

# Low-Value Care 101:



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February 28, 2019



#lowvaluecare101



**Dr. Mark Fendrick**  
Director



**Beth A. Bortz**  
President and CEO



# Agenda

- Welcome
- Background on low-value care
- Creating 'headroom' through low-value care
- Virginia's steps to improve health care value
- Q&A



**IDENTIFY.**



**MEASURE.**



**REDUCE.**



**REPORT.**

# What is low-value care?



- Some distinction between different definitions of “overuse” and “waste”
- Often used interchangeably
- “Waste” in general typically captures other inefficiencies
  - administrative (eg, system complexity)
  - operating waste (eg, duplicative services)
- **Our focus: clinical waste**



# What is low-value care?

## Clinical waste

- Medical care that is harmful or the harms outweigh the benefits
- Care that offers no benefit over less costly alternatives
- “Low-value care” recognizes clinical nuance



# Why address waste?

## 2012 Analysis:

**SPECIAL COMMUNICATION**

**ONLINE FIRST**

### Eliminating Waste in US Health Care

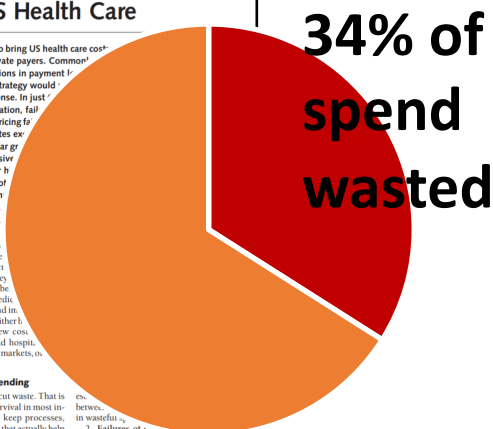
Donald M. Berwick, MD, MPP<sup>1</sup>  
Andrew D. Hackbart, MPhil

**The need is urgent to bring US health care costs both public and private payers. Common cuts, such as reductions in payment for care coordination, fall in waste are far from available estimates of actual total may be far greater. Comprehensive reduction in waste are far from available estimates of actual total may be far greater. Comprehensive reduction in waste are far from available estimates of actual total may be far greater.**

**Reducing Waste in Health Care Spending**

There is a better idea: cut waste. That is a basic strategy for survival in most industries today, ie, to keep processes, products, and services that actually help customers and systematically remove the elements of work that do not.

The opportunity for waste reduction in health care is enormous. The literature in this area identifies many potential sources of waste and provides a broad range of estimates of the magnitude of excess spending.<sup>1-5</sup> Six categories, at least,



## 2017 Physician Survey:

**PLOS ONE**

RESEARCH ARTICLE

### Overtreatment in the United States

Heather Lyu<sup>1\*</sup>, Tim Xu<sup>2</sup>, Daniel Brothman<sup>3</sup>, Brandon Mayer-Blackwell<sup>4</sup>, Michol Cooper<sup>5</sup>, Michael Daniel<sup>6</sup>, Elizabeth C. Wick<sup>7</sup>, Vikas Saini<sup>8</sup>, Shannon Brownlee<sup>9</sup>, Martin A. Makary<sup>1,4</sup>

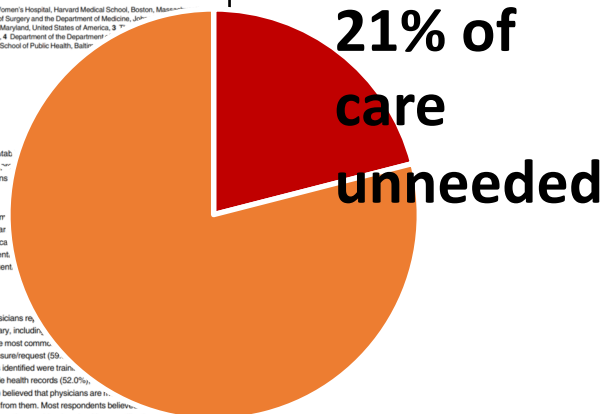
**Abstract**

**Background:** Overtreatment in the United States is a common phenomenon. It is a waste of resources and can lead to unnecessary costs, complications, and even death. This study aimed to quantify the extent of overtreatment in the United States and to identify factors associated with overtreatment.

**Methods:** We conducted a cross-sectional survey of 1,000 physicians in the United States. The survey asked physicians to report the percentage of patients who receive overtreatment in various medical conditions. We also asked physicians to report the reasons for overtreatment.

**Findings:** The response rate was 70.1%. Physicians reported that overtreatment was a common phenomenon in the United States. The most common reasons for overtreatment were: "I don't know if I should do it" (38.2%), "I feel like I have to do it" (32.2%), "I feel like I have to do it" (32.2%), "I feel like I have to do it" (32.2%).

**Conclusion:** From the physician perspective, overtreatment is common. Efforts to address the problem should consider the causes and solutions offered by physicians.



# Why low-value care?

## **Best Care at Lower Cost**

**The Path to Continuously Learning Health  
Care in America**

Mark D. Smith, MD, MBA, *Study Chair*



INSTITUTE OF MEDICINE  
OF THE NATIONAL ACADEMIES

Advising the nation/Improving health

- National Academy of Medicine study found that low-value care costs the US system \$765 billion in 2013.
- Bottom line: care that provides little to not benefit is pervasive and costly.
- And most estimates of spending are conservative: they do not track the cascading downstream harm.

