Session #20:

The Price is Right!

How to Thrive in the New Value-based Care Delivery World

Tom Burton
Executive Vice President, Health Catalyst
Co-founded Health Catalyst 2008
Intermountain Healthcare – 2002-2008

The Price is Right!

[Tyler Morgan]

Here it comes, live from Healthcare Analytics studio in Salt Lake City, it’s the “Price is Right!”

Come on down!

$ The Price is Right

Nancy McVey, come on down!
Leah Fullem, come on down!
Wouter Rietsema, come on down!
And Tom Hawkes, come on down!
You are the first four contestants on the Price is Right!

And now here’s your host Tom Burton!

[Thomas D. Burton]

Welcome, everyone. We’re going to have a lot of fun today. Now, the real purpose is to learn some important principles about value-based care delivery. And we’ll get into a little bit about the principles we’re going to learn.

**Learning Objectives**

- Understand how to use analytics to **manage at-risk contracts** in value-based care delivery
- Understand **network optimization** through provider selection and leakage reduction
- Understand a **balanced** approach to care management
- Understand the **three capabilities** required for **systematic** population health management

Learning Objectives

First we’ll talk about how do you manage at-risk contracts, and how do you prepare yourself to enter into this value-based world we’re all starting to experience.

Second, we’ll talk about how do you optimize your network, how do you reduce the leakage or those going out of network, and how do you really select the right providers to be in your network.

Next, we’ll talk about balanced approach to care management, and how do you look at different strategies for care management and do that in a more appropriate way.

And finally, we’ll talk about three capabilities that are really needed for population health management.
The Common Denominator: Reduce Costs, Improve Quality

Fee for Service

Fee for Value

The Common Denominator: Reduce Costs, Improve Quality

So we’re going to do it in a very fun way, so get your applause meters out and be ready to participate. We’ve got four great contestants here. Now, it’s going to work a little bit differently. The normal Price is Right, you’re bidding on items. We are going to be bidding today on cohorts of patients to go at risk for, very appropriately. And so what we’ll be doing is we’ll be thinking about how you are going to do that in this new fee-for-value kind of world.

If we think about fee-for-value versus fee-for-service - Dr. Sielaff talked about it in the general session - there’s this tremendous pressure, since the payments will be going down, that the cost has got to go down as well. So what do we do to reduce our cost, to eliminate all of that waste that we know is there? So we’ll talk about two types of strategies to do that.

Balancing Short-term Imperatives with Long-term Transformation

Accountable Care

Short-term goal: Successfully Manage At-Risk Contracts
Owner: Accountable Care Team

Population Health Management

Long-term goal: Transform the Care Delivery System
Owner: Care Delivery Team

Balancing Short-term Imperatives with Long-term Transformation
One strategy is more of a short-term strategy and it has to do with responsibilities of the accountable care team. They’re really going to be looking at how do you design the network, how do you enter into at-risk contracts, and also what’s your care management strategy.

There’s also a longer-term game plan, which is how do we significantly eliminate waste from our care delivery, and that’s this purple section here. That includes eliminating ordering waste, unnecessary utilization of the system. I thought Dr. Sielaff did a great job crossing out all of those extra things that really didn’t need to happen for that cancer patient.

We’ll talk about eliminating defect waste and then really looking at efficiency. How do we make care delivery more efficient?

**Lowest bid, but still make money**

<table>
<thead>
<tr>
<th>Last Years PMPM Payment</th>
<th>180</th>
<th>180</th>
<th>180</th>
<th>180</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMPM BID</td>
<td>175</td>
<td>182</td>
<td>165</td>
<td>170</td>
</tr>
<tr>
<td>- Actual PMPM Cost</td>
<td>-170</td>
<td>-170</td>
<td>-170</td>
<td>-170</td>
</tr>
<tr>
<td>PMPM Margin</td>
<td>5</td>
<td>12</td>
<td>-5</td>
<td>0</td>
</tr>
</tbody>
</table>

So the way this is going to work, I’m going to share or Tyler’s going to share a little bit about the cohort of patients that she’ll be bidding on. All right? We’ll tell you what last year’s per member per month payment was. Now, we’re not going to tell you what the cost was. Instead, you’re going to just bid on what you think your next year per member per month payment should be, and the payer is going to select the best bidder. Now, here’s the catch. It’s going to be the lowest bid, but you still have to make money. All right? So in this situation here, I’ve got a little example up there. The contestants have another screen that they can see. So in this situation, last year’s per-member per-month was $180 per member per month. We had different bids come in from the different contestants. The actual per member per month cost was $170. And so you can see over here these last two contestants actually didn’t make any money. And then, of the remaining two, the $175 was the lowest bid. That’s who the payer went with, and that would be our winner for a round.

So, contestants, do you kind of get how this is going to work? Yes, kind of. That’s exactly how we all feel right now in healthcare. We “kind of” get how it’s going to work.
Diabetes Population to Bid On

- 15,000 Diabetes Patients
- Total claims paid last year for this patient group was $45 Million or payments of $250 PMPM (per member per month)
- Readmission Rate of 15.1%
- Number of inpatient days last year was 9,014
- This is a condition capitation arrangement with the payer for primary or secondary diagnosis of diabetes

What is your PMPM bid?
Remember the winner is the lowest bid, but still make money

Diabetes Population to Bid On

So we’re just going to dive right in. Tyler, tell us about our first cohort of patients.

[Tyler Morgan]

Thanks, Tom. Our first cohort, we have 15,000 diabetes patients. Total claims paid last year for this patient group was $45 million or payments of $250 per member per month. This is a condition capitation arrangement with the payer for primary or secondary diagnosis of diabetes.

[Thomas D. Burton]

All right. Tom, let’s have your bid. What’s your per member per month payment bid?

[Tom Hawkes]

I’m going to go with 245.

[Thomas D. Burton]

245. Very good. Wouten?

[Wouter Rietsema]

241.

