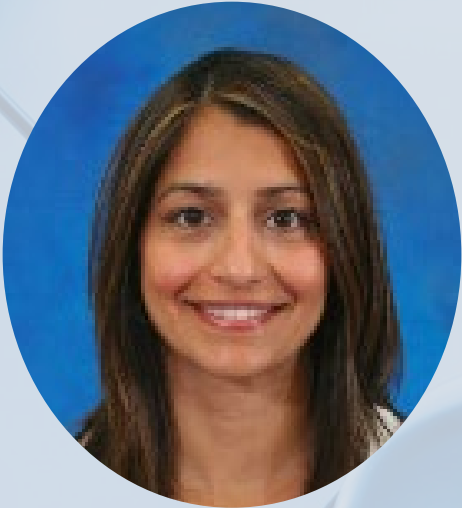


# Mobilizing the Next Generation of Hospital Transparency

June 15 | 3:20 PM - 4:10 PM ET



**Gloria Sachdev (Moderator)**  
President & CEO  
Employers Forum of Indiana



**Shane Wolverton**  
SVP Corporate Development  
Quantros



**Leah Binder**  
President & CEO  
The Leapfrog Group



**Christopher Whaley**  
Health Economist  
RAND Corporation

## #NASUMMITS

# Breaking Through the Opacity of Healthcare

Shane Wolverton, Senior Vice President for Corporate Development



# The Goal is Simple: Higher Value

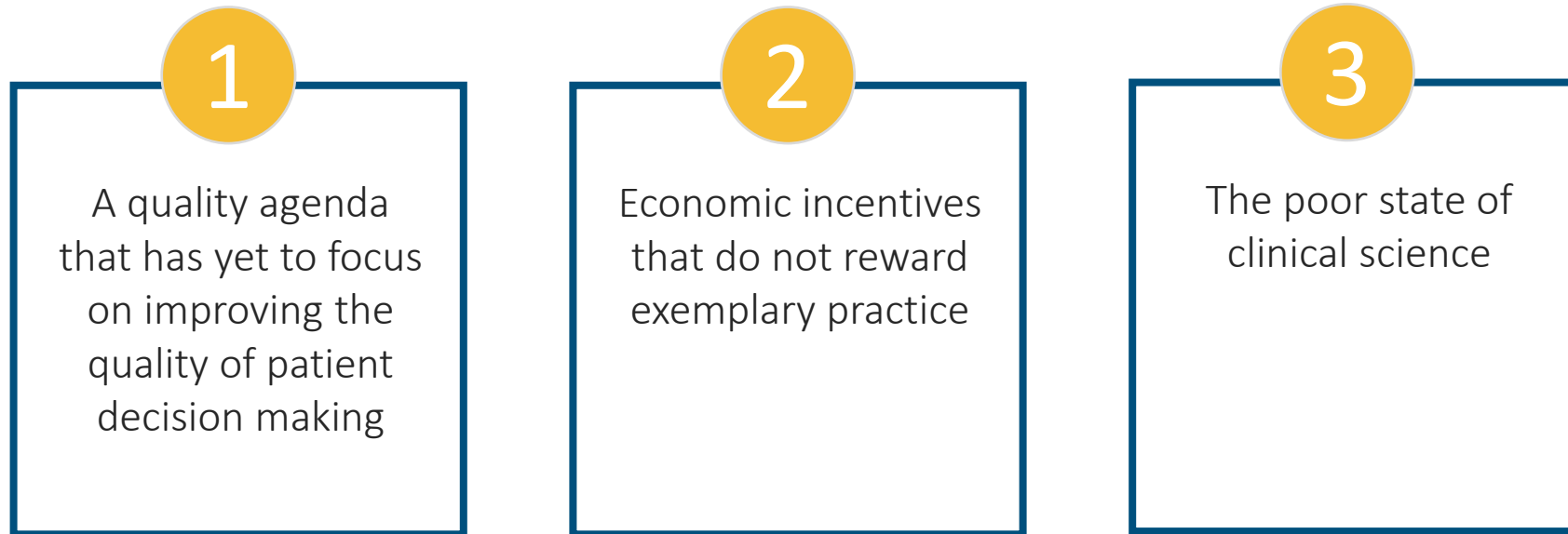


Achieving high value for patients must become the overarching goal of health care delivery, **with value defined as the health outcomes achieved per dollar spent.** This goal is what matters for patients and unites the interests of all actors in the system. If value improves, patients, payers, providers, and suppliers can all benefit while the economic sustainability of the health care system increases.