# Why low-value care?

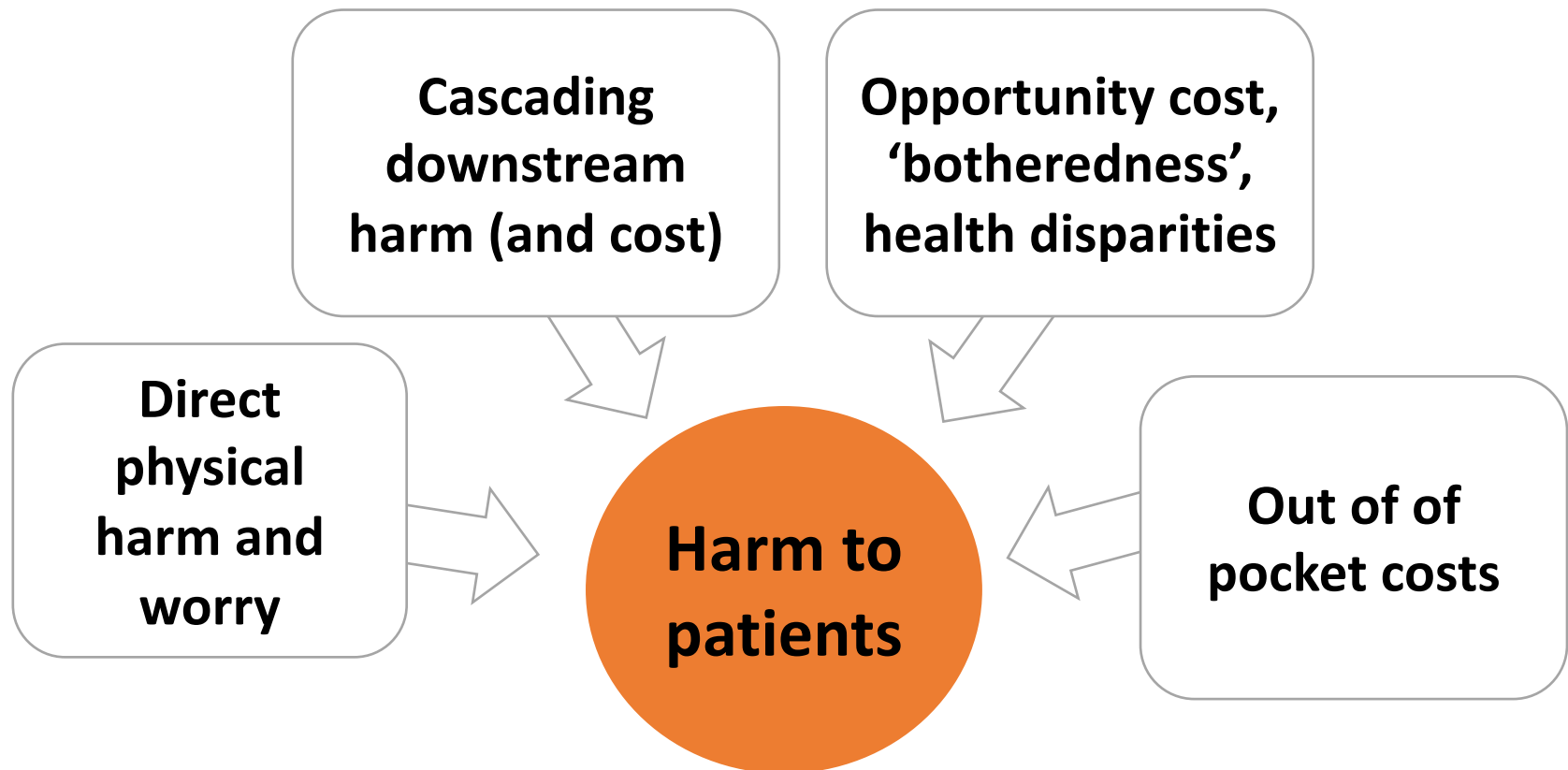
THE  
MILBANK QUARTERLY  
A MULTIDISCIPLINARY JOURNAL OF POPULATION HEALTH AND HEALTH POLICY

*Original Investigation*

Treating, Fast and Slow: Americans'  
Understanding of and Responses to  
Low-Value Care

MARK SCHLESINGER\* and RACHEL GROB†

\*Yale University; †University of Wisconsin (Madison)



# Untapped opportunity for state leadership



RESEARCH CONSORTIUM  
for Health Care Value Assessment

CONCEPT PAPER NO. 1 | FEBRAURY 2019

## Improving Health by Reducing Low-Value Care

### THE BURDEN AND IMPLICATIONS OF LOW-VALUE CARE

Affordability in health care is best achieved by aligning spending with value. Traditional approaches to reducing health care spending often seek to reduce costs by indiscriminately eroding coverage for care, frequently targeting new technologies, rather than reducing spending through improved efficiency. By failing to take a holistic perspective on all sources of costs and value, reduced spending on health is all too often at the expense of patient outcomes and overall health system performance.

Low-value care, or health services that provide no or minimal benefit to a patient, is a major driver of inefficiency in health care and an untapped opportunity to increase quality and reduce spending. The

### STATES ARE UNIQUELY POSITIONED TO ADDRESS THESE INEFFICIENCIES

As states continue to feel pressure to contain health care spending, it is tempting to reduce care of any kind. However, this type of short-sighted budgeting decision will not lead to lasting reforms that improve patient health. Accurate measurement and stakeholder champions armed with data can instead focus attention and direct action to increase efficiency in the health care system. All-payer claims data in combination with tools like the Health Waste Calculator, which help identify low-value care from these data, will make states a likely source of leadership on low-value care reduction. Better engaging state stakeholders to precisely measure the magnitude of low-value care will substantially advance systematic efforts.

Research Consortium for Health Care Value Assessment

- Cost containment should address inefficiencies.
- Low-value care is a major driver of inefficiency.
- Low-hanging fruit exist in state APCD data.
- State stakeholders measuring low-value care will substantially advance efforts.

# What can be done?

We will discuss efforts to:

- **Identify** low-value care services most appropriate for systematic action
- **Measure** the utilization, spending, and waste-index
- **Reduce** spending and use of low-value care services through multi-stakeholder collaborations
- And **report** those findings to continue the momentum



SCHOOL OF PUBLIC HEALTH

CENTER FOR VALUE-BASED INSURANCE DESIGN  
UNIVERSITY OF MICHIGAN

## Reducing Low Value Care to Create “Headroom” for Better Coverage of High Value Services

**A. Mark Fendrick, MD**

**University of Michigan Center for  
Value-Based Insurance Design**

**[www.vbidcenter.org](http://www.vbidcenter.org)**

**[@um\\_vbid](#)**

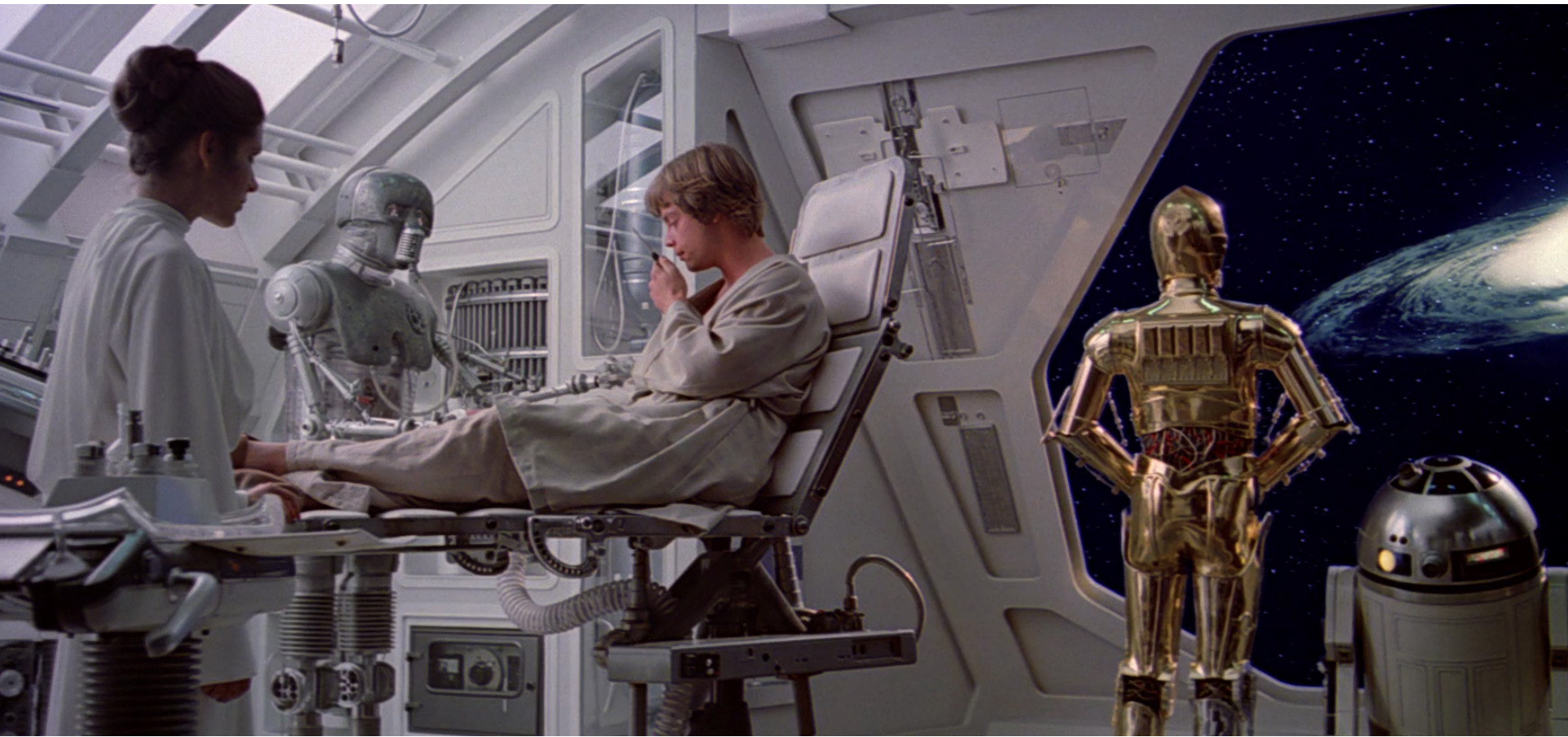
# Health Care Spending:

