

Indicators and Opportunities for Direct Contracting

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Opportunities



How Data Identifies a Need

Efficiency Reports

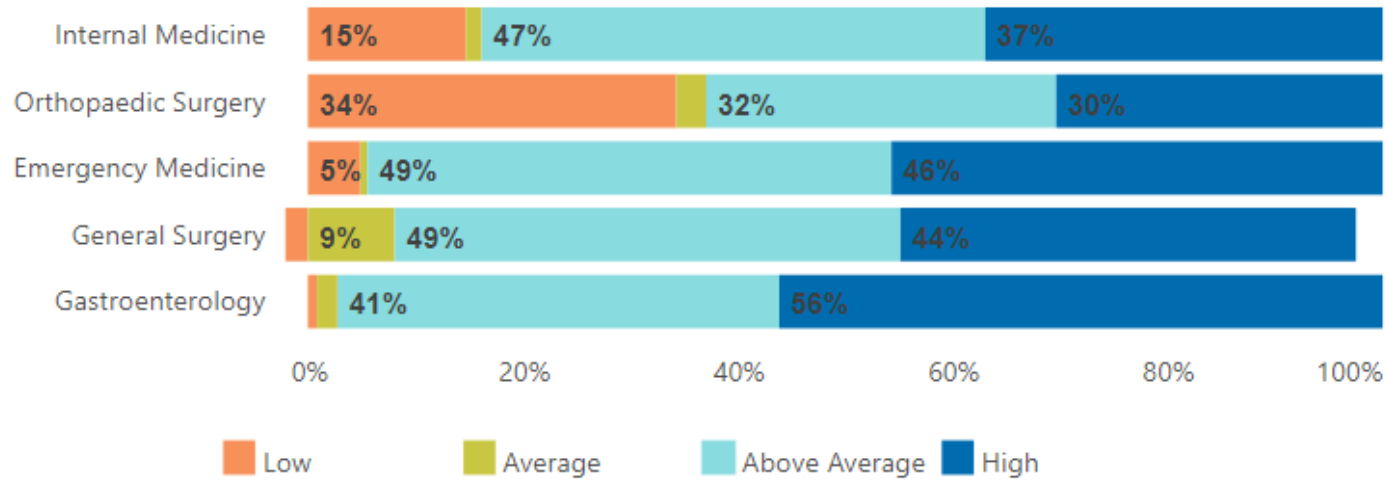
Place of Service	Claim Count↓	Total Cost Per Claim
Laboratory	1,001	\$20
Outpatient Hospital	744	\$138
Outpatient Hospital	561	\$78
Outpatient Hospital	534	\$117
Laboratory	433	\$76

Vital Alerts

Procedure	Facility Name	Total Cost	Potential Waste*	% of Medicare	Carrier
(74178) Ct abd & pelv 1/> regns	Outpatient Hospital A	\$4,784	\$3,785	1,437%	ABC
(72197) Mri pelvis w/o & w/dye	Outpatient Hospital A	\$3,310	\$2,316	999%	ABC
(74183) Mri abdomen w/o & w/dye	Outpatient Hospital B	\$3,083	\$2,085	927%	ABC
(73222) Mri joint upr extrem w/dye	Outpatient Hospital C	\$2,976	\$2,059	973%	ABC

How Data Identifies a Need

Total Cost by Specialty (Top 5 Specialites by Low Quality Provider Cost)



GAM (Global Appropriateness Measures)

Member Count ↓	Cost Per Unit Risk	Physical Compliance	Mammogram Compliance	Average Risk	% Coordination Risk
138	\$5,475	64%	74%	2.19	1%
62	\$3,660	60%	58%	2.01	2%
55	\$5,772	51%	82%	1.44	5%
52	\$3,877	73%	85%	1.43	2%
41	\$3,379	24%	42%	4.34	7%
20	\$7,246	80%	50%	1.30	5%

Provider Attribution Reports

Why Providers will Consider these agreements

- Creates a win-win opportunity
 - Primary care has extra funds to support team-based care
 - Private practice providers are able to improve market share
 - Hospital Systems can improve market share
 - Hospital Systems or providers are able to leverage extra capacity
 - Larger margins for specific services – like Imaging

Northwest Radiology

- Y90 is a minimally invasive, outpatient procedure to treat liver cancer by injecting radioactive beads into the tumors blood supply.

