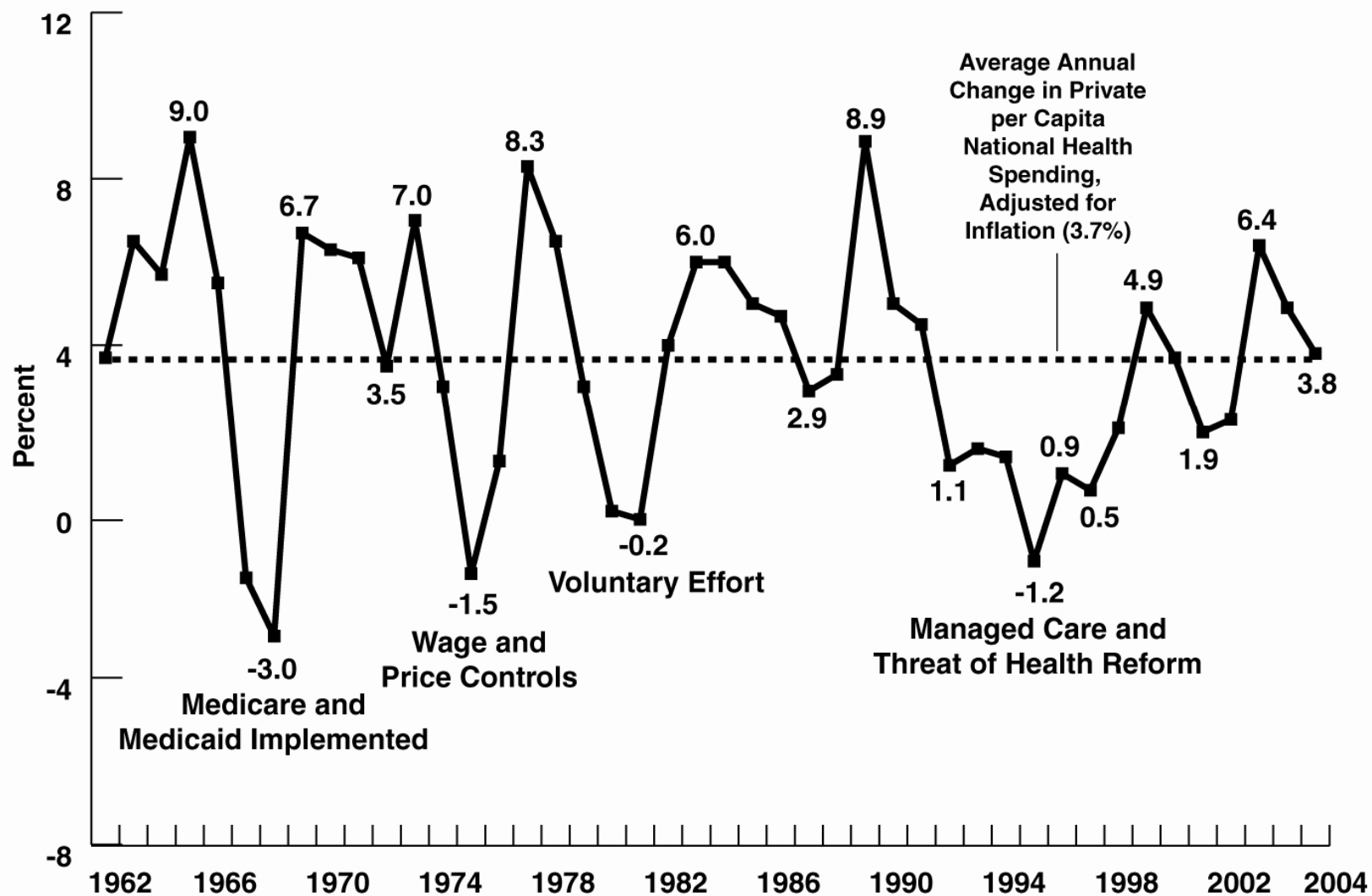


# A Roadmap to Value

# Decreasing Cost by Improving Quality

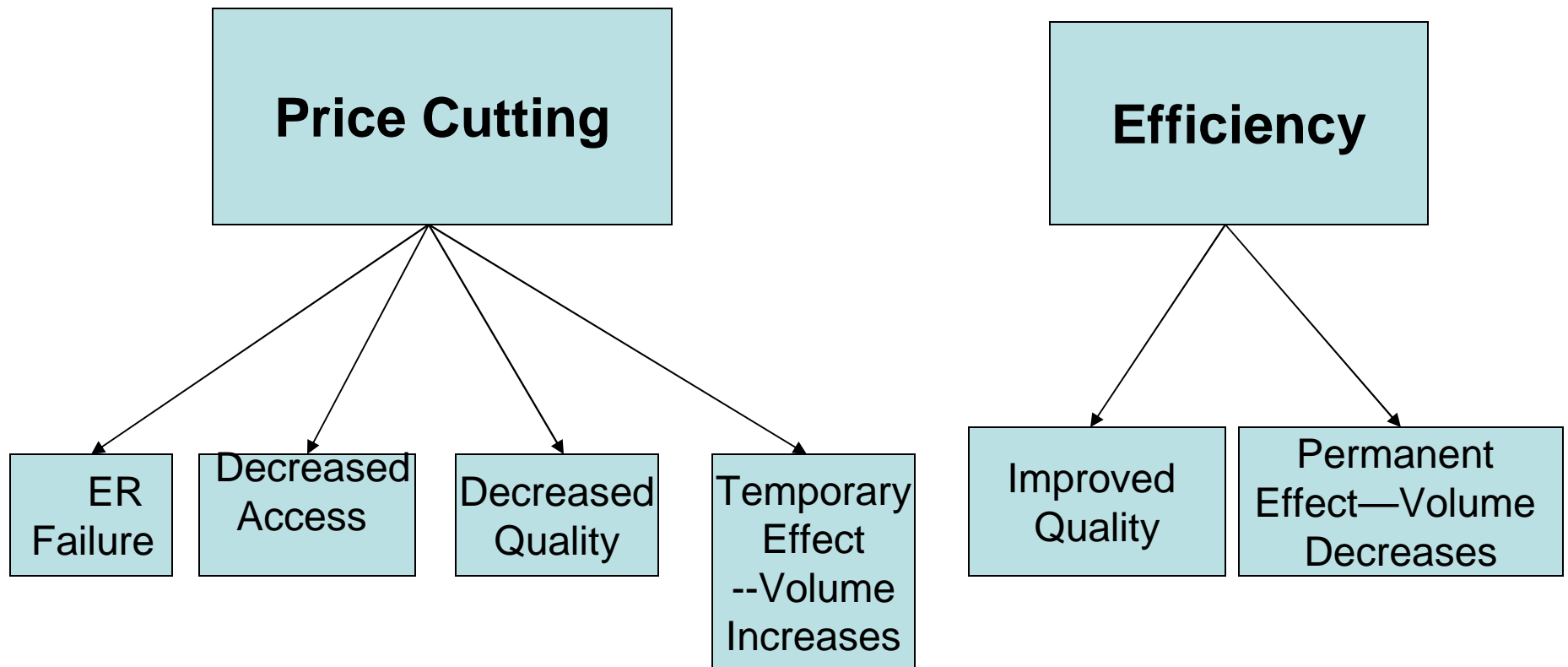
1. Anchor yourself to one primary care doctor of your choice.
2. Pay providers for the quality not the quantity of their care.
3. Establish, measure, and report benchmarks of quality medical practice

# Annual Change in Private per Capita National Health Spending (Adjusted for Inflation), with Historical Health Spending Events, 1960-2004



Source: Trends and Indicators in the Changing Health Care Marketplace. Exhibit 1.4. Publication 7031. Health Care Marketplace Project. Kaiser Family Foundation. May 2005.

# Two Options to Manage Health Care Costs



# Three Categories of Unnecessary (and Frequently Harmful) Spending

1. **Inefficient hospitals** (Estimate=15-40% of hospital spending)
2. Poor management of **chronic diseases**=30% of health care spending
3. **Unnecessary procedures**  $\geq 6\%$  of hospital spending

