

Do Purchasers Care About Underuse?

(Yes – But It's Complicated)

Academic Medicine and Health Industry Forum

Robert S. Galvin, MD

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What Would Make Employer Pursue Underuse More Vigorously?

Two Hurdles:

- Business Case For Quality
- The (Appropriate) Urgency to Control Costs

A Solution: The Two “Uses” Approach

Business Case for Quality

“A business case for a health care improvement intervention exists if the entity that invests in the intervention realizes a financial return on it's investment in a reasonable time frame”

Leatherman, Berwick, et.al.
Health Affairs - 2003

“Someone’s cost is another person’s revenues.”

Galvin
Health Affairs - 2001

Is There A Business Case?

Then:

“Fixing underuse problems, however, nearly always results in both increased costs and increased quality. This relationship arises from the fact that, except for immunizations and pre-natal care, effective health care services generally do not save money.”

Mark Chassin, MD, 1998

Now:

Discrete examples of net cost savings – by condition, population, and payment system

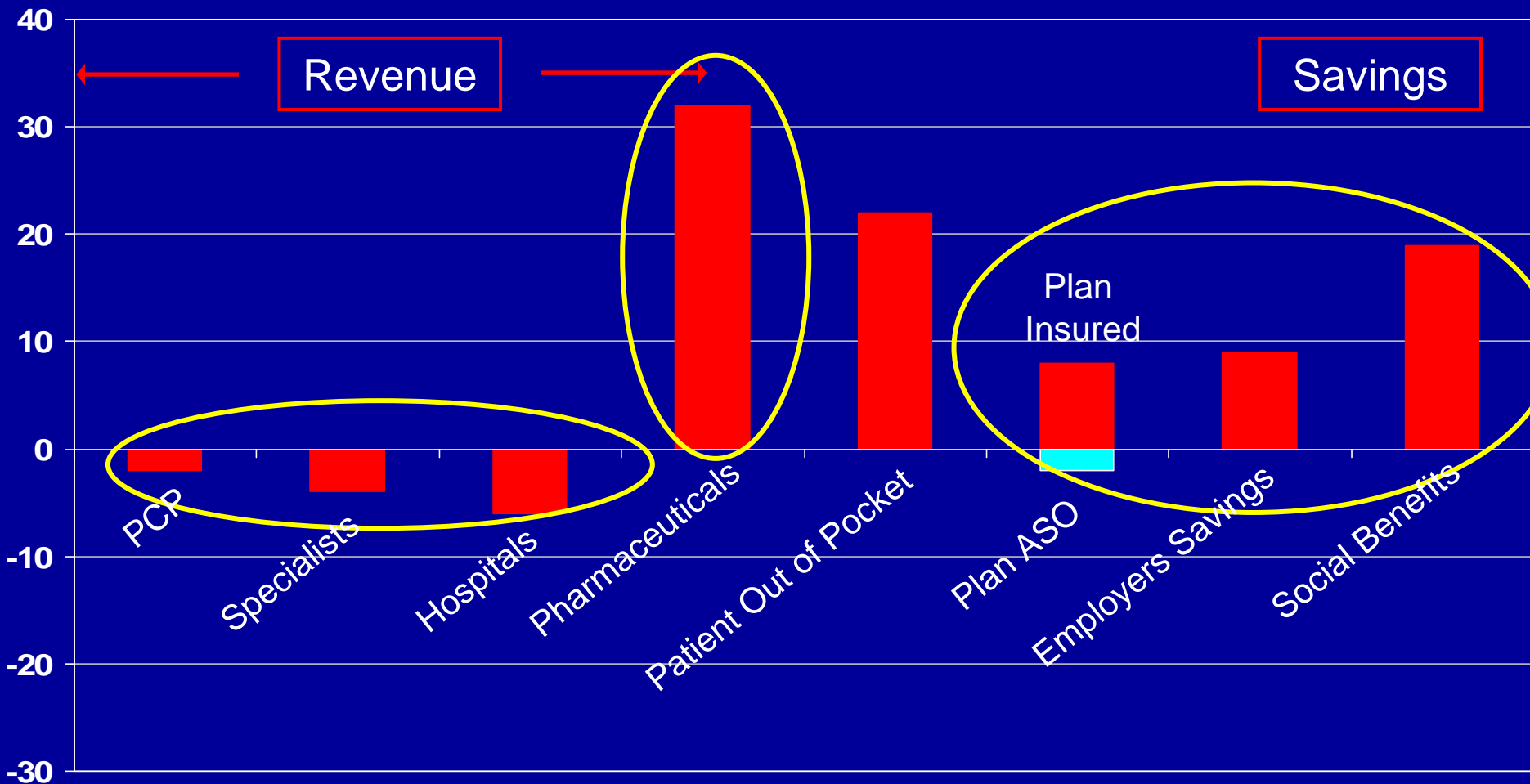
So Why Isn't There More Activity?