[Thomas D. Burton]

He’s seen the Price is Right, I think. All right. Leah?

[Leah Fullem]

I’m going to go 253.

[Thomas D. Burton]

253. And Betsy?

[Betsy McVey]
242.

[Thomas D. Burton]

242. Okay.

Now, we kind of set you up here. You did this without really knowing what your costs are. We’re seeing this a lot. People are entering into at-risk contracts having no clue what their costs are. They know what last year’s payments are, they know that last year it was 250, but they have no idea what their actual costs were last year. So let me kind of dive in to why that’s dangerous, and it’s also dangerous, depending on the type of costing you’re doing, the type of costing you’re using.

### Need for Improved Costing

<table>
<thead>
<tr>
<th>Variable Expenses</th>
<th>Labor</th>
<th>Supplies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hip Implant - Device</td>
<td>$8,500</td>
<td>1</td>
<td>$1,000</td>
</tr>
<tr>
<td>Hip Implant - OR Time</td>
<td>$9,000</td>
<td>1</td>
<td>$3,000</td>
</tr>
<tr>
<td>All other expenses</td>
<td>Total cost</td>
<td>$13,800</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Bundled payment of $15,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RVU Costing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hip Implant - Device</td>
</tr>
<tr>
<td>OR Level 2 Per Minute</td>
</tr>
<tr>
<td>All other expenses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity-Based Costing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hip Implant - Uber Max</td>
</tr>
<tr>
<td>OR Level 2 Per Minute</td>
</tr>
<tr>
<td>All other expenses</td>
</tr>
</tbody>
</table>

Need for Improved Costing

So a lot of healthcare organizations use a cost-to-charge ratio today. Well, if that was your method of costing, you might think a bundled payment of $15,000 for a group of patients looks like a good deal. However, if you’re using an RVU method, it might be right break even. But if you use an activity based costing where you can really get explicit about your costs, this would definitely not be a good deal. And so it’s important to get an activity based costing system in place. If you’re using these less explicit forms of costing that are more allocation based, you may be incorrectly costing your patient populations.
How an Activity Based Costing Solutions Works

So what are the key components of being able to do activity based costing?

Well, the first is you’ve got to capture a lot of data. You need EMR data, you need claims data, and you need pharmacy, supply, and other data. You also want to take advantage, if you have in place real-time location services where you can capture time and motion in an automated passive way where it reduces the cost of data capture. You’ll also want to allocate certain costs to activities.

Now once you have all that data captured, you’ve got to co-locate it, you’ve got to move it into a data warehouse.

Third, you’re going to do some data analysis. You’re going to look at what’s the best possible costing method we can apply, and we want to be as explicit as we can. Ideally, moving towards duration-based or explicit “hey, this drug went with this patient.” Now we can do that for things like drugs and supplies; we have a real hard time for nursing time and doctor’s time. And we want to get more and more explicit about that.

Second, you’re going to attach the cost to the patient. And third, you’re going to group that you’ll take those groups of patients and bundle them so that you can say, is this a good deal that the payer’s offering me? Or is it not a good deal? And those are the important components of an activity based costing system.

Now once you have that, that’s going to really inform your contracting with your payers. It’s also going to help you prioritize which opportunities are the greatest opportunities. And finally, it’ll help you with less expensive staffing models.

So, I know I built up the suspense here. You have no idea what the cost was, so let’s find that out.

The actual per member per month cost is $240.

Let’s see. Here we have our little screen showing who wins. It’s the blue team here, and it is Wouter. Come on up! You’re the first contestant.

Congratulations!

[Wouter Rietsema]
Oh, thank you.

Fit Bit Charge

[Thomas D. Burton]

All right. Well, Tyler, what can Wouter win?

[Tyler Morgan]

Well, Tom, we’ve got a Fitbit Charge by Fitbit! Energize your day with the Charge from Fitbit, a high-performance wristband with automatic, continuous heart rate and activity tracking right on your wrist. Every step, every beat, every day with the Fitbit Charge!

[Thomas D. Burton]

Excellent. So you have a chance here of winning a Fitbit Charge.

[Wouter Rietsema]

Exciting.

[Thomas D. Burton]

I know you’re thrilled.
Network Optimization Game

Polarity Principle:
- Reduce inappropriate utilization costs AND reduce out of network leakage

Game:
- Include anywhere from 1 to all 10 providers
- Must reach target of <10% leakage AND PMPM must be less than $240 PMPM
- 20 Seconds on the Clock
- Press button to calculate PMPM & Leakage

Network Optimization Game

So we’re going to play a little game here, and this is all about how do you design your network. So if you think about network design, you have providers that are employed by you, you have those that are affiliated and you have those that are out of your network. And getting that mix right is an important thing to do.

Ready

Now let’s get, by show of hands, how many of you are struggling with kind of who should be in your network and who should be out of your network? Or have you guys all got it figured out, and you’re in the wrong session?

Struggling, raise your hands.
Okay. Well, hopefully this game will help you a little bit. So what we’re going to do, we have our buzzer right here. This is the magic calculator that shows what your leakage is and what your per member per month cost is. And we have got up on the screen here 10 different providers that you can include or exclude from your network. Okay?

30 Seconds

Now, my assistant Nicky here, is going to let you take these rings, and what you’re going to do is you’re going to have 30 seconds. You’re going to come put these rings and say, okay, I want provider 1 in my network. You can include all 10 providers or just one provider or any number in between. All right.

[Wouter Rietsema]

Do I know anything about these providers?

[Thomas D. Burton]

For the first round, you really don’t know much, but you’ll have two chances.

All right, now up on the screen here, when you come back and press this button, will show you what your leakage percentage is, those going out of network of your patients, and it will also show you your per member per month cost. Now here’s the goal. You want to get less than 10% leakage, and you want less than $240 per member per month.

