



Driving for Value:

Reflections from an Integrated System

Murray N. Ross, Ph.D.

Vice President, Kaiser Foundation Health Plan
Director, Kaiser Permanente Institute for Health Policy

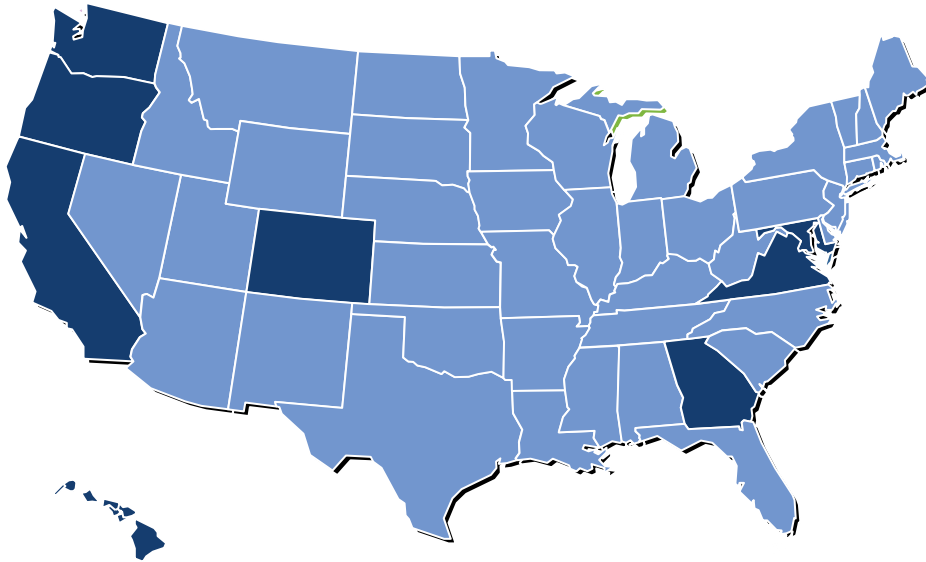
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What is Kaiser Permanente?

Kaiser Permanente is committed to helping shape the future of health care. We are recognized as one of the leading health care providers and not-for-profit health plans in the United States.

1. We bring together health care services and insurance coverage.
2. Most of our health care services are under one roof.
3. Members have the support of an entire care team.

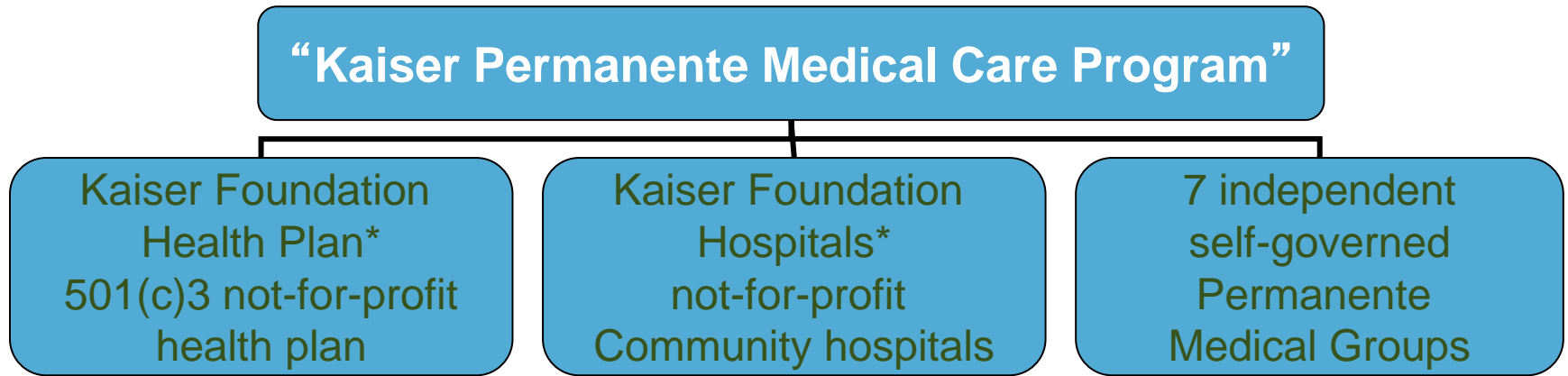
Kaiser Permanente by the numbers



- 10.6 million members
- 19,000 physicians
- 190,00 employees
- 38 hospitals
- 600+ other facilities
- US\$60.7 billion revenue (2015)

