

Creating a Positive Impact on Medical & Pharmacy Programs Through Value Based Decisions

September 18, 2020

F. Randy Vogenberg, PhD
Principal & Board Chair





Overview

- Trends in Brief
- Considerations
- Opportunities
- Assessing Value in Real-world
 - Case example
- Crystal Ball, Summary, Q&A

Trends in Brief

- **40% of Americans continue to avoid care, Existing employer concern about the long term implications**
- Underspending 2020 health benefits budget as care cost trends continue to rise cause need to plan differently going forward
- There is no “best” framework to assess & manage for value
 - They all have strengths and limitations; use multiple frameworks and tools to assess value
 - No single program or solution; vendor collaboration and data integration more essential

Furloughs, Layoffs, and Patient Concerns Impacting 2020 Employee Care Utilization Not a Change in Benefit Design

49.4%	ME
47.7%	OR
46.5%	NM
46.0%	WA
45.7%	VA
44.6%	AL
44.5%	AK
42.9%	MI
42.8%	IL
42.6%	NV
42.2%	VT
41.6%	MO
41.6%	OK
41.6%	SC
41.6%	WY
41.4%	OH
41.3%	MD
41.2%	CA
41.1%	CO
41.0%	MA
41.0%	TX
40.9%	MN
40.9%	TN
40.1%	GA
40.0%	MS

From **Bad** to **Worse** for
Employer Benefit Planning
2020-2021

40.0%	PA
39.6%	MT
39.4%	WV
39.2%	KS
38.9%	AZ
38.9%	IN
38.2%	RI
38.1%	NJ
37.9%	FL
37.5%	DE
37.5%	NY
37.1%	CT
37.0%	AR
36.0%	LA
35.9%	WI
35.4%	HI
35.1%	NH
35.1%	SD
34.6%	UT
34.1%	ID
33.9%	NC
33.8%	KY
32.8%	IA
32.0%	NE
30.3%	ND

Trends in Brief

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Considerations

- Available, transparent and reliable data, meaningful measures
- Patient / member centered
- System-wide perspective, holistic view of clinical care and economics
- Underlying method(s) validated, sound, and impact on members is understood
- Output is NOT confusing, impacts clear and actionable

