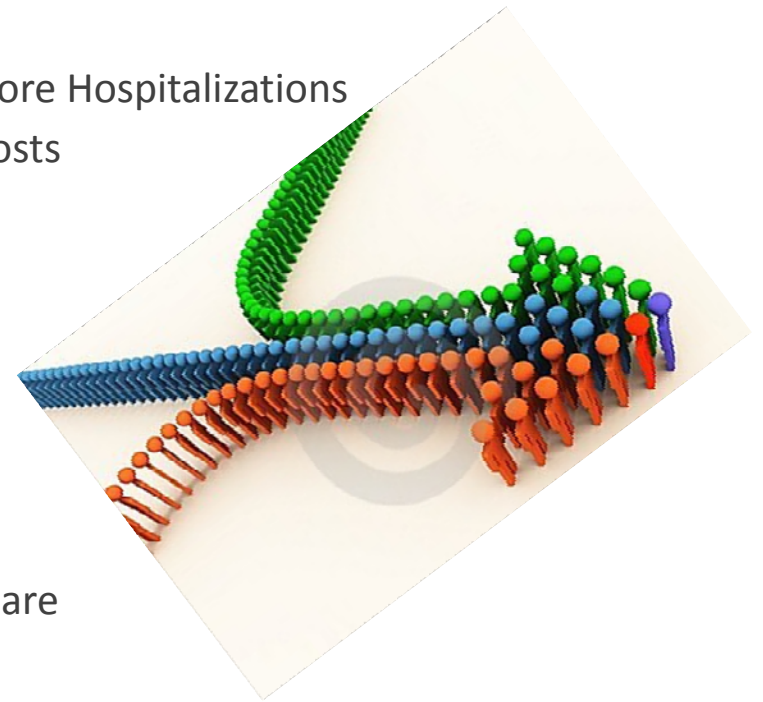
Aligning Incentives

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 Data Base – Measurement of Clinical Efficiency and Effectiveness and Opportunities for Improvement
- 

Simple Choice

[Hotels](#) [Flights](#) [Vacations](#) [Cars](#) [Cruises](#) [Deals](#) [Activities](#)

[Change search](#) Albuquerque, NM (ABQ) to New York, NY (JFK) Thu, Jun 6, 2013 Flexible Dates? [Search +/- 3 days](#)
New York, NY (JFK) to Albuquerque, NM (ABQ) Tue, Jun 11, 2013


Save money when booking your Flight and Hotel together! [Search now](#)

Refine Results

☒ **Select flight times**

Outbound






Take-off: 10:15 AM - 1:30 PM



[Show landing time](#)

Inbound

☒ Hide Matrix

	 Delta Air Lines	 Multiple Airlines	 US Airways	 American Airlines	 United Airlines
1 stop	\$472.60	\$532.59	\$610.60	\$669.60	\$702.60
2+ stops	\$351.40	\$449.49	\$555.50	\$567.40	\$732.00

Additional [baggage fees](#) may apply.

Some flights extend beyond the time range of your search. Please use the "Flight Times" filter to further limit your results.

How it Works

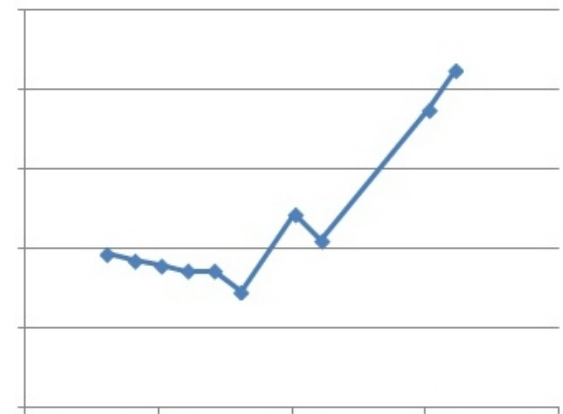
Collect Quality and Efficiency Data on Providers

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

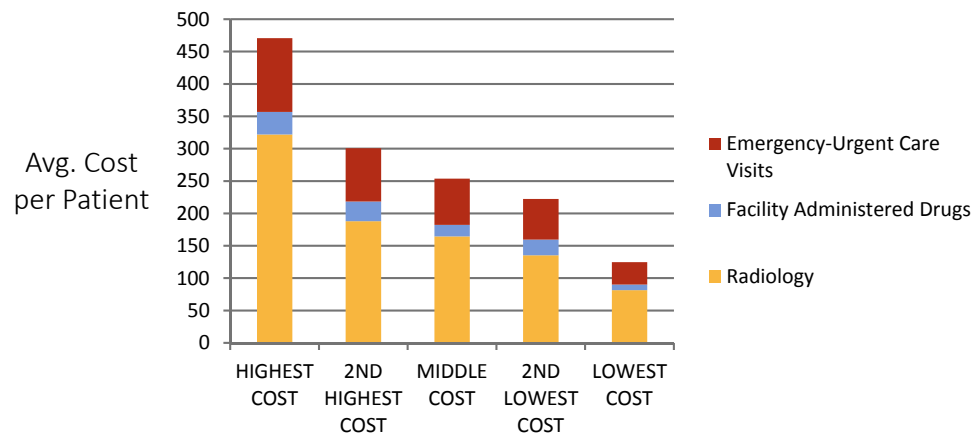
Primary Care Providers refer to most efficient and outcome effective Specialists and Hospitals

