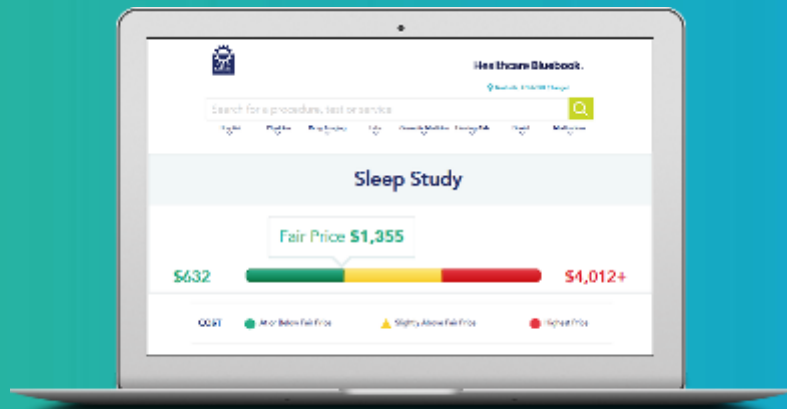


# NEVER OVERPAY FOR HEALTHCARE AGAIN



Healthcare Bluebook™

The Leadership Institute | February 15, 2019



# THE EFFECTS OF CONSUMERISM:

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## *WINNERS & LOSERS*

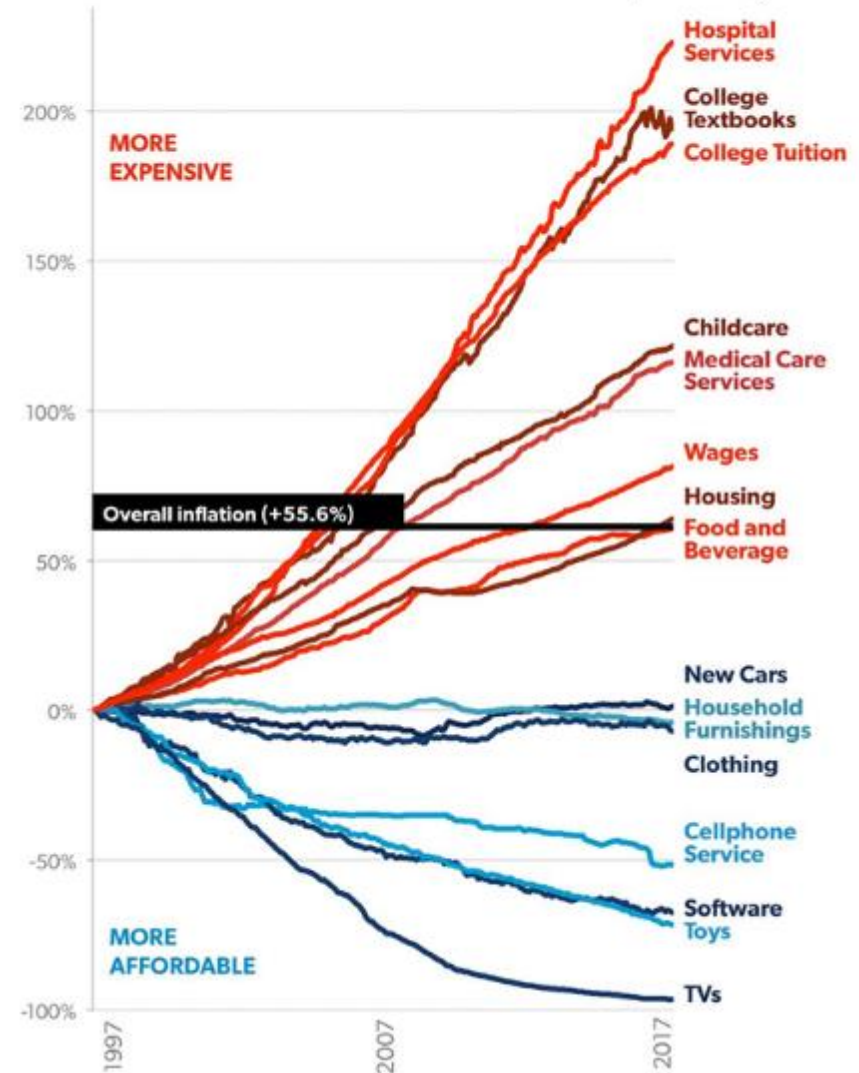
- I. Market overview
- II. Price and quality transparency
- III. Results and outcomes
- IV. Trends in employer purchasing
- V. Lessons learned



# HEALTHCARE INFLATION VS CONSUMER GOODS

## Price changes (Jan. 1997–Dec. 2017)

Selected US Consumer Goods and Services, and Wages



Data Source: Bureau of Labor Statistics



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# Utilization down, spending still up. Price is *the* issue.

March 13, 2018

## Health Care Spending in the United States and Other High-Income Countries

Irene Papanicolas, PhD<sup>1,2,3</sup>; Liana R. Woskie, MSc<sup>1,2,3</sup>; Ashish K. Jha, MD, MPH<sup>1,2</sup>

> Author Affiliations

JAMA. 2018;319(10):1024-1039. doi:10.1001/jama.2018.1150

**JAMA**  
The Journal of the American Medical Association

### Abstract

**Importance** Health care spending in the United States is a major concern and is higher than in other high-income countries, but there is little evidence that efforts to reform US health care delivery have had a meaningful influence on controlling health care spending and costs.

**Objective** To compare potential drivers of spending, such as structural capacity and utilization, in the United States with those of 10 of the highest-income countries (United Kingdom, Canada, Germany, Australia, Japan, Sweden, France, the Netherlands, Switzerland, and Denmark) to gain insight into what the United States can learn from these nations.

**Evidence** Analysis of data primarily from 2013-2016 from key international organizations including the Organisation for Economic Co-operation and Development (OECD), comparing underlying differences in structural features, types of health care and social spending, and performance between the United States and 10 high-income countries. When data were not available for a given country or more accurate country-level estimates were available from sources other than the OECD, country-specific data sources were used.

