



EDGEWOOD COLLEGE

School of Business
Executive Speaker Series

Perspectives on Value and Quality in Healthcare

Wednesday, April 19, 2017

3:30 – 5:00 PM

Moderated by

Raj Kamal

Senior Lecturer, School of Business

Today's Agenda

3:30 – 3:45	Welcome, and introductions to the topic and panel – Raj Kamal (moderator)
3:45 – 4:15	<ul style="list-style-type: none">• Employer perspective – Mr. Lee Wiersma• Payer perspective – Dr. Tim Bartholow• Medicaid perspective – Mr. Michael Heifetz• Quality perspective – Mr. Chris Queram
4:15 – 4:45	Q&A – audience and moderator
4:45 – 4:55	Concluding remarks from the panel
4:55 – 5:00	Thanks and invitation to reception – Dr. Stevie Watson, Dean of the School of Business
5:00 – 6:00	Reception

Lee Wiersma

EVP / Chief Human
Resources Officer,
UW Credit Union

- Responsible for the **overall direction** of the credit union's human resources and organizational development department, & advising in the strategic and tactical management for the organization.
- Joined UW Credit Union in **2000**.
- Previously: **Philips-Advance Transformer, Perry Judd's Corporation and Perry Graphic Communications.**



Dr. Tim Bartholow

VP and Chief Medical Officer, WEA Trust

- Previously: **Wisconsin Medical Society's Chief Medical Officer** for five years - focused on physician and community engagement to promote change in the delivery and payment of health care.
- Previously: 16 years **caring for patients** at the Prairie Clinic in Sauk City, Wis., where he was one of 12 clinical owners and on EMR since 2003.
- Previously: **Medical director** for an independent physician association with 2-sided risk with more than 400 primary care providers, a precursor to ACOs.



Michael Heifetz

State Medicaid Director,
Wisconsin Department of
Health Services (DHS)

- DHS: Since October **2016**;
\$8 billion budget.
- 24 years of private and public sector experience, including eleven years in the health care arena.
- Previously: **State Budget Director** (\$72 billion) for three years, running the budgeting, financial services and policy analysis functions for the Executive Branch.
- Previously: Vice President for Government Affairs for **Dean Clinic and SSM Health Care of Wisconsin** (now SSM Health).



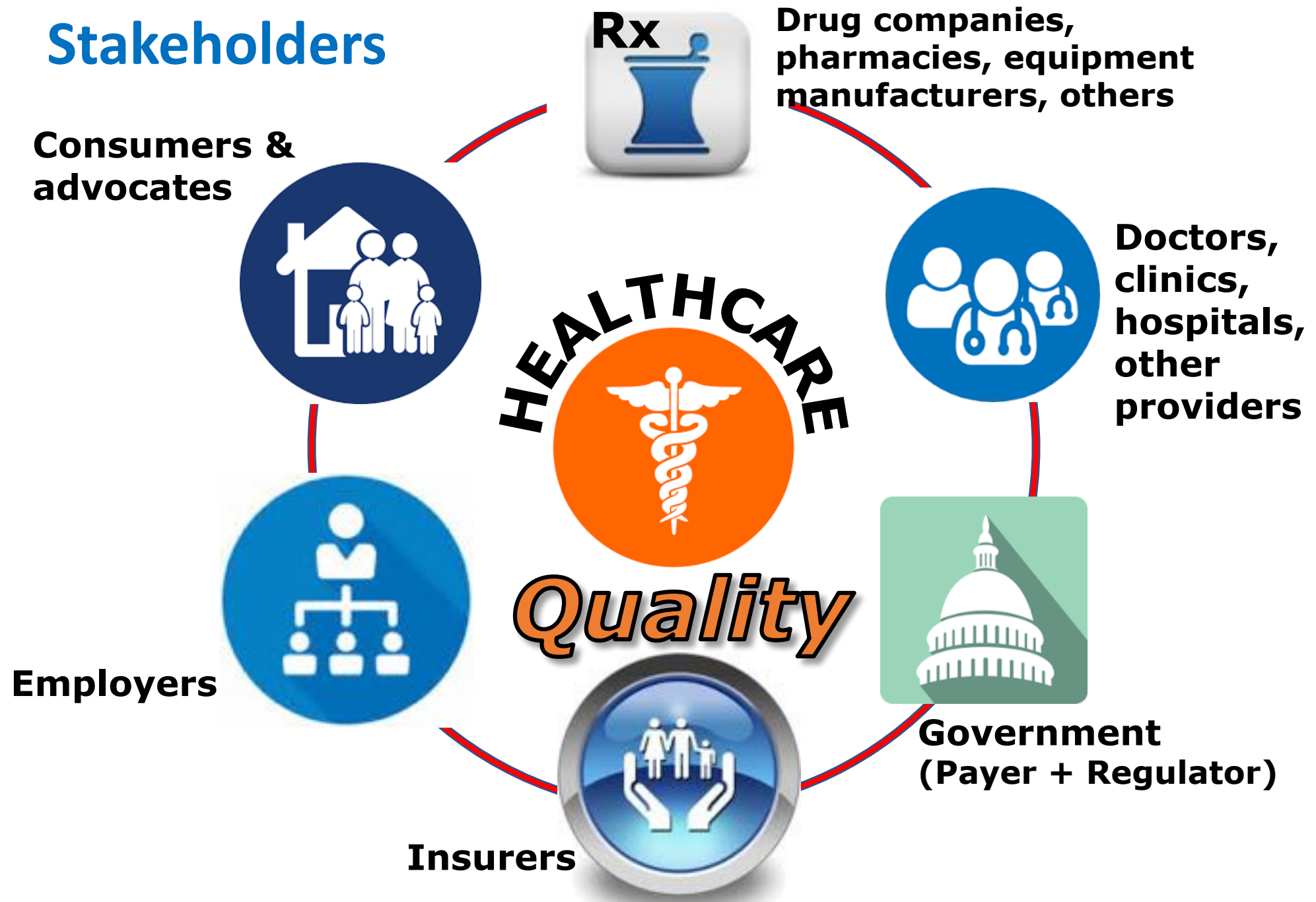
Christopher Queram

President/CEO,
Wisconsin Collaborative
for Healthcare Quality
(WCHQ)

