

# The 30/40/50 Rule: Uncovering What Works and What's Next in Improving Member Safety and Savings



Healthcare Bluebook™



Alex Lee



**Michael S. O'Neil**

*SVP, Strategy & Development*



**Healthcare Bluebook™**



Healthcare Bluebook.

Procedure

Doctor

Hospital

Chicago, IL 60601 (change)

Search for a procedure, test or service



Hospital

Physician

X-ray, Imaging

Labs

Cosmetic Medicine

Hearing Aids

Dental

Medications

## Total Knee Replacement

Fair Price **\$26,325**

**\$15,800**



**\$42,363+**

[Northwestern Memorial Hospital](#) (~ 1 miles)



[Rush University Medical Center](#) (~ 2 miles)



[Weiss Memorial Hospital](#) (~ 6 miles)



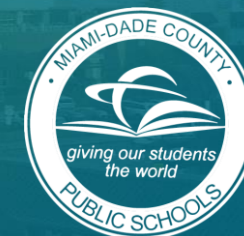
[The University of Chicago Medical Center](#) (~ 6 miles)



[Advocate Illinois Masonic Medical Center](#) (~ 4 miles)



- Independent provider of healthcare price and quality transparency solution
- Based in Nashville, TN
- Partnered with 5,000+ private and public employers
- Clients in technology, public sector, manufacturing, retail, finance, real estate, etc.







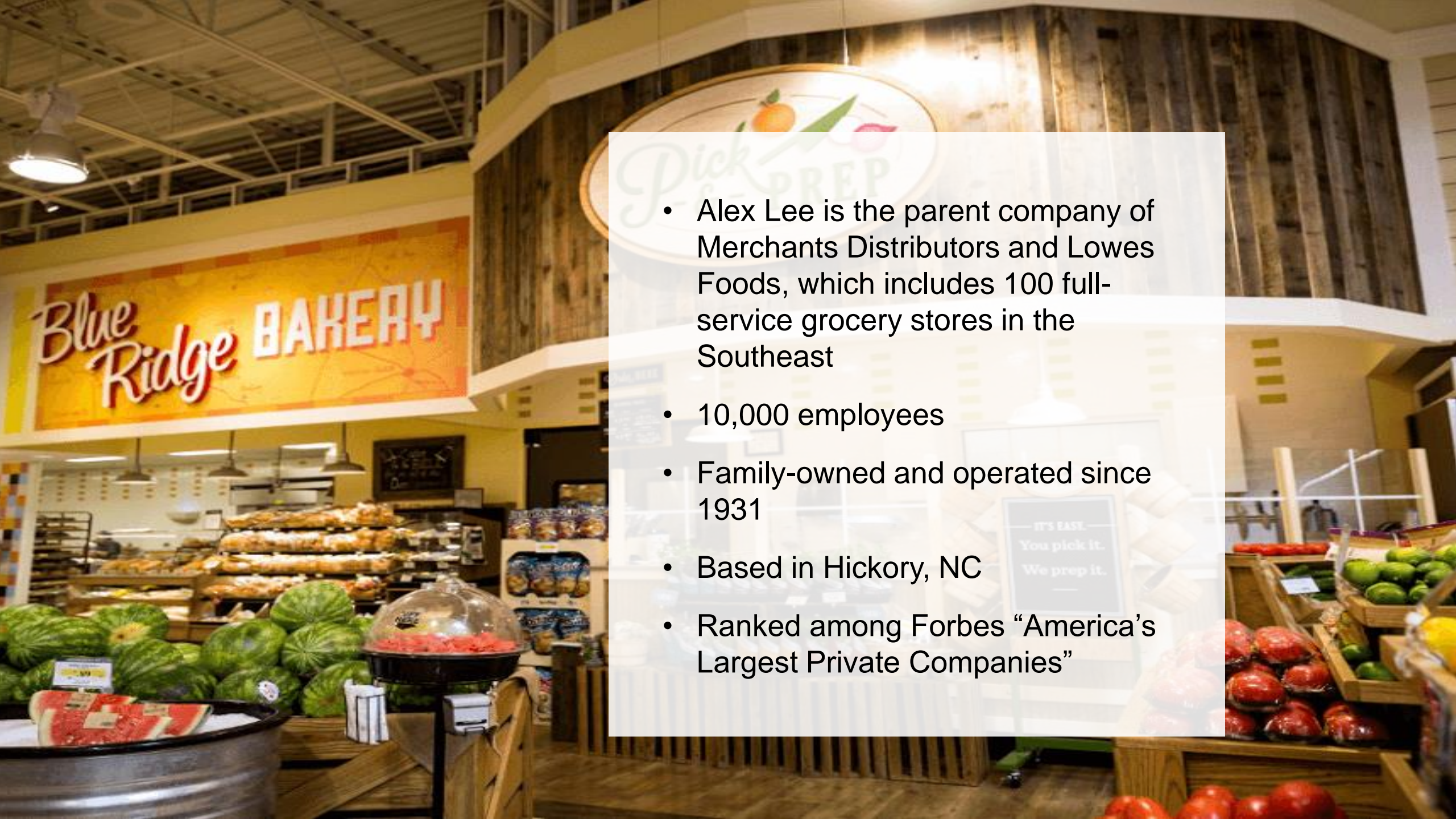
**Kimberly Davis**

*Sr. Director, Benefits & Compensation*



**Alex Lee**





- Alex Lee is the parent company of Merchants Distributors and Lowes Foods, which includes 100 full-service grocery stores in the Southeast
- 10,000 employees
- Family-owned and operated since 1931
- Based in Hickory, NC
- Ranked among Forbes "America's Largest Private Companies"







