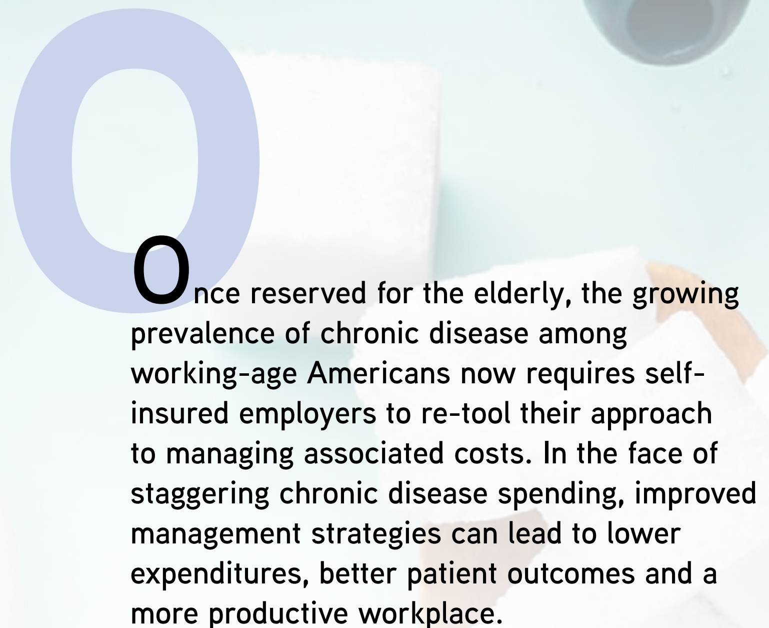
FEATURE

Cost Management Strategies for Chronic Diseases

Written By Laura Carabello



Once reserved for the elderly, the growing prevalence of chronic disease among working-age Americans now requires self-insured employers to re-tool their approach to managing associated costs. In the face of staggering chronic disease spending, improved management strategies can lead to lower expenditures, better patient outcomes and a more productive workplace.

The Centers for Disease Control and Prevention (CDC) provide some startling statistics that directly impact employers:

- ✓ An analysis of the Behavioral Risk Factor Surveillance System (BRFSS) estimates that 53.8% of adults aged 18-34 report at least one chronic condition, and 22.3% have more than one.
- ✓ With an aging baby boomer population, the prevalence of these conditions will likely continue to rise in coming years.
- ✓ For employers extending benefits to family members, it is startling to learn that about 40% of school-age children have at least one chronic health condition. Conditions that used to almost exclusively affect older adults now impact younger adults at much higher rates. For example, stroke rates in patients ages 20-44 increased from 17 to 28 per 100,000 between 1993 and 2015.

IMPACT OF CHRONIC DISEASE IN AMERICA

Impact of Chronic Disease in America

Heart Disease and Stroke:	Nothing kills more Americans than heart disease and stroke. More than 934,500 Americans die of heart disease or stroke every year—that's more than 1 in 4 deaths. These diseases take an economic toll, costing our health care system $251 billion per year and causing $156 billion in lost productivity on the job. Costs from cardiovascular diseases are projected to top $1 trillion by 2035.
Cancer:	Each year in the United States, 1.7 million people are diagnosed with cancer, and more than 600,000 die from it, making it the second leading cause of death. The cost of cancer care continues to rise and is expected to reach more than $240 billion by 2030.
Diabetes:	More than 38 million Americans have diabetes, and another 98 million adults in the United States have prediabetes, which puts them at risk for type 2 diabetes. Diabetes can cause serious complications, including heart disease, kidney failure, and blindness. In 2022, the total estimated cost of diagnosed diabetes was $413 billion in medical costs and lost productivity.
Obesity:	Obesity affects 20% of children and 42% of adults, putting them at risk of chronic diseases such as type 2 diabetes, heart disease, and some cancers. Over 25% of young people aged 17 to 24 are too heavy to join the U.S. military. Obesity costs the U.S. health care system nearly $173 billion a year.
Arthritis:	Arthritis affects 53.2 million adults in the United States, which is about 1 in 5 adults. It is a leading cause of work disability in the United States, one of the most common chronic conditions, and a leading cause of chronic pain. Arthritis costs appear to be increasing and were estimated at over $600 billion in 2019.
Alzheimer's Disease:	Alzheimer's disease, a type of dementia, is an irreversible, progressive brain disease that affects nearly 7 million Americans, including 1 in 9 adults aged 65 and older. Two-thirds of these older adults (4.1 million) are women. Deaths due to Alzheimer's disease more than doubled between 2000 and 2019, increasing 145%. The cost of caring for people with Alzheimer's and other dementias was an estimated $345 billion in 2023, with projected increases to nearly $1 trillion (in today's dollars) by 2050.10
Epilepsy:	In the United States, about 3 million adults and about half a million children and teens younger than 18 have active epilepsy—meaning that they have been diagnosed by a doctor, had a recent seizure, or both. Adults with epilepsy report worse mental health, more cognitive impairment, and barriers in social participation compared to adults without epilepsy. In 2019, total health care costs (epilepsy-attributable and other health-related costs) for noninstitutionalized people with epilepsy was $13.4 billion, of which $5.4 billion were directly attributable to epilepsy.
Tooth Decay:	Cavities (also called tooth decay) are one of the most common chronic diseases in the United States. One in six children aged 6 to 11 years and 1 in 4 adults have untreated cavities. Untreated cavities can cause pain and infections that may lead to problems eating, speaking, and learning. On average, 34 million school hours are lost each year because of unplanned (emergency) dental care, and almost $46 billion is lost in productivity due to dental disease.