Mission: To provide affordable high-quality health care services and to improve the health of our members and the communities we serve.

Our model: integrating financing and care delivery

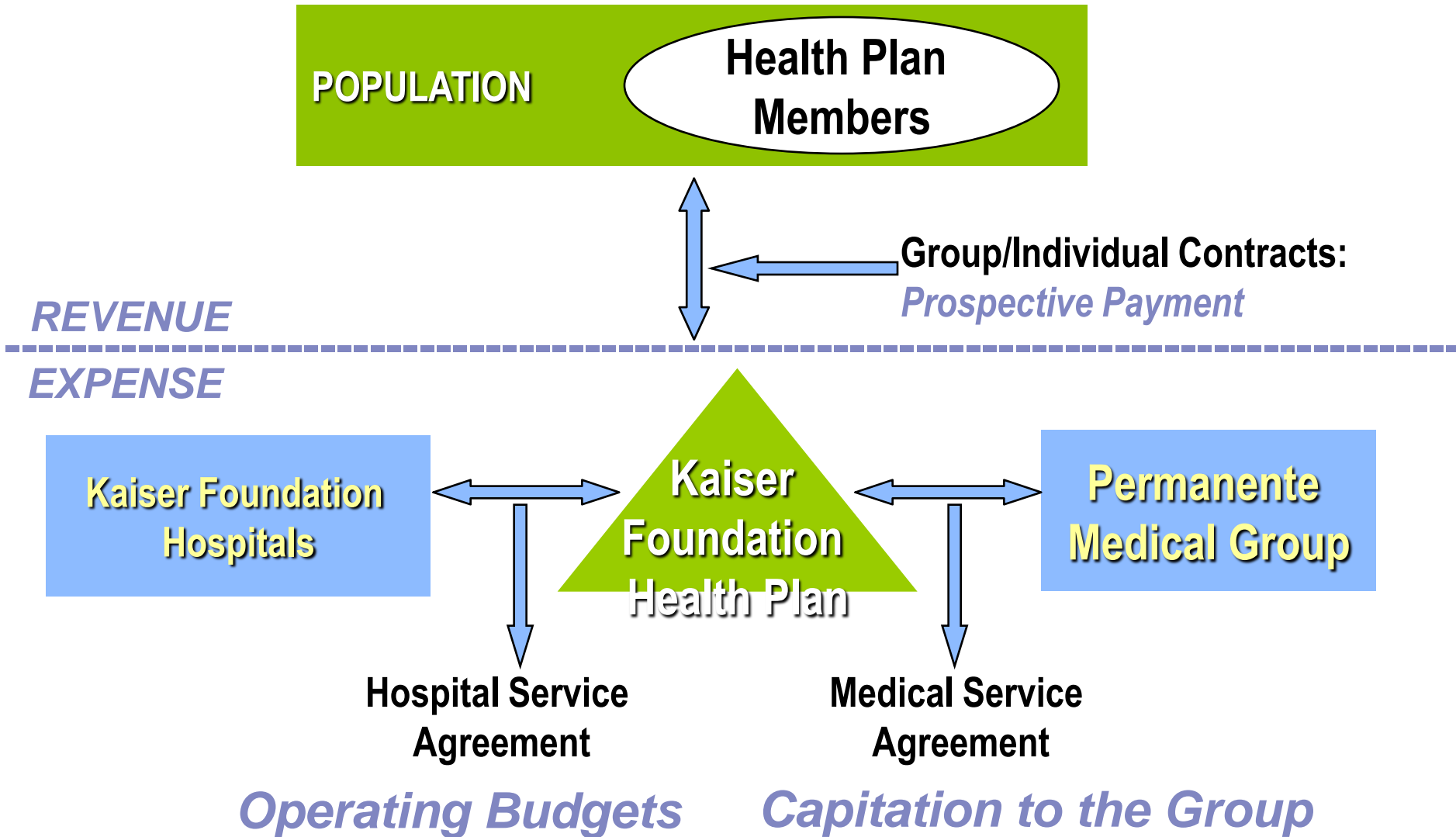


* common Board of Directors

Health plan collects premiums from employers & government programs, premiums and cost sharing from individuals.

Medical groups coordinate provision of all medical services, holds financial risk for outpatient services.

Kaiser Permanente Operating Model



What does the integrated model mean?

- **Shared responsibility for program success**
 - KP “owned” jointly by physicians, health plan, labor partners
 - “Shared fate” model—the “MEMO” relationship
- **Aligned accountability on multiple dimensions**
 - Between financing and medical care
 - Along the health/illness continuum
 - Across health care providers (& organ systems!)
 - Over time—the investment mindset
- **Collaboration with functional specialization**
 - Physicians practice medicine, nurses care for patients
 - Health plan execs manage finance & administration

The building blocks

- **Alignment of incentives and mission**
 - No one's income depends on volume
 - Evidence development, evaluation, and implementation used to inform clinicians, not make coverage decisions
 - Systems orientation drives performance improvement
- **Our comprehensive electronic medical record**
 - Real-time access to patient information
 - Embedded clinical decision support
 - Data support proactive care, population health, research

Using population health data: clinical quality

- **Revealing potential safety & performance issues**
 - Atypical fractures from bisphosphonates
 - Revision rates for metal on metal implants
- **QI based on outcome measurement, not just process change**
 - Colorectal cancer screening: colonoscopy vs FOBT
 - Not just kits mailed, kits returned, but fewer distal cancers
- **Research**
 - Real world evidence beyond the clinical trials (Vioxx, HepC treatments)
 - Leverage natural variation (copayments, deductibles on adherence)
