

## **Transparency Leader Profile: Minnesota Community Measurement *Minnesota Publicly Reports Comprehensive Total Cost of Care***

Last year [MN Community Measurement](#) (MNCM), a nonprofit organization convening health plans, providers, employers and consumers, took a major step into the future of healthcare transparency with a first of its kind [online report](#) quantifying the total cost of a patient's health care for clinics and physician practices statewide. This complemented and built on work that Minnesota area health care leaders had done over two decades to develop and share consumer-friendly information about the quality of care provided to patients by local doctors and hospitals.

MNCM is a Regional Health Improvement Collaborative (RHIC) and a member of the Network for Regional Healthcare Improvement (NRHI). In 2013, NRHI convened MNCM as one of five member RHICs to work collaboratively to measure and report total cost of care and relative resource use in their regions. The Total Cost of Care pilot, funded by the Robert Wood Johnson Foundation, is now enabling seven regions, including Minnesota, to produce and share this information. Those participating in this cutting edge project were also tasked with doing this in way that could be scalable across the US. The pilot project [reported phase one findings](#) this past Spring.

MNCM also participates in the Center for Healthcare Transparency (CHT), an initiative of NRHI and the Pacific Business Group on Health. The MNCM report is a glimpse of what NRHI and CHT participants envision for the very near future: actionable information on both the quality and cost of healthcare available to at least half of the US population by 2020.

As part of its strategy, the Center for Healthcare Transparency is creating a consistent measure dashboard for participants in its implementation phase to work toward as they build a broad platform of measurement and reporting capabilities in their regions. One of those measures is Total Cost of Care. The MNCM report highlighted monthly costs ranging from \$269 per patient in Moorhead, MN, located on the state's western border, to \$826 a month per patient roughly 300 miles to the southeast at the prestigious Mayo Clinic in Rochester. Statewide, the average cost of primary care for an adult patient was \$513 per month and \$216 per month for pediatric patients.

For consumers, employers and others who pick up the tab for healthcare, the online report is intended to offer more transparent information about an industry that historically doesn't share cost information with the public.

Jim Chase, president of MNCM, said that exposing this information was not without challenges, noting that the process took three years from the first meeting to publication of the report, and involved more than 40 representatives from different stakeholder groups. Ultimately, MNCM overcame challenges ranging from accessing needed data to agreeing on exactly how to calculate the cost of care.



*Jim Chase, President, MNCM*

### **‘Better Information Leads to Better Decisions’**

The effort was a success in part because four participating health plans agreed to disclose claims data, which has been a hurdle in other areas across the country.

“The philosophy of Blue Cross is that better information leads to better decisions,” said Dr. Lawrence Lee, the former vice president and executive medical director for provider relations and quality at Blue Cross and Blue Shield of Minnesota, one of the insurers who agreed to participate.

MNCM also had to make sure they had the right providers involved to get the project off the ground. At first, that meant focusing on larger practices that already had some of their insurance payments tied to performance and outcomes, Chase said.

### **Calculating the Total Cost of Care**

The stakeholders convened by MNCM agreed to use risk adjustments to account for practices that might see the sickest patients, who tend to be higher cost, and balance them against practices that see healthier patients. The total cost featured in the online report includes the full amount paid by both the patient and the health insurer or employer.

The calculation worked by using data from insurance claims for all payments made for a group of patients, and then adjusting them based on the site where the care was provided.

In all, the study looked at 115 primary care practices and clinics using commercial health insurance claims, covering 1.5 million patients. The sampling accounted for more than 80 percent of the commercially insured population in Minnesota.

“You need participation from whoever has that information and we had that from four large health plans,” Chase said. “You have to have commitment from the medical groups because even though not everybody agrees it’s perfect, they know change is coming and that reporting cost is an important thing to do. If the medical association tells people that it’s terrible, the public is going to believe that. So you have to get organized medicine on board.”

### **Shared Learning: Total Cost of Care Across the Nation**

Moving forward, MNCM leaders want to expand the total cost of care initiative to encompass all patient populations, including those covered by Medicare and Medicaid. Chase says, the group hopes its groundbreaking efforts in measuring the total cost of care can be replicated by other regions nationwide. “We want other communities to be able to short circuit the process and use what we’ve done to avoid reinventing the wheel.”

To share its learnings and learn from other regions doing similar work, MNCM is a participant in phase two of NRHI’s Total Cost of Care pilot as well as an active member of the Center for Healthcare Transparency regional collaborative design team. Phase one of the Total Cost of Care pilot project concluded in April with five regions (including MN) reporting the Total Cost of Care and Relative Resource Use in their regions using jointly developed standards. Read more about this project at <http://www.nrhi.org/work/multi-region-innovation-pilots/tcoc/>.

*Learn more about the Center for Healthcare Transparency at [www.nrhi.org/transparency](http://www.nrhi.org/transparency).*