



**3M** Science.  
Applied to Life.™

**3M Presentation to PCSI**

# **A Global Approach to the Dynamic Shift in Healthcare**

**September 30, 2022**

- Driven by consumer demands a shift to value-based care
- Advancements in technology
- Increased utilization of outpatient settings
- Inpatient hospital services are making up less and less of health system revenue
- Growing pressure to adopt value-based payment models that incentivize treating patients in lower-cost settings
- Consumer desire to avoid hospitals



The dynamic transformation of services addresses challenges faced by hospitals declining volume of inpatient services and increasing volume of outpatient.

- Reduction of inpatient capacity and the shift of resources to the delivery of outpatient care
- Resources needed to enhance outpatient and primary care services and emergency services
- Development of ambulatory and virtual offerings needed to capture more patients and to manage volumes
  - Management clinical population ambulatory clinic lines of service
  - Support resources around populations to manage cost and quality
- Monitor clinical technology advancements and reconsideration of what treatments can and should be done in an inpatient hospital setting





80% procedures performed in outpatient settings



Limited outcomes/quality measurement system



3M building first comprehensive quality outcomes system for ASC/HOPD procedures



Benchmarks against regional/national performance; by sites, service lines, physicians for reducing variation and targeting poorer outcomes



# Measures of Performance

# 3M AM-PPC Value

- **Improves quality of care.** The 3M approach to Ambulatory Potentially Preventable Complications (AM-PPCs) takes a broad view of identifying complications of care that are attributable to an elective ambulatory-initiated procedures.
- **Generates actionable information.** 3M AM-PPCs are a categorical model, which means that an AM-PPC analysis can compute the percentage of ambulatory procedures that resulted in a subsequent complication. Clinicians, hospital managers, and even researchers can use this data to identify and improve the quality of care during the initial ambulatory procedure encounter and even the subsequent ambulatory care management.
- **Applies risk-adjustment at procedure group level.** The AM-PPC methodology is designed to provide comparative rates of complication exclusively for elective procedures.
- **Paying for Outcomes.** Creates payment incentives for providers with lower-than-expected AM-PPC rates.

- Ambulatory Surgical Centers (ASC's) annual growth 6% reaching \$36B by 2023 (Daedal Research)
- 80% of procedures are done outpatient
- Ambulatory Care is the fastest growing and highest margin segment in healthcare industry (McKinsey)
- 65% projected profit from Ambulatory settings (McKinsey)
- Hospital revenue now 47% from outpatient areas
- Payers are shifting to valued-based care
- Hospitals are judged on quality (PCCs, falls, Mortality, etc.)
- Difficult to measure quality in outpatient settings

- Procedure Groups developed specifically for procedures of interest
- Electing to use outpatient setting is choice, should not be risk adjusted
- Built on expertise gained building inpatient complication measures



### Procedure Groups

- 85 procedure groups representing 2500 procedures
- All outpatient procedure codes on encounter
- Inclusion Logic
- Procedure Group Assignment



### Complication Types

- 23 complication groups representing 1500 unique complications
- Monitor subsequent events
- Complication Flag based on procedure and timing



### Complication Setting

- **Unscheduled admissions within 30d**
- Emergency visit rate post procedure
- OP Encounter to address complication
- 72 hour admission post procedure





3M CRG describes the health status and burden of illness of individuals in a population.

The logic creates a language linking the clinical and financial aspects of care.

The model is ideal for identifying medically complex individuals within a population.

# Nine examples of how CRGs create value

1

Understanding  
Population  
Health

3

Casemix  
Adjustment  
in VBP

5

Tracking  
Disease  
Progression

7

Patient Alerts  
at the Point of  
Care

9

Episode  
Definition and  
Risk  
Adjustment

2

Case mix-  
Adjusted  
Payment

4

Clinical  
Insight

6

Clinically  
Actionable  
Risk  
Stratification

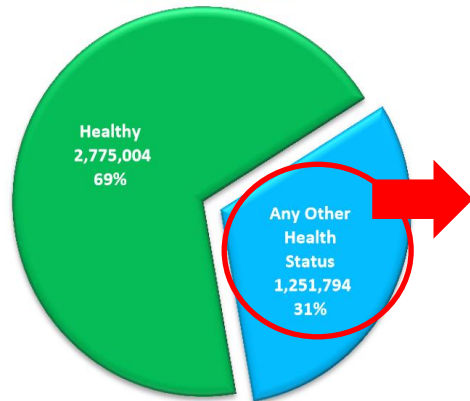
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Risk  
Adjustment  
for Potentially  
Preventable  
Events

