

MEMORANDUM

February 12, 2013

TO: Health and Human Services Committee
Government Operations and Fiscal Policy Committee

FROM: Linda McMillan, Senior Legislative Analyst 

SUBJECT: **County Agency Employee Wellness and Disease Management Programs**

Expected for this session:

Belinda Fulco, Montgomery County Government (MCG) Office of Human Resources
Richard Johnstone, Montgomery County Public Schools (MCPS)
Sarah Espinosa, Vice President for Human Resources, Montgomery College
Jennifer McDonald, Maryland-National Park and Planning Commission (M-NCPPC)
Carole Silberhorn, Washington Suburban Sanitary Commission (WSSC)

This memo discusses three items that are the subjects of this session which is a continuation of the joint Committee's ongoing efforts to improve employee wellness in the County and Bi-County agencies: (1) Agency comments on InforMed Cross-Agency Health Plan Data Study presented to the joint Committee last October and the consolidated report received from Kaiser Permanente after the last meeting, (2) An update on the hiring of a County Government Wellness Coordinator, and (3) An update on the agencies joint procurement for medical and prescription group insurance plans for 2014.

**1. InforMed Cross-Agency Health Plan Data Study
Kaiser Permanente Partnership in Health Report for All Agencies**

On March 27, the Montgomery County Council approved Resolution #17-373 requesting the development of an executive-level report that provides information across all agencies on the major health issues for all enrolled members, top categories for spending on health claims, and trends that will show whether health risk measures are improving or declining. The Council's

request was in direct response to the Task Force's finding that the county is providing group insurance to over 100,000 people.

"Task Force members commented that such a large number of lives shows the buying power the agencies should be able to leverage when procuring group health services both in terms of costs from economies of scale and in requiring improved quality and health outcomes. The Task Force urges the Council to begin reviewing information on the total number of lives covered across all agencies when discussing how best to provide and fund health benefits."

(report page vi)

Last October, the joint Committee was briefed by InforMed on the Cross-Agency Health Plan Data Study that was prepared in response to the Task Force Recommendation. **The presentation slides from the October session are attached at ©1-17.** In their presentation, InforMed representatives noted that the percent of members who are considered "high-risk" was higher in both years than in InforMed's "Book of Business (BoB)" (©8). The BoB reflects health data in the InforMed Warehouse on about 2 million individuals. InforMed also noted that about 36% of high risk members have nine or more prescribing physicians per year and that 33% had 15 or more unique medical provider interactions in the prior 12 months (©9). The data also showed that about 80% of the high risk population had a prevalent chronic condition (©10).

The InforMed report that compares Year 1 (June 2010 through May 2011) to Year 2 (June 2011 through May 2012) and to its BoB is attached at © 18-35.

Some key points in the report are:

- From Year 1 to Year 2 there was a 2.31% increase in the number of people covered in the CareFirst, United Healthcare, and Cigna health plans and Caremark prescription plan that are the subject of this report.
- From Year 1 to Year 2, medical claims costs increased 4.96% and prescription claims costs increased by 6.6%. Year 2 total health plan expense was about \$447 million.
- The per-member per-month (PMPM) plan cost is within a reasonable range for medical claims, but over twice what InforMed normally sees for prescription plans. Generally prescription costs run 20-25% of the total expenses. For county agencies the Year 2 prescription costs are over 47% of total expenses.
- In Year 2, 72% of dollars were spent on 14% of plan participants. This was relatively unchanged from Year 1.
- InforMed does predictive modeling around members that are projected to have large claims (over \$10,000 in a year). The three major practice categories are: Cardiology, Endocrinology, and Orthopedics and Rheumatology. The most prevalent conditions in these practices are: joint degeneration, hypertension, hyperlipidemia, and diabetes.

- InforMed also looks at Evidence Based Medicine Adherence and has noted that in comparison to its BoB County agency plans' adherence falls below benchmarks in four areas: cervical cancer screenings, diabetes care, congestive heart failure, and colorectal cancer screening. The lower adherence with diabetes and congestive heart failure correlates with the expected large spends in cardiology and endocrinology.

After the last joint Committee session, Kaiser Permanente forwarded a report that compiles data across the agencies it serves (M-NCPPC does not contract with Kaiser). This report is attached at ©36-60. It provides member health data for the 4th quarter of calendar year 2011 and the 1st quarter of calendar year 2012. Because Kaiser is both the plan provider and the direct service provider they can provide information on certain health measures. The following are included in the report.

- Across the agencies there are 5,646 members in Kaiser. Their average age and the gender split are very close to Kaiser's regional average. (©38)
- About 72% of adult members aged 21 to 74 are either overweight (34%) or obese (38%). (©39-40)
- About 68% of members aged 2 to 20 are either normal weight (66%) or underweight (2%)
- About 36% of members have borderline high (27%) or high (9%) cholesterol. (©39 and 42)
- About 87% of the eligible population received breast cancer screenings and about 89% received cervical cancer screenings. (©39 and 47)
- About 11% of members smoke. (©45)

Council staff has asked agency representatives to provide the joint Committee with comments about the InforMed report and whether this type of high level, cross-agency reporting was used either by agency staff or was useful to the agency's governing body. The agencies regularly receive information on their own agency claims; but prior to this, data had not been analyzed and presented across the agencies.

2. Update on County Government Wellness Coordinator

Ms. Fulco will provide the joint Committee with an update on the hiring of the County Government Employee Wellness Coordinator.

3. Update on Solicitation for Medical and Prescription Services

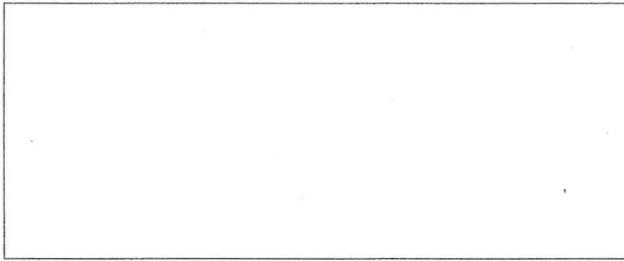
The agencies have issued a joint solicitation for medical plan and prescription plan services for calendar year 2014. The solicitation has been issued through the Montgomery County Public Schools procurement office but will be used by all the agencies as the process for making selections about plans. It is not a solicitation for consolidated services or pricing. Each agency has flexibility to make or not make awards for each product.

Mr. Johnstone, on behalf of the agencies, will provide the joint Committee with an update on the solicitation process.

The solicitation provides notice to vendors that the agencies are considering modifying current plans designs by offering a Medicare Carve-Out/Medi-Gap plan for Medicare members. It also says that the agencies are interested in disease management and data warehousing and there will be an accompanying Disease Management and Data Aggregating Services RFP to which vendors may elect to provide a quotation.

The medical plan solicitation has several questions to bidders on whether or how they will meet requirements that are related to topics discussed by the Task Force and the joint Committee. Council staff highlights the following which may be of interest.

- The vendor must agree to regular reporting in several areas including utilization and claims and utilization and trends compared to benchmarks. The vendor must agree to provide the agencies with access to a web-based reporting platform. The vendor must meet with the agencies on at least a semi-annual basis to review emerging trends and account serving.
- The vendor is asked to confirm that they will provide full support related to Health Care Reform (Affordable Care Act) to ensure the agencies remain compliant and have the most up to date information available.
- The vendor is asked to provide the client with an annual allowance for additional Health Management and/or Wellness programs that are not already included in the medical plan administration fee. The questions also ask what health risk assessment the vendor's wellness plan uses and the that vendor agrees to meet with the client to discuss health management and/or wellness program performance and outcomes semi-annually.
- The vendor is asked whether they are able to provide different benefit levels based on compliance and non-compliance (i.e. value based plan designs where members who are compliant may pay no or reduced co-pay).
- The vendor is asked whether they will provide reminders to members and/or providers for identified gaps in evidence based guideline compliance.

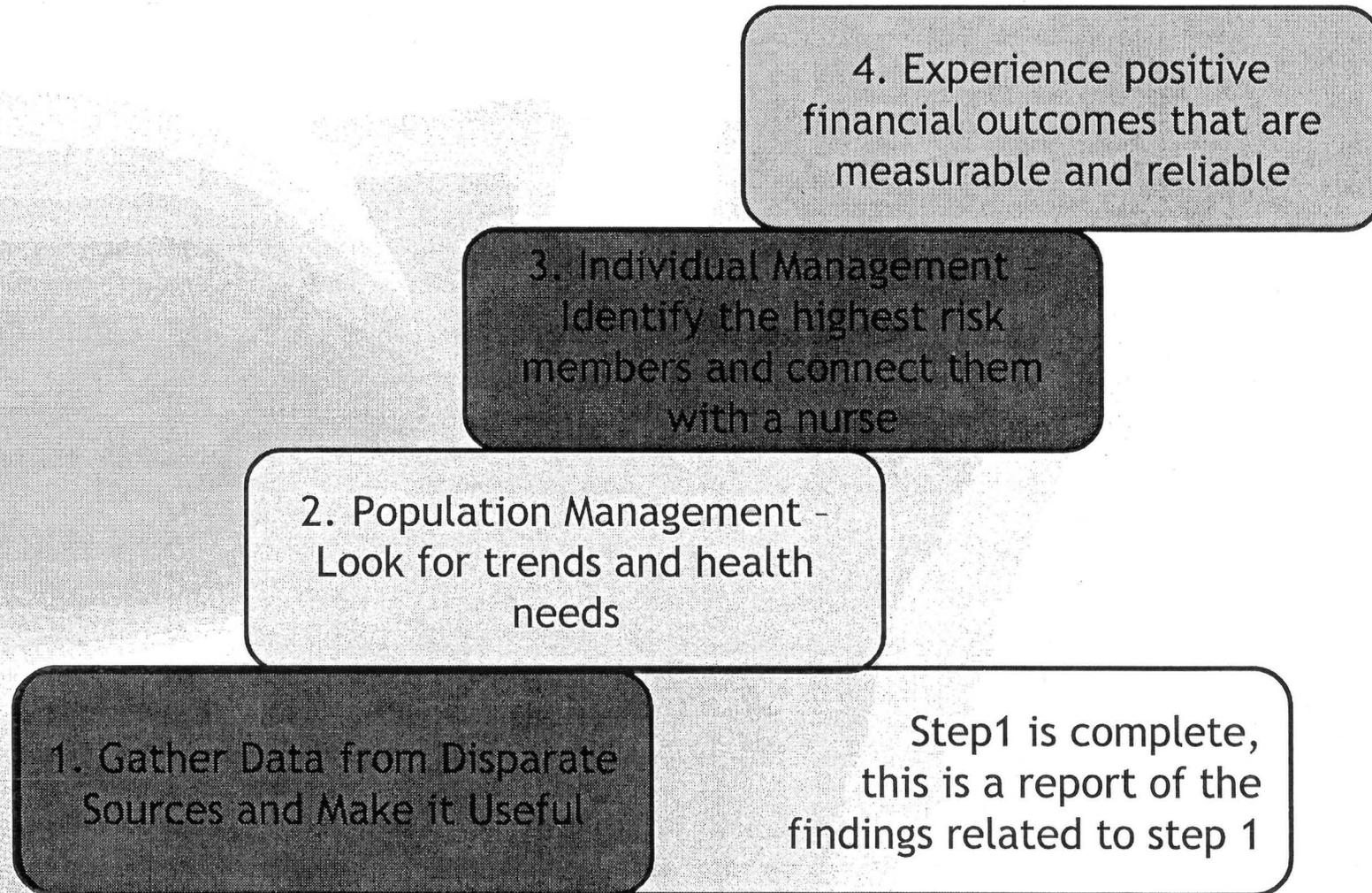


Health Plan Data Study Review

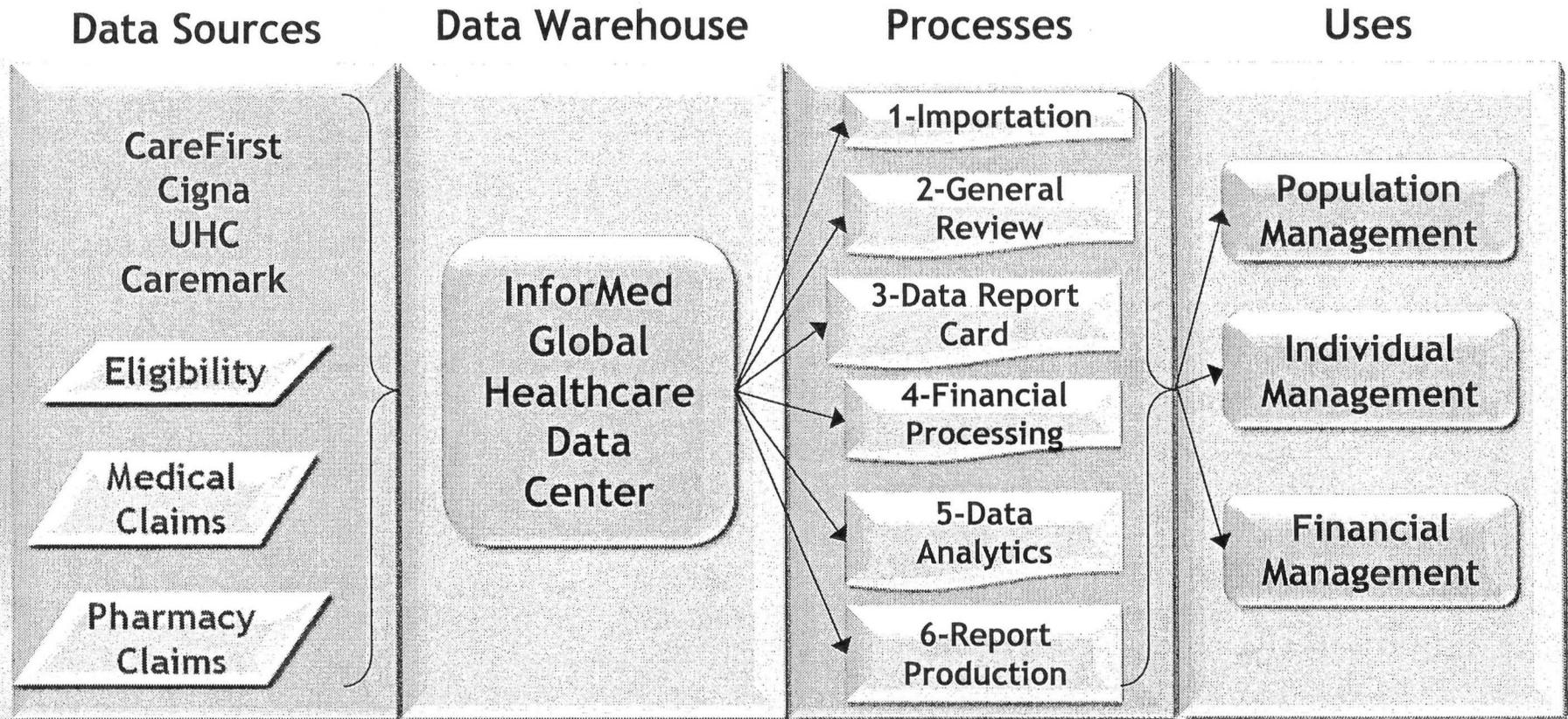
Prepared for Montgomery County Council

October 18, 2012

Steps to Successful Health Plan Management



Montgomery County Agencies' Process Overview



A unique Data Warehouse of Montgomery County Agencies' health plan data is established;

