

SESSION II: ENHANCED USE OF PREDICTIVE MODELS IN THE WORKFORCE

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Agenda

- The Concerns
 - Healthcare costs
- The Methods
 - Incentives
 - Innovations
- The Results
 - Case Studies

Simpletons talk of the past, wise men of the present, and fools of the future.

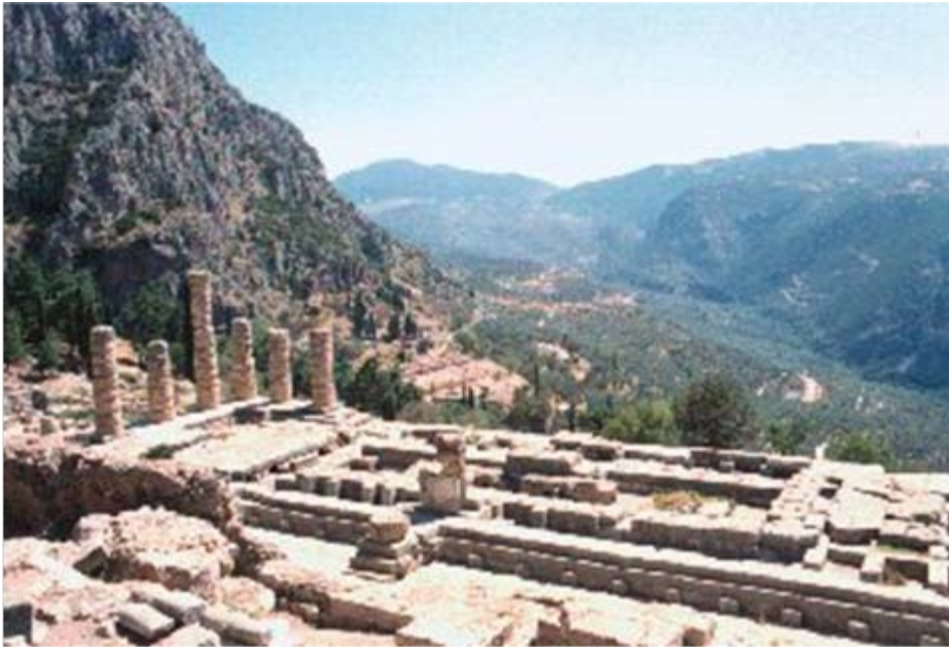
N. Bonaparte

Predictive Models & Total Health Management

- What are they?
- How are they used?
- Why does an employer care?

It is not about health benefits, but rather it is about creating and maintaining a healthy and productive workforce.

What are Predictive Models?



