



Health Policy Commission

Health Care Cost Trends Hearing 2013

Presentation to the Health Policy Commission

2013 Cost Trends Hearings October 1, 2013

Center for Health Information and Analysis



Can I measure it?



Compared to what?



Meeting The Benchmark: Achieving Sustainable Health Care Cost Growth In Massachusetts



Hospitals & Doctors



Transforming The Delivery System: Promoting Accountable, High Quality Care

of commercial insurance enrollees' care was coordinated by a physician group that was paid using a global budget method.



Evaluating Market Structure: Measuring Impact On Cost, Quality, And Access

4500

BCBS Share of the commercial insurance market.

Share of physician payments to the three biggest physician groups



Empowering Purchasers: Advancing Transparency, Information, And Incentives



Between 2009 and 2011, premiums increased about twice the rate of general inflation, even while cost sharing also grew.



Coming Soon: Total Health Care Expenditures

December 2013: Methodology White Paper

August 2014: CHIA's Annual Report

Center for Health Information and Analysis







Health Policy Commission

Health Care Cost Trends Hearing 2013



Commonwealth of Massachusetts

Health Policy Commission

HOLD: HPC





Health Policy Commission

Health Care Cost Trends Hearing 2013

ADDRESSING STRUCTURAL BARRIERS TO EFFICIENCY PROBLEMS AND SOLUTIONS

MA Health Policy Commission Cost Trends Hearing

Karen Wolk Feinstein, PhD
President and Chief Executive Officer

October 1, 2013
University of Massachusetts Campus Center
Boston, MA



In the Beginning: What We Knew

- Lucian Leape's "Error in Medicine" (JAMA, 12/21/1994)
 - Avoidable in-hospital deaths equivalent to three jumbo jet crashes every two days



180,000 in-hospital deaths
 partly as a result of latrogenic injury



We Went Shopping for Answers: What We Observed in Health Care

W. Edwards Deming, PhD: "Where Art Thou?"

- Chaos
- Uncertainty
- Random Behaviors
- Work-Arounds
- Confusion
- Disorder
- Errors
- High Turnover
- Secrecy





High Value Organizations Adopt Toyota/Lean Production Thinking

- Problems identified and solved immediately
- Rapid root cause analysis
- Organized work areas
- Concise communication
- Active involvement of managers
 - "Go and see"
 - On the floor
- Intense respect for the employee
 - Every employee has what they need, when they need it, to succeed
 - Career development
- Team problem solving to meet customer need



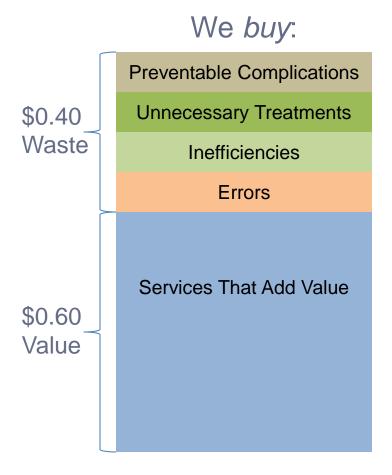
What and Why: Pittsburgh Regional Health Initiative

- Pittsburgh Regional Health Initiative (PRHI)
 - A not-for-profit, regional, multi-stakeholder collaborative formed in 1997 by Karen Feinstein and Paul O'Neill
 - An initiative of a business group, the Allegheny Conference on Community Development
- PRHI's message
 - Dramatic quality improvement (approaching zero deficiencies) is the best cost-containment strategy for health care



Value Reform From Now to Future

For every \$1:



We should buy:

Cost Savings 100% Services That Add Value **Value** for Less Cost



REVOLUTIONS ARE BORN OF HOPE AND NOT DESPAIR

WE BROUGHT LEAN QI TO HEALTH CARE



We Created Our METHOD of Quality Improvement: Perfecting Patient CareSM

- Adapted from Lean/Toyota Production System
- Patient-focused systems redesign
- Can be applied in the course of everyday work
- The ultimate goal is perfection





The Pittsburgh Regional Healthcare Initiative and Health Careers Futures are in the Training and Education Business

