

## Case Study

# Leading Managed Care Insurer Uses Predictive Modeling to Show Clients the What and Why Behind Their Health Care Costs



QualChoice of Arkansas had a business problem to address: The clients of this managed-care company and health-benefits administrator wanted to know why their health care costs were going up. These employers weren't just asking why health care in general was becoming more expensive but wanted to know what was driving their specific costs with their employees.

QualChoice wanted to provide a better answer than merely handing these customers utilization reports printed from a raw database. While standard utilization reports showed the number of hospital and emergency room visits, lengths of stay for inpatients, and other broad totals and averages, they were not customizable or analytic enough to provide actionable data in the way that employers are increasingly coming to demand.

These clients suspected that certain diseases and conditions, employee subgroups, and lifestyle and prevention factors represented target variables that they could influence to make their provision of health care more efficient, effective and more affordable. They expected QualChoice's staff, as experts in the health care field, to guide these efforts. After careful evaluation of available solutions that would help it bring to the surface the necessary data evaluation and results, QualChoice chose and implemented LexisNexis® Population Health Monitor. It was this step which began to highlight opportunities in the patient data and reveal steps that the various employers could take.

## A Process that Gets the Client Involved

QualChoice found that it could soon produce, in a user-friendly format, both broad category reports and analyses that dug deeper into patient information, patterns and trends for each client. Its staff could easily designate report tables looking at patient categories, dollars spent and risk factors. This understandable reporting, produced by the LexisNexis module, at last permitted QualChoice and its clients to look, for example, at specific diseases driving costs and to identify patients who had not had the best-practice, acute or preventive care.

The capability was a perfect adjunct to QualChoice's wellness and health-promotion feature – QualCare, a service that clients wanted to take advantage of but weren't always sure how best to use. One seemingly simple and yet difficult challenge for both the managed care company and its clients had been identifying the right members to place into this program.

"Each month, we query our employers about what areas they want to focus on in prevention, and now we were providing them the information to rationally answer that question," explains Furgerson. "Pulling information from Population Health Monitor, we have developed a basic report for wellness and health promotion indicating the cost drivers, with actions the employer can take to decrease future costs or risk."

QualChoice's employer customers now had evidence for entering not just individuals but groups of workers into the QualCare program. Employers could now take steps for patients who were not receiving or not compliant with standards of care across certain clinical areas. It was the jump-start they needed for their cost-containment efforts.

## Employers Embrace Results-into-Action

QualChoice began tailoring reports to clients' needs and requests. It now had the ability to design the reports around actions that the employers might take, both internally and through the QualCare health promotion service.

"Cost drivers are the natural focus for employers. They have no choice today. And these analyses are primarily organized by disease-specific areas," says Furgerson, "especially in regards to the gaps in care and compliance in high-costing conditions."

Employers subscribing to QualChoice could now review an assortment of areas, including what drugs might be influencing costs, what impact unusual or nonstandard interventions might have had, and other factors. Some were also interested in dividing data by work site to see which of their business locations might be producing higher or lower costs in health care for employees and why.

Employers decided on and supported a variety of steps as a result. This included encouraging employees with diabetes to remain conscientious in their monthly meetings with a health coach, in order to stay active with the counseling process and report their blood sugars in a diary. Preventive measures by other employers included attention to musculoskeletal risks and issues, by looking at measures like the use of ergonomics in their workplace and establishing a back safety program.

## Translating These Rational Efforts into Dollars

Next steps include taking advantage of QualChoice's ability to use LexisNexis® Population Health Monitor to evaluate compliance with preventive measures and to track progress in these realms. Then, with the use of Risk Navigator Financial® by QualChoice's underwriting staff, the health company and its customers will gain a better understanding of the savings generated from these programs.

"In addition to the desire clients have to increase compliance rates, they are also saying, 'We've put a lot of measures in place to educate and coach employees. Now we want to look at outcomes,'" explains Furgerson. "Defining their return on investment is obviously the next stage for these clients."

QualChoice's client companies are also developing approaches to working with physicians, as a result of this data, and further influencing the performance of these and other providers. They are just starting to integrate incentives for this purpose.

Finally, some clients have enjoyed coming to QualChoice's offices and meeting with the staff to look at different types of cross analysis on the Population Health Monitor web interface. "When we bring them in, clients get excited about what we can show them in their data, especially as they plan for the next year. If they don't already have a wellness or cost committee, this often prompts them to form one, to drive efforts with their employee group," says Furgerson.

