

Managed Care and Disease Management: Challenges and Opportunities

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Summary

Several trends are affecting the disease management industry and managed care in general. Chief among these trends is the search for continuing value of disease management programs. In addition, the use of patient-centered programs is growing because healthy people produce fewer claims.

Key Points

- Healthcare payers are using new ways to define value of disease management programs.
- Disease management programs are focusing more on the whole patient rather than just a single disease.
- Patient-focused wellness/lifestyle programs are the newest type of disease management program.

THE DISEASE MANAGEMENT (DM) industry is a \$1.5 billion industry that is undergoing continual change. A major trend affecting the industry is healthcare payers searching for value in DM programs. One of the ways to search for value is a shift to “whole patient”-focused DM programs versus single-disease approaches to care. Among the lessons learned from single-disease DM programs is that few, if any, patients enter a program with only one chronic disease. On average, patients have five or more chronic illnesses. Disease management programs must be able to address all of a patient’s problems to achieve value. This move to whole-patient focused programs is blurring the lines between case management and disease management.

Requirements for proof of the return on investment (ROI) from DM programs is another trend that cannot be ignored. In the past, some companies claimed ROIs as high as 30 to one (i.e., \$30 saved for every dollar spent). Most published studies and current claims of ROI are between 1.5 to 8 percent.¹⁻³

Calculation methods for ROI are not standard and DM companies do not disclose publicly how they determine a client’s ROI. This makes it difficult for buyers to compare organizations. Most of the ROI that is publicized by the DM companies is not

determined in a randomized, controlled process. Medicare is currently running a three-year controlled program focusing on disease management for diabetes and heart failure to determine their ROI. Exhibit 1 illustrates many of the reasons DM program returns are elusive.

Payers are beginning to use a full-cost model to

Exhibit 1: Why Are Returns Elusive?

- Clinical Reasons
 - > Long-standing disease processes take time to reverse
 - > Behavioral changes are difficult
 - > Selection bias
- Data Issues
 - > Problems identifying the population
 - > Regression to the mean
- Health Plan Issues
 - > High turnover in MCO members
 - > Changes in benefit design: higher patient contribution
 - > Changes in networks
- Changes in the larger environment
 - > New technology effects
 - > Generic drug availability
- ROI may be soft dollars

determine the value of DM programs. This model says DM programs need to consider total cost, not just saved costs in one area such as medications. For example, in the past a pharmacy benefits management (PBM) company would have a disease-state management program that saved a health plan costs in terms of switching from one brand medication to another brand or generic. This would show a savings in medication costs, but perhaps inpatient days or some other component of the health spending might increase. Tracking costs in a single area does not capture everything happening with a patient. Exhibit 2 provides an example of a total cost model, dividing out sectors of care, in terms of the cost and expense, for year-to-year comparisons.

Another major area that health plans are examining and thus looking to DM companies for answers are ways to improve provider and/or patient behavior. Provider reimbursement increasingly will be based on performance and not upon activities. For the best outcomes, in a complex environment such as healthcare, there needs to be collaboration among all involved parties. Some have described healthcare as being an adaptive system. Using a

balloon as an example, if squeezed at one end, the other end will get larger. Unless there is control over the entire balloon—or healthcare system—the best value is not being achieved.

The most important link in the healthcare outcomes chain is the patient. In the past, DM programs concentrated on patterns of care. Few programs really looked at the patient or how the patient might be used as a team member for decision-making. Many companies are spending considerable time and research trying to understand the healthcare consumer. Techniques and tools that help the patient develop self-efficacy and discrepancy in their decision-making are very important and vital to patient-centered programs (see Exhibit 3). Discrepancy is bringing the patient to a decision-making conclusion based on what the patient believes is best for him or her. Instead of being told to stop smoking, the patient is stepped through a process where he or she can weigh the pros and cons of a decision. Patients are more likely to be motivated to take action if they make decisions rather than being told what to do.

