Health Forum Synthesis

Ian Morrison PhD
What We Learned: Atul Gawande and Michael Porter

• What Causes Spread
  – Immediate effect that helps the patient and the team
  – Pain Now for Gain Later is harder

• Teams

• Systems of Care and The Fallacy of Excellence

• Get the Value Equation Right
  Healthcare Outcomes that Matter to Patients
  Costs for Delivering those Outcomes
What We Learned: Michael Porter

• The Path
  – Integrated Practice Units
  – Measure Outcomes and Costs
  – Bundled Payment for Care Cycles
  – Integrate Multi-Site Delivery Systems
  – Expand Geographic reach to Drive Excellence
  – Enabling information Technology
Organizational Focus

- Volume/Outcome
- “Take responsibility for the Entire Care Cycle”
- **Systematic Universal Outcome Measure**
  “Total Costs of Mrs. Jones Breast Cancer”
- Specialized Focus e.g. West German Headache Center
The Tension

• Bundles
  – More is still better economically for providers
  – Encourage improvement of teams on dimensions they actually control and that patients care about
  – But what do you do about the multiply co-morbid and the fact that not everything is easily bundled
  – “Screw me on the bundle, and I’ll screw you on the rest”

• Population Health/Risk/Accountable Care
  – Frequency
  – Appropriateness
  – Determinants of Healthcare
  – The Mutual Disrespect Problem
  – Social Work not Medical Care
Common Ground

• The 5/50 Problem
  – 5% account for 50% of spending
  – 1% account for 20%
  – Bottom 50% account for about 2%

• Segmentation of populations

• What you will find
  – HONDAS
  – Behavioral Health
  – End of Life Care
  – Cancer
  – Frail elderly
  – Social Work not Medical Care
  – Specialty Pharmaceuticals
Employers Are Seeing a prolonged respite from double-digit premium increases, but these are still running at two times CPI

Projections For 2015:  
Trend before plan & contribution changes = 6.5%  
Trend after plan and contribution changes = 5.0%  
CPI-U= 2.5%

Big Three Insurers Emerging?

• Aetna buys Humana for $37 billion making a $107 billion run rate company
• Anthem closes on Cigna in $54 billion makes a $117 billion run rate company
• New Rivals for $154 billion UnitedHealth Group
• Other:
  – Centene buys Health Net for $6.3 billion
What We Learned: Michael Lewis

- The road to financial ruin
  - Misaligned incentives
  - Complexity to the point of opacity
  - Too big to fail
  - Gambling with other people’s money: “You guys are bookies”
- Innovation
  - Pain
  - Necessity
  - Courage
- Predictive Analytics
  - Data can drive insight and innovation
  - Some things are solvable some are not: Easy bundles versus complex cases
- The Power of Stories
  - Interesting characters in unique situations
What We Learned: Pam Kehaly, Brian Marcotte and Jim Hinton

• The Big Three
• Watch the Blues according to Paul Keckley
• The Triple Aim: Total Cost of Care, Responsive to Consumers, Outcomes that matter
• Employers Not Happy Campers: Won’t just eat it
• The long march to exit versus stay and fight
  – Value
  – Service
• Engaging Consumers: Rebooting Plan Design through Empowerment
• New opportunities:
  – Direct
  – ACOs shared risk in commercial
  – Bundles
  – Risk (own plan partner, co ownership e.g. Vivity)
• Channels
  – Public Exchanges: Here to stay but not profitable
  – Private Exchanges: From why not to why?
  – Massive Medicaid
  – Medicare Advantage
What We Learned: Siddartha Mukherjee

• Cancer is The “Emperor of all Maladies”
• Not just one disease
• Approaches
  – Cells
  – Genes
  – Genome
  – Organismal
• Science, Progress, Hope
How to Fight Improvement Fatigue: What Leaders Must Do

• The why of change
• Clinicians on board through evidence not arm-waving
• Fix the Electronic Medical Record
• Manage the demographics of change
• The Quadruple Aim: Bring back Joy at Work through Meaning
Big Drop in Uninsured under Obamacare

Percentage of U.S. Adults Without Health Insurance, by Quarter

Do you have health insurance coverage?
Among adults aged 18 and older

% No

Quater 1 2008-Quarter 4 2014
Gallup-Healthways Well-Being Index

GALLUP
Role of Federal Government in Ensuring Americans Have Healthcare Coverage

Do you think it is the responsibility of the federal government to make sure all Americans have healthcare coverage, or is that not the responsibility of the federal government?