- WCHQ: Since **2005**
- Serves on **many boards**: Agrace HospiceCare, Delta Dental of Wisconsin, The Joint Commission, Joint Commission Resources, the Wisconsin Statewide Health Information Network, and Wisconsin Health Information Organization.
- Member of the Core Measures Collaborative and represents the Network for Regional Healthcare Improvement on the Measures Application Partnership (**MAP**).
- Previously: CEO of **The Alliance**



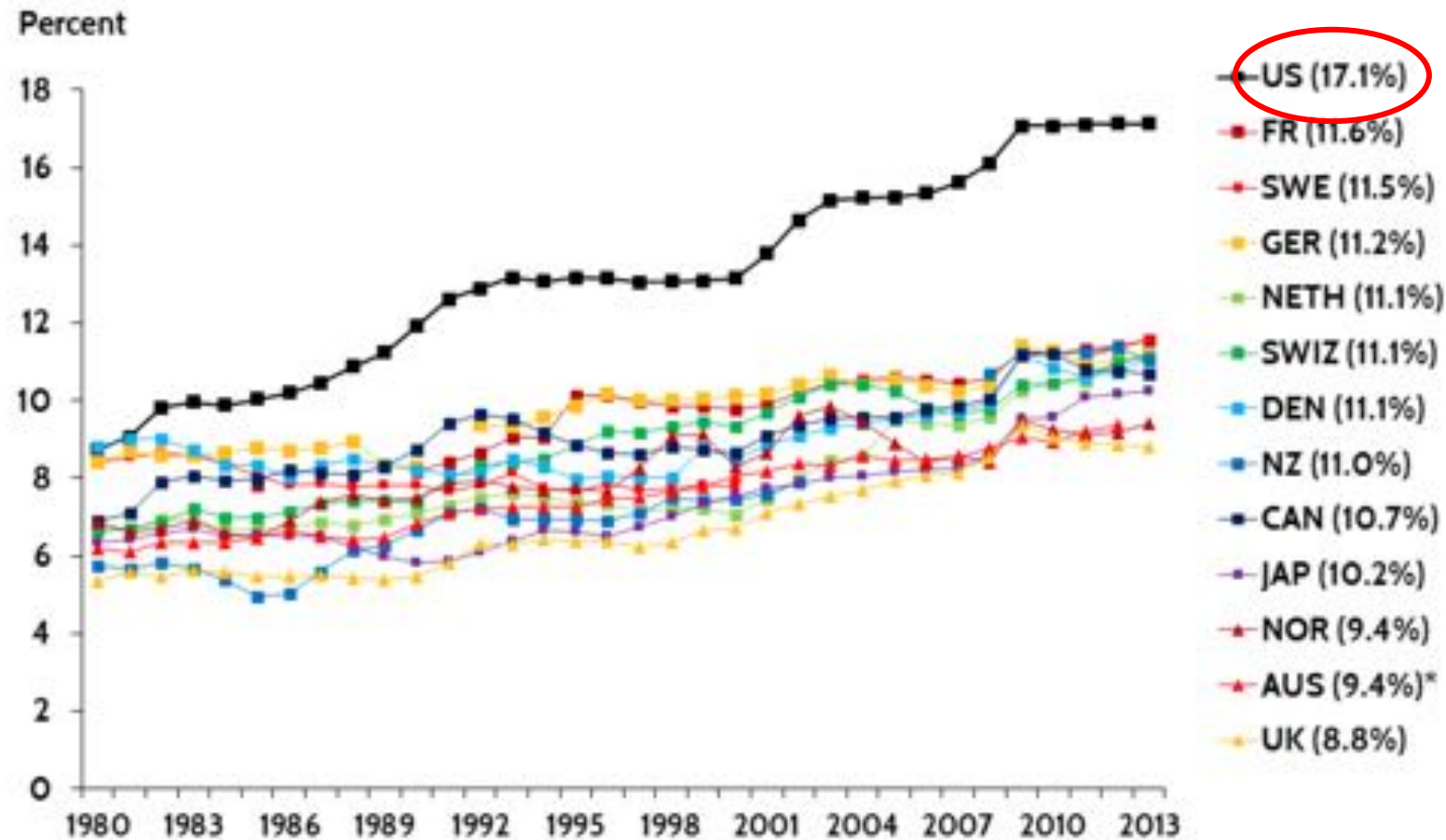
Stakeholders



We spend more on healthcare than other developed countries...

\$3.2
\$17.9 trillion (CMS, 2015)

Exhibit 1. Health Care Spending as a Percentage of GDP, 1980–2013



* 2012

Notes: GDP refers to gross domestic product. Dutch and Swiss data are for current spending only, and exclude spending on capital formation of health care providers.

Source: OECD Health Data 2015.

...yet our health outcomes are worse!

Exhibit 9. Select Population Health Outcomes and Risk Factors

	Life exp. at birth, 2013 ^a	Infant mortality, per 1,000 live births, 2013 ^a	Percent of pop. age 65+ with two or more chronic conditions, 2014 ^b	Obesity rate (BMI>30), 2013 ^{a,c}	Percent of pop. (age 15+) who are daily smokers, 2013 ^a	Percent of pop. age 65+
Australia	82.2	3.6	54	28.3 ^e	12.8	14.4
Canada	81.5 ^e	4.8 ^e	56	25.8	14.9	15.2
Denmark	80.4	3.5	–	14.2	17.0	17.8
France	82.3	3.6	43	14.5 ^d	24.1 ^d	17.7
Germany	80.9	3.3	49	23.6	20.9	21.1
Japan	83.4	2.1	–	3.7	19.3	25.1
Netherlands	81.4	3.8	46	11.8	18.5	16.8
New Zealand	81.4	5.2 ^e	37	30.6	15.5	14.2
Norway	81.8	2.4	43	10.0 ^d	15.0	15.6
Sweden	82.0	2.7	42	11.7	10.7	19.0
Switzerland	82.9	3.9	44	10.3 ^d	20.4 ^d	17.3
United Kingdom	81.1	3.8	33	24.9	20.0 ^d	17.1
United States	78.8	6.1 ^e	68	35.3 ^d	13.7	14.1
OECD median	81.2	3.5	–	28.3	18.9	17.0