- Salk, QIT Innovators and Patient Safety Fellowships
- Perfecting Patient CareSM Universities, 4 per year
- Champions Programs
- Closure sessions
- Board and Committee meetings
- REACH extension services
- HIV/AIDS Quality Improvement
- Grant Related: AHRQ/PIC; CMMI (1) and (2) and SNMHI
- Tomorrow's HealthCare[™]
- Motivational Interviewing
- I-WISE
- Caregiver Training
- Summer Interns



BUT ALL ARE IN THE C.E. SPACE

STRUCTURAL BARRIERS

And Solutions

1. HEALTHCARE ORGANIZATIONS
ARE NOT STRUCTURED
FOR HIGH PERFORMANCE.



We Went Shopping for Answers: What We Observed in Health Care

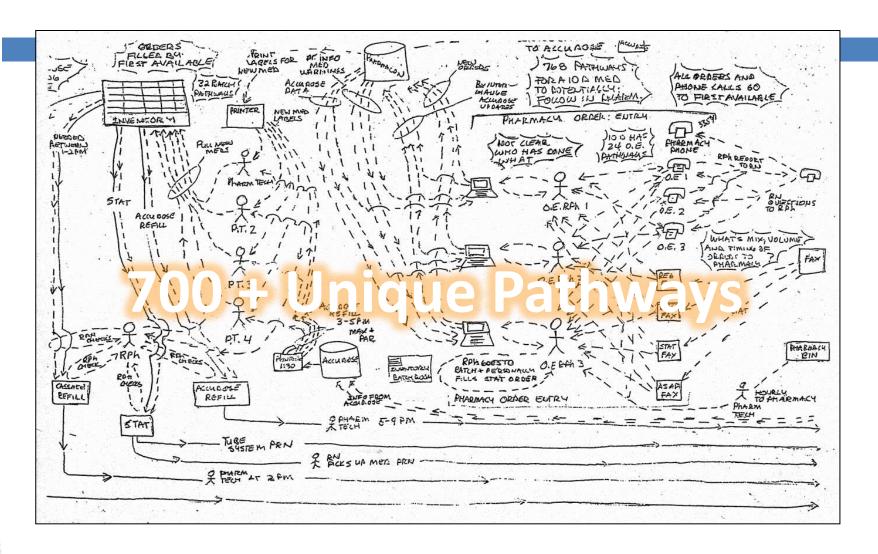
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- Chaos
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- Errors
- High Turnover
- Secrecy





Safety? Quality? Efficiency?





What Does a Problem-Solving Infrastructure Look Like







The Case of Toxic Surgical Tape





The Pharmacy in the Ceiling



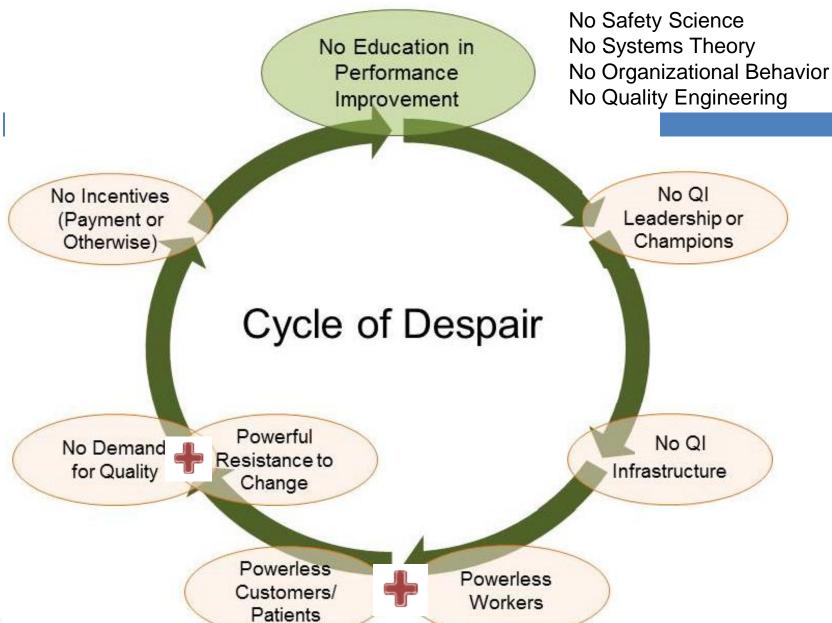
A Solution: Build A Problem-Solving Infrastructure



STRUCTURAL BARRIERS

2. HEALTHCARE PROFESSIONALS GET NO EDUCATION IN CREATING HIGH PERFORMING ORGANIZATIONS.







A Solution Yet to be Realized

 The ACGME outlined expectations for a sixth core competency of systems-based practice in the Next Accreditation System.