# Understanding population health: Florida example

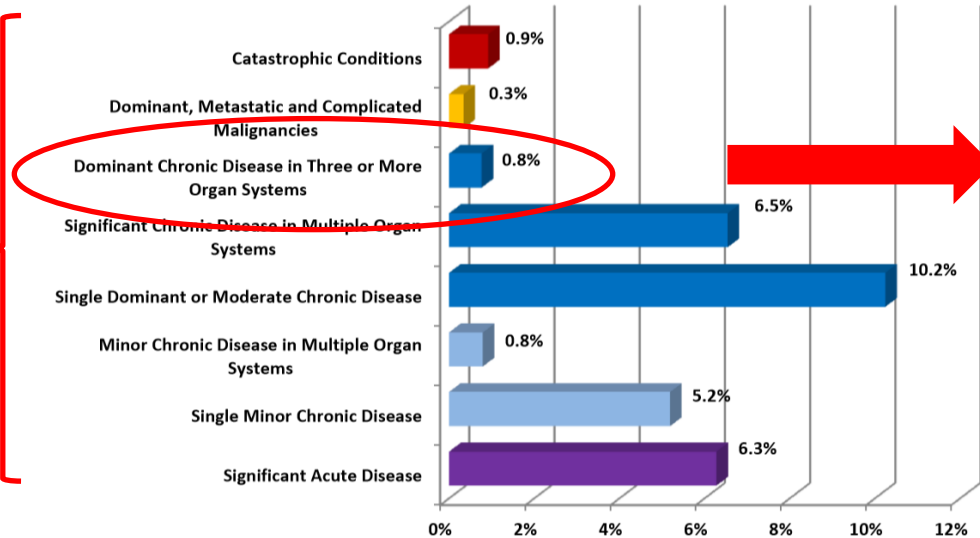
**Of 4 million Medicaid enrollees, 31% have a CRG Health Status other than Healthy...**

Figure 1: Percentage of Medicaid Recipients Categorized as Healthy Compared to Any of the Other Eight Health Statuses, August 2014-July 2015

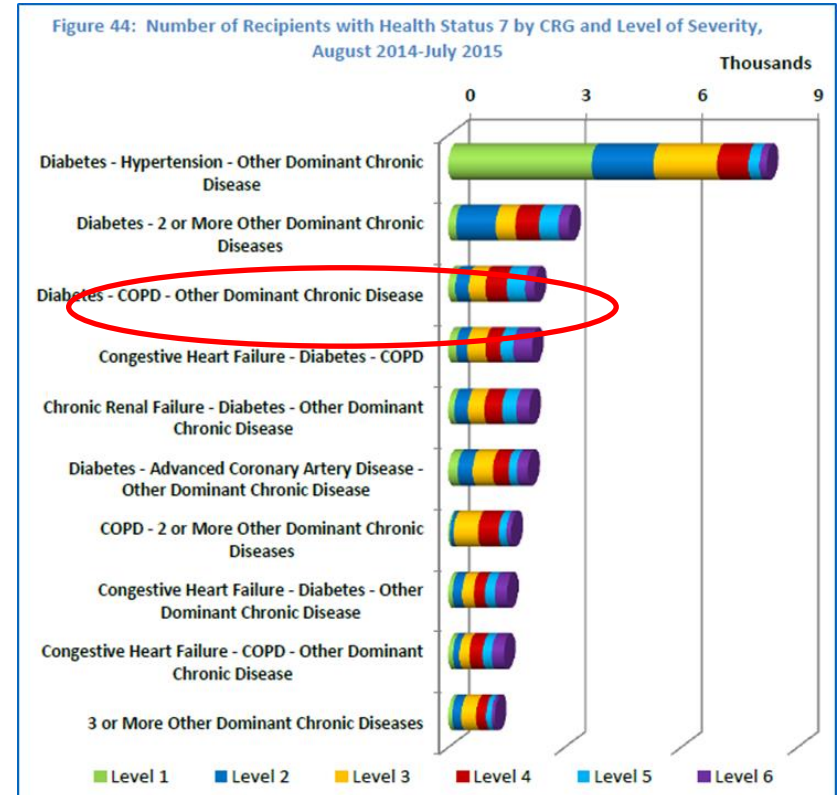


**Of the 4.0 million enrollees, 32,000 are in CRG Health Status Group 7, Chronic Disease in Three or More Organ Systems**

