



Plan Performance Reporting

Understanding financial performance,
Forward Risk, and Group Health Status

Today's Agenda

- PPR description
- How to do it
 - Standalone System?
 - Resources
 - Cautions
 - Examples

What is It?

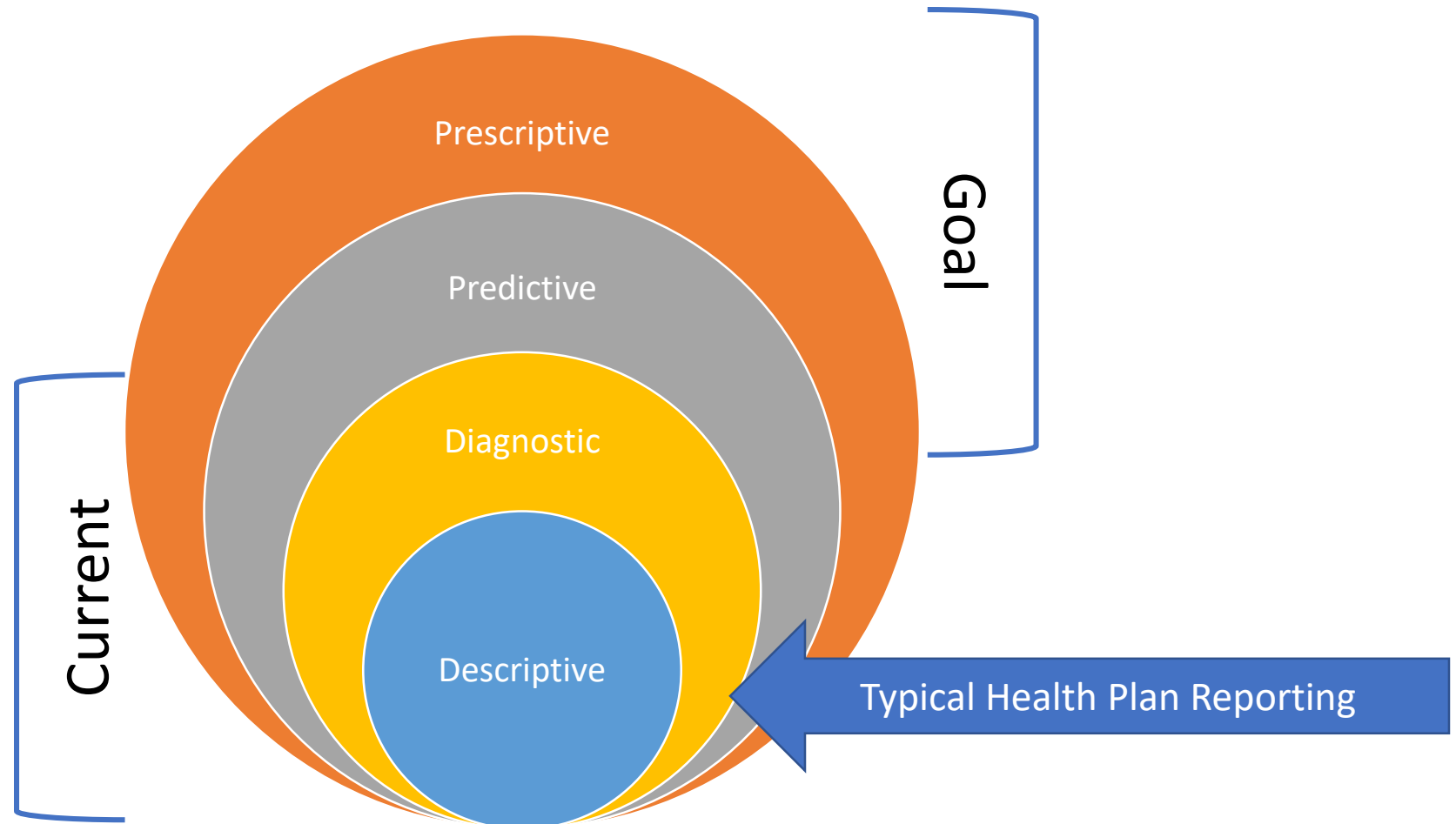
An analytic process that always evaluates:


- Group demographics;
- Current and historical financial performance;
- Utilization and cost of services and drugs; and,
- Large Claimants and some aspects of group risk.

An analytic process that sometimes evaluates:

- Group health status (may include biometrics);
- Quality of care;
- A more Comprehensive group risk profile;
- Relative plan value and comparison; and,
- Third party vendor and/or program performance.

How is PPR evolving?

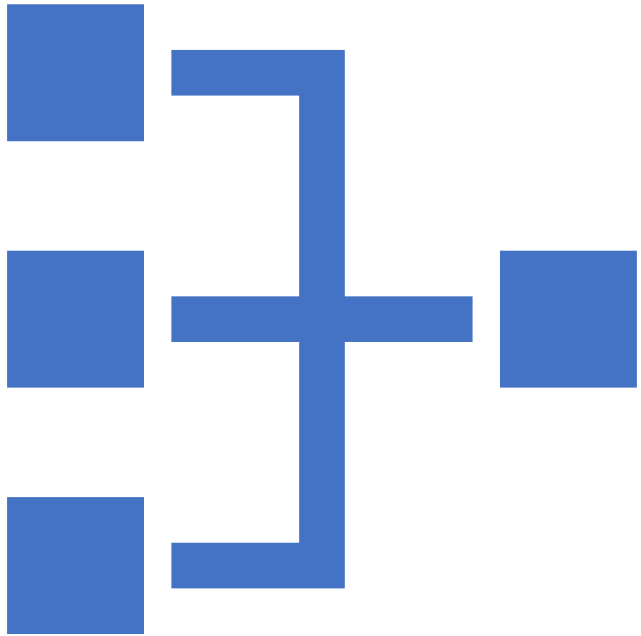




How Much
Does it matter
to My
Company?

Depends on corporate culture...

- Senior management attention;
- Data driven planning and decision-making processes; and,
- High priority for improving employee health and well-being.



System and Process

Things to Consider

Do We Need a Standalone System?

Probably

- Membership > 500 – 750;
- Self-insured;
- Benefits out-to-bid frequently;
- Multiple Plan designs;
- Multiple vendors (health plan, PBM, health management);
- Large Claimant or cost/quality issues; and,
- Limited Plan/vendor reporting.

