

Of Price, PACs, and Patients



Fair, Evidence-based Solutions. Real and Lasting Change.

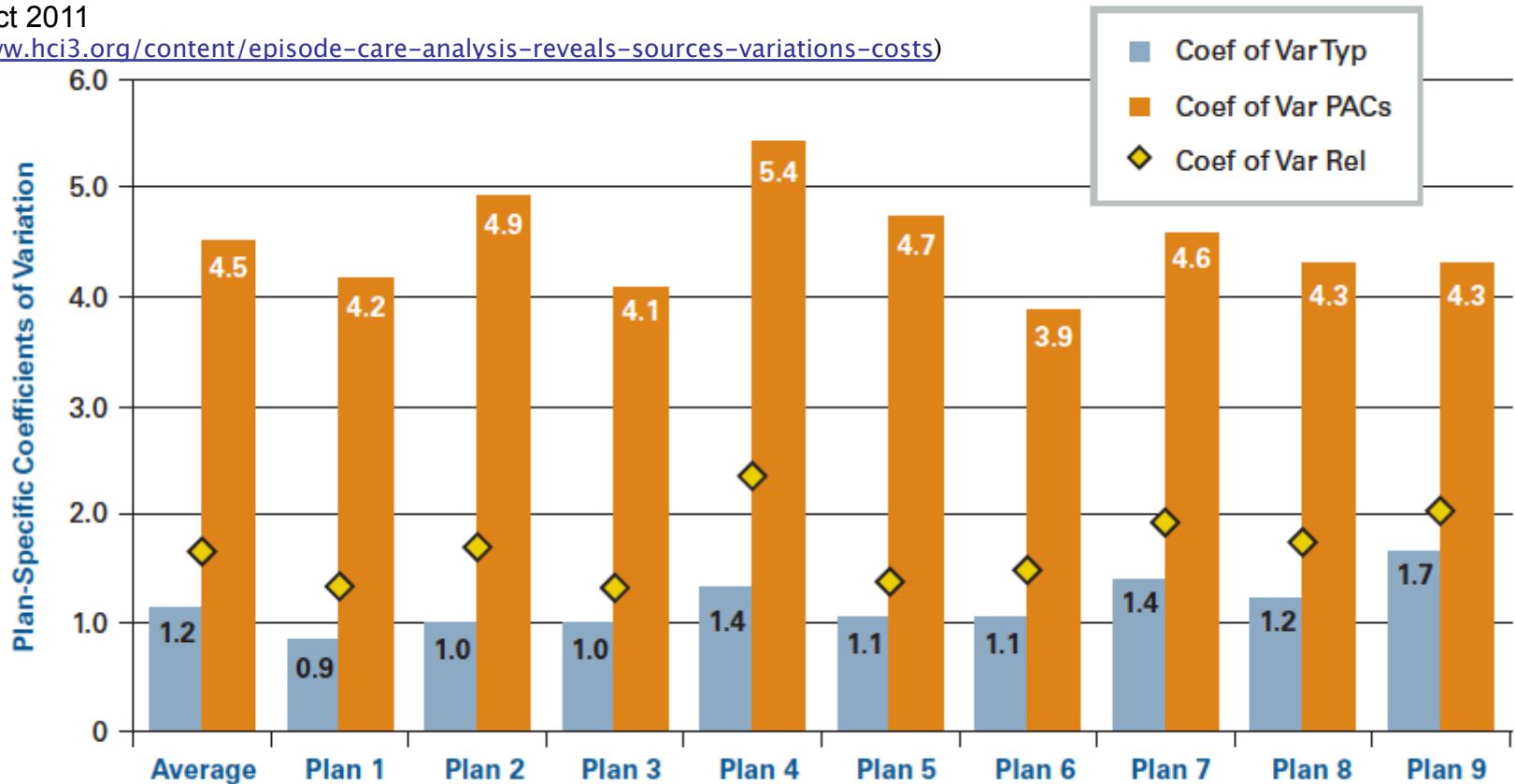
May 2013

PACs Impact Mix & Volume

Figure 4. Coefficients of Variation for Typical, PAC, and Relevant Costs of a Diabetes Episode by Plan, and the Average for All Plans Studied