System-Based Practice

- The components of SBP in which trainees must demonstrate proficiency are:
 - Coordinate patient care within the healthcare system relevant to their clinical specialty
 - Incorporate considerations of <u>cost awareness and risk-benefit</u> <u>analysis</u> in patient and/or population-based care as appropriate
 - Work in <u>interprofessional teams</u> to enhance patient safety and improve patient care quality
 - Participate in <u>identifying systems errors</u> and implementing potential <u>systems solutions</u>



STRUCTURAL BARRIERS

3. THERE ARE FEW INCENTIVES FOR HIGH PERFORMANCE.







From VOLUME to VALUE

Transforming Health Care Payment and Delivery Systems to Improve Quality and Reduce Costs

NRHI Healthcare Payment Reform Series

PAY FOR INNOVATION OR PAY FOR STANDARDIZATION?

How to Best Support the Patient-Centered Medical Home







A Solution: ACA Payment Reforms ...

... on the horizon?



- Accountable Care Organizations
- Bundled Payments Episodes of Care
- Merit Raises and Promotions



STRUCTURAL BARRIERS

4. WE HAVE LEADERSHIP FAILURES.



Pittsburgh Regional Health Initiative

• Founders:

- Karen Wolk Feinstein, PhD
 - President and CEO since founding



- Paul O'Neill
 - Alcoa Chairman 1987-1999
 - U.S. Treasury Secretary 2001-2002





The Executive Role in Transformation



- Paul O'Neill Alcoa Chairman, 1987-1999
- Corporate commitment to reduce workplace injury rate to <u>zero</u>
- Imported Toyota Production System, manager accountability, real-time data reporting to Alcoa; reduced workplace injuries by 90% over 12 years
- Alcoa became the safest company in the world



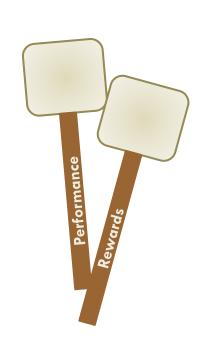
Lean Leaders

- Senior Leadership and Middle Management
 - Walk the walk
 - Recognize employees
 - Build internal teams
 - Problems addressed real-time major issues
 - Live the values
 - Talk the talk





Transforming Healthcare Organizations: Hit all the notes on the xylophone or no music







The Web-based Solution: Tomorrow's HealthCare™



Managing for Efficiency Safety Q.I.

Tomorrow's HealthCare[™]



Learning



- ➤ Perfecting Patient
 CareSM Online
- Demonstrations & tools
- Certification & accredited education
- Case studies & examples

Process & Quality Improvement



- > Lean tools & techniques
- > Assessment templates
- Registries
- Sample interventions
- ➤ Implementation & planning guides

Customized ePortfolio



- ➤ Individual, team & institute projects
- Educational credit & project tracking
- Project progress assessment tools

Professional Networking



- Communities of interest
- > Best practice sharing
- Open source content development
- **➤** Discussion boards



The Bell Curve Solution

ANNALI OF MERCHE

THE BELL CURVE

What hypothesis and an justice of plant has been placed about advance and plant?

BY ARIA GRANNING

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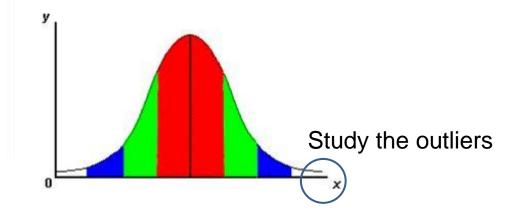
Accept the Bulk substance and help for



Atul Gawande, MD

"You do whatever you can to keep the lungs open."

"Remove what keeps a patient from doing their treatments?"





