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# The Future of Disease Management: A New Landscape for Integrated Care

The Disease Management Colloquium  
Jefferson Medical College  
Thomas Jefferson University

June 24, 2005

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*Executive Vice President and Chief Medical Officer*  
*WellPoint, Inc.*



# Agenda

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- **Chronic Illness: Complex and Costly**
- **Drivers of Health Care Costs**
- **Vision of the Future of Health Care**
- **Strategies for Health Improvement**
- **Transition to Progressive Care Management**
- **New Landscapes for Disease Management**
  - Breakthrough Technology
  - Specialty Pharmacy
  - Pay for Performance
  - Consumer Engagement

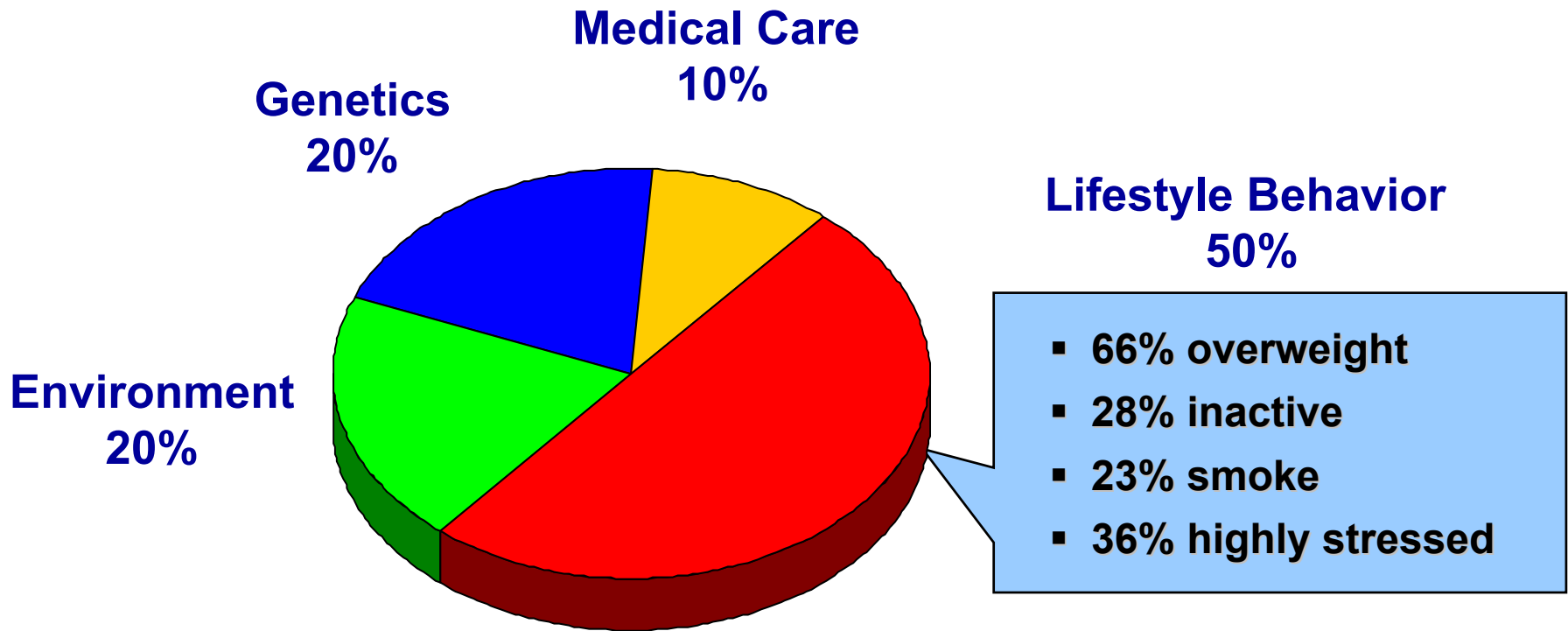
# Who Is WellPoint?

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- **Largest health benefits company in the nation**
- **More than 28.5 million medical members**
  - Blue plans in 13 states
  - UniCare across the country
  - HealthLink in 7 states
- **Major specialty businesses: pharmacy, dental, vision, life/disability, behavioral health, EAP, workers' compensation, Medicaid**
- **Nation's 2nd largest Medicare contractor**
- **More than 38,000 associates**

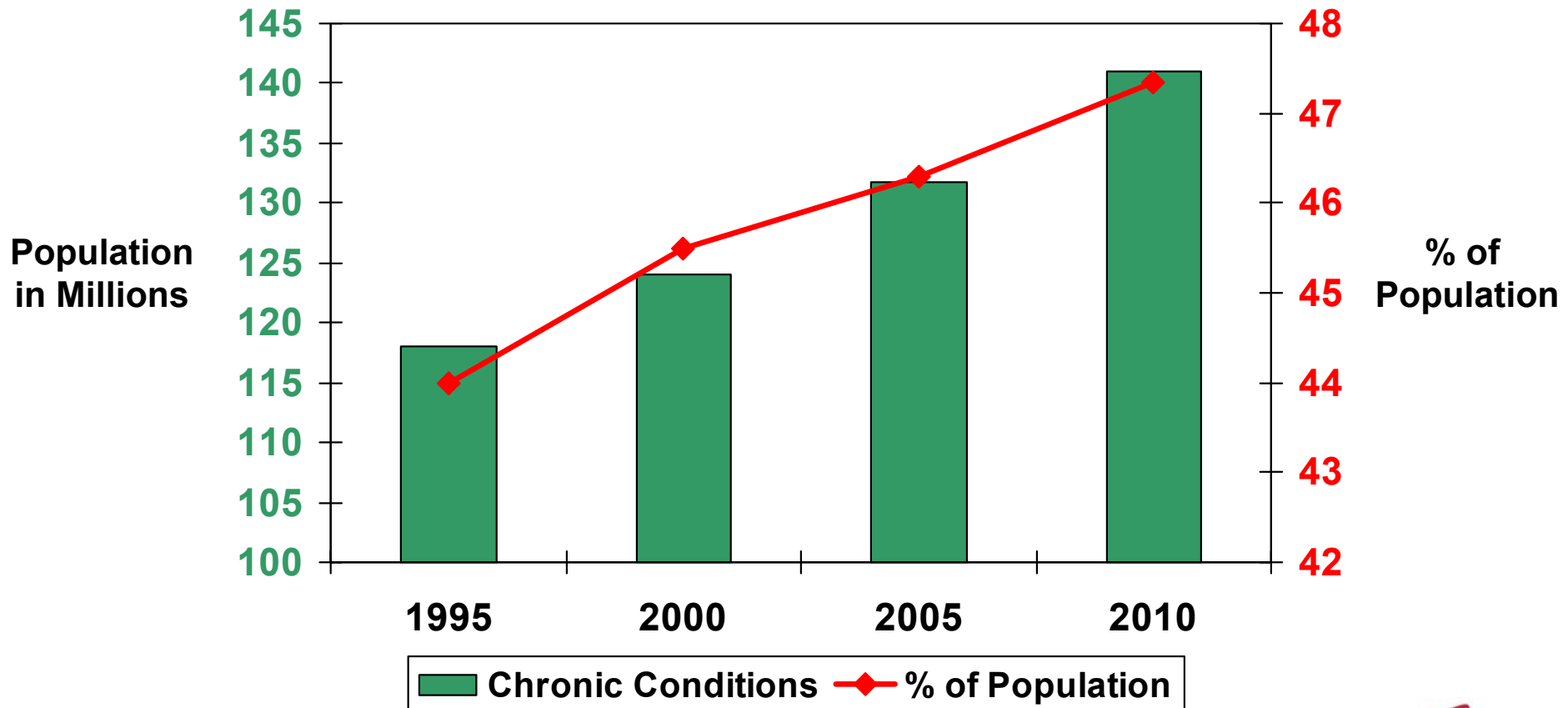
# U.S. Health Status Continues to Deteriorate

