

Impact of Predictive Analytics

The Playground Provides Outcome Reports for Cost Containment Efforts

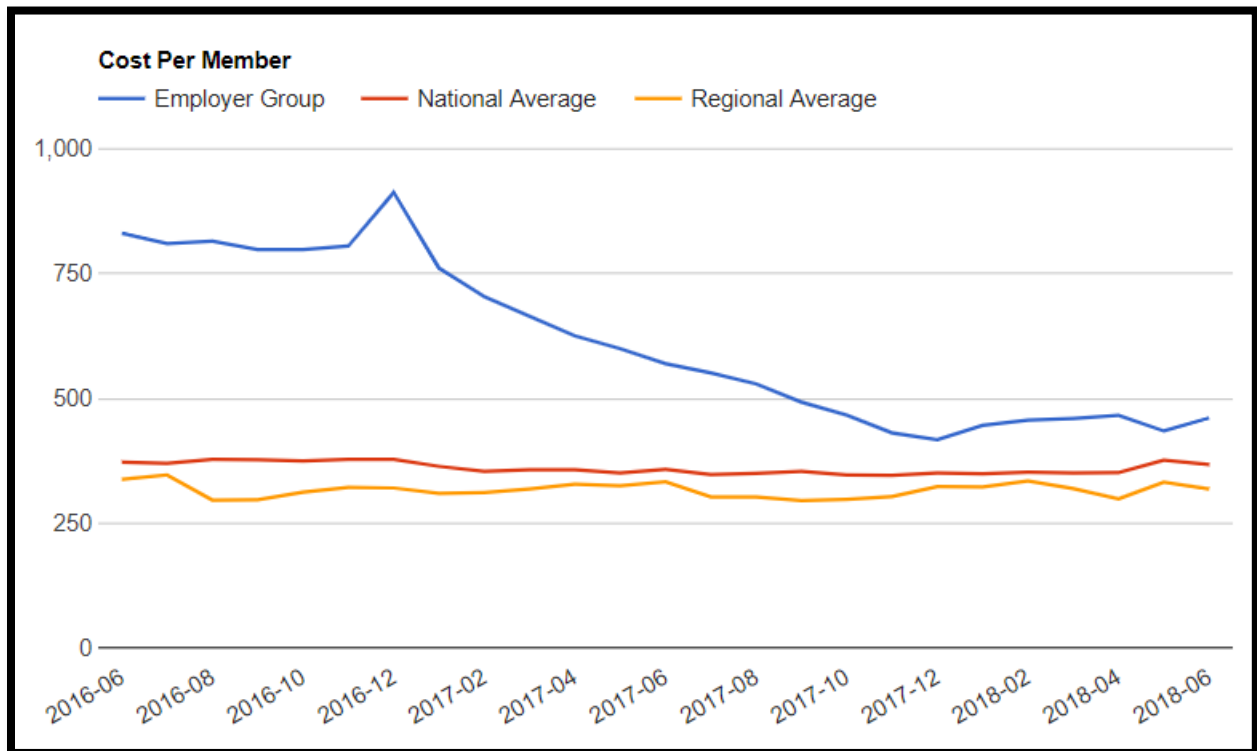
Predictive Modeling plays a key role in controlling medical cost and improving outcomes for health plan members. This capability allows clinical users to quickly and accurately identify and stratify members based on future costs and clinical risks to improve health and, therefore, reduce health plan costs.

Health Risk Monitor, HCRM's application, identifies members that are considered "MOVERS" - those members that are forecasted to increase significantly in cost and clinical risk. This can identify saving opportunities because, if those members are managed, then potential catastrophic claims may be reduced or not occur at all. Those members can be identified in the Stratification Report along with the cost saving opportunity as well.

Another potential cost saving opportunity is working with the catastrophic population. As most know, there is 5% of the population driving most of the spend in the health plan. Health Risk Monitor identifies those future catastrophic members so that our clients can be sure they are being managed before claims are incurred.

The new trend reporting enhancement can provide outcomes of any cost containment effort, including focus on catastrophic members. The following analysis from one of our clients shows how the tool can be used to demonstrate outcomes.

The report below compares an employer group to the national and regional benchmark.