- Data received from sources shown
- Quality review was performed
- The 6 processes were run
- The uses are included in the comprehensive reports

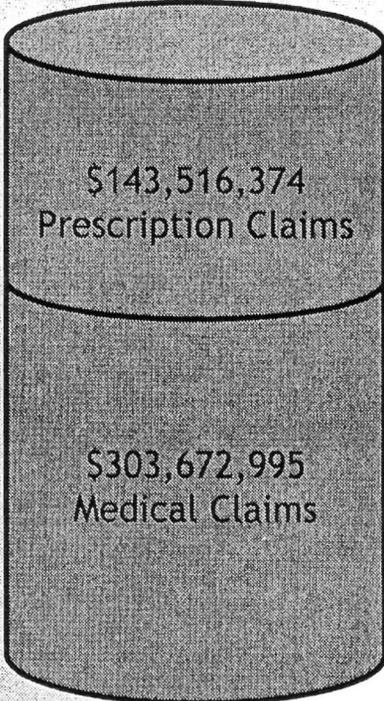
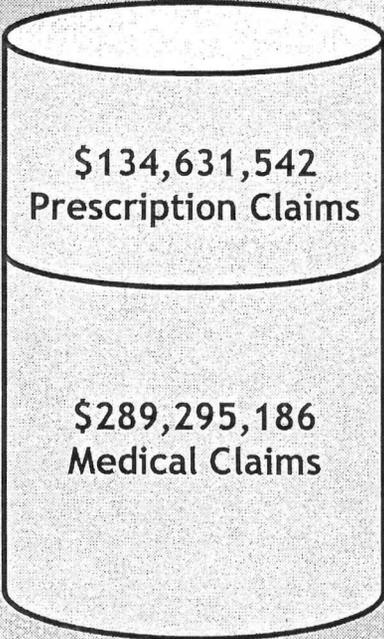
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Financial Discoveries

- Total Medical and Prescription Spend

- Year 1 - \$423,928,729

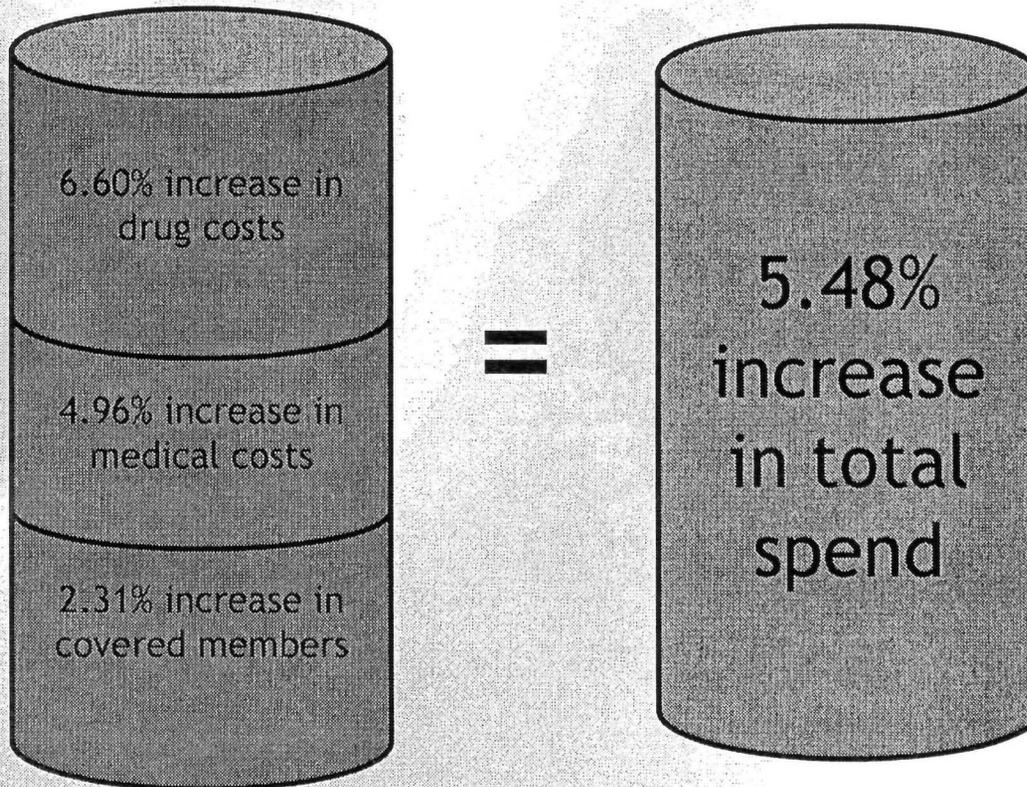
Year 2 - \$447,189,369



➤ \$23.3 million annual increase
➤ 5.48% increase

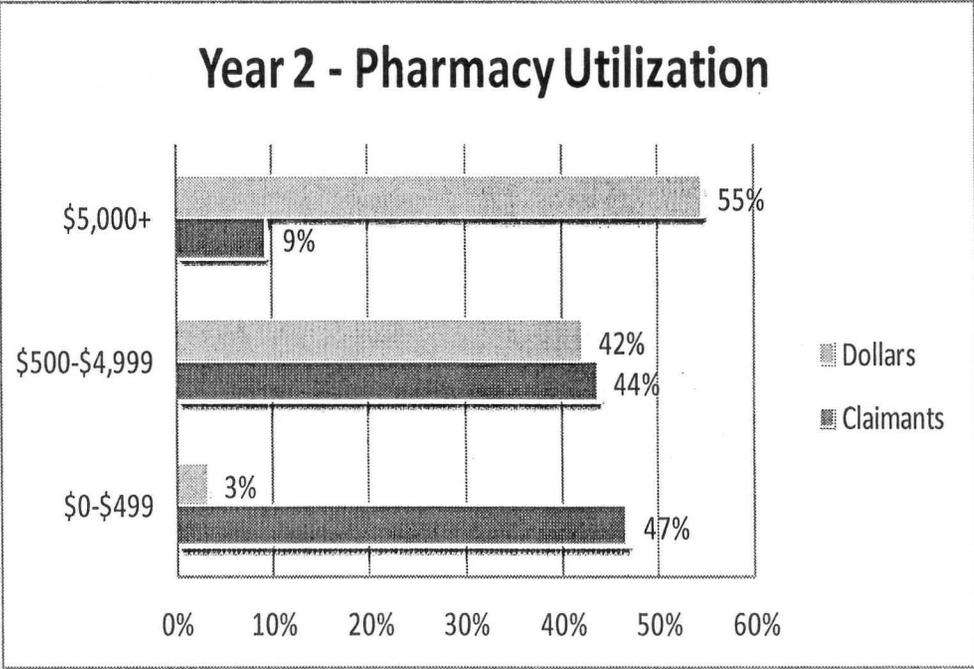
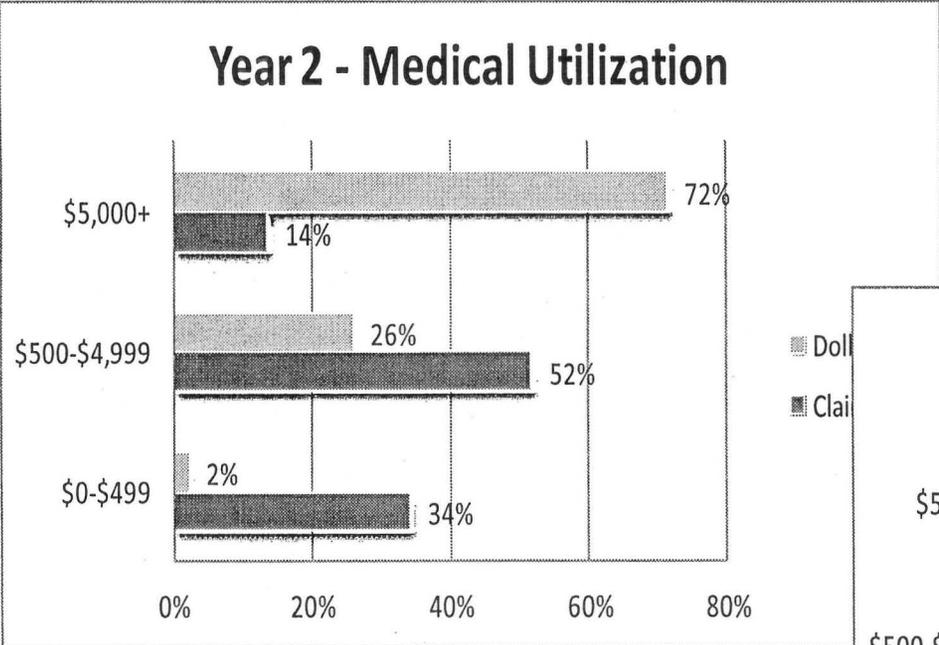
Financial Discoveries

➤ Factors impacting increase in health care costs:



Financial Discoveries

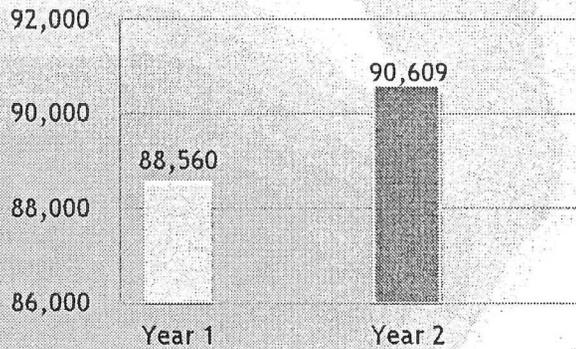
As expected, a small portion of the population spends the majority of the dollars.



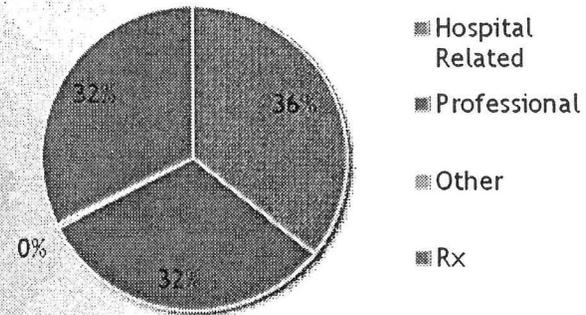
Values are paid claim amounts.

Financial Discoveries

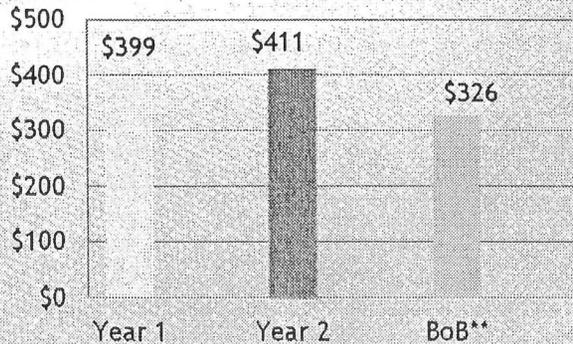
Number of Covered Members



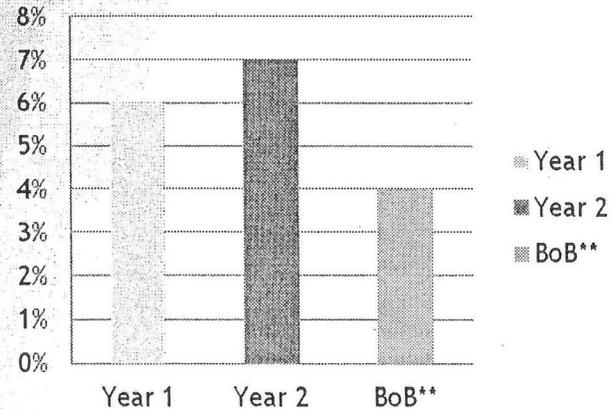
Category of Care



Per Member Per Month Total Cost



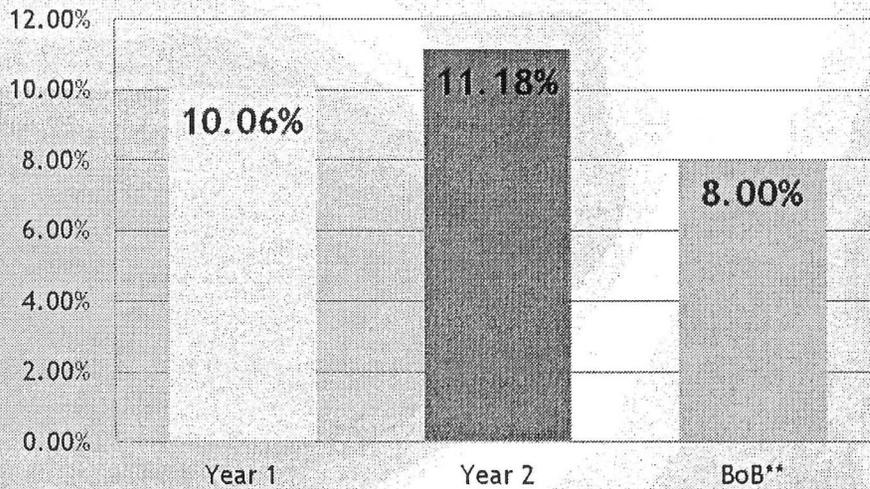
Total Claims Spend over \$10,000



7

Population Discoveries

% of High Risk Members in Population



Bottom line:
 "percentage of high risk members
 is higher than expected and
 increasing"

Change in Population Risk Between Year 1 and Year 2		
Stratification Level	Average Risk Stratification	Numbers of Members
Priority	1%	-13
High	1%	350
Moderate	3%	408
Low	1%	589
No known risk	0%	-562
Total Unique Participants	5%	772

Population Discoveries

Top 15 Triggers for High Risk

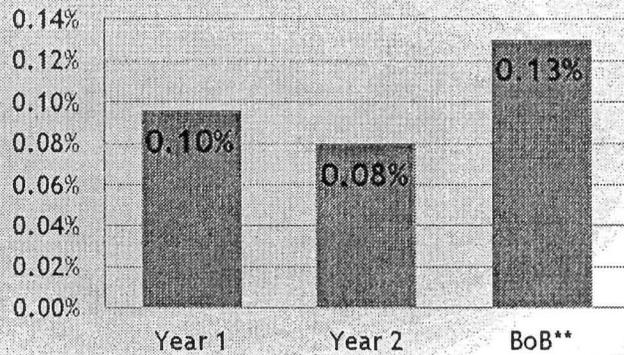
36% of High Risk Members have 9 or more prescribing Physicians per year

	Strat Level	Trigger Description	Modifiable Trigger	Part.	% of Tot Part.
1	High	Unique Prescribing Physician Interactions - 9 + in prior 12 months	Y	3,557	36%
2	High	Unique Medical Provider Interactions - 15 + in prior 12 months	Y	3,256	33%
3	High	Claims Utilization - Consumed GT \$5,000 in RX in prior 6 months	Y	2,076	21%
4	High	Predicted between \$25,000 and above	Y	1,402	14%
5	High	Patients 65 years of age and older that received one or more high-risk medications in the elderly I the last 12 reported months.	Y	1,149	12%
6	High	Chronic Renal Failure	N	908	9%
7	High	Claims Utilization - GT \$25,000 in medical in prior 6 months	Y	767	8%
8	High	Claims Utilization - Breast Cancer Identified ICD9 Codes in prior 6 months	N	377	4%
9	High	Congestive Heart Failure, Hypertension, & Hyperlipidemia	N	335	3%
10	High	Congestive Heart Failure, Diabetes	N	298	3%
11	High	Claims Utilization - Single Dose GT \$5,000 in RX in prior 2 months	N	268	3%
12	High	Claims Utilization - Gastrointestinal Identified ICD9 Codes in prior 6 months	N	206	2%
13	High	Asthma - Adult(s) with presumed persistent asthma using an inhaled corticosteroid.	Y	146	1%
14	High	Claims Utilization - Colon Cancer Identified ICD9 Codes in prior 6 months	N	127	1%
15	High	Claims Utilization - Lung Cancer Identified ICD9 Codes in prior 6 months	N	99	1%

