

SHIFT

Potential Medicare Savings based on 2010 CMS Data National

<http://www.iom.edu/Activities/HealthServices/GeographicVariation/Data-Resources.aspx>

Category of Service	Current FFS Medicare Spending			Minimum Savings Potential			Additional Opportunity
	2008 Avg payment/user	User Rate/1,000 beneficiaries	Total \$ 1,000 beneficiaries	Rationale	%	\$	
Hospital admission	16,069	203	3,260,400	Save 19% - Dobson/Davanzo estimate ⁽¹⁾ from care coordination. No savings claimed from improved results	19%	619,476	Additional savings achievable through improved health outcomes, managing certain conditions internally rather than at hospital, reduction in rehospitalizations through better transitions control
Inpatient Rehab	18,344	11	195,510	Save 100% ⁽²⁾	100%	195,510	
Home health	5,718	108	619,448	Save 100% ⁽²⁾	100%	619,448	
LTC Hospital	40,445	3	139,576	Save 100% ⁽²⁾	100%	139,576	
SNF	14,832	62	914,912	Save 100% ⁽²⁾	100%	914,912	
Hospital Outpatient	1,556	645	1,003,391	No savings claimed from improved outcomes	0%	-	Many outpatient services will be provided by on-site physicians/nurse practitioners, reduction in emergency room visits, hospital paid lab tests, etc.
Outpatient Dialysis	20,287	6	131,034	No savings claimed	0%	-	
FHRQ	374	73	27,305	No savings claimed from improved outcomes	0%	-	
Ambulatory Surgical	797	108	86,413	No savings claimed	0%	-	
Evaluation & Management	996	914	910,312	60% of visits are primary care ⁽³⁾ - save 2/3. No savings claimed from 40% of visits to specialists.	40%	364,125	Reduce emergency room & hospital usage, nursing home visits, lower specialist usage from improved health & better coordination
Procedures	904	657	593,728	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	
DME	701	301	211,042	No savings claimed	0%	-	
Lab	282	735	207,349	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other test	123	513	63,115	No savings claimed	0%	-	
Imaging	385	725	279,239	No savings claimed	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other	728	475	346,024	No savings claimed	0%	-	Reduce ambulance usage with less hospital transfers, parental and enteral nutrition services provided internally
Hospice	11,179	31	345,431	Save 100% ⁽²⁾	100%	345,431	
Part B Drugs	516	574	296,274	No savings claimed	0%	-	
Total			9,630,504			3,198,478	
% savings						33%	Additional achievable savings from above is between 6% to 12% of total.

(1) 19% savings based on experience of Veterans Administration which reduced bed days by 25%, also 17% reduction in hospital admissions due to care coordination found by Piekas et al at Mercy Hospital System.

(2) Existing staff of SHIFT can provide these services, not requiring additional providers or expense.

(3) MEPS, 2008

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Potential Medicare Savings based on 2010 CMS Data from IOM website

Philadelphia Hospital Referral Region

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Category of Service	Current FFS Medicare Spending			Minimum Savings Potential			Additional Opportunity
	2008 Avg payment/user	User Rate/1,000 beneficiaries	Total \$ 1,000 beneficiaries	Rationale	%	\$	Areas of Savings
Hospital admission	16,975	230	3,898,665	Save 19% - Dobson/Davanzo estimate ⁽¹⁾ from care coordination. No savings claimed from improved results	19%	740,746	Additional savings achievable through improved health outcomes, managing certain conditions internally rather than at hospital, reduction in rehospitalizations through better transitions control
Inpatient Rehab	20,237	12	238,736	Save 100% ⁽²⁾	100%	238,736	
Home health	4,688	123	575,836	Save 100% ⁽²⁾	100%	575,836	
LTC Hospital	46,063	2	113,960	Save 100% ⁽²⁾	100%	113,960	
SNF	14,755	80	1,187,689	Save 100% ⁽²⁾	100%	1,187,689	
Hospital Outpatient	1,419	660	936,520	No savings claimed from improved outcomes	0%	-	Many outpatient services will be provided by on-site physicians/nurse practitioners, reduction in emergency room visits, hospital paid lab tests, etc.
Outpatient Dialysis	22,149	7	165,121	No savings claimed	0%	-	
FHRO	395	10	3,922	No savings claimed from improved outcomes	0%	-	
Ambulatory Surgical	766	119	91,323	No savings claimed	0%	-	
Evaluation & Management	1,342	921	1,235,685	60% of visits are primary care ⁽³⁾ - save 2/3. No savings claimed from 40% of visits to specialists.	40%	494,274	Reduce emergency room & hospital usage, nursing home visits, lower specialist usage from improved health & better coordination
Procedures	1,017	718	730,094	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	
DME	651	266	173,274	No savings claimed	0%	-	
Lab	317	762	241,445	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other test	126	611	76,997	No savings claimed	0%	-	
Imaging	402	726	291,998	No savings claimed	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other	1,049	481	504,574	No savings claimed	0%	-	Reduce ambulance usage with less hospital transfers, parental and enteral nutrition services provided internally
Hospice	11,061	38	416,790	Save 100% ⁽²⁾	100%	416,790	
Part B Drugs	634	587	372,371	No savings claimed	0%	-	
Total			11,255,000			3,768,031	
% savings						33%	Additional achievable savings from above is between 6% to 12% of total.

