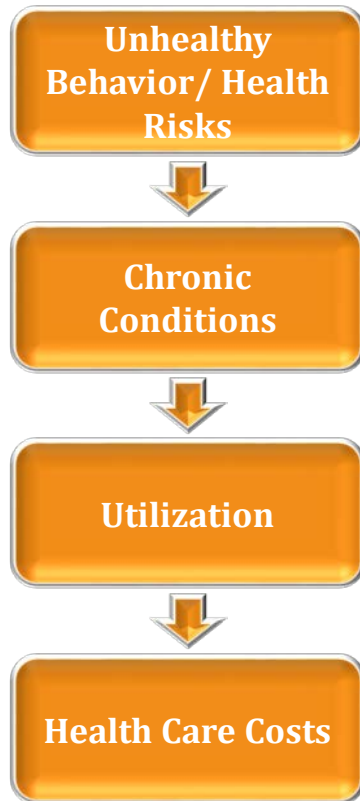


Part 2: Employer Benefits Strategies - Extracting Actionable Data from Claims Information

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The health – cost connection



- Unhealthy behaviors and health risks lead to chronic conditions
- Chronic conditions drive healthcare utilization
- Healthcare utilization drives healthcare costs

More than 75% of healthcare costs are the result of chronic conditions¹.

About 70% of healthcare costs are due to unhealthy behaviors².

¹ www.cdc.gov/chronicdisease/resources/publications/AAG/chronic.htm

² The Costs of Unhealthy Behaviors. WELCOA, 2007

Listing: supply-side tactics

Delivery system refinement

- High performance networks
 - Quality-based ambulatory/hospital
- Medical home networks

Delivery system contracting – payment innovations

- PCMH
- ACO
- Centers of Excellence
- Worksite clinics

Additional services

- Chronic condition mgmt.
- Case management
- Wellness/well-being
- Patient advocacy services
- Self-care decision-support tools
- Consumerism tools
- Telemedicine
- Health literacy resources

Listing: demand-side tactics

Core elements

- Cost containment
 - Cost shifting
 - High-deductible plans
 - Spousal exclusion/penalty
 - Defined contribution
 - Expand benefits tiers
 - Smoker penalty/non-smoker discount
 - Co-pay to co-insurance
- Wage-based payments/contributions

Consumerism tools

- Decision support
- Cost/quality
- Patient advocacy
- Second opinion

Value -based benefit design

- High-value services
 - Differential benefit tiers
 - Reduced/waived co-pays/OOP costs
 - Preventive care
 - Tiered, high performance networks
 - Centers of Excellence
 - Preventive medications
- Low-value services

Incentives

- Participation/outcomes-based
 - Wellness, disease mgmt. use
 - HRA/HSA contributions

Reference-based pricing

Putting it all together: Integrate supply and demand strategies to maximize value

Identify high-value services; steer individuals accordingly

Offering	Supply strategy	Demand strategy (utilization incentive)
Centers of Excellence	Use quality facilities	Waived co-pay
Generic medications	Maintenance meds	Waived co-pay if DM participation
Lifestyle management	Outcomes-based, participation-driven	Higher benefit tier for non-participants
Disease management	Evidence-based care	Waived co-pay for services
Reference-based pricing	Low cost service use	Cap coverage at low cost pricing
Patient-centered medical home	NCQA-recognized practices	Reduced co-pay

Summary

For the most part, employers have embraced a cost-based approach to benefits management

- Cost is primary metric
- Doesn't require detailed understanding of the data (or of healthcare)
- Easiest approach to impact all plan enrollees

Supply side and demand side benefits innovation is growing rapidly

Actionable claims data reporting can help to identify opportunities—and provide a basis for evaluating the impact of those interventions

Claims data reporting: What is actionable information?

- Provides basis/justification for explicit employer tactics
- Specific and objective
- Incorporates most assumptions
- Goal to empower employers
- Implicit understanding that substantial value can result



“If you don’t know where you want to go, then it doesn’t matter which road you take.”

- Cheshire Cat, from Alice in Wonderland

What does this report tell you – and what's actionable here?

Common Chronic Conditions	Claimants	Claimants per 1,000 Members	Evaluation & Management	Inpatient/ R&B/ Surgery	Outpatient	Pharmacy	Total	% of Total Cost
Asthma	416	74.7	\$85,975	\$15,478	\$109,633	\$446,317	\$657,404	1.5%
COPD	96	17.2	\$48,779	\$63,819	\$77,719	\$117,923	\$308,239	0.7%
Depression	570	102.3	\$365,285	\$115,256	\$84,826	\$621,266	\$1,186,634	2.7%
Diabetes	339	60.8	\$167,997	\$14,235	\$189,050	\$1,443,995	\$1,828,310	4.2%
Hypertension	999	179.3	\$250,714	\$73,959	\$325,893	\$18,083	\$1,293,780	2.9%
Heart Disease	137	24.6	\$104,552	\$918,696	\$421,491	\$191,013	\$1,503,427	3.4%

What does this report tell you – and what's actionable?