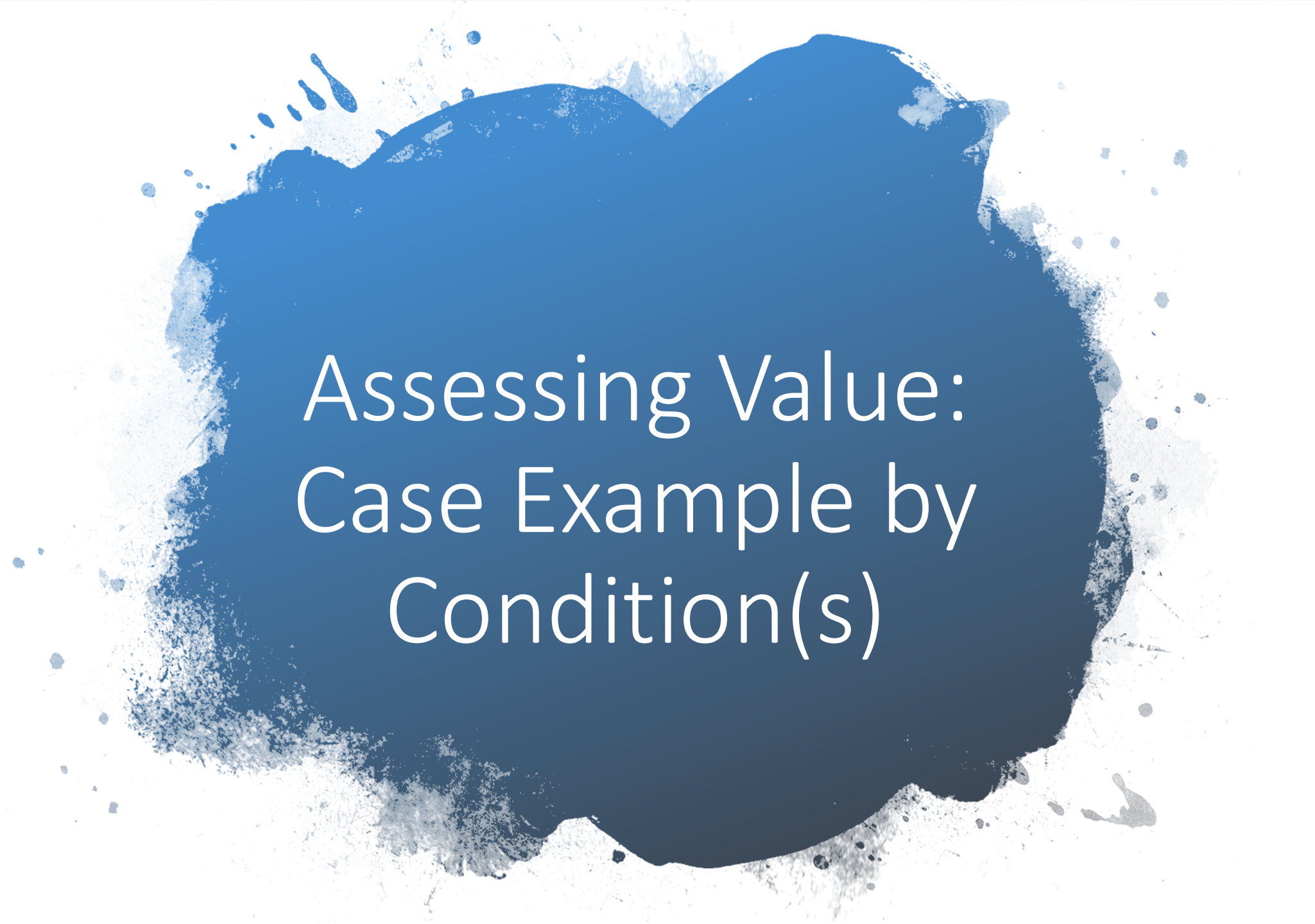
Key Opportunities

General

- 2 to 20 % of covered population
- 10 to as much as 40% savings or more depending on experience
- Devices, Diagnostics, Drugs

Specific

- Biosimilars
- Chronic conditions: post-op pain, sinusitis, migraine, oncology & immunology
- Prevention - vaccinations



Assessing Value: Case Example by Condition(s)

Self-funded/Employer *Purchaser Analysis Tool*™



**Aligning Strategy with
Tactical Benefit Planning:
Modeling Change**

**Model Screenshots
February 14, 2019**

Purchaser Analysis Tool for Generic Disease

Covered Population Characteristics

On this page, we will gather a couple of key characteristics of your covered population.

[Employees](#) [Members](#)

Number of Covered Employees
Approximate number of covered employees:
10000

Number of Members
Approximate number of members:
30000

Covered Employees' Age
Please enter the percentage of your covered employees that falls within each age category specified.

Percent 25-44 years of age: 40%

Percent 45-64 years: 40%

Percent 65+ years: 20%

Covered Lives' Age
Please enter the percentage of your members that falls within each age category specified.

