

## Maintaining 2% PEPM trend growth saves \$20M+ annually

### INSIDE

#### Hiring Wellnecity

Phase 1 –  
Operating  
Oversight

Phase 2 –  
Building a Better  
Vendor Stack

Phase 3 –  
Navigating Covid



**“TO EFFECTIVELY  
BUILD AND  
OPERATE A WELL-  
CONSTRUCTED  
SELF-INSURED  
HEALTH PLAN YOU  
NEED WELLNECITY.**

**OTHERWISE, YOU  
DON'T HAVE THE  
TOOLS AND  
CAPABILITY TO  
DRIVE  
PERFORMANCE.”**

## Case Study

National Home Health Operator

- By Leo Raudaschl, Head of Product

### Topics

- Operational oversight
- Managing through mergers and acquisitions
- Building better a vendor stack
- Driving vendor performance
- Center of Excellence
- Managing through Covid and uncertainty



## Hiring Wellnecity

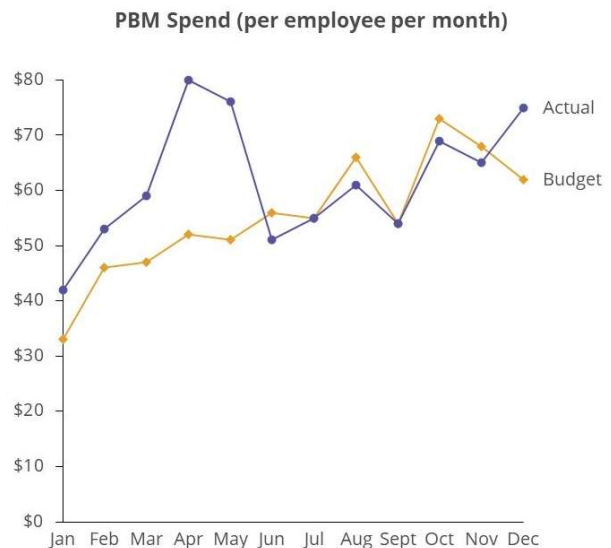
This client was Wellnecity's first client – we were hired based on the promise of using the actual health plan data instead of subjective industry benchmarks as the basis for improved health plan management. As the CEO at the time said, *“I have been looking for this type of help for years and it hasn't existed. You're hired.”*

And so, an extraordinary journey began, managing a health plan through mergers and acquisitions and divestitures – with limited growth in PEPY, saving the company \$20M on a 2022 run rate basis, and offering market competitive benefits.

## Phase 1 – Introducing Operating Oversight

In the first generation of Wellnecity, the core value came from proactive data management. Rather than use prepackaged reporting and analysis from a traditional data warehouse, the client and Wellnecity used the data to manage the plan. Specifically, the data was used to hold vendors accountable on their performance and to secure performance guarantees during vendor renewals. In addition, we “tightened the ship”, catching various contract, claim, and enrollment errors.

The natural evolutions of companies and their health plans require on-going operating vigilance. After a merger, and several plan changes – including a new PBM and a new network – the value of tight operating oversight was demonstrated again. In the first instance, the new PBM was substantially over budget in April, month 4 of the new deployment. Wellnecity sounded the alarm in month 2 before the broker consultant team even started receiving top-line data from the PBM. From there, Wellnecity identified the sources of variance and worked with the client, the broker, and the PBM to redress the issues and return to budgeted run rate.



In the second instance, a negotiated improvement in the carrier administration fee was not being effectively implemented. Including a retroactive recovery to the beginning of the year, the savings totaled \$500,000.

With healthcare costs being most companies' second largest fixed expense, the repercussions of tight management often extend well beyond making the health plan budget. With this client, health plan savings offset operating issues, enabling the client to preserve and distribute bonuses one year, and generally minimize premium increases every year.



## Phase 2 – Building a Better Vendor Stack

As the plan grew in scale and sophistication, so did efforts to manage performance with vendor augmentations targeting improved care management, e.g., Centers of Excellence, Care Navigation, Diabetes Management, and Musculoskeletal (MSK) Management. Wellnecity's role was to evaluate expected performance prior to vendor selection, ensure rapid and effective deployment, and optimize performance over time.

In this role, our biggest success was driving the utilization of the Center of Excellence from 15 to 45% of eligible cases, dramatically improving the care provided to members through elimination of unnecessary procedures and reduction of complication rates. One happy beneficiary, who avoided a life-altering procedure, wrote a letter to the CEO and participated in the creation of a video to increase awareness for other employees. Wellnecity used claims data to develop a targeting algorithm, which enabled care navigators to proactively remind members of the Center of Excellence benefit when it was relevant.

The increase in delivered performance was so material, the Center of Excellence vendor hired us to support them in driving engagement across their entire business. As part of effective deployment, Wellnecity ensured that processes between the vendors were set up correctly, data were dynamically exchanged, and continuous improvement occurred. For example, the MSK management program heavily depends on prompt identification of care needs to ensure enablement of steerage to a high-quality, cost-effective provider. Wellnecity created new data feeds and managed the adaptation of the pre-certification process to include key coding categories to enable proactive outreach. These modifications resulted in a strong start with high member-engagement for the MSK management vendor. We continue to work with all the point solutions to improve performance – driving conversion rates well above industry standard single digit conversion rates and evaluating the effectiveness of their solutions via demonstrated impact of the population and cost instead of annual actuarial studies.

## Phase 3 – Navigating through Covid

And then there was Covid. As with everybody else, “operating management” took on a whole new dimension in Spring 2020, especially for our healthcare clients.



In the beginning, we used data management to provide early insight on the “actual” Covid impact within the population – there were no other reliable sources of information. We also provided insight on the impact on the health plan cost outlook – including estimated future costs related to continuation of care for severe cases.

As the situation evolved, the focus shifted to critical operating decisions regarding personnel deployment. A primary activity was building operating models to track vaccination and Covid infection severity rates, thus guiding teams trying to maintain an informed back-to-work policy amid the ongoing pandemic.

While the pandemic continued to shift and be unpredictable, Wellnecity was able to give management a clear picture of when to ramp down Covid support, using clear views on Covid-related utilization and vaccination rates among the front-line team.

And finally, Wellnecity enabled the client to obtain pre-allocated government financial support, because we could demonstrably isolate the Covid impact to the health plan and provide the required information.

While we do not know what is next for the client, we expect to continue to drive value and better health outcomes through operational vigilance.

**PEPM\$ Actual versus Trend (2017-22)**



**~\$22.8M**  
Annual Savings 2022