**EXCERPT**

# 1

## Introduction

Purchasers believe that improved quality outcomes, processes of care, and administration will optimize and enhance overall value for the purchaser and consumer. Health management and care coordination are core components of health care delivery and represent a key opportunity for moderating long-term costs and enhancing workplace productivity. To augment our value-purchasing framework, we collectively issued a Request for Proposal (RFP) for Health and Disease Management Services on behalf of our membership of large employers.

The **Joint Purchaser Group** includes coalitions from throughout the country, with both national and regional employers. Participants have a long-established history in group-purchasing and in partnering with stakeholders to assure health plan, provider and vendor accountability for value, quality measurement and improvement, and performance.

- Minnesota Health Action Group (MN)
- California Public Employers-Employees Trust Fund Group
- Health Action Council of Northeast Ohio
- Midwest Business Group on Health (IL)
- Pacific Business Group on Health
- St. Louis Area Business Health Coalition
- Southern California Schools VEBA

The RFP and Performance Expectations reflect a broad strategic planning process aimed to assure that health management services are population-oriented, support consumer engagement and advance quality of care and outcomes across the continuum of care. In jointly exploring health management services, the Joint Purchasers believe there is significant opportunity in optimizing the value of health and disease management and potentially aligning services that are, to a large extent, disaggregated among multiple health plan carriers, PBMs and their respective subcontracted vendors.

### Key Objectives

In conducting this Disease Management Assessment, the Joint Purchaser Group sought to:

- Define industry-leading purchaser performance expectations and business requirements to assure vendor and health plan accountability
- Provide large purchaser members with an overview of the DM vendor landscape
- Document the vendor evaluation process and profile the top vendors

- Negotiate volume discounts and "most-favored nation" contractual rates with finalist vendors for products customizable at the individual employer level
- Establish rigorous performance guarantees for program implementation, operational performance and clinical outcomes, with relative weighting to be determined by the employer
- Assess Return on Investment measurement methodologies and support use of common metrics
- Compare "best-in-class" vendor features with health plan-based programs
- Evaluate health plan-based "buy-up" options
- Clarify the business case for "buy-up" or "buy-out" options

The process began by inviting nearly 30 specialty vendors to respond to an initial questionnaire on business scope and philosophy. Eleven specialty vendors (9 of which responded) were invited to respond to Request for Proposal designed to ascertain their ability to deliver best in class disease management programs. In addition, each respondent was evaluated on their ability to offer programs above and beyond disease management, addressing the full continuum of care.

## Participating Vendors and Health Plans

Three vendors were selected as finalists. The coalitions have negotiated a joint contract with each of these vendors that leverages the collective purchasing volume of the combined group, while establishing industry-leading performance expectations, standardized reporting metrics, and a common platform for measuring return on investment and net premium savings. Program scope and design are customizable at the individual employer level.

Recognizing that the decision framework for most employers may be between a buy-up program from their self-funded carrier and an outsourced vendor, the Joint Purchaser Group expanded the assessment to include nine carriers, including national and regional plans. It is important to note that many health plans use specialty vendors as subcontractors.

## Request for Proposal and Evaluation Framework

The key performance areas for both vendors and health plans that were evaluated included the categories listed below. Details on the relative scoring weight of each section are provided in Section 5, Vendor and Health Plan Strengths and Weaknesses.

The following areas were weighted most heavily in the assessment:

- Business Scope and Focus
- Program Integration and Coordination of Care
- Program Interventions
- Consumer Engagement: Identification, Stratification, Recruitment and Enrollment
- Provider Engagement
- Account Management & Operations
- Measurement, Evaluation and Reporting

The following areas were significant qualifiers in the assessment:

- Quality and Accreditation
- Experience
- Implementation
- Technology, Eligibility and HIPAA Compliance

Qualifying baseline information was also captured in the following areas, but did not serve to significantly differentiate the vendors for determination of the finalists:

- Business Status and Organizational Stability
- Financial History and Performance (vendor only)
- Industry Status, Geographical Distribution and Client References

Additional information on pricing and performance guarantees was obtained based on a common set of assumptions around disease prevalence and rating bands for employer group size. Each finalist vendor was also asked to complete a data exercise to assess their respective predictive modeling tools and strategies for population targeting and intervention. Additional evaluation of the finalist vendors was conducted through follow-up questions, client reference checks, site visits and presentations to the Coalitions and employers. The rates and performance guarantees were subsequently negotiated with each of the three finalist vendors.