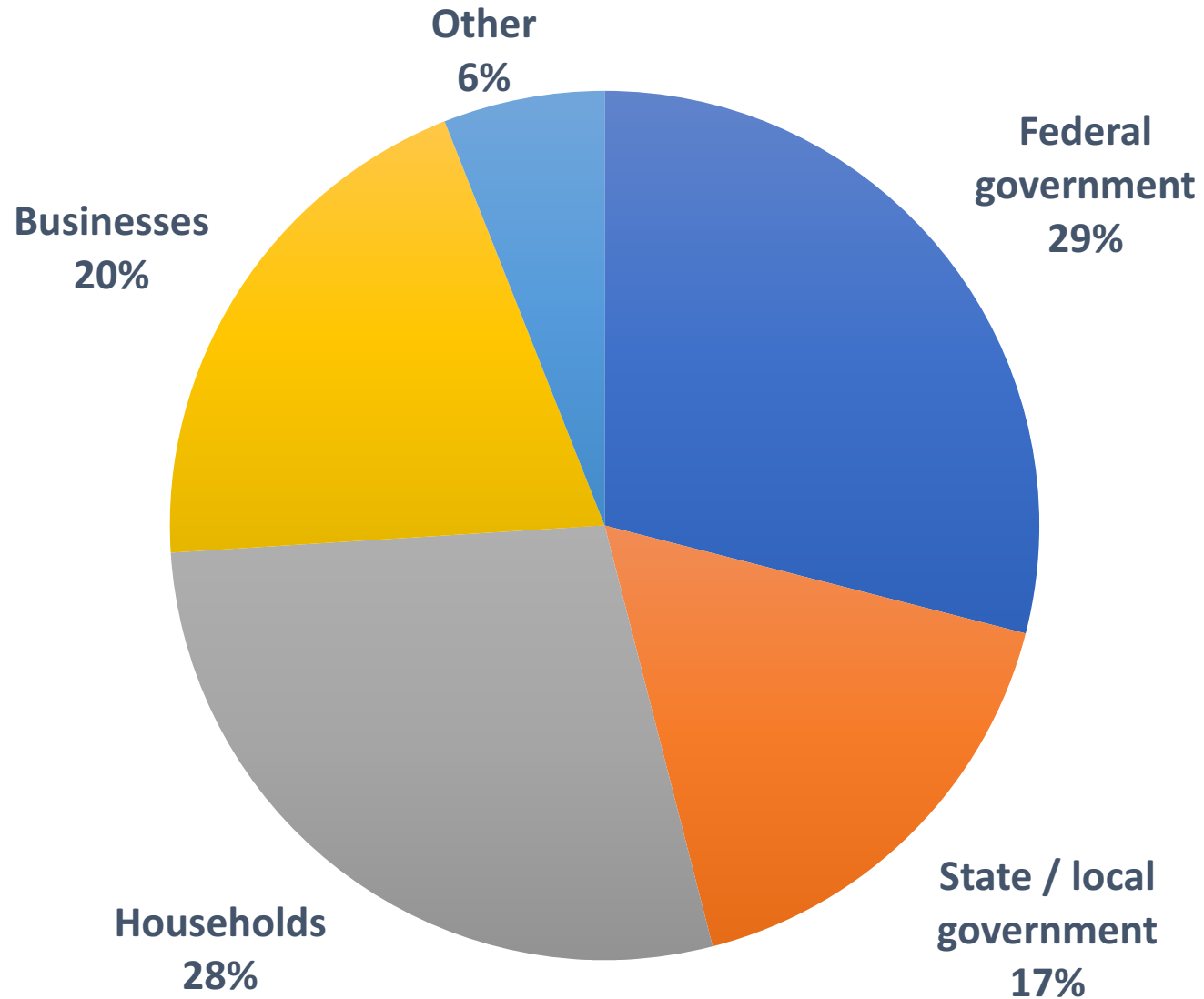
^a Source: OECD Health Data 2015.

^b Includes: hypertension or high blood pressure, heart disease, diabetes, lung problems, mental health problems, cancer, and joint pain/arthritis. Source: Commonwealth Fund International Health Policy Survey of Older Adults, 2014.

^c DEN, FR, NETH, NOR, SWE, and SWIZ based on self-reported data; all other countries based on measured data.

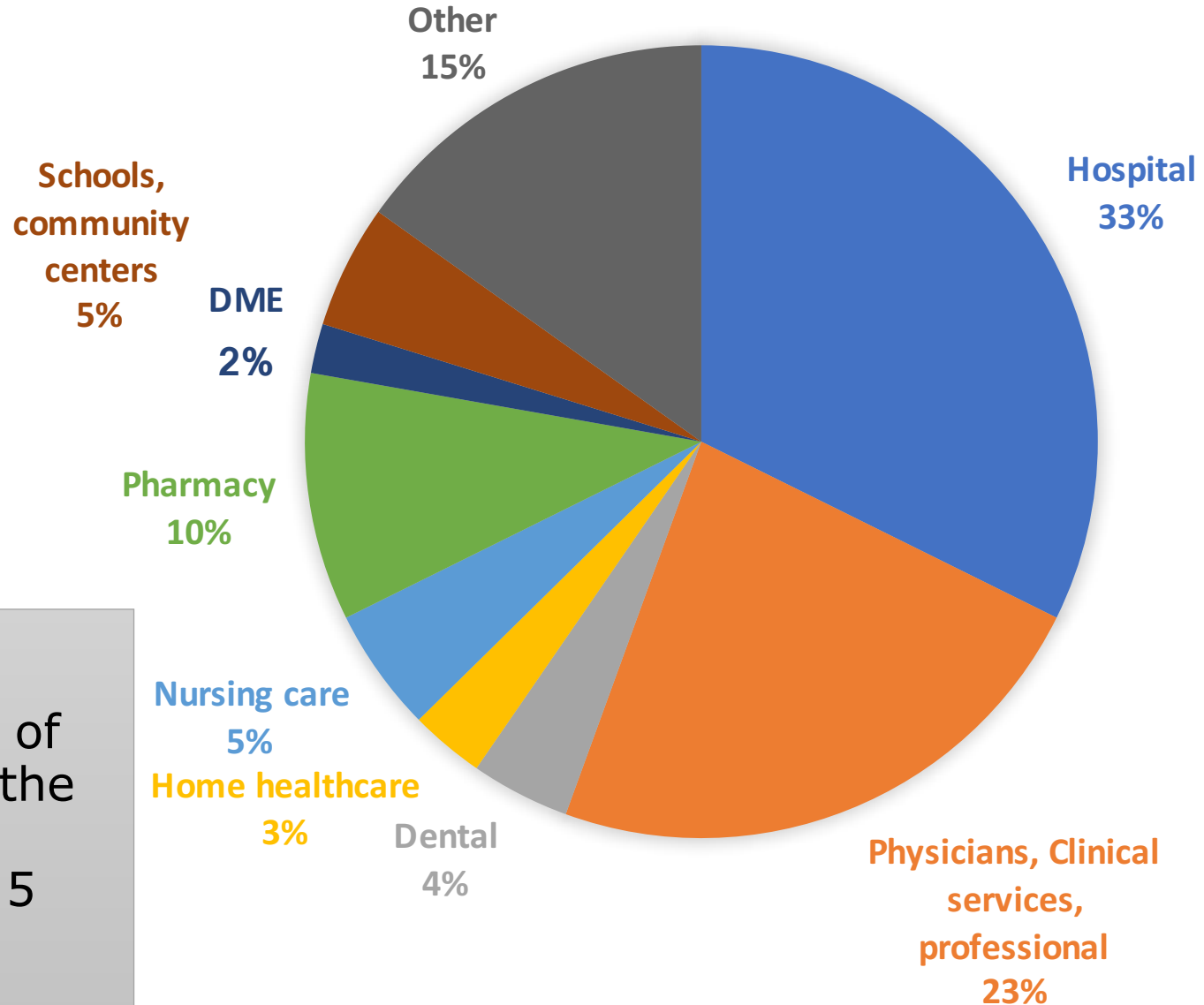
^d 2012. ^e 2011.