**Findings** In 2016, the US spent 17.8% of its gross domestic product on health care, and spending in the other countries ranged from 9.6% (Australia) to 12.4% (Switzerland). The proportion of the population with health insurance was 90% in the US, lower than the other countries (range, 99%-100%), and the US had the highest proportion of private health insurance (55.3%). For some determinants of health such as smoking, the US ranked second lowest of the countries (11.4% of the US population ≥15 years smokes daily; mean of all 11 countries, 16.6%), but the US had the highest percentage of adults who were overweight or obese at 70.1% (range for other countries, 23.8%-63.4%; mean of all 11 countries, 55.6%). Life expectancy in the US was the lowest of the 11 countries at 78.8 years (range for other countries, 80.7-83.9 years; mean of all 11 countries, 81.7 years), and infant mortality was the highest (5.8 deaths per 1000 live births in the US; 3.6 per 1000 for all 11 countries). The US did not differ substantially from the other countries in physician workforce (2.6 physicians per 1000; 43% primary care physicians), or nursing workforce (11.1 nurses per 1000). The US had comparable numbers of hospital beds (2.8 per 1000) but higher utilization of magnetic resonance imaging (118 per 1000) and computed tomography (245 per 1000) vs other countries. The US had similar rates of utilization (US discharges per 100 000 were 192 for acute myocardial infarction, 365 for pneumonia, 230 for chronic obstructive pulmonary disease; procedures per 100 000 were 204 for hip replacement, 226 for knee replacement, and 79 for coronary

**HCCI** HEALTH CARE COST  
INSTITUTE

## 2016 Health Care Cost and Utilization Report

A review of trends in health care spending, utilization, and price among Americans with employer-sponsored insurance



January 2018

## Rising Prices Drive Pace of Health Spending Increase

Healthcare spending spikes as Americans use less care

**HCCI**

**U.S. Continues to Spend Much More on Health Care than Other Countries, Driven by Prices of Physician and Hospital Services, Pharmaceuticals**

**JAMA**



Healthcare Bluebook™



# Network conflicts viewed as a barrier to delivering more value for consumers and employers



***“Contracts with insurers allow hospitals to hide prices from consumers, add fees and discourage use of less expensive rivals”***

# THE COST PROBLEM



# PRICE VARIANCE REPORT

## Market | Nashville, TN

MARKET BASKET OF COMMON PROCEDURES	LOW PRICE	HIGH PRICE	VARIANCE
1 Colonoscopy (screening)	\$3,877	\$17,674	456%
2 Shoulder MRI (no contrast)	\$1,639	\$7,843	479%
3 Sleep Study	\$2,287	\$13,384	585%
4 Chest CT (no contrast)	\$939	\$5,252	559%
5 Knee Arthroscopy	\$8,388	\$37,531	447%
6 Upper Gastrointestinal Endoscopy (no biopsy)	\$3,472	\$16,490	475%
7 Abdominal Ultrasound	\$431	\$2,579.00	598%
8 Cataract Surgery	\$7,601	\$34,681	456%
9 Heart Perfusion Imaging	\$2,461	\$15,827	643%
10 Ear Tube Placement (Tympanostomy)	\$5,450	\$22,921	421%
Average Market Variance			512%
EQUIVALENT VARIANCE IN A GALLON OF GAS	\$2.50	\$12.80	512%

# PRICE VARIANCE REPORT

## Market | Dallas, TX

MARKET BASKET OF COMMON PROCEDURES	LOW PRICE	HIGH PRICE	VARIANCE
1 Colonoscopy (screening)	\$1,275	\$7,609	597%
2 Shoulder MRI (no contrast)	\$285	\$4,036	1416%
3 Sleep Study	\$723	\$5,232	724%
4 Chest CT (no contrast)	\$194	\$1,762	908%
5 Knee Arthroscopy	\$2,135	\$17,347	813%
6 Upper Gastrointestinal Endoscopy (no biopsy)	\$1,381	\$7,102	514%
7 Abdominal Ultrasound	\$101	\$732.00	725%
8 Cataract Surgery	\$2,183	\$8,551	392%
9 Heart Perfusion Imaging	\$522	\$6,361	1219%
10 Ear Tube Placement (Tympanostomy)	\$1,644	\$9,110	554%
Average Market Variance			786%
EQUIVALENT VARIANCE IN A GALLON OF GAS	\$2.50	\$19.65	786%



# PRICE VARIANCE REPORT

## Market | Chicago, IL

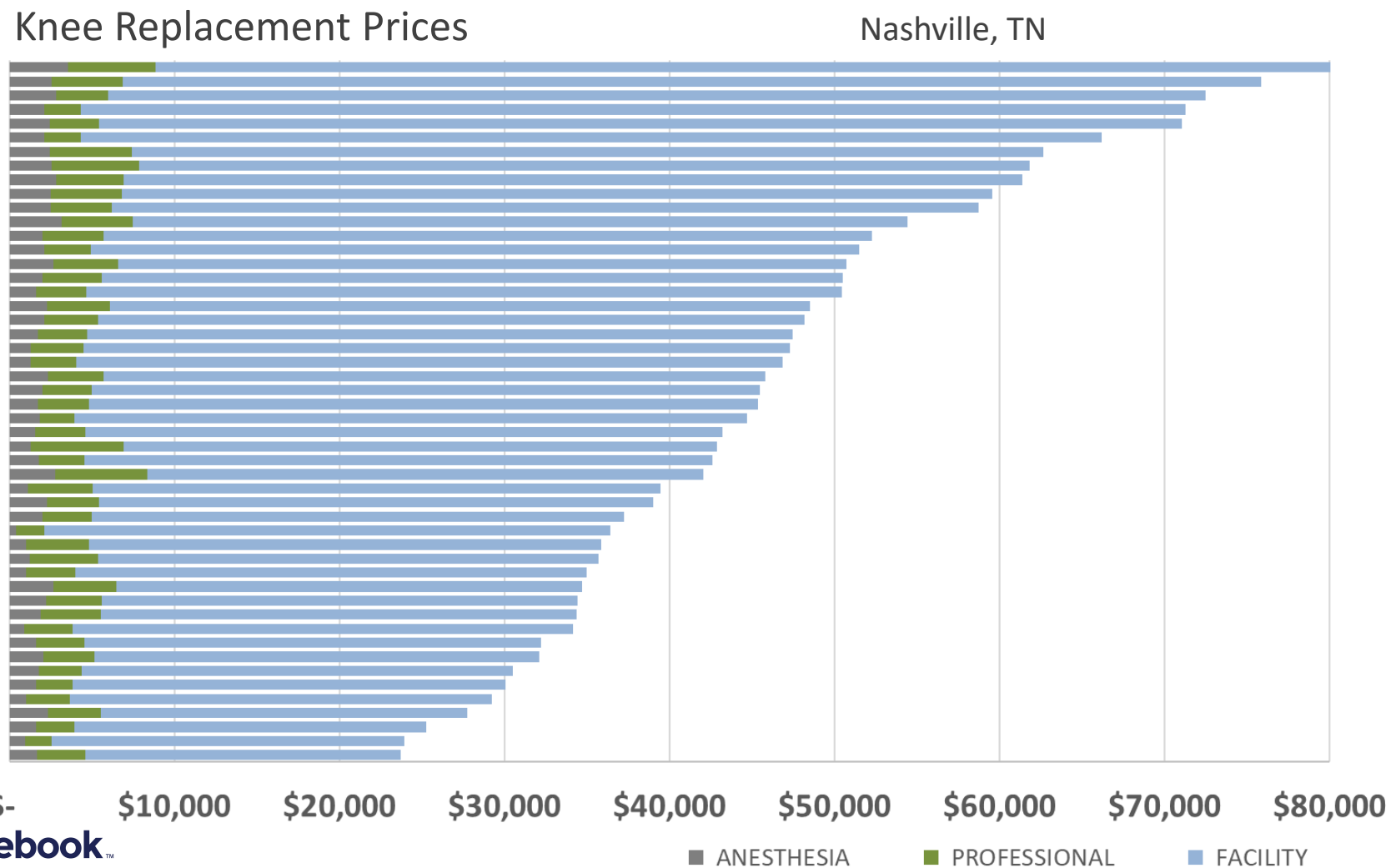
MARKET BASKET OF COMMON PROCEDURES	LOW PRICE	HIGH PRICE	VARIANCE
1 Colonoscopy (screening)	\$769	\$5,660	736%
2 Shoulder MRI (no contrast)	\$435	\$2,829	650%
3 Sleep Study	\$732	\$3,938	538%
4 Chest CT (no contrast)	\$257	\$1,899	739%
5 Knee Arthroscopy	\$1,887	\$23,935	1268%
6 Upper Gastrointestinal Endoscopy (no biopsy)	\$960	\$5,704	594%
7 Abdominal Ultrasound	\$115	\$483	420%
8 Cataract Surgery	\$2,307	\$11,830	513%
9 Heart Perfusion Imaging	\$793	\$6,670	841%
10 Ear Tube Placement (Tympanostomy)	\$1,890	\$8,775	464%
Average Market Variance			676%
EQUIVALENT VARIANCE IN A GALLON OF GAS	\$2.50	\$16.91	676%