*Lifestyle choices biggest contributor to Americans' health status*



# Prevalence of Chronic Illnesses

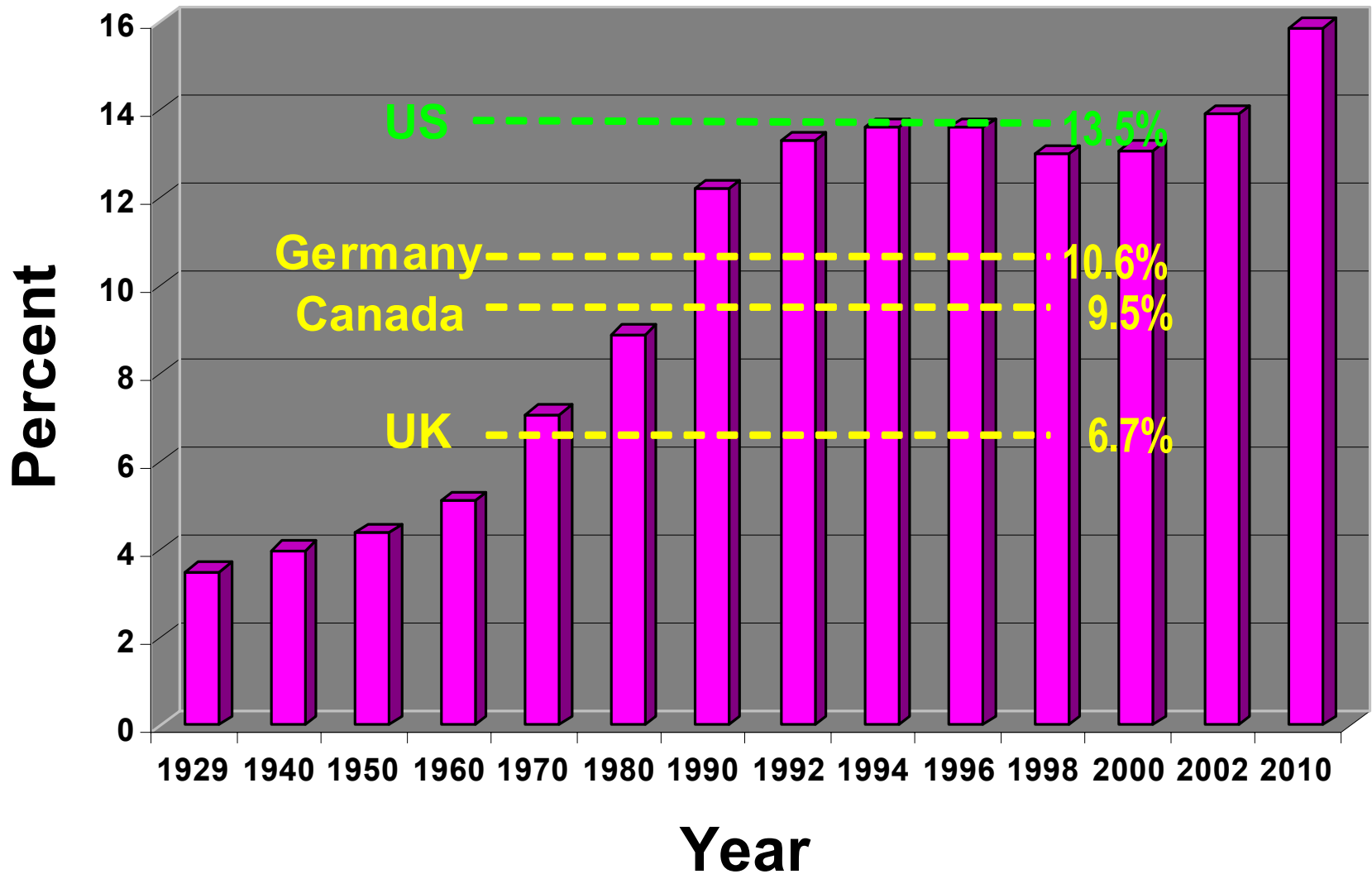
More than 130 million Americans suffer from chronic conditions and could benefit from disease management programs



# Costs of Chronic Conditions

Chronic Condition	Prevalence	Annual Cost
Diabetes	16 million Americans	<ul style="list-style-type: none"><li>• \$105 billion in health expenses</li><li>• 11 million lost work days</li></ul>
Heart Disease	60 million Americans	<ul style="list-style-type: none"><li>• \$300 billion in health expenses</li><li>• 1 million deaths</li></ul>
Asthma	14 to 15 million Americans	<ul style="list-style-type: none"><li>• \$5.1 billion in medical expenses</li><li>• 2.1 million missed work days</li></ul>
Depression	17 million Americans	<ul style="list-style-type: none"><li>• \$43 billion</li></ul>

# Health Care Spending as Percent of GDP



# Drivers of Health Care Costs

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- **Population dynamics: aging population with chronic diseases**
- **Medical technology and treatment advances**
- **Medical errors; poor quality care**
- **Health professional shortages; medical malpractice litigation**
- **Consumer education, information, navigating the complex system**
- **Unnecessary care; duplication of medical services**
- **Administrative costs: hospitals, insurers, medical practices**
- **Physician and hospital compensation incentives**



# The Quest for Affordable, High-Quality Health Care

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1980s

- HMOs
  - Contracting in setting of excess capacity
  - Aggressive medical management
- 

1990s

- Capitation
  - Physician management companies
  - Vertically integrated delivery (and financing) systems
- 

2000s

- “Boutique” delivery models
- Consumer-directed health care and HSAs
- High performance networks
- Rewarding quality performance
- **Disease and care management**

# Vision of the Future of Health Care

## Managing Components

**Current**



**Episode of Care**

**Hospital center of  
delivery system**

**Focus on quality of  
service**

**Access, amount of  
care gold standard**

## Managing Overall Health

**Evolving**

**Population health, disease  
prevention, integrated care**

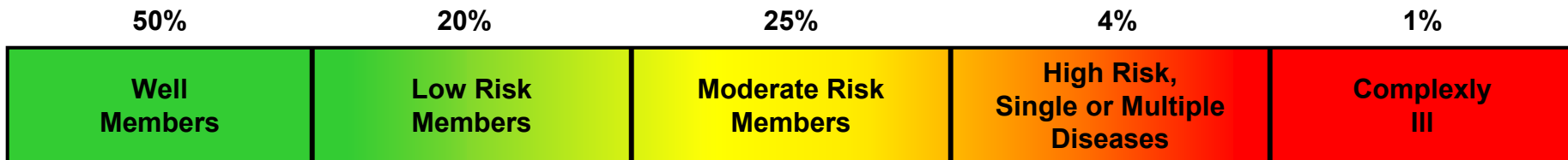
**Proactive primary care integrated  
with specialty services**

