

Regional Total Cost of Care An Overview of a Pilot Project

The Challenge

The burden of healthcare costs affects people and organizations differently. But the impact is widespread and increasingly challenging to government, employers, communities and families. Consumers may be paying higher deductibles, experiencing limited coverage or trying to find services in narrow networks. Public institutions may shift their revenue to pay for healthcare and research shows that a decade of US wage growth has been consumed by healthcare inflation.

The question at the root of these issues: is healthcare today as efficient and effective as possible? And if not – how do we improve?

“It is simply past time to address the growing chasm between rising healthcare costs and the quality outcomes and health we should expect for what we spend,” says Elizabeth Mitchell, President and CEO of the Network for Regional Healthcare Improvement. “But we still don’t have the basic information needed to understand or address healthcare spending. In order to ascertain the effectiveness of the current healthcare system, we need more transparent information around costs and their drivers. Once we know that, people, providers and purchasers can begin to make truly informed decisions that enable better care and lower cost,” says Mitchell.

This urgent challenge is what prompted the Network for Regional Healthcare Improvement (NRHI) to secure grant funding from the Robert Wood Johnson Foundation (RWJF) to tackle barriers to creating and using cost information. NRHI has leveraged the national network of Regional Health Improvement Collaboratives (RHICs) who’ve been working with all of their regional healthcare stakeholders to take on these challenges—from data, to measurement, reporting and use.

A Pilot project was formed.

What We Did

The goal of the Pilot was for NRHI and their member RHICs to establish a framework upon which communities would learn about cost transparency efforts, assist providers seeking to be accountable for cost, and to enable payment reform by collectively working through barriers together. NRHI believes that healthcare transformation can happen within this collaborative framework—at the community level—where implementation happens.

The five partnering RHICs in the Total Cost of Care Pilot were: Center for Improving Value in Health Care (CIVHC - Colorado); Maine Health Management Coalition (MHMC); Midwest Health Initiative (MHI - St. Louis, MO) Minnesota Community Measurement (MNCM); and Oregon Health Care Quality Corporation (Q Corp).

The goals of the Pilot were:

- Measure and report Total Cost of Care and Resource Use in a standardized way across five regions;
- Create a process for benchmarking multi-payer commercial healthcare costs;
- Identify the best ways to share cost information with key stakeholders in local communities to identify drivers of and reduce healthcare costs; and
- Conduct focused work with physicians to help them use cost information to adopt practices that will reduce costs and improve care. Encourage them to serve as leaders in their communities.

Once the goals were established, the hard work began. The technical process of measuring and reporting total cost of care is difficult. The project team tackled many issues including attribution, risk adjustment and data quality striving toward an optimal level of standardization.

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What We Learned

NRHI and the five pilot collaboratives knew that standardizing the measurement and reporting of total cost of care would be a significant challenge since healthcare costs are sensitive in nature. We also knew that in order to make meaningful change, we would have to rely and build on the existing RHIC's local relationships. The collaboratives are in the unique position to effectively utilize multi-payer regional data to generate cost and quality measures on a comparable basis. The data sets are developed and provider directories maintained so that comparisons can be made within geographic regions of care, to the level of the physician practice or medical group.

Even though the technical work alone is challenging, solving the technical issues is a necessary first step toward changing stakeholder behavior to achieve more affordable healthcare. However, you can't push a button, produce a report, and assume it will change stakeholder behavior to reduce the cost of healthcare. Direct engagement of all stakeholders in a completely transparent process is critically necessary to ensure the reports have the intended impact.

A key group of influential stakeholders is physicians. As accountability for cost and health outcomes grows, physicians are well positioned to responsibly manage costs aligned with patient values. When physicians have trusted and usable information, they can be leaders of total cost reduction and care improvement. In August 2014, NRHI held a focused two-day conference – the National Physician Leadership Seminar – at Stanford University. Together with Dr. Arnold Milstein and the Center for Clinical Excellence Research Center at Stanford University, NRHI brought together physicians from each of the five regions in a forum to provide feedback on comparative healthcare cost reports and their usefulness in identifying cost variations and interventions.

Tamaan Osbourne-Roberts, MD, President of the Colorado Medical Society, said "physicians...are the 'most natural and best partners' to lead the transparency movement because no one else is as closely aligned with patients' needs.' Physicians are now being asked ...to not only be responsible for delivering high quality healthcare, but they're being asked how we should be delivering high quality healthcare at the most appropriate cost possible," Dr. Osbourne-Roberts told *MedPage Today*.

Having meaningful comparative data within a region – at the practice level – will actually give physicians the information they need to play a key role in cost reduction and practice transformation. The partnership between physicians, RHICs and other key stakeholders will provide the foundational structure through which best practices are shared, successes are recognized, and lessons learned are fruitful.

What's Next?

NRHI will be sharing those hard-earned lessons at its national summit, *Cost Transparency from the Ground Up*. The conference will be held on Thursday, April 30 and will include perspectives from all of the key stakeholders involved in transforming how we pay for healthcare and manage overall cost of care. Our Total Cost of Care pilot team will be sharing their experience, lessons learned, and recommendations for a path forward.