

VALUE-BASED HEALTH CARE – THE PAYER PERSPECTIVE

EMS Transformation Summit
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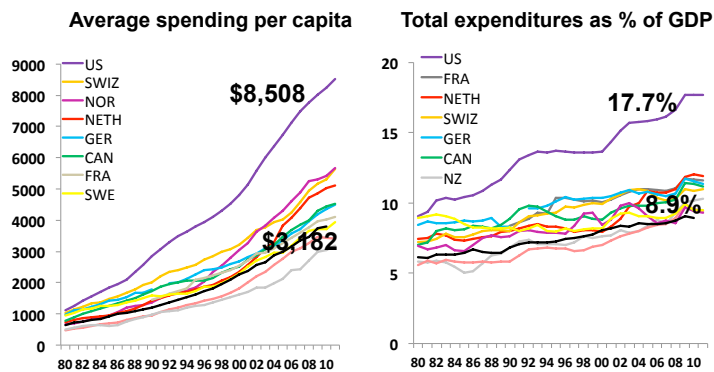
THE TRADITIONAL HEALTH CARE SYSTEM

What's the problem???



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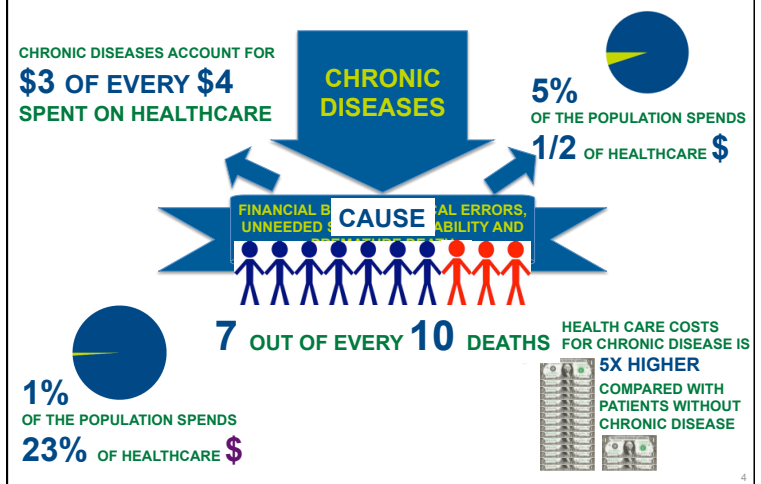
International Comparison of Spending on Health, 1980–2011



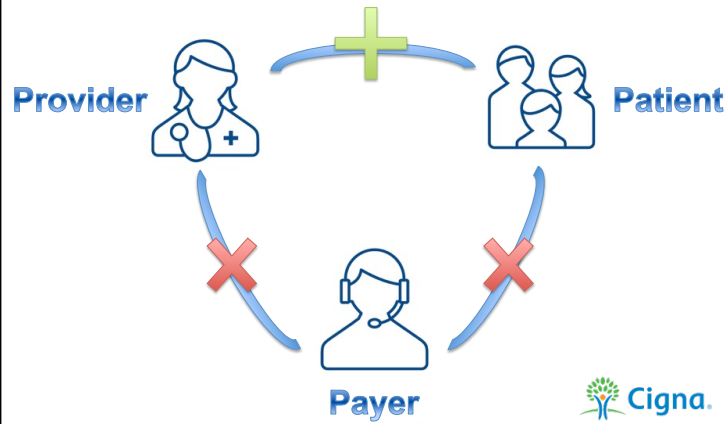
Source: Organisation for Economic Cooperation and Development, *OECD Health Data, 2013* (Paris: OECD, November 2013).



Chronic disease is the key driver of cost



Relationships in the traditional health care system



Do patients trust their insurance provider?



Only tobacco and oil industries consistently rank lower than the health insurance industry



Optimizing Health, Maximizing Rewards.



8% relied on insurers as source of health and wellness



Do insurance companies trust the provider?



The Journal of the American Medical Association

From 1996 – 2010,
CT scans ↑ 3X and
MRI scans ↑ 4X



BETTER POLICIES FOR BETTER LIVES

US patients receive **45% MORE** cardiac procedures than the next highest country.

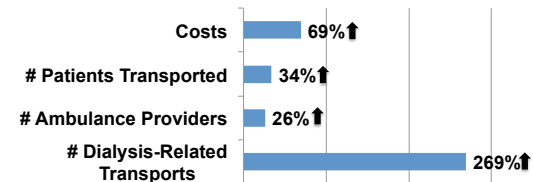


CMS paid **\$24 million** in 2012 for ambulance transports that did not meet criteria



The elephant in the room EMS overutilization

- Medicare ambulance increases from 2002 – 2011:



- 15%** of patients transported by ambulance to EDs could safely receive care in non-urgent settings
If avoided → **\$560M annual Medicare savings**
- 11 – 61%** of Medicare beneficiaries transported to ED might not have required ED care



Rewards in the traditional health care system



PERSPECTIVE ON THE NEW VALUE PROPOSITION IN HEALTHCARE

What is value???



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Two buzz words that we love (or hate)...
But do we understand them?