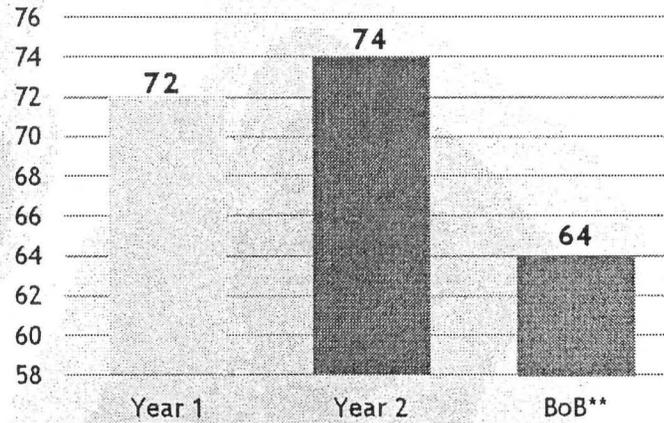
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Individual Discoveries

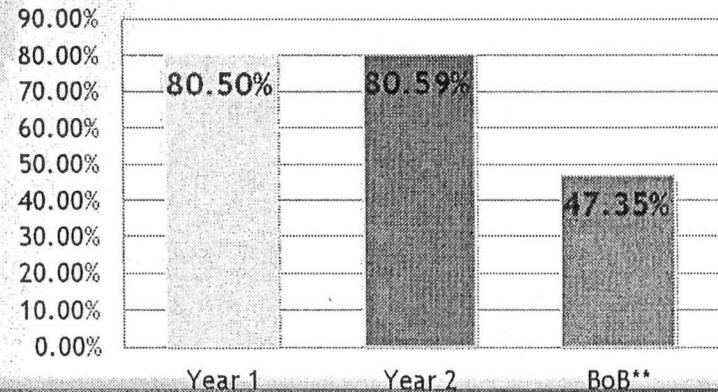
Number of Members Diagnosed with High Risk Cancer(s)



Average Monthly Hospitalizations



Percent of High Risk Population with Prevalent Chronic Conditions



➤ Hospital use is high
 ➤ Cancer incidence is lower than expected, but,
 ➤ percentage with prevalent chronic conditions is very high

Individual Discoveries

Evidence Based Medicine Adherence is one way to identify population and individual gaps in care

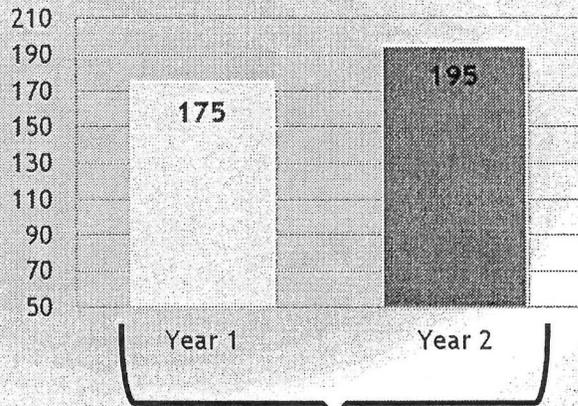
Evidence Based Medicine Standard	Number of Members	MCC Agency Adherence	BoB Adherence
Prenatal Care (National Standard)	756	93%	91%
Chronic Obstructive Pulmonary Disease	945	77%	75%
Congestive Heart Failure	716	73%	78%
Breast Cancer Screening (National Standard)	21,138	67%	70%
Cervical Cancer Screening (National Standard)	27,199	61%	74%
Diabetes Mellitus	8,700	60%	65%
Hyperlipidemia	17,060	60%	64%
Hypertension	22,019	51%	52%
Diabetes Care (National Standard)	6,236	41%	50%
Colorectal Cancer Screening (National Standard)	31,425	33%	38%

Several Conditions are below expected adherence levels; this correlates with occurrence of Chronic conditions slide 10



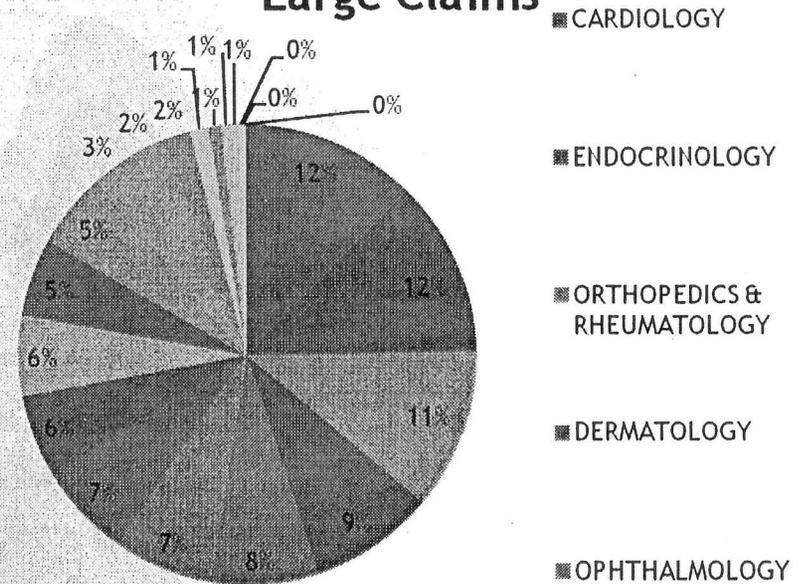
Predicted Outcomes

Number of Members with Anticipated Spend over \$50,000



An 11% increase in claimants over \$50,000

Predictive Modeling by MPC - Large Claims



Observations Summary

- Overall, health plan costs on an aggregate basis trending at about 5% year over year
- Prescription costs are approximately 50% of medical costs - higher than expected proportion
- Population is growing and number of high risk individuals rising
- Higher than normally expected portion of the population falls into high risk
- Significant number of ill members who could benefit from care management and coordination exists within the population
- Easily identifiable, frequently used providers/facilities

Other Observations

- Identified providers/facilities most frequently accessed by membership
 - Measures of quality and use of resources available
 - Top spend to specific provider/facility is lab and hospital
- Identified providers whose prescribing patterns create the greatest costs in medications
 - Approximately 10 providers prescribing \$500,000 each

What Drives Challenges in Managing Health Plans?

Historically, we see these three factors driving up costs and creating difficulties in managing health care expenses:

- Poor Health
- Inefficiencies in the Access and Delivery of Care
- High Unit Costs

Solution: Build strategies for each of these areas to be able to identify and measure shifts/trends and take action to improve health, create efficiencies and reduce costs

Recommendations

- Consider consolidation of strategic management of Agencies' health plans
- Conduct a deeper dive into each Agency's population and health plan cost drivers to develop strategy to reduce or avoid costs where possible
- Consider partner for ability to review data on an aggregate basis
- Consider one source for eligibility maintenance
- Partner with community providers to enhance current patient-centered medical home activities in order to create environments that can deliver care in efficient/effective way
- Confirm effectiveness of vendor medical management capabilities to be sure the sickest members are getting the help they need
- Focus on Major Practice Category and adherence to Evidence Based Medicine for education, wellness

Summary/Q&A

InforMed appreciates the opportunity to perform this data study and related report. As stated at the onset, data control and management is a proven first step toward successful strategic plan management.

Questions/Answers/Discussion



Health Plan Data Study

**Montgomery County Agencies
including:**

**Montgomery County Government
Montgomery County Public Schools**

Montgomery College

**Washington Suburban Sanitary
Commission**

**MD-National Capital Park and
Planning Commission**

**January 2010
through
December 2012**

Prepared for:

Montgomery County Council

Table of Contents

Introduction	Page 3
Executive Summary	Page 3
Observations and Recommendations	Page 3
Data Summary	Page 5
Key Indicators	Page 7
Health Plan Utilization by Claims Costs	Page 9
Category of Care	Page 10
Predictive Modeling	Page 11
Risk Stratification	Page 17
Evidence Based Medicine	Page 18

Introduction

This Montgomery County Council (MCC) Health Plan report is the combined summary of the 2012 InforMed Health Plan data study performed for and in concert with the Montgomery County Council (MCC). Each MCC organization has their own report that includes individual organization information and more detail than this summary.

For the first time, data from all Montgomery County Health Plans and most of various employee Health Plans/Insurers is aggregated in a MCC unique Data Warehouse. This Data Warehouse is operated by InforMed, an Annapolis based health Technology Company. The MCC contents of the Data Warehouse belong to MCC for their private use.

This study was completed in close coordination with the advisory contract between MCC and Wes Girling.

Executive Summary

- **Total health plan expense (Medical and Prescription) for Year 2 was \$447 million – which equates to a 5.48% cost increase as compared to Year 1. Contributing factors included:**
 - 4.96% increase in medical claims costs
 - 6.60% increase in prescription claims costs
 - 2.31% increase in covered members
- **Total health plan expense per employee per year (PEPY) was \$10,995.56 for Year 2 compared to \$10,453.29 for the previous year, a 5.19% increase**
- **Total health plan expense for Year 2 per member per year (PMPY) was \$4,935.72 an increase of 3.12% as compared to Year 1**

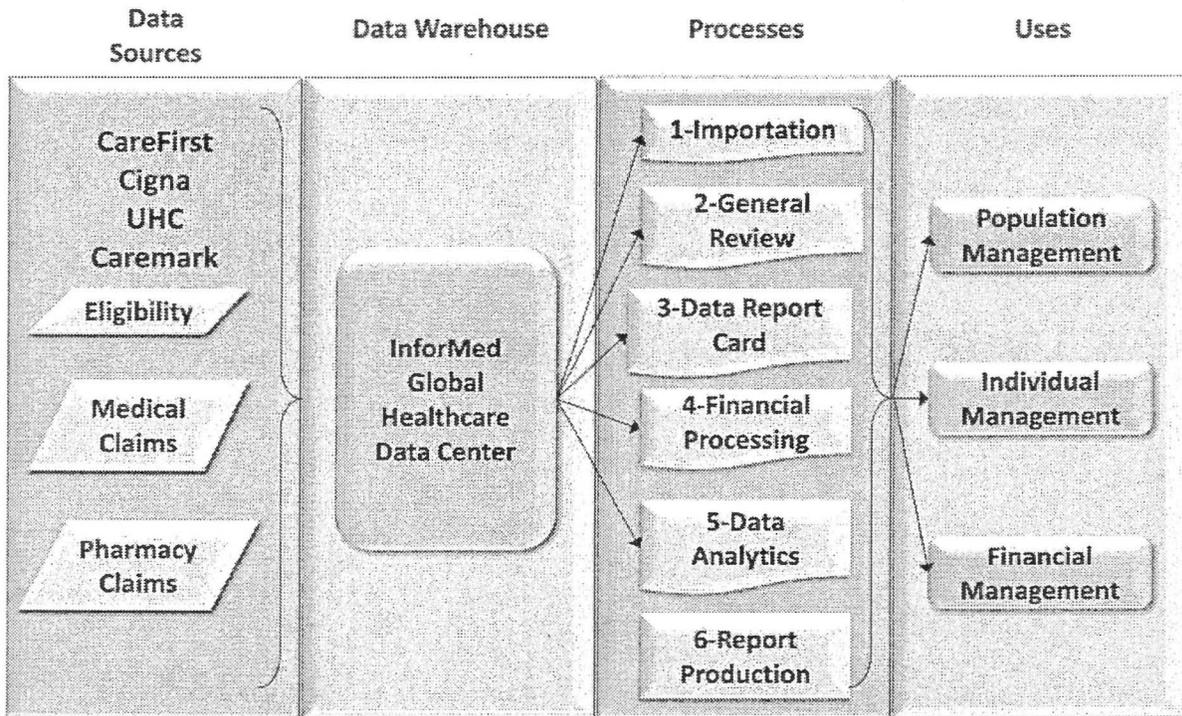
Observations and Recommendations

- **Observation 1**-Establishing the Data Warehouse and generating initial supports is done. And, this process can be ongoing and stand alone. It is not connected to any ongoing processes unless selected by MCC.
- **Observation 2 (Financial Management)**-
 - ✓ The Per Member Per Month (PMPM) increase is below national trends, but greater than InforMed's book of business during the study period
 - ✓ Plan cost PMPM is within reasonable ranges for medical claims but over twice what we normally see for prescription plans
 - ✓ Large claimants (over \$50,000 annually) are increasing disproportionately which is expected in a generally closed population
 - ✓ Multiple Carriers seem to be working successfully for MCC's agencies, aggregation of data will allow for the plan to be viewed as a single plan which can provide advantages
 - ✓ Prescription costs reflect a significantly higher expense than normally observed. Generally, prescriptions costs run 20-25% of the medical expense, however, for MCC the Year 2 Rx cost is 47.26% of medical.

- **Observation 3 (Population Management)-**
 - ✓ The group is generally a stable somewhat “closed” group with numerous long term (lifetime) employees who will be with the plan throughout their career and retirement.
 - ✓ The high risk percentage of the population is above InforMed norms, and increasing during the study period. This will lead to higher costs.
 - ✓ Evidence Based Adherence across key conditions is below expected InforMed book of business ranges and presents opportunities to develop wellness initiatives and review plan design to incentivize members to be compliant.
- **Observation 4 (Individual Management)-**
 - ✓ Individuals are currently managed within individual agency plans and vendors probably using different approaches and methodology. Traditional management includes: a) utilization management, b) case management, c) disease management, d) wellness management.
 - ✓ Tools are in place within the Data Warehouse that can be used and accessed by and for individuals if desired by MCC and the agencies.
- **Recommendation 1 (Long Term Challenge)-**Managing a large plan such as MCC is long term and demands strategic thought and action. It is not a year to year challenge, but must be managed with a long term 5-10 year view.
- **Recommendation 2 (Maryland unique “waiver state”)-**The Medicare waiver and Maryland’s hospital “all payer” status and potential shifts in the status directly affects MCC’s plan cost over the next few years and will need to be factored into strategies. The one specific outcome from the waiver issue is turbulence within the market. Another potential outcome is several years of disproportionate hospital cost increases on the part of commercial customers such as Montgomery County as Hospitals try to recoup their revenue reductions from Medicare.
- **Recommendation 3 (MCC’s local population)-**lends itself to unique strategies in close concert with local Health Systems. There are three very specific opportunities here:
 - ✓ **Hospital utilization** is somewhat concentrated in key hospitals. This lends itself to developing strategies in concert with willing Health Systems as they develop responses to the Accountable Care Act.
 - ✓ **Large/prestigious academic medical centers** will play a key role in the MCC plans over the next 5+ years. It is important to capitalize on this unique Maryland asset.
 - ✓ **Physicians (High Volume/High Performing)** MCC primary care Physicians were observed in the study. These Doctors can play a key role in long term successful strategies of the Plan.
- **Recommendation 4 (MCC impact on Local Health Systems)-** MCC is sufficiently large in a concentrated geography to directly impact their local Health Systems. As strategies are developed, implemented and managed, this impact should be included in them. There will be times when what works for MCC can be damaging to local Health Systems. By the same token, local Health Systems can take actions that are damaging to MCC and its Plans. A careful balance is recommended.

