

PUTTING VALUE BACK IN US HEALTHCARE

With most consumer products and services, the expression “you get what you pay for” rings true. However, when it comes to healthcare, higher cost doesn’t mean higher quality – in fact, often the reverse is true.



CURRENT RANKINGS

11th
OUT OF
11

In 2014, the Commonwealth Fund ranked the US healthcare system **last among industrialized nations** on measures of health system quality, efficiency, access to care, equity and healthy lives.

30%* of US healthcare spending is considered wasteful.

In addition to unnecessary care, inappropriate care settings and medical errors, the system rewards healthcare providers for **doing** more rather than for **accomplishing** more. With little consensus among policymakers, employers are taking action.

* Source: Dartmouth Institute for Health Policy and Clinical Practice.



LOCATION LOTTERY

Across the US, there is a substantial variation in incidence of certain medical procedures. For example, on a state-by-state basis, **Louisiana posted the highest percentage of Caesarian deliveries (39.7%)** while **Alaska had the lowest rate (21.5%)**, but still higher than the rate recommended by the World Health Organization (WHO) – between 10% and 15%.



SAMPLE C-SECTION RATES, US

Overall US
32.2%¹

Miami-Dade Co., Fla.
49%²

National Goal
23.9%

WHO Goal
15.0%

1 Mercer Quality Improvement Collaborative.

2 Florida Department of Health.

3 Centers for Disease Control and Prevention, 2010.



C STANDS FOR COSTLY

Compared to a natural birth, a Caesarian delivery costs about **\$20,000 more** per patient (\$50,373 versus \$29,800). There are significant potential savings in reducing these costly (and, often, medically unnecessary) procedures.

ACCOUNTABLE CARE ORGANIZATIONS

In an effort to rein in costs, provide value and ensure better outcomes for their employees (such as reducing medically unnecessary C-sections), many employers are looking to accountable care organizations (ACOs). A type of value-based care system, an ACO offers incentives to providers to deliver coordinated, high-quality care that saves money.

However, only **13%** of employers offering ACOs are able to report cost savings – most admit that they can’t measure success, making it impossible to know if they are working.

Source: Mercer National Survey of Employer-Sponsored Health Plans, 2016.



MORE ACO FACTS

Two-thirds

of Americans have access to a value-based care system.¹

23.5 million

people are being served by an ACO, though many do not realize it.²

800 ACOs

(and growing) are operating throughout the US.³

1 Mercer 2015 National Value Based Care RFI Study.

2 Kaiser Health News, 2015.

3 Leavitt Partners/Accountable Care Learning Collaborative, 2016.

TIPS FOR THE FUTURE

As health plans race to put ACOs and other value-based reimbursement models in place, employers need to make sure they are producing results. **Here are a few tips:**



Identify what percentage of your covered workforce is being cared for by a provider with a value-based reimbursement model.



Know how much you’re paying in additional fees for lives attributed to value-based reimbursement models.



Request carrier reporting that includes the expected and actual impact of value-based reimbursement on cost, quality and member experience.



Build these variables into carrier contracts and/or RFPs.



Define your network strategy.



TAKE ACTION TODAY

To learn more about value-based care, how to measure results and how to leverage ACOs to reduce costs and improve quality of care, contact your Mercer representative.