What Matters: How the Best Achieve Results

Focus
Consistency
Assertiveness
Invention

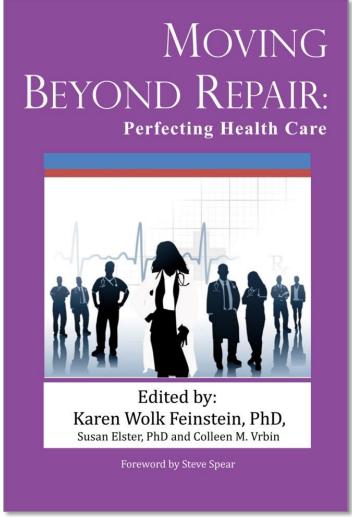


STRUCTURAL BARRIERS

5. HEALTH CARE EMPLOYS
LEAN FOR REPAIRS
AND SPOT REMOVAL.



Moving Beyond Repair: Perfecting Health Care





LEAN Teaches Systems Thinking

LEAN Thinking: Perfect Customer Systems











Suppliers

Manufacturing

Distribution

Retail Sales

Customer Service

Health Systems Thinking: Excellence at Every Step















Primary Care Prehospital Care

Emergency Room Diagnostic Services

Inpatient Care Transfer or Discharge

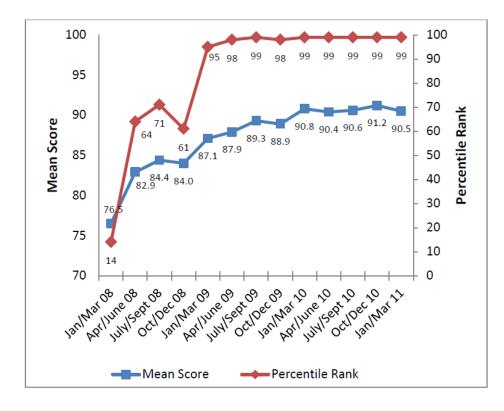
Home Care



Repair: Lean Improves Emergency Department Flow in Hospital

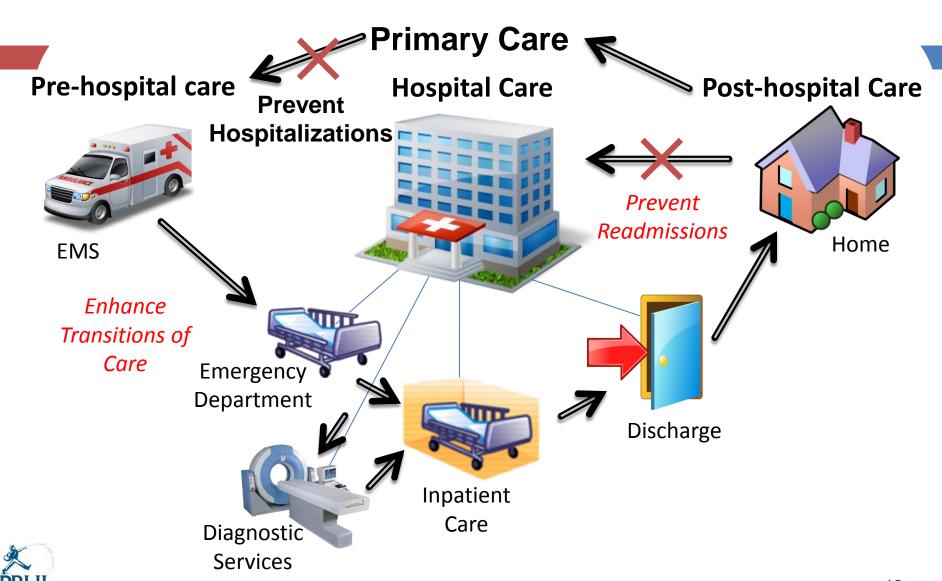
- Door-to-Room time decreased from 47 to 4 minutes
- Patients who leave without being seen decreased from 130 to 8 per month
- Patient satisfaction increased from 77% to 90%
 - From 14th percentile to 99th percentile national rank