# The 30/40/50 Rule

IN AN AVERAGE  
MONTH

**30%**

OF YOUR  
MEMBERS REQUIRE  
HEALTHCARE

SHOPPABLE CARE  
ACCOUNTS FOR

**40%**

OF YOUR  
TOTAL MEDICAL  
SPEND

MOST EMPLOYERS  
CAN SAVE

**50%**

ON SHOPPABLE SERVICES BY  
USING LOWER-COST  
IN-NETWORK  
PROVIDERS

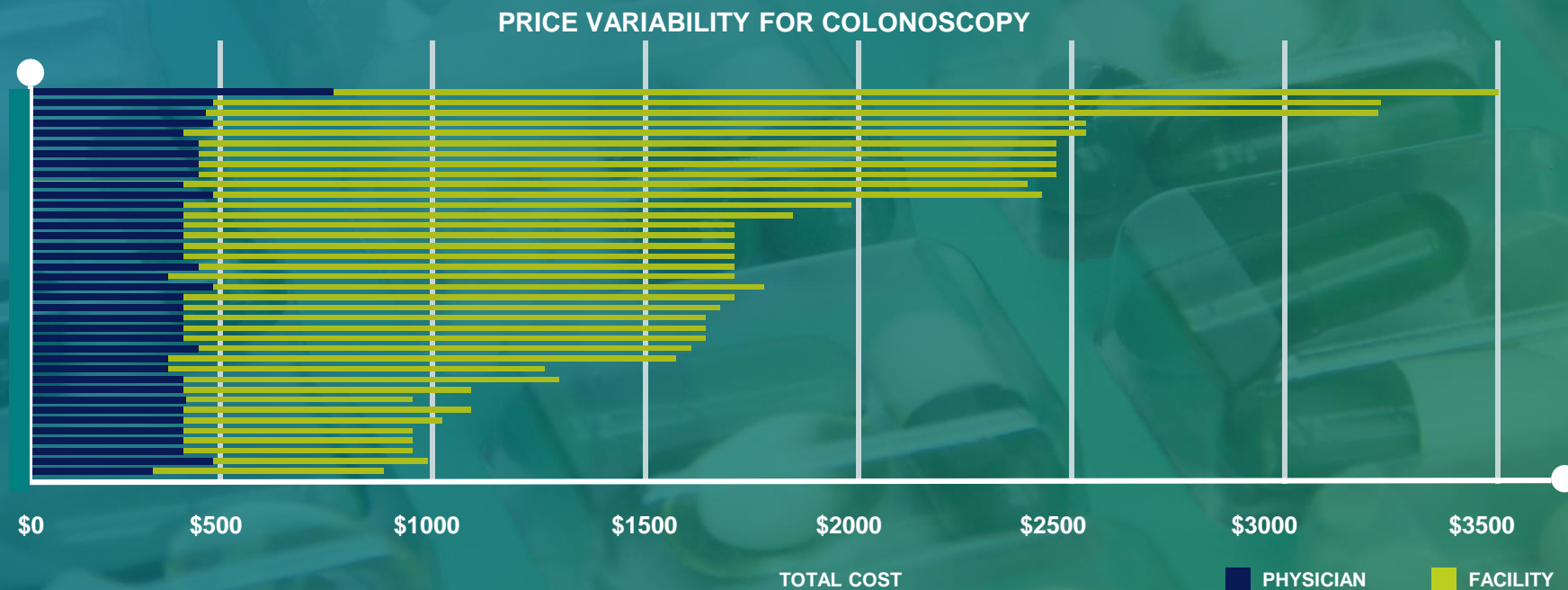


# Price Variance Report

## *Charlotte, NC*

LIST OF COMMON PROCEDURES	LOW PRICE	HIGH PRICE	VARIANCE
1 Colonoscopy (screening)	\$817	\$10,403	1,273%
2 Shoulder MRI (no contrast)	\$565	\$3,007	532%
3 Sleep Study	\$573	\$4,119	719%
4 Chest CT (no contrast)	\$926	\$5,298	572%
5 Knee Arthroscopy	\$1,993	\$18,819	944%
6 Upper GI Endoscopy (no biopsy)	\$711	\$9,270	1,304%
7 Abdominal Ultrasound	\$71	\$848	1,194%
8 Cataract Surgery	\$1,746	\$15,302	876%
9 Heart Perfusion Imaging	\$608	\$7,026	1,156%
10 Ear Tube Placement (Tympanostomy)	\$1,576	\$16,415	1,042%
AVERAGE VARIANCE:			961%
EQUIVALENT VARIANCE: GALLON OF GAS	\$2.50	\$24.03	961%

# Cost Driver: Facilities, *not* Physicians





# Hospitals may do everything, but they are not *great* at everything...

CARDIAC  
SURGERY  
91<sup>st</sup> percentile



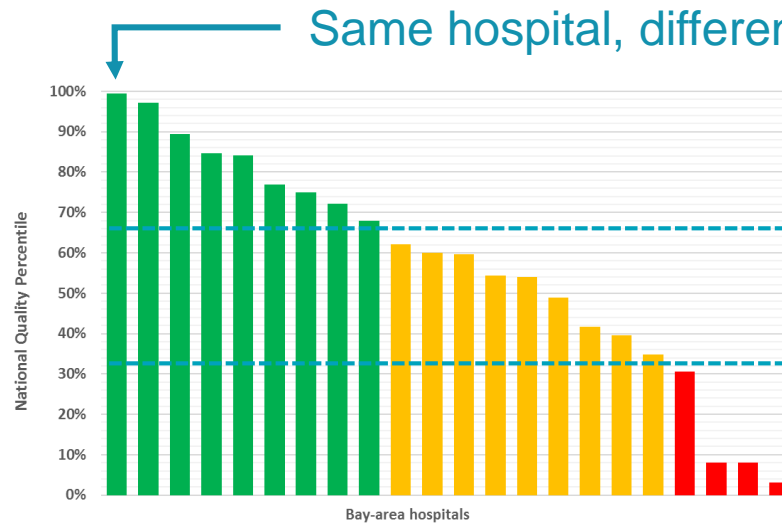
TOTAL JOINT  
REPLACEMENT  
48<sup>th</sup> percentile



GALL BLADDER  
REMOVAL  
7<sup>th</sup> percentile

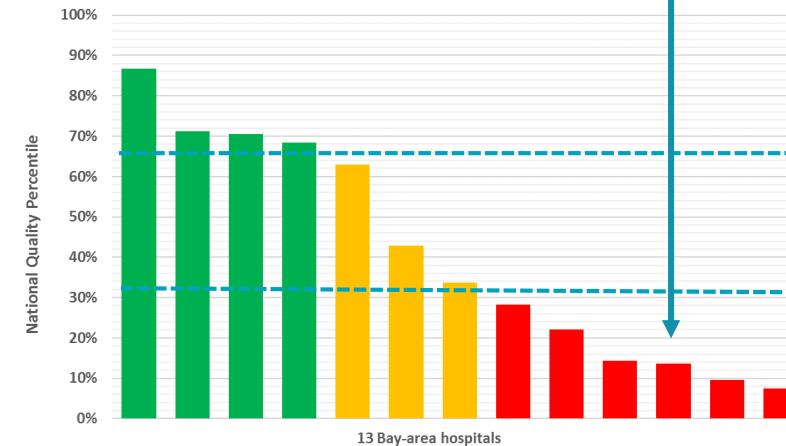


# CA Example: Hospital Quality



## Neuro Surgery (Major)

- 99<sup>th</sup> Percentile Nationally
- 1 out of 22 in Bay-area
- 5 out of 1,148 nationally