Michael E. Porter, Ph.D.  
N Engl J Med 2010; 363:2477-2481 December 23, 2010 DOI: 10.1056/NEJMp1011024

# The Barriers are Significant: Variation in Value is Tremendous

**Unwarranted variation is a ubiquitous feature of U.S. health care.** Remedies for variations exist, and several are described in the current collection of Health Affairs papers. Several obstacles stand in the way of widespread adoption of these.



PERSPECTIVE: Practice Variations And Health Care Reform: Connecting The Dots

Wennberg, John E. **Health Affairs**, suppl. **VARIATIONS REVISITED: WEB-EXCLUSIVE COLLECTION 2004**; Chevy Chase (2004): VAR140-4.

# The Opportunity for Employers

## PROACTIVELY PURCHASE TO SHAPE THE MARKET

- ✓ Employers can and must purchase health care with the same due diligence that they use to purchase other goods and services.
- ✓ Work with health plan administrators with data to select hospitals and physicians to partner and direct members to.
- ✓ Example the Northeast Business Group on Health has established formal “User Groups with Aetna, Anthem, Cigna, and UnitedHealthcare. Such groups can provide a forum for constructive collaboration.

## GROUP PURCHASING OPPORTUNITIES

- ✓ Employers need to exercise market power given the consolidation of the healthcare delivery systems
- ✓ No better case for the necessity of this strategy can be found than David Blumenthal’s article [\*\*“To Control Health Care Costs, Employers Should Form Purchasing Alliances,”\*\*](#)\* in the November 2, 2018 Harvard Business Review.

# The Opportunity for Employers

## PROVIDER ENGAGEMENT

- ☑ Given the local nature of health care delivery, employers must find ways to directly engage providers.
- ☑ Many time physicians with whom their interests are most aligned is a great start- in a spirit of community benefit and well-being.

## VALUE BASED INSURANCE DESIGN

- ☑ Given the variation in value due to quality and/or price, benefit designs that neglect or ignore these unwarranted variations will be bound to contribute to low value.
- ☑ Value-based benefit designs seem essential to market reformation.

## ACCEPTING FIDUCIARY RESPONSIBILITY

- ☑ The ready availability of reliable quality and price data implies the need, if not imposes the requirement, of a commitment to driving transparency.
- ☑ The financial interests of the plan, employers, shareholders and taxpayers are aligned.

## We Can No Longer Be Indifferent...

To an economist it is astonishing that Americans have been content for so long to allow an economic sector that has absorbed an increasing portion of their incomes to operate without any meaningful transparency. The question is how long this indifference can last. My answer is 'Not very long.'

