Dr. Richard C. Wender

DISCLOSURE OF CONFLICTS OF INTEREST

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THE FACULTY REPORTED THE FOLLOWING FINANCIAL RELATIONSHIPS OR RELATIONSHIPS TO PRODUCTS OR DEVICES THEY OR THEIR SPOUSE/LIFE PARTNER HAVE WITH COMMERCIAL INTERESTS RELATED TO THE CONTENT OF THIS CME ACTIVITY:

DR. RICHARD WENDER HAS INDICATED HE HAD NO RELEVANT FINANCIAL RELATIONSHIPS WITHIN THE PAST 12 MONTHS.

How To Put Healthcare Spending On A Sustainable Path

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Past President, American Cancer Society

The Big Fix –

A Framework For A Sustainable Care Model

Jefferson

Components of the “Big Fix”

Move further upstream with prevention & early intervention services to prevent health conditions from becoming chronic health conditions

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Dramatically improving the management of chronic health conditions for the 45% of Americans with one or more such conditions whose treatment draws down 75% of total medical costs.

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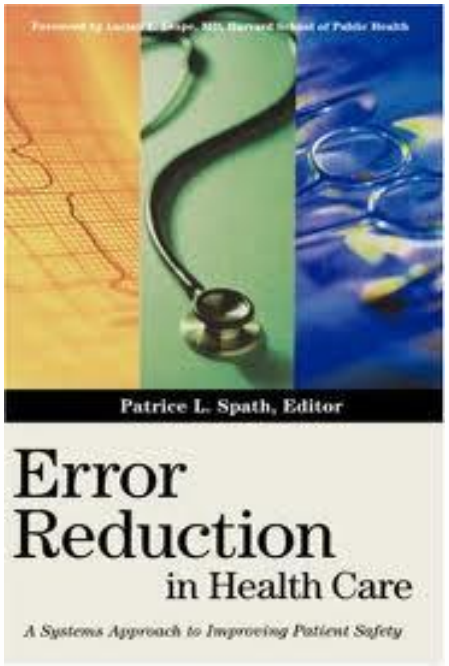
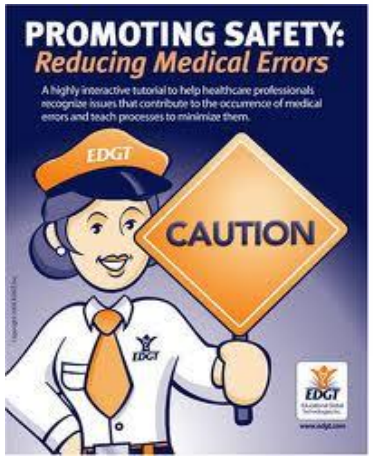
Reducing Errors and Waste in the System





Jefferson

Reducing Incentives for High Cost, Low Value, Procedure-based Care

Getting It Right: The Roadmap

Eight steps to creating a high performing health care system

1. **Change the financial incentives in our system**
   - Reduce payment for procedural care
   - Raise ratio of primary care income to specialty income to at least 70%
   - Shift payment from volume of care to quality of care
     - Pay for achievement of specific milestones
     - Pay for improved efficiency

2. **Advocate for full implementation of the Affordable Care Act**
   - Provide health insurance for as many people as possible
   - Encourage states to participate in Medicaid expansion

Won't More Coverage Increase The Healthcare Spend?

- Poor healthcare pre-Medicare age leads to more spending after age 65
  - Proven to be true in colorectal cancer screening
  - A large uninsured population impacts healthcare system design
  - It is ultimately not better for health

3. **Implement new payment models**
   - Patient Centered Medical Homes
   - Accountable Care Organizations
   - Bundled payments
   - Payment for care coordination
   - Hospital value based purchasing
   - Global capitation

Accountable Care Organizations

- A group of physicians or, more commonly, a hospital-physician organization, agrees to care for a defined set of people.
  EXAMPLES:
  - 25,000 Medicare patients
  - 20,000 commercially insured patients

A payer and an ACO come to an agreement: If high quality care is provided to the population for less money than was predicted, the insurer and the ACO agree to share the savings

Bundled Payments

A hospital-clinician group agree to provide care to a patient around a defined episode of care, (such as an operation or a hospitalization), for 90, (or some other defined time), days for a pre-arranged rate