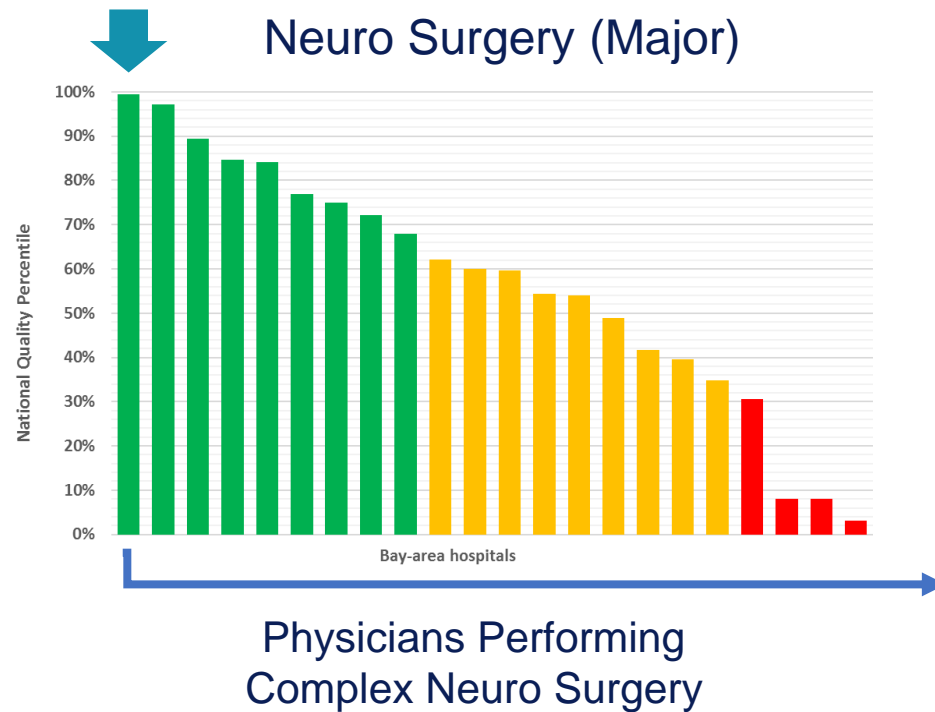


## Bariatric Surgery

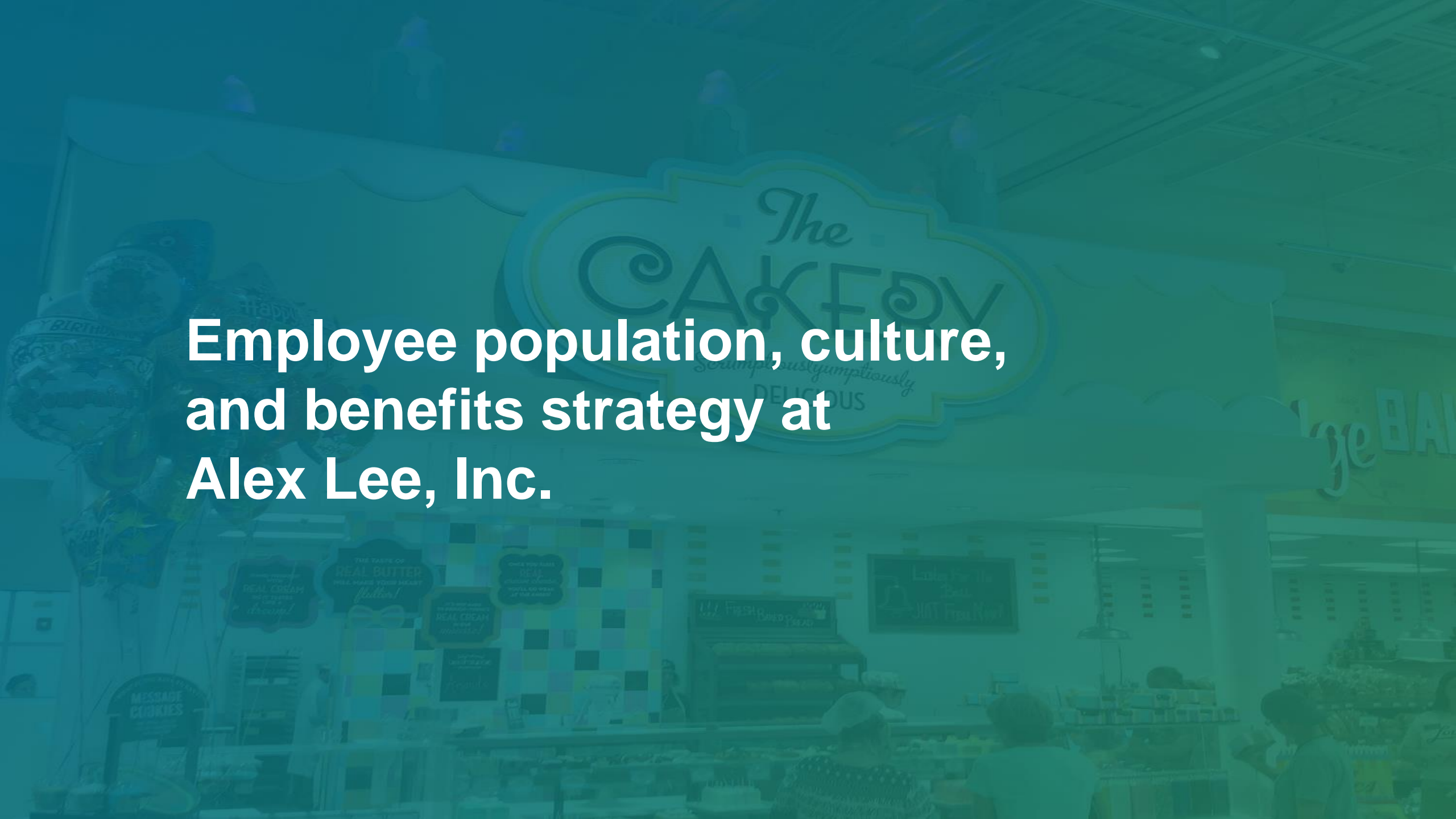
- 10<sup>th</sup> Percentile Nationally
- 23 out of 24 in Bay-area
- 690 out of 900 nationally



# A great hospital ≠ A great doctor



Physician	Specialty	Bluebook Quality Rating
Physician 1	Neurological Surgery	●
Physician 2	Neurological Surgery	●
Physician 3	Neurological Surgery	●
Physician 4	Neurological Surgery	●
Physician 5	Neurological Surgery	●
Physician 6	Neurological Surgery	●
Physician 7	Neurological Surgery	●
Physician 8	Neurological Surgery	●

