

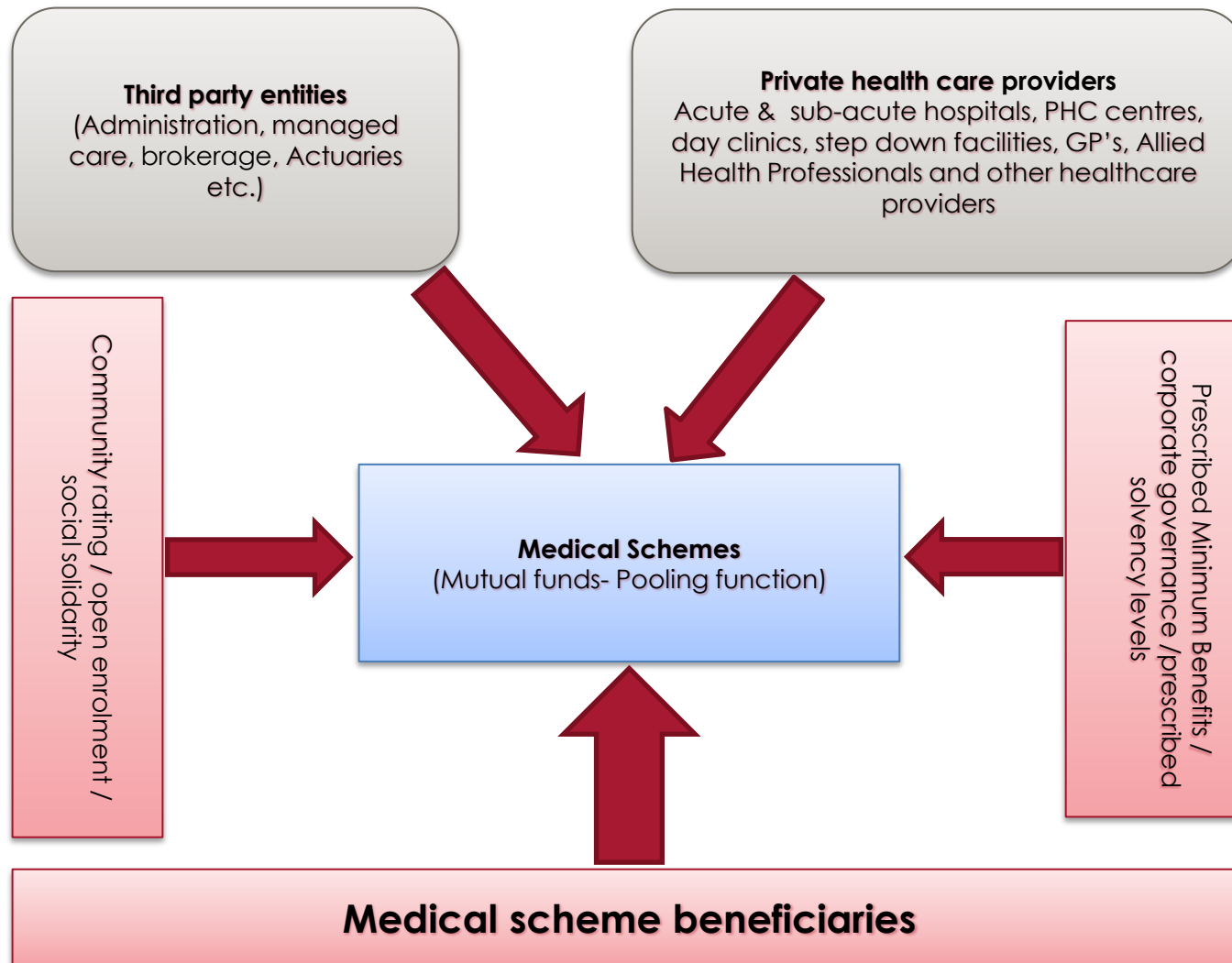


ACTUARIAL SOCIETY 2015 CONVENTION

# Managed Care – the Role of Actuaries

By Charlton Murove

# Medical Schemes Environment



# What is Managed Care ?

- Managed Health Care is defined as “clinical and financial risk assessment and management of health care, with a view to facilitating appropriateness and cost-effectiveness of relevant health services within the constraints of what is affordable through the use of rules-based and clinical management-based programmes”