Who sponsors the **\$3.2 trillion?** = \$10k per capita



Source: CMS, 2015

Where is the money spent?



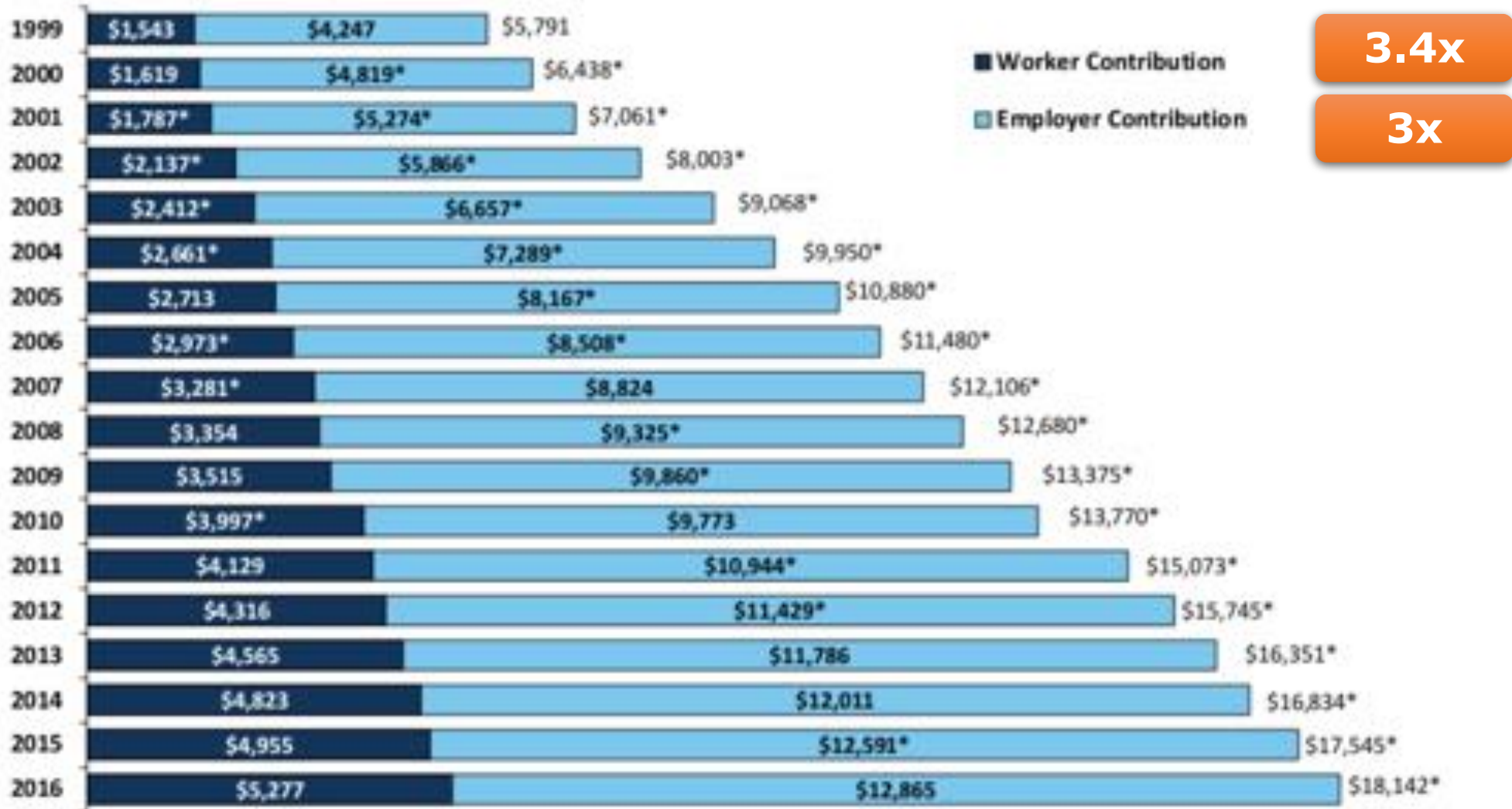
CDC:

- ❖ In 2014, 18% of adults visited the ER
- ❖ Of these, 1 in 5 did not have access to a regular doctor