## Change the discussion from “How much” to “How well”

- Innovations to prevent and treat disease have led to impressive reductions in morbidity and mortality
- Irrespective of clinical advances, cutting spending is the main focus of health care reform discussions
- Underutilization of high-value care persists across the entire spectrum of clinical care
- There is more than enough money in the system; we just spend it on the wrong services
- Our ability to deliver high-quality health care lags behind the rapid pace of scientific innovation



# Star Wars Science



# Flintstones Delivery





# Americans Do Not Care About Health Care Costs; They Care About What It Costs Them

## Patient Worry About Out-of-Pocket Healthcare Costs at All-Time High

A report from the Commonwealth Fund noted that patients are not confident they can afford high out-of-pocket healthcare costs.



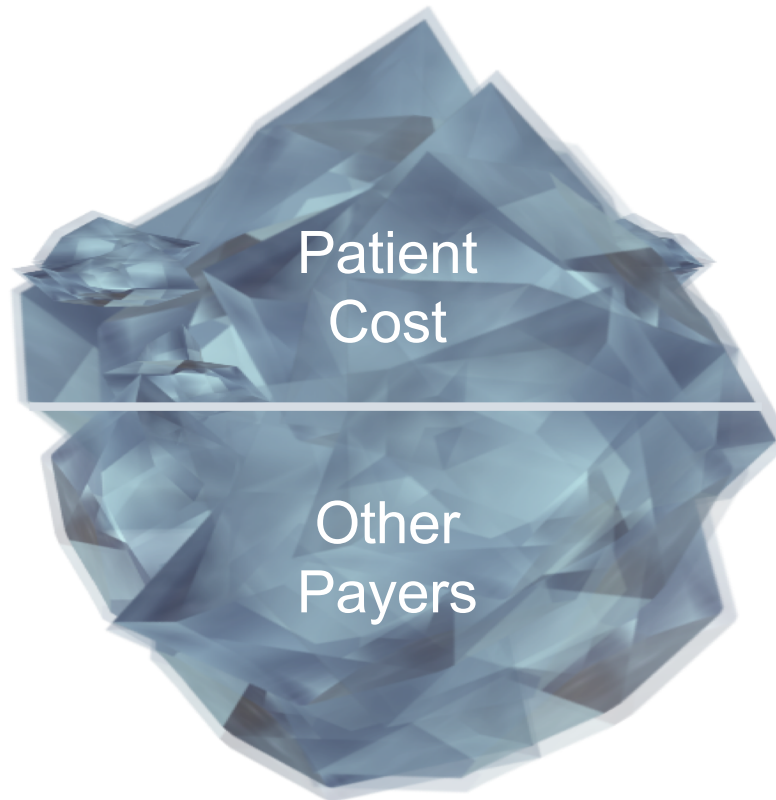
# Value-Based Insurance Design (V-BID): Sets consumer cost-sharing on **clinical benefit** – not price

- Little or no out-of-pocket cost for high value care; high cost sharing for low value care
- Successfully implemented by hundreds of public and private payers
- Bipartisan political support