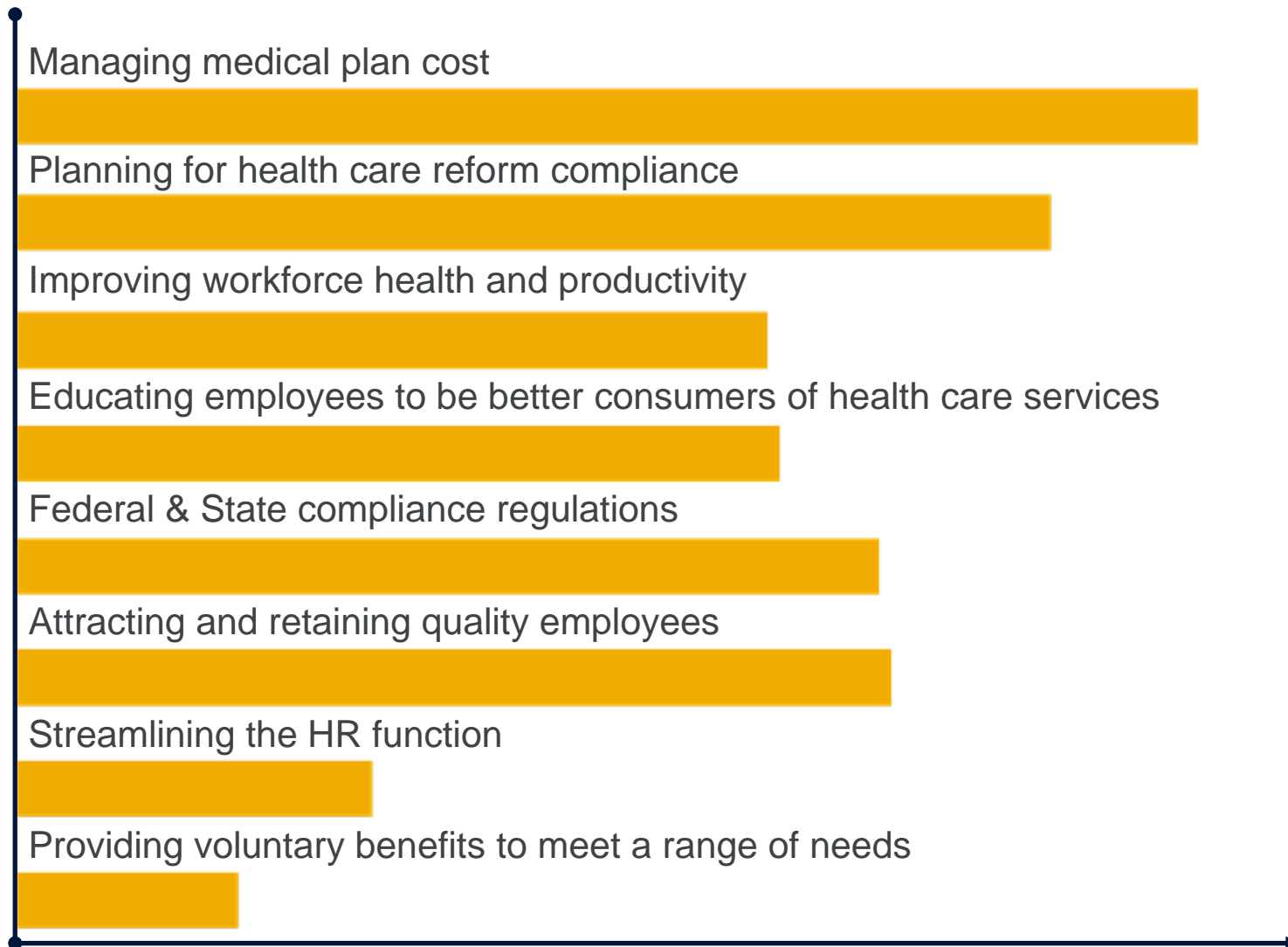
- People have been trying to predict the future based on current data and knowledge for thousands of years.
- Increased desire to identify healthy population who may be at risk
- Need to understand data to make changes in future benefit designs and offerings
- Use of predictive models to understand effectiveness of vendors

How are they Used?

- Identification
- Engagement
- Stratification
- Measurement
- Outcomes
- New Ideas