Probably Not

- Membership < 250 – 500;
- Fully-insured;
- Infrequent carrier changes;
- Few plan designs;
- Medical and pharmacy benefits with a single health plan;
- Stable membership and plan performance;
- High quality plan reporting.

Why you might want a standalone System...

	Prior	Current	YOY Change	Percent of Current Total
Total Spend	\$1,373,857	\$2,435,308	+77.3%	-
Total Medical	\$1,024,057	\$1,917,433	+87.2%	78.7%
Total Pharmacy	\$349,801	\$517,875	48.0%	21.3%
Medical Paid Per Member	\$1,894	\$2,577	+36.1%	-

If so, Which
One?

Which one is less important
than whether it's used.

- Multiple systems with varying capabilities on the market;
- Should select a system that best matches your company and reporting requirements;
- Broker assistance required during decision.
- Consider BAN informatics partners.

What are
the Pros
and Cons?

Pros:

1. Improved “Why” and “What if” capabilities;
2. Long-term view: Maintains a cross-carrier integrated long-term database;
3. Flexibility re: reporting format and schedule.

Cons:

1. Learning curve, especially at front-end;
2. Requires dedicated resource (broker-provided and/or internal);
3. Resource requirements and cost increase with number of groups in system.
4. May need clinical resource.
5. Somebody needs to interpret the data and curate reports.



What to focus on

1. Providing accurate reliable management reports that are more robust than plan reporting.
2. Identifying root causes of plan performance issues that have practical actionable solutions.

Common Mistakes



Don't have an in-house resource or leader.

Just show eye-candy. Pay relatively less attention to analysis interpretation.

Over Customization

Avoid creating a unique report format for each plan, group, or business unit (except for logos).

Use standard metrics.

Use a common baseline (summary) format and add sections required by individual units. Try to “reuse” sections across groups.

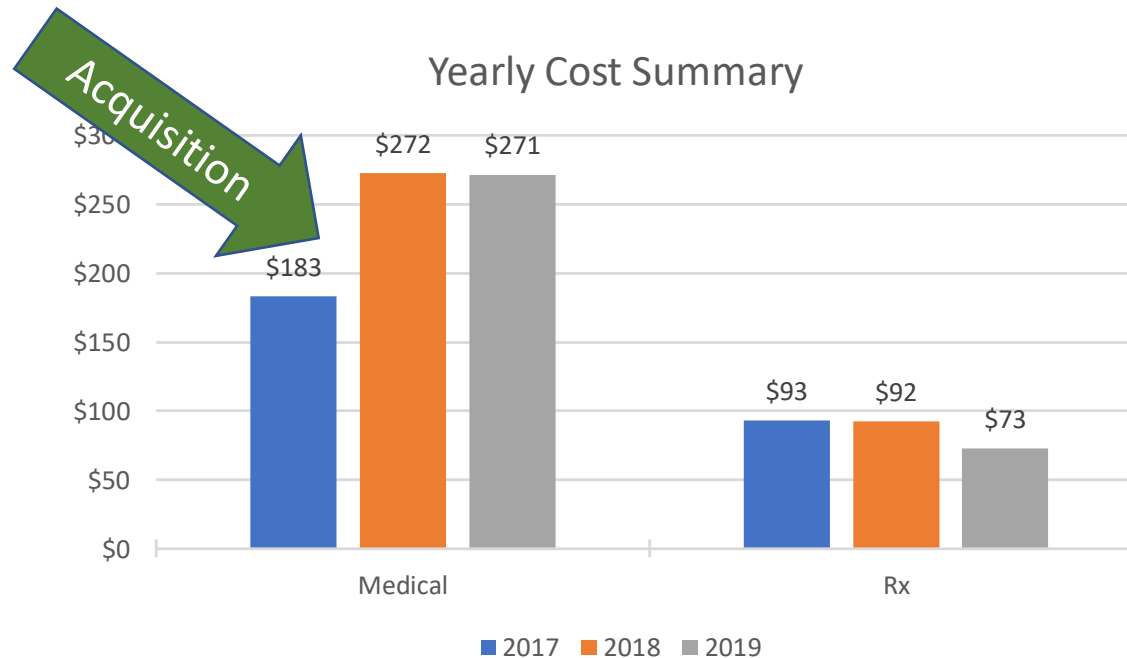
Data Stuff

- Use judgement when evaluating changes in metrics. Just because numbers are different, don't assume they are significantly different!
- Don't misinterpret random variation ("noise") as trend. Most of what we call "trend" is actually "change".
- Understand the definitions of "norm" or "benchmark" in plan reports. They are frequently misused (benchmark actually means best observed (not average) performance) and vary from plan to plan.
- For efficiencies sake, don't overanalyze value variances that are not material to plan performance or member health (example: moderately elevated ER Visit rate).

Trend- What is it?

How Should it be measured?

Trend Measurement (Cautions)