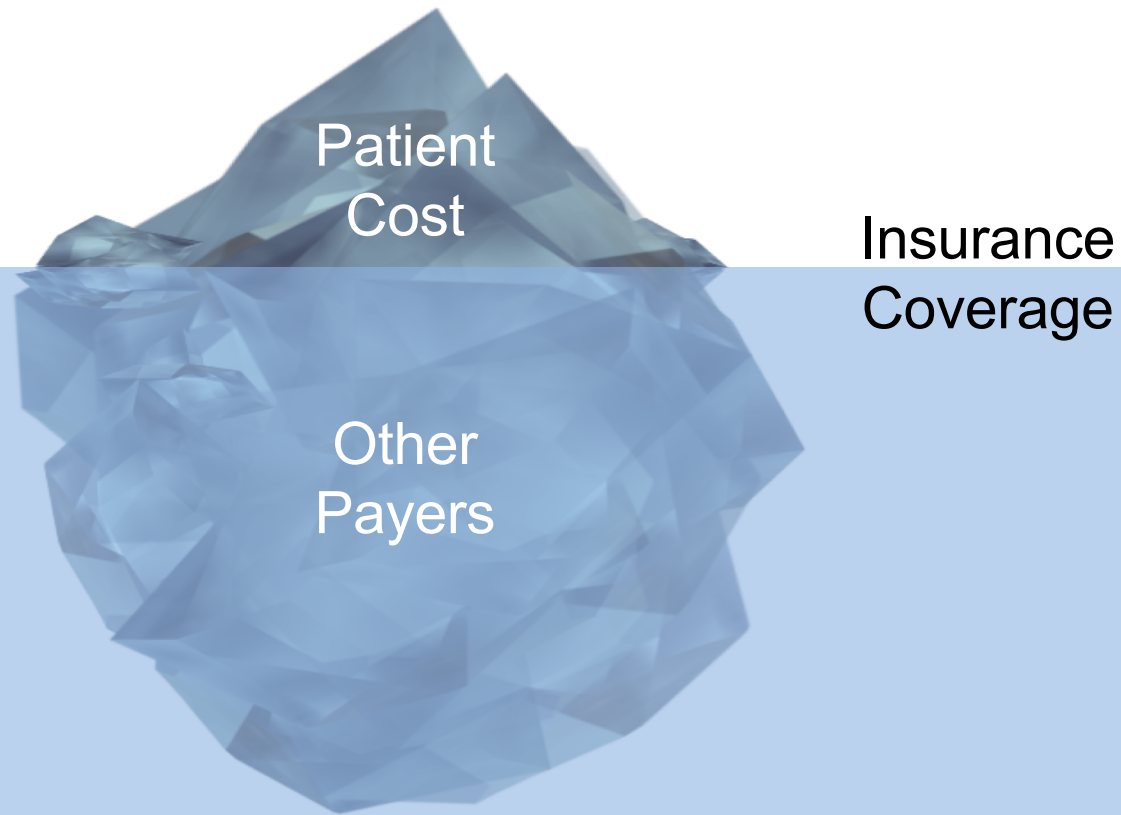


# Motivation for Low Value Care Removal: The Health Care Iceberg

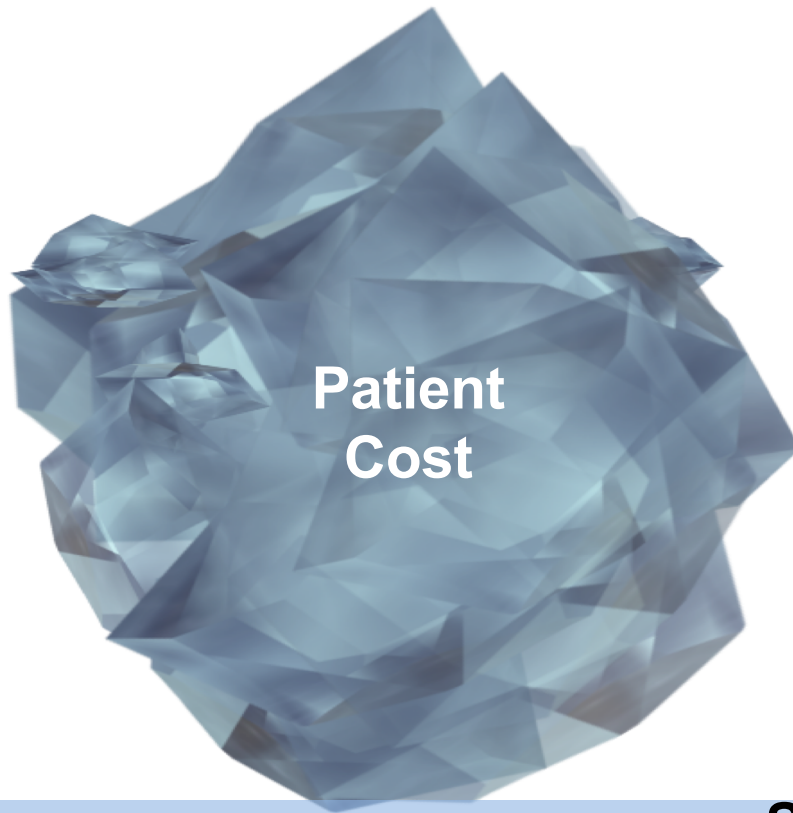
**Health care is  
typically paid  
in two portions**



# The amount a consumer pays for care is determined by their insurance coverage



# If coverage is not generous; patients pay the entire price

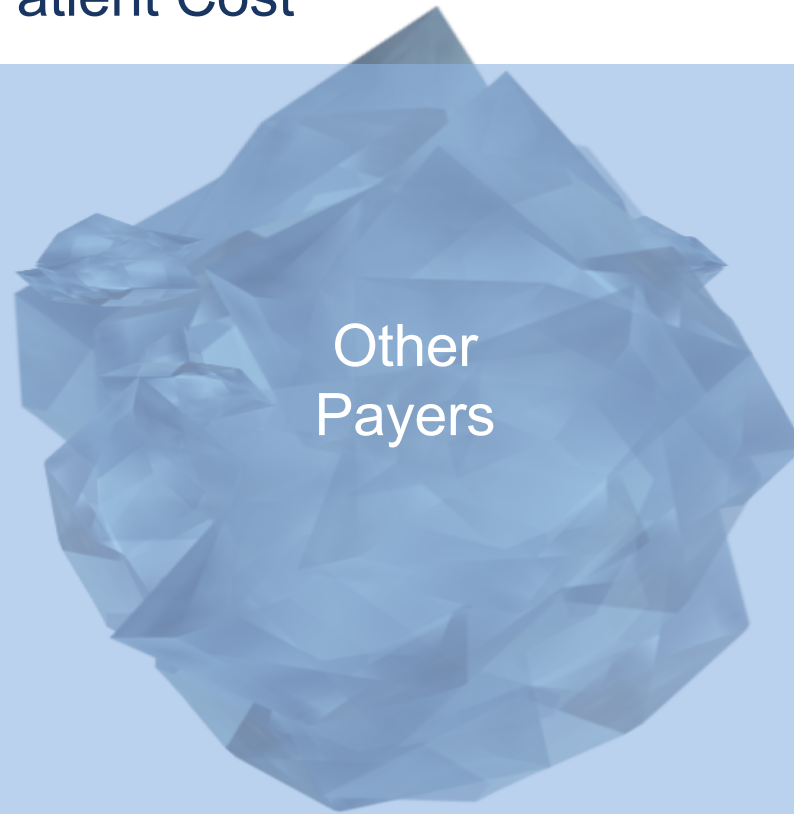


This scenario is  
typical for individuals  
who are enrolled in a  
health plan that  
includes a deductible