SOURCE: 2024 CDC https://www.cdc.gov/chronic-disease/data-research/facts-stats/index.html#:~:text=Ninety%20percent%20of%20the%20nation's,significant%20health%20and%20economic%20benefits.

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Chronic disease is clearly a recipe for increased costs. The International Foundation of Employee Benefit Plans projects that in 2024, employers are expected to pay more for chronic disease management than in previous years. The organization predicts a 7% increase in healthcare costs for 2024, with chronic conditions being a top reason for the rise. Here's why:

- Utilization due to chronic health conditions (22%, up from last year)
- Catastrophic claims (19%, same as last year)
- Specialty/costly prescription drugs/cell and gene therapy (16%, up from last year)
- Medical provider costs (14%, up from last year)

Add to this the staggering expense of $36.4B annually in lost productivity and missed work. Then consider a further burden: the advancing age of Millennials. Anyone born between 1981 and 1996 (ages 23 to 38 in 2019) is considered a Millennial, and they now represent the majority of the workforce. As a result, employers are more likely to have employees who are at-risk of, or receive treatment for, chronic conditions.

"Type 2 Diabetes poses a significant financial burden for

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Amanda Christel

numerous reasons," says Amanda Christel, BSN, RN, Orion Nurse Consultant, StarLine. "The prevalence (nearly 1 in 10 U.S. adults have Type 2 Diabetes), high-cost drugs (hello, GLP-1s!), and the potential for catastrophic complications if poorly managed, including chronic wounds, kidney disease, stroke, and blindness."

Christel advises that managing Type 2 Diabetes truly requires a multidisciplinary approach, adding, "While medical management is often effective, lifestyle interventions are of the utmost importance to sustain results. Self-funded employers should focus on strategic plan designs with an emphasis on reducing barriers to care, which will ultimately increase disease management compliance and help mitigate the risk for long-term, high-dollar complications."

Jesse Roderick

As plans sponsors are ultimately responsible for managing the chronic disease benefits offered through the health plan, Jesse Roderick, senior vice president, Accident & Health Claims. QBE North America says his organization supports self-insured plan sponsors through its experienced cost containment team comprised of risk and clinical professionals.

"Chronic cancers, as well as heart and circulatory conditions that cannot be resolved through standard treatments, tend to pose the greatest financial challenges for self-insured plan sponsors," he explains. "These diseases are driving rising healthcare costs, and treatments can range from hundreds of thousands of dollars to millions depending on the specific diagnosis. These high costs, coupled with ongoing treatment needs, an increasingly fragmented healthcare system and plan designs that don't effectively manage chronic disease benefits, can lead to complex financial challenges for the plan sponsor."

Despite best intentions to improve patient quality of life and reduce expenditures with preventative interventions, Jakki Lynch RN, CCM, CCFA, CMAS, director of cost containment, Sequoia RIS, contends, "High-cost treatment continues as chronic disease accounts for 81% of all hospital admissions, 91% of all prescriptions filled, and 76% of all doctor visits. These statistics indicate that proactive preventative strategies are not consistently adopted by the patients and non-compliance combined with comorbidities result in significant health plan risk exposures."

Jakki Lynch

She says that even if patients adopt the preventative programs, significant high-dollar claims may occur due to the unpredictability and complexity of the chronic clinical conditions. Furthermore, with the increasing cost of hospital inpatient services, emerging therapies and chronic illnesses treated with specialty pharmacy medications, plan sponsors need impactful solutions to manage expenses,

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Amy Tennis

Among the financial challenges that chronic conditions have on self-funded health plans, Amy Tennis, SVP, medical management for Medwatch, points to chronic kidney disease (CKD) and end-stage renal disease (ESRD) as the most frequent and costly.

"Having an effective, proactive Case and Disease Management program in place is critical in providing early identification and management of these conditions and related costs," says Tennis, citing the role of specialized Registered Nurse (RN) Case Managers to work with and on behalf of plan members. "These professionals help to effectively manage condition(s) and improve overall health while controlling cost and monitoring the quality of the care they receive. When patients are adhering to recommended diets, maintaining regular exercise routines, and medication regimens that are specifically tailored to each disease, an effective Disease Management program can significantly lower overall costs and improve outcomes for members."

Expanding upon this challenge, Karen Hicks, an R.N. and certified case manager with MedWatch who specializes in all aspects of kidney care, explains, "The single most costly component of kidney failure is the ongoing costs of dialysis. On the East Coast,

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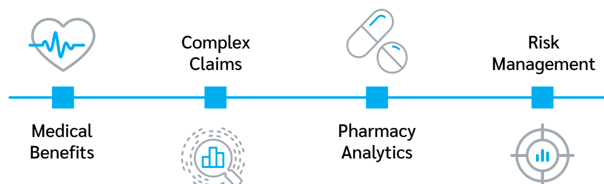

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Karen Hicks

dialysis costs can run anywhere from $300,000 to $500,000 per year. On the West Coast, they rapidly escalate from $500,000 to $1,000,000 or more a year."

For diabetics that have advanced to ESRD and are on dialysis, she says it is important for a plan to address the cost of dialysis treatments and to find the best possible partner to provide credible repricing of these claims.

"Our Dialysis Claim Review and Repricing services provide clients with a proven solution that delivers a fully defensible repriced claim with average savings of 91% off of billed charges – with no patient balance billing," says Hicks. "In addition, proactive management of the pending transplant process provides clients with access to Centers of Excellence and savings of 50% to 60%. The goal is to find lower cost options or alternatives for these treatments to help the plan save significant financial resources."

