



**Disease Management:
State-of-the-Industry 2004 and Beyond**

Disease Management Conferences

The Leading Forum on Innovations in Chronic Care and Disease Management

June 2004

Philadelphia, PA

Vince Kuraitis JD, MBA

Better Health Technologies, LLC

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Truth in Advertising





I. Framing the Strategic Questions

- 1) Integration or specialization?
What will provide greater value to patients and shareholders?
- 2) If integration, how is it best achieved?
 - Local delivery system integration
 - Information & communication technology (ICT) integration?



II. Caspsulizing DM Today

Just the “Facts” Ma’am 5 Analyses of DM Trends

**HEALTH
AFFAIRS**

SEPTEMBER/OCTOBER 2002
VOLUME 21/NUMBER 5

Back To The Drawing Board: New Directions In Health Plans’ Care Management Strategies

The changes observed around the country are more than just posturing by a tarnished managed care industry.

by **Suzanne Felt-Lisk and Glen P. Mays**

THE AMERICAN JOURNAL OF
MANAGED CARE

Table of Contents for July 2002
Volume 8 - Number 7

Disease Management in Healthcare Organizations: Results of In-Depth Interviews with Disease Management Decision Makers
David J. Whellan, MD; Elizabeth J. Cohen, MBA; David B. Matchar, MD; Robert M. Califf, MD

THE AMERICAN JOURNAL OF
MANAGED CARE

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Volume 8 - Number 4

Disease Management Practices of Health Plans
W. Pete Welch, PhD; Christopher Bergsten, MHA; Charles Cutler, MD; Carmella Bocchino, MBA, RN; Richard I. Smith, JD



Vanderbilt Center for Evidence-based Medicine
Bridging the Gap from Knowledge to Practice

Evidence-based Medicine and Managed Care: Applications, Challenges, Opportunities

Results of a National Program to Assess Emerging
Applications of Evidence-based Medicine to Medical
Management Strategies in Managed Care

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December 2003

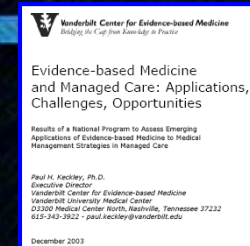
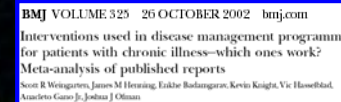
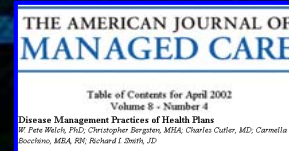
BMJ VOLUME 325 26 OCTOBER 2002 bmj.com

Interventions used in disease management programmes for patients with chronic illness—which ones work? Meta-analysis of published reports

Scott R Weingarten, James M Henning, Enkhe Badamgarav, Kevin Knight, Vic Hasselblad,
Anacleto Gano Jr, Joshua J Ofman

Common Themes in Describing “DM Today”

- DM penetration is increasing
- Cost as a major driver
- Data on ROI: imperfect, controversial
- **Physician reactions: “skepticism to limited support”**
- **Stand alone DM IT; integration challenges**
- Patient satisfaction is high
- Focus on 4-6 diseases/conditions
- DM is a qualified success



