

CASE STUDY

East Coast Hospital achieves 12% savings with population health data Analytics and industry expertise offer insights into employee health plan performance

Summary

As reimbursement shifts from volume to value, the hospital, one of three facilities belonging to a healthcare network, has adopted an innovative approach to population health in the care of its workforce. By identifying cost drivers and opportunities for preventive care, the hospital is on target to spend \$2.5 million less in 2016, representing a 12% PMPM improvement over all of 2015.

Goals

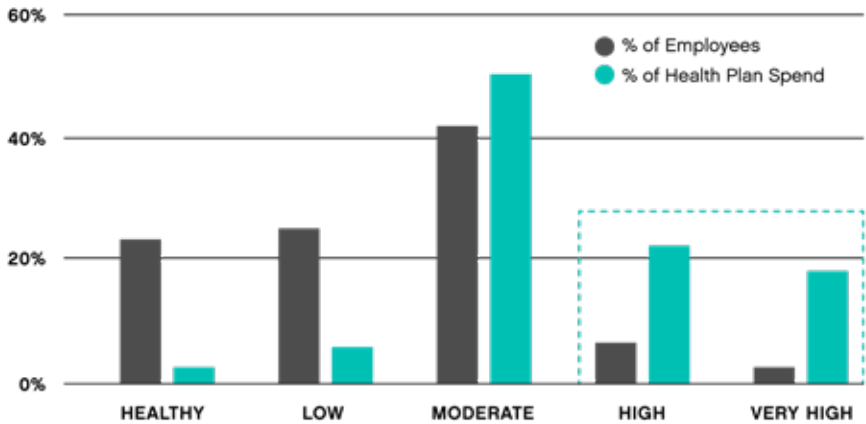
- Analyze population health data to identify opportunities to reduce costs
- Proactively manage care and wellness of employees, their families
- Make progress in the shift to value-based care and shared risk models
- Drive excellence across the organization
- Improve benefit design for positive outcomes, cost reductions

Results

- On target to spend \$2.5 million less in 2016 than 2015
- Reduced PMPM costs by 12% over 2015
- Reduced one employee's \$700 monthly prescription costs to just \$9
- Built a foundation for population health initiatives
- Focused plan design around data insights

About the hospital

The organization is a regional, full-service hospital system serving areas of New England. The health system's 6,000 employees serve three hospitals, skilled nursing homes, assisted living residences, and other community facilities throughout the region.



9% OF THE HIGHEST RISK EMPLOYEES ARE RESPONSIBLE FOR 40% OF EMPLOYEE HEALTH PLAN COSTS

Challenge

The shift to value-based care has transformed healthcare delivery, requiring a greater focus on improving quality and reducing costs. At the same time, healthcare costs are rising dramatically. For self-insured hospitals like this one, having insight into healthcare utilization is critical to improving care for employees and their families while also designing benefit plans and reducing costs. In addition, analyzing and stratifying data is vital in building a foundation for population health initiatives.

Without data insight, the hospital had only raw costs to work with and were unable to segment that data to determine whether dependents or the employees themselves were driving costs, for instance. Assumptions were made about high-risk patients as well as emergency department and pharmaceutical usage, but it was difficult to make substantive decisions without the data to validate them.

Solution

Population Health Data Improves Wellness and Cost Savings

The hospital chose MedeAnalytics' Population Health solution to gain the insights needed to cost-effectively improve health and wellness for its 6,000 employees and 1,500 beneficiaries. The hospital leveraged the solution to identify which employee patient groups were at risk for chronic conditions and high-cost care. The data revealed that their hospital employee healthcare costs are more than 10% higher than the general population. Overall, just 9% of the highest risk employees were found to be responsible for 40% of employee health plan costs.

The insights found in the data enabled them to proactively manage its employee population to identify exactly where money was being spent. Initially, the organization expected that chronic back pain and COPD were contributing to high costs. But the data showed that employees' dependents were at the root of back pain costs, not the employees themselves. For COPD, the analytics

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Care Coordination Manager

showed that costs were associated with just seven patients. The hospital also examined data on ED utilization, thinking that it was contributing to high costs. But the data revealed that ED costs weren't as high as they assumed.

Ultimately, the organization focused its efforts on pharmaceutical costs. With data that confirmed that 25-27% of costs were in pharmaceutical claims, the organization examined whether costs were going toward high biologic drugs, whether 90-day supplies would cost less, or even whether a different pharmacy would be more cost effective.

The data also showed that an extremely high percentage of the pharmacy spend came from specialty drugs. Generic drug utilization had dropped to less than 72% in December 2015, a significant finding given that benchmarks showed generic drug utilization of well over 80%. The hospital identified at least \$100,000 in potential savings from generic drug substitution in three therapeutic classes where generic equivalents were available.

