



PITTSBURGH REGIONAL HEALTH INITIATIVE
Spreading Quality, Containing Cost

Transparency For What?

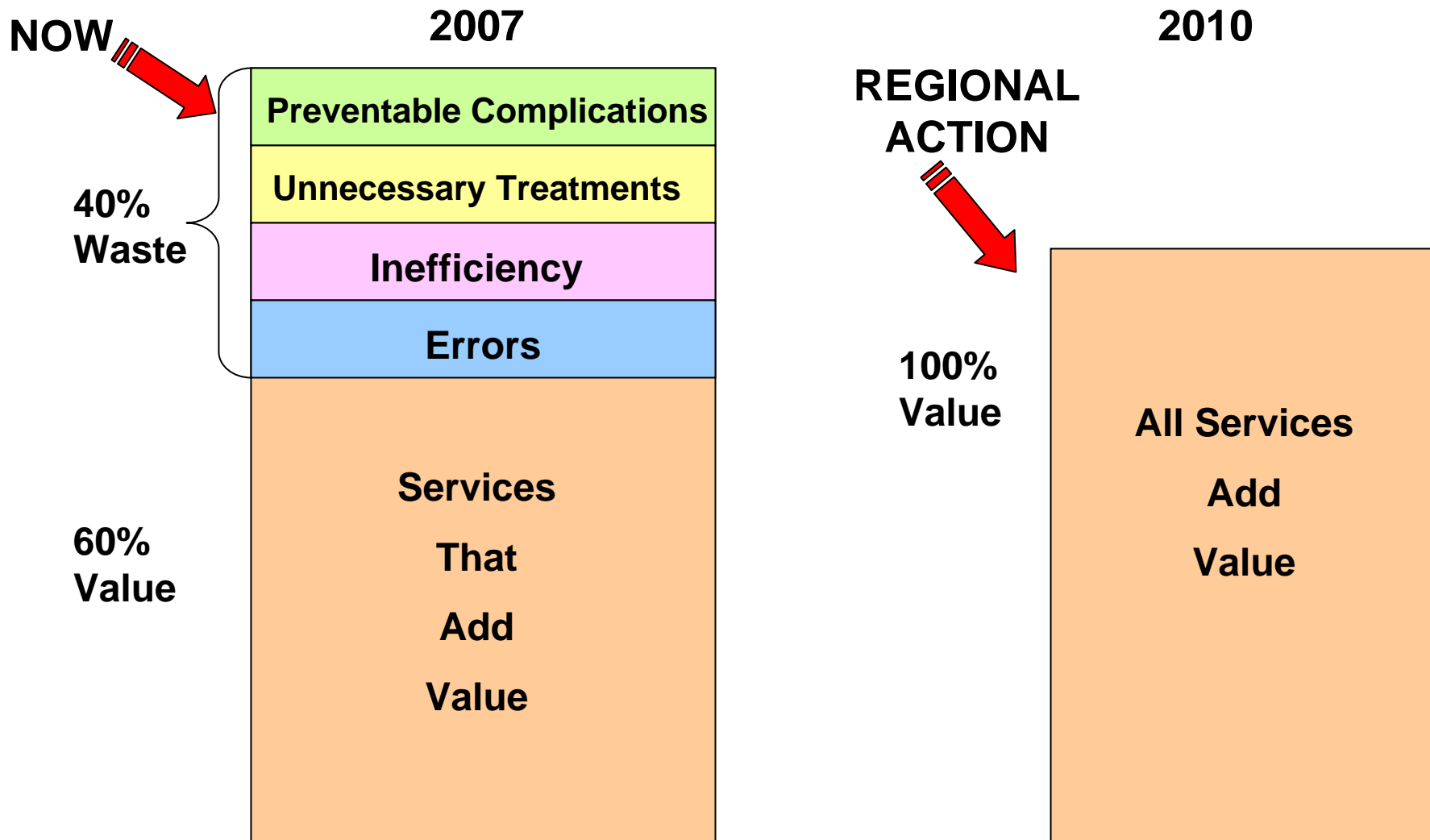
What's Needed for *True* Healthcare Reform

Karen Wolk Feinstein, PhD

April 18, 2007

Pittsburgh Prescription for Healthcare Reform

WHAT WE PAY FOR



The 5 Stages of Healthcare Reform

Mediocrity

Where we are today:

- High costs
 - Failure to deliver appropriate care
 - Errors and adverse events
 - Poor outcomes
-
- Customer pays but customer is ignorant (incomplete information)
 - Maintain ignorance → maintain mediocrity
 - Transparency is not optional

The 5 Stages of Healthcare Reform

Mediocrity

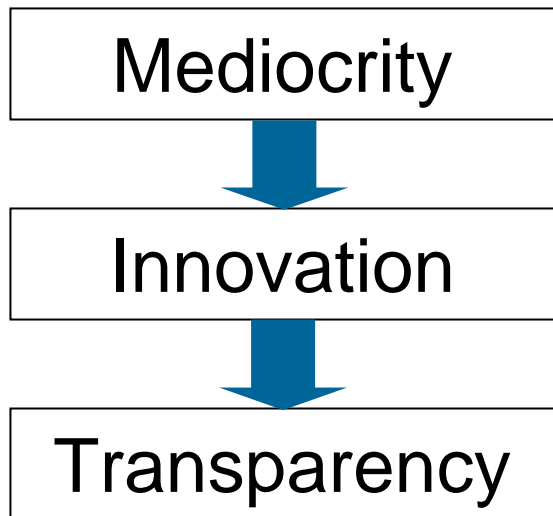


Innovation

Can we improve? Can we move to excellence?

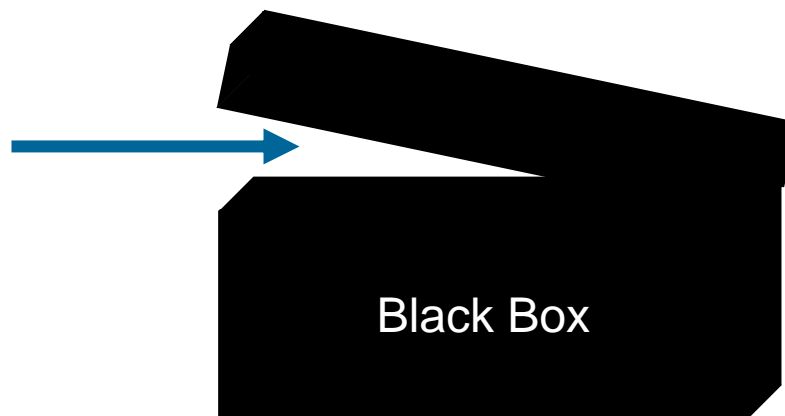
- What some pioneers have done:
 - Improve efficiency
 - Reduce or eliminate errors and adverse events
 - Improve outcomes
- PRHI Perfecting Patient CareSM
 - Ø Waste and inefficiency
 - Ø Error
 - Ø Preventable Complications

The 5 Stages of Healthcare Reform

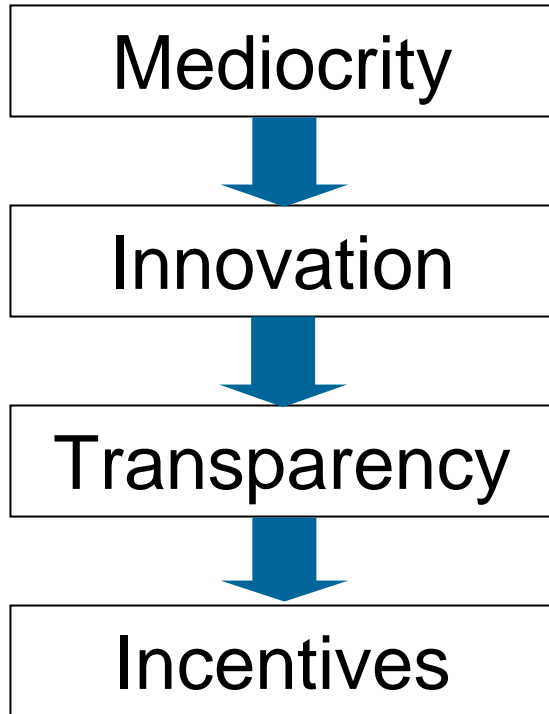


PHC4 has pioneered:

- Information on quality
- Information on cost



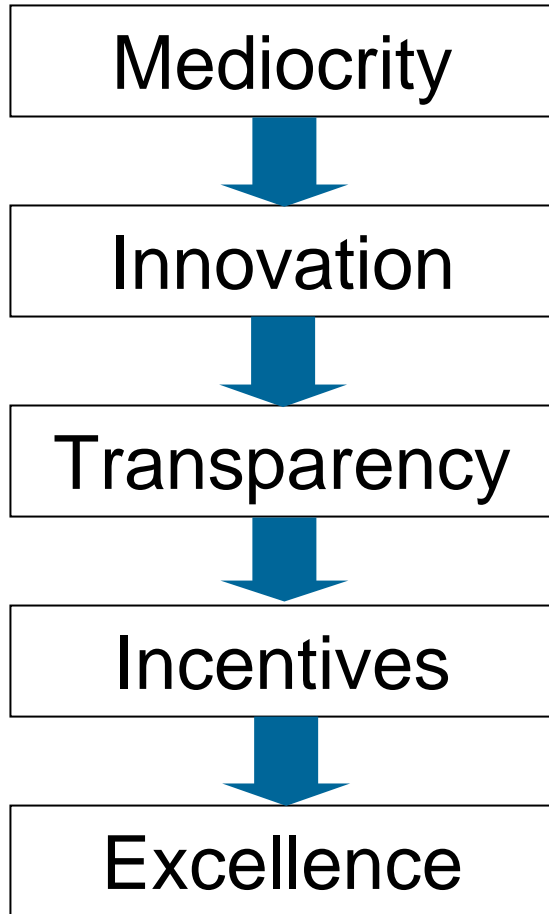
The 5 Stages of Healthcare Reform



Now a major national movement to:

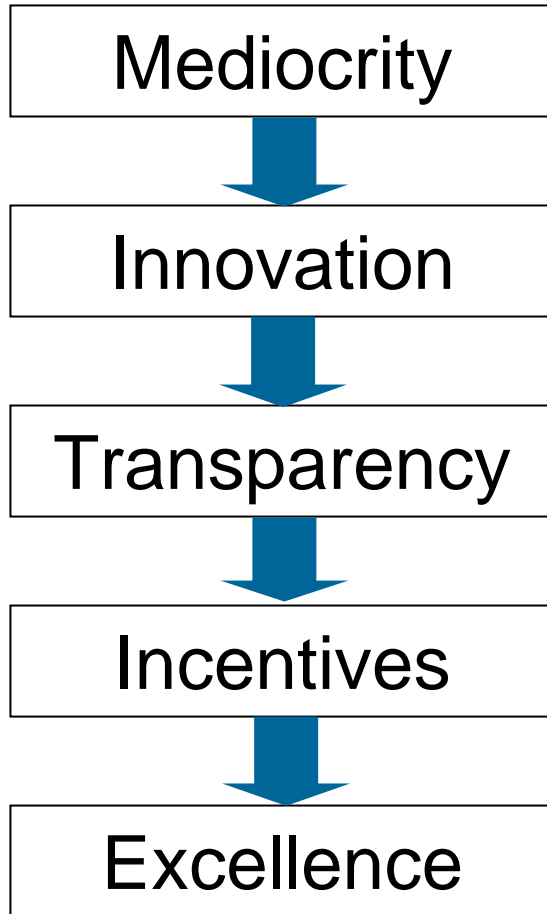
- Create financial incentives for improvement
- Remove the disincentives in the current payment system

