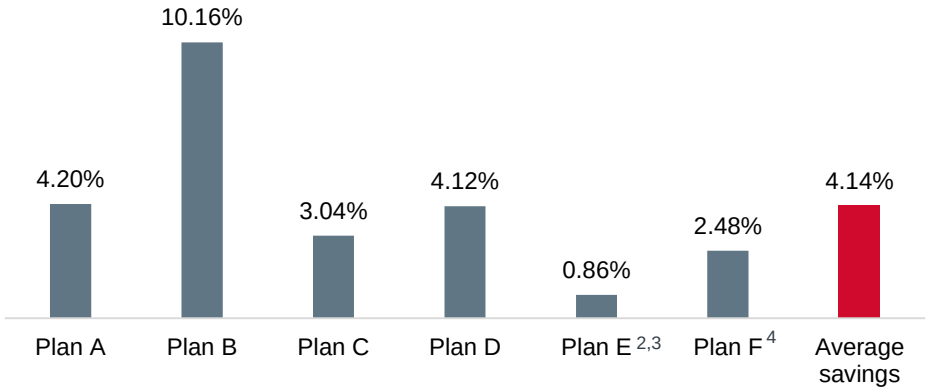
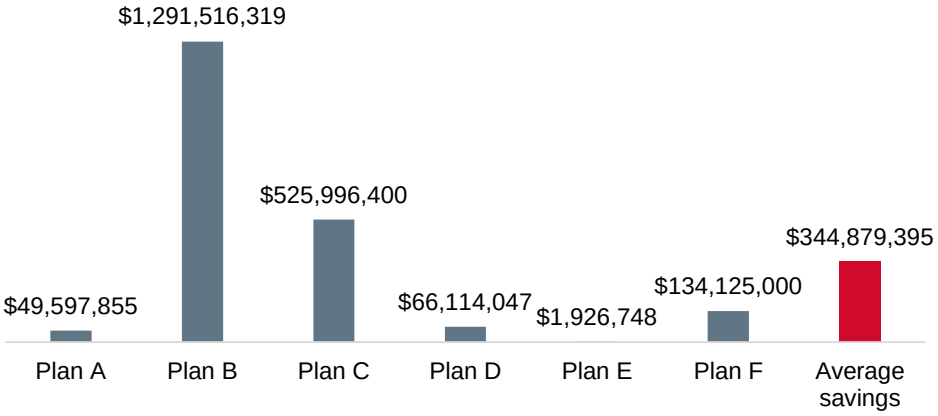
Evaluating Health Plan Medical Management Savings, November 2019

Description and methodology*:* Health plan CMOs expressed interest in learning how other plans quantify the savings realized from care management (CM) programs. Plans self-reported their CM program savings for 2018, defined as gross savings (excludes investment or operational costs), on either a yearly or per-member-per-month level. Plans also included a description of respective savings methodologies and the number of members affected for each program. Six health plans and nearly 8M members are represented from the Northeast, Midwest, and West regions of the country. Commercial, Medicare, and Medicaid lines of business are included, and the average membership size is 1.3M. Included here are the preliminary results.

Savings As a Percent of Allowed Costs

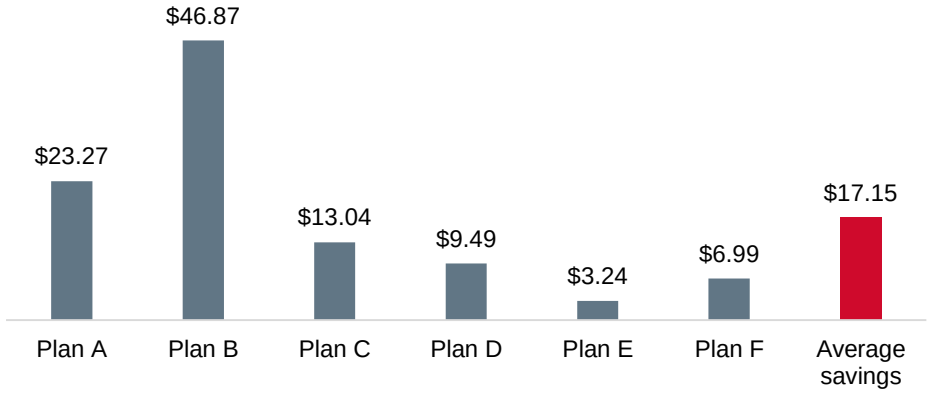


Total Plan Savings for All Reported Programs - Yearly



Total Plan Savings for All Reported Programs - PMPM

(based on total membership size)



