

MedInsight Health Waste Calculator



Improving the efficiency of healthcare is an ongoing challenge that must be tackled in order to get costs under control. Helping healthcare organizations identify and quantify wasteful spending can have a significant impact. As a result, Milliman MedInsight® teamed up with VBID Health to create an analytical product, the MedInsight Health Waste Calculator, to quantify and report on potentially unnecessary services.

What is the Health Waste Calculator?

The MedInsight Health Waste Calculator is designed to help healthcare organizations leverage value-based principles by identifying wasteful services as defined by national initiatives such as Choosing Wisely and the U.S. Preventive Services Task Force. As part of the MedInsight Products portfolio, a suite of analytic products developed and offered by the MedInsight team at Milliman, the Health Waste Calculator quantifies recommendations and enables industry stakeholders to assess and take action to reduce waste.

More than 48 different measures are utilized in the MedInsight Health Waste Calculator to analyze claims data in order to identify potentially wasteful services. The MedInsight Health Waste Calculator not only identifies potentially inefficient services, but also identifies the services with a degree of appropriateness for care:

- **Necessary:** Confirms that data suggests appropriate services were administered by the healthcare provider
- **Likely to be wasteful:** Indicates the need to question the appropriateness of services rendered
- **Wasteful:** Flags a cause for concern, as the service probably should not have occurred

Milliman's MedInsight team collaborated with VBID Health and its thought leaders Mike Chernew, PhD, and Mark Fendrick, MD, to establish a continuous network that extends the potential impact of reducing wasteful services. Our collective teams evaluate global initiatives in order to innovate and constantly expand the logic leveraged through the MedInsight Health Waste Calculator.

Why the Health Waste Calculator Matters

This product adds significant value to existing cost and quality reporting capabilities, specifically those efforts designed for efficiency and effectiveness measurement. Not only does the Health Waste Calculator support value-based initiatives through identifying discouraged services, it also analyzes the cost savings potential of reducing unnecessary harm, and reports on and improves quality and patient safety. In working with our clients—health plans, at-risk providers/ACOs, employers, state governments, third-party administrators, and community health coalitions—we are acutely aware of the different business demands of each.

One size does not fit all, and in turn, MedInsight Products are available to be installed on premise, as part of the Milliman MedInsight Platform for either our Payer or Provider Solutions, or as a service with our consulting team.

An estimated \$75.7 billion can be attributed annually to over treatment or low-value care*

*"Waste in the US Health Care System." JAMA, American Medical Association, 15 Oct. 2019, jamanetwork.com/journals/jama/fullarticle/2752664.

The Health Waste Calculator in Action

- The MedInsight Health Waste Calculator meets specific market needs in finance, care management, health plan operations, or provider networks.
- Several large clinically integrated networks leverage the Health Waste Calculator at the physician-level to provide clinicians with their relative utilization rates, and drive success in value-based care payment programs.
- Multiple states, through All Payer Claim Databases, use the Health Waste Calculator to facilitate statewide health waste reduction.
- The Health Waste Calculator provides a wide variety of clinically vetted metrics for health plans to use as efficiency metrics for their value-based care contracts

FIGURE 1: WASTEFUL VS. NECESSARY SERVICES

	% Necessary	% Wasteful	Waste Measured Event
Grand Total	54.0%	46.0%	202,759
Cardiac Testing	88.9%	11.1%	2,777
Imaging	67.6%	32.4%	26,125
Lab Test and Pathology	58.8%	41.2%	69,546
Medications	31.2%	68.8%	44,020
Procedures & Other Services	57.6%	42.4%	69,291

Figure 1 displays an example of the MedInsight Health Waste Calculator results table generated within the Milliman MedInsight portal. The table shows the breakdown between necessary and wasteful services by topical theme and Number of Waste Measured Events.



About VBID Health

Value Based Insurance Design Health specializes in designing and promoting health benefits plans and payment strategies that get more health out of every healthcare dollar spent. The U.S. is projected to spend nearly \$6 trillion on healthcare by the year 2027. Everyone agrees we should be getting more “health” out of that investment. VBID Health provides streamlined, value-based insurance design consulting services to facilitate creation and adoption of VBID plans and payment policies that increase patient, employee, and enrollee health. VBID Health facilitates the [Task Force on Low-Value Care](#), comprised of public and private employers, business coalitions, consumer advocates, health plans, and life science companies, all focused on accelerating concerted action to reduce low-value medical care and thereby reduce pressure on payers and consumers. For more information, visit vbidhealth.com.