Business Case for Underuse Is Shaky

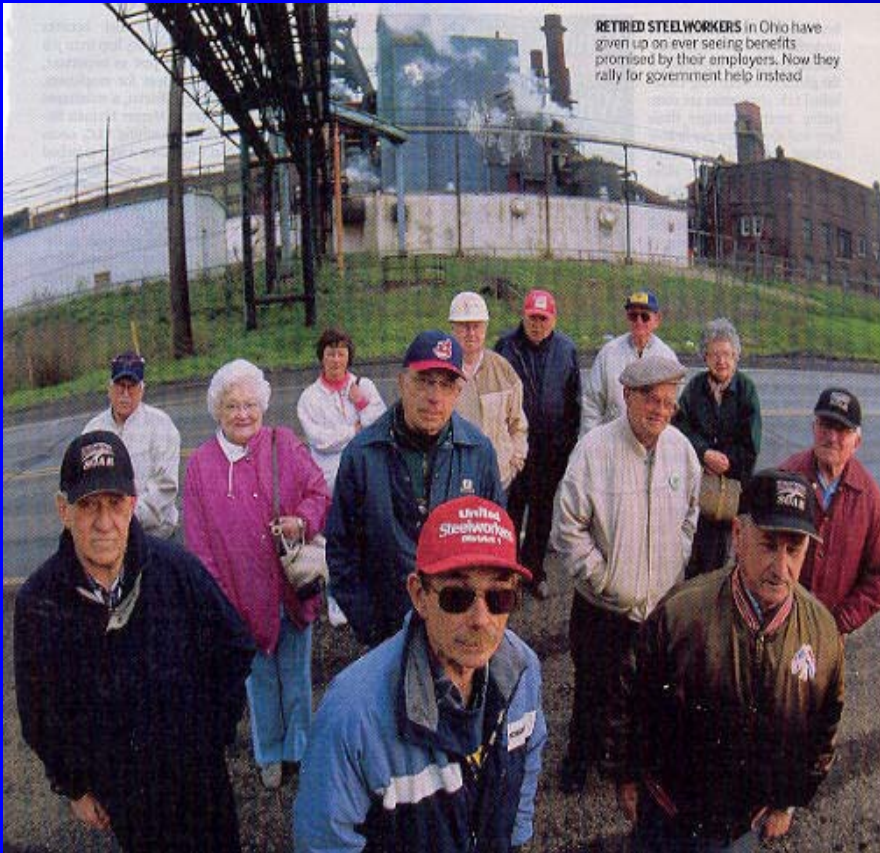
- ❑ Long Pay-back in Face of 10 – 20% Turnover
- ❑ Most Robust Studies Not In Commercial Population
- ❑ Methodological Flaws Troubling
- ❑ Reliance on “Health and Productivity” Metric Which Is Difficult to Track to the Bottom Line
- ❑ No Clear Distinction Between Primary and Secondary Versus Tertiary Prevention

Business Case For Whom?

% Revenue/Savings



Why The Focus On Cost Is Okay



*Every 1% Increase
in Costs Leads to
300,000 More
Uninsured*

What's
WRONG
With Benefits?

Most Waste Is Driven by Overuse

- ❑ Areas With More Supply Have More Procedures and More Costs
- ❑ Emerging Evidence That More Is Not Better
- ❑ New Technologies Are Generally Additive Vs. Substitutive
- ❑ Savings from Less Overuse Is Immediate
- ❑ Longer Term Savings From Underuse Gets “Crowded Out” by Increases Everywhere Else

“If you’re doing so #?#? good, why are my costs so #?#? out of control?”

***Famous CEO to Naive
Medical Leader***

The Two 'Uses' Approach

1. Underuse Should Not Be Addressed Without Also Tackling Overuse and Misuse –

AND

The Converse Is True As Well

2. Sustainable Improvement Means There Must Be a Business Case for All Stakeholders