- **Health equity**
 - Treating everyone the same doesn't mean you don't have disparities; you just don't know it in the absence of appropriate population health data

Who Influences the Value Discussion?

Our Customers

- Members & Families
- Employers
- Unions
- Public Programs

VALUE

Ourselves

- Care Delivery
- Health Plan

Our environment

- Markets
- Regulations
- Politicians
- Press

Driving performance improvement

- **A culture of performance improvement**

- Peer accountability: common medical record and “examined practice” for quality and efficiency predate the EMR
- Shared and individual accountability enables autonomy at the bedside/exam room
 - Hippocratic oath AND resource stewardship
- Self-governed, self-managed medical groups
- Effective and committed leadership

- **Driving value**

- The science
- The art
- The environment

Driving value: the science

- **Gather research (clinical or market) → evidence**
- **Review & refine evidence to develop guidelines, set goals**
- **Design and develop care management programs:**
 - Clinical priorities
 - Service improvement approaches
 - Operational improvements for service and access
- **Set granular, actionable metrics**
 - Internal and external benchmarks
- **Measurement, timely reporting and feedback, unblinded sharing of data**

Assembling evidence

- **Drug Information Services**

- Informs Pharmacy & Therapeutic Committee decisions
- Systematic reviews, monographs on safety and effectiveness
- Anticipatory tracking (pre-FDA approval) to outcomes research

- **Total Joint Registry—100,000 replacements**

- Reduces surgical revisions, identifies/monitors FDA recalls
- Supports better selection of implant technologies
- Better pre-op care, fewer readmissions, patient engagement

- **External technology assessment, value reviews**

Research capacity to fill evidence gaps

- **Kaiser Permanente Research Centers**

- 1,000 staff, 3,500 ongoing studies, 600 publications in 2010
- Prevention, health services research, clinical studies, LT cohort studies