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Defining Value

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

$$\text{Value} = \frac{\text{Outcomes}}{\text{Cost}}$$



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Defining Outcomes

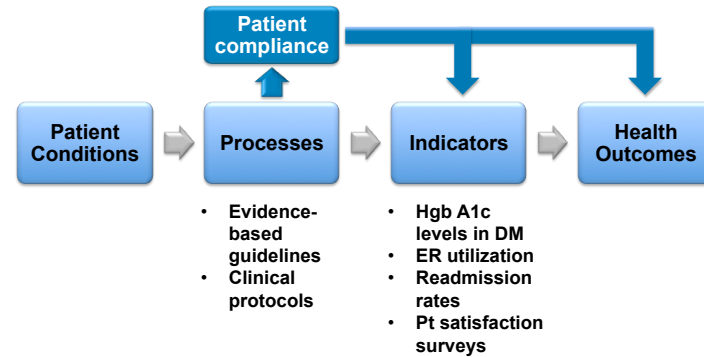
- Outcomes **+** Evidence-based medicine
- Outcomes **+** Patient satisfaction
- Outcomes **+** Access to care
- Outcomes **+** Cost containment



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The chain of causality leading to outcomes



Supplement to: Porter ME. What is value in health care?
N Engl J Med 2010;363:2477-81.

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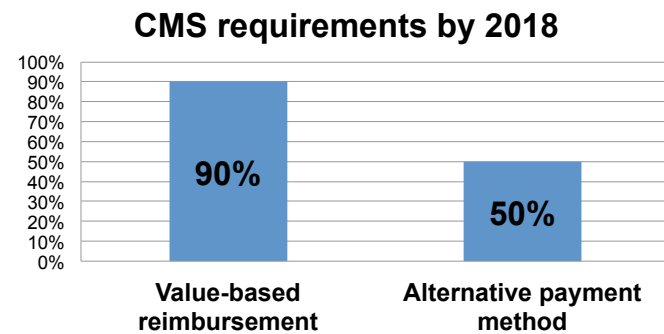
Rewards in a value-based health care system



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Value-based expectations CMS

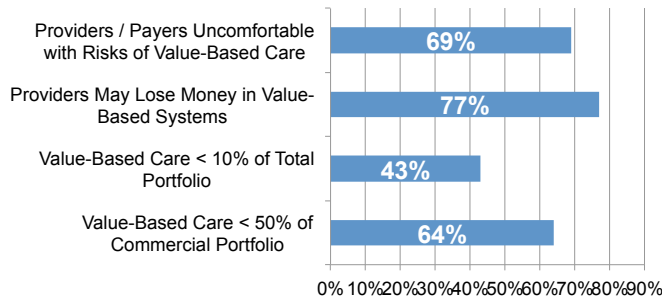


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Are we ready for a value-based system? Survey says.....No

Health Care Reform Survey



Majority of Payers and Providers Uncomfortable With Value-Based Care. First Report Managed Care. 2016



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HOW PAYERS MIGHT LOOK TO PARTNER WITH EMS AGENCIES

Challenges / Opportunities
Risks / Rewards



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What should we FOCUS on? The quadruple aim

IMPROVE HEALTH
OUTCOMES

ENHANCE PATIENT
EXPERIENCE

REDUCE OVERALL
COSTS

IMPROVE WORKLIFE OF
PROVIDERS AND STAFF



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EMS Challenges / Risks

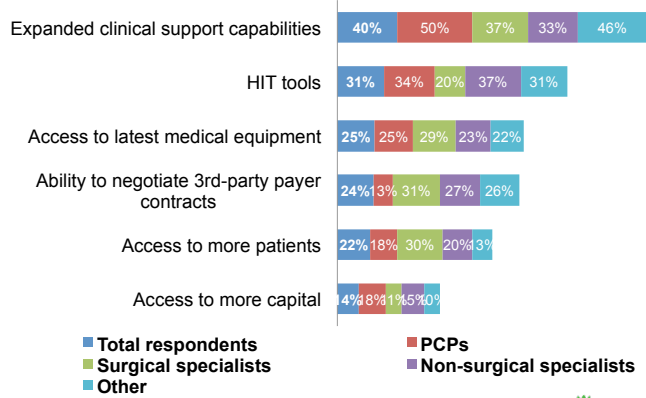
- Most U.S. **EMS systems share **One** common thread:** Primary focus is on responding quickly to serious accidents and critical emergencies (*even though patients increasingly call 911 for less severe or chronic health problems*)
- **EDs are overcrowded**.....crisis
- FFS model for EMS drives costs and does NOT improve value
 - Medicare spends **\$5.2 billion** on 16.6 million ambulance transports annually



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What is needed to succeed? Survey says.....

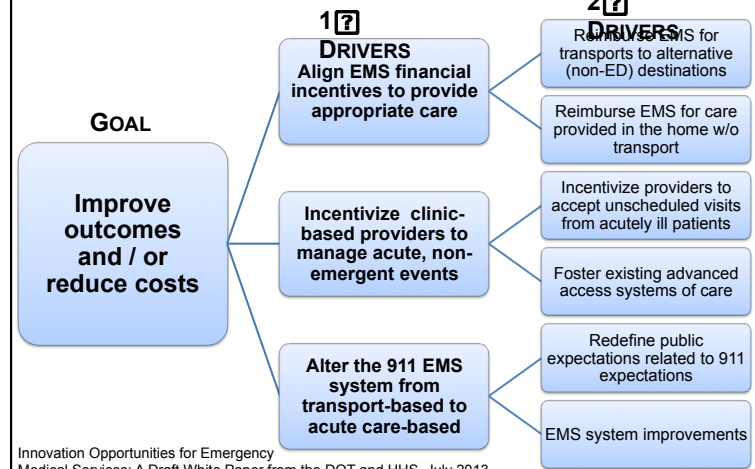


Preparing for the inevitable: The path to physician success in a value-based world. Deloitte Center for Health Solutions. 2014 Survey of U.S. Physicians



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EMS Opportunities



Innovation Opportunities for Emergency Medical Services: A Draft White Paper from the DOT and HHS. July 2013

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Summary

$$\text{Value} = \frac{\text{Outcomes}}{\text{Cost}}$$



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