## Keeping Pace with Customer Expectations

Today, employers are aware of the types of analyses that can be mined from their group health care data and they expect such evaluation. QualChoice wanted to be responsive, but before implementing Population Health Monitor was having trouble providing reports that were clear and easy to digest.

Now, the insurer feels it is producing the type of intelligence and feedback that its clients are requesting to answer their questions. With the options available in this solution, QualChoice views its analyses as enhanced in clarity and format, as well as being more concise and robust – and all this makes the reporting function more efficient and effective.

"Clients want to dig deeper in finding cost drivers, and want to cross analyze categories of data in many different ways. We've added so much value by permitting this. And it comes with a top layer of control that makes this process so much more manageable and usable," reports Furgerson.

## Essential for Maintaining Competitiveness

QualChoice provides reliable health care insurance to hundreds of small- to medium-sized companies that would otherwise be unable to offer such benefits to their employees. These companies are more likely to be self-funded and therefore more likely to be involved in directly managing costs. But the larger and fully-insured companies are also pushing to keep premiums down and are selecting insurers and providers on that basis.

"With the predictive capabilities that this kind of data solution provides, we can certifiably help clients of any description to answer their question, 'What can I do to drive down costs?'" notes Furgerson.

Increasingly, it is queries and requests from employers that are driving the process of cost analysis. "I can say that our customers really like the reporting we provide for them now with Population Health Monitor. They indicate that we produce the best report package," concludes Furgerson. "And as clients become more sophisticated in understanding costs and expecting to control them, they have to likewise get more sophisticated in showing them how to do so."

The screenshot displays the 'Risk Profile' section of the Risk Navigator Clinical web application. It features a navigation bar with 'Home', 'High Risk Members', 'Movers', 'Guideline Gaps', 'Custom Filters', 'Physicians', 'Employers', and 'Batch Reports'. The main content area is titled 'Risk Profile' and includes tabs for 'Member Profile', 'Impact Profile', and 'Lab Profile'. A 'Member Information' table lists details such as Member ID (385294389-02), Member Name (YXXHD, MXXRNM R), Group Name (BMA, HMV, GLN -), Age (1), Gender (M), Months Enrolled (12), Active status (Y), Rx Benefits (Y), and Address (123 MAIN STREET, ANY TOWN, ST 12345-6789). A second table provides financial and clinical forecasts: Total Cost (\$8,982), Forecasted Cost (\$7,486), Forecasted IP LOS (0.82), Forecasted ER Visits (0.86), Forecasted Rx Cost (\$378), Forecasted Risk Index (3.01), Impact Score (Acute=92.05/Chronic=85), Care Mgmt Program (Catastrophic), and Phone Number(s) ((home) 1112223333). Below this is a 'Risk Summary' table with a 'Show Details' button, listing risk groups and their contributions to the forecast and total risk.

| Risk Group                         | Contribution to Forecast | Risk Contribution |
|------------------------------------|--------------------------|-------------------|
| Acute Respiratory Disorders        | \$ 414                   | 5.53%             |
| Chronic Respiratory Disorders      | \$ 262                   | 3.50%             |
| Demographics                       | \$ 90                    | 1.20%             |
| Dermatological Disorder            | \$ 188                   | 2.52%             |
| Gastrointestinal Disorders         | \$ 192                   | 2.57%             |
| Major Infection Related Conditions | \$ 369                   | 4.93%             |
| Minor Infection Related Conditions | \$ 587                   | 7.84%             |
| Miscellaneous Conditions           | \$ 244                   | 3.26%             |
| Neurological Disorder              | \$ 150                   | 2.00%             |
| Pneumonia                          | \$ 4,743                 | 63.35%            |
| Trauma Related Condition           | \$ 247                   | 3.30%             |

**Risk Profile Report.** One of the foundations of the prediction process is a categorization of medical and pharmacy services into episodes of care. The reporting with Population Health Monitor also goes beyond predicting total costs to break the predictions into key potential costs and impact components, e.g., emergency room, inpatient, professional, pharmacy and other variables.

## For More Information

Call 800.869.0751 or visit

[www.lexisnexis.com/risk/healthcare](http://www.lexisnexis.com/risk/healthcare)

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