Figure 2: Percentage of Medicaid Population Classified in a Non-Healthy Status by Health Status, August 2014-July 2015



**Of the 32,000 people in Health Status Group 7, approximately 2,000 have heart failure, diabetes, and COPD, split roughly equally in severity levels 1 to 6**



Source: Florida Agency for Health Care Administration, *Analyzing the Disease Burden of Florida Medicaid Enrollees Using Clinical Risk Groups*, [www.fdhc.state.fl.us/medicaid/Finance/data\\_analytics/BI/docs/Quarterly\\_SMMC\\_Report\\_Winter\\_2016.pdf](http://www.fdhc.state.fl.us/medicaid/Finance/data_analytics/BI/docs/Quarterly_SMMC_Report_Winter_2016.pdf)

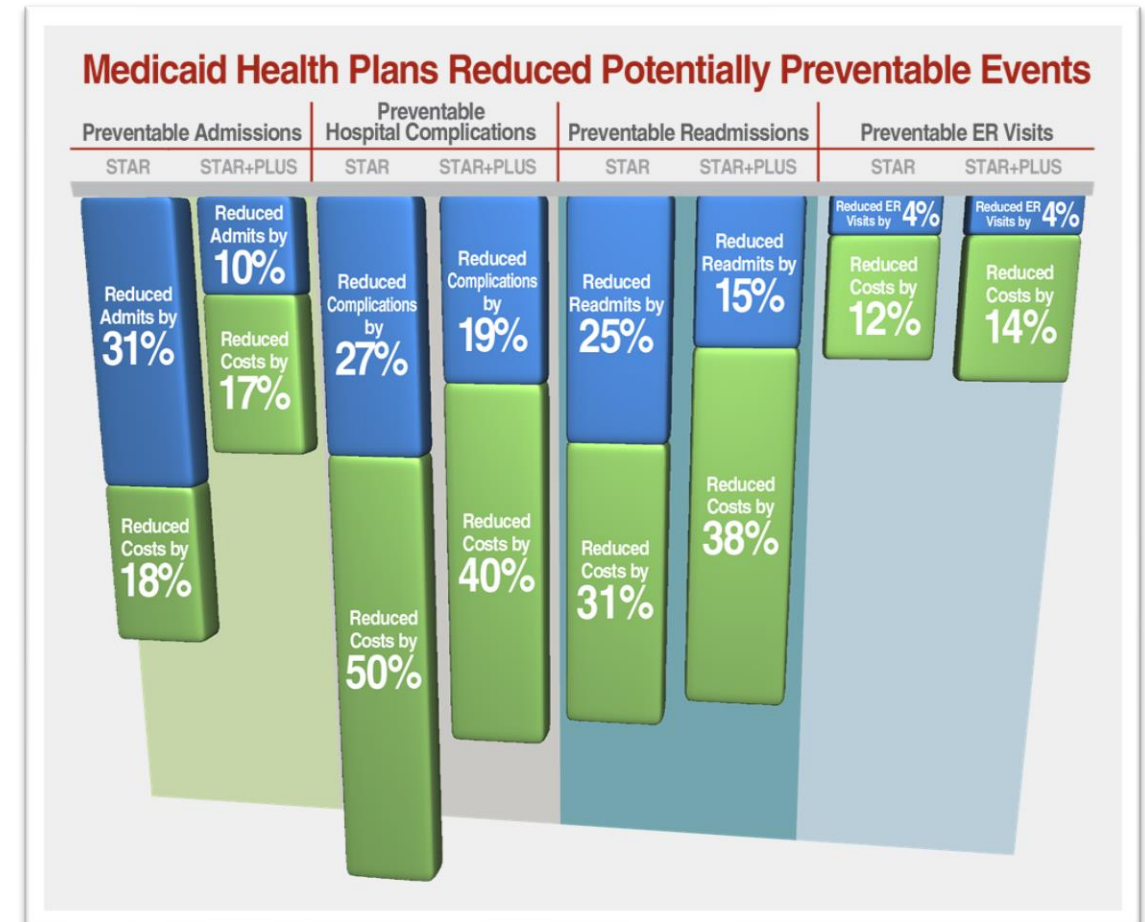
# Texas Medicaid: results from financial incentives for MCOs