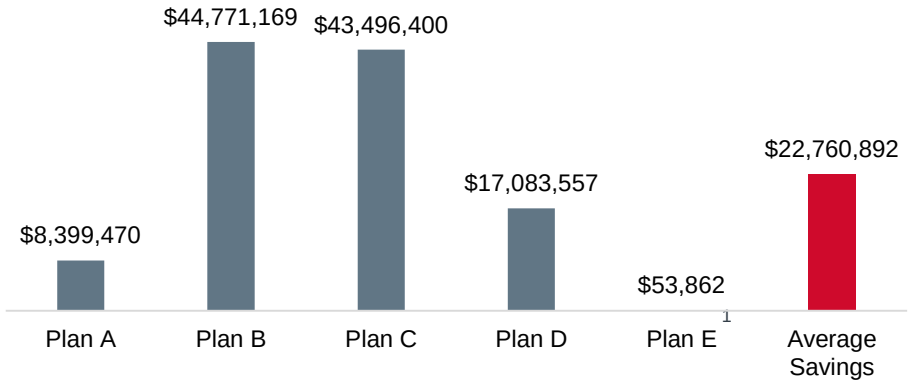
1) Calculated by adding total savings amount for all care management programs per health plan and dividing number by total spend amount (allowed amount). Excludes Fraud, Waste, and Abuse savings.
2) Plan E did not report savings for their disease management, pregnancy, and some UM programs.
3) Pulled Plan E's medical spend information from publicly available data, not from the plan.\
4) Plan F only reported UM and value-based program savings.

Source: CMOR research and analysis.

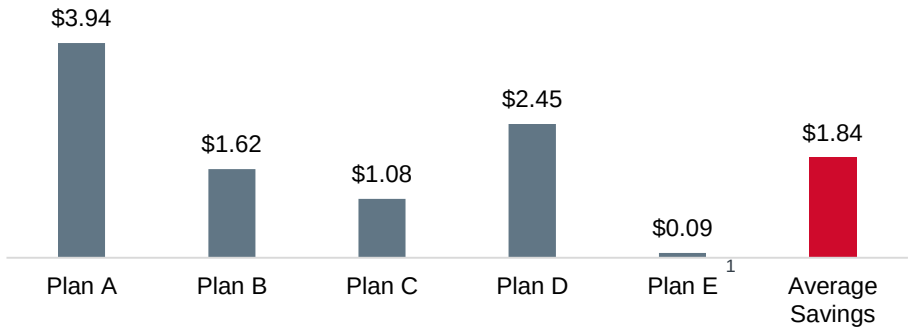
Evaluating Health Plan Medical Management Savings

Case Management Programs

Total Case Management Savings - Yearly



Total Case Management Savings - PMPM
(based on total membership size)



Plan	Membership Size	Line of Business Represented	Case Management Programs Included
A	0-300k	Commercial	Complex case management, readmission avoidance, home infusion program
B	1M+	Commercial	Case management
C	1M+	Commercial; Medicare	Case management, care coordination
D	300k-1M	Commercial; Medicare	Case management, care coordination
E	0-300k	Medicaid; Medicare	Readmission avoidance, ED utilization

1) Plan E did not report savings for their disease management, pregnancy, and some UM programs.
2) Plan A does not calculate PMPM savings based on direct members engaged.

Source: CMOR research and analysis.

