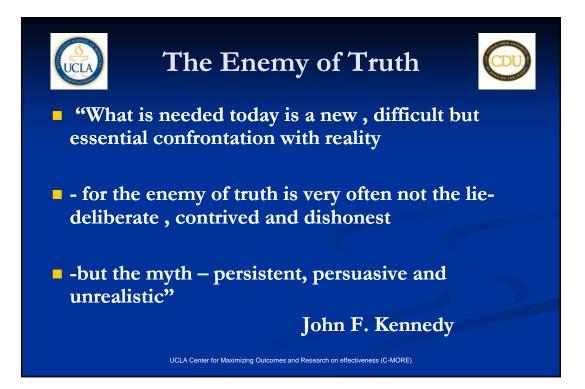


Comparative Effectiveness Research Seminar Series

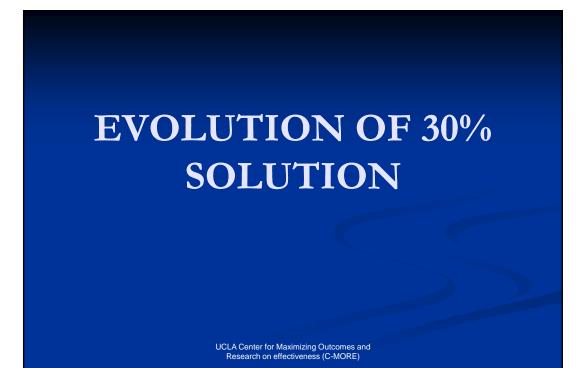


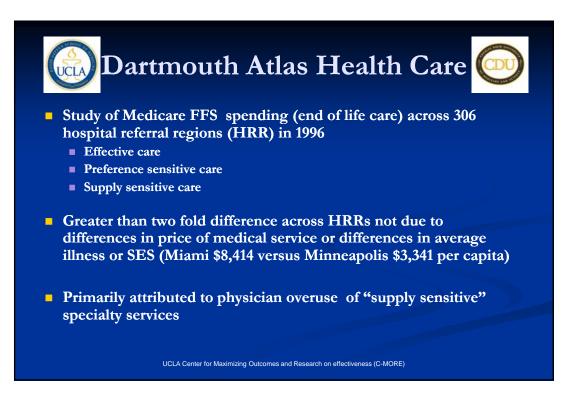
The 30% Solution? Challenging an Underlying Assumption of the ACA : Implications for successful Health Care reform

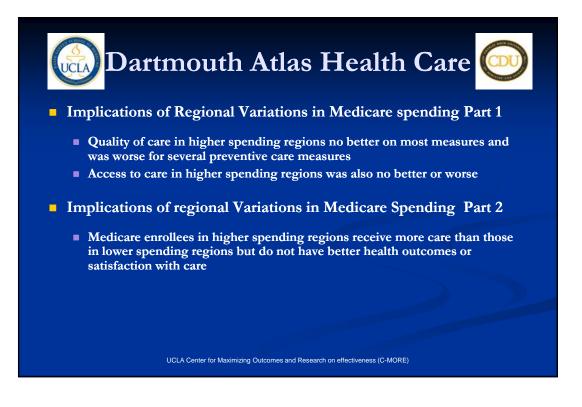
> Richard S. Baker, MD Executive Director, Center for Health Services Research Chairman, Department of Ophthalmology Charles R. Drew University of Medicine and Science March 18, 2014 UCLA Center for Maximizing Outcomes and Research on effectiveness (C-MORE)