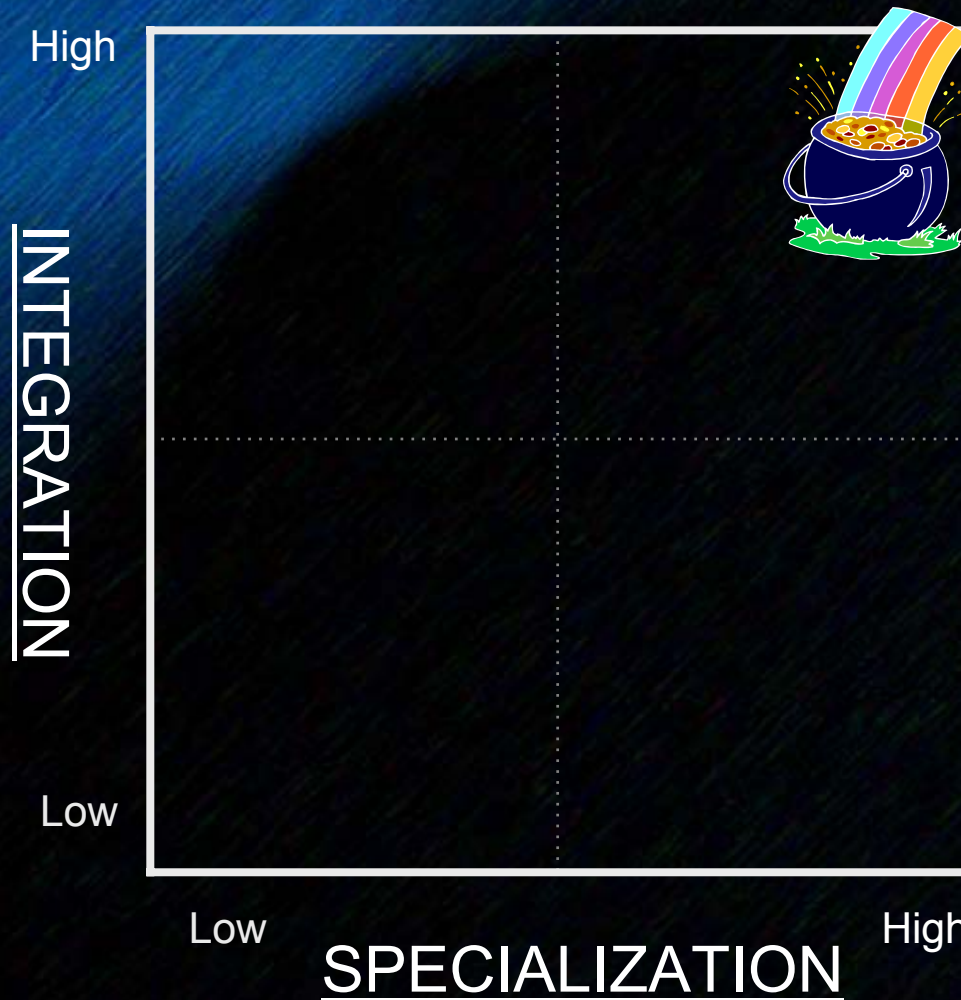
Both Integration AND Specialization Are Key Dimensions of Care Management Value Propositions

- **Integration (One-stop-shopping for care coordination)**
 - Patients - “do my health care providers talk to one another, do they share appropriate information about my clinical condition, do they NOT share information inappropriately...”
 - Provider consortia - “We coordinate care across the continuum and provide one-stop-shopping in a defined geographic region, thereby lowering costs and improving quality.”
- **Specialization (Best-of-Breed)**
 - Patients - “do my providers use world-class, state-of-the-art clinical guidelines, equipment, facilities, people...”
 - Disease Management Service Companies (DMSCs) - “As a national company, we treat more people with (a specific disease, e.g., diabetes, asthma, CHF) than anybody else, so we do it better and cheaper.”