**Focus on quality of care: improved  
outcomes**

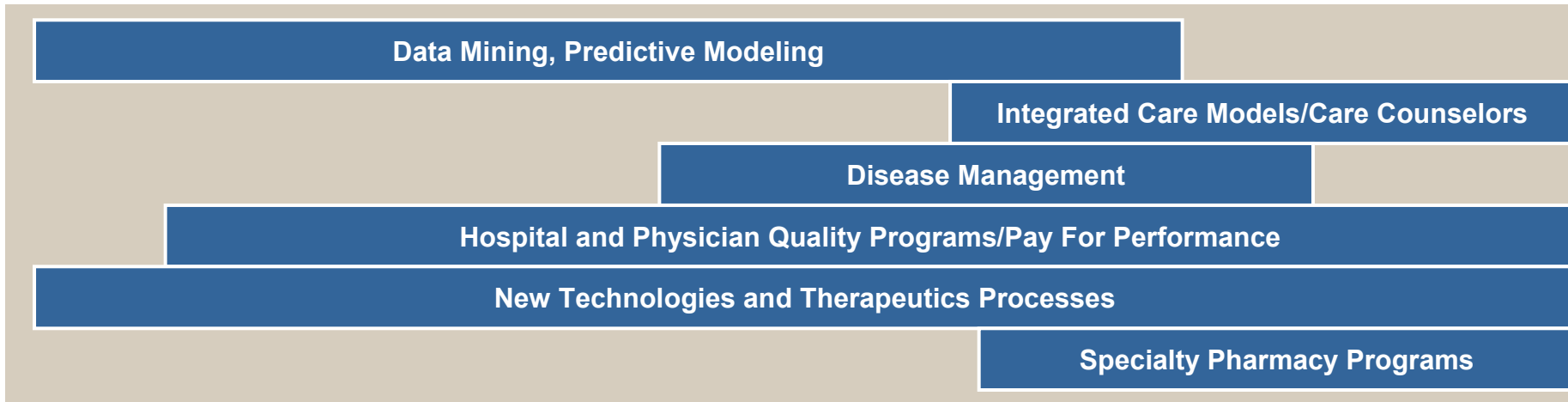
**Consumer engagement and  
decision-making**

# Strategies for Health Improvement

## % of WellPoint Members



## % of Health Care Costs



# Transition to a Progressive Care Management Model

Innovative medical management strategies support members as they navigate complex health care system

## Traditional



## Progressive

- Benefit-centered
- Reactive
- Cost-containment
- Acute episodes of care
- Diagnosis-driven
- Minimal member and physician contact
- Arranging, authorizing, approving

- Member-centered
- Proactive and anticipatory
- Quality outcomes
- Long-term management
- Interplay of illness and environment
- Direct member contact, physician collaboration
- Assessing, planning, coordinating, monitoring, evaluating

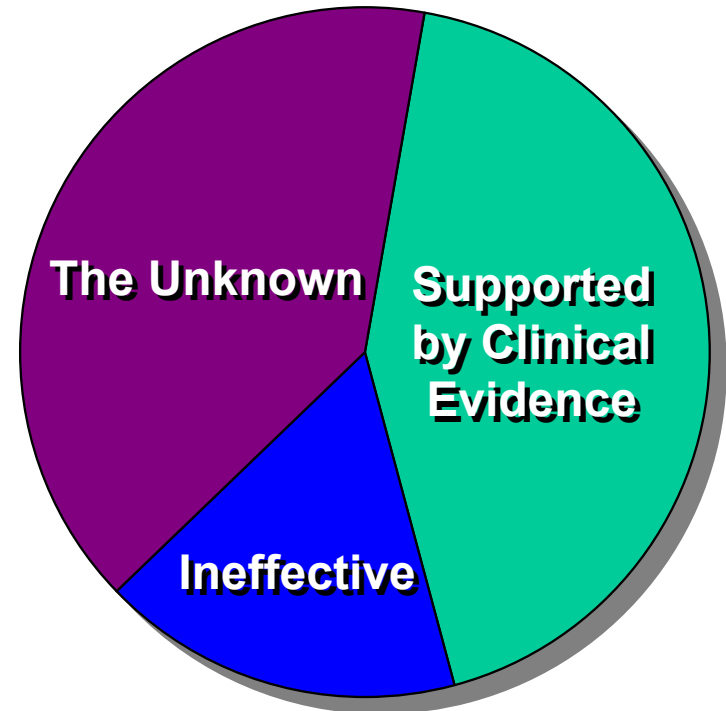
# Integrating Breakthrough Technology with DM

## What Does Innovation in Health Care Do?

Innovation	Benefit
Hip, Knee Replacement	Improves Quality of Life
Cardiac Procedures, Implanted Defibrillators	Increases Length of Life
Advanced Diagnostic Studies, Medical Informatics, Computerized Medical Records	Improves Quality of Care
Minimally Invasive Surgery, Estrogen Receptor Therapy	Lowers Total Health Care Costs

# Introduction of New Medical Technologies and Therapies

- If effective, promote as consistent best practice
- If ineffective, don't do it
- If insufficient evidence, assess in clinical trial
- Pharmaceutical companies, NIH, device manufacturers, CMS, health plans should support clinical trials and registries



# Case Study: Colorectal Cancer

## **Colorectal cancer illustrates the complexities of advancing science and accelerating health care costs.**

- **Third most common cancer (150,000 new cases / year) and second most common cause of death (57,000 deaths / year).**
- **Over 90% of colon cancer deaths are preventable, yet fewer than 50% of people over 50 undergo screening.**
- **Specific molecular events of carcinogenesis provide window of opportunity of 8 to 10 years for diagnosis.**
- **Specific DNA alterations occur as discrete steps in cascade and can be measured by new molecular tests.**
- **New screening techniques (i.e., CT colonography) increasingly find small tumors. This technology may supplant more invasive, expensive colonoscopy.**
- **Avastin, an FDA-approved drug for metastatic colon cancer, costs \$50,000 a year and prolongs life 8 to 10 months.**

# A Look to the Future for Technology Introduction

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- **More rapid introduction of novel technologies and therapies**
- **Greater emphasis on health services research and clinical trials (cooperative trials, FDA, AHRQ)**
- **New generation of physicians who recognize life-long learning and rapidly adopt new technologies**
- **Patients are informed health care consumers**
- **Technology integrated with care management models**
- **Health plans and Medicare support clinical trials and registries to arrive at evidence-based decision-making**



# Integrating Specialty Pharmacy with DM

## Specialty Pharmacy: A Definition

- **Chronic, expensive, uncommon diseases**
- **Expanding clinical indications such as anemia in cancer and treatment of certain types of arthritis**
  - Annual cost per patient range: \$8,000 to \$150,000 or more
- **Usually delivered non-orally (e.g., injection, infusion)**
- **Special handling (temperature controlled, overnight)**
- **High-touch patient interface (compliance, monitoring, education linked to care management programs)**
- **Complex reimbursement**