Data Summary

The process InforMed uses to build a client specific (MCC) Data Warehouse is diagrammed here and outlined below.



The MCC Data Warehouse was built for this pilot study through the following process:

1. 75 separate files of eligibility, medical and pharmacy claims were provided by the MCC Health Plans, Insurance Carriers, etc. to InforMed for processing. These plans include:
 - a. CareFirst
 - b. Cigna
 - c. United Health Care
2. These data were:
 - a. Imported into the MCC/InforMed Data Warehouse
 - b. Reviewed for accuracy, completeness and reconciliation with control totals provided by MCC
 - c. Processed through the Informed report card engine to assure reasonableness of content
 - d. Processed through the financial engine to produce financial reports combined into MCC wide reports while preserving detail access ability
 - e. Processed through the analytics engine to support population management in several key areas
3. This study was then prepared based on the Data Warehouse content

This data study provides an analysis of the aggregated health plan information, including Montgomery County Government, Montgomery County Public Schools, Montgomery College, Washington Suburban Sanitary

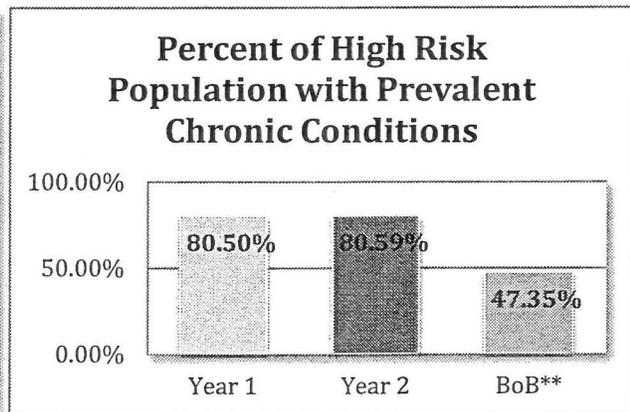
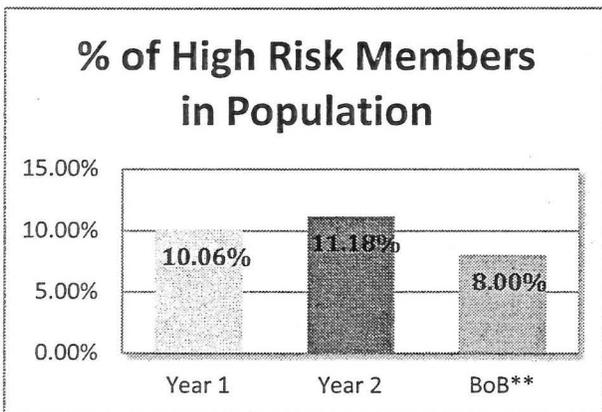
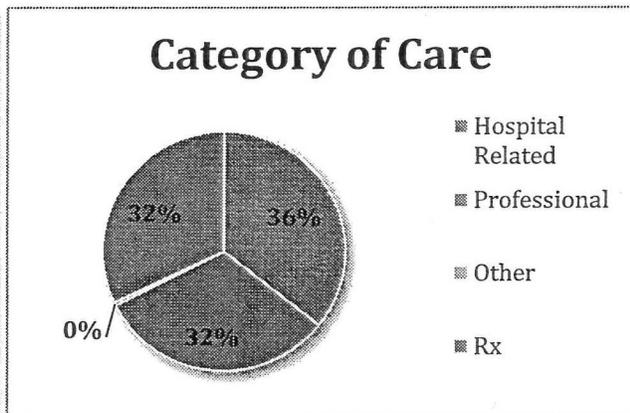
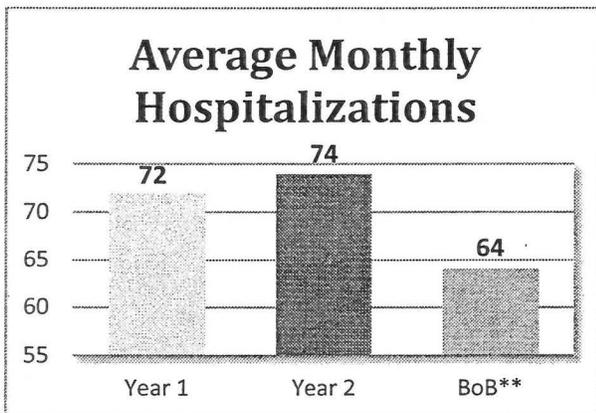
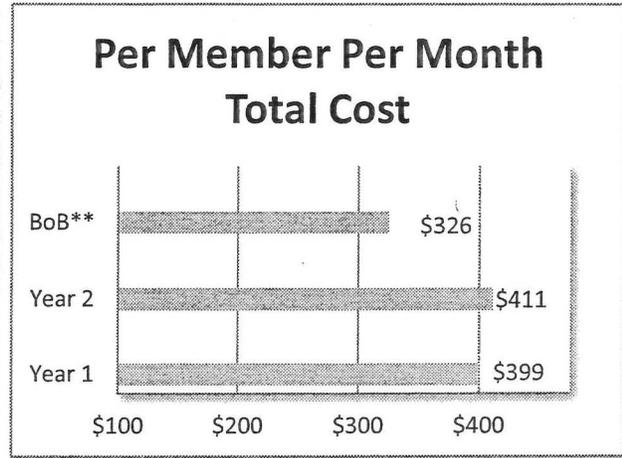
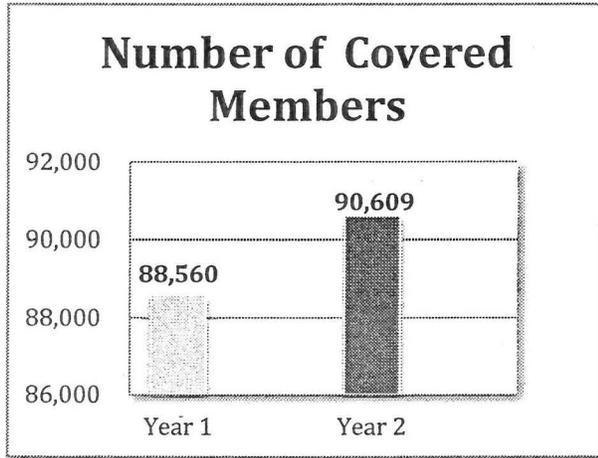
Commission and MD National Capital Park and Planning Commission, for, *the Montgomery County Council*. The information included is based on: eligibility, medical, and pharmacy claims data for the all members (employees and dependents) during the reporting period of: *July 2010 through June 2012*. All reports are based on paid claims date. The tables below define the reporting periods of Year 1 and Year 2 used throughout this analysis, describe the data sources used by InforMed, and provide a financial reconciliation for the time frame specified:

Year 1	06/01/2010-05/31/2011
Year 2	06/01/2011-05/31/2012

	Source	Begin Paid Date	End Paid Date
Eligibility	CareFirst, United Healthcare & Cigna	6/1/2010	5/31/2012
Medical Claims	CareFirst, United Healthcare & Cigna	6/1/2010	5/31/2012
Pharmacy	Caremark	6/1/2010	5/31/2012

	Year 1	Year 2
Medical Claims	\$ 289,297,186	\$ 303,672,995
Pharmacy Claims	\$ 134,631,542	\$ 143,516,374
Total Claims	\$ 423,928,729	\$ 447,189,369

Key Indicators



**BoB - InforMed's Book of Business encompassing over 2 million individuals for whom health data is collected and loaded into InforMed's data warehouse

24

Population Future Trend Factors						
	Year 1		Year 2		BoB**	
	Total	% of Part	Total	% of Part	Total	% of Part
1. Predicted Trends						
a. Priority Members with specific conditions	181	0.20%	153	0.17%		0.001%
b. High Risk Members from Risk Stratification	8911	10.06%	10128	11.18%		8.00%
c. Avg Monthly Hospital Admits	72	0.08%	74	0.08%	64	0.07%
d. Predictive Modeling anticipated members costing >\$50K	175	0.20%	195	0.22%	n/a	
e. % of population predicted to spend > \$10,000 in next 12 months	10,006	11.30%	11,094	12.24%	n/a	
f. Prevalent Chronic Conditions of those expected to spend over \$10,000 Diabetes; Hypertension; Heart Disease	8055	80.50%	8941	80.59%	n/a	47.35%
g. High Cost Cancers	85	0.10%	72	0.08%	2797	0.13%

Historic/Paid Financial Activity				
	Year 1		Year 2	
	Total	% of Part	Total	% of Part
2. Historic Trending				
Employees	40,555		40,670	
Members	88,560		90,609	
Medical PMPM	\$272		\$279	
RX PMPM	\$127		\$132	
Total	\$399		\$411	
Age/Gender	1.33		1.33	
CMI (Case Mix Index)	2.31		2.24	
3. Historic Category of Care PMPM				
Hospital Related	\$145		\$147	
Professional	\$124		\$131	
Other	\$4		\$2	
Rx	\$127		\$132	
Total	\$399		\$411	
4. Historic Claimants over \$10,000				
Percent of Total Claimants with Large Claims	6%		7%	
% of total paid	57.07%		57.76%	
Largest claimant	\$1,419,746		\$1,297,679	
Avg cost per claimant	\$29,016		\$28,797	

** InforMed's Book of Business reflects over 2 million individual members

Note: Values for BoB** reflects Quarter 2 2012

NA= Not measured in the previous plan year or not an applicable measurement

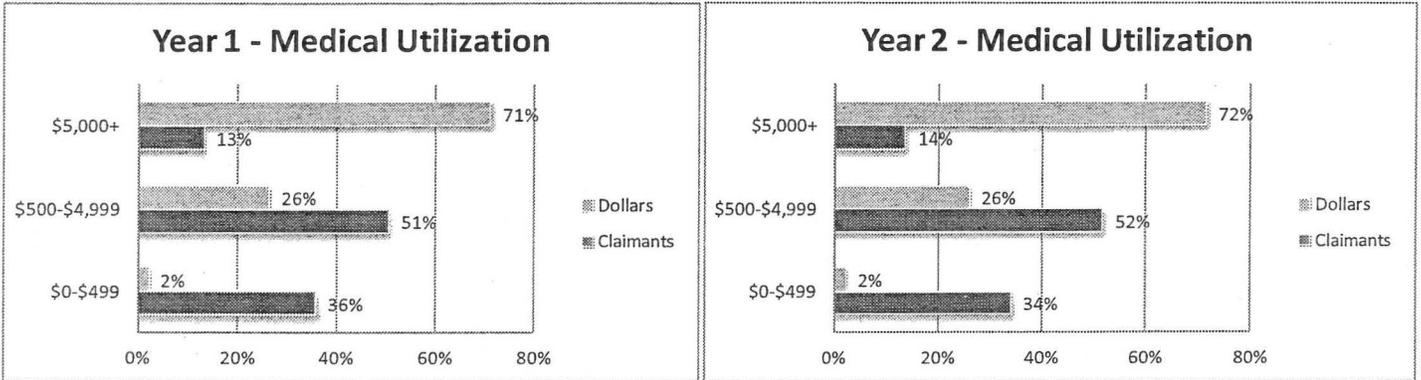
Key Indicator Observations

- Average monthly cost per member increased by 3.12%
- Number of members incurring large claims grew by 7%
- Members with priority health risks (new cancers) decreased by 0.02%
- Hospital admissions are occurring more frequently
- A slightly larger portion of the population that will incur large claims are suffering with prevalent chronic conditions

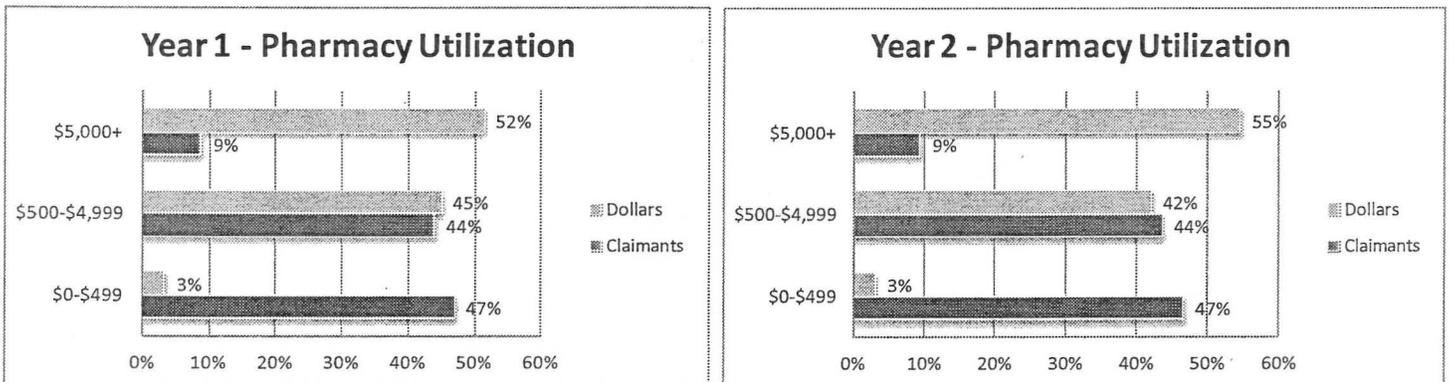
25

Health Plan Utilization by Claims Cost

Typically, 10% of a population spends approximately 65% of the health care dollars. The illustrations below are similar to what we see across our book of business.

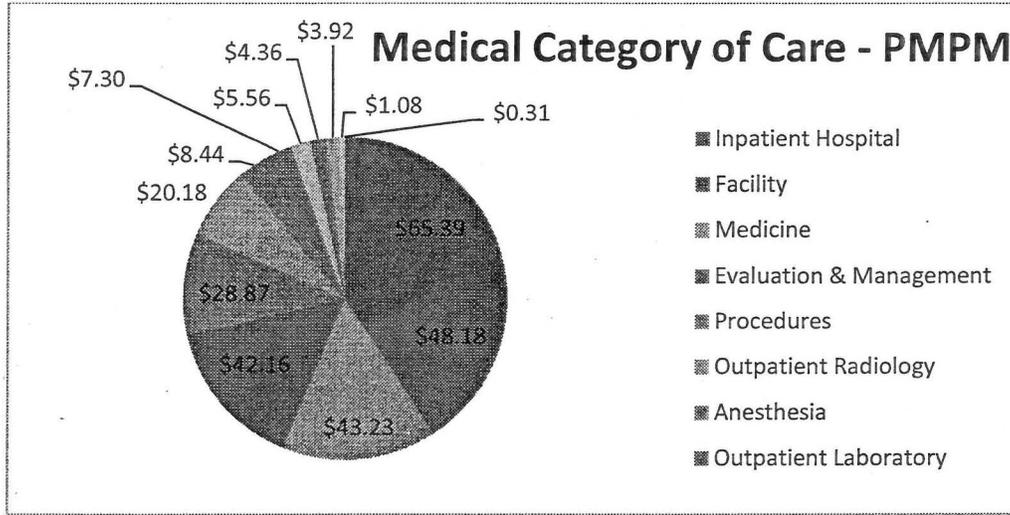


From Year 1 to Year 2, the number of the health plan's covered members did not shift in any significant way with regard to the medical claims spend. The charts above show that a small portion of the population spends the majority of the dollars.



