The New Face of Chronic Care Management

MAGNACARE℠

by Joe Berardo Jr., President and Chief Executive Officer, MagnaCare

THE NEW FACE OF CHRONIC CARE MANAGEMENT

By Joseph Berardo Jr., President and Chief Executive Officer, MagnaCare

Introduction

Over 75 percent of total health care spending in the U.S. will focus on chronic care improvement in the 21st Century.[1] Right now, health care purchasers and health plans are aggressively profiling and benchmarking physician, practice, and hospital performance as https://register.healthsciences.org/. Medicare leads private payers in the shift toward value-based purchasing of hospital and physician services.[2]

Traditionally, chronic care management meant professional health care providers giving oversight and education to help patients with chronic diseases so that they could better understand their condition and live successfully with it. It involved motivating patients to maintain necessary therapies and interventions and helped them achieve an ongoing, reasonable quality of life. In the past few years, different types of managed care emerged as a way of improving care and controlling spiraling costs. Unfortunately, the emphasis on cost and the failure to address the complexity of chronic conditions and truly coordinate care across multiple settings compromised efforts to either improve care or control costs.[3]

While the goal of chronic care management remains the same, the focus has changed. More employers are taking an up-front role in providing chronic care management to their employees – for obvious reasons. Chronic conditions account for 25 percent of all medical costs,[4] and an employee with a longstanding illness can mean higher health care expenses and lower productivity. Today, just about every major firm offers some sort of chronic care program.[5] But not all chronic care management programs are created equal. Some firms contract with their insurer or an outside vendor to have a

nurse occasionally call employees suffering from chronic illnesses to, for example, remind a diabetic to have her regular blood test.

In more effective programs, employees receive coordinated care from specialists whose goal is to prevent small health issues from developing into full-blown health crises. Some companies that take this approach have reported a 20 percent reduction in health care costs per member enrolled in the program.[6] Patients experienced better health and avoided costly emergency room visits, hospitalizations, and other major medical episodes.

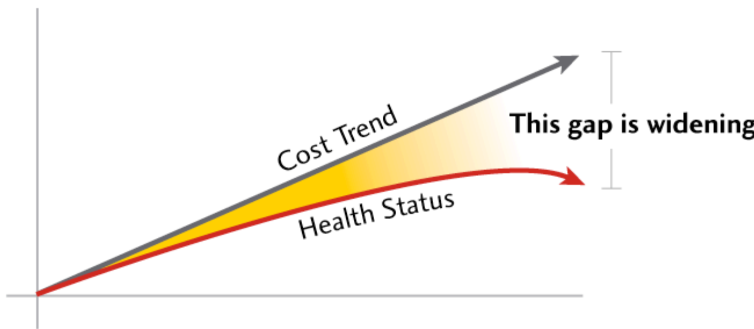
At companies like Pitney Bowes and Quad/Graphics, comprehensive chronic disease management is offered at on-site clinics.[7] Both of these employers say health care costs have decreased significantly as a result.

All this sounds promising. However, the problem is that because large companies usually contract with many separate vendors for these benefits, the result continues to be health care that is not as well coordinated as it should be.[8]

The Chronic Illness Challenge

A Centers for Disease Control and Prevention analysis recently showed that the profile of diseases contributing most heavily to death, illness, and disability among Americans has changed dramatically during the past several decades. Today, chronic diseases – cardiovascular disease, cancer, and diabetes -- are among the most prevalent, costly, and preventable of all health problems. Seven out of every 10 Americans who die each year -- or more than 1.7 million people -- die of a chronic disease.[9] Chronic, disabling conditions cause major limitations in activity for more than one of every 10 Americans – or 25 million people.[10]

Furthermore, chronic illness costs the economy more than $1 trillion a year[11] with the number of chronic disease cases diagnosed since 2007 expected to increase by 42 percent in the next 15 years.[12] Americans spent about $1.6 trillion on health care last year, or about 15 percent of the gross domestic product, compared with 11 percent of GDP 15 years ago.[13] Health insurance costs have increased an average of 12.5 percent annually.[14]



Chronic disease affects approximately 133 million Americans regardless of their age, race, or economic status, and in coming decades, that number will increase by 37 percent.[15] Given that those with chronic disease are 100 times more likely to have a preventable hospitalization,[16] employing health and prevention and wellness strategies remains the most viable approach for increasing health care quality and controlling costs. Care for a chronically ill patient is costly and generally leads to unnecessary hospitalizations, nursing home placements, and duplicate diagnostic tests.