# Benchmarks—most of Medicine is a Gray Area

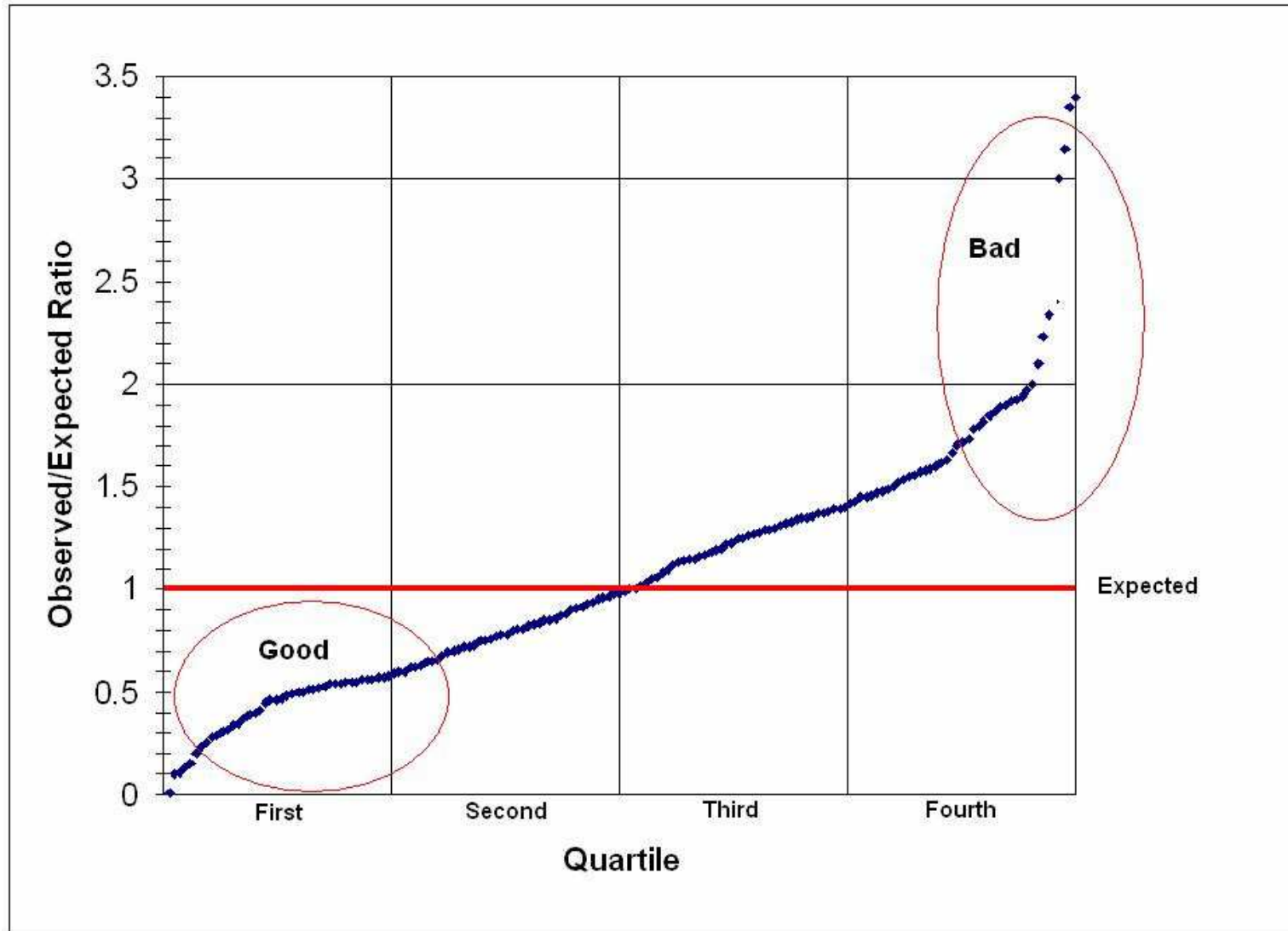
- When to refer to a specialist.
- When to hospitalize.
- Appropriate diagnostic workups with malpractice protection.
- When is hospice appropriate.
- Acceptable complication rates.
- Clear indications for procedures.

