

# Moving Toward a Modernized Health Plan

City of Milwaukee

Healthplan Performance Review



January 01, 2013 – December 31, 2013



# Executive Summary

## 2013 Plan Year Insights

- Data in this report is for both Active and Retirees under age 65
- 3 year medical trend is 9.6%
  - 2011 trend 14.8%
  - 2012 trend -6.4%
  - 2013 trend 9.6%Spend for high cost claimants increased by 16.5% while non-high cost trend is 6.2%
- Top cost driver is musculoskeletal accounting for 17% of spend
- Emergency room visits increased
- Of 19,704 members – 1,428 are Diabetics
- Use of wellness visits increased 1.7 percentage points

## Outcomes

- \$36 M in spend was managed by engaging 5.1% of members with our nurses
- 31% of members with intervertebral disc disorder or osteoarthritis touched by Treatment Decision Support enrolled
- We touched 203 diabetics in clinical programs accounting for \$1.1 M in spend
- We enrolled 96% of members touched by Diabetes Disease Mgt program

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## Looking Forward

- Increase use of premium providers
- Utilize UHC's consumer education programs

# Key Indicators for Actives & Retirees under age 65



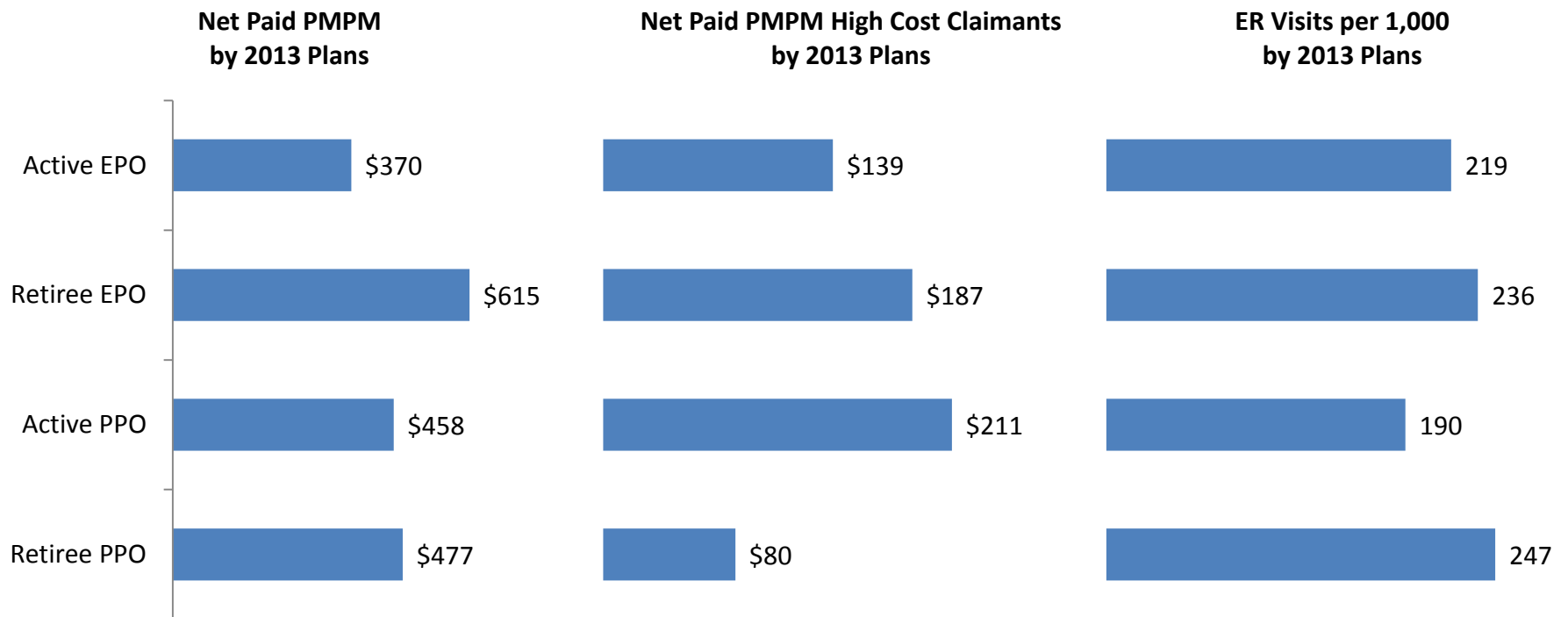
	2012	2013	Change	Variance From Peer	Variance From BOB
Employees	7,857	7,770	-1.1%		
Members	19,825	19,704	-0.6%		
Average Family Size	2.52	2.54	0.5%	20.6%	14.3%
Age / Gender Risk	1.096	1.093	-0.3%	-4.1%	▼ -8.7%
Members Utilizing Medical Benefits	92.1%	92.1%	0.0		
	2012	2013	Change	Variance From Peer	Variance From BOB
Covered PMPM	\$424.15	\$466.46	10.0%	▲ 12.4%	▲ 18.5%
Net Paid PMPM	\$378.42	\$414.71	9.6%	▲ 23.6%	▲ 19.9%
Non-High Cost	\$253.77	\$269.53	6.2%	▲ 26.4%	▲ 18.1%
High Cost	\$124.65	\$145.19	▲ 16.5%	▲ 18.6%	▲ 23.5%
Cost Sharing (AOB)	92.6%	92.9%	0.2	9.0	1.9
Net Paid PEPY	\$11,458	\$12,620	▲ 10.1%	▲ 24.9%	▲ 35.7%
Network Utilization	99.1%	98.8%	-0.3	1.9	1.9
Network Discount Rate	49.9%	49.6%	-0.4		
Net Benefit Adequacy	89.2%	88.9%	-0.3	▲ 8.0	▲ 1.0