# 2

## Performance Expectations

The following performance expectations map to the components of the Disease Management Vendor and Health Plan Assessment. While informing the purchase decisions of individual employers, this process sought to define industry-leading performance expectations to support employers' management of their health benefit programs. These performance expectations reflect a broad strategic vision of health management services that are population-oriented, support consumer and provider engagement, and advance quality of care and outcomes across the continuum of care.

- **Comprehensive care and total health management**
  - Provides services across health management continuum
  - Member identification, stratification and intervention
  - Service coordination and quality
  - Integration with multiple stakeholders

- **Organizational stability and infrastructure**
  - Financial performance and stability
  - Administration and service support
  - Subcontractors and strategic alliances reflect best-in-class vendor review, selection and integration
  - Strong data management systems and advanced technology platform

- **Business scope and focus**
  - Comprehensive array of clinical programs [1]
    - Asthma
    - Coronary artery disease
    - Congestive heart failure
    - Diabetes
    - Chronic pain management
    - Low back/Musculoskeletal

[1] Vendors and plans were asked to provide information about additional programs, including arthritis, chronic pain management, hypercholesteremia, hypertension, oncology and rare diseases. While multiple vendors and plans offer pain programs, they vary considerably in scope (torso, joint, chronic, etc.). While some plans offer high risk maternity management, few vendors provide this service.

    - Chronic obstructive pulmonary disease
    - Depression
  - Employer focus
    - Experience in working with employer segment
    - Experience and collaboration with coalitions
    - Strategy supports measurement of overall premium impact, health status improvement, and workplace productivity

- **Member identification, stratification and targeting**
  - Organization identifies at-risk enrollees via continuous population risk stratification based on both concurrent and prospective health risk and cost
  - Risk stratification integrates data from multiple sources
    - Health risk appraisal
    - Medical and pharmacy claims
    - Laboratory results
    - Nurseline/utilization management/case management contacts
  - Organization incorporates psychographic profiling and readiness-to-change models in targeting its member interventions
  - Identified enrollees are stratified by likely degree of estimated clinical and efficiency gain and match to a corresponding level of intervention.

- **Member engagement**
  - Manage both high-risk individuals and maintenance of favorable risk status in low-risk population
  - Organization engages member to participate in self-care and risk reduction and is tailored to the individual member.
  - Organization offers educational materials through mail, telephonic/interactive voice response, Internet or on-site

- **Organization provides health risk management** that a) enable members to self-manage acute or chronic conditions, b) manage the health and cost risks associated with chronic or severe illness/injury, and c) reduce risk of incurring new illnesses/injuries.
  - Risk reduction programs are offered in a variety of formats accounting for individual readiness, cultural sensitivity, learning styles and environments, including mail, web, telephonic and on-site. All media are integrated to reflect evidence-based guidelines and offer consistent messages.
  - Risk reduction programs are comprehensive in nature rather than focused single risk and offered proactively.
  - Targeting of conditions is based on valid evidence of program efficacy or effectiveness, as well as on the prevalence and cost of such conditions in an employer's population.
  - Shared decision-making and treatment option support
    - Evidence-based assessment of treatment options and their implications
    - Preference-sensitive
    - Incorporates safety, effectiveness, efficiency and relevant dimensions of patient-centeredness

    - Information integrated with decision support tools
  - Continuously identify opportunities for improving health management
    - Improved management of health risks
    - Alternative treatment or drug regimen with better efficacy or which fosters compliance

- **Care coordination and integration with multiple partners**
    - Health plans
    - Behavioral health plans
    - Medical groups
    - Physicians and other providers
  - Integrated support for populations with comorbid conditions, including coordination of interventions by multiple providers.
  - Accurate and timely data exchange with health plans, behavioral health vendors and/or other vendors that the employer may designate.

