



Closing the “Donut Hole” of Care Management: *What Diagnosis Does Not Tell You About Your Members*

Now that Health Reform is here, Medicare Advantage plans have two key areas of concern:

- PMPM revenues will decline
- Survival will be based on reducing costs

Most Health Plans have had major initiatives to optimize HCC scoring and ensure they receive the most appropriate payments from Medicare. In the future, there will be minimal opportunities to increase revenue in an environment where payments from CMS will decline by up to 15%.

The good news is that Cost Containment still holds significant opportunity to contribute to your Health Plan's overall financial success. Although there may be limited chances to negotiate lower payments from Providers, experts in managed care agree that there is a widespread amount of delivered health care that does not contribute to a member's eventual outcome.

To best tap into strategies that can assist Health Plan executives leverage their utilization management investment, different approaches will have to be adopted. An area that contains one of the highest risks and greatest opportunities is the care management of frail members.

Frailty Management

Most Geriatricians will agree that, at some point in a person's life, the ability to function in his/her environment becomes a more significant risk factor than the specific disease processes. Ironically, in most medical records and nowhere in claims data, does an objective, reliable assessment of an elderly member's level of functional ability exist. Even if there is a functional assessment, numerous members of the care team will not understand how to interpret such information and will not be able to use an evidence-based decision support system.

One of the challenges of implementing a program to manage the frail population is utilizing diagnostic information as a sole source index to identify the frail and at-risk members. ICD-9 codes limit the professionals' ability to predict how much a member will improve after a hospitalization, how much care they will need at home and/or what will be the likelihood of hospital readmission.

Taking Control



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The ability to distinguish a member's diagnosis, functional status and co-morbidities can unlock a tremendous amount of decision support information. These few factors, combined with a large database of patient outcomes, can identify the most likely results for individual members.



If utilization management professionals can obtain access to decision support tools based on function and outcomes during the acute hospitalization, they can:

- Identify the best setting for post-acute discharge
- Determine a reasonable goal for recovery after pneumonia, stroke, fracture, etc.
- Know how much treatment a patient will need
- Inform the family how much care the member will need when they return home

In addition, the Health Plan can benchmark its network's performance to identify providers that obtain the best clinical outcomes in the most efficient manner.

So what is the opportunity for implementing programs to manage the frailty of their members?

While there are many contributing costs of frailty including medication management, nutritional deficits, depression or home injuries, there are some very concrete costs that contribute to claims and impact favorable medical loss ratios.

NOTE:

- More than 40% of Medicare patients admitted to the hospital require post-acute care because of their functional deficits.
 - 33% of those who receive post-acute care would have had the same clinical result in a lower level of care or with no post-acute care.
 - 30% of Medicare acute hospital discharges are readmitted within 30 days.
 - The average Medicare Advantage Health Plan can easily reduce post-acute costs by 20%.
 - Most Health Plans have no evidence-based criteria to ensure that members are getting the appropriate amount of caregiver assistance in the home.

Based on 2008 HEDIS data, the average Health Plan can save at least \$12.00 PMPM on SNF costs if they can improve results and perform at the 30th percentile.

SeniorMetrix™ is the only organization that can provide state-of-the-art decision support systems to help Health Plans truly manage their frail population. Our 10-year-old company currently provides services for 10% of all Medicare Advantage lives. Health Plans that use our technology outperform all of the other major plans in post-acute utilization. More important than our financial results, SeniorMetrix assists Health Plans monitor their providers' and networks' quality outcomes.

SeniorMetrix frailty management technology is “best in class” because we focus on the key element: Patient Function.

Programs that use an ICD-9 code to predict functional outcomes and post-acute costs are missing opportunities. While competing systems provide overall performance benchmarks for utilization, they do very little to support providers or families with the information needed to make the best decision for an individual member.

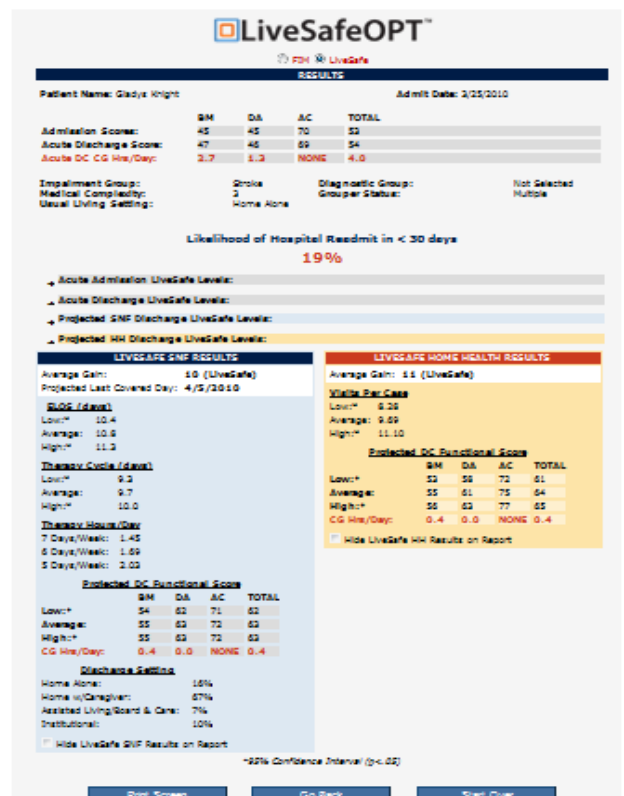
SeniorMetrix shares its expertise and resources through a suite of LiveSafe™ tools. LiveSafe allows a clinician, patient or family member to complete a reliable, functional measurement in five minutes by answering approximately 20 simple questions. This technology utilizes Item Response Theory to score an individual in terms of their ability in:

- Basic Mobility
- Daily Activities
- Applied Cognition

Once a score is determined, the LiveSafe platform empowers providers, care managers and/or patients with the following key information:

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- The amount of functional improvement expected post hospitalization
- The functional gains projected to be achieved in the post-acute setting (SNF or Home Health)
- The intensity of rehab therapies (hrs/day) needed in the post-acute setting to achieve the gains
- The projected duration (LOS) of SNF or Home Health Care needed to achieve the functional gains
- The number of hours of caregiver assistance required to be safe in the post-acute setting



Industry Leaders

Leading Health Plans are taking advantage of this evidenced-based decision support to:

- Align expectations among the Health Plan, provider and family
- Establish a care plan at the *beginning* of the continuum episode
- Communicate with Providers in an objective and reliable manner
- Improve network results

LiveSafe technology is available on a web-based platform that requires no software installation and minimal training. Clients begin to see positive results immediately after implementation. Results are quantifiable and scalable.

If your organization is interested in better managing your post-acute costs, SeniorMetrix would be happy to provide a no obligation review of your opportunity.

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