

CHAPTER 12

CENTERS OF EXCELLENCE OFFER A GOLDEN OPPORTUNITY

Tom Emerick



As we have seen, there is a lot of unnecessary surgery and care performed in this country. This became a particular concern for me as a benefits manager in the 1980s when I was managing BP's self-insured U.S. health plans out of its Cleveland, Ohio office. I saw employees and their family members undergoing what seemed to me to be dubious procedures. This was not the case, so far as I could see, at the Cleveland Clinic, which was used by many BP plan enrollees. So, I set up a meeting with Cleveland Clinic executives to find out why.

Basically, they explained that their ethical standards prevented them from doing surgery on patients who did not need it. Furthermore, they had an evidence-based model for diagnosing patients with great accuracy and for prescribing the safest and least invasive effective solutions.

Clearly, steering our people their way was in our employees' best interests and would lead to better outcomes for our plan members and lower health care costs for BP.

What Is a Center of Excellence?

This is the definition of a center of excellence, a health care solution being adopted by savvy employers across the country today.

Hospitals and health centers that are the best at what they do, whether it's cardiac care, joint replacements, diagnostics, or something else.

A center of excellence typically offers the complete continuum of care for a chronic disease or acute condition such as diabetes or breast cancer, from diagnosis to treatment to rehabilitation—at lower costs than less capable providers.

These centers are fundamentally focused on patient care more so than on research or education, although they likely do both. They practice medicine using a team-based, data-driven, and accountable model. They perform high volumes of complex surgeries with great outcomes, yet they are more likely to recommend nonsurgical treatment plans whenever appropriate.

Employers that contract directly with centers of excellence are able to offer their plan members the best care at the best price. So that's what I did. I set up what was at that time the largest directly contracted preferred provider network in the United States. I put the Cleveland Clinic in as the primary referral center of excellence. And sure enough, surgery rates, almost across the board, dropped considerably.

Again, excellent diagnostics is a key to making this strategy work. Over the last 30 years, I have compiled data from various sources on patients who were sent to first-class referral centers for second opinions.

The following is a list of serious health conditions and the typical misdiagnosis rates.

- New cancer cases—20 percent
- Spine surgery—67 percent
- Orthopedic surgery—up to 30 percent

- Bypass surgery—60 percent
- Stents—50 percent in some parts of the US
- Solid organ transplants—40 percent

What to Look for in a Center of Excellence

Here are some of the traits that distinguish centers of excellence.

- Patients are seen by multiple specialists
- A multidisciplinary team does the diagnosis
- That same team prescribes the treatment plan
- If surgery is required, it is done at the highest quality available
- The patient experience is excellent
- Health care is integrated, collaborative, and accountable
- Bundled payments and global fees rather than fee-for-service payments

Health City in the Caymans Islands is emerging as possibly the best diagnostic and surgery center in the Western Hemisphere. A few other centers of excellence include Mayo Clinic in Minnesota, Virginia Mason in Washington, Mercy Hospital in Missouri, Intermountain Healthcare in Utah, Kaiser Permanente in California, Geisinger Health in Pennsylvania, and Baptist Health in Arkansas.

Remember that organizations are usually only a center of excellence for certain procedures and specialties, not everything.

The High Cost of Outliers

In health benefit plans today, about 6 to 8 percent of plan members are spending 80 percent of the plan dollars. Outliers may have wildly different medical conditions, but they have a lot in common.

- They tend to have complex health problems, usually with multiple comorbidities.
- They are often seeing three or four specialists, who rarely collaborate.
- In any given year about 20 percent of the outlier group is completely misdiagnosed. This means that about 16 percent of plan dollars each year are being wasted on treatments for diseases the patients don't have.
- About 40 percent of outliers have treatment plans that are flat out erroneous or clearly suboptimal. Adding this to misdiagnosis means that about 32 percent of total plan dollars each year are wasted, not to mention the huge amount of medical harm to the outlier population.
- Only a handful of outlier health problems are preventable in any real sense—about 7 percent, according to my colleague, Al Lewis. While the notion of workplace wellness and prevention was a noble idea, we now know that company after company is spending a huge amount of plan dollars and resources trying to do something that can't be done.

A senior executive at a Fortune 10 company wisely told me that misdiagnosis is the biggest health care error. Everything that follows both harms the patient and costs you. Again, a significant portion of outliers are misdiagnosed.

Those who succeed in controlling plan costs in the future will do so by focusing on outliers. One of the best solutions is using centers of excellence and taking advantage of superior referral centers to help ensure outliers are correctly diagnosed and given the optimal treatment plan.

In a typical center of excellence model, an employer pays the travel expenses for a patient and companion to travel to the center if it isn't local. If the patient needs surgery, he or she will have it at the center on the same trip. Even if the center is in another country, the quality of care more than makes up for the travel costs.

Getting Help

Admittedly, contracting directly with health systems that qualify to be centers of excellence usually takes a lot of effort, and you have to be a pretty large employer to get their attention. The good news is that “aggregators” are available today. These are specialty referral networks that can help companies with, say, less than 50,000 to 100,000 employees get prepackaged access to top-notch centers of excellence.

Some employers have expressed an interest in working with directly contracted centers of excellence, but have been unsuccessful in getting support from their brokers. There is growing evidence that some benefits firms have conflicts of interest in this arena, that is, they derive a large share of their total revenue by providing consulting services to specific providers. If a broker is getting 30 percent of their total revenue in this way, they may not want to help you send your patients somewhere else.

Is your broker in this category?

Tom Emerick is a consultant on health care benefits administration, founder of Edison Health, and coauthor of Cracking Health Costs and An Illustrated Guide to Personal Health. He previously led benefits programs at Walmart, BP, and elsewhere.