The Challenge
5% of U.S. Population Spend 50% of Healthcare Dollars

5% of Medicare beneficiaries die each year accounting for 27.4% of Medicare expenditures.

The top 5% of spenders can be identified and targeted to maximize cost reduction impact.

Of the top 5% of patients, a few have high one year only costs.

HOWEVER...

Most of the top 5% have multiple chronic conditions and are approaching the end-of-life.

This population can be identified using multiple methods including:

1) Claims-Based Algorithms
2) Physician Partnerships
3) Telephonic Assessments
What is Palliative Care?
“Life is pleasant. Death is peaceful. It’s the transition that is troublesome.”

- Isaac Asimov
Palliative care is ...

Optimization of Quality of Life to relieve the suffering of critically ill patients and their families

By focusing on ...

Maximizing symptom management to relieve pain and increase comfort

While considering the emotional, social, and spiritual needs of the patient and family during the course of the illness and after death
Meet Alma ...

• 74-year-old woman

• Smoker with advanced COPD

• Type II diabetes, on insulin

• Initial stages of dementia

• Her husband, Jack, is at home and in relatively good health

• Both of her children live out-of-state and are not involved in Alma’s day-to-day care

• Alma has been admitted to the hospital two times in the last three months for shortness of breath, with the last admission lasting 8 days
The Patient-Centered Palliative Care Model

Palliative Services

- Home visits
- Outpatient clinics
- Telephonic monitoring
- 24/7 support

Outcomes

- ↑ Symptom management
- ↑ Advanced care planning
- ↑ Crisis response
- ↑ Patient satisfaction

- ↓ ER visits
- ↓ Hospital admissions
- ↓ SNF usage
- ↓ Total medical costs
Palliative Care improves the Quality of Care ...

- Higher quality of life scores
- 58% less depression
- 39% less aggressive end-of-life care, with aggressive end-of-life care defined as chemotherapy within 14 days prior to death
- Admission to hospice less than 3 days prior to death
- Longer median survival (11.6 months vs. 8.9 months)

• Randomized controlled study of palliative care model

• 84% of patients with primary oncology diagnosis

• Average Annual Patient Cost: $68,341

• ER Visits: 30% less

• Hospital Admissions: 38% less in treatment group

• Quality of Life: decreased pain, nausea, and anemia

• Life Expectancy: Two months longer

• Average Monthly Cost: Decreased $18,599 per patient
Palliative Care Maximizes Outpatient Care

- Home health visits:
  - Usual Medicare home care: 13.2
  - Palliative care intervention: 35.0

- Physician office visits:
  - Usual Medicare home care: 11.1
  - Palliative care intervention: 5.3

- ER visits:
  - Usual Medicare home care: 2.3
  - Palliative care intervention: 0.9

- Hospital days:
  - Usual Medicare home care: 9.4
  - Palliative care intervention: 2.4

- SNF days:
  - Usual Medicare home care: 4.6
  - Palliative care intervention: 0.9

Hospice Days used in the last 6 months

Dartmouthatlas.org
Inpatient Spending in the last 6 months
Hospice Days used in the last 6 months
Inpatient Spending in the last 6 months
The Opportunity
Three Business Models

Aetna Compassionate Care

Telephonic case management program focused on patients facing a terminal illness.


Kaiser Permanente

Provides home, hospital and clinic based palliative care options to its members using a capitated payment model.

https://northwest-hospitals.kaiserpermanente.org/getting-care/palliative-care-program

Sutter Health Advanced Illness Management

Connects 24 hospitals and 5000 physicians in Northern CA to bridge the gap between acute care and end-of-life care for Medicare patients using a FFS model.

http://www.sutterhealth.org/quality/focus/advanced-illness-management.html
Commonalities of **Successful** Models

- Strong leadership and vision
- Sophisticated IT systems/use of an EMR
- Achieving physician buy in by framing it as providing additional support to physicians
- A capitated or value-based payment system to rewards providers who reduce inpatient care
- A patient- and family-centered approach to care
- Provision of training for frontline clinicians as Palliative Care is a relatively new specialty (first Board Certification offered in 2012)
The Medicare Statute (Social Security Act) has been interpreted to exclude supportive care, because coverage was limited to interventions that improved health only: “[care is covered unless] not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member.” SSA §1862(a)(1)(A); 42 U.S.C. 1395y(a)(1)(A)

BUT...

There is a Medicare incentive given the financial penalties on hospitals that readmit patients within 30 days of discharge for the treatment of heart failure, heart attack, and pneumonia.

Center for Medicare & Medicaid Innovation has established programs that fund cooperative agreements and challenge grants, which aim to demonstrate the integration of supportive care with traditional medical services.
The Payment Structure MUST change – from service volume to rewarding quality of care

- THIS IS DISRUPTIVE: health care makes up 15 to 20 percent of the U.S. economy, and the disruption would be substantial.

- OPPORTUNITY: Private Payers are uniquely positioned to make these changes because they are not subject to the same challenges as government-funded health care insurance (Medicare/Medicaid).

- Physician buy-in

  - Sutter Health named their program Advanced Illness Management to avoid the suggestion that patients are at the end of life and that the program is focused on telling physicians how to practice medicine.