# PRICE VARIANCE REPORT

## Market | New York, NY

MARKET BASKET OF COMMON PROCEDURES	LOW PRICE	HIGH PRICE	VARIANCE
1 Colonoscopy (screening)	\$1,818	\$12,582	692%
2 Shoulder MRI (no contrast)	\$627	\$4,724	753%
3 Sleep Study	\$1,157	\$6,167	533%
4 Chest CT (no contrast)	\$341	\$2,150	630%
5 Knee Arthroscopy	\$3,756	\$28,318	754%
6 Upper Gastrointestinal Endoscopy (no biopsy)	\$1,661	\$11,351	683%
7 Abdominal Ultrasound	\$209	\$2,680.00	1282%
8 Cataract Surgery	\$3,173	\$18,221	574%
9 Heart Perfusion Imaging	\$1,064	\$7,761	729%
10 Ear Tube Placement (Tympanostomy)	\$2,981	\$24,654	827%
Average Market Variance			746%
EQUIVALENT VARIANCE IN A GALLON OF GAS	\$2.50	\$18.65	746%

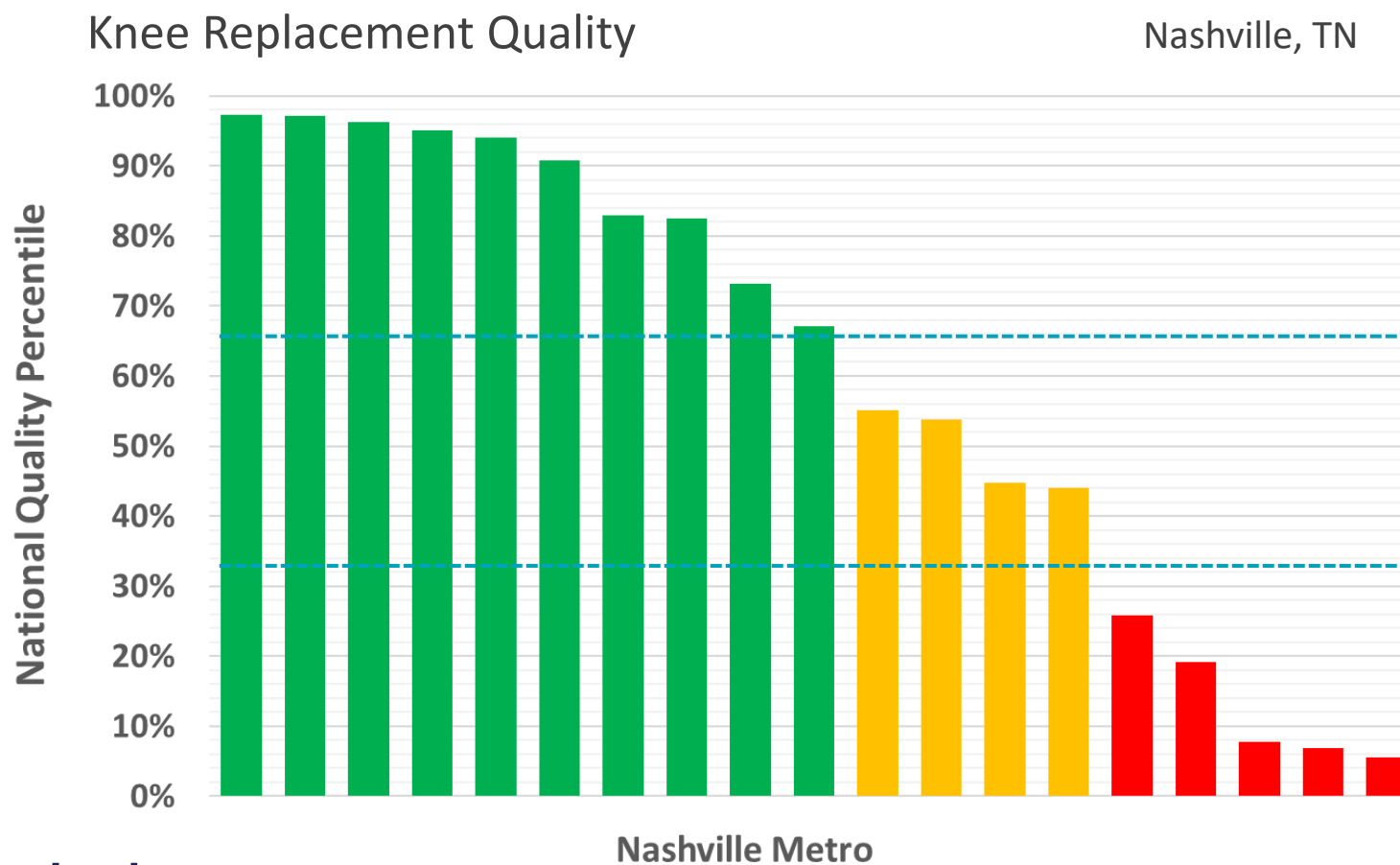
# What's Behind the Price Variance?



