



Minute Update

THE COMMUNITY SAVES... PROVIDERS WIN!

When I speak to our colleagues about what we at the Monterey Bay IPA are trying to achieve, I'm not infrequently met with skepticism about our ability to improve medical care and health, save our community health care dollars, and still improve the lot of those providers in the trenches delivering care. These doubts are quite rational in view of what most of us have experienced in the last two decades.

What employers, and we consumers of health care, are most concerned about is *total cost of care*. However, too often the total-cost-of-care equation,

$$\text{total cost of care} = \text{per unit cost} \times \text{number of units},$$

is ignored. Effectively, the only way the commercial insurance companies have tried to reduce costs is by shrinking the per-unit reimbursement for what we do. They know that it is much more difficult to dramatically influence utilization – especially without our help. And we've neither had strong incentives nor appropriate rewards for doing what we are capable of doing to exert this influence. The MBIPA is working to provide those incentives and rewards, and to give our providers the knowledge and tools to make meaningful progress.

Estimates vary, but perhaps a third of the \$3 trillion spent in the US on healthcare is wasted – some quite entrenched and immovable such as payment and IT inefficiencies, but a good deal in expensive and variable care that adds little value. The biggest bang for the buck in reducing our community's healthcare spend will come from:

- A proactive approach to “the big five” diseases amenable to disease management:
 - Diabetes
 - Coronary Artery Disease
 - COPD
 - Congestive Heart Failure
 - Asthma
- Reducing/eliminating low-value care
- Minimizing unjustifiable variation in care

The MBIPA is developing partnerships with payors to share the dollars saved, providing strategies for accomplishing the above goals, and formulating incentives and financial rewards. Importantly, the *right* care is almost always the most cost-effective - and we *can* accomplish meaningful savings without taking it out of our providers' pockets! More to come....

--- Jim