Driving Quality and Affordability in a Consumer-Focused World

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The Affordability Crisis: Diagnosis

• Cost increases are intrinsic to the delivery system:
  ▪ Technology advancement
  ▪ Baumol’s Disease (slow productivity improvement in service sector)
  ▪ Induced Demand
  ▪ Poorly functioning markets (for information, for care)

• Latest employer response: consumer cost-sharing
  ▪ Has potential as a game-changer (but not by itself)

• Beware the single “magic bullet”:

  For every complex problem there is an answer that is clear, simple and wrong.
  H.L. Mencken (1880-1956)
The Way Ahead: Empowering Consumers (and their physicians) with information

• Not all healthcare is the same
• Physicians may not know how they are doing
• Consumers want information, may not know how to get it, or how to best use it
• We need to turn raw data:
  ▪ First, into useful information
  ▪ Second, into an “operating system” for improvement

Elyria has three times the rate of angioplasties of Cleveland, 30 miles away (8/18/06)
Turning Data into Improvement:

Data and Clinical Expertise
- “Ingenix inside” – The most comprehensive set of clinical data in the industry
- We collaborate with medical societies to ensure we incorporate the latest science on quality and effectiveness
- Supports every program we develop

Applied to Care Delivery
- Target high cost, complex areas
- Focuses on minimizing variation to drive out waste
- Dedicated teams focused on clinical lines of service – network, care delivery, patient support
- Utilizes full suite of clinical management tools on a targeted basis

Total Affordability Management
- The right care, by the right care provider
- Eliminates waste
- Improves health care outcomes
- Increases cost efficiency

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Distribution of Interventional Cardiologists: Cleveland

Bubble size reflects number of UnitedHealthcare cases seen by physician

Source: UnitedHealthcare Episodes of Care Analysis, claims 2003-2004. All data risk and severity adjusted. Physicians limited to those with >20 UnitedHealthcare cases (with the exception of some physicians who saw customer patients- added for purposes of showing actual customer volume)
A “designation” strategy for Quality and Efficiency drives transparency and improvement

24 months of data is collected and analyzed on all physicians in the specialties eligible for designation.

The quality screens are applied based on specialty and, where applicable, focus.

Only those physicians who meet/exceed the quality criteria are designated by a quality star and move on to the efficiency analysis.

Episodes/procedures analyzed for cost efficiency benchmarking market specialty averages and case mix/severity adjusted.

Those who meet or exceed market cost criteria are designated by two gold stars.
# Showcasing Both Quality and Efficiency

<table>
<thead>
<tr>
<th>Condition</th>
<th>% Physicians</th>
<th>% of Attributable Episodes</th>
<th>Episode Cost Compared to Market Average</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proceduralists</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insufficient Data, Do Not Meet Quality Criteria, or Meet Quality Criteria Only</td>
<td>62%</td>
<td>40%</td>
<td>+15%</td>
</tr>
<tr>
<td>Designated Quality and Efficiency</td>
<td>38%</td>
<td>60%</td>
<td>-15%</td>
</tr>
</tbody>
</table>

| **Non-Proceduralists**                                                   |              |                            |                                          |
| Insufficient, Do Not Meet Quality, or Meet Quality Only                   | 52%          | 29%                        | +24%                                     |
| Designated Quality and Efficiency                                         | 48%          | 71%                        | -13%                                     |

*Based on UHPD Methodology for 20 Markets

Designated Physicians are Higher Quality and More Efficient
Key Engagement and Support Components:

- On-line performance reports and patient-level detail reports
- Physicians engaged and managed based on performance
- Medical director outreach to discuss quality and efficiency improvement opportunities
- Practice Rewards™ to reward demonstrated performance

Medical Professional

- On-line performance reports and patient-level detail reports
- Physicians engaged and managed based on performance
- Medical director outreach to discuss quality and efficiency improvement opportunities
- Practice Rewards™ to reward demonstrated performance

Plan Sponsor

- Comprehensive reporting to support decision-making on employer benefit programs
  - Utilization
  - Quality Improvement
  - Savings

Individual

- Provider directory: physicians and facilities (on-line and phone)
- Hospital comparison program for approx. 75 IP/OP procedures in over 140 markets
- Educational information on value of quality and efficiency
- 24/7 NurseLine to assist with provider selection, treatment and follow-up decisions

Premium Reports

Directories

Performance Report

Patient Detail Report

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Physicians’ designation status identified online

- Quality and efficiency ★★
- Quality only ★
- Specialty not evaluated, insufficient data, or designated physician opt-out noted

Average of 10-23% lower cost per episode with ★★ provider
# Cardiothoracic Surgeon Report

**Physician:**
- Market: CHICAGO
- CV Surgeon Cases: 50
- Physician Detail

**MPIN:**
- Market Number: 12471
- Total Cases: 51

**Data Range:** 1/1/2003 - 12/31/2004

## Case Mix / Severity

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description of Metric</th>
<th>MD Score</th>
<th>Market Avg</th>
<th>Target*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Severity:</strong></td>
<td>Average severity of illness of patients compared to market average</td>
<td>0.95</td>
<td>1.00</td>
<td>N/A</td>
</tr>
</tbody>
</table>