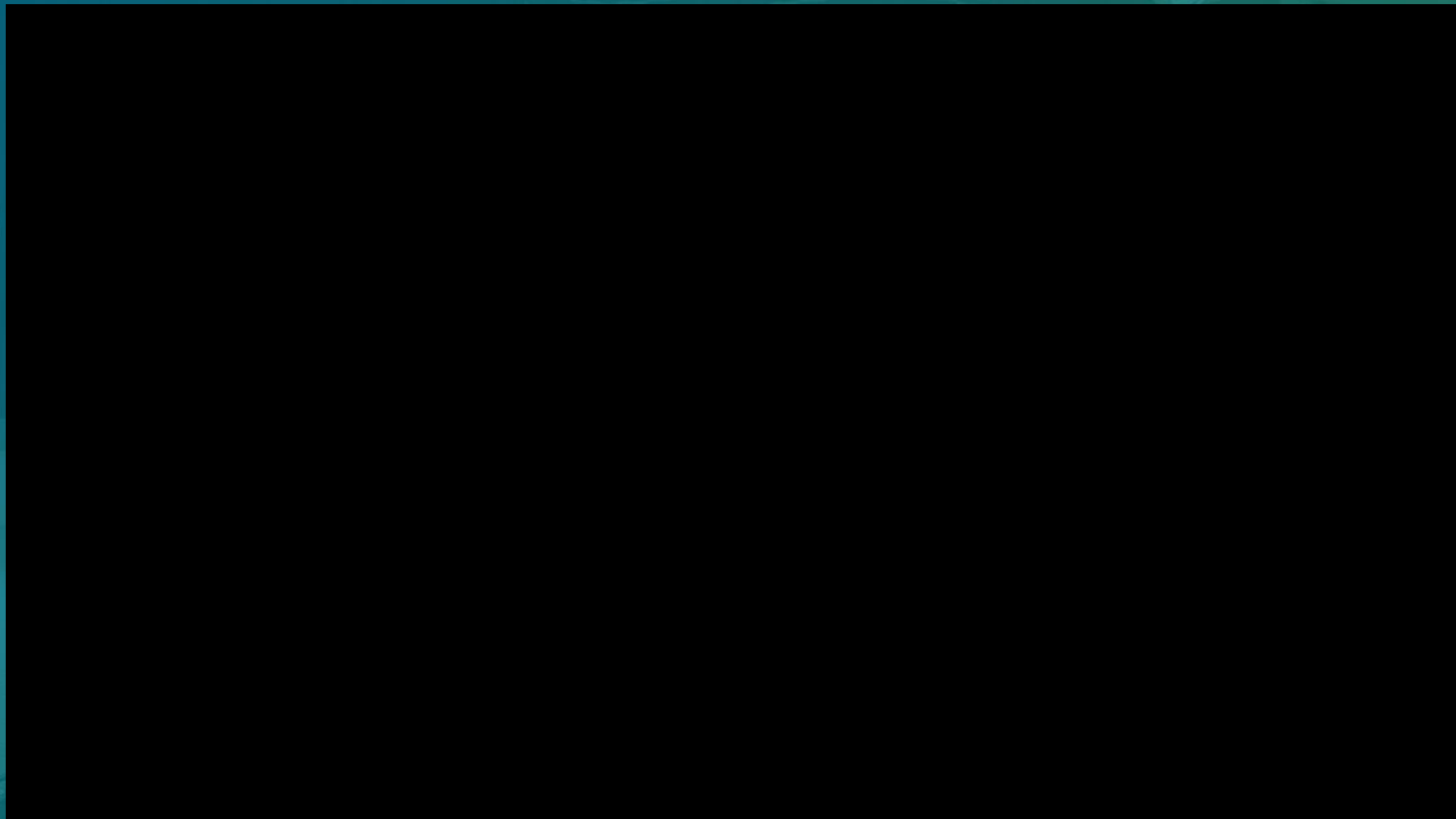
The background image shows the storefront of 'The CAKEFOV' bakery. The sign is large and ornate, with the word 'The' in script and 'CAKEFOV' in bold, block letters. Below the main sign, there are smaller signs that say 'Sumptuously, sumptuously DELICIOUS'. To the left, there are more signs, including one that says 'Happy Birthday' and another that says 'MESSAGE COOKIES'. The storefront has a checkered pattern on the lower half. Several people are visible inside the bakery, and a sign on the right says 'Large BAKERY'.

# Employee population, culture, and benefits strategy at Alex Lee, Inc.





# Healthcare benefits challenges at Alex Lee, Inc





# Healthcare price and quality transparency at Alex Lee



The background of the slide is a close-up, slightly blurred image of a white plastic blister pack containing several white, round tablets. The entire image is covered with a semi-transparent teal overlay. Centered on this background is the main title text in a bold, white, sans-serif font.

# Transparency's role today in solving employers' healthcare challenges

Healthcare Bluebook.

Search for a procedure, test or service

Q

Total Knee Replacement



VIEW FAIR PRICE BREAKDOWN

▼

# FACILITY QUALITY AND COST RANKINGS<sup>1</sup>

QUALITY	 Highest Quality	 Average Quality	 Lowest Quality
COST	 At or Below Fair Price	 Slightly Above Fair Price	 Highest Price

Please confirm if your provider is in-network and ask for their price before seeking care.

Sort By:  
Quality Ranking ▾

Distance:  
All ▾

	Quality Ranking	Cost Ranking
<u>Presence Saint Joseph Hospital - Elgin</u> (~ 38 miles)		
<u>Advocate Lutheran General Hospital</u> (~ 16 miles)		
<u>Presence Resurrection Medical Center</u> (~ 12 miles)		
<u>Northwestern Memorial Hospital</u> (< 1 mile)		
<u>Saint Alexius Medical Center</u> (~ 29 miles)		
<u>Waukegan Hospital</u> (~ 17 miles)		
<u>Waukegan Hospital</u> (~ 18 miles)		
<u>Evansville Hospital</u> (~ 13 miles)		
<u>Valley Community Hospital</u> (~ 18 miles)		
<u>Midwest Orthopaedic Specialty Hospital</u> (~ 48 miles)		
<u>Midwestern Hospital - Northlake</u> (~ 28 miles)		
<u>Midwest Memorial Hospital</u> (~ 18 miles)		
<u>Midwest Clinic Hospital and Medical Center</u> (~ 18 miles)		
<u>West Memorial Hospital</u> (~ 8 miles)		
<u>Midwest South Shafter Hospital</u> (~ 30 miles)		
<u>Midwest Transcend Healthcare - All Saints</u> (~ 38 miles)		
<u>Midwest Trinity Hospital</u> (~ 11 miles)		
<u>The University of Chicago Medical Center</u> (~ 7 miles)		
<u>Midwest West Woods Medical Center</u> (~ 8 miles)		

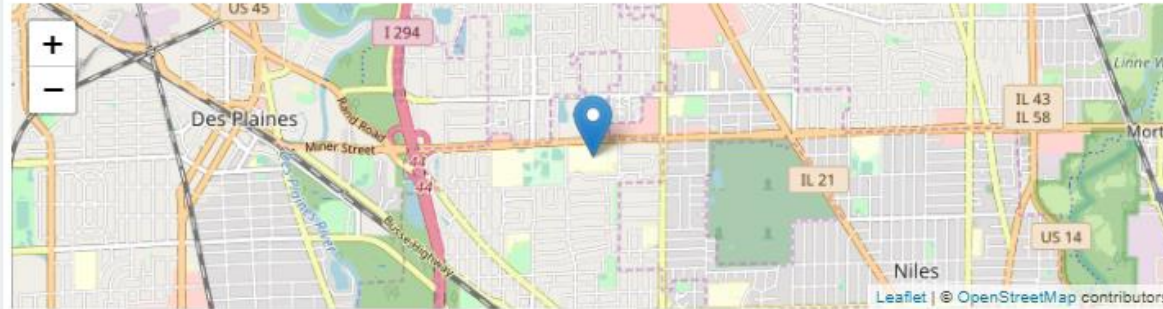


# Advocate Lutheran General Hospital

1775 Dempster St  
Park Ridge, IL 60068  
847-723-2210  
(Distance ~ 16 miles)

✓  
Highest  
Quality  
Ranking ?

