

INCREASING TRANSPARENCY TOOL EFFECTIVENESS

A pilot program to unlock potential

Abstract: Lessons Learned

As a result of Quantum Health's high-touch Real-Time Intercept™ care coordination model, normally limited transparency tools were highly effective in reducing unnecessary costs for MRIs of the joint without sacrificing quality of care.

- + A high conversion rate is possible when paired with these key strategies embedded in the Quantum Health model:
 - Hardwiring transparency tools into pre-authorization process
 - Contacting the ordering provider directly
 - Facilitating redirection to lower cost facility
- + Out of 100 total MRIs in pilot: 36 opportunities to convert higher-cost to lower-cost facilities
- + When available, 44% of providers agreed to redirect to lower cost facilities
- + Real-Time Intercept™ led to 57.7% savings per procedure for a total case savings of \$871 per procedure—a dramatic impact on out-of-pocket costs, especially for HDHP members

Overcoming low usage rates

As healthcare costs continue to rise and consumers share more of the financial responsibility for healthcare with their employers, transparency tools continue to gain momentum and interest among cost-conscious employers and consumers alike. These transparency “shopping” tools allow patients to compare price, quality and sometimes even convenience of various healthcare providers for specific services and procedures. The market for these tools is anticipated to exceed more than \$3 billion in revenue among all healthcare products and services by 2016¹. Transparency is “hot,” but for it to be more than a niche strategy, it must work.

For employers, the growing interest in transparency tools raises questions about how to overcome the ongoing challenge of low usage rates of these tools. In order to justify the additional expense of sophisticated transparency tools, employers know they must achieve successful usage rates and, in turn, a return on their investment. However, the initial data is not encouraging. While 98 percent of health plans offer or support a cost calculator at no additional charge to plan members, the national usage rate of these tools is only two percent of total enrollment².

In context of this healthcare reality, we initiated a pilot program to determine whether our high-touch care coordination model with Real-Time Intercept™ could positively impact the usage rate of transparency tools. The pilot program focused solely on MRIs of the joint, one of the “great eight” services known for high costs and high-frequency usage with a price variability as high as 458 percent from lowest to highest cost³.

**QUANTUM HEALTH'S
CARE COORDINATION
MODEL INCREASES
THE EFFECTIVENESS
AND USAGE RATE OF
TRANSPARENCY TOOLS**

**+ HDHP MEMBERS SEE
DRAMATIC IMPACT ON
OUT-OF-POCKET COSTS**

The identified problem

Too many patients are spending too much on medical procedures simply because their physicians refer them to high-cost providers even when less expensive options with the same quality of care are available.

In this pilot program we focused on patients requiring an MRI of the joint who were potentially spending considerably more money than necessary on the procedure. We chose MRIs of the joint because their longer lead time from ordering to testing allowed for easier patient and physician outreach, resulting in more robust research data.

The goal of the pilot was to determine three things. Firstly, we aimed to quantify how many of these services were “convertible,” resulting in a patient choosing a lower-cost provider they would not otherwise have chosen in the absence of intervention. Secondly, we wanted to identify more effective ways to accomplish such conversions. Finally, we wanted to assess the impact these conversions have on cost and outcome and use this as a basis to estimate the overall impact of broader deployment.

The opportunity care coordination presents

When a specialty procedure is required, patients are frequently referred to facilities that are unnecessarily more expensive—and the cost differential often does not reflect the quality of care. Furthermore, patients typically go directly to the referred facility without being aware of the potential for a lower-cost option, either because they don't know how to utilize a transparency tool that



has been provided by their employer, or because they trust their providers to take cost into consideration when providing referrals. There is considerable opportunity to close this knowledge gap, empowering patients to be better-educated consumers of the healthcare system.

Through our pilot program, we tested intervening on behalf of patients to integrate a transparency tool conversation into the pre-authorization process for 100% of the indicated MRIs. Our strategy was to have this “conversion opportunity” conversation occur between the ordering provider and our care coordination team rather than simply talking with the patient and relying on them to self-navigate a web site. This provider interaction was a key conversion opportunity – physicians have strong influence on their patients’ care decisions, making it particularly important to integrate transparency tools as part of the MRI pre-authorization process that is already a component of the Quantum Health care coordination program.