Specialists and Hospitals Self Improve by Comparing to Each Other

The Quality Curve Mean Moves to the Right



Treatment of Patients with *Migraines*: Cost by Clinic Quintile



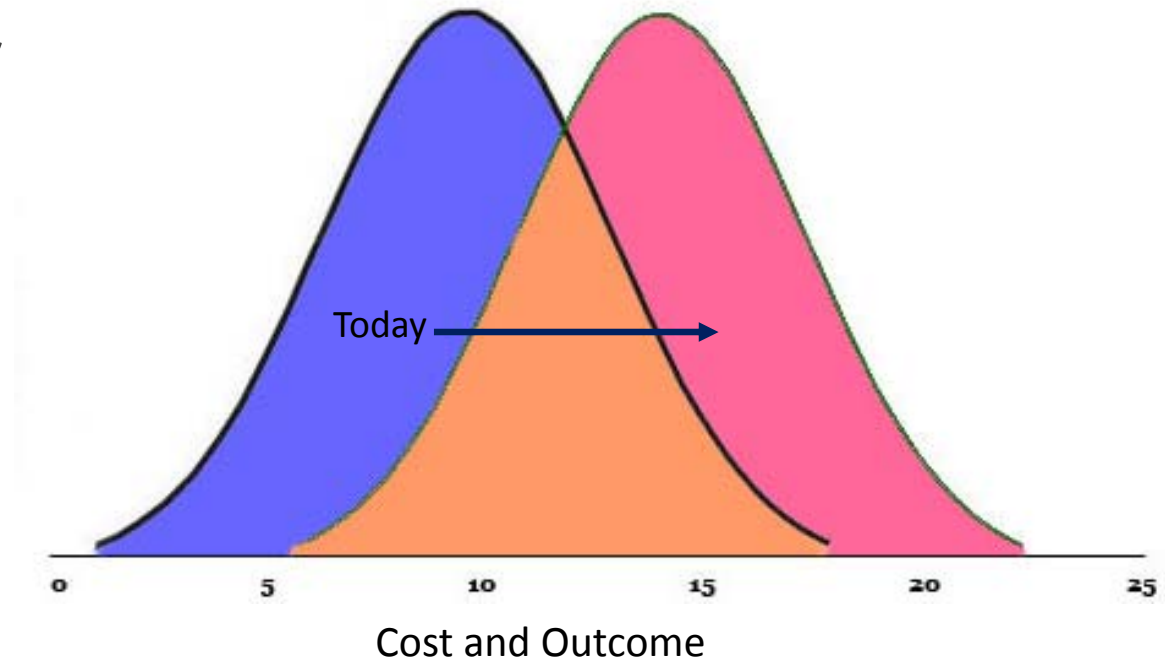
Opportunities
Reduce radiology costs
and emergency/urgent
care visits

Cost per Patient					
	HIGHEST COST	2ND HIGHEST COST	MIDDLE COST	2ND LOWEST COST	LOWEST COST
Radiology	\$322	\$188	\$165	\$135	\$82
Facility Administered Drugs	\$35	\$30	\$18	\$24	\$9
Emergency-Urgent Care Visits	\$114	\$82	\$71	\$63	\$35
TOTAL	\$471	\$301	\$254	\$222	\$125
Office Visits (#) per Patient	2.1	1.9	1.6	1.6	1.6

Cost Difference between
Highest and Lowest
Quintiles = **\$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 performing specialists and hospitals – but already receiving most referrals

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

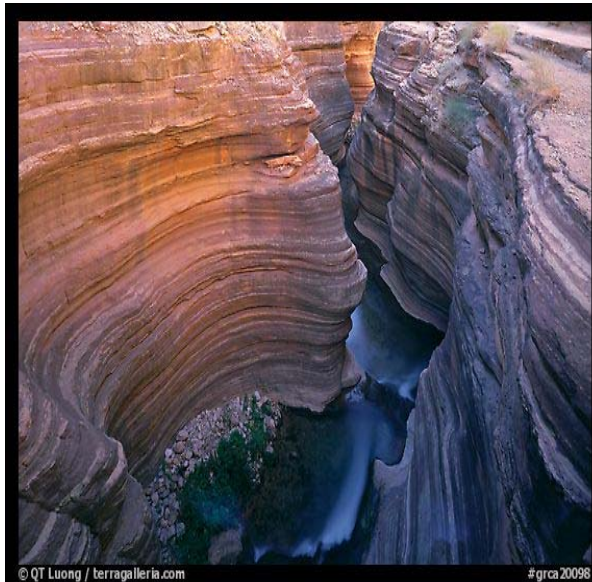


Crossing the Chasm

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

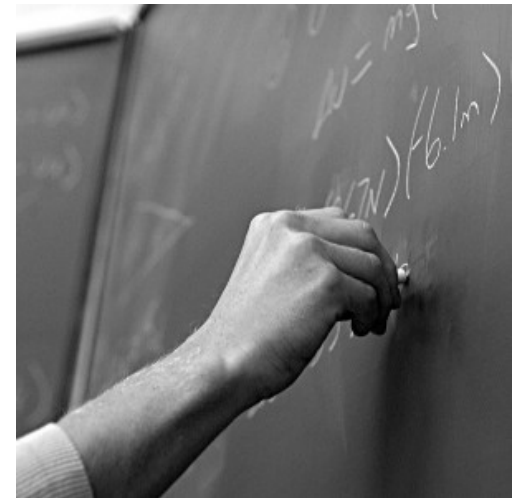
- Transitions of Care
- Inter personal follow up – Continuum of Care
- True **Medical Home**

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)

A solid orange horizontal bar spanning the width of the slide, located at the bottom.