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Care Management: What Strategies Will Payers Pursue in 2009?

Lynne A. Dunbrack, December 9, 2008

Webcast Logistics

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Our Expert Today

- Lynne A. Dunbrack,
  Program Director
  Health Payer Research
  - More than 25 years of industry experience
  - Provides research on both Health Payer and Health Provider programs
  - Covers major issues including care management, electronic health records (EHRs), personal health records (PHRs), regional health information organizations (RHIOs), physician and patient portals, and Health 2.0
  - Previous industry employers have included MA-SHARE, LLC; NaviMedix, Inc.; IDX Systems Corporation; Tufts Associated Health Plan

Agenda

- Introduction: Why Care Management
- Methodology and Survey Organizations' Characteristics
- Survey Respondents: Roles and Responsibilities
- Survey Results
- Essential Guidance for Payers and Vendors
- What to Watch

Why Care Management? By the Numbers

- 90 million Americans have at least one chronic condition and 125 million Americans have multiple chronic conditions.
- Nationwide, chronic diseases kill more than 1.7 million Americans each year, accounting for 7 out of 10 deaths.
- More than 4,600 Americans die daily from a preventable chronic disease.

- In 2004, life expectancy at birth reached another all-time high of 77.9 years -- 75.2 for men and 80.4 for women.
- By 2030, the number of Americans over age 65 is projected to more than double to over 70 million — or 20% of the U.S. population.

- Approximately $300 billion, or one-third of U.S. healthcare expenditure, is spent on older Americans who often have preventable or controllable chronic diseases and conditions.
- The medical care costs of people with chronic diseases account for more than 75% of the nation's $2.3 trillion healthcare costs.

The Need for Care Management in the News

washingtonpost.com

U.S. 'Not Getting What We Pay For'

Many Experts Say Health-Care System Inefficient, Wasteful

December 3, 2008

JOHNS HOPKINS BLOOMBERG SCHOOL of PUBLIC HEALTH

Study Suggests 86 Percent of Americans Could be Overweight or Obese by 2030

July 28, 2008

Healthcare IT News

THE NEWS SOURCE FOR HEALTHCARE INFORMATION TECHNOLOGY

AHRQ on chronic care management: healthcare IT lowers costs, improves care

December 3, 2009

HealthDay

News for Healthier Living

High Blood Pressure Stalks Many Americans

Seven in 10 don't do enough to protect themselves from stroke, heart attack

November 21, 2008

USA TODAY

U.S. health gains stall, could reverse

December 3, 2008

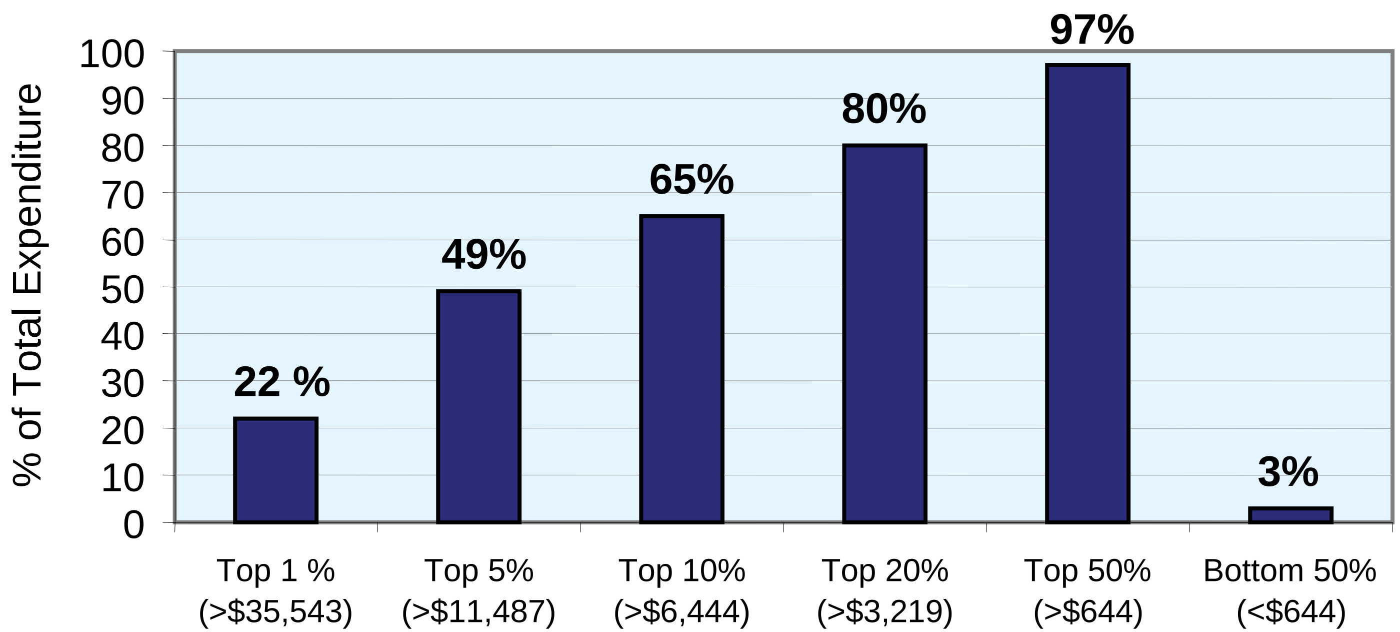
Los Angeles Times

Study finds obese kids have arteries like 45-year-olds'

November 12, 2008

Why Care Management?

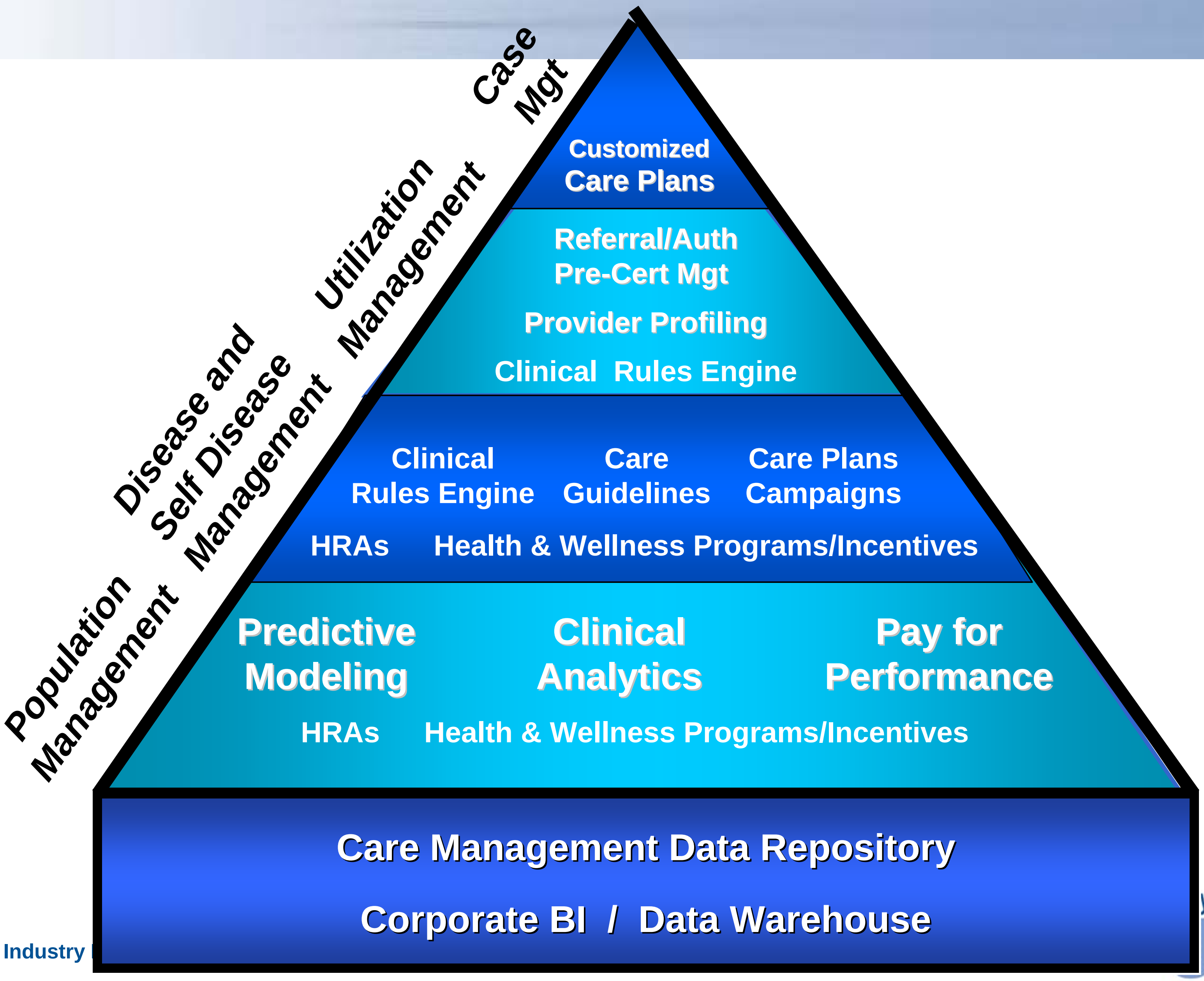
The top 5% of the population represents nearly half (49%) of the total healthcare expenditure, with an average per person spend of more than $11,478. The bottom half of the population, represents only 3% of total healthcare expenditure with an average spend of less than $644 per person.