(Medical Schemes Act 131 of 1998 Chapter 5)

- Managed Care is a health care delivery system organised to manage cost, utilisation, and quality

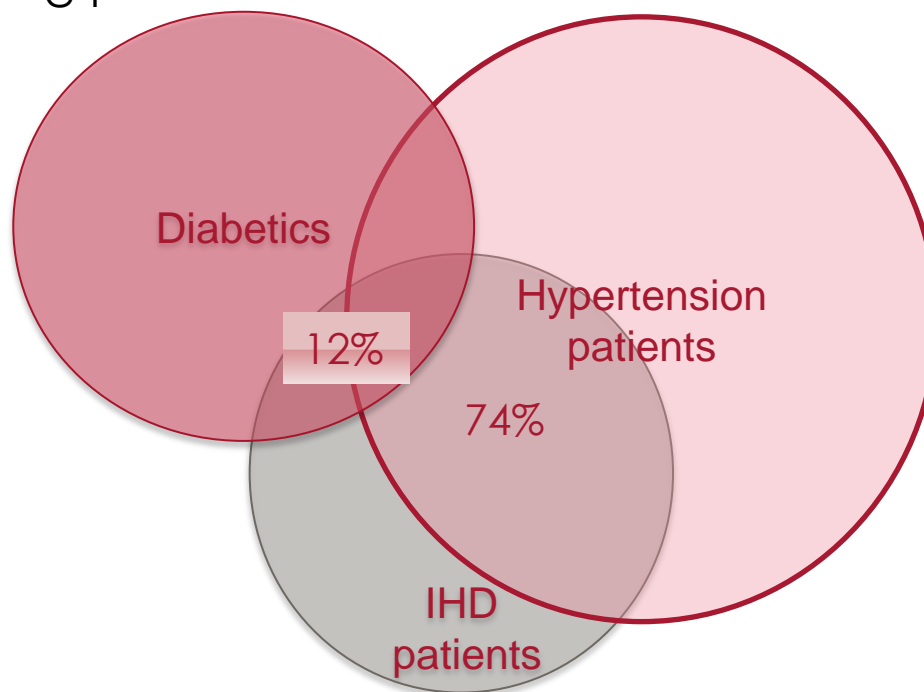
# Contracting to 3<sup>rd</sup> parties in MCO environment

What to consider when contracting:

- What model do we employ to deliver care (fragment approach vs holistic contracting)?
- What reimbursement model is suitable?
- Is the fee fair?

# Contracting to 3<sup>rd</sup> parties in MCO environment

- How do we allow for proper coordination of care & sharing of information among providers?



22% of diabetics are hypertensive

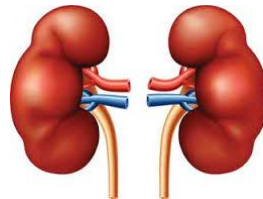
# Disease Management – Diabetes Mellitus

- Diabetes mellitus is a condition where a patient has high blood glucose levels
- High blood glucose often leads to damage, dysfunction and failure of various organs especially:

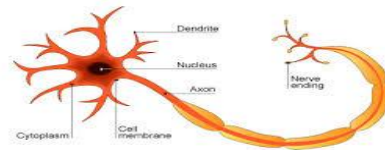
eyes,



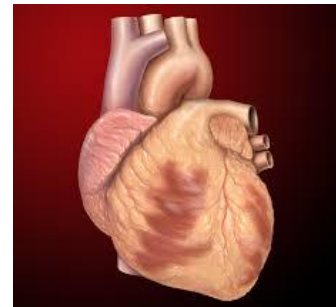
kidneys,



nerves,



heart and blood vessels



# Bob Krause



- Born 29 May 1921
- Diagnosed with DM at age of 5
- Lived with Diabetes for 85 years
- <http://www.diabetes.co.uk/real-life-stories/bob-krause.html>