- **Kaiser Permanente Research Bank**

- Unparalleled ability to combine EMR, behavioral/environmental, and genetic data for large, diverse population in N. California
- Long-term study intended to benefit population beyond KP

- **Center for Effectiveness & Safety Research**

- Network of 400 KP researchers & clinicians working across regions
- Leveraging KP data to share findings nationally

Evaluating evidence

- **National Product Council**

- Incorporates evidence-based analyses—tech assessment, clinical practice guidelines—in product selection, negotiation
- Relies on clinical experts in medicine, cardiology, imaging, orthopedics, surgical, physiological monitoring

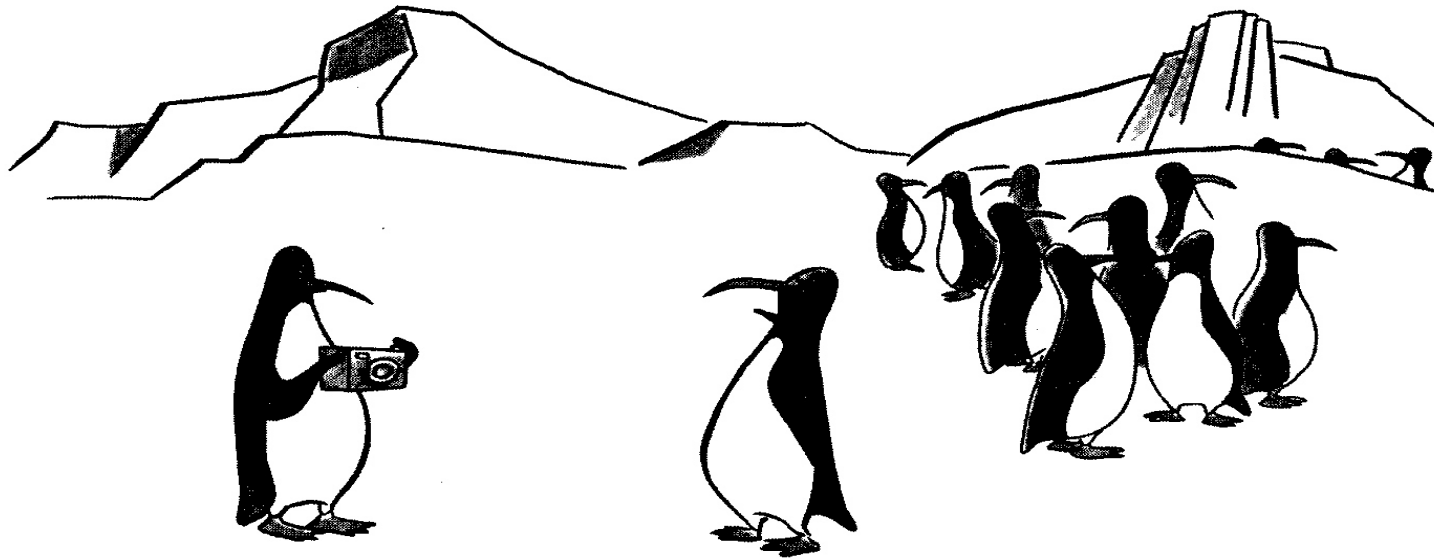
- **Inter-Regional New Technologies Committee**

- Monitors new technologies, new applications of existing technologies
- Evaluates safety and effectiveness, compares alternatives
- Makes recommendations, never patient-specific

- **Regional P&T Committees**

- Develop formularies; not a *list*, but a *process* that marries evidence to clinical discipline to drive competition among manufacturers
- Prescribing autonomy combined with resource stewardship