All right. Here are the rings. I’ll hold that for you. Are you ready? Any questions before we get started?

[Wouter Rietsema]

You’re not going to tell me anything about these really, no?

[Thomas D. Burton]

No. You don’t have an analytics system in place yet. Okay?

[Wouter Rietsema]
Well, that’s true, actually.

[Thomas D. Burton]
All right. If you had, we’d give you a little bit more information, but this is how you’re going to do it the first round. All right? Are you ready?

[Wouter Rietsema]
Absolutely.

[Thomas D. Burton]

All right. Okay. Go ahead and press it. And let’s see here. Okay, you have less than 10% leakage, but your cost is 266. Make some adjustments and come press it again. Oh! You’re almost out of time. All right, we’ll give you one more shot here. Let’s see. So you include nine as well, okay. Your leakage was down to zero, but your cost was just slightly over, so that was pretty close. Pretty close. Okay. We’re going to give you another chance here.

Let’s talk a little bit about what would be useful in understanding how to decide who should be in network and who should not be in your network.

---

Example: Leakage

So this is an example here of a leakage dashboard that helps to show why patients are leaking out, who’s leaking out, where are they leaking out. And there’s a thing called chained leakage where maybe you’re referred to someone as a primary care physician in network, but then that specialist refers out of network, and so you don’t need to just look one step but one, two, three, or four steps down to see what are the patterns of leakage. So a dashboard like this can be really useful.
Where do your patients live?

Another thing that’s super useful is using geospatial analytics. So we’ve plotted here where the density of patients reside that you’re going at risk for. And you can see the darker areas are where more of the population lives. We can then overlay that with which clinics are they going to, where they are getting their care. We can even overlay drive times and circumferences of how far a 5, 10, 15, 30-minute drive. All of this type of data can be very, very useful in deciding who should be in network versus who should be out of network.

Now, do you want another chance at this?

[Wouter Rietsema]

Sure.

[Thomas D. Burton]

Okay. He’s a captive audience here. All right.
So what we’re going to do, we’re going to actually show you who are the low-cost providers, so the green providers, 3, 4, and 10 are our lowest cost providers. Now our yellow providers are mid-cost, and our red providers are high utilizers, high-cost providers.

So what are your thoughts here? Do you want to keep five, nine, and six in network?

[Wouter Rietsema]

No, I’d get rid of nine here.

[Thomas D. Burton]

Yeah, I’d probably get rid of nine and the six is kind of obscured there.
Okay. Now, here’s something else we’re going to show you. We’re going to show you where the population actually lives. Okay, so there’s a lot down there by 10, so I’m glad you’ve got 10 included.

Now another thing to think about is where are the natural boundaries? And so if you think about rivers, freeways, railroad tracks, those actually do affect people’s driving patterns and whether they’ll stay in network. If it’s a hassle because I’ve got to go 10 miles down the road across the river, I’m not going to go to someone that’s in network, I’m going to go to what’s convenient.

So if you had to choose between provider number one and two, looking at the population, looking at some of those natural boundaries, who would you choose?

[Wouter Rietsema]

Between one and two?

[Thomas D. Burton]

Yeah. Would you include two or one? You know, two looks like there are not that many patients that are included.

[Wouter Rietsema]

Yeah, I think they’re a little closer to one, plus it gets some of the outer folks.
30 Seconds

[Thomas D. Burton]

Okay. So, you’ve kind of your mindset of who you’re going to include in your network, and I’m giving you 30 seconds again. Are you ready?

[Wouter Rietsema]

Sure.

[Thomas D. Burton]

Okay. Let’s go!

All right! That’s looking pretty good. All right. Let’s see. Let’s see what he’s got here. Oh, yeah, you did it! Winner! We have ourselves our first winner. Congratulations! So you’ve won the Fitbit Charge, and you’ll be in our final spin-the-wheel competition, so if you want to sit down there and just wait. Excellent!

All right. Well, we’ve got an empty chair up here, Tyler. Before we fill that chair, though, let’s just review what we learned from this game.
Game 1 Principle Review
Network Optimization

- Designing a care delivery network should include the following considerations
  - Who are the low cost providers? (you want them in your network)
  - Where does your population live?
  - What are the natural barriers geographically (rivers, freeways, train tracks)? This can cause leakage
  - ACTION: remove and add providers to my network to minimize leakage AND achieve the lowest appropriate cost

Game 1 Principle Review Network Optimization

So one of the things we learned was it matters who are the high-utilizer providers, who are your low-cost providers. So figuring out who should be included in your network should include that evaluation. You want to know where your population lives. And make sure that then driving times, geographical barriers, are taken into consideration as you design your network. That can all be done with some pretty advanced geospatial analytics in a very productive and precise way.

So, those are the things we’ve learned, so action item for all of you: Think about these things as you’re designing your network. Don’t be like the first round where you’re just kind of randomly picking. All right?

Come on down!
All right. Tyler, who’s our next contestant?

[Tyler Morgan]

Tom, how about Janet Sullivan? Come on down! You’re the next contestant on the Price is Right!

---

Back & Neck Pain Population

- 12,000 Back & Neck Pain Patients
- Total claims paid last year for this patient group was $9 Million
- Last year’s actual cost was $114 PMPM, payment was $125 PMPM
- Number of inpatient days last year was 1,894
- This is a condition capitation arrangement with the payer for primary or secondary diagnosis of neck and back pain

What is your PMPM bid?

Remember the winner is the lowest bid, but still make money

---

Back & Neck Pain Population

[Thomas D. Burton]

All right. Well, let’s jump right into our next cohort of patients. You know how this works now, you’ve done round one. This time I’m going to be a little bit nicer. I’m going to tell you, or Tyler’s going to tell you what last year’s actual costs were, so that might help you.

Tyler, tell us about our next cohort of patients.

