High-Value Physicians Can Save the Medicare Program over $286 Billion in Health Care Costs

Total Savings by High-Value Physicians: Future Estimates

High-value physicians deliver quality care at lower costs. If all U.S. physicians caring for Medicare Fee-For-Service (FFS) patients who meet *quality*[1] criteria were to also meet *cost-efficiency*[2] criteria in the future and thus become high value, the Medicare program would save $20.5 billion in 2020 and $286.8 billion from 2020-2029.[3, 4] These savings represent a 4.0 percent reduction in annual Medicare FFS health spending.[5]

While the federal government bears a majority of the cost of care for Medicare beneficiaries, seniors pay for the remaining cost of their care through premiums, copays, and coinsurance. If more physicians caring for Medicare FFS patients become high value and Medicare health spending declines as a result, seniors will also realize savings through lower premiums and out-of-pocket costs.

High-Value Physicians Achieve Better Outcomes at Lower Costs

- High-value physicians who care for patients with UnitedHealthcare insurance have higher rates of compliance with evidence-based medicine and lower rates of complications and revisions than other physicians. For example, from 2016 to 2017:[6]

UnitedHealthcare's High-Value Physicians Achieve Better Outcomes

Cardiologists
for Stent Placement

9% fewer complications
15% fewer revisions

Orthopedic Surgeons
for Knee Replacements

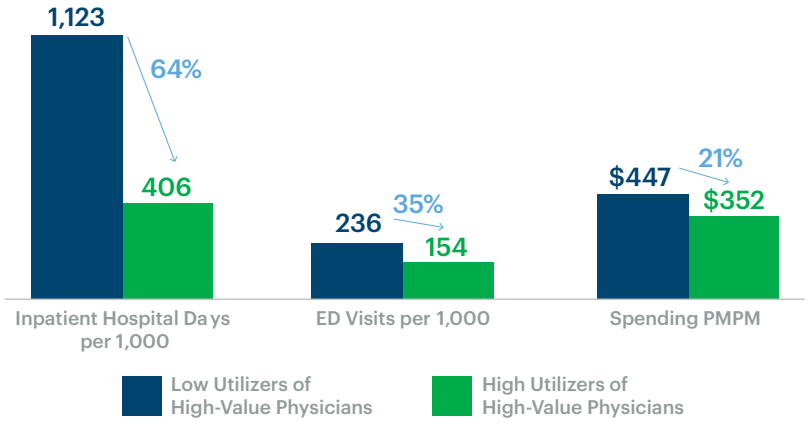
10% fewer complications
41% fewer revisions

General Surgeons
for Ventral Hernia Repairs

9% fewer complications
14% fewer revisions

- In 2018, patients over age 65 with UnitedHealthcare commercial insurance who saw high-value physicians for more than 75 percent of their care had:
  - 64 percent fewer inpatient hospital days (717 fewer days per 1000),
  - 35 percent fewer emergency department visits (82 fewer visits per 1000), and
  - 21 percent lower risk-adjusted spending ($95 lower per member per month (PMPM)) than other patients.[7]

