The Medical Group Practice in Value-Based Insurance Design

Patrick Carter, MD, MBA, FAAFP
Medical Director, Care Coordination and Quality Improvement
Kelsey-Seybold Clinic
“That any sane nation, having observed that you could provide for the supply of bread by giving bakers a pecuniary interest in baking for you, should go on to give a surgeon a pecuniary interest in cutting off your leg, is enough to made one despair of political humanity”
-George Bernard Shaw, 1911
Physician-Generated Demand

- Much of physician ordering is discretionary.
- Physicians can and do order more tests, procedures, visits, etc. when they receive financial rewards for doing so in fee-for-service system.
- The physician is an “agent” of the patient; important to ensure physician is acting in patient’s best interest.
- Fee-for-service reimbursement introduces possible conflict of interest.
Value-Based Provider Network

- It is very difficult to control cost and ensure quality of healthcare without directing patients to providers practicing evidence-based, cost-effective medicine.
- Physician ordering accounts for over 85% of health care costs.
- 20-30% of physician ordering is for unnecessary “care.”
Value-Based Care

- A way to neutralize the incentive for physicians to do unnecessary “care” inherent in the fee-for-service environment
  - Alternative payment methods, including capitation
- A way to control the costs of health care while not adversely affecting quality
  - Utilization management
- A systematic approach to the delivery of health care resulting in improved quality and outcomes
  - Disease Management and case management
KelseyCare Powered By Cigna

- Partnership between Kelsey-Seybold Clinic and Cigna since 2008
- Limited provider network- Kelsey-Seybold Clinic
- Capitated payment (not fee-for-service) to Kelsey-Seybold Medical Group
- City of Houston has offered since May, 2011
Capitation

- Paying groups of physicians a certain amount per member per month to provide all professional services to a given population
- Eliminates the financial incentive to overutilize present in the FFS system
- Kelsey-Seybold successfully managing capitated arrangements since 1984
What Prevents Underutilization?

- Quality measurement and reporting
- Reputation: Brand-name effect
- Patient satisfaction
- Avoiding incentivizing individual physicians to withhold care
Paying Physicians Under Capitation

- Physicians are not capitated (no incentive to withhold care)
- Predominantly salary with modest productivity incentive
- No physician payment for testing, referrals
Reducing Unnecessary “Care”

- Emphasize evidence-based/cost-effective care from date of hire
- No drug samples/drug reps in clinic
- Ongoing education on evidence-based medicine
Point-of-Service Promotion of Evidence-Based Ordering
Utilization Management

- Ensures appropriate usage of high-cost services
  - Surgery
  - Non-surgical procedures (colonoscopy, heart cath, etc.)
  - Advanced imaging (MRI, nuclear med, PET/CT)
How Important is Utilization Management?

- Relative importance in controlling cost and improving quality:
  - Utilization management: $\leq 10\%$
  - Limiting network to evidence-based, cost-effective providers: $\geq 90\%$
Disease Management

- Tracks patients with certain chronic diseases
- Identifies patients who are out of compliance for visits, testing
- Letters, e-mails, phone calls to patients
- Case managers/coaches for individual patients
Practice-Based Disease Management at Kelsey-Seybold

- Continuous program: Disease management never stops as long as patient of KS
- Comes directly from physician’s office:
  - Caller ID says “Kelsey-Seybold,” patient more likely to answer
  - Communicate electronically through MyKelseyOnline
Practice-Based Disease Management at Kelsey-Seybold

- Case managers/health coaches have real-time access to patients electronic medical record
  - Direct access to diagnostic tests, physician’s notes, etc.
  - Able to make appointments directly if needed
  - Direct communication/influence with physician about challenging patients
Outreach to City of Houston Employees

- Worksite education/lectures by Kelsey-Seybold providers
- Worksite wellness/health screening/flu shots
- COH-specific messaging to patients at time of office visits
“Voting With Their Feet”

COH Enrollment in September, 2015

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<th>Product</th>
<th>Enrollment</th>
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<tr>
<td>Open Access PPO:</td>
<td>8,569</td>
<td>15.9%</td>
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<tr>
<td>High-Deductible</td>
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<td>Non-Kelsey Limited</td>
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<tr>
<td>KelseyCare</td>
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## COH Diabetes Par vs Non-Par

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<td>Number of Patients</td>
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<td>653</td>
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<td>Diabetes Control:</td>
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<td><strong>Excellent (A1c &lt;7)</strong></td>
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