

The Role of Specialty Models in Reducing Total Cost of Care (TCOC)

PTAC Member Listening Session on Issues Related to Population-Based TCOC Models

Lawrence R. Kosinski, MD, MBA

March 7, 2022

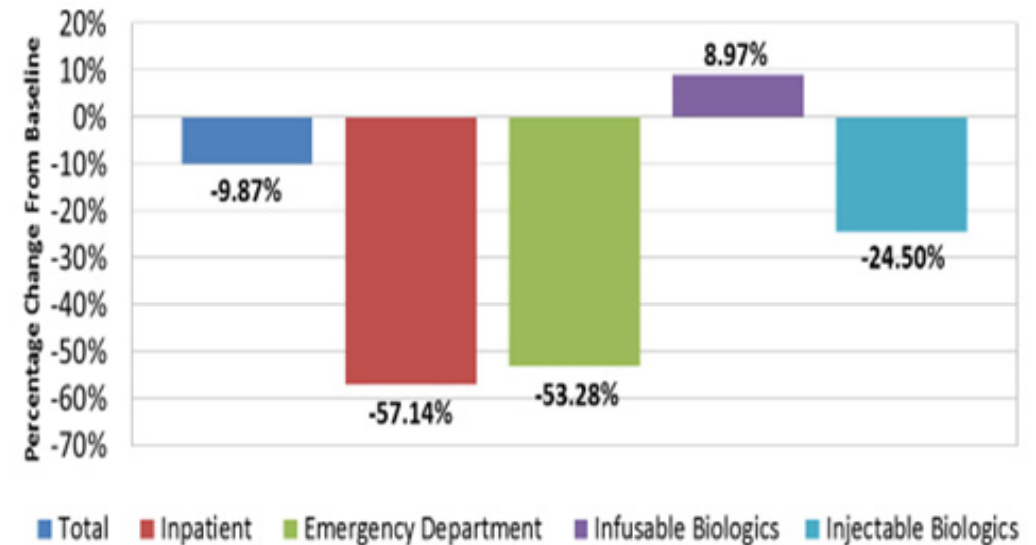
Presentation Overview

- Project Sonar
 - Early Development – Reasons for its existence
 - Presentation to PTAC 2017
- SonarMD – Commercial Experience
 - Payment Model
 - Performance
- TCOC Discussion
 - Multiple Commercial Definitions of TCOC – The Elephant View
 - How the definition of TCOC affects patient care
- Conclusions

Project Sonar – Early Development

- Review of large commercial claims dataset of Patients with Crohn’s Disease - 2013
 - Hospitalization Rate of 17%
 - Aha Moment: 2/3 of hospitalized patients had no contact with any provider in the preceding 30 days
- Intensive medical home for Crohn’s Disease initiated in December 2014 with Blue Cross Blue Shield of Illinois
 - Every patient had to be “touched” at least monthly
 - Tech-enabled platform deployed to facilitate engagement
 - Practice received Care Management Fee to build value-based care (VBC) infrastructure
 - Quarterly Claims available to the practice on enrolled patients
- Project Sonar Presentation to PTAC April 2017
 - Recommended to the Secretary of HHS for Limited-Scale Testing
 - Secretary’s Response:
 - Does not plan to pursue models that primarily test a particular form of proprietary technology
 - HHS will consider input from this proposal when developing potential models in this area

Change in Crohn’s-related Normalized Payments From Baseline (Digestive Disease Week, May 24 2016)