●  
At or Below  
Fair Price ?



Call for Information  
**847-723-2210**

Doctors

Quality

Patient Satisfaction

## QUALITY RANKING



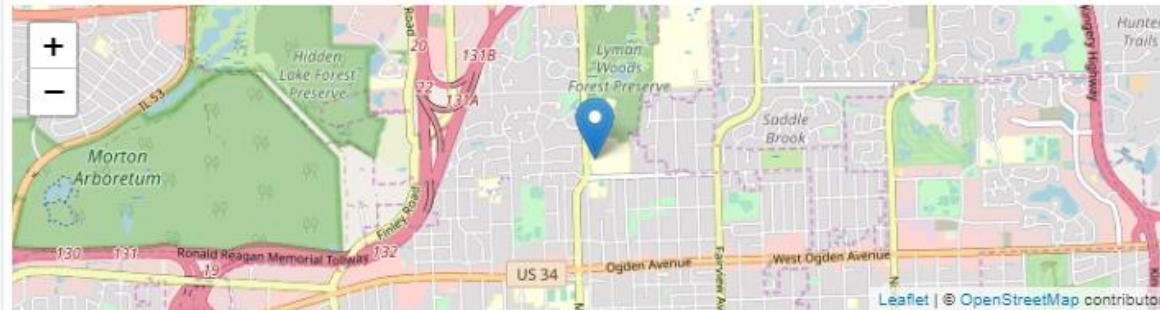
That's **BETTER** than 94%  
of all US Hospitals for this procedure.

# Advocate Good Samaritan Hospital

3815 Highland Ave  
Downers Grove, IL 60515  
630-275-5900  
(Distance ~ 20 miles)

✓  
Lowest  
Quality  
Ranking ?

●  
Highest  
Price ?



Call for Information  
630-275-5900

Doctors

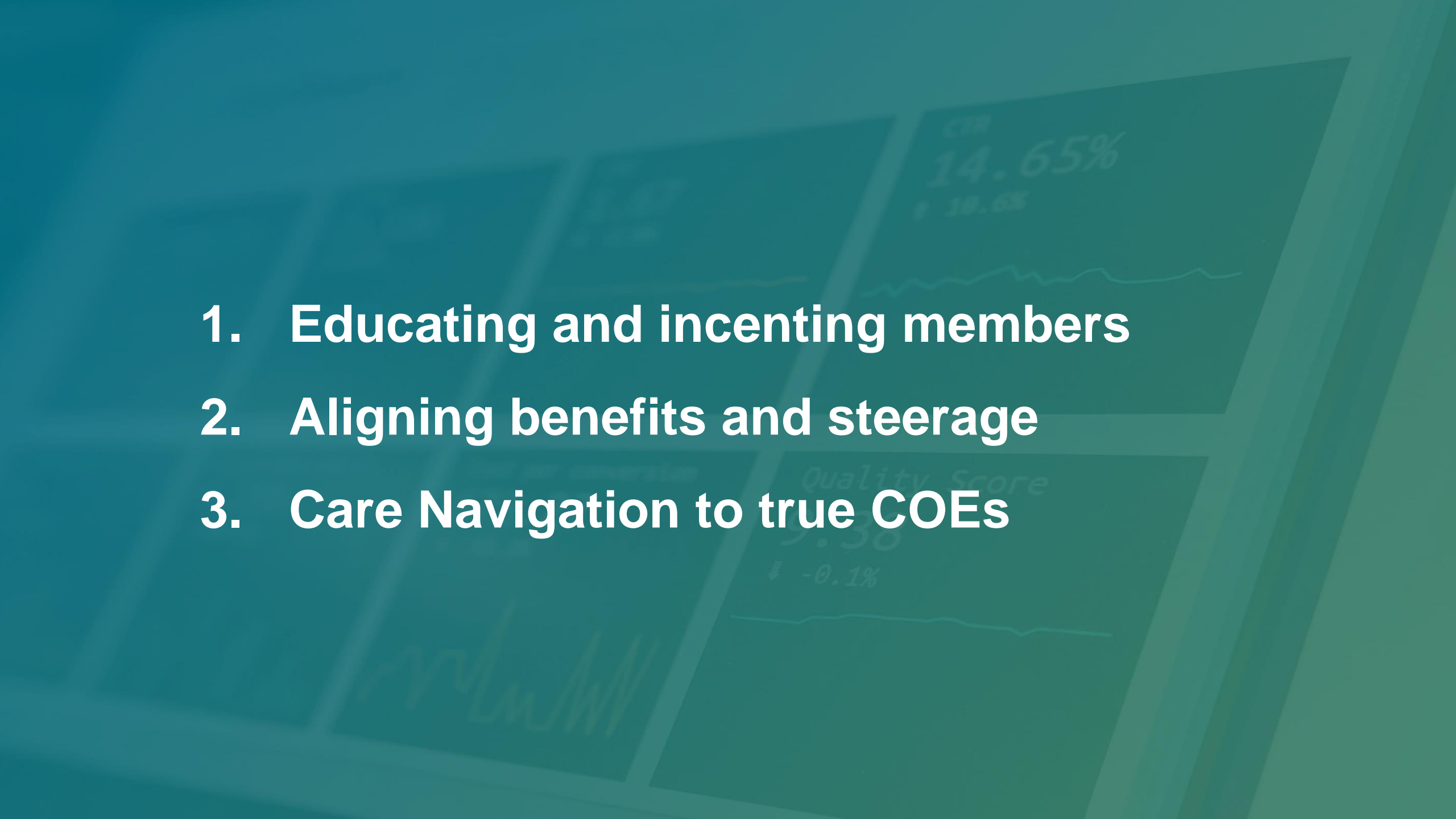
Quality

Patient Satisfaction

## QUALITY RANKING



That's **WORSE** than 92%  
of all US Hospitals for this procedure.