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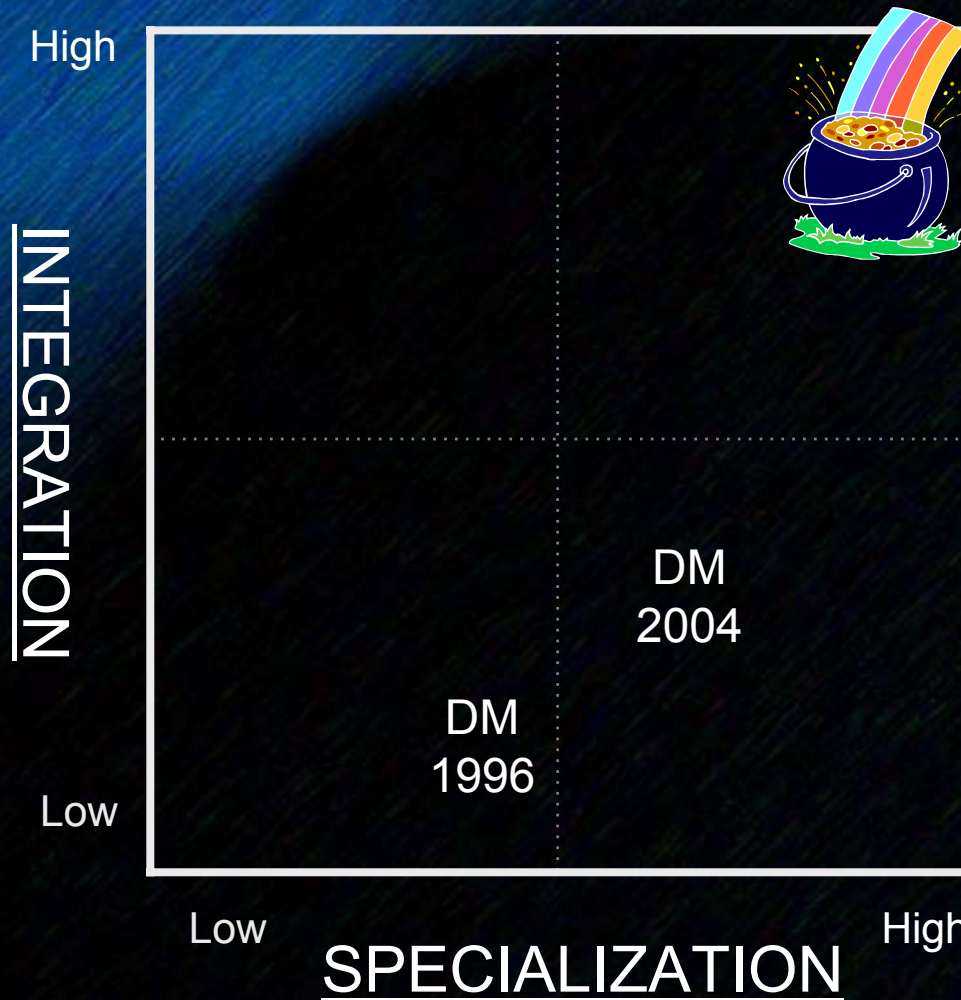
Ideally, Specialization AND Integration are Desirable



To Date DM Clinical/Business Models Have Emphasized Specialization

- Specialized companies providing services
- Specialized contracting/financing model -- guaranteed savings
- Specialized focus on individual diseases (migrating toward multiple comorbid conditions)
- Specialized technologies: predictive modeling, call centers, medical management workflow software, etc.
- Specialized delivery models are developing for unique customers
 - Managed Care Organizations
 - HMOs
 - PPOs
 - other
 - Medicaid (in various flavors)
 - Medicare
 - Employers
 - Specialty pharma
 - State high-risk pools
 - Multiple diseases
 - Comorbid patients
 - Highest cost/risk patients
 - etc., etc.

DM Models Have Emphasized Specialization





III. DM Tomorrow: Scenarios for 2009

A Preface: CMS did a good job with the Chronic Care Improvement RFP!

