

# Analysis in Support of Health Reform

Recommendations to the GMC Board for  
an Analytic Plan

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# Origin of the Project

- In November, 2011, the Board issued an RFP asking for assistance in developing an analytical plan to support the Board's broad range of responsibilities.
- As the RFP stated, "In order to have successful delivery system reforms and control health care costs while improving the health of Vermonters, the GMCB needs to know and make use of key pieces of data about the Vermont population and their use of medical and health resources."



# Essentials

- In order to understand and improve Vermont's health care system, we need:
  - A clear picture of current spending, both where the dollars come from and where they go
  - An improved understanding of the mechanics of care – what drives spending growth, what are the barriers to better health, and what is the relationship between spending and health
  - The ability to do “what-if” analyses



# Essentials 2

- An evaluation system, to measure what actually happened as a consequence of state and federal reform and to compare that with what was expected
- An ongoing system of monitoring short and longer term impact of specific policies



# Background

- Some important features of Vermont health system (e.g., high Medicaid, healthy, one large health system network) relevant to this report
- Trends compared to US from expenditure analysis
- Available data and infrastructure strong and growing
- Major initiatives that analysis must inform and support:
  - Care coordination
  - Payment reform
  - Other?
- Other state initiatives
  - SHADAC California
  - Maine?

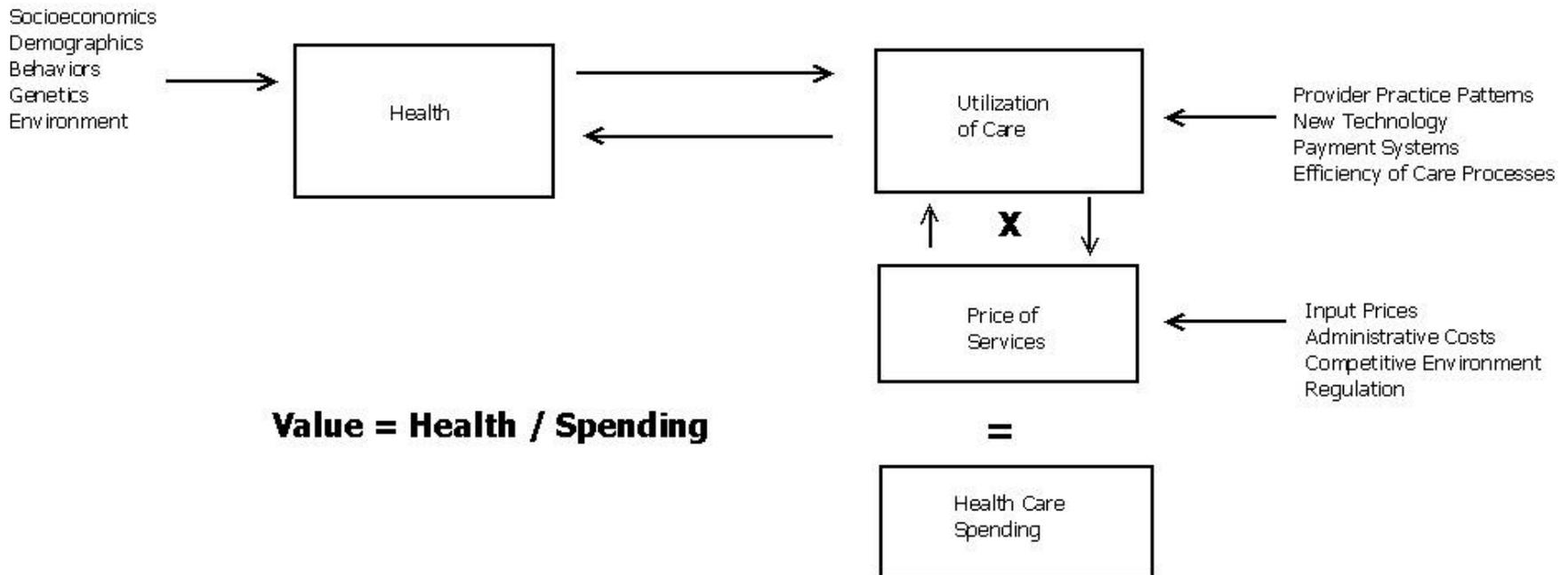


# Key Issues

- Costs – how much are we spending, how fast is that amount growing, and most importantly, why?
- Health – how healthy are Vermonters now, and what can be done to improve their health?
- Value – what is the relationship between spending and health, and how can we increase the value of care (better health, lower rate of cost growth)?
- Impact - what will be the impact of reform initiatives on health and health care?



