

SOONERCARE HMP EVALUATION

SFY 2011

Introduction

Chronic diseases are among the most costly of all health problems. Treatment of chronic disease accounts for more than 75 percent of total U.S. health care spending. Providing care to individuals with chronic diseases, many of whom meet the federal disability standard, has placed a significant burden on state Medicaid budgets.

Under the Oklahoma Medicaid Reform Act of 2006 (HB2842), the Legislature directed the Oklahoma Health Care Authority (OHCA) to develop and implement a management program for chronic diseases, including, but not limited to: asthma; chronic obstructive pulmonary disease (COPD); congestive heart failure (CHF); diabetes and renal disease. The SoonerCare Health Management Program (HMP) would address the health needs of chronically ill SoonerCare members while reducing unnecessary medical expenditures at a time of significant fiscal constraints.

Traditional disease management programs focus on individual conditions rather than the total patient. The OHCA moved beyond this concept by creating an innovative, holistic care management program that emphasizes development of member self-management skills and provider adherence to evidence-based guidelines and best practices. The program targets SoonerCare members with the most complex needs, most of whom have multiple physical conditions and many of whom have physical and behavioral health co-morbidities.

The SoonerCare HMP was launched in February 2008. The program includes two major components: nurse care management and practice facilitation/provider education.

Nurse Care Management

Nurse care management targets SoonerCare members with chronic conditions identified as being at high risk for both adverse outcomes and significant forecasted medical costs. The members are stratified into two levels of care, with the highest-risk segment placed in “Tier 1” and the remainder in “Tier 2.” Prospective participants are contacted and enrolled in their appropriate tier. After enrollment, participants are engaged through initiation of care management activities.

Tier 1 participants receive face-to-face nurse care management while Tier 2 participants receive telephonic nurse care management. The OHCA’s objective is to provide services at any given time to about 1,000 members in Tier 1 and about 4,000 members in Tier 2. The program operated at full enrollment throughout State Fiscal Year (SFY) 2011 (July 2010 – June 2011).

Practice Facilitation/Provider Education

A team of registered nurse practice facilitators provides one-on-one, in-office assistance to OHCA-designated primary care providers. The program is voluntary and offered at no charge to the provider. Practice facilitators collaborate with primary care providers and their office staff to improve their efficiency and

quality of care through implementation of enhanced disease management and improved patient tracking and reporting systems.

The provider education component targets primary care providers throughout the state who treat patients with chronic illnesses. Providers are sent educational materials on a regular basis. They also are invited to attend collaboratives focused on health management and evidence-based guidelines.

Vendor

The OHCA contracted with Telligen (formerly known as the Iowa Foundation for Medical Care) to implement and operate the SoonerCare HMP. Telligen is a national quality improvement and medical management firm specializing in care, quality and information management services. Telligen staff members provide nurse care management to SoonerCare HMP participants and practice facilitation to OHCA-designated primary care providers.

SoonerCare HMP Evaluation

The Pacific Health Policy Group (PHPG) and APS Healthcare recently completed an evaluation of the SoonerCare HMP's third full year of operations (State Fiscal Year 2011). The evaluation addressed four critical questions:

1. Have Telligen and the OHCA put in place and maintained the necessary structure and processes for achieving program objectives?
2. Are participants, both members and physicians, satisfied with their experience?
3. Is the SoonerCare HMP improving quality of care?
4. Is the SoonerCare HMP demonstrating cost effectiveness?

PHPG and APS Healthcare collected data for the evaluation through a variety of methods. These included an onsite audit of Telligen; reviews of claims and medical records; and surveys of nurse care management participants and physicians participating in the practice facilitation initiative.

Question 1: Have Telligen and the OHCA put in place and maintained the necessary structure and processes for achieving program objectives?

The OHCA oversees SoonerCare HMP activities through a dedicated unit whose medical director is an Oklahoma-licensed physician. The unit facilitates the identification and recruitment of eligible beneficiaries and providers and conducts monitoring activities on an ongoing basis. Telligen operates out of offices in Oklahoma City and West Des Moines, Iowa. The firm also has field staff located throughout the state.