# Specialty Pharmacy

***Market expansion and cost of specialty, biotech drugs will accelerate.***

1. Oncology
2. HIV / AIDS
3. Multiple Sclerosis
4. Rheumatoid Arthritis
5. Hemophilia
6. Hepatitis C
7. Resp Syncytial Virus
8. Infertility
9. Gaucher Disease
10. Crohn's Disease
11. Immune Disorders
12. Growth Hormone Def.
13. Pulmonary Hypertension

- **200 on market by end of 2005; product revenue of \$50 billion; 600 drugs in development.**
- **Average monthly cost of drug > \$1,000, compared to \$45 for traditional drug; Cerezyme costs \$250,000 yearly.**
- **Increases of 25-50% in cost trends**
- **Currently:**
  - 156 clinical indicators
  - 36 disease categories
  - 22 physician specialties

# Specialty Pharmacy: Current Environment

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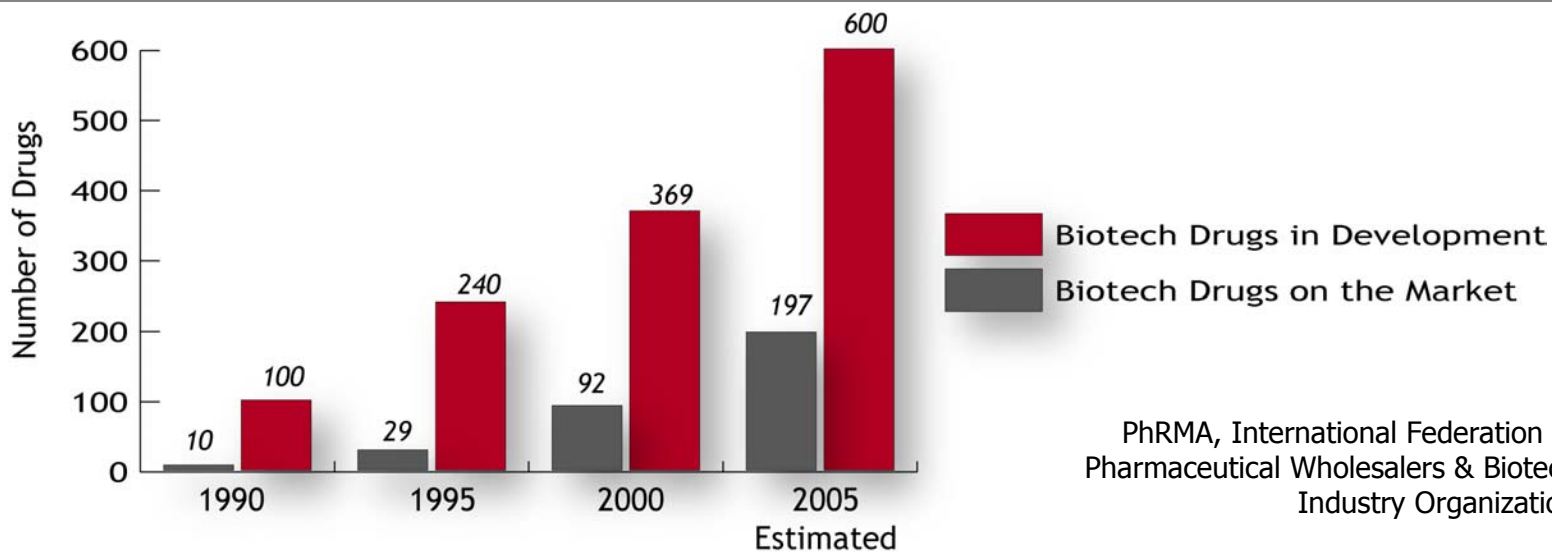
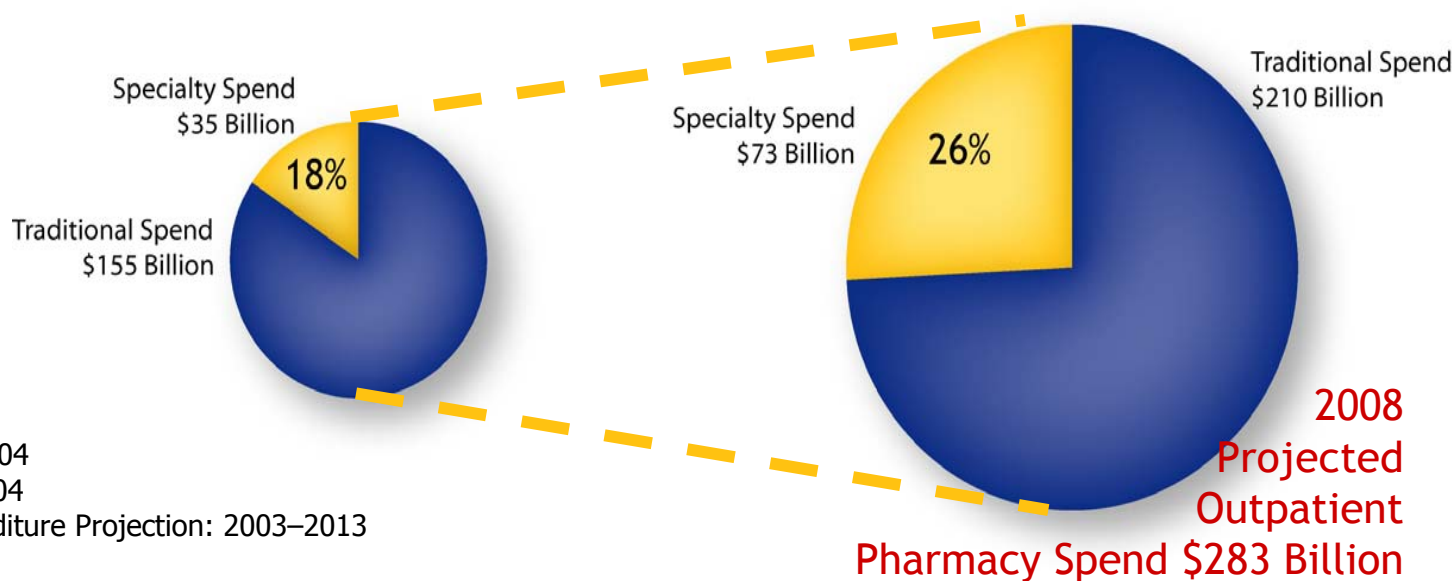
- **\$35 billion in 2004, growing 20% to 35% annually**
- **Associated with biotech (the fastest-growing area of the pharmaceutical industry)**
- **Expected to climb to > 25% of employers' total drug costs over next few years**
- **Distribution channel in transition**
  - Traditional: retail drugstores, hospitals, physicians, home health
  - Emerging: specialty pharmacies, infusion centers

# Specialty Rx: Current Environment

## Rapid Growth

**2004 Outpatient Pharmacy Spend \$190 Billion**

IMS Data through November 2004  
 Wall Street Equity Research, 2004  
 CMS National Healthcare Expenditure Projection: 2003–2013  
 Data on file: CuraScript



PhRMA, International Federation of Pharmaceutical Wholesalers & Biotech Industry Organization