- Spend increased despite declines in Age/Gender risk and the percent of members utilizing benefits remaining flat
- Medical costs for High Cost claimants increased
- Plan richness is 8 points above the peer (plan pays 88.9% of the costs compared to peer of 80.9%)

# Plan Design Cost and Use - 2013



High cost burden remains significant among retiree plans and PPO plan



# Trend Drivers and Mitigators



## Drivers

Average Cost and Severity	2012	2013	Change
Net Paid per Claimant	\$4,932	\$5,404	9.6%
Net Paid per Hospital Day	\$4,101	\$4,269	4.1%
Average Length of Hospital Stay	4.85	5.10	5.3%
Net Paid per Outpatient Surgery	\$3,464	\$3,620	4.5%
Net Paid per ER Visit	\$848	\$885	4.3%
Net Paid per Physician Office Visit	\$146.71	\$154.51	5.3%

- 9.6% increase in net paid per claimant
- 20.5% increase in the high cost claimants per 1,000
- 8.9% increase in outpatient surgeries per 1,000

## Mitigators

Average Cost and Severity	2012	2013	Change
Average High Cost Claim Severity	\$117,210	\$113,297	-3.3%

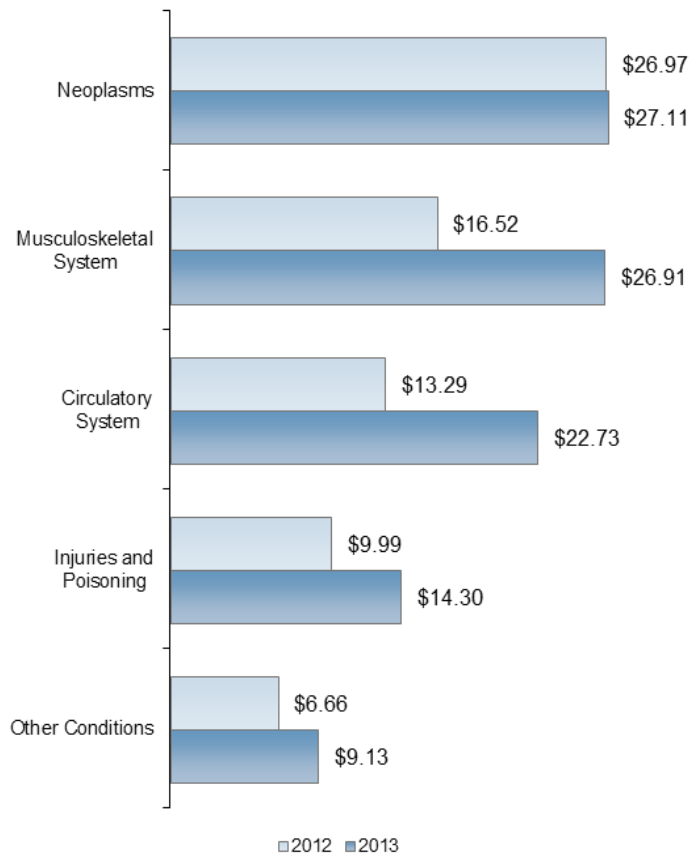
- 3.3% reduction in high cost claim severity
- 0.3% decline in age/gender risk factor