Medicare Flexes It's Muscles: Scenarios for DM's Future in 2009

1) DM becomes more **SPECIALIZED**



2) DM becomes more **INTEGRATED**

A. Providers take back DM



B. Consumer-driven, technology supported DM



C. Mass Customization DM -- "Have it your way"



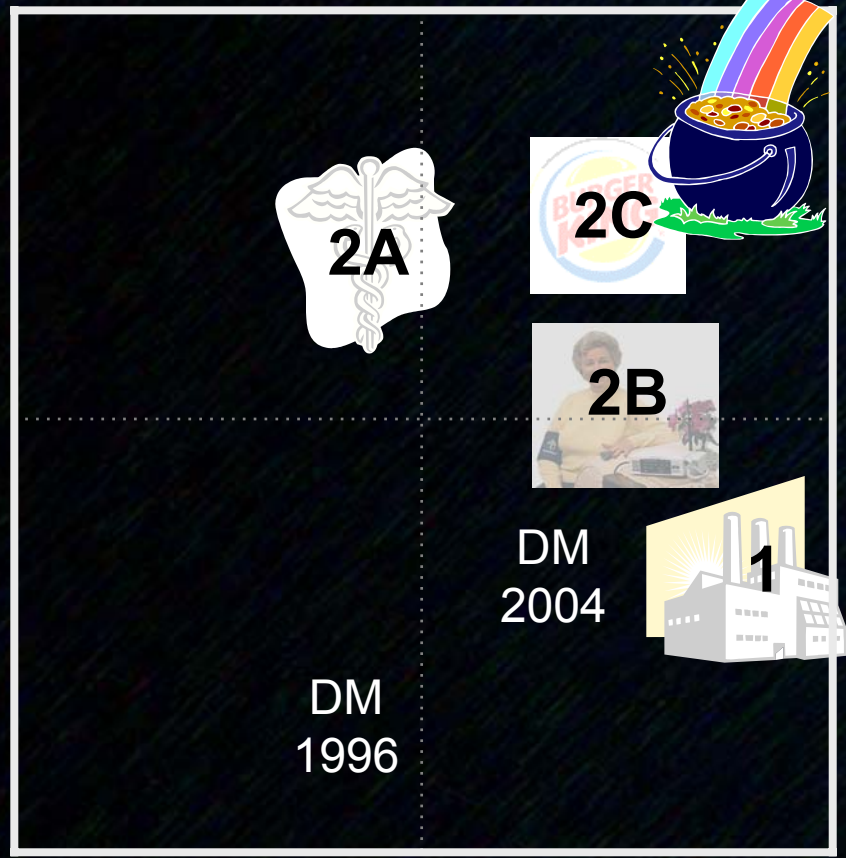
Mapping the Scenarios for 2009

- 1) DM becomes more **SPECIALIZED** 
- 2) DM becomes more **INTEGRATED**
 - A. Providers take back DM 
 - B. Consumer-driven, technology supported DM 
 - C. Mass Customization DM -- "Have it your way" 

High

INTEGRATION

Low



Low

High

SPECIALIZATION



Scenario 1: Medicare DM Becomes a Specialized Business

- A small set of focused companies (or subsidiaries) emerge as prime Medicare contractors
- We learn that chronic care for Medicare patients requires **VERY** specialized skills, e.g.,
 - Enrollment
 - Interventions
 - Behavior change

The CMS RFP Provides Definitive Direction to the DM Industry



CCIP Program Design

- Statutory:
 - Care Management Plan
 - Decision Support Tools
 - Clinical Information Database
- Discretionary:
 - Physician Integration
 - Working with Community Organizations, Local, State Agencies
 - Integrative Information Infrastructures
 - Applications of Information and Communication Technologies



A Different Matrix

2 Paths to Integration

LOCAL DELIVERY
SYSTEM
INTEGRATION

High

2A.
Providers Take
Back DM



2C.
Mass
Customization
DM -- "Have it
your way"



DM Today

2B.
Consumer-
Driven,
Technology
Supported DM



Low

Low

High

ICT
INTEGRATION



Scenario 2A: Providers Take Back DM

- Reimbursement is available to providers for DM services
- Providers embrace DM
- PCP + patient are the primary care management team
- Variations -- who takes the lead?
 - Physicians
 - Hospitals/IDSs
 - Home health agencies
 - Pharmacists/pharmacies



Scenario 2B: Consumer-Driven, Technology Supported DM

- **Health care consumerism reigns -- private companies provide options**
- **DM companies + patients are the primary care coordinators**
- **Physicians are disintermediated as care coordinators**
- **Many technologies automate patient & provider workflow (e.g., remote monitoring, decision support, predictive modeling, genetic profiling, etc)**
- **Consumer and health care technologies merge (e.g., smart homes, smart phones)**
- **IT standards have become prevalent and accepted**
- **The electronic health record is reality**

7 Key Trends Focus on Integration of Technologies, Convergence of Devices

Disease Management NEWS

- 1) Cost management will continue to be the primary driver of DM technology adoption
- 2) Predictive modeling technologies will focus on “impactability”
- 3) Information and communication technologies will enable DM assembling as a viable business strategy
- 4) Consumer electronics giants will bring DM into the living room
- 5) Remote patient monitoring and wireless technologies will enable “healthcare unbound”
- 6) Personalization technologies will allow patients to “have it your way”
- 7) The electronic health record will break from the pack

Read more at <http://www.bhtinfo.com/DM%20Technology%20Trends%202004.pdf>



Scenario 2C: Mass Customization DM -- "Have it your way"

- The best of 2A and 2B
- Multiple models of private company and provider consortia compete in the marketplace
- Multiple effective choices for care coordination: physicians, DM companies, self-care
- IT and clinical standards are adopted and accepted
- Data is available at the point of care and used by physicians and patients