Many of the costliest maladies can be prevented or managed with simple, affordable steps. The key to taking these steps effectively lies in controlling chronic illness and revamping the reimbursement models to providers by incenting behaviors – of both patients and physicians – that lead to better health management. In conjunction with this, investment in technology that provides a robust snapshot of health data – claims, pharmacy information, and laboratory values – remains critical. Armed with such information, providers can better identify gaps in care and have a positive impact on behaviors and lifestyles.

Two people suffering from the same disease will respond with different behaviors. This explains the enormous cost differential and why it's important to tailor incentives for people to become more active in managing their illness. In fact, it is an important aspect of The Patient Protection and Affordable Care Act (PPACA), which encourages companies to adopt wellness and prevention programs as part of their cost-cutting initiatives. In order to improve individual health and financial sustainability, companies must focus on controlling chronic illness and adopting health information technology that generates important data for tracking individual health costs in order to prompt appropriate interventions or behavioral changes.

Data analytics gives employers a comprehensive set of utilization data to support decisions related to streamlining inefficiencies and designing strategies to improve population health, both overall and on a personal level. The ability to quickly sift health information sorted by age, medical, conditions, chronic illnesses, risk factors, lab results, and drug interactions will allow employers to take action and provide optimal prevention and wellness programs.

Effective Chronic Care Management

Health and Wellness Reimbursement

The guiding principles behind health and wellness reimbursement should focus on the following:

- Controlling costs by improving health status of members
- Utilizing claims, lab, and pharmacy data to identify opportunities to improve member health status
- Prospectively applying medical management processes to the population
- Selecting individuals who will benefit from intervention
- Incenting providers to participate in the process

The challenges in chronic care management are ever present, the biggest being how to induce consumers to take an active role in their own health care and how to incent providers to engage patients.

The objectives are clear: to transform member data into actionable information; create insights to target root causes of poor outcomes and high costs; design programs that empower consumers and improve outcomes; and create provider incentive to support behavior. To achieve this paradigm shift a company must invest in a program that focuses on prospective care management.

Consider this medical risk and opportunity assessment for cancer:

Cancer Facts

		Actual #	Expected #	Undiagnosed
Cervical Cancer	40-59, F	13	34	21
	60-79, F	2	6	4
Breast Cancer	40-59, F	179	463	284
	60-79, F	86	166	80
Prostate Cancer	40-59, M	90	299	209
	60-79, M	111	490	379
Colon Cancer	40-59, M	97	113	16
	60-79, M	40	137	97
	40-59, F	58	74	16
	60-79, F	25	65	40

NOTE: The expected number of each group was based on the national probability of specific cancers (American Cancer Society, Surveillance Research, 2008) and demographic distribution of this Health Plan under each age/gender group.

This information provides employers with an opportunity to, first, educate members about age and gender-appropriate screening tests; increase screening rates, and increase early detection. Secondly, it allows them to accommodate for the proper treatment for all cancers in terms of staging, setting, and costs.

Now consider the annual expense for a diabetic patient.

Annual Expense for Diabetic Patients '08-'09

		01/08-12/08	01/09-12/09
Medical Expense	Per Member	$2,027	$2,061
	Per Diabetic Patient	$7,948	$7,003
Pharmacy Expense	Per Member	$583	$499
	Per Diabetic Patient	$2,817	$2,052
Total expense	Per Member	$2,610	$2,560
	Per Diabetic Patient	$10,765	$9,055

Note: In 2008, Per capita medical expense was over $12,000 for diabetic population and approx. $2,500 for people without diabetes

Source: MagnaCare, 2010.

General Complications for Diabetic Patients '08-'09

	02/08-12/08		01/09-12/09	
General Complications	# of Patients (2,637)	%	# of Patients (2,802)	%
Hypertension	1,255	47.6%	1,471	52.5%
Ophthalmic	209	7.9%	212	7.6%
Neurological	267	10.1%	304	10.8%
Renal	75	2.8%	84	3.0%

NOTES: 1. 60-70% of diabetic patients have mild to severe forms of nervous system damage.
2. Approximately 73% of diabetic adults have blood pressure greater than or equal to 130/80 mm Hg or use prescription medications for hypertension.

Source: MagnaCare, 2010.

According to the American Heart Association, approximately five million people suffer some sort of stroke each year.

- 70% can be directly linked to existing high blood pressure, making high blood pressure the single most important controllable stroke risk factor, especially in the elderly.[17]

According to the National Institute of Neurological Disorders and Stroke:

- People with hypertension have a risk for stroke that is four to six times higher than the risk for those without hypertension.
- Forty to ninety percent of stroke patients have high blood pressure before their stroke event.[18]

Here is some perspective on diabetes from the American Diabetes Association:[19]

- 23.6 million people or 7.8% of the population (prevalence) of the United States with diabetes.
- Of this number 5.7 million are undiagnosed and have either pre- diabetes or diabetes.
- 12.2 million or 23.1% of a 60+ year-old population has diabetes.
- It is the leading cause of death nationally – over 233,000 deaths per year.