- Uwe Reinhardt, Princeton University

# Mobilizing the Next Generation of Hospital Transparency

Leah Binder

President and CEO

The Leapfrog Group

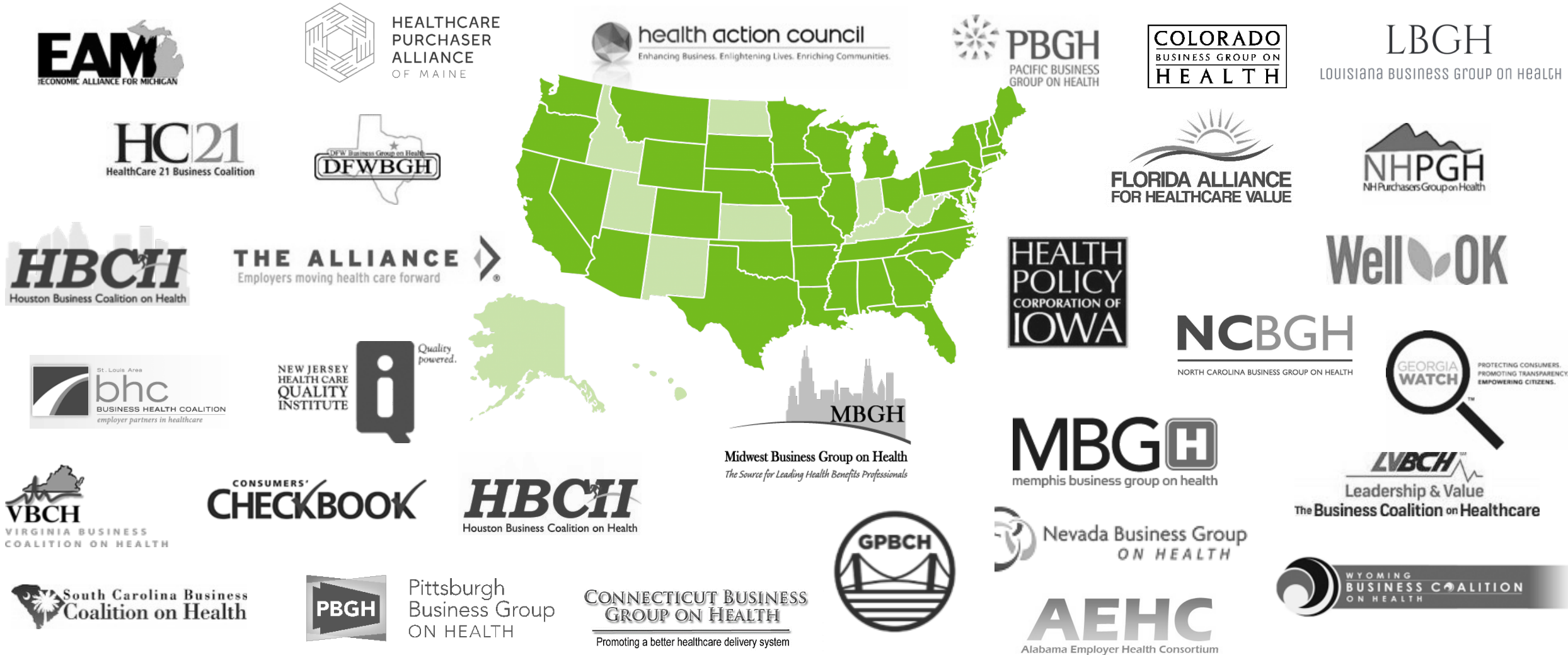


# The Leapfrog Group: Employer-Driven Movement For Transparency, Setting The Highest Standards For Quality and Safety

- Founded by employers in 2000, now involving hundreds of purchasers across the country
- Employers ask hospitals for critical data, Leapfrog publicly reports it (freely), & employers use the results to drive value
- **Leapfrog is the legacy of American employers. Take credit for it and use it!**
- .



# A National and Regional Approach To Drive Change...



## Not A Government Program, An Employer Campaign (Both Have Value)

Leapfrog	Hospital Compare
Reports by facility	Reports by system
Hospitals can differ greatly	Reports most hospitals as average
Designed for and focuses on employers (i.e. maternity care)	Focuses on issues of interest to Medicare beneficiaries
Independent organization	Public program subject to political pressure

# By, For, & About Purchasers' Needs

---

- **Maternity care**

- C-section rate, early elective deliveries, episiotomies, high-risk deliveries, and maternity care processes

- **Medication Safety**

- Bar code medication administration, Safety of medication ordering

- **Pediatric care**

- Patient experience of children and their parents (CAHPS Child Hospital Survey) and safe radiation doses

- **Infection Rates by Hospital Facility**

- CMS permits hospital systems to report one rate for entire system

- **Safe Practices**

- Hand hygiene, nursing workforce, culture of safety – processes that, if adopted, can improve patient safety

- **Inpatient Surgery**

- Whether the hospital meets standards around hand hygiene, nursing, and leadership
- Whether hospitals and surgeons do enough procedures to be safe