# THE QUALITY PROBLEM



# Facility Quality Varies as Much as Price





# Hospitals may do everything, but they are not *great* at everything...

CARDIAC  
SURGERY  
91<sup>st</sup> percentile



TOTAL JOINT  
REPLACEMENT  
48<sup>th</sup> percentile

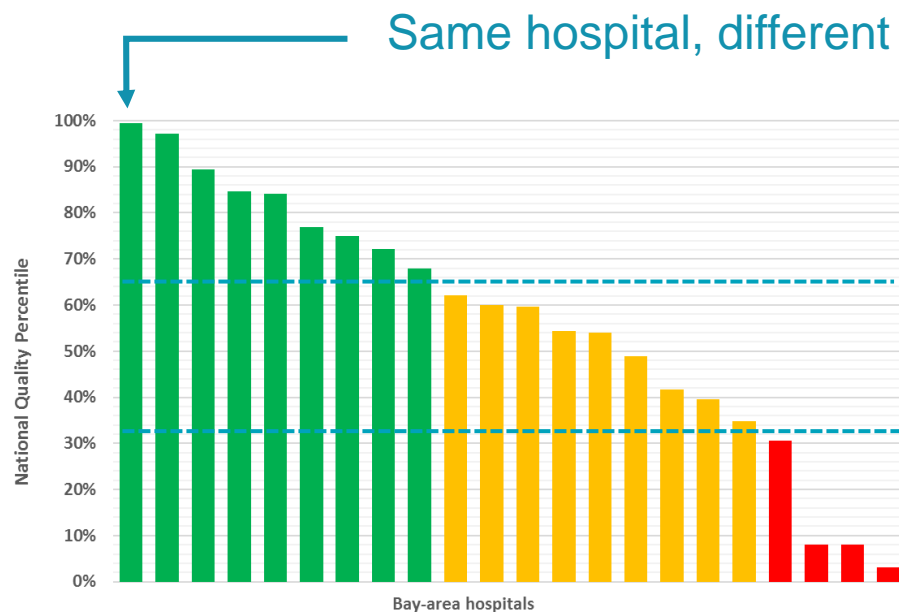


GALL BLADDER  
REMOVAL  
7<sup>th</sup> percentile



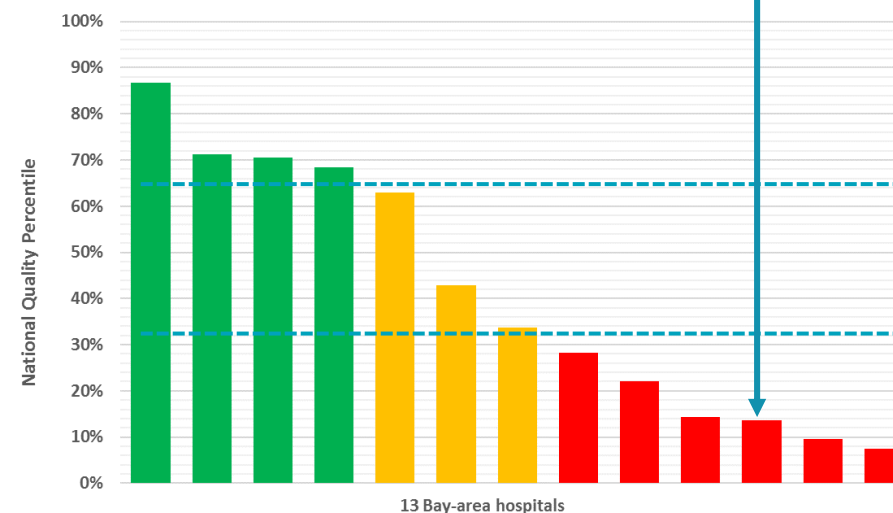
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# CA Example: Hospital Quality



## Neuro Surgery (Major)

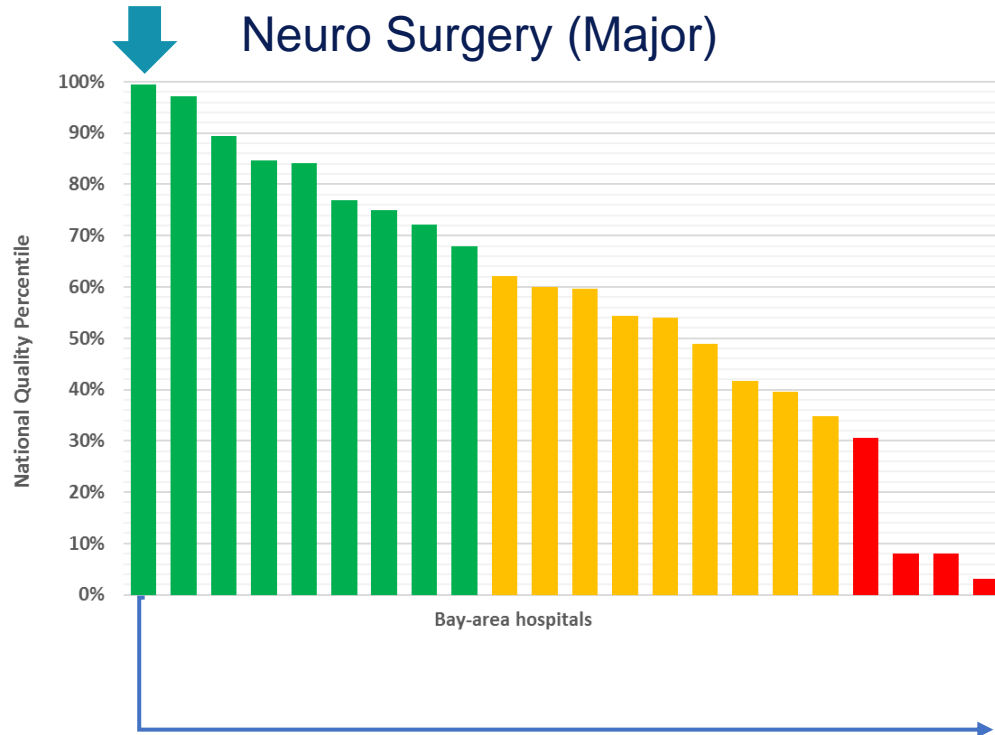
- 99<sup>th</sup> Percentile Nationally
- 1 out of 22 in Bay-area
- 5 out of 1,148 nationally