The 5 Stages of Healthcare Reform



Within our reach, *if we stay focused*

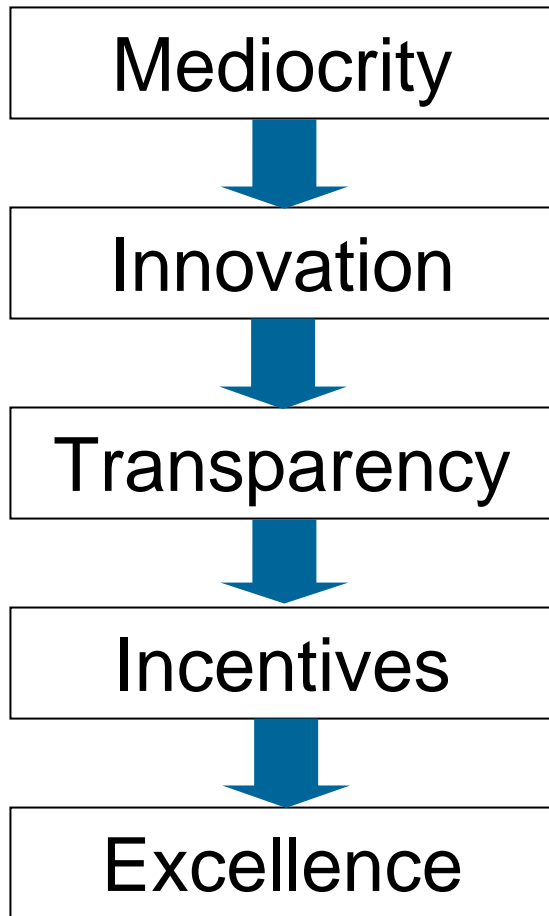
...And the Five Barriers to Progress



Ignorance

In many cases, no one, including those in the healthcare system, is even aware that there is a problem

...And the Five Barriers to Progress

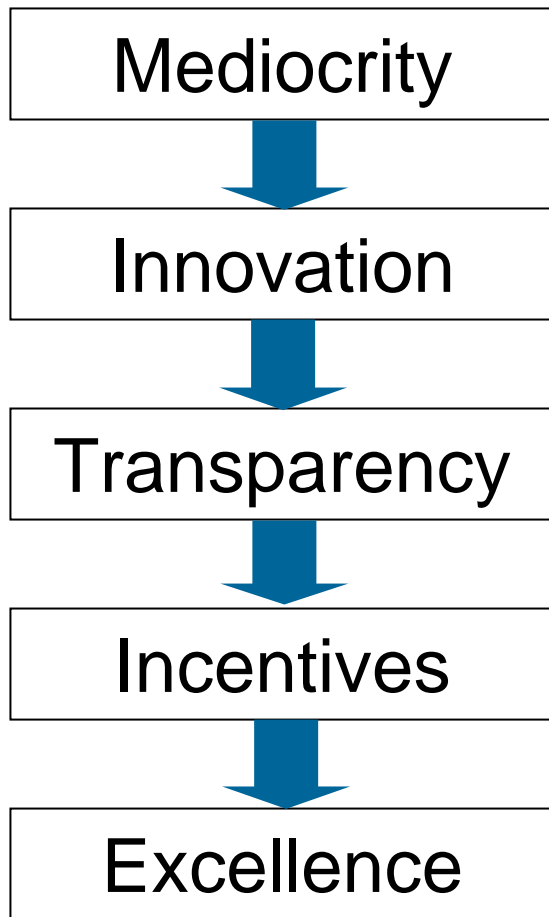


Ignorance

Inertia

Even when it is known that a problem exists, all too often the reaction is: “we’re doing the best we can possibly do”

...And the Five Barriers to Progress



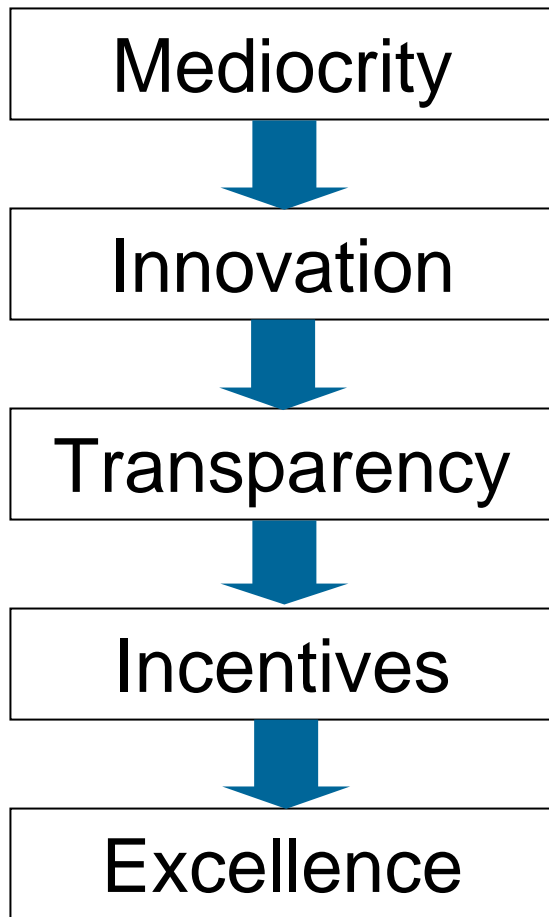
Ignorance

Inertia

Secrecy & Doubt

- Providers and payers are unwilling to share information to enable and encourage continuous improvements
- Cost and quality measures must reflect “the real thing”