"Multiple variations were hiding beneath the surface of our costs," said the care coordination manager.

Pharmaceutical data also revealed one patient with a single drug at a special dosage that cost \$700 for a 30-day supply. "It was a generic drug, and we were convinced the information was wrong," she said. But with a call to the pharmacy, she identified that the cost was correct. She quickly ran a report and found other patients who were taking the same drug in a smaller dosage two or three times a day, at a significantly lower cost. By simply changing the dosage, they reduced the cost from \$700 to just \$9 a month.

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Former CEO of the hospital

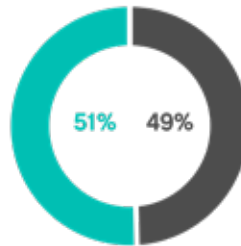
TOTAL PHARMACY SPENDING IN 2014

● Specialty Drugs ● Other



TOTAL PHARMACY SPENDING IN 2015

● Specialty Drugs ● Other



IN 2014 AND 2015, THE DATA SHOWS THAT SPECIALTY DRUGS ACCOUNTED FOR AN EXTREMELY HIGH PERCENTAGE OF TOTAL PHARMACY COSTS

"We were blown away," she said. "We never would have identified this opportunity with just raw dollar amounts." In addition to its work the pharmaceutical data, the hospital used risk stratification to take proactive action with early risk indicators like high blood pressure, diabetes, diuretics use, and anti-inflammatory drug use, all of which are indicators for chronic kidney disease.

On the Path to Value-Based Care

Beyond immediate cost savings, the hospital's experience is moving them one step closer to achieving success in a future involving risk-sharing and valuebased care. "The population health solution allowed us to do two things: design a plan that met our employees' needs by aggregating and analyzing past trends, and create healthcare plans that catered to the entire network's needs," said the former CEO.

The data revealed a surprising number of employees who were using out-of-network providers and high-cost services. In its work to redesign the employee benefits plan, the hospital focused on the changes that would have the greatest impact, as shown in the data. This included creating incentives to keep employees in the network, identifying preferred lowcost provider networks, and focusing on generic drug utilization.

Eventually, the hospital intends to roll out the population health approach to the entire community. "We see this as an important stepping stone towards our goal of having at least 50% of our payments be tied to value-based models by 2018," the former CEO said.

The hospital is in good company. A Becker's Hospital Review article states, "Employee health management is an opportunity for hospitals to put their money where their mouths are. When a large employer or payer asks how a hospital plans to manage population health, a successful organization should be able to illustrate that answer by referring to its own workforce."

Consultative Partnership Drives Change

The hospital chose MedeAnalytics due to its unique partnership approach. "We felt that we had a true partner in this endeavor," the former CEO said, whose relationship with the company began in 2006. "Many other vendors provide a solution and walk away. We had ongoing consultation with MedeAnalytics." Boehler engaged with MedeAnalytics Consulting Services to perform a deeper analysis to understand the patterns and trends in their data. The consulting team identified where the hospital was succeeding, where they were struggling, and what opportunities lie ahead.

"In 2015, we made significant inroads with 98% of our population," said the former CEO. "We then worked with the consulting team to determine how to improve care and costs for the other two percent. We examined generic drug utilization, behavioral health issues, comorbidity of depression, and all other indicators to influence the health of those two percent." The consulting team helped analyze the data so the hospital could efficiently manage day-to-day care while also adapting benefits programs to influence healthy outcomes.

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Result

Ultimately, MedeAnalytics helped the organization improve the care and well-being of its self-insured population while also reducing costs. The hospital is on target to spend \$2.5 million less in health insurance costs in 2016 than in 2015. Altogether, PMPM costs have been reduced by 12% over 2015.

Aside from reducing costs, the hospital experienced a cultural shift. Feeling empowered by data insights, they are breeding responsible healthcare users and giving care coordinators the tools they need to be more proactive with the employee population. Understanding that analytics is more than a data warehouse, the organization shows how making sense of claims data requires predictive models, analysis of gaps in care, quality measure calculations, and payer expertise.

Additional lessons learned include the realization that technology is only part of the solution. Physician engagement and care management staff competency are essential. The hospital also recognized the importance of starting small when building a foundation for population health.

Hospital employees are a high-risk population with great opportunities for engagement and improvement. Having their claims data immediately accessible gives the organization the tools it needs to drive successful population health initiatives.

In the end, the hospital reduced costs and improved care for employees and dependents while making progress in value-based care. "It makes a difference when you have a partner," said the former CEO. "The partnership with MedeAnalytics has made a huge difference in our ability to succeed."

Visit our [Population Health solutions page](#) for more information.

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Enterprise Analytics