IV. Discussion/Implications for Strategy and Investment

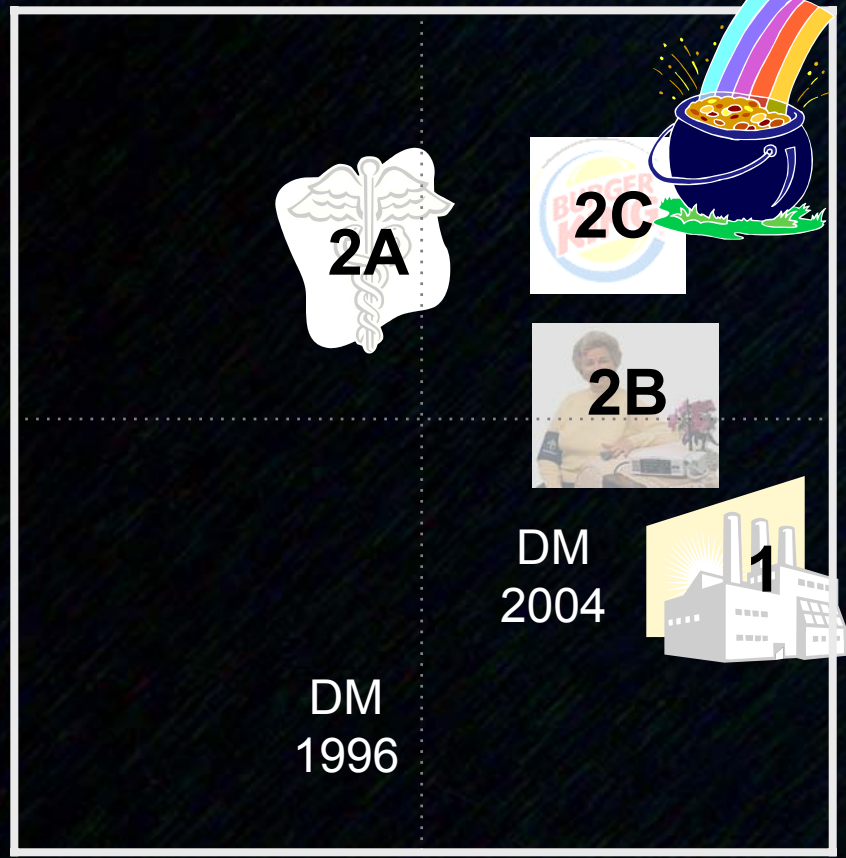
Mapping the Scenarios for 2009

- 1) DM becomes more SPECIALIZED 
- 2) DM becomes more INTEGRATED
 - A. Providers take back DM 
 - B. Consumer-driven, technology supported DM 
 - C. Mass Customization DM -- "Have it your way" 

High

INTEGRATION

Low



Low

High

SPECIALIZATION

On Balance, the CMS RFP Strongly Favors Existing DM Players.

How Might the CMS RFP Have Been Written Differently to Achieve Better Integration?

- Based on Chronic Care Model (Wagner, GHC)
- Direct reimbursement for physicians
- Broader based patient population (vs. highest cost/risk patients)
- Practice based -- all patients in a physician's practice
- Location NOT based on 1) higher incidence of chronic conditions, and 2) low Medicare quality rankings
- etc.

How Will We Know Which Scenario(s) Are Occurring? Sentinel Events to Watch

- **Submission of proposals**
- **CMS selection of proposals**
 - DMSCs or provider consortia
 - DM business/clinical models of awardees
- **Successes/failures of awardees**
- **Phase II RFPs**

Prediction: A Blend of Scenarios 1 & 2B



- The RFP is not provider consortia friendly
- Prior DM experience is a tremendous advantage
- Forces beyond DM: the Federal push toward IT
- Investment in technology >> both specialization and integration

Take Away Points

- **CMS RFP promises to move the market**
- **Multiple possible scenarios for future direction of DM**
- **RFP places strong premium on DM experience**
- **Exciting times!**