[Tyler Morgan]

Well, Tom, our next cohort is 12,000 back and neck pain patients. Total claims paid last year for this patient group was $9 million, so last year’s actual cost was $114 PMPM, payment was 125 PMPM, and this is a condition capitation arrangement with the payer for primary or secondary diagnosis of neck and back pain.
Lowest bid, but still make money
Show all results screen at this point

<table>
<thead>
<tr>
<th>Last Years PMPM Cost</th>
<th>114</th>
<th>114</th>
<th>114</th>
<th>114</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMPM BID</td>
<td>115</td>
<td><strong>119</strong></td>
<td>124</td>
<td>120</td>
</tr>
<tr>
<td>- Actual PMPM Cost</td>
<td>-118</td>
<td>-118</td>
<td>-118</td>
<td>-118</td>
</tr>
<tr>
<td>PMPM Margin</td>
<td>-3</td>
<td>1</td>
<td>6</td>
<td>2</td>
</tr>
</tbody>
</table>

Lowest bid, but still make money. Show all results screen at this point

[Thomas D. Burton]

All right. So, Janet, your bid first here. 116. Very good. Okay, Tom? 115. We’ve got some veterans. Leah?

[Leah Fullem]

I’m going to go 118.

[Thomas D. Burton]

118.

[Leah Fullem]

I’m going to make some money.

[Thomas D. Burton]

And Betsy?

[Betsy McVey]

117.

[Thomas D. Burton]

117. Wow!

All right. Now, I’m getting an indication that all of you did not make any money. So we’re going to have you re-bid, so the lowest big was 118, so we’re going to have you re-bid. Okay. We’ll start with you again, Janet.

[Janet Sullivan]

Oh dear. How about 121?
Predictive Analytics  
Predictive model for rising risk patients

Principle: Use data beyond traditional claims to predict rising risk in populations

Predictive Analytics

All right. So, one of the things now, last year’s costs were 114. A lot of times, we forget about rising risk. So rising risk means we’ve got patients that last year didn’t have a lot of claims, but next year are going to have a lot of claims. And so one of the critical things to do is look for predictive models that can help predict the rising risk that patients have.

So this is a screen shot of a trend of a patient’s risk over time and the different things that are contributing to that risk. So one of the things you’ll want to think about as you’re bidding on these kinds
of contracts are what are the rising risks, and can we predict what next year’s costs are going to be, not just rely on last year’s costs.

Okay. Without further ado, this year’s actual per member per month costs were 118. Betsy, you’re our winner.

Congratulations! Come on up here. Well, did you think you would be on the Price is Right?

[Betsy McVey]

I didn’t.

[Thomas D. Burton]

Yeah. Well, this is a great experience. We’re thrilled to be hosting this first Price is Right ever.

---

Grand America Spa Package

Now, Tyler, what could she win?

[Tyler Morgan]

Well, Tom, she can win a spa package here at the Grand Spa! Experience a new level of luxury in the fine space of the Grand Spa. Unwind with a custom service. Wrap yourself in a plush robe and bask in our uniquely elegant setting with private changing rooms, well-appointed lounge areas, eucalyptus steam rooms, dry saunas, and pool areas. Every moment of your experience will be a blissful one. Only at the Grand Spa!

[Thomas D. Burton]

All right. How does that sound?

[Betsy McVey]

That sounds wonderful.
All right. So this is a great package. The Grand America, they know how to do things right. This is a great spa package.

Care Management
Today: High-Risk, High-Cost Patients

So, we’re going to talk about care management. And this is a really important topic. The traditional approach to care management is to look at those high-risk, high-cost patients and really try to figure out can we do something there. And this graph here shows the top 1% are over 20% of the costs. Now traditionally, kind of the payer mindset has been focus our care management efforts on just those patients. Now I thought it was really interesting, one of the questions that Tim Ferris was asked, are any of these actually giving a return on investment? And the answer was, boy, it’s hard to say. And so there’s actually a more balanced approach that we think is critical, and that is not everybody should get the exact same care management design.
Care Management

So we think about three principles: identifying which patients should go into which interventions, then doing the actual intervention, and then assessing how well did that intervention work. And I think the third step often gets forgotten. Now you need a good analytics platform to be able to do all three of those - identifying the patients, then tracking the intervention, and then actually assessing how it went.

Care Management Resources

Types of care and case managers

- **Community Care generalist.** RN and behavioral clinicians, who support primary care physicians and their MAs

- **Chronic disease clinic specialist.** Specialized RN (e.g., certified diabetic educators) and behavioral clinicians who support chronic disease clinic patients

- **Inpatient specialists.** Focus on “slow-to-recover” patients

- **Case managers.** Focus on pragmatic “creative exceptions” to health benefit program coverages

Care Management Resources

So there are a lot of different types of care management. You could have community care generalists, you could have chronic disease specialists, in-patient specialists, case managers. Just by show of hands in the audience, how many of you feel like you have a very, very solid strategy on the right mix of these different types of care management strategies?
Okay, we have nobody out there with a solid understanding. This game could be kind of hard. All right?

Care Management for Patients with Chronic Conditions

So you want to figure out what is the right mix. When should the primary care physician just handle the care? When do we handle it over to chronic disease care manager? When do we get a generalist care manager? When can a medical assistant take care of that? There’s a lot of complexity in figuring that out. You definitely want to use analytics to help you understand that.

Care Management Game

Principle:
- Match interventions to patients needs
- Balance your Care Management Strategy

Game:
- Given $100 Budget
- Buy Different Darts (Intervention Opportunities)
  - $25 for Red (High Risk, High Cost)
  - $10 for Yellow (Rising Risk)
  - $5 for Green (Preventative/Latent Risk)
- Throw at Balloons (popped balloon = realized savings: Red $50, Yellow $25, Green $10)
So, here’s the game. So what we’re going to do is we’re going to have our assistants come up here, and they have three different colors of darts. And so we have Joe, Claire, and Nicky, and each of them have a different color of dart, and they represent different types of care management strategies.

