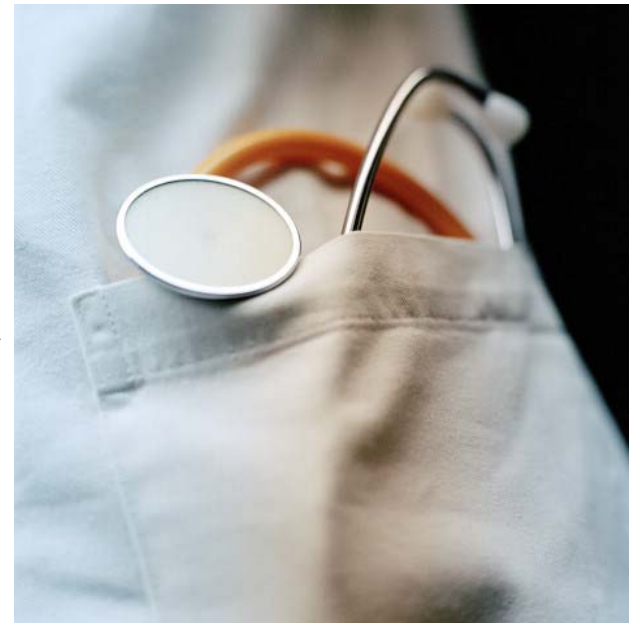


# The Disease Management Colloquium

## Employer Perspectives on Disease Management

**Presented by:  
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# Agenda

- Historical Perspective
- The “Tipping Point”
- Case Studies

# Concerns and Skepticism

- Will I Save Money?
  - Methodology of Savings
  - Guaranteed Savings Arrangements
  - Realize Positive Outcomes can have Delayed Timelines
  - Potential to Increase Rx Utilization
  - Random Inherent Variables
- What About Member Turnover?
  - The Sicker People Stay
  - What Goes Around, Comes Around

# What Changed – The “Tipping Point”

- Health care costs increasing faster than profits
- Population is aging
- New treatment guidelines
- New drugs, biotech revolution
- Consumerism
- Heightened emphasis on presenteeism and retention
- Health management success stories

# Social Drivers

- Lifestyle Triggers
  - 50% of all disease, injury and premature death is preventable
  - Excess risk factors:
    - Account for 25% of medical costs
    - Lead to higher absenteeism/lower productivity
  - Lifestyle triggers of preventable disease:
    - Tobacco
    - Poor diet
    - Obesity
    - Stress
    - Lack of exercise

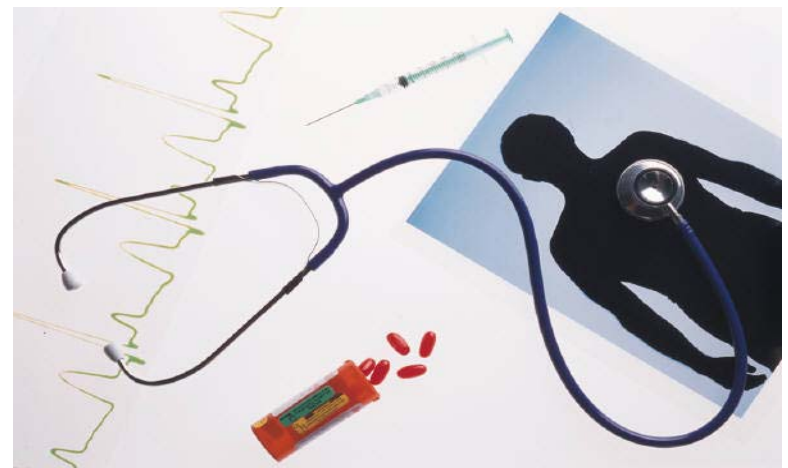
# Medical Cost Drivers

- Crippling costs of complex medical cases
- Increased use and costs:
  - Inpatient and outpatient hospital
  - Prescription drugs
- Chronic illnesses
- Poor lifestyles



# Cost Management Realities

- No end in sight to rapid cost increases
- Managed care hasn't worked
- Employee relations harmed by cost shifting
- Broad-based cost management essential
- Market replete with underperforming vendors



# Necessary Principles

- Employer strategy or vision is needed for short and long term
- Human capital is most important asset
- Focus on controllable health care costs
- Very sick need guidance navigating medical system
- Chronically ill benefit from focused disease management





# Necessary Principles

- Poor lifestyles result in:
  - Higher medical costs
  - Lower worker productivity
  - Substantial indirect costs
- Focus on outcomes, not fees
- Data evaluation is essential
- Consumer participation, accountability and responsibility essential
- Hold vendors accountable