Evaluating Health Plan Medical Management Savings

Case Management Saving Methodologies Used by Health Plans

	Case Management Savings Methodologies
Plan A	• **Complex case management**: Assumed a 10% reduction in medical claims due to CM engagement based on 4-year study of those engaged vs those identified and declined.
Plan B	• **Case management**: Savings are calculated by comparing the cost of an engaged individual to one that does not engage. Individuals are compared on similar disease states. Savings evaluation was a pre/post case/control type study which compared cost trend for engaged members to trend of similar members that didn't engage with a case manager.
Plan C	• **Case management / Care coordination**: Par/NonPar, Regression. Pre-Post DID. Outcomes: IP admission, ER, prof visit, OP surgery, readmission, medication adherence. Model: Regression adjusted by age, gender, demographics, baseline cost. New method 2019 -- PS matching for control group. Average program duration is 1.22 months.
Plan D	• **Complex case management**: Each case has an estimated savings depending on the case type. Savings are totaled to reach aggregate savings. • **Readmission avoidance**: Reduction in readmissions per 1000 members compared to a benchmark set using historical data.
Plan E	• **Readmission avoidance**: Total cost savings attributed to reduction in unique hospital admissions across cohort using average admission cost. • **ED utilization**: Total cost savings attributed to reduction in ED visits across RPM cohort based on average ED visit cost.

Source: CMOR research and analysis.

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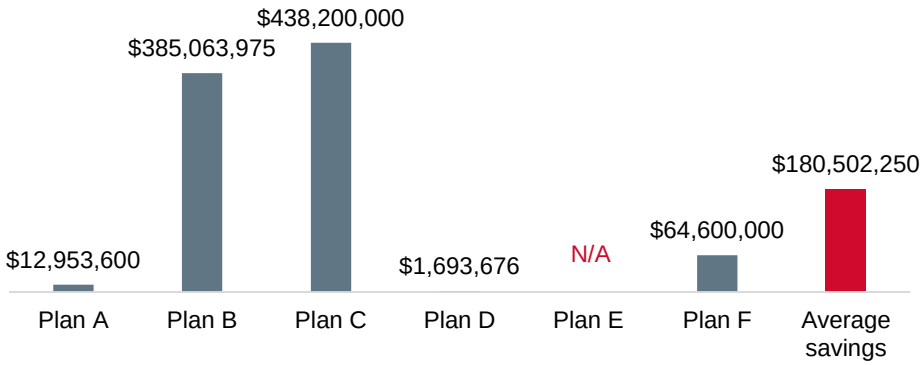
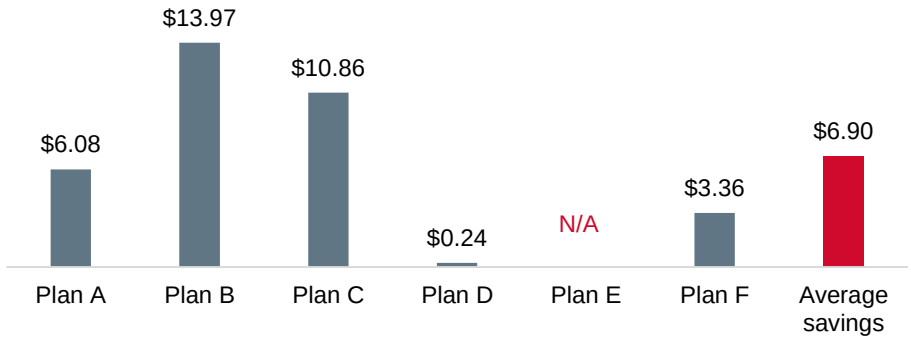
Utilization Management Programs

Total Utilization Management Savings - Yearly



Total Utilization Management Savings - PMPM
(based on total membership size)