# #1 Toughest Standard For Hand Hygiene

## After 100 Years, Can We Make Progress?

Five Domains on Leapfrog Hospital Survey:

- Monitoring: 200 observations per unit per month (“The 200”) OR better yet, electronic monitoring
- Feedback
- Training and Education including coaching at observation
- Infrastructure
- Culture

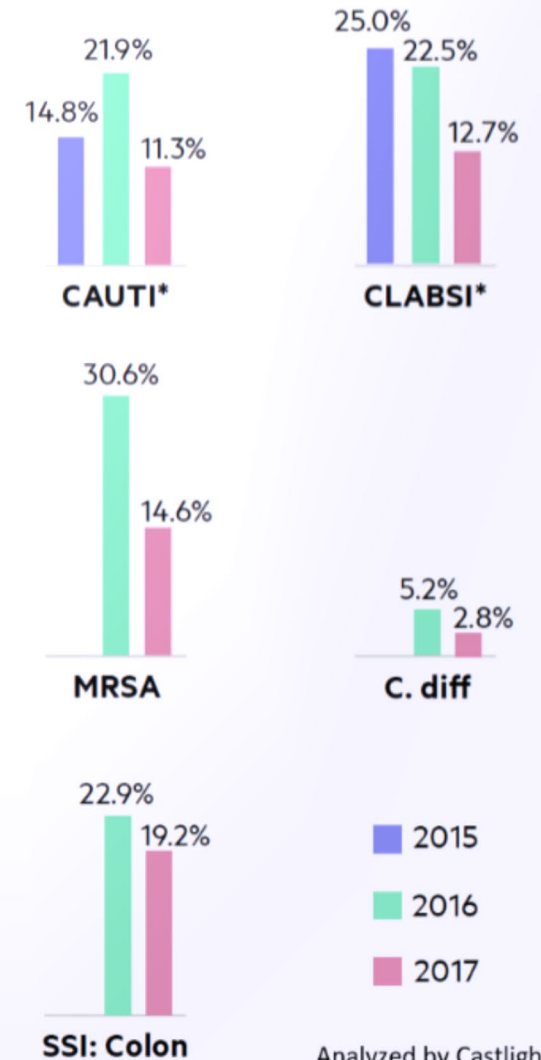


# Critical, Unique Data On Hospital Acquired Infections

90,000 Deaths Per Year




Percent of hospitals with zero HAIs



Analyzed by Castlight Health

\* Starting in 2017, CLABSI and CAUTI measures include data from additional ICUs, as well as medical, surgical, and medical/surgical wards

# Safety and Spending Are Inextricably Linked

The Leapfrog Group

The Impact of Medical Errors on Your Covered Lives


# 6

## Estimated Avoidable Deaths Among Your Covered Lives

To estimate the lives your company loses to medical errors every year, we reviewed the literature for the mortality rates associated with different kinds of avoidable error and the rates of harm at different hospitals.

The measures included in this analysis reflect a subset of all potential harms that patients may encounter in U.S. hospitals, and do not include errors that occur at other sites of care such as ambulatory surgical centers or specialty clinics. As such, these results may reflect an underestimation of the avoidable deaths among your covered lives.

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The Leapfrog Group

The Impact of Medical Errors on Your Covered Lives

# \$7,572,104

## Estimated Lost Dollars

### \$7,572

**Average Cost Per Admission**  
Total cost divided by number of inpatient admissions

### 15.14%

**Percentage of Total Health Care Expenses Lost to Medical Errors**

To estimate the dollars your company loses to medical errors every year, we reviewed the literature for the dollar value associated with different kinds of avoidable error and the rates of harm at different hospitals. The resulting number is a hidden surcharge **associated with every inpatient admission** that is due to preventable medical errors.