# Current Environment: Therapy Examples

Chronic Condition	Medications	Avg. Annual Cost (AWP)
Growth Hormone Deficiency	Nutropin, Humatrope, Genotropin, Norditropin	\$18,000 – \$20,000
Hepatitis C	Rebetron, Pegasys, Peg-Intron, Infergen	\$24,000 – \$30,000
Infertility	Fertinex, Lupron, Gonal F, Follistim	\$10,000 – \$20,000
Multiple Sclerosis	Betaseron, Avonex, Rebif, Copaxone	\$12,000 – \$15,000
Oncology, BMT, HIV/AIDS	Neupogen, Procrit, Neulasta, Epogen, Aranesp, Gleevec, Iressa, Fuzeon	\$5,000 – \$20,000
Hemophilia	Recombinant Blood Factor Products	\$150,000 +
Rheumatoid/Psoriatic Arthritis	Enbrel, Remicade, Humira, Kineret	\$15,000 – \$20,000
Gaucher Disease	Cerezyme, Zavesca	\$150,000 – \$225,000
Pulmonary Hypertension	Flolan, Tracleer, Remodulin	\$30,000 – \$100,000
Lysosomal Storage Disorders	Fabrazyme, Aldurazyme	\$175,000 – \$200,000
Psoriasis	Amevive, Enbrel, Raptiva	\$12,000 – \$20,000
Allergic Asthma	Xolair	\$10,000 – \$15,000

# Specialty Pharmacy: Care Coordination

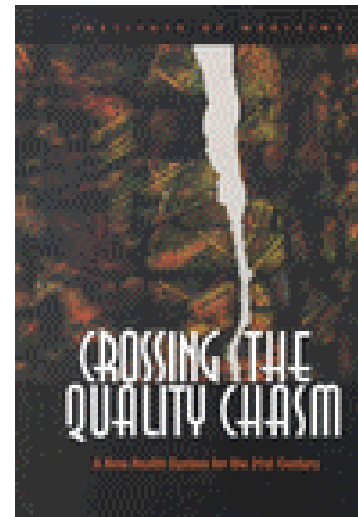
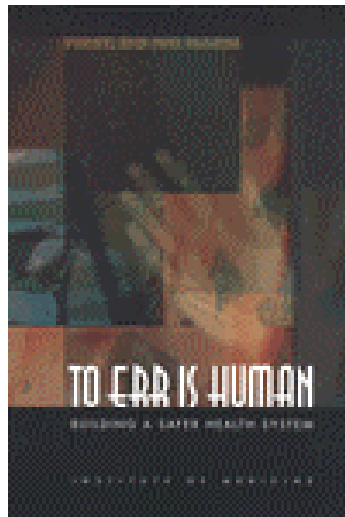
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- **Clinical care coordination ensures the appropriate use of specialty drugs**
- **Inappropriate utilization is eliminated**
- **Persistency and completion of therapeutic treatment plans are improved**
- **Regular interactions with patient improves clinical awareness and outcomes, engaging the patient in care**
- **Comprehensive support system for the patient**

# Health Care Quality: Institute of Medicine Reports

## “To Err is Human” and “Crossing the Quality Chasm”

- Medical errors account for 50,000 to 100,000 deaths each year in hospitals (more than breast cancer, AIDS or motor vehicle accidents)
- U.S. health care system does not apply evidenced-based medical knowledge; no system of care for chronic illness



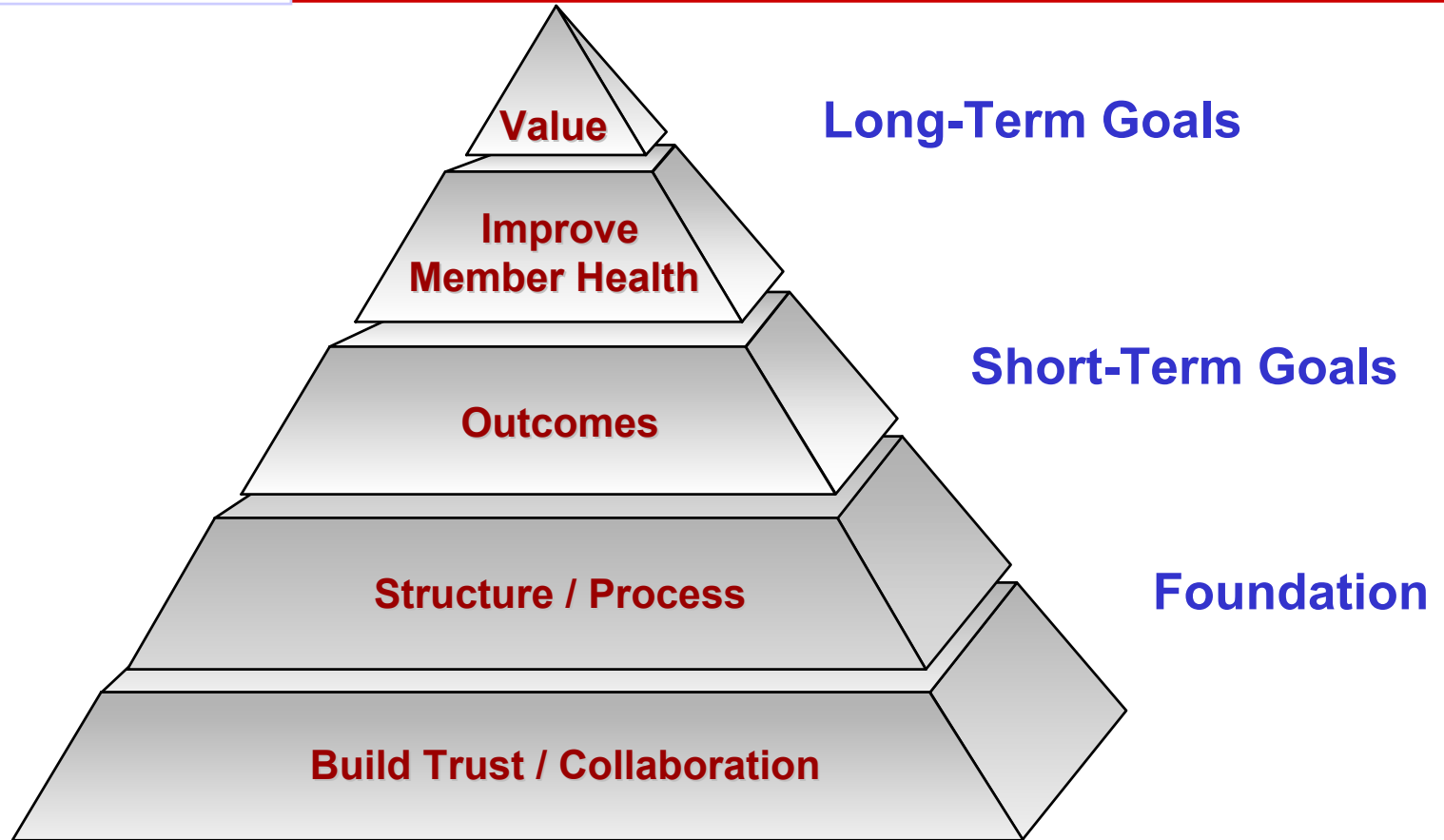
# Integrating Financial Incentives with DM