Bundled Payments

- If the hospital spends less, they pocket and distribute the savings
- If they spend more, they owe money back

Global Capitation

- An integrated delivery system agrees to provide all healthcare for a defined population for a set price
- Spend less: Pocket the difference
  Spend more: No additional payment

4. **Give everyone the opportunity and encourage them to have a primary care physician**

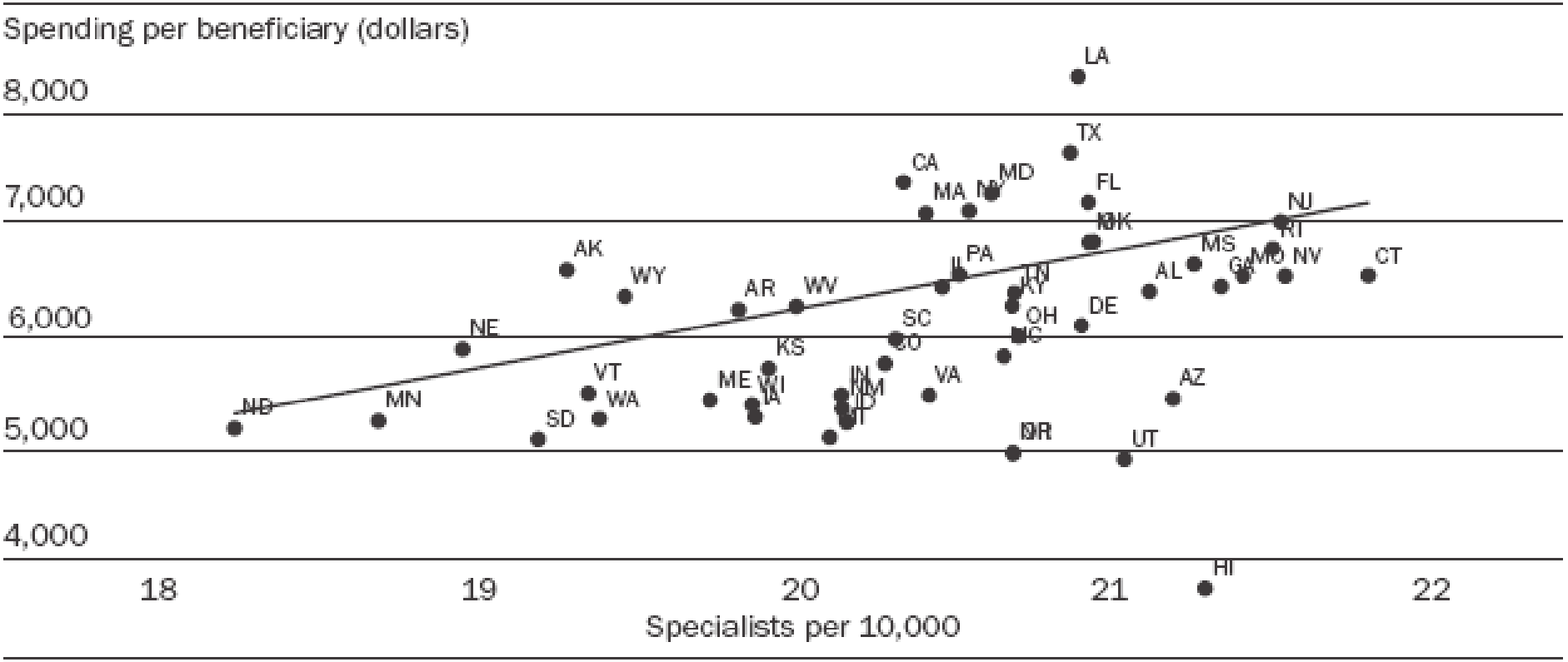
"Amidst the debate about health care reform, there appears to be near unanimity around the fact that a reformed U.S. health care system requires at it's foundation a robust system of primary care."

