



# MODULE 6

## *Outlier Patients*

Confidential. Do not share without permission.

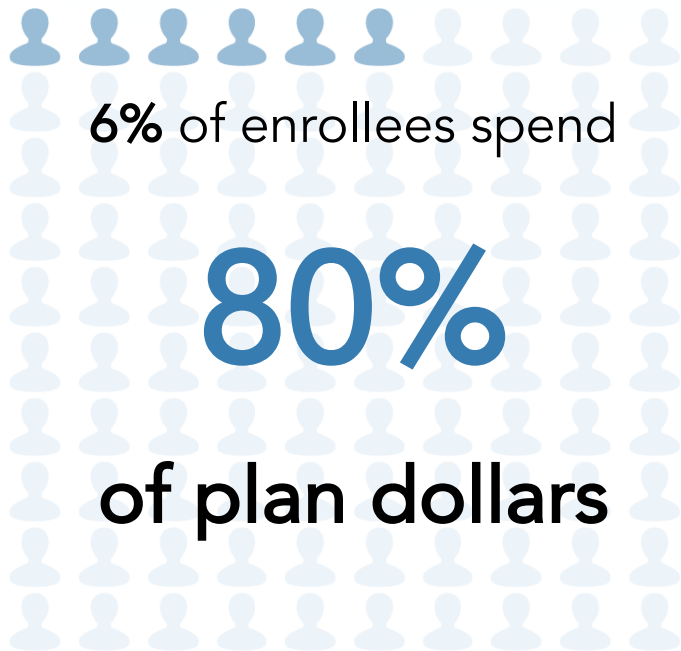


## Tom Emerick

President & Co-Founder  
of Edison Healthcare



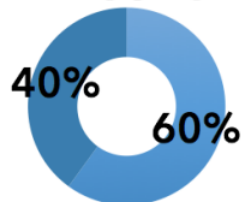
# Did You Know?