Care Management Opportunity
Dart Board

<table>
<thead>
<tr>
<th>Preventative / Latent Risk</th>
<th>Rising Risk</th>
<th>High Cost</th>
<th>High Risk</th>
</tr>
</thead>
</table>

Care Management Opportunity

So the green darts represent going after kind of the latent risk. There’s not any huge claims right now for this patient set, but they latently have risk. So what we’re going to be trying to do there is preventative.

The yellow darts represent rising risk. Okay, so they didn’t have a lot of claims last year, but they’re probably going to have claims this year. Can we do something to intervene there?

And then red, with Nicky, are the traditional high-risk patients, and there’s some things that we can do there.

So, here’s what we’re going to do. I’m going to give you $100. Okay? Now, the red darts, they cost 25 bucks a piece, but if you hit one of the balloons, 50 bucks. Okay? Yellow darts, they cost 10 bucks a piece, but if you hit one, it’s going to be 25 bucks. And green darts cost 5 bucks a piece, if you hit one of the green balloons, it’ll be 10 bucks. Okay, so you have a chance to get a good return on your investment. Are you ready to invest?

[Betsy McVey]
Sure.

[Thomas D. Burton]
Okay. Go over there. How many red darts do you want?

[Betsy McVey]
One.

[Thomas D. Burton]
Okay, one red dart. All right. So she’s 25 bucks. Very good. Okay, how many yellow darts? And we’ve got a little thing up here to help you. You’ve got 75 bucks left. This is like the donut lady. You have five donuts left.

[Betsy McVey]
I’ll take five.

[Thomas D. Burton]
Okay, she’s going to take five yellow darts, so 50 bucks.

[Betsy McVey]
And then five green.

[Thomas D. Burton]
And five green. Very good. All right. So. Now, come stand right here on this line. This is where you’ll be shooting from. Now would you like to see how many of each balloon you have the chance of hitting?

[Betsy McVey]
Yeah. Sure. Oh, thank you.

[Thomas D. Burton]
All right. So here are our balloons. Now, you’re going to have to hit these balloons. Now, you’ve got one red dart, and you have a shot at that one red balloon.

[Betsy McVey]
Yes.

[Thomas D. Burton]
You think you’re going to be able to hit it?

[Betsy McVey]
I’m going to try.

[Thomas D. Burton]
You’re going to try? Okay. Now what if I said if you gave me one of your green darts back, made a little bit more of investment, and maybe including the employer in patient engagement, I’ll let you move up to this line. Is that worth it to you to move up to that line?

[Betsy McVey]
Yes.

[Thomas D. Burton]
Okay. So give me one green dart back. All right. Come on up here. Now, what if we got family members and the social media friends involved in the care? Would you pay me another 5 bucks to get them involved?

[Betsy McVey]
Yes.

[**Thomas D. Burton**]

All right. Let’s have you now move up to this line. All right, this is going to be much, much easier. Are you all right?

[Betsy McVey]

I’m okay.

[**Thomas D. Burton**]

Okay. We don’t want any patient injury, falls, and prevention. Okay, now do you want to change any of your composition of your darts? You’ve got one red. That’s going to be pretty easy from here. You’ve got enough yellow. Do you want to switch out any darts? I’ll let you switch them out or are you good with what you’ve got?

[Betsy McVey]

I’ll take one more yellow.

[**Thomas D. Burton**]

Okay, one more yellow. So you’re going to trade out two. Give me two green darts, and I’ll give you a yellow back. Okay. There you go. Very good. Okay, now, these are sharp, so I’m going to hold your microphone there.

Now, since you’re so close, you can just stab them. I mean, you’ve invested in getting more stakeholders involved, so let’s go for the red first.

Dead on. Way to go!


All right, let’s see your results here. Your return on investment has been incredible. I gave you $100; you were able to save $210. That’s an excellent return.

Let’s give her a hand!

All right. So you have just won that spa package, so congratulations. Let’s give her a hand.

And I’ll take those.

All right. We’re moving right along here.
Game 2 Principle Review
Care Management

Traditional Process – Very Rare that this produces an ROI

- List High Risk, High Cost Patients – perform a bunch of interventions to attempt to lower costs in the short term

Balanced Approach – Greater chance for long term ROI

- Involve more stakeholders – better Patient Engagement
- Choose the right interventions for the right patients
- Play to win Long Term – ounce of Prevention, pound of cure

Game 2 Principle Review Care Management

Let’s just review some of the principles from that care management game.

So the first is there are different types of risk. There’s latent risk, there’s rising risk, there’s high risk. And we want to make sure that we have a balanced approach. We want to have different strategies for different types of patients. We also want to involve more stakeholders out there, as represented by moving closer to the dart board. And then we want to play to win long-term.

Come on down!

$ The Price is Right

So I think we’re ready for our next contestant. Tyler, who’s our next contestant?

[Tyler Morgan]
Tom, we’ve got Greg Spencer. Come on down! You’re the next contestant on the Price is Right!

[Thomas D. Burton]

All right. Well, this’ll be our final round, so you that have been sitting there for a while, make sure you get these bids in correctly.

Full Capitation Population

- 175,000 Members
- Total claims paid last year for this patient group was $500 Million
- Last years payments were $238 PMPM and next years predicted cost are $225 PMPM using rising risk models
- Number of inpatient days last year was 38,820
- This is full capitation arrangement with the payer

What is your PMPM (per member per month) bid?

Remember the winner is the lowest bid, but still make money

Full Capitation Population

All right, Tyler, our last cohort of patients to bid on.