A value-add for the Disease Management Kidney Care Program is providing participants with information and access to numerous online resources that are readily available. These include public resources like the Kidney Smart Program and Kidney Disease Education Classes that offer patients additional information and further understanding of their condition,

Hicks is passionate about helping members through what can be a very difficult time in their lives, adding,
"My mission is to provide them with as many resources as possible and be there as their advocate every step of the journey."

Reducing the human and financial costs of chronic kidney disease (CKD) is a focus throughout the self-insured community. Scott Vold, Chief Commercial Officer, Renalogic, points out that 1 in 7 Americans have CKD, yet 90% remain undiagnosed.

"The consequences are staggering - over 500,000 Americans are on dialysis, and CKD imposes up to $100 billion in annual costs for commercial health plans," explains Vold. "Our focus is to work closely with self-funded plans to effectively manage these CKD-related expenses. More importantly, our innovative programs help prevent plan members from progressing to dialysis, transforming lives and delivering sustainable savings."

Scott Vold

Vold refers to proprietary algorithms that analyze tens of thousands of data elements to compute reduced, justifiable costs for dialysis.

"Claims repricing is crucial in the healthcare industry because it helps ensure that costs are managed effectively and fairly with our proven savings of 84.5% against contracted dialysis rates," continues Vold. "By adjusting the amount paid to healthcare providers, self-funded plans can prevent overcharging and ensure that health plan members are not burdened with excessive out-of-pocket expenses."

He says there are various solutions that help members manage CKD, including clinical intervention teams that work with members to prevent CKD progression and improve overall member well-being with early, specialized clinical care.

"These teams also assist with forestalling end-stage renal disease (ESRD) and avoid emergent dialysis, starting with care management

and navigation services for late-stage CKD members," adds Vold. "Our data-driven approach has demonstrated remarkable results -- as we are 230% more effective at identifying undiagnosed CKD compared with traditional commercial benchmarks. Lastly, our clinical program is 98.3% effective at preventing enrolled members from developing ESRD."

WHAT CAUSES CHRONIC DISEASE?

Broadly defined, chronic diseases and conditions last a year or more and require ongoing medical attention or limit activities of daily living -- or both. A jaw-dropping 90% of the nation's $4.5 trillion in annual healthcare expenditures are for people with chronic and mental health conditions, with the most common types spanning cancer, heart disease, stroke, diabetes and arthritis.

While some chronic conditions are genetic, many are exacerbated by or the result of lifestyle choices, including excess alcohol consumption, physical inactivity, tobacco use and unhealthy diet. This accounts for the results of the BRFSS survey that cites the prevalence of obesity (25.5%), depression (21.3%), and high blood pressure (10.7%), along with the likelihood that these individuals would report binge drinking, smoking or physical inactivity.

RISK FACTORS

Many preventable chronic diseases are caused by a short list of risk behaviors. While Americans have been warned for decades about the risk of cigarette smoking, it is still surprising to learn that it accounts for more than 480,000 deaths each year in the U.S. Today, over 16 million Americans are living with a disease caused by smoking, including cancer, heart disease, stroke, lung diseases, diabetes and chronic obstructive pulmonary disease (COPD), which includes emphysema and chronic bronchitis.

Currently, people tend to think of vaping and e-cigarettes as "safer" than smoking, but they are not safe.

Vaping has been linked to chronic lung diseases like asthma, bronchitis, emphysema, and chronic obstructive pulmonary disease (COPD). Vaping products contain chemicals and particles that can irritate the lungs, causing inflammation and narrowing of the airways, which can lead to short-term breathing problems like coughing and shortness of breath and, over time, permanent scarring and chronic conditions – or even cancer. Multiple studies document that people who used e-cigarettes and also smoked tobacco were at an even higher risk of developing chronic lung disease than those who used either product alone.

Vaping in the workplace is more common than one would think. New studies of companies with more than 150 employees show that the majority (61.6%) observed coworkers vaping at work, and 19.1% reported vaping at work themselves. Vaping in the workplace may impact nonusers in a variety of ways, including potential exposure to secondhand aerosol, which may be bothersome or perceived as harmful and lead to decreased productivity.

Poor nutrition is another significant risk factor for obesity and other chronic diseases, such as type 2 diabetes, heart disease, stroke, certain cancers and depression. High sugar and refined carbohydrate intake are established causes of poor health and chronic illnesses such as type 2 diabetes, obesity and various metabolic syndromes. Diets high in both saturated fat and sugar can even increase the risk of kidney and liver diseases.

Hand-in-hand with poor nutrition is a lack of physical activity, a factor that increases the risk for serious health problems such as heart disease, type 2 diabetes, obesity and some cancers. For people with chronic diseases, physical activity can help manage these conditions and complications. CDC advises that only one in four U.S. adults fully meet the physical activity guidelines for aerobic and muscle-strengthening activity. A massive $117 billion in annual healthcare