Once alerted to the need for an MRI of the joint, Care Coordinators worked with a transparency tool to review each case and determine the fair price of the procedure against the rating and cost of a requested facility. If the requested facility came in at a higher cost, Care Coordinators identified up to three alternative facilities and verified they were within the patient’s network. Once verified, Care Coordinators engaged the referring physician to obtain approval to offer other options to the patient.

Measurable outcomes

Our pilot program examined the first 100 MRI requests we received among patients of a single employer. Of these requests, 77 had cost data available for comparison, and 31 of those were already referred to a low-cost facility. This left 46 patients who could potentially be converted to a lower-cost alternative. Ten of those 46 lived in an area without access to a lower-cost alternative, leaving 36 that were convertible. Barring intervention by Quantum Health, there is no reason to think these 36 members would have used available tools to cost shop on their own.

When a Quantum Health Care Coordinator leveraged the transparency tools on their behalf and identified a lower-cost alternative, 16 of the 36 patients accepted. This resulted in a 44 percent conversion rate, significantly higher than the national average of 2 percent.

If this interception had not occurred, the average cost of MRI procedures at the initially recommended facilities would have been \$1,509. However, through this Real-Time Intercept™—leveraging transparency tools and redirecting patients to high-quality, lower-cost facilities—we were able to realize an average cost of \$638. This resulted in an average \$871 cost savings per converted procedure for a total savings nearly \$14,000 for the 100 procedures evaluated in the pilot—benefitting both the employer and employees.

This represents considerable cost savings for patients and employers, demonstrating that Real-Time Intercept™ can lower total costs without any negative impact on the patient’s quality of care. The pilot program also found that when transparency tools are used in combination with our care coordination model, effectiveness and frequency of tool use increased.

Sources:

- 1 <http://www.aitegroup.com/report/price-transparency-us-healthcare-new-market>
- 2 <http://www.catalyzepaymentreform.org/how-we-catalyze/national-scorecard>
- 3 <http://www.changehealthcare.com/resources/publications/hcti>

Real-Time Intercept™ led to

57.7%

savings per converted procedure
for a total case savings of

\$871

per converted procedure

From an employer perspective, MRIs of the spine and joint account for an average of .047% of a typical employer's medical spend after negotiated and out-of-pocket reductions. Since the pilot results show that, on average, transparency tools combined with

Quantum Health Care Coordinators can lower MRI of the spine and joint costs by 13%, we can extrapolate that typical employers would then save an average of .006% on their total medical spend when they add Quantum Health Care Coordinators to their health plans. While this represents a modest reduction in spend from only a very specific category of medical procedures, the model can be expanded to other procedures as well. Applying the same improvement to the remainder of the "great eight" and other medical procedures suggests even greater impact. The value of a consumer-based care coordination process lies not only in the potential savings that can be found in conversion opportunities, but also in the ability to assess the cost-effectiveness of transparency tools and other health plan add-ons. Most plans are already investing in these tools; the integration of the Quantum Health model can help optimize a return on that investment. While transparency tools alone may not achieve great savings, Quantum Health's approach of using every effective tool in total can achieve significant savings, as validated by independent studies.

Transparency tools + care coordination = ROI

Transparency tools alone don't solve complex healthcare problems—people do.

By carefully studying the issue and understanding how best to identify where we were able to convert—and then effectively gain conversion—we revealed that Real-Time Intercept™ can add significant value to patients with access to transparency tools. Standing apart from every competitor in the industry, Quantum Health's Care Coordinators take the time to have real conversations with providers. By presenting the options and having meaningful conversations about price, quality and convenience, our pilot showed we could better inform the immediate decision-making process for patients requiring MRI procedures as well as begin to influence the long-term behavior of patients as they understand a transparency tool's true value.