- 
- The background features several overlapping teal rectangles. Faintly visible within these rectangles are data visualizations: a line graph with a peak, a bar chart, and text labels such as 'CIR 14.65%', '10.6%', 'Quality Score 9.38', and '↓ -0.1%'. The overall aesthetic is professional and data-oriented.
- 1. Educating and incenting members**
  - 2. Aligning benefits and steerage**
  - 3. Care Navigation to true COEs**



# BEST PRACTICE

EDUCATE

Annual Game with Incentive  
Welcome Email

REMIND

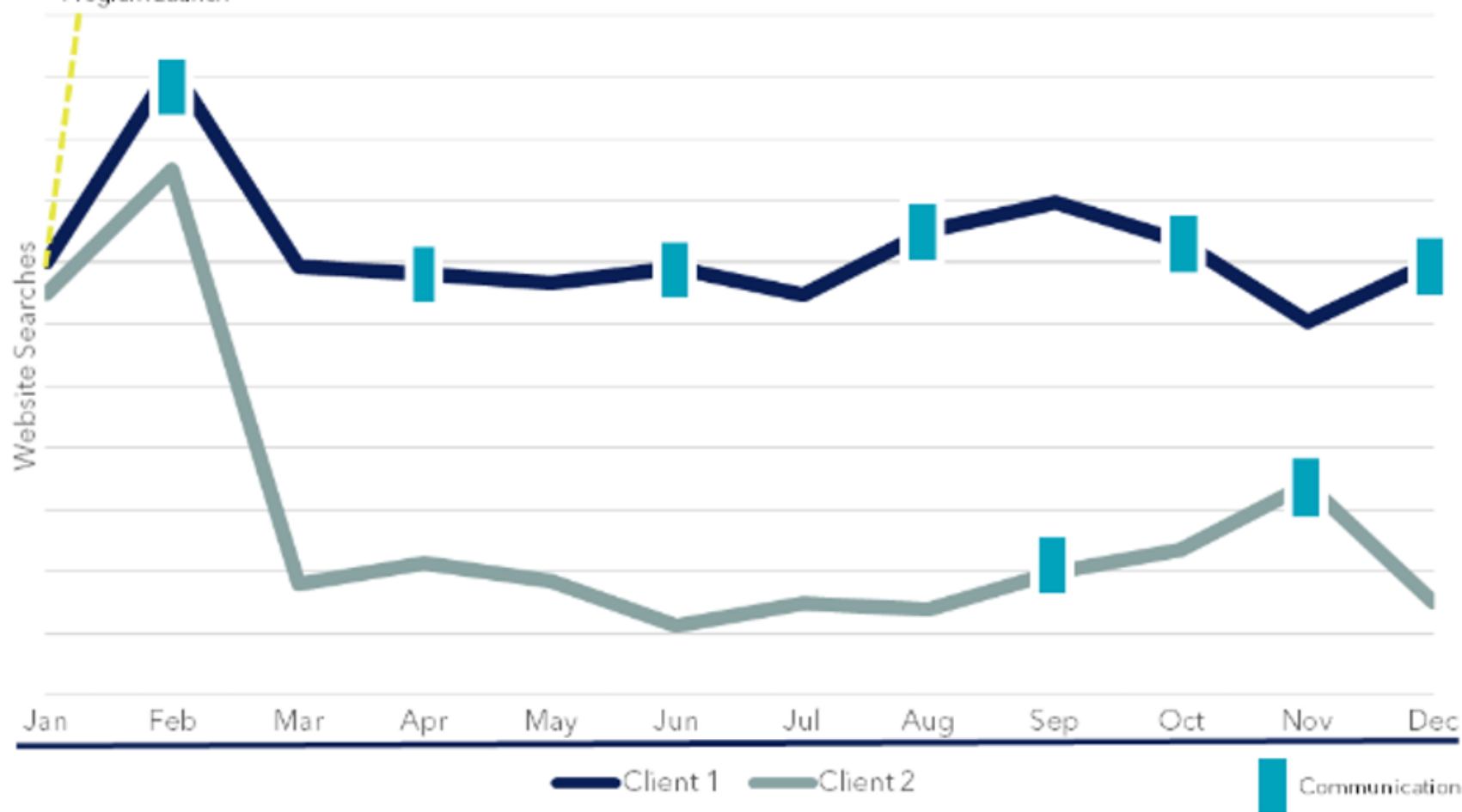
Optimized Email  
Mobile Messaging

REINFORCE

Missed Reward Email

Healthcare  
Bluebook.  
Program Launch

## Employee Engagement



## Upper Gastrointestinal Endoscopy (no biopsy)

Fair Price **\$1,761**

\$989

\$4,718+

VIEW ALL PRICES

**\$100**  
REWARD

### Go Green to Get Green

You are eligible to earn a reward for this service by using a Bluebook Fair Price provider.

### FACILITY RANKINGS

COST



At or Below Fair Price



Slightly Above Fair Price

Please confirm if your provider is in-network and ask for their price before service.

Sort By:

Distance

Distance:

All

[Southern Endoscopy Center](#) (< 1 mile)

[TriStar Southern Hills Medical Center](#) (< 1 mile)

[Baptist Plaza Surgicare](#) (~ 7 miles)

[Digestive Disease Endoscopy Center](#) (~ 7 miles)

Bank of America  
133 Franklin Road  
Brentwood, TN 37027  
97-2640

8313

CareOperative/Healthcare Bluebook  
330 Franklin Road, Suite 135A - 428  
Brentwood, TN 37027

PAY TO THE ORDER OF

August 26, 2014

\$ 100.00

VOID after 90 days & Not Valid Over \$500

David Smith  
123 Old Town Road  
Nashville, TN 37028

MEMO

AUTHORIZED SIGNATURE

10083131 10640000201 44400438111618

Security Features Included

Dear David,

8313

Attached is a reward check for \$100 for a procedure received on 5/25/14. This is part of a program for participating ABC Company's health plan members that rewards members when they choose Fair Price providers for certain healthcare procedures. You are receiving this reward because you or a member of your family recently received care from a Healthcare Bluebook approved Fair Price provider.

The program is being administered for ABC Company by Healthcare Bluebook (CareOperative) to ensure that all information is kept confidential; personal information about the participants or their health information will not be shared with ABC Company. If you have questions about your reward or feedback about the program, please contact Healthcare Bluebook at: [rewards@healthcarebluebook.com](mailto:rewards@healthcarebluebook.com).

To access Healthcare Bluebook or to learn more about the rewards program, please visit ABC Company's web portal, log in and then click on the link to Healthcare Bluebook. Healthcare Bluebook can help you understand the Fair Price for care, compare local providers and save hundreds or even thousands of dollars on healthcare procedures.



