DGA PARTNERS
Healthcare Strategy • Finance • Data

TRANSFORMATIONS

From Health Claims Data to Business Intelligence

Winter 2005

Targeting Medical Management Resources

There is growing evidence that medical management programs can improve quality of care while reducing costs for health plans and risk-assuming organizations. A report from the Disease Management Association of America (DMAA) shows that most plans are satisfied with the clinical outcomes of their disease management programs, and nearly half have experienced improved financial outcomes with ROI ranging from more than 2:1 up to 4:1.[1] Members and providers indicate greater satisfaction with a payer after participating in disease management programs.

There is less clarity about *which* medical management initiatives provide the best return on investment. Even without hard ROI figures, however, there are still effective ways to target medical management resources effectively. Here are some approaches that DGA uses.

Target high cost members for case management. This is often the best way to capture immediate savings, while identifying structural problems to be addressed later.

All costs for a given time period (e.g., 12 months) must be mapped to a unique individual. (Previous issues of *Transformations* have discussed the required data cleansing processes.) Patients can then be ranked by cost. Set a dollar limit and review files where the member's costs exceed that limit. Then start drilling down.

To have an impact going forward, patients to be selected for case management should be:

1. Active plan members;
2. Still receiving care relating to the high cost condition (claims lag may make it necessary to interview applicable physicians and/or the member to ascertain this); and
3. Patients with poor understanding of, or non-compliance with, their treatment plan.

If the member needs on-going support, maximize resource impact by using existing programs (e.g. a hospital's diabetes education program) to provide that support, rather than developing your own. You can also stretch resources by providing telephone or e-mail contact rather than in-home services.

[1] Disease Management Association of America, Thomson Medstat survey of 26 health plans across the country, www.dmaa.org/cboreport.asp.

(Continued on back)

DGA Profile:

Carole J. Graham, RN, BSN, MBA
Manager

Carole Graham uses her nursing background and data analysis skills to improve clinical care. She has a broad perspective on the subject, having worked on both the provider and payer sides of managed care.

"Successful medical management programs are a win-win," Carole notes. "Patients and payer both benefit."

Graham has developed programs in ambulatory quality improvement, case management, and disease and utilization management. She has also assessed practice quality for acquisition evaluations, and negotiated managed care agreements and fee schedules.

Before joining DGA Partners, Carole developed medical management programs as Vice President of the Allegheny Health, Education and Research Foundation. She also managed quality improvement and claims analysis for Keystone Health Plan East.

Graham holds an MBA in Health Administration from Temple University, and a BS in Nursing from West Chester University. When not helping DGA clients, she's organizing the world's largest annual high school regatta, and convincing DGA staff to crew at the Dragon Boat Festival. ■

Effective management of members who are currently incurring high costs also controls future costs. Improved patient understanding and compliance with complex treatment plans can reduce complications as well as costs.

Select diagnoses and procedures that generate high total costs over time. Another approach to targeting medical management resources is to identify the high cost diagnoses for your entire population. Detailed diagnosis codes must be assigned to a hierarchy meaningful for your patient population. For example, small populations of members with either asthma or COPD might be meaningfully grouped into a larger category of patients that share similar medical management requirements.

Once the categories meet your organizational needs, assign patients to them using one of the following approaches:

Using Primary Diagnosis	Using All-Listed Diagnoses
Each member assigned to only one category Determine primary diagnosis for a member based on: • The member's highest total cost diagnosis, or • Models that assign primary diagnosis based on clinical parameters (e.g. congestive heart failure (CHF) is a higher level diagnosis than asthma, so members with both are assigned to the CHF category).	Members can be in more than one category Valuable for conditions (e.g. diabetes) that contribute to and underlie many other diagnoses.

By deciding in advance how you will use the data and carefully defining data specifications, you will be better positioned to gain clinical management insights.

When the highest cost diagnostic categories have been identified, determine where action can be taken. Look for:

- Diagnoses with high costs per patient. Benign tumors have bottom line impact, but with many patients and low unit costs, they are not a target.
- Target diagnoses where there is substantial agreement on proper clinical treatment, and then focus medical management on patients most in need of support.

  Example: A group experiencing high costs for pediatric asthma targeted patients with frequent inpatient admissions and ER visits for initial disease management efforts. Updated educational materials, group education, and home care visits for education and equipment training were provided to selected members.
- Where the relative impact of several possible priorities isn't clear, look for pragmatic approaches. One group targeted high-priority patients clustered near a provider, because they could be managed at low cost. Another organization with extreme resource constraints informed members about self-management tools available free on the Web.

Resource constraints don't mean you need to ignore medical management. With sound analysis of claims data and organizational needs, it is possible to develop beneficial initiatives with the resources available.

DGA News:

DGA's Jeff Simmons and John Harris recently published an article revisiting community need methodologies: "Community-based Physician Need Planning Methodologies Evolve," *Health Care Strategic Management,* December 2004.

DGA Partners has two presentations on the agenda for the AAIHDS 11th Annual Spring Managed Care Forum, May 12-13, 2005 in Orlando. Jonathan Pearce will present "Evaluating Pay-for-Performance and Other Payment Methodology Conversions." John Harris will present "'Individualized Standing Offer' Physician Fee Methodology for IPAs and PHOs."

About DGA Partners:

For 10 years, DGA Partners has been providing crucial business intelligence derived from health claims and related databases. We serve contracting organizations, health plans, health and welfare funds, pharmaceutical companies and consulting firms. Our sophisticated data management and reporting services also provide the basis for our financial and clinical analytics services. DGA's health care management consulting group provides strategy, business planning and related services to health care providers.

Let's talk about how we can make your data work for your organization.

DGAPARTNERS
Healthcare Strategy • Finance • Data

Two Bala Plaza, St. 301
Bala Cynwyd, PA 19004
610.667.8782
www.DGApartners.com
info@dgapartners.com