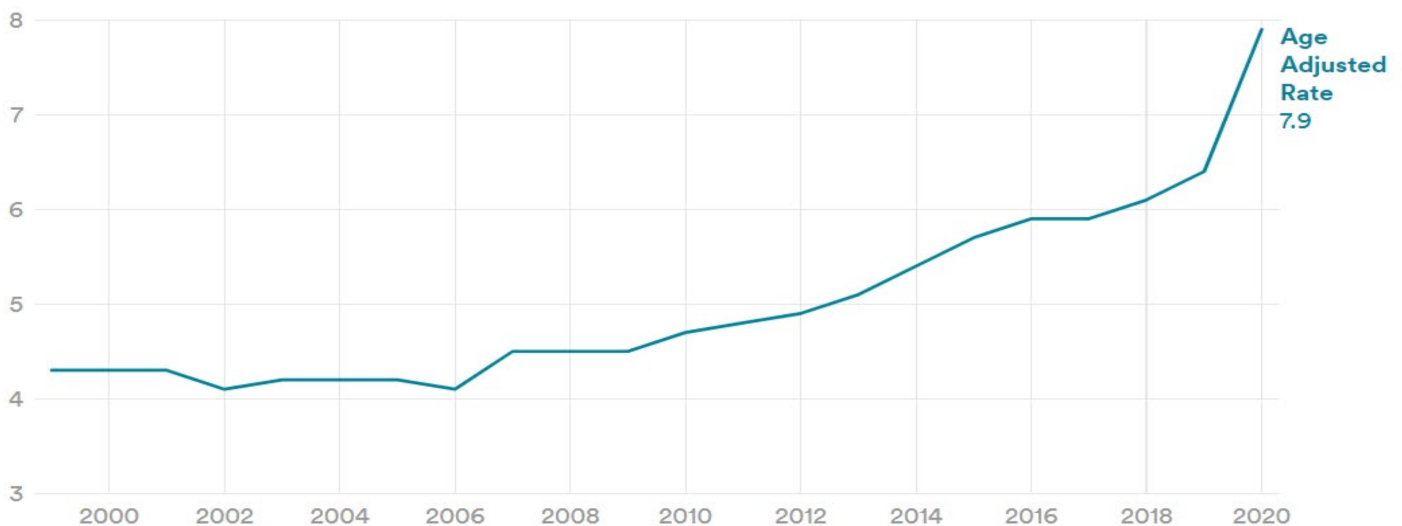
costs are associated with inadequate physical activity. Getting enough physical activity could prevent:

- 1 in 10 premature deaths
- 1 in 8 cases of breast cancer
- 1 in 12 cases of diabetes
- 1 in 15 cases of heart disease

Finally, alcohol consumption is a risk factor for many chronic diseases and conditions. According to the U.S. Dietary Guidelines for Alcohol Consumption, men should limit their intake to two drinks per day, while women should stick to one. This recommendation applies to any given day, not an average over time.

The American Medical Association (AMA) first identified alcoholism as a disease in 1956 and, in 1992, published the following definition of alcoholism:

"Alcoholism is a primary, chronic disease with genetic, psychosocial, and environmental factors influencing its development and manifestations. The disease is often progressive and fatal. It is characterized by continuous or periodic: impaired control over drinking, preoccupation with the drug alcohol, use of alcohol despite adverse consequences, and distortions in thinking, most notably denial."

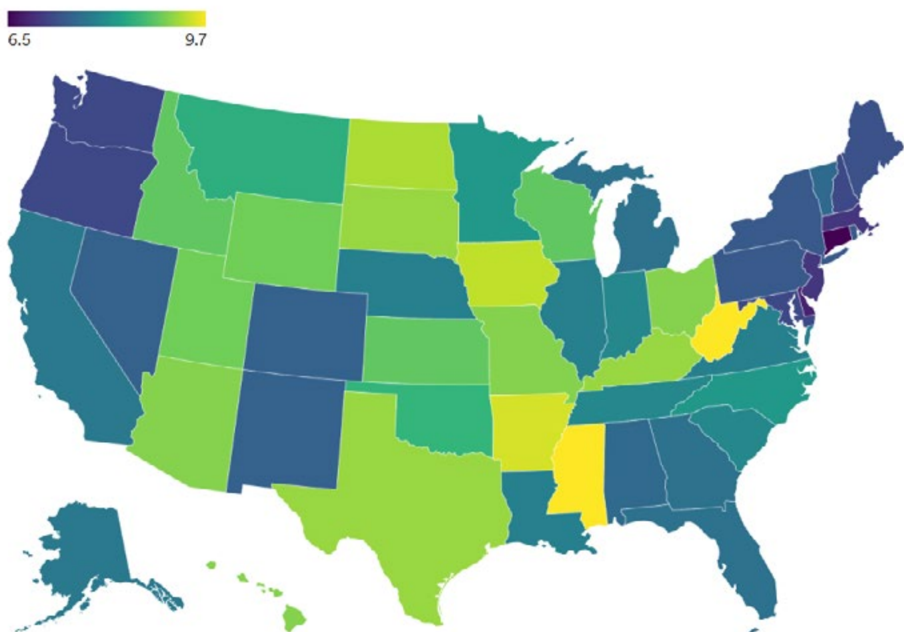


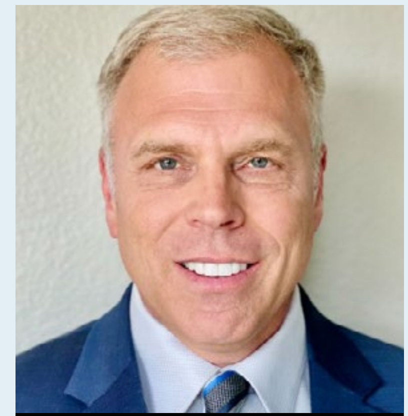
- ✓ According to the Alcohol Research Center, 25 chronic disease and condition codes in the International Classification of Disease (ICD)-10 are entirely attributable to alcohol, and alcohol plays a component-risk role in certain cancers, other tumors, neuropsychiatric conditions, and numerous cardiovascular and digestive diseases.

- ✓ National Institute on Alcohol Abuse and Alcoholism advises drinking beyond U.S. Dietary Guidelines levels can cause liver disease, including steatosis (accumulation of fat), steatohepatitis (inflammation), fibrosis and cirrhosis (scarring), hepatocellular carcinoma, and alcohol-associated hepatitis.

