

On the Need to Reduce Variation in Care & Costs

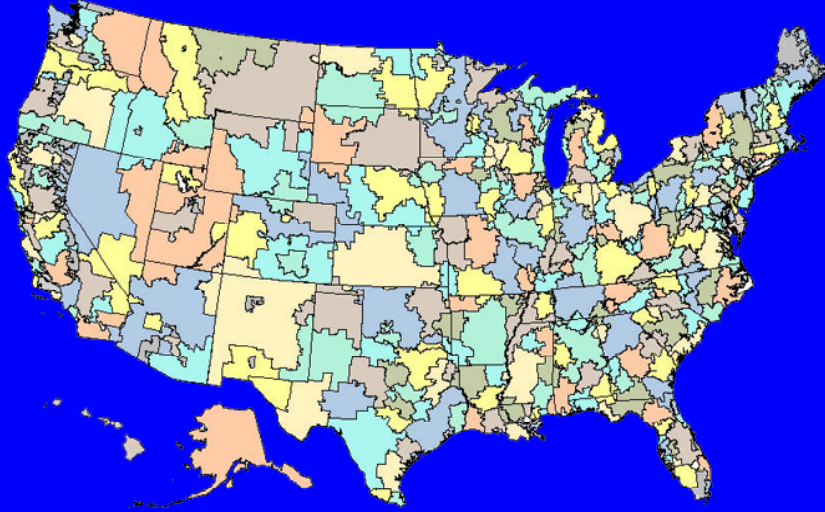
**Comments by John E. Wennberg
On The Occasion of the Release of NCQA's
12th State of Health Care Quality Report**

**Washington D.C.
October 2, 2008**

Reduce, then Eliminate (Unwarranted) Variations in Care and Costs

- **Identify Relatively Efficient Providers as Benchmarks for Establishing Efficiency Targets**
- **Tie Payments to Achieving the Targets**
- **Support Comparative Effectiveness Research to Improve the Scientific Basis for Clinical Decisions Making**

**The Dartmouth Atlas Project: 306 hospital referral regions
Ongoing Study of Traditional Medicare Population USA**



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**Days in Hospital and Inpatient Visits per Patient
Last 2 years of Life for Those with Chronic illness
(Selected U.S. Regions)**

Region	Days in Hospital	Inpatient Visits
Los Angeles	28.0	76.9
Pittsburgh	24.8	54.4
San Francisco	18.7	34.5
Denver	14.6	26.3
Seattle	13.7	20.2
Salt Lake City	11.6	15.4

**Contrasting Practice Patterns in Managing Chronic Illness
in Regions (HRRs) Ranked in Highest and Lowest
Utilization Quintile (patients in their last 2 years of life)**

Resource input/Utilization	Low HRRs	High HRRs	Ratio H/L
Physician Labor/1,000			
All Physicians	16.6	29.5	1.78
Medical Specialists	5.6	13.1	2.35
Primary Care Doctors	7.4	11.5	1.55
Hospital MD Visit (L6M)	12.9	36.3	2.82
% Seeing 10 or more MDs	20.8	43.7	2.16

Per Capita Resource inputs and Health Outcomes: High versus Low Quintiles of Spending

Cohort Health Outcomes

Survival: Worse
Functional Status: Same
Satisfaction: worse
Perceived Access: Worse
Objective Quality: Worse

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Per Capita Medicare Spending for Managing Similarly Ill Patients in Low and High Use Regions

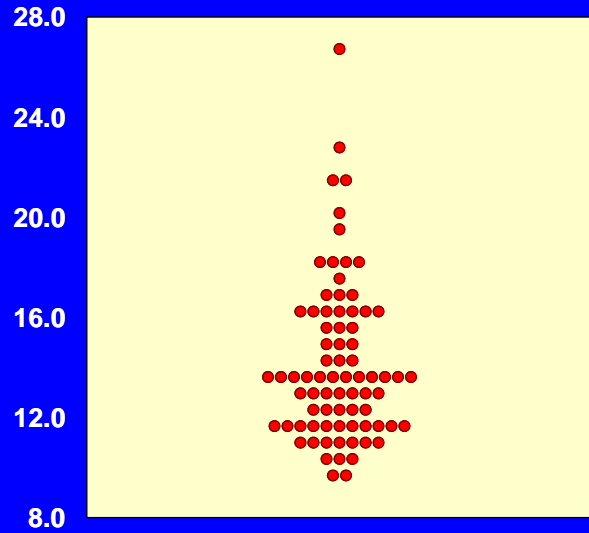
- Spending in High Cost Regions \$ 60,800
- Spending in Low Cost Regions \$ 38,300
- Savings if Reimbursements were Based on Benchmarks from Highly Efficient Regions:
About 40%