ED Patient Satisfaction Scores Over Time



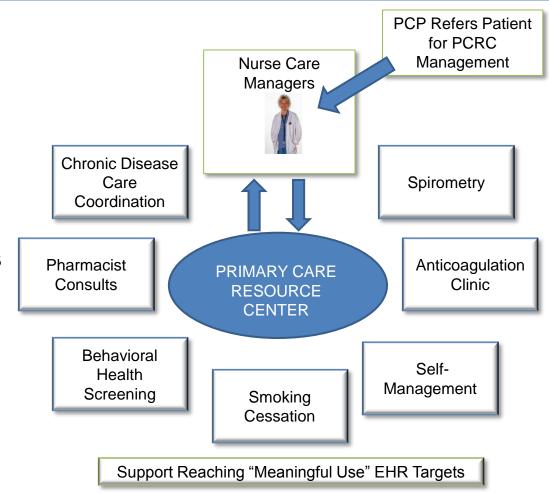


Systems Thinking Solution



Solution: Expand the Capacity of PCPs to Manage Complex Patients

- Supports team-based care coordination of chronic medical conditions, from admission
- Provides value-added primary care support services beyond the means of small practices
- Utilizes excess hospital space





STRUCTURAL BARRIERS

6. Culture Impedes Reform.



Protecting Bad Apples



and not rewarding quality stars



In the Way of Quality Improvement

Hierarchy

Silos

Department Chairs

Other Priorities



Solution to a Problem: Retention - Nurse Turnover

- Problem: nurse turnover on liver transplant unit went from 5% to 12% in one year
- Turnover cost per year: \$800,000
- Solution: engagement of nurses:
 - Gives nurses a voice to fix and solve problems
 - Levels work load
 - Encourages nurses to ask for, and render, help



From Spread





To Clustering





To Calling for Help





Results

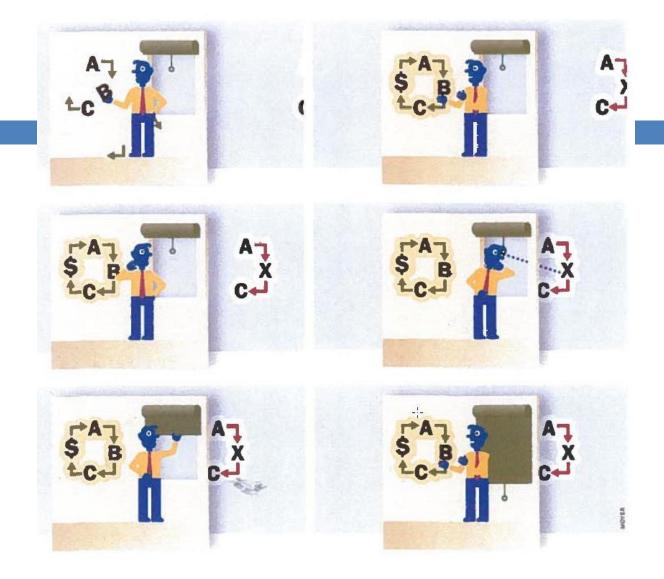
RN Turnover Rates on Abdominal Transplant Unit	
Year	RN Resignations
2003	3
2004	12 (12%)
2005 (January-September)	10
January 2006 (PPC innovations begun) to December 2006	0



STRUCTURAL BARRIERS

7. WE IGNORE EVIDENCE: WE DO NOT LEARN FROM DATA.



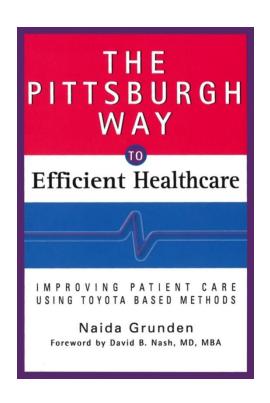


What Evidence?

We continue to believe despite ample evidence to the contrary.



PRHI's Early Successes Recognized







Early PRHI Successes — But



17% Drop

in pediatric clinic wait times

180 to Zero!

Lost patient hours per month due to ambulance diversions

100% Reduction

in nurse turnover

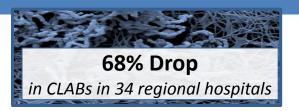
35 to Zero!

defective charts

MOVING

Perfecting Health Care

Karen Wolk Feinstein, PhD.