- 20% are misdiagnosed
- 40% have wrong or sub-optimal treatment plans

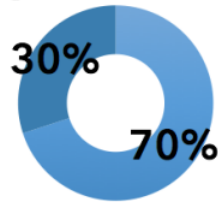
# Second Opinions Matter

## SPINE SURGERY



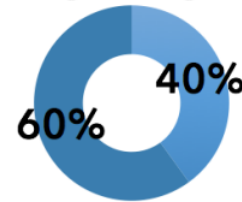
■ Misdiagnosed ■ Correctly Diagnosed

## CANCER TREATMENT



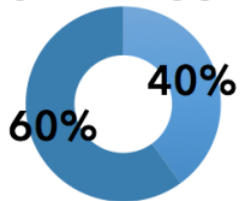
■ Misdiagnosed ■ Diagnosed Correctly

## STENTS



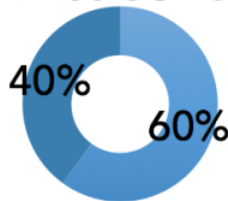
■ Misdiagnosed ■ Correctly Treated

## TRANSPLANT SURGERY



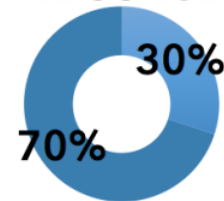
■ Misdiagnosed ■ Correctly Diagnosed

## BYPASS SURGERY



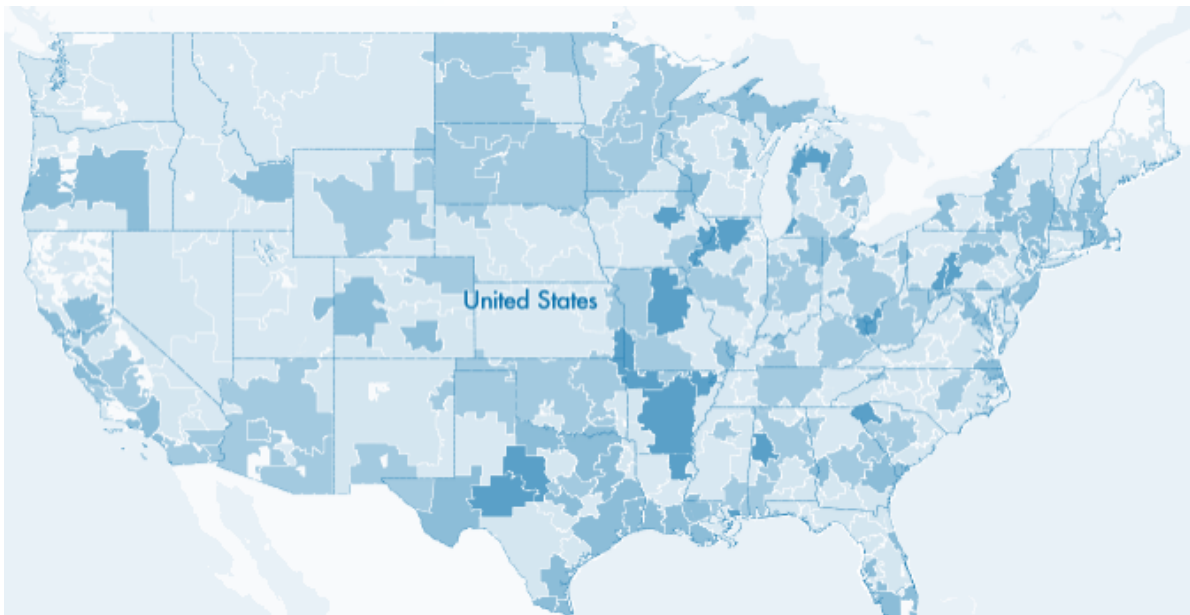
■ Misdiagnosed ■ Correctly Diagnosed

## KNEE SURGERY



■ Misdiagnosed ■ Correctly Diagnosed

# Deaths Linked to Cardiac Stents Rise as Overuse Seen



Bloomberg report by Peter Waldman, David Armstrong and Sydney P. Freedberg

Source: *Dartmouth*

# Network Example - Spine

## SPINE SURGERY

	NATIONAL AVG.	HOSPITAL A	HOSPITAL B	THE DIFFERENCE
Patients Seen (avg. per doctor)	651	553.38	777.11	1.4x
Patients Received Fusions (avg. per 1,000 patients)	43	32.50	65.00	2.0x
Patients Received four or more vertebrae fusion (avg. per 1,000 patients)	7	0.63	16.67	26.5x
Leapfrog	--	A	C	--
Consumer Reports	--	60	58	--

*Based on publicly reported Medicare data, 2014.*



“The biggest quality issue is the least managed – the appropriateness of care.”

- *Tom Emerick*

1

Outliers follow local referral patterns and/or seek care at high-reputation facilities.

2

Treatment is provided by surgeons who are paid on a per procedure basis and act independently

3

No or little physician performance management or accountability



# In The News



2015

THE WALL STREET JOURNAL

"A Medical Detective  
Story: Why Doctors  
Make Diagnostic  
Mistakes"



2015

US NEWS

"Risks Are High At  
Low Volume  
Hospitals"



2016

THE NEW YORKER

"America's  
Epidemic of  
Unnecessary Care"



# Companies taking bold steps to micromanage outliers

- Walmart -- 15+ years
- Bryce Corporation
- Lowes
- Pacific Business Group on Health
- GE
- Intel
- Pepsi
- McGeorge Contracting
- Scott Fetzer (a Berkshire Hathaway company)
- Dillard's
- Pace Industries



# Extreme Differences Between Referral Centers in The U.S.

We call the Best of The Best Smart Care Centers

- Represent the top 5% of facilities around the country

# Be Careful Picking Referral Centers

- When someone's healthcare needs are complex, the most convenient option may not be the best.
- Even the closest, high-reputation, regional academic medical center may fall short to the patient and their needs.