Note: Figures in parentheses are expenses per person.

Source: Conwell LJ, Cohen JW. Characteristics of people with high medical expenses in the U.S. civilian noninstitutionalized population, 2002. Statistical Brief #73. March 2005.

Care Management Solutions Components

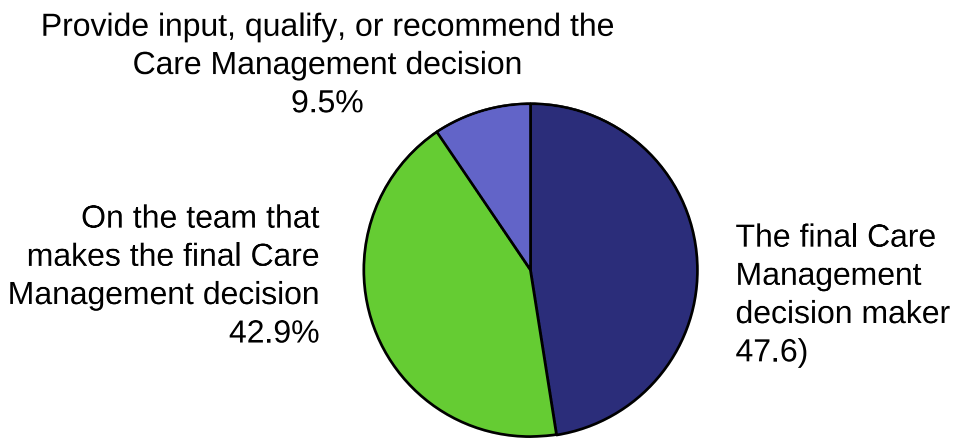


Methodology and Survey Organizations' Characteristics

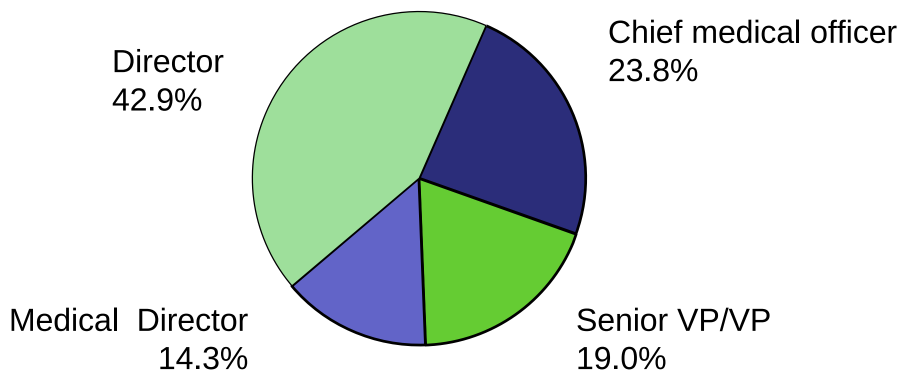
- This report presents key findings from the Health Industry Insights' 2008 survey of U.S. payer chief medical officers or their direct reports.
- Twenty-one senior medical executives were interviewed by telephone between May 29, 2008 and July 9, 2008. This sample size represents 14% of the 143 health plans with more than 100,000 members.
- Approximately 5% percent of the respondents represented health plans with 1 million to under 5 million members; 95.2% of the respondents represented health plans with between 100,000 and 499,000 members.
- The objective of the survey was to identify key spending priorities and strategies for care management initiatives.

Survey Respondents: Roles and Responsibilities

Which of the following best describes your role with regard to your company's care management decisions?



Which of the following best describes your current title or role?

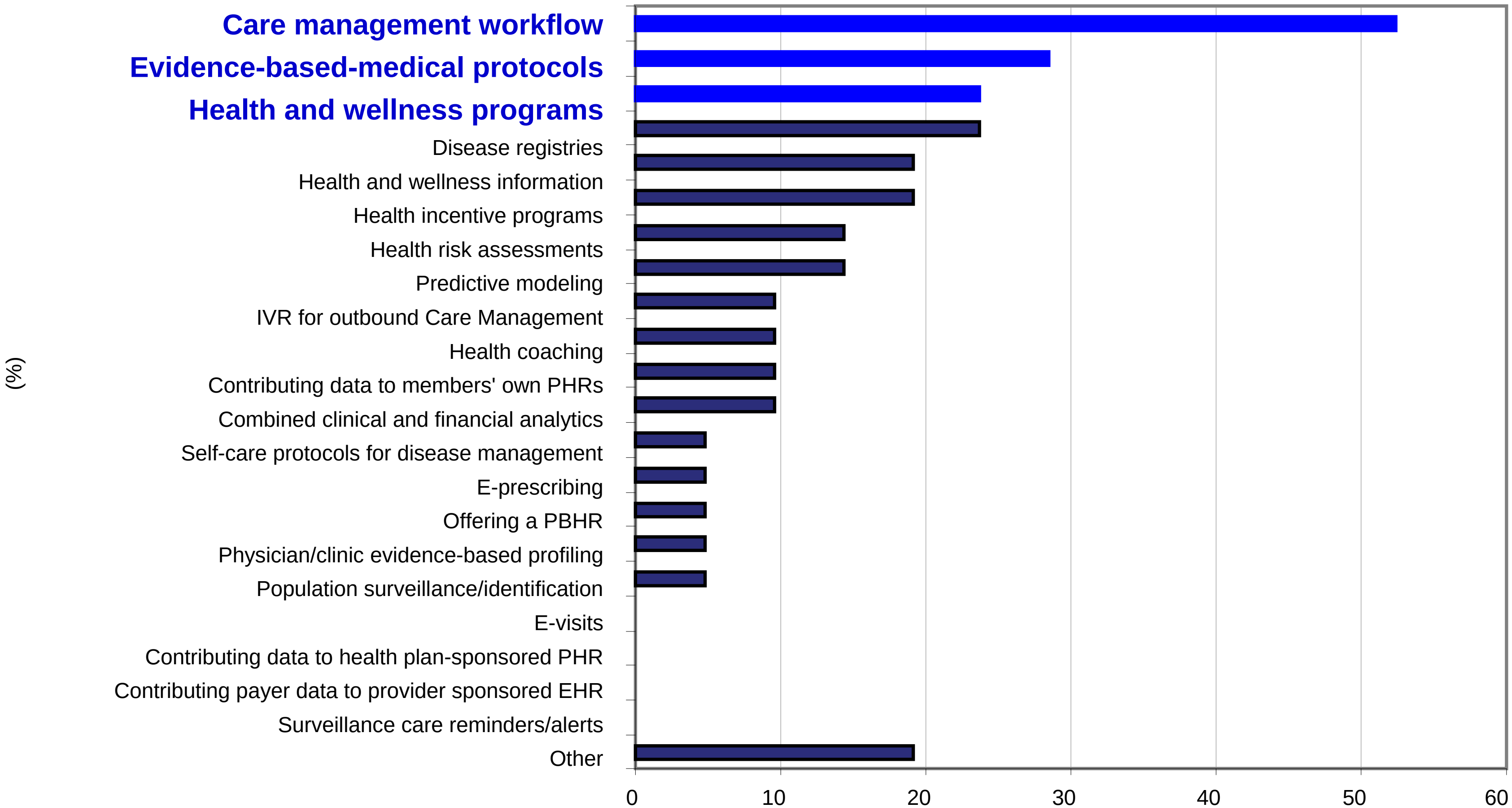


- **Respondents were primarily final decision makers and senior level executives**
- **Decisions are made at the corporate level (81%) compared to the regional level (14.3%)**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Top Three Care Management Initiatives

What are the Top 3 Care Management Initiatives?

