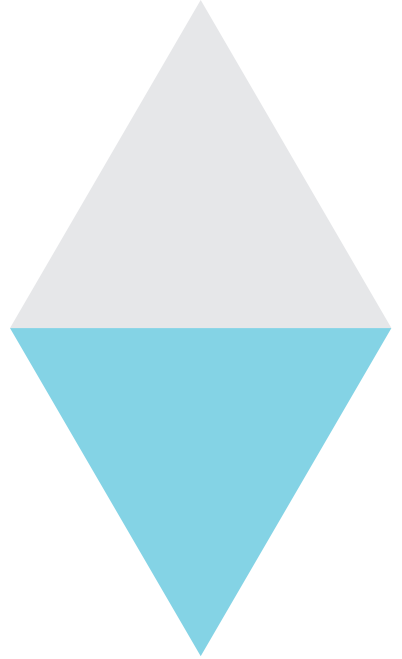


HEALTH WEALTH CAREER

NAVIGATING VALUE-BASED CARE WITH DATA SCIENCE



MAKE TOMORROW, TODAY



Simply knowing which markets have the most clinical problems is not enough.

Employers are hearing a lot about value-based care and its potential to reduce costs, while at the same time improving care quality and patient experience. However, employers often don't have the critical information they need to decide where or how they might take advantage of value-based care within their organizations. Fortunately, a new, breakthrough data-science approach provides a solution.

THE CHALLENGES

The first question many employers have is, "where?" Which cities or metro areas will likely provide the greatest return on investment (ROI) for value-based care? Some markets have more clinical problems than others do — higher-than-average C-section rates or hospital re-admissions, for example. So if employees in those areas can be steered toward the providers that most effectively deliver value-based care, employers have an opportunity to see substantial improvements in cost, quality, and patient experience.

Because value-based care can vary a great deal from one market to the next, employers need to evaluate the potential benefits at a local level. Most employers, however, don't have the HR resources to do such a detailed market-by-market analysis. Knowing how to obtain the information they need to decide where they might participate in value-based care has been one of the greatest barriers to adopting this model.

In addition, simply knowing which markets have the most clinical problems is not enough. Employers also need to determine which physician groups, hospitals, and other providers within those markets are the most successful at delivering value-based care — rarely an easy task. Any provider can call itself a value-based health care organization or an accountable-care organization — the trouble is, there are no clear and consistent definitions for either term. In fact, many providers across the country have entered into value-based care contracts before having the necessary infrastructure in place, in their hurry to jump on the bandwagon. How do employers navigate these many complexities?

THE STAKES ARE HIGH

Value-based care has the potential to provide substantial cost savings and other benefits for employers and their workers. But if employers don't get it right, they could end up worse off than if they had stayed with fee-for-service or other traditional plans.

Value-based care comes with several associated risks, including financial risk. Value-based care has certain entry costs for employers, such as care coordination fees and shared savings bonuses. In addition, employers may offer their workers premium reductions as an incentive for taking part in a value-based plan. Both types of expenses have to be recouped. Employers who make the wrong decisions don't just lose the opportunity to cut costs when compared with fee-for-service — they could end up spending more.

Employers also risk upsetting their employees. If employees participating in a value-based plan have to give up the doctors they prefer, they may resent the lack of choice. Employees are also likely to be unhappy if they do not have sufficient access to their new doctors, and if there are delays in getting an appointment. This kind of dissatisfaction can lead to lower levels of employee engagement and productivity, as well as lower retention rates.

It's important to note that many employers with health care plans are already participating in value-based care, whether they realize it or not. All major insurance carriers have agreements with value-based care providers, and employers under self-funded arrangements are seeing these new care coordination fees and shared savings fees deducted from their bank accounts. Therefore, since employers are already paying for value-based care, they should make sure they get the greatest benefit for their organization and for their employees.

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THE DATA-SCIENCE BREAKTHROUGH

What employers need is hard data about individual markets and individual provider systems within those markets. Such information has traditionally been difficult to come by. But a new approach is now available — one that uses data science to collect and integrate detailed information about markets and providers, and tailor it to the specific needs of individual organizations. This approach not only brings together vast amounts of data on value-based care, it also makes sense of it so it becomes actionable for employers.

The data-science approach looks at each metropolitan statistical area in the country to determine the extent of the opportunity for cost savings, improved quality, and a better patient experience. For each market, data on three types of problems are collected from health care utilization and claims data, and compared with the national average:

- Underuse: Is there too little preventative care in the market, such as screening for cholesterol, or for breast, cervical, or colon cancer?
- Misuse: Is care being delivered inefficiently; for example, are there more complications resulting from hospital stays, requiring a high rate of re-admissions?
- Overuse: Are there too many procedures, such as knee and hip replacements, that may not always be necessary?

Broader health care issues about the metro area are also factored in — for example, whether there is an oversupply of hospital beds or an undersupply of primary care physicians. Together, the full range of data allows employers to quickly and easily identify the markets where value-based care offers the greatest potential.

The data-science approach also evaluates how well individual providers in each market are able to deliver value-based care. Here, data are used to examine whether the providers have a certain number of essential protocols and structures in place. These protocols and structures are consistently found in value-based care organizations that have been able to show substantial improvements in cost, quality, and patient experience, according to published literature. For example, is the provider system clinically integrated? Do the doctors all work together so that when a patient goes from a primary care provider to a specialist, or to the hospital, there are no unwarranted tests and treatments?

The providers are evaluated on how well they adhere to their various protocols, how well they track that adherence — including on a physician level — and whether they have a governance structure that can remediate any problems. Once this broad range of data is fully integrated, providers are then rated on their ability to deliver each element of value-based care — cost, quality, and patient satisfaction.

FINDING THE RIGHT FIT

In the final step, the data-science approach integrates the data on the markets and providers and makes it actionable for employers. The key is getting the right fit for the individual organization. For example, a particular market and network of value-based care providers might look like a good opportunity, but does it have enough primary-care physicians to handle the organization's larger older population? Or perhaps many employees have children with asthma — does the system have programs tailored to pediatric asthma patients, to ensure that they get the care necessary to manage their health and avoid costly visits to the emergency room?

The analysis to determine fit also looks at other factors; for example, how many of an organization's employees already go to the best value-based care providers in a particular market? If the percentage is high, the organization may not get enough ROI to cover the entry costs of value-based care, at least in that particular market.

MERCER AND DATA SCIENCE

Mercer is unique in pioneering the data-science approach to value-based care. To achieve this, we have built a collection of granular data about markets and providers across the country. And we have assembled data-science teams, including clinicians, actuaries, and data analysts, with the expertise to tailor solutions to individual clients.

Taking a broad national approach to health care is no longer sufficient. Health care is practiced locally, and so solutions must be local as well. Value-based care holds great potential, but only if employers have the vital information they need to make the right decisions. Let Mercer's data-science approach help your organization choose wisely.

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