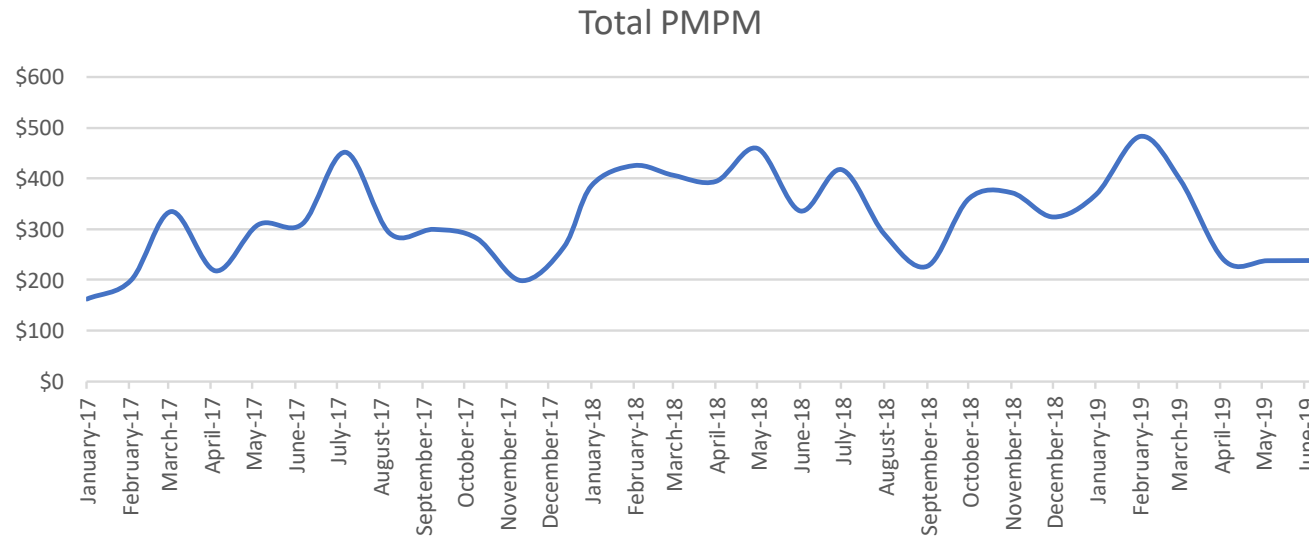


The costs in this case are looking at different member populations. Take care when budgeting.

Acme Medical Costs PMPM have been at market and stable over the past two years despite market medical trend being 5% - 8%. Acme Pharmacy Costs PMPM are lower than market and have decreased by 20% since 2018. Market pharmacy trend over that period has been 6% - 10%.

Year to Year comparisons are less reliable than usual due to Acme's rapid increase in membership and short 2019 plan year.

Trend Measurement (Cautions)



Early to mid-2018 claims volatility was low. Moderate Claims volatility has occurred over the last twelve months. **We suspect that the cost spike in early 2019 is related to Large Claimant activity.**

High volatility makes trend estimates unreliable.

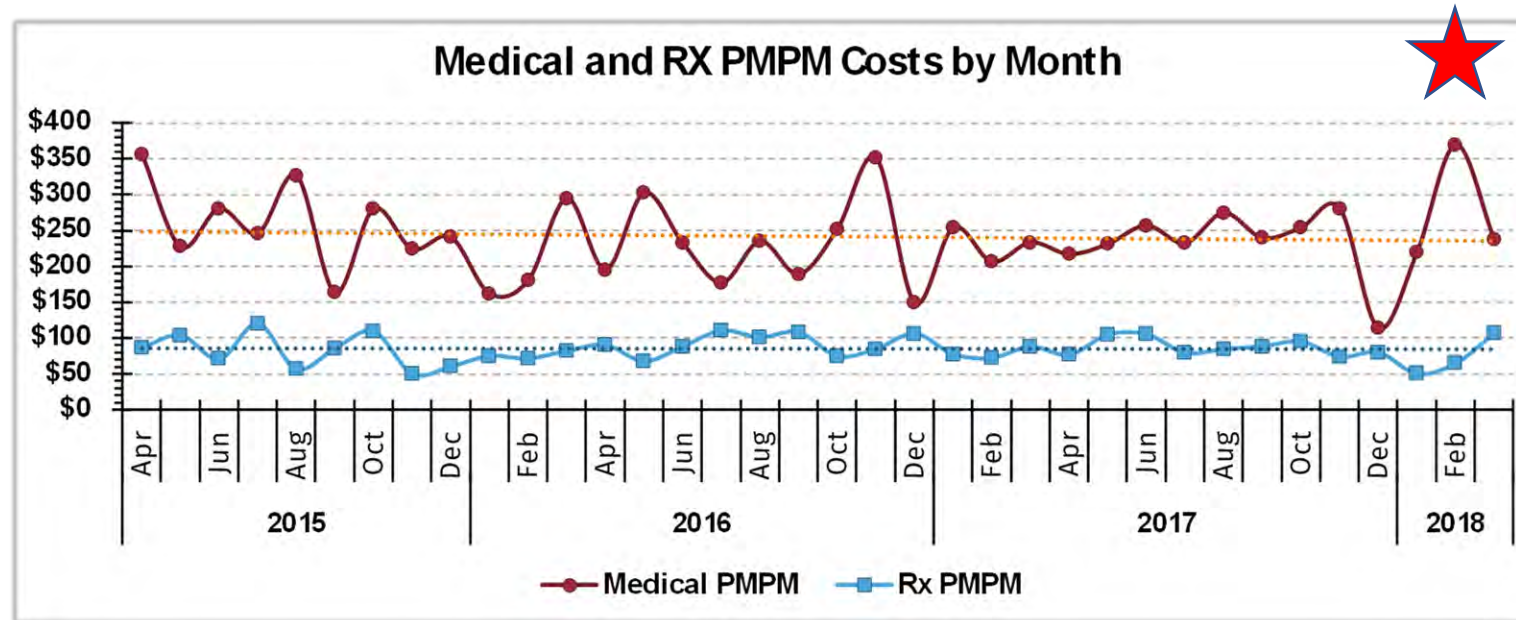
Early to mid-2018 claims volatility was low.

High claims volatility has occurred over 2019. **This volatility makes measuring trend from 2018 – 2019 unreliable.**

What are the Implications for:

1. Budgeting;
2. Fully- Insured Renewals; and,
3. Stop-loss renewals?

More on Trend...



Medical cost volatility was relatively high. This volatility accounted for the increase in PMPM claims in the first part of 2018. **Medical trend (dotted line) was slightly negative over the periods.**

Pharmacy cost volatility was low. **Trend was flat.**

Examples and Tips: Analyses, and Report Exhibits

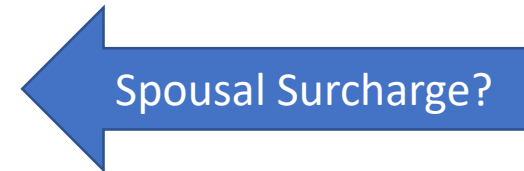
Demographics

What Matters?

