Improving Prediction of Future Medical Benefit Spend for the Self-Insured Employer: Focus on High Cost Claimants

Presented by:

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Agenda

- About Quest Diagnostics
- Self Insured Employer Marketplace
- Quest Employee Health Program
- Data, Analytics & Informatics Resources
- Long Term Strategy
About our company

- World’s leading provider of diagnostic information services
- 2015 revenues of approximately $7.5 billion
- Touches the lives of 30 percent of American adults each year
- Serves about half of the physicians and hospitals in the U.S
  - 44,000 employees
  - 2,300 patient service centers
    - 650 M.D.s and Ph.D.s
    - 3,500 courier vehicles that collectively make tens of thousands of stops daily
  - 25 aircraft
  - ~10,000 (1099) Mid Level Providers

- Test menu that is industry leading in breadth and innovation
  - Routine biological tests to complex and specialized molecular and gene-based testing as well as anatomic pathology
Quest Diagnostics: **Inspiring action through insight**

**Quest Diagnostics is far more than a lab**

We are a driving force behind the innovations and solutions you need to help you stay ahead of the curve and continue to deliver quality care.

- **Inspiring action to better health with LEADING DIAGNOSTIC INFORMATION CAPABILITIES**
- **Illuminating answers through ADVANCED ANALYTICS & TECHNOLOGY SOLUTIONS**
- **Advocating better health with a PORTFOLIO OF SPECIALIZED SOLUTIONS**
Self Insured Employer Marketplace

- **Market size**
  - 50M workers and dependents (2000 data, Self-Insured Institute of America)
  - 33% of the 150M participants in private employment-based plans

- **Trends in cost**
  - 2017 trend is 6% (NBGH survey; 33 large employers; 15M lives)
Percentage of Employers That Self-Fund Their Health Plans

High Cost Claimants (HCC) – American Health Policy Institute*

- AHPI 2016 survey of 26 large employers
  - average HCC costs $122,382 annually
  - 1.2% of all members are HCC
  - HCCs represent 31% of total spend
  - 53% of spend for chronic conditions; 47% for acute conditions

- Recommended initiatives
  - mining health data to target certain chronic conditions
  - engage beneficiaries to be active participants
  - wellness programs
  - predictive biometric screening
  - care management to target particular diseases or procedures

*American Health Policy Institute, ‘High Cost Claimants: Private vs. Public Sector Approaches, by D. Mark Wilson, others, 2016
Distribution of 2015 Allowed Spend by Percent of Membership

Small pockets of population driving majority of spend

- Top 1% drove 30% of costs
- Top 5 drove 50
- Top 10 drove 74

Bottom 50% of members account for 2.2% of spend

Data is Medical and Rx allowed dollars January – October, two month lag.
Health Status* Quest Diagnostics Population 2013 to 2016

Average age up (>1 year); illness burden in the pool is stable but elevated; High Cost Claimant population 1 year escalation in severity

*Aetna membership: higher the score the higher the medical spend in the future
EHP Spend May YTD Results* 12 month view

88% of spend is the following (8) categories

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*This report is based on TPA #1 data and covers 80% of beneficiaries
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71%

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**Objective** Improve Accuracy of Monthly Prediction

- Short Term (Monthly-Quarter) focus
- Best manage concurrent spend
- Identify and engage HCC* with high sensitivity (minimize false negatives; OK to over call)
- Reduce # HCC
- Reduce total HCC spend
- Not possible to case manage every HCC

*HCC FY claims expense of >$75K
Quest Employee Health Program (EHP) - Guiding Principles

- First focus on member engagement, care experience and quality outcomes
- Reduce year over year cost increases
- Limit cost shift to employees
- Expand use of ‘virtual’ care where appropriate
- Move care to settings of ‘pay for value’
- Engage High Cost Claimants
- Prioritize improving the health status of the entire beneficiary population
Quest Employee Health Program (EHP)

- Beneficiary count
- 2017 plan designs
  - Option 1: National Consumer Choice (HRA funding); out of network
  - Option 2: EPO (no HRA funding; ACA Silver; narrow network; no out of network)
  - Option 3: Basic Plan (no HRA funding; ACA Bronze; no out of network)
- Proactive engagement of Third Party Administrator (TPA) partners
- Vendor solutions
- **HealthyQuestWorkplace**
- Internal Team
Mitigating clinical variance to mitigate financial variance

- Inpatient spend
  - utilization management; manage transitions of care

- High Cost Claimants ($75-300K)
  - accurate diagnosis and evidenced-based treatment (Center of Excellence)
  - case management/care coordination
  - intervention when indicated (i.e., migraine headaches with 5 hospitalizations)

- Engage potential future HCC
  - predictive analytics indicates likelihood of future spend
  - referral for telephonic coaching: risk reduction/chronic disease control

- Pharmaceuticals
  - Rx adherence

- Stop loss

- Prospective forecasting
  - weekly tracking of services that require an authorization
  - monthly performance tracking to determine population outreach priorities
  - annual Blueprint for Wellness (biometric screening) & Health Risk Assessment informs member selection and program design

- Longitudinal improvement of beneficiary population health status
Concurrent Identification of High Cost Claimants

- URL, ID and PW
- IP Authorization
- Other authorizations
EHP Data, Analytics and Informatics Resources

- Health Data & Management Solutions (HDMS Dart)
- TPA Reporting Suite
  - standard reports
  - predictive analytics to target for care management
- Employee Health Program
  - program management
  - project management
  - vendors
  - other
- Extended Quest Team -HR
  - Finance
  - Analytics
  - Communications
  - HR
YTD Results

- versus 2015
- Q4 pending
- other
Long Term Strategy

- **Elevate health status of Beneficiary Population**
  - they understand and leverage benefits
  - ’upstream’ engagement of risks
  - medication adherence
  - culture of resilience and wellness

- **Evidenced-based care**
  - Centers of Excellence
  - 2nd opinion of complex care; preference sensitive surgery

- **Proactive engagement of monthly spend**
  - Acute hospital
  - In network
  - Narrow network/ACO
  - ’Tight’ utilization management; transition of care
  - Future: Direct Network Contracting/Bundled Payments

- **Medical Benefit Rx (huge trend)**
  - site of service steerage
  - evidence-based care
We must be proactive advocates for our beneficiaries

"Every system is perfectly designed to get the results it gets"

- Paul Batalden, M.D. Institute for Healthcare Improvement
Thank you!