AJMC, Oct 2011

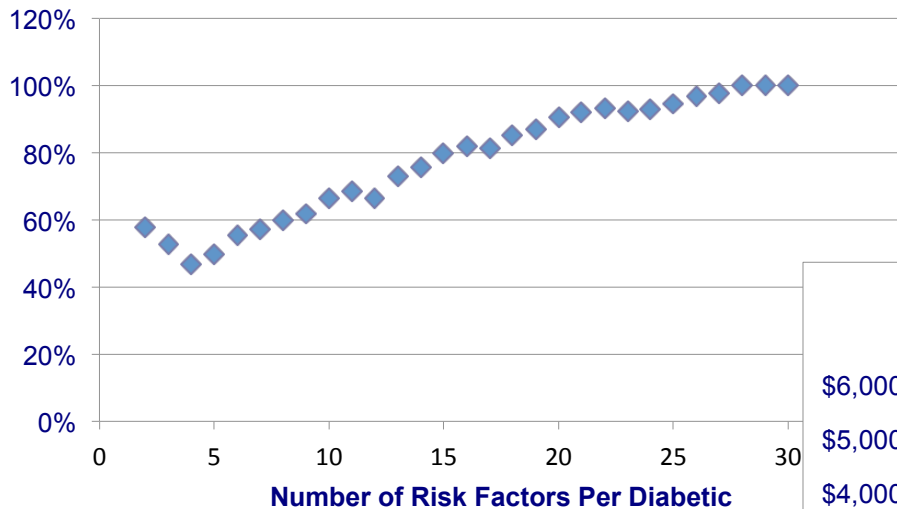
(<http://www.hci3.org/content/episode-care-analysis-reveals-sources-variations-costs>)



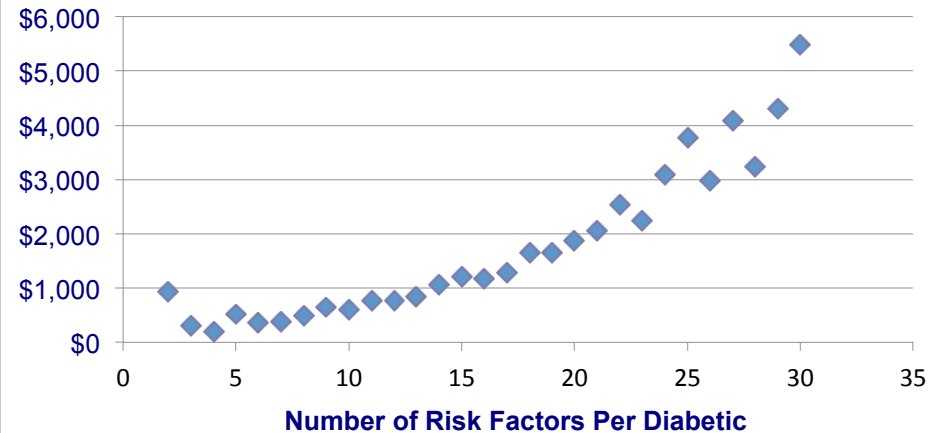
Coef of var PACs indicates coefficient of variation for costs associated with PACs; coef of var rel, coefficient of variation for relevant costs (relevant costs = typical costs + PAC costs); coef of var typ, coefficient of variation for typical costs; PAC, potentially avoidable complication.