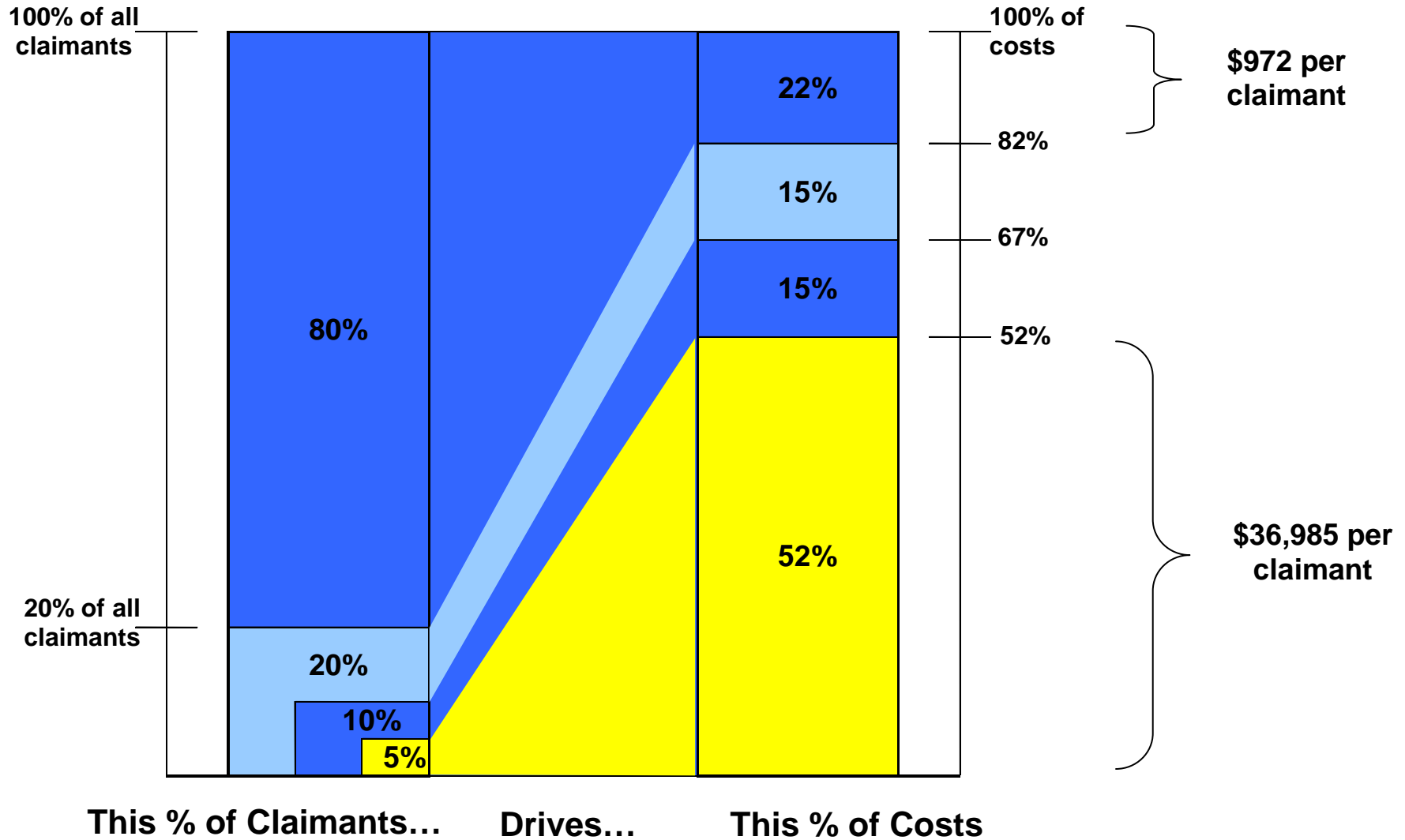


Key Concerns of Employers



Why Are Employers are Interested?

- 20% of your claimants drives 82% of total costs



Predicting Future Costs

A large light blue arrow pointing upwards, containing a list of upward pressures.

- ***Upward Pressures***
- Demographics
- Obesity related chronic illnesses
- PPACA
- New coverage provisions
- Provider consolidation
- Individual mandates
- New therapies
- Cost shifting

- Demographics
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A large light blue arrow pointing downwards, containing a list of downward pressures.

- ***Downward Pressures***
- Value based plan design
- Incentives
- Investments in wellness
- Tiering on out of network providers
- Cost sharing
- Brand drug patent expirations
- Price transparency

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What are the Downstream Considerations?

- Create benefits and programs to maximize engagement and outcomes
- Improve productivity
- Reduce absenteeism
- Save costs



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Employers Rely on Predictive Models

- Vendor partners
 - Identify members at highest risk for admission or readmission
 - Identify members for greatest impact in Case Management (CM) Disease Management (DM), or Lifestyle Management (LM) programs
- Know your numbers campaigns
 - Increase self awareness
 - Drive behavior change to lower costs for reversible conditions
- Creating new programs to increase
 - Access to care
 - Employee retention
 - Employee health

Health Risk Assessments: a good starting point

- Provide value for understanding the population trends
- Give the individual the tools needed to change behavior
- Increase efficacy when combined with teaching and education to explain what the data mean
- Incentives drive behavior and participation, but amount needed can vary widely
- Assists employers to better understand the aggregate risks of their population;
- Aggregate data aids in helping to determine what areas/risk to focus on moving forward

Optimal engagement requires more than financial incentives:

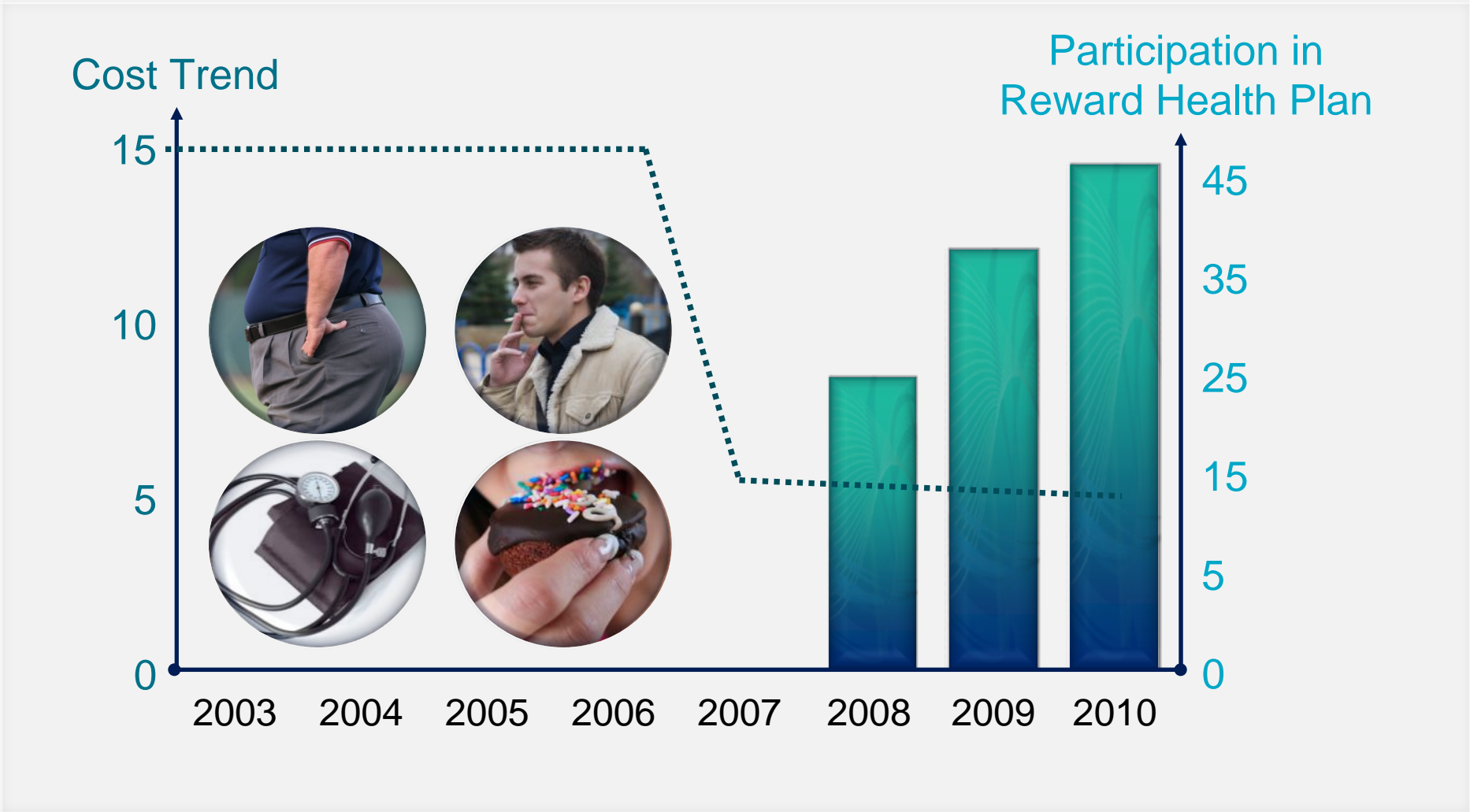
- While financial incentives are an important and valuable motivational tactic, other effective components can also help drive engagement and sustained behavioral change.



- Financial incentives can be aligned with other program elements that support engagement and activation to super-charge behavioral change.

Source: Graphic from Insignia Health, 2009

Rewarding Employees for Results



Behavioral Economics: Incentives Drive Behavior

- Employers are recognizing that one size fits all model doesn't work
 - Must tailor needs to workplace culture
- As healthcare costs continue to rise, employers are reevaluating their short and long term strategies
- Need to continue to monitor behavioral economics and predictive models to make sure the programs are timely and actionable