...And the Five Barriers to Progress



Ignorance

Inertia

Secrecy & Doubt

Disincentives

- Customers don't move to excellence
- Healthcare payment system does not reward and often *penalizes* efforts to improve quality and efficiency

For example – Let's take HAIs

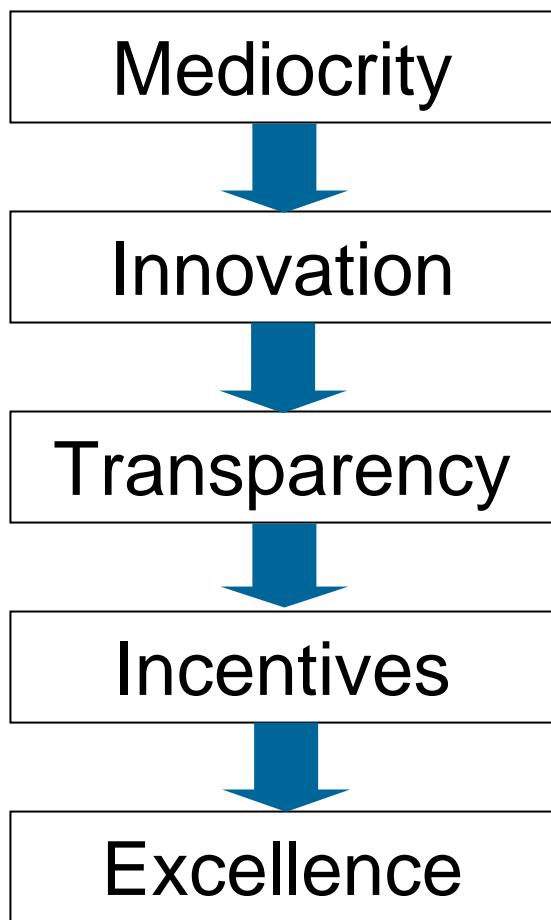
Small, Inexpensive Efforts...

- JHF & PHC4 partnered to provide grants to 5 acute care hospitals across Pennsylvania
 - Reduce the number of Hospital-Acquired Infections (HAI)
 - Reduce cost of HAI
- Grantees
 - Charles Cole Memorial Hospital *\$25,000*
 - Hamot Medical Center *\$15,000*
 - Holy Spirit Hospital *\$10,000*
 - Lehigh Valley Hospital and Health Network *\$15,228*
 - Thomas Jefferson University Hospital *\$20,000*

...Achieve Dramatic Results

- Charles Cole Memorial Hospital had a 36% decrease in urinary tract infection (UTI) rates
- Hamot Medical Center had a 41% reduction in their central line infection (CLAB) rates
- Holy Spirit Hospital had zero CLABs in 2 out of 3 of their ICUs in 2006
- Lehigh Valley Hospital experienced a 23% reduction in their UTI rates
- Thomas Jefferson University Hospital saw an 82% decrease in their rates of ventriculostomy infections