Enrollment Summary			
Total Costs Paid	\$19,223,127		
	Males	Females	Total
Total Costs Paid by Gender	\$8,422,820	\$10,800,307	\$19,223,127
Average # Members	2,874	2,455	5,330
High Cost Claimants	11	28	39
Cost per Member	\$2,931	\$4,399	\$3,607
Average Age	34.5	33.0	33.8

Plan disease management reporting: “Where’s Waldo?”

Touch points by Program

Program	Total Number of Members Qualified				Total Number of Members Touched				Total Number of Members Enrolled				Total Number of Members Actively Engaged			
	Prior		Current		Prior		Current		Prior		Current		Prior		Current	
	Total Members	% of Members	Total Members	% of Members	Total Members	% of Members	Total Members	% of Members	Total Members	% of Members	Total Members	% of Members	Total Members	% of Members	Total Members	% of Members
Nurse / Provider Outreach																
Case Management	60	2.48%	178	8.14%	81	1.69%	70	3.80%	28	1.49%	88	3.64%	28	1.49%	88	3.48%
Complex Medical Conditions	4	0.20%	3	0.16%	3	0.16%	3	0.16%	1	0.06%	3	0.16%	1	0.06%	3	0.16%
Cancer Program	4	0.20%	1	0.05%	3	0.15%	1	0.05%	1	0.05%	1	0.05%	1	0.05%	1	0.05%
Managed Transplant Program (TRC)	0	0.00%	2	0.10%	0	0.00%	2	0.10%	0	0.00%	2	0.10%	0	0.00%	2	0.10%
Women's Health	14	0.68%	16	0.77%	14	0.68%	15	0.77%	14	0.68%	16	0.77%	14	0.68%	16	0.77%
Healthy Pregnancy Program (HPP)	14	0.69%	15	0.77%	14	0.69%	15	0.77%	14	0.69%	15	0.77%	14	0.69%	15	0.77%
Disease Management - High	84	4.14%	118	8.08%	82	3.66%	84	4.31%	66	2.71%	81	4.16%	20	0.89%	47	2.41%
Asthma	45	2.22%	46	2.36%	44	2.17%	43	2.21%	42	2.07%	43	2.21%	8	0.39%	10	0.51%
Coronary Artery (CAD)	24	1.18%	31	1.59%	9	0.44%	14	0.72%	7	0.34%	12	0.62%	6	0.30%	12	0.62%
Diabetes	12	0.59%	39	2.00%	8	0.39%	25	1.28%	5	0.25%	24	1.23%	5	0.25%	23	1.19%
Heart Failure (HF)	3	0.15%	2	0.10%	1	0.05%	2	0.10%	1	0.05%	2	0.10%	1	0.05%	2	0.10%
Inpatient Care Management	118	5.71%	84	4.31%	118	5.71%	84	4.31%	118	5.71%	84	4.31%	118	5.71%	84	4.31%
Notifications	186	9.11%	142	7.28%	186	9.11%	142	7.28%	0	0.00%	0	0.00%				
Total Nurse / Provider Outreach	463	22.82%	640	27.78%	411	20.26%	389	20.44%	216	10.69%	262	12.84%	180	8.87%	217	11.16%
Total Unique Members with Nurse / Provider Outreach	386	19.06%	338	17.41%	243	11.97%	248	12.74%	173	8.62%	200	10.27%	141	8.86%	171	8.78%
Mailing Outreach																
Mailings	628	26.81%	684	30.61%	628	26.81%	684	30.61%								
HealthNotes	0	0.00%	280	14.38%	0	0.00%	280	14.38%								
HealthNote Reminders	528	25.91%	314	16.13%	528	25.91%	314	16.13%								
Disease Management - Low / Mod	281	11.38%	286	14.84%	281	11.38%	286	14.84%	281	11.38%	286	14.84%				
Asthma	63	3.10%	77	3.95%	63	3.10%	77	3.95%	63	3.10%	77	3.95%				
Coronary Artery (CAD)	41	2.02%	78	4.01%	41	2.02%	78	4.01%	41	2.02%	78	4.01%				
Diabetes	108	5.32%	128	6.57%	108	5.32%	128	6.57%	108	5.32%	128	6.57%				
Heart Failure (HF)	19	0.94%	2	0.10%	19	0.94%	2	0.10%	19	0.94%	2	0.10%				
Total Mailing Outreach	761	37.28%	878	46.16%	761	37.28%	878	46.16%	281	11.38%	286	14.84%				
Total Unique Members with Mailing Outreach	688	28.87%	680	30.48%	688	28.87%	680	30.48%	180	8.91%	266	13.10%				
Total Unique Members With Outreach	712	36.07%	721	37.08%	710	34.98%	888	36.76%	318	16.71%	386	18.76%	141	8.86%	171	8.78%

Diabetes preventive care compliance – actionable??

