

# Extracting High-cost Claimant Waste

June 16 | 3:50 PM - 4:45 PM ET



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#NASUMMITS

# The Problem:

- ❑ High Cost claims escalating at a disproportionate rate for the last 10 years.
- ❑ Employer don't have the resources to discover/address these claims with specialized resources across the many circumstances that contribute to these risks.
- ❑ Risk Financing tools aren't up to the task.

## Finding Solutions:

### The National Alliance Sub-C on High Cost Claimants

1. Defining, identify and reporting on high cost claimants
2. Develop strategies for steerage, site of administration & care coordination
3. Address supply chain, payment models and bullet-proofed plan design
4. Evaluate risk financing models

#### Operating and Unifying Principles for Solutions and Strategies:

The Triple Aim:

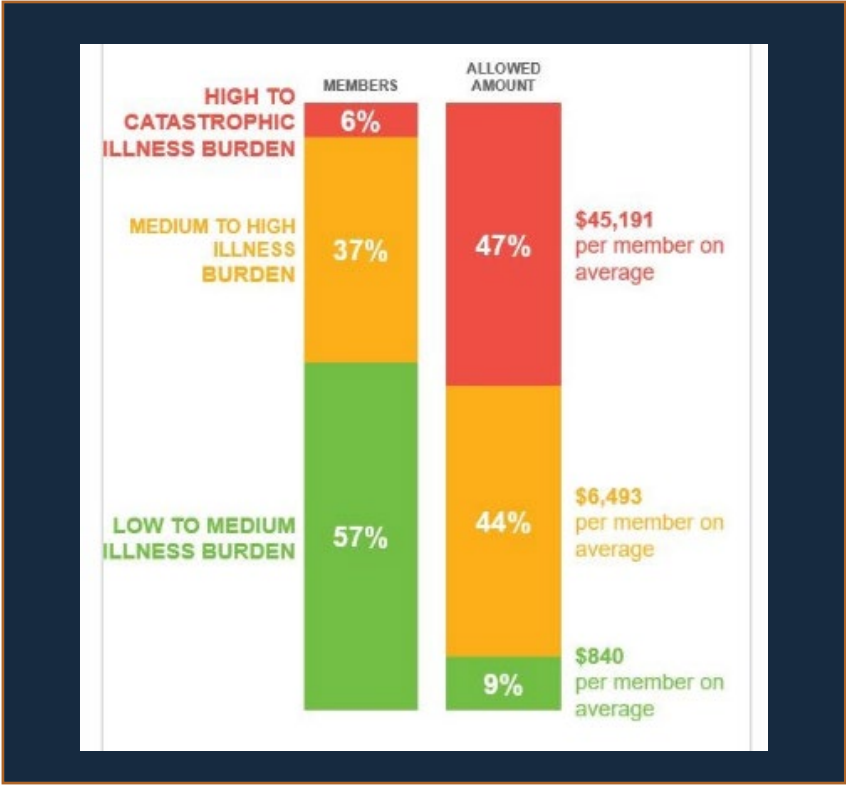
Improve quality of care  
Improve patient experience  
Reduce healthcare spending (cost)

Value rubric: Incenting the use of  
the right provider at the right  
place at the right cost. Aligned  
incentives.

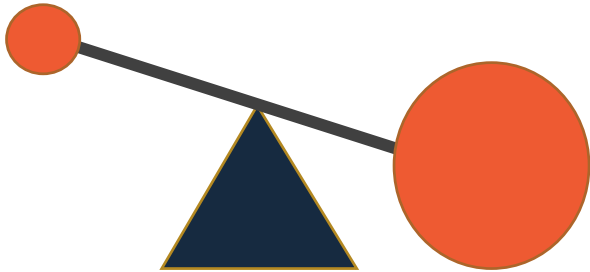
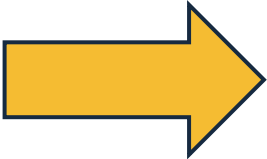
# Extracting High Cost Claimant Waste

Identifying Cost Centers That Drive Spend For Targeted Populations IS Key

# Health Plan Cost by Member Illness Burden



Source: Mercer FOCUS database for active employees and their dependents: \$8.5B in aggregate average annual costs and 1.6M members through June 2017  
Note: claims incurred July 2016 – June 2017