The pharmacy benefit utilization is similar to that of the medical without any radical shifts, but it should be noted that those claimants spending between \$500 and \$4,999 in rx increased.

Category of Care



Through May 2012, the top three Categories of Care, based on PMPM paid, are:

- Inpatient Hospital
- Facility
- Medicine

This follows the normal spread we typically see in similar populations, with the slight exception of the **Medicine** falling into the top 3. Normally, we expect to see **Procedures** as the third greatest Category of Care spend.

Per Member Per Month Year over Year Comparison Medical CoC				
	Year 1 6/1/2010 - 5/31/2011	Year 2 6/1/2011 - 5/31/2012	Variance	InforMed's BoB
Inpatient Hospital	\$ 65.05	\$ 65.39	1%	\$ 73.87
Facility	\$ 45.94	\$ 48.18	5%	\$ 60.09
Medicine	\$ 39.36	\$ 43.23	10%	\$ 23.22
Evaluation & Management	\$ 39.63	\$ 42.16	6%	\$ 27.24
Procedures	\$ 28.98	\$ 28.87	0%	\$ 20.53
Outpatient Radiology	\$ 20.06	\$ 20.18	1%	\$ 16.26
Anesthesia	\$ 8.37	\$ 8.44	1%	\$ 5.38
Outpatient Laboratory	\$ 6.61	\$ 7.30	10%	\$ 6.37
Other Outpatient Services	\$ 5.39	\$ 5.56	3%	\$ 3.51
Emergency Room	\$ 4.86	\$ 4.36	-10%	\$ 7.58
Outpatient Pathology	\$ 4.19	\$ 3.92	-6%	\$ 2.56
Ambulance	\$ 1.23	\$ 1.08	-12%	\$ 1.89
Undefined Services	\$ 0.51	\$ 0.31	-39%	\$ 1.54
Other	\$ 2.04	\$ 0.31	-85%	n/a
	\$ 272.22	\$ 279.29	2.60%	n/a

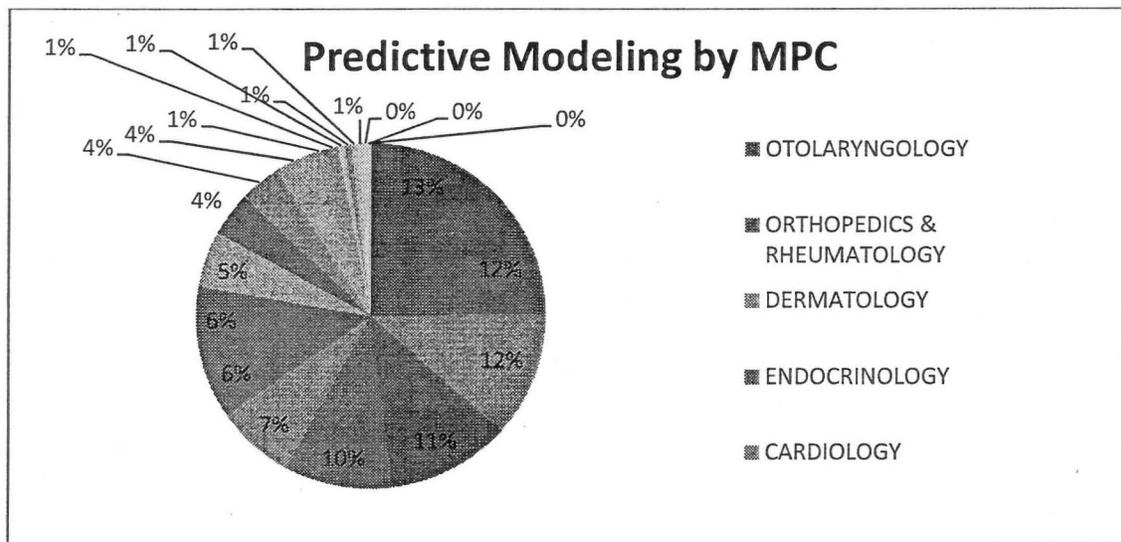
A review of the Category of Care trend from Year 1 as compared to Year 2 demonstrates the following observations:

- A significant increase in **Medicine and Outpatient Lab** services
- A notable increase in PMPM cost for **Facility and Evaluation & Management**
- A stable, but slightly increasing PMPM for Medical Claim Categories of Care reflecting a total variance of 2.60%

These observations suggest the need for a deeper dive into the **Medicine and Outpatient Lab Services**. Across our book of business, when the PMPM for these services runs high, there tends to be a correlation with an increase in the treatment of cancer and other complex health issues.

Predictive Modeling

Equally telling, InforMed’s Predictive Modeling application provides a 12 month projection based on the current population’s diagnosis and utilization patterns since January 2010 using Major Practice Categories (MPC). The Predictive Modeling results are as follows for the population as of **Quarter 1 2012**:



The predicted medical and prescription claims spend for the current population over the next 12 months is between \$457.5 and \$594.1 million dollars.*

*The Annual High and Low numbers are meant to be a guide to identify prospective patient consumption of health care resources and should not be used in a way to suggest that the claimants will not consume more than the dollar amount described, but more as a statistical reference point.

The table below reflects the portion of predicted spend to fall in each of the Major Practice Categories for the entire population:

Predictive Modeling by Major Practice Category for All Claims in the Next 12 Months	
MPC	% of Total
OTOLARYNGOLOGY	13.00%
ORTHOPEDICS & RHEUMATOLOGY	12.00%
DERMATOLOGY	12.00%
ENDOCRINOLOGY	11.00%
CARDIOLOGY	10.00%
OPHTHALMOLOGY	7.00%
GASTROENTEROLOGY	6.00%
PSYCHIATRY	6.00%
PULMONOLOGY	5.00%
UROLOGY	4.00%
GYNECOLOGY	4.00%
NEUROLOGY	4.00%
INFECTIOUS DISEASES	1.00%
HEMATOLOGY	1.00%
LATE EFFECTS, ENVIRONMENTAL TRAUMA AND POISONINGS	1.00%
NEPHROLOGY	1.00%
OBSTETRICS	1.00%
HEPATOLOGY	1.00%
CHEMICAL DEPENDENCY	0.00%
NEONATOLOGY	0.00%
RX	0.00%
NO KNOWN CONDITIONS	0.00%

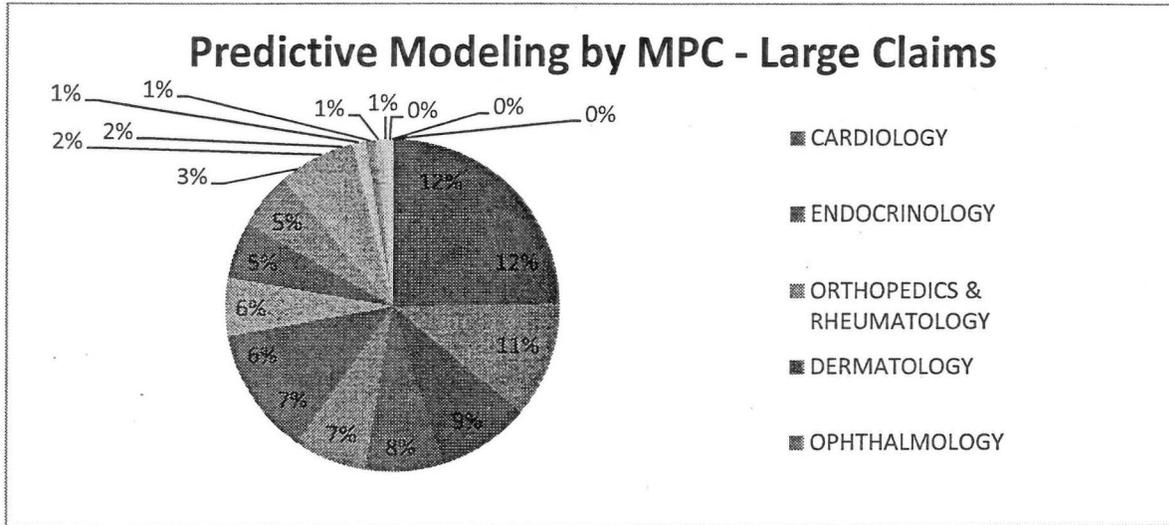
The top three Major Practice Categories as of Quarter 1, 2012 are:

- **Otolaryngology (Ear, Nose & Throat)**
- **Orthopedics & Rheumatology**
- **Dermatology**

Traditionally, we would expect to see Endocrinology and Cardiology predicting larger spends than Otolaryngology and Dermatology in similar populations.

It is important to review the Predictive Modeling for those members predicted to have large claims costs in the next 12 months, as well as those previously identified in the Priority and High Risk categories.

The Predictive Modeling results for those members predicted to spend over \$10,000 in the next 12 months is as follows:



The predicted medical and prescription claims spend for members in the current population who will spend over \$10,000 over the next 12 months is between \$190.9 and \$261.6 million dollars.* This represents approximately 43% of the expected total spend and 12.24% of the covered members.

The table below reflects the portion of predicted spend to fall in each of the Major Practice Categories for the members predicted to incur large claims:

Predictive Modeling by Major Practice Category for Claims over \$10,000	
MPC	% of Total
CARDIOLOGY	12.00%
ENDOCRINOLOGY	12.00%
ORTHOPEDICS & RHEUMATOLOGY	11.00%
DERMATOLOGY	9.00%
OPHTHALMOLOGY	8.00%
OTOLARYNGOLOGY	7.00%
GASTROENTEROLOGY	7.00%
NEUROLOGY	6.00%
PULMONOLOGY	6.00%
PSYCHIATRY	5.00%
UROLOGY	5.00%
GYNECOLOGY	3.00%
HEMATOLOGY	2.00%
NEPHROLOGY	2.00%
INFECTIOUS DISEASES	1.00%
HEPATOLOGY	1.00%
AND POISONINGS	1.00%
CHEMICAL DEPENDENCY	1.00%
OBSTETRICS	0.00%
NEONATOLOGY	0.00%
RX	0.00%

For those predicted to spend over \$10,000 in the next 12 months, the top Major Practice Categories include:

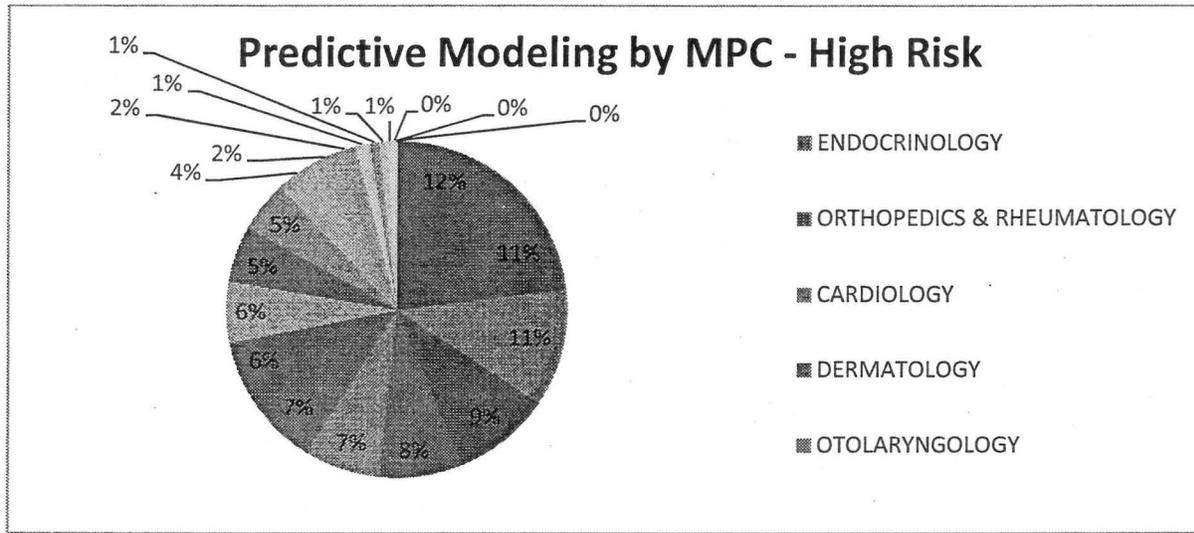
- **Cardiology**
- **Endocrinology**
- **Orthopedics & Rheumatology**

Within those Major Practice Categories, the most prevalent conditions are:

- **Joint Degeneration (48.96%)**
- **Hypertension (44.41%)**
- **Hyperlipidemia (42.93%)**
- **Diabetes (33.33%)**

This points to a concerning trend of co-morbidities across multiple Major Practice Categories, as at least **80%** of your high cost population is predicted to spend over \$10,000 involving a **Cardiology, Endocrinology and Orthopedics & Rheumatology** health condition or event in the next 12 months.

The Predictive Modeling results for those members in your current Priority and High Risk categories are as follows:



The predicted medical and prescription claims spend for members falling in Priority and High Risk Levels over the next 12 months is between \$152.7 million and \$208.5 million dollars.* This represents 11.18% of the population expected to spend approximately 34% of the overall dollars.

The table below reflects the portion of predicted spend to fall in each of the Major Practice Categories for the members who are high risk:

Predictive Modeling by Major Practice Category for High Risk Claimants	
MPC	% of Total
ENDOCRINOLOGY	12.00%
ORTHOPEDICS & RHEUMATOLOGY	11.00%
CARDIOLOGY	11.00%
DERMATOLOGY	9.00%
OTOLARYNGOLOGY	8.00%
OPHTHALMOLOGY	7.00%
GASTROENTEROLOGY	7.00%
PSYCHIATRY	6.00%
PULMONOLOGY	6.00%
NEUROLOGY	5.00%
UROLOGY	5.00%
GYNECOLOGY	4.00%
HEMATOLOGY	2.00%
NEPHROLOGY	2.00%
INFECTIOUS DISEASES	1.00%
HEPATOLOGY	1.00%
LATE EFFECTS, ENVIRONMENTAL TRAUMA AND POISONINGS	1.00%
CHEMICAL DEPENDENCY	1.00%
OBSTETRICS	0.00%
NEONATOLOGY	0.00%
RX	0.00%

Similar to those predicted to spend over \$10,000 the top Major Practice Categories for those who fall into the Priority and High Risk categories include:

- **Endocrinology**
- **Orthopedics & Rheumatology**
- **Cardiology**

Risk Stratification

It is most useful to focus on the high risk members of the plan, as they are right now, looking to future costs and needed actions. Your risk stratification for first quarter 2012 is as follows.

Stratification Level	Montgomery County Agencies			InforMed BoB Benchmark	
	Average Risk Score	Number of Members	% of total Membership	Average Risk Score	% of total Membership
Priority	65.59	153	0%	73.48	0%
High	41.62	9,975	11%	48.94	8%
Moderate	10.67	13,443	15%	12.41	12%
Low	1.36	23,977	26%	1.50	22%
No known risk	0.00	43,348	48%	0.00	58%
Participants	6.62	90,896	100%	5.83	100%

The current Risk Stratification of 11% High Risk is slightly higher than what we see in similar populations, which is typically 4-8% High Risk.