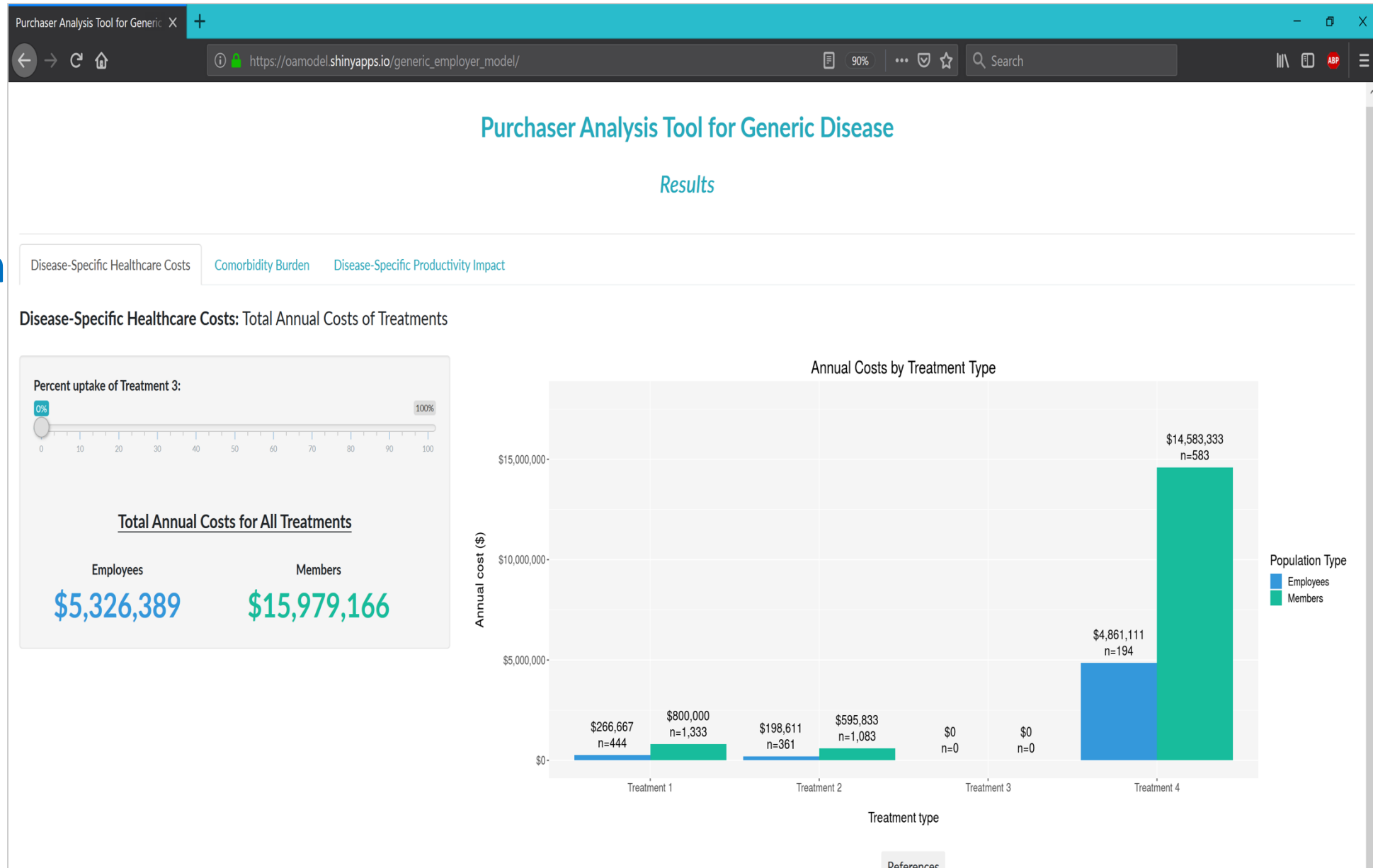
Percent 25-44 years of age: 40%

Percent 45-64 years: 40%

Percent 65+ years: 20%

References

- Key Population Characteristics
- Relevant to Benefit Design and Treatment of Condition



- Specific Condition
- Specific Estimate For Your Population
- Total Annual Care Costs
 - Employees
 - All Insured

- Other Relevant & Related Conditions – comorbidity
- Employees and All Insured

Purchaser Analysis Tool for Generic Disease

Results

[Disease-Specific Healthcare Costs](#)
[Comorbidity Burden](#)
[Disease-Specific Productivity Impact](#)

Comorbidity Burden: Estimated Number of Those with the Disease Having Common Comorbid Diseases

Employees		Members	
Comorbidity 1	Comorbidity 2	Comorbidity 1	Comorbidity 2
167	507	500	1,521

References

Page 5: Results

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Purchaser Analysis Tool for Generic Disease

Results

Disease-Specific Healthcare Costs Comorbidity Burden **Disease-Specific Productivity Impact**

Disease-Specific Productivity Impact: Estimated Annual Incremental Costs of Work Time Lost (pertains to employees only)

Absence	Sickness	\$558,642	
	Disability	\$5,027,779	References
	Other Paid Time Off	\$1,117,284	
Work Restrictions *		\$10,930,182	References
Total		\$17,633,887	

