



Using Variation of Care Data to Promote Quality, Affordability & Evidence-Based Medicine

***“Treatment of Severe Chronic Illness:
Who Decides, and What Explains Cost and Quality Variations”***

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Improving Quality, Reducing Variation in Care

- Safety as a system priority
- Evidence-based decision-making
- Nationally recognized care guidelines
- Financial incentives that reward quality performance
- Industry-supported clinical trials and registries
- Shared knowledge, free flow of information
- Consumers empowered with information to make better health care decisions

Medical Policy and Technology Assessment: WellPoint's Approach

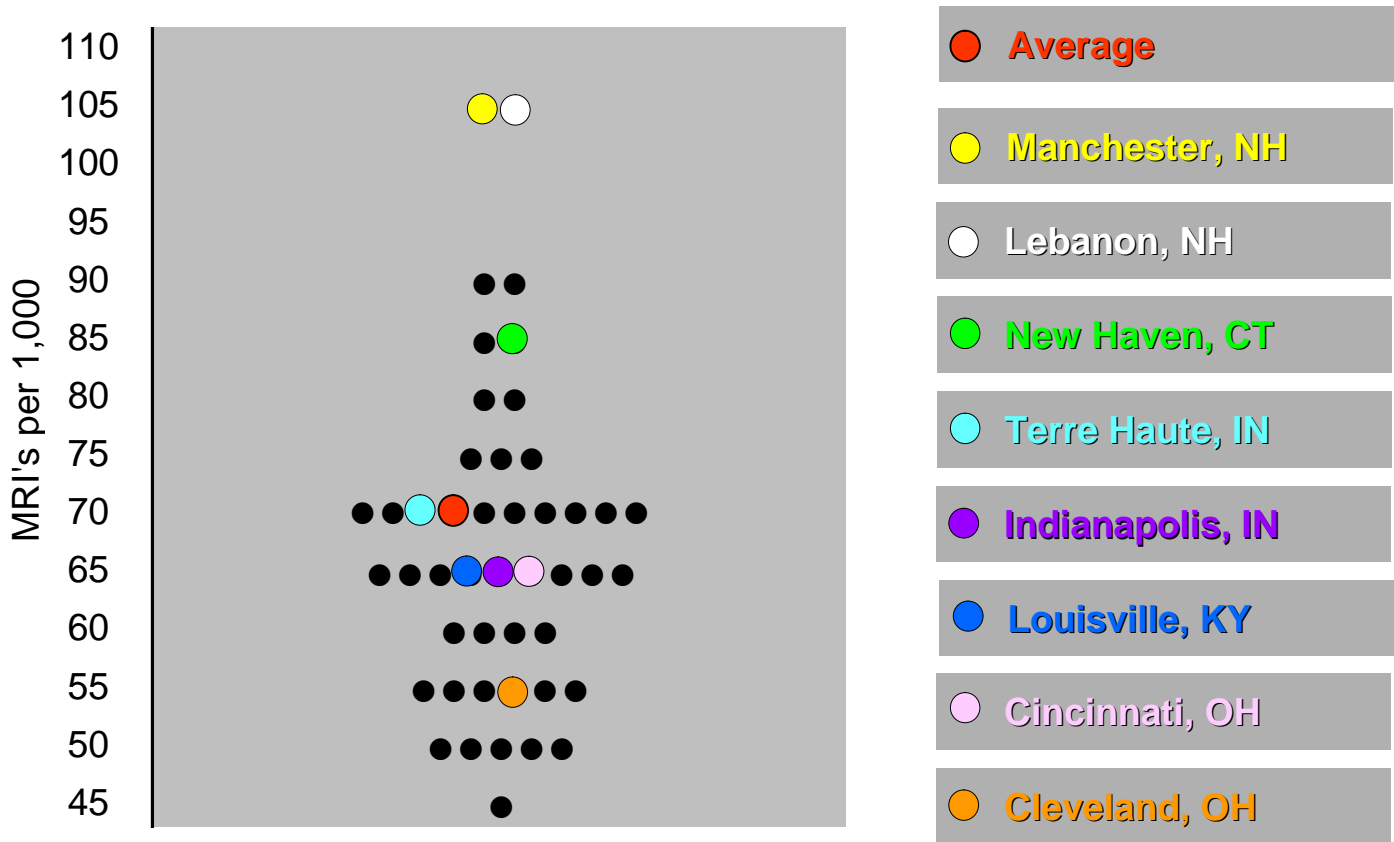
There is ongoing rapid development of new devices, products and procedures and diffusion of previously approved devices for new indications

- Medical specialty societies (more than 30 at this time), academic and community medical experts, and major academic centers are engaged in policy and technology assessment.
- Technology must have final approval from FDA; scientific evidence must demonstrate improved health outcomes.
- Improvement must be attainable outside research setting.
- Evidence-based assessments of clinical value are used to establish uniform coverage across all WellPoint states.
- Medical policies are fully disclosed, updated frequently on our company websites.
- *“Technology Watch”* Publication

Improving Quality, Reducing Variation in Care in Radiology

- Imaging market is large (\$100B, >12% of health care) with accelerating inflation
- Most of growth is attributable to the expanding use of technology driven by new imaging modalities, consumer demand, and other factors
- State-of-the-art imaging technologies important in improving the quality of health care but cost burden is substantial and needs to be managed
- Patient safety and affordability of health care are key concerns for sponsors (employers) and insurers