Relationship- Simple Look

Relationship	% Members	% Paid	Avg PMPY	Variance
Employee	48.0%	41.7%	\$5,257	-13%
Spouse	16.1%	38.6%	\$14,498	140%
Dependent	35.9%	19.7%	\$3,320	-45%
Total	---	---	\$6,050	0%

Relationship	Total Cost	% HCC ¹
Employee	\$2,815,925	34.9%
Spouse	\$2,606,588	65.1%
Dependent	\$1,330,305	31.5%
All Members	\$6,752,818	45.9%

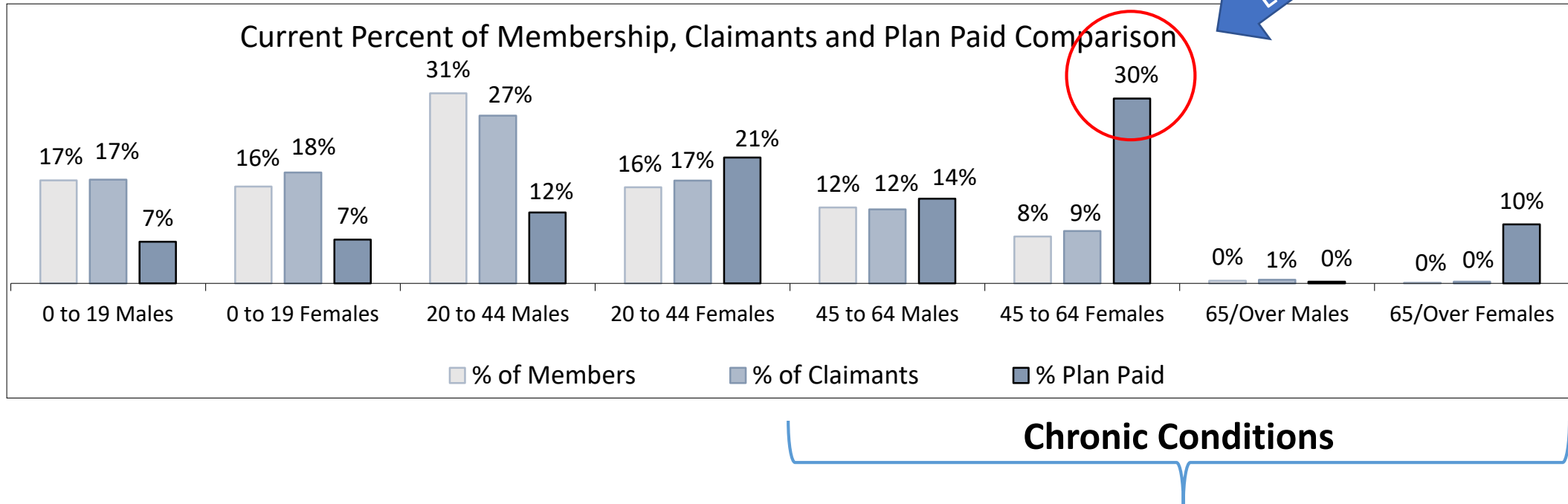


¹% of costs due to High Cost Claimants ("HCCs")

Although spouses only accounted for 16.1% of members, they accounted for 38.6% of costs.

This disproportionate cost contribution was in large part due to costly spouse HCCs.