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# RAND Hospital Price Transparency Project

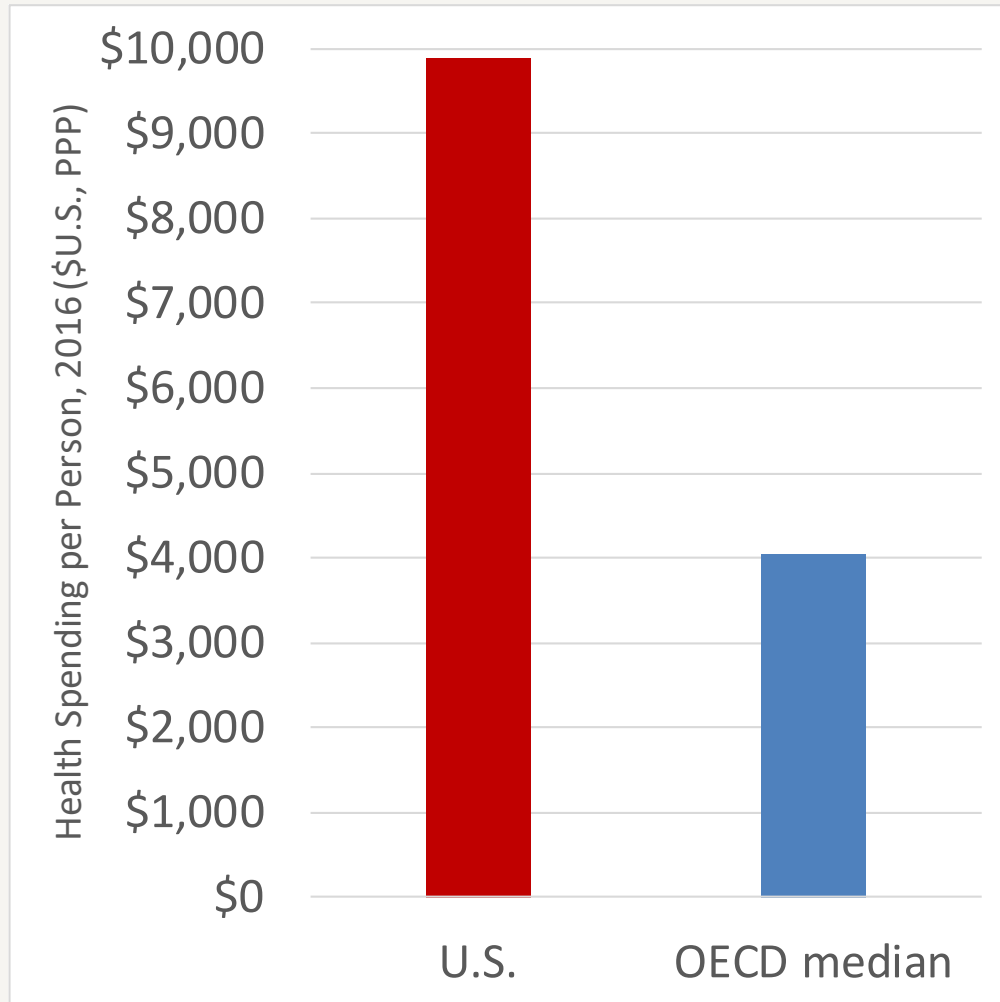


**CHRISTOPHER WHALEY**

This briefing represents the views of the author, and not RAND or RAND's funders.



# Prices Paid by Self-Funded Employers are High



- Why private health plans?
  - persistently high growth in spending per capita
- Why hospitals?
  - \$1.1T industry
  - private prices high, rising, and widely varying
- *What are the prices that individual self-funded employers are paying for hospitals and are these prices in line with the value that employers are getting?*