Health IQ is an example of a cure-management

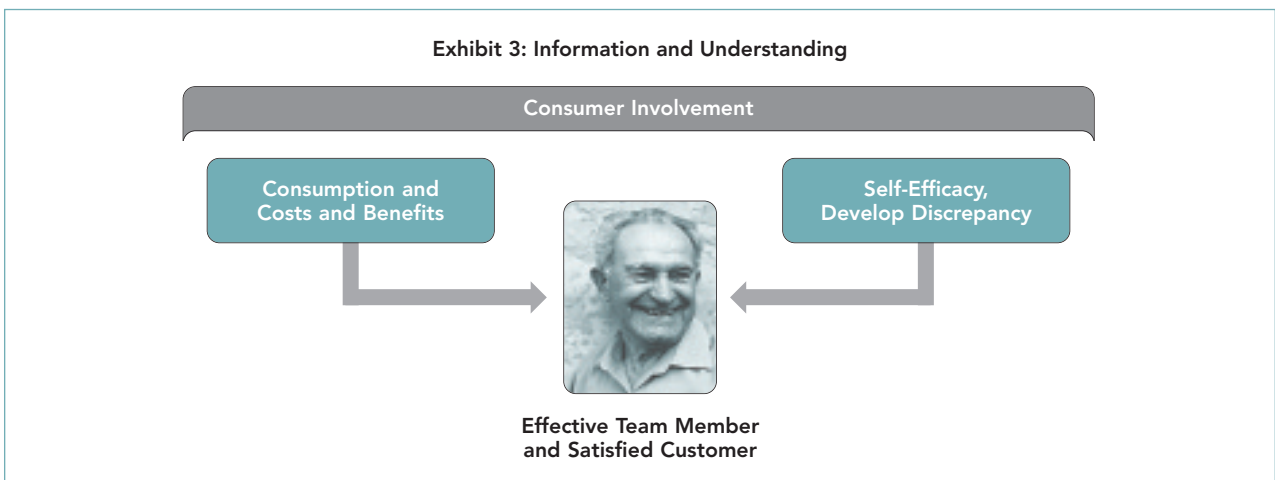
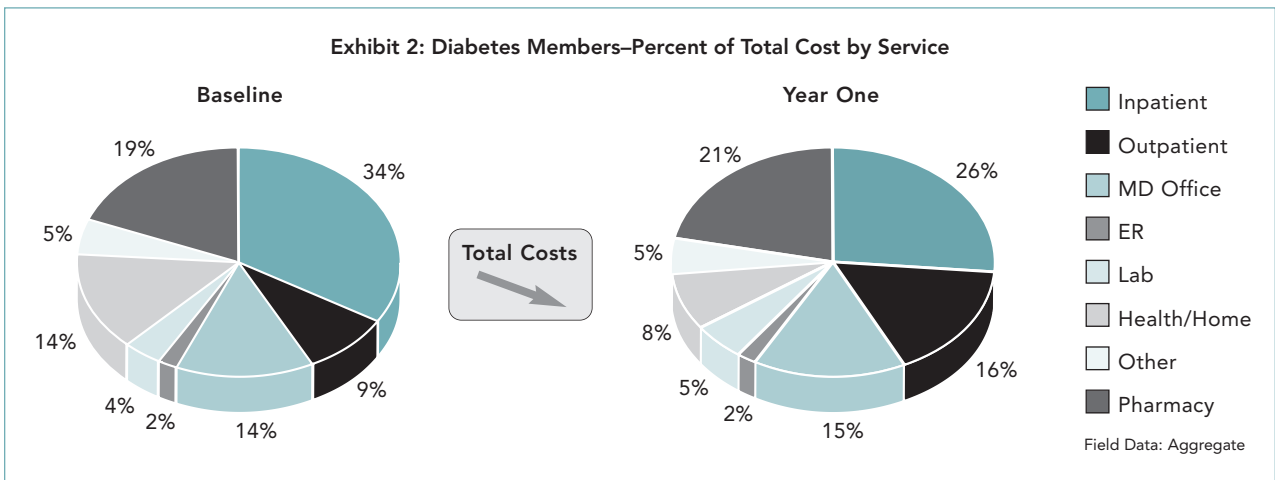
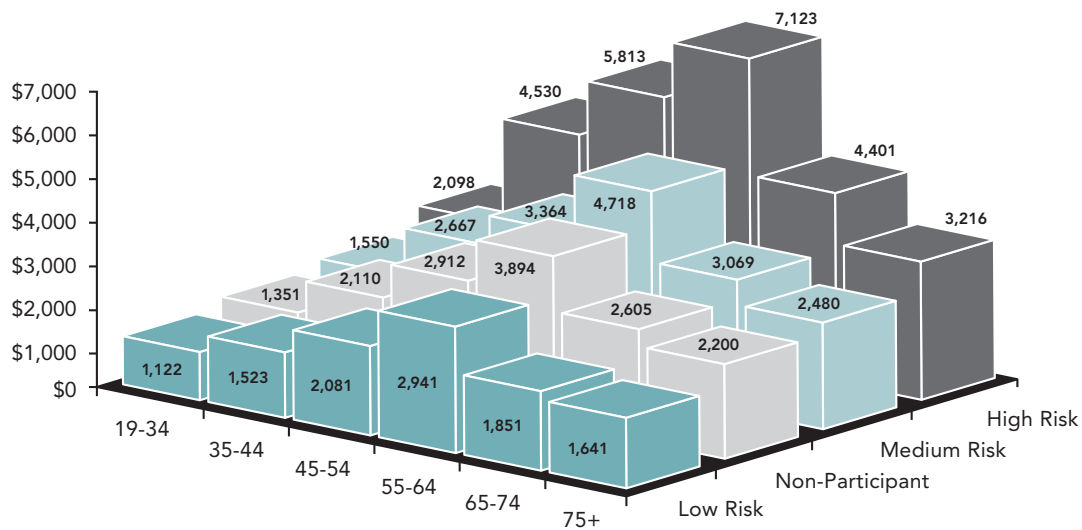