Risk Scores and Levels are determined by information for individual members made available through claims data. The actual score and risk level are defined by information in a number of categories that claims data reveal including: Utilization Patterns, Retrospective Cost, Conditions/Diagnoses, Compliance with Evidence Based Medicine and Predicted Costs.

It is often useful as well to review how the population is moving within Risk Stratification levels. Your Risk Stratification for Quarter 1 2011 vs. Quarter 1 2012 is as follows:

Change in Population Risk Between Year 1 and Year 2		
Stratification Level	Stratification	Members
Priority	0%	-25
High	1%	1245
Moderate	1%	1080
Low	0%	972
No known risk	-3%	-2454

A review of Quarter 1 2011 to Quarter 1 2012, shows a slight increase in the average risk scores and the number of participants categorized as High, Moderate and Low priority.

Evidence Based Medicine Adherence

Overall, adherence to evidence based medicine standards of care is 53% for the health plan’s population. EBM Adherence for some key specific preventative care and prevalent chronic conditions is as follows:

Evidence Based Medicine Standard	Number of Members*	Adherence	BoB Adherence
Prenatal Care (National Standard)	756	93%	91%
Chronic Obstructive Pulmonary Disease	945	77%	75%
Congestive Heart Failure	716	73%	78%
Breast Cancer Screening (National Standard)	21,138	67%	70%
Cervical Cancer Screening (National Standard)	27,199	61%	74%
Diabetes Mellitus	8,700	60%	65%
Hyperlipidemia	17,060	60%	64%
Hypertension	22,019	51%	52%
Diabetes Care (National Standard)	6,236	41%	50%
Colorectal Cancer Screening (National Standard)	31,425	33%	38%

**Number of members reflects the individuals for whom the specific standard is applicable based on age, gender, health conditions, diagnoses, etc.*

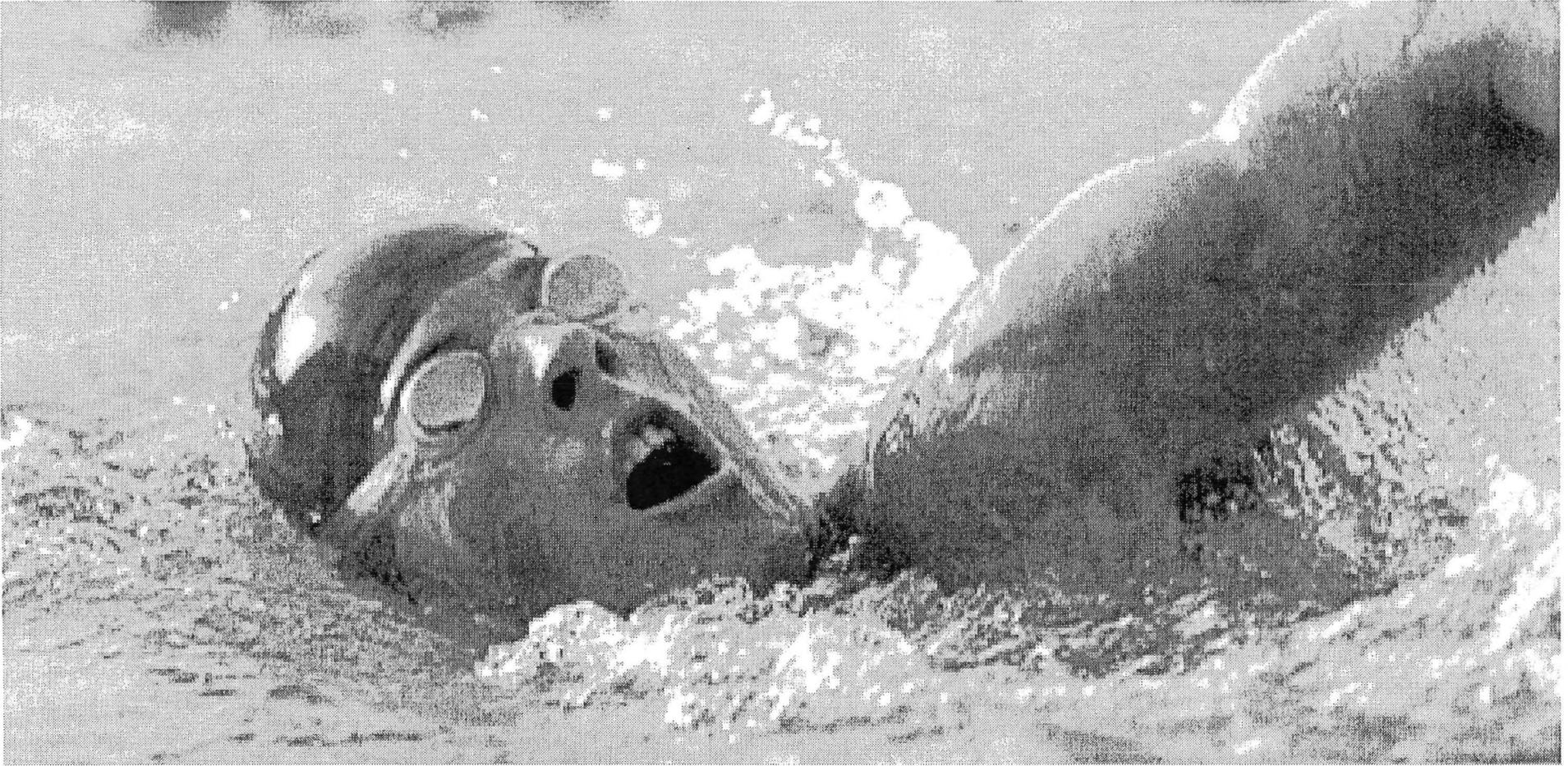
Adherence for this population is better than benchmarks in the following areas:

- **Chronic Obstructive Pulmonary Disease**
- **Prenatal Care**

The highlighted standards above show areas where adherence is significantly below benchmarks (5% or greater):

- **Cervical Cancer Screenings**
- **Diabetes Care**
- **Congestive Heart Failure**
- **Colorectal Cancer Screening**

The lower adherence in CHF and Diabetes care correlates with the expected large spends in **Cardiology** and **Endocrinology**. Adherence with standards of care is key in driving down costs.



Measurement period ending in: Mar 31, 2012

Partnership in Health Report: Prevention and Lifestyle Risks

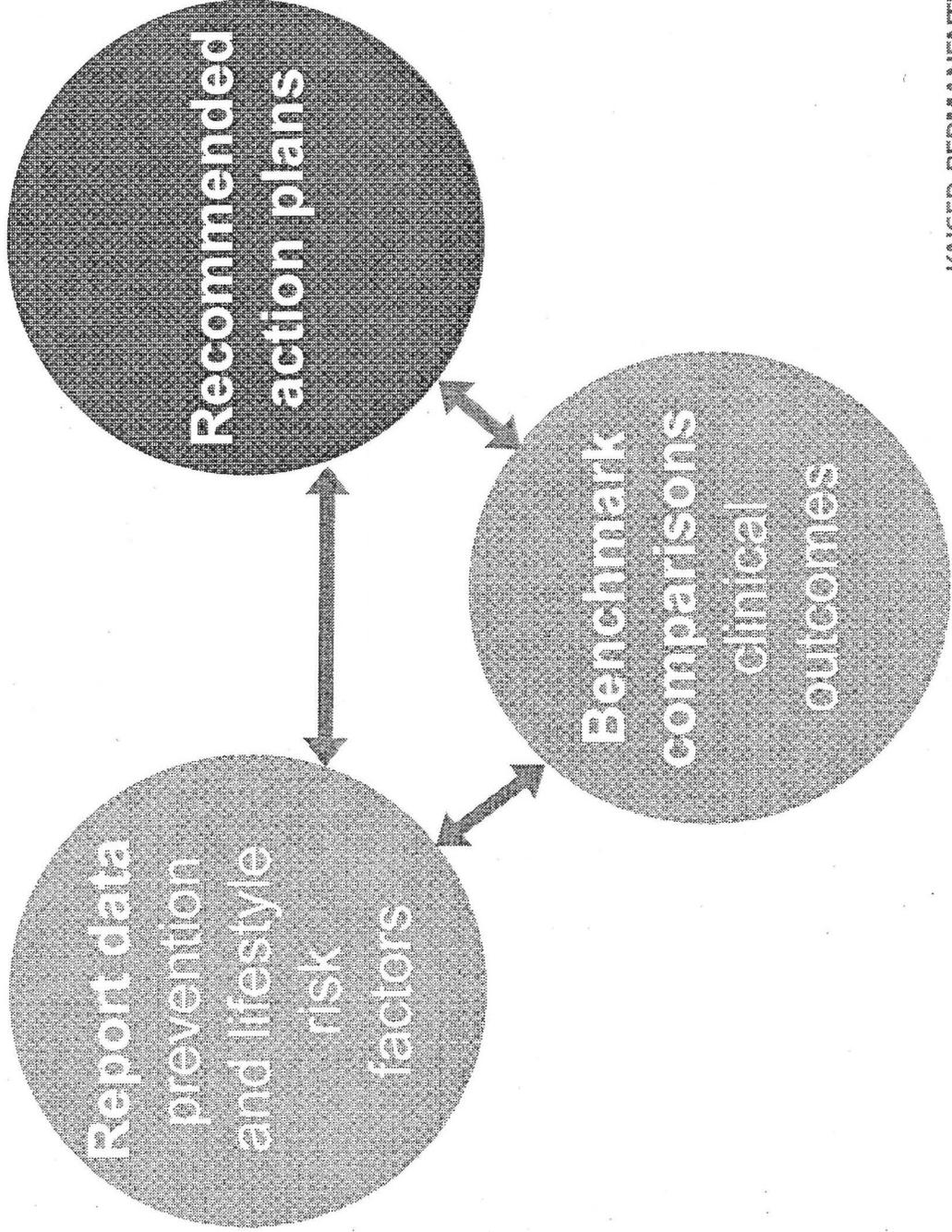
Montgomery County Agencies Combined and Kaiser Permanente

Commercial
All Members

96

KAISER PERMANENTE  thrive

Partnership in Health (PIH) Reports



Your group at a glance

Prevention
and Lifestyle
Risk

Member Demographics

Measurement period ending in: Mar 31, 2012

	MCACombined	Kaiser Permanente regional average	Comparison
Subscribers	5,646	-	-
Members	13,412	-	-
Average age	35	35.2	-.2 yrs younger
Gender (% female)	52.2	52.2	0% pts higher
Average family size	2.4	2	.4 higher

*The Kaiser Permanente Regionally Adjusted Benchmark values were based on the weighted average of the purchaser's distribution of members across the Kaiser Permanente regions for the time period being measured.

Your results: overview

Prevention and Lifestyle Risk

Measurement period ending in: Mar 31, 2012

Measure	Description	Your Results, 2011 Q4	Your Results, 2012 Q1	Year-Over-Year Change
BMI: Weight Management+	% of adult members who are overweight or obese	71.31%	71.72%	Declined
Cholesterol management+	% of members borderline high or high total cholesterol	36.14%	35.65%	Improved
Blood pressure management+	% of members with blood pressure \geq 140/90	7.32%	6.87%	Improved
Smoking rates+	% of members who smoke	11.2%	11.19%	Improved
Breast cancer screenings*+	% of eligible population screened	86.02%	87.32%	Improved
Cervical cancer screenings*+	% of eligible population screened	89.62%	89.17%	Declined
Colorectal cancer screenings*+	% of eligible population screened	75.34%	76.04%	Improved
Childhood immunization rates*+	% of eligible population screened	97.65%	96.91%	Declined
Childhood obesity+	% of child members who are overweight or obese	32.84%	32.12%	Improved

*Continuously enrolled members during measurement period.

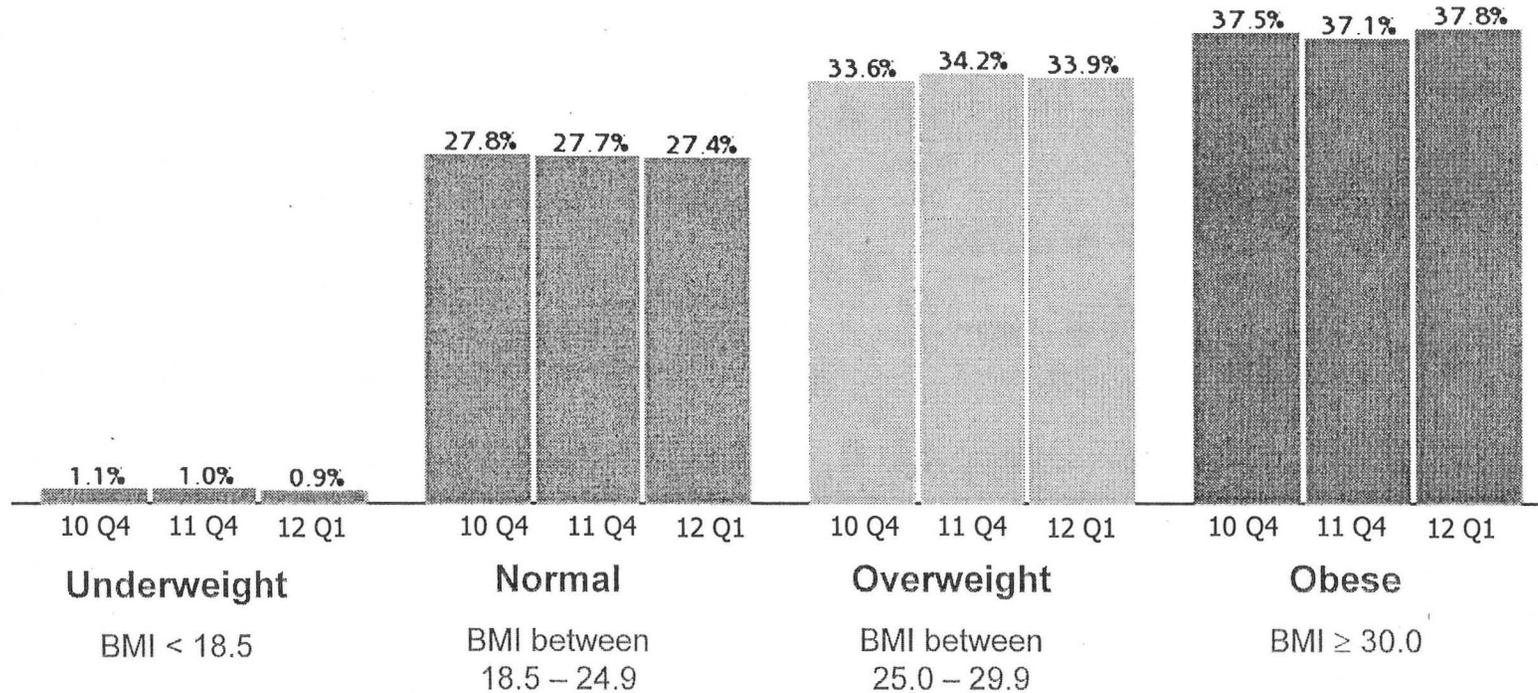
*ISS (Insufficient Sample Size) will be displayed if eligible member population for the prevention measure is less than 30.

59

Your results: adult weight management

Prevention
and Lifestyle
Risk

Measurement period ending in: Mar 31, 2012



*The customer values will be displayed as 0% if the eligible member population for the metric is less than 30.

