

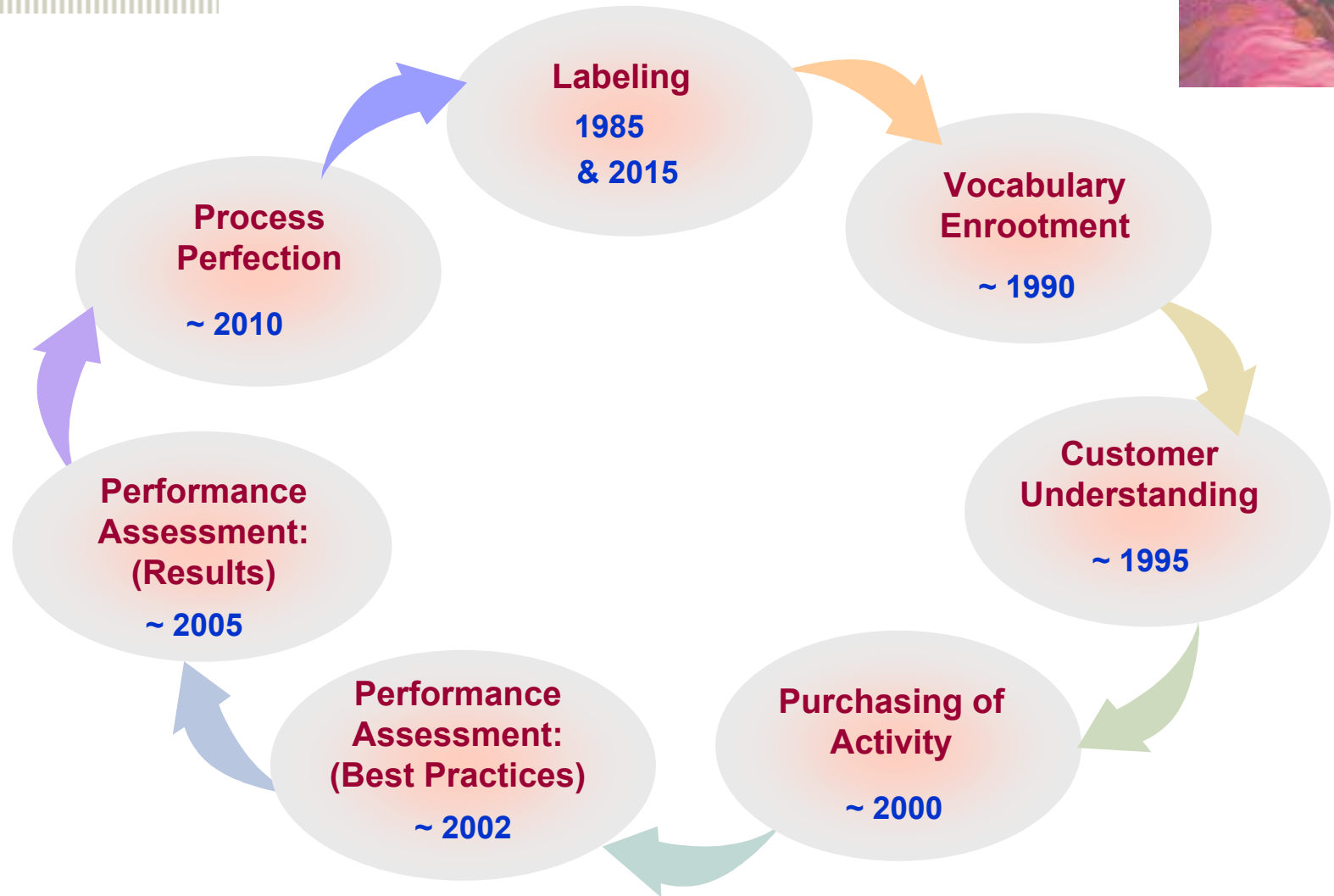
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# Disease Management in Transition: Benefit Plan Purchasers Awaken



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# Benefits Management Innovation Cycle: Chronicling Disease Management



# Disease Management Lineage

- **Second wave of re-thinking health care**
- **Catalyzed by Breslow observation that health outcomes primarily determined by patient behavior and patient environment**
- **Most MDs and hospitals do not yet feel responsible for these two determinants**
- **Initially delivered by separate “backstage providers,” but next equilibrium is unpredictable**



# Today's Benchmark "Backstage" Providers

- Health promotion
- Major behavioral risk reduction
- Minor illness coaching
- Disease and case management
- Major decision support
- Utilization review and case management
- Hospitalists
- Managed Rx



# Important Distinguishing Characteristics for all Backstage Providers

- Integration with frontstage providers
- Psychological mindedness
- Focus on manageability of elevated risk
- Use of statistical process control