# High Cost Claimants (\$50,000 +)



## High Cost Net Paid PMPM by Diagnosis Group

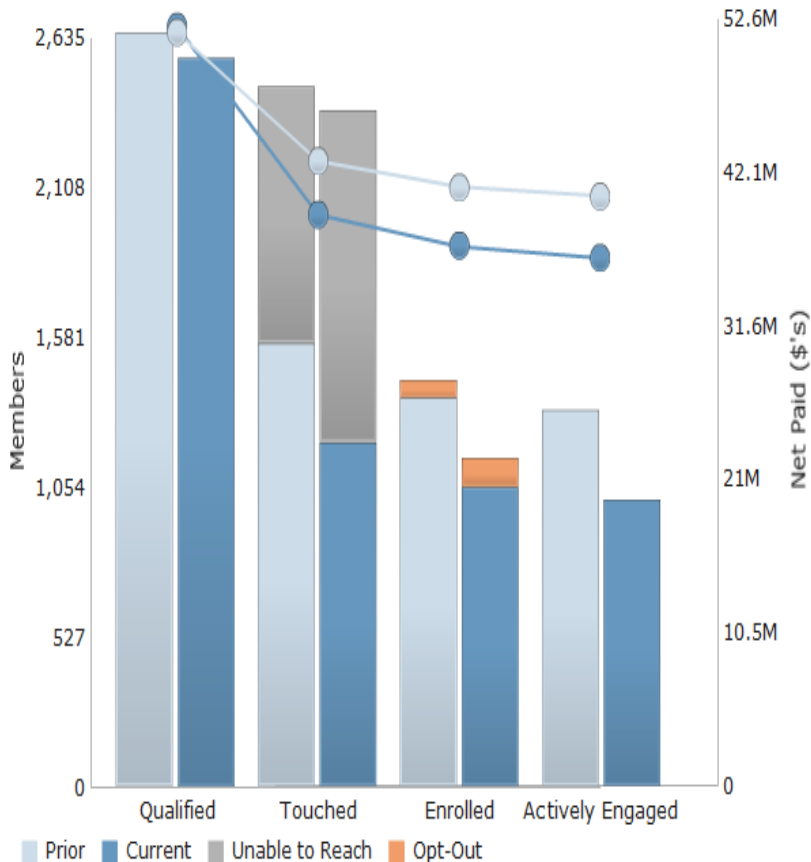


- Increase in prevalence while a decline in the severity of high cost claimants
- High cost claimants represent 1.5% of total members and 35% of plan costs
- Total medical expenses for individual high cost claimants ranged from \$50,000 to \$950,000
- 76% of high cost claimants were engaged in a clinical program

	2012	2013	Change	Variance From Peer	Variance From BOB
High Cost Claimants	253	303	19.8%		
High Cost Claimants per 1000	12.8	15.4	▲ 20.5%	▲ 37.7%	▲ 46.4%
% of Members	1.3%	1.5%	0.3	0.4	0.5
Average Net Paid	\$117,210	\$113,297	-3.3%	▼ -7.9%	▼ -5.9%
Net Paid PMPM	\$124.65	\$145.19	▲ 16.5%	▲ 18.6%	▲ 23.5%
% of Total Net Paid	32.9%	35.0%	2.1	-1.5	1.0

# Population Funnel

46% of qualified members could not be reached with 25% of those having an invalid phone number and 73% of those not returning our call after leaving a message.



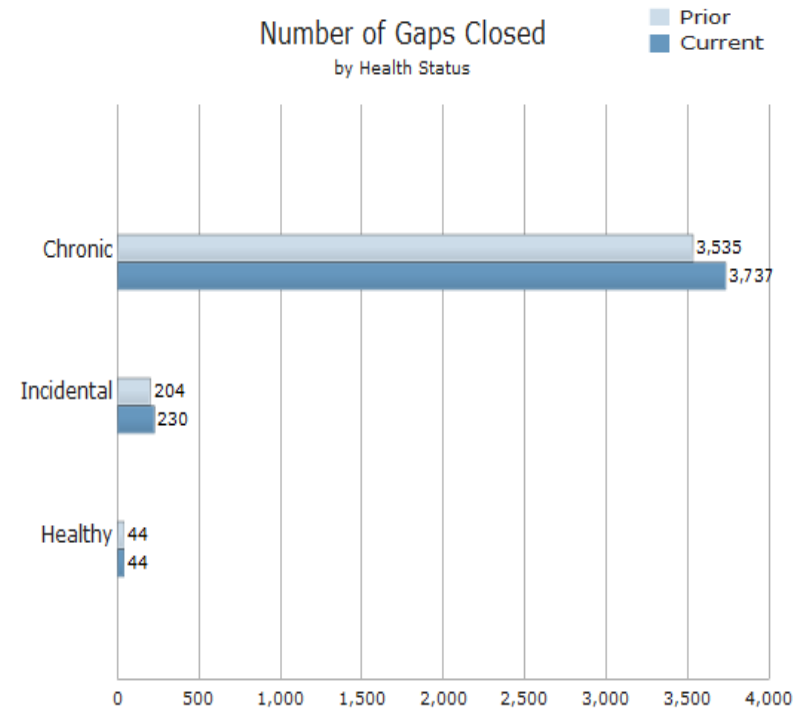
Count of:	Members		Net Paid	
	Prior	Current	Prior	Current
Eligible	19,824	19,704	\$83,635,428	\$89,738,065
Qualified	2635	2547	\$51,696,990	\$52,073,758
Unable to Reach	897	1161	\$7,215,322	\$11,631,179
Touched	1548	1201	\$42,874,467	\$39,182,221
Opt-Out	62	102	\$674,550	\$1,463,797
Enrolled	1358	1045	\$41,099,398	\$37,015,065
Actively Engaged	1315	1002	\$40,479,588	\$36,245,800

Percent of:	Members		Net Paid	
	Prior	Current	Prior	Current
Eligible	100.0%	100.0%	100.0%	100.0%
Qualified	13.3%	12.9%	61.8%	58.0%
Unable to Reach	4.5%	5.9%	8.6%	13.0%
Touched	7.8%	6.1%	51.3%	43.7%
Opt-Out	0.3%	0.5%	0.8%	1.6%
Enrolled	6.9%	5.3%	49.1%	41.2%
Actively Engaged	6.6%	5.1%	48.4%	40.4%

# Gaps in Care

More identified gaps in care were closed in 2013.