## Quality

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description of Metric</th>
<th>MD Score</th>
<th>Market Avg</th>
<th>Target*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COE Usage:</strong></td>
<td>% of procedures performed at a COE designated facility</td>
<td>0.00 %</td>
<td>0.15 %</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Beta Blocker Rate:</strong></td>
<td>% of patients discharged w/ AMI who are given beta blockers</td>
<td>100.00 %</td>
<td>74.00 %</td>
<td>80.00 %</td>
</tr>
<tr>
<td><strong>Statin Rate:</strong></td>
<td>% of patients discharged w/ atherosclerosis that receive lipid lowering therapy</td>
<td>100.00 %</td>
<td>80.62 %</td>
<td>90.00 %</td>
</tr>
<tr>
<td><strong>12 Month Redo Rate:</strong></td>
<td>% of patients requiring additional procedures (PCI, CABG) within 1 year post CABG</td>
<td>22.22 %</td>
<td>8.08 %</td>
<td>10.00 %</td>
</tr>
<tr>
<td><strong>Complication Rate:</strong></td>
<td>Observed complication score compared to risk and severity adjusted state norm</td>
<td>0.11</td>
<td>-0.08</td>
<td>N/A</td>
</tr>
</tbody>
</table>

## Overall Scores

<table>
<thead>
<tr>
<th>Metric</th>
<th>Score</th>
<th>Confidence Interval</th>
<th>Minimum Quality Market Threshold</th>
<th>Efficiency Disposition</th>
<th>Efficiency Score</th>
<th>Efficiency Confidence Interval</th>
<th>Maximum Efficiency Market Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quality Disposition:</strong></td>
<td>106.74</td>
<td>102.65 ~ 111.81</td>
<td>90.77</td>
<td>Met efficiency designation criteria</td>
<td>-0.09</td>
<td>-0.17 ~ 0.02</td>
<td>0.24</td>
</tr>
</tbody>
</table>
Early results: benefit design plus communication increases utilization of high-performing facilities

- 7 employers implemented a variety of benefit incentive designs based on the UnitedHealth Premium designation program in 2005.

- The experience of Employer A and B demonstrate that benefit tiering, when coupled with communication, is an effective means of moving consumers to Premium designated cardiac facilities.

- Employer B implemented a more comprehensive communications plan than Employer A. This may explain the more favorable change in Premium designated cardiac facility utilization compared to Employer A.
Early results: “academic detailing” to PCPs increases referrals to high-performing specialists

- 5000 PCPs were mailed a letter requesting referrals for UHC members to a Premium Designated “Quality and Efficient” Cardiologist.
- Provided with hard-copy referral list to post at the referral desk (per office feedback)
- Pilot divided up into 4 test groups to study effects of different approaches, with controls
- Results: 6.3% increase in patients referred to a Premium Q&E physician
- Abstract presented at Society of General Internal Medicine April 2007
- 2007 expansion underway to other markets and additional specialties

Change in High Performer Referral Rates by Market

<table>
<thead>
<tr>
<th>Market</th>
<th>Change in Referral Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>15.6%</td>
</tr>
<tr>
<td>Dallas</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Dayton</td>
<td>-2.4%</td>
</tr>
<tr>
<td>Denver</td>
<td>3.2%</td>
</tr>
<tr>
<td>San Antonio</td>
<td>7.3%</td>
</tr>
<tr>
<td>Test Group</td>
<td>6.3%</td>
</tr>
<tr>
<td>Control</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

Net Increase % of Non-High Performer Referrals Re-directed
Supporting “Activated” Consumers Through an Integrated Consumer Experience

Personalized Dashboard
- Personal Health Record
- Online Health Coaching
- Decision Support Tools

Pharmacy
Lab & Biometry Data
Claims Data
Self-Entered

Data from UHC
Data from Other Carriers

Care Manager
- E-mail Member Feedback
- Send links to information
- Send data to member’s physician
- Survey member satisfaction

Physician
- E-mail inquiries
- Share Clinical Information
- Prevent repeated tests
Consumer Empowerment Through Treatment Decision Support

“What do I have?”
Identify consumer needs and preferences
- Understand severity of condition
- Provide evidence-based information about the condition
- Provide assistance with emotional support surrounding the diagnosis

“What are my options?”
Provide a foundation for decision-making
- Explain relevant decision points that are unique to each individual consumer
- Expand consideration set with information about treatment alternatives

“Where should I go?”
Refer to UnitedHealth Premium℠ and Centers of Excellence Network
- Understand consumer treatment preferences for physician and facility selection
- Identify benefit and health coverage information
- Refer consumers to physicians and facilities that meet quality and efficiency standards, and to COE Network facilities

“What should I expect?”
Help consumers prepare for treatment and follow-up care
- Answer questions about the treatment, including what to expect in the course of care
- Identify expected length of stay, based on clinical guidelines
- Explain post-discharge planning steps and considerations

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The Evolving Vision of Modern Health Care:

- Universal Access Card
- Internet Portals
- Enterprise Wide Databases
- One Processing Environment

- Personal Health Record
- Predictive Clinical Analytic Data Models

- Private Health Care
  - Affordability
  - Access
  - Consumer Access and Services

- Public Programs
  - Quality
  - Usability
  - Specialty Needs

- 300 million consumers

- Care Management, Disease and Wellness Programs
- National Performance Networks

- High Tech/High Touch

- Modular Product Flexibility
- Transparent Quality and Efficiency

- Real Time, Paperless, Inter-Operable, Secure, Six Sigma

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An “Operating System” for Improvement:

• Promote and disseminate information on evidence-based medicine
• Analyze and share data on variations in care practices
• Build specialty networks with best quality and cost outcomes
• Identify and promote physicians with superior quality and efficiency practices through a “designation” strategy, while retaining broad choice and access
• Support consumer engagement and activation to:
  ▪ Seek and use information on quality and efficiency of care
  ▪ Become more empowered in interacting with the healthcare system
  ▪ Promote wellness and a broad perspective on health and well-being

An integrated, comprehensive, data-driven, multi-level program = meaningful and sustainable impact on affordability and quality