**Skimpy Insurance Coverage**

# V-BID increases generosity of coverage for high value services

Patient Cost



Generous  
Insurance  
Coverage



# V-BID increases generosity of coverage for high value services

Patient Cost

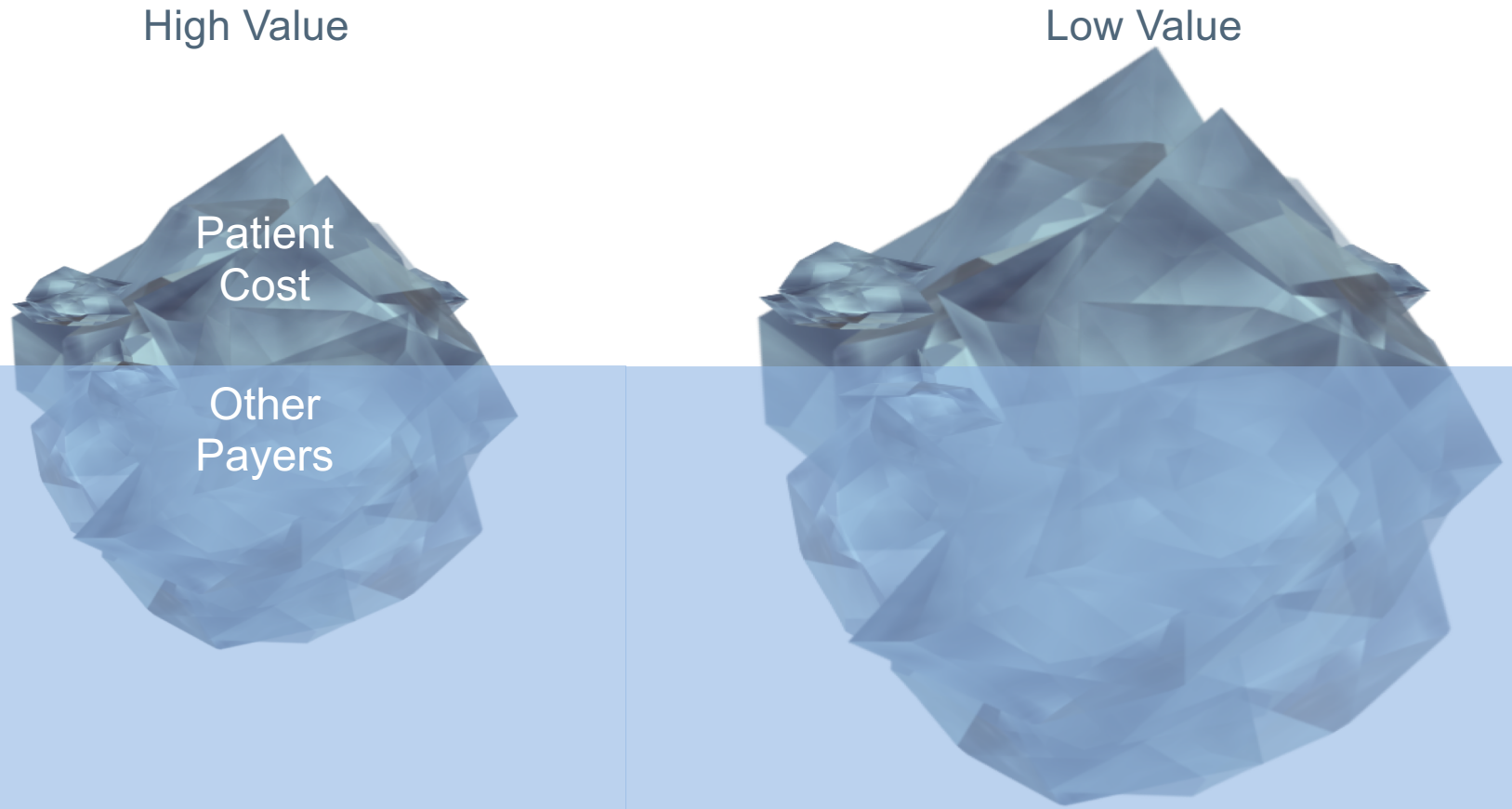


Generous  
Insurance  
Coverage

**How do we  
pay to provide  
better coverage for  
high value care?**

# Creating 'Headroom' for Better Coverage of High Value Care

## Removing Billions Spent on Low Value Care



# Paying for Better Coverage of High Value Care Melt the Low Value Care Iceberg

High Value

Low Value

**Generous  
Coverage**

**No  
Coverage**

Other  
Payers

# Low-Value Care: Identify



*An initiative of the ABIM Foundation*



U.S. Preventive Services  
TASK FORCE

- **Choose services:**
  - Easily identified in administrative systems
  - Mostly low value (little or no clinical nuance)
  - Reduction in their use would be barely noticed

# Multi-Stakeholder **Task Force on Low-Value Care** Identifies 5 Commonly Overused Services Ready for Action



1. Diagnostic Testing and Imaging Prior to Low Risk Surgery



2. Vitamin D Screening



3. PSA Screening in Men 70+



4. Imaging in First 6 Weeks of Acute Low Back Pain

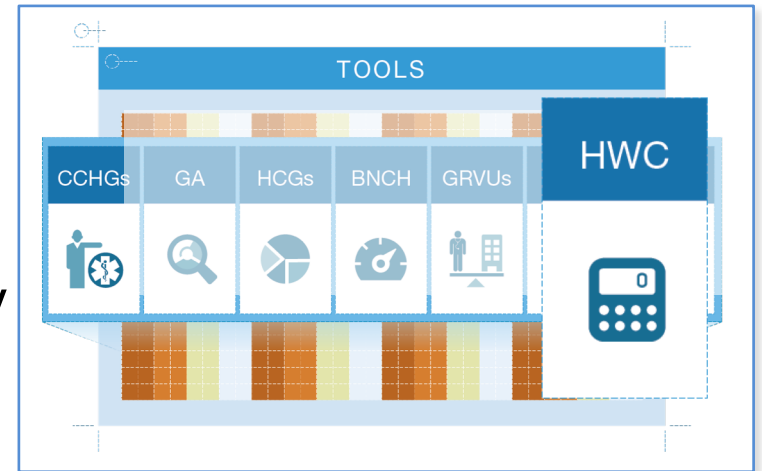


5. Branded Drugs When Identical Generics Are Available

# Low-Value Care: Measure

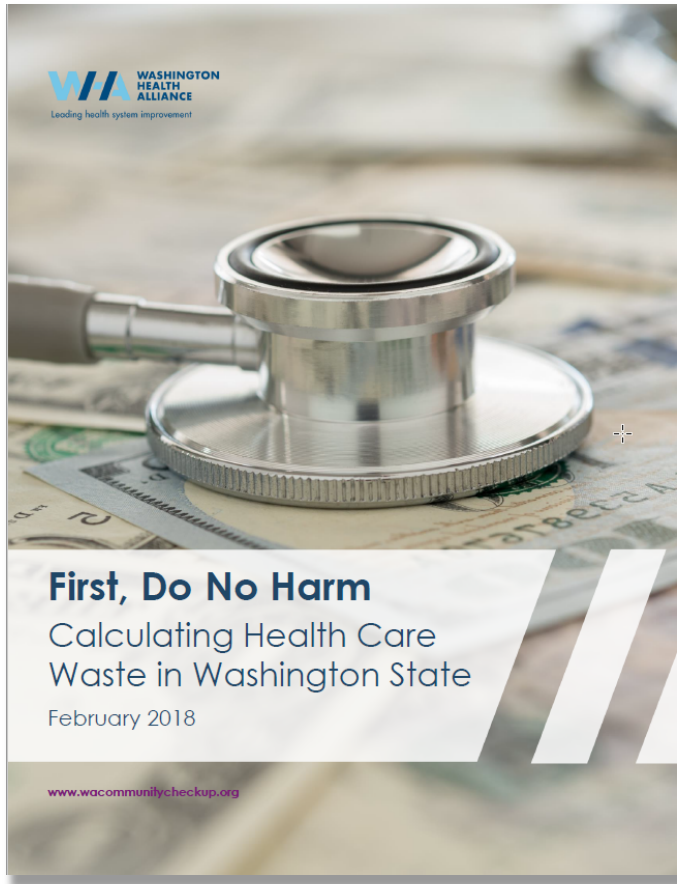
## Health Waste Calculator

- Collaboration between Milliman and V-BIDHealth
- Measures 47 potentially unnecessary services
- Analyzes cost savings potential
- Generates actionable reports and summaries



# Measure:

## State of Washington Health Alliance



- Approximately 1.3 MM individuals received one of the 47 services, and almost half (47.9%) of them received at least one wasteful service.
- Result: an estimated \$282 MM in wasteful spending.



