



SOCIETY OF ACTUARIES

**Health Spring Meeting
June 2009**

**Session # 36 PD: Quality & Efficiency I -
Overview of the Space**

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Innovating Healthcare Business Process Service Delivery

Quality & Efficiency - 1 Overview of the Space Session 36

Short Draft 1.1

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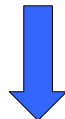
What you should get from today's presentation

- Hear an overview of the Society of Actuaries report (to be released by the time of this meeting).
- Understand the implications to actuaries.
- Identify key organizations and programs that have been developed.
- Understand the actuarial / business perspective to link different approaches to quality and efficiency measurement.

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Implications for Actuaries

More measurement



More data and complexity



More value as actuaries

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Outline of presentation

- Summary of report
- Report limitations and measurement challenges
- Importance of measuring quality and effectiveness
- Overview of major types of organization
- Recent events
 - Senate Finance Report and Ingenix transparency
- Questions

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Summary of draft report: two major components

- Overview of organizations and measurement
 - Thirty five pages
- Data Book (inventory of organizations and product)
 - 83 organizations
 - Over 150 products or programs
 - 282 pages of summaries from organization's web sites
 - Approximately 400 web references
- Undertaken for the Society of Actuaries Health Section.
- Check the Society of Actuaries website – we hope a draft report is available for the annual meeting.

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Executive summary - why this report

- Healthcare quality and efficiency are massively important
 - To the economy (particularly at this time)
 - To you (as actuaries and patients)
- Major innovations are occurring – time for an inventory
 - From technology to systems to measurement

Current economic climate creates massive energy

- <http://content.healthaffairs.org/cgi/content/abstract/hlthaff.28.2.w346>
- During the projection period (2008–2018), average annual growth in national health spending is projected to be 6.2 percent—2.1 percentage points faster than average annual growth in gross domestic product (GDP). The health share of GDP is anticipated to rise rapidly from 16.2 percent in 2007 to 17.6 percent in 2009, largely as a result of the recession, and then climb to 20.3 percent by 2018. Public payers are expected to become the largest source of funding for health care in 2016 and are projected to pay for more than half of all national health spending in 2018.

Many new developments in measurement

- Increased collaboration and coordination across key players.
- Extensions of historic metrics – more measures in more depth from more locations.
- New physician quality metrics such as gaps in evidence based care.
- Improved episodes of care and metrics and risk-profiling
 - Easier movement from “micro” to “macro”
- Many pay-for-performance pilots and initiatives.
- Alternative networks based on quality and/or efficiency.

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Report Methodology

- A basic inventory of organizations and programs
 - Hospital quality
 - Hospital efficiency
 - Physician quality
 - Physician efficiency
 - From websites (authors have not verified statements)
 - Not an exhaustive list but representative
- Conducted between November 2008 and March 2009

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Limitations and Analytic Challenges

- Medicare or commercially insured patients – not uninsured.
- Size and complexity of the United States health system.
- Definition of “quality” – excludes items like surveys or reengineering.
- Different fundamental approaches.
- Many stakeholders, goals, and therefore perspectives.
- Fast pace of revolution - essential to include both formal studies and current practices.

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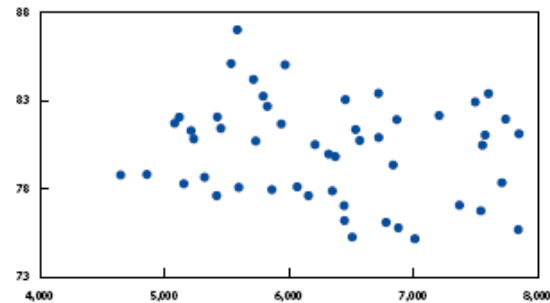
Variation in Cost and Quality

- Congressional Budget Office based on data from Department of Health and Human Services, Agency for Healthcare Research and Quality, National Healthcare Quality Report, 2005 (December 2005), Data Tables Appendix, available at www.ahrq.gov/qual/nhq05/index.html, and data from the Centers for Medicare and Medicaid Services' Continuous Medicare History Sample

Figure 1.

The Relationship Between Medicare Spending and Quality of Care, by State, 2004

(Composite measure of quality of care)



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Fundamental concepts for efficiency measurement

- Evaluate and reduce variation – measurement leads to improvement (starting with Wennberg thirty years ago).
- Group and measure similar illnesses – DRG, episodes of care.
- Evaluate resource use – normalize for price.
- Reward clinically-sound care - avoid complications.

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Types of organizations and programs

- Organizations with a broad role
- Measure developers and approvers
- CMS
- Carriers
- State programs
- International
- Organizations with special focus within a topic
 - Hospital quality
 - Hospital efficiency
 - Physician quality
 - Physician efficiency

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A few examples

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Centers for Medicare and Medicaid Services (CMS)

- Variety of public reports, Quality Improvement Organization (QIO) program.
- Hospital Compare.
- Incentive demonstrations projects.
- Premier Hospital Quality Incentive Demonstration.
- Physician Group Practice Demonstration.
- HCAHPS survey (not the focus of this report).
- Significant Medicare initiatives summarized by MedPac.
- Many other items under discussion including payment reform and expansion of technology.