## Bariatric Surgery

- 10<sup>th</sup> Percentile Nationally
- 23 out of 24 in Bay-area
- 690 out of 900 nationally

# A great hospital ≠ A great doctor



Physicians Performing  
Complex Neuro Surgery



Physician	Specialty	Bluebook Quality Rating
Physician 1	Neurological Surgery	●
Physician 2	Neurological Surgery	●
Physician 3	Neurological Surgery	●
Physician 4	Neurological Surgery	●
Physician 5	Neurological Surgery	●
Physician 6	Neurological Surgery	●
Physician 7	Neurological Surgery	●
Physician 8	Neurological Surgery	●



# ADDRESSING HUGE VARIATIONS IN PRICE AND QUALITY



# PRICE + QUALITY TRANSPARENCY

## QUALITY



Highest Quality



Average Quality



Lowest Quality

## COST



At or Below Fair  
Price



Slightly Above Fair  
Price

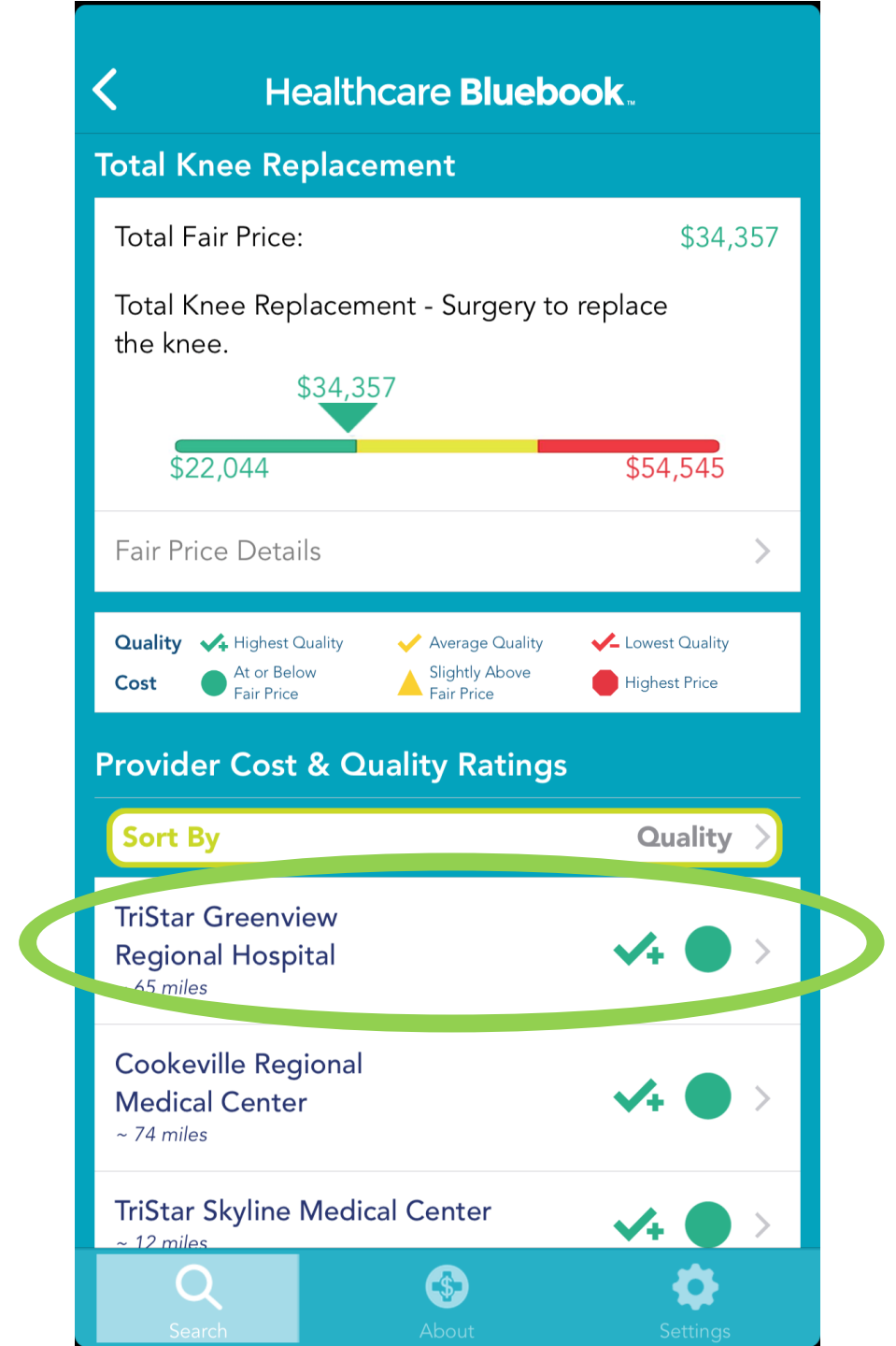


Highest Price





SAVINGS  
+  
SAFETY



SAVINGS  
+  
SAFETY



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TriStar Greenview Regional Hospital

## Total Knee Replacement

TriStar Greenview Regional Hospital  
1801 Ashley Cir  
Bowling Green, KY 42104



[P: 270-793-1000](tel:270-793-1000)

**Cost:**



At or Below Fair Price

**Quality:**



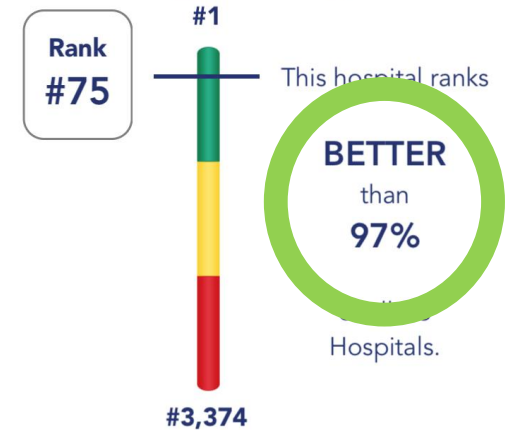
Highest Quality Rating

Doctors

Quality

Patient Satisfaction

### Quality Ranking



[Learn More About Quality Ratings](#)