Source: CMS, 2015

Average annual contributions for family coverage, 1999-2016

Cost Shifting



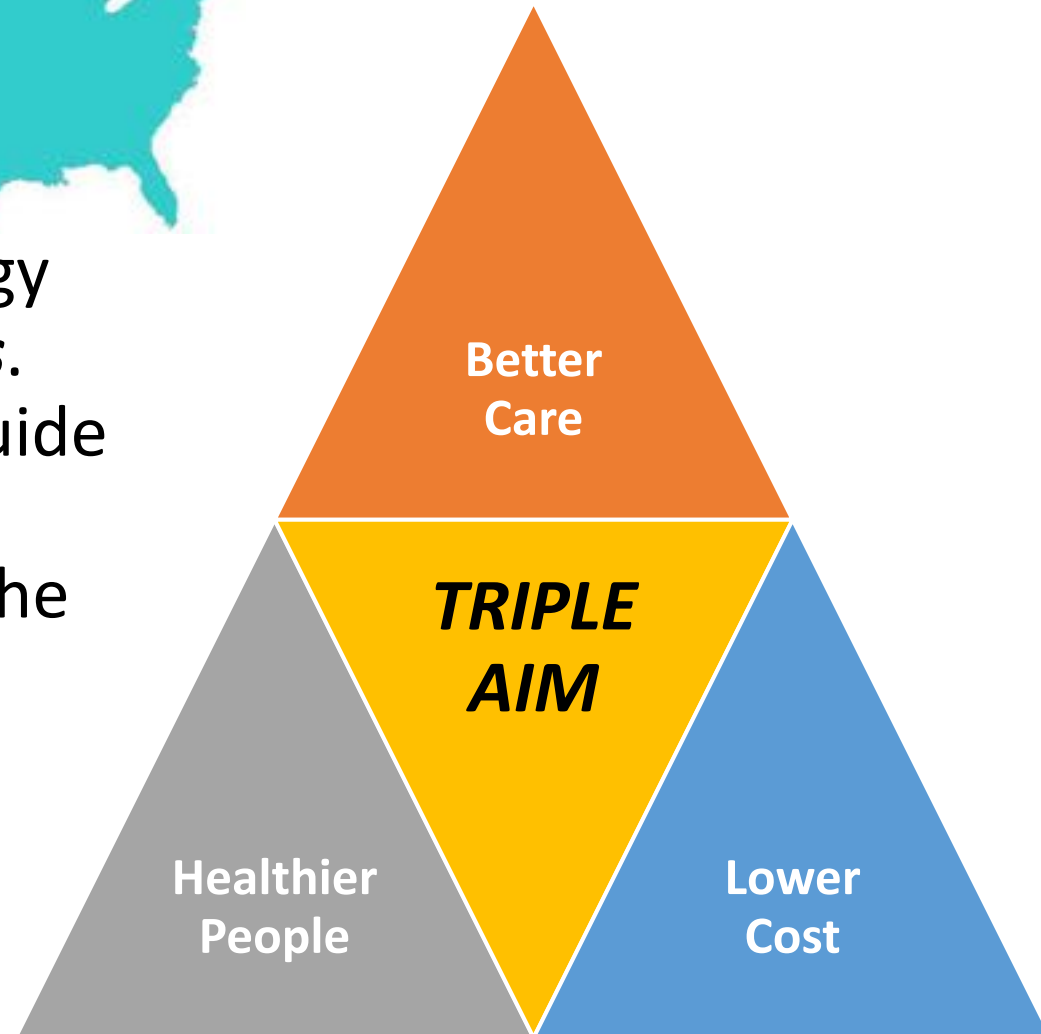
*Estimate is statistically different from estimate for the previous year shown (p < .05).

National Quality Strategy



DHHS, 2011:

“The National Quality Strategy will pursue **three broad aims**. These aims will be used to guide and assess **local, state, and national** efforts to improve the quality of health care.”



Paying for volume, not value:

Is like paying

“...an electrician for every outlet he recommends, a plumber for every faucet, and a carpenter for every cabinet...”

-Atul Gawande, MD

Stanford University; Rhodes Scholar (Oxford);

Harvard Medical School

Value Based Purchasing

Pay for **value**, not for volume:

Hold a provider (or MCO) accountable for the costs and quality of the care they provide.

$$\text{Value} = \text{ratio of } \frac{\textit{Quality}}{\textit{Cost}}$$

Wisconsin's health ranking in the nation *(proxy for quality)*



#21 out of 50 (2017)



#20 out of 50 (2016)

Health

#24 out of 50 (2015)