- **Provider engagement and support**
  - Engagement of physician help in motivating high-risk patients to participate in health management programs.
  - Active triage and alert system initiates provider notification and intervention
    - Adverse events
    - Change in risk status
    - Member non-compliance
  - Identification of patient safety, drug interaction, and other drug efficacy issues in a timely manner with
  - Track and monitor provider follow-up, including documentation and measurement of provider responsiveness to requested interventions
  - Promote provider compliance with evidence-based guidelines.

- **Administration and service**
  - Account management and implementation support, including account executive/manager, medical director, clinical advisor(s), dedicated clinical and customer service support, as needed

# 3

## Disease Management Approaches

When determining whether to purchase disease management programs through an existing carrier or buy services directly from disease management organizations there are some key advantages and disadvantages to consider.

As noted above, most carriers have partnered with one (or more) specialty vendors. It is important to understand what services are included in the "buy-up" and to the extent the carrier outsources disease management, how that carrier integrates those programs with its utilization and case management functions. That being said, there may be advantages for an employer to "buy-out" and contract directly with a specialty vendor for disease management programs. In so doing, an employer can obtain direct accountability and customize a program to their needs.

Key implementation considerations include, but are not limited to the following:

- Organization size and operational distribution
- Organizational culture
- Disease prevalence profile
- Direct health care costs
- Indirect health care costs
- Benefit design strategy
- Health plan contracting strategy (number of health plans contracts and use of national/regional carriers)
- Existing programs through health plan(s) and/or PBM(s)
- Communication strategy
- Overall health promotion strategy

The following table highlights some of the key advantages and disadvantages purchasers should consider when making the decision to carve-in or to carve-out disease management programs.

## Considerations for "Buy-up" vs. "Buy-out" Disease Management Strategies

| | **Carve-in solution:** *Work with the health plan (and its subcontractors)* | **Carve-out solution:** *Work with a specialty vendor* |
|---|---|---|
| **Potential Advantages** | • Ease of implementation and less expensive (no data transfer fees)<br>• Expansion of an existing relationship – one contract<br>• Likely less resource-intensive – management of additional plan accountability rather than vendor<br>• Improved data flows<br>• Plan familiarity with employer culture, needs and expectations<br>• Integration with case management and utilization management<br>• Contractual relationship with physician potentially gives plan greater leverage in eliciting provider engagement | • Vendor focus and track record - time and participant tested<br>• Customized performance guarantees and ROI results<br>• More direct relationship – management and accountability<br>• Customer-specific performance reporting by disease category<br>• Alignment of objectives<br>• Data integration flexibility<br>• Enterprise-wide solution across employer's plan offerings – all employees have access to the same disease management services<br>• Can customize program design (vs. packaged program)<br>• Price transparency |
| **Potential Disadvantages** | • Solutions are often less robust (less frequent member contact)<br>• Smaller percent identified as high risk<br>• Inconsistency of programs across employer's plan offerings<br>• Not available to employees enrolled in other plans offered by the employer<br>• Delegation to carrier for management and accountability of vendor<br>  • Less robust performance reporting<br>  • Less robust performance guarantees<br>• Indirect relationship to vendor (may affect customization) | • Can be costly, taking into consideration data transfer fees<br>• Requires Plan and other carrier/PBM cooperation<br>• Coordination of care (utilization management, high risk case management)<br>• Additional vendor management, contracts, etc.<br>• Less integration and influence with physicians |

# 4

## Vendor and Health Plan Strengths and Weaknesses

The following section contains highlights of each vendor and health plan's strengths and weaknesses that were identified in the evaluation process. The composite score represents the degree to which each vendor and health plan meets the performance expectations. The strengths and weaknesses are organized by the elements of the RFP, which are summarized in the Scorecard Components table on the following pages. The Scorecard Components table also shows the relative weighting for each section.