50% Reduction

in pap smear sampling defects

50% Fewer Readmissions w/ COPD focus



Efficiency Increased 100%

in pathology lab



>20% Decline

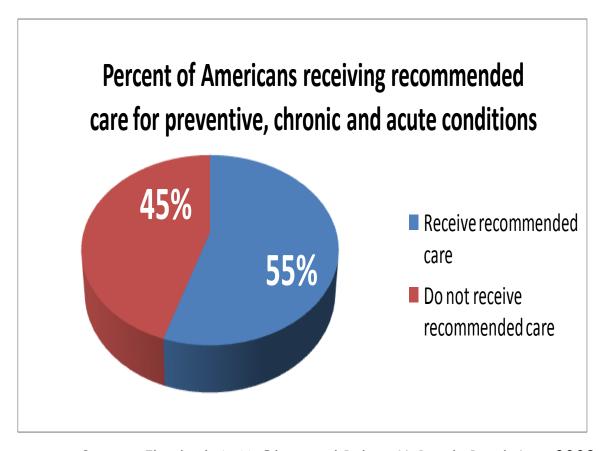
Nosocomial C. difficile infections

100% Compliance

w/quidelines & aspirin use in a diabetes clinic



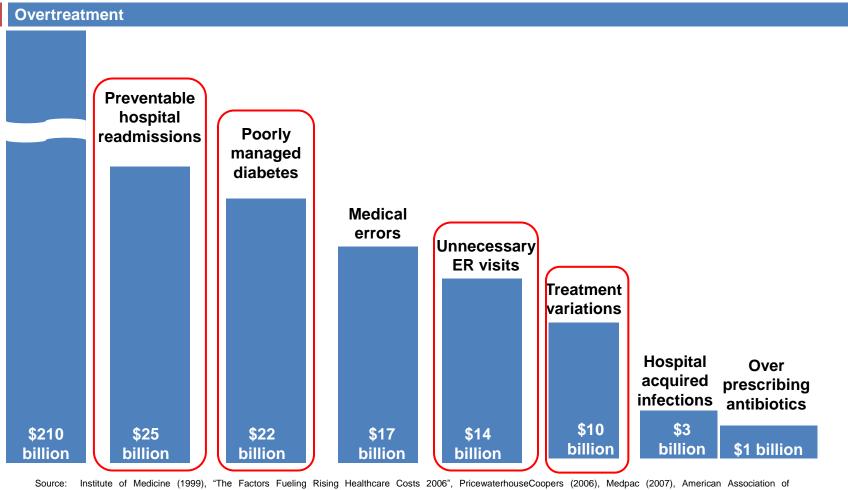
Responding to New Data





Source: Elizabeth A. McGlynn and Robert H. Brook, Rand, June 2003

Where the Costs of Waste Lie

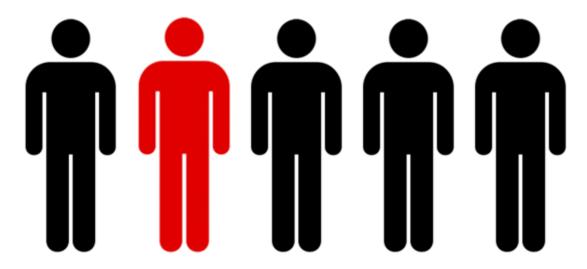




Source: Institute of Medicine (1999), "The Factors Fueling Rising Healthcare Costs 2006", PricewaterhouseCoopers (2006), Medpac (2007), American Association of Endocrinologists (2006), Center for Disease Control and Prevention (2005), Solucient (2007), U.S. Outcomes Research Group of Pfizer Inc (2005), National Committee for Quality Assurance (2005), Analysis by PricewaterhouseCoopers' Health Research Institute. 2010