Other uses of Incentives to Change Behavior & Outcomes

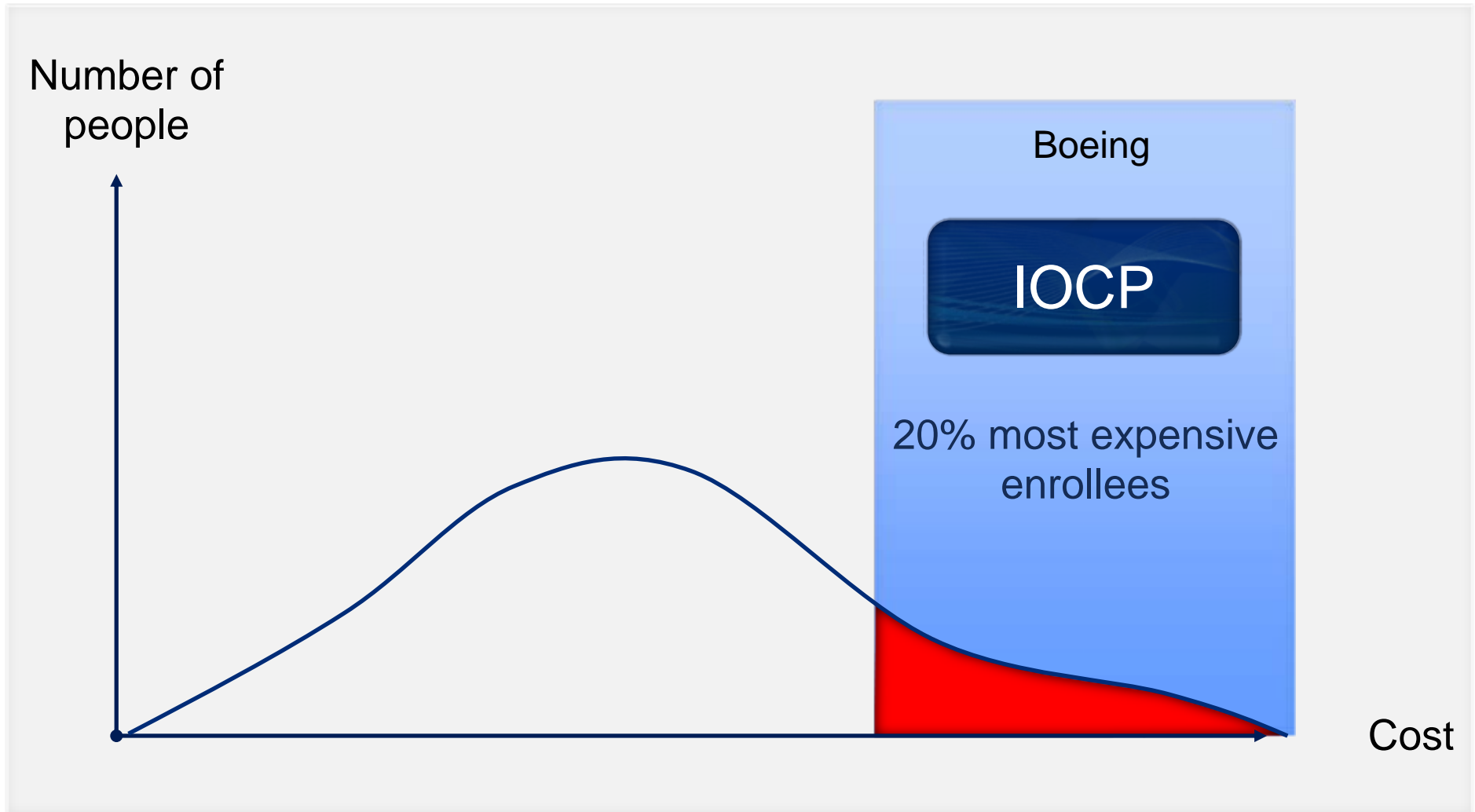
- Pharmacy management
 - Switching from brand to generic
 - Switching from retail to mail order
- Participation in Disease Management programs
 - Holding vendors to HEDIS like measures
- Participation in Lifestyle Management programs
 - Gym memberships
 - Weight Loss programs
- Participation in Onsite Clinics
 - Reduced co-pays for non preventive services for HDHP members



New Strategies

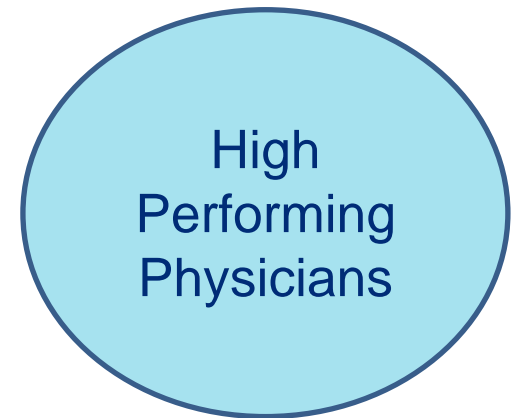
- Getting sickest people to the appropriate level of care at the right time
 - Use of predictive models to identify eligible patients
 - Use of quality and efficiency models to identify providers
- Creating incentives to get individuals to change providers & have providers accept them

