The Pace Senior Solutions Group, LLC

The SIP Group of Companies

Healthcare Risk Management for Pace Programs

The Pace Senior Solutions Group, LLC | White Paper

The Pace Senior Solutions Group (PSSG) is a member of the SIP Group of Companies and has been administering Medicare claims on behalf of Pace Centers since 2008. During that period of time, we have processed more than 200,000 Pace claims, using our state of the art Medicare re-pricing software to strictly adhere to the CMS payment rules.

All Pace claims have also been downloaded into our Data Warehouse which utilizes sophisticated data warehousing techniques and analytical tools. This database includes well over one million lives coming from all but two states. This allows for accurate normative comparisons based upon various regions, which we refer to as Health Economic Zones, and allows for effective population health management, predictive modeling and provider profiling.

Population Health Management is generally most useful in a commercial population, where would we use it to improve the health of the covered population and mitigate plan risk. We would normally track 27 chronic diseases, treatment patterns and compliance with normal treatment protocols. However, Pace populations are older and most of the members already have numerous chronic conditions, so is it reasonable to assume that we could mitigate risk within this population? On the surface you would have to say no, but after carefully studying the data, we determined that we could improve the health for many of the Pace members and for the others, mitigate plan risk through large case management, in collaboration with Pace Center professional staff on a Peer to Peer basis.

In analyzing the Pace claims data, we determined the following trends, which are present in many Pace Centers:

1. Many Pace members are relatively healthy and their medical needs are often similar to those in a normal commercial population.
2. A significant percentage of the Pace specialty treatment and hospitalization was attributable to preventable conditions.
3. Treatment of Pace members is often episodic.
4. We suspect (see 6 below) that there is little or no continuity of care between the "in house" primary care services and the subsequent specialty treatment and/or hospitalization.
5. Although CMS payment guidelines reflect the required payment methodology and amount payable, provider profiling identifies a significant difference in some provider treatment practices, often leading to excessive or unnecessary costs to the Pace plan.
6. Primary Care services and medications are usually provided within the Pace Center, whereas specialty care and hospitalization are purchased from contracted third party specialists and hospitals.

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a. Most Pace Centers desperately need improved data capabilities and analytics to assist them in managing member chronic disease more effectively, before specialty care or hospitalization is required.

Data Mining and Data Analytics

Our data mining and data analytics programs, developed specifically for Pace Programs, answers all of the following critical questions:

- What are the health conditions of importance within the Pace population;
- How well is the Pace population following care standards;
- How is risk predicted and stratified within the Pace population;
- How are the providers, including the "in house" Pace primary clinics, performing related to providing necessary care;
- How is the Pace Plan performing financially compared to other Pace Plans and normative data;
- **If the Pace Center will pass their Primary Care and Rx data to us, we will integrate it with all of the specialty care and hospitalization data coming from claims processing, providing a 360 degree picture of utilization, disease management, preventable conditions and risk management opportunities.**

Physician Profiling

Through the use of very sophisticated software applications, we have the ability to identify providers who provide high quality and cost effective care. The physician profiling program analyzes practice patterns, the delivery of post-primary preventive care services and the cost efficiency index of individual providers, **including the "in house" Pace clinic providers.** (Provided that we receive the Pace Clinic utilization and Rx data) The analysis covers an entire episode of care through the use of ERG's (Episodic Risk Groups) and ETG's (Episodic Treatment Groups). An episode of care incorporates everything a physician orders for the patient, from the first office/clinic visit through the last healthcare service performed for a particular healthcare problem.

Identification of high quality, cost effective providers is essential to Pace Programs. It is critical that Pace members be treated by providers who have proven to follow evidence based medical guidelines in a cost effective manner. Based upon our database, a physician who does not follow these guidelines is, on average, 40% more costly.

Predictive Modeling-Healthcare Indices

Predictive modeling is the science of ranking individuals from those with the greatest probability of disease onset down to those with the least probability. Episodic Risk Groups (ERG's) in predictive modeling, is recognized by the Society of Actuaries as the best risk assessment tool for predicting future healthcare costs.

Using medical, pharmacy and demographic data, the ERG software generates individual health risk scores. Each Pace member is assigned a Healthcare Index, which is a number that considers their past claims history and the likelihood of future claims costs based upon that history. Those members with the highest Healthcare Index are most likely to incur the highest healthcare bills over the next twelve months, as well as, predicting how much money they are likely to spend.

Reducing the cost of future large claims should be a primary objective for a Pace Plan, and The Healthcare Index data is an invaluable tool in achieving that objective. Pace nurses could be assigned to the members with the highest likelihood of high cost claims in the next twelve months. **Rather than looking in the rearview mirror at large claimants, the Pace Plan can look forward and provide necessary nurse interventions to manage care and control cost.**

Conclusion

Notwithstanding the cost advantages of a Medicare based reimbursement system, most Pace Plans are faced with the prospect of increasing member utilization and cost. Unless they begin to more effectively manage the health of their population, through the use of Population Health Management principles, these cost increases will be unsustainable. Pace Plans need to carefully reexamine their internal data management tools, method of operation and medical management, in order to improve outcomes and reduce cost. They need to adopt principles of Population Health Management and internally develop or partner with an organization that could provide them with the data analytics and data mining tools to allow them to more effectively identify opportunities to mitigate costs. There is no reasonable alternative.

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