Putting the Brakes on Health Costs

What’s Driving Them and How to Take the Wheel

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#HIHC14
Health care cost growth has slowed, but is on the rise again.

Many factors drive health care costs, including technology and demographics.

Changing payment and care delivery systems can put the brakes on rising costs.
U.S. Health Care Spending

<table>
<thead>
<tr>
<th>Year</th>
<th>National Health Care Spending GDP</th>
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<tbody>
<tr>
<td>1960</td>
<td>5.2%</td>
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<tr>
<td>1970</td>
<td>7.2%</td>
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<tr>
<td>1980</td>
<td>9.2%</td>
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<tr>
<td>1990</td>
<td>12.5%</td>
</tr>
<tr>
<td>2000</td>
<td>13.8%</td>
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<tr>
<td>2010</td>
<td>17.9%</td>
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</tbody>
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Source: Centers for Medicare and Medicaid Services, Office of the Actuary
Spending: A Slowdown, But Not For Long

Source: Centers for Medicare and Medicaid Services.
Insurance Premiums: Heading Higher

- **2000**: $2,655
- **2013**: $5,668

Comparison between Colorado and the United States:
- **Colorado**: $2,450 (2000) to $5,571 (2013)
- **United States**: $5,571 (2000) to $5,668 (2013)
What Are We Getting For Our Health Care Dollars?
Health Care Cost Drivers

- Technology
- Health Insurance
- Population
- Consolidation
#2: More Coverage

- More People Covered
- More Services Covered
- Less Out-of-Pocket Spending

= Higher Utilization and Cost
#3: Population Changes

Consumers: Varying Use of Care
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Open poll in your web browser
#4: Consolidation
Questions?
Putting the Brakes on Health Care Costs:

Slowing Volume, Accelerating Value
From Volume to Value

Fee-For-Service Payment Model

Payer -> Providers -> $ -> Hospital, Specialist, Primary Care, Home Health
Gain-Sharing and Shared Savings

Reduce total spending through care coordination, medication management, quality improvements

Savings shared between payer and providers
Bundled Payment Model

Payer

Primary Care Provider

- $ Per month
- For asthma-related services
- Risk adjusted

Hospital

- $ Lump sum
- Risk adjusted

Surgeon
Anesthesiologist
Rehab Facility
Global Payment Model

Payer

$ For patient population
Monthly Risk adjusted

Primary Care Provider
Global Payment in Colorado:

- Kaiser Permanente
- Rocky Mountain Health Plans Medicaid Prime
- Medicare Advantage
Providers Changing How They Deliver Care
Patient Centered Medical Home

- Cost containment
  - Multidisciplinary Care Team
  - Coordinated care across providers and specialties
  - Emphasis on prevention primary care education

Enhanced payments

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Patient Centered Medical Homes in Colorado: Comprehensive Primary Care Initiative
Accountable Care Organizations in Colorado

Cigna

Physician Health Partners
Collaborate, Innovate, Make a Difference

Centura Health

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Shared Risk and Shared Accountability Between Payer and Provider

- Fee-For-Service (FFS)
- Gain-Sharing and Shared Savings
- Bundled Payment
- Global Payment
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