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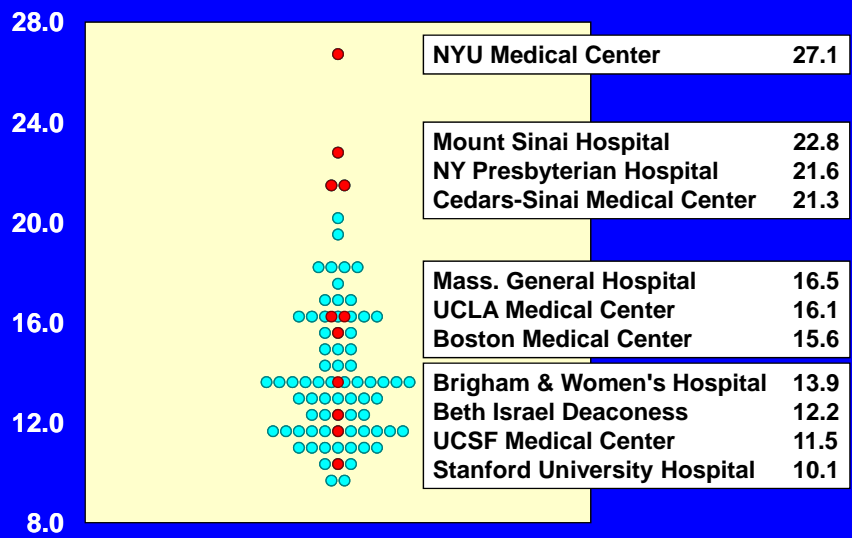
Supply-Sensitive Care

**Days in Hospitals per Decedent during Last Six Months of Life
Among Patients assigned to the 77 "best" U.S. Hospitals**



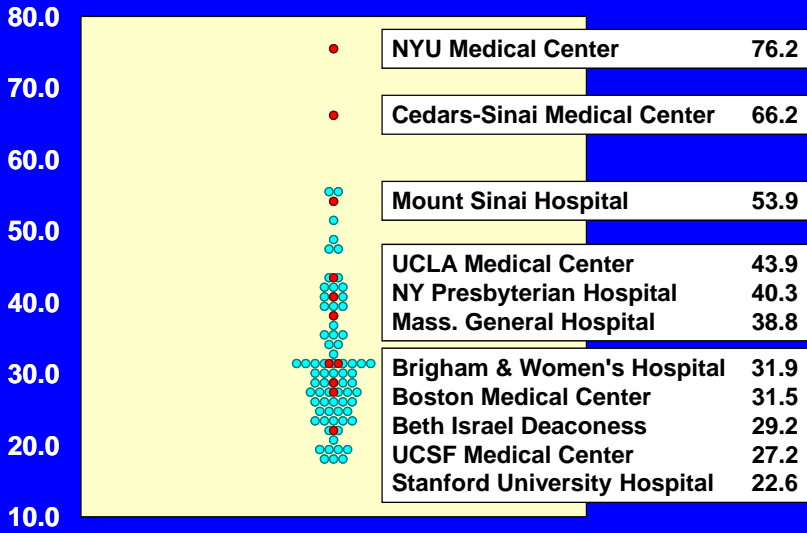
Supply-Sensitive Care

**Days in Hospitals per Decedent during Last Six Months of Life
Among Patients assigned to Academic Medical Centers**

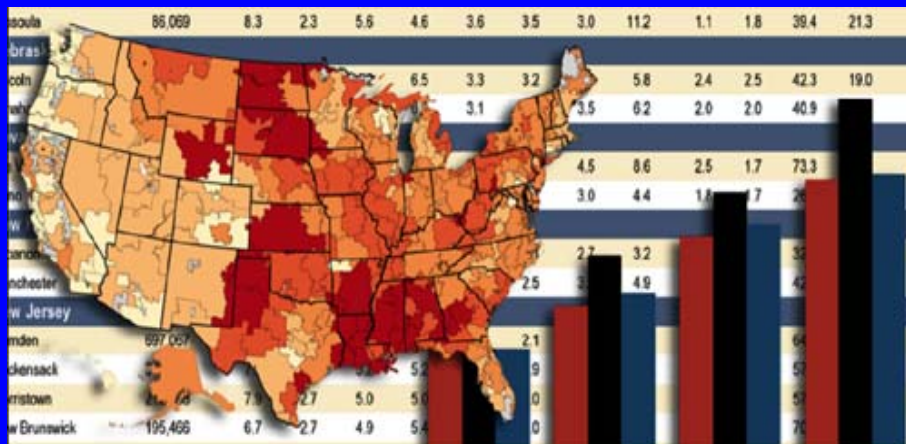


Supply-Sensitive Care

Physician Visits per Decedent during Last Six Months of Life Among Patients assigned to Academic Medical Centers



Thank You!!!!



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