Hospital	Steps	VIP/N
\$3,000	MRI Liver	\$950
\$9,200	PET/CT	\$2,800
\$12,000	Port Placement	\$2,500
\$3,000	Liver Biopsy	\$1,000
\$50,000	MAA (mapping) & Y90	\$30,000
\$75,000	Y90	\$50,000
\$12,000	1 year MRI Follow-up	\$4,000

~\$162k

~\$91k

~\$71k cost difference



Inpatient Example

DRG PROVIDERS

Provider	Episode Count	% of all Episodes	Total Cost	% of Medicare
Provider A	57	24%	\$2,584,606	168%
Provider B	16	28%	\$497,004	63%
Provider C	12	21%	\$180,433	156%
Provider D	8	14%	\$154,352	106%
Provider E	7	12%	\$110,477	160%
Provider F	7	12%	\$203,514	119%

- Provider A accounts for 32% of total DRG spend
- Average % of Medicare for the group was 145%
- 5 DRGs paid over 350% of Medicare resulting in over \$380k in potential waste. All different providers

- If all the episodes paid greater than 150% of Medicare, were paid at 150% of Medicare, that would result in **\$966k** in savings.

Imaging

CHEST CT

Provider	Episode Count	Avg Cost per Episode	Total Cost	% of Medicare
Provider B	13	\$420	\$5,270	242%
Provider A	11	\$1,668	\$18,345	993%
Provider C	8	\$1,244	\$9,938	741%
Provider D	6	\$716	\$4,424	443%

- Provider A accounts for 16% of imaging spend but only 3% of episodes
- Average % of Medicare for the group was 256%
- Provider A average % of Medicare for all imaging types was 514%

- If all the episodes paid greater than 150% of Medicare, were paid at 150% of Medicare, that would result in **\$348k** in savings.

Hip/Knee Replacements

- Average – 48 joint replacements a year
- Implemented a direct contact with local provider for joint replacements & PT all in for \$35k paid outside the health plan in 2024
- VI monitors ongoing procedures to ensure billing through the contact is followed

	Knee Avg Cost	Hip Avg Cost
2025	\$49,012	\$42,275
2024	\$53,415	\$44,636
2023	\$56,829	\$48,771
2022	\$51,061	\$53,931

- 2022- Average cost was \$80k
- 2024- Average cost was \$48k
- Assuming half transitioned to the direct contract provides \$312k savings to the plan.

Colonoscopy's

- Average cost for a preventive colonoscopy was \$4,304 in 2023
- VI has identified 31 preferred providers based on efficiency reports

COLONOSCOPY EFFICIENCIES PRIOR TO INCENTIVE (2023)

Place of Service	Episode Count	Avg Total Cost per Episode	Potential Waste
Outpatient Hospital	3	\$4,722	\$3,366
Outpatient Surgery Center	2	\$7,459	\$7,718
Outpatient Hospital	2	\$4,370	\$1,540
Outpatient Surgery Center	1	\$1,800	\$0
Outpatient Surgery Center	1	\$4,105	\$505
Outpatient Hospital	1	\$4,890	\$1,290
Outpatient Surgery Center	1	\$4,972	\$1,372
Outpatient Surgery Center	1	\$6,528	\$2,928

- \$500 incentive awarded to members who completed a colonoscopy at a preferred provider

Colonoscopy's Cont.

- Effective July 2024, members receive a \$500 incentive for completing a colonoscopy at a preferred provider
- Colonoscopy compliance increased 7% from prior to the incentive to current
- Average cost for a preventive colonoscopy was \$4,304 in 2023 and decreased to \$3,639 in 2025