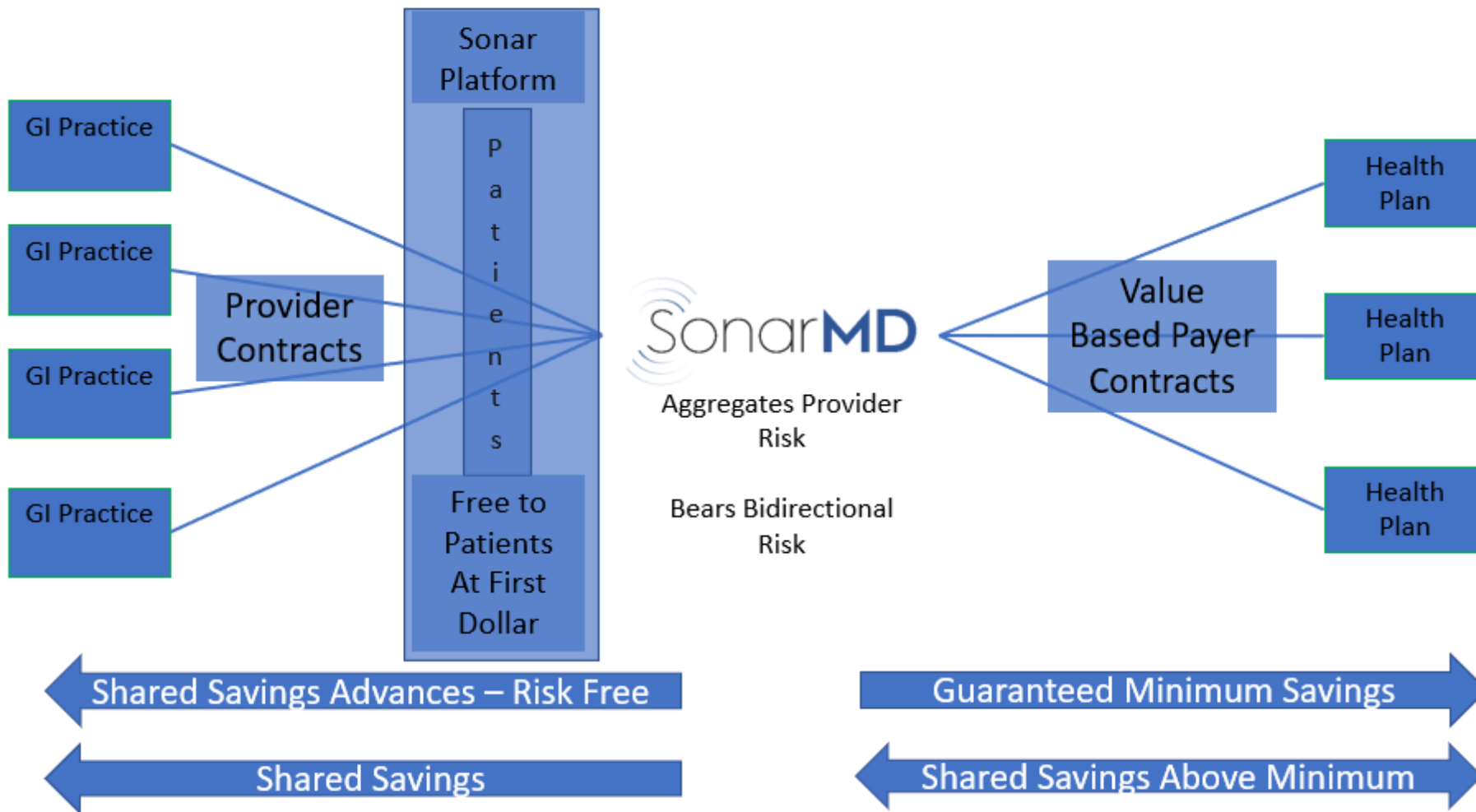
Differences in Healthcare Costs During Study Period	Outpatient	Inpatient	Pharmacy	Total
Non-pinging Patients (n = 81)	\$3,297.25	\$2,007.89	\$2,718.84	\$5,140.53
Pinging Patients (n = 73)	-\$4,703.70	-\$2,382.15	\$1,187.24	-\$3,691.48
Cost Difference	-\$8,000.95	-\$4,480.04	-\$1,531.40	-\$8,832.01

SonarMD – Commercial Experience

- SonarMD, Inc formed in March 2018
- Tech-enabled care coordination solution for patients with complex chronic disease
- Currently deployed as a solution for GI illnesses
- Contracted in multiple states



