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Population Health Management, Informed by Clinical Analytics, Can Bend Cost Trend and Improve Outcomes

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A *Health Affairs* article in July reported that national health care spending was expected to increase from 17.6 percent in 2010 to 19.8 percent in 2020, as economic recovery spurs higher utilization and an estimated 30 million additional people receive health insurance coverage under the Affordable Care Act. It is also expected that this group of consumers will have a higher incidence of chronic disease and untreated conditions. Further, chronic disease rates continue to rise throughout the population, notwithstanding disease and care management programs administered by the health care industry.

With the influx of these high-risk participants, health care payer organizations are thinking about how they can positively influence the health of the larger population by improving the health of their own membership. Care management can help health plans improve population health and control medical costs, and clinical-analytics capabilities are necessary and core to managing costs in a meaningful way.

“Old” versus “New”

The “old” model of care management — the way it has traditionally been thought about — is defined by a single patient view. A health plan knows the condition of a member based on claim activity and begins disease or care management activities to mitigate future complications and the possibility of major expenses. While such individual interventions can be effective for both member and payer, they

cannot improve the health of members on a larger scale, across one or multiple group cases. Typically, traditional, reactive care management programs have been ineffective in managing medical costs for lack of early intervention and appropriate, clinical plans for improvement.

What *is* needed is a new, broader, more anticipatory approach to population health management. Under Systematic Health Management™, The TriZetto Group's approach to population health management, health care payers stratify group populations by risk, identify prevalent or high-cost conditions, and approach members for participation in disease management and care management programs *prior to clinically or financially adverse health events*.

Recent advances in technology and modeling make it possible for payers to adopt Systematic Health Management and deploy it to their employer group customers. New, proven technology — clinical analytics — can give health plans the proactive, stratified views of populations that are requisite for clinically beneficial care management and highly effective new models of care delivery, such as patient-centered medical homes, accountable care organizations, value-based benefits, and value-based reimbursement.

Raw Data is No “Field of Dreams”

The challenge has never been about insufficient data. The necessary data, and lots of

it, is there. But raw data alone is no “Field of Dreams;” meaningful information for Systematic Health Management does not automatically spring from data. That’s where analytics comes in.

Payers recognize this. A TriZetto research study conducted by Gantry Group in late 2010 shows that within two years *every* health plan will be investing in and using some form of clinical analytics to inform population health management programs. The *number one reason?* To reduce incurred medical costs. The second and third reasons, respectively? “To improve clinical and financial outcomes for co-morbid conditions” and “to improve member compliance with evidence-based care protocols.”

Health care payers clearly understand business intelligence is the foundation for reversing the trend of medical spend. Having robust analytics capabilities can help health plans:

- maximize their ability to identify and stratify members for incentives;
- interpret data to derive meaningful information for use in automating decision making for improved administrative efficiency (*e.g.*, automatic enrollment into programmatic interventions); and
- demonstrate and evaluate outcomes through deep, extensive reporting capabilities.

Technology Requirements

Health plans require an integrated technology platform to implement comprehensive Systematic Health Management programs. Broadly speaking, the technology platform is comprised of the following four components:

1. *Care management application:* Applications should provide members with a personalized care experience while reducing medical and administrative costs. Capabilities should include secure collection and aggregation of member data in a single repository; a secure, collaborative communications platform for all providers involved in the member’s care; and the ability for members to review

information about their current health activity and access an up-to-date multimedia health library.

2. *Value-based benefits system:* These benefit design and incentive management systems give health care payers the ability to customize benefits and other incentives to meet the needs of individual members based on their health status, chronic conditions, and health and wellness activities. Best-of-breed solutions include functionality within core administrative systems to automate the process of creating and adjudicating value-based benefits at the member level, which can help engage members and increase payer efficiency, thereby lowering member health care costs.
3. *Value-based reimbursement solution:* Payment bundling currently is the most common form of value-based reimbursement. These applications automate the processing of episode-of-care payments, including a single prospective payment to a group of clinicians and hospitals for all the medical services during an episode of care.
4. *Clinical analytics:* The foundation for leveraging Systematic Health Management, analytics use clinical risk modeling, identification and stratification, patient-compliance monitoring, provider cost and utilization analysis and comparison, cohort analysis, and other health data analytic capabilities — across the care management spectrum.

There’s the story about Henry Ford’s comment when a finished car rolled off the assembly line. Ford said, “There are exactly 4,719 parts in that model.” While most on hand were impressed that the company president had this fact at his fingertips, an engineer nearby remarked, “I can’t think of a more useless piece of information.”

Useful, accurate information — in the right place and at the right time in the health care system — is required for effective population health management. The good news is that technology-enabled solutions, informed by meaningful clinical analytics and available

today, can meet this requirement for health care payer organizations large and small. ■

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