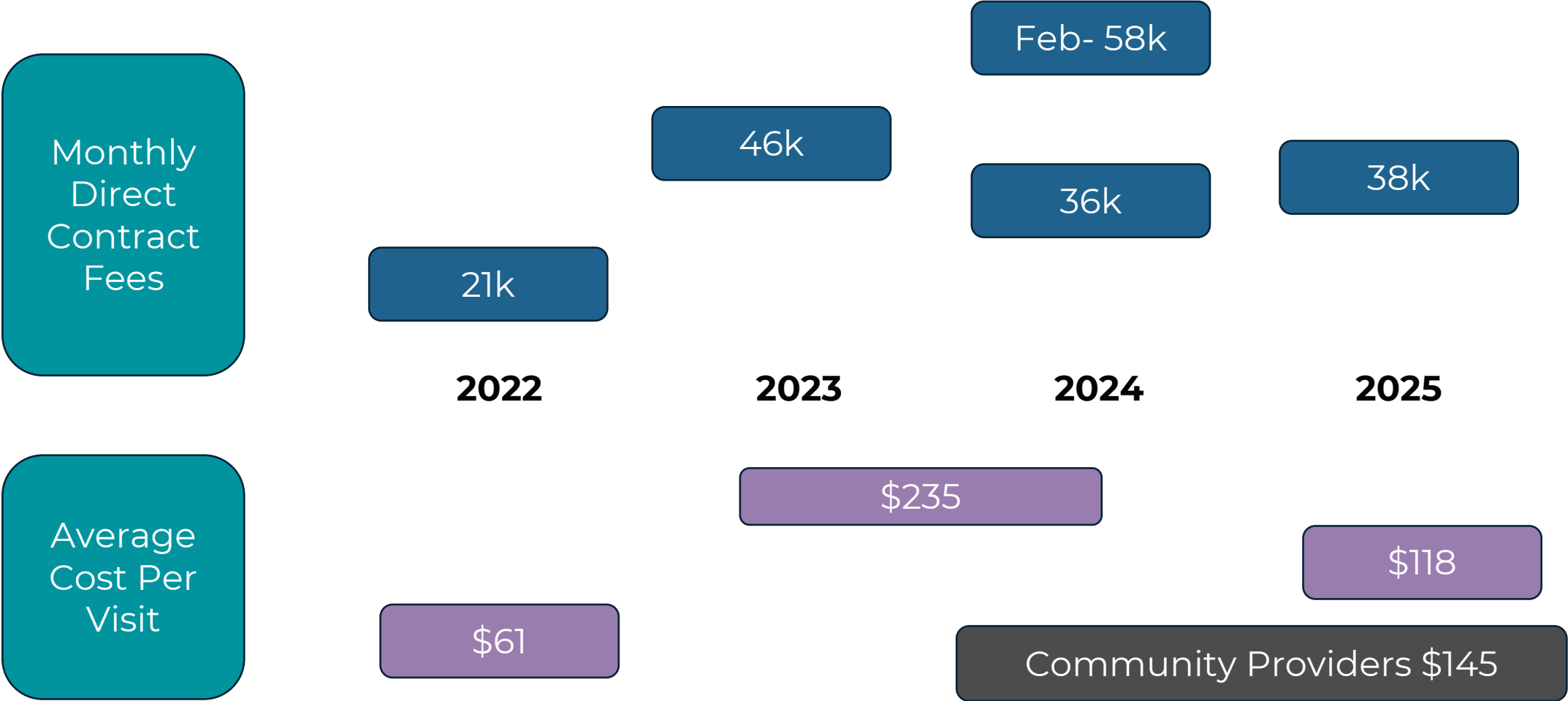
COLONOSCOPY EFFICIENCIES AFTER TO INCENTIVE (2025)

Place of Service	Episode Count	Avg Total Cost per Episode	Potential Waste
Outpatient Surgery Center	3	\$7,029	\$10,286
*Outpatient Hospital	2	\$2,628	\$0
*Outpatient Surgery Center	2	\$1,305	\$0
Outpatient Surgery Center	2	\$4,025	\$849
*Outpatient Surgery Center	2	\$2,662	\$0
Outpatient Hospital	2	\$3,288	\$0
Outpatient Hospital	2	\$6,015	\$4,830