Exhibit 4: Costs Associated with Risks
Medical Paid Amount x Age x Risk*



program that is directed toward the consumer. But for this type of program to be truly effective, there must be incentives to motivate participants. With new patient-focused programs, there will be easy-to-achieve improvements in care early in the program. When DM programs first began, cost savings and care improvements were easy to achieve because of inconsistencies of guidelines and care. The same will be true for patient-centered DM programs. Small lifestyle changes can have a major impact in terms of a person's health and, subsequently, on the costs that he or she incurs. Most consumers do not have the right information or enough information to make appropriate healthcare decisions. Additionally, the majority of common diseases or the conditions that lead up to common illness are preventable. If people were better informed, exercised more, smoked less, and ate the right foods, there would be far fewer patients with chronic conditions.

Wellness or lifestyle programs have implications in terms of reducing healthcare cost. Exhibit 4 illustrates population health risk and the associated costs. As risk level increases from low to high, costs increase and the opposite is also true.⁴ As population health risk factors are reduced, true cost savings are possible. Those cost savings do not necessarily have to come in 10 or 20 years. They can be achieved in the short term.

Most employers are not aware of how much risk is present in their employee population, nor are the employees aware. Among 12,000 people who completed a health risk assessment (HRA) and work place medical examination, a significant number did not know their health risk factors (see Exhibit 5).

Exhibit 5: The Great UnKnown—Abundant Risk

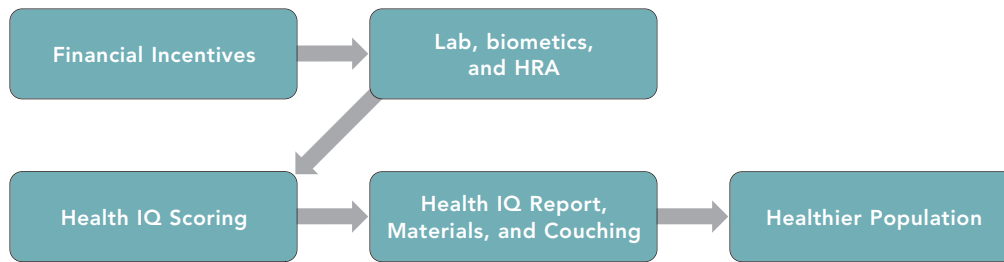
From a random sample of 12,000 participants who completed a HRA and Worksite Medical Exam:

- > 74% could not self-report their cholesterol, blood pressure or body fat
- > 60% reported not having a primary care doctor
- > 33% self-reported "good or excellent" self-perception of health but had 3+ clinical risk factors
- > 28% self-reported "good eating habits" but had dangerous blood cholesterol levels

Exhibit 6 illustrates how an example consumer-oriented wellness program might work. This program is driven by incentives. If employees participate in the program, they receive a discount on their healthcare benefits. Each participant has laboratory work and a health risk assessment completed. The participant is given a health risk score based on objective data (e.g., tobacco use, lipid profile, glucose, body mass index, and body fat). Based on the health risk score, the participant receives reports and educational materials and is given access to coaches to improve his or her score for the next round of testing. The first-year employees are offered incentives for participating. After the first year, employees are only allowed the incentives if they score at a specific risk level or if they are showing progress moving toward that risk level.

There are some definite benefits of a consumer-oriented wellness program. In addition to cost savings, these programs lead to a more educated, healthy consumer. Participants are aware of their

Exhibit 6: Basic Program Flow



health risks and feel better able to actually make changes. Other benefits include early detection of treatable conditions, improved primary care usage, more appropriate lifestyle/behavior choices, and improvement in modifiable risk factors.

In addition to looking for value and implementing consumer-oriented programs, more health plans are looking to implement or strengthen their specialty pharmacy disease management programs. The products, primarily biologics and injectables, handled by specialty pharmacies are the most costly of all medications. These medications can cost anywhere from \$10,000 per year to \$100,000 or more. A significant number of biologics are becoming available for more common, chronic diseases such as rheumatoid arthritis. As the number of specialty medications grows, this area is gaining more attention. In the past, these products were primarily for rare diseases and, although expensive, were a very small percentage of a health plan's spending.

Several miscellaneous trends are having an impact on not only DM but also all of managed care. These include the rise of consumer-driven health plans such as health savings accounts, the overwhelming burden of chronic diseases, and technology developments.