# Low-Value Care:

## Reduce

### Provider-Facing Levers (Supply)

*Coverage policies*

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*Payment rates*

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*Payment models*

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*Profiling data*

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*Clinical decision support*

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### Patient-Facing Levers (Demand)

*Value-Based Insurance Design*

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*Network design*

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*Prior authorization*

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# ACA Sec 4105: Modify or Eliminate Coverage of Certain Preventive Services

## SEC. 4105. EVIDENCE-BASED COVERAGE OF PREVENTIVE SERVICES IN MEDICARE.

(a) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Section 1834 of the Social Security Act (42 U.S.C. 1395m) is amended by adding at the end the following new subsection:

“(n) **AUTHORITY TO MODIFY OR ELIMINATE COVERAGE OF CERTAIN PREVENTIVE SERVICES.**—Notwithstanding any other provision of this title, effective beginning on January 1, 2010, if the Secretary determines appropriate, the Secretary may—

“(1) modify—

“(A) the coverage of any preventive service described in subparagraph (A) of section 1861(ddd)(3) to the extent that such modification is consistent with the recommendations of the United States Preventive Services Task Force; and

“(B) the services included in the initial preventive physical examination described in subparagraph (B) of such section; and

“(2) provide that no payment shall be made under this title for a preventive service described in subparagraph (A) of such section that has not received a grade of A, B, C, or I by such Task Force.”.

(b) **CONSTRUCTION.**—Nothing in the amendment made by paragraph (1) shall be construed to affect the coverage of diagnostic or treatment services under title XVIII of the Social Security Act.

The ACA grants HHS the authority to **eliminate coverage** for USPSTF ‘D’ Rated Services in Medicare



VIRGINIA  
CENTER FOR  
HEALTH  
INNOVATION



## Virginia's Steps to Improve Health Care Value

Beth A. Bortz, President and CEO



# ABOUT VCHI



Founded in 2012 as a 501(c)3 non-profit.



Mission: To accelerate the adoption of value-driven models of wellness and healthcare.



Governed by a diverse, multi-stakeholder board of directors.

[vahealthinnovation.org](http://vahealthinnovation.org)



@VaHTHInnovation



# Established as a Public-Private Partnership

- VCHI created in response to a recommendation of Governor Robert McDonnell's **Virginia Health Reform Initiative**
- **Seven founding partners:** Medical Society of Virginia, PhRMA, Virginia Association of Health Plans, Virginia Chamber of Commerce, Virginia Health Care Foundation, Virginia Hospital and Healthcare Association, and Virginians Improving Patient Care and Safety
- **Founding chair was Virginia Secretary of Health and Human Services**, Dr. William A. Hazel, Jr., MD; current Secretary Daniel Carey, MD serves on the Board of Directors
- Initially housed at the **Virginia Chamber of Commerce**
- Now housed with Virginia's association for **federally qualified community health centers**



# VCHI Board and Leadership Council

AARP Virginia

Advocate Health

Aetna

Anthem

APC

Augusta Health

Aviant Health

Ballad Health

Biogen

Boehringer-Ingelheim

Bon Secours Virginia

Carilion

Centra Health

Cigna

Cogit Analytics

Commonwealth of Va

Dominion Energy

GIST Healthcare

GlaxoSmithKline

HCA Virginia

Inova Health System

Johnson & Johnson

LabCorp

Maxim Healthcare Services

MSV Foundation

Merck

Novo Nordisk

Optima

PATH Foundation

Patient First

Pfizer

PhRMA

Privia Health

Riverside Health System

Sanofi

Sentara

UnitedHealthcare

UVA Health Care System

Va Academy of Family Physicians

Va Association of Health Plans

VCU Health

Virginia Health Care Foundation

Va Hospital and Healthcare Assn

Va Oral Health Coalition

Va Community Healthcare Association

Va Council of Nurse Practitioners

Virginia Nurses Association

Virginia Premier

Walgreens

Westrock

Workplan





# OUR WORK



Convening and educating stakeholders interested in accelerating the adoption of value-driven models of wellness and healthcare in an effort to improve patient outcomes and advance Virginia's well-being and economic competitiveness.



Overseeing and facilitating demonstration research to test and evaluate models of value-driven wellness and health care.



Leveraging data and analytical resources that inform and enable health care providers, public health professionals, government representatives, community organizations, employers and consumers to make better decisions.



Helping prepare the health care delivery system and the public for a high quality, value-driven health care marketplace which features engaged and satisfied clinicians and patients.



# Our Plan of Attack

1. **Identify**: Build consensus around the Choosing Wisely® principles and the need to measure low value care
2. **Measure**: Leverage data from Virginia's All Payer Claims Database and apply the Milliman MedInsight Health Waste Calculator with the aim of prioritizing which medical tests and procedures should be reduced.
3. **Report**: Share early data with partners to test validity and acceptance. Build consensus around initial focus and develop an action plan.
4. **Reduce**: Test multiple improvement strategies.



# **Step 1 Identify: Build Consensus Around Choosing Wisely® and the Importance Of MEASURING Unnecessary Care**

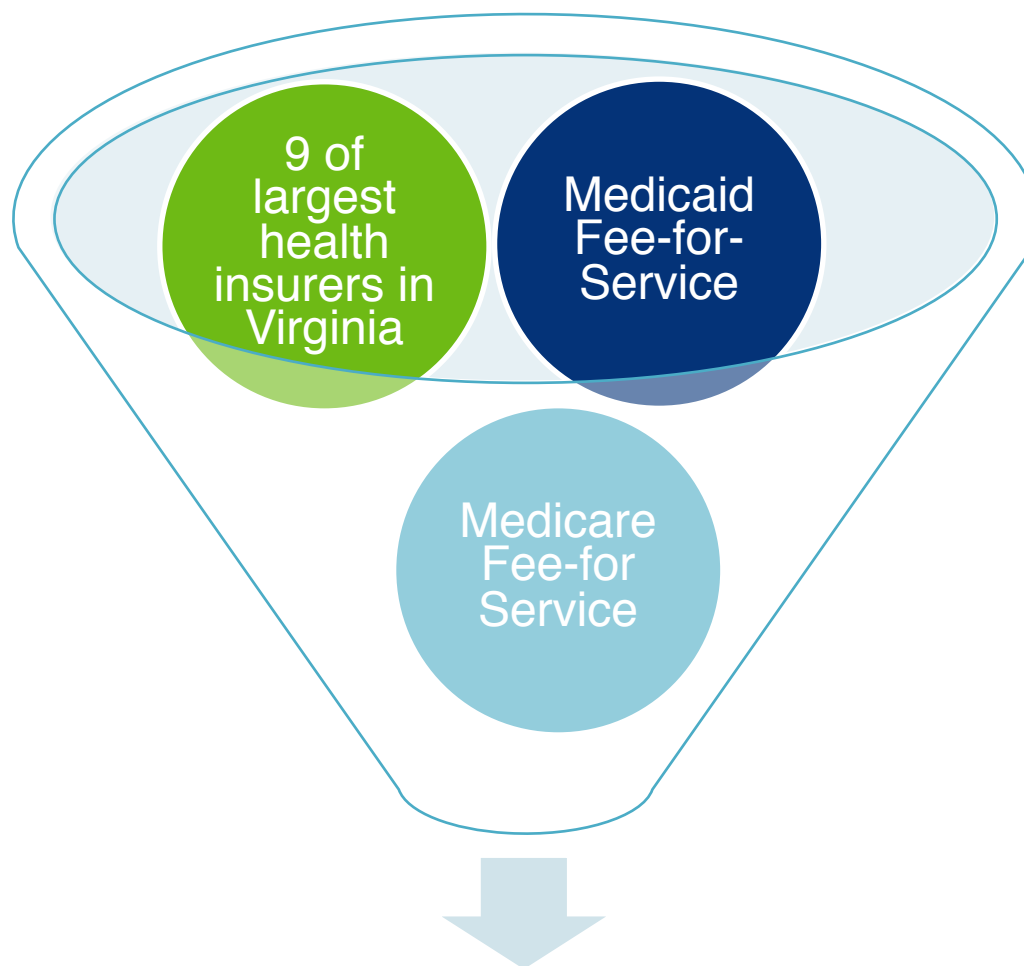
## Series of Conversations:

