

HealthPartners Total Cost of Care and Resource Use Overview & National Quality Forum Endorsement



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Overview

Total Cost of Care, or TCOC, is a name for a method of measuring health care affordability. Many organizations have experimented with TCOC models in recent years. HealthPartners has developed a TCOC model that is unique in a significant way. In addition to consideration of **cost of care** provided to a patient (or “Total Cost Index”), it also incorporates an innovative approach to measuring **resources used** in providing that care (or “Total Resource Use Index”). When used in combination, these measures yield more comprehensive, revealing and actionable results than cost measures alone.

The HealthPartners TCOC framework provides a robust, scalable measurement system for both cost and resource use, as well as patient-level predictions to identify high-risk individuals. Additionally, it supplies a reporting suite which easily and systematically pinpoints savings opportunities at the population, provider, condition, procedure, and patient-levels. This versatility is what allows TCOC to identify problem areas, and to produce actionable results. Having been in development and use for over a decade, these measures have helped providers, payers, employers, researchers, and government entities to make a meaningful difference in their efforts to manage population health. TCOC measures can help pinpoint ways to make health care more affordable in ways that do not compromise quality or experience.

Using this system, HealthPartners has outperformed Minnesota, regional and national risk-adjusted cost of care benchmarks for three straight years.

HealthPartners Total Cost of Care and Total Resource Use

- **Measures include all care** (professional, inpatient, outpatient, pharmacy, ancillary).
- Indicative of **price and resource use drivers** at every level.
- Uses Johns Hopkins Adjusted Clinical Groups (ACGs) for **effective comparisons and benchmarking**.
- **Displayed as an index** to protect competitive information while being transparent with relative performance and price for procedures and services.
- **Tested and reviewed** over a three-year period for reliability and validity.

NQF Endorsement

To date, there have not been nationally accepted, standardized TCOC measures endorsed by a major standards-setting body. This was the impetus, in January 2011, for the **inaugural call for national voluntary consensus standards for TCOC measures by The National Quality Forum (NQF)**, which represents health care stakeholders including consumer organizations, health plans, health professionals, providers, public and community health agencies, public and private purchasers, health care research and improvement organizations supporting industry.

NQF’s unique structure enables private- and public-sector stakeholders to work together to craft and implement solutions to drive continuous quality improvement in the American health care system. The NQF review measured four key factors: 1) evidence of the importance and relevance of the measures, 2) whether the measures deliver consistent and credible results, 3) usability, and 4) feasibility of implementation.

Following review by a dedicated 21-person steering committee, member and public comment, and a member vote, the NQF Board of Directors on January 31, 2012, announced the organization’s **first-ever endorsement of a full-population TCOC measurement approach**: HealthPartners’ Total Cost of Care and Total Resource Use measures.

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Implications and Benefits for the Health Care System

As a non-profit, mission-driven, integrated health plan, HealthPartners is committed to achieving the Institute for Healthcare Improvement's Triple Aim: improving health, enhancing patient experience, and making health care more affordable.

In step with that commitment, **HealthPartners is publicly releasing a depth of information** about the Total Cost of Care and Total Resource Use measurement approach now endorsed by the NQF, such that others can use the same measurement approach within their own organizations. This release includes guidance on using the measures, technical guidelines, detailed scientific background, reference guides, and sample applications.

HealthPartners believes that the public release of this NQF-endorsed measurement approach can provide a **much-needed, fundamental and shared building block for standardizing Total Cost of Care measurement broadly and supporting the development of accountable care organizations (ACOs) and other payment reform models**. The measurement approach carries with it the strong potential for bolstering health care improvement and reform while driving greater value across a diverse range of users and organizations.

TCOC Entity Application

- **Providers** can use TCOC values to estimate overall costs, and to evaluate practice efficiency and price competitiveness.
- **Payers** can use TCOC values to design benefits packages and create tiered networks, to develop reformed payment approaches (such as shared savings agreements).
- **ACOs** can use TCOC values to develop payment strategies. For instance, over 80% of HealthPartners' membership is linked to providers who are paid on TCOC-based shared savings agreements.
- **Government entities** can use TCOC measures to inform development of exchanges, and other innovations which assess cost and resource use for plans and providers.
- **Employer groups** can use TCOC measures to support marketplace comparisons of cost, quality, and resource use.
- **Researchers** can use TCOC data to understand cost and resource drivers in the health care industry.
- **Individuals** can use TCOC tools and visuals (available at www.healthpartners.com/costandquality) to guide their decisions about their providers and services.

Availability

Comprehensive information about the NQF-endorsed HealthPartners Total Cost of Care and Total Resource Use measurement approach is available now publicly and free of charge at www.healthpartners.com/tcoc.

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Page 2 of 2