

HEALTH CARE COSTS LEGISLATIVE WORKING GROUP

A Presentation by the Minnesota Medical Association

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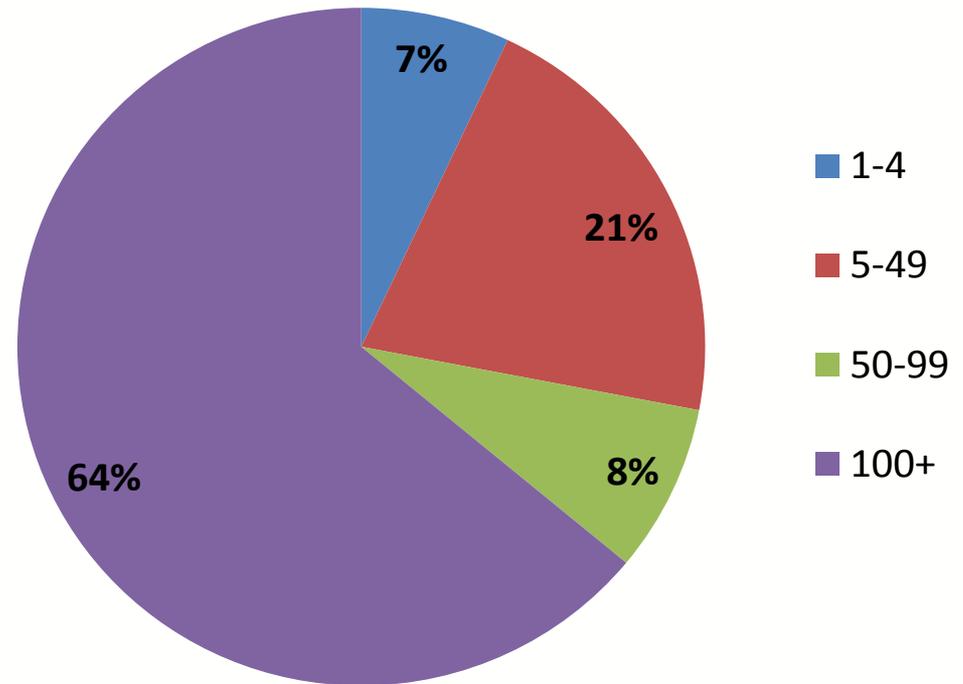
The MMA

- Professional association
 - 10,000+ members – physicians and physicians-in-training.
 - Dedicated to advancing the practice of medicine, the medical profession, and patient health.
 - ✓ Current health care spending is unsustainable...
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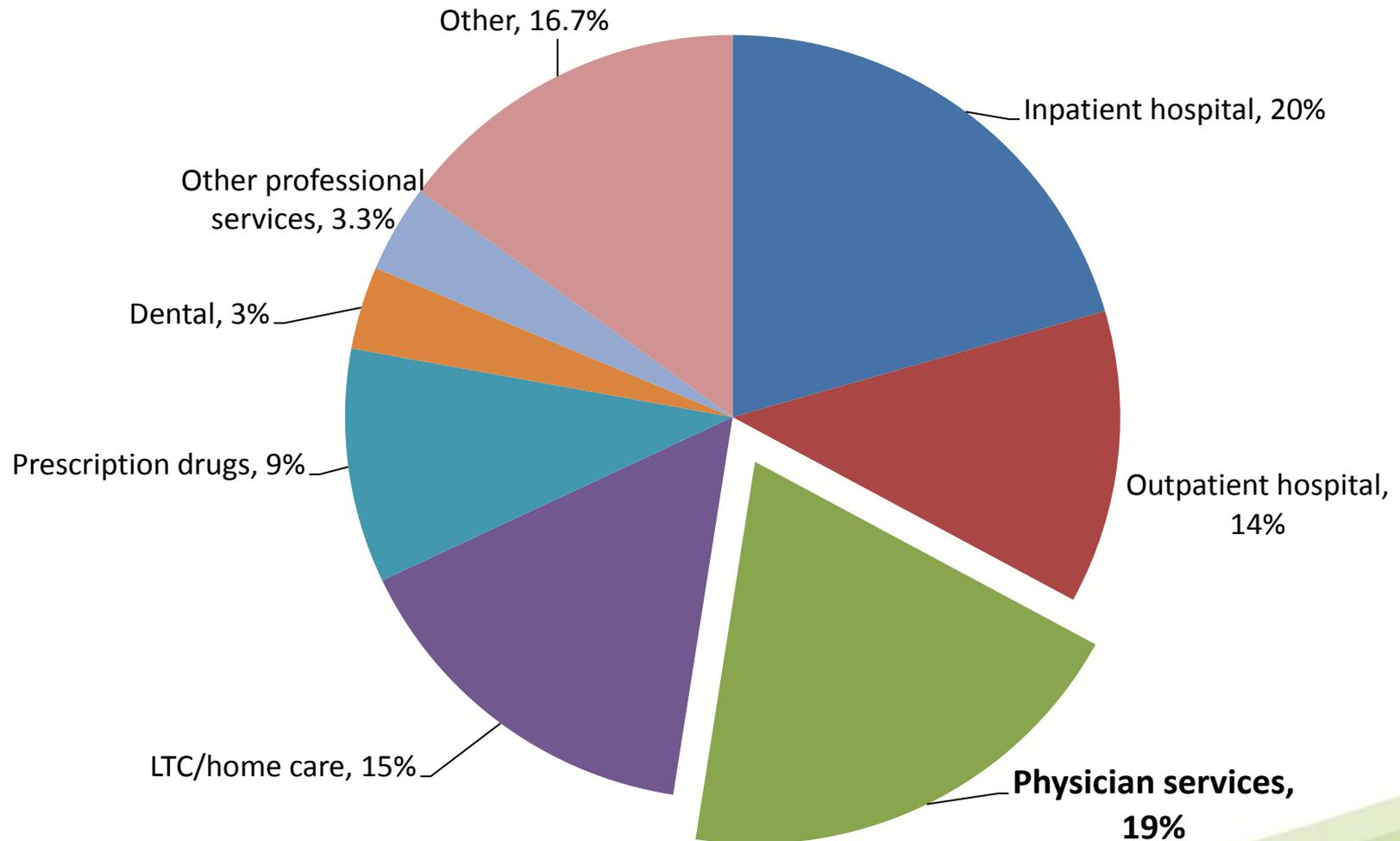
Minnesota Physicians