Each summary is followed by a high-level profile of each organization's programs, including:

- Status (currently operational or under development)
- Date operational
- How offered (standalone program or condition managed as a comorbidity)
- How delivered (internally, subcontracted, or via strategic partner)
- Enrollment

Additionally, the profile includes an itemization of the program interventions offered:

- Health Risk Assessment
- Low/Moderate Health Risk programs
- Moderate/High Health Risk Behavior Modification
- Self-Care Book
- Health Website
- 24/7 Nurse Line
- 24/7 Second Opinion/Discretionary Care Decision Support
- Health Advocate/Care Coordination
- Utilization Management
- Case Management
- Disability Management
- Return to Work Support

## Scorecard Components

| | Performance Category | Scoring Weight | Key Topics Addressed |
|---|---|---|---|
| **Key Performance Areas** | Business Scope and Focus | 8.7% | ▪ Industry leadership<br>▪ Documented success and experience delivering programs<br>▪ Offers 'core' types of clinical programs (diabetes, cardiac, asthma, congestive heart failure, chronic obstructive pulmonary disease, pain/low back)<br>▪ Programs internal vs. subcontracted and/or use of a strategic partner<br>▪ Service capabilities include: HRA, Nurseline Support/Health Advocate, and Utilization and Case Management |
| | Program Integration & Coordination of Care | 9.3% | ▪ Data integration<br>▪ Coordination of services and interventions with plans/other vendors |
| | Program Interventions | 18.7% | ▪ Multidisciplinary program interventions<br>▪ Communication and member engagement strategies<br>▪ Use of evidence-based guidelines |
| | Consumer Engagement: Identification, Stratification, Recruitment & Enrollment | 10.0% | ▪ Effective participation<br>▪ Predictive modeling and data analysis<br>▪ Data capture and reporting<br>▪ Member engagement strategies |
| | Provider Engagement | 9.3% | ▪ Physician communication, education, information exchange and outreach<br>▪ Profiling and benchmarking |
| | Account Management & Operations | 9.3% | ▪ Service support (hours of operation, phone capabilities, staffing levels, verification of call center operational statistics))<br>▪ Workflow management<br>▪ Staff experience and qualifications, Staff turnover, and Staff development<br>▪ Organizational Management |
| | Measurement, Evaluation & Reporting | 9.3% | ▪ Return on investment (ROI) focus<br>▪ Ability to measure clinical outcomes and ROI (decrease inpatient/outpatient visits, decrease costs, increase savings)<br>▪ Capture of medical cost savings and utilization impact<br>▪ Track record in reporting financial and clinical outcomes<br>▪ Employer specific program tracking and reporting (i.e. participation, stratification level) |

## Scorecard Components, *cont.*

| | Performance Category | Scoring Weight | Key Topics Addressed |
|---|---|---|---|
| **Significant Qualifiers** | Quality and Accreditation | 4.0% | ▪ Use of standard performance metrics, quality measurement, improvement and accountability processes<br>• Accreditation status with leading accreditation organizations (NCQA, JCAHO, URAC) |
| | Direct Employer Experience | 2.7% | ▪ Demonstrates an employer-market focus and experience<br>▪ Range of industry segments currently served |
| | Implementation | 5.5% | ▪ Effective implementation and employer-focused integration strategy<br>▪ Verification of sample implementation plan with adequate task delineation and organization of timeline<br>• Appropriate staff/resources with dedicated/designated support to coalition members |
| | Technology, Eligibility Systems & HIPAA Compliance | 3.3% | ▪ Strong technology infrastructure to drive program operations |
| **Information** | Business Status and Organizational Stability (omitted for Health Plan) | 1.3% | ▪ Demonstrates organizational stability<br>▪ Ownership and acquisition history |
| | Financial History and Performance (omitted for Health Plan) | 2.0% | ▪ Demonstrates financial stability |
| | Industry Status, Geographic Coverage and Client References (omitted for Health Plan) | 6.7% | ▪ Geographic distribution of clients<br>▪ Plan and Employer client references (conducted for finalist vendors only) |

## How to Read the Scorecard

Each RFP component of the Key Performance Areas and Significant Qualifiers are scored above average, average and below average. Data for the Information categories were reviewed but not scored.

| Key to Composite Score | | |
|---|---|---|
|  |  |  |
| Above Average | Average | Below Average |

For each Vendor and Health Plan, strengths and weaknesses are highlighted along with relevant information that may be of interest.

| Comments by Performance Category | | |
|---|---|---|
| ✚ | ➨ | ● |
| Strengths | Weaknesses | General Remarks |