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- **Dominant methods don't achieve goal of clinical quality in health care**
  - **Fee-for-service payments encourage overuse**
  - **Capitated payments encourage underuse**
  - **Neither systematically rewards excellence in quality**
- **Strategy undercut by difficulties in measuring quality and adjusting for risk in way that is meaningful to consumers**
- **Some early experiments in rewarding quality with more favorable payments, but limited**



# P4P Programs at WellPoint: Quality Vision



*Quality broadens the dialogue beyond fees to building a foundation of trust*

# P4P Programs at WellPoint

## Partnerships with physicians and hospitals on quality incentives

### PCP Programs

Focused on primary care physicians. Typical major components:

- ✓ Clinical outcomes
- ✓ Evidence-based medical procedures
- ✓ Generic prescribing rates
- ✓ Technology & streamlined administrative processes
- ✓ Patient satisfaction

### Specialist Programs

Focused on specialty care physicians. Early initiatives in: Ob/Gyn, Cardiology, Orthopedics. Measures similar to PCP programs:

- ✓ Clinical outcomes
- ✓ Evidence-based medical procedures
- ✓ Generic prescribing rates
- ✓ Technology & streamlined administrative processes
- ✓ Patient satisfaction

### Hospital Programs

Focused on acute care hospital, typically full service facilities. Hospital programs typically have the following components:

- ✓ Patient safety
- ✓ Clinical outcomes
- ✓ Patient satisfaction

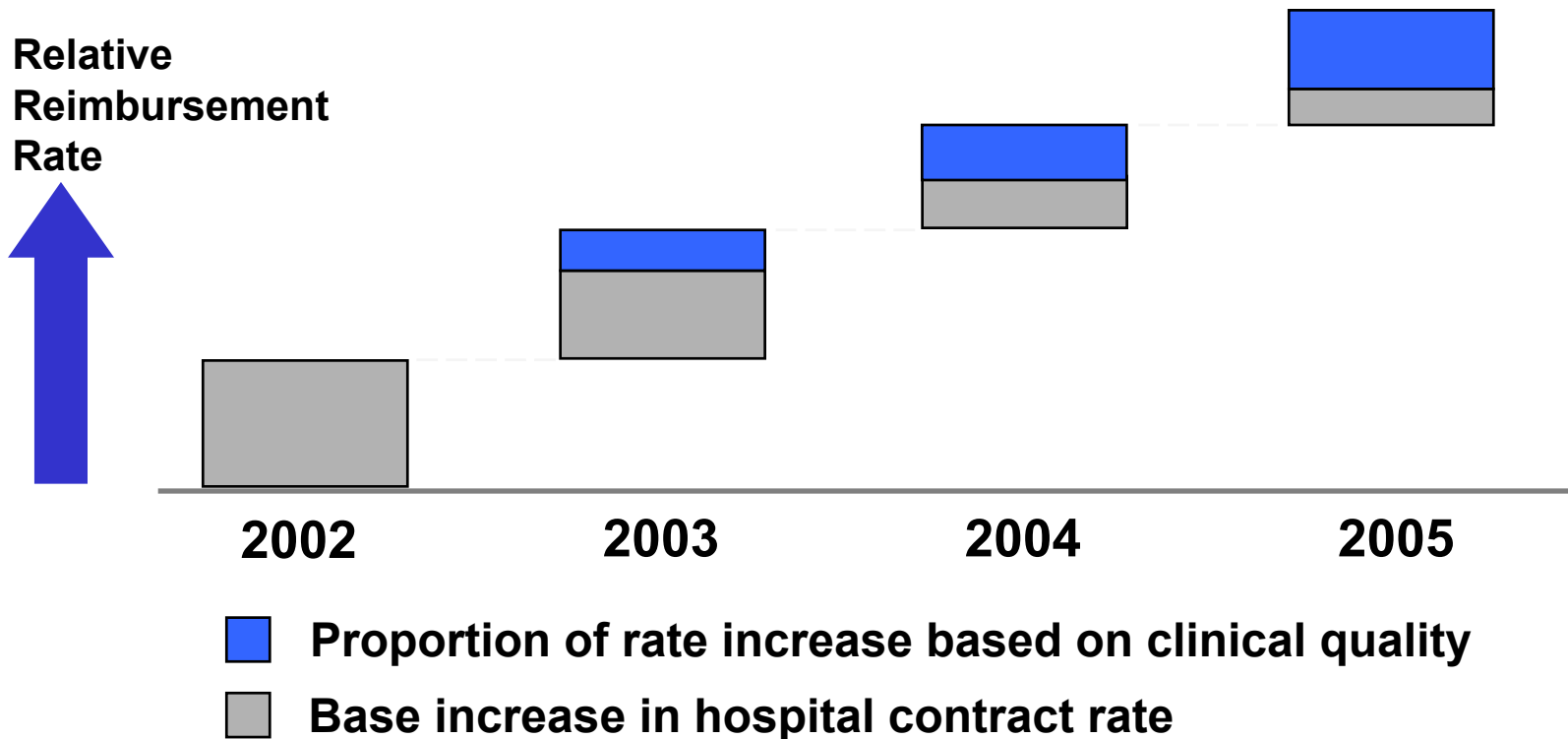
# WellPoint Coronary Services: Extensive Quality Outcomes Metrics

- **Coronary Artery Bypass Grafts (CABG)**
  - number of procedures
  - mortality
  - return to OR
  - saphenous vein use
  - infections
- **Percutaneous Transluminal Coronary Arteriography (PTCA)**
  - number of procedures
  - repeat PTCA
  - failed PTCA which go onto CABG within 24 hours
  - primary PTCA for acute myocardial infarction
- **Myocardial Infarction (MI)**
  - number of patients with MI
  - time to PTCA
  - time to thrombolytic therapy from ER (door to drug)
  - aspirin use in 24 hours
  - mortality
  - $\beta$ -blocker use
  - critical pathway use
  - number with LVEF < 40% prescribed ACE inhibitors

# Hospital Quality Programs

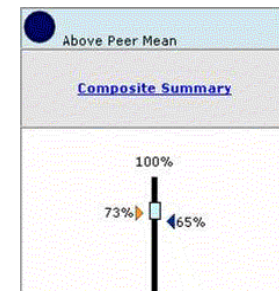
*Rewarding high scores creates tangible incentive for quality improvement*

## *Reimbursement Increase Schedule*



# California Scorecard Overview

Measurement Period End		Specialty Care	Care Management	Generic Prescribing	Administrative*
07/15/2003	Score				
	Your Rate	93%	73%	45%	Meets All Standards
	Peer Mean	72%	65%	37%	N/A



Care Management				
Clinical Indicator	Observed Care	Eligible Cases	Your Rate (Confidence Interval)	Peer Mean
Breast Cancer Screening	49	58	84%	82%
Cervical Cancer Screening	68	84	81%	78%
Colorectal Cancer Screening	26	45	58%	59%
Compliance with Lipid Lowering Drugs	11	22	50%	43%
Diabetes: Diabetic Retinal Exam	5	11	45%	32%
Diabetes: Glycosylated Hemoglobin for Diabetics	10	11	91%	71%
Composite Total (Confidence Interval)	169	231	73% (67% - 79%)	65%