[Tyler Morgan]

Well, Tom, this cohort has 175,000 members. Total claims last year for this patient group was 500 million, so last year’s payments were 238 PMPM and next year’s predicted costs are $225 PMPM using rising risk models. This is full capitation arrangement with the payer.
Lowest bid, but still make money. Show all results screen at this point

<table>
<thead>
<tr>
<th>Predictive Cost</th>
<th>225</th>
<th>225</th>
<th>225</th>
<th>225</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMPM BID</td>
<td>230</td>
<td>190</td>
<td>220</td>
<td>215</td>
</tr>
<tr>
<td>- Actual PMPM Cost</td>
<td>-200</td>
<td>-200</td>
<td>-200</td>
<td>-200</td>
</tr>
<tr>
<td>PMPM Margin</td>
<td>30</td>
<td>-10</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>

Lowest bid, but still make money. Show all results screen at this point

[Thomas D. Burton]
All right. Greg, we’re going to start with you. What do you bid?

[Greg Spencer]
226.

[Thomas D. Burton]
226. Okay. Tom, to you.

[Tom Hawkes]
225.

[Thomas D. Burton]
225. Janet.

[Janet Sullivan]
227.

[Thomas D. Burton]
227. And Leah.

[Leah Fullem]
228.

[Thomas D. Burton]
228. All right.
Prescriptive Analytics

Opportunity analysis can focus efforts

Principle: Use variation and volume key process analysis to identify opportunities likely to produce significant savings

Prescriptive Analytics

Now, of course, we set you up again. What we really want to get to is prescriptive analytics.

There is waste in healthcare, and if we can prescribe which area of care delivery to go after, we can actually reduce the costs significantly. So there is an opportunity analysis that we can to understand what the large processes with significant variation are?

Improvement Prioritization

This is a graph of a tool that helps to identify large processes with a lot of variation, and you can see those that are kind of up here in this area. Those would be processes we could go after to take our last years per member per month costs down to maybe even 215 or 210 for this population.
The Long-term Vision: Transforming Care Delivery

And so if we use kind of prescriptive analytics, they can guide us to figure out which are the biggest opportunity areas. Now I thought Dr. Sielaff’s did a great job of highlighting that even just a few of these can make a big difference? And you can look at going after this purple area, eliminating overutilization, eliminating ordering waste, eliminating patient defects, and eliminating efficiency problems.

So if we do that, what we end up doing is not just setting a minimum standard and shaming people into doing better than the minimum standard, we’re actually tightening the curve and shifting it towards excellent outcomes, both from a quality and a cost standpoint.

All right. So let’s go ahead, let’s say that you used this kind of analytics and you were able to identify the big opportunity areas and you eliminated a bunch of waste, and because you did that you reduced the costs significantly. So the following year’s actual per member per month costs were $200 per member per month.

So, Tom, you’re our winner. Come on up.

Congratulations!

[Tom Hawkes]

Thank you.

[Thomas D. Burton]

I’m going to shake your hand here and give you the mic. All right, now, it wouldn’t be the Price is Right if we didn’t have at least kind of one big prize. So if we can maybe focus on those curtains?
A NEW CAR!!!

Tyler, what can Tom win?

[Tyler Morgan]

Tom, you know what it is. You know what it is! It’s a new car! Enjoy your custom-built, radio-controlled car from Ride Makers. This Lightning McQueen car is a Summit exclusive, designed and assembled by our own co-founder, Tom Burton, and signed by the president of Pixar himself, Ed Catmull.

[Thomas D. Burton]

See it’s signed right there? By Ed Catmull?

[Tom Hawkes]

Amazing.

[Thomas D. Burton]

Now I’m a huge Pixar fan and I got Ed Catmull to sign these this morning. Now, a problem with remote-controlled cars is it’s not really fun to just have one, so Tyler, what else can he win today?

[Tyler Morgan]

It’s another new car! That’s right! It’s Francesco Bernoulli. Spend hours racing your cars as you relive the excitement from Disney-Pixar’s hit movie, Cars 2. Also signed by Ed Catmull.

[Thomas D. Burton]

All right.

[Tom Hawkes]

Amazing.

[Thomas D. Burton]

Are you ready to win these two new cars?
[Tom Hawkes]
I’m ready to give it a shot.

[Thomas D. Burton]
All right. Excellent.

ANALYTICS
How are we doing?

BEST PRACTICES
What should we be doing?

ADOPTION
How do we transform?

OUTCOMES IMPROVEMENT

All right, to dive in to a little bit more detail, first of all, Tom, which of those three do you think your organization is struggling most with?

[Tom Hawkes]
Adoption.

[Thomas D. Burton]
Adoption. Okay, so you have some analytics, you have some best practices. How do you get that spread broadly where, regardless of the clinician that a patient encounters, they’re getting the highest possible quality of care at the lowest appropriate cost? Is that it?

[Tom Hawkes]
Yup.

[Thomas D. Burton]
Okay. All right, well, we find with most of the folks we work with that that is the hardest of the three, but all three are critical. Let’s talk a little bit about best practice, and we’ll talk about adoption and analytics as well.

**BEST PRACTICES**

What should we be doing?

**Map the Process**
Care improvement map – includes workflow & clinician’s decision-flow across care continuum

**Identify Common Problems - Potential Improvements**
Specific AIM Statements for outcomes and process to measures for focused improvement

**Scope the problem – Define Precise Patient Registries**
Specific clinical inclusion and exclusion criteria for the sub-cohort of patients for the AIM

**Adopt Standardization Aids**
Checklists, order sets, and protocols to make it easy for clinicians to choose the best action

**Produce Actionable Visualizations**
Scorecards and dashboards that promote best practice behaviors and invite action

**BEST PRACTICES**

So when we think about best practice, we’re thinking about what should the ideal care be, you know, what are the key steps in the process, where are the clinical decisions being made, we can identify common problems in that decision process, we can get a very precise patient registry thinking about who are the patients we’re trying to improve the care for, and then we can adopt standards. You know, when should we do this invasive procedure versus more of a medical procedure? When should we refer this person to a specialist? When can the primary care physician handle it? Those are the types of things we’re thinking about when we talk about best practice.
ANALYTICS. How are we doing?

