



MCOL's e-magazine for MCOLFree members

Volume 14, Issue 4

Institute for Healthcare Improvement Web & ACTION: Reducing Avoidable Emergency Department Visits

Begins May 13, 2010

This three-session, web-based series will introduce organizations to a framework for helping to avoid unnecessary emergency department (ED) visits. Participants will be coached on how to apply the framework in their organizations.

Upon completion of this program, participants will be able to:

- Describe the framework being tested for reducing avoidable ED visits
- Identify patient streams within your population to focus improvement efforts
- Conduct tests of the framework and measure impact

For more information, please click [here](#)

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Current feature stories making news as reported from key web sites, and compiled by MCOL

U.S. prescription drug sales hit \$300 bln in 2009

Reuters reports that U.S. prescription drug sales climbed by 5.1 percent to \$300.3 billion in 2009, easily outpacing the 1.8 percent growth rate seen in 2008, according to data collected by IMS Health.

Reuters, April 1, 2010

<http://www.reuters.com/article/idUSTRE6303CU20100401>

Obama urges patience as health care law kicks in

The Associated Press reports: Facing a public still wary of his massive health care overhaul, President Barack Obama urged Americans not to judge the nearly \$1 trillion legislation he signed into law last week until the reforms take hold.

Associated Press via SF Chronicle, April 1, 2010

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2010/04/01/national/w001704D14.DTL&type=health>

Mass. agency limits health premium increases

The Associated Press reports that Massachusetts regulators issued their first batch of health care price controls on Thursday, rejecting the vast majority of small business premium increases sought this year by the state's major insurers.

Associated Press via Google, April 1, 2010

<http://www.google.com/hostednews/ap/article/ALeqM5hruF7V08UtA2aqZBT7ZLCncP3NbAD9EQDJD80>

Medicaid Expansion Now Could Save Some States Money

Kaiser Health News reports that starting today, states can choose to take the first steps toward the massive expansion of insurance coverage that is the health overhaul's chief goal.

Kaiser Health News, April 1, 2010

<http://www.kaiserhealthnews.org/Stories/2010/April/01/States-Hope-New-Funding-From-Health-Law-Will-Bolster-Unique-Programs.aspx>

Open Enrollment How do you get 30 million Americans to sign up for health insurance? With great difficulty.

Newsweek reports: With health-care reform now the law of the land, the Obama administration faces a logistical challenge no simpler than wrangling votes in Congress: enrolling more than 30 million Americans in health insurance.

Newsweek, March 29, 2010

<http://www.newsweek.com/id/235630>



News Round the Web continued...

Pfizer paid \$35 mln to doctors over 6 months

Reuters reports that Pfizer Inc on Wednesday said it paid \$35 million to some 4,500 doctors and researchers from July through December 2009 for a variety of services, including speaking fees, expert advice and work on clinical trials of its medicines.

Reuters, March 31, 2010

<http://www.reuters.com/article/idUSTRE62U4UM20100331>

Seniors fear health care remake will hurt Medicare

The Associated Press reports that seniors aren't breaking out the champagne for President Barack Obama's health care law, and for good reason.

Associated Press via Google, March 31, 2010

<http://www.google.com/hostednews/ap/article/ALeqM5hkmNo55kOmsH4j8yg8KoGVGxABYAD9EPQCTG0>

Study: Patient Safety Incidents at U.S. Hospitals Show No Decline, Cost \$9 Billion

HealthGrades reports: Nearly one million patient-safety incidents occurred among Medicare patients over the years 2006, 2007, 2008, a figure virtually unchanged since last year's annual study of patient safety by HealthGrades, the leading independent healthcare ratings organization. In all, the incidents were associated with \$8.9 billion in costs.

HealthGrades Press Release, March 31, 2010

<http://www.healthgrades.com/media/DMS/pdf/HealthGradesPatientSafetyRelease2010.pdf>

Obama signs final piece of health care bill

The San Francisco Chronicle reports that President Obama on Tuesday signed his second piece of major legislation in a week, an overhaul of student lending and the final piece of health care legislation that incorporates more generous benefits demanded by the House.

San Francisco Chronicle, March 31, 2010

<http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/03/31/MNKF1CNERI.DTL&type=health>

Medicaid growth lies ahead for HMOs - with risks

Reuters reports that as U.S. health insurers begin adapting to the newly passed health reform overhaul, the 2014 expansion of the Medicaid program for the poor presents one clear growth area for the industry.