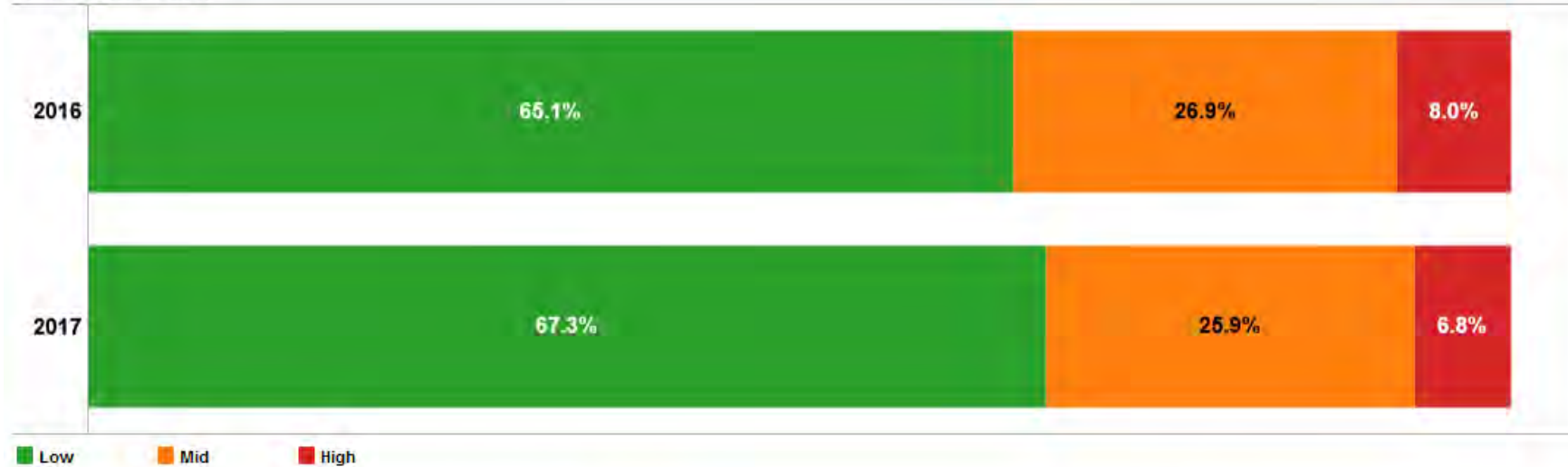
Age Distribution: Good Plan Analysis



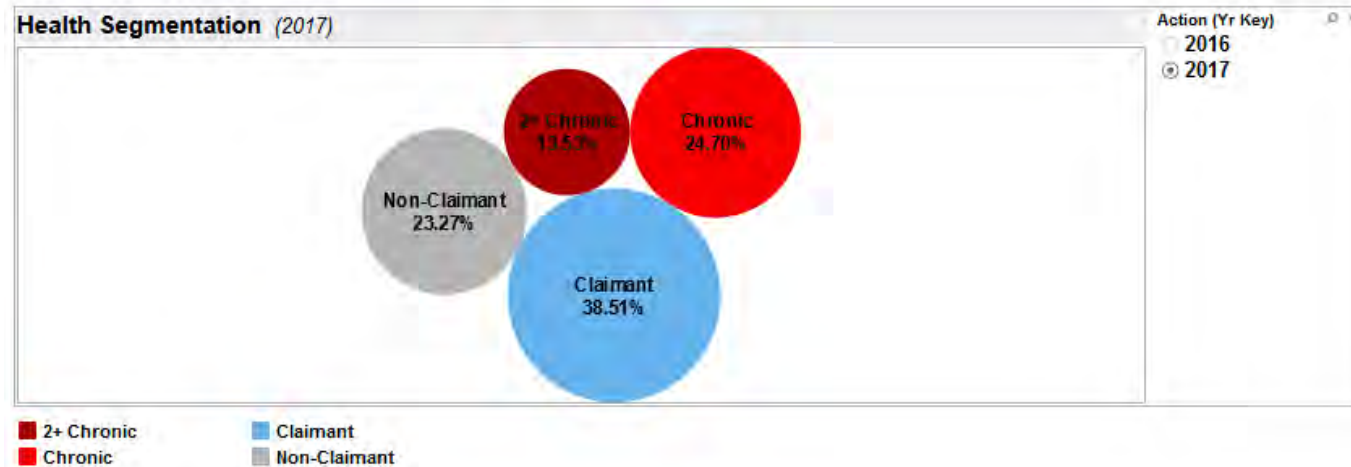
Member Risk and Health Segmentation

Summary View

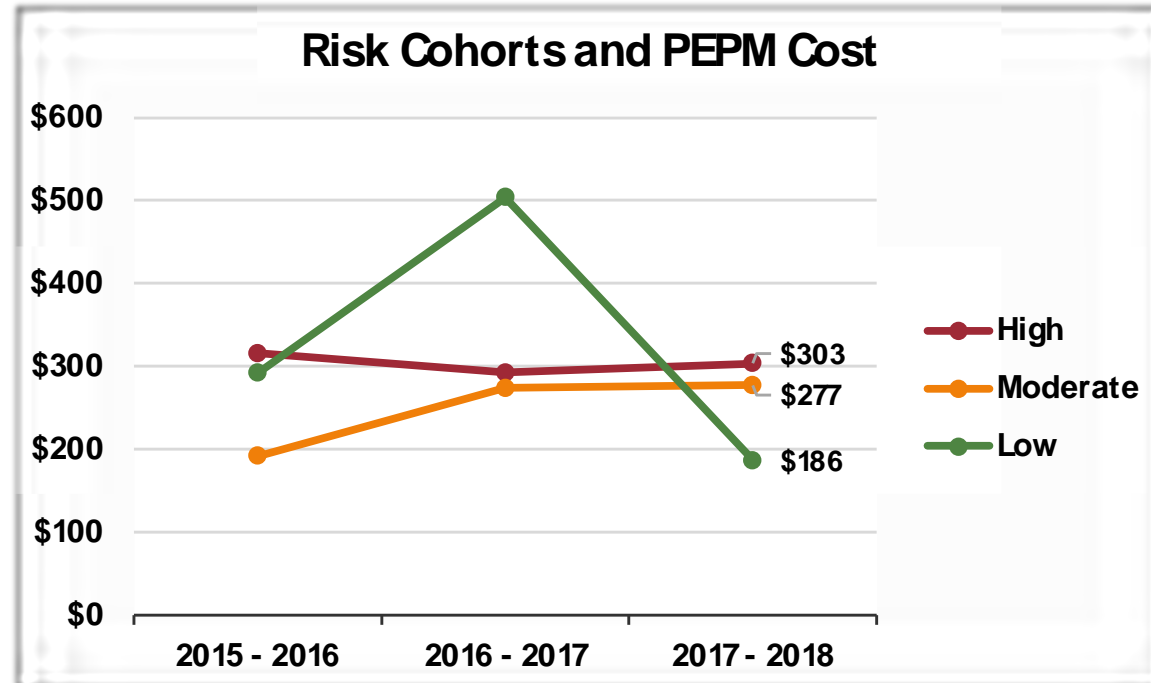
Risk Segmentation



Health Segmentation (2017)



Another Way...



Costs for High and Moderate Risk cohorts have been stable.
Costs for the Low Risk cohort have decreased significantly year over year.

Another Way...

	Cost Cohort	% Claimants	% Paid	Avg PMPY		
				Acme	Benchmark	Variance
Healthy	\$0 to \$999	72.6%	5.5%	\$240	\$230	4.3%
	\$1,000 to \$1,999	8.6%	3.8%	\$1,413	\$1,356	4.0%
	\$2,000 to \$2,999	4.2%	3.2%	\$2,476	\$2,391	3.4%
	\$3,000 to \$3,999	2.6%	2.8%	\$3,456	\$3,354	3.0%
	\$4,000 to \$4,999	1.9%	2.6%	\$4,498	\$4,380	2.6%
Chronic Conditions	\$5,000 to \$9,999	4.2%	9.2%	\$7,060	\$6,372	9.7%
	\$10,000 to \$24,999	3.3%	15.5%	\$15,076	\$12,507	17.0%
Complex Chronic Conditions	\$25,000 to \$49,999	1.7%	17.9%	\$33,847	\$28,999	14.3%
HCCs	\$50,000 to \$74,999	0.6%	10.9%	\$61,735	\$56,747	8.1%
	\$75,000 to \$99,999	0.1%	2.6%	\$88,085	\$83,271	5.5%
	\$100,000+	0.4%	25.9%	\$195,488	\$139,764	28.5%

72.6% of claimants incurred claims <\$1,000 in the most recent 12 months. The health status of these members is uncertain. Individuals with chronic, complex chronic, and catastrophic conditions had higher than benchmark costs.

This combination of findings suggests that a significant percentage of this cost cohort may be “skipping” preventive care and care for chronic conditions.

Large Claimants: Typical Plan Reporting

HCC Only	HCC Prior	HCC Current	YOY Change
Number of HCC Claimants	3	3	0%
Medical Paid for HCC	\$234,046	\$579,899	147.8%
Average Paid per Claimant	\$78,015.38	\$193,299.54	147.8%
% of Total Medical Paid	22.9%	30.2%	7.4%
Total Medical Net of HCC	Net of HCC Prior	Net of HCC Current	YOY Change
Medical Paid Per Member	\$1,461	\$1,798	23.0%
Inpatient Paid Per Member	\$213	\$363	70.7%
Ambulatory Paid Per Member	\$1,248	\$1,435	14.9%

Better?: Large Claimant Forward Risk

	Claimant ¹	Cost 2019 YTD	Diagnosis	Forward Risk ²	Comment
Large Claimants	Claimant 1	\$171,189	Sepsis	Low	Should have recovered
	Claimant 2	\$139,946	Diabetic Foot Wound	Moderate	Possibility of future recurrence/complications
	Claimant 3	\$53,914	Osteomyelitis (Foot)	Moderate	Possibility of future recurrence/complications
At Risk	Claimant 4	\$30,627	Chrohn's Disease	High	Generally treated with specialty drugs (annual cost \$50,000 - \$75,000)

¹ Large Claimant >\$50,000 in current period; At risk >\$25,000 with risk diagnosis

² Risk of exceeding \$50,000 in forward 12 mos

For 2019 Claimants:

Claimant #1: Sepsis is a temporary condition resulting in either cure or death. Since one of those outcomes has likely already occurred, this Claimant is at low risk for incurring significant forward costs.