PHPG's onsite audit verified that Telligen's nurse care management unit is appropriately staffed and performing care management activities in accordance with contract standards. This includes completing comprehensive assessments of new participants; developing individualized plans of care; making, at a minimum, monthly contact to educate participants on self-management skills; and assisting with appointments or other immediate needs.

At the time of the audit, Telligen was recruiting to fill one vacancy in the practice facilitation unit, to return to a full complement of eight facilitators. Telligen otherwise was in compliance with key program requirements,

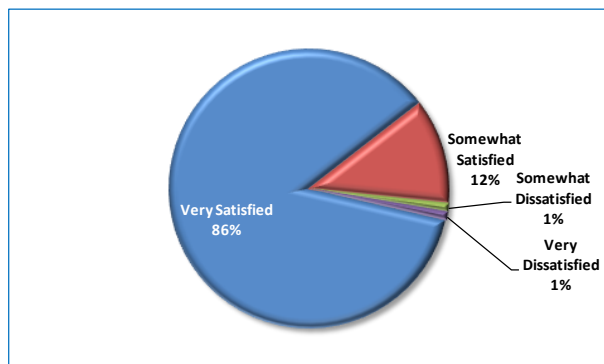
including conducting onsite assessments of provider adherence to clinical and office management best practices and providing ongoing assistance with quality improvement activities. Quality improvement is enhanced by using CareMeasures™, an electronic patient registry that facilitates the management of chronically ill patients. Providers also use CareMeasures™ to report to Telligen on their adherence to patient care guidelines and, depending on their performance, to qualify for incentive payments.

Question 2: Are participants satisfied with their experience?

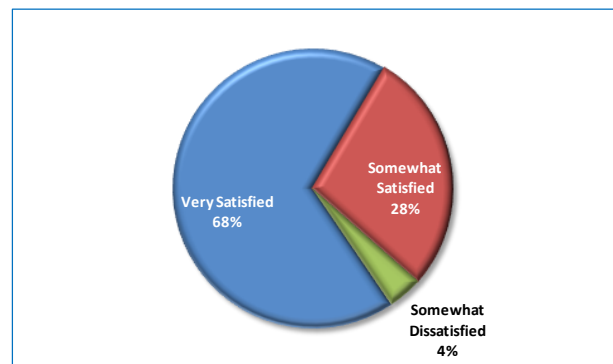
Participants in nurse care management continue to give the program high marks. When asked to rate their experience, overwhelming majorities in both tiers declared themselves very satisfied. About 30 percent of participants believe their health has improved due to participation in the program.

Practice facilitation providers also are satisfied and consider the program to be of significant value. Survey respondents credited the program with improving their adherence to clinical guidelines. Nearly all (93 percent) would recommend the program to a colleague.

NCM Participant Satisfaction



Practice Facilitation Provider Satisfaction



Question 3: Is the SoonerCare HMP improving quality of care?

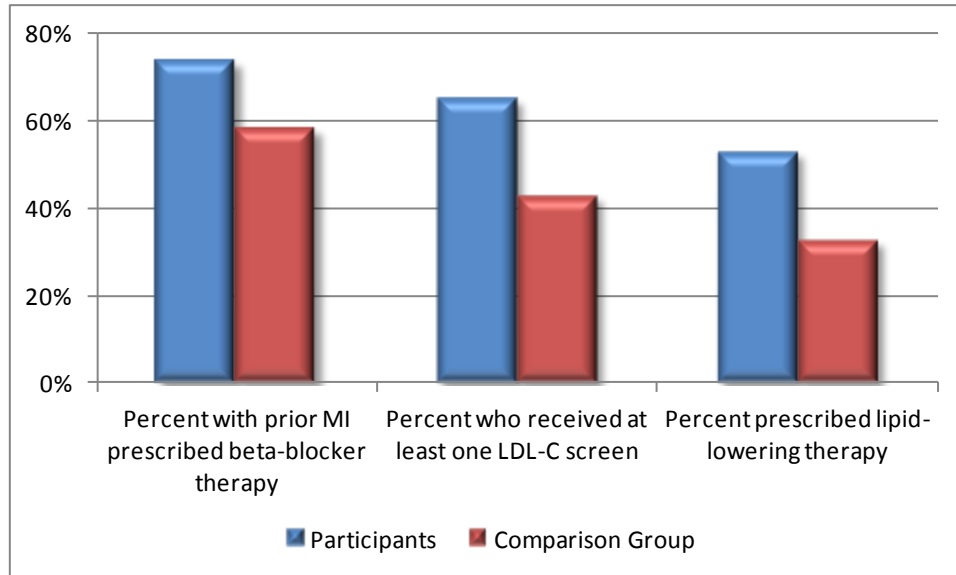
Nurse care managers devote their time to improving members' quality of care and quality of life. This includes helping to schedule appointments; educating members about the importance of managing their illness; and educating members about the importance of seeing their provider for preventive and diagnostic services. Ultimately, if participants adhere to chronic care guidelines, there should be a reduction in their risk profile and need for expensive acute care services.