Finding value: resource stewardship



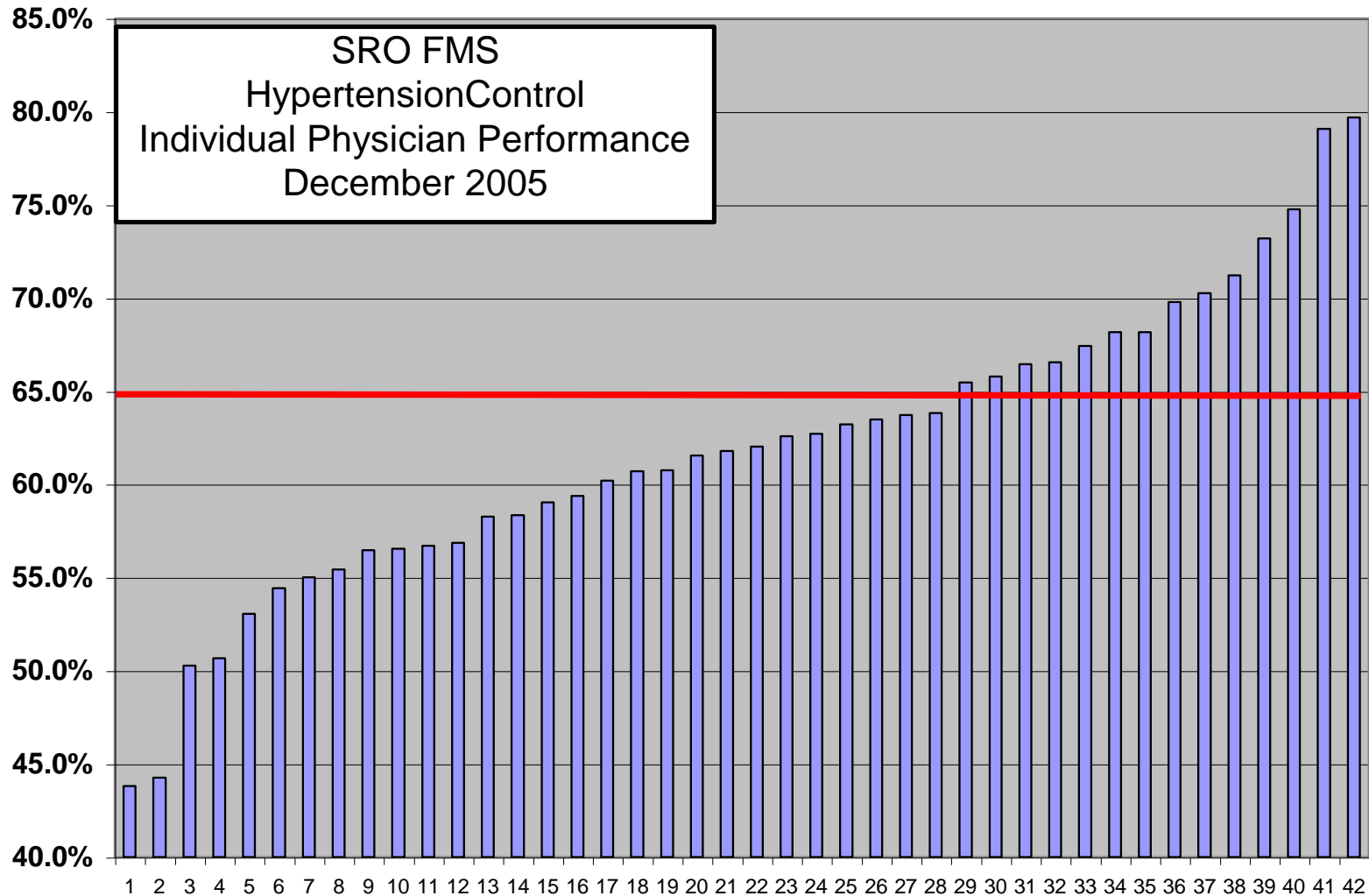
Leighton

"Why on earth would you spring for color film?"