Landon BE, Gill JM, Antonelli RC, Rich EL, J. Gen Int Med 25(6) 581-3

More Specialists Mean Higher Spending

EXHIBIT 7

Relationship Between Provider Workforce And Medicare Spending: Specialists Per 10,000 And Spending Per Beneficiary In 2000

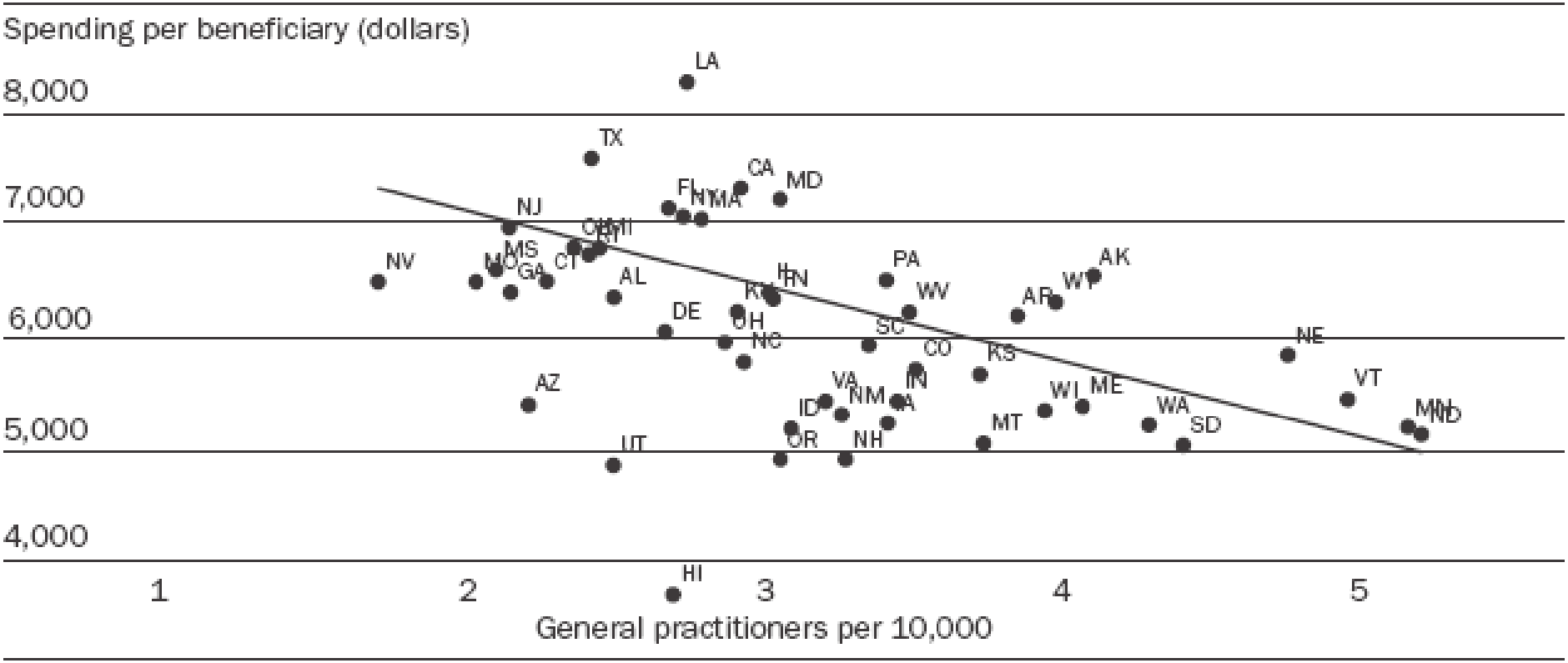


SOURCES: Medicare claims data; and Area Resource File, 2003.
NOTE: Total physicians held constant.

While GPs Are Associated With Less Spending

EXHIBIT 9

Relationship Between Provider Workforce And Medicare Spending: General Practitioners Per 10,000 And Spending Per Beneficiary In 2000