In response to rising healthcare costs, more employers are offering health savings accounts (HSAs). There are currently more than six million people with HSAs and this number is growing rapidly. This trend is going to have a significant impact on all of healthcare because it is pulling the healthiest people out of the insurance pool. By removing money from the insurance pool, there will be a shortfall of dollars to pay for the care of the sick. HSAs, being consumer-driven health plans, provide an opportunity for DM companies to provide education about wise healthcare dollar choices.

Another issue is primary care providers being overwhelmed with chronic care. A study from Duke University modeled the demographics of the average general practitioner in the United States' patients and their top 10 conditions. To follow the recommended guidelines for only those chronic diseases would take

every one of the primary care doctors in the United States 10.6 hours per day just to deal with those issues.⁵ Based on this model, chronic care cannot be successfully done in a physician's office. It has to be done somewhere else. Whether this will be within a disease management or case management program or other alternative site is unknown.

Changing technology also is affecting the industry. There are many new tools to begin changing patient and provider behavior. Electronic medical records, web-based education and monitoring programs, and electronic practitioner report cards are just some of the technologies that are having an impact.

Conclusion

Several significant trends are affecting disease management program providers and those who contract with them. These trends present both opportunities and challenges. **JMCM**

References

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Faculty

Thomas Morrow, MD, is president of the National Association of Managed Care Physicians (NAMCP) and has more than 20 years' experience as a managed care executive. He also has served as an NCQA surveyor overseeing disease management programs such as inflammatory arthritis, depression, chronic pain syndrome, and multiple sclerosis, as well as common chronic disease.

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Disclosure

Dr. Morrow is president of NAMCP and serves as a consultant and/or is on the speakers' bureaus for Abbott Laboratories, Amgen, Aventis, Bristol-

Myers Squibb, Centocor, Genentech, Genzyme, Novartis, Teva, Wyeth, and several other pharmaceutical organizations. Dr. Shurney is an employee of Healthways Inc., which provides services on the presented topic.

Accreditation

The National Association of Managed Care Physicians (NAMCP) is accredited by the Accreditation Council for Continuing Medical Education to sponsor continuing medical education for physicians. NAMCP designates this activity for a maximum of 1 AMA PRA Category I credits™. Each physician should claim credit commensurate with the extent of their participation in the activity.

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This activity has been approved by the American Board of Managed Care Nursing for 1.2 contact hours toward CMCN recertification requirements.

POST TEST

INSTRUCTIONS

Read the article, answer the post test questions, complete the evaluation form, and submit to Ann Patrick either by fax 804-747-5316 or mail: 4435 Waterfront Drive, Suite 101, Glen Allen, VA 23060.

1. In the search for value, disease management programs need to shift from single disease-state focus to a whole-patient focus.

- a. True
- b. False

2. Due to the lack of a randomized, controlled process in determining ROI on a DM program, it is difficult to for the buyer to make quality comparisons.

- a. True
- b. False

3. In keeping the patient as an important link in the process, health plans are looking to DM companies to provide methods and changes in patient behaviors.

- a. True
- b. False

4. Disease management is a patient-centric, total cost model and should include incentives for improved behavior.

- a. True
- b. False

5. Measuring return on investment for disease management programs remains elusive due to:

- a. Clinical reasons
- b. Data issues
- c. Health plan issues
- d. All of the above

6. With wellness/lifestyle programs, healthcare cost savings can be achieved in the short term.

- a. True
- b. False

7. Health risk assessments can provide both the employee and employer with the degree of health risks present.

- a. True
- b. False

8. Consumer-oriented wellness programs can provide:

- a. Early detection of treatable conditions
- b. More appropriate lifestyle and behavior choices
- c. Improvement of modifiable risk factors
- d. Improved primary care usage
- e. All of the above

9. Health savings accounts will impact healthcare by pulling the healthiest people out of the insurance pool.

- a. True
- b. False

10. Other trends impacting managed care and disease management are:

- a. Consumer-driven health plans
- b. Overwhelming burden of chronic diseases
- c. Development of technology
- d. All of the above

11. New tools available now to begin changing patient and provider behavior include:

- a. Electronic medical records
- b. Practitioner report cards
- c. Web-based monitoring programs
- d. All of the above

DISEASE MANAGEMENT ANSWER SHEET

There is only one correct answer per question.
Circle your answers clearly.

1. a b

2. a b

3. a b

4. a b

5. a b c d

6. a b

7. a b

8. a b c d e

9. a b

10. a b c d

11. a b c d

ACTIVITY EVALUATION

1. Please evaluate this activity based on the following scale:

4 Excellent 3 Good 2 Fair 1 Poor

Activity met my expectations

4 3 2 1

Activity was free of bias

4 3 2 1

Activity content was understandable

4 3 2 1

Presenters were free of bias

4 3 2 1

Method of learning was beneficial

4 3 2 1

I will change my practice patterns by (please specify):

My practice patterns will not change.

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