Yes, government responsibility
No, not government responsibility

Gallup polls, 2000-2013; Pew poll, June 2014.
Massive Medicaid, 2015

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Population</th>
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<tbody>
<tr>
<td>16</td>
<td>Germany</td>
<td>81,083,600</td>
</tr>
<tr>
<td>17</td>
<td>Iran</td>
<td>78,317,300</td>
</tr>
<tr>
<td>18</td>
<td>Turkey</td>
<td>77,695,904</td>
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<tr>
<td>19</td>
<td>Democratic Republic of the Congo</td>
<td>71,246,000</td>
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<tr>
<td>20</td>
<td>France[Note 4]</td>
<td>66,121,000</td>
</tr>
<tr>
<td>21</td>
<td>Thailand</td>
<td>65,104,000</td>
</tr>
<tr>
<td>22</td>
<td>United Kingdom</td>
<td>64,800,000</td>
</tr>
<tr>
<td>23</td>
<td>Italy</td>
<td>60,788,845</td>
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- **US Medicaid** Population edges out **France** for top 20 spot in total population with **70,515,716 enrollees**
- **US Medicaid spending** edges out **Argentina** for top 25 economies at **$540 billion**
- **US Medicaid** is bigger than Wal-Mart by **$50 + billion**
Massive Medicaid

• Medicaid expansion is a big deal in the states that are doing it...e.g. California Medi-Cal has 12.2 million enrollees and a budget in excess of $90 Billion for 2014-15 FY most from Federal sources

• Oregon Medicaid enrollment now over 1,000,000 a 69 % increase over pre ACA levels

• The last mile of enrollment

• Churning in Medicaid eligibles

• Who will take these enrollees and what will be the financial impact on providers that do take them?
Medicare and Medicaid Shares are Projected to Grow under Current Law

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<tbody>
<tr>
<td>Private Health Insurance</td>
<td>807.8</td>
<td>33.4%</td>
<td>1,082.4</td>
<td>33.7%</td>
<td>1,635.2</td>
<td>31.6%</td>
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<tr>
<td>Medicare</td>
<td>467.9</td>
<td>19.4%</td>
<td>632.7</td>
<td>19.7%</td>
<td>1,111.3</td>
<td>21.5%</td>
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<tr>
<td>Medicaid</td>
<td>344.9</td>
<td>14.3%</td>
<td>541.1</td>
<td>16.9%</td>
<td>918.8</td>
<td>17.8%</td>
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<tr>
<td>—Federal</td>
<td>203.5</td>
<td>8.4%</td>
<td>323.0</td>
<td>10.1%</td>
<td>542.6</td>
<td>10.6%</td>
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<tr>
<td>—State and Local</td>
<td>141.4</td>
<td>5.9%</td>
<td>218.1</td>
<td>6.8%</td>
<td>376.2</td>
<td>7.2%</td>
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<tr>
<td>Other Health Insurance</td>
<td>82.6</td>
<td>3.4%</td>
<td>116.2</td>
<td>3.6%</td>
<td>192.6</td>
<td>3.7%</td>
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Source: CMS as cited in Health Affairs, October 2014 33:10
Medicare Advantage Enrollment is Highly Variable Across the Country (0% to 49%); Mostly in HMOs

Share of Medicare Beneficiaries Enrolled in Medicare Advantage Plans, by State, 2013

NOTE: Includes MSAs, cost plans and demonstrations. Includes Special Needs Plans as well as other Medicare Advantage plans.

Distribution of Enrollment in Medicare Advantage Plans, by Plan Type, 2013

NOTE: PFFS is Private Fee-for-Service plans. PPOs are preferred provider organizations, and HMOs are Health Maintenance Organizations. Other includes MSAs, cost plans, and demonstration plans. Includes enrollees in Special Needs Plans as well as other Medicare Advantage plans.
Boomers, Young People Attracted to Medicare Advantage

(When you retire,) If you had a choice, would you prefer to get your Medicare health insurance benefits from...

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>18-29</th>
<th>30-49</th>
<th>50-64</th>
<th>65+</th>
</tr>
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<tbody>
<tr>
<td>The current government Medicare program</td>
<td>34%</td>
<td>26%</td>
<td>28%</td>
<td>33%</td>
<td>57%</td>
</tr>
<tr>
<td>A private health plan, such as a PPO or HMO offered through Medicare</td>
<td>56%</td>
<td>65%</td>
<td>63%</td>
<td>57%</td>
<td>29%</td>
</tr>
<tr>
<td>Don’t know/refused</td>
<td>10%</td>
<td>7%</td>
<td>8%</td>
<td>9%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Census data, Company notes, and Citi Research
Medicare and Medicaid Turn 50
Doris Kearns Goodwin: Presidential Leadership Checklist

1. Have the courage to withstand adversity and bounce back
2. Recognize the opportunities of “the moment”
3. Have confidence and accept criticisms with grace
4. Preach by practice and example
5. Develop an ongoing thirst for knowledge
6. Be willing to learn from your mistakes
7. Speak softly and carry a big stick
8. The higher the office, the more you go to the field
9. Become a master of communication in simple language
10. Relax
Doris Kearns Goodwin:
Presidential Leadership Checklist

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