



NEWS RELEASE

# Premier Inc. Identifies \$8.3B Savings Opportunity in the ED with More Preventative and Coordinated Ambulatory Care

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Analysis reveals wide variation in the number of patients with chronic conditions presenting to the emergency department, with 4.3 million potentially preventable visits; behavioral health issues, diabetes and hypertension associated with greatest opportunities

CHARLOTTE, N.C.--(BUSINESS WIRE)-- Emergency department (ED) visits for people with at least one of six prevalent chronic conditions varied greatly and contributed to nearly 60 percent of all annual visits at nearly 750 hospitals in 2017, according to a Premier analysis released today. More than 4.3 million of these visits were potentially preventable and equate to an estimated \$8.3 billion in ED costs, suggesting these patients may need more effective primary care services.

Premier published the analysis in its latest data-driven report, **Ready, Risk, Reward: Improving Care for Patients with Chronic Conditions**, which highlights the major opportunity to offer more coordinated and preventative care services in ambulatory care settings to avoid unnecessary ED visits. Premier analyzed 2017 data on nearly 24 million ED visits among patients with asthma, chronic obstructive pulmonary disease (COPD), diabetes, heart failure, hypertension and/or a behavioral health condition, such as mental health or substance abuse issues. The findings showed variation in the rate of ED visits by hospital, particularly for patients with behavioral health issues (0.8 – 64.4 percent), diabetes (0.1 – 22.2 percent) and hypertension (0.1 – 48.6 percent).

"It is widely known that people with chronic conditions contribute to high healthcare expenditures, making them a critical population for more strategic, preventative care," said Joe Damore, Senior Vice President of Population Health Consulting at Premier. "While providers face the challenges of perverse incentives that have impeded

coordinated, cost-effective care delivery, Premier members are actively taking steps to overcome this fragmentation and assume responsibility for the total health of these patient populations through alternative payment models. Alternative payment models create an incentive for providers to organize high-value networks, such as accountable care organizations (ACOs), which deliver coordinated care across the continuum.”

In its work with more than 120 ACOs, Premier has observed that approximately 30 percent of ED visits occurred for issues that could have been treated in primary or other ambulatory care settings. To further investigate, Premier’s analysis compared hospitals that achieved the lowest quartile (25 percent) of ED visit rates for patients with chronic conditions to those that did not to identify the 4.3 million potentially preventable visits and associated \$8.3 billion in ED costs. These findings underscore the value of pinpointing evidence-based care delivery improvement opportunities, as well as building integrated high-value networks across the continuum of care.

For high-value networks, such as ACOs and clinically integrated networks (CINs), preventing ED visits and improving health outcomes for patients with chronic conditions can mean the difference between significant cost savings or financial losses. Additionally, hospitals and health systems receiving traditional fee-for-service reimbursement are at risk for these patient populations under the Centers for Medicare & Medicaid Services (CMS) Hospital Value-Based Purchasing and Readmissions Reduction Programs, as well as the Merit-based Incentive Payment System.

“ED visits can be costly as they may lead to hospitalizations and other high-cost services,” said T. May Pini, MD, MPH, Principal of Population Health Consulting at Premier. “Although the value of primary care services is known, access to and the use of these services varies dramatically. To avoid disease progression and poor health outcomes, people with chronic conditions need more preventative and proactive care, including more reliable access to their primary care provider for urgent issues. However, the delivery of high-quality primary care requires significant transformation across acute, ambulatory and community providers to align around a coordinated care management model that is truly focused on the patient.”

Lessons learned from Premier member ACOs have shown that developing a patient-centric, cross-continuum care management model in partnership with primary care providers (PCPs) could aid in preventing ED visits, while allowing health systems to achieve healthier patient populations and receive a higher return on investment. Based on these learnings, Premier has identified five keys to a successful care management model, which are described in the report.

**Establish a care management vision, strategy and infrastructure** that is developed and shared in partnership with the provider community, particularly the PCP, enabling physicians to participate in leadership and governance of care management strategies, care model design and contracting decisions.

**Define, stratify and target at-risk populations** by reaching consensus on standardized processes,

including algorithms and data sets, to identify patients who will most benefit from care management services.

**Create longitudinal, individualized care plans** based on patient needs and goals, including hands-on assistance that allow care managers, PCPs and coaches to empower patients through education and access to community resources.

**Develop, clearly define and articulate multidisciplinary roles and responsibilities** to coordinate and implement care plans and associated transitions.

**Invest in cross-continuum technology and analytics** that can customize care management assessments, synchronize patient segmentation/risk stratification algorithms and facilitate timely information to drive more efficient workflows.

Premier's recommended strategies for building a patient-centric, physician-aligned care management model are based on its **years of experience** and data working with hundreds of ACOs, CINs and various other organizations on successful population health management models, care delivery optimization initiatives and physician alignment strategies.

Premier's Ready, Risk, Reward reports provide a detailed view and deep understanding of cost, quality and population health trends across the continuum, as well as share insights on evidence-based strategies and solutions designed to tackle inefficiencies in healthcare, ranging from variation in clinical practice to alternative payment model design. The analyses leverage the PremierConnect® performance improvement platform, which houses data on more than 45 percent of U.S. hospital discharges nationwide.

## Analysis Methodology

The analysis of ED visits among patients with chronic conditions included 2017 discharge data from 747 hospitals across 44 states, representing nearly 23,982,070 million ED visits overall. Conditions included principal and secondary diagnoses for asthma, chronic obstructive pulmonary disease (COPD), diabetes, heart failure, hypertension and/or a behavioral health condition, such as mental health or substance abuse issues. The analysis benchmarked the lowest quartile of ED visit rates associated with each condition by hospital and adjusted for patients with multiple conditions, finding that 21.4 percent of visits overlapped, which resulted in 4,327,662 unique potentially preventable visits. With the average cost for an ED visit estimated by the **Health Care Cost Institute** as \$1,917, if all visits outside of the top performing quartile were preventable, they would equate to an estimated \$8.3 billion cost savings opportunity.

## About Premier Inc.

Premier Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,000

U.S. hospitals and health systems and approximately 165,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare. Please visit Premier's news and investor sites on [www.premierinc.com](http://www.premierinc.com); as well as **Twitter**, **Facebook**, **LinkedIn**, **YouTube**, **Instagram** and **Premier's blog** for more information about the company.

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