- 21,000 licensed physicians
- 16,500 are located in Minnesota
- 14,000 (est.) actively practicing

Distribution of Practicing Physicians by Medical Group Size



Minnesota Spending on Physician Services, 2011



Contributors to health care spending growth, 1960-2007

Factor	% attributable to average annual growth in spending
Technology	27% to 48%
Income growth (per capita GDP)	29% to 43%
Insurance coverage changes	11%
Demographics	7%
Medical price inflation	5% to 19%

Costs vs. Spending

- **Cost:** Production cost - input prices of staff, equipment, supplies, space, etc.
 - Can be a matter of perspective
 - Variety of pressures – market, regulatory, measurement, compliance
- **Spending (personal health):** Price x Quantity
 - Prices can be imposed or negotiated

Cost: Limited Focus

Price and utilization: Lots of attention



The Dilemma

- Payment often drives how care is delivered
- Dominance of fee-for-service
 - Face-to-face
 - Acute illness-focused
 - Challenge for preventive care
 - Difficult for complex, chronic conditions
- Better options?

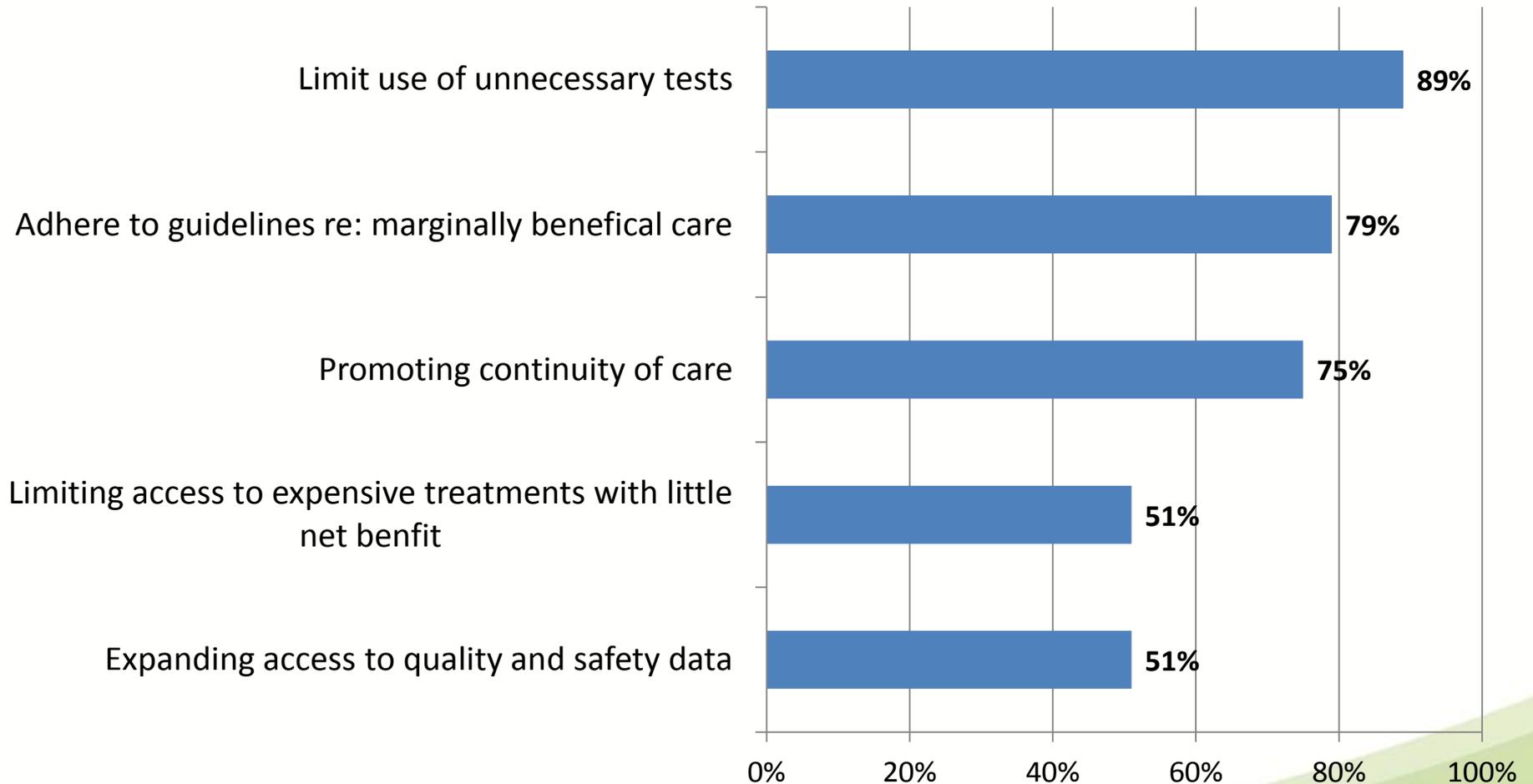


A Fundamental Shift Occurring

- New models expect physicians to balance needs of individual patient AND population
- National survey of physicians (2012)
 - 36% reported that practicing physicians have “major responsibility” for reducing costs
 - Nearly 80% agreed that they should be solely devoted to individual patients’ best interests, even if expensive
- Training, professional and ethical obligations, culture

Physician Roles in Controlling Costs

% Agreeing with Strategy



Physician Responses

