



***VALUE-LEVER ASSESSMENT
FOR BETTER OUTCOMES AT
A LEADING MANAGED
SERVICES ORGANIZATION***

A leading physician services and population health organization engaged Innovaccer's consulting services for a rapid diagnostic exercise to identify the major drivers of overall medical costs. Four levers were shortlisted for analysis that were found to be the most critical in driving performance outcomes at the organization. Out of the four levers, referral management through specialist tiering was uncovered as a lever with the highest impact, with a potential savings upwards of \$90M that could be generated. As a result of the value assessment, the organization was able to identify the Diagnosis Related Grouping (DRG) with the largest episodic cost variance and associated specialists.

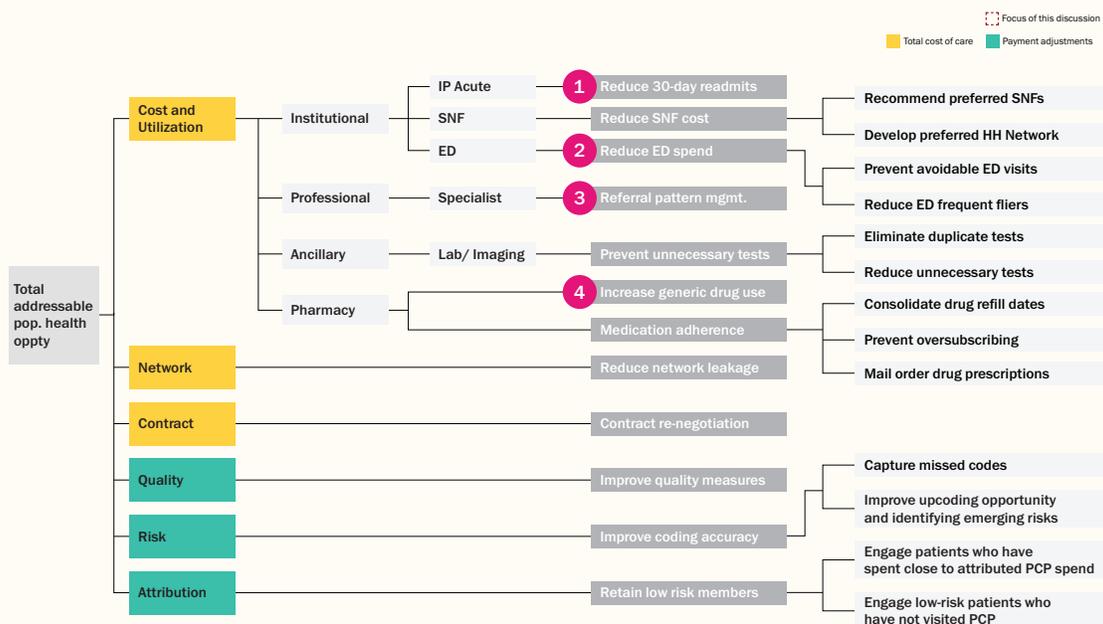
OVERVIEW

Healthcare organizations across the US are struggling to tap into the right opportunities to enhance their clinical, financial, billing, quality and other administrative operations. They face complications in identifying the factors that they need to focus on to improve their population health management activities. From scheduling patient appointments to reporting on patients' health conditions, the US healthcare system needs a systematic overhaul of their care management processes.

A leading physician services and population health MSO based out of the southern metropolitan area of the US focused on providing innovative, high quality, sustainable population health management solutions for payers, employers and accountable care organizations, was looking to identify the major levers responsible for generating the most cost savings for one of their ACO customers. The organization has a network of several hundred physicians, a fully functional care coordination team, two laboratories, and 50+ physical locations, managing over 300,000 lives across several payer contracts.

ENGAGING INNOVACER'S CONSULTING SERVICES TEAM ENABLED THE MSO TO FOCUS ON THE KEY LEVERS IMPACTING SAVINGS

Innovaccer's consulting services team has conceptualized 12 value levers that identify the top areas of focus for a healthcare organization to achieve success in its journey of value-based care. These levers address six main dimensions relating to managing overall healthcare costs - Cost and Utilization, Network, Contract, Quality, Risk and Attribution mix. Evidently, each health care organization will have a varied focus and priority placed on each lever and Innovaccer's consulting team aims to customize the analysis to target levers that hold most impact and value to each customer accordingly.