Boeing's Intensive Outpatient Care Program (IOCP)



Assess Methods to Identify Potential Physician Partners for IOCP

- Assess available methods for identifying high performing physicians
 - Predictive modeling by vendor partner
 - Evaluate/select likely predictive modeling approach
 - Assess data needs & availability
- Establish criteria for accepting physician practices
 - Practice experienced in medical home model and proven reduction in costs
 - Top ranked physicians, both cost and quality
 - Close support from caring nurse
 - Willing to accept upside and downside risk
 - Willing to closely partner with Boeing & other large employers
- Identify target physicians (Implementation)
- Contract with physicians (Implementation)

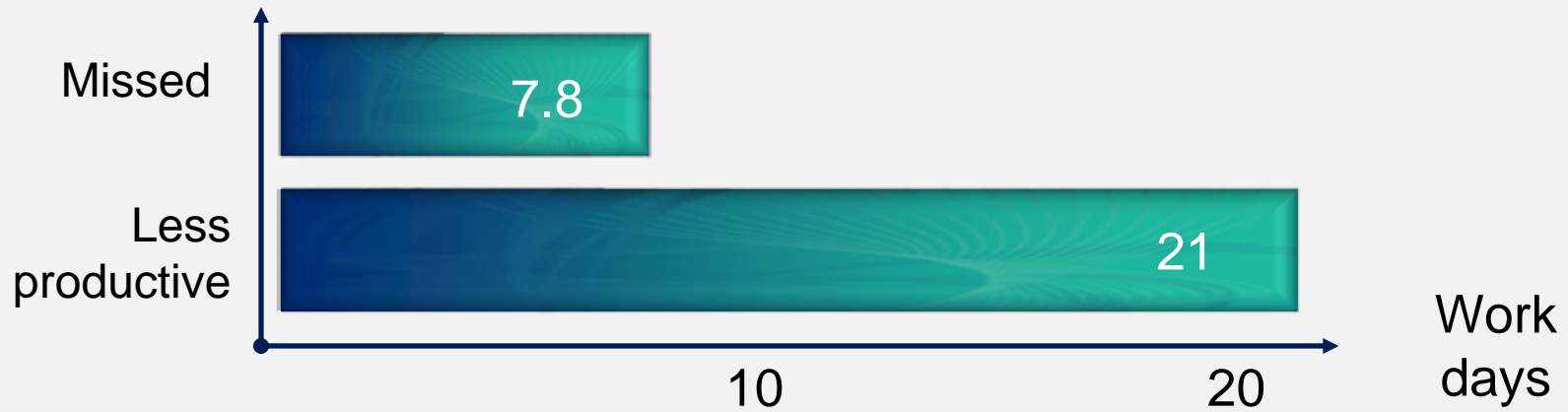
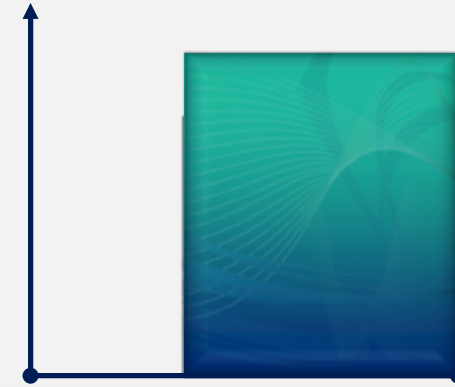


