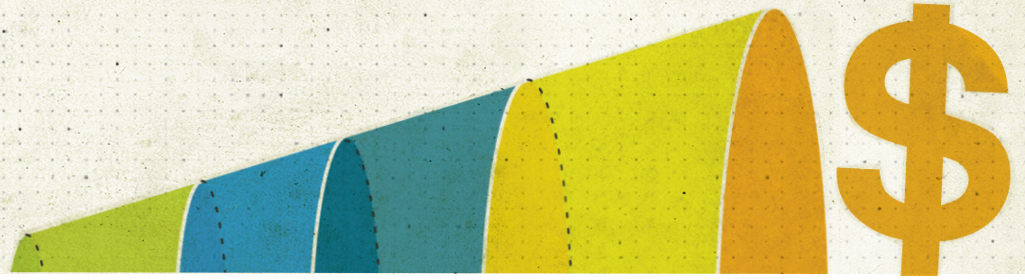


# MedInsight

## Health Waste Calculator



Improving the efficiency of healthcare is an ongoing challenge that must be tackled in order to get costs under control. Helping healthcare payers identify and quantify wasteful health care spending can have a significant impact on healthcare efficiency. As a result, MedInsight has teamed with VBID Health to create an analytical tool to quantify and report on these potentially unnecessary services. The result is the MedInsight Health Waste Calculator.

### WHAT IS THE HEALTH WASTE CALCULATOR?

The MedInsight Health Waste Calculator is a standalone software tool designed to help healthcare organizations leverage value-based principles by identifying wasteful services as defined by national initiatives such as the U.S. Preventive Services Task Force and Choosing Wisely. This tool will add significant value to existing cost and quality reporting capabilities, specifically those efforts designed for efficiency and effectiveness measurement.

The underlying algorithms in the MedInsight Health Waste Calculator process claims, billing, or electronic medical record data in order to identify potentially wasteful services. Milliman benchmarks are bundled into the reporting package to improve the comparative analytic process. The MedInsight Health Waste Calculator not only identifies potentially inefficient services but also defines the services with a degree of appropriateness for care:

- **Necessary:** Confirms that data suggests appropriate services were administered by the healthcare provider.
- **Likely to be wasteful:** Indicates the need to question the appropriateness of services rendered.
- **Wasteful:** Flags a cause for concern, as the service probably should not have occurred.

Milliman did not limit the scope of wasteful services to those defined by initiatives such as the ABIM Foundation's Choosing Wisely or the U.S. Preventive Services Task Force. Milliman's MedInsight team collaborated with VBID Health and its thought leaders Mike Chernew, Mark Fendrick, MD, and Katy Spangler to establish a continuous pipeline that extends the potential impact of reducing wasteful services. Our collective teams evaluate global initiatives in order to innovate and constantly expand the logic leveraged through the MedInsight Health Waste Calculator.

### ABOUT MEDINSIGHT DATA WAREHOUSE TOOLS

The MedInsight Health Waste Calculator is part of the MedInsight Tools portfolio, a suite of standalone analytic products developed and offered by the MedInsight team at Milliman. In working with our clients—health plans, at-risk providers/ACOs, employers, state governments, third-party administrators, and community health coalitions—we are keenly aware of the different business demands of each. Because one size does not fit all, Milliman has made MedInsight tools available for purchase outside the MedInsight Analytic Platform. These tools enable clients to customize their MedInsight experience by licensing only what they need.

The MedInsight platform stands alone as the healthcare industry's most valuable analytic solution because of its ability to excel in all key areas that each unique market requires. Users can analyze cost, efficiency, quality, benefit design, and provider contracting arrangements with a single system.

## THE HEALTH WASTE CALCULATOR IN ACTION

- The MedInsight Health Waste Calculator may be run on a desktop PC or operated in a data center for more frequent processing and usage.
- The tool produces two sets of deliverables: output files for data warehouse integration and reports for immediate analysis.
- Report results are defined by the physician categories of the American Board of Medical Specialties in order to seamlessly align with traditional provider community outreach.

Figure 1 below is an example report that reflects the medical claim experience for a small indemnity plan in the United States for two months. The Waste Calculator produces results for the total applicable services per measure as well as those that are potentially wasteful or probably wasteful.

## ABOUT VBID HEALTH

Value Based Insurance Design Health specializes in designing and promoting health benefits plans and payment strategies that get more health out of every healthcare dollar spent. The U.S. spends \$2.6 trillion on healthcare, and everyone agrees we should be getting more “health” out of that investment. VBID Health provides streamlined, value based insurance design consulting services to facilitate creation and adoption of VBID plans and payment policies that increase patient, employee, and enrollee health. VBID Health assists employers ranging from Fortune 100 companies to city governments, health insurance plans, and health systems in designing clinically nuanced healthcare benefits packages and payment policies. For more information, visit [vbidhealth.com](http://vbidhealth.com).



**FIGURE 1: SUMMARY REPORT**

Waste Category	Total Services Measured	Likely Wasteful Results			Wasteful Results			Quality Index	Waste Index
		Services	Total Allowed Costs	Average Allowed Costs	Services	Total Allowed Costs	Average Allowed Costs		
The USPSTF recommends against PSA-based screening for prostate cancer. This recommendation applies to men in the general U.S. population, regardless of age.	23,143	53	\$10,787.09	\$203.5	17,855	\$2,631,112.80	\$147.4	23%	77%
Don't order sinus computed tomography (CT) for uncomplicated acute rhinosinusitis.	865	592	\$512,452.96	\$865.6	-	\$0.00	\$0.0	32%	68%
Don't indiscriminately prescribe antibiotics for uncomplicated acute rhinosinusitis.	40,401	50	\$1,825.50	\$36.5	39,627	\$816,712.47	\$20.6	2%	98%
Don't do imaging for low back pain within the first six weeks, unless red flags are present.	6,328	521	\$317,981.93	\$610.3	5,230	\$4,177,462.50	\$798.8	9%	91%
Don't do imaging for uncomplicated headache.	2,706	1,559	\$2,675,945.55	\$1,716.5	281	\$465,378.15	\$1,656.2	32%	68%
Don't perform unproven diagnostic tests, such as immunoglobulin G (IgG) testing or an indiscriminate battery of immunoglobulin E (IgE) tests, in the evaluation of allergy.	836	406	\$107,009.42	\$263.6	236	\$68,527.32	\$290.4	23%	77%
Don't perform stress cardiac imaging or advanced non-invasive imaging in the initial evaluation of patients without cardiac symptoms unless high-risk markers are present.	16,318	1,180	\$1,255,295.80	\$1,063.8	3,311	\$3,526,215.00	\$1,065.0	72%	28%
Don't routinely obtain radiographic imaging for patients who meet diagnostic criteria for uncomplicated acute rhinosinusitis.	1,049	383	\$288,046.64	\$752.1	-	\$0.00	\$0.0	63%	37%
Don't perform routine annual stress testing after coronary artery revascularization.	100	27	\$32,991.84	\$1,221.9	-	\$0.00	\$0.0	73%	27%
<b>Totals</b>	<b>91,746</b>	<b>4,771</b>	<b>\$5,202,336.73</b>	<b>\$1,090.4</b>	<b>66,540</b>	<b>\$11,685,408.24</b>	<b>\$175.6</b>	<b>37%</b>	<b>63%</b>

To learn more, contact Todd Fessler at [todd.fessler@milliman.com](mailto:todd.fessler@milliman.com) or visit our website at [medinsight.milliman.com](http://medinsight.milliman.com).