Driving value: the art

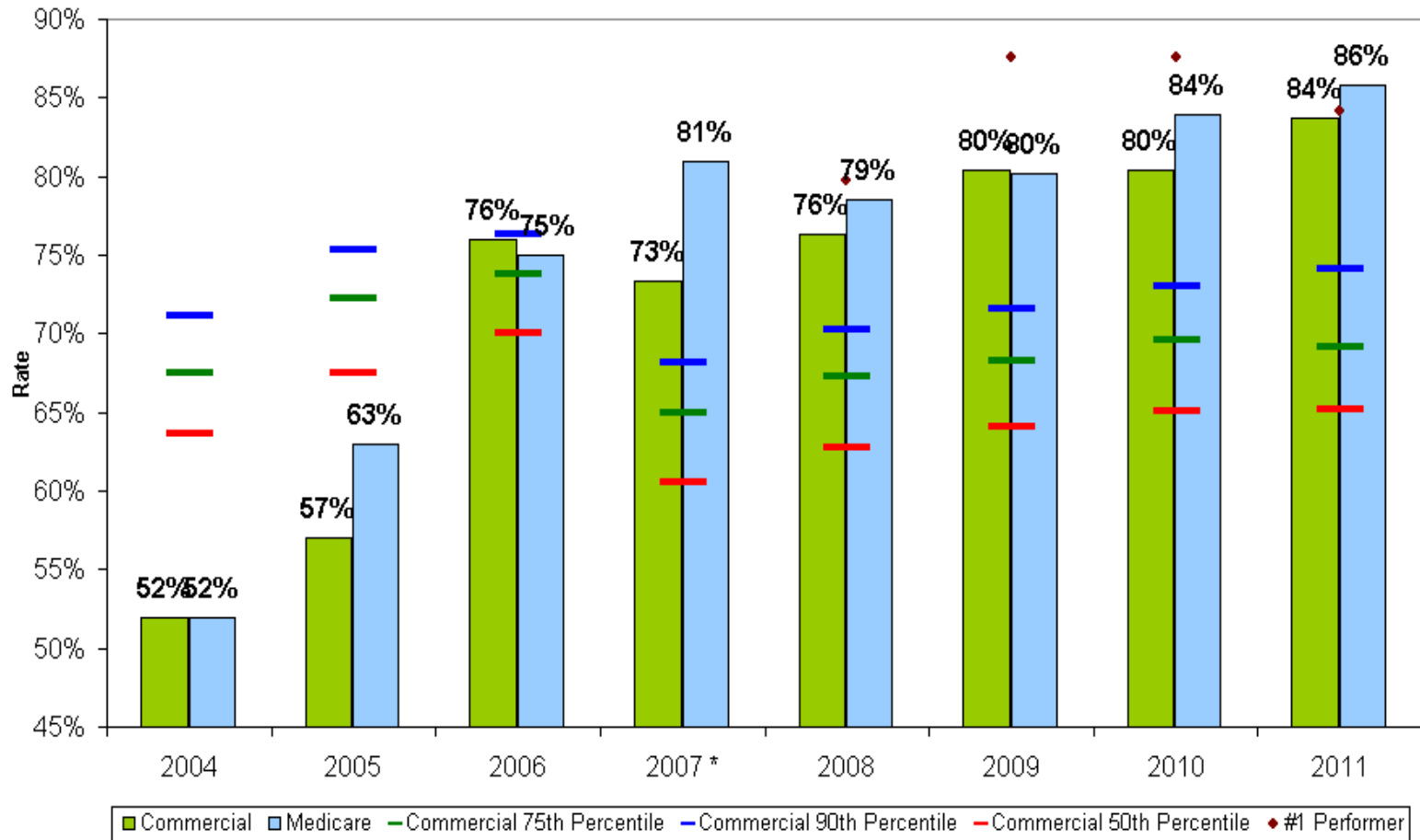
- **Physician leadership, clinician expert champions**
- **Cascading communication**
- **Culture of accountability, commitment, pride**
- **Performance management and recognition**
- **Relentless focus, realistic time frames**
- **Continued improvement in the quality of data**
- **Leveraging technology to facilitate quality, service, personalization of care, efficiency**

Physician-led management to improve quality



Measurement drives improvement!