# Inefficient Hospitals



# Observed/Expected Post-Operative Pneumonia Rates 550 Hospitals-American College of Surgeons

Benchmark of Quality=Low Complication Rate



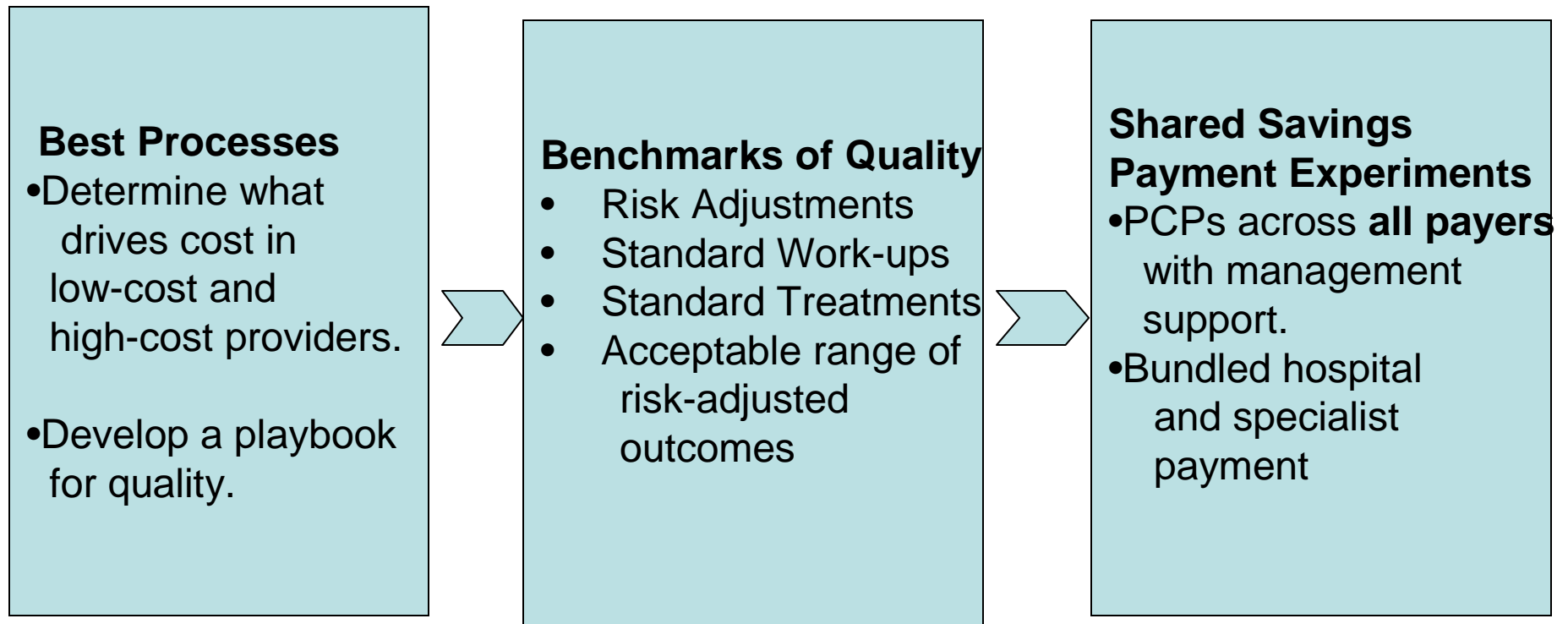