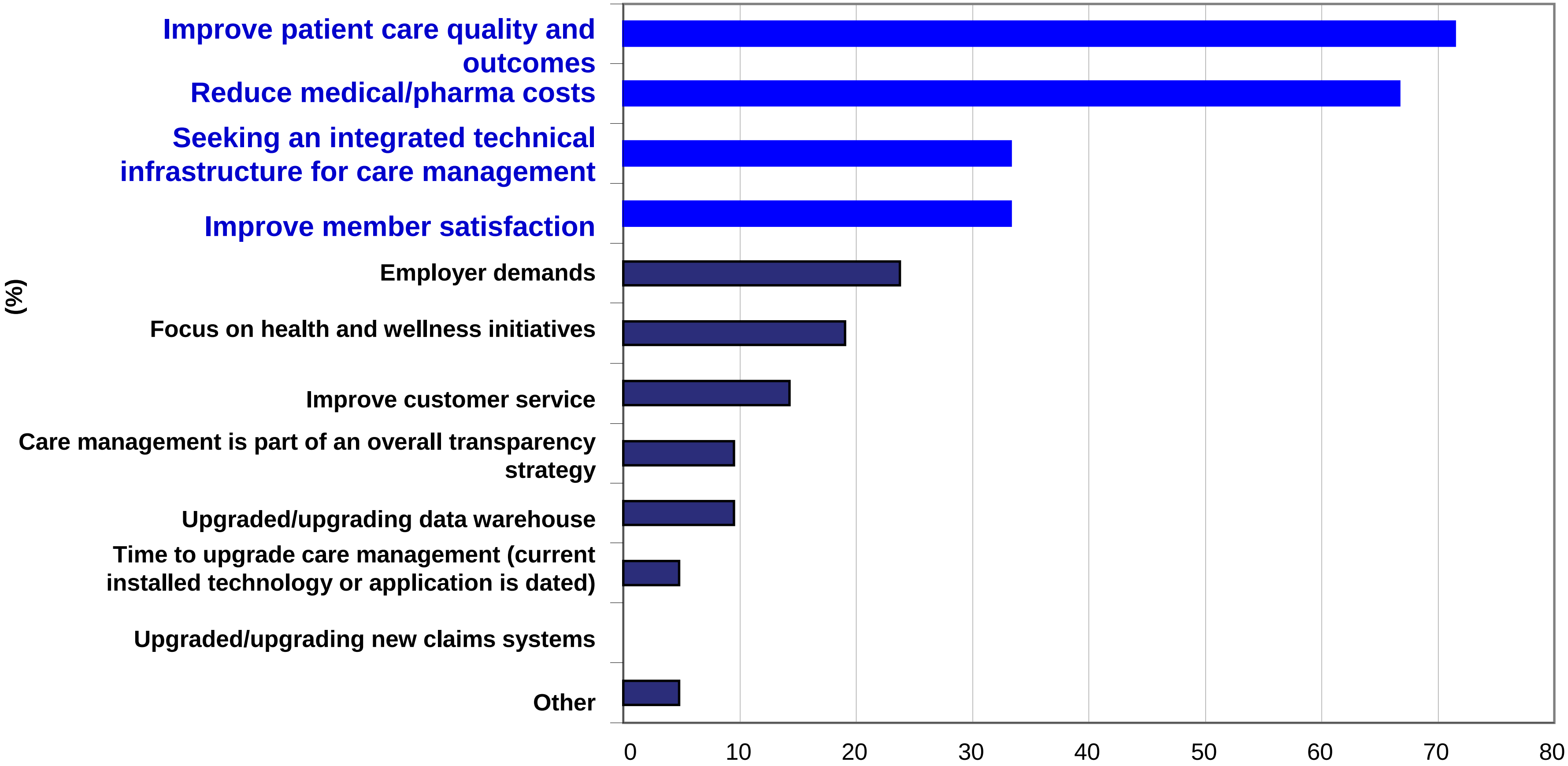


- **Other initiatives included: electronic authorization between provider of services and the health plan, diabetes management**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Top Three Care Management Drivers

What are the Top 3 Drivers for Care Management Initiatives?

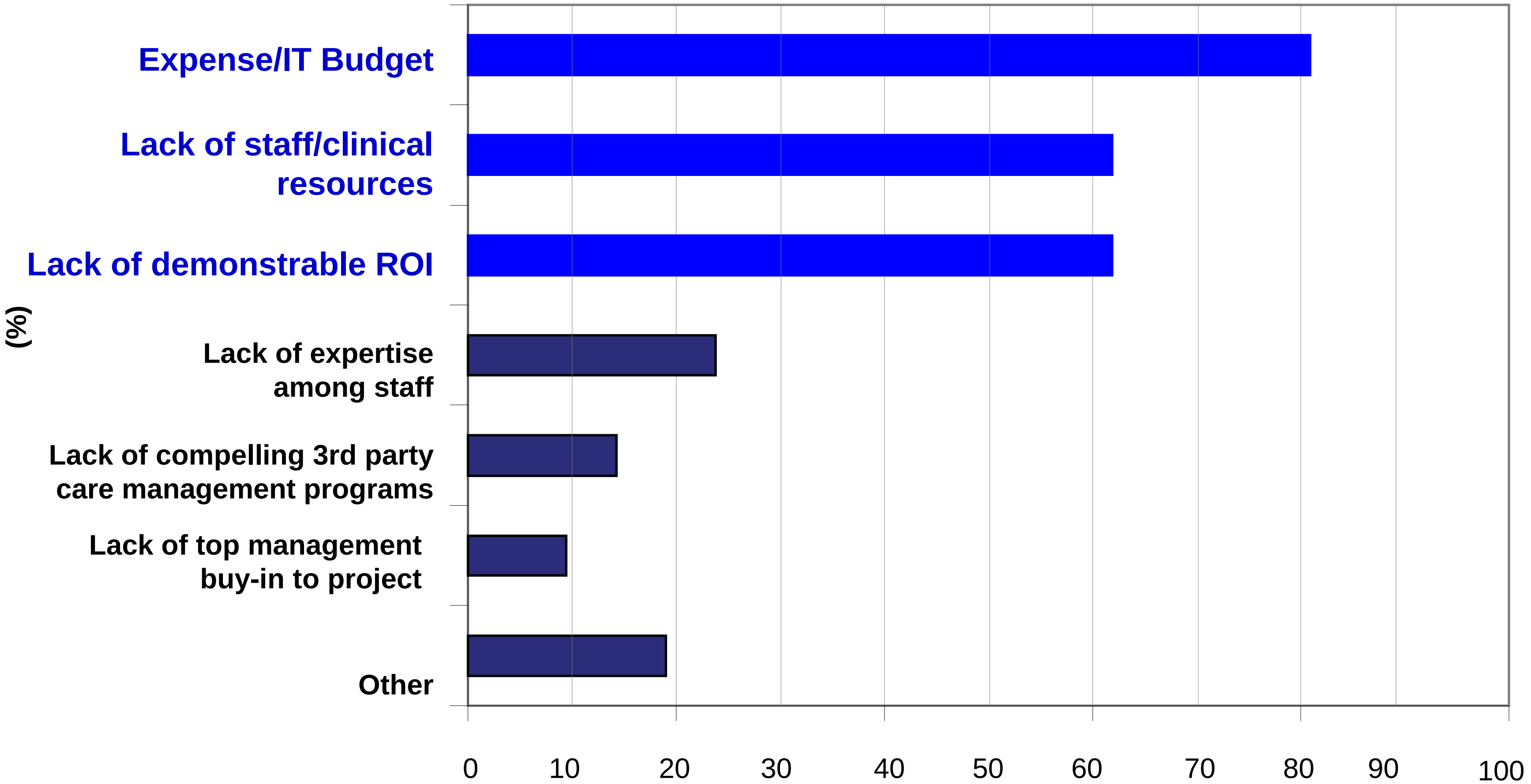


- **Quality of care, cost and service continue to drive care management initiatives. By far the top 2 drivers are to improve patient care quality and outcomes and reduce medical/pharma costs.**
- **Accuracy of claims payment was also cited as another driver.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Top Three Care Management Barriers

What are the Top 3 Barriers for Care Management Initiatives?