- If DM is well managed, in most cases patients do not complicate
- They live a normal life

# Jane Knight

Renal failure  
Retinopathy  
Neuropathy  
Cardiovascular  
diseases  
Foot ulcers  
amputations



- Born in 1963
- Diagnosed at age of 10
- Not well managed
- Has lost 3 limbs already
- Had a kidney transplant

<http://www.dailymail.co.uk/health/article-1309609/>

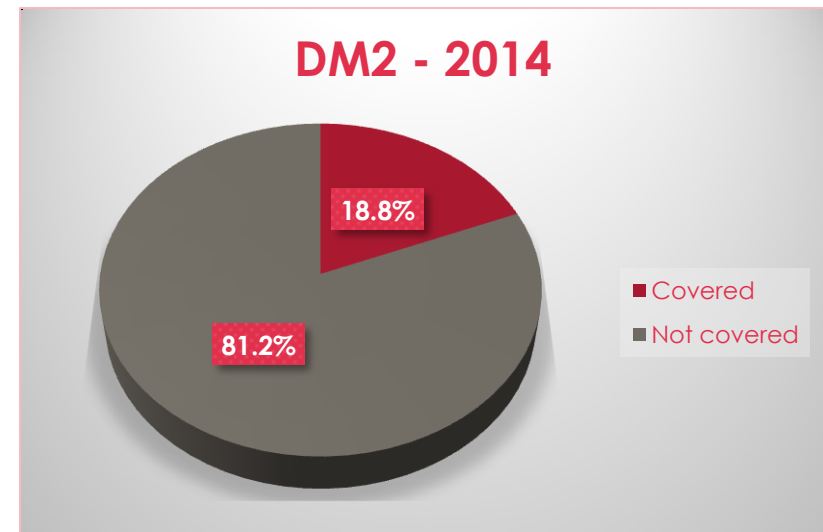
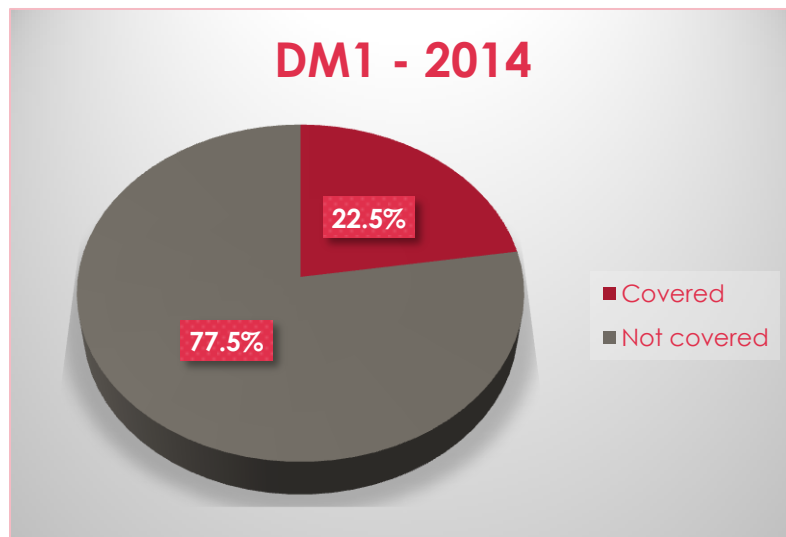


# Key Indicators

- Process indicators:
  - i. assess what the provider did for the patient and how well it was done
  - ii. measure the activities and tasks in patient episodes of care
- Outcome indicators:
  - i. states of health or events that follow care, and that may be affected by health care
  - ii. should capture the effect of care processes on the health and wellbeing of patients
- Interpretation of outcome indicators requires careful consideration of factors underlying populations being compared