Example: Infections



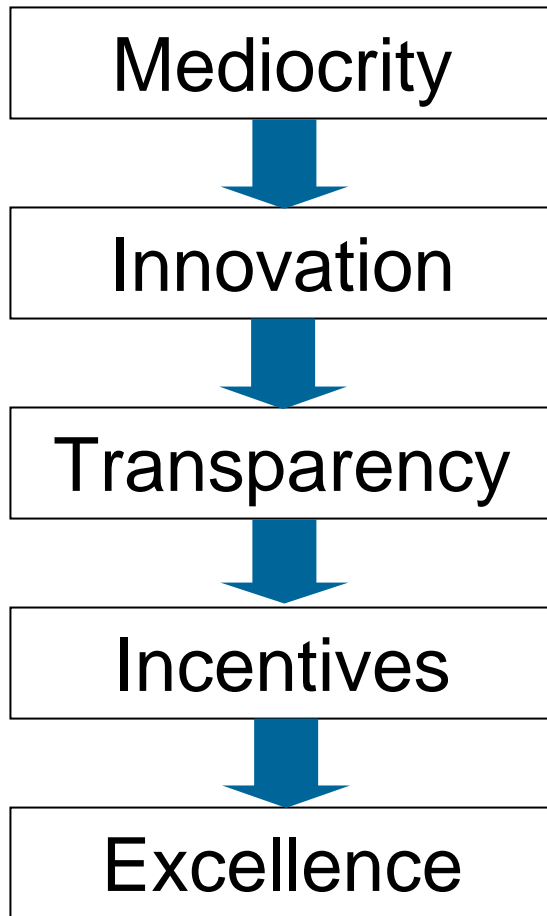
Ignorance

Inertia

Secrecy & Doubt

- “To Err is Human” revealed the problems in the system
- Demonstrations show potential for improvement
- Public reporting of infection rates begins
 - PHC4 pioneering in Pennsylvania
 - Various hospitals in other state self-reporting

Example: Infections



Ignorance

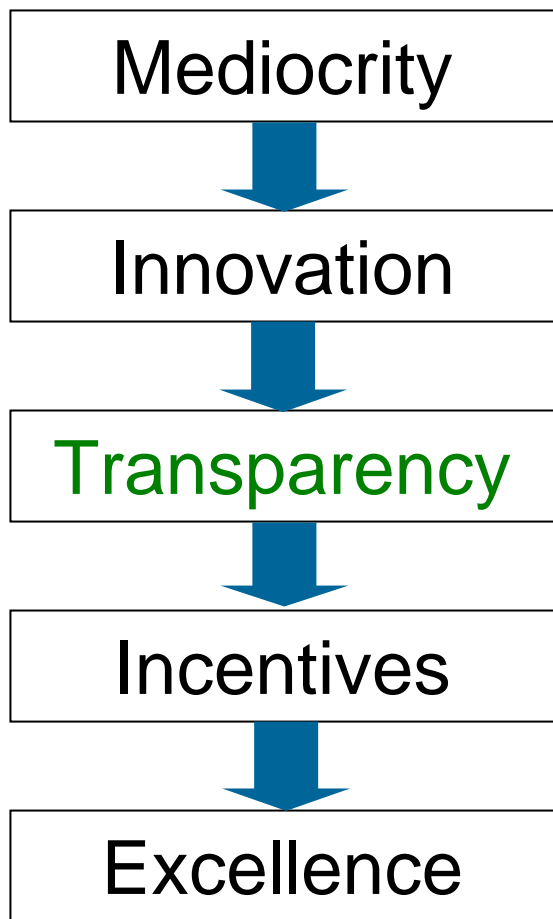
Inertia

*Secrecy &
Doubt*

Disincentives

- “To Err is Human” revealed the problems in the system
- Demonstrations show potential for improvement
- Public reporting of infection rates begins
- Bonuses for low infections, refusals to pay for infections
- Customers care and act
 - Minimization/elimination of infection
→ Not Yet!

Transparency Is Necessary...



How can payers & patients use low-cost, high-quality providers if they don't know who they are?

How will providers know what improvements are possible without comparative information?

The Future

Surgical Care Consumer Guide

Search Results: **Hip Replacement**

[What's included in the cost?](#)