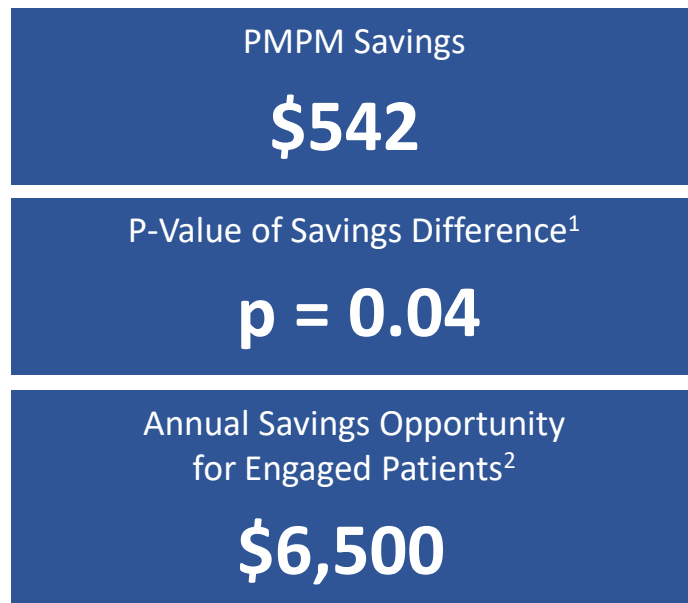
The SonarMD Payment Model



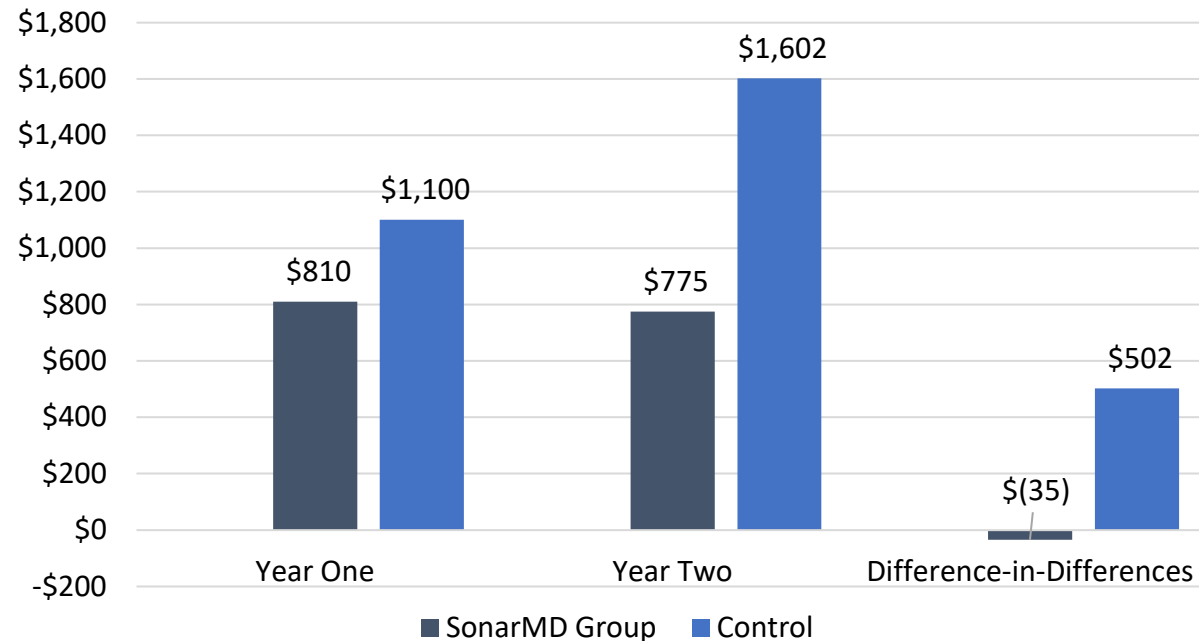
Program Evaluation Study 2018

Difference-in-Differences Analysis

Study done in 2018 on 2017 performance data



SonarMD Performance vs Control



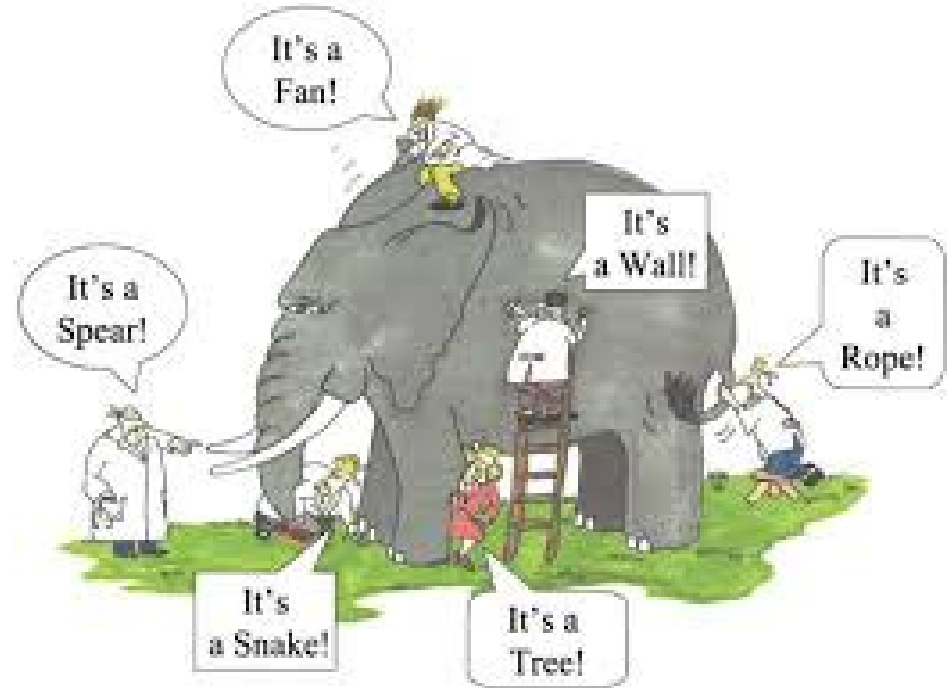
¹ Representing a subset of patients who were engaged in the program and responded to at least 50% of monthly pings; n=126, 71.6% matched to a control group using propensity score matching.

² Inpatient days per 1,000; -.024; P = 0.03

Reference: Singh, S., Brill, J., Blankenship, D., Metcalf, L., Sandborn, W.J., Kosinski, L.R. (2019). Reduction in Costs of Care in Patients with Crohn's Disease in a Community Practice-Based Medical Home Over Two Years: A Propensity Score Matched Cohort Analysis. *Gastroenterology: Vol 156, Issue 6, Supplement 1, S-611.*

TCOC Depends on your view

- Health Plan: Medical Costs
- PBM: Pharmaceutical Costs
- Provider: Specialty Dependent
- ACOs: Medical Costs
- Patient: Out of pocket expenses
- Employer: Insurance Rates
- Self-Funded Employer: Total Cost
- CMS: Total Cost to Medicare

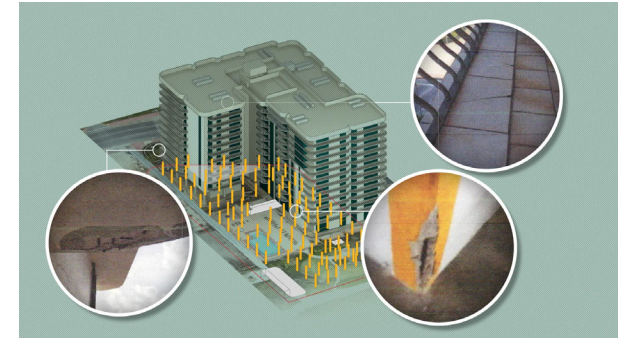


How TCOC Affects Patient Care

- Business Model Conflicts: “Is the juice worth the squeeze?”
 - What percentage of total revenue is represented by the APM?
 - Fee For Service (FFS) Revenue vs Value Based Care Revenue
 - Should FFS rates be “frozen” making VBC revenue the driver of EBITDA?
- Direct Patient Care Effects
 - Site of Service Drivers for outpatient services push patients to specific sites
 - Route of Drug Administration Drivers: Part B vs Part D
- Infrastructure Issues
 - Does the institution have the infrastructure to manage the care?
 - Is the institution large enough to manage the risk?
 - Whose responsibility is it to decide this?

Conclusions

- TCOC needs to be defined so that:
 - Risk can be managed
 - Accountable entities can be defined appropriately for managing the risk
 - Care can be optimized for value with a patient focus
- Skeletal infrastructure must be defined
 - Risk should not just be transferred
 - Who has the obligation to the beneficiaries?
 - Skeletal substructures need development for specialist participation
 - Nested solutions
 - Carve-outs
- Can PTAC's review of proposed physician-focused payment models (PFPMs) become a vehicle for evaluating stakeholder-submitted approaches that have the potential for deployment as nested solutions in population-based risk entities?



Discussion

Lawrence Kosinski: lkosinski@sonarmd.com