- ✓ UK-National Health Service says that after 10 to 20 years of regularly drinking more than 14 units a week, this consumption leads to the development of diseases such as mouth cancer, throat cancer and breast cancer. Stroke or heart disease.

Finally, excessive alcohol use over time can lead to serious behavioral health problems, including alcohol use disorder and problems with learning, memory, and mental health.




Myron Unruh

Myron Unruh, Chief Operating Officer at MINES and Associates, a leading EAP provider, says, “Alcohol use disorders and problem drinking cause a staggering level of financial and social impact in the United States. According to the CDC, approximately 178,000 alcohol-related deaths occur each year.”

He emphasizes the gravity of these statistics and their immense burden on healthcare costs. “Healthcare-related costs from problem drinking translate into direct costs for substance abuse treatment as well as a myriad of comorbidities well known and researched as directly and indirectly related to problem drinking, such as liver disease. Many more expenditures occur to the payer through emergency room visits, both for minor and major injuries, including motor vehicle accidents.”

SELF-INSURED EMPLOYERS TAKE ACTION

Anticipating a higher prevalence of serious or chronic disease diagnoses matters greatly to employers because the management of these conditions can be complex and expensive. Consider the impact of costly treatments, increased use of specialty medications — which can account for nearly half of an employer's health care spend -- hospitalizations and higher utilization of medical services. Strategies and interventions for managing these costs vary widely.

Leading Strategies for Managing Chronic Disease Costs in 2024:

Strategy	%	Change
Utilization control initiatives: e.g., prior authorization, case management, disease management, nurse advice lines	22%	up from last year
Cost sharing initiatives: e.g., deductibles, coinsurance, copays, premium contributions	16%	down from last year
Work and wellness programs	13%	a new standalone response option this year
Plan design initiatives: e.g., dependent eligibility audits, high-deductible health plans, spousal surcharges/carve-outs, formulary changes	12%	same as last year
Purchasing/provider initiatives: e.g., telemedicine, price transparency tools, centers of excellence, health care navigators/advocates, coalitions, quality initiatives	12%	down from last year

SOURCE: IFEBP

Jakki Lynch assembled a more granular list of the various preventative strategies that health plans utilize to improve patient outcomes and control these costs:

- Preventive Care Programs
- Chronic Disease Management Programs
- Predictive Modeling
- Evidence-based Care Pathway Platforms
- Value-Based Contracting with Providers
- Remote Patient Monitoring
- Specialty Pharmacy Management
- Behavioral Health Support

"The key interventions for plan sponsors to reduce the inpatient facility and high-cost specialty pharmacy exposure requires insightful contracting and claim payment integrity review, which ensures correct reimbursement and accurate payment of plan benefits," she explains. "With the combination of a strategic claim payment integrity program, plan sponsors can leverage a fact-based understanding of the provider's billing practices supported by historical paid claims outcomes for a targeted negotiation while also allowing for the right to review the claims."

She says if the plan has access to a reasonable claim payment contract, charges should be clinically reviewed to ensure propriety and accuracy.

"A financially effective contract alone does not ensure plan benefits are properly determined," cautions Lynch. "The contract rate should only be applied to plan eligible charges."

She points out that effective payment integrity programs are supported by focused expertise, including clinicians, charge master specialists and settlement resolution teams. While some health plans may employ automatic claim editing adjudication processes to review high dollar claims, formulaic technology-based algorithm programs have a limited impact since artificial intelligence cannot review medical records, identify key clinical charge adjustments, and communicate the findings to the providers and facilities to ensure consensus for the charge adjustments.

"Claim Payment Integrity is a technical high dollar claim and medical record review which determines if the charges are coded accurately, appropriately documented and are free from impropriety," says Lynch.

"Analyzing high dollar claims requires specialized expertise and resources. Health plan sponsors may not have the staff, time, or experience to identify and construct the clinical, network and coding nuances inherent to complex claims."

Roderick offers this recommendation, "A cost management strategy that effectively manages health plan benefits for chronic diseases starts with a straightforward approach to the plan design. In general, there has been an ongoing shift towards plans with higher deductibles. While these higher deductibles can save on overall costs, they discourage participants from seeking care and can create compliance issues when the plan sponsor wants to tailor their health plan by adding a new program or providing access to a top-tier provider that helps participants manage their chronic disease at a lower cost and with a better outcome."

He suggests narrow network plans as another cost management strategy don't lend themselves to chronic disease treatment.

"Many employers offer these as an effective way to curb costs since providers within narrow networks typically accept lower reimbursement rates than out-of-network providers," he continues. "While intentionally designed to be more affordable, narrow network plans limit the providers a participant may be able to access, and when looking at the best strategies to manage chronic diseases, this option might result in no material cost reduction to the plan and disappointing patient outcomes."

Finally, he advises that the most effective cost management strategies are referenced-based pricing plan designs that set limits on what the plan will cover for specific services based on a referenced price.

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"Carving out the pharmacy benefit manager (PBM) can help reduce costs too, as this provides transparency around negotiated prices and allows the plan sponsor to better tailor their formulary to meet participants' needs," he concludes. "In addition, point solutions can be added to a plan sponsor's health plan that allow participants access to chronic disease-specific programs. These programs can be tailored in multiple ways, and the plan sponsor should work in collaboration with their broker and administrator when adding a specific point solution to their health plan."