Rule	Claimants Meeting Condition Criteria	Instances Where Rule Applied	Compliant Instances	Non Compliant Instances	Compliance Rate	Benchmark Rate	Difference
Patient(s) that had at least 2 HbA1c tests in last 12 reported months.	279	261	22	239	8.4%	48.0%	-39.6%
Patient(s) that had an annual screening test for diabetic nephropathy.	279	220	16	204	7.3%	38.8%	-31.5%
Patient(s) that had an annual screening test for diabetic retinopathy.	279	264	63	201	23.9%	29.1%	-5.2%
Patient(s) with evidence of self-monitoring blood glucose testing.	279	278	93	185	33.5%	36.3%	-2.9%
Adult(s) that had a serum creatinine in last 12 reported months.	279	258	21	237	8.1%	71.7%	-63.6%
Adult(s) with a LDL cholesterol in last 12 reported months.	279	258	14	244	5.4%	67.4%	-62.0%
Adult(s) with a HDL cholesterol test in last 12 reported months.	279	258	14	244	5.4%	67.2%	-61.8%
Adult(s) with a triglyceride test in last 12 reported months.	279	258	14	244	5.4%	67.2%	-61.8%
Patient(s) that had an office visit for diabetes care in last 6 reported months.	279	277	216	61	78.0%	69.0%	9.0%

- This table shows disease-specific preventive care compliance rates for individuals with diabetes.
- Are the observed outcomes the patient's responsibility?

Emergency department utilization – actionable??

METRICS	METRIC TYPE	PRIOR PERIOD	CURRENT PERIOD	% CHANGE	TOTAL (CURRENT)
ER VISIT UTILIZATION					
ER Visits	Per 1000	111.9	101.5	-9.3%	40
ER Claimants	Claimants Per 1000	85.2	78.7	-7.6%	31
ER Visits per ER Claimant	Average Visits	1.3	1.3	-1.8%	0
ER Visits resulting in an Admission	% of ER Visits	9.0%	3.0%	-71.3%	1
ER Visit Paid per ER Visit	Average Paid	\$1,277	\$1,107	-13.3%	\$44,280
ER Visit Allowed Per ER Visit	Average Allowed	\$1,441	\$1,349	-6.4%	\$53,957

Diabetes care – is this helpful?

Type of Service	# of Claimants	OOP per Claimant	Paid per Claimant	Total Cost	% of Total Paid
Lab/Pathology	244	\$16.47	\$103.62	\$25,282	20.7%
Physician Care	213	\$42.72	\$229.98	\$48,985	40.1%
Other Diagnostic	47	\$12.06	\$121.43	\$5,707	4.7%
Vision	34	\$6.85	\$99.69	\$3,390	2.8%
Emergency Room	20	\$23.55	\$372.25	\$7,445	6.1%

High cost claimants – actionable??

Highest Costing Diagnosis Code	Inpatient	Outpatient	Outpatient Rx	Total Benefits Paid
HYPOPLASTIC LEFT HEART SYNDROME	\$3,230,827	\$1,570	\$0	\$3,232,397
CARDIAC COMPLICATIONS NEC	\$638,804	\$121,520	\$3,729	\$764,054
INTESTINAL INFECTIONS DUE CLOSTRIDIUM DIFFICILE	\$692,269	\$59,944	\$2,879	\$755,093
ATRIAL FIBRILLATION	\$690,797	\$9,218	\$1,038	\$701,053
END STAGE RENAL DISEASE	\$203,023	\$122,717	\$139,453	\$465,193
MALIGNANT NEOPLASM UPPER LOBE BRONCHUS OR LUNG	\$414,579	\$10,754	\$1,348	\$426,681
RADIOTHERAPY	\$206,353	\$209,721	\$3,762	\$419,836
ABNORMALITY OF GAIT	\$218,722	\$88,240	\$41,351	\$413,252
HGBURIA DUE HEMOLYSIS FROM EXTERNAL CAUSES	\$0	\$6,745	\$403,758	\$410,503
MALIGNANT NEOPLASM UPPER LOBE BRONCHUS OR LUNG	\$0	\$47,361	\$326,501	\$373,862
TOTALS	\$6,295,374	\$677,791	\$923,820	\$7,961,924

Wage band association with preventive care use and medication adherence

Wage band (annual pay)	Number of individuals	Average number of chronic conditions	% individuals with no claim	Compliance with preventive care	Medication adherence (% above 80%)	Priority gaps in care (%)	Self-reported financial stress (%)
Less than \$30,000	500	2.9	40	30	50	75	50
\$30,000 to less than \$50,000	1,200	2.4	25	35	60	60	35
\$50,000 to less than \$80,000	2,200	1.6	10	50	80	40	30
\$80,000 or greater	800	1.6	5	60	80	35	15

- Findings provide basis for targeted communications to improve appropriate use of healthcare
- Results may support use of wage band-based premium structure

So – what's an employer to do?

- Ask for (demand!) actionable reporting from the plan/TPA
- Have reports for review in advance of meeting with vendor
- Based on the data, consider what options might be reasonable
- Appreciate limitations of individual employer data vs. pooled data when thinking about delivery system tactics

Questions?

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