



The Importance of Care Management and Quantifying Savings

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Care Management Overview

Care management programs coordinate healthcare delivery, improve patient outcomes, and optimize utilization of care. Health insurers and benefit vendors alike are implementing these programs with goals to optimize outcomes and achieve savings. Savings can be achieved through the reduction of bottom-line costs using tailored services and reducing waste, or through increased top-line revenue by capturing a more accurate representation of risk in the underlying population. The challenge lies in isolating and quantifying the savings specific to implementation of these programs. There are a variety of analyses and studies that can be utilized to demonstrate their impact. Performing these studies is critical for evaluating these programs and continuing to improve healthcare and outcomes.

Types of Care Management

There are various care management avenues available for health plans to offer their members. The main two categories are General Population Management and Condition Specific Management.

General Population Management involves programs and services that are offered to everyone in the health plan, regardless of health status or prior experience. This can look like providing member incentives for members to receive their annual flu vaccine, or premium discounts for the next benefit year if a member satisfies certain actions during the current year. Typically, the goal of these types of programs is to incentivize members to develop healthy habits and to utilize preventive care that will ultimately improve health outcomes and decrease health spending.

Condition Specific Management is member management specifically targeting members with high-cost chronic conditions. Often with chronic conditions, effective management is the key to improving health outcomes and decreasing costs. One primary area of concern with chronic conditions is the cost of emergency department visits. With proper management, most emergency visits can be avoided, which significantly decreases medical spend for both the member and the health plan and most importantly improves health outcomes for the member. Similarly, with proper medical intervention, chronic condition escalation can be diagnosed and treated before significant costs are incurred. Generally, condition specific management ensures that members with high-cost chronic conditions are receiving the preventative or maintenance treatment that they need before their condition worsens.

Types of Analyses

In care management, the quantification of savings is a complicated endeavor, often guided by the available data and the specific objectives of the analysis. There are two types of analyses one can use to quantify savings – prospective and retrospective. The key difference between the two is the forward-

looking nature of a prospective analysis is used to answer the question “*What impact do we expect to have?*” as compared to the backwards-looking nature of a retrospective analysis to answer the question “*What impact did we have?*”

Prospective Program Analysis – Quantification of the expected future savings for a given intervention. These analyses are typically used for new programs or programs lacking sufficient data to complete a retrospective analysis. By estimating savings in relation to a market benchmark, the value proposition of the program can be evaluated and compared to its costs. An example of a prospective program analysis includes:

- **Population Benchmarking Analysis** - Using external data to benchmark specific categories of service or member’s total cost of care. Various metrics can be used including member costs, utilization, or unit costs.

Retrospective analyses - Examination of historical data to evaluate the actual impact of care management interventions on program utilizers compared to non-utilizers. By analyzing past trends and outcomes, stakeholders can gain valuable insights into the effectiveness of different strategies and interventions. This retrospective approach enables organizations to refine their care management programs based on empirical, data-driven evidence. Examples of retrospective program analyses include:

- **Pre/Post Program Analysis** - Quantifies the change in member experience before and after a given intervention. Typically measured using cost of care or utilization metrics, depending on what is most appropriate.
- **Participating/Non-Participating Analysis** - Quantifies the difference in cost of care and other metrics, between participating and non-participating membership.
- **Regression/Trend Line Analysis** - Analyzes the relationship between two variables. Typically uses program enrollment/member demographic data to make predictions about expected costs.
- **Propensity Score Matching** - Matches members based on similar propensity scores developed from statistical methods with member demographic inputs (e.g., health status, medical history). Intended to mimic a randomized control trial for the intervention and analyze subsequent costs between users and non-users.

How can we help?

Whether a payer, provider or vendor, the implementation and quantification of care management impacts can be vital to strengthening outcomes within your organization. Wakely can assist in a multitude of ways. We can guide you towards suitable programs for your population, as well as conduct any of the analyses laid out above to ensure your savings goals and health outcomes are achieved. Please visit our website to learn more about how we can help at www.wakely.com/services/consulting/care-management-analyses.

Please contact Jackie Walker | jackie.walker@wakely.com, Ann Pogrebtskiy | ann.pogrebtskiy@wakely.com at or Ben Cruz | ben.cruz@wakely.com with any questions or to follow up on any of the concepts presented here

OUR STORY

Wakely's Expertise

We move fast to keep our clients ahead of the healthcare curve.

Broad healthcare knowledge. Wakely is experienced in all facets of the healthcare industry, from carriers to providers to governmental agencies. Our employees excel at providing solutions to parties across the spectrum.

Your advocate. Our actuarial experts and policy analysts continually monitor and analyze potential changes to inform our clients' strategies – and propel their success.

Deep data delivery. Because of Wakely's unique access to various data sources, we can provide insights that may not be available from other actuarial firms.

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