DISEASE MANAGEMENT PROGRAMS HELP TO CONTROL COSTS

Effective chronic disease management requires a multi-pronged approach involving the plan enrollee, healthcare providers and employer-sponsored programs. For instance, it may be helpful to follow the recommendations of the CMS Innovation Center when it decided to permit next-generation accountable care organizations (ACOs) to reward disease management program (DMP) participation – also called "structured treatment programs." These include:

- Involve structured treatment plans based on the latest medical research that aim to guarantee high-quality care for patients. DMPs ensure the close coordination of various treatments and regular checkups as well as advice and instruction about coping with disease.
- Provide education on self-care management that empowers enrollees to take control of their health and learn ways to sustain an improved quality of life.
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Preventive Care

There is widespread consensus that the best way to reduce chronic disease spending is to stop diseases before they happen or before they progress to severe stages. According to the CDC, aggressive, late-stage cancer cases require higher-cost interventions than slow or early-stage cancer cases demanding less invasive procedures. End-of-life phase treatment for breast cancer costs, on average, $76,100 per patient, whereas the average initial phase treatment costs less than half that amount ($35,000).

Proven approaches to preventive care include regular screenings, counseling and checkups; routine immunizations; and preventive services for men, women, children and youth. The U.S. Preventive Services Task Force (USPSTF) has issued recommendations on a broad scope of preventive care services for chronic diseases, such as affirming the benefits of colorectal cancer and hypertension screenings for certain age groups. They also advise that breast cancer screening can help find breast cancer early, when it is easier to treat, recommending that women who are 40 to 74 years old and are at average risk for breast cancer get a mammogram every 2 years.

To effectively address alcoholism, Myron Unruh offers this perspective: "Whether a member of a health plan struggles with problem drinking, excessive drinking, or binge drinking, a supportive cost containment strategy is important. A portion of problem drinkers will also struggle with numerous admissions to costly treatment centers."

He says that, undoubtedly, the most effective strategy for cost containment is early prevention and detection of excessive alcohol use. For most individuals, outpatient techniques such as motivational interviewing, cognitive-behavioral therapy, and support groups are timely and appropriate for reducing the number of alcoholic drinks an individual consumes each week. The corresponding support of a healthy lifestyle reduces the effects of healthcare costs.

"However, for many individuals, a more involved treatment plan is necessary, which may include ongoing support and abstinence from alcohol," states Unruh. "This treatment may include detoxification, residential, and longer-term outpatient supportive therapies to aid one in recovery. For both lower and higher levels of problem drinking, knowledgeable clinical case management teams of professionals can develop a tailored approach to treatment that considers high-quality and cost-containment services."

CARE MANAGEMENT & COORDINATION

Industry advisors recommend that employers Invest in care management and clinical programs that help employees and their families navigate care with a combination of timely outreach, clinical support and personal guidance for managing chronic conditions. Enabling better communication and access to care overcomes the disjointed nature of the current healthcare system, bridging the gap between primary care and specialty care and easing the referral experience. The goal is to ensure access to the most appropriate care and treatment at the lowest possible cost.

They also suggest transitioning patients to outpatient settings whenever possible by collaborating with hospital partners to move chronic disease patients to environments that reduce preventable admissions and lower costs.

As enrollees seek care from multiple providers, it is important that DMPs ensure coordinated care among physicians with different specialties. Remember that a specific condition should account for comorbidities with additional mental, behavioral, and physical conditions that can influence a member's treatment adherence and patient experience.

The key is to ensure information sharing that keeps patients in the

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loop regarding care coordination elements that are essential for strong collaboration between providers of multiple specialties. Thought leaders write in The New England Journal of Medicine that effective DPMs include:

- Accessible care from a range of healthcare providers: primary care, specialty care, acute care and long-term care,
- Strong channels for robust communications and transitions among providers
- Emphasis on whole person health
- Simple communication with patients

Roderick's team contracts with several vendors that can assist its clients with point solution programs for a wide range of chronic diseases, as well as pharmacy benefit managers (PBMs) that can work in collaboration with the plan sponsor and other PBMs that may already be integrated into the health plan design.

"We generally act as a facilitator to help introduce vendors to the plan sponsor or their representative, and through our partnerships, we can help provide a preferred rate. Ultimately, we are here to offer solutions and options that help our clients manage high-cost conditions."

MEMBER ENGAGEMENT

Top-down employer support for chronic disease management is essential, as benefits leaders focus on the ultimate goal of empowering members to take control of their health. Successful member engagement is fundamental to member satisfaction, as confirmed year after year by the J.D. Power member survey.

The most effective member engagement communications take an omnichannel approach. This

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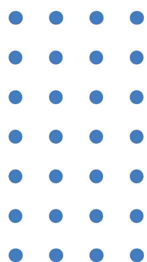