To that effect, Innovaccer worked with the MSO to assist an ACO customer to identify the key value-based levers that were affecting their overall costs and outcomes in its value-driven efforts. Innovaccer's consulting services team thus worked on enabling the MSO to identify and focus on the top 4 levers out of a total of 12 by analyzing the performance diagnostics and improvement strategies, thus identifying the potential recurring opportunity of more than \$100M annually for a population of more than 300,000 managed lives. The 4 levers identified were:

Referral pattern management

High episodic cost variability across episodes in the upper half of the cost distribution presented more than \$90M in savings potential.

Reducing ED expenditure

An additional approximate \$10M in savings were identified through ED utilization reduction, of which a third had already been captured through the use of InCare and adoption of ED care protocols.

Reducing 30-day IP readmissions

Due to near-optimal readmission rate that the ACO was already performing at, IP readmission was estimated to be a lower value lever at ~\$2M in uncaptured value.

Increasing generic drug utilization

Given that generic utilization was at 80% of total scripts, the substitution of 2% of brand name drugs to generic and another 2% to lower-cost brand alternatives was expected to yield ~\$1M in savings.

With over 90% cost savings stemming from referral pattern management alone, the natural focus was on this key lever.

TARGETING REFERRAL PATTERN MANAGEMENT AS A NEAR-TERM COST CONTAINMENT INITIATIVE

After deep analysis of claims data, the data revealed referral management to be the most significant value lever generating the most cost savings opportunity. The MSO drove their focus on a singular metric, DRG-470, Major Joint Replacement or Reattachment of Lower Extremity, to analyze the cost savings opportunity in this lever. They started their analysis by looking at the specialists offering this service in their network and analyzing the overall costs of every such procedure. The cost was segregated into two major cost segments - Facility Cost and Professional Cost.

With the help of InGraph, they were able to identify both types of costs for every DRG-470 procedure and had a holistic view of the top cost drivers among the referred providers. In order to calculate the savings, a tiering scenario was simulated, moving the episodic costs of the top percentile to a lower percentile.

The analytics on claims data and InGraph was enabled using AWS Redshift and AWS EMR. The semi-structured data was loaded into Redshift, and through ELT pipelines was standardized. Once the data was in the right format and with the desired data quality, analytical jobs were executed on the data. These analytics were executed using Apache Spark on AWS EMR which helped in outcome generation in mere hours.

The analysis revealed that the top 10 episodes were responsible for about 25% of the overall projected annual savings, with the greatest opportunities to move the needle lying in respiratory, sepsis and orthopedic episodes.

Specialist tiering was further conducted to generate a list of preferred specialists by quality and cost, with the objective to present the information to PCPs at the point of care through InNote, enabling PCPs to recommend specialists who were known for lower costs and better quality. With InNote, they could have the exact view of their network and identify the exact point of care steps that needed to be taken.

CONCLUSION

After conducting a rapid sizing exercise of the value levers, we uncovered that the largest opportunity for the ACO was in improving referral management, which should impact close to 90% of the projected savings. Out of that, the top 10 episodes contributed to about 25% of overall projected annual savings, with the greatest opportunities to move the needle lying in respiratory, sepsis and orthopedic episodes.

ABOUT INNOVACER

Innovaccer Inc. is a leading healthcare data activation company making a powerful and enduring difference in the way care is delivered. Innovaccer's aim is to make full use of all the data our industry has worked so hard to collect by righting the wrongs, doing away with long-standing problems and replacing them with ideal solutions. The Gartner and KLAS-recognized products have been deployed all over the US across more than 500 locations, letting over 10,000 providers transform care delivery and work as one. The data activation platform has been delivering value to several institutions, governmental organizations, and several corporate enterprises such as Mercy ACO, StratiFi Health, UniNet Healthcare Network, Catalyst Health Network, Hartford Healthcare, and Osler Health Network. Innovaccer is based in San Francisco and has offices all over the United States and Asia.

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