## Process Indicators – HbA1c

- at least two (2) HbA1c tests per year
- checks the level of blood glucose



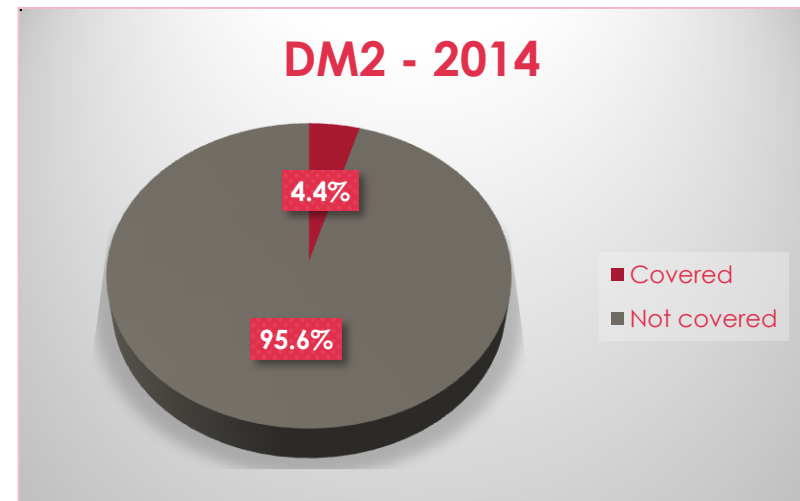
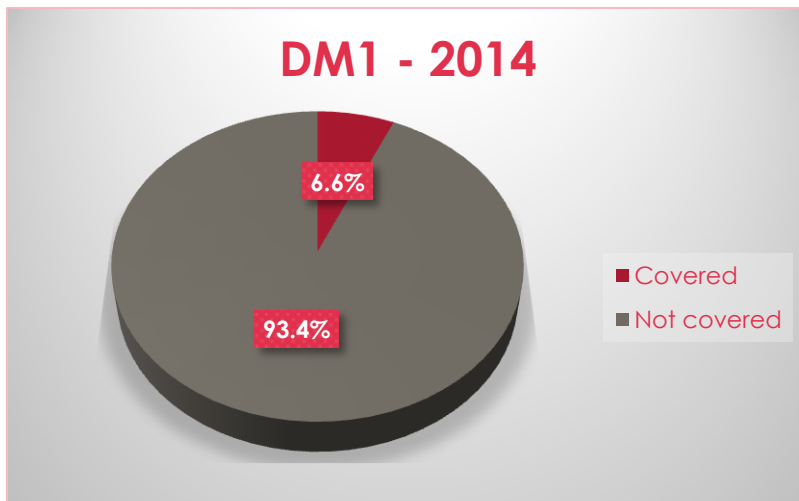
coverage was 21,8% in 2013



coverage was 18,3% in 2013

## Process Indicators – Fundus Exam

- at least one (1) Fundus Exam test per year
- checks if patient is not developing retinopathy



