

## The Significant Impact of "Chronic Pairs" on Readmissions and Costs

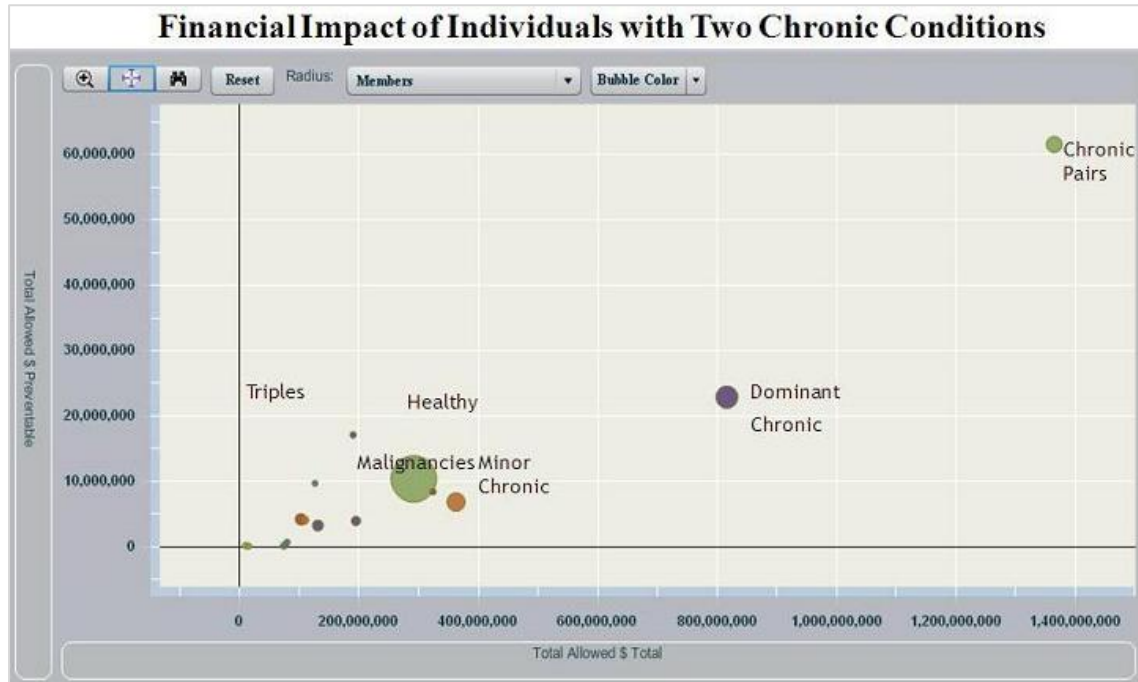
Research conducted by Treo Solutions shows that over 50 percent of hospital readmissions can be attributed to only eight percent of a health plan's population. As shown in the following two charts, individuals with two chronic conditions represent a significant amount of health care spending.

The table (shown below), *CRG Status and Potentially Preventable Readmissions (PPRs)*, highlights that individuals with "pairs" of multiple dominant and/or moderate chronic conditions represent 53 percent of all potentially preventable readmissions. While the groups in this example - defined using 3M's™ Clinical Risk Grouping (CRG) Software - come from a commercial population, this same analysis produces similar results with other populations.

### **CRG Status and Potentially Preventable Readmits**

<b>CRG Status</b>	<b>Eligible Admits</b>	<b>Readmits</b>	<b>Readmit %</b>	<b>% of Total Readmits</b>
Healthy	2090	27	1.30%	0.90%
Significant Acute	2353	62	2.60%	2.10%
Single Minor Chronic	2237	55	2.50%	1.90%
Multiple Minor Chronic	1394	50	3.60%	1.70%
Single Dominant or Moderate Chronic	10048	521	5.20%	17.60%
<b>Pairs - Multiple Dominant and/or Moderate Chronic</b>	<b>21128</b>	<b>1571</b>	<b>7.40%</b>	<b>53.20%</b>
Triples - Multiple Dominant Chronic	3758	414	11.00%	14.00%
Malignancies - Metastatic, Complicated or Dominant	1339	97	7.20%	3.30%
Catastrophic	980	155	15.80%	5.30%
<b>Total</b>	<b>45327</b>	<b>2952</b>	<b>6.50%</b>	<b>100.00%</b>

Using an expanded definition of potentially preventable services, including PPRs, associated physician costs, key technologies, and Emergency Room visits with specific "preventability" clinical criteria, the opportunity for savings is clear. The chart below, the *Financial Impact of Individuals with Two Chronic Conditions*, offers a unique perspective and display, showing that more than \$61 million of the \$153 million in hospital, physician, and pharmacy costs for preventable services are related to the "chronic pairs" group.



Effectively coordinating the care for individuals with chronic conditions to achieve cost savings is an underlying theme of the current health reform debate. Given this analysis, care coordination and cost control initiatives, whether driven by provider/payer collaboration or paying for value (e.g., value-based purchasing, medical home), should begin with the "chronic pairs" population. Defining this population and the potential cost savings are a good starting point for curbing costs while developing interventions and programs. This same baseline data can then be used for measuring and tracking the performance of such care programs.