Use of High-Cost Services among Commercial Patients Over Age 65

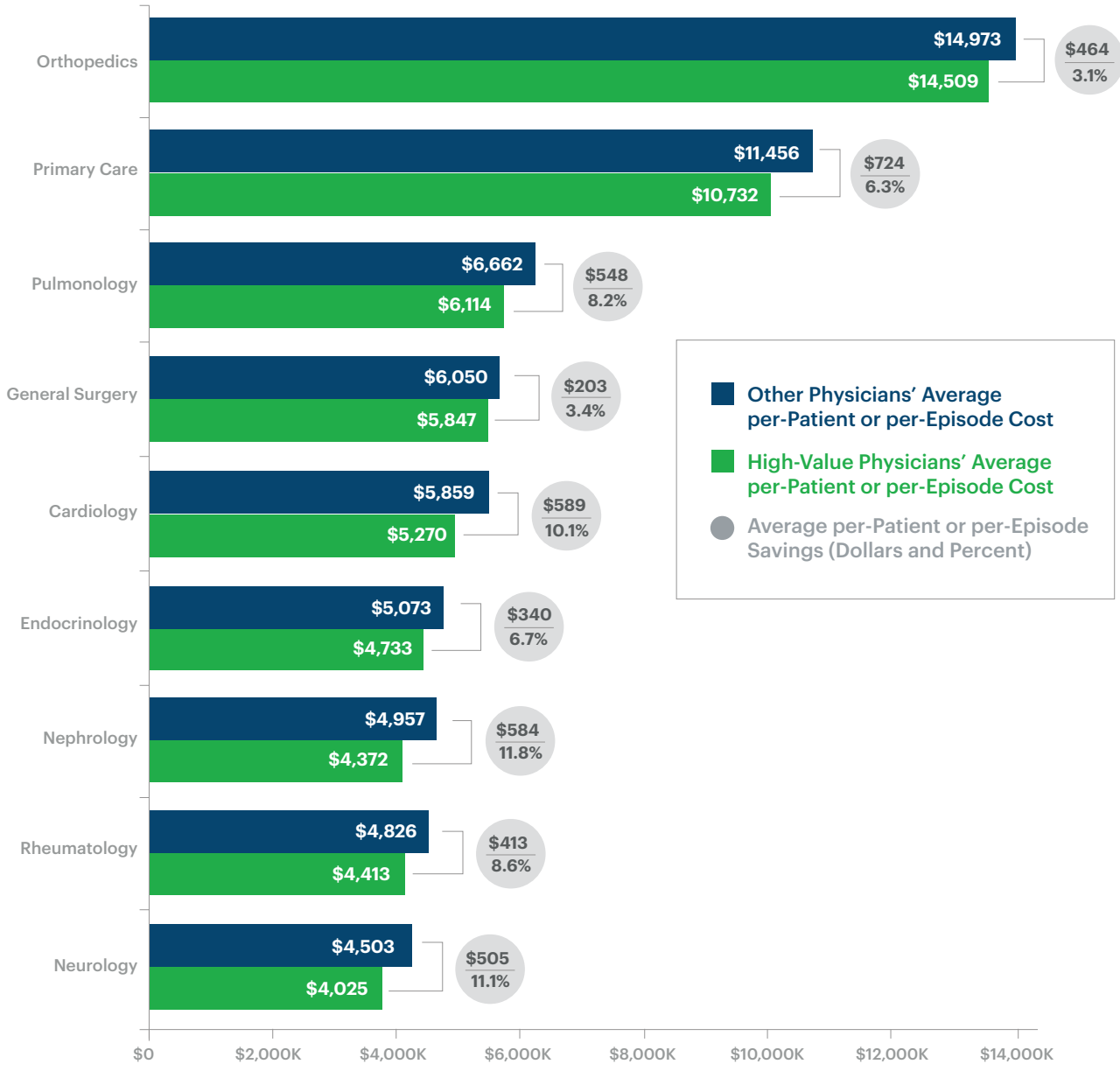


High-Value Physicians Have Lower per-Patient or per-Episode Costs

Across the U.S. health care system, the per-patient or per-episode[8] cost of care varies significantly among physicians within the same specialty. This variation in cost, driven by physician practice patterns and payment rates, may be a result of multiple factors including physician training and education,[9, 10] lack of transparency of cost differences by site of service,[11] and physician employment[12] and ownership[13] arrangements.

The difference in the per-patient or per-episode cost of care delivered by high-value physicians versus other physicians varies by specialty. Across all specialties caring for Medicare patients, the average per-patient or per-episode cost of care delivered by high-value physicians was $596 (6.9 percent) lower than for other physicians.

Specialties with the Greatest Average per-Patient or per-Episode Medicare Savings, 2017



Specialties with the Greatest Total Savings Opportunities

The significant difference in per-patient or per-episode cost within each specialty evaluated represents an opportunity to improve the cost-efficiency of physicians who already meet the quality criteria, driving substantial savings for seniors and the Medicare program. If all U.S. physicians caring for Medicare FFS patients who meet quality criteria were to also meet cost-efficiency criteria in the future and thus become high value, the Medicare program would save $20.5 billion in 2020 and $286.8 billion from 2020-2029.