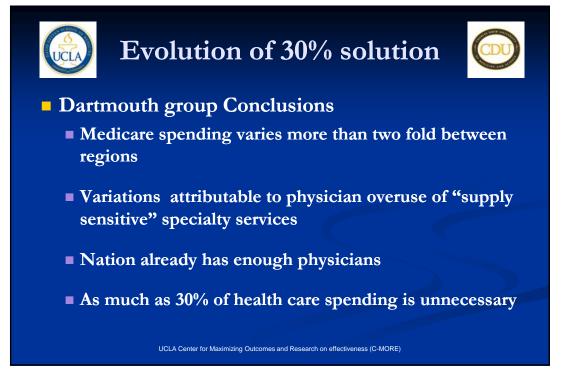
















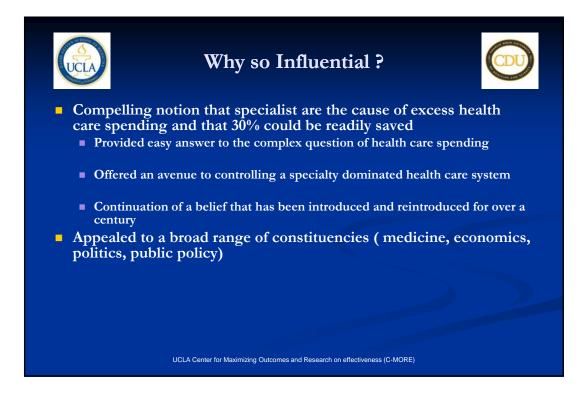
Remedies to Geographic Variation

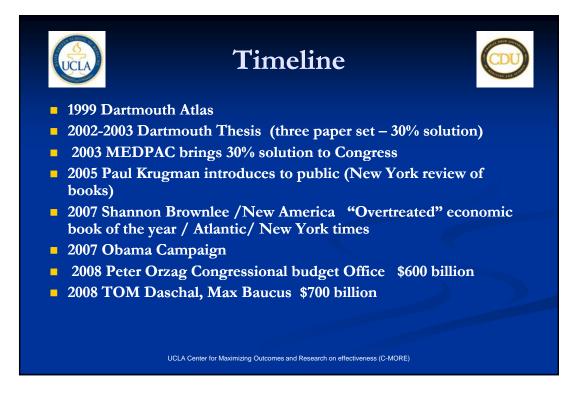
- Fewer specialist and more primary care physicians
- Less fee for service and more managed care
- Less physician autonomy and more regulation
- More direct patient involvement in shared decisionmaking



Conversion to National Healthcare Reform Policy







CHALLENGES TO THE UNDERLYING ASSUMPTION

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Methodological Pitfalls



Unexplained Variation

- All unexplained attributed to practice variation
- Inherent imprecision in measuring covariates (illness)
- Adjusting for race and poverty
 - "race has no impact" ???
 - Income poor proxy for wealth /past economic circumstance for seniors
 - Poor specification contributes to unexplained variation



Methodological Pitfalls



Medicare as the source of data

- Medicare expenditures per enrollee poorly correlated with total spending per capita
- Regions and ranking differ significantly for non Medicare revenues
- Differential status Medicare beneficiary
 - Employer coverage to Medicare
 - Disabled (and younger)
 - Uninsured/Medicaid to Medicare

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Methodological Pitfalls



Employing death as an outcome (last 6 to 24 mos)

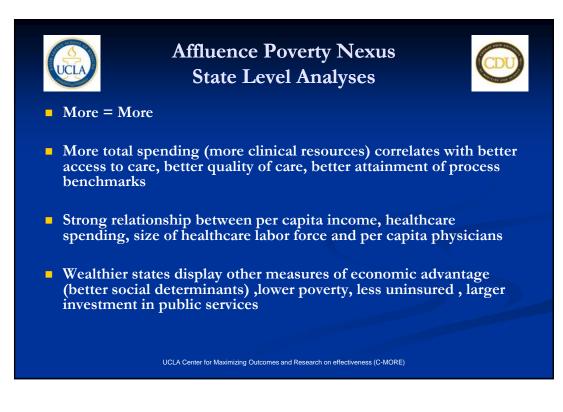
- "focused only on patients who died so we could be sure that all patients were similarly ill"
- More is More Alternate models (Ong et al, Bach et al, Silber et al etc.) consistently showed positive relationship between resource use and outcomes