- Medical Society of Virginia
- Virginia Hospital and Healthcare Association
- Virginia Chamber of Commerce
- Virginia General Assembly Joint Commission on Health Care
- Virginia Association of Health Plans
- Virginia Consortium of Health Philanthropy
- Virginia Council of Nurse Practitioners
- Virginia Community Health Care Association
- Virginia Academy of Family Physicians
- Virginia Population Health Summit





## Step 2 Measure: Leverage APCD Data and the Milliman Health Waste Calculator



Medical and Pharmacy  
Claims for 5 million Virginians



# The Milliman MedInsight Health Waste Calculator

- Version 6 has 42 measures, representing 60 Choosing Wisely recommendations.
- Sources for measures can include:
  - Choosing Wisely (from the ABIM Foundation)
  - US Preventive Services Task Force Grade D Recommendations
  - The American Medical Association's Physician Consortium for Performance Improvement
  - The United Kingdom's National Institute for Health and Care Excellence (NICE) Recommendations on High Quality Care
  - Medical Specialty Society Guidelines
  - High-quality, evidence-based research papers
- 400+ measures in the pipelines – initial measures were prioritized by:
  - Amenability to claims data analysis;
  - High prevalence;
  - High cost impact; and
  - Potential to cover a variety of subspecialties and patient populations.



# Virginia Summary of Results – 2017 Data

January 2019	
Reporting Period	2017
Number of Measures	42
CMS Data Included?	Yes
Dollars Spent on Unnecessary Services	\$747 million per year
Unnecessary Services Identified	2.07 million per year



# Virginia Overall Results – 2017 Summary

**39%**

of members  
exposed to 1+  
low service

**35%**

of services  
measured were  
low value

**\$11.48**

PMPM in claims  
were unnecessary

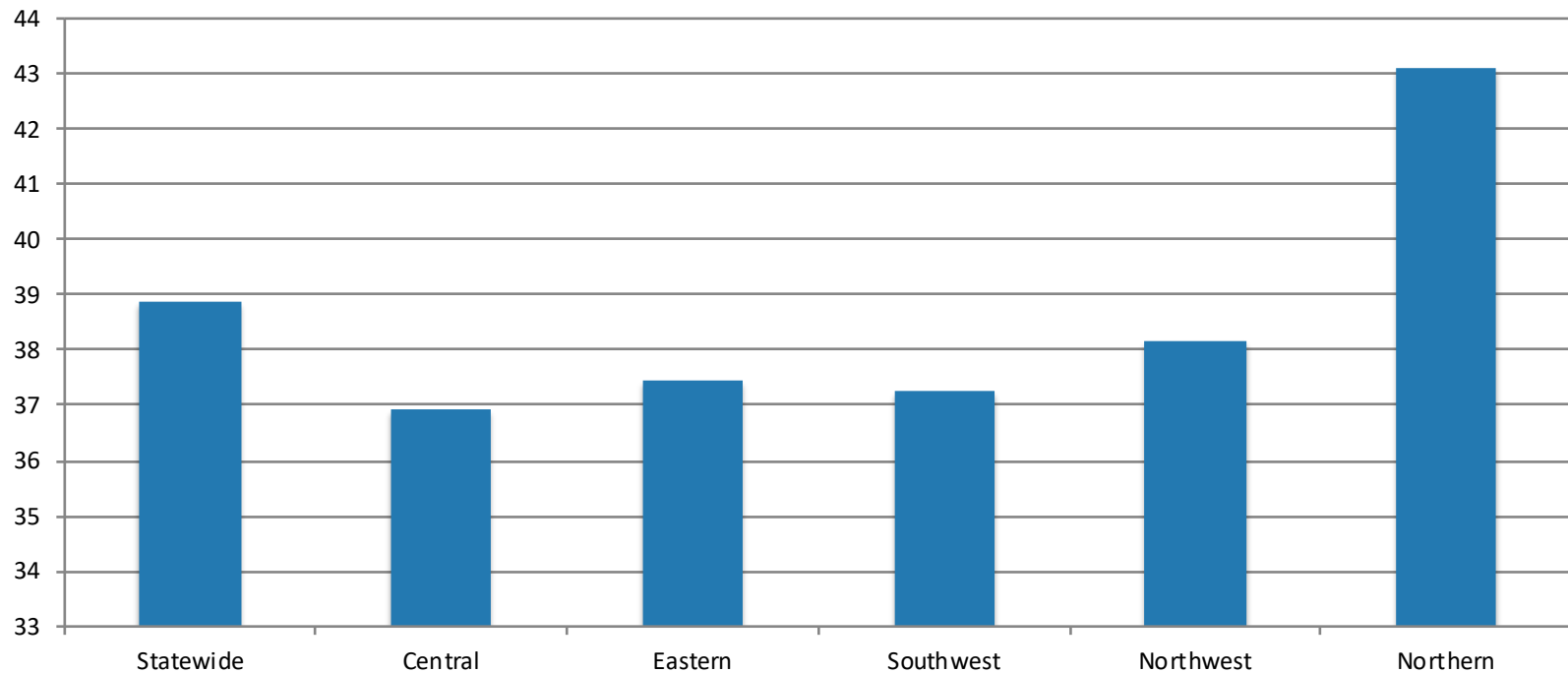


# Top 5 Measures by Percent of Low Value Dollars for Virginia - 2017

MEASURE	RISK OF HARM	% of Low Value Dollars	Average Proxy Cost Per Service	Low Value Index
Don't obtain baseline laboratory studies in patients without significant systemic disease undergoing low-risk surgery.	L	29%	478	82%
Don't routinely order imaging tests for patients without symptoms or signs of significant eye disease.	L	23%	386	54%
Don't place peripherally inserted central catheters (PICC) in stage III-V CKD patients without consulting nephrology	H	8%	18,154	77%
Don't order annual electrocardiograms (EKGs) or any other cardiac screening for low-risk patients without symptoms.	M	7%	329	8%
Don't do imaging for low back pain within the first six weeks, unless red flags are present	L	4%	1,673	67%