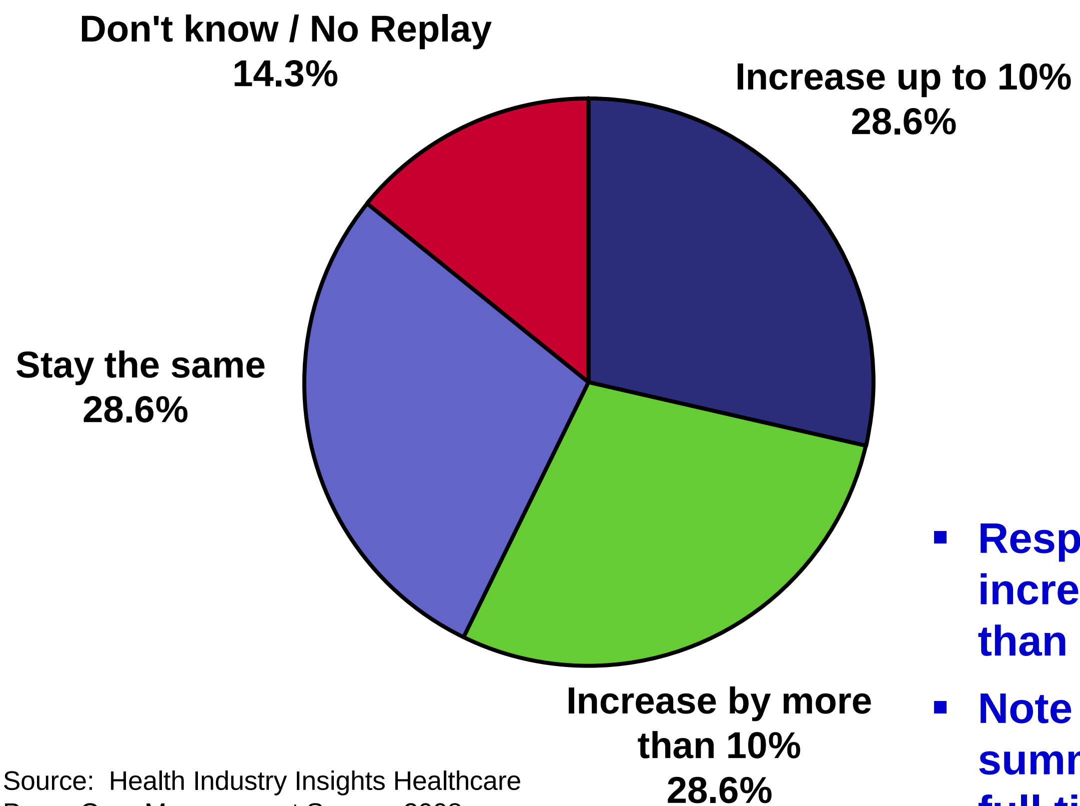


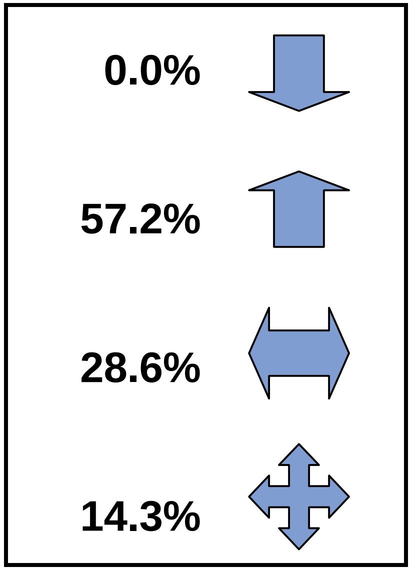
- **Lack of industry-wide standards was cited as another barrier.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Budget Comparisons: 2008 vs. 2009

Is your health plan spending more on IT to support care management next year compared to last year?



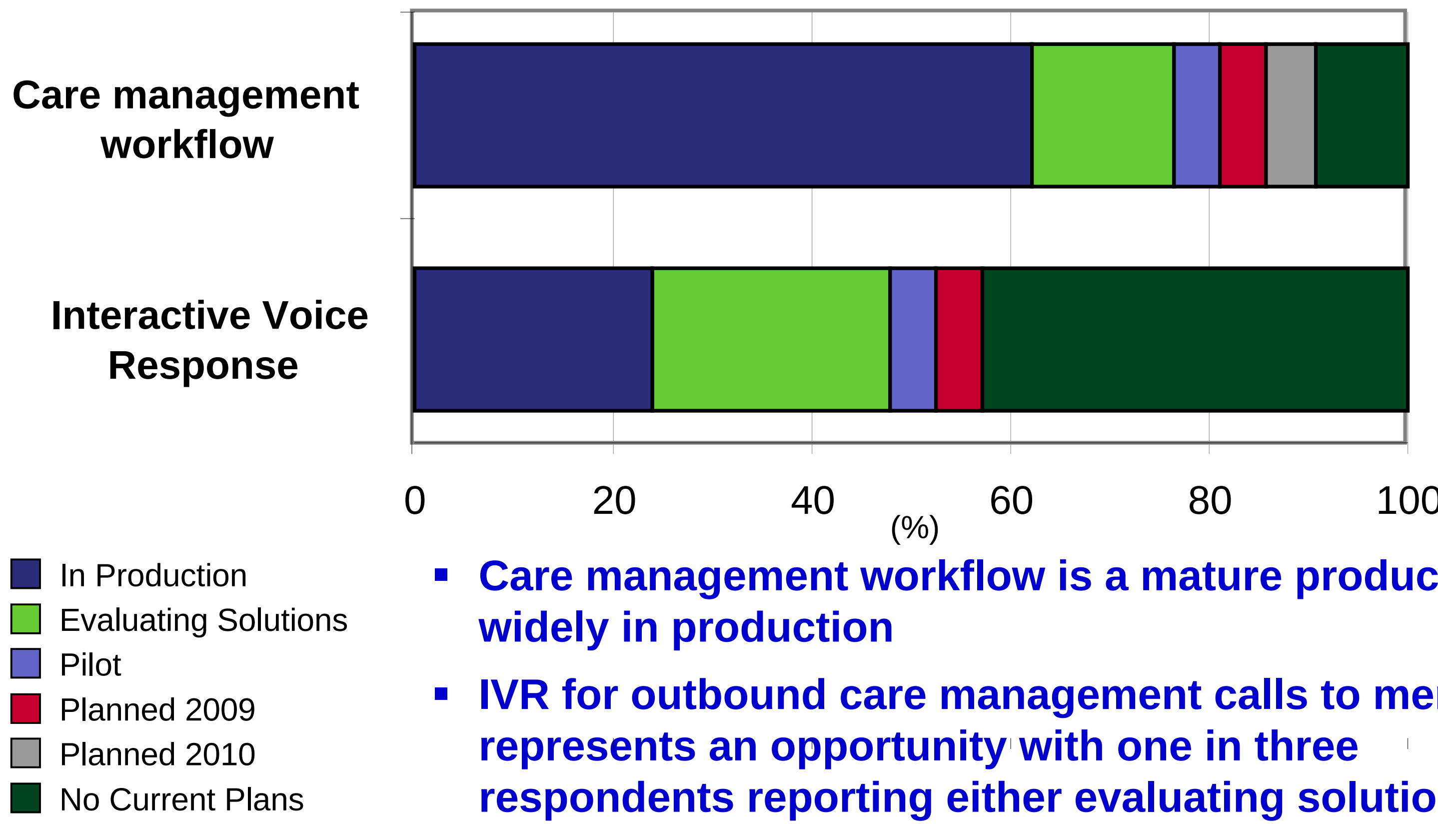


- **Respondents were evenly split between increasing budgets up to 10%, more than 10% or staying the same.**
- **Note that the survey was taken in the summer before the economic crisis hit full tilt this Fall**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Status of Care Management Tools: *Used by the Health Plan*

What is the status of deploying the following care management tools to be <u>used by the health plan</u>?