To measure the program's impact on quality of care, APS Healthcare evaluated the preventive and diagnostic services provided to SoonerCare HMP participants with six targeted chronic conditions: asthma, CHF, COPD, coronary artery disease, diabetes and hypertension. The evaluation was performed using administrative (paid claims) data. APS also calculated the SFY 2011 compliance rates for a "comparison group" consisting of SoonerCare members found eligible for, but not enrolled in the SoonerCare HMP.

As in SFY 2010, findings from the analysis were promising. The participant compliance rate exceeded the comparison group rate for 17 of the 21 diagnosis-specific measures. The difference was statistically significant for seven of the 17, suggesting that the program is having a positive effect on quality of care. The most impressive results, relative to the comparison group, were observed for participants with congestive

heart failure and coronary artery disease. (Results are shown below for coronary artery disease measures with a statistically significant difference in compliance rates between participants and the comparison group.)

Quality of Care Example – Coronary Artery Disease Measures



Question 4: Is the SoonerCare HMP demonstrating cost-effectiveness?

The SoonerCare HMP ultimately must demonstrate its impact by reducing the need for hospital, emergency room and other expensive services among the chronically ill. The program is continuing to show significant promise in reducing utilization and costs among participants. Medical Artificial Intelligence (MEDai) risk profile software, which is used to identify candidates for the program, forecasted that Tier 1 participants (across all diagnostic categories) would spend an average of 11 days in the hospital in the 12 months after engagement; the actual rate was four days. Tier 2 participants were forecasted to spend an average of just under three days in the hospital; the actual rate was slightly over one day.

The emergency department visit results were less dramatic, but still positive. Tier 1 participants were forecasted to visit the emergency department an average of 3.8 times in the 12 months after engagement; the actual visit rate was 3.5. Tier 2 participants were forecasted to visit the emergency department an average of 2.1 times; the actual visit rate was 1.7.

PHPG also examined total expenditures for participants in each tier, both during and post-engagement (where applicable), and compared the actual expenditures to forecasted costs absent nurse care management. The analysis took into account program administrative expenditures, including Telligen vendor payments and OHCA salaries.