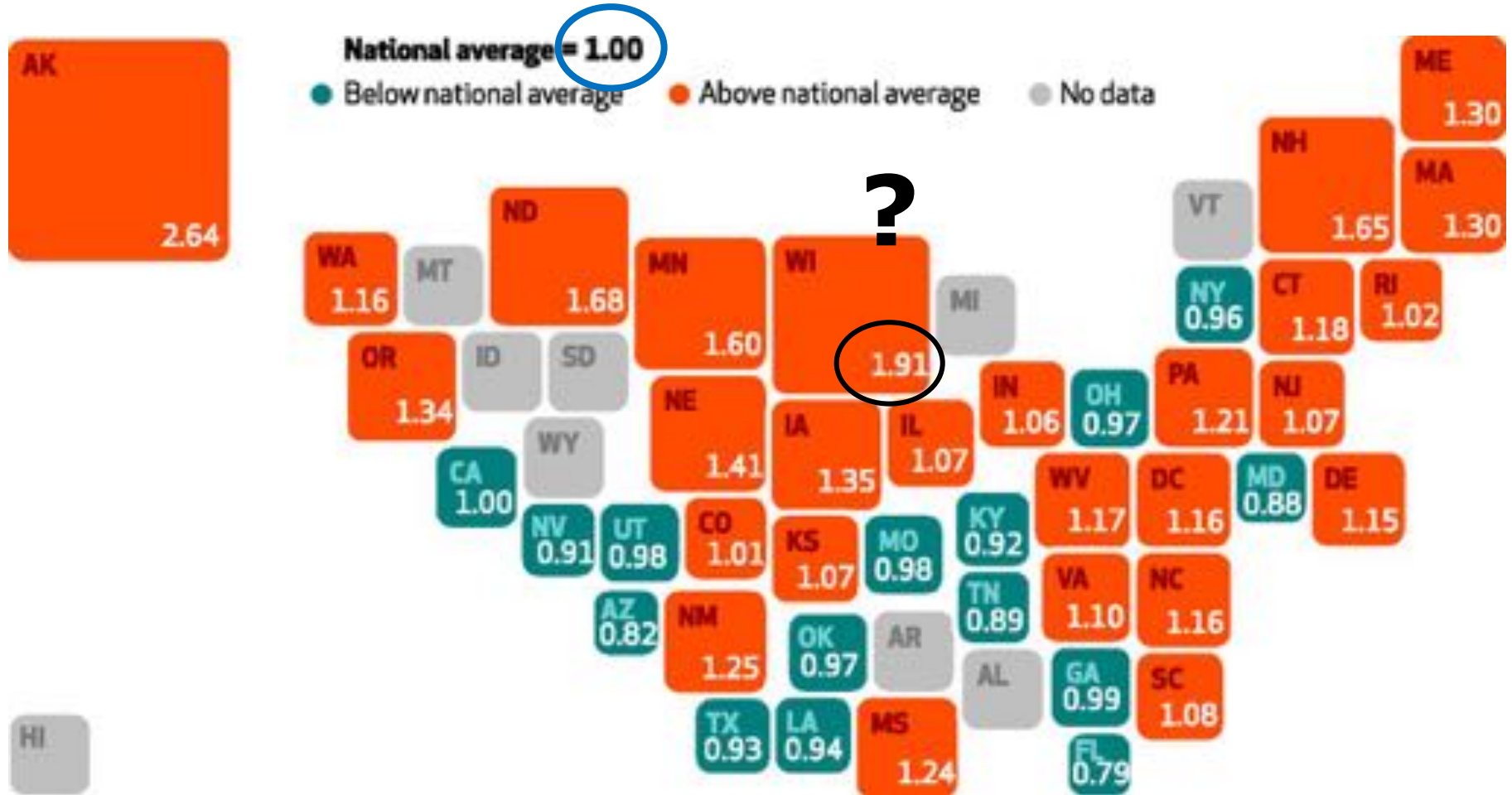


#11 out of 51 (2017)

We are in the top quartile to middle of the pack!

Wisconsin healthcare prices

Relative prices (162 common medical services) 2015



David Newman et al. Health Aff 2016;35:923-927

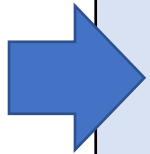
HealthAffairs

**What value are we
receiving for our healthcare
dollars?**

Value = ratio of $\frac{\textit{Quality}}{\textit{Cost}}$

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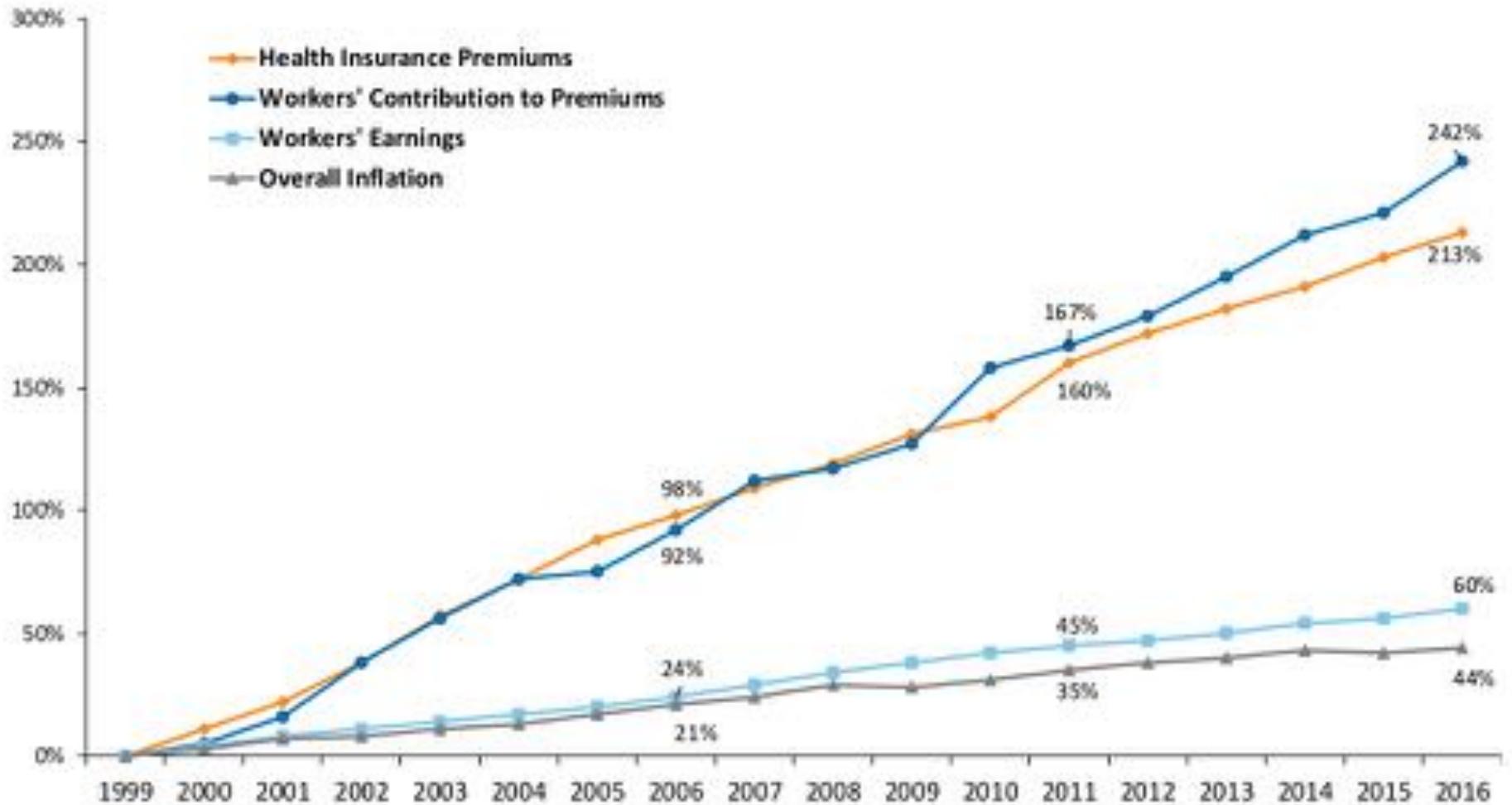