- **Care management workflow is a mature product and widely in production**
- **IVR for outbound care management calls to members represents an opportunity with one in three respondents reporting either evaluating solutions, piloting or planning for 2009.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

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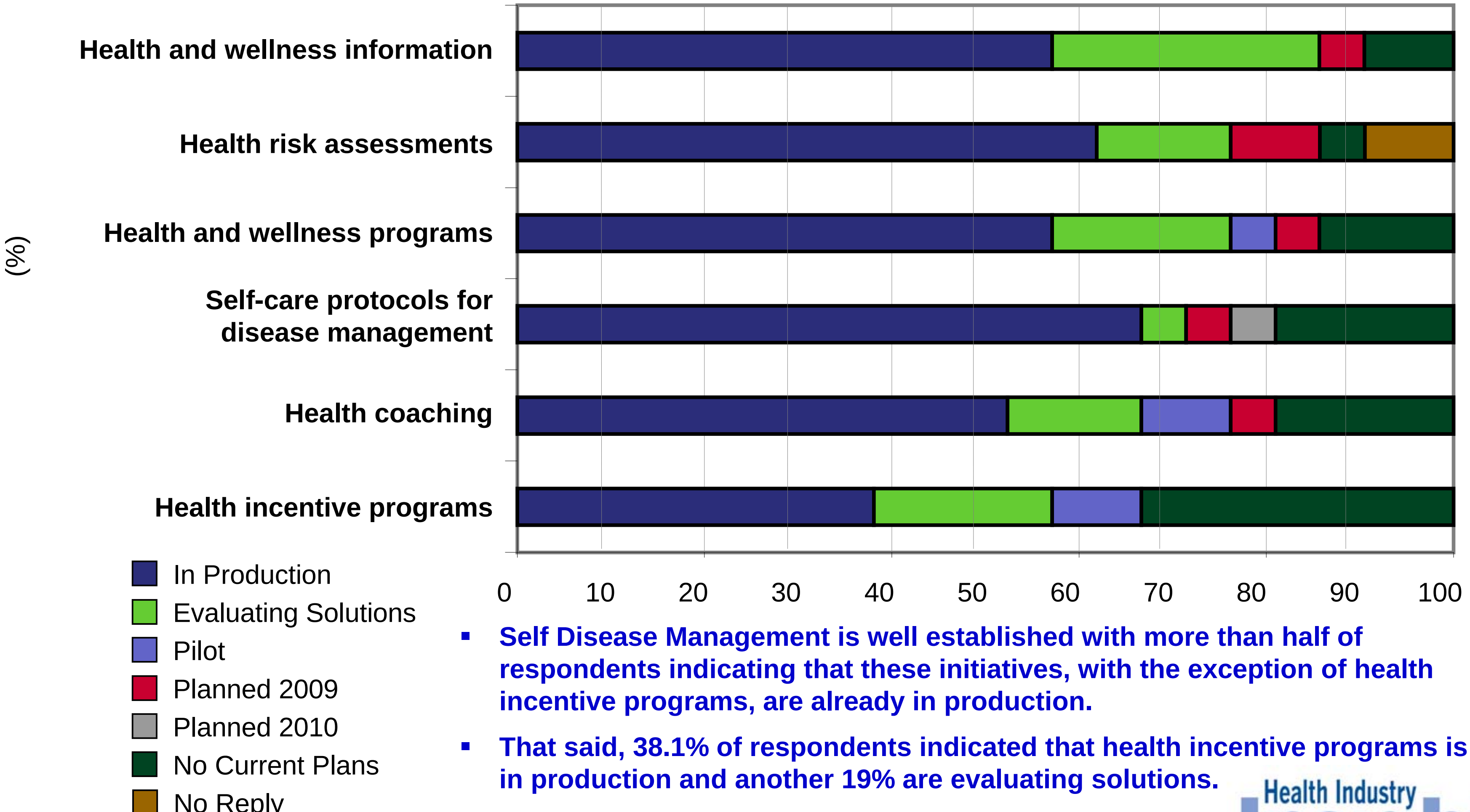
Status of Care Management Tools: *Used by Members for Self Disease Management*

What is the status of deploying the following care management tools for your members to use to self-manage their chronic conditions and/or other health issues?

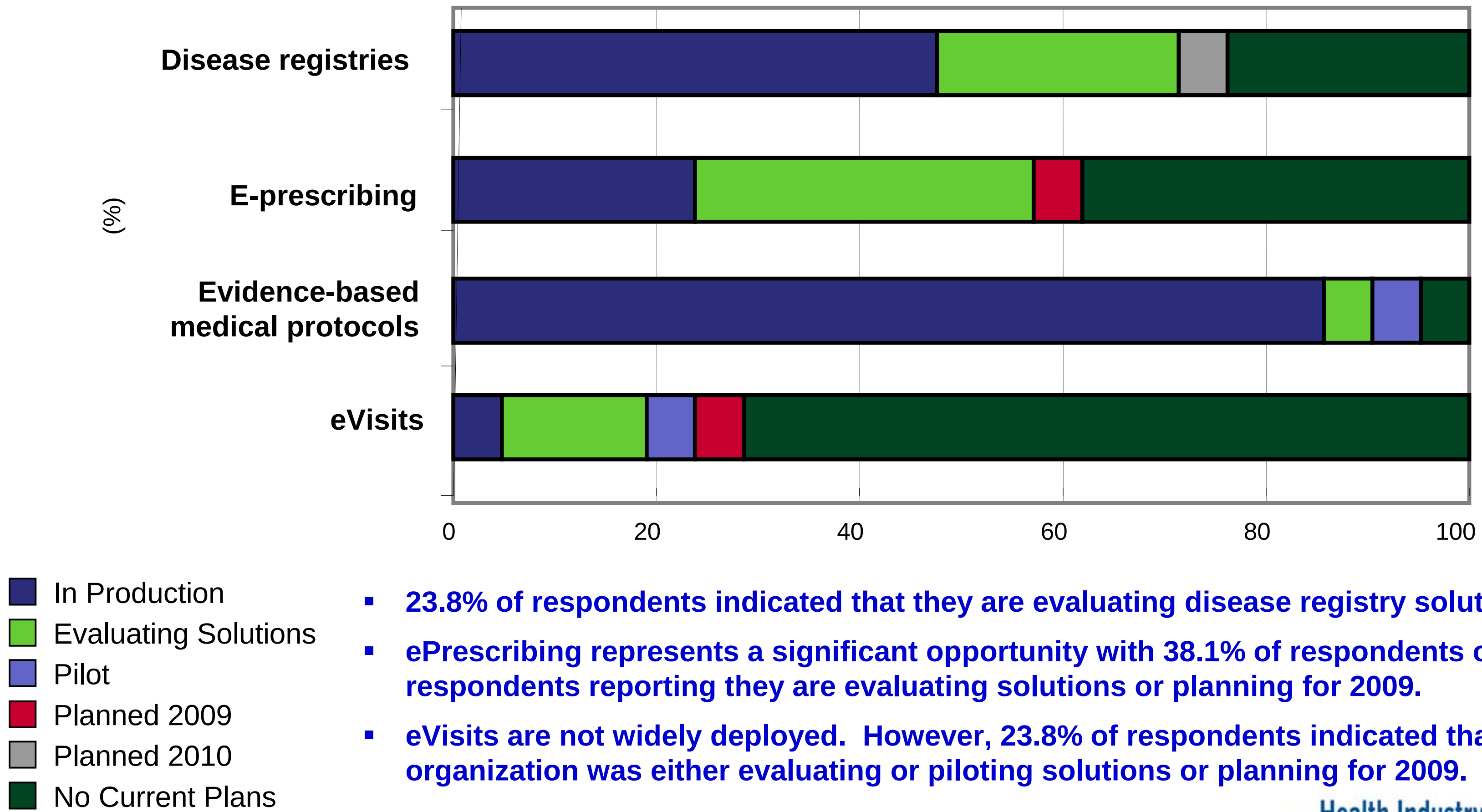


- **Self Disease Management is well established with more than half of respondents indicating that these initiatives, with the exception of health incentive programs, are already in production.**
- **That said, 38.1% of respondents indicated that health incentive programs is in production and another 19% are evaluating solutions.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Status of Care Management Tools: *Used by the Provider Network*

What is the status of deploying the following care management tools for your <u>provider network to use</u>?

