



Value Based Purchasing Design

Consumer Engagement and Transparency Initiative

Aldo De La Torre

Vice President

Provider Engagement and Contracting

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“Disassociation” of the Costs of Health Care

Users of health care services have been shielded by the traditional payment of premiums and copay/deductibles and remain separated from the “true” costs paid.

Many high cost procedures can be as high as 8 times more expensive in one hospital compared to another with no measurable differences in outcome or quality.

Consumers need to understand the relative costs of their healthcare. But How?



What is Value Based Purchasing Design?

Value Based Purchasing Design (VBPD) is a program to empower members to make an informed decision about their healthcare needs. A reference price point is established for certain elective procedures/services. Members who use facilities above the reference price point may be subject to additional out-of-pocket expenses.

Key Objectives

- **Increase consumer engagement & empowerment**
- **Provide cost transparency**
- **Increase provider competition & efficiency**
- **Reduce pricing variations**

Applying Concept to Hip/Knee Replacement



Hip and Knee replacements - cost of the hospital alone can vary with little to no differentiation in quality measures, between \$15,000 and \$110,000 - commercial PPO population.

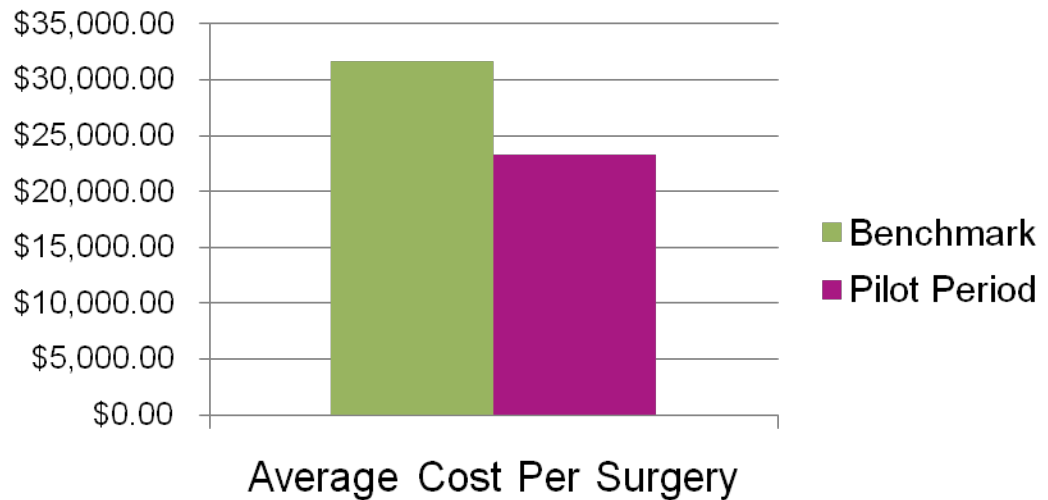
Anthem Blue Cross has chosen routine single hip and knee replacement procedures to pilot with CalPERS and has established a threshold of \$30,000 to cover inpatient services for routine single knee and hip joint replacement hospital stays.



Value Based Purchasing Design – Pilot Results

Preliminary Anthem analysis of the VBPD pilot revealed:

- 
 The number of surgeries performed at facilities that charge below the benefit threshold was **6.8 percentage points higher** once the program was in place.
- 
 The **average paid amount per surgery was 26.5% lower** during the pilot than it was the prior year. This is a combination of the members going to lower cost facilities more often as well as the cap being applied to members who chose to go to facilities that charged in excess of the threshold.



- **With the help of our customer service and Anthem Care Comparison tool, members can make an informed decision.**
- **Members can go to any facility they choose.**





Click [here](#) to view original Anthem Care Comparison

1 CHOOSE REPORT

2 CHOOSE HOSPITALS

3 RANK CRITERIA

4 VIEW REPORT

Find a hospital for a procedure or condition...

MALE FEMALE



FRONT BACK

Or select a Category and a Procedure/Diagnosis from the menu below:

Category:

Transplant

Procedure/Diagnosis:

Kidney Transplant

Explanation

In a kidney transplant, a kidney may be taken from a living donor -- people have two kidneys, and most are able to live with only one -- or from a person recently deceased. The recipient of a kidney transplant must take medication to prevent the body's immune system from rejecting the organ.

Location (city, state or zip)

06473

Within:

20 miles

[Continue](#)

Or find a hospital by name...

Hospital Name (at least 3 characters)

Location (city, state or zip)

06473

[Continue](#)

- 1 CHOOSE REPORT —
 2 CHOOSE HOSPITALS —
 3 RANK CRITERIA —
 4 VIEW REPORT

Report on Hip Replacement

[About the Data](#)

This report compares hospitals within 20 miles of Cincinnati, OH for Hip Replacement, and is based on your selections and rankings. This is just one of several sources you should consult to select a hospital; always consult your physician about what decision is right for you.

- [Summary](#) |
 [Patients](#) |
 [Mortality](#) |
 [Complications](#) |
 [Length of Stay](#) |
 Cost |
 [Safety](#)


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Name	Typical min/max cost
Bethesda North Hospital	\$13,189 - \$16,958
Mercy Hospital Anderson	\$16,958 - \$20,724
Mercy Hospital Clermont	\$16,958 - \$20,724
Christ Hospital	\$20,728 - \$24,492
The Jewish Hospital	\$24,494 - \$28,281

[About the Data](#)

 Print report

 Email report

 Questions To Ask Your Doctor

Communication

- Notice in Open Enrollment Packets
- Provided at all Open Enrollment meetings. .
- Communicated to Physician and Hospital PPO Network
- Communicated to orthopedic surgeons
- Included in pre-certification letters

Operations

- Benefit Design implemented without issue
- Benefit application accurately reflected on EOB
- Pre-Certification letters included identification
- Customer Service addressed any question without hesitation

Rudimentary reminder for selected members

- Identified members through orthopedic services and sent reminders about new program.

Programs being developed

- Glidepath predictive modeling to detect potential members.
 - Development to include in MyHealth Advantage Notes sent to predicted members to improve care, but also to be alerted to the benefit program.

Other education opportunity

- More robust travel coordination being reviewed through concierge service.

VBPD Expansion Additional In-Scope Procedures

In-Patient Procedures (National & Local Groups)

- Knee Replacement/reattachment
- Hip Replacement/reattachment
- Spinal Fusion (upper & lower)

Out-Patient Procedures (National & Local Groups only)

- Colonoscopy
- Laminectomy
- Eye surgery – cataract removal
- Gall bladder – removal (by laparoscope)
- Hand surgery – carpal tunnel
- Knee – cartilage repair (using arthroscopy)
- Knee – ligament repair (ACL repair by arthroscopy)
- Shoulder – rotator cuff repair (using arthroscopy)
- Shoulder – surgical examination (using arthroscopy)
- MRI/CT/General Radiology

Value Based Purchasing Design Gaining Momentum

- **CalPER's has expanded concept to include:**
 - Colonoscopy
 - Arthroscopy
 - Cataract Surgery
- **Other self-funded clients have adopted the Routine Hip/Knee VBPD benefit for its members**
- **Currently building capabilities to expand to National ASO clients and local FI business**

Questions