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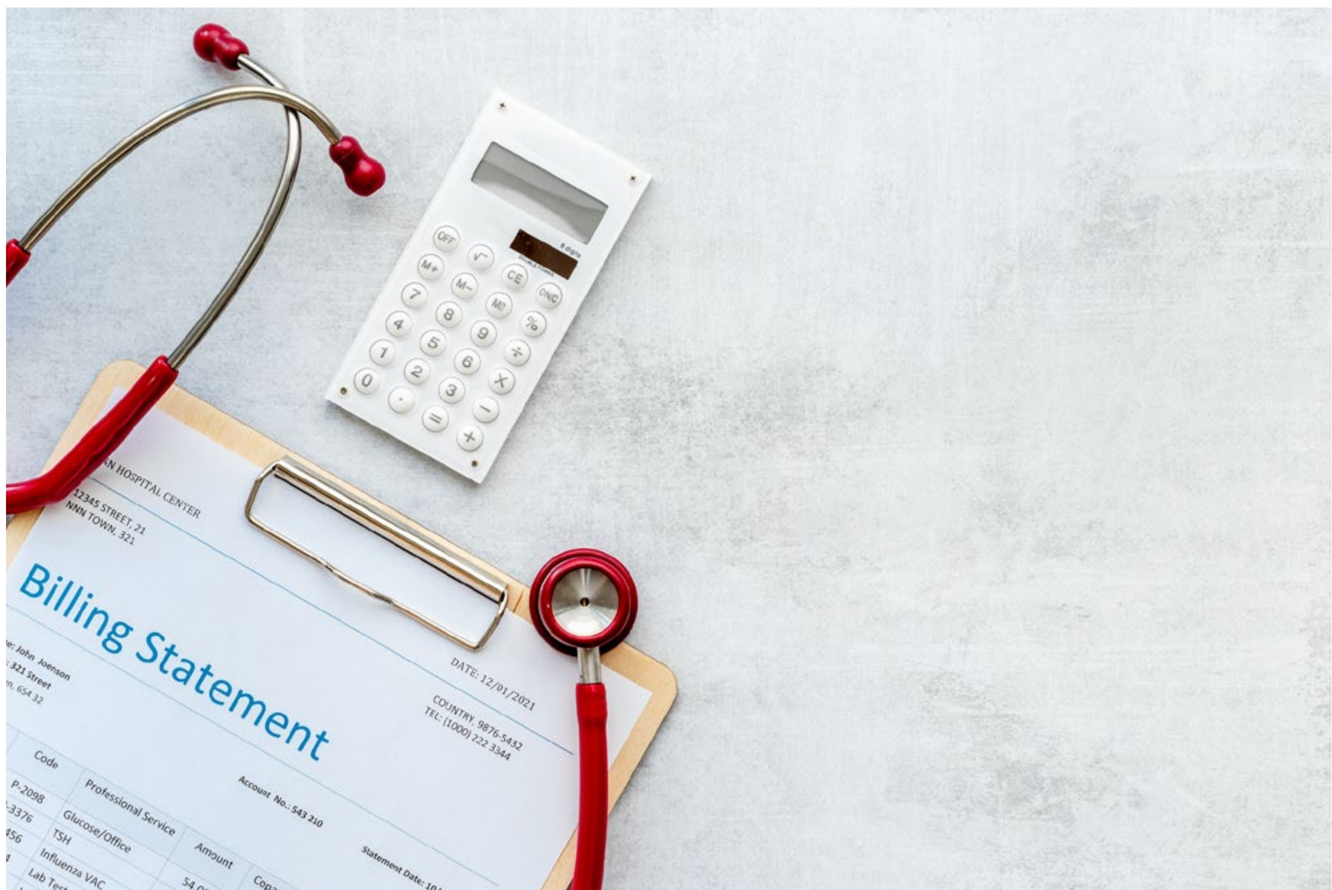
includes connecting with members through multiple mediums, such as text, email, apps, and paper mail. Content should promote health and wellness and discourage unhealthy habits or behaviors, such as tobacco and alcohol use, poor nutrition and physical inactivity.

Many employers are investing in and developing health and wellness programs that may encourage employees to complete healthy activities, and they are analyzing claim data to help them focus on specific health concerns. These programs may include enhanced care coordination, medication management, disease-specific education, self-monitoring tools and peer support.

Some employers may take a step further by introducing a wellness program that provides employees with diabetes with low-cost/no-cost access to glucose meters, insulin pumps, diabetes educators, and online support groups.

The key is to educate, motivate and support employees with resources that can help them to adopt healthier behaviors and lifestyles. This involves refining communication strategies based on members' preferences, partnering with other stakeholders that can encourage program participants and sharing decision-making responsibility with members. Many programs offer free or discounted gym memberships, healthy food options, wellness challenges and rewards for reaching health goals.

Some employers are also introducing financial wellness benefits and programs to alleviate the financial stress that often accompanies managing a chronic condition. In some instances, they are designing their plans to offer $0 copays for services like primary care, virtual care and urgent care visits or