Current	Prior	Metric	Change
			Variance
<b>2,212</b>	2,210	Members Mailed Gap Messages	<b>0.1%</b>
<b>11.2%</b>	11.1%	% Members Mailed Gaps Messages	<b>0.1pts</b>
<b>7,235</b>	6,750	Number of Gaps Messaged	<b>7.2%</b>
<b>3.27</b>	3.05	Avg Gaps Per Member	<b>7.2%</b>
<b>4,011</b>	3,786	Number of Gaps Closed	<b>5.9%</b>



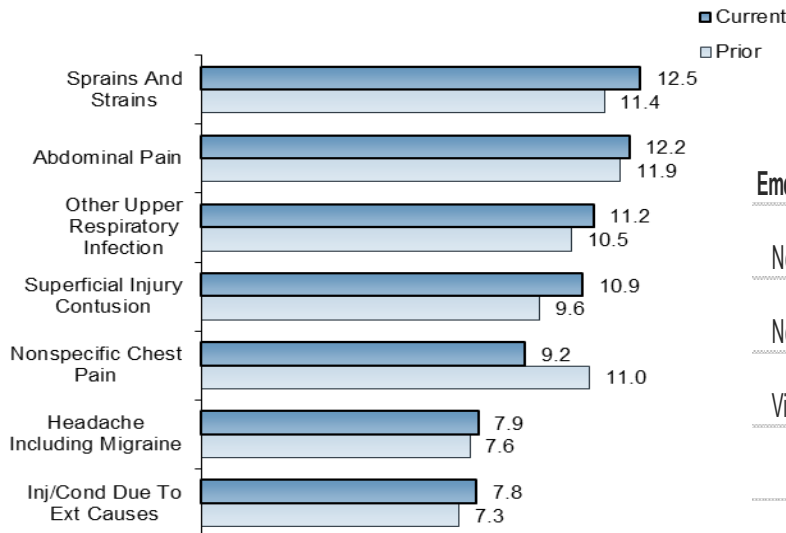


# What Happened: Emergency Room

Emergency Room visits are above peer while costs are below the peer. The common cold 3<sup>rd</sup> is third highest reason for visits to the ER.

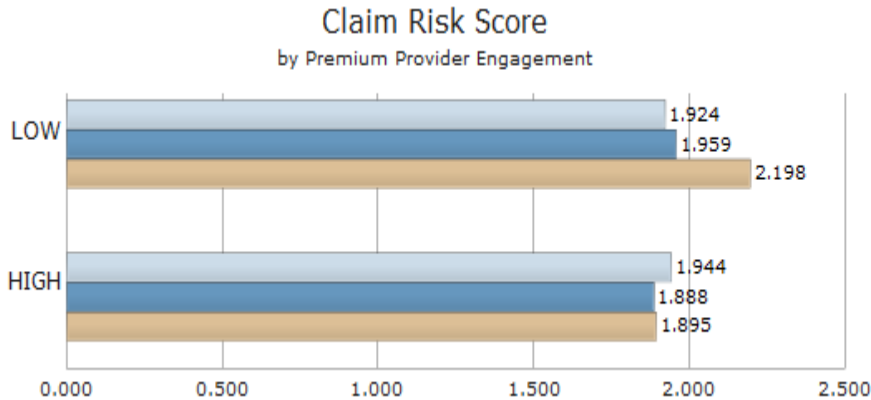
Visits per 1,000 Members	Prior	Current	Change	Subscriber	Spouse	Child	Paid per Visit
Emergency Room	207.9	214.0	2.9%	36%	21%	43%	\$883
Urgent Care	24.6	26.8	9.0%	17%	10%	73%	\$92
Primary Physician	2,096.1	2,024.0	-3.4%	41%	22%	37%	\$147
Convenience Care Clinic	6.4	7.7 ▲	20.6%	41%	27%	32%	\$66

## Top ER Visits per 1,000 for Primary Diagnoses



Emergency Room	Prior	Current	Change	Peer	Variance	National	Variance
Net Paid PMPM	\$14.68	\$15.74	7.2%	\$20.11 ▼	-21.7%	\$20.12 ▼	-21.8%
Net Paid per Visit	\$848	\$883	4.1%	\$1,242 ▼	-28.9%	\$1,192 ▼	-25.9%
Visits per 1,000 Members							
Emergency Room	207.9	214.0	3.0%	194.3 ▲	10.2%	202.6	5.6%

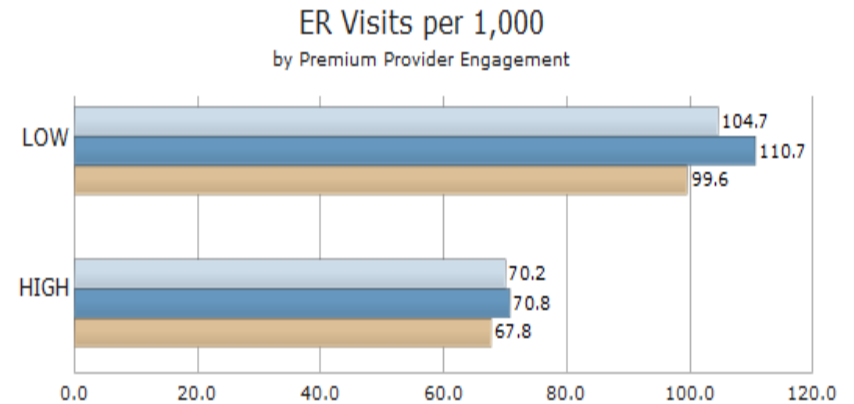
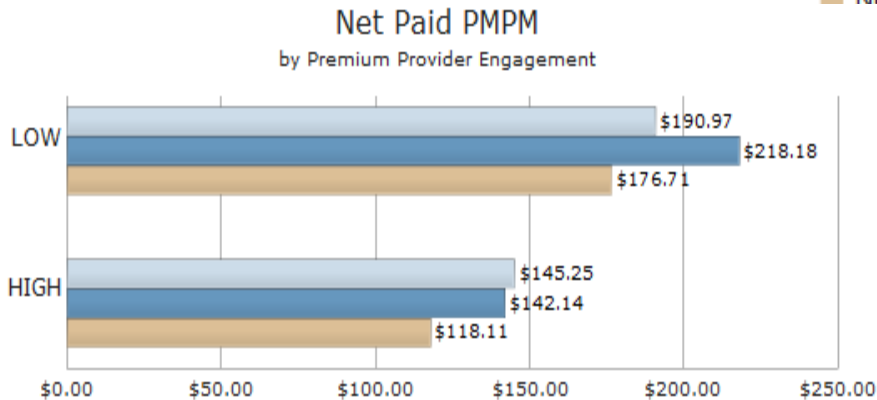
# Premium Provider Overview