# % of Distinct Members Receiving 1 or More Low Value Services in 2017 by Health Planning Region



## Step 3 Report: Share data to test validity and acceptance

### Early lessons learned

- Word Choice Matters- “Waste” will strike a nerve with certain audiences
- May want to focus on reducing harmful measures first – and not focus solely on potential cost savings
- May want to prioritize reducing those measures with a high waste index, even if the likely cost savings is lower. Easier to message and change behavior.
- Need to be prepared to address provider medical liability concerns
- Consumer education needs to be conducted concurrent with provider education



# Statewide Data Starts to Create a National Stir

## COSTS & SPENDING

By John N. Mafi, Kyle Russell, Beth A. Bortz, Marcos Dachary, William A. Hazel Jr., and A. Mark Fendrick

### DATAWATCH

## Low-Cost, High-Volume Health Services Contribute The Most To Unnecessary Health Spending

*An analysis of data for 2014 about forty-four low-value health services in the Virginia All Payer Claims Database revealed more than \$586 million in unnecessary costs. Among these low-value services, those that were low and very low cost (\$538 or less per service) were delivered far more frequently than services that were high and very high cost (\$539 or more). The combined costs of the former group were nearly twice those of the latter (65 percent versus 35 percent).*

DOI: 10.1377/hlthaff.2017.0385  
HEALTH AFFAIRS 36,  
NO. 10 (2017): 1701-1704  
©2017 Project HOPE—  
The People-to-People Health  
Foundation, Inc.

Health Affairs article, “**Low-Cost, High Volume Services Contribute The Most To Unnecessary Health Spending**”, was the 3<sup>rd</sup> most read Health Article in 2017.





# Report: Establishing a Virginia Health Value Dashboard

- The purpose of the Health Value Dashboard is to prompt action for improving the value of health care services.
- Our measurement approach is to identify and report on the delivery of both low value and high value clinical services across Virginia and its regions.
- Our action aims are to engage key stakeholders in systematically reducing low value services, increasing high value services, and improving the infrastructure for value-based care. We invite all organizations that provide, purchase, or fund health care to engage in this effort.



# 2019 Virginia Health Value Dashboard



*An initiative of the*



**VIRGINIA  
CENTER<sup>FOR</sup>  
HEALTH  
INNOVATION**

# Overview of Aims



## Aim I: Reducing Low-Value Care

- A. Utilization and cost of potentially avoidable emergency room visits
- B. Low Value Services as captured by the MedInsight Health Waste Calculator
- C. Inappropriate Preventable Hospital Stays



## Aim II: Increasing High-Value Care

- A. Virginians who are current with appropriate vaccination schedules
- B. Comprehensive Diabetes Care
- C. Clinically Appropriate Cancer Screening Rates



## Aim III: Improving the Infrastructure for Value-Based Care

- A. Commercial in-Network Payments That Are Value Oriented
- B. Claims in Virginia's All-Payer Claims Database
- C. Value-Oriented Payments that Place Doctors and Hospitals at Financial Risk for Their Performance

# Aim I: Reducing Low Value Care



## A. Utilization and cost of potentially avoidable emergency room visits

- Potentially avoidable ED visits - As a percentage of total ED visits
- Potentially avoidable ED visits - Per 1,000 member months
- Potentially avoidable ED visits - Per member per year

## B. Low Value Services as captured by the MedInsight Health Waste Calculator

- Don't obtain baseline laboratory studies in patients without significant systemic disease (ASA I or II) undergoing low-risk surgery
- Don't obtain EKG, chest X-rays or pulmonary function test in patients without significant systemic disease (ASA I or II) undergoing low-risk surgery
- Don't perform population based screening for 25-OH-Vitamin D deficiency
- Don't perform PSA-based screening for prostate cancer in all men regardless of age
- Don't do imaging for low back pain within the first six weeks, unless red flags are present

## C. Inappropriate Preventable Hospital Stays

- Prevention Quality Indicator #90: Prevention Quality Overall Composite Rate (per 100,000 population)

# Aim II: Increasing High-Value Care



## A. Virginians who are current with appropriate vaccination schedules

DATA SOURCE: APCD; VIIS; C4P

- Childhood and Adolescent Immunization Status

## B. Comprehensive Diabetes Care

DATA SOURCE: APCD; C4P

- Hemoglobin A1c (HbA1c) Testing
- Medical Attention for Nephropathy

## C. Clinically Appropriate Cancer Screening Rates

DATA SOURCE: APCD

- Breast Cancer Screening
- Cervical Cancer Screening
- Colorectal Cancer Screening

# Aim III: Improving the Infrastructure for Value-based Care



## A. Commercial in-Network Payments That Are Value Oriented

DATA SOURCE: C4PR

- Catalyst for Payment Reform Composite Score: Increasing the Percent of Commercial In-Network Payments that Are Value Oriented

## B. Claims in Virginia's All-Payer Claims Database

DATA SOURCE: APCD

- Percent of Virginia Total Covered Lives with Claims Included in the Virginia All Payer Claims Database
- Percent of Virginia Commercially Insured Lives with Claims Included in the Virginia All Payer Claims Database

## C. Value-Oriented Payments that Place Doctors and Hospitals at Financial Risk for Their Performance

DATA SOURCE: C4PR

- Catalyst for Payment Reform Composite Score: Increase the Percent of Value-Oriented Payments that Place Doctors and Hospitals at Financial Risk for Their Performance

# Measures for Future Consideration



A. Utilization of High Cost Service Sites when Lower Cost Sites are Available

B. Medication Adherence for Patients with Chronic Illnesses, Including Mental Health

C. Access to Primary Care for the Medically Underserved

D. Smokers in Smoking Cessation Counseling Programs

E. Utilization of Appropriate Hospice Care and Palliative Services for Patients with Advanced Illness

F. Adults with Serious Mental Illness Receiving Appropriate Treatment

G. Share of Total Dollars Paid to Primary Care Physicians vs. Specialists

H. Providers that Score Well on the Merit-based Incentive Payment System

I. Virginians with documented Advanced Directives

## Step 4 Reduce: Begin Pilot Projects with Interested Partners

- FQHCs
- Medicaid and State Employee Health Plan
- Health System Collaborative
- Employer Task Force





# **Low-Value Care 101: Identify, Measure, Reduce, Report**

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**February 28, 2019**

**Questions?**

# Low-Value Care 101: Identify, Measure, Reduce, Report

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Contact: [budros@vbidhealth.com](mailto:budros@vbidhealth.com)

Thank you for  
joining us!

For Health Waste Calculator  
questions, contact:

[Katy@Spanglerstrategies.com](mailto:Katy@Spanglerstrategies.com) or  
visit [VBID Health website](http://vbidhealth.com).

More resources, news, and tools  
available on our websites:

- <http://vbidcenter.org/>
- <http://vbidhealth.com/>
- <http://vahealthinnovation.org/>

A recording of this webinar will be  
made available on the [VBID Center](http://vbidcenter.org)  
and [VBID Health](http://vbidhealth.com) low-value care  
webpages soon.