

Wisconsin and Total Cost of Care Reporting

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The Agency for Healthcare Research and Quality (AHRQ) recently ranked Wisconsin the number 1 state in the country for overall health care quality based on more than 130 performance metrics. Equally important is that Wisconsin has been ranked as one of the top four states in 10 out of the last 12 years. All health care providers, clinicians, health plans, employers, government agencies, associations, improvement organizations and others who have worked diligently to improve the quality of care provided in Wisconsin should be proud of this achievement.

How does Wisconsin rank in cost of care? The answer: we don't know. Until recently, there has not been a consistent method for collecting cost data or standardized metrics to compare the cost of care across states or regions. Over the past three years, the Network for Regional Healthcare Improvement (NRHI), with funding from the Robert Wood Johnson Foundation, has collaborated with several of its members to advance cost of care evaluation using the Total Cost Index developed by Health Partners. The Total Cost Index includes two components, the Resource Use Index and the Price Index (Total Cost – Utilization x Price). By breaking total cost into these components, organizations can determine whether cost differences are the results of resource use, the prices paid for services or a combination of these factors, making this information actionable. Currently, the WHIO data mart includes a Standard Cost which derives an allowed amount and then removes the variation that exist across fee schedules. The Price Index used by other regions uses actual dollars so that the results are easier to understand.

Today, five regions including Utah, Maryland, St. Louis, Minnesota and Oregon have begun benchmarking their Total Cost Index and distributing this information within their region to drive informed decision making. Through this comparison, it was discovered that on average, there is a \$1,080 yearly difference in the amount health plans spend per enrollee across these regions, with a high of \$369 per-enrollee-per-month in Minnesota and a low of \$279 in Maryland. If the two regions (Minnesota and Oregon) with the highest cost per enrollee reduced spending by as little as \$9 per enrollee, per month, the savings would be more than \$200 million annually, which could be used to meet other needs. Examples of this information can be obtained at the Minnesota Community Measurement (MNCM.org) and the Maryland Health Care Commission (healthcarecost.mhcc.maryland.gov) Web sites.

Wisconsin stakeholders recognize that standardized cost information, benchmarked across states, regions and organizations, has the potential to impact the decisions made by all health care stakeholders. We also understand that continuous improvement in all three components of the triple aim are needed to achieve the goal of better care and better health at a lower cost. As we continue this journey, we look to leverage the “lessons learned” by those who have gone before us and design strategies to address the factors unique to our health care eco-system.