Disproportionate Share Cost Drivers:  
Key Area of Focus



# Hemophilia

- ✓ High Cost Claimant
- ✓ Approx. 2.5 x Higher than Avg High Cost Claimants
  - ✓ \$350,000 Annually
- ✓ 90% of Cost Associated with Treatment
- ✓ Rare Disorder
  - ✓ Lack of Knowledge About Hemophilia
  - ✓ Hand Over Strategic Direction to Healthcare Partners
    - ✓ Conflicts Can Exist
  - ✓ Receive Data to Show Management Performance
    - ✓ Is the Data Being Shared the Right Data



# Hemophilia Total Cost of Care Management Requires Understanding What Drives the Costs

- ✓ Site of Care
- ✓ Medication Management
  - ✓ Script
  - ✓ Assay Management
    - ✓ Target vs Actual Deviation (Requires Script Data)
    - ✓ Cost per Unit
- ✓ Prescription/Adherence Management
  - ✓ Days Supply
  - ✓ Auto Shipping Disabled
  - ✓ PRN Doses
    - ✓ Monthly PRN doses justified
    - ✓ Expiration management
  - ✓ Adherence Tracking Requirement





An aerial photograph of a large cable-stayed bridge spanning a body of water. The bridge has two tall, dark pylons with numerous white cables fanning out to support the deck. The water is a deep blue-green. A black rectangular text box is centered over the bridge deck.

# *Extracting High Cost Claims Waste*

Presented by  
Dr. Christine Hale


**LOCKTON DUNNING BENEFITS**





# *The Problem*

1. Small % of claims drive bulk of cost/volatility
2. Unlimited annual and lifetime maximums introduced significant new risk/volatility
3. New technologies like specialty pharmacy enable longer survival but introduce “known ongoing risk”
4. Data around large claims is largely opaque and/or not tied to action
5. Existing TPA/ASO models are not set up to address

An aerial photograph of a city, showing a complex highway interchange with multiple lanes and overpasses. The surrounding area is densely packed with buildings, including several tall skyscrapers. The image is used as a background for the text overlays.

# *The Myths of the Large/Complex Claim world*

*Myth 1*

Complex claims are largely a result of chronic/lifestyle related illnesses

*Myth 2*

DM/population health

*Myth 3*

this is what my stop loss coverage is for

*Myth 4*

My carrier/TPA is managing

*Myth 5*

There is nothing you can do about it





# *The What*

1. Get an inch wide and a mile deep
2. Start at the very beginning (including right diagnosis) and turn over every stone
3. Curate referrals to point solutions
4. Ask why and don't take no for an answer

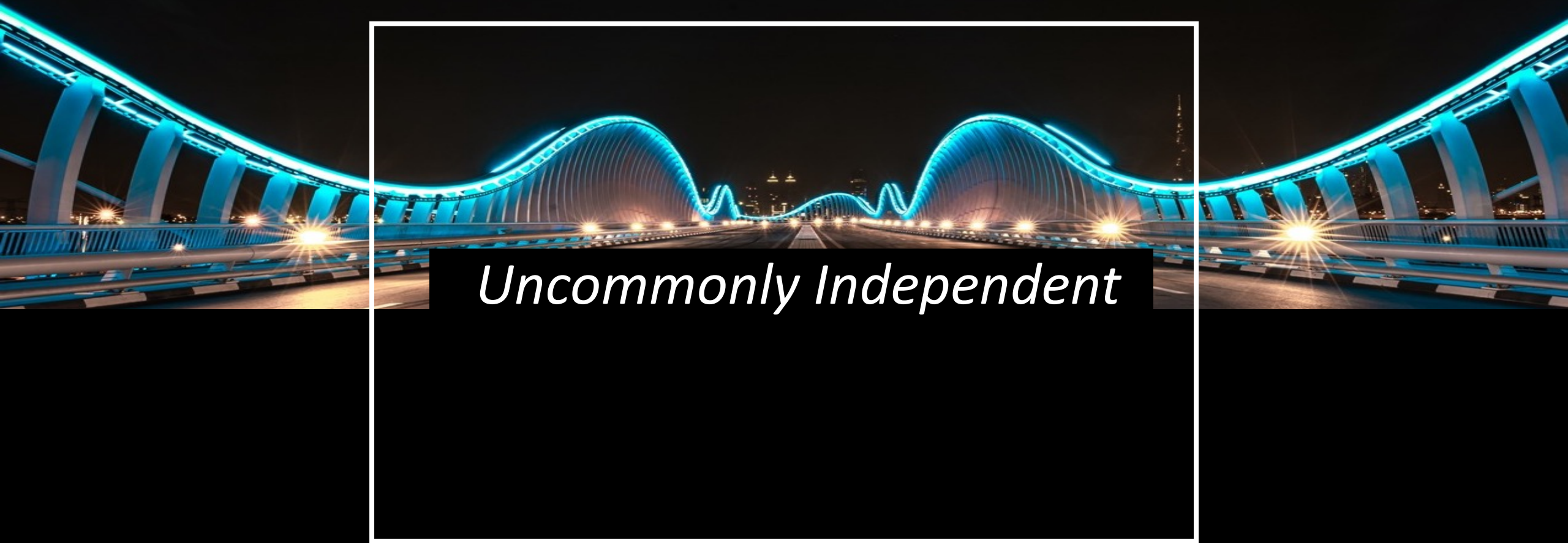


# *The How*

To really do this right, you need to bring a few things together:

1. Detailed data
2. Deep specialty clinical resources (MD, Rn, pharmacy)
3. Ways to reach claimants in need of support
4. Strong data science and actuarial Support





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# Extracting High Cost Claimant Waste

Proactive Strategies to Identify at Risk Employees and Drive Outcomes

# What Constitutes a High-Cost Claimant?

## HOW EMPLOYERS CAN IDENTIFY & TAKE ACTION

TOTAL COST OF CARE	HIGH – COST ALGORITHM
Pharmacy Claim + Medical Claim	Cost Threshold X Population Prevalence

# Actionable Data v. Big Data

## TAKE DATA FROM A WAREHOUSE TO THE REAL WORLD

- Let Data Drive Decisions
- Transition from Descriptive to Predictive Analytics
- Determine Risk, Focus Resources

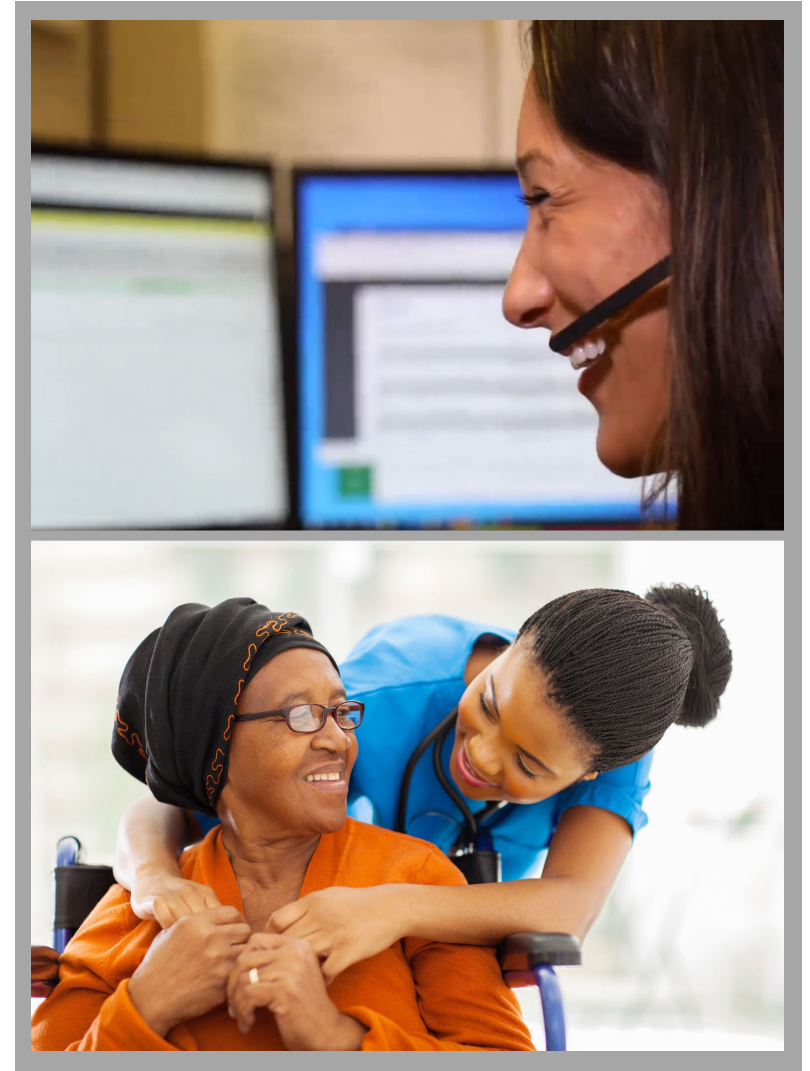




# Personalized Healthcare, Improved Outcomes

## HOW TO FUTURE-PROOF YOUR HEALTH STRATEGY

- Pareto Health
- Care Journey Optimization
- Partnerships Built On Outcomes
- Maintain Flexibility



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