# Poor Management of Chronic Disease



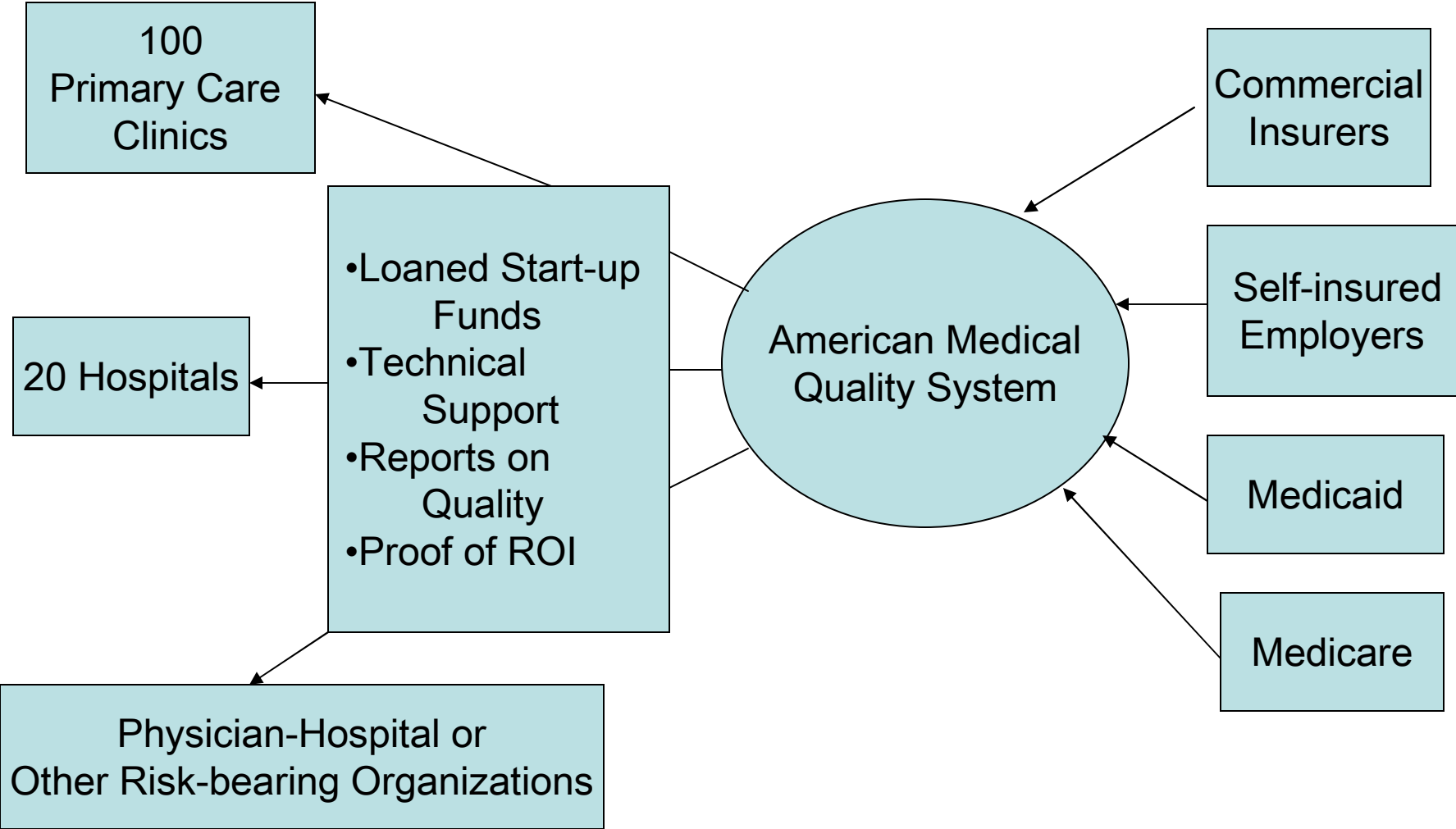


# End of Life

# Approach for Reducing Cost and Improving Quality



# American Medical Quality System



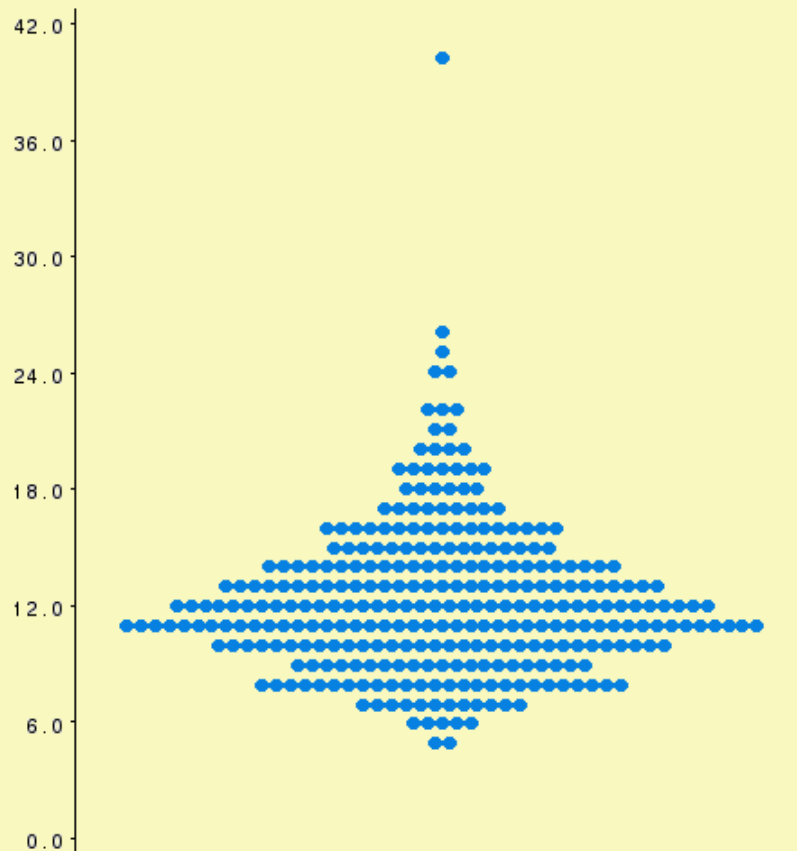
