Outcome Based Transplant Networks: Getting Deeper Than Discounts

May 13, 2010

Speaker: John M. Van Dyke

This session was led by John M. Van Dyke, CEO Interlink Health Services, Inc. In order to get attendee participation, John opened the session by asking for volunteers to undergo a transplant operation. He had a table set up with a bottle of tequila as an anesthetic.

In America, Big Is Often A Sign Of Success:

John began his presentation by indicating that a big discount in transplant care is not always an indicator of success, it can be the opposite.

A big discount is not a sign of success.

Getting Deeper Than Discounts:

Although discounts are important, what is paid is what counts. A discount is just one of the tools used to manage what is paid.

Frequency Is Predictable:

How an Insurer can manage risk by understanding the frequency of transplants based on enrollment of 100,000 members.

Improved Outcome & Volume Negotiated Rate Applied:

John used an example of grossed billed charges for a liver transplant. Starting in 2005 the gross billed was $361,000, in 2006 it went down to $303,000 and then to $281,000 in 2007 and finally to $233,000 in 2008. The point is that a pattern is developing as the cost goes down, so does the discount.

Center Of Excellence – It’s What Is Paid!

COE Networks: An Overview Of Who Remains:

Network sizes, number of contracts & discounts, competitive positioning / differentiation.

COE Networks: Who Remains & What Is Happening:

A comparison of UHC (Optum Health), Aetna, HCC and Interlink transplant savings.

COE Networks: Who Remains & What Is Happening II:

A comparison of the services offered by the above Networks.

Common Initiative #1: Understanding & Controlling Organ Procurement Costs:
Organ costs from donor to health plans.
Medicare standard acquisition costs
Negotiations customized to billing practices
Contract options

A flow chart was presented that began with source organ donor, through organ procurement organization, transplant center, COE network contract applied to finally health plan pays bill.

**Medicare Standard acquisition Charge: Increasing Health Plan Organ Costs.**

Medicare standard acquisition charge history.

**Interlink Sampling: Procurement Charge Data:**

High low and average charges for a liver and heart transplant.

**Illustrating The OPC Problem: Uncomplicated Kidney TX With Organ Billed at 100K.**

A comparison of two case rates for a kidney transplant. One with a straight case rate of $78,000 and one with a case rate with a 30 percent floor. The straight case rate paid $78,000 with a 57.2 percent savings while the case rate with the floor paid $127,400 with only a 30 percent savings. Organ acquisition is a problem as it can be billed separately from the case rate.

**Common Initiative #2: Trends In Network Criteria:**

Current trends in network criteria and the pros and cons of tighter criteria.

**Common Initiative # 2: Volume & Proficiency – Still Primary Indicators:**

Networks have redistributed transplants
Bigger centers have gotten even bigger
15 transplants per year may now be 35 per year to cull-out medium volume locations
Additional certificates like FACT help cull down list even further for BMT’s

**Tightening Of Criteria: Pros & Cons Of Tighter Criteria:**

Pros-
More consistent transplant outcomes
With increased volume, able to get better terms than most
Optimize working relationships
Center near capacity seldom accept poor candidates
Cons-
Transplant centers at capacity have fewer reasons to negotiate
Transplant centers left out become harder to work with
The core centers are in all networks and some negotiate with indifference
Common Initiative #3: Getting More Detailed Outcome Data:

Primary data collection sights/processes
SRTR – Risk adjusting patient populations
CIBMTR – Risk adjusting allos scheduled for June

Easy Access To More Accurate Transplant Data: Improving Program Selection & Monitoring:

Solid organ data sites:
Unos Website
Unet – Secure access with more complete data
SRTR – Risk adjusted solid organ transplant data
Supplemental RFI’s PLUS site visits with staff interviews

BMT Data Sites:
NMDP – Provides unrelated and cord blood to TX centers
CIBMTR: Center for International Blood & Marrow Research
  Collects all allogenic BMT outcomes currently
  INTERLINK to offer a Medical Roundtable Webinar in May

SRTR – Scientific Registry Of Transplant Recipients www.Ustransplant.org

Reports outcome and survival data based on patient severity
Administered buy the Arbor Research collaborative for Health with the University of Michigan
Positive Attributes – Addresses the sickest of sick claims and validates transplant program data
Negative Attributes:
Lower than expected ruling – often leads to network action and halts deceased donor and extended criteria (over 60) organ transplants

Common Initiative #4: Rates & Transparency:

Rate transparency – History & current status
What are the future implications of rate transparency?

Rates & Transparency: Transplant COE – Leading The Healthcare Industry:

Development Of rate Transparency:
Hospital & Early Network Strategies
URN Binders
Most network rates are now on-line

Implications Of Transparency:
Shopping specialists / consultants – looking for the oldest
Nurses are expected to become financial analysts
Shoppers focus on the discount, but by doing so miss the opportunity to channel and manage care
Trends In Transplant Contracting: Modeling & Contracting Becomes More Complex:

Abandoning Single Contract Methodology
Organ charges, case rate stop loss provisions. Model all rates

Other Trends:
Organ costs, hospitals developing scheduled renegotiations, discounts have never been higher

Rates & Transparency: Implications Of Rate Transparency

Before negotiations begin must know what charges are going to included, especially organ acquisition.

No questions were asked by the attendees.