Magnetic Resonance Imaging (MRI) Variation in Use

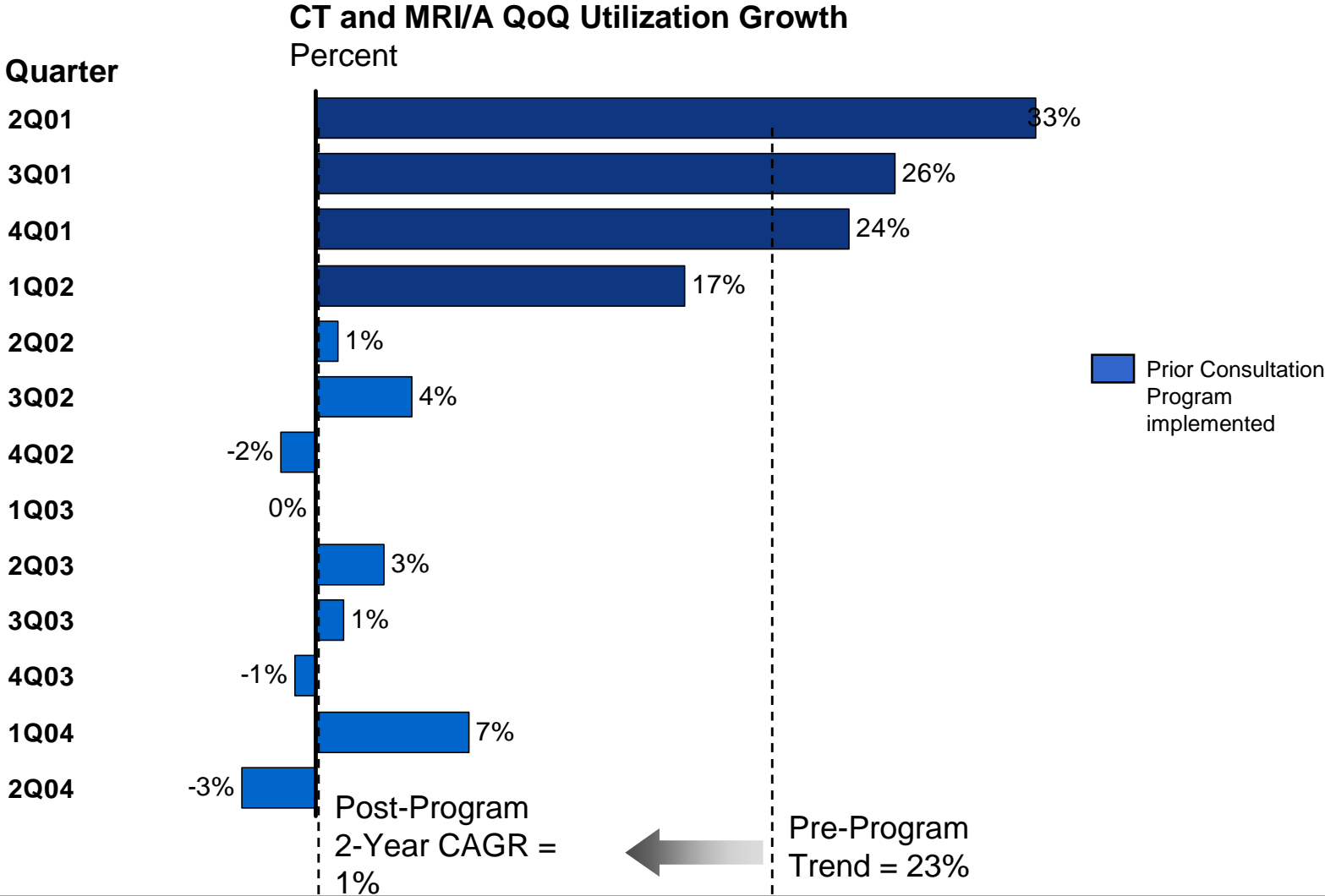


Note: Data represents 2003 Incurred dates for Fully Insured, Group Business only

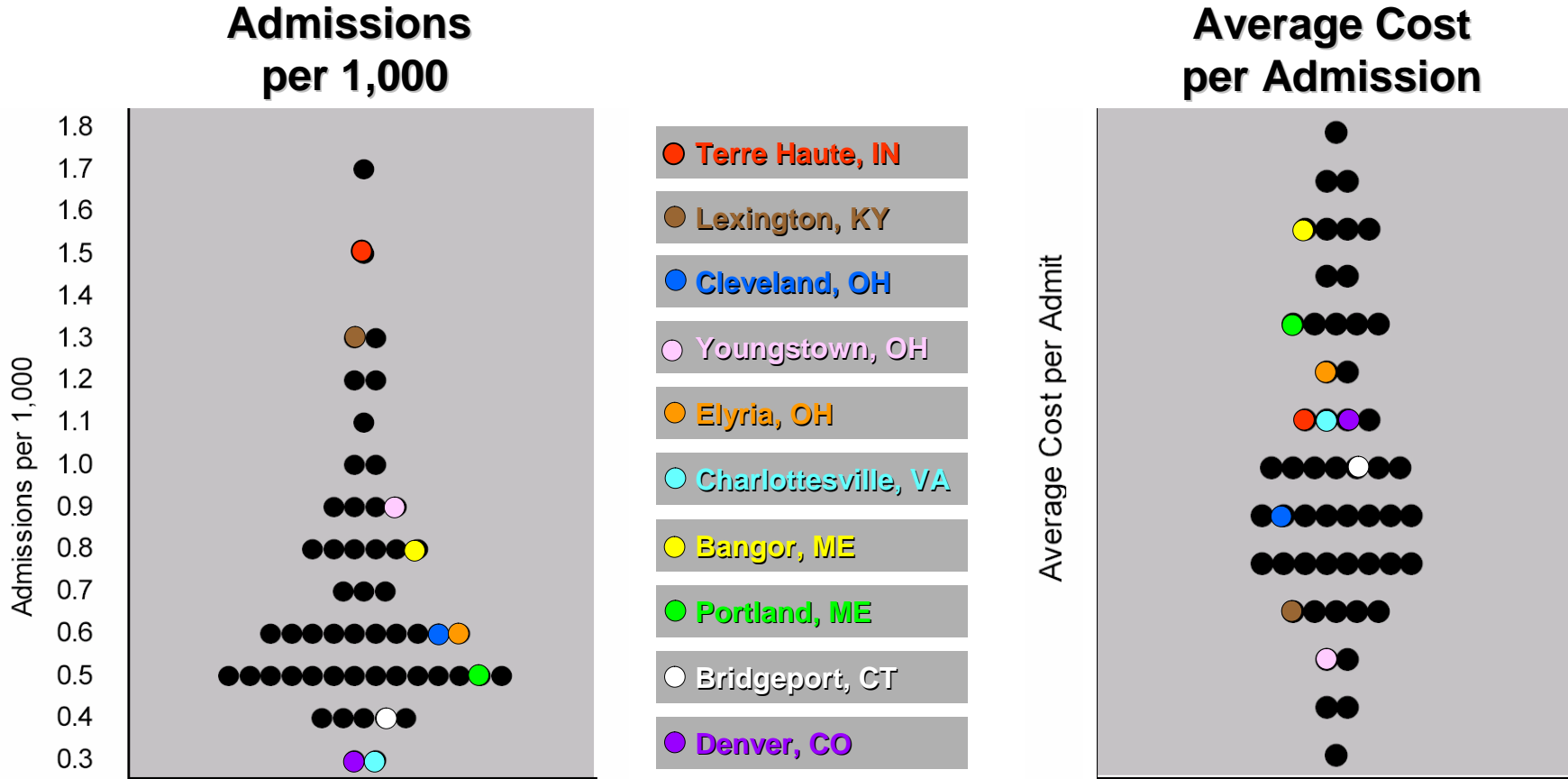
Drivers of Advanced Imaging

- Free-standing imaging centers owned by radiologists
- Non-radiologists invest in imaging centers or in-office imaging:
 - Primary care physicians
 - Specialists, including orthopedists, cardiologists, neurologists
- Policy issues: profitable service lines move from hospitals
- Quality concerns
- Utilization concerns