# Decreasing Cost by Improving Quality

1. Anchor yourself to one primary care doctor of your choice.
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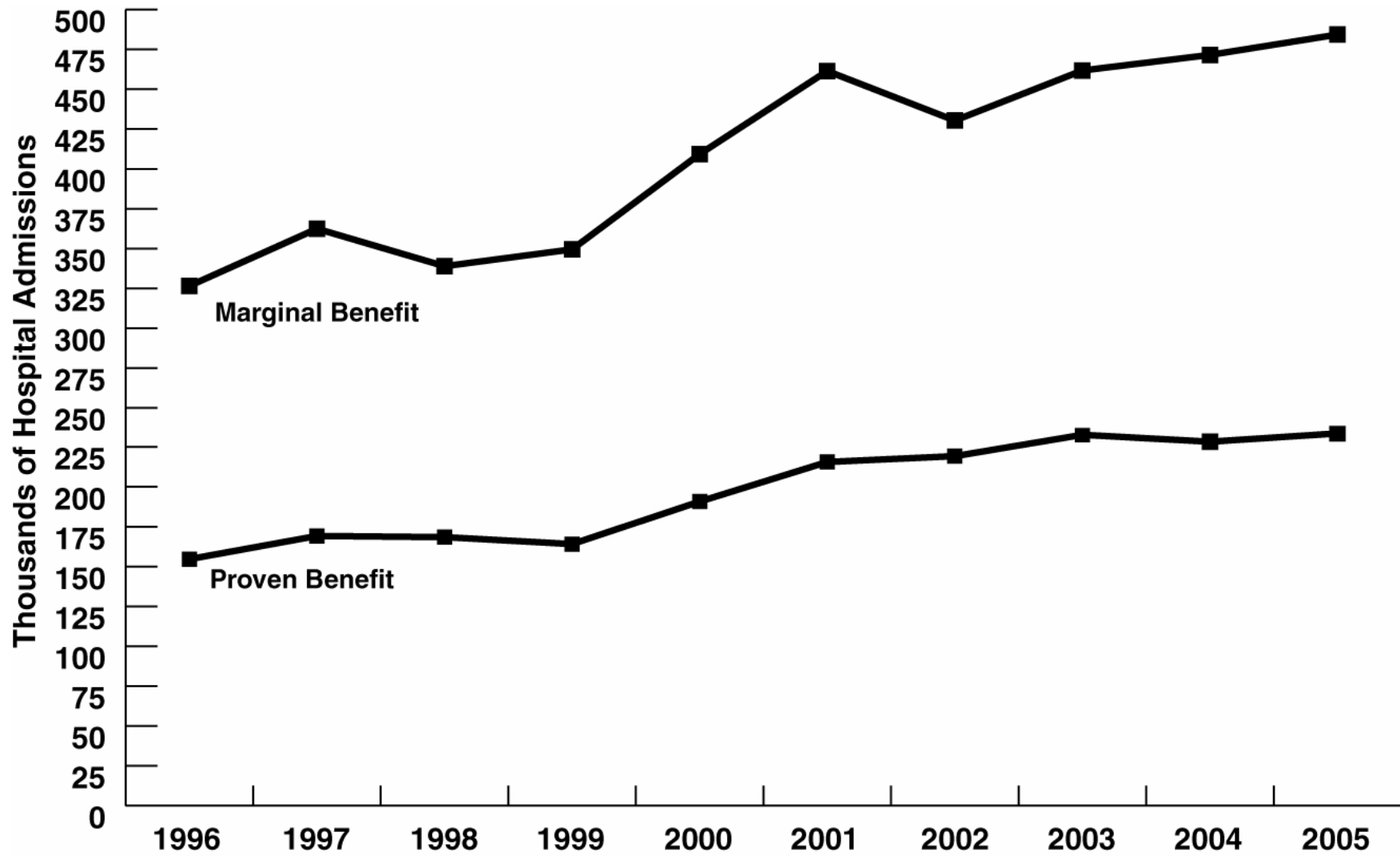
# Unnecessary Procedures