Dr. Tim Bartholow
VP and Chief Medical
Officer, WEA Trust

***Payer
Perspective***

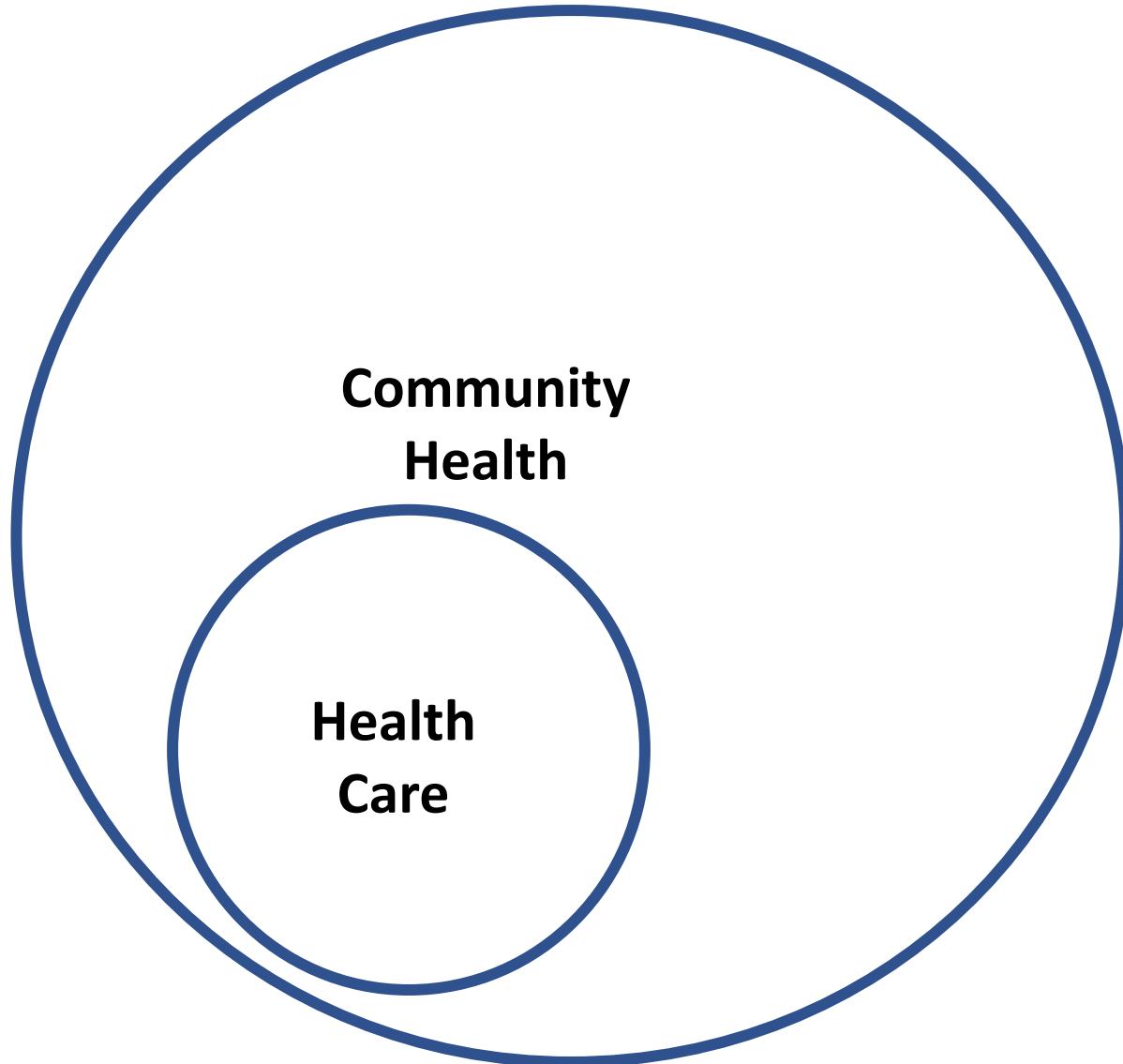


Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2016



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2016. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2016; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2016 (April to April).





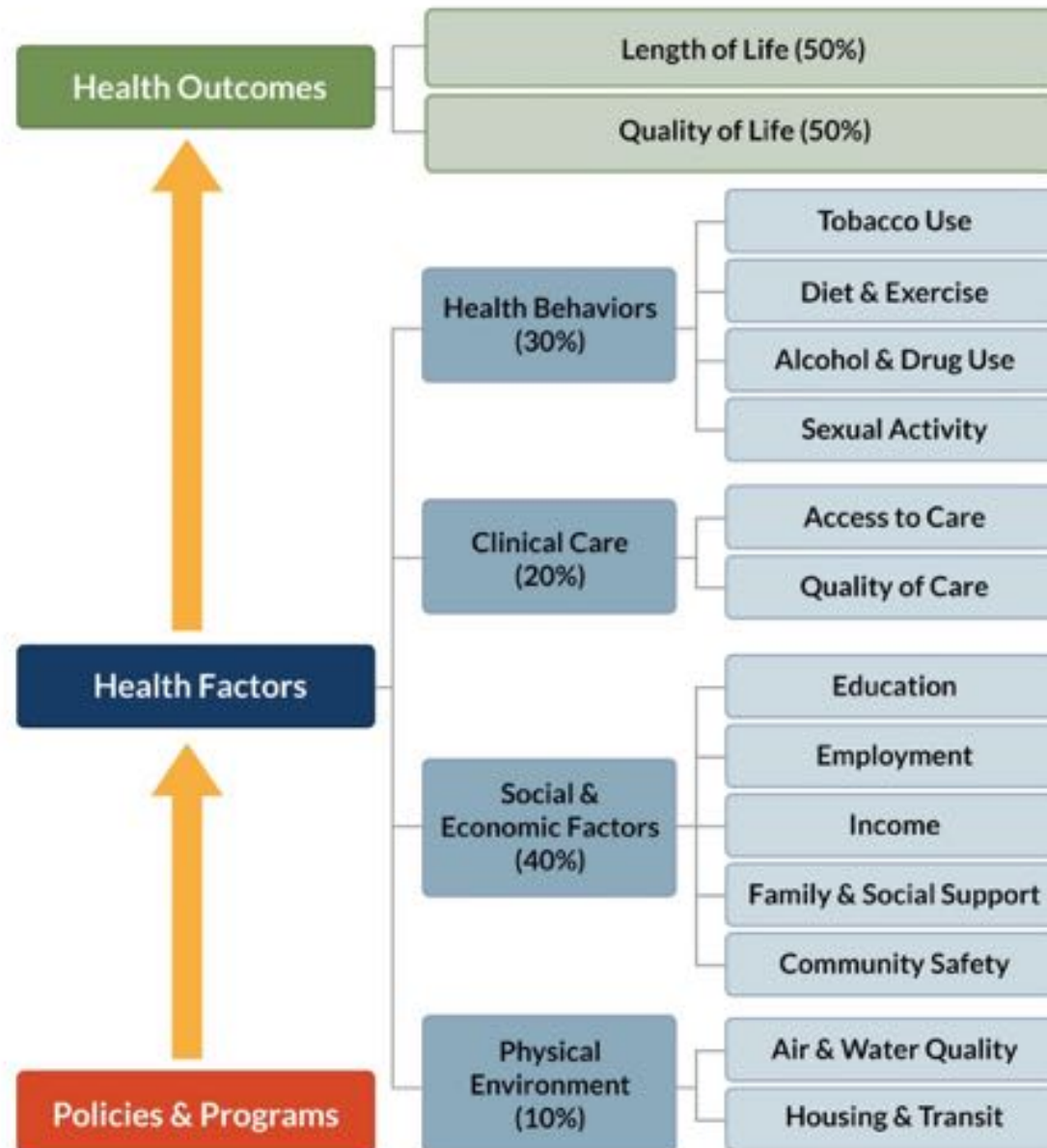
**Community
Health**

**Health
Care**

County Health Rankings & Roadmaps

Building a Culture of Health, County by County

A Robert Wood Johnson Foundation program



Community Collaborators

1. **Public Health** **Community Health Improvement Plan**
2. **Hospitals** **Community Health Needs Assessment**
3. **Schools** **i) Physical Activity and Nutrition ii) Fund 80**
4. **Banks** **Community Reinvestment Act**

