**Facilitator’s Guide**

**Description**: This guide is intended to help the faculty deliver this 60-minute discussion to fellows on the topic of health care costs and payment models. Inpatient and outpatient scenarios for insured and uninsured patients are explored in order to discuss important differences in access and cost, and to challenge trainees to consider these differences when implementing high value, cost-conscious care.

**Learning Objectives**:

* Define three types of health care costs (charges versus reimbursement versus out-of-pocket costs).
* Describe how traditional payment models promote cost variation and lack of price transparency.
* Calculate out-of-pocket expenses depending on insurance status, type of plan, and setting of care.
* Weigh the impact of out-of-pocket expenses on the ability to adhere to recommendations.
* Describe recent value-based payment reforms.

**Audience and Setting:** The intended audience members for this module are fellowship trainees.

**Equipment Required**: A computer with projector for PowerPoint presentation with audio output, a white board or flip chart for recording group work, and index cards for final activity. Internet access in the conference room would be preferable so that trainees can access the online documents and the out-of-pocket calculator for the small group activities.

**Handouts**: Consider printing the two handouts (thyroid biopsy vignette and financial toxicity calculator) needed for small group activities if the trainees do not have devices and internet access in the conference room.

**References**:

1. Vignette courtesy of Costs of Care. High costs of important procedures. Costs of Care Web site. <http://www.costsofcare.org/high-costs-of-important-procedures/>. Accessed March 17, 2016.
2. Calculator courtesy of Dartmouth-Hitchcock Medical Center. Out-of-pocket estimator. Dartmouth-Hitchcock Web site. <http://www.dartmouth-hitchcock.org/billing-charges/out_of_pocket_estimator.html>. Accessed March 17, 2016.
3. The Henry J Kaiser Family Foundation. Health insurance coverage of the total population. The Henry J Kaiser Family Foundation Web site. <http://kff.org/other/state-indicator/total-population/>. Accessed March 17, 2016.
4. Centers for Medicare and Medicaid Services. Medicare Web site. [www.medicare.gov](http://www.medicare.gov). Accessed March 17, 2016.
5. Centers for Medicare and Medicaid Services. Medicaid Web site. [www.medicaid.gov](http://www.medicaid.gov). Accessed March 17, 2016.
6. The Henry J Kaiser Family Foundation. Key facts about the uninsured population. The Henry J Kaiser Family Foundation Web site. <http://kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>. Published October 15, 2015. Accessed March 17, 2016.
7. McWilliams JM. Health consequences of uninsurance among adults in the United States: recent evidence and implications. Milbank Q. 2009 Jun;87(2):443-94. [PMID: 19523125]
8. Financial toxicity survey courtesy of The University of Chicago. Cost of cancer care: understand your financial toxicity. The University of Chicago Web site. <https://costofcancercare-sites.uchicago.edu>. Accessed March 17, 2016.
9. Adapted from Owens, D, Qaseem A, Chou R, Shekelle P; Clinical Guidelines Committee of the American College of Physicians. High-value, cost-conscious health care: concepts for clinicians to evaluate the benefits, harms, and costs of medical interventions. Ann Intern Med. 2011 Feb 1;154(3):174-80. [PMID: 21282697]