IOCP Results

Quality of clinical results



Medical claims expense



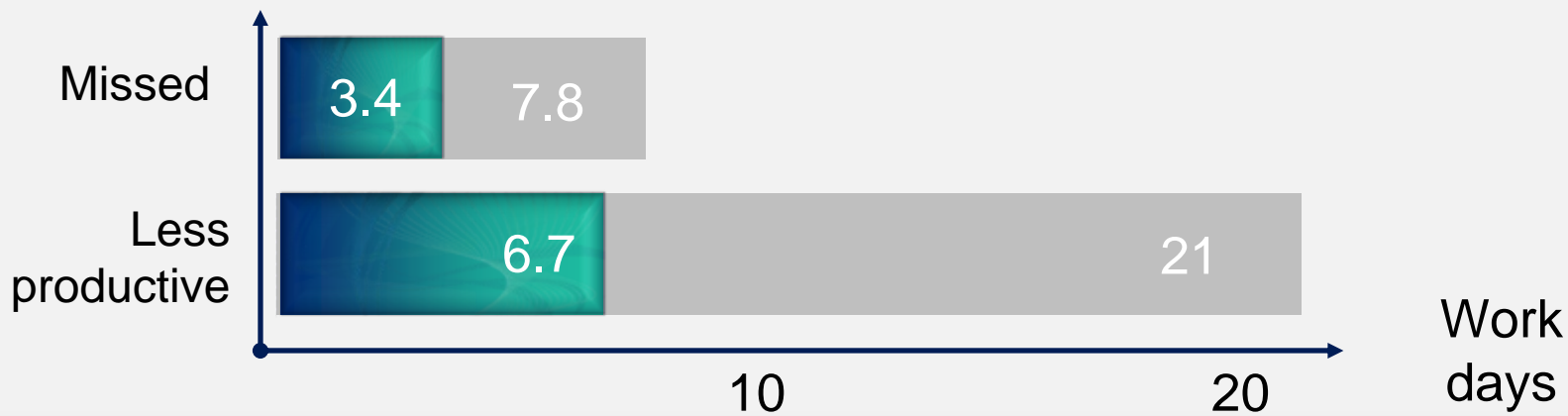
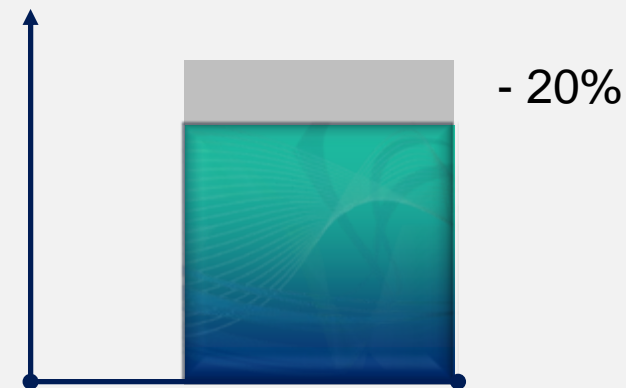
IOCP Results

Quality of clinical results



IOCP

Medical claims expense



Expanding the Model

- Need to have several employers in one location to achieve a critical mass
- Negotiate with carriers
- Communicate to employees
- Partner with physicians

Travel Surgery

- Overseas
 - People coming here for care at COE
 - People traveling to other countries for lower costs
- Domestic
 - Creating a model for costs and quality
 - Elective treatments