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State programs

- Data Book summarizes long-standing programs in California, Massachusetts, Minnesota, and New York plus a handful of others.
- Topics from Cardiac Care to quality and/or pay-for-performance.
- Most HMOs had pay-for-performance programs covering more than 80% of membership.
 - N Engl J Med 355;18 www.nejm.org November 2, 2006
 - N Engl J Med 2006;355:1895-902.
- Many pilots and experiments underway.
- Check your local state for their unique programs.

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Physician quality and efficiency

- Enhanced episode of care metrics.
- New measurement of gaps in care and evidence based medicine.
- Early discussion around payment reform for fee-for-service medicine
 - Hospitals
 - Physicians
- Networks based on quality and efficiency metrics.

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Recent events

- Senate Finance Report
 - Section I: Payment Reform - Options to Improve the Quality and Integrity of Medicare Payment Systems.
 - Section II: Long-Term Payment Reforms – Options to Foster Care Coordination and Provider Collaboration.
 - Section III: Health Care Infrastructure Investments – Tools to Support Delivery System Reform.
 - Section IV: Medicare Advantage – Options to Promote Quality, Efficiency and Care Management
- Ingenix transparency.

Questions

Healthcare Risk Management & Quality Measures

Society of Actuaries
Health Spring Meeting
June 2009
Kara L. Clark, FSA, MAAA

Agenda

- ASHRM overview
 - Quality measures in the world of healthcare risk management
 - Uses and implications
 - Hospitals in Pursuit of Excellence
 - Opportunities
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ASHRM Overview

- American Society for Healthcare Risk Management (www.ashrm.org)
- Mission: to advance healthcare risk management *and patient safety (new in 2009)*
- Approximately 5,400 members
- Membership composition and backgrounds
 - *Mostly hospital-based risk managers in acute care facilities*
 - *Variety of backgrounds: clinical, legal, insurance*

ASHRM Overview



Quality Measures

- “Never events”
- “Core measures”
- Healthcare acquired conditions (HACs)
- NPSGs (National Patient Safety Goals)
- Accreditation

A nonexhaustive list!

“Never Events”

- National Quality Forum
 - Public-private partnership established in 1999
 - Intended “to develop a national strategy for healthcare quality measurement and reporting”
 - Serious Reportable Events in Healthcare (2002): “Never events”
 - www.qualityforum.org
-

“Never Events”

- Surgical events
- Product or device events
- Patient protection events
- Care management events
- Environmental events
- Criminal events

Hospital Process of Care Measures (aka “Core Measures”)

- Acute Myocardial Infarction (AMI)
 - 7 measures
- Heart Failure (HF)
 - 4 measures
- Pneumonia (PN)
 - 7 measures
- Surgical Care Improvement Project (SCIP)
 - 7 measures

Source: www.hospitalcompare.hhs.gov

Hospital Acquired Conditions (HACs)

- Foreign object retained after surgery
- Air embolism
- Blood incompatibility
- Stage III and IV pressure ulcers
- Falls and trauma

Source: www.cms.hhs.gov

Hospital Acquired Conditions (HACs)

- Manifestations of poor glycemic control
- Catheter-associated urinary tract infection
- Vascular catheter-association infection
- Surgical site infection following certain procedures
- Deep vein thrombosis (DVT)/pulmonary embolism (PE)

Source: www.cms.hhs.gov

National Patient Safety Goals

- Goal 1: Improve the accuracy of patient identification
- Goal 2: Improve the effectiveness of communication among caregivers
- Goal 3: Improve the safety of using medications
- Goal 7: Reduce the risk of healthcare-associated infections

Source: www.jointcommission.org

National Patient Safety Goals

- Goal 8: Accurately and completely reconcile medications across the continuum of care
- Goal 9: Reduce the risk of patient harm resulting from falls
- Goal 10: Reduce the risk of influenza and pneumococcal disease in institutionalized older adults

Source: www.jointcommission.org

National Patient Safety Goals

- Goal 11: Reduce the risk of surgical fires
- Goal 13: Encourage patients' active involvement in their own care as a patient safety strategy
- Goal 14: Prevent healthcare associated pressure ulcers

Source: www.jointcommission.org

National Patient Safety Goals

- Goal 15: The organization identifies safety risks inherent in its patient population
- Goal 16: Improve recognition and response to changes in a patient's condition

Source: www.jointcommission.org

Accreditation

- Reflects a snapshot in time
 - Often through The Joint Commission (but not always)
 - Joint Commission accreditations are
 - Survey based
 - Surveys are unannounced
 - Accreditation may fulfill certification requirements for CMS
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Uses and Implications

“Enterprise risk management is the discipline by which an organization in any industry assesses, controls, exploits, finances and monitors risks from all sources for the purpose of increasing the organization’s short- and long-term value to its stakeholders”.

Source: www.casact.org

Uses and Implications

- Outcome risks
 - Financial risks
 - Payment
 - Litigation
 - Data risks
 - Reputational risks
-

Hospitals in Pursuit of Excellence

- American Hospital Association platform
 - Launched April 2009
 - Goals:
 - Hospitals become clinically, operationally, and financially more capable, effective and efficient
 - Patients gain equal access to safer, higher quality and more affordable care
 - Hospitals become better connected to their patients and the communities they serve
-

Hospitals in Pursuit of Excellence

- Initial areas of focus:
 - Health-care acquired infections;
 - Medication management;
 - Patient throughput;
 - Patient safety
 - www.ahaqualitycenter.org
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Opportunities

- Defining the business case
 - What are the “costs of poor quality”?
 - Sharing your stories
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