Radiology Management Long-Term Impact: Anthem BCBS in Colorado



Coronary Artery Bypass Graft: Variation in Use and Cost



WellPoint Coronary Services: Quality Outcomes Metrics

Coronary Artery Bypass Grafts (CABG)

- number of procedures
- mortality
- return to OR
- saphenous vein use
- infections

Percutaneous Transluminal Coronary Arteriography (PTCA)

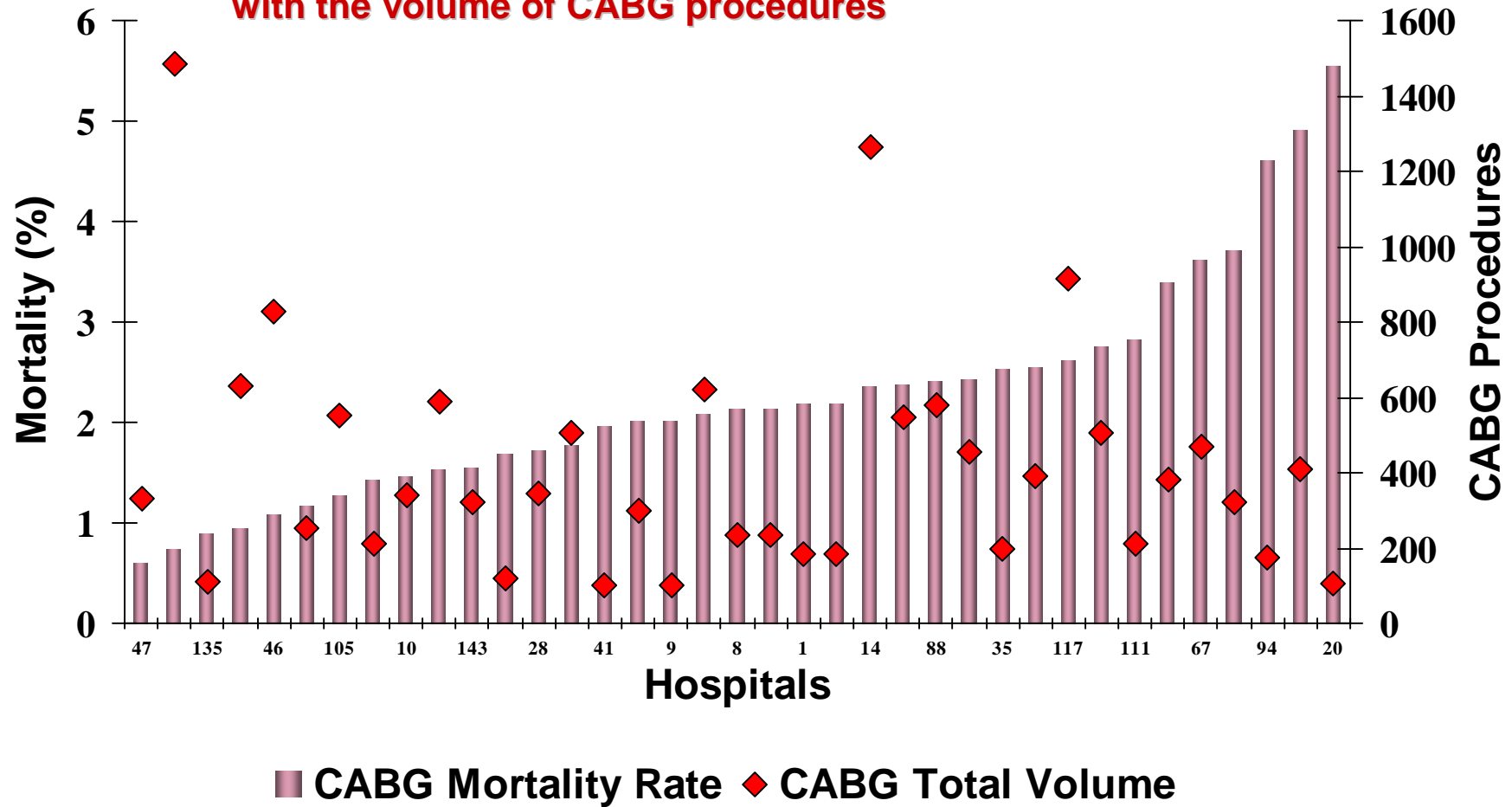
- number of procedures
- repeat PTCA
- failed PTCAs which go onto CABG within 24 hours
- primary PTCA for acute myocardial infarction

Myocardial Infarction (MI)