* Time lost due to work restrictions is defined as time that employees are present at work but are not actively performing work-related tasks due to their disease

Page 5: Results

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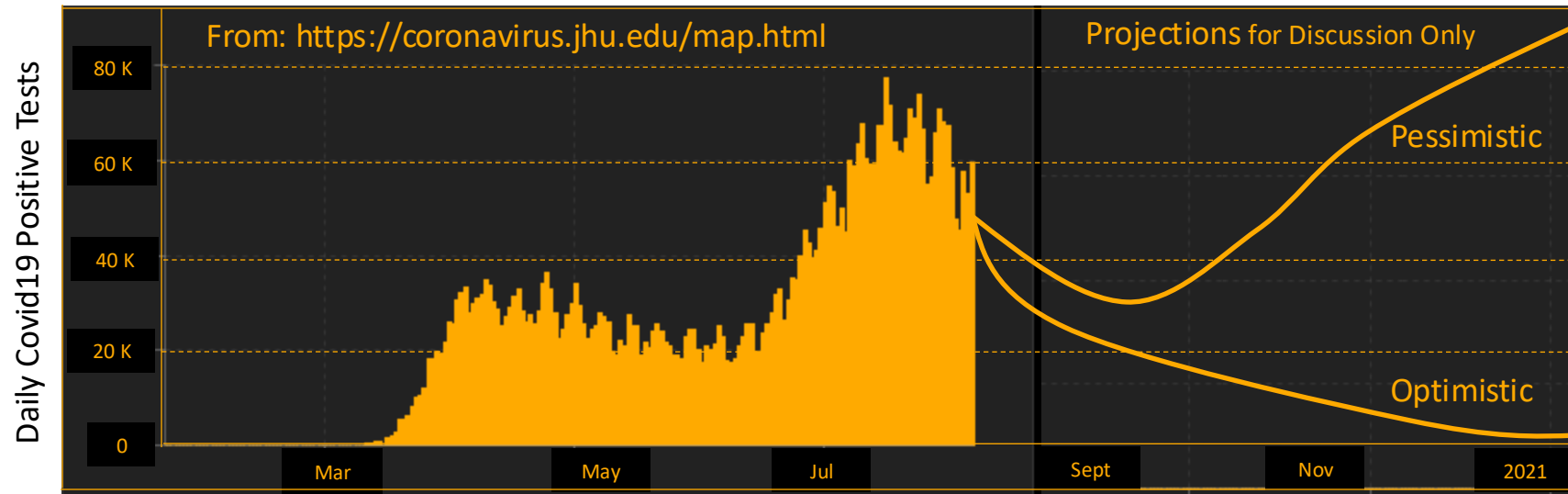
- Absence
- Work Restrictions (DoL)

Crystal Ball and Transition Forward



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Future Based on the “Crystal Ball” is Cloudy Uniquely Challenging to Prepare for 2020 to 2022



Positive Covid19 Tests in the US by Month and Day

Transition Substantial from 2020 to 2022

2020 Primary HR Benefit focus is “Back-to-Work” plan and implementation

2021 Benefit Designs are being finalized or ready to roll-out

Employers are Expecting Structural Changes – start 2021 then accelerate

- One care delivery permanent shift is Telemedicine^{1,2}
 - Reimbursement rates currently at parity, Application and Standards need to be clarified
- Other care benefit topics are increasingly relevant, shared / alternative risk arrangements
- Opportunity for provider leadership on safety & effectiveness in collaboration with employer

1. <https://www.cnbc.com/2020/04/03/telehealth-visits-could-top-1-billion-in-2020-amid-the-coronavirus-crisis.html>

2. <https://www.cdc.gov/nchs/fastats/physician-visits.htm>



Summary

- **Trends in Brief**
 - Clear that now is the time to take action and plan more
- **Considerations are well established**
 - Medical and Pharmacy Benefits require new strategies
- **Opportunities abound now**
 - Think strategically and holistically to extract plan value
- **Assessing Value in Real-world**
 - Case example showing process and actionable items
- **Q & A now or feel free to contact afterward**

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randy@iih-online.com



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