# Utilization & Price Savings

Total Hip/Knee, Spinal Fusion, Hysterectomy

		Quality	
		Green	Yellow/Red
Price	Green	10%	9%
	Yellow/Red	44%	37%

## Case Counts: 4 Years

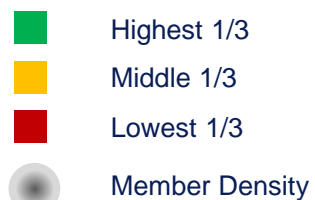
Total Cases:  
**434**

Opportunities to Save:  
**349**

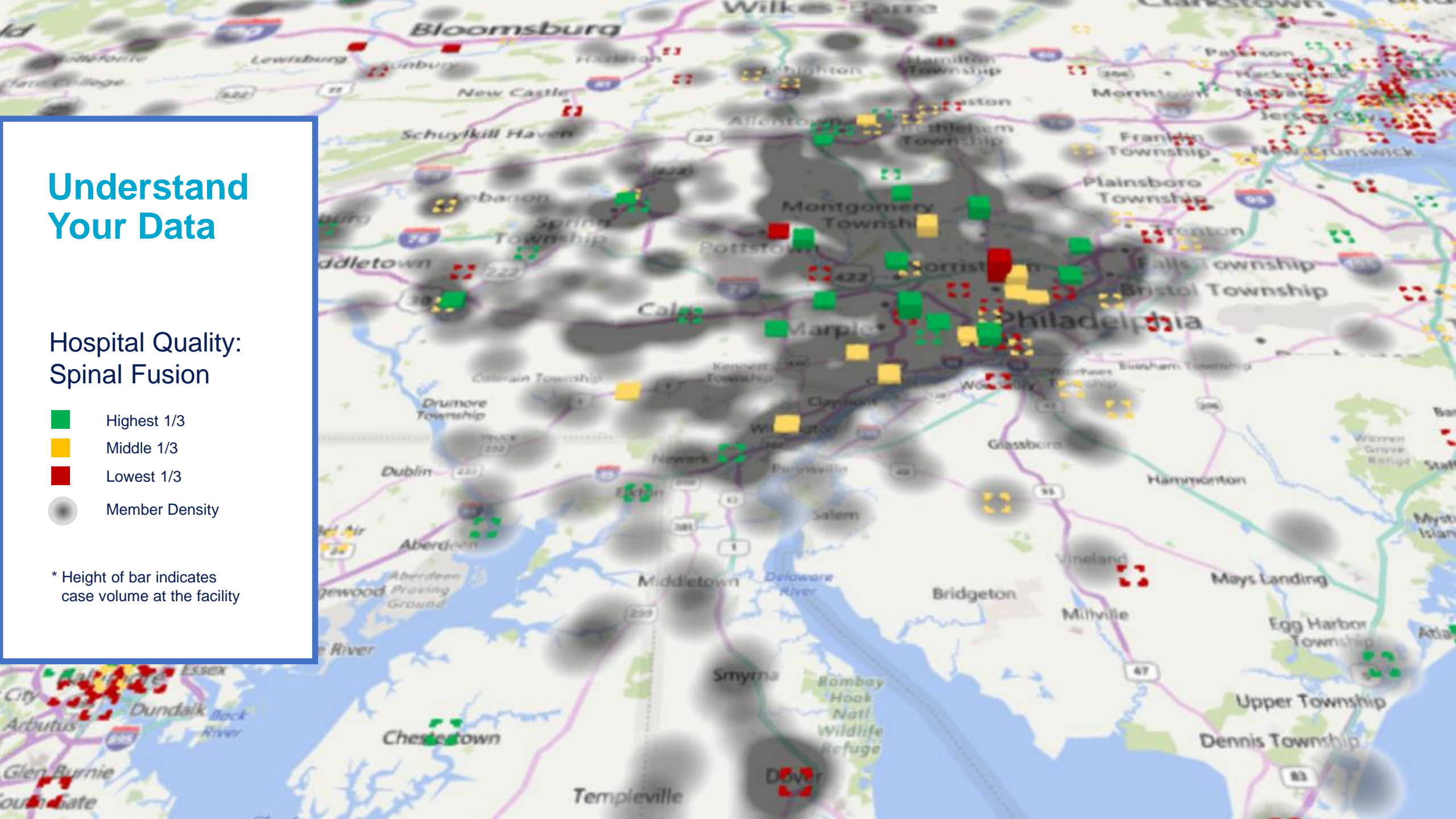
Savings Opportunity:  
**\$3.5M**

# Understand Your Data

## Hospital Quality: Spinal Fusion

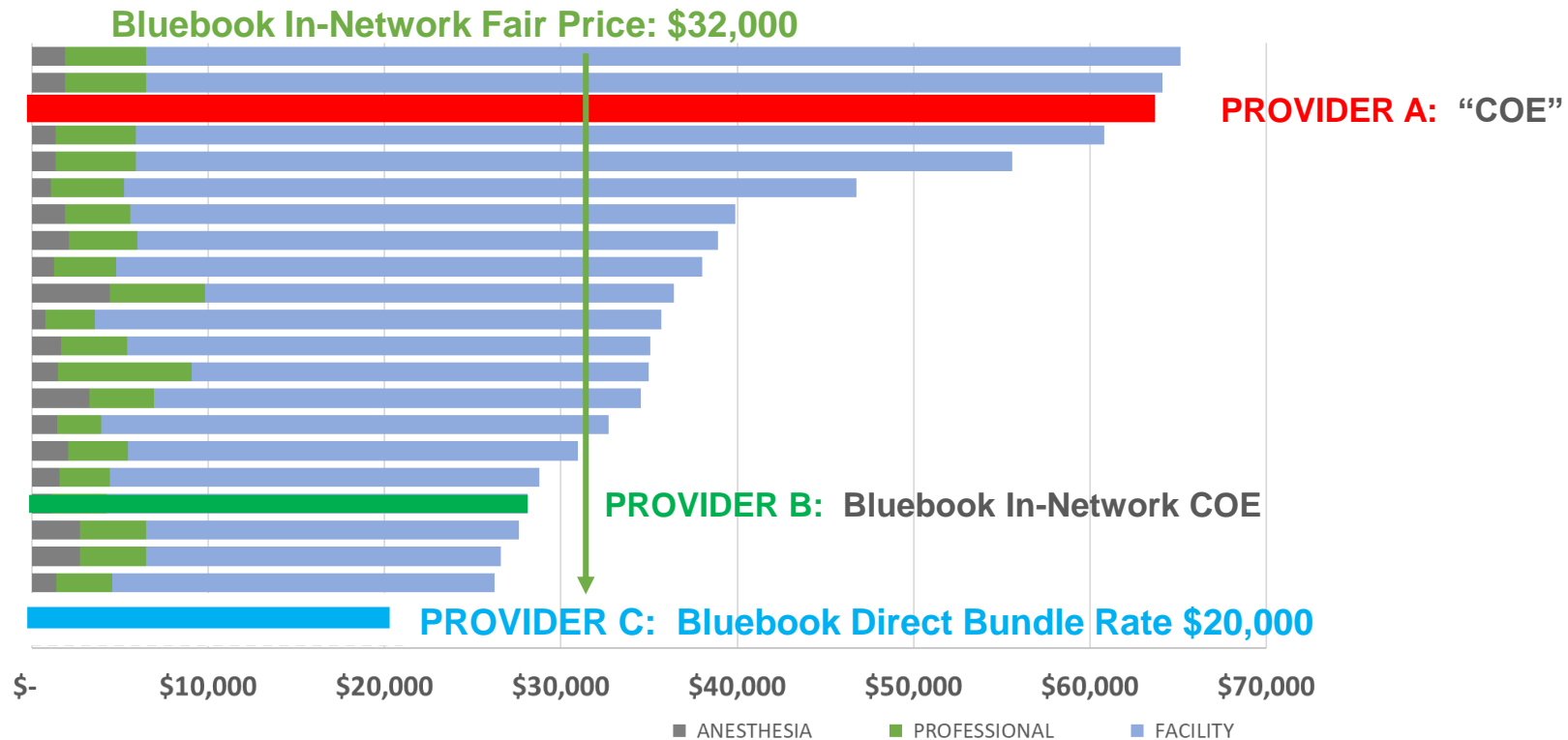


