

Health care analytics now made affordable for small and midsize employers

By Bruce Shutan

Small and midsize employers that lack the health plan management resources of larger organizations now have access to a quick and affordable method for combating rising benefit costs that could prove invaluable in this difficult economic climate.

Thomson Reuters introduced Medstat Risk Profiler earlier in the year to enable employers in this market to make easy and informed decisions about population health management within just 30 days.

Bearing the Medstat moniker as a testament to the firm's original – and highly innovative – corporate brand, the tool can be used as a stand-alone service or entry point to the company's more elaborate Medstat Advantage Suite decision support system. Risk Profiler integrates two years' worth of eligibility, medical and drug claims data – identifying segments within an employee population with the greatest opportunity to reduce health care risk.

Stephen Kingsley, senior product manager for Thomson Reuters, referred to research that indicates 20% of the health care expenditures can be traced to totally preventable and manageable illnesses such as heart disease, diabetes and high cholesterol. "Roughly 40% of those costs can be attributed to risks that are modifiable," he says, noting the potentially negative impact on employee health and productivity, and subsequently, on an employer's bottom line.

Smarter cost-shifting

In the face of rising health care costs, the standard operating methodology has long been to increase out-of-pocket expenses and merely pass along these costs to employees without seeking to reverse the root cause of this long-standing problem.

To achieve any measurable financial impact, employers need to have critical information in place pertaining to

how and why their health care costs are increasing in the first place. Meaningful, objective data can help employers develop smarter or more meaningful cost-shifting strategies. For example, high utilization of brand-name prescriptions on a drug formulary could point up the importance of steering employee populations to highly efficacious generics.

Given the current economic climate, Kingsley says "the last thing employees want is more expense associated with a dwindling income, for everyone from the person in the mailroom to the CEO, which can be a source of de-motivation."

Adds Chris Justice, director, practice leadership for Thomson Reuters: "The beauty of Medstat Risk Profiler is that it illuminates alternatives to cost-shifting. It gives employers the leverage they need to help chip away at health care costs and identify segments of an employee population or various business units that require careful attention with regard to population health management."

The most seemingly incremental steps can have a significant impact over time. For example, he says hard data that's gathered on chronic conditions could help employers shave a half percentage or full percentage point off their health care trend by identifying data-driven condition management interventions. Many of the Profiler reports lend themselves well to a year-over-year analysis that can help employers get a better handle on the performance of care management vendors or other specialists over time, Justice says.

Whereas Advantage Suite is a software tool that requires four to six months of implementation involving data integration from multiple service providers, Medstat Risk Profiler provides a rapidly available baseline service in the form of 11 reports that examine key cost drivers. The information is based on a host of proprietary health care analytic methods and benchmarks at both a national and industry level from the Thomson Reuters MarketScan

research database. This extensive database draws from the claims experience of more than 16 million covered lives and 120-plus corporate clients from all industry segments, as well as major carriers and third-party administrators.

‘Priceless’ investment

One Thomson Reuters’ client provides valuable insight into the promise of this tool. Providence Health & Services, a health care system whose annual health care tab was \$340 million, sought to significantly lower an 11% annual health care trend for 68,000 covered lives by aiming for a best-performance trend of 1%.

While members of the senior management team had their suspicions about the forces driving costs, they were shocked to learn preventable, late-stage breast cancer that could be easily treated following early detection was the No. 1 catastrophic cost driver. This data, which showed an impact on the business for unmanaged trend over the next five years, changed the CFO’s mindset about

employee cost-shifting.

“Looking at our total spend, the difference between 1% and 11% over five years is \$158 million,” according to according to Lisa Schmidt, the firm’s system director of health, welfare and wellness. “That’s how much is at stake for us. Our investment is insignificant when compared to the value it brings both in improving our employee health and reducing trend. It’s priceless. Our people are suffering from lifestyle-related conditions, and they need help. That’s the root of our problem.”

Kingsley adds that the cost of this service is nominal relative to an employer’s overall health care spend, noting that it interprets health care analytics and provides actionable recommendations. “We give clarity to the health care spend so that people can make more informed decisions,” he adds.

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