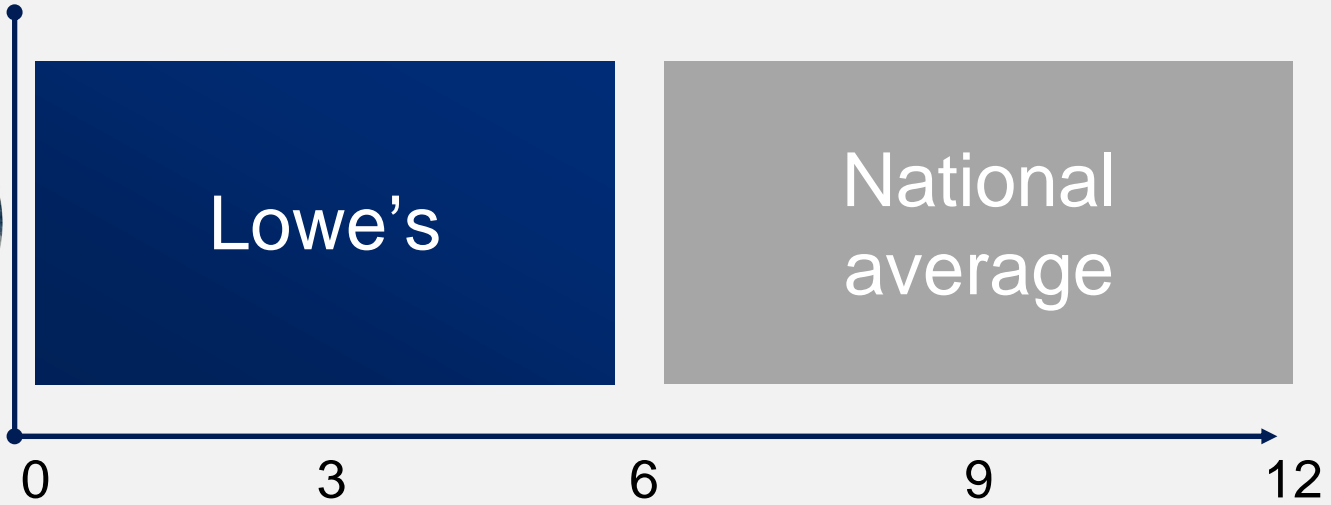


Lowe's Travel Surgery Program

- Designed as part of Lowe's initiative to specifically address members with high risk and high cost health problems
 - The 20% of members driving 85% of health care costs
- Evaluated three travel surgery options
 1. Out of country surgery—good quality with greatest cost reduction
 2. US travel surgery networks—good quality with some cost reduction
 3. Single center of excellence—highest possible quality, cost neutral
- Selected Option 3—Single Center of Excellence
 - Provide members with best possible chance of excellent outcomes for high risk surgical procedures

How the Lowe's model works

- Identify elective procedures for high risk individuals
- Contract with facilities to get a case rate prior to sending employees to the center
- Create travel incentive that allows employees to travel to center with no out of pocket expenses
- Monitor progress and outcomes



Time take to return to work (weeks)

Expanding the Travel Surgery Model



- Who will participate
- What types of procedures to include
- When to launch
- Where to provide the care
- How to communicate with providers & patients

Other new initiatives that employers are researching

- Reference based pricing
- Accountable care organizations (ACOs)
- Increased use
 - Onsite clinics
 - Video coaching models
 - 24/7 MD lines



Gamification

- Overall health strategy
- Weight loss
- Exercise
- Disease management

What Employers Want to Achieve

- ***Direct savings:***
 - Payroll savings
 - Health care savings
 - Pharmacy savings
 - Improved ROI

- ***Indirect savings:***
 - Improved health status of the employee population
 - Reduction in absenteeism
 - Improved vendor performance
 - Improved program management

Is Everything Old Really New Again

- Physician attribution and tighter management of network access
 - Not the Gatekeeper
- Easier access to care through medical home, ACO, or similar model
 - Not rationing of care

Considerations for Employers

The Headlines

- **Costs are still rising**, even with managed care and cost shifting
- The **workforce is aging**, adding 2.5% -3.0% higher medical costs and higher disability incidence for each year over 40 years of age
- **Business competition is getting tougher** with increased pressures to control cost and enhance productivity
- **Piecemeal solutions generally just shift costs** and promote narrow expense control

The Drivers

- People with **chronic diseases** often drive 50% of costs – 70 million people have a chronic disease
- **20% of the members incur 80%** of the healthcare costs
- Those with **lifestyle risk factors** can cost 10% to 70% more than those not at risk

To make matters worse.....

- **1 of 2 people** with a chronic disease **don't comply** with their treatment plan resulting in:
 - Disease progression and increased use of healthcare resources
 - Costs between \$100 billion and \$150 billion annually in the U.S.

Size does not matter

- All employers want to keep their employees healthy and productive
- Vendors focus on larger employers as target market
- However, smaller employers have similar issues and should not be ignored

A small business with committed leadership, effective program design, and proper use of incentives was able to attain a high level of participation in a comprehensive wellness program.

(Merrill, et al. *JOEM*, February 2011)

Guiding Principles and Best Practices for Incentives

- **Actionable**
 - Incentives encourage participants to take action to reduce health risks and improve consumer behaviors to control costs.
 - Incentives should result in meaningful actions and rewards.
- **Timely**
 - Incentive rewards should be immediate to maximize participation and perceived value.
- **Valued**
 - The incentive itself needs to be valued by the targeted participant to result in action.
- **Accessible**
 - All employees are provided equal opportunities to receive the incentive (if applicable).
- **Trackable**
 - Incentive awards must be tracked on an individual basis.
- **Simple**
 - Incentive programs should not cause confusion for employees or HR/benefits staff.
 - Administration of incentives should be simple and cost-effective.
- **Return on investment (ROI)**
 - Incentive programs need to provide ROI over time.

Don't Stop Evaluating the Process & Tools

- Employers are continuing to use the output of predictive models to establish, monitor, measure their health care activities & expenditures
- Employers are relying on predictive models to increase participation and shift care to appropriate places of service
- Results have demonstrated
 - Lower costs
 - Decreased absenteeism & presenteeism
 - Increased retention & satisfaction



Innovations in the Market

- They are selling these concepts to employers who are eager to buy it
 - Moving from volume to value
- Health plans are using predictive models
 - Value based payments
 - Episodes of care & bundled payments

**“It’s tough to make predictions,
especially about the future”**

Y. Berra

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