What Your Health Plan Should be Doing to Manage the Sickest and Most Expensive Members

Medical Spend by Health Plan Member (Mid-Size Employer)

The sickest 5% of employees account for 66% of medical costs

Y-axis: % of total medical costs
X-axis: % of employees

% of Rx Spend per Drug Type (Mid-Size Employer)

The top 5% of drugs account for 66% of prescription costs

The highest-priced drug, Humira, accounts for 15% alone

Y-axis: % of total prescription costs
X-axis: number of prescriptions
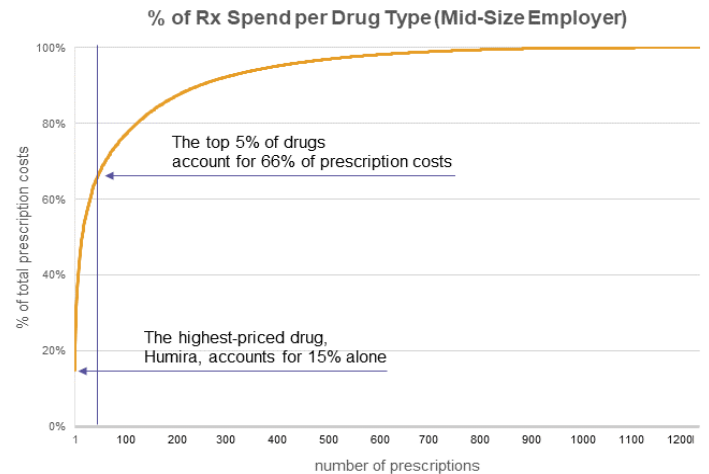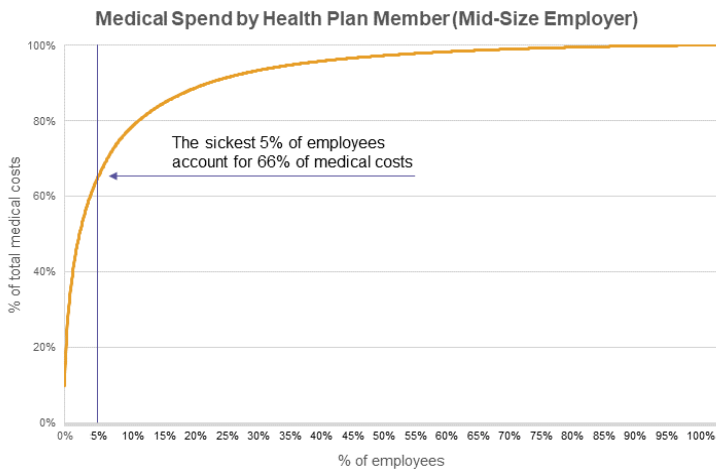
ISSUES

- Up to 66% of health plan spend comes from the sickest 5% of members
- High-cost claimants, members with chronic conditions, and members on specialty medications disproportionately drive the majority of costs
- U.S. health system's costly complexity and misaligned incentives prey on the sickest

SOLUTION

- Early detection, intervention, and care management for the sickest and most expensive members of a population

IMPACT

- Implement programs to address high-cost claimants, chronic conditions, and specialty meds
- Identify episodes early before members are overprescribed or queued for needless procedures
- Steer to higher-quality care through care management and utilization of incentives

FOCUS ON MOST CRITICAL POPULATIONS

Up to two-thirds of health plan spend comes from the top 5% sickest members. While annual visits and preventative care are table stakes, true health plan performance is driven by early detection, intervention, and care management for the sickest and most expensive members. The first group to focus on is high-cost claimants, who are generally categorized as members with greater than $50K in a year through single or multiple episodes of care, such as knee replacements, organ transplants, or cancer treatments. A second major group are chronic condition members who have diabetes, hypertension, or other persistent conditions, either singularly or in combination. A third source of high-spend are members on high-cost medications – especially specialty biologic medications like Humira that can cost $5-10K per fill to treat conditions like rheumatoid arthritis. Wellnecity's Performance and Insights Center enables employers to focus on high-impact situations.

IDENTIFY EPISODES EARLY

A key to cost containment is early awareness. While truly acute episodes, such as cardiac arrest, are not addressable, many major procedures are known or can be detected in advance. Wellnecity combines precursor identification, prior authorization, and high-dollar forecasting to determine which members may have a high-cost episode soon. Even a few weeks of advance notice before a procedure can ensure it is medically necessary, managed through an appropriate provider, and/or guided to a lower-cost, higher-quality option through employee incentives. For chronic conditions, early detection is helpful while active management is essential to ensure prescribed routines and medications are followed to avoid worsening conditions, requiring hospitalization or other costly treatments. With specialty medications, identifying members as they are prescribed can allow for timely review to confirm appropriateness and equal (or better) alternatives. In all cases, timely intervention is critical.

STEER TO BETTER CARE

With early identification there is a window to steer members to better care. As previously written about (https://wellnecity.com/quality-care/), an investment in higher-quality care programs can often be less expensive due to avoiding unnecessary procedures and reduced procedure complications. To address high-cost members, combining active guidance to safer providers with COE's for high-cost claimants, ensuring active management of high-risk members (unstable chronic conditions and ER utilization), and proactive management (utilization and sourcing) of specialty medications are important. These plan management enhancements allow employer-sponsored health plans to drive performance and to ensure their high-risk members avoid the web of costly complexity and misaligned incentives that so often needlessly result in unnecessary and/or expensive treatments.

Contact us today to help make your health plan reach peak performance.

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