Controlling High Blood Pressure
 KPNC HEDIS Performance Trend 2004-2011



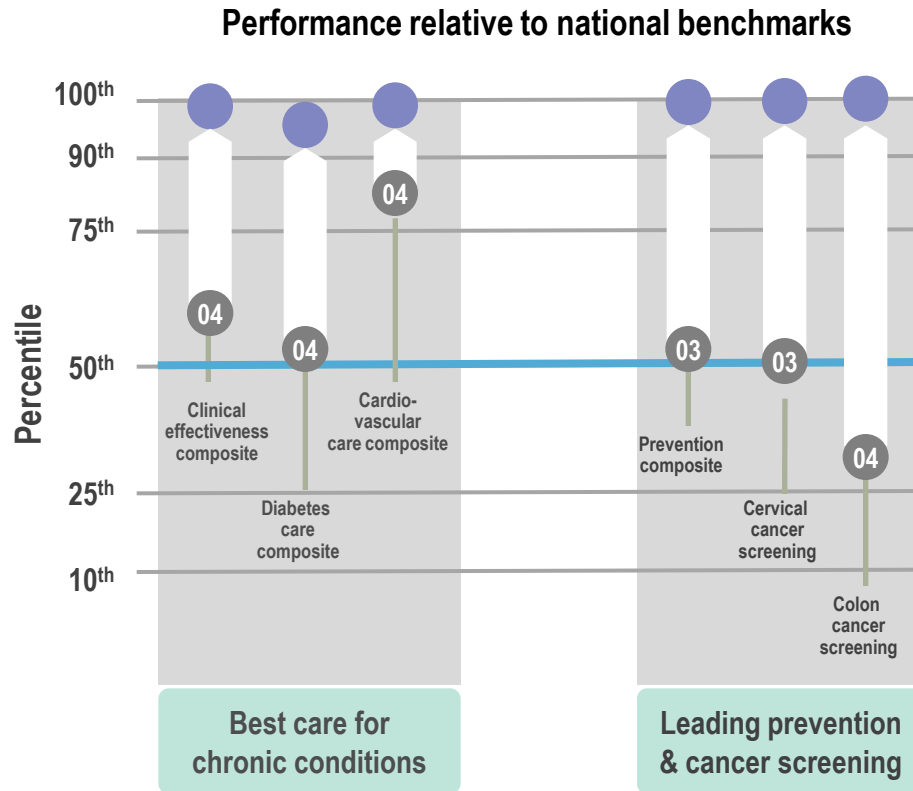
* Change in measurement spec - added younger age group (18-85)

Driving value: the environment

- **Internal accountability & commitment**
- **Our customers come to us voluntarily**
 - Individuals
 - Employers
 - Government programs
- **Our regulators set minimum standards**
 - State insurance departments
 - Federal Medicare program
- **Our accreditors publish comparative data**
 - National Commission on Quality Assurance

Our quality of care is up

2014



Note: Placement of current status and starting points approximate

HEDIS 2015 (Performance Year 2014)	HEDIS Composite	Diabetes Composite	Cardio Composite	Prevention Composite	Cervical Cancer Screening	Colorectal Cancer Screening
KP Programwide Rate	83.47%	84.96%	91.45%	87.28%	89.19%	83.43%
95th Percentile	82.25%	84.61%	88.58%	83.93%	84.23%	78.11%
90th Percentile	79.04%	81.87%	86.49%	80.43%	81.99%	73.73%
% above 95th Percentile	1.22%	0.35%	2.87%	3.34%	4.96%	5.33%

For more information:

Murray N. Ross, Ph.D.

Vice President, Kaiser Foundation Health Plan, Inc.

Director, Kaiser Permanente Institute for Health Policy

One Kaiser Plaza, 21st Floor

Oakland CA 94612

Email: murray.ross@kp.org

IHP Website: <http://www.kpihp.org/>