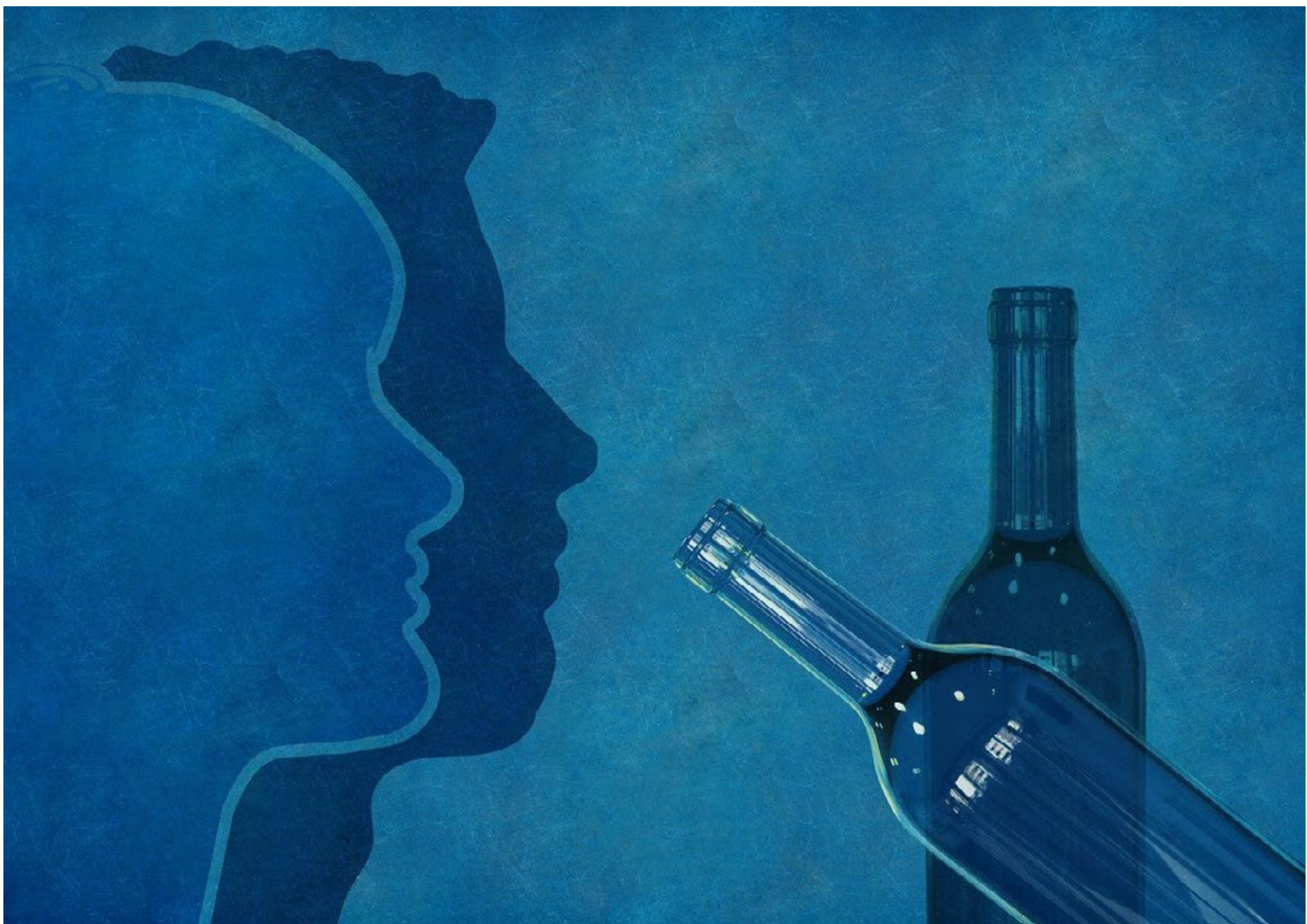
condition-specific coverage for necessary treatments, devices or procedures. Other resources can include one-on-one financial coaching, online educational sessions, budgeting tools and more.

When tackling the issues associated with alcoholism, Unruh says it is critical to message members who surpass the recommended consumption limits. He explains that using a population health framework is the key model to reduce health plan costs. This includes various targeted campaigns, such as promoting Employee Assistance Programs for self-insured plans and advocating techniques like SBIRT (Screening, Brief Intervention, and Referral to Treatment).

"It's essential to ensure that primary care providers, emergency room personnel, and other healthcare professionals are proficient in administering SBIRT," continues Unruh. "The ultimate objective is to decrease the number of individuals consuming more than the recommended amount of alcohol. Achieving this goal will yield significant reductions in future claims costs associated with conditions such as cancers, heart disease, liver cirrhosis and diabetes."

Furthermore, when a screening does determine that a member requires a higher level of care, cost-containment for alcohol use disorders comes from an astute clinical case management program that is member-centric. This involves a case manager developing a therapeutic relationship with a member and maintaining ongoing engagement through the various steps of treatment with the member.

"Often, as a member graduates through various levels of care, the one constant is their dedicated clinical case manager," he explains. "This



case manager should be supported by a team taking an integrated care team approach that surrounds the member with the support services needed. This collaborative model, which can include other treatment providers and family, ensures comprehensive support and accountability and minimizes the risk of the member disengaging from treatment."

On a positive note, while problem drinking can be persistent and costly, recovery from alcohol use disorders is achievable. Cost containment strategies, Employee Assistance Programs, Population Health Management Strategies, and Clinical Case Management can be effective in reducing residual hospital admissions, preventing costly comorbidities, and supporting members to healthier, happier lives.

TRENDS TO WATCH

Chronic disease is expected to continue to increase in the United States, as the Mayo Clinic estimates some 170 million Americans will suffer from at least one chronic illness by 2030. The prevalence and cost of chronic disease in the United States is still growing and will continue to increase, not just the result of the Baby Boomer generation aging but also accelerated disease prevalence among children and younger adults. The number of people in the U.S. battling chronic diseases like diabetes, obesity and heart disease has risen steadily since the mid-1990s.

These projections should concern self-insured employers because the management of these conditions can be complex, expensive and impactful to workplace performance and productivity. They often require costly treatments, specialty medications — which analysts say can account for nearly half of an employer's health care spend.

The Business Group on Health anticipates that in 2024, employers will go "back to basics" on physical health – with a renewed emphasis on prevention and primary care. They acknowledge that these are not new strategies but signal the urgency felt by companies of all sizes to avoid deferred care and the associated late-stage conditions and costs. Certain advances in medical treatment may translate into more personalized, precise care that includes biomarker screenings, pre-treatment genetic testing and utilization of cell and gene therapies.

In the newest report from PwC, analysts predict healthcare costs are set to rise between 7% and 8% in 2025, with spending growth likely to reach a 13-year high. Prescription drug costs, closely associated with chronic diseases, are a major contributor. The analysts call out GLP-1s as a driver to watch since these drugs – initially developed for treating diabetes -- are now prescribed for obesity and other conditions. Costs per member on GLP-1s have risen steadily over the past several years, reaching $23.16 in the first half of 2023 compared to $8.99 in 2021. ■

Laura Carabello holds a degree in Journalism from the Newhouse School of Communications at Syracuse University, is a recognized expert in medical travel and is a widely published writer on healthcare issues. She is a Principal at CPR Strategic Marketing Communications. www.cpronline.com