# Prior to Process Perfection

Early Impact on Care Costs is Variable



## Estimated Percentage Point Premium Reduction

|                                | Low<br>Performance | Middle<br>Performance | High<br>Performance |
|--------------------------------|--------------------|-----------------------|---------------------|
| 1. Health Promotion            | 0.1%               | 1.7%                  | 5.2%                |
| 2. Behavioral Risk Reduction   | -1.0%              | 0.7%                  | 3.4%                |
| 3. Self-care / triage          | -0.1%              | 0.2%                  | 1.2%                |
| 4. DM — major event prevention | -0.1%              | 0.2%                  | 0.8%                |
| 5. DM — ongoing symptom mgmt   | -0.1%              | -0.0%                 | 0.2%                |
| 6. Decision-support            | 0.1%               | 0.4%                  | 1.0%                |
| 7. UM / Case Management        | 0.0%               | 0.4%                  | 1.4%                |
| 8. Hospitalists                | 0.8%               | 1.6%                  | 3.1%                |
| <b>Total</b>                   | <b>-0.3%</b>       | <b>5.2%</b>           | <b>16.3%</b>        |

# The Pivotal 2002-2006 Period

- Purchasers and consumers in financial pain
- IOM blows whistle on care discontinuities and “quality chasm”
- Herd leading purchasers, awoken and set new course



# Options For Chasm Crossing

- Continued tepid incrementalism
- Exhortation of professionals
- Government as purchaser or regulator
- Boost market sensitivity to plan performance
- Boost market sensitivity to performance of providers and treatments