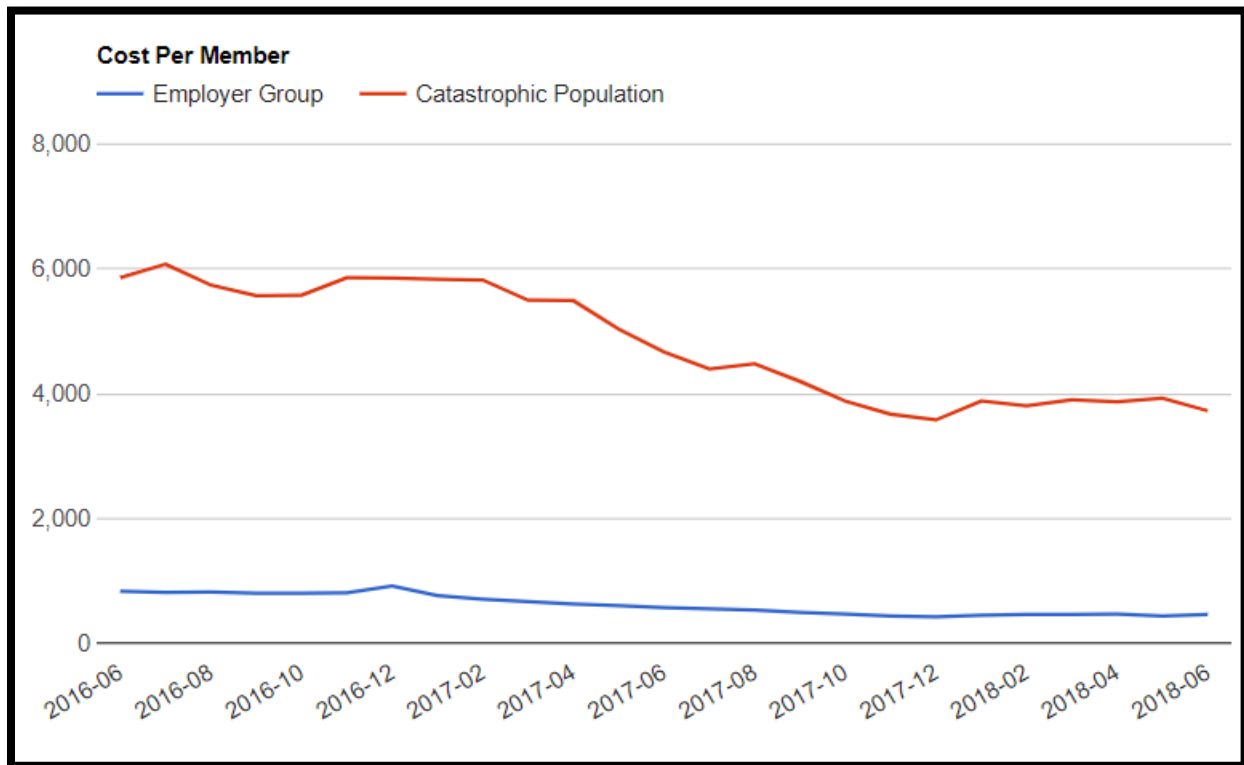


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In this report there is a significant cost reduction in the employer group over a two year span. The cost per member going from \$825 to \$450 over 2 years and this was accomplished by working with the catastrophic population.

The graph below shows the catastrophic population in the same employer group (5% of the population) and how the catastrophic member's trend compared to the employer group baseline over 2 years. The catastrophic members went from \$6,000 per member per month to just under \$4,000. This can explain why the employer group dropped significantly in cost, by working with the catastrophic population or the top 5% driving most of the spend.

NOTE: the blue "Employer Group" line below is the same as the one above, but the scale has changed.



HCRM has created another enhancement that works in concert with the Playground. Called Care Management Admin, it is in the final testing phase. This feature will allow our clients to show trends for any of their care management programs in the Playground to demonstrate outcomes.

[About Health Cost & Risk Management, LLC](#)

Health Cost & Risk Management, LLC performs predictive modeling services and specializes in collecting and processing claims and related health plan data for Third Party Administrators, Brokers, Provider Networks, Physician Groups and other clients. HCRM provides monthly predictions of clinical events and associated costs for each member in their database. For each person, the system predicts medical costs, pharmacy costs, emergency room visits and inpatient days for the next 12-month period while also assessing compliance with national standards of care for 19 chronic diseases and four preventive categories. The information is used for disease

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management, large case management, on-site clinics and others to address the health care needs of their members.

For more information about HCRM and their data driven analytics and reporting capabilities contact Rebekah G. Lane at 260-255-8560 or email at rglane@hcrnet.net