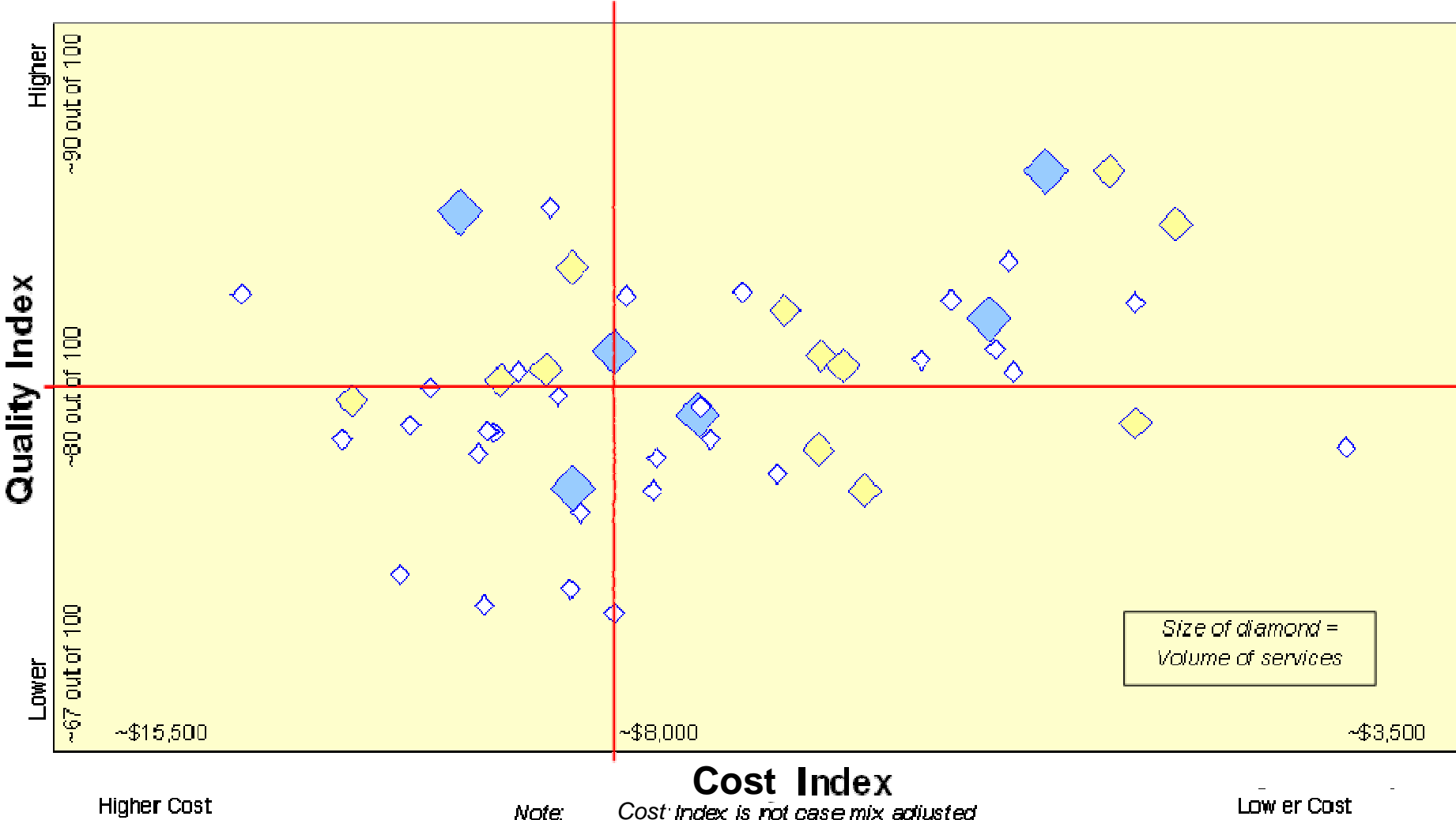
- number of patients with MI
- time to PTCA
- time to thrombolytic therapy from ER (door to drug)
- aspirin use in 24 hours
- mortality
- β -blocker use
- critical pathway use
- number with LVEF < 40% prescribed ACE inhibitors

Hospital Quality Program: CABG Mortality Rate

Mortality rates range from <1% to 5% and are not correlated with the volume of CABG procedures



WellPoint Coronary Services: Quality and Cost Performance



Advance Pay for Performance

- Improve Care and Outcomes
- Save Lives
- Eliminate Ethnic Disparities
- Reduce Costs
- Incent Health IT Adoption

Pay-for-Performance Programs at WellPoint

Partnerships with physicians and hospitals on quality incentives

PCP and Specialist Programs

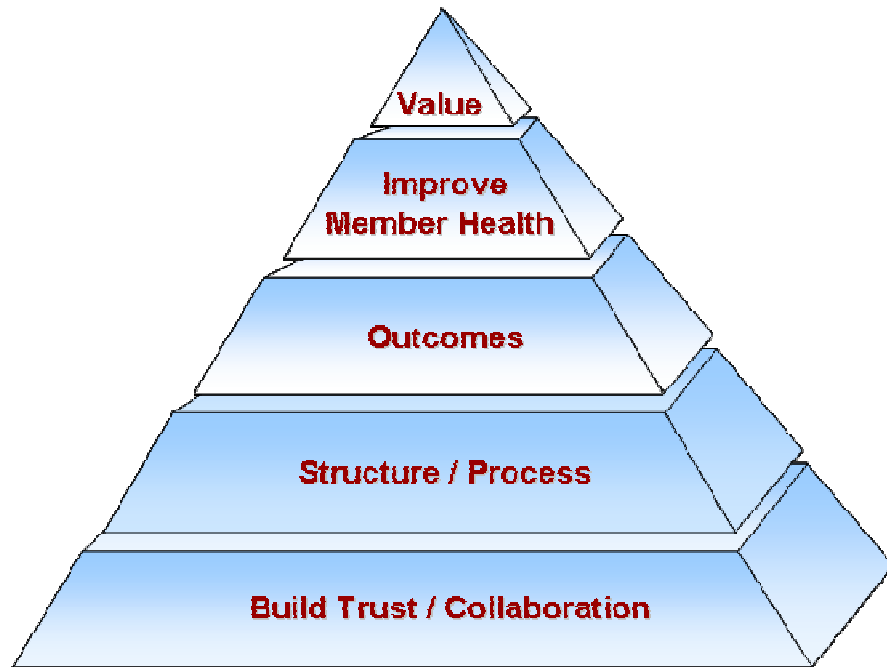
Focused on primary care physicians initially. Early initiatives in: Ob/Gyn, Cardiology, Orthopedics. Typical major components:

- ✓ Clinical outcomes
- ✓ Evidence-based medical procedures
- ✓ Generic prescribing rates
- ✓ Technology & streamlined administrative processes
- ✓ Patient satisfaction

Hospital Programs

Focused on acute care hospital, typically full service facilities. Hospital programs typically have the following components:

- ✓ Patient safety
- ✓ Clinical outcomes
- ✓ Patient satisfaction

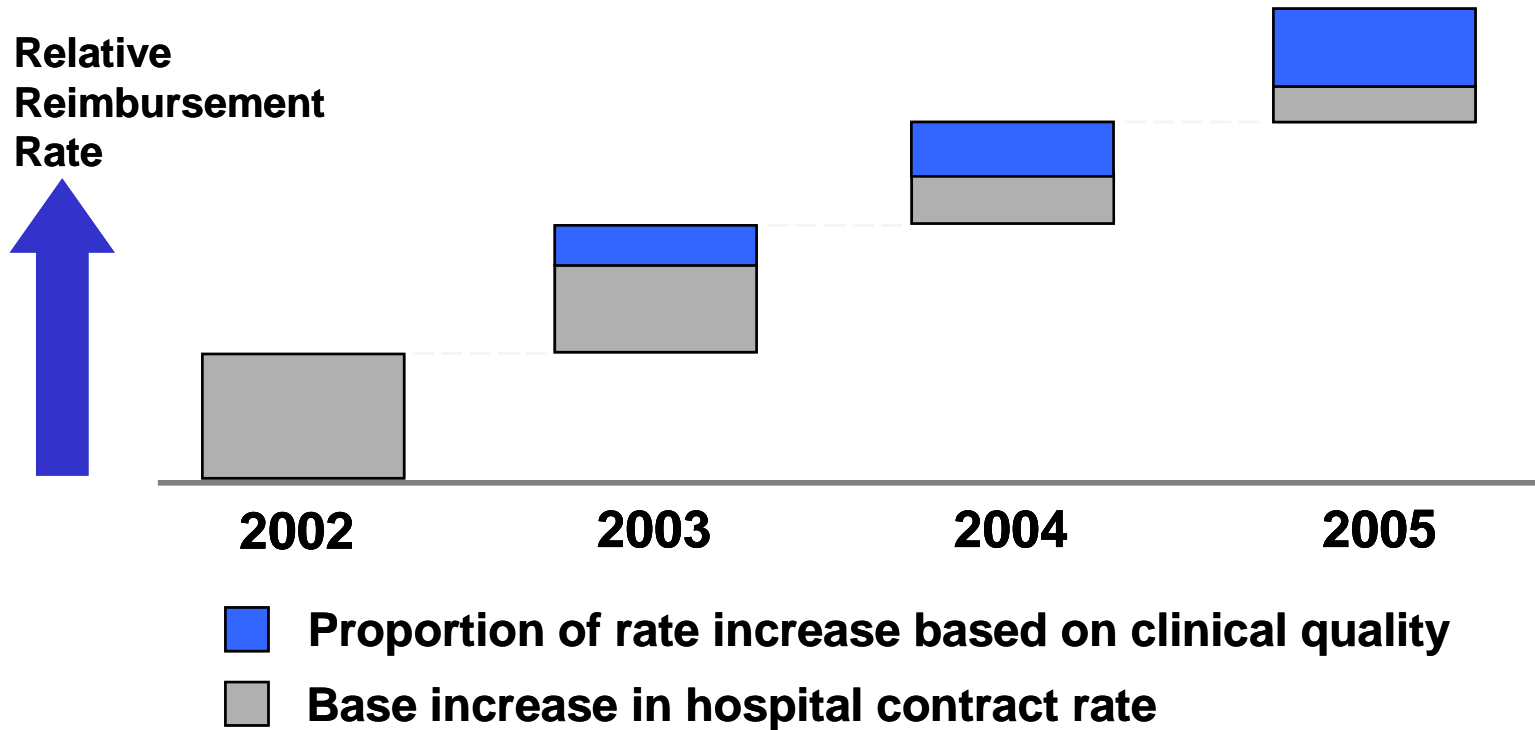


Quality broadens the dialogue beyond fees to building a foundation of trust

Hospital Quality Programs

Rewarding high scores creates tangible incentive for quality improvement

Reimbursement Increase Schedule



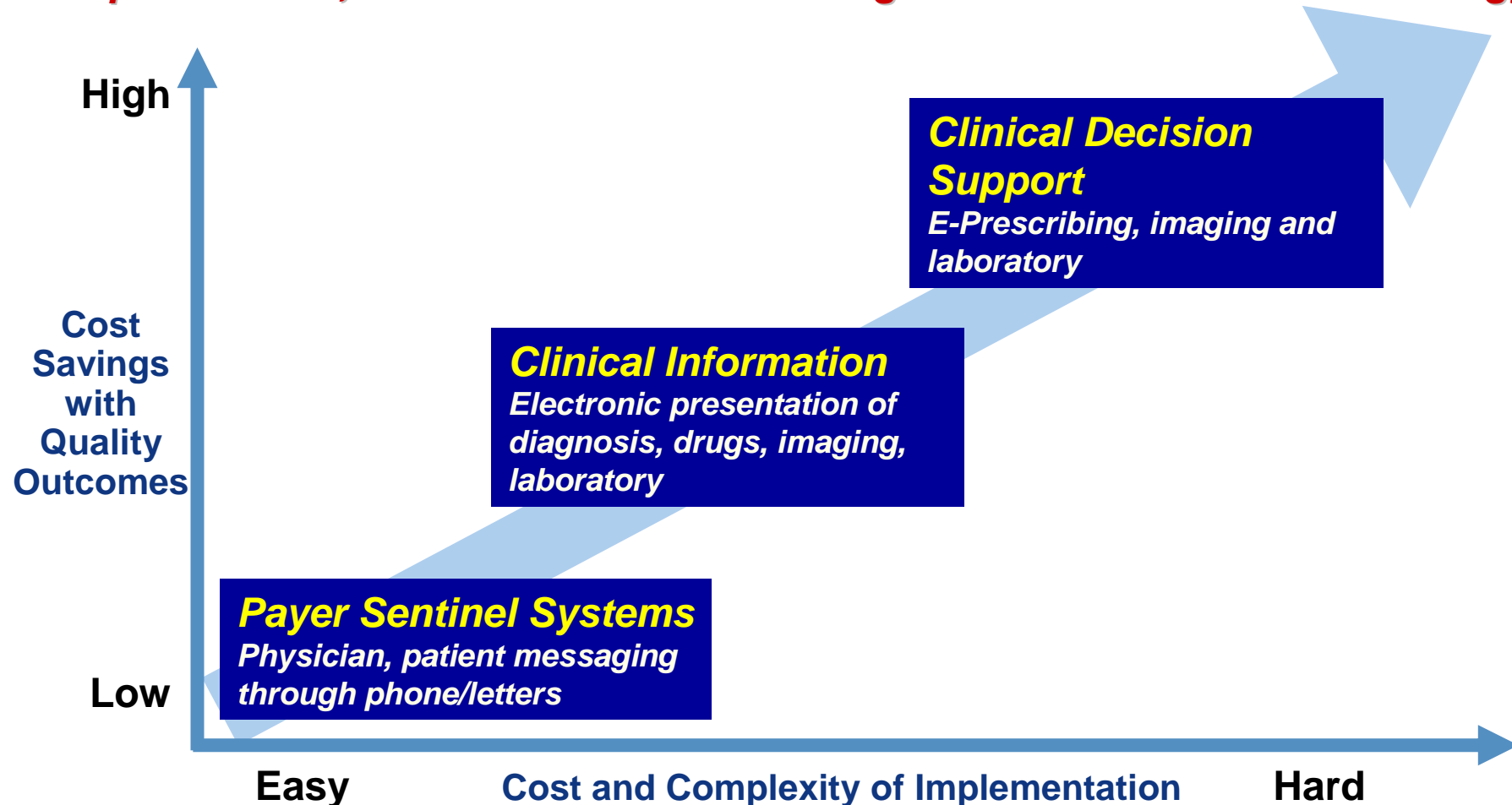
Increasing Numbers of Providers Engaged in Pay for Performance