Search



About

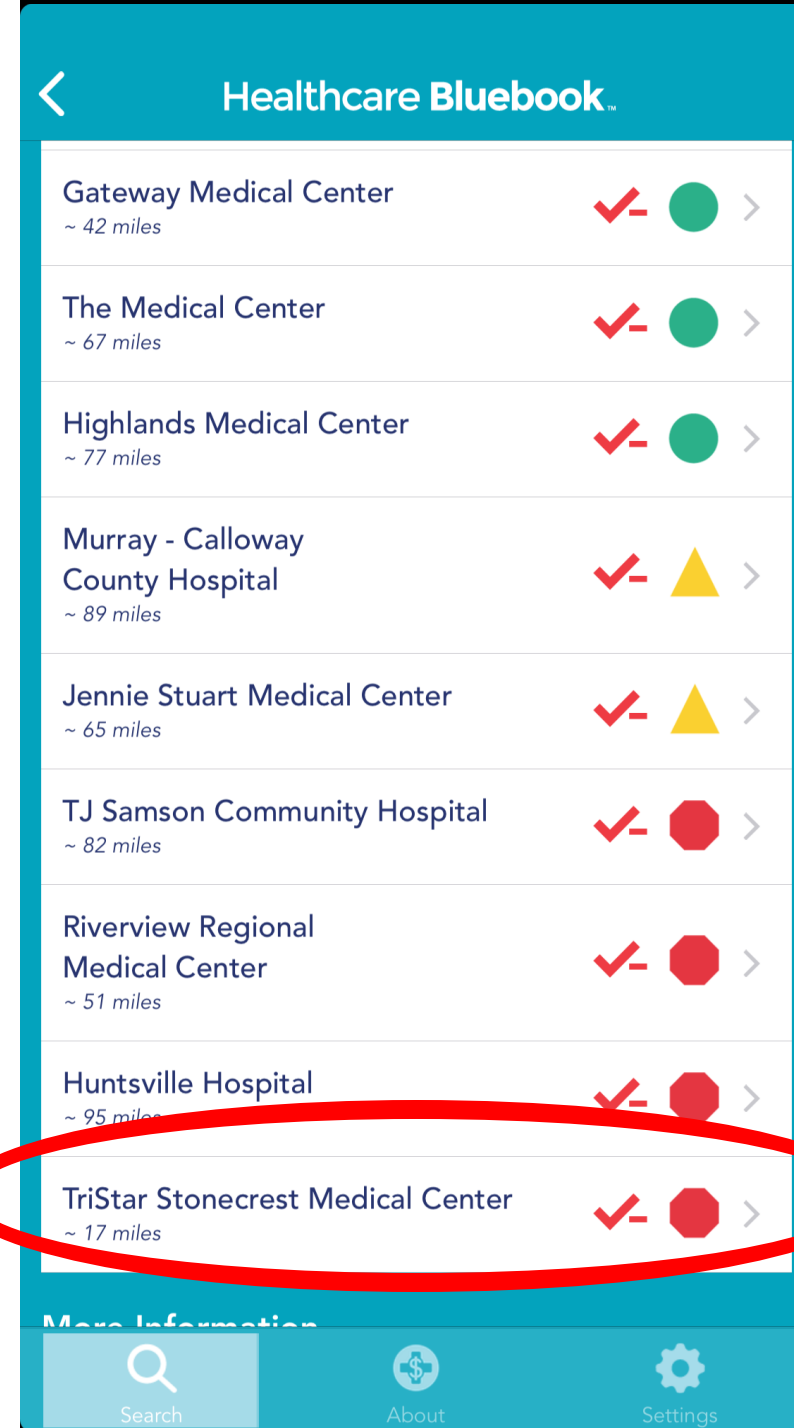


Settings

# ~~SAVINGS~~ + ~~SAFETY~~



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~~SAVINGS~~  
+  
~~SAFETY~~



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TriStar Stonecrest Medical Center

## Total Knee Replacement

TriStar Stonecrest Medical Center  
200 Stonecrest Blvd  
Smyrna, TN 37167



[P: 615-625-2385](tel:6156252385)

Cost:



Highest Price

Quality:



Lowest Quality Rating

Doctors

Quality

Patient Satisfaction

### Quality Ranking



[Learn More About Quality Ratings](#)



**RESULTS**  
**+**  
**OUTCOMES**

**COSTS**

**QUALITY**







# SAVINGS

PRE

POST

SAVINGS

\$4,000 \$3,500 \$3,000 \$2,500 \$2,000 \$1,500 \$1,000 \$500 \$500 \$1,000 \$1,500 \$2,000 \$2,500 \$3,000 \$3,500 \$4,000



# Employer Purchasing Trends

Top Concern?

#1 Cost

#2 Cost

#3 Cost

# EMPLOYER RESPONSE

- High-Deductible Plans
- Cost and Quality Transparency
- “Value Certified Providers”
  - Centers of Excellence
  - Bundles
  - Direct Pay / Prompt Pay
- Home Hospitalization
- Value-based Benefit Design