Assist outliers in getting world-class advice and treatment



Confirm and/or correct diagnoses



# What to look for in a Business Model



Apply ethical surgical and other treatment solutions



Assure great and quality outcomes



Remove barriers to travel and coordinate concierge travel support and care



# Finding Smart Care Medical Centers

## High Level Selection Criteria

### STRUCTURE

- Physician-led
- Salary- based
- Multidisciplinary
- Set-up for out-of-state travel
- Integrated for contracting

### PHILOSOPHY

- Team-based
- Patient care focused
- Evidence-based quality
- Accountable
- Continuous improvements

### OUTCOMES

- Top performance levels
- Risk-adjusted
- Continuously monitored

### FINANCIALS

- Global case rates
- Competitively priced
- Minimal or no outliers



Conduct in-depth research and a lengthy interview process before accepting a medical facility.

#### *Example of what Edison Health does*

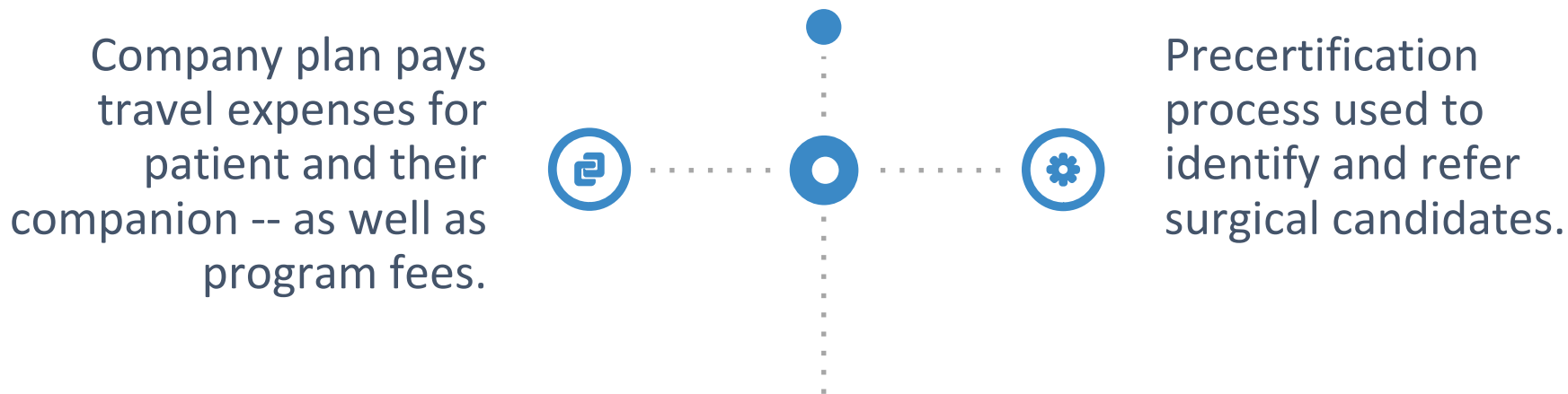
Full analysis, perform due diligence, negotiate the contracts and build infrastructure to give your high-cost claimants special access to our network of true medical excellence.

# Plan Design Model

Waive out-of-pocket costs when members use selected facilities.

HSA compatible plans require special handling.

Very generous plans may need non-network benefit reduction.





# What level of savings to expect

## ESTIMATED COST SAVINGS

	PARTICIPATION PERCENTAGE		
	10%	30%	50%
Number of Surgical Candidates	342	342	342
Number of Program Participants	34	102	171
Edison Healthcare Fees	\$94,800	\$284,438	\$474,063
Benefit Enhancements & Travel Costs	\$179,846	\$539,537	\$899,228
<b>NET SAVINGS</b>	<b>\$663,134</b>	<b>\$1,989,401</b>	<b>\$3,315,668</b>

*Estimate for 10,000 employees.*

# Q&A