\* Height of bar indicates case volume at the facility



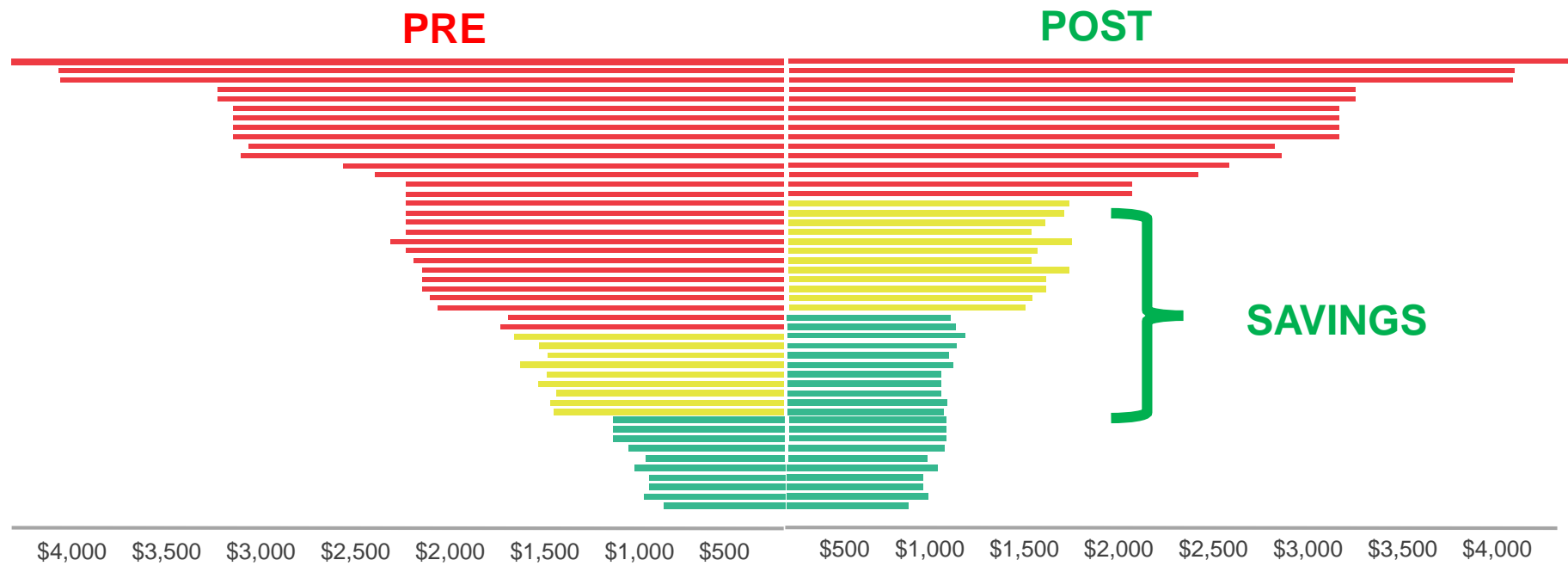
# Real Savings

## Knee Replacement Prices



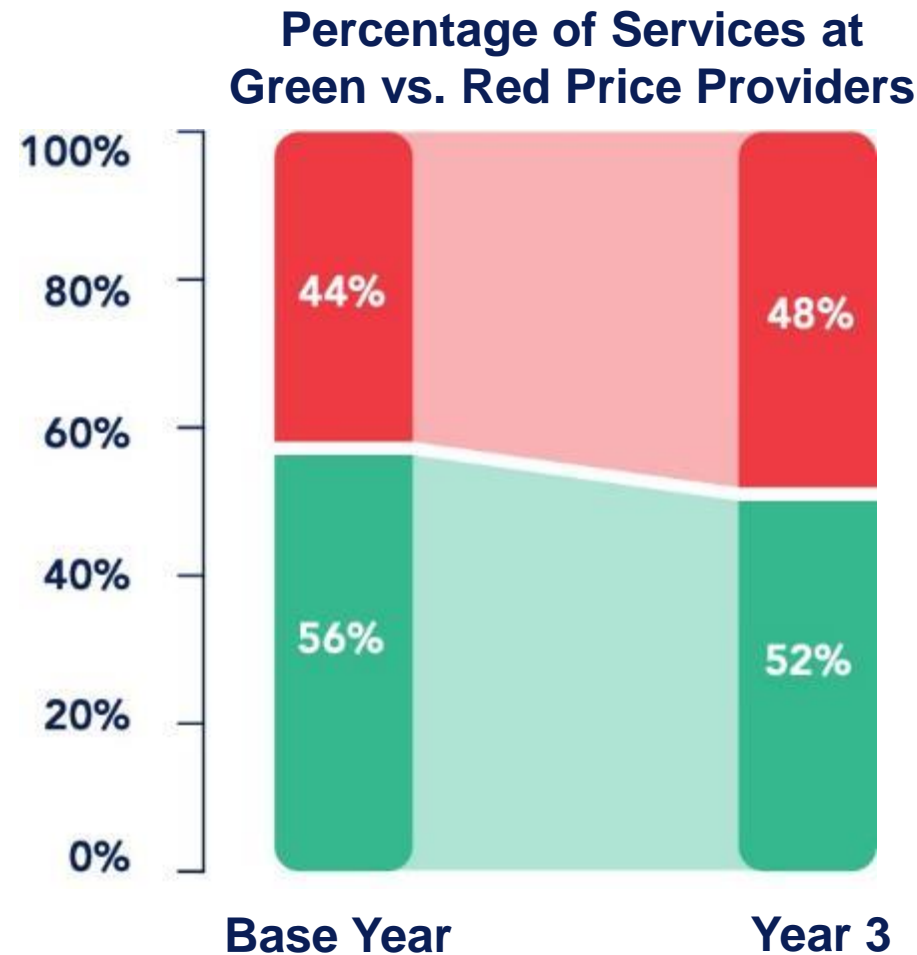


# Real Savings



# The Price of Inaction

Patients are using more high-cost facilities year over year without intervention



# Questions & Answers



Healthcare Bluebook™



Alex Lee