Summary

Average Cost in Network Facility: \$11,249 - \$15,895

Out of Network Facility: \$18,889 - \$23,460

Results sorted by: Distance

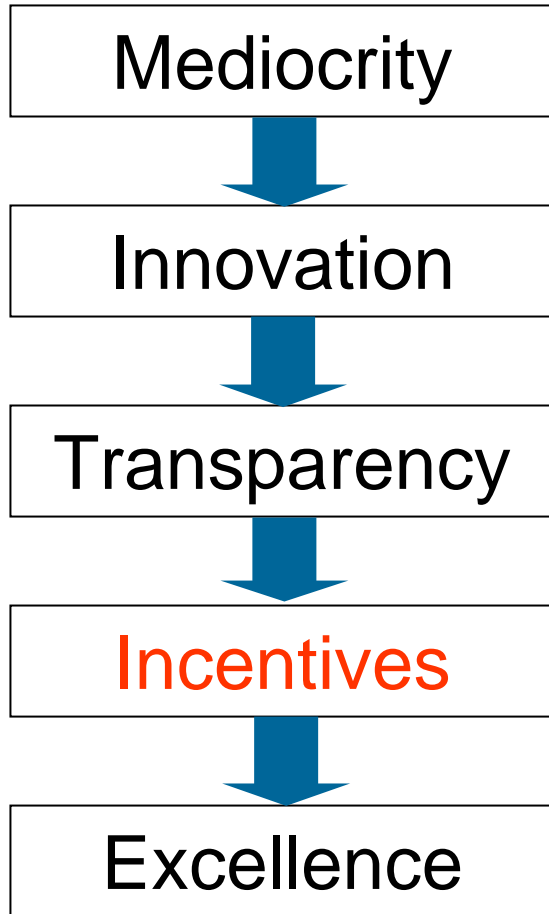
Sort by:

Key

Quality: ★★★★★ Highest | ★ Lowest **Cost:** \$ Least Expensive | \$\$\$\$ Most Expensive **Patient Assessment:** ★★★★★ Highest | ★ Lowest

Distance (Miles)	Facility Name	Patients per year	Quality	Cost Estimate	Insurer Pays	Patient Pays	Patient Assessment of Care
6.2	Clearwater General 14280 Bay Drive Clearwater, FL 22131	400	★★★	\$\$ \$15,895	85% (\$13,511)	15% (\$2,384)	★★
13.2	All Saints Medical Center 123800 All Saints Drive Tampa, FL 22122	86	★★★★	\$\$\$ \$20,700	80% (\$16,560)	20% (\$4,140)	★★★
25.6	Good Samaritan Hospital 11111 E. Samaritan Drive Tampa, FL 22222	232	★★★★	\$\$ \$15,895	90% (\$14,306)	10% (\$1,590)	★★★★
26.3	Tampa Hip Hospital 1400 East Tampa Boulevard Tampa, FL 22211	170	★★★	\$\$\$ \$20,700	75% (\$15,525)	25% (\$5,175)	★★★
27.3	Orthopedic Clinical Hospital 1444 Goodie Drive St. Petersburg, FL 22113	432	★	\$ \$11,600	70% (\$8,700)	30% (\$2,900)	★
33.2	Valley General Hospital 1400 Tampa Bay Way Tampa Bay, FL 22031	310	★★★	\$\$ \$16,230	85% (\$13,796)	15% (\$2,434)	★★★

...But Not Sufficient



The current payment system is fundamentally broken and needs to be fixed.

And current “pay for performance” initiatives are a band aid, not a cure

An Example of the Problems With Payment: Infections

- ***Infections are expensive***
 - Our analyses show that payments were \$34,000 higher for patients who had hospital-acquired central line associated bloodstream infections (CLABs) than for comparable patients who did not get infections
- But, in many cases, ***patients that got infections in the hospital were more profitable*** for hospitals because payments went up more than costs did
- That means that ***hospitals may become less profitable if they reduce infections*** – a perverse incentive that has to be fixed

Finding Win-Win-Win Solutions

- Employers in Seattle agreed to pay Virginia Mason Medical Center in Seattle 16% more for physical therapy of employees with back pain
- In return Virginia Mason would reduce the number of expensive MRIs and getting employees back to work faster
- Results show
 - Patients won** → received faster and more effective treatment
 - Employers won** → reduced payments by half
 - Hospital won** → maintained operating margins