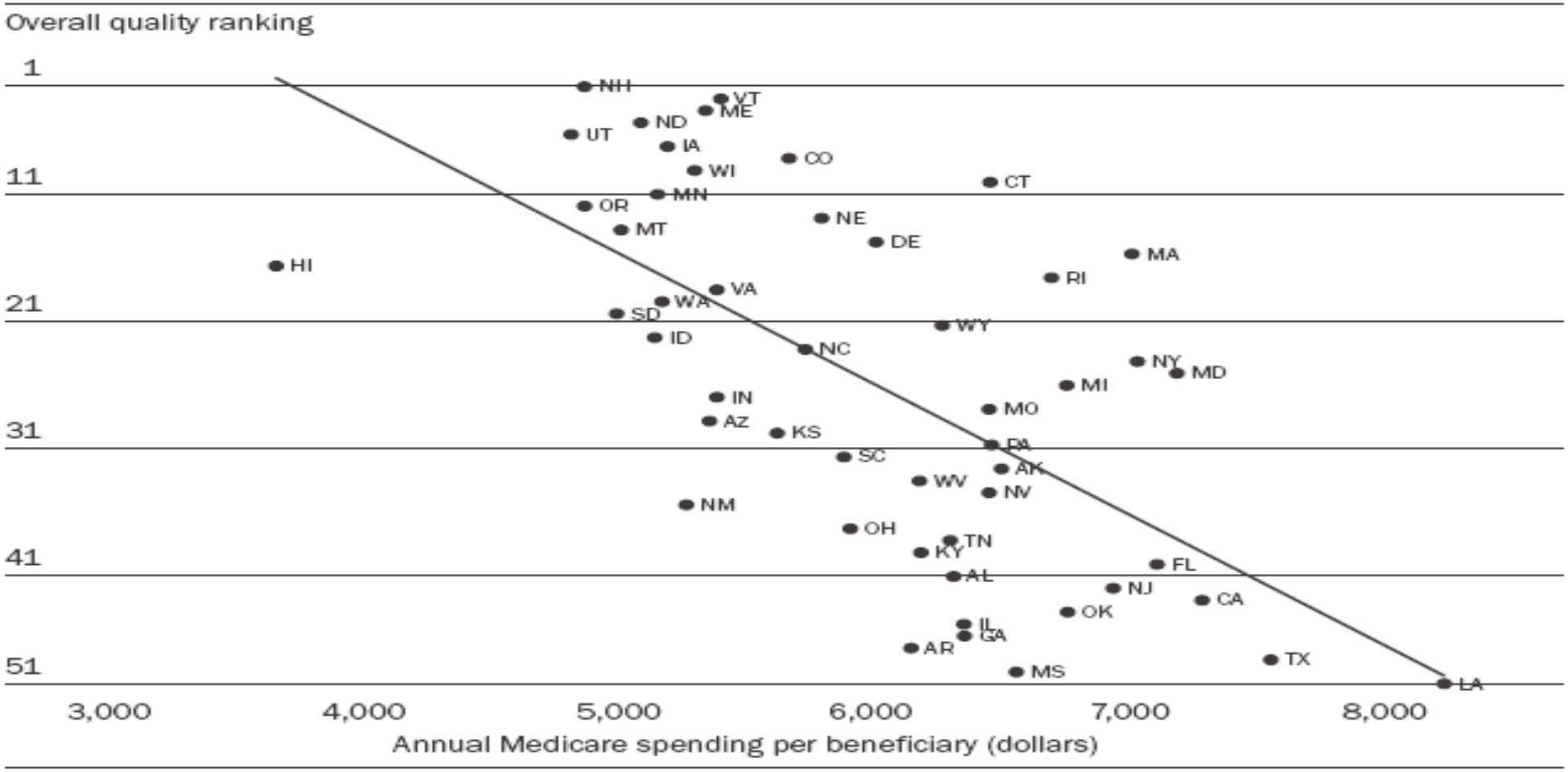


SOURCES: Medicare claims data; and Area Resource File, 2003.

NOTE: Total physicians held constant.

As It Turns Out, Cost Is *Inversely* Related To Quality

EXHIBIT 1
Relationship Between Quality And Medicare Spending, As Expressed By Overall Quality Ranking, 2000–2001