- Of all specialties evaluated, primary care physicians see the highest volume of patients — 58.7 percent. Primary care represents the greatest total savings opportunity, $14.5 billion in 2020 and $202.9 billion by 2029, from improving the cost-efficiency of primary care physicians who already meet the quality criteria.
- Improving the cost-efficiency of cardiologists, neurologists, and pulmonologists who already meet the quality criteria could save seniors and the Medicare FFS program $4.3 billion in 2020 and $61.2 billion over ten years. Collectively these three specialties represent over 21.4 percent of the total savings opportunity and 22.1 percent of the total patient volume.

Savings Opportunity by Evaluated Specialties, 2020-2029

Specialty	Share of Total Patient/ Episode Volume	Total Specialty-Specific Savings, 2020	Total Specialty-Specific Savings, 2020-2029	Share of Total Savings, 2020-2029
Primary Care	58.7%	$14.5 B	$202.9 B	70.8%
Cardiology	14.7%	$2.9 B	$40.9 B	14.3%
Neurology	4.0%	$0.7 B	$10.3 B	3.6%
Pulmonolgy	3.4%	$0.7 B	$10.0 B	3.5%
Nephrology	2.2%	$0.5 B	$6.6 B	2.3%
Nine Other Specialties	17.0%	$1.2 B	$16.1 B	5.6%
Total	**100%**	**$20.5 B**	**$286.8 B**	**100%**

[1] The quality criteria referred to in this brief is defined by the 2018-2019 UnitedHealth Premium© Program's quality benchmarking methodology as referenced in High-Performing Physicians Can Save Consumers Over $700 Billion in Health Care Costs, available at https://www.unitedhealthgroup.com/content/dam/UHG/PDF/About/High-Value-Physicians_Final_March-2019.pdf

[2] Cost-efficiency criteria for physicians caring for Medicare FFS members are determined by applying the 2018-2019 UnitedHealth Premium© Program's benchmarking methodology to Medicare payment and utilization rates. These Medicare-specific cost-efficiency criteria are referred to as "the cost-efficiency criteria" throughout the rest of this brief. Physicians caring for Medicare FFS members that meet the 2018-2019 UnitedHealth Premium© Program's quality and Medicare-specific cost-efficiency criteria are defined in this brief as "high-value."

[3] The future Medicare FFS savings estimates in this brief are based on comparing the observed cost of care delivered by high-value physicians caring for UnitedHealthcare's Medicare Advantage members to the cost of care delivered by other physicians. "Other physicians" include: physicians who meet quality criteria, but do not meet Medicare-specific cost-efficiency criteria; physicians who do not meet quality criteria; and physicians with insufficient claims data to be evaluated.

[4] The cost of care differences between high-value physicians and other physicians are based on Medicare-specific payment and utilization rates of physicians across 16 specialties in the 2018-2019 UnitedHealth Premium© Program. These cost of care differences are applied to national Medicare FFS spending estimates from the Office of the Actuary in the Centers for Medicare & Medicaid Services.

[5] While the observed cost difference between high-value physicians caring for UnitedHealthcare's Medicare Advantage members and other physicians was an average 6.9% per patient or per episode in 2017, future savings estimates assume a 4.02% savings rate. The lower future savings rate is derived from the percentage of spending that could be reduced by quality-compliant physicians who do not currently meet the cost-efficiency criteria, the observed impact of practice pattern changes over time (durational wear-off), and the observed ability of physicians to impact 'high-cost' care events (i.e. claims exceeding $100K).

[6] UnitedHealthcare analysis of physicians caring for all UnitedHealthcare commercial, Medicaid managed care, and Medicare Advantage members, using quality criteria as outlined in the 2018-2019 UnitedHealth Premium© Program.

[7] UnitedHealthcare analysis of 2018 UnitedHealthcare national account claims for commercially-insured members over age 65.

[8] All spending and savings analyses are conducted on a per-patient basis for medical specialties and a per-episode basis for surgical specialties.

Sources for citations 9-13 are available at: **www.unitedhealthgroup.com/affordability**

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September 2019