- 2009 total costs (direct and indirect) have been estimated at $174 billion, which is probably an underestimate.
- Medical costs alone are at least $116 billion a year, including physician costs, hospital admissions and medications.

Leaders at MagnaCare recognize the opportunity for employers to:

- Promote yearly testing according to ADA guidelines.
- Promote proper prescription drug usage for the diabetic population.
  – Prescribe medication when indicated (Physician)
  – Take medicine as prescribed (Member/Patient)
- Monitor all patients for compliance to all standards.
- Promote healthy lifestyles-exercise, eating healthy, weight maintenance.
- Incent providers to participate in goals.

Prevention Through Robust Care Management

Chronic care management is the convergence of multiple medical tactics properly applied to specific populations including:

- Stratification of medical risk in the health plan population
- Clinical guidelines
- Preventive health –primary and secondary prevention
- Utilization review
- Case management
- Disease management
- Predictive modeling
- Prescription drug management
- Plan design
- Provider incentives

Source: MagnaCare, 2011.

This system is designed to integrate claims payment, care management, and provider reimbursement in order to: identify members that have not had recommended screenings through claims data; share patient data with the provider; and share incentive model with the provider. Additionally, it identifies those with diabetes and other chronic diseases that will benefit from intervention. From there they are able to:

- Identify doctor treatment inertia via appropriate protocols
- Identify patients who are non-compliant with medications
- Identify patients that need lifestyle/behavior modifications through claims and self-assessments/health record: ex: obesity and smoking

The goals of this process are to improve the health status of the population, contain health care cost, and incent providers to participate.

Case management

In chronic care management, the key principles of case management involve enhancing the general practice team role through a multidisciplinary approach that: provides pro-active care to patients in the community with the highest burdens of disease; works across boundaries and in partnership with secondary care clinicians and social services; and stratifies patient population to identify patients who are at high risk of unplanned admissions to hospital.

Professional -- usually clinical -- case managers who develop a personalized care plan on the basis of the needs, preferences, and choices of the patient can provide proactive and seamless support through all parts of the health and social care system.

The benefits for patients include:

- Prevention of unnecessary admissions to hospitals – acute exacerbation of people's chronic conditions should be seen as system failure
- Reduced lengths of stay of necessary hospital admissions
- Improved outcomes for patients
- Improved patients' ability to function and quality of life.

Choosing a health management partner

By partnering with a health management firm that utilizes data analytics, employers can readily access the type of comprehensive data that is critical in preventing and managing chronic disease. An experienced firm with specialized expertise can also assist in claims adjudication and payment while providing services such as access to preferred provider networks, prescription drug card programs, utilization review, and the stop loss insurance market.

Going a step further, health plan management firms provide data about health risk analyses and gaps in care to spur programs that change individual health behaviors. Research suggests that health management programs are most effective when they include incentives to promote employee participation and compliance, and when management fully supports the program and provides ongoing promotion and education.[20] To leverage this, employers need a broad array of data that can be stratified and analyzed through various parameters, such as pharmaceutical utilization, labs

results, inpatient/outpatient days, doctor visits -- and potentially disability, workers' comp, absenteeism, and presenteeism.

Data Analytics: A powerful tool for management of chronic illness

As a powerful tool, data analytics gives employers a comprehensive set of utilization data to support decisions related to streamlining inefficiencies and designing strategies to improve population health, both overall and on a personal level. Therefore, it's important for employers to find the right partner that can deliver the best health plan management along with the best possible data analytics – one that provides comprehensive data, a complete analysis of the data, and potential individual and organization wide solutions. The best on the market offer basics such as:

- Access to a broad provider network
- Predictive modeling analyses
- Member outreach programs
- Integrated solutions that include claims adjudication, eligibility management, and client/customer service.

The ability to personalize medical care allows patients and physicians alike to make better health care decisions and tailor preventive, wellness, and treatment methods. Data analytics also provides decision-support tools, remote monitoring tools, and real-time care when it is needed, based upon the philosophy that effective care continues even after the patient leaves the doctor's office.

Employers should look for a health plan management partner that offers data analytics that:

- Evaluate health data securely
- Analyze all available hospital, medical, pharmacy, and lab data available for a population
- Identify key health issues for the company and categorizes at-risk members
- Compare previous health costs to future projected health care costs
- Assist in the development of a wellness plan to address key health issues

Additionally, a solid data analytics tool can provide a platform for developing a wellness strategy for each specific at-risk member to help members improve their health and reduce costs. If members opt-in to their personal program, a health advocate can be assigned. In conjunction with many online resources, members should be encouraged to proactively address their health issues and use their medical benefits to the fullest extent.