## Using 3M Rate-based Efficiency Measures

- Medicaid MCO P4Q initiative focuses on outcomes
- 2% of MCO premium at risk for quality using PPEs
- Estimated \$88 million *sustainable* annual savings
  - PPA: \$48 million
  - PPC: \$11 million
  - PRR: \$25 million
  - PPV: \$4 million

Dollar estimates from 3M based on data from Texas HHSC, *Combined Report on Quality-Based Payment and Delivery Reforms in Medicaid and the Children's Health Insurance Program*, Report to the Texas Legislature, Feb. 2017, and Texas Association of Health Plans, *Senate Bill 760 Public Stakeholder Forum*, June 6, 2016.  
 See also Millwee B, Goldfield N, Turnipseed J. Achieving improved outcomes through value-based purchasing in one state. *American Journal of Medical Quality*. 2017;33(2).

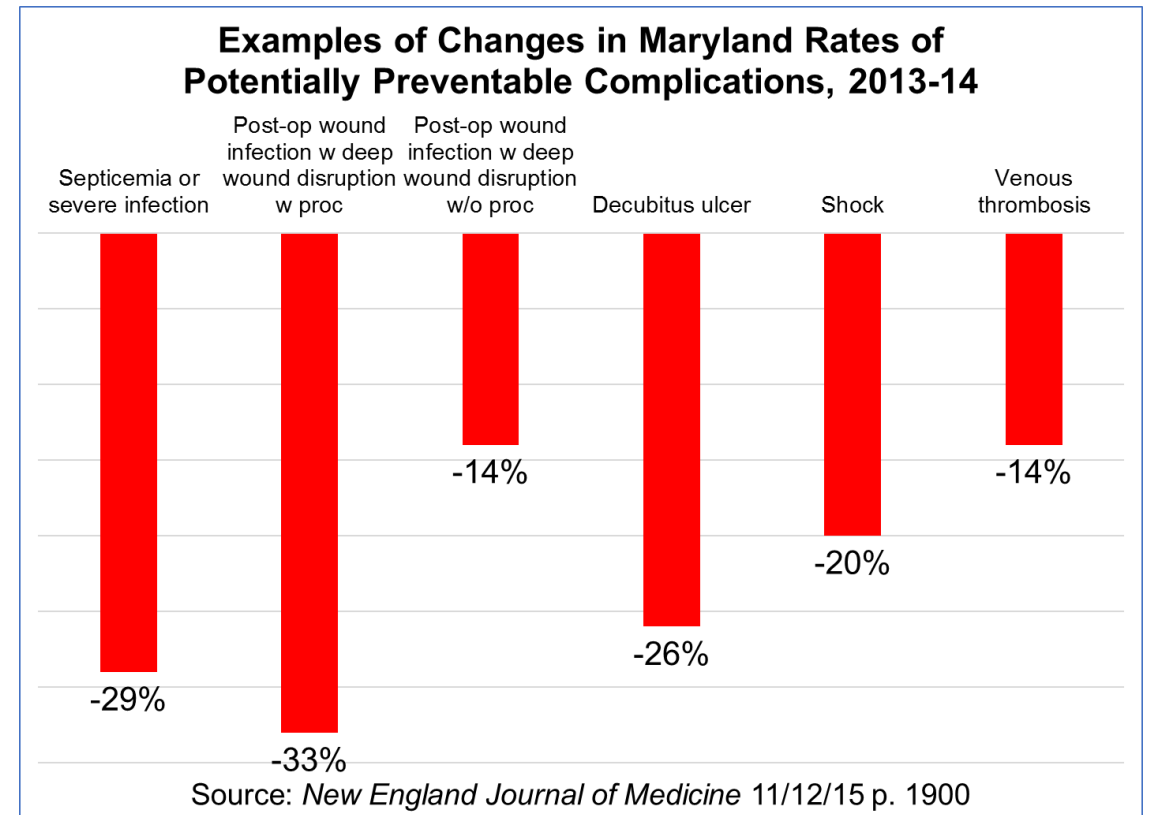
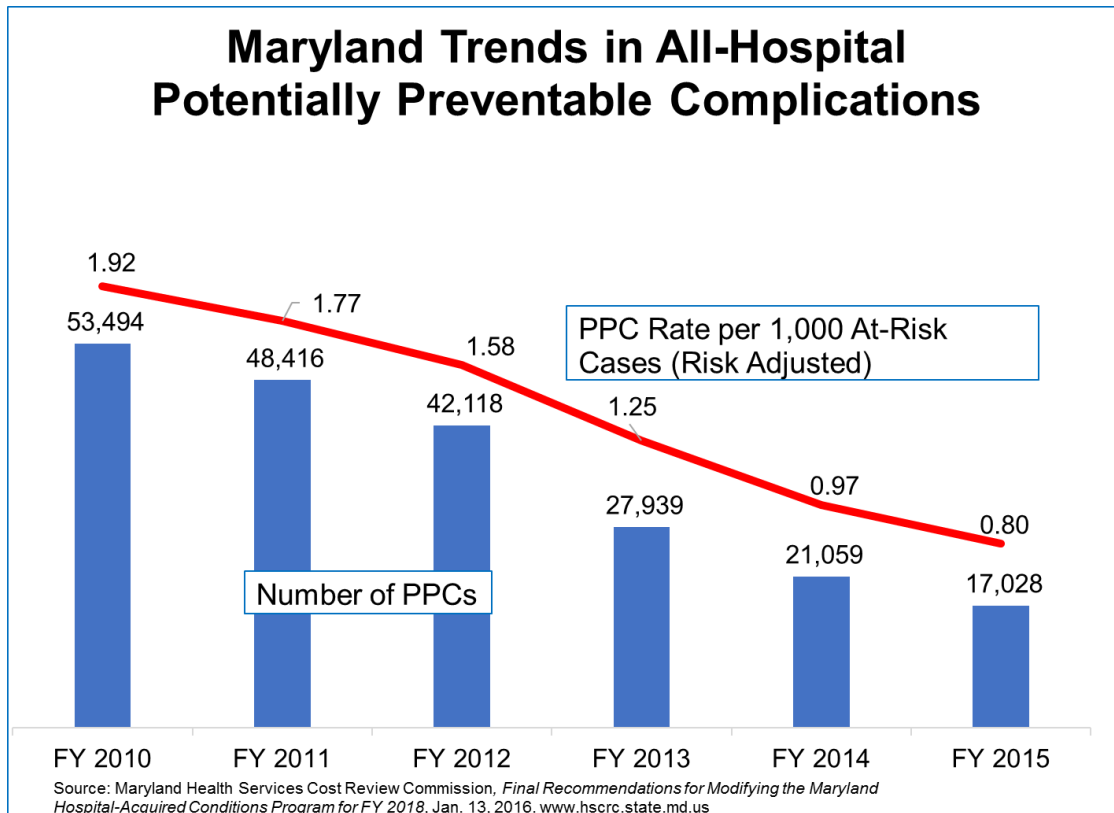
### Testimony from the Texas Association of Health Plans



Note: Star is the original Texas Medicaid managed care program; Star+Plus is the Texas Medicaid managed care program for seniors and people with disabilities

# Maryland: reducing Potentially Preventable Complications

- Between FY 2010 and FY 2015:
  - 57% decrease in PPC rate per 1,000 at-risk admissions – from 1.92 to 0.80
  - Statewide PPCs reduced from 53,494 in 2010 to 17,028 in 2015



- Results are for all hospitals, all payers
- In Maryland, PPCs are called Maryland Hospital Acquired Conditions

# For Additional Information:



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