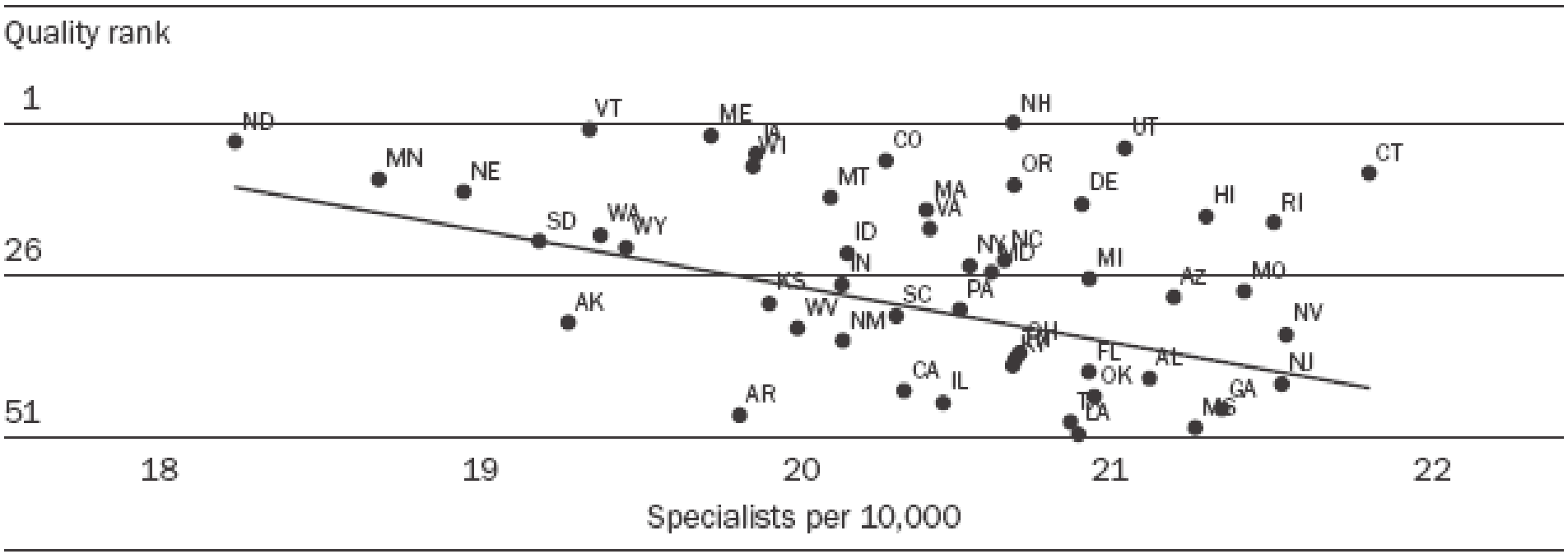


SOURCES: Medicare claims data; and S.F. Jencks et al., "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998–1999 to 2000–2001," *Journal of the American Medical Association* 289, no. 3 (2003): 305–312.

And More Specialists Predict Lower Quality Ranking

EXHIBIT 6

Relationship Between Provider Workforce And Quality: Specialists Per 10,000 And Quality Rank In 2000



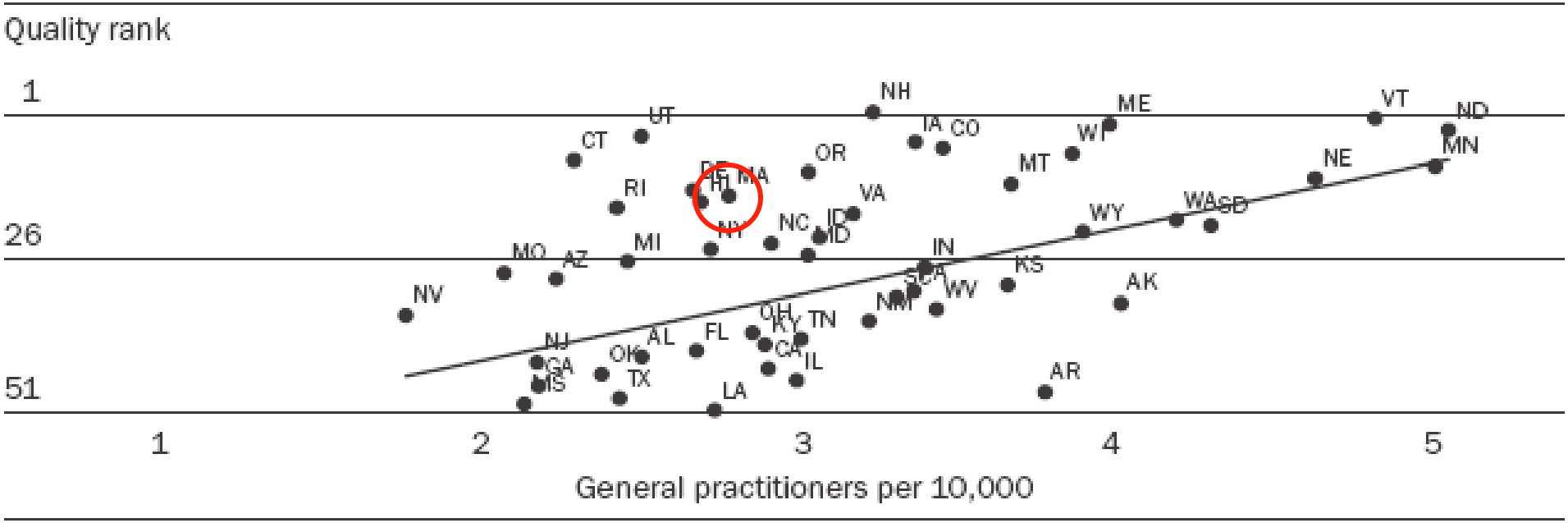
SOURCES: Medicare claims data; and Area Resource File, 2003.