Members who are highly engaged with Premium Providers:

- Have a 35% lower Net Paid PMPM
- Have 11% fewer Inpatient Admissions
- Have 26% fewer Outpatient Surgeries
- Visit the Emergency Room 36% less
- Claim Risk Score 16% lower

■ Prior  
■ Current  
■ Norm



Note: High means members who have 75% or more eligible dollars for premium providers. Low means members who have less than 75% eligible dollars for premium.

# Premium Provider: Tier 1 in 2014



## About UnitedHealth Premium Tier 1

UnitedHealth Premium Tier 1 physicians have received the Premium designation for:

- Quality & Cost Efficiency OR
- Cost Efficiency & Not Enough Data to Assess Quality



Look for the UnitedHealth Premium Tier 1 symbol to quickly and easily find doctors who have been recognized for providing value.

## UnitedHealth Premium specialties

New specialties added in 2014 are in bold.

- |                                       |                           |                                       |
|---------------------------------------|---------------------------|---------------------------------------|
| Allergy                               | Nephrology                | Orthopaedics – Shoulder/Elbow         |
| Cardiology                            | Neurology                 | Orthopaedics – Spine                  |
| Cardiology – Electrophysiology        | Neurosurgery – Spine      | <b>Orthopaedics – Sports Medicine</b> |
| Cardiology – Interventional           | Obstetrics and Gynecology | Pediatrics                            |
| Endocrinology                         | <b>Ophthalmology</b>      | Pulmonology                           |
| Family Practice                       | Orthopaedics – General    | Rheumatology                          |
| <b>General Surgery</b>                | Orthopaedics – Foot/Ankle | <b>Urology</b>                        |
| <b>General Surgery – Colon/Rectal</b> | Orthopaedics – Hand       |                                       |
| Internal Medicine                     | Orthopaedics – Hip/Knee   |                                       |

# Common Conditions

Costs for most common conditions increased over the prior period.

Diagnosis Group	<b>Net Paid PMPM</b>				
	2012	2013	Change	Variance From Peer	Variance From BOB
Diabetes	\$3.73	\$4.00	7.3%	18.4%	-1.0%
Diabetes without complications	\$1.91	\$1.85	-3.4%	▲ 19.4%	▲ 15.3%
Diabetes with complications	\$1.81	\$2.15	▲ 18.7%	▲ 17.5%	▼ -11.7%
Hypertension	\$1.97	\$1.97	0.4%	▲ 34.4%	-2.3%
Coronary Artery Disease (CAD)	\$6.54	\$10.44	59.7%	15.6%	25.9%
Acute Myocardial Infarction	\$1.22	\$2.97	▲ 143.8%	▼ -53.6%	▲ 13.9%
Coronary Atherosclerosis	\$5.32	\$7.47	▲ 40.4%	▲ 185.2%	▲ 31.4%
Congestive Heart Failure (CHF)	\$0.88	\$1.43	▲ 61.5%	▼ -49.6%	▼ -11.7%
Chronic Renal Failure	\$3.33	\$2.72	▼ -18.3%	▲ 218.3%	▼ -24.8%
Chronic Obstructive Pulmonary Disease	\$0.73	\$0.76	4.0%	▼ -32.8%	▼ -27.9%
Asthma	\$1.99	\$2.14	7.3%	▼ -21.0%	▲ 19.5%
Intervertebral Disc Disorders	\$22.41	\$30.00	▲ 33.9%	▲ 42.6%	▲ 85.8%
Osteoarthritis	\$9.46	\$12.04	▲ 27.2%	▲ 70.0%	▲ 25.5%
Normal Pregnancy/Delivery	\$2.11	\$2.63	▲ 24.9%	▲ 19.4%	-4.6%
Depression	\$3.55	\$4.73	▲ 33.2%	▲ 25.2%	▲ 69.4%
Breast Cancer	\$3.86	\$4.75	▲ 23.2%	▲ 101.6%	▼ -18.4%
Cervical Cancer	\$0.15	\$0.18	▲ 21.1%	▲ 33.2%	▼ -44.8%
Colon Cancer	\$0.63	\$0.82	▲ 30.8%	▼ -67.8%	▼ -45.4%
Rheumatoid Arthritis	\$3.05	\$3.58	▲ 17.4%	▲ 376.4%	▲ 117.7%
Multiple Sclerosis	\$1.26	\$1.44	▲ 14.6%	▼ -39.6%	▲ 48.1%
Enteritis/Ulcerative Colitis	\$2.41	\$3.03	▲ 25.5%	▼ -43.4%	▲ 56.1%