Claimant #2 has a diabetic foot wound. This condition generally requires complex costly surgery and prolonged antibiotic treatment. Based on YTD costs, we suspect that surgery has already occurred.

Claimant #3 has osteomyelitis (bone infection) of the foot which often occurs in diabetics. This condition also requires complex costly surgery and prolonged antibiotic treatment. Based on YTD costs, we suspect that surgery has already occurred.

Claimant #4 will incur moderate annual costs indefinitely due to specialty drug treatment.

Overall, based on current Claimants, forward Large Claimant risk is average. No potentially catastrophic Claimants are noted.

Drug Use



Metric	Prior	Current	Trend	Benchmark	Variance
Scripts/ 1,000	9.1	7.0	-23.1%	8.3	-15.7%
Paid/ Script	\$124	\$138	11.5%	\$114	21.3%
Generic % (Scripts)	85%	85%	0.1%	85%	0.0%
Days Supply/ Script	27.69	32.98	19.1%	32.52	1.4%

Scripts per 1,000 members decreased year over year. This metric was also lower than benchmark raising the possibility that members were not filling scripts appropriately.

Days' Supply per Script rose, suggesting that more members were filling 90 day scripts (a positive finding).

Pharmacy: Drug Classes

Therapeutic Category	Top 3 Drugs	Cost	Cost PMPM	Cost/ Script	PMPM Trend
Autoimmune Drugs	HUMIRA PEN	\$195,981	\$7.03	\$4,780	-5.8%
	HUMIRA	\$53,165	\$1.91	\$4,090	-6.7%
	XELJANZ	\$44,978	\$1.61	\$3,748	28.1%
Diabetic Drugs	HUMALOG	\$44,691	\$1.60	\$1,090	164.7%
	TRULICITY	\$39,045	\$1.40	\$751	232.0%
	LANTUS SOLOSTAR	\$31,413	\$1.13	\$491	11.4%
Neurologic Drugs	XYREM	\$156,274	\$5.61	\$13,023	13.2%
	GILENYA	\$89,673	\$3.22	\$7,473	128.0%
	AMPYRA	\$27,471	\$0.99	\$2,289	40.8%
Cancer Drugs	IBRANCE	\$143,133	\$5.14	\$11,010	189.8%
	STIVARGA	\$16,399	\$0.59	*	0.0%
	TEMOZOLOMIDE	\$11,104	\$0.40	\$1,388	6.7%
Skin Drugs	STELARA	\$79,151	\$2.84	*	130.8%
	ABSORICA	\$12,274	\$0.44	\$2,046	230.4%
	DUPIXENT	\$8,173	\$0.29	*	0.0%

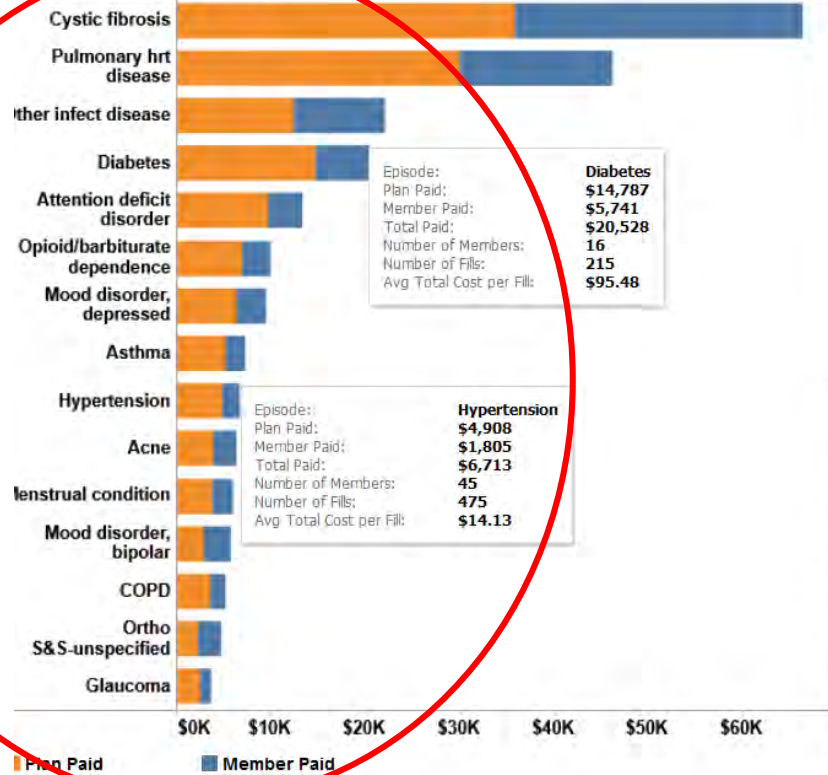
*Small numbers; redacted for HIPAA Compliance

The diabetic drug class ranked second (unusually high), and trend for these drugs was high as well. Antidiabetics are forecast to rise at double-digit rates for the foreseeable future.

Neurologic drugs (multiple sclerosis) also ranked high and showed high trend (an expected finding).

A Better Way?