Plan	Membership Size	Line of Business Represented	Utilization Management Programs Included
A	0-300k	Commercial	Advanced imaging, laboratory, medical policy innovations, IP[1] transitions of care, outpatient service utilization review
B	1M+	Commercial	Prior review, medical review, inpatient to observation, DIM, sleep study, specialty shopper, oncology, sleep study mgmt., site of care
C	1M+	Commercial; Medicare	Radiology, medical policy PA[2] & retro review, genetics program, facility claims review, CISD, spine-pain, topaz, IP to OP[3] steerage, IP/OP to ASC[4] steerage
D	300k-1M	Commercial; Medicare	Inpatient lack of information denials. SNF[5] LOS[6] management
E	0-300k	Medicaid; Medicare	Did not report UM programs
F	1M+	Commercial; Medicare	Advanced imaging, medical review, prior auth

1) Inpatient.
2) Prior authorization.
3) Outpatient.
4) Ambulatory surgery centers.
5) Skilled nursing facility.
6) Length of stay.

Source: CMOR research and analysis.

Evaluating Health Plan Medical Management Savings

Utilization Management Saving Methodologies Used by Health Plans

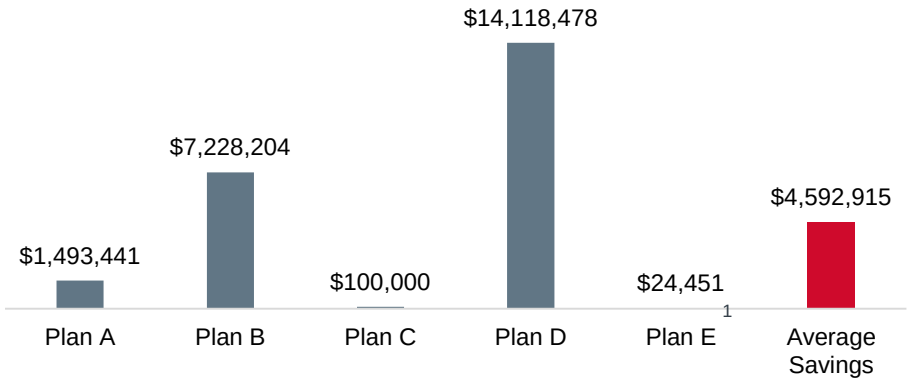
Utilization Management Savings Methodologies	
Plan A	• **Outpatient service utilization review**: Data quality initiative improved documentation of 2018 savings related to utilization management. • **Inpatient transitions of care** • **Advanced imaging** • **Medical policy innovations**
Plan B	• **Prior review**: Savings are calculated semi-annually based on denial of services that are not medically necessary and/or re-direction to lower cost of care alternatives. • **Medical review**: Savings are calculated semi-annually based on post-service denials or lowered reimbursement. • **Inpatient to observation**: Savings result when providers re-direct members from an inpatient setting to an observation room which is billed as outpatient. Calculated semi-annually. • **Vendor UM**: Savings are based on denials or re-direction to a lower cost imaging, do not include reductions due to sentinal effect. Sleep study savings are based on redirection of sleep studies from facility to home. Specialty shopper savings is a result of re-direction to a lower cost, equal quality imaging provider. Oncology savings are based on UM activities for infused cancer drugs—no savings reported are based on care pathway work. • **Site of care**: Savings are calculated as the cost difference for each unique member that moved from infused medications in the hospital outpatient setting to the office/home setting.
Plan C	• **Radiology, medical policy prior auth & retro review, genetics program, facility claims review, CISD, spine-pain, topaz**: Savings are based on total volume denied x unit cost. • **IP to OP steerage, IP/OP to ASC steerage**: Savings are based on total volume steered multiplied by unit cost differential.
Plan D	• **Inpatient lack of information denial**s: Looks at admission denials due to lack of information and uses the average cost of stays with similar diagnoses to value savings. • **SNF length of stay management**: Compares SNF Length of Stay to benchmark, multiplied by average cost per day.
Plan E	Did not report UM programs.
Plan F	• **Advanced imaging, medical review, prior auth**: Avoided costs (denials)

Source: CMOR research and analysis.