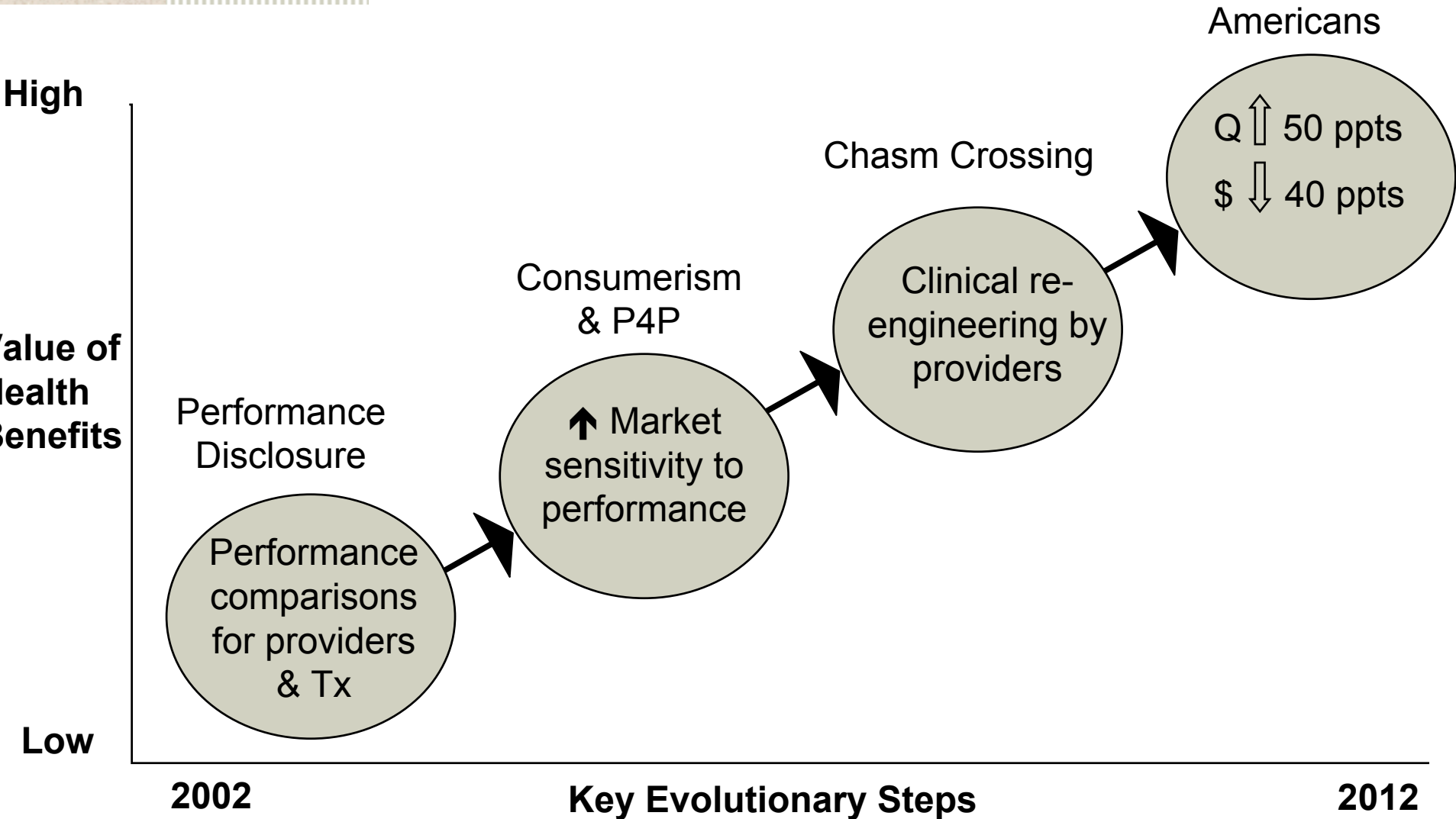


# Boost Market Sensitivity to Performance of Providers & Treatments

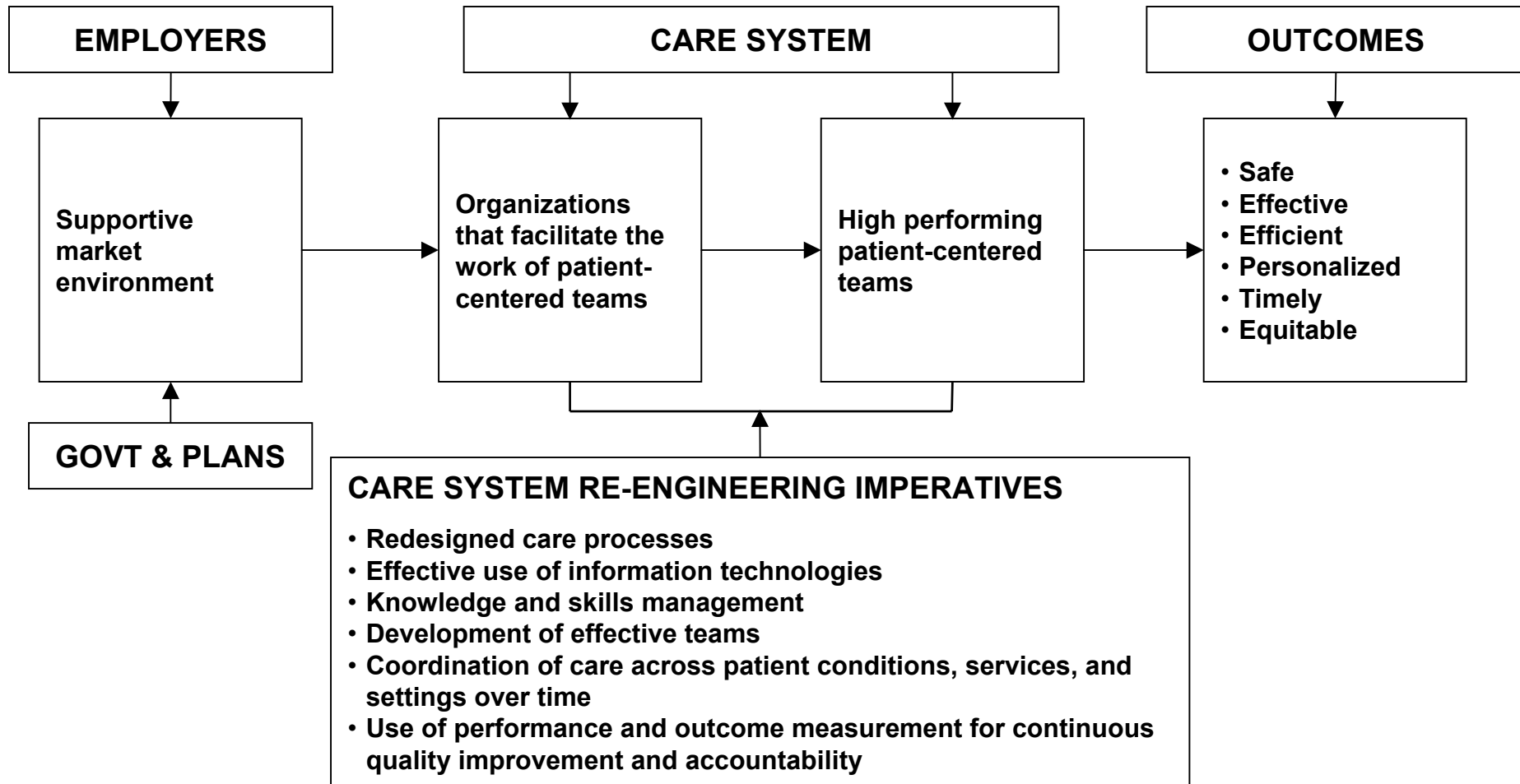
- Gear consumer decision support and incentives to drive selection of better-performing providers, including “backstage providers,” and treatments (AKA “Consumerism”)
- Expand performance-based provider payment via gain-share when performance improvement hurts all providers’ margins (P4P)



# Performance Disclosure: The Critical Path from Disclosure to Performance Breakthrough



# The National Academy of Science's More Detailed Map



<sup>1</sup>Adapted from Crossing the Quality Chasm, IOM, 2001.

# Closing Thoughts on Disease Management and Chasm-Crossing

- The question is how soon, not whether
- Poverty of ambition is the enemy
- Economic downturns permit bolder strokes
- Performance breakthrough requires leadership