Ages 21 to 74. Excludes members who utilized maternity services.

67.4% of your member population with a measurement in the last 12 months.

4
HP

Adult weight management: member engagement

Prevention
and Lifestyle
Risk

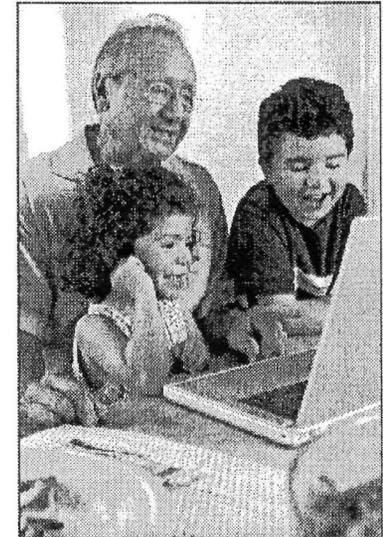
Clinical intervention strategy

Body mass index (BMI) recorded, based on height and weight measurements

Caregivers discuss weight-loss options and resources with patients

Available tools and programs

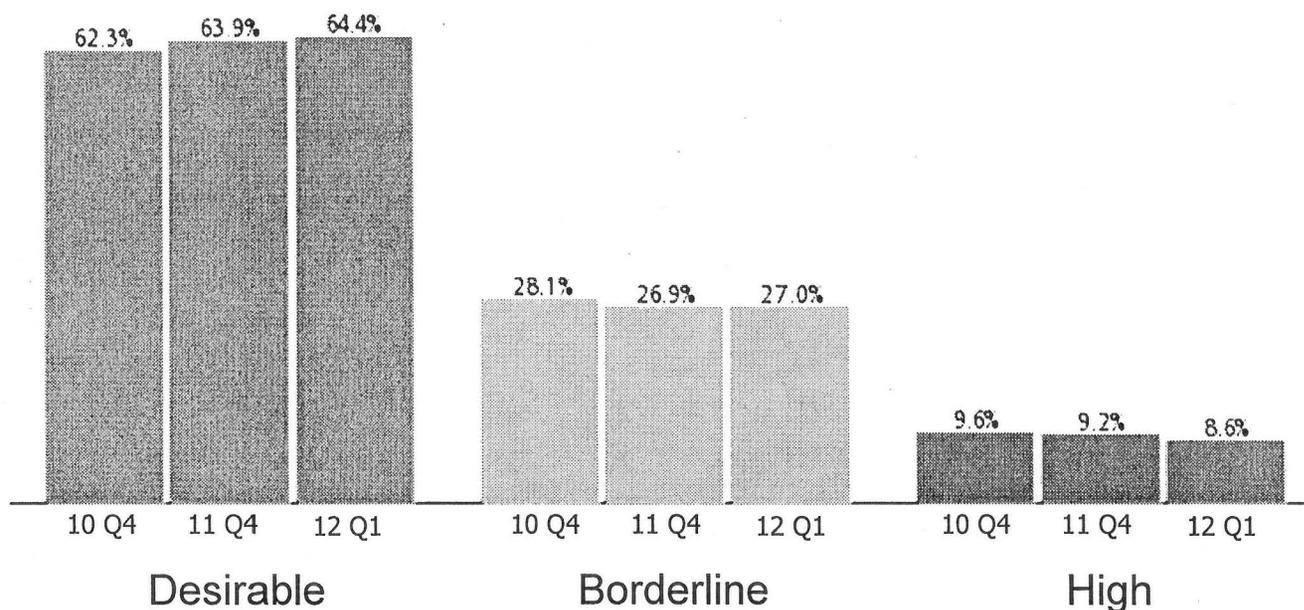
- Online BMI calculator
- Online weight management program
- Healthy Living classes
- Fitness club (preferred rates)
- Podcasts



Your results: cholesterol management

Prevention
and Lifestyle
Risk

Measurement period ending in: Mar 31, 2012



*The customer values will be displayed as 0% if the eligible member population for the metric is less than 30.

Definitions: Components of total cholesterol include LDL, HDL, and triglycerides.

- Desirable: Members with total cholesterol less than 200.
- Borderline: Members with a total cholesterol between 200–239.
- High: Members with a total cholesterol of greater than 240.

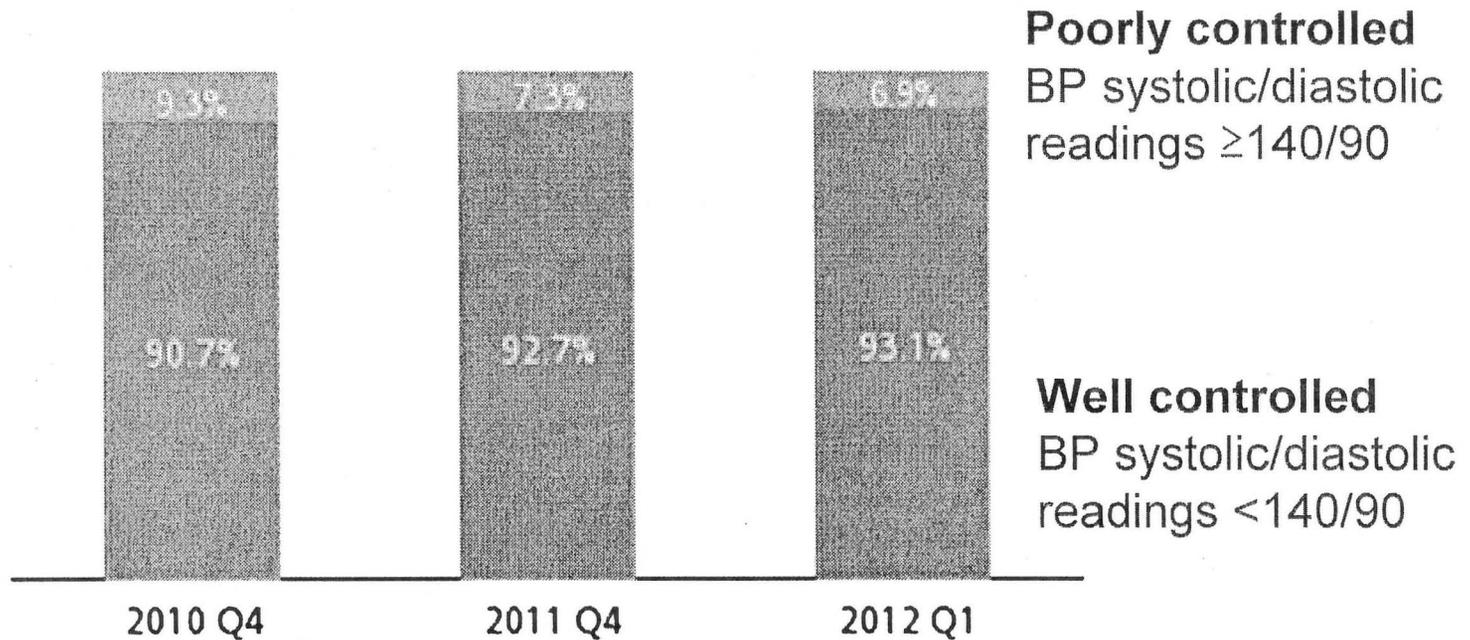
70.3% of employee population ages 18 to 75 with a cholesterol measurement in the last 5 years.

142

Your results: blood pressure

Prevention and Lifestyle Risk

Measurement period ending in: Mar 31, 2012



Poorly controlled
BP systolic/diastolic
readings $\geq 140/90$

Well controlled
BP systolic/diastolic
readings $< 140/90$

*The customer values will be displayed as 0% if the eligible member population for the metric is less than 30.

81.3% of your member population ages 18 to 85 with a blood pressure measurement in the last 12 months.

7
143

Cholesterol and blood pressure management: member engagement

Prevention and Lifestyle Risk

Clinical intervention strategy

Cholesterol check at age 20 or first visit
Blood pressure check at every visit
Caregivers discuss lifestyle changes and prescription if necessary

Available tools and programs

- Online chronic condition management, quit smoking, nutrition, and weight-loss programs
- Hypertension online video
- Online body mass index (BMI) calculator
- Healthy Living classes
- Fitness widget
- Weight loss podcast

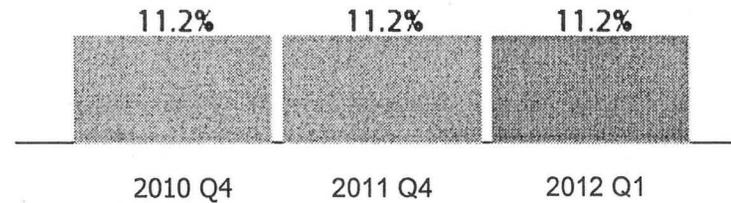


Your results: smoking

Prevention and Lifestyle Risk

Measurement period ending in: Mar 31, 2012

The percentage of your population that smokes.



*The customer values will be displayed as 0% if the eligible member population for the metric is less than 30.

89.4% of your member population aged 18+ with a recorded result for smoking status.



Smoking: member engagement

Prevention
and Lifestyle
Risk

Clinical intervention strategy

Caregivers ask members about smoking at every visit, advise them to quit, and help them develop a plan to quit smoking, including prescription (best combined with other quit strategies)

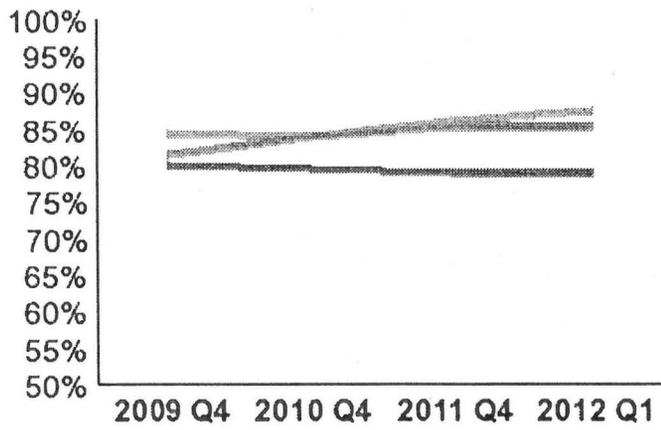
Available tools and programs

- Healthy Living classes
- Online interactive quit-smoking tools
- Online smoking cessation program
- Online health and drug encyclopedias

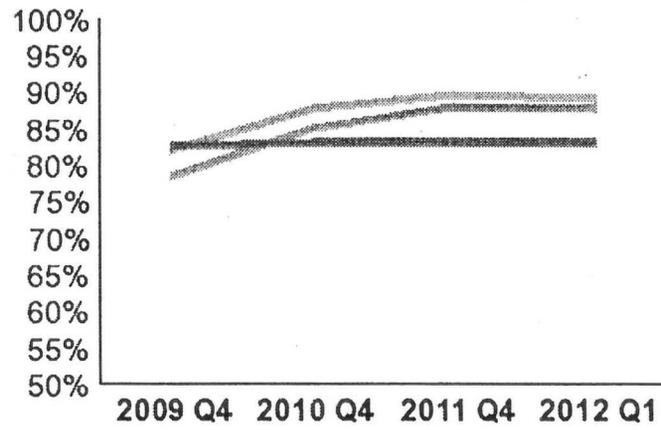
Your results: cancer screenings

Measurement period ending in: Mar 31, 2012

Breast cancer screening rates
Percent of eligible population screened



Cervical cancer screening rates
Percent of eligible population screened



- MCACombined_PLR_100912
- Kaiser Permanente regionally adjusted average
- NCQA 90th Percentile

^The customer values will not be displayed if the eligible member population for the metric is less than 30.



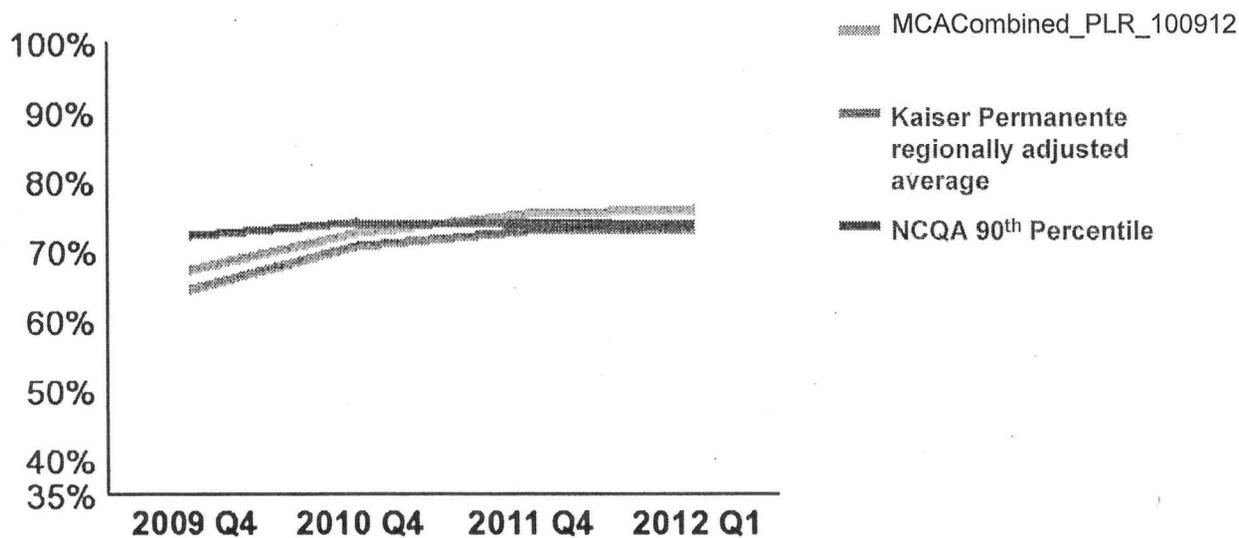
Your results: cancer screenings

Prevention and Lifestyle Risk

Measurement period ending in: Mar 31, 2012

Colorectal cancer screening rates

Percent of eligible population screened



^The customer values will not be displayed if the eligible member population for the metric is less than 30.



