THE KEY TO ACCOUNTABILITY: High-Need, High-Cost Patients

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Agenda

1. Why worry about high-need, high-cost patients?
2. Who are they?
3. What works?
4. What are the options for states?
THE KEY TO ACCOUNTABILITY

Why worry about high-need, high-cost patients?
Health Care Costs Concentrated in Sick Few—Sickest 5% Account for 49% of Expenses

Distribution of health expenditures for the U.S. population, by magnitude of expenditure, 2013

- Population
  - 1%
  - 5%
  - 10%
  - 50%

- Share of Health Spending
  - 22%
  - 49%
  - 65%
  - 97%

Source: Agency for Healthcare Research and Quality analysis of 2013 Medical Expenditure Panel Survey; MEPS Statistical Brief 480.
A high performing health system must perform for high-need, high-cost patients.
THE KEY TO ACCOUNTABILITY

Who Are High-Need, High-Cost Patients?
High-Need Adults Tend to be Older, Have Low Socioeconomic Status, and Have Public Insurance

Source: S. L. Hayes, et al., *High-Need, High-Cost Patients: Who Are They and How Do They Use Health Care?*
The Commonwealth Fund, August 2016.
Functional Limitations are a Key Predictor of High Costs

Average Annual Health Expenditures Among U.S. Adults

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Average Annual Health Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total adult population</td>
<td>231.7 million</td>
<td>$4,845</td>
</tr>
<tr>
<td>3+ chronic diseases, no functional limitations</td>
<td>79.0 million</td>
<td>$7,526</td>
</tr>
<tr>
<td>3+ chronic diseases, with functional limitations</td>
<td>11.8 million</td>
<td>$21,021</td>
</tr>
</tbody>
</table>

Data: 2009–2011 MEPS. Noninstitutionalized civilian population age 18 and older.

...As Are Behavioral Health Issues

Average Annual Health Expenditures Among a Medicaid Population

High-Need Patients are a Diverse Population

“Dying” after short period of decline

Multiple chronic with serious exacerbation, organ failure, “advanced illness”

Long course of decline from dementia and frailty

Segments of High-Need, High-Cost Duals

- Under 65 Disabled: 44.6%
- Frail Elderly: 21.8%
- Major Complex Chronic: 17.8%
- Minor Complex Chronic: 12.4%
- Simple Chronic: 2.9%
- Relatively Healthy: 0.7%
THE KEY TO ACCOUNTABILITY

What Works in Caring for High-Need, High-Cost Patients?
Strategies

1. Stratify patients by common needs
2. Invest in care coordination
3. Shift care from institutions to community
4. Integrate medical, behavioral, and social services
5. Give providers flexibility in allocating resources

Source: Abrams and Schneider, October 2015
“I'M WHAT YOU MIGHT CALL COMPLICATED.”

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HEALTHY IS HARDER FOR SOME. THAT’S WHY WE’RE HERE.

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Commonwealth Care Alliance

Program
• Health plan & network with 60+ sites in Massachusetts.
• Serves 17,000+ duals* (disabled adults & frail elderly).

Key Elements
• Interdisciplinary primary care team with home visits.
• Individualized care plans, including for long-term care.
• Blended Medicare and Medicaid funding for total cost of care.

Results
• Reduces hospital and nursing home use; improves care experiences.

*”Duals” - people eligible for both Medicaid and Medicare
Hennepin Health

Program
• Safety-net Accountable Care Organization (ACO) serving 10,000+ Medicaid patients.
• Partnership between county health dept, county medical center, county-run health plan, and federally qualified health center (FQHC).

Key Elements
• Integrate medical & social services.
• Health home model, emphasizing community health workers.
• Complex patients referred to “ambulatory ICU” clinic.
• Per capita payment for total cost of care.

Results
• Reduces medical costs with savings reinvested.

For health system leaders, no need to reinvent the wheel.
What are the Policy Options for States to Improve Care for High-Need, High-Cost Patients?
States’ Roles in Health System Reform

- Lawmaker/Appropriator
  - e.g., Cross-program budgeting
- Regulator/Administrator
  - e.g., Licensure
- Purchaser
  - e.g., Value-based insurance design
- Convener
  - e.g., Multi-payer partnerships

Adapted from National Governors Association
1. Set targets and priorities that reflect health needs, market realities, and provider culture.

2. Invest in high-value opportunities, e.g., substance abuse, behavioral health.

3. Use innovative and flexible strategies when budgeting and assessing impact.
States’ Roles in Health System Reform

Develop, implement and evaluate payment and delivery system reforms, e.g.,

- Value-based insurance design
- Medical/health homes
- LTSS* integration for duals
- High-quality provider networks

*long-term services and supports
Caring for High-Need, High-Cost Patients — An Urgent Priority

David Blumenthal, M.D., M.P.P., Bruce Chernof, M.D., Terry Fulmer, Ph.D., R.N., John Lumpkin, M.D., M.P.H., and Jeffrey Selberg, M.H.A.
Developing a “Playbook” for Serving High-Need, High-Cost Patients

Goal
Explain challenges facing high-need, high cost patient segments, and offer evidence-based practices and models to meet their needs.

Core Content
• Value proposition
• Segmentation framework
• Patient profiles
• Case studies of proven models
• ROI data and calculator
• Policy & payment reform opportunities

Target Audience
• Health system leaders, payers, and policymakers
Thank You

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Question and Answer