coverage was 6,2% in 2013



coverage was 4,1% in 2013

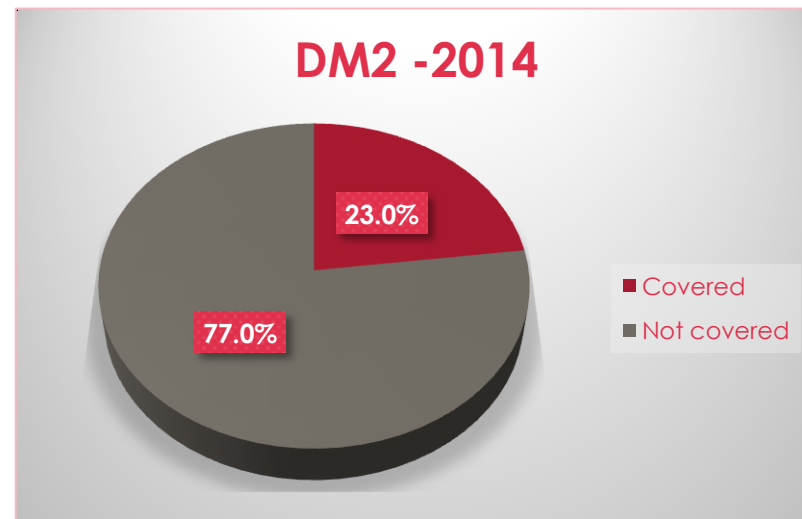
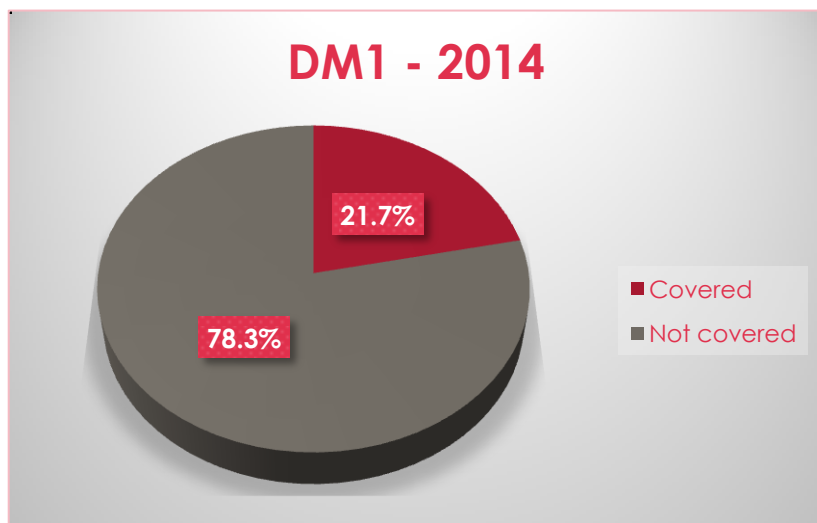
## Process Indicators – Dietician consult

- at least one (1) Dietician consult per year
- assists patient to manage their diet

No data was collected for this indicator

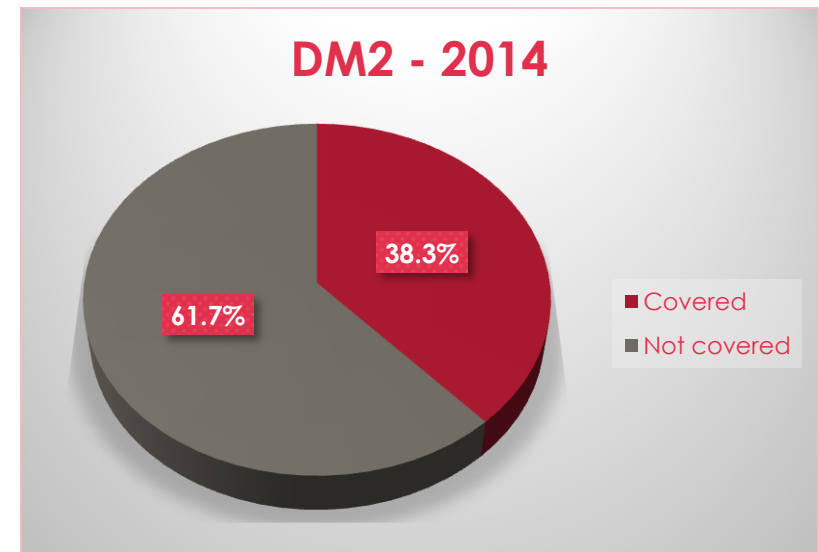
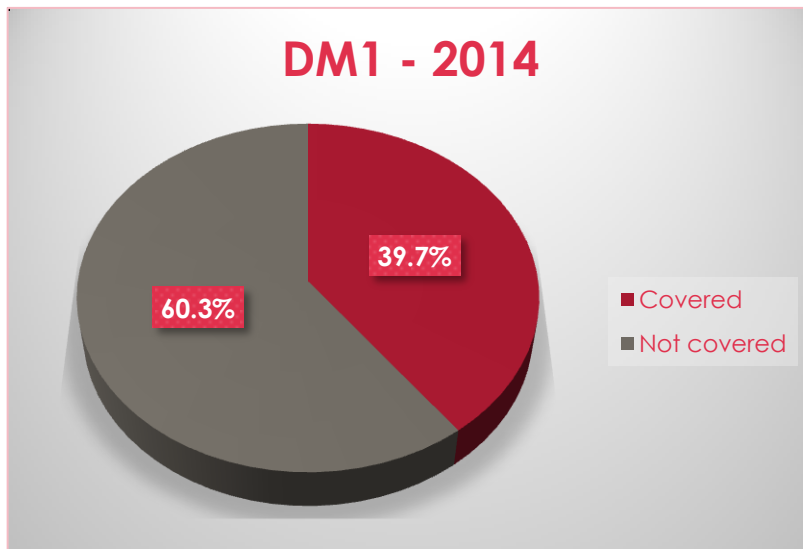
## Process Indicators - LDL