When we think about the analytic system, we’re thinking about aggregating the massive amounts of data that we have. Some of our customers have 50, 60 different transactional data systems. If we want a full picture of what’s going on with the patient, we’ve got to bring all that data together into one place and then integrate it, and then look for the patterns and the correlations in that data.

ADOPTION. How do we transform?

Now finally adoption. This, as you said, is one of the hardest things to do. This is how do you get that improvement methodology in place where we’re getting broad acceptance of those best practices. This has to do with governance, it has to do with structuring the teams, and it also has to do with quality improvement and leadership training. Hopefully you’ve got some of that from the conference, which a
lot of what we focused on is not about technology but about leadership, about training, about getting that broad adoption, because it is the biggest challenge that we face.

So, are you ready to play the game?

[Tom Hawkes]

I’m ready.

[Thomas D. Burton]

All right. Here’s how it’s going to work. You’re going to try to get all three systems, each of these numbered Frisbees up here has one of the three systems on the back of it. All right? And so I’m going to let you get two free picks. Now, what we find is if you’re missing one of the three systems, or two of the three systems, there are problems.
So let’s say you’ve got the analytics system, but you’re missing the other two. That’s kind of like Field of Dreams. If we build it, they will come. Okay, that doesn’t really work.

Well, what if you’ve got the best practices? This is kind of like, hey, we can publish a paper, but we didn’t actually improve anything.

Well, what if you’ve just got adoption? This rarely happens. This is like the motivational speaker. Everybody feels good, but we didn’t improve anything.

What if you have two out of the three? Maybe you’ve got best practice and adoption.
We see this a lot with Lean. You know, very good process improvement, but they’re manually measuring everything, and so when they get to the third or the fourth improvement, because they’re manually measuring everything, the first improvement starts to slip because they can’t measure it anymore. And so that’s what happens if you’re just missing the analytics system.

What if you’re missing the best practice? We see this a lot. I call it “paving a cow path.” We’ve gone from paper to electronic, but we haven’t actually improved the process. A lot of EMR implementations are like this, you know, you’ve automated, but you haven’t improved.

And so really it’s only when all three are in place that you get systematic outcomes improvement.

All right, so I’m going to give you your first two picks. Which two numbers do you want?

[Tom Hawkes]
And I know nothing, obviously.

[Thomas D. Burton]

Yeah. We have not set this up.

[Tom Hawkes]

I’ll take 4 and 12.

[Thomas D. Burton]

4 and 12. All right. Now, do you really just want to go with that? Or would you like an opportunity to earn some more Frisbees?

[Tom Hawkes]

That sounds fabulous.

[Thomas D. Burton]

Okay, now, I have to let you know, there are two wilds that have all three systems. Okay? But there are only two of them, so right now your chances are maybe not great to have all three systems with only having two Frisbees.

[Tom Hawkes]

I think I’m stuck for right now.

---

Guess price within $10

![fitbit aria](image1.png)  ![Garmin Edge 25](image2.png)  ![Withings Wireless Blood Pressure Monitor](image3.png)

$129.95  $169.99  $129.95

Guess price within $10

[Thomas D. Burton]

Yeah. Well, look behind you here. We have some fitness items that you can try to guess the price, and if you guess within $10, I’ll let you get another Frisbee. For each one that you guess right, you’ll get
another Frisbee. Doesn’t have to be perfect, just within $10. So, let’s have Tyler tell us about these items.

[Tyler Morgan]

Thanks, Tom. First we’ve got the Fitbit Aria by Fitbit. Totally different from your dad’s old needle scale, the Fitbit Aria Wi-Fi Smart Scale uses advanced technology to track weight, lean mass, body fat percentage, and body mass index, allowing you to see all the numbers you need to start living a healthier lifestyle. Join the Fitbit lifestyle with Aria by Fitbit.

We have the Edge 25 by Garmin. Go the extra mile on your next ride with the easy-to-use Edge 25. It’s ideal for training and everyday riding. Upload to Garmin Connect to view your ride on a map, analyze it, and share it. Do it all with the Edge 25 by Garmin.

The blood pressure monitoring made simple, the blood pressure monitor by Withings. Simply slip on the cuff, turn on the wireless BP monitor and the Health Mate app will automatically launch. Share measurements with a doctor with a few easy taps on smart phones and get better support fighting high blood pressure, all with the wireless BPM from Withings.

[Thomas D. Burton]

All right. So, let’s go ahead and start with the scale. And you can ask the audience for help. What do you think the actual retail price of this scale is? Anybody have any votes?

[Tom Hawkes]

I’ll go for 115.

[Thomas D. Burton]

115. It is 129. That’s not within 10 bucks. Okay. All right.

[Tom Hawkes]

I’ll listen to you next time.

[Thomas D. Burton]

All right. What about the Garmin for biking? What do you think?

[Tom Hawkes]

150.

[Thomas D. Burton]

150. Oh, 169. Now, you may want to think about your first item here when you’re thinking about this last item, so what do you think the price of this last item is?

[Tom Hawkes]

I’ll go with 130.

[Thomas D. Burton]

130. Excellent! All right. So, you get the opportunity to choose one more Frisbee. All right? Now, think about this very carefully. You want to choose the right one. All right?

[Tom Hawkes]
Okay. I see a lot of ones on the board that are inquiring, but I’m going to go with the audience. I’m going to go with number 1.

[Thomas D. Burton]

Number 1. Excellent. Okay. Now, hopefully you’ve got all three systems represented here. We’re going to shuffle them up a little bit. We’re going to shuffle and we’re going to see. Okay, Ashley, what’s behind number 4? Okay, you’ve got the adoption system. You got the hardest one first.

[Tom Hawkes]

I needed that. That’s good.

[Thomas D. Burton]

That’s excellent.

