

# 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 payers identify and quantify wasteful spending can have a significant impact on healthcare efficiency. As a result, MedInsight® has teamed with VBID Health to create an analytical tool to quantify and report on these potentially unnecessary services. The result is the MedInsight Health Waste Calculator.

## What is the Health Waste Calculator?

The MedInsight Health Waste Calculator is a standalone software tool 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. This tool can add significant value to existing cost and quality reporting capabilities, specifically those efforts designed for efficiency and effectiveness measurement.

The underlying algorithms in the MedInsight Health Waste Calculator analyze claims, billing, or electronic medical record data in order to identify potentially wasteful services. The MedInsight Health Waste Calculator not only identifies potentially inefficient services but also defines 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 did not limit the scope of wasteful services to those defined by initiatives such as the ABIM Foundation's Choosing Wisely or the U.S. Preventive Services Task Force. Milliman's MedInsight team collaborated with VBID Health and its thought leaders Mike Chernew, PhD, and Mark Fendrick, MD, to establish a continuous pipeline 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.

## About MedInsight Data Warehouse Tools

The MedInsight Health Waste Calculator is part of the MedInsight Tools portfolio, a suite of standalone analytic products developed and offered by the MedInsight team at Milliman. In working with our clients—health plans, at-risk providers/ACOs, employers, state governments, third-party administrators, and community health coalitions—we are keenly aware of the different business demands of each. Because one size does not fit all, Milliman has made MedInsight tools available for purchase outside the MedInsight Analytic Platform. These tools enable clients to customize their MedInsight experience by licensing only what they need.

---

**The MedInsight Health Waste Calculator currently identifies an average of 20% of all a population's members (supporting Medicaid, Medicare, and commercial) being exposed to one of its unnecessary services. Identification of wasteful dollar quantification averages close to 3% of all total medical and pharmaceutical claim expense.**

## The Health Waste Calculator in Action

- The MedInsight Health Waste Calculator may be run on a desktop PC or operated in a data center for more frequent processing and usage.
- The tool produces two sets of deliverables: output files for data warehouse integration and reports for immediate analysis.

Figure 1 below is a sample report that reflects two months of the medical claim experience for a small indemnity plan in the United States. The Health Waste Calculator produces results for the total applicable services per measure as well as those that are potentially wasteful or probably wasteful.

## 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. spends \$2.6 trillion on healthcare, and 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 assists employers ranging from Fortune 100 companies to city governments, health insurance plans, and health systems in designing clinically nuanced healthcare benefits packages and payment policies. For more information, visit [vbidhealth.com](http://vbidhealth.com).



FIGURE 1: SUMMARY REPORT

Waste Category	Total Services Measured	Wasteful Services	Wasteful Services/1000	% of Wasteful Dollars	% of Total Dollars	Quality Index	Waste Index
<b>Screening Tests</b>							
<b>Annual EKGs</b>							
“Don’t order annual EKGs or any other cardiac screening for low-risk patients without symptoms.”	191,123	38,001	95.3	21.50%	0.60%	80%	20%
<b>Diagnostic Testing</b>							
<b>Low Back Pain Imaging</b>							
“Don’t do imaging for low back pain within the first six weeks, unless red flags are present.”	3,810	3,601	8.5	9.80%	0.45%	5%	95%
<b>Cardiac Imaging</b>							
“Don’t perform stress cardiac imaging or advanced non-invasive imaging in initial patient evaluation without cardiac symptoms unless high-risk markers are present.”	21,012	9,022	21.2	21.20%	0.39%	57%	43%
<b>Total (all measures)</b>	<b>333,326</b>	<b>129,997</b>	<b>278.3</b>	<b>100%</b>	<b>2.50%</b>	<b>61%</b>	<b>39%</b>