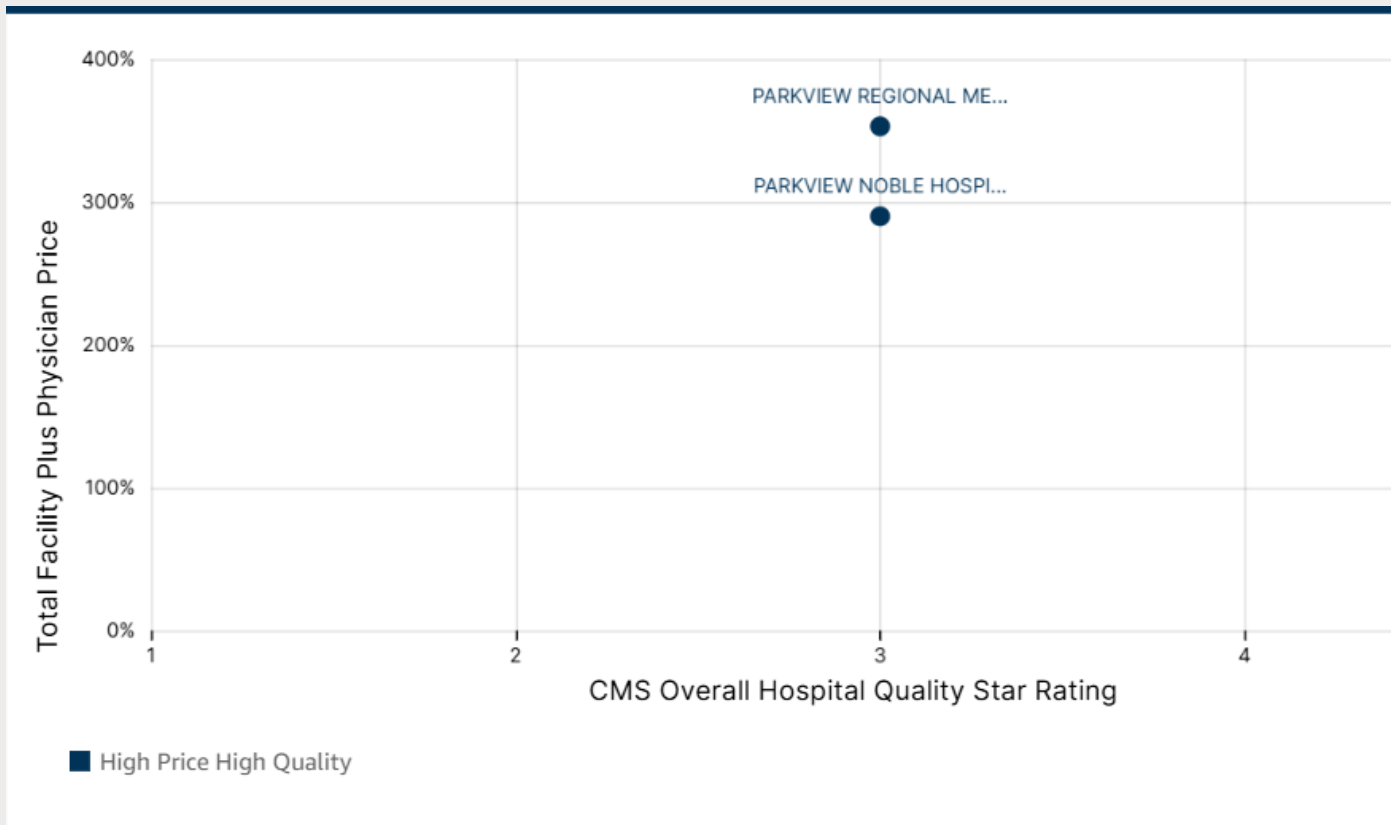
* Indicates preferred providers

- In 2025, approximately \$25k in savings identified AFTER the \$500 payout for members utilizing preferred providers.
- % of imaging waste from colonoscopies decreased 4% in 2025.
- 32% of members used preferred providers in 2025. This is up from 12% in 2023 prior to implementation.

Existing PT Direct Contract



Cancer Care



- **Local hospital is paid over 350% above Medicare**
- **Local Oncology Private Practice**
 - High Quality
 - Reimbursed 185% of Medicare
 - Highly Respected
 - Advocates for healthcare reform
- **Employer created an agreement**
 - Steerage to private practice
 - Provider will meet with patient within 24 hours.

Labs

LAB EFFICIENCY REPORTS

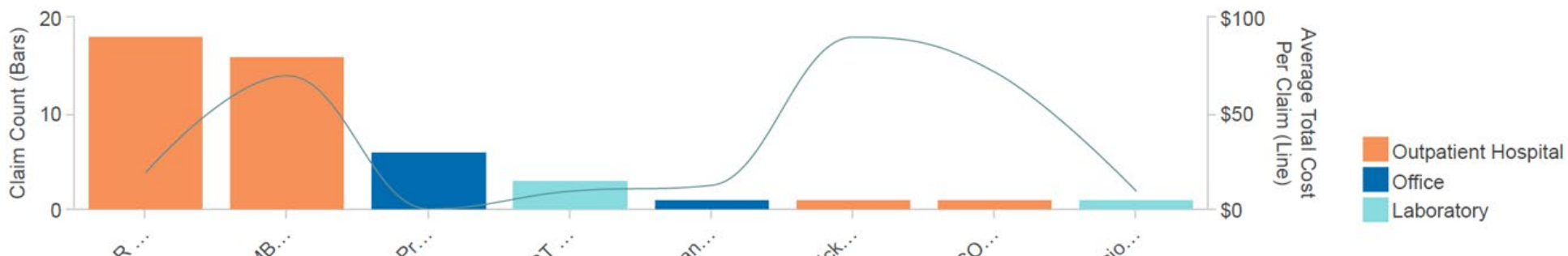
- High outpatient hospital use for labs leading to a 41% increase in total cost per lab
- Clinic provider with passthrough lab costs is dissolving
- Quest is the most cost-efficient provider