Evaluating Health Plan Medical Management Savings

Disease Management Programs

Total Disease Management Savings - Yearly



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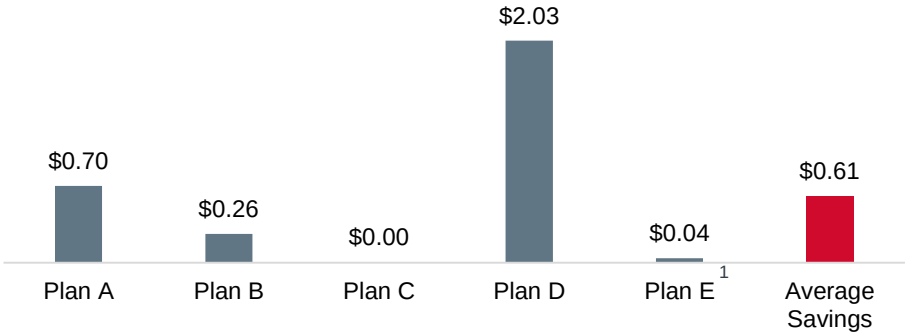
Total Disease Management Savings - PMPM

(based on total membership size)



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Plan	Membership Size	Line of Business Represented	Disease Management Programs Included
A	0-300k	Commercial	Chronic condition management, rare disease management
B	1M+	Commercial	Disease management
C	1M+	Commercial; Medicare	Disease management
D	300k-1M	Commercial; Medicare	Rare disease management: Asthma, cardiac, COPD, diabetes, sleep apnea, and spine
E	0-300k	Medicaid; Medicare	Chronic condition management

1) Plan E did not report savings for their disease management, pregnancy, and some UM programs.

Source: CMOR research and analysis.

Evaluating Health Plan Medical Management Savings

Disease Management Savings Methodologies Used by Health Plans

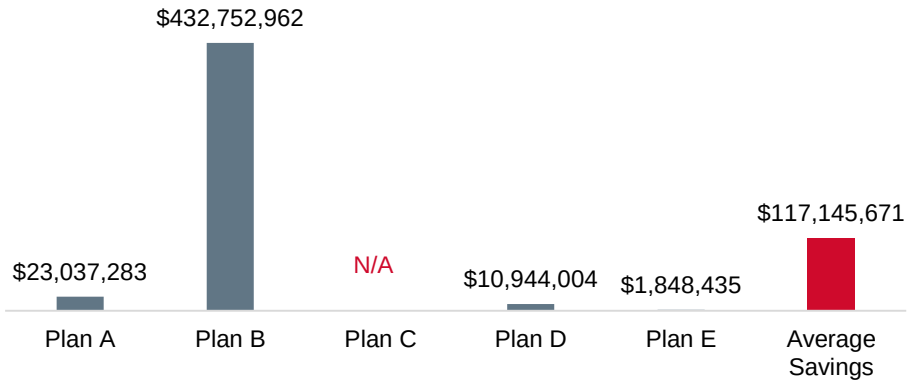
Disease Management Savings Methodologies	
Plan A	• **Chronic condition management** • **Rare disease management**
Plan B	• **Disease management:** Savings are based solely on reduction in inpatient admissions by disease state from pre-DM baseline. Change in admissions are measured by the vendor (AIM) and the cost savings are calculated by the plan using inpatient costs.
Plan C	• **Disease management**: Par/NonPar, PS matching for control group. Outcome: inpatient (IP) admission. Model: Robust Error Regression. Method: pre-post difference-in-difference (DID). New method 2019 -- Time to IP admission. Proportional means regression model. Savings PMPM = (1-Hazard ratio)*InpPMPMc*UnitCost. InpPMPMc refers to control group admissions PMPM.
Plan D	• **Rare disease management**: Looks at average cost difference pre- and post- engagement for a 12 month period, multiplied by the number of engaged members.
Plan E	• **Chronic condition management**: Total cost savings across remote patient monitoring (RPM) cohort (total cost savings includes cohort aggregate claims spend for inpatient admissions, ED visits, office visits, and pharmacy).

Source: CMOR research and analysis.