Cancer screenings: member engagement

Prevention
and Lifestyle
Risk

Clinical intervention strategy

Members making office visits are proactively reminded of upcoming screenings
Screening recommendations are based on age, gender, patient health, risk factors, and personal and family history
Overdue screenings generate letter or phone-call reminders

Available tools and programs

- Online personal health record notes overdue screening
- Online health encyclopedia cancer screening and self-exam information

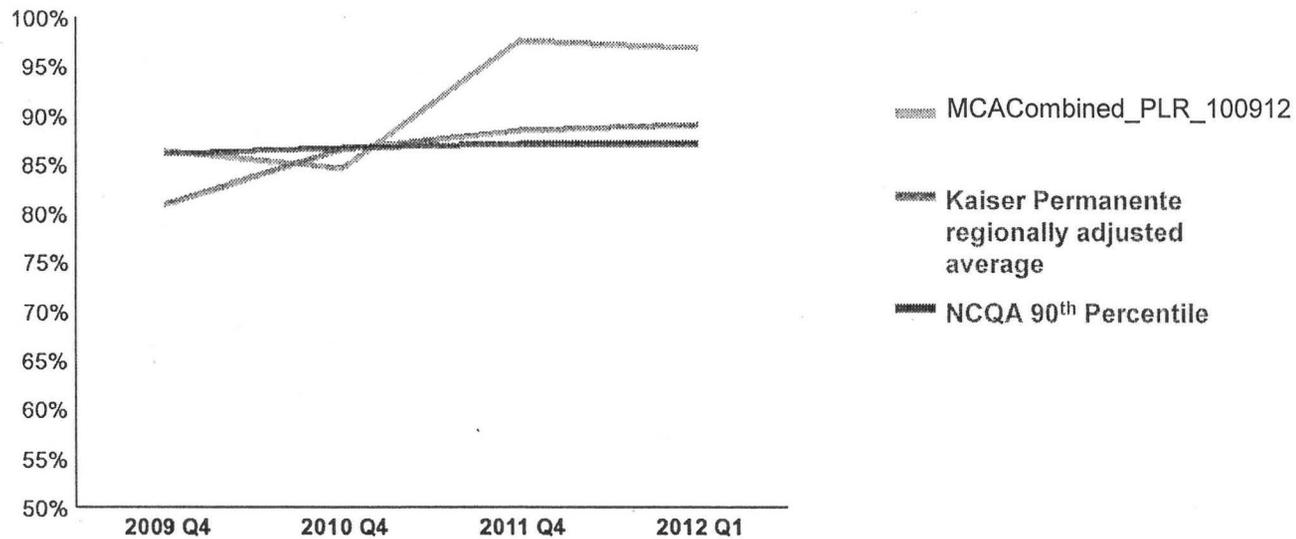
149

Your results: childhood immunizations

Prevention
and Lifestyle
Risk

Measurement period ending in: Mar 31, 2012

Childhood immunization rates Percent of eligible population screened



^The customer values will not be displayed if the eligible member population for the metric is less than 30.



Childhood immunizations: member engagement

Prevention
and Lifestyle
Risk

Clinical intervention strategy

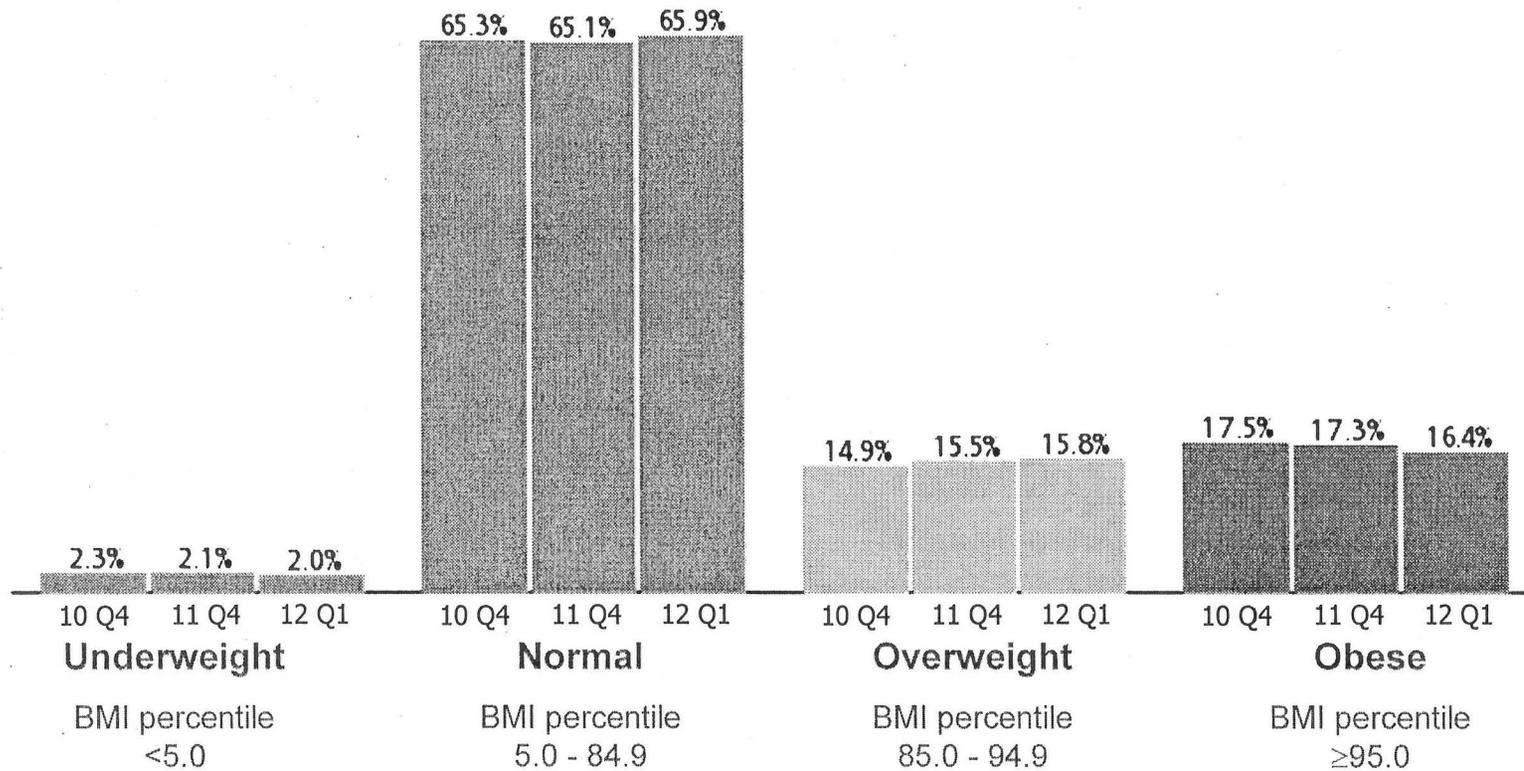
Expectant mothers are reminded about the importance of infant immunizations
Post-delivery, electronic alerts prompt caregivers to remind members about scheduled immunizations
Regular baby and child well-checks are scheduled

Available tools and programs

- Child and teen immunization history and reminders accessible by family members online
- Downloadable schedules help parents keep track of immunizations
- Online health encyclopedia
- Flu and HPV online health tools

Your results: childhood obesity

Measurement period ending in: Mar 31, 2012



*The customer values will be displayed as 0% if the eligible member population for the metric is less than 30.

Total percent of members aged 2–20. Excludes maternity.

41.1%	of your member population with a measurement in the last 12 months.
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Childhood obesity: member engagement

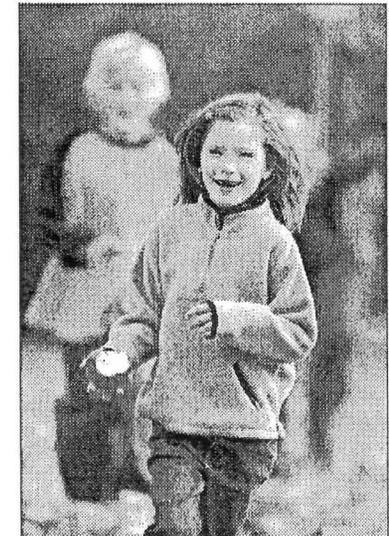
Prevention
and Lifestyle
Risk

Clinical intervention strategy

Body mass index recorded (based on height/weight measurements)
Importance of physical activity discussed at well-child checks
Caregivers discuss weight-loss options with family and encourage them to use available tools and programs together

Available tools and programs

- Educational theater program
- Healthy Living classes

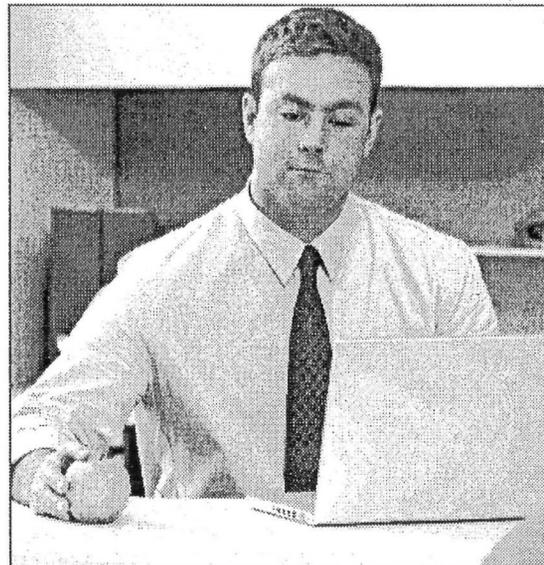


Your recommended action plan

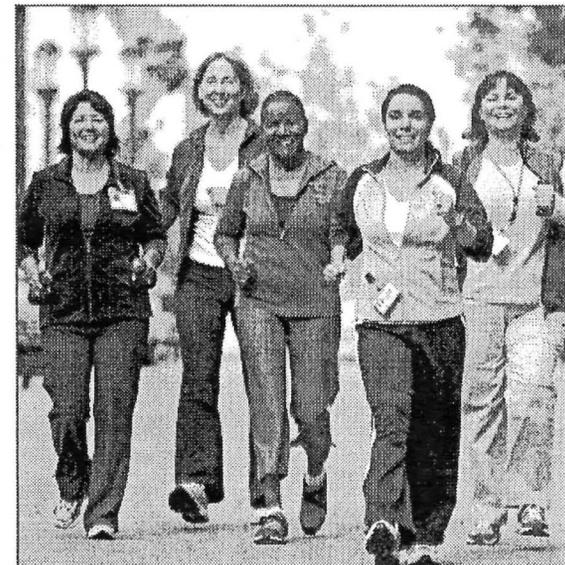
Three steps to a healthier workforce



Create a culture of health at work



Use the tools included in your coverage—
Kaiser Permanente HealthWorks

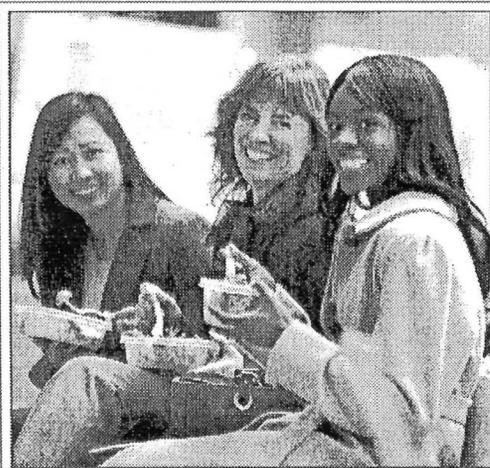


Broaden your reach

Create a culture of health at work

Worksite health promotion boosts employee wellness program participation by 40 percent*

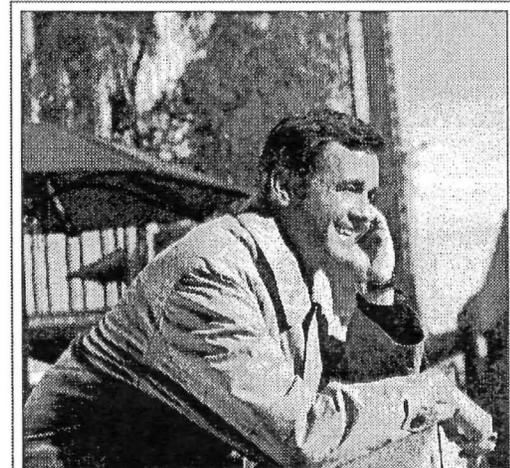
Use your worksite to encourage:



Better eating habits



More exercise



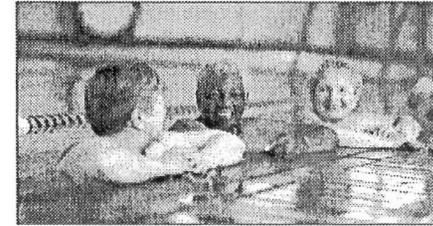
Smoking cessation

*Closing the Gap: 2008/2009 Employee Perspectives on Health Care, Watson Wyatt, 2008.



Use the tools included in your coverage

Prevention
and Lifestyle
Risk



Online resources

- HealthWorks workbook
- Total health and productivity library at businessnet.kp.org
- Total health assessment
- Online services, including e-mail your doctor's office, view lab results, prescription refills, and more
- Digital coaching sessions
- BMI and health calculators
- Health and drug encyclopedias
- Health screening, self-exam, and symptom tools
- Podcasts

More included programs and tools

Prevention
and Lifestyle
Risk

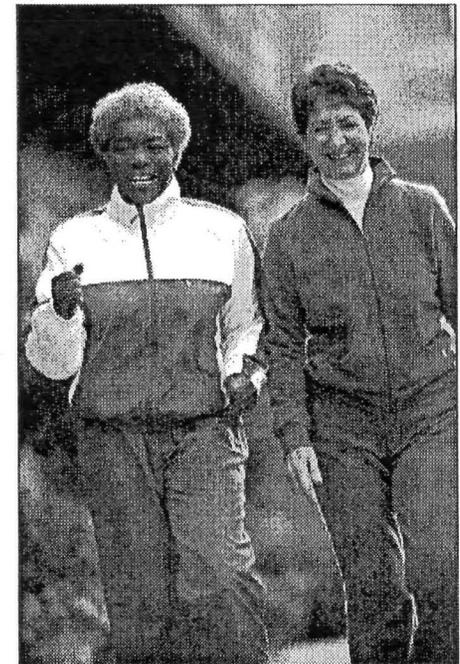
Membership extras

- Fitness clubs reduced rates
- Complementary medicine reduced rates
- Individual and phone counseling
- Educational theater program

Facility resources

- Healthy living classes and support groups*

FitnessCoach.com



*Availability varies by region. Some classes require an additional fee.

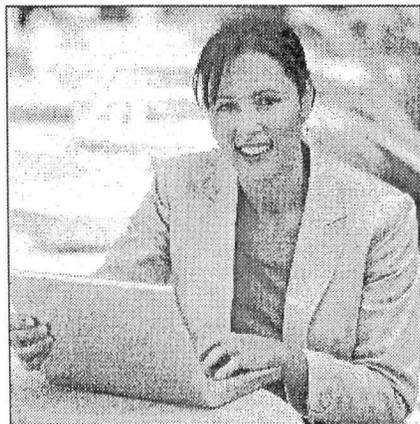
Broaden your reach with HealthWorks

Prevention
and Lifestyle
Risk



Onsite

- Healthy Picks vending machine program
- Health promotion classes
- Biometric screenings for cholesterol, blood pressure, and BMI
- Customized communications—flyers, posters, etc.

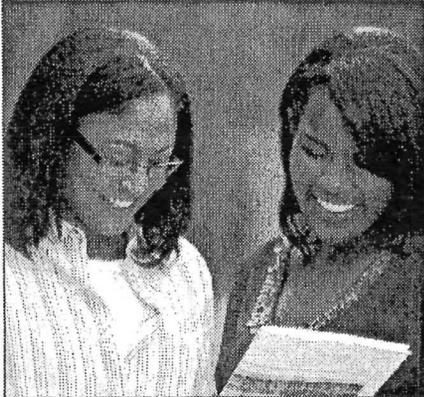


Online

- Total health assessments for all employees
- Customized Web site with information and links on participating in the total health assessment, or digital coaching session
- Participation reports and summaries

Broaden your reach with HealthWorks

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Rewards for participation

- Administer your own rewards program for completing or participating in wellness or fitness programs.
- Select a Kaiser Permanente–administered rewards program. Employees can earn rewards for completing a health assessment or digital coaching session.

Conclusion:
Partner with Kaiser Permanente today

Prevention
and Lifestyle
Risk

Integrated approach to care.

Healthier, more productive employees.

Greater value and a healthier bottom line.