Conclusion: Chronic care management + dynamic data analytics = health and productivity.

Aggressive and meaningful chronic care management strategies are quickly becoming the norm among forward-thinking companies across the country. This collective effort promises to eventually improve health and lower costs. As a result the stranglehold that chronic illness has on the country's health, wealth, and economy will be ameliorated. Future generations will reap the benefits on a number of levels, especially in terms of seeing the diminishment of costly, debiliating, and preventable diseases.

Employers must revamp their reimbursement models to providers by incenting behaviors — of both patients and physicians — to encourage better health management. Additionally, long-term success depends on investment in effective technology that can provide a clear health picture of a population. Such information allows providers to identify gaps in care and influence individual behaviors.

The full impact of health care reform remains to be seen, but the rapid adoption of wellness and prevention programs is already proving an effective means for cutting costs and improving productivity. In order to improve individual health and financial sustainability, companies must also focus on controlling chronic illness and adopting health information technology that generates important data for tracking individual health costs and prompting appropriate interventions or behavioral changes. Data analytics can provide comprehensive data to help decision-making, tailor efficiency, and create effective strategies.

[1] Health Sciences Institute; http://www.healthsciences.org/Chronic_Care_Education_Information_for_Health_Systems_from_HealthSciences_Institute.html; accessed October 13, 2010.

[2] Health Sciences Institute

[3] Ware, N.C., et al. (2000). Clinician experiences of managed mental health care: A rereading of the threat. Medical Anthropology Quarterly, 14(1), 2-27

[4] Konrad, Walecia, Patient Money; For Chronic Care, Try Turning to Your Employers; New York Times; July 23, 2010; http://www.nytimes.com/2010/07/24/business/24patient.html?_r=1; accessed October 13, 2010.

[5] Konrad; July 3, 2010.

[6] Konrad; July 3, 2010.

[7] Konrad; July 3, 2010.

[8] Konrad; July 3, 2010.

[9] Science and Environmental Health Network; Ethical Economics; http://www.sehn.org/tcc.html; accessed October 11, 2010.

[10] Science and Environmental Health Network; accessed October 11, 2010.

[11] Colliver, Victoria, Chronic Illness Costs The Economy More Than $1 Trillion A Year San Francisco Chronicle; October 3, 2007; http://www.sehn.org/tccchronicillnesscosts.html; accessed October 13, 2010.

[12] Colliver; October 2, 2007.

[13] Connolly, Ceci; Illnesses Drive Up Costs: Conditions Linked to 56% of Increase in Health Care Bills; Washington Post; August 25, 2004 http://www.sehn.org/tccchronicdiseasesdrivecosts.html; Accessed October 13, 2010.

[14] Connolly; August 25, 2004.

[15] Horvath, Anderson G, Knickman, JR, Colby, DC, Schear S., Jung M.; Chronic conditions: making the case for ongoing care. Partnership for Solutions: Johns Hopkins University, Baltimore, MD for The Robert Wood Johnson Foundation (September 2004 Update).

[16] Pyles, Jim; Independence at Home; Reducing Medicare Expenditures with Better Health Care That Americans Want; September 30, 2008; http://webcache.googleusercontent.com/search?q=cache:P7ikWm-yQ2EJ:www.ppsv.com/assets/attachments/IAH_5-Page_Sum9-30.doc+Reducing+Medicare+Expenditures+with+Better+Health+Care+That+Americans+Want&cd=1&hl=en&ct=clnk&gl=us; accessed October 13, 2010..

[17] Weber, Craig; About.com; December 9, 2006; http://highbloodpressure.about.com/od/associatedproblems/p/stroke_pro.htm; accessed January 4, 2011.

[18] National Institutes for Health; Risk Factors for Stroke: http://www.ninds.nih.gov/disorders/stroke/detail_stroke.htm; accessed January 4, 2011.

[19] American Diabetes Association; Diabetes Statistics; http://www.diabetes.org/diabetes-basics/diabetes-statistics/; accessed October 13, 2010.

[20] Commonwealth of Massachusetts; Consumer Affairs and Business Regulation: Analysis of Wellness and Health Management Programs ; 2000; http://www.mass.gov/?pageID=ocamodulechunk&L=4&L0=Home&L1=Government&L2=Our+Agencies+and+Divisions&L3=Division+of+Insurance&sid=Eoca&b=terminalcontent&f=doi_Consumer_mercer_anaysis&csid=Eoca; accessed October 13, 2010.