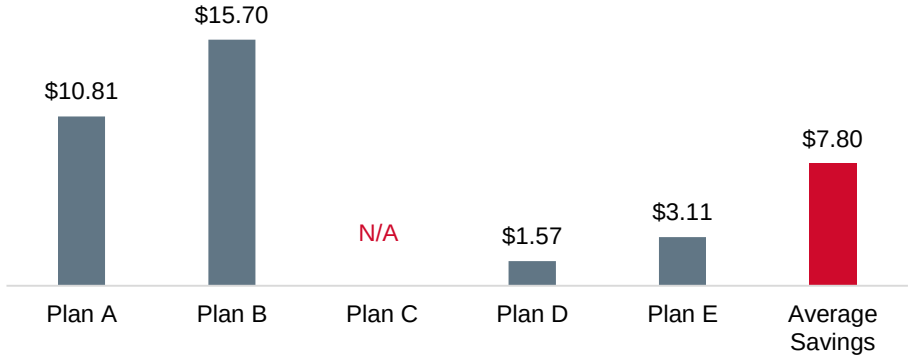
Evaluating Health Plan Medical Management Savings

Pharmacy Programs

Total Pharmacy Program Savings - Yearly



Total Pharmacy Program Savings - PMPM
(based on total membership size)



Plan	Membership Size	Line of Business Represented	Pharmacy Programs Included
A	0-300k	Commercial	Pharmacy care management, pharmacy utilization management
B	1M+	Commercial	PA[1] / QL[2] / Step therapy, pharmacy network recontracting, generic pricing improvements, extended supply network contract savings, mail order
C	1M+	Commercial; Medicare	Did not report pharmacy savings
D	300k-1M	Commercial; Medicare	Pharmacy utilization management
E	0-300k	Medicaid; Medicare	Pharmacy utilization management

1) Prior authorization.
2) Quality limits.

Source: CMOR research and analysis.

Evaluating Health Plan Medical Management Savings

Pharmacy Program Savings Methodologies Used by Health Plans

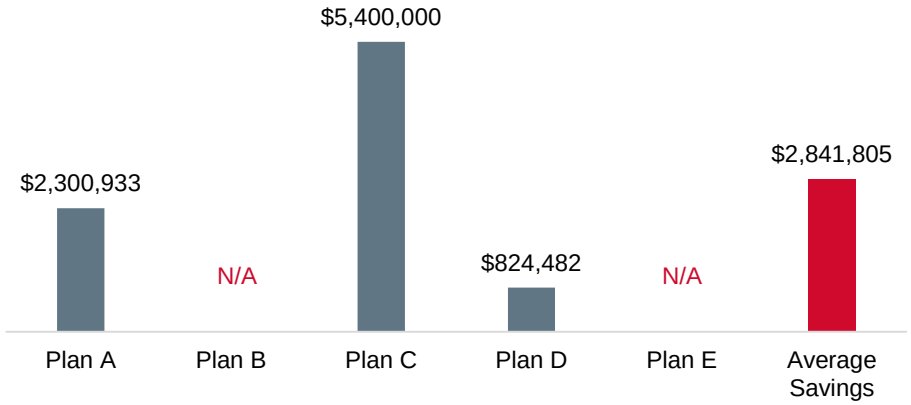
Pharmacy Program Savings Methodologies	
Plan A	• **Pharmacy care management** • **Pharmacy utilization management**
Plan B	• **Pharmacy UM:** Savings occur as a result of identified drugs going through the PA, QL or Step Therapy programs. The savings are calculated using the cost of the drug and the length of the avoided treatment. • **Generic pricing improvements**: Savings are a result of improved rates on generic medications and are provided by the vendor. • **Extended supply network contract savings**: Savings are a result of better per unit pricing through quantity. Savings are calculated as the cost difference per days supply between 30 day retail and 90 day extended supply. • **Mail order**: Savings are a result of better per unit pricing through quantity. Savings are calculated as the cost difference per days supply between 30 day retail and 90 day mail order.
Plan C	Did not report pharmacy savings.
Plan D	• **Pharmacy utilization management**: Various initiatives implementing prior authorizations, step therapies, and formulary changes to drive members to use preferred drugs and control spend.
Plan E	• **Pharmacy utilization management**: Medical pharmacy savings related to identification of lower cost alternatives and medical necessity.