Certain Patients Are More Prone to Incur PACs

% of Diabetics with PACs

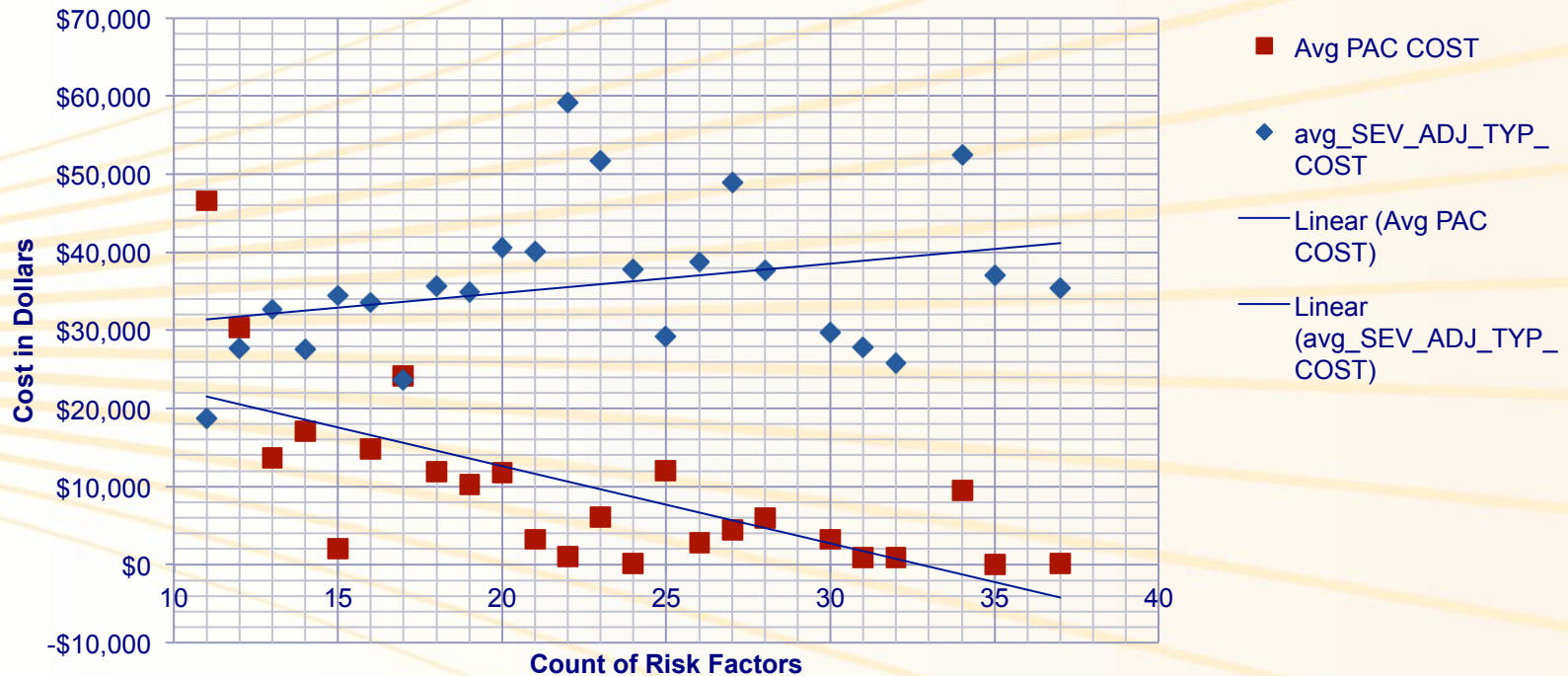


Average PAC Costs/Diabetic



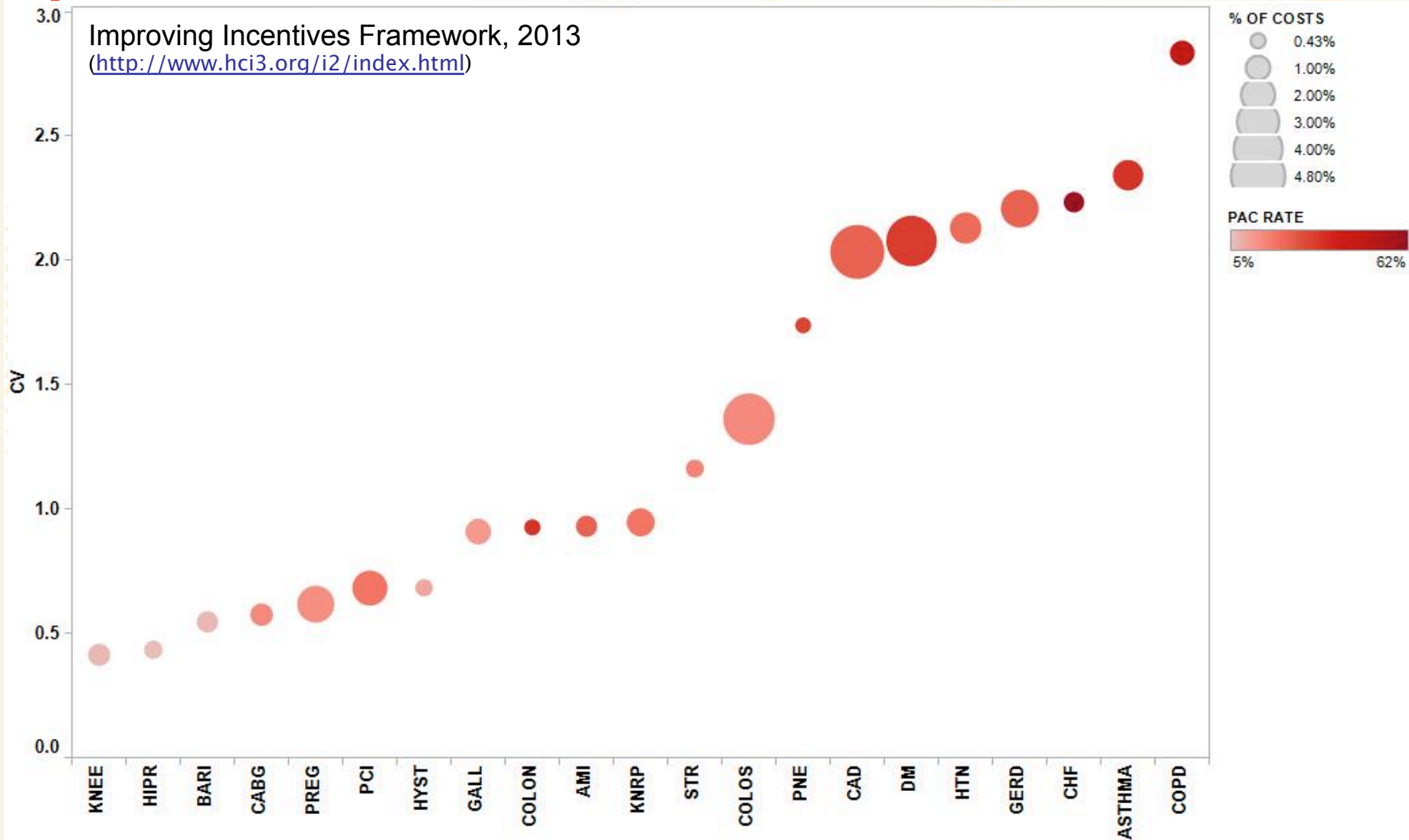
Most patients with Diabetes incur one PAC during any year, while Diabetics with many Risk Factors almost always incur a PAC, and the average cost of those PACs increase with the number of Risk Factors