(1) 19% savings based on experience of Veterans Administration which reduced bed days by 25%, also 17% reduction in hospital admissions due to care coordination found by Piekas et al at Mercy Hospital System.

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(3) MEPS, 2008

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National

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Category of Service	Current FFS Medicare Spending			Minimum Savings Potential			Additional Opportunity
	2008 Avg payment/user	User Rate/1,000 beneficiaries	Total \$ 1,000 beneficiaries	Rationale	%	\$	Areas of Savings
Hospital admission	14,889	212	3,156,468	Save 19% - Dobson/Davanzo estimate ⁽¹⁾ from care coordination. No savings claimed from improved results	19%	599,729	Additional savings achievable through improved health outcomes, managing certain conditions internally rather than at hospital, reduction in rehospitalizations through better transitions control
Inpatient Rehab	17,655	11	194,205	Save 100% ⁽²⁾	100%	194,205	
Home health	5,411	101	546,511	Save 100% ⁽²⁾	100%	546,511	
LTC Hospital	37,202	3	111,606	Save 100% ⁽²⁾	100%	111,606	
SNF	12,791	63	805,833	Save 100% ⁽²⁾	100%	805,833	
Hospital Outpatient	1,540	704	1,084,160	No savings claimed from improved outcomes	0%	-	Many outpatient services will be provided by on-site physicians/nurse practitioners, reduction in emergency room visits, hospital paid lab tests, etc.
Ambulatory Surgical	732	107	78,324	No savings claimed	0%	-	
Evaluation & Management	900	917	825,300	60% of visits are primary care ⁽³⁾ - save 2/3. No savings claimed from 40% of visits to specialists.	40%	330,120	Reduce emergency room & hospital usage, nursing home visits, lower specialist usage from improved health & better coordination
Procedures	909	654	594,486	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	
DME	696	288	200,448	No savings claimed	0%	-	
Lab	235	737	173,195	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other test	125	511	63,875	No savings claimed	0%	-	
Imaging	415	732	303,780	No savings claimed	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other	338	602	203,476	No savings claimed	0%	-	Reduce ambulance usage with less hospital transfers, parental and enteral nutrition services provided internally
Hospice	10,578	29	306,762	Save 100% ⁽²⁾	100%	306,762	
Part B Drugs	452	563	254,476	No savings claimed	0%	-	
Total			8,902,905			2,894,766	
% savings						33%	Additional achievable savings from above is between 6% to 12% of total.

(1) 19% savings based on experience of Veterans Administration which reduced bed days by 25%, also 17% reduction in hospital admissions due to care coordination found by Piekas et al at Mercy Hospital System.

(2) Existing staff of SHIFT can provide these services, not requiring additional providers or expense.

(3) MEPS, 2008

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Potential Medicare Savings based on 2008 CMS Data from IOM website

Philadelphia Hospital Referral Region

<http://www.iom.edu/Activities/HealthServices/GeographicVariation/Data-Resources.aspx>

