

# Disease Management NEWS

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*Initiative Targets State's Aged, Blind and Disabled Population*

## Wyoming Medicaid Claims \$13M in Savings with DM Program

A disease management (DM) program targeting Wyoming Medicaid's aged, blind and disabled population has generated first-year validated savings of more than \$12 million in unnecessary healthcare costs for the state's Medicaid program, say officials with the Wyoming Department of Health and APS Healthcare, which is administering the statewide DM program for Wyoming Medicaid.

The state's DM program, which it calls Healthy Together, was first offered to Wyoming's Medicaid beneficiaries in July 2004. Offered through EqualityCare, the name Wyoming has given its Medicaid program, the Healthy Together DM program helped the state avoid just over \$12.3 million in projected healthcare costs in its first reconciliation year, which ended on Dec. 31, 2005, according to the Wyoming Medicaid officials. During that period, APS managed about 7,800 Medicaid beneficiaries per month through the Healthy Together initiative, which includes programs for Medicaid beneficiaries with asthma, coronary artery disease, chronic obstructive pulmonary disease, chronic heart failure, depression, diabetes and other potentially high-cost disease states.

The average cost avoidance for Wyoming Medicaid beneficiaries during the first reconciliation year, while still maintaining quality care, was \$135 each month, which was \$36 above the target savings per member per month, according to Teri Green, manager of EqualityCare. "APS' health man-

agement programs have exceeded our expectations," Green says. "We are fortunate to partner with a company that understands the complexity of our healthcare system and is able to tailor its programs to meet the needs of our providers and clients."

In addition to helping to generate financial benefits for the state, APS' health coaches also helped the state's Medicaid beneficiaries achieve significant improvements in prevention measures such as diabetes testing, eye exams, glucose monitoring, statin usage, cholesterol monitoring, bronchodilator usage and other preventative treatments and testing to improve their overall health and well-being, according to Eileen Auen, chief executive officer of Silver Spring, Md.-based APS Healthcare.

"We actually exceeded our savings target, so we were very pleased with our first-year outcomes," Auen tells *DM News*. "Our target savings were about \$9.3 million, and we actually saved the state \$12.3 million in the first year, so we exceeded our expectations and were delighted at the outcomes. Overall, we saved about 9 percent above the projected costs. The target was a 4 percent savings."

Reductions in clinical utilization contributed greatly to the outcomes success, according to Auen. "We reduced emergency room visits by 13 percent, inpatient admissions by 7 percent, average length of stay by 29 percent and readmission by 22 percent compared with the baseline year," she explains.

"All of the clinical and utilization indicators are highly supportive of the financial outcomes that we saw."

Al Lewis, executive director of the Wellesley, Mass.-based Disease Management Purchasing Consortium, which helped broker the DM contract between Wyoming Medicaid and APS, was impressed with the first-year outcomes. "APS' disease management produced excellent health outcomes and financial savings for the state of Wyoming," he says. "Significant decline in utilization covering heart attacks, asthma attacks, fluid overload and other events, which can be prevented through effective disease management, contributed to a significant overall reduction in hospital costs."

All of the financial and clinical outcomes claimed by APS Healthcare and Wyoming Medicaid were confirmed and validated by Milliman, a global consulting and actuarial firm. This third-party validation of the outcomes gives strong credence to the financial savings and utilization reduction claims, Auen says. "We have a highly skilled informatics group at APS that has been monitoring the outcomes, and they are highly comfortable with the results. But, clearly, having the third-party validation of our results gives them increased credibility in our mind. Milliman is a leader in the actuarial science industry, and for them to take the program from front to back and look at the impact we've had on both the financial and clinical side and put their stamp of approval on

what we have done speaks volumes to what the State of Wyoming has done and what we've been able to accomplish in partnership with them."

Milliman was careful to analyze the outcomes data for regression to the mean and other statistical biases that can weaken DM outcome claims as well as the return on investment methodology used to calculate savings, Auen says. "So the state of Wyoming felt good about the savings that were put on paper and the impact that we've had," she says.

David Hunsaker, president of public programs for APS, attributes much of the DM program's success to the company's use of its client-based decentralized health management model. APS uses a decentralized, collaborative care model to improve Medicaid beneficiary and provider engagement in health management programs, increase compliance with recommended care plans and improve coordination within the healthcare system, he says. "Through our community-based model, we are able to assist Wyoming Medicaid in ways that have proven to be effective," he says. "We are excited by these favorable results and ready to continue efforts to improve the health of these clients."

Like Hunsaker, Auen also believes that APS' decentralized model was key to driving the successful outcomes for the Wyoming Medicaid DM program during its first year. It is one of six program elements that differentiate APS' DM programs from its competitors,

she says. Those elements are:

- A total population approach to managing a people in a DM program. "We combine health and wellness and preventive measures with complex case management and chronic or disease management," Auen explains. "We use all three techniques in our programs."

- Strong partnerships with local providers and community resources. "This allows us to engage people and manage them more effectively," she says.

- APS' behavioral health expertise. "Our approach to managing the mind and body together truly makes a difference. And in this population it is particularly relevant because 41 percent of the people that we touched had depression as either a primary or secondary diagnosis. We were really able to capitalize on our behavioral health expertise."

- Wellness and prevention. This ensures that APS' DM program professionals are not only managing people with existing chronic diseases and conditions but trying to help those at risk for the diseases and conditions or in the early stages take steps to keep them from becoming chronic.

- Education and outreach. APS invested heavily in education and outreach for the Wyoming DM program, Auen says. That included sending out more than 38,000 mailings during the measurement period, making 16,000 phone calls, sending out more than 2,000 information packets to providers, making more than 250 on-site educational visits to providers and con-

ducting four statewide educational video conferences. "We believe that heavy emphasis on education in getting people engaged in our program was fundamental to its success," Auen says.

- A commitment to a strong local model resourced by local people but supported by corporate expertise in research and outreach techniques and informatics. "We think that is key to making a difference in this population," Auen says.

She expects to continue making that difference through 2009, which is when APS' five-year contract with Wyoming Medicaid ends, even as other states struggle with their Medicaid budgets. "We're going to continue our heavy outreach and management program throughout that time period. I believe that states are increasingly searching for ways to improve their care while controlling their costs. And I think that programs like ours that have shown demonstrable savings are becoming increasingly popular among states. I think that will help build momentum for DM programs for Medicaid programs. We've been out speaking with local and state officials, and we're seeing an increased level of interest in these programs."

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