



Why your Health Plan Needs a Medical Consultant

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It has become self-evident that private health plans are in serious trouble today. For the past decade, group health benefit plans have faced premium cost increases that have run 3 to 5 times the general rate of inflation. Taft-Hartley Plans have been uniquely impacted with member contributions now approaching \$7.50 per hour. Working families simply can not sustain this decimating level of spending.

For private health plans to survive in the future their current passive approach in confronting medical risk can not continue. Health plans now routinely pay medical and pharmacy claims when submitted. They have no forward looking technology to predict risk and strategically intervene when appropriate. These plans now rely upon concurrent utilization review, which engages at the time of service. Unfortunately, traditional utilization review has been shown to be both ineffective and intrusive for both the patient and his/her attending physician.

Health plans also depend upon their health benefit consultants and actuaries to predict trends, redesign benefit structures and set reserve requirements. We are now discovering that this current effort to redesigning health benefits may be counter-productive. Recent studies demonstrate that increasing the financial liability for beneficiaries tends to increase the medical risk exposure for the health plan.¹ Patient's with chronic illness, those members who generate most of the cost for the health plan, when exposed to increased medical cost liability tend to stop taking critically needed medications and thus, increase the long term medical cost liability for their health plan. A consensus is developing wherein limiting health plan consultant support to health benefit and actuary support will, in the future, only lead to the demise of private health plans. The new reality - you can no longer drive this bus by looking in the rear view mirror.

Health plans need additional resources to protect health care access for working families while at the same time monitor the quality of health care services their members receive. The health care system has become more disorganized, less accountable and progressively inefficient over the past decade. The result, health care service quality is lacking. A recently published Rand Corporation Study² found that patients with chronic illnesses here in the United States are receiving substandard health care about half of the time. No other industry could demonstrate this level of performance and survive.

¹ When the amount patients pay for prescription drugs doubles, consumers respond by cutting their use of common drugs for chronic diseases including hypertension, dyslipidemia, diabetes, asthma, arthritis, allergic rhinitis, depression, and gastric acid ailments by as much as 23 percent. *JAMA*. 2004;291:2344-2350.

² Eva A. Kerr, Elizabeth McGlynn, et al. "Profiling the Quality of Care in Twelve Communities: Results from the CQI Study," *Health Affairs*, May/June 2004.

The Role of a Medical Consultant

To become proactive, private health plans require assistance when they confront today's complex health care industry. These plans need practical, common sense solutions to the cost trend and quality issues that will confront them on a daily basis. They need an advisor that can provide a comprehensive overview analysis of their medical risk inventory and tailor interventions that address individual problems before they spiral into catastrophic outcomes.

Specifically, health plans today need an advisor that can teach their members how to work with their physicians, comply with treatment plans and become active participants in their own healthcare. This support should involve all members, not just those who are already seriously ill.

The Case for a Medical Consultant

The case for a health plan's engagement of a medical consult can be made on several levels.

Identifying medical risk: First, and perhaps most important, a health plan must identify its members who are at risk and proactively intervene when it is indicated. Blindly relying upon the health care system is not an acceptable option today.

Less than 10 percent of all the health plan's members will incur 50 percent to 60 percent of all expenses. Identifying these members, particularly before they develop catastrophic complications from their disease, is of critical importance. In many instances these individuals are not receiving therapy that is indicated and based upon national best practice guidelines. By concentrating resources on these individuals to proactively prevent complications before they occur, morbidity is reduced for the member and the health plan recognizes substantial savings.

Improving the quality of health care: The second reason to retain a medical consultant for the health plan lies in the reality that quality health care, delivered in a timely manner, saves lives while it saves the plan money. Health care delivered *after* the patient has experienced catastrophic complications from their chronic illness costs more and is inappropriate. Early treatment for members at risk not only improves the quality of life for the members but also significantly alters the inflationary trends for the health plan. Slowing the progression of chronic diseases reduces the costs associated with them.

A medical consultant will apply a systematic approach that focuses on diseases or conditions, and measures population trend changes over time. The consultant will develop a cooperative partnership relationship with the member's physician to ensure that treatment plans are properly carried out, resulting in shortened episodes of disability and lower overall costs.

Confronting the issue of non-compliance: We have belatedly learned that management of chronic disease *must* include the patient themselves. After all, the member/patient ultimately holds the *only* effective key to cost control. The patient decides whether to take the medications their physician prescribes. The patient decides whether to schedule critical follow-up visits to their physician. And, the patient decides whether to seek out expensive, and sometimes unnecessary, tests.

Current data demonstrates that approximately 50% of the medications written for chronic disease states are never picked up by the patient while over 66% of patients fail

to comply with their doctors' overall treatment recommendations.³ This problem with non-compliance represents the leading cause of failed medical treatment in clinical practice today. Patient non-compliance generates 10% of all hospital admissions and almost 30% of admissions to nursing homes. It is now estimated that the clinical costs of noncompliance totals over \$100 billion per year in avoidable medical spending here in the United States.⁴

Unfortunately, the patient's attending physician currently has no feed-back-loop to alert him/her to patient non-compliance problems. Physicians assume that once they have written a prescription, the patient will obtain the drug and begin using the product. This assumption is not correct.

Illumination Medical, Inc.

My company, Illumination Medical, using medical and pharmacy paid claims analysis, has the ability to monitor the disease state of beneficiaries and determine when laboratory tests have been performed. We monitor when pharmaceutical products have been paid for at the time of dispensing. This gives us the ability to provide a reliable feedback loop to the patient's physician.

We have learned that in many instances the patient does not understand the importance of using a prescribed medication. Sometimes we are finding that they simply can not afford their medication when the health plan's deductible and co-payment costs are increased. Illumination's medical consultants are tasked with cutting through the red tape and seeing to it that the patient gets the care they need.

Illumination Medical's health plan assigned physicians, pharmacists and nurses work with our client health plans to reduce their overall exposure to inappropriately delayed medical utilization. We identify and monitor chronically ill, high-risk and non-compliant health plan members. We are thus able to assist in delivering more appropriate and less costly preventive medical care. We help the individual patient to work with their physician, comply with treatment plans and, as a result, become active participants in their own healthcare.

Illumination Medical's personalized approach and capabilities differentiate us within the population health and disease management market.

Conclusion

Medical consultants represent a powerful new addition to the resources available to private health plans as they pirouette from passive payers to active participants in providing quality health care for their members. The primary mission for these experienced health care professionals is not cost control. Rather, they are committed to seeing to it that each member of the health plan receives the quality health care they expect, deserve and have paid for. By honoring this commitment, the medical consultant thereby helps stabilize health plan costs and generates significant long term savings for the health plan and the individual member's family.

³ Task Force for Compliance. Noncompliance with Medications: An Economic Tragedy with Important Implications for Health Care Reform, A Report of the Task Force for Compliance. April, 1994.

⁴ National Pharmaceutical Council. Noncompliance with medication regimens: An economic tragedy. Emerging Issues in Pharmaceutical Cost Containing, 1992; 2; 2: 1-16.