Composite Ratings	Associated Fee Schedule Adjustment*	Maximum Possible Fee Schedule Adjustment
Clinical Composites "Above Peer Mean" in each composite scored <sup>3</sup> One "Above Peer Mean" and One "At Peer Mean" Clinical Composite "At Peer Mean" in each composite scored	8% 6% 4%	8%
Generic Prescribing Composite "Above Peer Mean"	2%	2%
Administrative Composite "All Standards Met"	2%	2%
<b>TOTAL PQIP INCENTIVE POSSIBLE</b>	<b>Prudent Buyer +</b>	<b>12%</b>

Administrative Composite			
Meets All Standards			
Administrative Indicators			
Tax ID Number (TIN)	Submit Claims Electronically	Provider Access Use	Practice Open
77-0139017	78%	198	Yes
77-0324855	94%	13	
Indicator Standard	> 85% in any TIN	> 0 hits in any TIN	Yes
Your Performance	Standard Met	Standard	

BCC Physician | Regional Benchmarks | National Benchmarks | Percentiles: ■ 10 - 25th □ 25 - 75th ■ 75 - 90th  
Your Rate: ▲

Specialty: FAMILY PRACTICE | County: ALL COUNTIES | Compare

Clinical Indicator	Primary/Secondary	Your Rate	Average Rate	How You Compare	100%
ACE Inhibitor use in CHF	Primary	100%	N/A		
Cervical cancer screening	Primary	82%	78%		

# Rewarding Clinical Performance: Timing Is Right

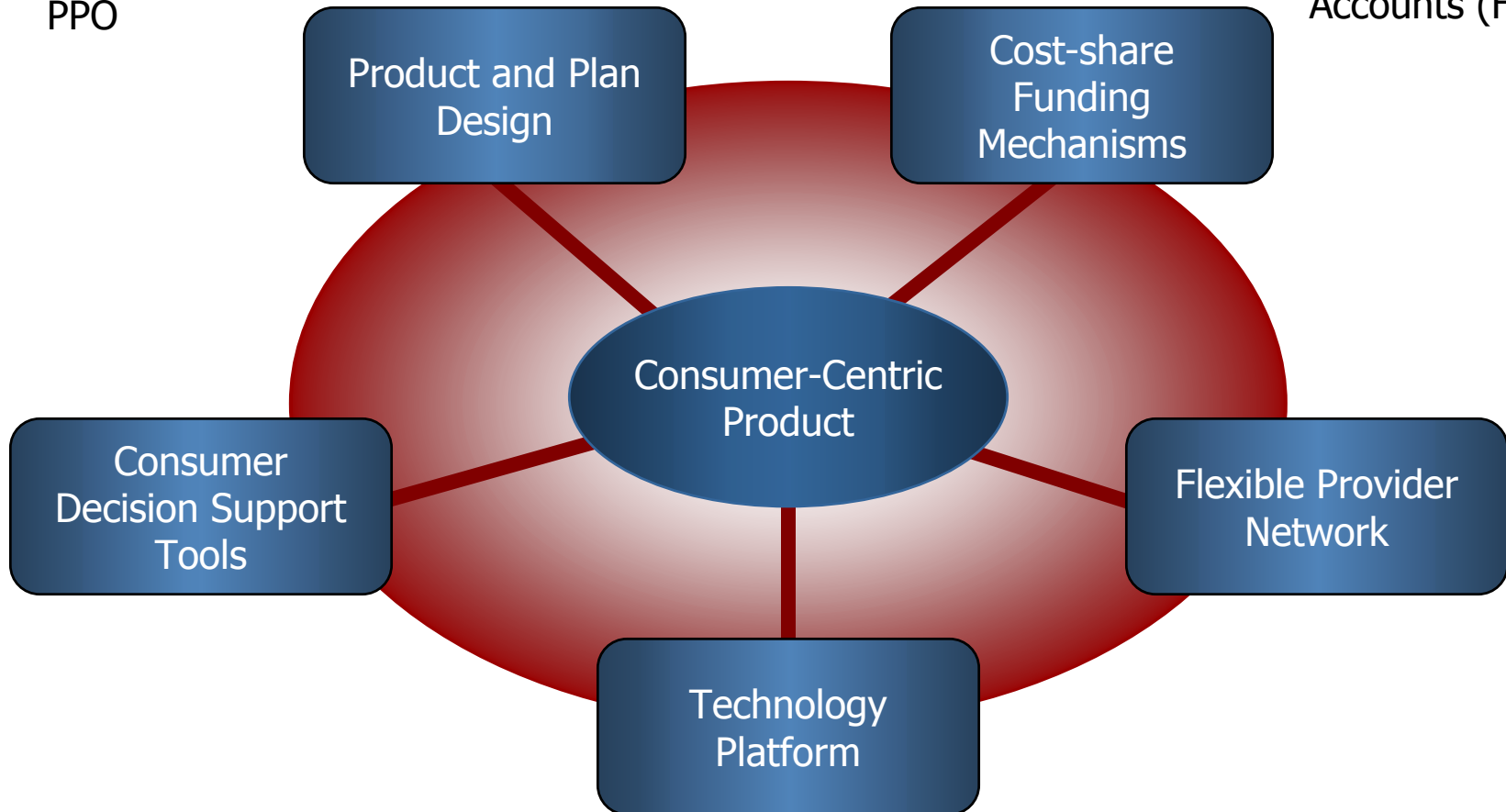
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- **Increasing purchaser interest in quality as a factor in buying decisions**
- **IOM reports and Medicare reform boost quality measurement; Medicare launched new P4P physician program in April**
- **President's EMR goal to improve quality**
- **AMA, JCAHO and MedPAC focusing their constituencies on P4P**
- **Regional coalitions forming to improve market adoption of P4P (Leapfrog, IHA, Bridges to Excellence)**