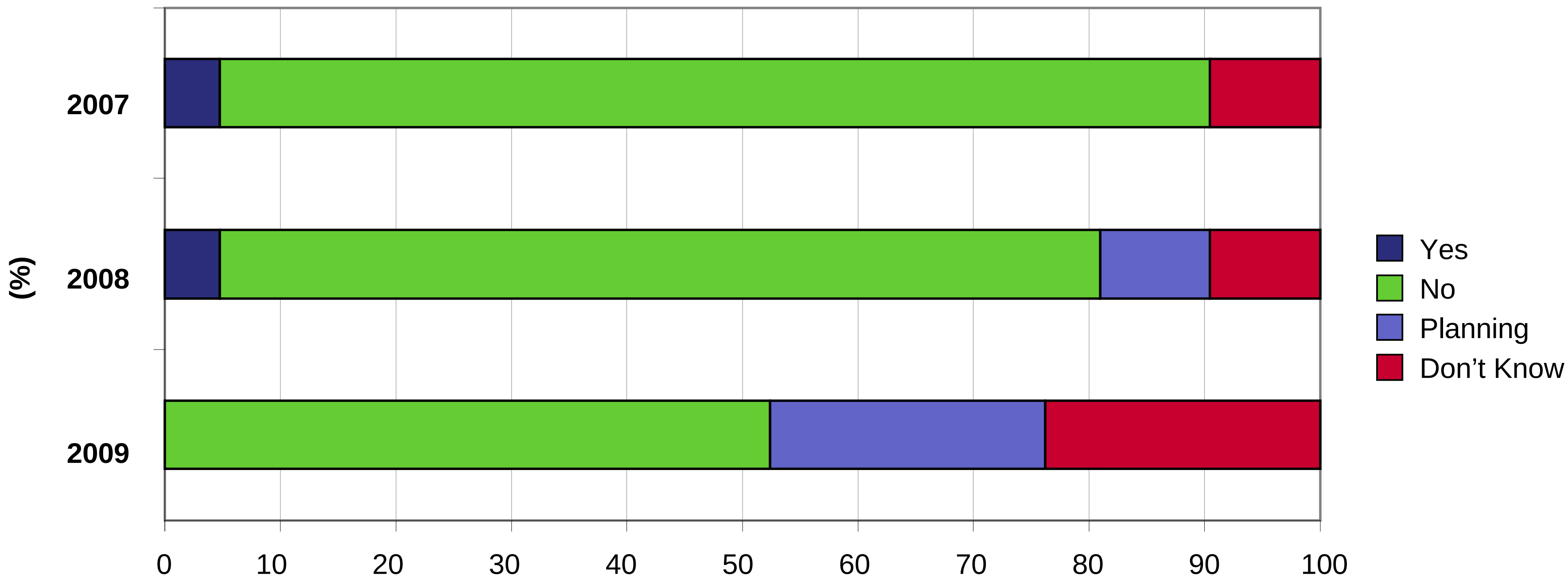


- **23.8% of respondents indicated that they are evaluating disease registry solutions**
- **ePrescribing represents a significant opportunity with 38.1% of respondents of respondents reporting they are evaluating solutions or planning for 2009.**
- **eVisits are not widely deployed. However, 23.8% of respondents indicated that their organization was either evaluating or piloting solutions or planning for 2009.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Status of eVisit Reimbursement

What is the status of evisit reimbursement with providers?

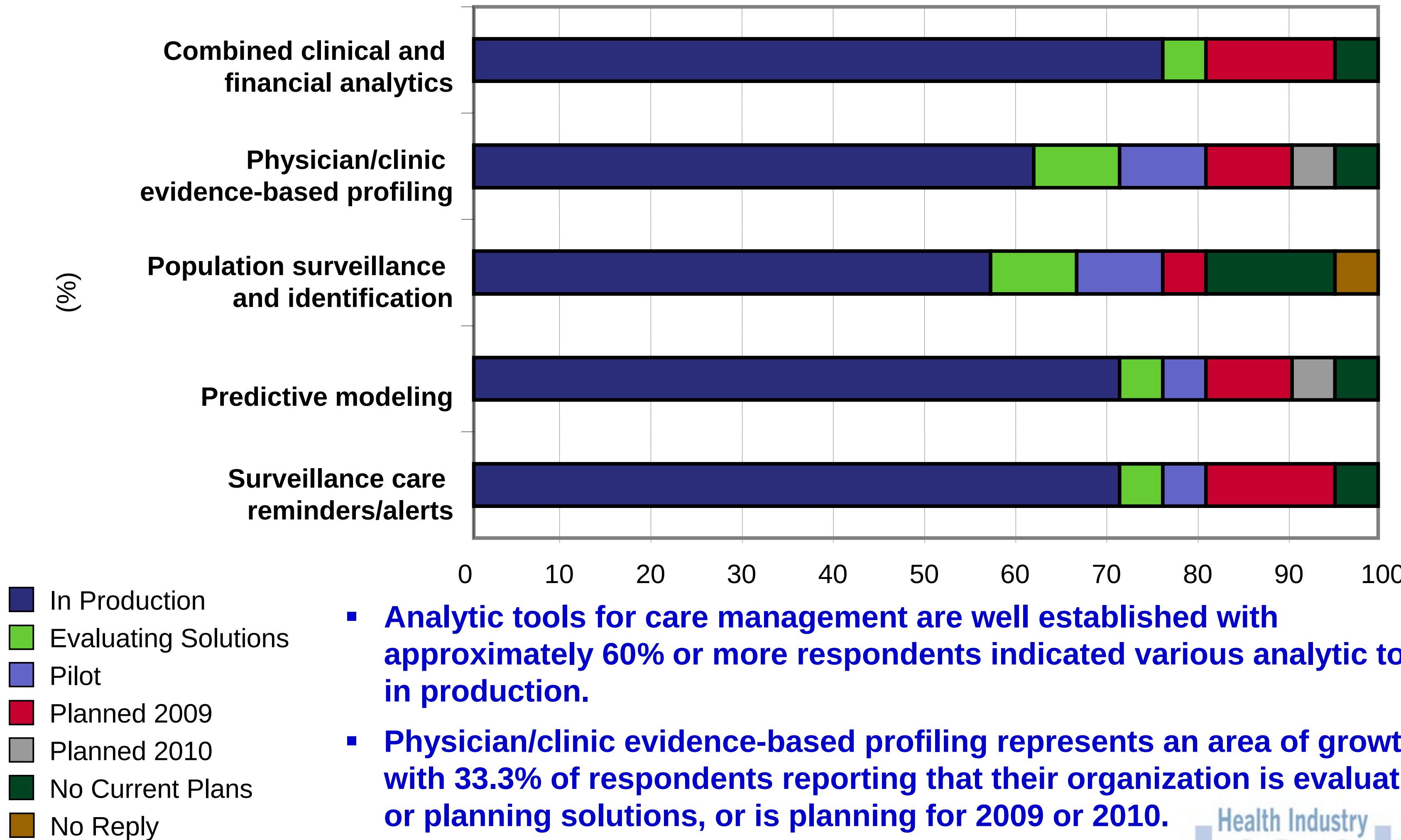


- **Despite announcements by major carriers, Aetna and Cigna, health plan reimbursement for evisits remains elusive in 2008. Only 4.8% of health plan respondents reported reimbursing for evisits and 9.5% reporting planning to reimburse for evisits in 2008.**
- **However, 23.8% reported planning to reimburse for evisits in 2009.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Status of Deploying Analytic Tools for Care Management

What is the status of deploying the the following analytic tools for care management ?