Category of Service	Current FFS Medicare Spending			Minimum Savings Potential			Additional Opportunity
	2008 Avg payment/user	User Rate/1,000 beneficiaries	Total \$ 1,000 beneficiaries	Rationale	%	\$	
Hospital admission	15,991	247	3,949,777	Save 19% - Dobson/Davanzo estimate ⁽¹⁾ from care coordination. No savings claimed from improved results	19%	750,458	Additional savings achievable through improved health outcomes, managing certain conditions internally rather than at hospital, reduction in rehospitalizations through better transitions control
Inpatient Rehab	18,924	13	246,012	Save 100% ⁽²⁾	100%	246,012	
Home health	4,356	122	531,432	Save 100% ⁽²⁾	100%	531,432	
LTC Hospital	43,407	2	86,814	Save 100% ⁽²⁾	100%	86,814	
SNF	12,582	85	1,069,470	Save 100% ⁽²⁾	100%	1,069,470	
Hospital Outpatient	1,481	704	1,042,624	No savings claimed from improved outcomes	0%	-	Many outpatient services will be provided by on-site physicians/nurse practitioners, reduction in emergency room visits, hospital paid lab tests, etc.
Ambulatory Surgical	744	117	87,048	No savings claimed	0%	-	
Evaluation & Management	1,271	920	1,169,320	60% of visits are primary care ⁽³⁾ - save 2/3. No savings claimed from 40% of visits to specialists.	40%	467,728	Reduce emergency room & hospital usage, nursing home visits, lower specialist usage from improved health & better coordination
Procedures	1,009	716	722,444	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	
DME	655	256	167,680	No savings claimed	0%	-	
Lab	274	758	207,692	No savings claimed from improved results on outcomes or elimination of duplication in testing	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other test	137	610	83,570	No savings claimed	0%	-	
Imaging	450	732	329,400	No savings claimed	0%	-	Eliminate duplicate tests with better coordination and less testing due to improved health/outcomes
Other	428	634	271,352	No savings claimed	0%	-	Reduce ambulance usage with less hospital transfers, parental and enteral nutrition services provided internally
Hospice	10,601	37	392,237	Save 100% ⁽²⁾	100%	392,237	
Part B Drugs	510	567	289,170	No savings claimed	0%	-	
Total			10,646,042			3,544,151	
% savings						33%	Additional achievable savings from above is between 6% to 12% of total.

(1) 19% savings based on experience of Veterans Administration which reduced bed days by 25%, also 17% reduction in hospital admissions due to care coordination found by Piekas et al at Mercy Hospital System.

(2) Existing staff of SHIFT can provide these services, not requiring additional providers or expense.

(3) MEPS, 2008

Senior Healthcare & Housing Initiative for Transformation (SHIFT)

Representative Ranges of Potential Medicare Savings based on 2008 HRR Data from IOM website

<http://www.iom.edu/Activities/HealthServices/GeographicVariation/Data-Resources.aspx>

Category of Service	2008 Avg Medicare payment per user	Users Rate per 1,000	Total spending 1,000 beneficiaries	Low-end Savings Potential			Mid-estimate Savings Potential			High-end Savings Potential		
				Rationale	%	\$	Rationale	%	\$	Rationale	%	\$
Hospital admission	15,991	247	3,949,777	Save 19% - Dobson/Davanzo estimate	19%	750,458	Low end of KFF 33%-66% hospitalizations are avoidable in this population	33%	1,303,426	Midpoint of KFF 33%-66% hospitalizations are avoidable in this population	50%	1,974,889
				No savings claimed from improved results	0%	-	To avoid any possible duplication no savings claimed from improved results	0%	-	To avoid any possible duplication no savings claimed from improved results	0%	-
Inpatient Rehab	18,924	13	246,012	Save 100%	100%	246,012	Save 100%	100%	246,012	Save 100%	100%	246,012
Home health	4,356	122	531,432	Save 100%	100%	531,432	Save 100%	100%	531,432	Save 100%	100%	531,432
LTC Hospital	43,407	2	86,814	Save 100%	100%	86,814	Save 100%	100%	86,814	Save 100%	100%	86,814
SNF	12,582	85	1,069,470	Save 100%	100%	1,069,470	Save 100%	100%	1,069,470	Save 100%	100%	1,069,470
Hosp Outpatient	1,481	704	1,042,624	No savings claimed from improved outcomes	0%	-	5% savings claimed from improved outcomes	5%	52,131	10% savings claimed from improved outcomes	10%	104,262
Ambulatory Surgical	744	117	87,048	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%	-
Evaluation & Management	1,271	920	1,169,320	60% visits are primary care - save 2/3 of those 40% visits are specialists. No savings claimed from improved results on specialists or duplication elimination	40%	467,728	60% visits are primary care - save 3/4 of those 40% visits are specialists. 5% savings claimed from improved results on specialists or duplication elimination	45%	526,194	60% visits are primary care - save 90% of those 40% visits are specialists. 10% savings claimed from improved results on specialists or duplication elimination	54%	631,433
					0%	-		5%	32,156		10%	53,789
Procedures	1,009	716	722,444	No savings claimed from improved results on outcomes or duplication elimination	0%	-	5% savings claimed from improved results on outcomes or duplication elimination	5%	36,122	10% savings claimed from improved results on outcomes or duplication elimination	10%	72,244
DME	655	256	167,680	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%	-
Lab	274	758	207,692	No savings claimed from improved results on outcomes or duplication elimination	0%	-	5% savings claimed from improved results on outcomes or duplication elimination	5%	10,385	10% savings claimed from improved results on outcomes or duplication elimination	10%	20,769
Other test	137	610	83,570	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%	-
Imaging	450	732	329,400	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%	-
Other	428	634	271,352	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%	-
Hospice	10,601	37	392,237	No savings claimed	100%	392,237	No savings claimed	100%	392,237	No savings claimed	100%	392,237
Part B Drugs	510	567	289,170	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%	-
Total			10,646,042			3,544,151			4,286,380			5,183,351
% savings						33%			40%			49%

