

Stop the Bleeding: The Widespread Impact of Healthcare Waste

Almost \$1 of every \$3 spent in healthcare is wasted on services that have little or no clinical benefit, are potentially harmful, or are delivered in unnecessary high-cost settings.

Quantifying low-value care (LVC)

The potential to harm patients may stem directly from the risks of LVC, or indirectly from additional tests and procedures that contain risks and/or have little or no clinical benefit. Blue Health Intelligence (BHI) analyzed claims data of 20.5 million qualifying members and discovered nearly 9.3% (1.9 million) had received low-value care.

Using data analytics and predictive and prescriptive methodologies to detect unusual patterns in spending by state, region, cost of service, gender, and other less-obvious factors may hold the greatest potential for lowering costs and improving care quality.

BHI studied 16 measures of LVC based on recommendations from Choosing Wisely®, an initiative of the ABIM Foundation, and found the total cost of LVC in 2018 for these measures equaled more than \$1 billion. The top eight measures and their total cost for LVC are listed below:

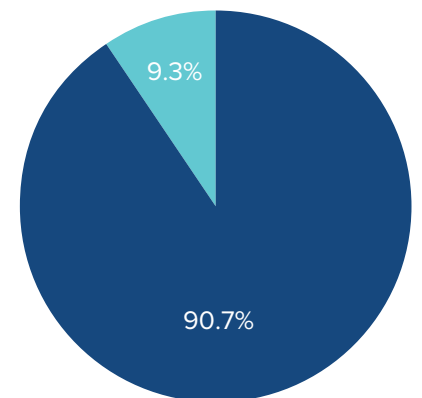
Imaging for uncomplicated headache	\$281.9 million
Imaging for non-specific low back pain	\$225.0 million
Abdominal CT combined studies	\$188.0 million
Spinal injections for back pain	\$147.9 million
Head imaging for syncope	\$43.8 million
Thorax CT combined studies	\$15.0 million
Simultaneous brain/sinus CT scan	\$31.1 million
Imaging for plantar fasciitis	\$4.9 million

In BHI’s research, unnecessary and costly imaging procedures for uncomplicated headache and generalized low-back pain led the list of LVC services, both in the number of procedures and total cost. For example, \$225 million was spent unnecessarily for imaging non-specific lower back pain. Females were 17% more likely to be diagnosed with this condition, but males were 2% more likely to receive LVC.

Beyond the dollars: consequences of LVC for patients

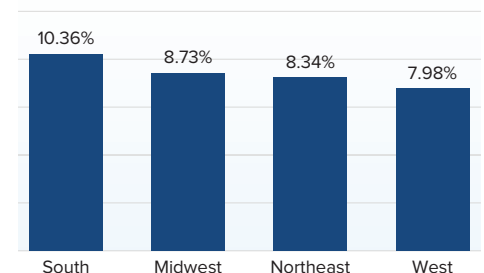
LVC can result in patients wasting already limited time, energy, and resources pursuing unnecessary treatments and can create additional psychological and emotional burdens from worry and stress. Populations who are at greater risk for poor outcomes and who are already likely receiving lower-quality care are also more likely to receive low-value care, which can further diminish their health.

Percentage of Members Receiving Low-Value Care, 2018



■ Members Who Received LVC
■ LVC Qualifying Members

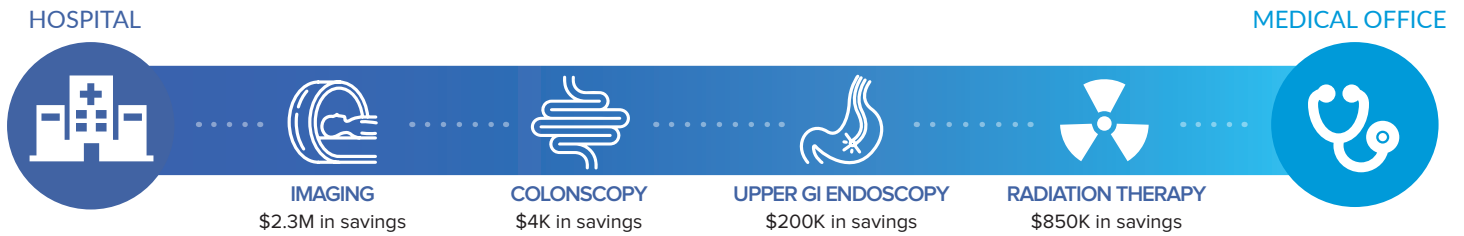
Percentage of Members Receiving LVC Services by Region, 2018



LVC occurred more often in the South in 2018

Shift care to the most appropriate sites and providers to eliminate healthcare waste

A recent BHI study found that plans could save millions each year if they directed low or moderately complex services to less-intensive settings and the most appropriate providers. BHI found that for every \$500 million in medical costs, about \$12.5 million could be saved by shifting care from hospitals to medical offices. Over a quarter of the cost savings, \$3.4 million, could be achieved by changing site of service for these four services alone:



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- One plan saved 4% of its total medical costs by transferring its top seven procedures – which ranged in complexity from hysterectomies to cardiac stress tests – to less-intensive sites. Simply moving chemotherapy to other settings saved the plan \$5.3 million.
- Another plan saved \$34 million after BHI found that diagnostic testing and imaging were repeatedly being provided by expensive providers in costly settings. Shifting members to more affordable locales and care teams resulted in significant savings.

Best practices for reducing healthcare waste

Data analytics are essential tools that healthcare stakeholders can use to develop strategies that ensure members receive the right care, in the right place, at the right time. By examining the insights that are revealed from claims data analytics, plans and their accounts can:



Target and address geographic areas that have significant volume and cost variations from norms



Avoid unnecessary services by requiring prior approval or medical necessity reviews of select procedures



Revise contracts and make plan design changes based on LVC and site-of-service performance insights



Waive or limit coinsurance/deductibles to steer members to high-performing networks or Centers of Excellence



Create new payment incentives to reduce waste for providers with a history of unnecessary prescriptions or utilization requests



Bundle payments or create other payment models that cut wasteful spending

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