APPENDIX

Better Health Technologies, LLC

- Creating value for patients and shareholders
- Strategy, business models, partnerships
- Disease/care management and e-health
- Consulting/Business Development
- E-Care Management News
 - Complimentary e-newsletter
 - 3,000+ subscribers in 27 countries worldwide
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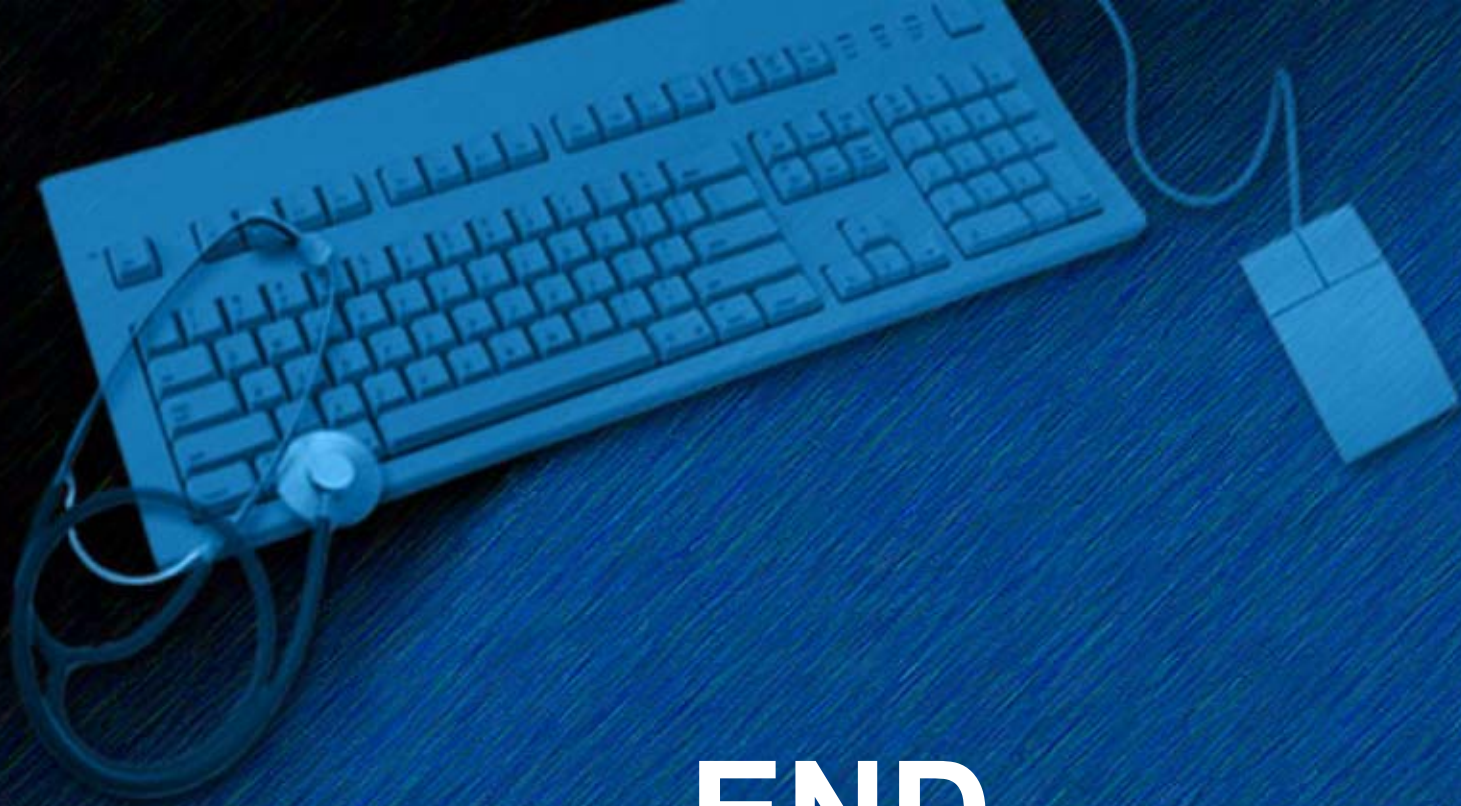
BHT Clients

Pre-IPO Companies

Cardiobeat
HomMed
EZWeb
Sensitron
Life Navigator
Medical Peace
Stress Less
DiabetesManager.com
CogniMed
Caresoft
Benchmark Oncology
SOS Wireless
Click4Care
eCare Technologies
The Healan Group
FitSense Technology

Established organizations

Samsung Electronics, South Korea
-- Samsung Advanced Institute of Technology
-- Global Research Group
-- Digital Solution Center
Medtronic
-- Neurological Disease Management
-- Cardiac Rhythm Patient Management
Siemens Medical Solutions
Joslin Diabetes Center
Sears Methodist Retirement System
National Rural Electric Cooperative Association
Disease Management Association of America
Blue Cross Blue Shield of Massachusetts
PCS Health Systems
Varian Medical Systems
VRI
Washoe Health System
S2 Systems
CorpHealth
Physician IPA
Centocor



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