[Tom Hawkes]

I really need that. It’s great.

[Thomas D. Burton]

That’s excellent. So we’ll put a checkmark up there on adoption. All right, let’s see what number 12 is. All right. You’ve got the analytics system. Okay.

[Tom Hawkes]

Perfect.

[Thomas D. Burton]

Now, here’s what I’m going to do. I’m going to offer you 50 bucks just to walk away. And you can take the 50. You won’t get the cars, but you can get the 50 bucks. Do you want the 50 bucks? Or do you want to risk it and go for the car?

[Tyler Morgan]

Go for the car. Tom wants it. Go for the cars. Tom wants them.

[Thomas D. Burton]

What’s the audience think? Go for the car!

[Tom Hawkes]

Okay, I’m going to stick with number 1 and go for the car.

[Thomas D. Burton]

All right. Let’s see what it is. It’s the wild! He’s won the cars!

[Tom Hawkes]

All right. Thank you.

[Thomas D. Burton]

Congratulations! Now stick around. Stick around.
Spin the Wheel and win an Apple Watch

Okay. It’s time to bring our other two finalists back up on stage, and we’re going to do the spin the wheel. We’ve constructed this wheel especially for this event.

Outcomes Improvement Game

Principle:
- You need three systems to succeed
  - Best Practice = What should you be doing?
  - Analytics = How are you doing?
  - Adoption = How do you accelerate change?

Game:
- Try to get all three systems
- Frisbees contain one of the three systems (2 wilds have all 3)
- You get 2 free picks
- You can earn 3 additional pick by guessing within $10 of the price of three health related items

Outcomes Improvement Game

But let’s just in review real quick talk about this last game and what we learned. We talked about how important all three systems are, that you’ve got to have best practice, you’ve got to have analytics, and you need adoption. So all three of those are critical, and if you’re missing any one of them, it’s not going to work.
So, spin the wheel is just traditional, standard Price is Right, but the prize is an Apple Watch. Yeah? How’s that sound? All right, so Wouter, you were our first contestant. You get to spin the wheel first. Come on over here. We’ll just line up right here.

And so here’s how it works. You get to spin the wheel twice. On the first spin, we’ll put anywhere from five cents up to a dollar. Now if you go over a dollar, you’re out. So you can decide after the first spin do you want to spin again or do you want to hold. All right? So go ahead and give that wheel a spin.

All right. We might be here for a while. All right. It’s slowing down. Okay.

[Wouter Rietsema]
Come on 75!

[Thomas D. Burton]
75 would be good.

[Wouter Rietsema]
75.

[Thomas D. Burton]
Oh, 95. Oh!

[Wouter Rietsema]
85. Stay. Stay.

[Thomas D. Burton]
All right. 65 cents. That’s a tough one. Do you want to hold? Or do you want to spin again?

[Wouter Rietsema]
Spin.

[Thomas D. Burton]
You’re going to spin? All right. He’s going to spin again. Yeah. Lightly. We don’t want to run over time. 25 would be great.

[Wouter Rietsema]
25. 25.

[Thomas D. Burton]
Oh! Very nice! So 90 cents. So you stand right here. This is going to be tough to beat, Betsy. All right. So you’ve got to get 90 to tie him for a spin off, of 95 or dollar to win. All right. Go ahead and spin it.

[Tyler Morgan]
Tom, just to let you know, we have five minutes. We’re at five-minute time.

[Thomas D. Burton]
Excellent. All right. Oh, 45 cents. Spin that again.
This is for an Apple Watch. I can feel the tension. Whoa. Oh! All right. So what’s that total there? We’ve got two at 90, so stand there together. We’re going to have to have a spin off, maybe. It’s up to you, Tom. You can just break the tie and end this right here by getting a dollar. All right, he’s going to spin it hard. Now, it’s got to go around once. He’s got the finesse. He has got the finesse. Here comes the dollar. Oh, my goodness. Oh my! Tom! You are our winner! Congratulations! Thank you so much for playing. All right, you can just get your watch right there.

The Price is Right Lessons Learned

PMPM Bidding - At Risk Contracting
- Retrospective Analytics – know your historic costs before you go at risk
- Predictive Analytics – anticipate rising risk
- Prescriptive Analytics – let data point to outcomes improvement opportunities

Network Optimization Game
- Know where your patients live
- Be aware of natural boundaries thru geo-spatial analytics
- Include lowest cost providers in your network

Care Management Game
- Increase patient engagement with more stakeholders
- Match interventions to patients using analytics
- Have balanced care management strategy (more than claims based CM)

Outcomes Improvement Game
- Analytics, Best Practices AND Adoption produce Outcomes Improvement
- If you are missing one or two of these three systems then results are limited

The Price is Right Lessons Learned

So I just want to quickly in review talk about what we’ve covered today. We played some fun games, we played the per member per month bidding, we learned about retrospective analytics looking at last year’s costs, we learned about predictive analytics looking and predicting next year’s costs, and then prescriptive analytics looking for opportunities where we can actually eliminate costs. Then we played the network optimization game where we talked about knowing where your patients live, being aware of boundaries, geospatial analytics and including the lowest cost providers in you networks. We then played the balloon game and talked about care management, having a balanced approach, using the right interventions for the right patients, and finally we played the outcomes improvement game and talked about how important it is not to just have analytics but have best practices, and a method for adoption.

And all of these can really lead to us managing populations of patients better and thriving in a value-based environment.
Thank You

Thank you so much for playing. Thanks for participating. Back to you, Tyler.

[Tyler Morgan]

Please help control the pet population. You can get your pets spayed or neutered. This is Tyler Morgan speaking for the Price is Right.

Choose one thing...

Write down one thing will you do differently after hearing this presentation

Choose one thing...

Don’t forget to take a minute to fill out your choose one thing handout. Stay tuned for the post-session survey where you’ll get to tell us how we did.