And Other Patients Are Not



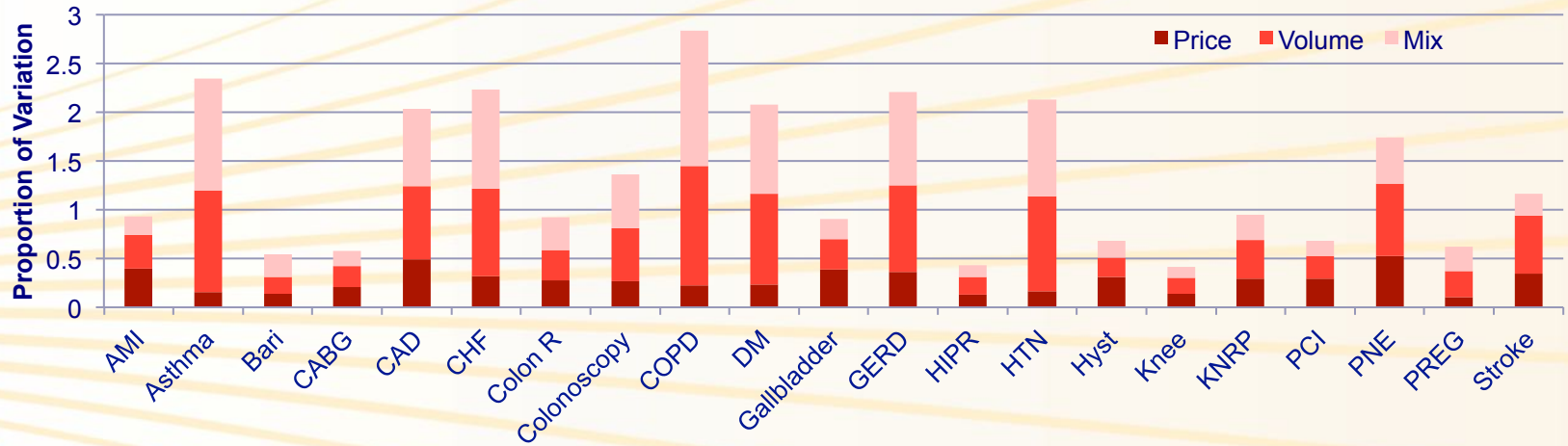
As the number of Risk Factors increases in patients undergoing CABG surgery, the average costs of PACs per episode decrease and average typical costs increase. Overall total costs are similar and depend more on the price of the facility than patient severity