# Hospital Prices in COVID-19 Era

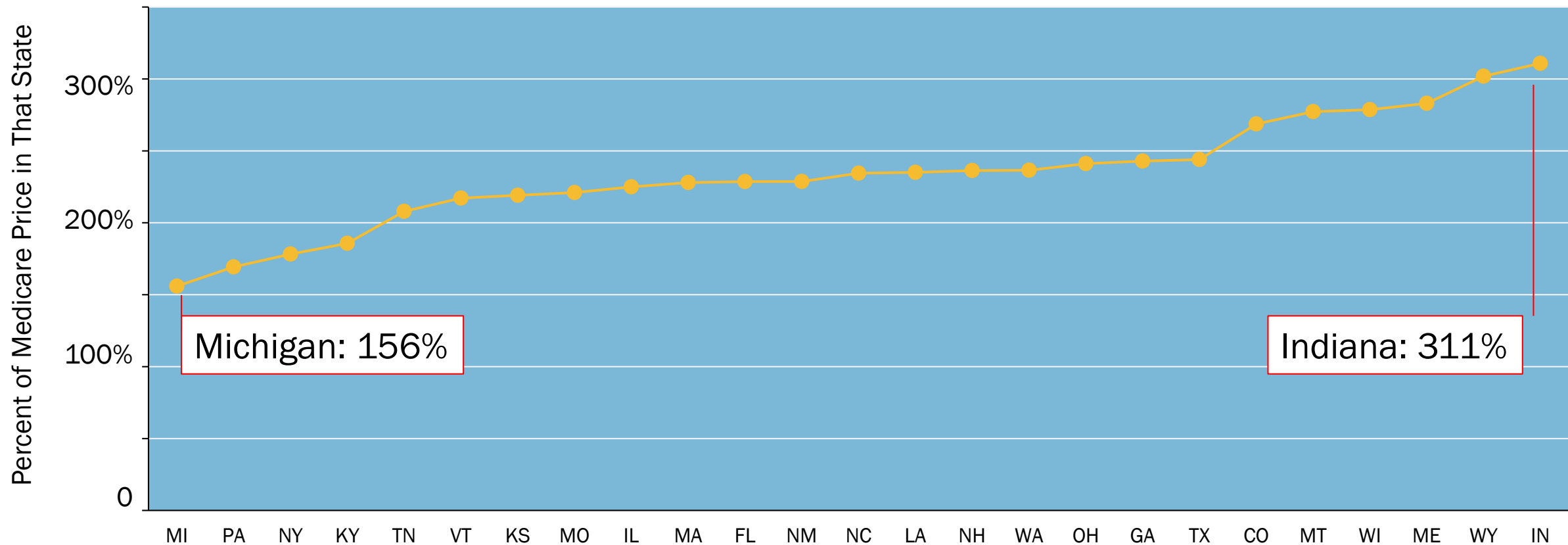
- COVID-19 is placing enormous financial pressure on both hospitals and employers
- Health benefits are one of the largest expenses for employers
- Transparent information about hospital prices is especially important now to ensure employers are getting value
- Now more than other, employers need to take control of their health benefits

# RAND Hospital Price Transparency Study

- Obtain claims data from
  - **Self-Funded Employers**, APCDs, health plans
- Create a public hospital price report
  - will be posted online, freely downloadable
  - named hospital facilities and systems
  - inpatient prices and outpatient prices
- Create private hospital price reports for individual self-funded employers
- **RAND 2.0**: Used data from 25 states to compare hospital prices
- **RAND 3.0**: Collecting data for more states and additional quality information

# Relative prices varied considerably across the states studied

Non-Medicare Prices Paid to Hospitals, by State, 2017



# How Have Employers Used RAND 2.0 (and how can they use 3.0)?

Finally have information  
about prices

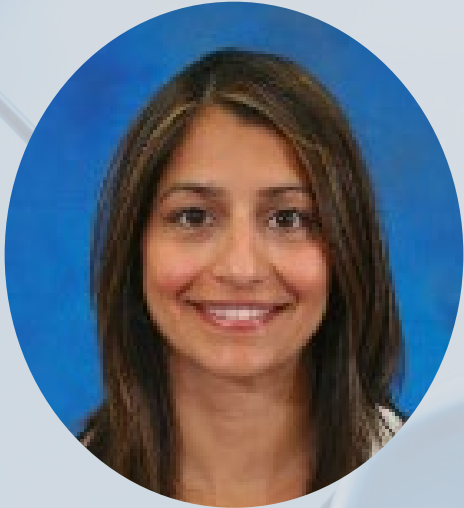
Benchmark prices

Change hospital  
networks



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