- at least one (1) LDL / lipogram test per year
- tests for the amount of cholesterol in the blood
- helps assess the effectiveness of the diet



# Process Indicators - Creatianine

- at least one (1) Creatianine/ Albumin test per year
- assesses the level of kidney function



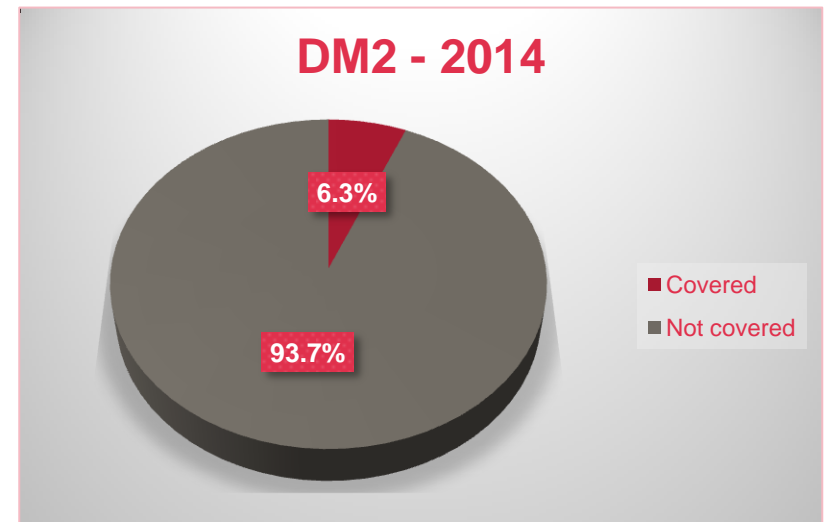
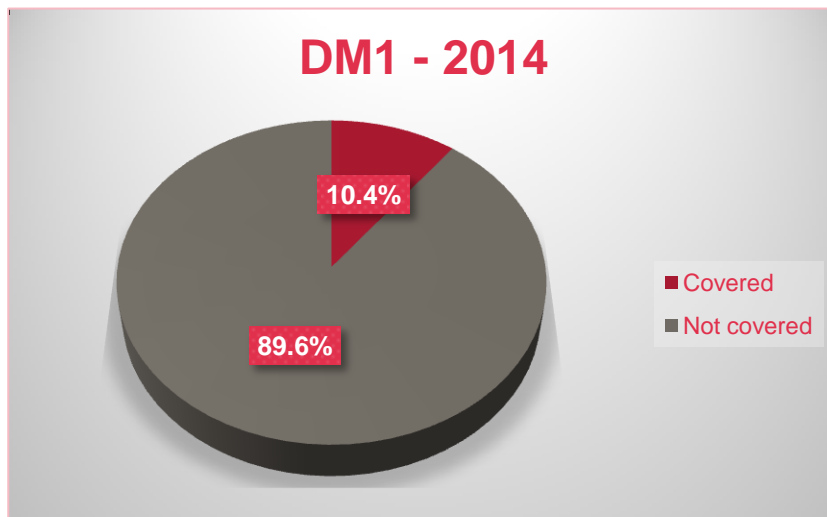
coverage was 39,3% in 2013



coverage was 36,8% in 2013

## Process Indicators - Drugs

- number of patients on statins
- statins are drugs which help control the level of cholesterol in the blood