A Payer's View Of Variability

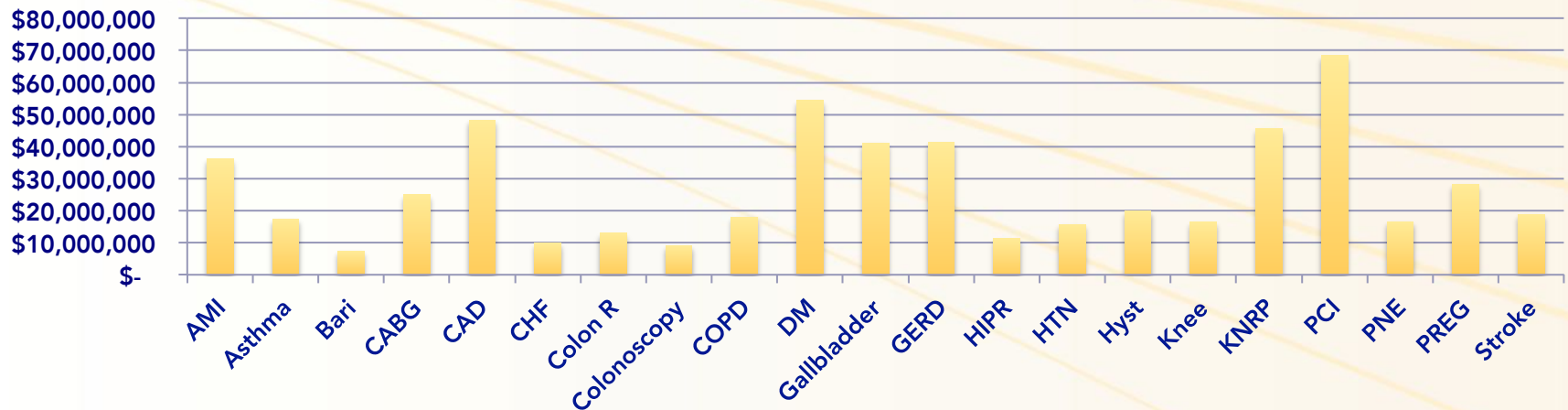


Sources of Variation & Savings Opportunity

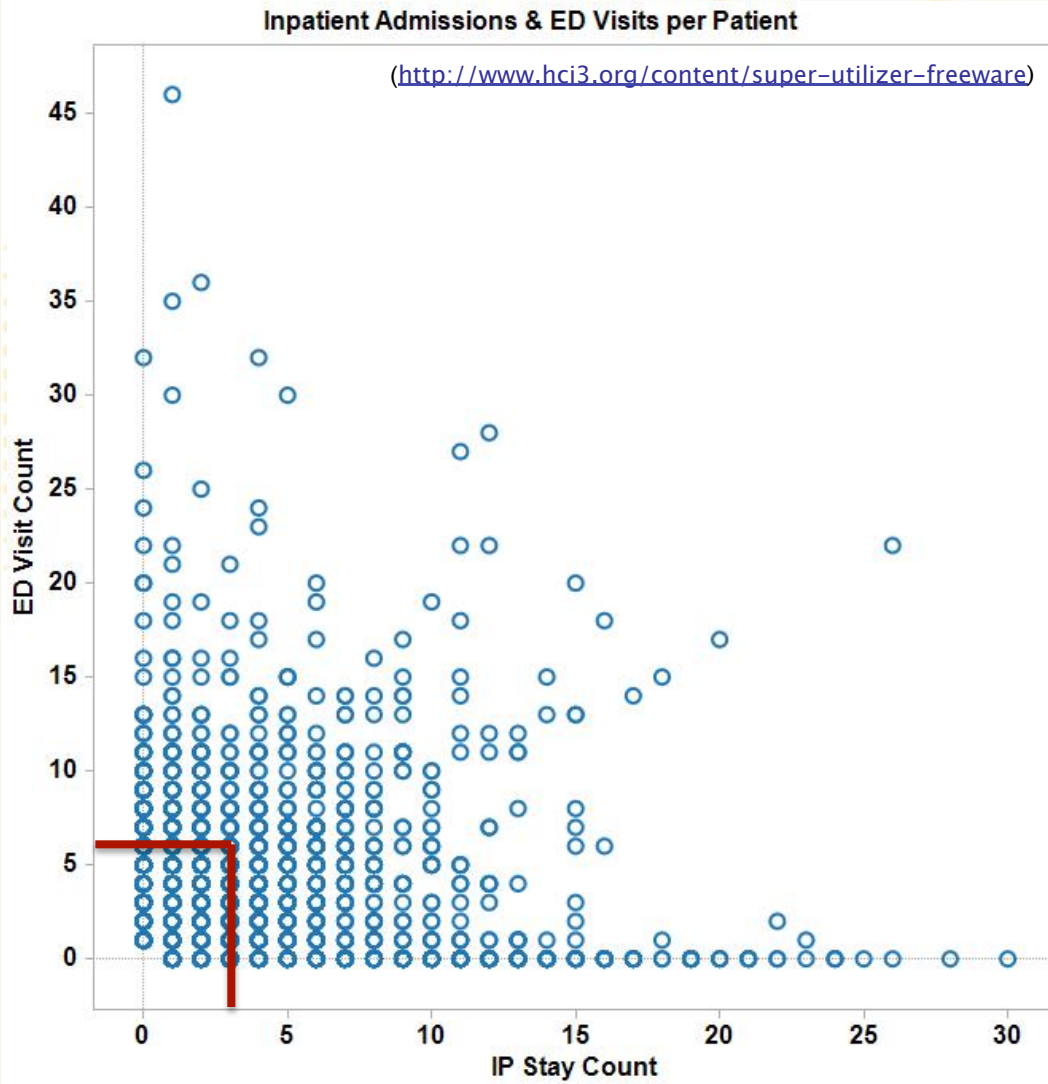
Drivers of Variation



Savings if Variation Reduced

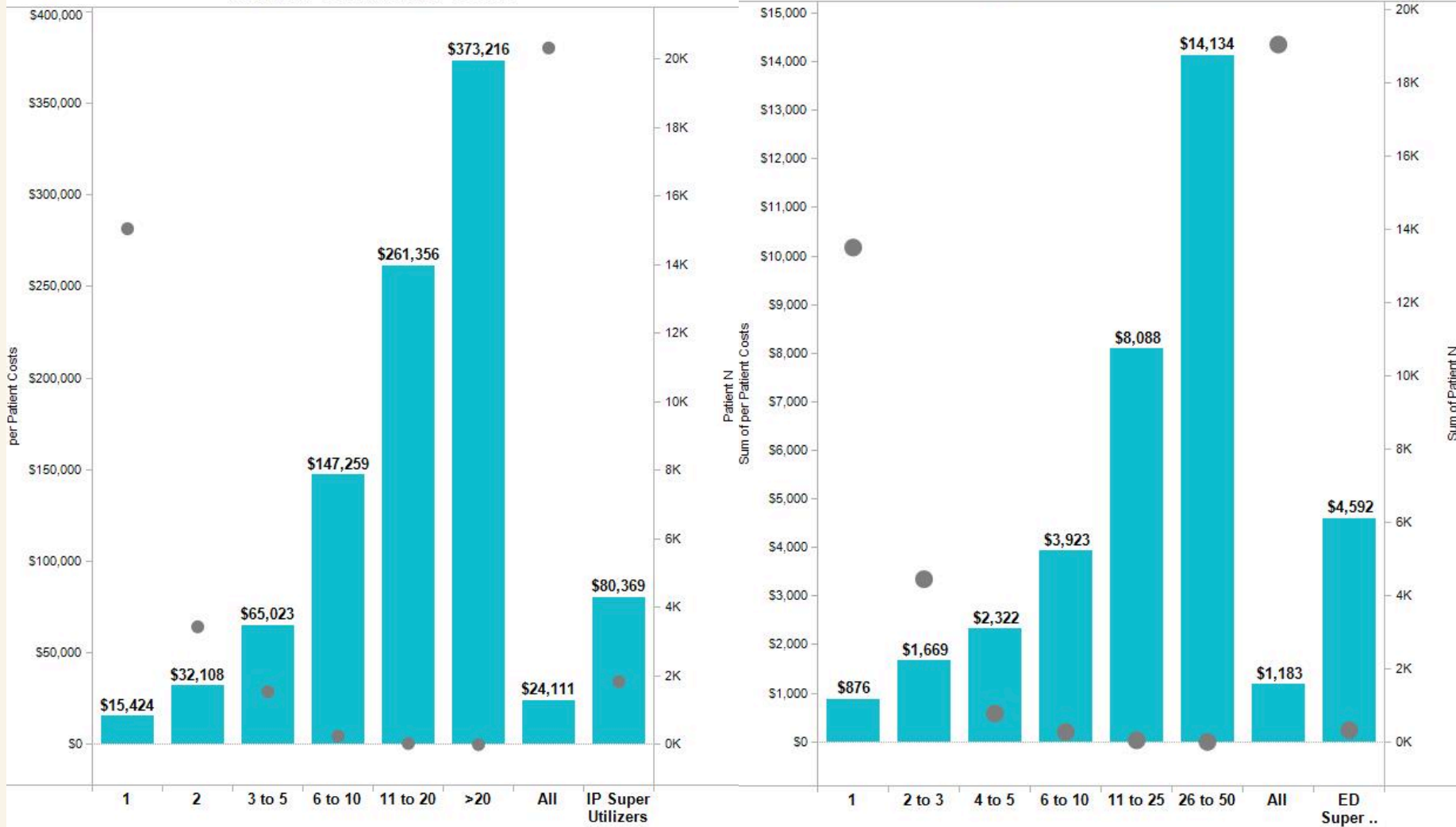


Finding Patients With PACs



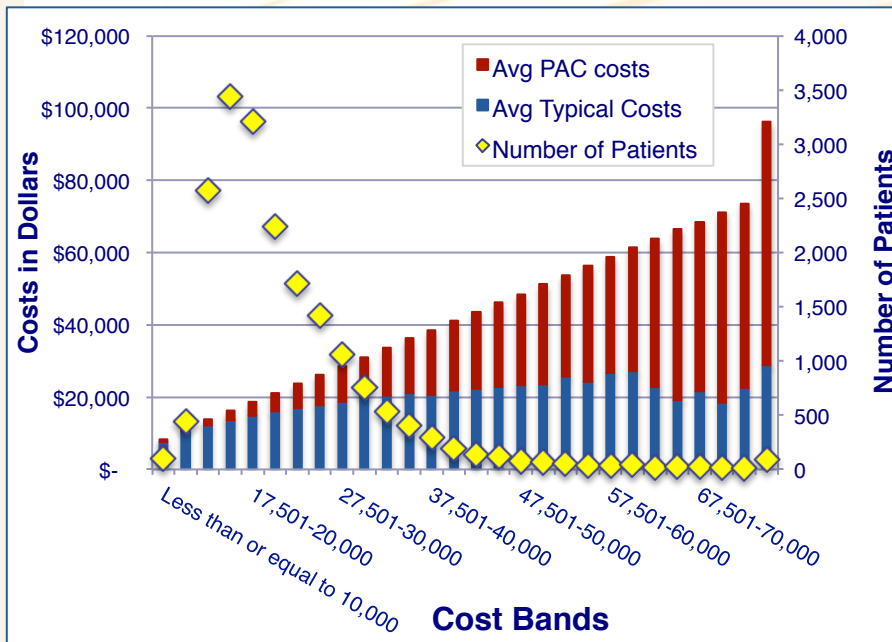