# Framework for Assessing Health Reform and Improving Value



# Overview of Analytic Approach

- Measure the relationships between components in the Framework
- Measure impact of changing one or more components on the system
- Identify opportunities for improved efficiency
- Drill down expenditure and claims analysis to identify patterns of care
  - Most costly diseases and services
  - Patient-level care across settings
  - Attribution of care to providers
  - Provider-level care for specific services and diseases



# Key Questions

- We identified five key questions, based on the Framework:
  - How healthy are Vermonters?
  - How much is spent on health care in Vermont?
  - Where does that money come from?
  - What is driving health care spending increases?
  - Where are the opportunities to improve value?



# How healthy are Vermonters?

- What factors contribute to health status and to what degree? To what extent do socio-demographics, behavior, genetics and environment play a role, along with health care?
- How does health status or its contributing factors vary by geography, population subgroup, and by health care provider, organization, or payment methodology?



# How much is spent on health care in Vermont?

- What are the services, medical conditions and populations that are the most costly and why, both inpatient and outpatient?
- What is the concentration of spending on medical care for the most complex patients and populations?
- What are the factors that contribute to health spending?
- How does health care spending in Vermont compare to available norms either in the region, similar states, or nationally, in terms of utilization of services, and prices for services?
- How do spending and its contributing factors vary by geography, by population, and by health care provider, organization, or payment methodology?



# Where does that money come from?

- What is the burden of health care spending for Vermont families (including taxes, premiums, and out of pocket spending)?
- How does that vary by income, health status, insurance type and benefits, or family structure?



# What is driving health care spending increases?

- What are the factors that drive spending growth?
- How much of the increase is from changes in the amount of care being provided and how much is from changes in how much providers are paid for each service?
- What is the role of new technology in driving spending increases?
- What is the role of changes in health, especially factors such as obesity, in driving spending increases?
- How does the rate of increase vary by population subgroup, geographic area, type of provider, or type of payer?



# Where are the opportunities to improve value?

- Where are the most significant opportunities to improve the value of the health care system?
- Where are the most significant opportunities to improve health?
- Where are the most significant opportunities to reduce the rate of spending growth?
- What is the most effective allocation of resources to enhance health system value (e.g., primary care, prevention, or community programs)?



# Recommended Actions

- Develop appropriate analytical populations
- Enhance the “Expenditure Analysis”
- Develop a funds flow map, starting with households
- Develop an understanding of how providers are paid currently
- Develop a set of “what-if” models to explore policy options



# Recommended Actions 2

- Enhance current information sources, starting with VHCURES
- Develop a way to estimate health from claims data
- Develop population and delivery system value measures



# Develop appropriate analytical populations

- Much of health care analysis is based on rates
  - Hospital discharges / 1,000
  - Spending per member per month
  - Percent of population receiving recommended care
- In addition to counting the event of interest, we need to identify the appropriate population.