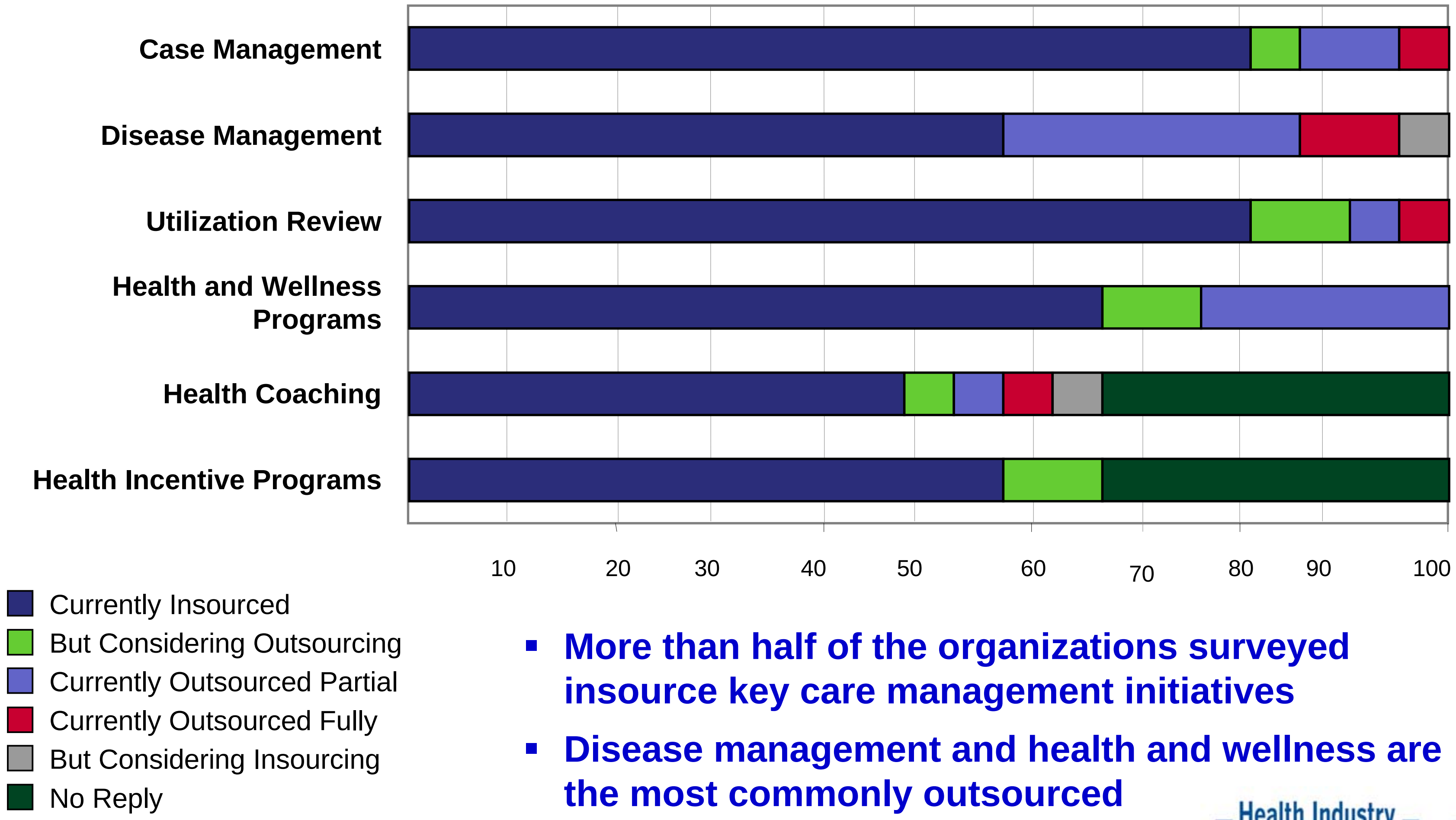


- **Analytic tools for care management are well established with approximately 60% or more respondents indicated various analytic tools in production.**
- **Physician/clinic evidence-based profiling represents an area of growth with 33.3% of respondents reporting that their organization is evaluating or planning solutions, or is planning for 2009 or 2010.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Status of Care Management Programs: Insourcing vs. Outsourcing

What is the status of deploying the following disease management programs?



- **More than half of the organizations surveyed insource key care management initiatives**
- **Disease management and health and wellness are the most commonly outsourced**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

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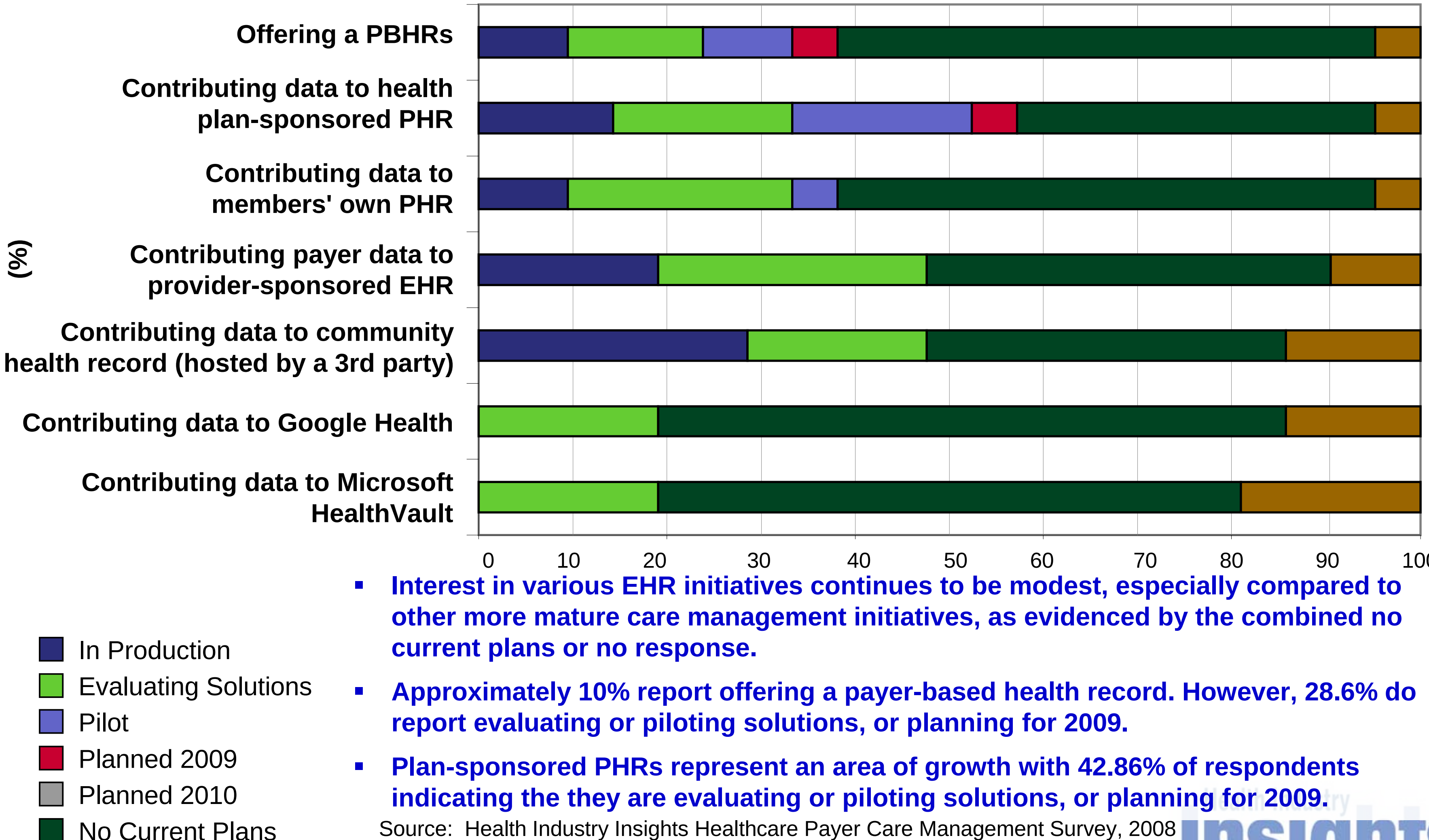
Status of EHR Initiatives

What is the status of deploying the following electronic health records initiatives?