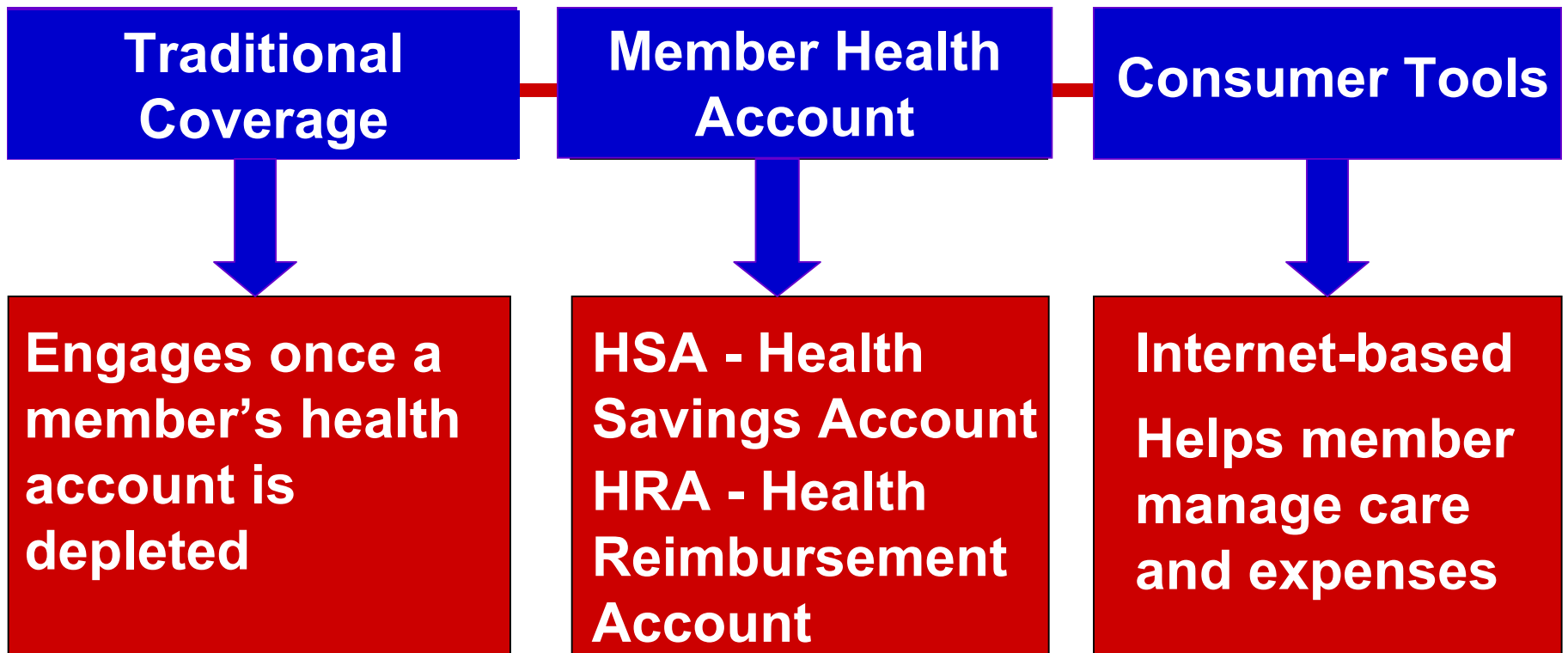
# Consumer Directed Health Care

- High-deductible PPO

- Health Savings Accounts (HSA)



# CDH: Members engaged in their own care





# CDH: Giving consumers control of health care decisions and dollars

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- Helping consumers take an active role in their health and health care
- Giving consumers control of routine health decisions and dollars
- Internet-based tools help individuals better manage their care and medical expenses through informed decision-making

# The Healthcare Advisor: Easy-to-Use Decision-Making

- **User-friendly with context-consistent data and information**
- **Research more than 150 different medical conditions and procedures**
- **Compare hospital quality**

The screenshot shows the Healthcare Advisor website. At the top, the logo reads "Healthcare Advisor™". Below the logo is a navigation bar with links: "Start | Topics | Hospitals | Physicians | Drugs | Tools & Resources | Exit". On the right side of the navigation bar is a search box with a "Search" button. The main content area is divided into four sections:

- Health Topic Areas**: A list of 20 medical topics including Accidents and Injuries, Adolescent Health, Allergies and Asthma, Bone, Joint and Muscle, Brain and Nervous System, Cancer, Children's Health (Pediatrics), Digestive/Gastroenterology, Ear, Nose and Throat, Endocrine, Nutritional and Metabolic, Eye, Geriatric Health, Gynecology (Female Reproductive System), Heart and Circulatory System, Kidney and Urinary Tract, Maternal and Childbirth, Men's Health, Mental Health, Pain Management, Respiratory, Pulmonary and Lung, Skin/Dermatology, Transplants, and Women's Health.
- Decision Guide**: A section with a question mark icon and the text: "Decision Guide Use this process to be guided through all available information for a health topic you choose."
- Hospitals**: A section with an 'H' icon and the text: "Find and Compare Hospitals Search for hospitals in your area. Research their experience with specific Procedures or other Types of Care."
- Physicians**: A section with a caduceus icon and the text: "Find and Compare Physicians Search for Physicians in your area, and compare Physician Profiles for each."
- Drugs**: A section with an 'Rx' icon and three sub-sections: "Compare Drug Treatment Options Research and compare drug treatment options for selected conditions. Compare drugs side-by-side.", "Profile Drugs Used to Treat a Condition Research drugs used to treat a number of commonly occurring conditions, from acne to ulcers.", and "Profile a Specific Drug Get information about a specific drug." Below this is another sub-section: "Check Drug Interactions Check the medications you are taking (or considering) for possible interactions."

# The Healthcare Advisor: Side-by-Side Comparison

- Clinical outcomes
- Patient safety
- Hospital reputation
- Market-specific studies
- Hospital comments

**Healthcare Advisor™**  
 Start | Topics | Hospitals | Physicians | Drugs | Tools & Resources | Exit Search

**Topic: Coronary Artery Bypass Graft Surgery (Heart Bypass)**

Find and Compare Hospitals: Profile and Compare: Summary Report

**Comparison Topic: Coronary Artery Bypass Graft Surgery (Heart Bypass)**

Here is a summary report of information for the hospitals you selected. Click on factor names for more detailed explanations of the factors and why they might be important to consider.

How Well Hospital Matches Your Selected Factors			
	UCLA MEDICAL CENTER	CEDARS-SINAI MEDICAL CENTER	SANTA MONICA UCLA MEDICAL CENTER
Match Score	100	98	95
Distance from ZIP 90210	3 mile(s)	2 mile(s)	6 mile(s)

**Your Selected Factors**

**Coronary Artery Bypass Graft Surgery (Heart Bypass): Inpatient**

Treated more patients (High Importance)	160	428	56
Had fewer patients with complications (High Importance)	‡	As Expected	As Expected
Had fewer patients with infections (High Importance)	As Expected ‡	Worse than Expected	As Expected

**Other Hospital Factors:**

Is an accredited (certified) facility (High Importance)	Yes	Yes	Yes
Is a teaching hospital (Medium Importance)	Major Teaching Hospital	Teaching Hospital	No
Has many high technology services	Above Average	Above Average	Above Average

Hospital Clinical Experience and Outcomes for Selected Procedure Coronary Artery Bypass Graft Surgery (Heart Bypass): Inpatient			
	UCLA MEDICAL CENTER	CEDARS-SINAI MEDICAL CENTER	SANTA MONICA UCLA MEDICAL CENTER
Patients Treated in One Year	160	428	56
Severely Ill Patients Treated in One Year	129	352	42
Complication Rate	‡	As Expected	As Expected
Post-Operative Infection Rate	As Expected ‡	Worse than Expected	As Expected
Mortality Rate	As Expected ‡	As Expected	As Expected
Patient Safety Standard for Procedure Experience	Good Early Stage Effort	Good Progress Toward Standard	Good Early Stage Effort
California Bypass Surgery Reporting Program	As Expected	As Expected	As Expected

# CDH and DM: A New Landscape

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- **Allocating coverage dollars wisely**
- **Making rational treatment and provider decisions**
- **Using reliable and easily understood quality metrics**
- **Trading up to better treatments when value is demonstrated**
- **Complying with treatments**
- **Consumers satisfied with their care**

# Realizing the Future of Disease Management

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**“Discovery consists of seeing  
what everybody has seen and  
thinking what nobody  
has thought.”**

**Albert Szent-Gyorgyi**

**1937 Nobel Laureate in Medicine**