

**UNCOORDINATED CARE HARMS PATIENTS AND COSTS AMERICA \$240 BILLION A YEAR**

**Washington D.C.** --Uncoordinated care costs America an average of \$240 billion a year, according to a recently published study based on analysis of more than 9 million insured lives in five states. Those involved in public and commercial health care plan administration, health care policy and reform, fiscal planning and patient care should consider the new insights and methods discussed in this study.

The study, published in the workshop series compilation, *The Healthcare Imperative: Lowering Costs and Improving Outcomes* by the Institute of Medicine, identifies the subset of the population with the most savings and quality improvement opportunities. That population includes those who are receiving extremely fragmented care and are accessing the system in a very inefficient and uncoordinated manner. The author, Mary Kay Owens, estimated \$240 billion annually is wasted on unnecessary and inappropriate delivery of services due to uncoordinated care that compromises quality of care for the entire system.

The study found the average annual cost for an extremely uncoordinated care patient was more than five times higher than other patients. Additionally, the study found that patients with the most uncoordinated care represented on average about 10 percent of patients yet accounted for approximately 45 percent of drug costs, 30 percent of medical costs, and 35 percent of total health care costs for that population annually. The study used various statistical methods to conservatively estimate the average annual savings of over \$240 billion (average of 9 percent) in total direct health care spending for drugs and medical services that could be achieved if care were better coordinated. This translates into a cumulative potential savings of over \$2 trillion by 2018. Uncoordinated care must be addressed as part of the state and national health care reform efforts.

The methods employed in this study used algorithms based on defined criteria that were clinically and statistically validated as indicators of uncoordinated care and applied them to Medicaid and Medicare health care claims and utilization data. This unique, sophisticated method identifies patients with significant patterns of uncoordinated care as evidenced by inappropriate combinations and use of various types of prescriptions, lack of adherence to prescribed and recommended treatment regimens, use of therapeutically duplicative drugs and other medical/diagnostic services, random and uncoordinated access by multiple physicians and multiple pharmacies, avoidable hospitalizations, emergency visits for non-emergent or preventable care and numerous other indicators associated with uncoordinated care.

It turns out that we have been asking the wrong questions and often focusing intensive management efforts on the wrong subset of patients. Owens states that the question should be “Who are the patients with the most opportunities for impact on cost and quality of care?” and not just “Who are our high cost, complex, chronic disease patients?”

The author developed a new method of risk stratification to assign high risk based on those with the greatest potential for cost savings and quality improvement regardless of a patient’s severity of illness or

number and type of conditions. This new method of risk stratification can be used to more accurately target patients with the most cost and quality improvement opportunities for intervention and care coordination activities in chronic care management programs, medical and health home models and demonstrations, pay for performance programs, accountable care organizations and other integrated delivery models of care.

Assessment techniques similar to those used in the study can also provide real-time, actionable information that can be transmitted from plans and payers to providers to reduce the harm and unnecessary costs due to uncoordinated care. These indicators of uncoordinated care can also be used as measures of performance and quality improvement.

### **Further information**

Web Link: **The Health Care Imperative: Lowering Costs and Improving Outcomes**. The Institute of Medicine. 2010. Washington, DC: The National Academies Press. Owens, MK. Chapter 3: Inefficiently Delivered Services, *Costs of Uncoordinated Care*, pgs 131-138. [http://books.nap.edu/openbook.php?record\\_id=12750&page=131](http://books.nap.edu/openbook.php?record_id=12750&page=131)

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