Source: CMOR research and analysis.

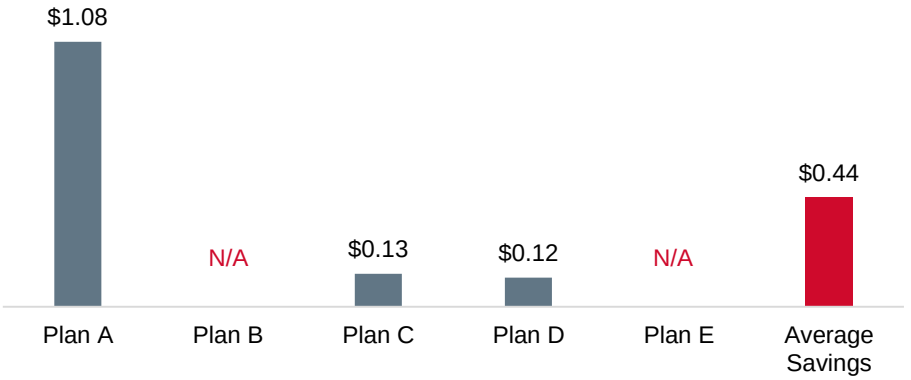
Evaluating Health Plan Medical Management Savings

Pregnancy Programs

Total Pregnancy Savings - Yearly



Total Pregnancy Program Savings - PMPM
(based on total membership size)



Plan	Membership Size	Line of Business Represented	Pregnancy Program Methodology
A	0-300k	Commercial	Premature birth rate of 7% compared to national benchmark of 10%. Premature babies cost ~$75,000 more than a full-term delivery.
B	1M+	Commercial	Did not report pregnancy program.
C	1M+	Commercial; Medicare	Par/NonPar. NICU/IP[1] days and ER reduction multiplied by unit cost.
D	300k-1M	Commercial; Medicare	Each case has an estimated savings depending on the case type, and savings are totaled to get an aggregate savings.
E	0-300k	Medicaid; Medicare	Did not report pregnancy program.

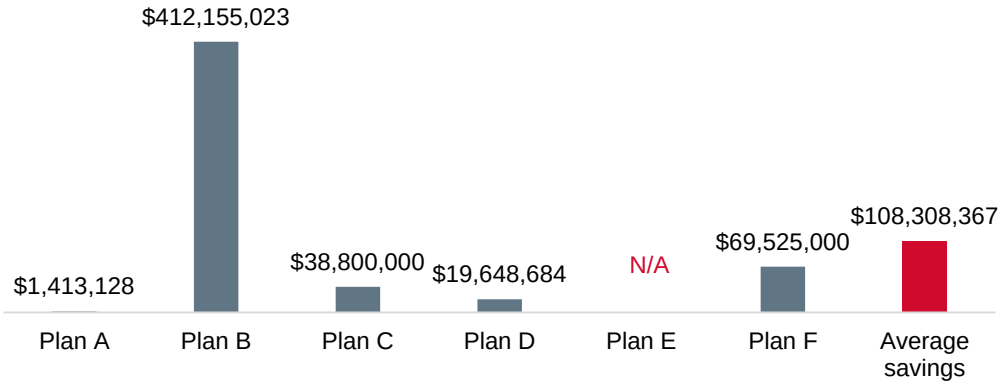
1) Inpatient.

Source: CMOR research and analysis.