More than \$100M paid to hospitals, physicians for quality improvement

Health Plan	Physicians/Hospitals in Program	Engagement
California	> 1,200 physicians; 176 medical groups	97% of all medical groups
Colorado	> 1,040 PCPs; 18 hospitals	80% of all admissions in CO and NV occur in participating facilities
Nevada	> 50 PCPs	
Connecticut	> 2,400 physicians; 7 hospitals (QHIP)	78% of PCPs eligible in Northeast (CT, ME, NH)
Maine	> 1,080 physicians; 15 hospitals (QHIP)	
New Hampshire	> 725 physicians; 1 hospital (QHIP)	
Georgia	1,300 physicians; 7 hospitals	Expanding in 2006
Indiana	300 physicians; 110 hospitals	Hospital Quality Program in IN, KY, OH recognized by Harvard as outstanding quality program
Kentucky	60 PCPs; 99 hospitals	
Ohio	> 5,300 physicians; 148 hospitals	
Missouri	> 1,060 physicians; 6 hospitals (QHIP)	32% of HMO PCP network
Virginia	6,000 eligible physicians; 49 hospitals	100% for HMO products

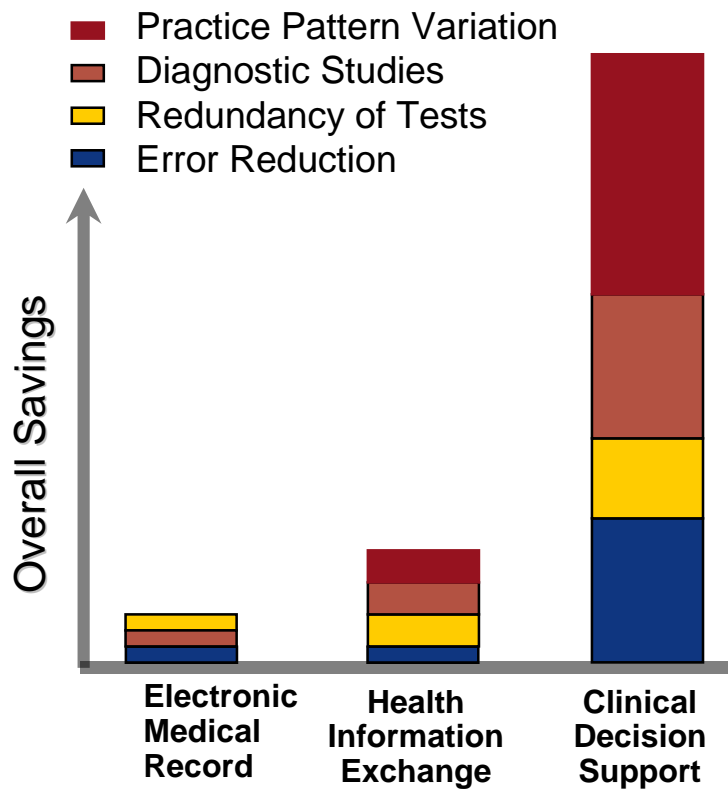
Health Information Technology Development Approach

WellPoint is developing capabilities to drive cost reduction and quality improvements, and reduce variation through Health Information Technology.

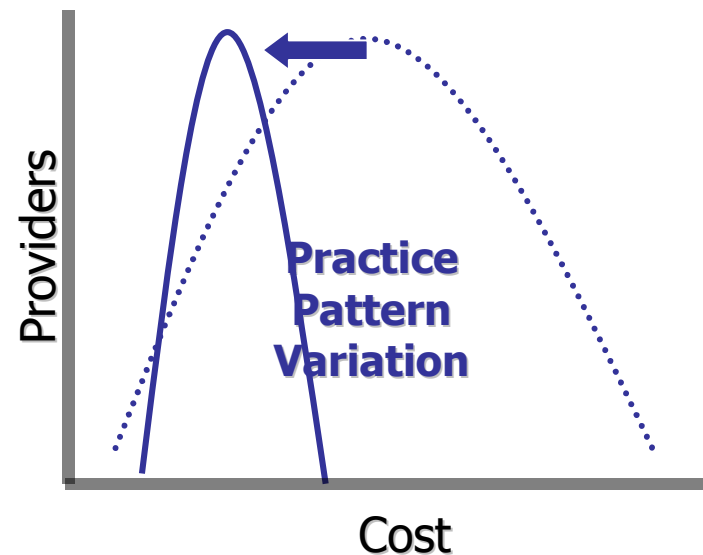


HIT Reduces Variation, Speeds Adoption of Evidence-Based Medicine

Health information linked to decision support reduces practice variation and increases adherence to evidence-based medicine



As more physicians practice evidence-based medicine, variation is minimized and costs are reduced.



