

CASE STUDY:
The Proverbial
Medical Trend
Curve HAS
Been Bent

Is it possible for a health system to buck the trend, bend its spending pattern, and successfully tackle double digit cost increases? One longtime client of Cammack LaRhette Consulting has demonstrated that it can indeed be done, by realigning patient-facing resources in an integrated strategy.

Seven years ago, that health system client recognized the urgent need for a fresh direction to confront the 10% compounded annual escalation in its expenses. The organization had a definitive trump card on its side, in the form of a proactive, can-do culture, and willingness to embrace novel approaches. “It has been exciting to collaborate with them, because they are so market savvy and educated,” recalls Eva Simpson, Vice President, Health and Welfare services, who has worked with the client for a decade. “They are a real frontrunner, meaning they are open to trying new ideas early on.” The results have been gratifying for both client and consultant, as costs have been consistently harnessed and managed.

The Right Order

Many health systems make a fatal mistake: they try to walk before they can run, or to put the proverbial cart before the horse. But it is axiomatic to implement an overhaul in the correct rational sequence. When Cammack La Rhette began working with this client in partnership with InforMed Health Care Solutions, the key was to establish the appropriate order of the four major steps.

The fundamental starting point is data and information management, which involves accepting, mapping and converting diverse data sources to be provided to various constituencies. The data itself is aggregated from historical origins, such as eligibility, medical and pharmacy claims, and emerging sources, like electronic medical records, health risk assessments and lab results. Once the data has been processed in the warehouse, it can be accessed and utilized by individual participants, nurses and physicians as well as the organization and health plan.

The second element is population management, in other words, identifying the groups that need the most help with health care. It is startling that five to ten percent of any given population tends to spend half to three quarters of a health plan’s costs. Third in the sequence comes individual management, which focuses on connecting patients with the most professional and dedicated care providers, who can directly supply the highest levels of quality and efficiently. Fourth and finally, the financial results come into play.

Many people make the critical mistake of performing the process in reverse, starting with the final financial picture and working backwards, explains Harry Spring, president of InforMed Medical Management Services. “They try to manage top down, for instance, by looking for physicians who are using an excessive number of PET scans or MRI’s.” Or they might begin by focusing on individuals -- which should in fact be step three -- without having collected the data. An illustration would be an attempt to manage an individual’s diabetes, without addressing that patient’s other co-morbidities or conditions.



A More Personal Structure

Another flaw in the client's original system lay in its lack of care coordination. According to Spring, high risk patients were often seeing over fifteen health providers a year, including nine separate prescribing doctors. Working with the client, Cammack LaRhette and InforMed took essential actions to restructure the relationship between patient and care providers, by building a team of health professionals with nurses at the epicenter, performing as the quarterbacks.

Under the revised system, nurses help patients chart out the best course of treatment, and find the most suitable physicians and specialists. The goal is to integrate all treatments by focusing on an entire person, rather than discrete conditions or symptoms. The nurse is not only a counselor and a guide, but also a navigator, who can facilitate access to doctors and work with the physician office to support the care plan and motivate the patient. Once again, the data warehouse, contributes a valuable service. As a repository of all the claim information, the dates of appointments with physicians, diagnoses and other personal health records, it also functions as a safeguard against doctors writing conflicting or contraindicated prescriptions.

Patients benefit in terms of improved health; providers gain cost control and enhanced efficiency. Take the case of a pregnant patient at high risk for miscarriage, with a history of preterm labor at 29 weeks. Through education and support, the nurse was able to extend the pregnancy to 34 weeks, enabling the infant to be carried to delivery, with reduced risks of prematurity. From a financial perspective, four weeks of averted hospitalization amounted to \$61,600 in cost savings.

Landmark Initiatives

In the context of these broad structural and methodological solutions, the client has introduced various cost containment tactics. Being an early adopter, it took advantage of a mandatory mail order policy, whereby, after a certain number of refills, patients must use more economical mail delivery methods. It has now attained a 57% mail order penetration, in contrast to typical peers who have achieved less than 50%

In another milestone, the organization was the very first of Cammack La Rhette's clients to institute coinsurance for brand name medication, with flat dollar copayments for generics. Thanks largely to plan design incentives, generic utilization has reached 65%, with an overall cost per person 50% lower than the PBM's book of business.

The most recent meaningful initiative has been the implementation of disability guidelines into the case management model. "Before scheduled surgeries, it is important to manage patients' expectations upfront about the length of time they can reasonably expect to be off work," says Simpson. Physicians themselves, unlike disability carriers, have no access to the average length of leave of absence for a given surgery or diagnosis. By incorporating Reed Guidelines, compiled by return-to-work experts, into discussions with physicians, the client has been able to reduce expected disability time frames for targeted procedures.



Taken together with the focus on whole person health management, the bottom line results of these combined efforts have been impressive on every front, as compared to peer hospitals in the same geography -- hospital and other medical expense increases have shrunk from double digit cost hikes to a more manageable total 4.49%. The client is now spending approximately \$60 per member per month less than the peer average group, which is 17% below the market average. Meanwhile, it is saving \$5 million a year of its \$30 million plan. The entire set of costs savings speaks for itself, as palpable proof that a well-designed makeover can achieve outstanding results.