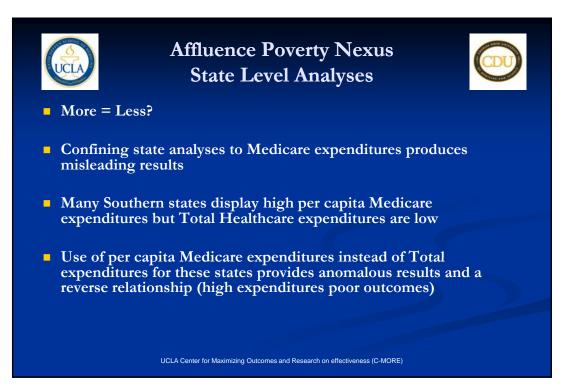
Quintiles Model

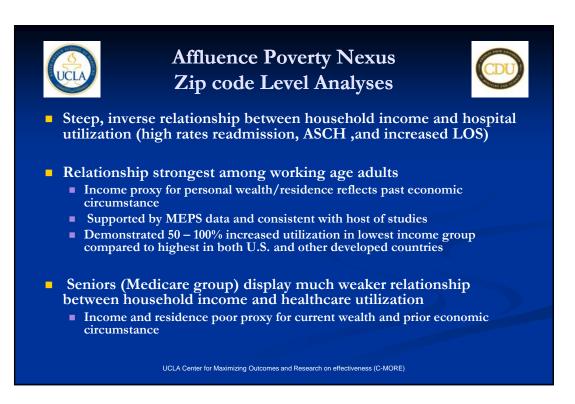
- quintile based upon average Medicare spending
- Extremely heterogeneous, geographically dispersed

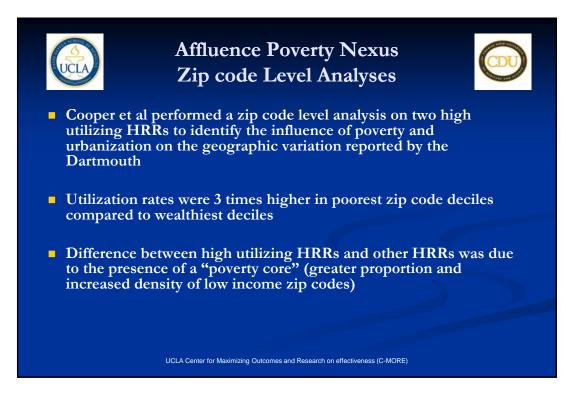
AN ALTERNATIVE ASSUMPTION

The Affluence – Poverty Nexus











Affluence Poverty Nexus Zip code Level Analyses



- HRRs demonstrated little variation in utilization between HRRs when high income zip codes were compared
- HRRs demonstrated significant variation in healthcare utilization between HRRs when low income zip codes were compared
- Zip code analyses were statistically stronger and demonstrated greater impact for working age adults versus seniors
- If high income zip code utilization rates were replicated in other zip codes than health care utilization would be 35% less among working age adults, 20% less among seniors and 30% less overall



Affluence Poverty Nexus Zip code Level Analyses



- Based on these analyses ,Total health Care spending/utilization would be expected to be highest in urban centers with dense poverty ghettos (such as New York, Philadelphia, Chicago, Los Angeles)
- Total health care spending would be expected to be lowest in smaller communities where poverty is less frequent and less concentrated (e.g. Rochester Minnesota, Lebanon New Hampshire)
- Much of the unexplained variation observed in Dartmouth group analyses simply reflects the inability to adequately measure the contribution of low income to healthcare utilization in the Medicare population even at the zip code level and especially at the level of an HRR

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IMPLICATIONS AND POTENTIAL CONSEQUENCES OF IGNORING THE ALTERNATIVE ASSUMPTION



CONSIDERATIONS



The 30% solution provides the underlying assumptions and is the basis for current national policy related to health care reform

 Currently it appears that even if assumptions related to root cause of geographic variations in healthcare spending are correct initially projected savings and efficiencies were overestimated

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CONSIDERATIONS



Although underlying assumptions are consistent with strongly held beliefs and resonate across multiple constituencies, several methodological challenges raise questions relative to confirmation of the validity and interpretation of results

 Blindly continuing current reform policies without clear validation could waste resources or even exacerbate issues that reform is meant to address



CONSIDERATIONS



Alternative hypotheses exist relative to the root causes of geographic variation (Affluence Poverty Nexus) that would indicate a different focus and a different set of strategies to achieve successful reform

Ignoring the possibility of an alternative root cause for geographic variation of resource utilization could undermine the ability to enact true reform