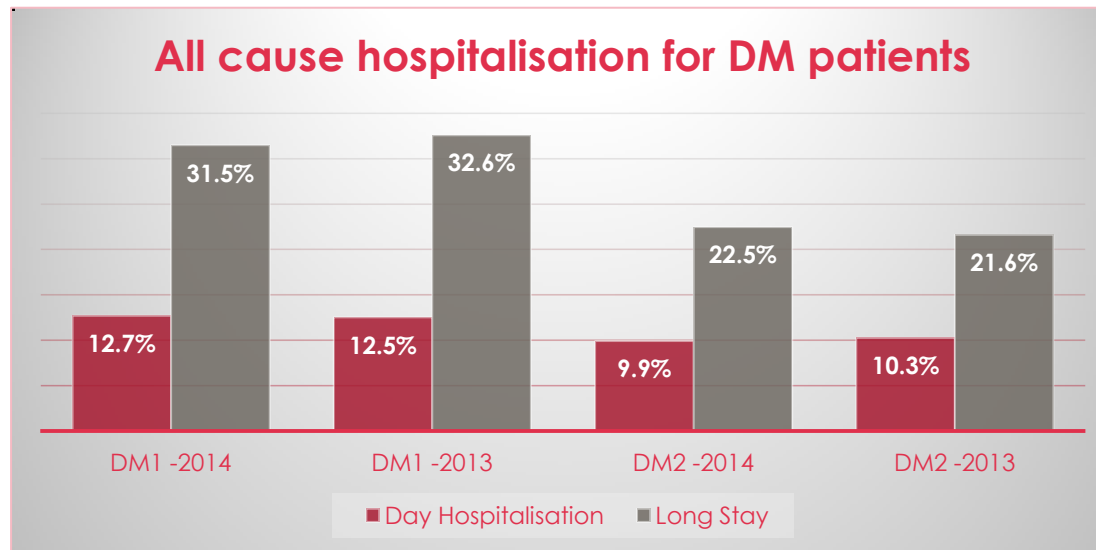


↑ coverage was 10,2% in 2013

↑ coverage was 6,2% in 2013

# Outcome Indicators

- Outcome indicators identified at ITAP for measuring Diabetes Mellitus management:
  - Hospitalisation (all cause)