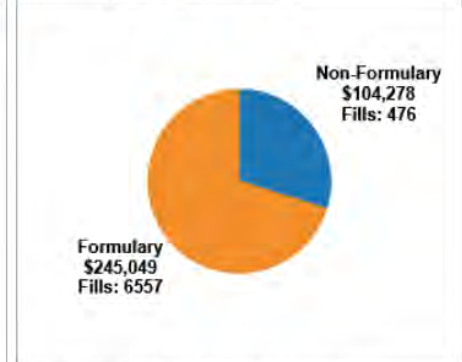
Top 15 Conditions by Rx Cost



Diabetes
 Episode: \$14,787
 Plan Paid: \$5,741
 Member Paid: \$20,528
 Total Paid:
 Number of Members: 16
 Number of Fills: 215
 Avg Total Cost per Fill: \$95.48

Hypertension
 Episode: \$4,908
 Plan Paid: \$1,805
 Member Paid: \$6,713
 Total Paid:
 Number of Members: 45
 Number of Fills: 475
 Avg Total Cost per Fill: \$14.13

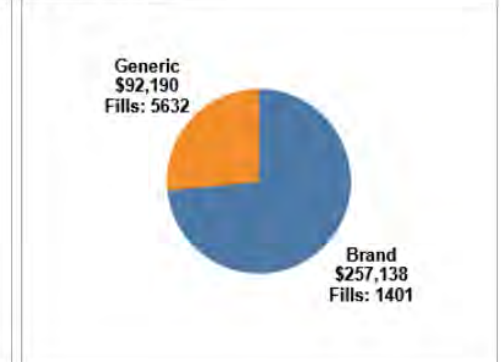
Formulary / Non-Formulary



Mail Order / Retail



Brand / Generic



Top 15 High Cost RX Script by Condition

Episode Short Desc	Avg Rx Total Per Member	Distinct Members	Avg Rx Total Paid Per Claim	Number Of Claims
Pulmonary hrt disease	\$46,256	1	\$2,721	17
Cystic fibrosis	\$33,155	2	\$754	88
Ortho S&S-unspecified	\$4,772	1	\$1,591	3
Other infect disease	\$3,159	7	\$567	39
Leukemia	\$2,827	1	\$58	49
Opioid/barbiturate depende..	\$2,494	4	\$262	38
Glaucoma	\$1,851	2	\$76	49
COPD	\$1,737	3	\$200	26
Psych & schizo disorder	\$1,458	2	\$42	69
Mood disorder, bipolar	\$1,450	4	\$100	58
Cataract	\$1,335	2	\$334	8
Diabetes	\$1,283	16	\$133	154
Mal neo GU exc prostate	\$1,035	1	\$49	21

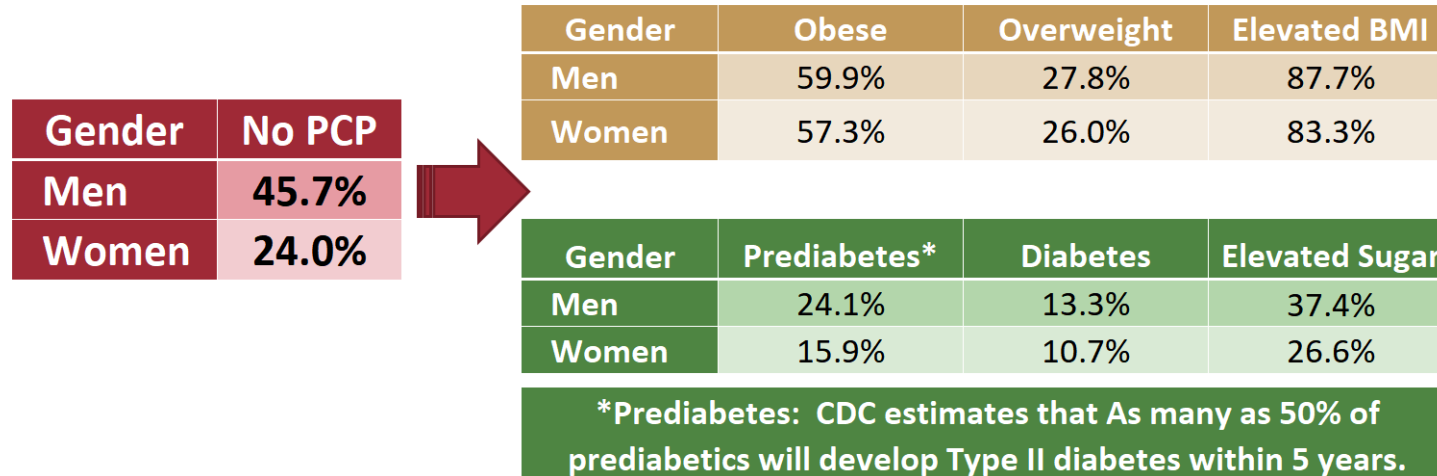
\$1,027 \$46,256

Measuring Quality

Indicator	Percent Compliant	
	Acme	Norm
Mammography Screening	55%	45%
Colon Cancer Screening	30%	30%

- EBM guidelines change frequently. Are yours up to date?
- Is there a continuous enrollment requirement?
- Is the “Norm” good enough?

Look Across Metrics...



- PCP engagement is low for both men and women, but particularly low for men (market average 20%).
- In addition, men tend to have higher rates of elevated BMI and important linked conditions (diabetes example here).

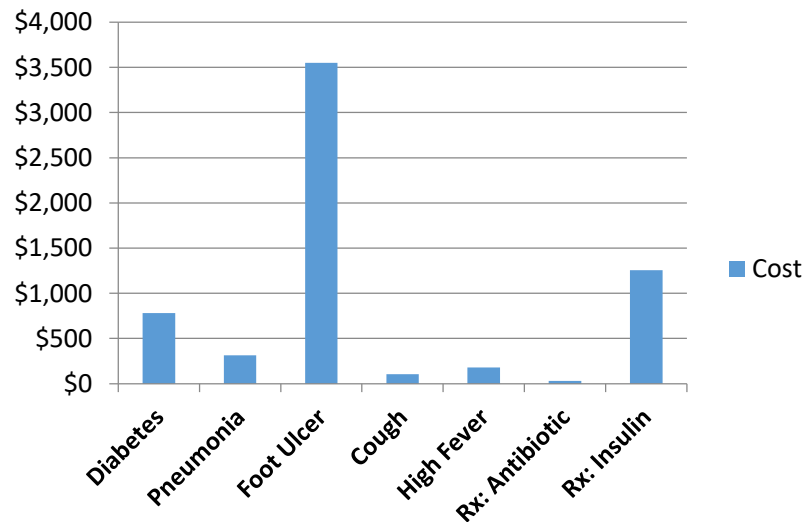
Extra Features

Claims Grouping Intelligence

Example: Member 5512, Incurred Claims 7/1/2017 to 12/31/2018

Before

Diagnosis / Rx	# of Claims	Total Cost
Diabetes	3	\$780
Pneumonia	2	\$315
Foot Ulcer	3	\$3,550
Cough	2	\$105
High Fever	3	\$180
Rx: Antibiotic	1	\$29
Rx: Insulin	3	\$1,255
TOTAL	17	\$6,214