Evaluating Health Plan Medical Management Savings

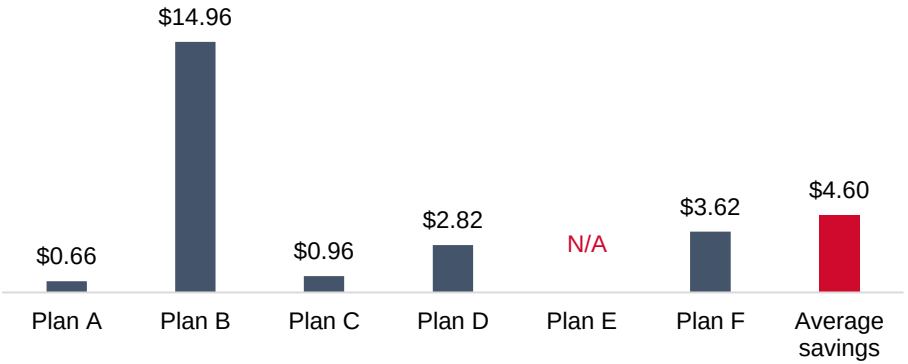
"Other" Programs

Other Program Total Savings - Yearly



Other Program Total Savings - PMPM

(based on total membership size)



Plan	Membership Size	Line of Business Represented	"Other" Programs Included
A	0-300k	Commercial	MAT program, hip and knee bundles, colonoscopy bundle, FIT program
B	1M+	Commercial	CMS reimbursement alignment activities, competitive pricing, OON Reimbursement changes, Center of Excellence, value-based primary care. system renewal strategies, hospital quality program
C	1M+	Commercial; Medicare	Hip/Knee, genetics testing, hysterectomy, OSA[1] sleep disorder, cardiology bariatric surgery, breast cancer, C-section, cardiology FFRCT[2]
D	300k-1M	Commercial; Medicare	Musculoskeletal program, hip and knee bundles, preference sensitive surgery management
E	0-300k	Medicaid; Medicare	Did not report programs that would fall into this category
F	1M+	Commercial; Medicare	Value-based/health reform program, hip/knee surgeries

1) Obstructive sleep disorder.
2) A noninvasive test for fractional flow reserve derived from CT (FFRCT) is a predictor of revascularization and major adverse cardiac events (MACE).

Source: CMOR research and analysis.

Evaluating Health Plan Medical Management Savings

"Other" Program Savings Methodologies Used by Health Plans

"Other" Program Savings Methodologies	
Plan A	• **Medication Assisted Treatment program:** Savings assumed from decreased inpatient and ER use compared to non-participant substance abuse disorder treatment.
Plan B	• **CMS reimbursement alignment activities:** Savings occur as a result of matching CMS' reimbursement policies. • **Competitive pricing:** Savings result from reducing reimbursement identified in a consultant analysis. • **OON Reimbursement changes:** Savings result from reducing OON payments. • **Center of Excellence:** Savings is calculated by comparing the cost of the whole episode for members who went to a Center of Excellence compared to those who did not. • **Value-based primary care:** Savings calculated by comparing the cost of the whole episode for members who went to a value-based provider compared to those who did not (also compared on a state level). • **System renewal strategies:** Savings occur as a result of provider contract re-negotiation. • **Hospital quality program:** Savings result from withholding a portion of reimbursement from those hospitals that do not meet the quality threshold.
Plan C	• **Hip/Knee, genetics testing, hysterectomy, OSA[1] sleep disorder, cardiology, bariatric surgery, breast cancer, C-section, cardiology FFRCT[2]**: Risk-adjusted case reduction multiplied by unit cost.
Plan D	• **Musculoskeletal program:** Compares observed PMPMs to target PMPMs, multiplied by total member months. • **Hip and knee bundles:** Looks at per episode savings multiplied by the number of episodes. • **Preference sensitive surgery management:** Looks at per episode costs, and compares observed utilization to a benchmark based on historical data.
Plan E	Did not report programs that would fall into this category.
Plan F	• **Value-based/health reform program** • **Hip/knee surgeries:** Savings from knee/hip/shoulder "virtual" bundle in the outpatient setting is approximately $2,100 per procedure

1) Obstructive sleep disorder.
2) A noninvasive test for fractional flow reserve derived from CT (FFRCT) is a predictor of revascularization and major adverse cardiac events (MACE).

Source: CMOR research and analysis.