Agenda for Action

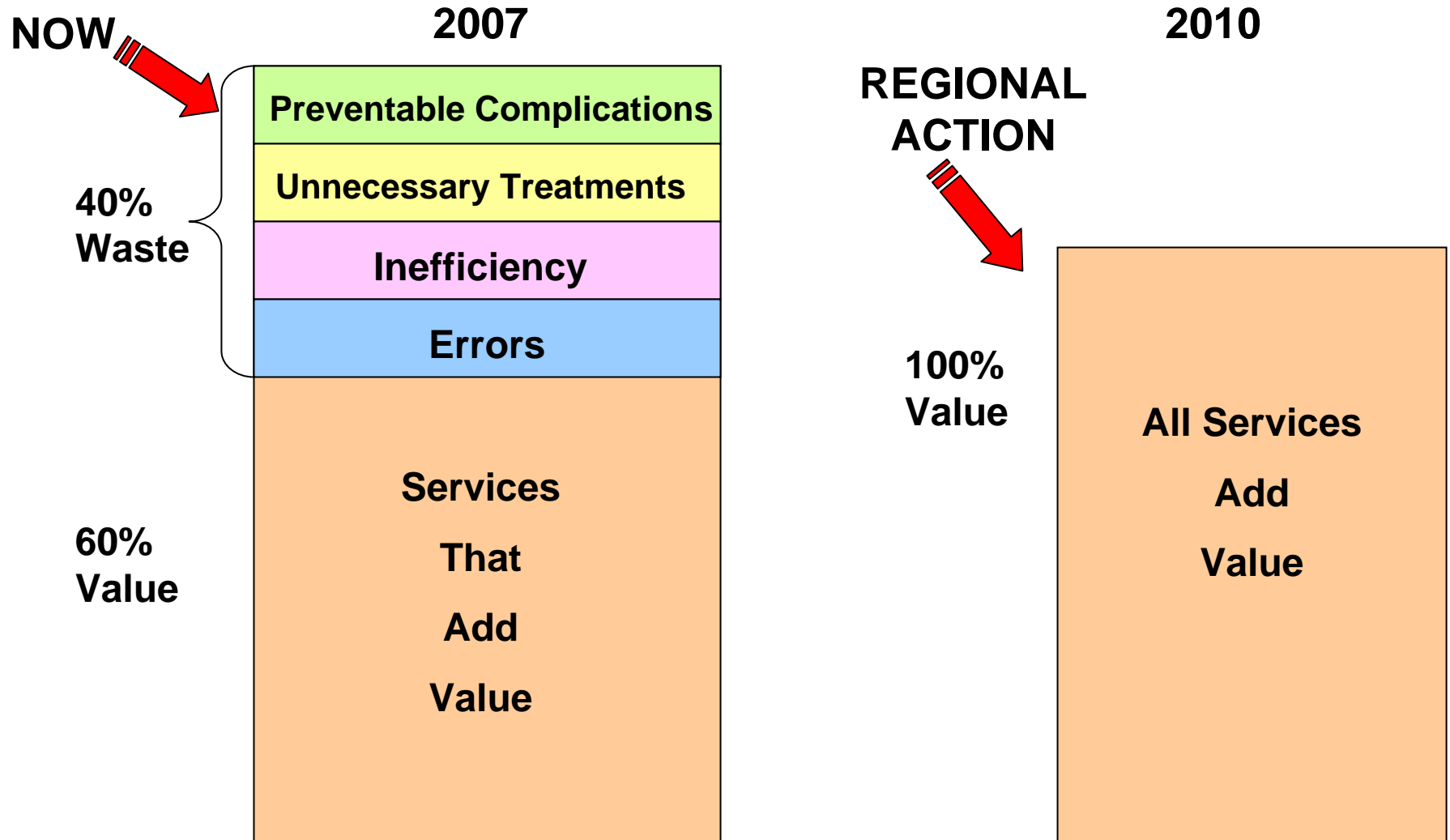
The *Value* Thing

- Fix the payment system to provide adequate payment for high-value services, incentives to providers for improved quality and efficiency
- Provide technical assistance to providers so they can improve quality and reduce cost
- Promote transparency of both quality and cost
- Build powerful quality indicators
 - Outcomes of care: errors, complications
 - Efficiency
- Encourage and assist patients to use high-value providers

Pittsburgh Prescription for Healthcare Reform

The *Value* Thing

WHAT WE PAY FOR



Value Reporting

Pittsburgh Prescription
Value Report

Facility

Clinical Intervention

Notes:

	2007	2008	2009	2010
Patients per Year				
% Complications				
% Unanticipated Re-hospitalization				
% Infection				
Risk Adjusted Mortality Rate				
Patient Assessment of Care				
Quality Rating				
Cost Estimate				
% Insurer Cost				
% Patient Cost				
Efficiency Factor				
Overall Value Rating				

The Elixir

The Pittsburgh Prescription for Healthcare Reform