# Common Conditions

Intervertebral Disc Disorders, Osteoarthritis, and Depression are above benchmarks

Diagnosis Group	<u>Claimants per 1,000</u>			Variance From	Variance From
	2012	2013	Change	Peer	BOB
<b>Diabetes</b>					
Diabetes without complications	68.8	67.7	-1.5%	7.9%	-3.1%
Diabetes with complications	23.3	20.5	▼ -12.0%	▼ -31.3%	▼ -32.0%
Hypertension	107.4	102.5	-4.6%	-2.9%	▼ -15.2%
<b>Coronary Artery Disease (CAD)</b>					
Acute Myocardial Infarction	1.2	1.5	▲ 21.6%	▼ -8.3%	▼ -6.9%
Coronary Atherosclerosis	19.4	16.3	▼ -15.6%	▼ -10.7%	▼ -20.6%
Congestive Heart Failure (CHF)	3.0	3.3	▲ 10.8%	▼ -23.8%	▼ -12.9%
Chronic Renal Failure	5.9	6.2	6.7%	▼ -7.5%	▼ -11.1%
Chronic Obstructive Pulmonary Disease	15.1	15.8	4.7%	▼ -11.4%	▼ -19.9%
Asthma	34.8	34.2	-1.6%	-3.8%	0.1%
Intervertebral Disc Disorders	122.8	125.8	2.4%	▲ 21.1%	8.6%
Osteoarthritis	34.7	35.4	2.1%	▲ 37.8%	1.3%
Normal Pregnancy/Delivery	20.1	22.0	9.7%	▼ -14.4%	▼ -8.5%
Depression	49.6	51.3	3.4%	▲ 21.9%	▲ 22.2%
Breast Cancer	6.8	6.0	▼ -10.6%	▼ -6.6%	▼ -30.7%
Cervical Cancer	4.1	3.9	▼ -5.6%	▼ -24.6%	▼ -39.0%
Colon Cancer	1.3	1.1	▼ -18.7%	▼ -63.9%	▼ -31.3%
Rheumatoid Arthritis	6.7	6.6	-1.7%	-2.3%	▼ -9.8%
Multiple Sclerosis	2.2	2.2	-1.7%	▼ -11.3%	4.6%
Enteritis/Ulcerative Colitis	4.5	4.0	▼ -11.8%	▼ -10.1%	▼ -7.4%

# Targeted Populations



Musculoskeletal



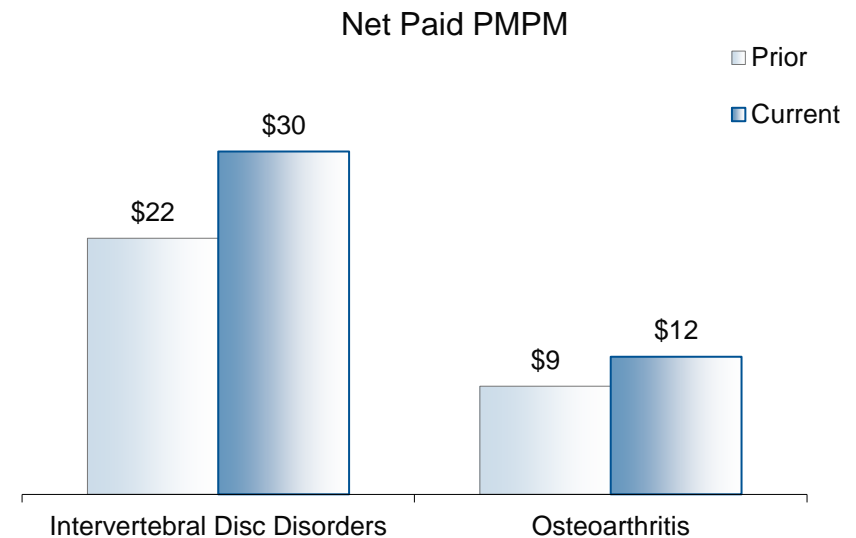
Diabetes



Wellness

# What Happened with Musculoskeletal?

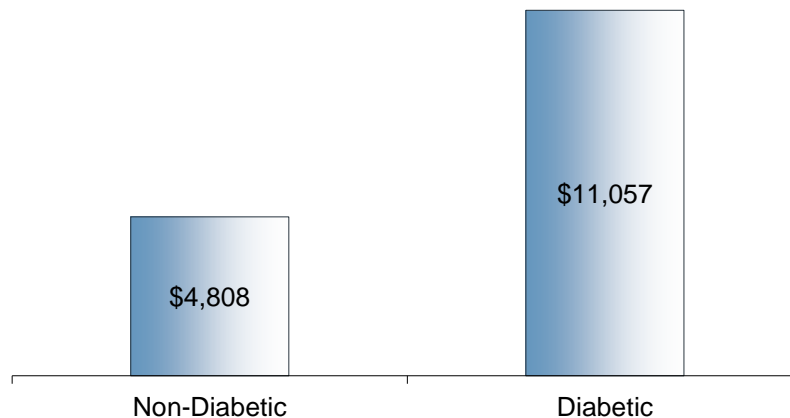
- Claims for Intervertebral Disc Disorder and Osteoarthritis account for 10% of total costs
- 35% of those treated saw a premium provider
- Potential savings of \$129,019 for back pain by members “Choosing Wisely” and becoming more educated about choices
- 23% of outpatient surgeries were related to musculoskeletal conditions