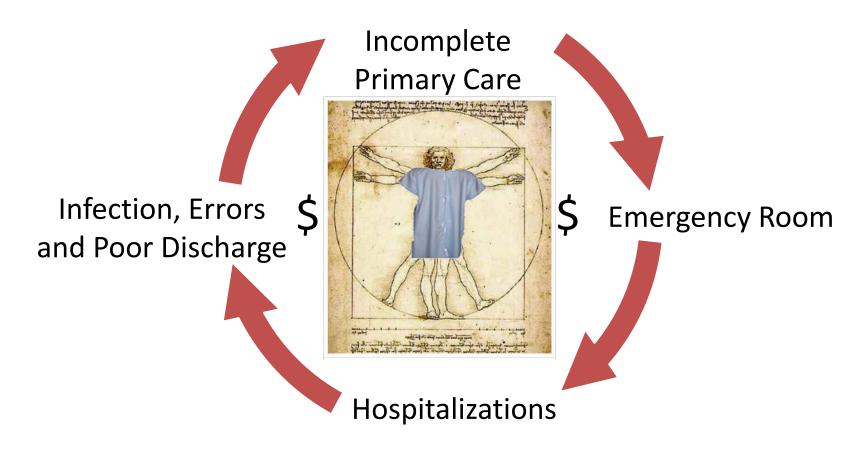


PRHI found that approximately **1 in 5** patients discharged from the hospital *return* within 30 days





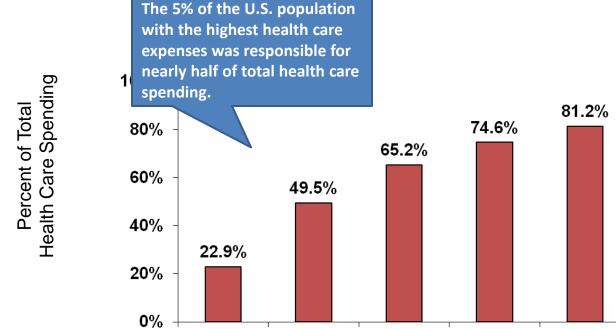
The Readmissions Cycle





Focus on Spending Leads to Complex Patients

Concentration of Health Care Spending in the U.S. Population, 2007



49.5% 65.2% 3.0% 3.0% Top 5% Top 10% Top 15% Top 20% Top 50% Bottom 50%

Percent of Population, Ranked by Health Care Spending



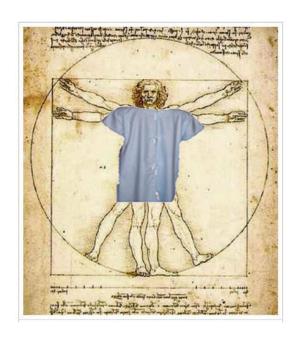


97.0%

Top 1%

The Complex Patient

Who is frequently hospitalized?

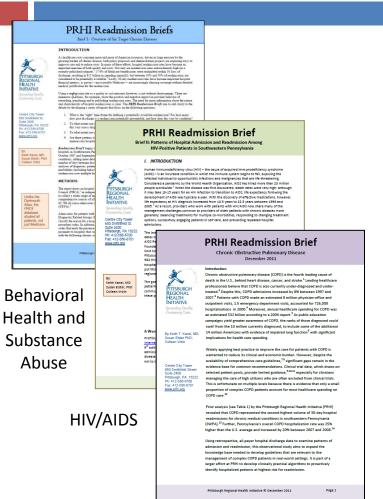


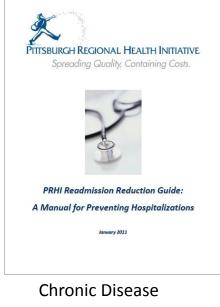
Do you know your customer?



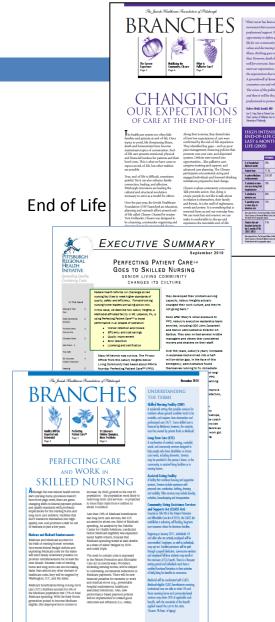
We Let the Data Guide Our Work







Skilled Nursing



COPD

Solution

Keep people out of hospitals





All the Programs We Do Now That Keep People Out of Hospitals

PRIMARY CARE RESOURCE CENTER

MAI
Minority AIDS Initiative

PARTNERS IN INTEGRATED CARE

(End of Life and Palliative Care)