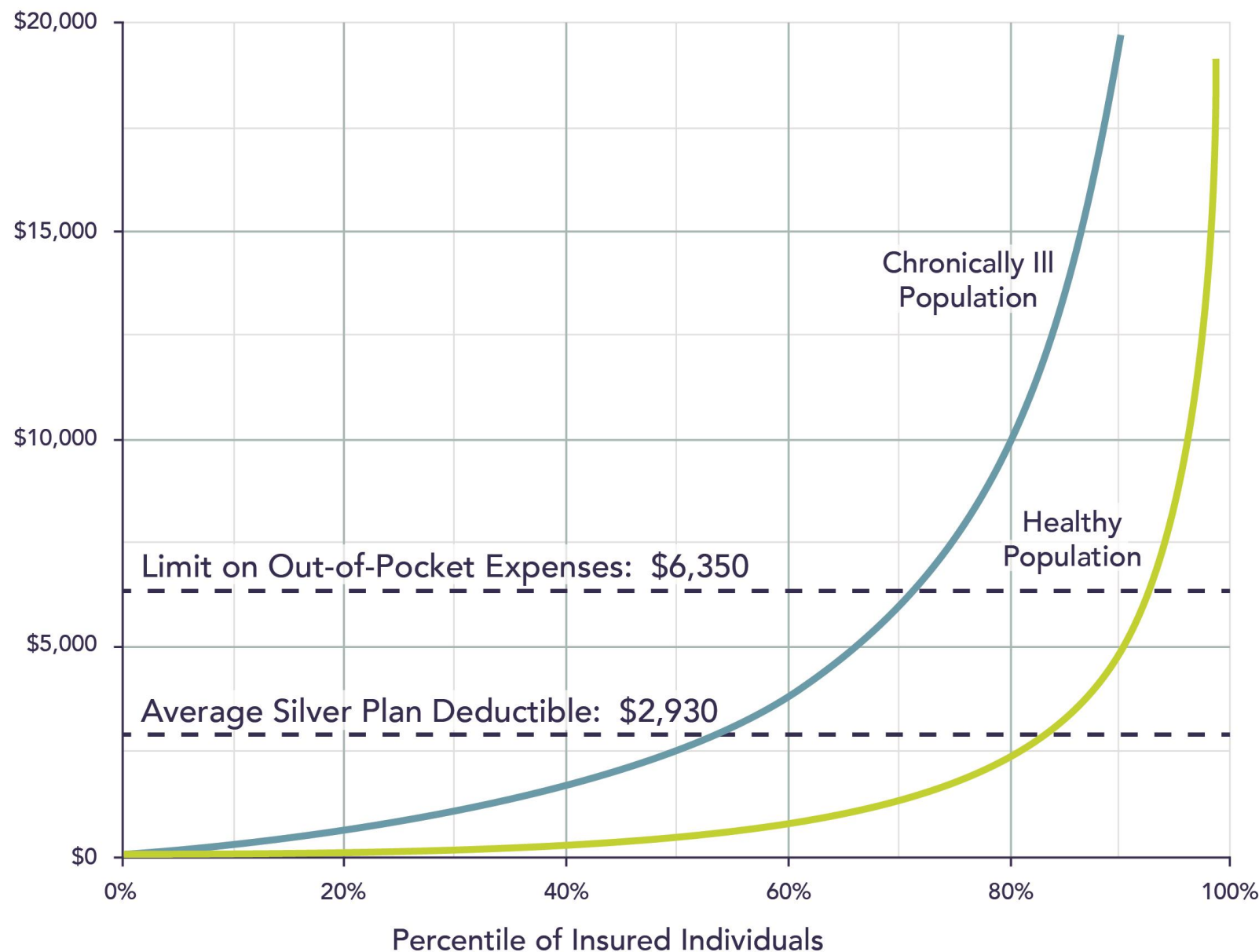


**>70%**  
**OF CONSUMERS**  
**=**  
**100% SELF-PAY**

**...BUT...**

**CONSUMERS**  
**HAVE < \$1,000**

Distribution of Total Medical Expenditures  
Among Insured Americans in 2012



# VALUE CERTIFIED PROVIDERS



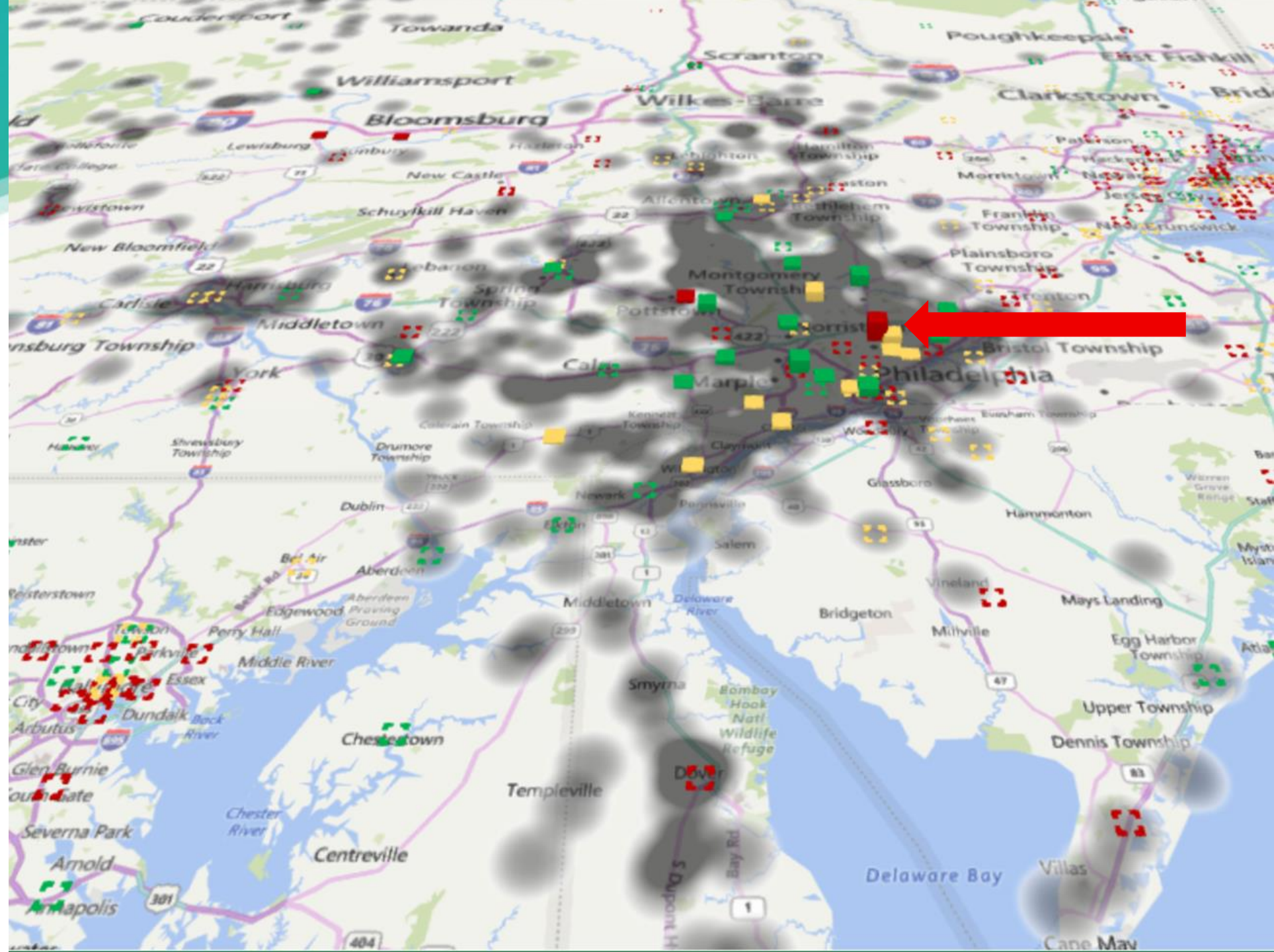


# Data-Driven COE's

## Hospital Quality: Spinal Fusion



**“C.O.D’s”**



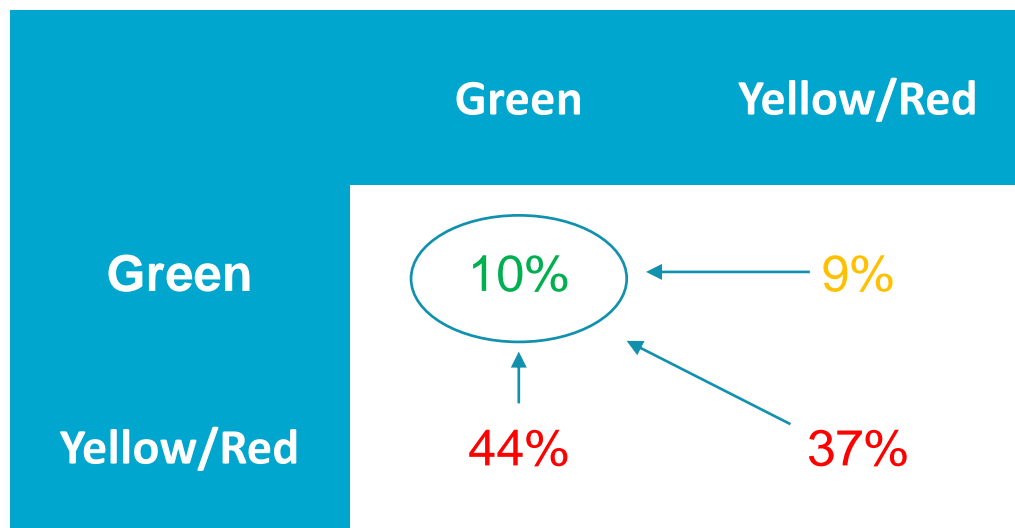
# IP Utilization & Price Savings

(Total Hip/Knee, Spinal Fusion, Hysterectomy)

Quality

Case Counts: 4 Years

Price



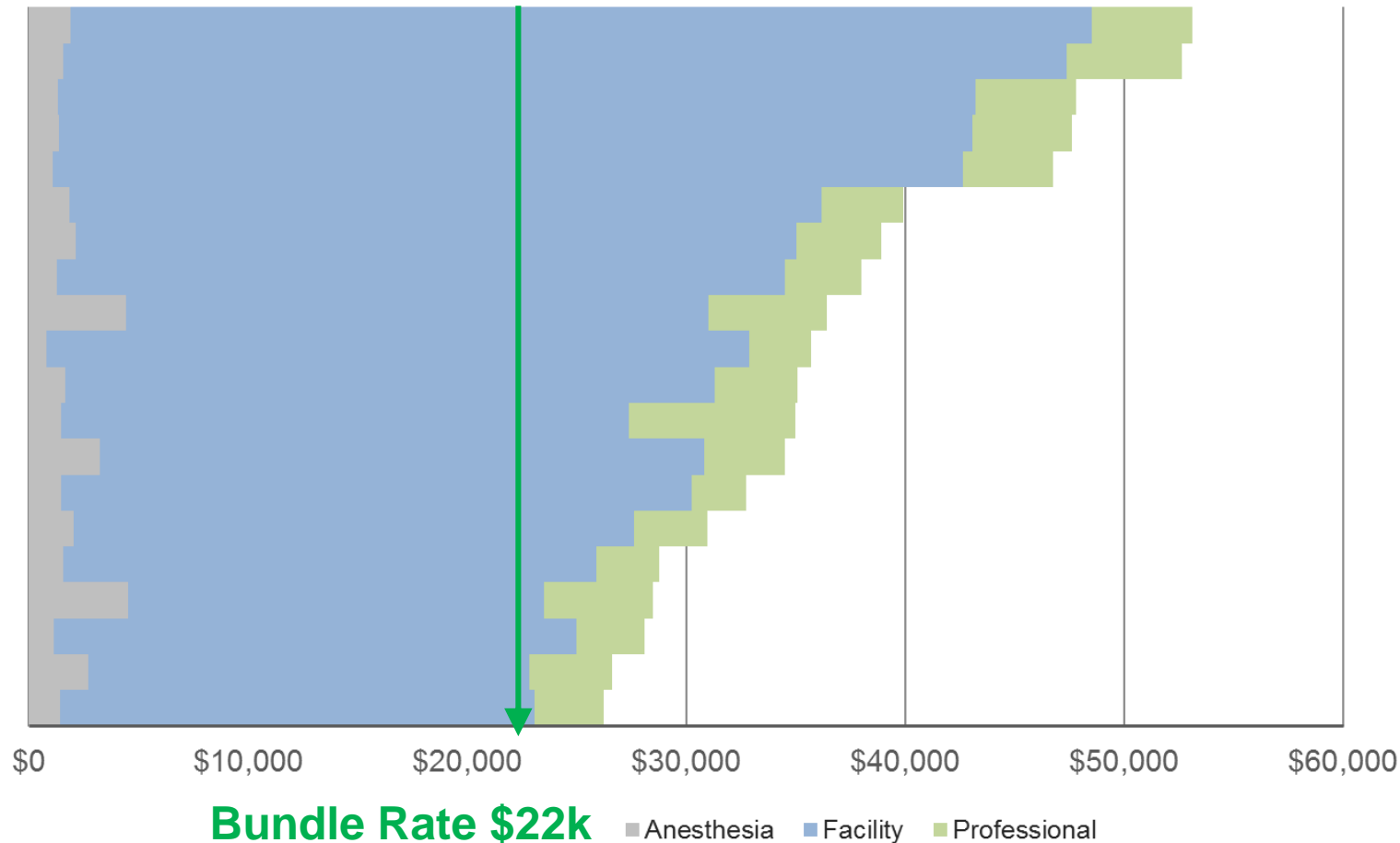
Total Cases:  
434

Opportunities to Save:  
349

Estimated Savings Opportunity:  
(by price only, not including the cost of quality)  
\$3.5M

# Example: MSK Cash-Pay Bundle

## Knee Replacement



**41% Savings  
from moving to  
ASC cash-pay  
bundles**

- 20 Cases total
- 20 cases over the ASC price
- Total potential savings \$300k

# LESSONS LEARNED

- >70% of ‘insured’ consumers are effectively self-pay
- Growing impact of Value Certified Providers + Benefit Design
- Patients and Employers moving towards “The GreenZone”
- What happens when unemployment returns to ‘normal’?







Healthcare  
Bluebook™

**MICHAEL O'NEIL**  
**SVP – SHEEP DOG**

**615.476.7720**

**[MONEIL@HEALTHCAREBLUEBOOK.COM](mailto:MONEIL@HEALTHCAREBLUEBOOK.COM)**