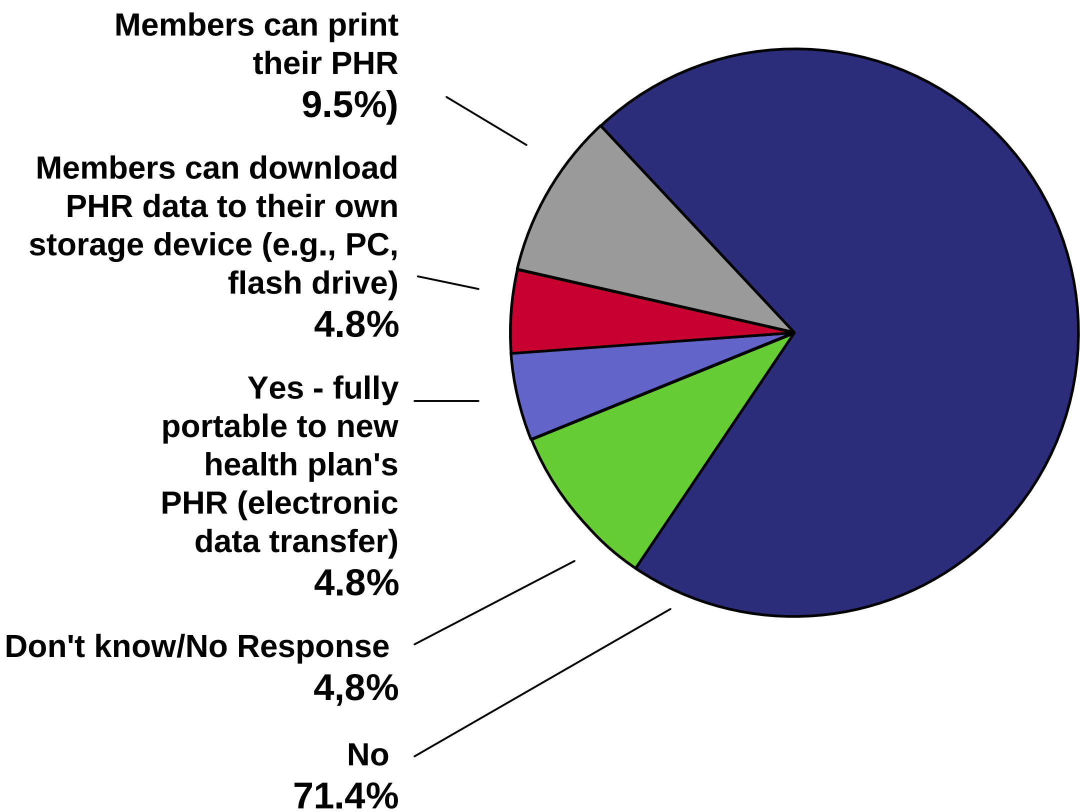


- **Interest in various EHR initiatives continues to be modest, especially compared to other more mature care management initiatives, as evidenced by the combined no current plans or no response.**
- **Approximately 10% report offering a payer-based health record. However, 28.6% do report evaluating or piloting solutions, or planning for 2009.**
- **Plan-sponsored PHRs represent an area of growth with 42.86% of respondents indicating the they are evaluating or piloting solutions, or planning for 2009.**

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Status of Payer-Sponsored PHR Portability

Is the health plan-sponsored PHR portable if the member leaves the health plan?



- The majority of plan-sponsored PHRs are not portable.
- Portability that does exist is fairly limited; 9.5% of respondents reported that members can print their PHR and 4.8% reported that members can download their PHR to their own storage device, such as a PC or flash drive.
- Only 4.8% of respondents reported that their health plan's PHR is fully portable (e.g., a electronic data transfer)

Source: Health Industry Insights Healthcare Payer Care Management Survey, 2008

Essential Guidance

For Payers

- Payers should be consistent in their metrics used to measure quality and outcomes in communicating with providers, employers, and members.
- Care processes must be integrated to include health and wellness, preventative care, and early detection or avoidance of acute and chronic diseases.
- Member-facing tools need to be easy to use, intuitive, and engaging, or they will not be embraced by consumers.
- When introducing care management tools for providers, be cognizant of clinician workflow.
- In 2009, payers will need to align disparate care management programs that resulted from merger and acquisitions or are focused on a specific stakeholder, such as physicians pay-for-performance programs or health and wellness programs for members.

Essential Guidance

For Vendors

- No one vendor will be able to deliver the full complement of care management components. Vendors will need to develop strong partnerships and be prepared to showcase joint customers.
- Architecture should be standards-based and interoperable to enable connectivity between the care management applications, analytic and reporting tools, and the health plan's core administrative system, as well as new solutions as they emerge onto the marketplace.
- Vendors need to be able to articulate how their products and services will lead to a solid ROI.
- Vendors should work to make their applications easier to implement and maintain to limit the number of clinical resources and staff required during and post-implementation.

What to Watch

- The economic crisis will exacerbate the pressure already felt by the industry to reduce healthcare costs while improving patient outcomes.
- Payers will be strategic in their IT acquisitions. Key initiatives focus on making care management processes more efficient and consistent.
- Health and wellness, including preventative care, will continue to be an area of focus for care management programs.
- Payers are planning to replace or make additional investment in their existing clinical analytic tools next year.
- The outlook for care management IT will remain positive in 2009.

Related Research

- *Care Management Solution Architecture: Building a Framework for Better Healthcare* (forthcoming)
- *Connected Health: Engaging Consumers is Essential* (forthcoming)
- *The Healthcare Microconsumerism Trigger* (Health Industry Insights #HI215288, November 2008)
- *Solutions to Watch for in Healthcare Payers Communications — The Next Big Thing* (Health Industry Insights #HI214955, November 2008)
- *The Current and Future State of Affairs for Payer-Sponsored EHRs* (Health Industry Insights #HI214548, October 2008)
- *The Current and Future State of Affairs for Payer-Sponsored PHRs* (Health Industry Insights #HI214547, October 2008)
- *Progress on ePrescribing: An Industry Merger and a DEA Announcement* (Health Industry Insights #HI213279, July 2008)
- *Mouse Calls: eVisits Setting the Stage for Online Care* (Health Industry Insights #HI213083, July 2008)
- *BPO in the Healthcare Payer Market — Resurgence or Still Just Talking?* (Health Industry Insights #HI212842, July 2008)
- *Healthcare Payer Business Intelligence Solution Evolution, 2008–2010* (Health Industry Insights #HI210376, February 2008)
- *Proactive Care Management on the Rise* (Health Industry Insights #HI207661, July 2007)
- *Care Management: How Health Plans Are Successfully Controlling Rising Medical Costs* (Health Industry Insights #HI201647, May 2006)

Questions? Use Chat Area

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Notes of Interest

- Unanswered questions: we will contact you separately
- The companion report for this web conference is now available on our web site:

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Upcoming Events

Complimentary Web Conferences:

- Industry Insights Top 10 Predictions for 2009: A Cross-Industry Perspective:
  January 5, 2009, 12:00 US Eastern time

- Health Industry Insights Top 10 Predictions for 2009:
  January 7, 2009, 12:00 US Eastern time

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Upcoming Events, continued

Events:

- Health IT Insight
  January 11-13, 2009, Jacksonville, Florida
  A focused event with several Health Industry Insights presentations

- IDC Directions 2009
  March 4, 2009, San Jose, CA
  March 17, 2009, Boston, MA

For information, visit www.healthindustry-insights.com and click on the "events" tab

Question and Answer Session

Submit questions in the "Questions" box in Live Meeting

Contact Lynne Dunbrack:
508-935-4778
Ldunbrack@healthindustry-insights.com

Thank You!

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For information about Health Industry Insights, please contact your sales representative or

Amber Gracey

agracey@healthindustry-insights.com

508-935-4609