Schools: Child Nutrition and WIC Reauthorization Act of 2004

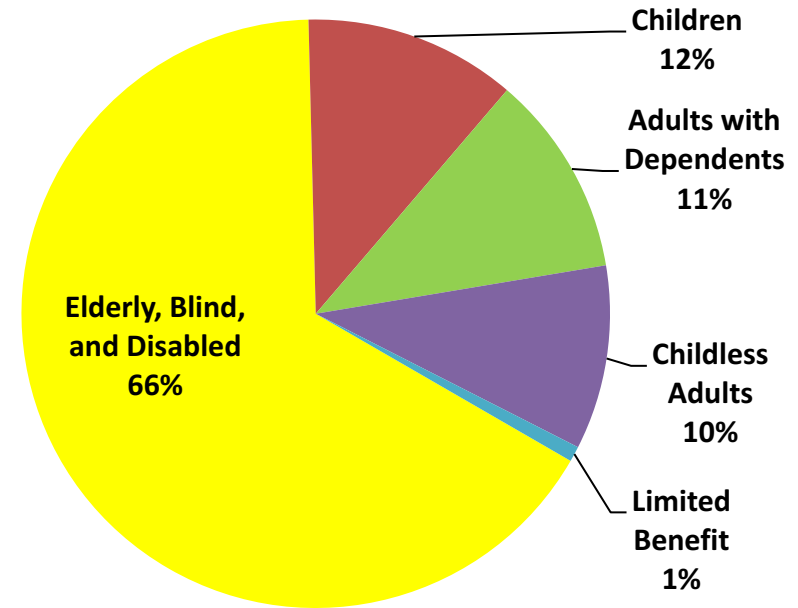
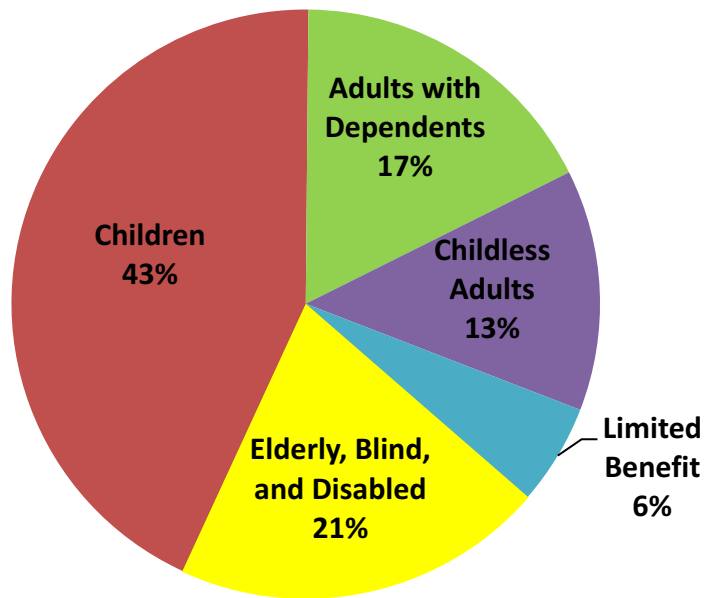
<https://dpi.wi.gov/sfs/finances/fund-info/community-service/fund-80>

Michael Heifetz
State Medicaid Director,
Wisconsin Department of
Health Services (DHS)

***Medicaid
Perspective***



WI Medicaid Snapshot



Eligibility Group	Caseload	
	Avg. Monthly	% of total
Elderly, Blind, and Disabled	231,252	20%
Children	488,231	43%
Adults with Dependents	197,356	17%
Childless Adults	149,439	13%
Limited Benefit	62,245	6%
Totals	1,128,524	100%

Eligibility Group	Costs*			
	Avg. Monthly (AF, millions of \$)	Avg. Monthly (GPR**, millions of \$)	Avg. PMPM (AF)	% of total
Elderly, Blind, and Disabled	\$ 402.6	\$ 161.1	\$ 1,741	66%
Children	\$ 70.8	\$ 28.3	\$ 145	12%
Adults with Dependents	\$ 67.5	\$ 27.0	\$ 342	11%
Childless Adults	\$ 61.5	\$ 24.6	\$ 412	10%
Limited Benefit	\$ 5.1	\$ 2.0	\$ 82	1%
Totals	\$ 607.6	\$ 243.0	\$ 538	100%

Wisconsin Medicaid: Current State

FY 17 Projected Expenditures (All Funds)		
Category	Amount	% of Total
Family Care and IRIS	\$2,213M	27%
Nursing Homes, Waivers, Long Term Care Card Services	\$1,288M	16%
BadgerCare Plus and SSI HMOs	\$2,110M	25%
Fee for Service Hospital	\$804M	10%
Prescription Drugs	\$1,084M	13%
Drug Rebates	(\$673M)	(8%)
Part D Clawback Payments	\$198M	2%
Medicare Premiums /Cost Share for Dual Eligibles	\$316M	4%
Community Mental Health	\$150M	2%
Federally Qualified Health Centers	\$164M	2%
Other Fee for Service Providers + Other Payments	\$649M	8%
Total	\$8,302M	100%
Administrative Costs	\$325M	

Cost Pressures

- **Pharmaceutical Cost**
 - Specialty Drugs (Hepatitis C, Spinraza, etc.)
- **Caseload growth and intensity**
- **Federal mandates**
 - Medicare Part-D claw-back , Medicare Part B premium
- **Demographics**

Percent of Population Ages 65 and Older

2015

2040