Translate Evidence to Empowered Consumers



Your Medical & Pharmacy Claims

25 most recent claims, by service date, received as of **Jan. 12, 2005**

Suggestions for You

Information to improve your health care and to save you money

Report of: James W. Public
 Date of Birth: February 29, 1946
 Member ID #: 00123456-01
 Group #: GRX 123678

Date	Service / Drug	Qty	Days	Provider/Prescriber	Paid(*)
Visits					
12/10/04	Office Visit	--	--	Lynn, Samuel F.	\$85.00
9/28/04	Ambulatory Emergency Visit	--	--	St. Lucy's Hospital ER	\$766.50
8/17/04	Office Visit	--	--	Wilson, Michelle L.	\$85.00
8/15/04	Office Visit	--	--	Lynn, Samuel F.	\$85.00
4/12/04	Office Visit	--	--	Jones, Terry M.	\$85.00
2/02/04	Office Visit, prolonged svc.	--	--	Wilson, Michelle L.	\$195.00
Prescriptions					
1/02/05	Feldene - 20 mg	60	30	Jones, Terry M.	\$15.50
12/10/04	Lipitor - 20 mg	30	30	Lynn, Samuel F.	\$85.95
11/28/04	Accupril - 20 mg	60	30	Lynn, Samuel F.	\$66.99
11/12/04	Nexium - 20 mg	30	30	Lynn, Samuel F.	\$115.60
10/28/04	Proventil 90 mcg - 17 gm	01	25	Wilson, Michelle L.	\$46.50
10/25/04	Feldene - 20 mg	60	30	Jones, Terry M.	\$15.50
10/18/04	Accupril - 20 mg	60	30	Lynn, Samuel F.	\$66.99
10/18/04	Lipitor - 20 mg	30	30	Lynn, Samuel F.	\$85.95
10/10/04	Nexium - 20 mg	30	30	Lynn, Samuel F.	\$115.60
10/02/04	Toprol XL - 50 mg	60	30	Watson, Gerry H.	\$44.90
9/12/04	Feldene - 20 mg	60	30	Jones, Terry M.	\$15.50
9/12/04	Accupril - 20 mg	60	30	Lynn, Samuel F.	\$66.99
8/23/04	Proventil 90 mcg - 17 gm	01	25	Wilson, Michelle L.	\$46.50
Other Activity					
11/26/04	Blood Panel	--	--	Quest Diagnostics	\$110.40
11/26/04	Medical Equipment	--	--	Lynnwood Medical Mart	\$198.00
9/28/04	Blood Panel	--	--	Unified Labs - SF # 3	\$110.40
2/04/04	CT X-Ray, Paranasal Sinuses	--	--	Radiology Assoc. - SFSL	\$854.35
2/02/04	Allergy Panel	--	--	Wilson, Michelle L.	\$125.00
11/15/03	CT X-Ray, Paranasal Sinuses	--	--	Mercy Hospital - Rad	\$854.35

* NOTE: "Paid" reflects the total amount you and your health plan paid for each service.



Diagnosis codes from your doctor(s) show that you had a heart attack in the past. For most people, a type of medication called a beta blocker can lower your chances of having another heart attack. We encourage you to communicate with your doctor about this suggestion to see if a beta blocker is right for you. [94]



It is currently recommended that people obtain a blood test 3 months after starting **Lipitor**. This test will re-check your cholesterol and liver function. We have not received a bill from a laboratory that shows you have had this test. We recommend that you communicate with your doctor about this suggestion. [55]



Using generic drugs reduces the amount you pay for your prescriptions. Recently, you filled a prescription for **Proventil** and paid a copay of **\$40.00**. Albuterol is a generic form of Proventil. If you use **Albuterol** your copay would be only **\$7**. By switching, you could save **\$396 each year**. Talk to your doctor about whether you can make this switch and start saving money. [760]



Using medications that are on our Preferred Drug List reduces the amount you pay for your prescriptions. Recently, you filled a prescription for **Nexium** and paid a copay of **\$40**. Listed below are alternative medications from our Preferred Drug List that would cost you less than **Nexium**.

Medication	Your Copay	Annual Savings
Omeprazole	\$ 7	\$396
Prilosec	\$20	\$240
Prevacid	\$20	\$240

Talk to your doctor about whether you can make this switch and start saving money. [701]

- Decision Support uses pharmacy and medical claims to create personalized messaging that saves money and improves care
- Care guides are linked directly to trusted Harvard Medical School content for easy consumer education

Looking for a new Provider? Let us help!
 Give our Preferred Provider Locator Desk a call at **1-800-555-7654**, or try the Preferred Provider map at our website: www.ABCHealth.com



From **HARVARD MEDICAL SCHOOL**. Learn more information about each of the *Suggestions for You* shown above by visiting <http://harvard.resolutionhealth.com/> and entering the **shortcut #** shown at the end of each message in the [].



Healthcare Advisor: Easy-to-Use Decision-Making Tools

Clinical outcomes

Patient safety

Hospital reputation

Market-specific studies

Hospital comments

Healthcare Advisor™
Start | Topics | Hospitals | Physicians | Drugs | Tools & Resources | Exit

Topic: Coronary Artery Bypass Graft Surgery (Heart Bypass)

Find and Compare Hospitals: Profile and Compare: Summary Report

Comparison Topic: Coronary Artery Bypass Graft Surgery (Heart Bypass)

Here is a summary report of information for the hospitals you selected. Click on factor names for more detailed explanations of the factors and why they might be important to consider.

How Well Hospital Matches Your Selected Factors			
	UNIVERSITY OF VIRGINIA MEDICAL CENTER	GEORGE WASHINGTON UNIVERSITY HOSPITAL	JOHNS HOPKINS HOSPITAL
Match Score	100	83	77
Distance from ZIP 20005	99 mile(s)	1 mile(s)	36 mile(s)

Your Selected Factors

Heart Bypass (Coronary Artery Bypass Graft Surgery): Inpatient

Treated more patients (High Importance)	417	93	422
Had fewer patients with complications (High Importance)	Better than Expected †	As Expected †	†
Had fewer patients with infections (High Importance)	Better than Expected †	As Expected †	†
Had lower mortality rate (High Importance)	As Expected †	As Expected †	Better than Expected †
Patient ages included in above data	All Ages	Ages 65 and Older	All Ages