## What Happened with Diabetes?

- Diabetics cost 2.3 times more than non-diabetics
- Evidenced Based Medicine Compliance increased for 4 measures
- 96% of members touched by Diabetes DM program - enrolled

Average Net Paid per Claimant

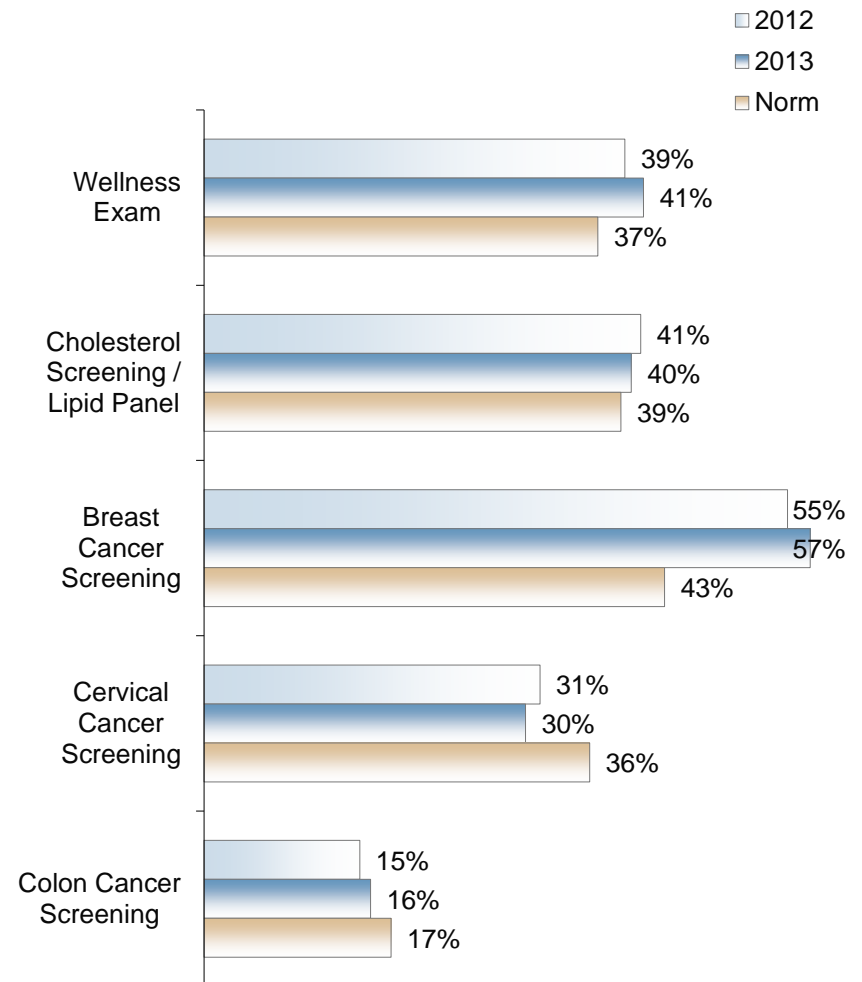




# What Happened with Wellness?

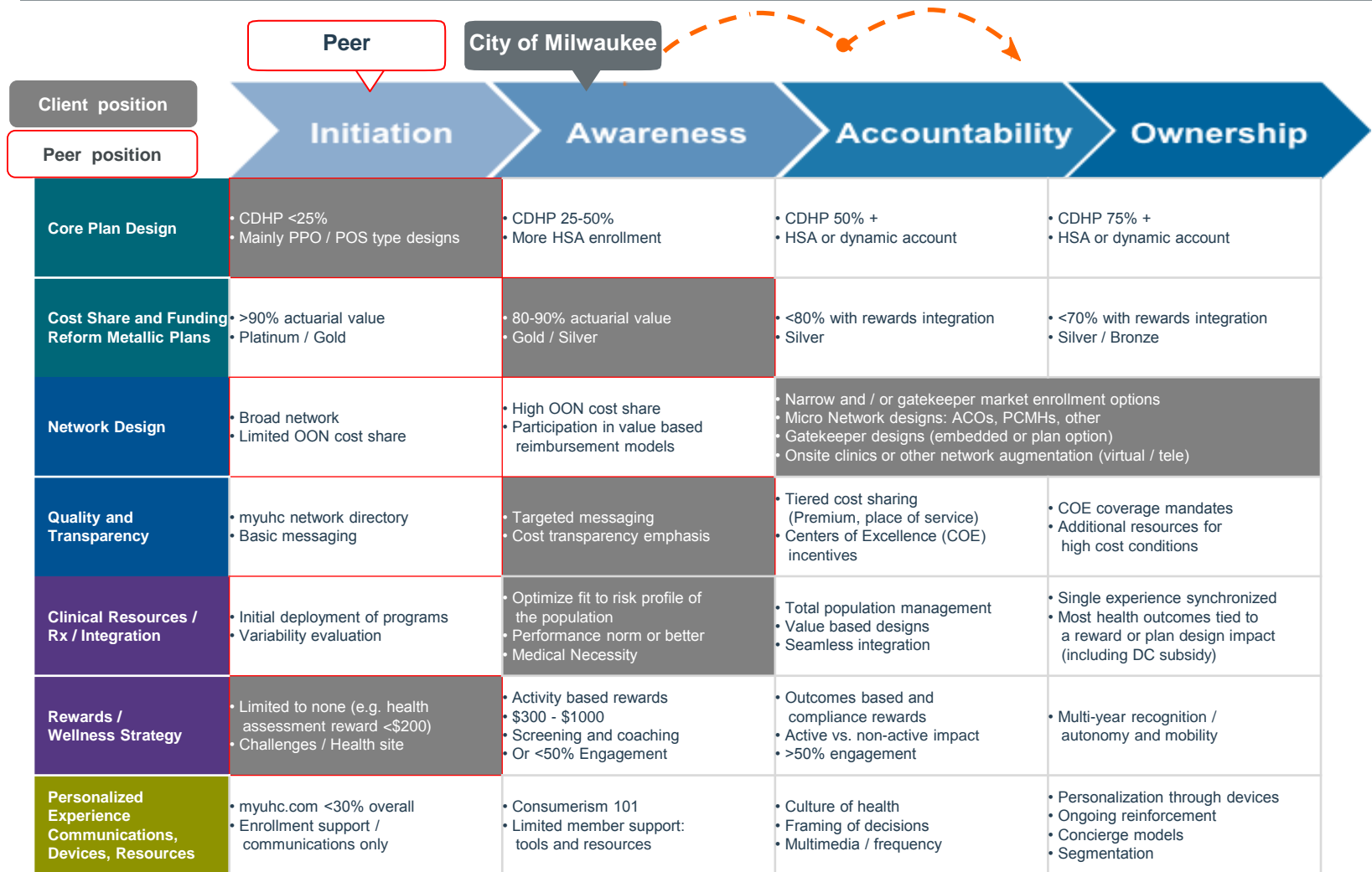
- Screenings improved for breast cancer, colon cancer and wellness visits
- Wellness visits were 4.3 percentage points high than peer

**Preventive Care for Target Populations**



**Moving Forward...**

# Today's Affordability Strategy

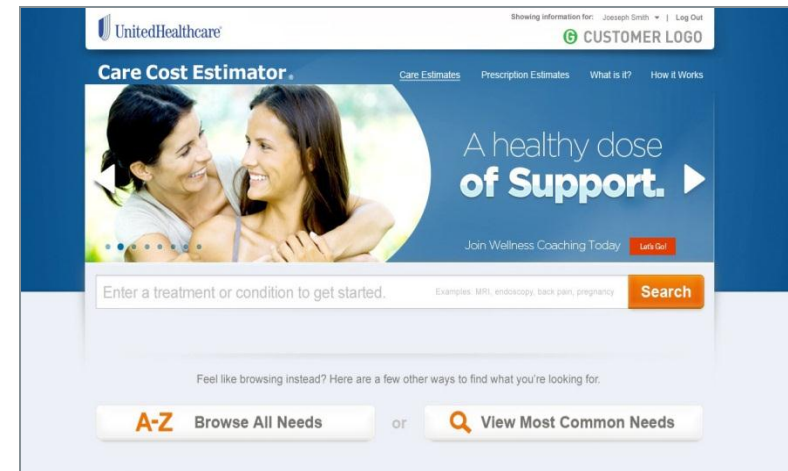


# myHealthcare Cost Estimator

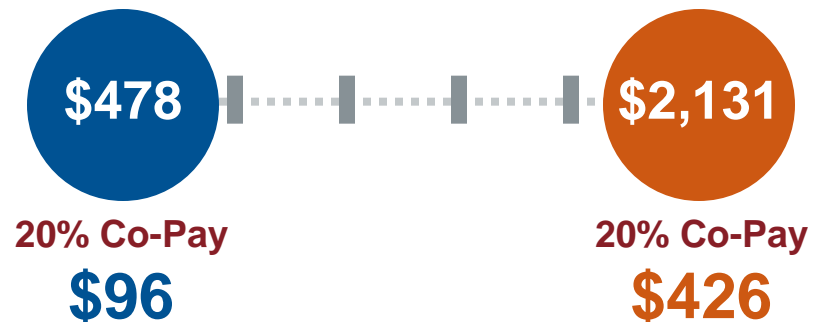


## Cost and Quality Transparency Support Better Informed Decisions

- **Intuitive tool supports consumer decisions with consistently reliable cost estimates**
  - Helps each member make the best personal value choice – based on price, quality and convenience
  - Methodology gives consumers consistently reliable estimates based on historic claims data, validated against actual fee schedules
  - Links separate health events – appointments, procedures and follow-up – into an understandable care path
  - Fully integrated within myuhc.com® – allowing members to shop, get trusted information and make informed decisions with a single tool



### Milwaukee, WI Knee MRI Range of Costs



# Personalized information on-the-go supports better health care decisions



## UnitedHealthcare Health4Me™ is designed to make it simpler for members to manage their health and:

- View each plan member independently
  - Personalize with member photos
- Find doctors and facilities anytime, anywhere
- Check claims, benefits, and account balances
- View and share health plan ID card in the doctor's office or at the pharmacy
- Access experienced Health Advisors to answer questions
  - Future enhancements will allow members to request a call back with answers