NOTES: For quality ranking, smaller values equal higher quality. Total physicians held constant.

While More GPs Predict Higher Quality Ranking

EXHIBIT 8

Relationship Between Provider Workforce And Quality: General Practitioners Per 10,000 And Quality Rank In 2000



SOURCES: Medicare claims data; and Area Resource File, 2003.

NOTES: For quality ranking, smaller values equal higher quality. Total physicians held constant.

Not All Primary Care Performs Equally Well

- Comprehensive practice is important
  - A broad range of services provided in primary care office, e.g. minor procedures and gynecologic care

Usual Source of Care Matters

- Studies consistently demonstrate that spending is higher when usual source of care is a medical subspecialist or a general internist compared to a family physician
  - Not more hospitalizations
  - More tests and more consults

Phillips RL, et.al. Health Affairs, 20.No.2(2009); 567-577

Mounting concern that CRNP's also consult and test more: No definitive data

The Take Home Lesson:
We Need More Primary Care Clinicians

All primary care clinicians must strive to provide comprehensive, team-based care within the PCMH model

The AAFP predicts a shortage of nearly 40,000 family physicians by 2022. Other research estimates a shortage of 35,000-44,000 by 2025

http://graham-center.org/online/graham/home/news-releases/2011/nov-10-ahrq-fact.html

5. **Create incentives for everyone to make healthy life choices and receive preventive care**
   - Employer incentives
   - Eliminate co-pays for preventive care
     - Affordable Care Act

Will Cancer Screening Reduce Cost of Care?

The jury's out…

- Cancer screening is cost-effective. As cost of therapy for late stage cancer rises, value of prevention, (polyp removal), and early detection goes up
- Society places high value on opportunity to prevent a cancer death

6. **Build bridges to and invest in public health programs**
   - Keep pressure on in the tobacco wars
   - Build healthy communities

7. **Maintain pressure and incentives to deliver safe and efficient healthcare**

As much as 30% of health care costs (over $700 billion per year) could be eliminated without reducing quality.

www.TheNationalCouncil.org

8. **Address high costs of critical care**
   - Begin a re-examination of how we think about critical care and care at the end of life

Critical care has gotten “lost in the shuffle in health care reform”

-**Stephanie Silverman, CEO of Venn Strategies**

www.vennstrategies.com **1/12/2012**

Jefferson

Very Sick Patients Cost A Lot

"…more than $1 in every $5 healthcare dollars went to treat one out of every 100 people"

"The top 5% accounted for half of all healthcare expenditures"

www.healthleadersmedia.com **1/12/2012**

30% of Medicare expenditures are attributable to the 5% who die each year

One third of this is spent in the last month. Terminal hospitalizations account for $\simeq$ 7.5% of all inpatient costs, the majority for ICU care

- In 2005, critical care medicine costs represented:
  - 13.4% of hospital costs
  - 4.17% of national health expenditures
  - 0.6% of the gross domestic product

We must bring about a shift in societal values:

- Embrace a life model that promotes many years of high-quality, disability free life while accepting and enhancing the experience of dying in America

What Will It Take To Transform Our Healthcare System?

Public Discourse

Leadership

Courage