- Mortality (all cause)
- Renal failure
- Retinopathy
- Amputations
- Neuropathy



## How do we compare?

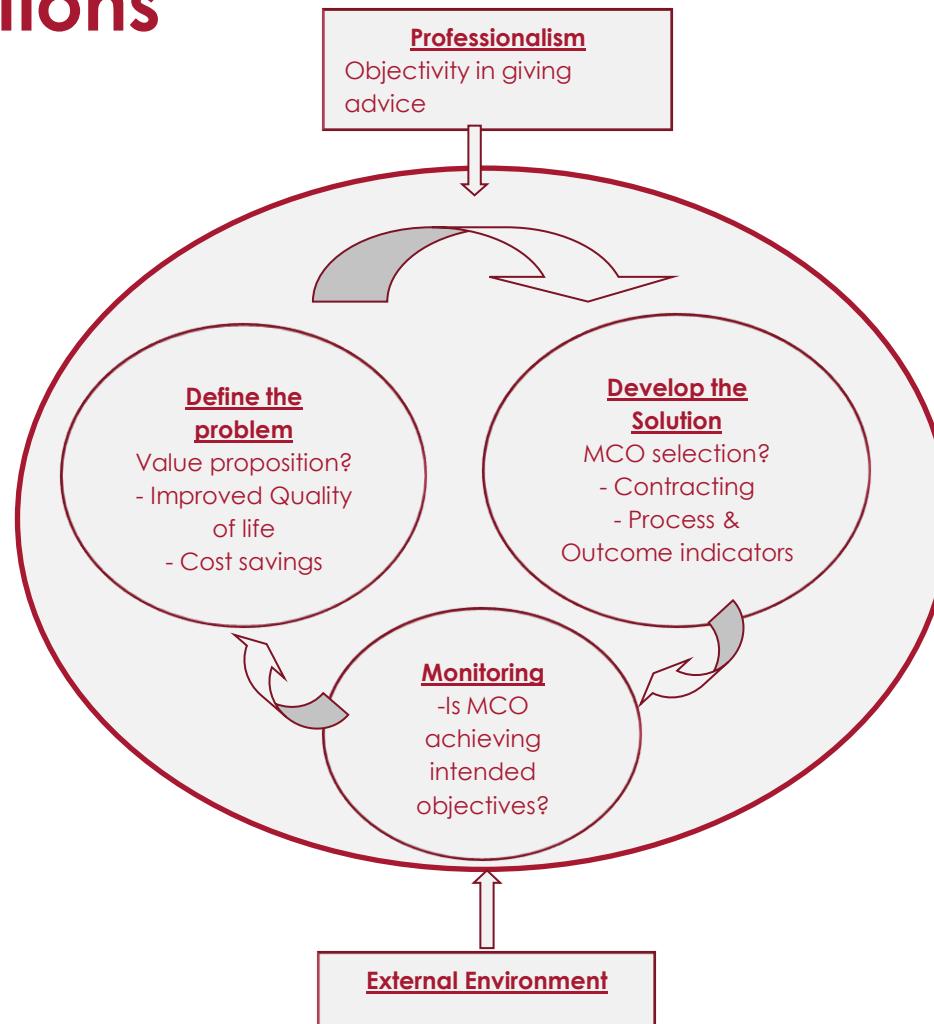
- Internationally, it is recommended that coverage ratios should be about 90%
- During same period 2013 & 2014, coverage ratio for HIV was very high, it was about 70% for both tests and treatment

# Other indicators that may be considered

- Due to constraints in data, the CMS could not collect all indicators
- Other indicators and analysis that may be carried out include:

Process indicators
collecting actual test results, such as HbA1c
Outcome Indicators
level of HbA1c across all patients: should be under 7 for well managed patients
no of patients developing specific conditions as listed in earlier table
diabetic related hospital admissions as opposed to all cause admissions
Other improvements
other risk related factors such as age
tracking of beneficiaries as they move across benefit options (cohorts)

# Appointment of Managed Care Organisations



# Appointment of MCO - selection

- Selecting the best MCO, critical questions for consideration:
  - I. Organisational track record
  - II. Quality of Leadership / Shareholders / Human Capital
  - III. Quality of care (Process and Outcome indicators as tools)
  - IV. Ability of MCO to report regularly

# Monitoring – Quality of Care & value

- Once contracts are in place, it's important that these are monitored to ensure objectives are met
- Benchmarking is important remembering to adjust for when comparing outcomes
- Monitor the outcomes over time – effective management would lead to improvements in outcomes over time

## Cost Savings



- The objective of cost savings calculations is showing the financial impact of putting in place managed care arrangements
- This calculation considers the before and after effects of an intervention and the overall impact on the system
- Such a calculation is more objective once there is evidence of effective quality of care
- In the absence of good quality of care, it's difficult to demonstrate cost savings as poor care leads to extra costs

## Conclusion

- Measurement of quality of care is an initiative which speaks directly to beneficiary interests
- Good quality of care with positive outcomes would lead to lower costs of hospitalisation and specialised care of patients developing complications
- Quality of care is an initiative we should consider and promote as we work in the managed care space

# Questions