- Super Utilizers are defined as having 3+ hospitalizations or 6+ ED visits over the course of 2 years
- These patients have multiple risk factors and their conditions are often uncontrolled

Super Utilizers' ED and IP Costs Are 4x Higher

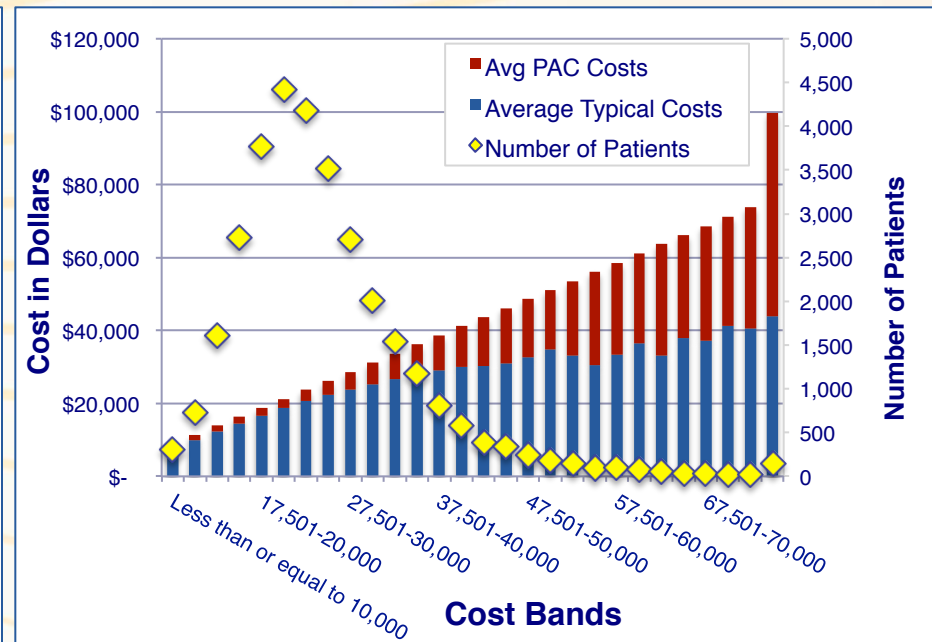


The Tail Always Wags the Dog, And PACs Define the Tail Size

Medicare



Commercial



(<http://www.hci3.org/content/hci3-improving-incentives-issue-brief-analysis-medicare-and-commercial-insurer-paid-total-1n>)

2011 Analysis Medicare National Sample and Commercial Payers Across US
Issue Brief, 2012

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