Place of Service	Claim Count↓	Total Cost Per Claim
Office	183	\$0
Outpatient Hospital	27	\$55
Outpatient Hospital	26	\$12
Outpatient Hospital	20	\$64
Outpatient Hospital	18	\$300
Laboratory	17	\$4
Laboratory	17	\$1
Laboratory	8	\$7
Outpatient Hospital	7	\$20
Outpatient Hospital	7	\$72

- **Total cost per unit for CMP was \$56 compared to Medicare at \$11**
- **Top Tier network with Quest suggested**

Lab

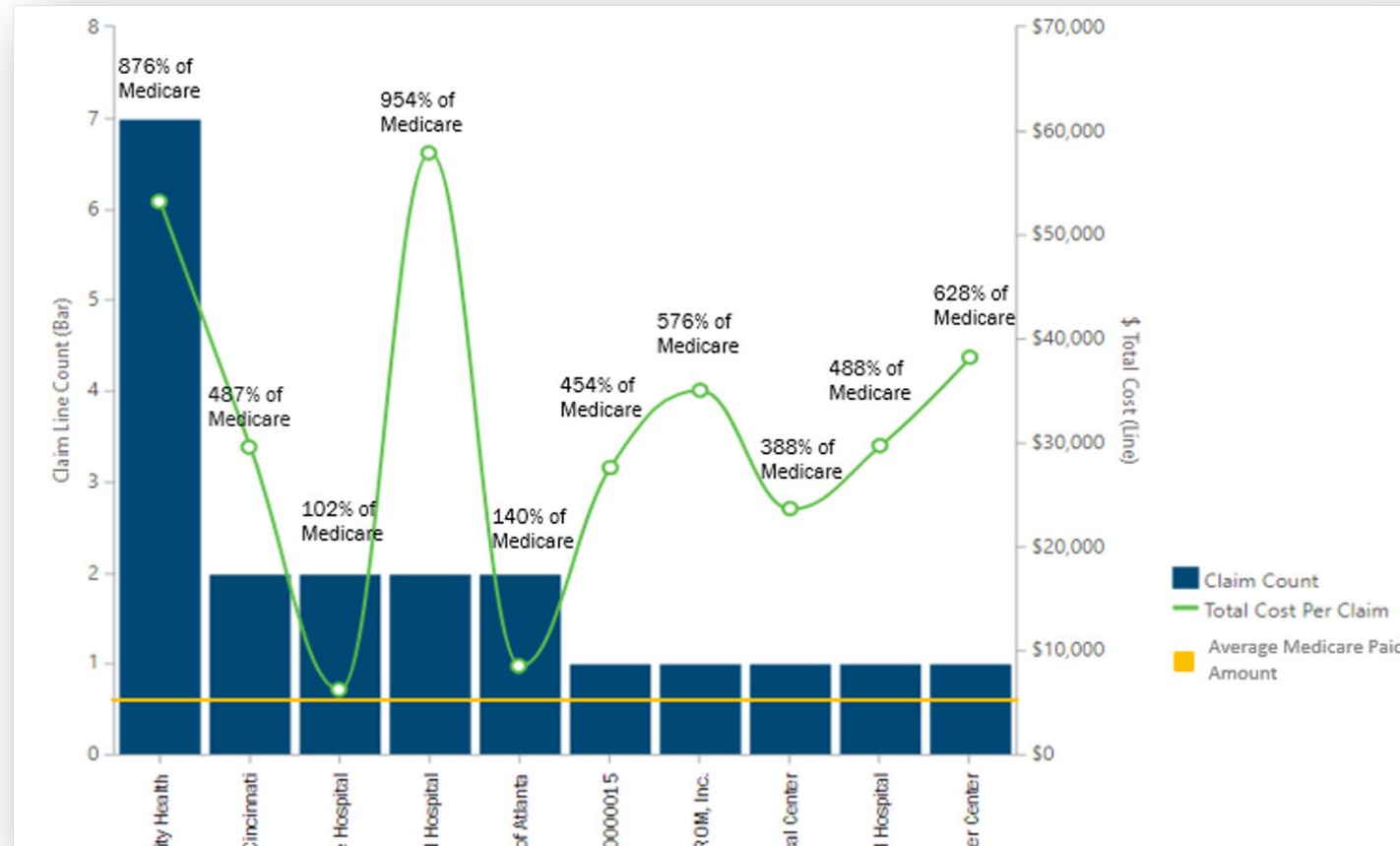
80061 - Lipid panel



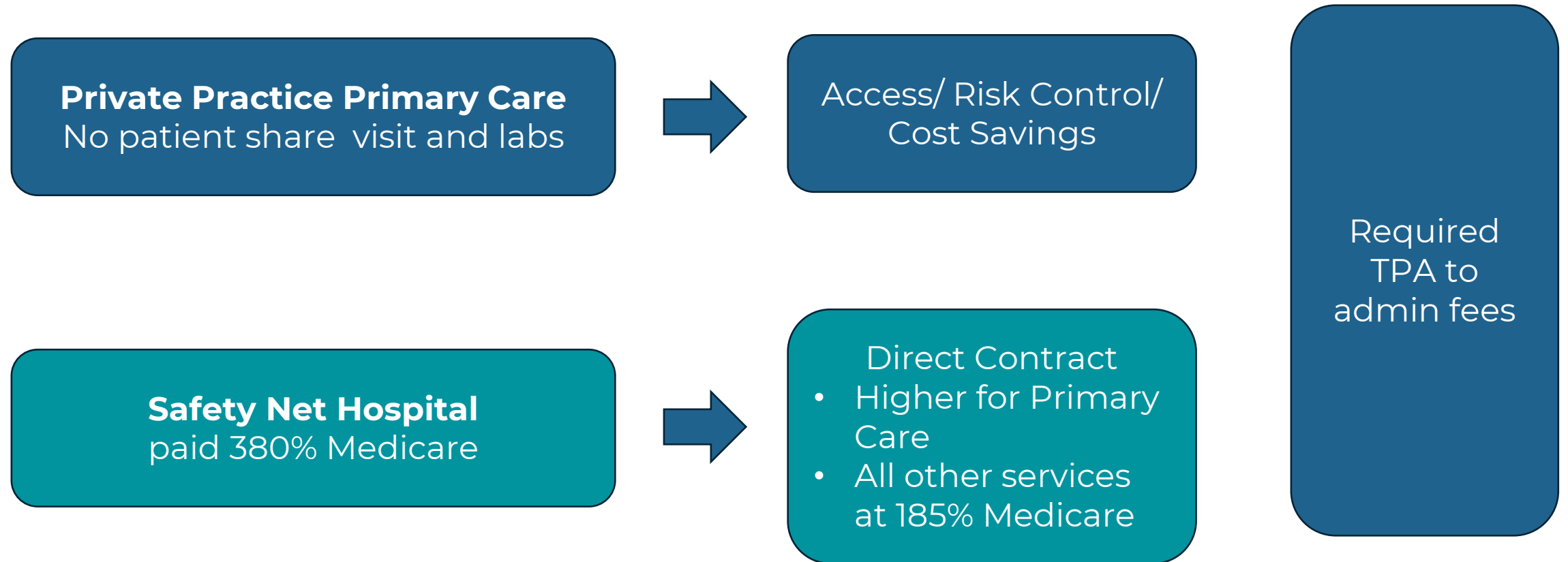
- **Problem:**
 - First POS was OON
 - Second- hospital that will capture most labs in this community
 - Cost range- \$91 to \$9
- **Solution:**
 - Direct contract with the independent lab - \$9

Actionable Incite!

Efficiency Compared to Medicare 77371 Radiation Treatment Delivery



Goodwill Industries of Central and Southern IN



Options for Direct Contracting



- **Legal agreement where claims are paid through the TPA**
 - Vendors
 - Hospital Systems
 - Provider Groups



- **Legal agreement where invoices are paid directly by the Employer/ Health Plan**
 - \$ for service
 - \$x per participating member- lower rate or additional payment for services



- **Mutually beneficial relationship between employer and provider groups**
 - Provider gains market share
 - Employer outlines what they need

Questions?