# Coronary Catheter Procedures

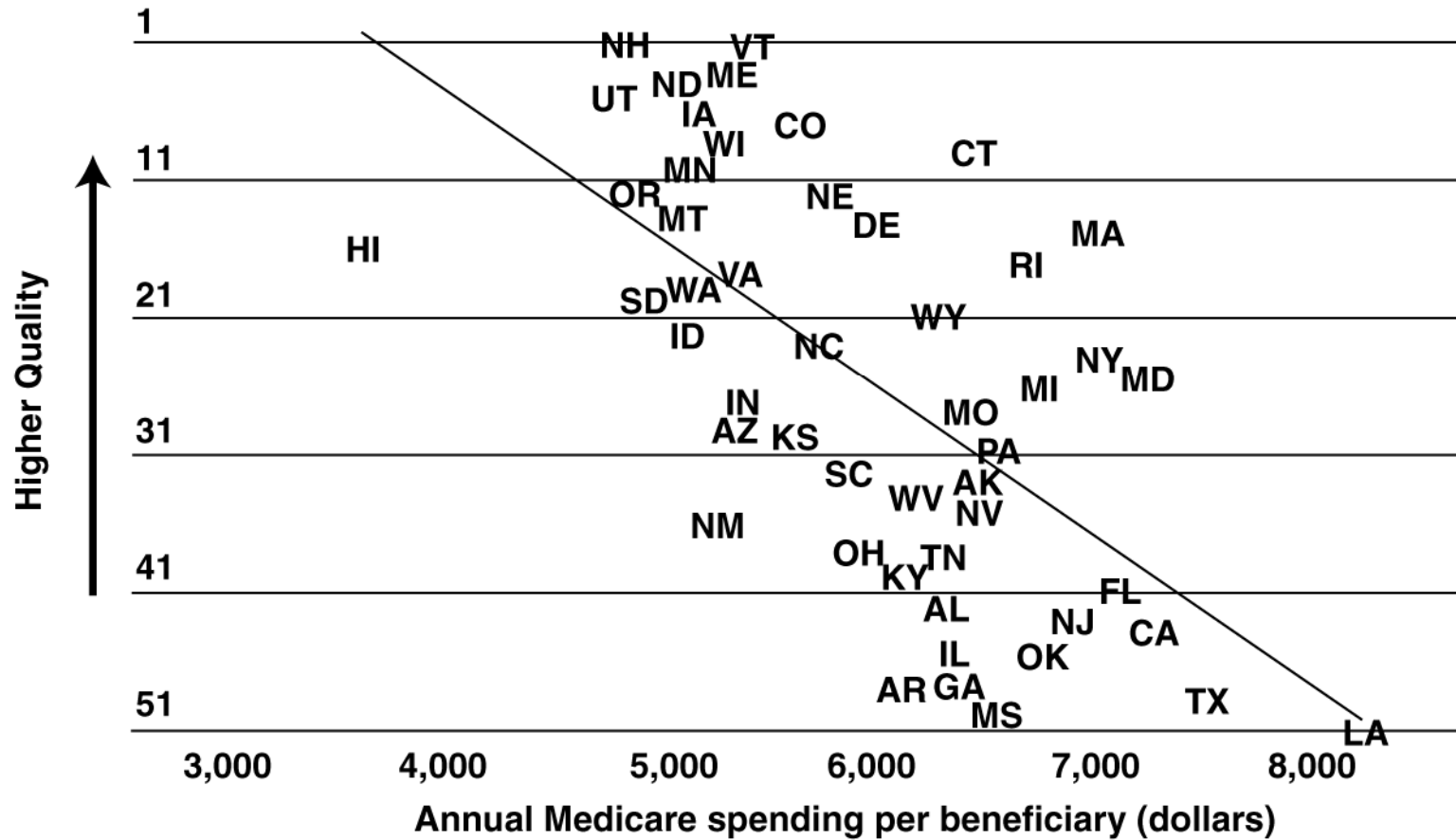
Inpatient Percutaneous Coronary Interventions  
per 1,000 Medicare Enrollees (2005)  
HRR Level Rates



- Davenport, IA-23.9
- Alexandria, LA-21.9
- Napa, CA-15.9
  
- Sioux City, IA-6.8
- S. Barbara, CA-4.82
- Baton Rouge, LA-7.52



# Relationship Between Quality and Medicare Spending By State, 2000-2001



Source: Baicker K and Chandra A. Medicare Spending, The Physician Workforce, And Beneficiaries' Quality of Care, Health Affairs Web Exclusive, April 7, 2004