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

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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
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

Provider Contracts

GI Practice

GI Practice

GI Practice

Free to Patients At First Dollar

Shared Savings Advances – Risk Free

Shared Savings

Value Based Payer Contracts

Aggregates Provider Risk

Bears Bidirectional Risk

Guaranteed Minimum Savings

Shared Savings Above Minimum

Health Plan

Health Plan

Health Plan
Program Evaluation Study 2018

Difference-in-Differences Analysis
Study done in 2018 on 2017 performance data

- **PMPM Savings**
  - $542

- **P-Value of Savings Difference**
  - \( p = 0.04 \)

- **Annual Savings Opportunity for Engaged Patients**
  - $6,500

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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@sonar.md.com