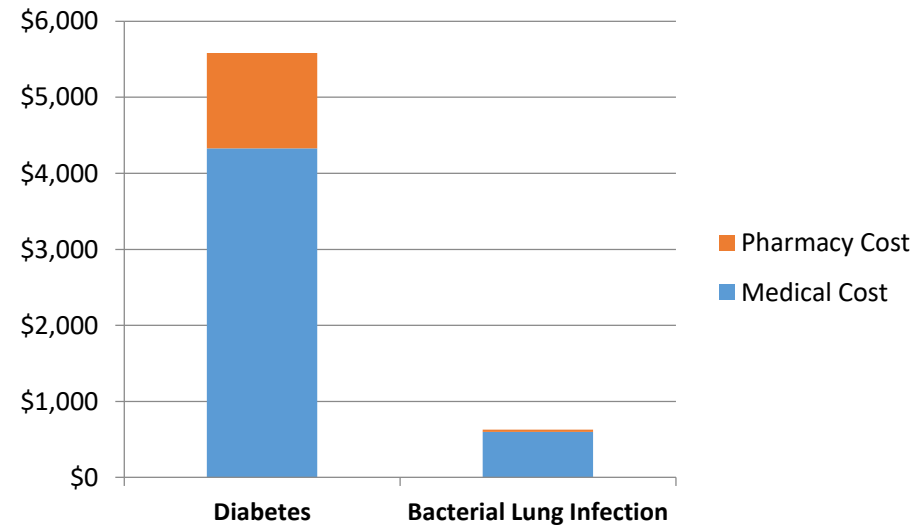


After

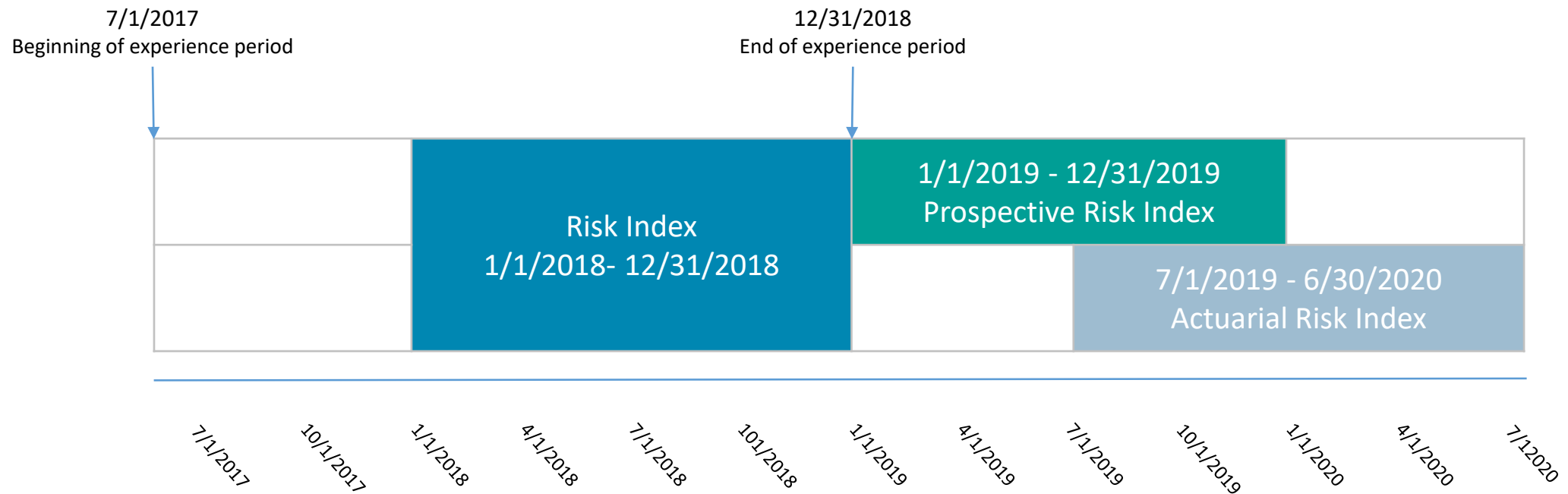
Episode #1	# of Claims	Total Cost	Severity	Active?
Diabetes	9	\$5,585	3 out of 4	Yes

Episode #2	# of Claims	Total Cost	Severity	Active?
Bacterial Lung Infection	8	\$629	1 out of 2	No

TOTAL	17	\$6,214
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Risk Grouping Intelligence : A Timeline Example



ERG example using a group with medical and pharmacy claims data, paid from 7/1/2017 to 12/31/2018

“Extra Feature”: Plan Design Modeling

Plan Cost Shift: \$322,293.84 ReInsurance Savings: \$0.00 Members Affected: 195 out of 1,150 (17 % of Membership)

Cost Shift

Members Affected

Members Negatively Affected 195 (17 % of Membership)

Members Positively Affected 825 (72 %)

Members Not Affected 86 (7 %)

Total Claimants 1,106 (96 %)

Members Without Claims 44 (4 %)

Total Members 1,150

[Member Summary](#)

[Tiers - New Plan Design](#)

[Tiers - Baseline Design](#)

Member Count (Negatively Affected)

Name	Co-Pay	Deductible	Separate Deductible	Co-Insu...	Not Covered	Total
Single	0	83	0	7	0	14
Family	0	477	0	63	0	181
						195

Member Count (Positively Affected)

Name	Co-Pay	Deductible	Separate Deductible	Co-Insu...	Not Covered	Total
Single	0	139	0	80	0	208
Family	0	202	0	627	0	617
						825

Plan Paid Shift

Name	Co-Pay	Deductible	Separate Deductible	Co-Insurance	Not Covered	Total
Single	\$0.00	\$21,957.67	\$0.00	\$8,891.46	\$0.00	\$10,034.30
Family	\$0.00	\$214,522.96	\$0.00	\$67,616.17	\$0.00	\$124,161.25
						\$134,195.55

Thank You