# Enhance the “Expenditure Analysis”

- Vermont’s Expenditure Analysis is already a crucial source of financial information, but it can be improved. For example:
  - Add new categories
    - Specific diseases / conditions
    - Age
    - Geography
  - Analysis of drivers of spending growth
    - Utilization
    - Prices

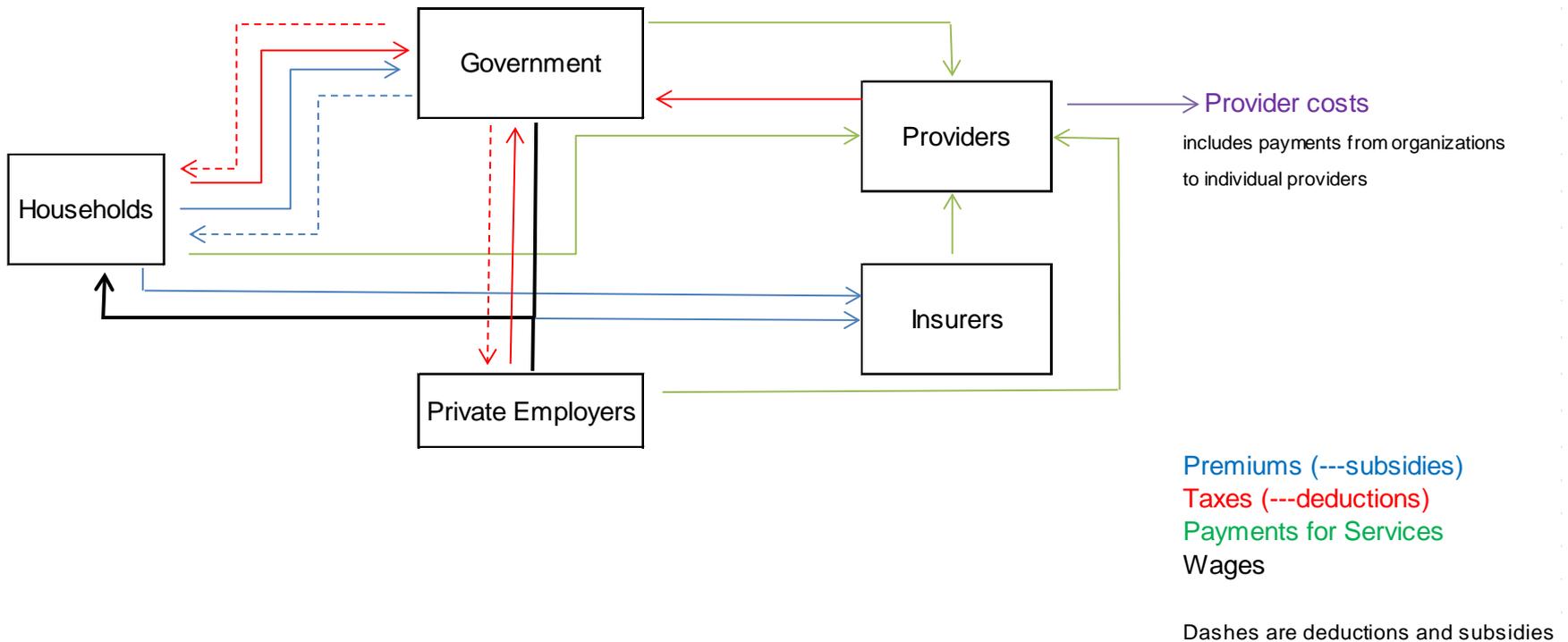


# Opportunities for care management and cost savings: Sources of health system inefficiencies

- Failures of care delivery
- Failures of care coordination
- Overtreatment
- Administrative complexity
- Pricing failures
- Fraud and abuse



# Develop a funds flow map, starting with households



# Develop an understanding of how providers are paid currently

- At both the individual and organization levels
  - Fee-for-service
  - Capitation
  - Salary
  - Performance bonuses



# Develop a set of “what-if” models to explore policy options

- Create predictions using baseline data and knowledge about how the health care system currently operates
- Explore results using different assumptions
- Evaluate “sensitivity” – what is the relationship between the magnitude of a change and the magnitude of its impact



# Summary

- Immediately design and initiate focused analyses of VHCURES to inform specific initiatives (e.g. payment reform, care coordination)
- Adapt current measures for quality and care coordination and apply to analyses
- Begin enhancement of VHCURES
- Longer term development of value measures and methods of measuring the impact of health care on population health



# Questions?

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