EMS Champions Program

Lean Engagements

Health

Careers

Futures

Safety Net Medical Home Initiative

QIT Center

Where Quality Improvement meets Information Technology

Caregiver Champions

Closure

PERFECTING
PATIENT CARESM
UNIVERSITY

The Fine Awards Excellence in QI

Long Term Care Champions

PACN

Pittsburgh Accountable Care Network Patient Safety Fellowships

> Salk Fellowship

HIV QI in AIDS Service Organizations

QIT Health Innovators Fellowship

REACH

Regional Extension Center

TOMORROW'S HEALTHCARETM

RAVEN

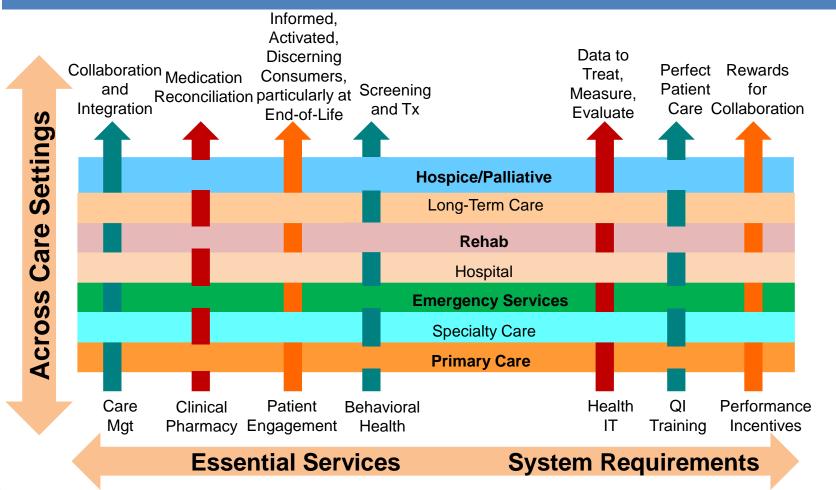
Reduce Avoidable
Hospitalizations among
Nursing Facility Residents

COMPASS

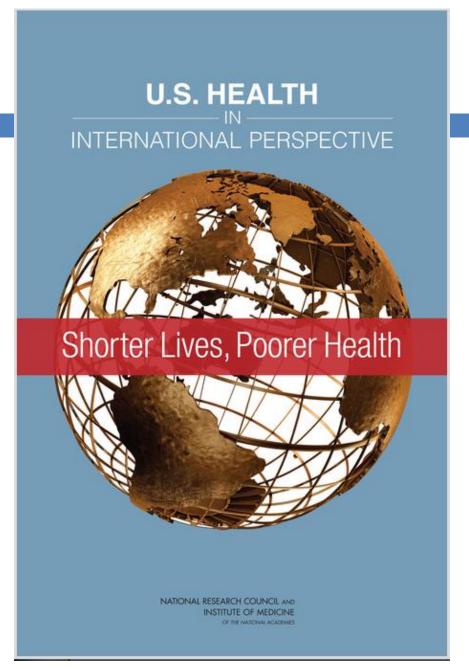
Care Of Mental, Physical, And Substance Use Syndromes Consortium



The <u>Second</u> Systems Vision Solution: Transforming the Care of Complex Patients



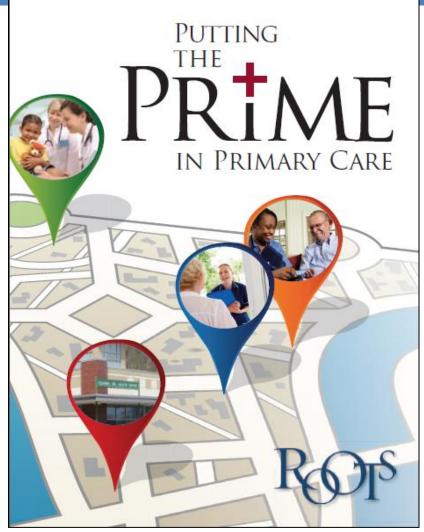






January 9, 2013

Solution: Putting the Prime in Primary Care





Structural Barriers

- 1. Healthcare organizations are not structured for high performance.
- 2. Healthcare professionals get no education in creating high performing organizations.
- 3. There are few incentives for high performance.
- 4. We have leadership failures.
- 5. Health care employs LEAN for repairs and spot removal.
- 6. Culture impedes reform.
- 7. We ignore evidence: we do not learn from data.







Health Policy Commission

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