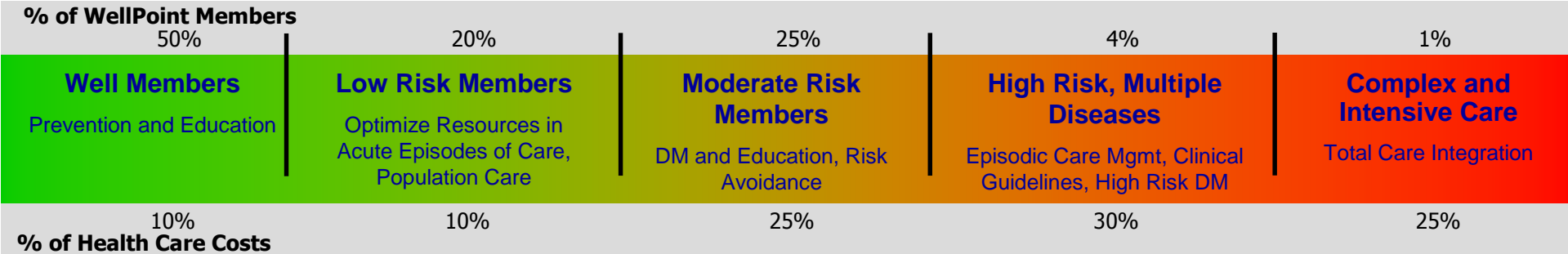
Hospital Clinical Experience and Treatment Outcomes for Selected Procedure
Heart Bypass (Coronary Artery Bypass Graft Surgery): Inpatient

	UNIVERSITY OF VIRGINIA MEDICAL CENTER	GEORGE WASHINGTON UNIVERSITY HOSPITAL	JOHNS HOPKINS HOSPITAL
Patients Treated in One Year	417	93	422
Severely Ill Patients Treated in One Year	315	71	407
Complication Rate	Better than Expected †	As Expected †	†
Post-Operative Infection Rate	Better than Expected †	As Expected †	†
Mortality Rate	As Expected †	As Expected †	Better than Expected †

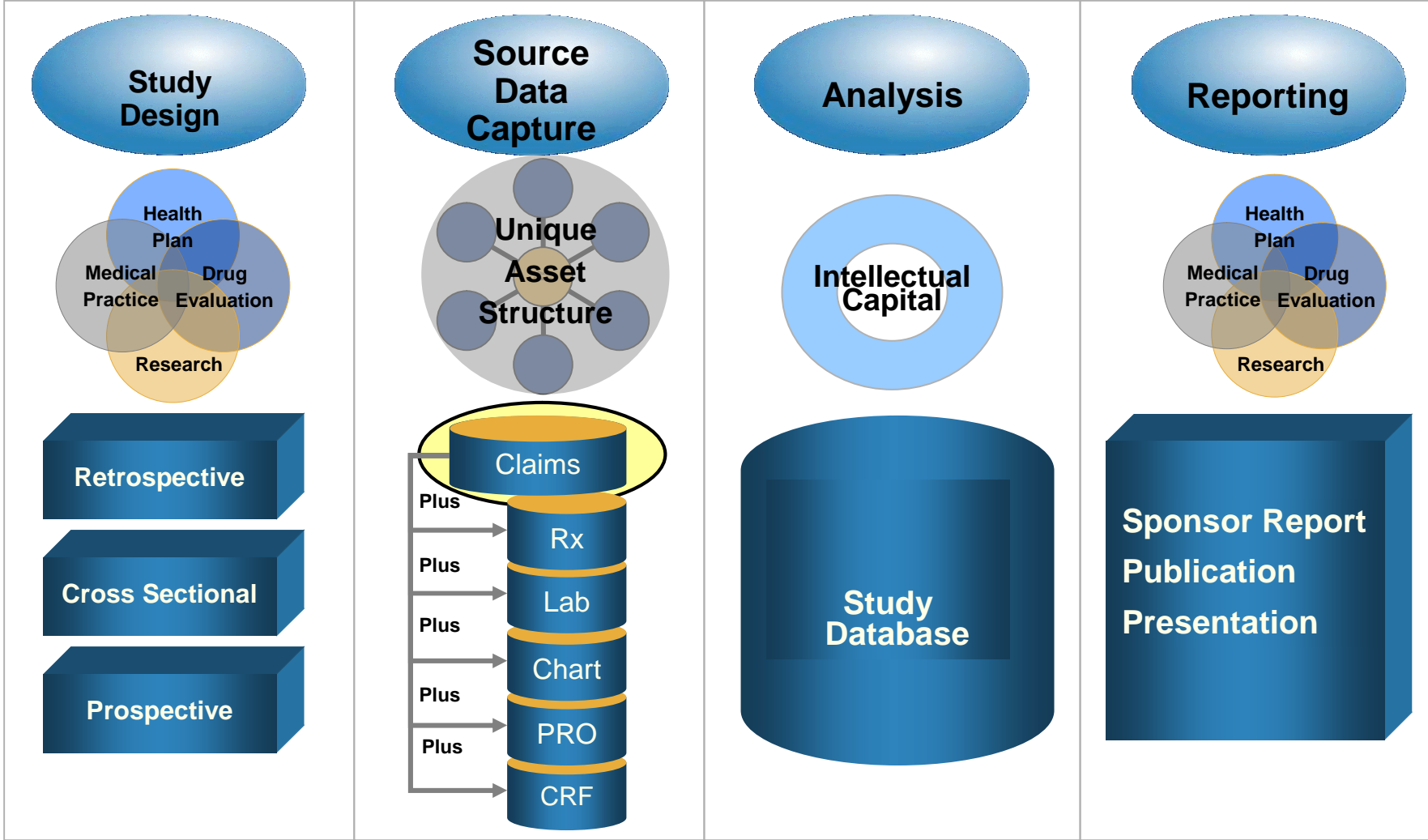
360° Health®: From Health and Wellness to Members Most At Risk

A highly Integrated Solution

- Reaches 5 percent of members who account for 55 percent of costs
- Provides wellness programs and targeted information to all members



HealthCore Outcomes Research



Increased Use of Evidence-Based Medicine Reduces Variation in Clinical Practice

Improving Evidence-Based Medicine Delivered at the Hospital and Physician Level

- Evidence-based advanced imaging programs, technology assessment and clinical pharmacy programs
- Evidence-based medical policy with specialty societies (American College of Cardiology, Society of Thoracic Surgeons, American Academy of Family Physicians) and academic medical centers
- Pay for Performance programs
- Centers of Excellence built on outcome-based and process-based measures
- Resolution Health/Harvard guidelines
- HealthCore data mining and analysis to develop new evidence

Encouraging Member Health through Evidence-Based Medicine

- Disease management programs developed from recommendations from national specialty societies
- Preventive health programs and preventive care recommendations designed from work completed by the Advisory Committee on Immunization Practices, the American Academy of Pediatrics, and the United States Preventive Services Task Force
- HEDIS measurement and programs to improve on HEDIS measures
- Evidence-based care guidelines
- Transparency and shared decision making