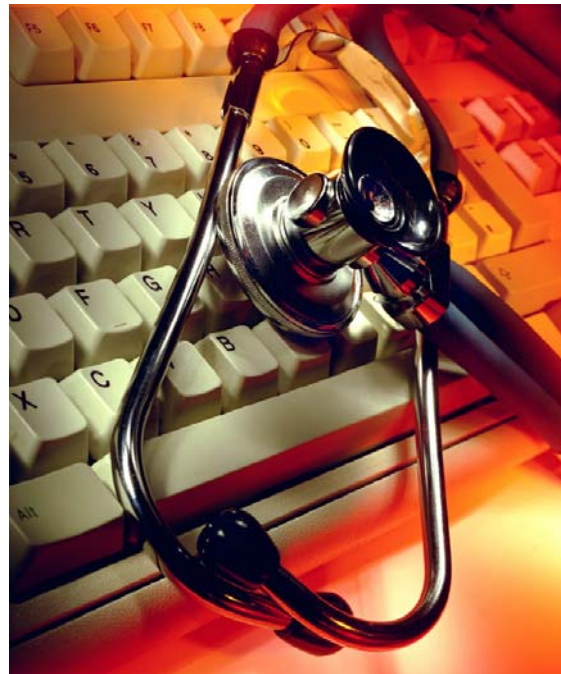
# What Employers Want

- Carefully selected, comprehensive, scientifically-proven cost management programs, that target high cost groups, to:
  - Reduce annual medical cost trend by 4%-6%
  - Improve worker productivity
  - Deliver a positive ROI
    - Year One ROI of at least 2:1
    - Subsequent years ROI of at least 3:1



# Health Management Choices

- Health Management Components:
  - Disease Management
  - Utilization Management
  - Case Management
  - Predictive Modeling
  - Wellness



# Wellness and Health Promotion

- Why it works!
  - Annual HRAs
  - Tailored findings
  - Tailored interventions
  - Medical self-care
  - Website
  - **Self-directed change**
  - High risk intervention
- Integrated programming
- Targeted interventions
- Benefit-based financial incentives
- Tele-coaching



# Health Promotion

- Return on Investment
  - Implementation of a chronic care program that moves participants from poorly/moderately controlled status to a well controlled result
    - WorldDoc suggested \$1,400 per active participant
    - 3:1 ROI

# Incentive Programs

- Can be based on credits, differences in employee contributions, richer benefits, cash or gift certificates
- Commitment can include:
  - Completion of a HRA
  - Participating in health coaching
  - Participating in disease management
  - Using Centers of Excellence networks
  - Completing age/gender appropriate preventive services

# Disease Targets

- Asthma
  - High prevalence, low cost
  - Medical savings obtained by decreased ER visits, admissions
  - Medication compliance may increase drug spend
- Heart Disease
  - High prevalence, high cost
  - Medical savings obtained by decreasing exacerbations, ER visits, and admissions
  - Heart failure most likely to provide significant first year savings
- Diabetes
  - High prevalence, high cost
  - Co-morbidities and complications account for the highest costs
  - Savings obtained by decreasing complications and admissions

# Disease Targets

- Depression
  - High prevalence, usually underreported
  - Costs are primarily drugs and outpatient care
  - Significant impact on productivity and absenteeism
  - Majority of members with chronic disease have co-morbid depression
- Low back pain or musculoskeletal pain
  - High prevalence (usually number one), high cost
  - Significant impact on productivity and absenteeism
- Cancer
  - Early identification is key to success of the program
  - Primarily symptom management
  - Savings obtained by avoiding admissions for complications and early transition to Hospice



## Critical Success Factors

- Realistic implementation timeline
- Willingness of current partners to integrate with the DM partner
- Availability of accurate contact information for eligible members and their dependents
- Reliable data exchange
- HIPAA compliance
- Contract negotiation

# Case Study – Large Manufacturing Firm

- The Opportunity:
  - 15,000 employees
  - Predominately blue collar, single parent
  - High prevalence of diabetes
  - Access to care issues in some rural areas
- The Intervention:
  - The Asheville Project
  - Waived copays
- The Outcome
  - Increased adherence to drug regimens
  - Increased blood glucose testing/greater control
  - Increased visits to ophthalmologists
  - Increased foot care

# Case Study – Mid-size Manufacturing Firm

- The Opportunity
  - 5,000 employees
  - Low turnover
  - Average age of 45
  - Predominantly male
  - Cardiovascular disease
  - Skeptical senior management
- The Intervention
  - Predictive modeling
  - High cost claimants only
- The Outcome
  - To be determined

## Closing Remarks

- Between 2003 and 2005, the proportion of employers providing information to employees on specific health issues increased from 38% to 71%
- Nearly 69% of employers are using disease management programs through their health plans this year
  - Up from 46% last year
- Employers adopting health promotion programs is up from 20% to 40%
  - Obesity reduction programs doubled from 14% to 32%
- Consumer involvement in health care decision-making helped reduce many employers reduce medical costs

Source: Carlson, L. *Disease Management Has Become the Norm*, Employee Benefit News, May 2005.

## Closing Remarks

“Americans can be counted on to do the right thing - after they have exhausted all the alternatives.”

-Winston Churchill

**Thank You!**