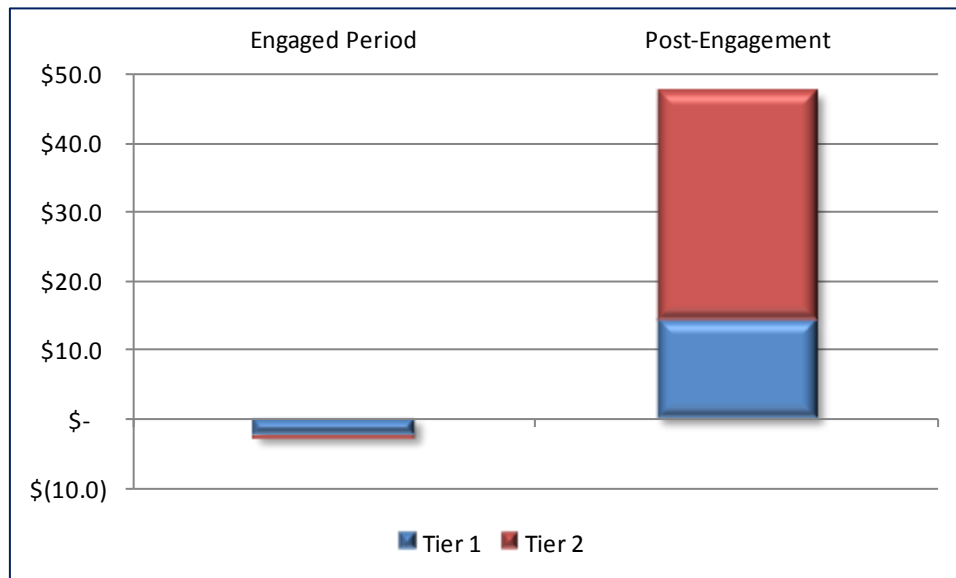
In SFY 2010, the program was found to be running a small deficit during the first 12 months of participant engagement, when front-end costs associated with providing preventive services and addressing deferred health needs were incurred, and administrative expenses were highest. However, the deficit converted to savings after month 12, when the impact of improved chronic care self management began to be felt. PHPG hypothesized at the time that, “These savings can be expected to outweigh front-end costs and begin producing aggregate program savings as the program continues to operate and mature.”

In SFY 2011, the addition of another year of experience did in fact result in greater program aggregate savings. The Tier 1 population generated a small four percent deficit during the first 12 months of engagement: \$2,433 actual PMPM expenditures versus \$2,357 forecasted PMPM expenditures, as measured against \$65 million in total medical claims costs. However, during months 13 and beyond the Tier 1 population showed savings of 31 percent: \$1,910 actual PMPM expenditures versus \$2,499 forecasted PMPM expenditures, as measured against \$46 million in total medical claims costs.

Tier 2 participants also generated a small deficit of less than one percent during the first 12 months of engagement: \$1,111 actual PMPM expenditures versus \$1,106 forecasted PMPM expenditures, as measured against \$128 million total medical claims costs. During months 13 and beyond, the Tier 2 population showed savings of 39 percent: \$837 actual PMPM expenditures versus \$1,161 forecasted PMPM expenditures, as measured against \$85 million in total medical claims costs.

Overall, the nurse care management portion of the SoonerCare HMP through SFY 2011 achieved aggregate savings in excess of \$44.4 million (state and federal dollars), or approximately 16 percent of participant total medical claims costs.

**Nurse Care Management Aggregate Savings/(Deficit) versus Forecast
(Millions of Dollars)**



PHPG also examined expenditures for chronically ill patients being treated by practice facilitation providers to test the initiative’s cost effectiveness. Similar to the method used for the nurse care management evaluation, PHPG analyzed per member per month (PMPM) medical expenditures for patients treated during the evaluation period compared to MEDai forecasts. PMPM expenditures for practice facilitation patients (post-provider initiation) averaged \$635 through SFY 2011, after factoring-in program administrative expenses. This compared favorably to a \$686 PMPM expenditure forecast for the same patients absent practice facilitation.

The net difference in PMPM expenditures (forecast minus actual) through SFY 2011 was \$51.82. This figure, when multiplied by practice facilitation site member months yields **aggregate savings of \$41.8 million (state and federal dollars), or 7.5 percent as measured total medical claims costs.**

PHPG also examined the SoonerCare HMP's return on investment (ROI), by comparing administrative expenditures to net medical savings across both program components (nurse care management and practice facilitation). The ROI for the program in total through SFY 2011 is 416 percent. Put another way, ***the SoonerCare HMP has generated over four dollars in net medical savings for every dollar in administrative expenditures.***

Conclusion

The SoonerCare HMP completed its third full year of operations with full enrollment and well-defined structures and processes for conducting nurse care management, practice facilitation and provider education. The program's impact on service utilization and expenditures is increasing year over year. Aggregate savings across the two program components now stand at nearly \$90 million, even after factoring in administrative costs.

The positive trend lines observed in SFY 2011 suggest the program's full impact is yet to be realized. Over the next several years, its contribution to the management of chronic illness in Oklahoma, and its potential for replication in other states, will become more defined. Progress will be tracked in future annual reports and a final report to be issued in 2014.