Category of Service	2008 Avg Medicare Rate per user			Low-end Savings Potential			Mid-estimate Savings Potential			High-end Savings Potential	
	payment per user	per 1,000	Total spending 1,000 beneficiaries	Rationale	%	\$	Rationale	%	\$	Rationale	%
Hospital admission	15,991	421	6,732,211	Save 19% - Dobson/Davanzo estimate	19%	1,279,120	Low end of KFF 33%-66% hospitalizations are avoidable in this population	33%	2,221,630	Midpoint of KFF 33%-66% hospitalizations are avoidable in this population	50%
				No savings claimed from improved results	0%	-	To avoid any possible duplication no savings claimed from improved results	0%	-	To avoid any possible duplication no savings claimed from improved results	0%
Inpatient Rehab	18,924	15	283,860	Save 100%	100%	283,860	Save 100%	100%	283,860	Save 100%	100%
Home health	4,356	198	862,488	Save 100%	100%	862,488	Save 100%	100%	862,488	Save 100%	100%
LTC Hospital	43,407	3	130,221	Save 100%	100%	130,221	Save 100%	100%	130,221	Save 100%	100%
SNF	12,582	123	1,547,586	Save 100%	100%	1,547,586	Save 100%	100%	1,547,586	Save 100%	100%
Hosp Outpatient	1,481	6,312	9,348,072	No savings claimed from improved outcomes	0%	-	5% savings claimed from improved outcomes	5%	467,404	10% savings claimed from improved outcomes	10%
Ambulatory Surgical	744	214	159,216	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%
Evaluation & Management	1,271	17,495	22,236,145	60% visits are primary care - save 2/3 of those 40% visits are specialists. No savings claimed from improved results on specialists or duplication elimination	40% 0%	8,894,458 -	60% visits are primary care - save 3/4 of those 40% visits are specialists. 5% savings claimed from improved results on specialists or duplication elimination	45% 5%	10,006,265 611,494	60% visits are primary care - save 90% of those 40% visits are specialists. 10% savings claimed from improved results on specialists or duplication elimination	54% 10%
Procedures	1,009	6,532	6,590,788	No savings claimed from improved results on outcomes or duplication elimination	0%	-	5% savings claimed from improved results on outcomes or duplication elimination	5%	329,539	10% savings claimed from improved results on outcomes or duplication elimination	10%
DME	655	1,478	968,090	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%
Lab	274	10,082	2,762,468	No savings claimed from improved results on outcomes or duplication elimination	0%	-	5% savings claimed from improved results on outcomes or duplication elimination	5%	138,123	10% savings claimed from improved results on outcomes or duplication elimination	10%
Other test	137	2,489	340,993	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%
Imaging		4,742	-								
Other	428	2,489	1,065,292	No savings claimed	0%	-	No savings claimed	0%	-	No savings claimed	0%
ED	1,245	592	737,040	Save 50% Dobson/Davanzo estimate	50%	368,520	Save 50% Dobson/Davanzo estimate	50%	368,520	Save 50% Dobson/Davanzo estimate	50%
Ambulance	500	197	98,667	Save 50% Dobson/Davanzo estimate	50%	49,333	Save 50% Dobson/Davanzo estimate	50%	49,333	Save 50% Dobson/Davanzo estimate	50%
Total			53,863,137			13,415,586			17,016,464		
% savings			1,615,894,100,000			25%			32%		

15,018,496,807

\$	
3,366,106	
-	
283,860	
862,488	
130,221	
1,547,586	
934,807	
-	
12,007,518	
1,022,863	
659,079	
-	
276,247	
-	
-	
368,520	
49,333	
21,508,628	
40%	