- Address costs of production
 - Greater administrative efficiencies
 - Shared administrative services (purchasing, data collection, HR)
 - Credentialing – MMA, MHA, MCHP
 - Paper to electronic – progress incomplete
 - Team-based care
 - Leverage non-physician providers

Physician Responses

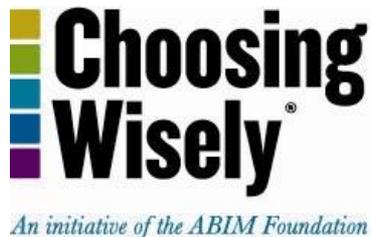
- Test new payment and delivery models
 - Health care homes
 - Patient-based partnership focused on improving the health and quality of life for individuals, especially those with chronic and complex conditions.
 - Tradition of primary care
 - Payment add-on to support practice investments needed.
 - 322 certified statewide

Physician Responses

- Innovate and experiment
 - Pay for performance
 - Medicare ACOs (shared savings arrangements)
 - 3 MN Pioneer ACOs
 - 4 MN Shared Savings program ACOs
 - Total cost of care contracts
 - Commercial
 - Medicaid ACO-type arrangements
 - Health care delivery system (HCDS)

Physician Responses

- Address unnecessary care
 - Component of wasteful spending
- ✓ Choosing Wisely[®] Minnesota project
 - Promote physician-patient conversations
 - Care that is supported by evidence
 - Truly necessary
 - Not duplicative
 - Free from harm



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Challenges

- Experiment/test
 - Sensitivity
 - Rural and underserved communities
 - Impact of consolidation
 - Diversity of practice
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Thank You

A decorative green wave graphic at the bottom of the slide, consisting of several overlapping, curved bands of varying shades of green, creating a soft, flowing effect.