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**TOTAL COST OF CARE and RESOURCE USE INDICES**

The Total Cost of Care Index (TCI) and Resource Use Index (RUI) were the topic of review and discussion at a series of the Maine Health Management Coalition’s Pathways to Excellence (PTE) meetings. There was considerable and deliberate review of the methodology including analysis and presentation of blinded results for Maine primary care practices. A brief explanation of the two indices follows:

***Total Cost of Care Index (TCI)***

The Total Cost of Care Index, or TCI, is a National Quality Forum (NQF) endorsed (NQF Title: Total Cost of Care Population-based PMPM Index), risk-adjusted measure that captures the cost of 100% of the care provided to a patient. By design, TCI also quantifies the resources used for a patient. TCI creates a standardized price comparison (the combination of resource use and price). TCI measurement begins by coupling administrative claims data with membership eligibility data. To preserve accuracy, this process considers patients who were active/eligible for at least 9 out of the 12 medical months in a measurement period (claim year). All administrative claims-for inpatient, outpatient, clinic, ancillary, pharmacy, and all other types of services-contribute to the total cost measure for the continuously-enrolled individuals as described above. TCI is reported, as a raw score, in the form of PMPM (Per Member, Per Month). This is estimated by dividing members’ total costs (or paid amounts) by total member months. Total cost is then analyzed as an index (TCI) to protect cost information while being transparent in regards to relative performance to the benchmark (or performance as compared to peers/state average).

***Resource Use Index (RUI)***

The Resource Use Index, or RUI, is a National Quality Forum (NQF) endorsed (NQF Title: Total Resource Use Population-based PMPM Index), risk-adjusted measure that captures resources used to treat a patient across inpatient, outpatient, professional, and pharmacy settings. RUI uses “standard pricing” of services in this analysis. The design of the RUI analysis allows for easy comparisons within and across procedures, peer groups, and health care settings (as described above; i.e. inpatient, outpatient, etc.). Resource use is also reported as an index (RUI) to protect information while being transparent in regards to relative performance to the benchmark (or performance as compared to peers/state average).

At its June 19, 2014 meeting, the PTE Physicians Steering Committee endorsed CTI and RUI for public reporting effective January 1, 2015. Subsequently, the Maine Health Management Coalition Foundation Board approved the PTE Steering Committee recommendation at its July 8, 2015 meeting.

The SIM Payment Reform Subcommittee invited Michael Delorenzo, PhD, Director of Data Systems and Analytics for the MHMC, to present at its August 26, 2014 meeting. Dr. Delorenzo descried the origins and development of the Total Cost of Care and Resource Use tools by HealthPartners and the subsequent endorsement by the National Quality Forum (NQF). The presentation included definitions of the indices, distinctions between TCI and RUI, methodology, and application and use for the practice reports. Dr. Delorenzo outlined the reliability and validity testing performed by HealthPartners and duplicated by the MHMC. Finally, the presentation included results of the TCI and RUI tools based on Maine primary care practices to demonstrate the significant variations found and the correlations between TCI and RUI at the practice level.

During the December 16, 2014 meeting of the SIM Payment Reform Subcommittee Frank Johnson provided a refresher on Dr. Delorenzo’s August 26th presentation for those Subcommittee members unfamiliar with the topic and sought endorsement from the Subcommittee. The Subcommittee voted unanimously to endorse the TCI and RUI measures for public reporting. A copy of Dr. Delorenzo’s August 26th presentation to the SIM Payment Reform Subcomittee is provided as a separate document.