Presentation **Instructions**

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| Step | Description | Estimated Time |
| 1 | Welcome participants, introduce speaker, identify the reasons for the discussion, including:   * Physicians should understand the types of health care costs and how these apply to their patients * One’s form of insurance (or lack thereof) directly impacts out-of-pocket costs, which in turn affects ability to adhere to different treatment recommendations * Review the Learning Objectives (slide #2) | 2 minutes |
| 2 | Case #1: Patient perspective on out-of-pocket costs (slide #3)   * Have one of the trainees read the patient perspective on the prohibitive out-of-pocket cost of repeat thyroid biopsies * Ask if they have heard similar complaints from their patients * If so, how do they address these patient concerns? * Emphasize that medical bills are the leading cause for personal bankruptcy in the U.S. and that patients are often embarrassed to bring up financial concerns with their doctors | 5 minutes |
| 3 | Basics types of health care costs   * Compare the different forms of costs—charges, reimbursements, and out-of-pocket expenses (slide #4) | 3 minutes |
| 4 | Case #2: Evaluation of a cardiac murmur (slides #5, #6, and #7)   * Present the case of this 65-year-old man, who requires imaging for a cardiac murmur * Ask the trainees to use the Dartmouth calculator to estimate the patient’s out-of-pocket expenses for the echo based on three variables: no insurance, Medicare, private high-deductible plan ($5,000 deductible, $75 co-pay) * Discuss the differences in out-of-pocket expenses and understand why a patient may avoid seeking health care because of these differences * Ask them to identify a commonly ordered test in their specialty and compare the out-of-pocket costs based on the three variables provided * Ask if they were surprised with the variation in costs * Do they think this knowledge should impact their clinical recommendations, and if so, how? | 10 minutes |
| 5 | Overview of health insurance   * Review sources of health insurance (slide #8) * Discuss individual private insurance (slide #9), which is an uncommon method for paying for health care. Due to overhead, it is a more expensive way to finance health care * Discuss employment-based insurance (slide #10) and how it is, in essence, subsidized by the government * Give a brief overview of Medicare Parts A, B, and D (slides #11 and #12) * Describe Medicaid and Medicaid expansion under the ACA (slides #13 and #14) | 5 minutes |
| 6 | Access to insurance   * Describe the uninsured pre-ACA and their limited access to care (slides #15 and #16) * Review the evidence that health insurance improves outcomes (slide #17). Uninsured patients delay care or go without altogether and have fewer medical visits, fewer health screening tests (with higher rates of chronic illness and lower cancer survival rates), and higher mortality (including during hospitalizations) | 5 minutes |
| 7 | Reimbursement models   * Review the different types of reimbursement models (slide #18), although note that many of these apply more to inpatient scenarios (per diem, DRGs) and that most outpatient medicine is either capitation or FFS * Discuss the recent shift from predominantly FFS and DRG models to newer reimbursement models, starting with ACOs (slide #19) * Define and give an example of pay for performance (slides #20, #21, and #22) * Discuss whether different reimbursement models promote or discourage practicing high value, cost-conscious care (think about ordering tests) * Highlight the lack of disincentive for physicians and hospitals to simply do “more” care without regard to “better” care under FFS model * Define and provide an example of bundled payments (slides #23 and #24) * Ask, does your organization participate in these types of partnerships with CMS or other large payers? * Define the MACRA (Medicare Access and CHIP Reauthorization Act of 2015) and show its role in catalyzing future clinician reimbursement reform that is more aligned with the practice of high value care (slides #25 and #26) * Emphasize the central role that patient-centered medical homes and subspecialty neighborhoods will play under this new law | 10 minutes |
| 8 | Case #3: Survey a patient for financial toxicity from chemotherapy (slide #27)   * Review the University of Chicago patient survey, asking fellows which questions may be relevant to patients in their specialty * Would a similar tool be helpful to them when caring for patients? | 10 minutes |
| 9 | Steps toward high value, cost-conscious care   * Review the five steps outlined (slide #28) * Emphasize step 4—highlight the fact that the fellows just practiced step 4 in case #3 * Discuss that high value care is not “one-size-fits-all medicine” and that care plans must be individualized to reflect the values, concerns, and support systems of individual patients | 5 minutes |
| 10 | Summary (slide #29)   * Highlight the major themes of this module, including how the type of insurance and patient's insurance status greatly impact out-of-pocket costs, which in turn affects ability to adhere to treatment recommendations * Emphasize that physicians cannot put on blinders to these differences, but instead must work with patients to individualize plans of care that maximize value and minimize the burden of unnecessary expenses * Ask participants to consider a time when their own patients failed to comply with treatment recommendations due in part to cost (slide #30). Ask them to commit to start doing at least one thing and stop doing at least one thing to improve their own patients’ outcomes by taking health insurance status and cost into consideration. If there is time, ask for volunteers to share their personal goals | 5 minutes |