Reuters, March 30, 2010

<http://www.reuters.com/article/idUSTRE62T4OQ20100330>

Ariz. Lawmakers Intro Bill to Sue Over Health Care

The Associated Press reports that Republican lawmakers on Monday introduced legislation that would allow Arizona to participate in a lawsuit challenging the federal health care overhaul, a move that was criticized by Democrats who said the Legislature should instead focus on restoring cuts to children's health care.

Associated Press via The New York Times, March 30, 2010

<http://www.nytimes.com/aponline/2010/03/30/business/AP-US-Health-Overhaul-Arizona.html>



News Round the Web continued...

Earlier diabetes screening worthwhile: study

Reuters reports: It's currently recommended that people be screened for type 2 diabetes starting at age 45, particularly if they are overweight.

Reuters, March 30, 2010

<http://www.reuters.com/article/idUSTRE62T5F120100330>

Insurance industry agrees to fix kids coverage gap

The Associated Press reports: If you can't beat them, join them. After nearly a year battling President Barack Obama and congressional Democrats over the health care overhaul, the insurance industry says it won't block the administration's efforts to fix a potentially embarrassing glitch in the new law.

Associated Press via SF Chronicle, March 30, 2010

<http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2010/03/29/national/w155453D76.DTL>

Doctors Get Reprieve From 21% Medicare Payment Cut

Bloomberg reports that doctors slated to have their Medicare reimbursements cut 21 percent on April 1 got a reprieve from the Centers for Medicare and Medicaid Services, which is delaying lowered payments until after Congress reconvenes.

Bloomberg via BusinessWeek, March 29, 2010

<http://www.businessweek.com/news/2010-03-29/doctors-get-reprieve-from-21-decline-in-payments-from-medicare.html>

Doctors Sue to Overturn the Health Care Bill

PRNewswire reports that the Association of American Physicians and Surgeons (AAPS) became the first medical society to sue to overturn the newly enacted health care bill, the Patient Protection and Affordable Care Act (PPACA).

PRNewswire, March 29, 2010

<http://www.prnewswire.com/news-releases/doctors-sue-to-overturn-the-health-care-bill-89399392.html>

Companies Push to Repeal Provision of Health Law

The New York Times reports that an association representing 300 large corporations urged President Obama and Congress on Monday to repeal a provision of the health care overhaul that prompted AT&T, Caterpillar and other companies to announce substantial charges for the current quarter.

New York Times, March 29, 2010

<http://www.nytimes.com/2010/03/30/business/30subsidy.html?th&emc=th>

Law May Do Little to Help Curb Unnecessary Care

The New York Times reports: Dr. Robert Colton, an internist in Boca Raton, Fla., has a problem, and he knows it. His patients come in wanting, sometimes demanding, tests and treatments that are unnecessary, just adding to the nation's huge health care bill.

New York Times, March 29, 2010

<http://www.nytimes.com/2010/03/30/health/30use.html>



News Round the Web continued...

Health premiums could rise 17 pct for young adults

The Associated Press reports that under the health care overhaul, young adults who buy their own insurance will carry a heavier burden of the medical costs of older Americans — a shift expected to raise insurance premiums for young people when the plan takes full effect.

Associated Press via Yahoo!, March 29, 2010

http://news.yahoo.com/s/ap/20100330/ap_on_he_me/us_health_care_age_matters

Post-discharge care is key at top 100 U.S. hospitals

Modern Healthcare reports: Reducing patients' risk of unnecessary readmission to the hospital after discharge is a lot like untangling the spaghetti of wires tucked behind most people's television/sound systems.

Modern Healthcare via Reuters, March 29, 2010

<http://www.reuters.com/article/idUSTRE62S26720100329>

GlaxoSmithKline launches free vaccine program

The Associated Press reports that British drugmaker GlaxoSmithKline PLC said Monday it is launching a program in the U.S. to provide free vaccines to adults who don't have health insurance.

Associated Press via BusinessWeek, March 29, 2010

<http://www.businessweek.com/ap/financialnews/D9EOCRC80.htm>

Medicare Nominee Would Face Big Changes

The Wall Street Journal reports: Donald Berwick, President Barack Obama's choice to lead the agency that runs Medicare and Medicaid, would face the major challenge of overseeing sweeping changes to both programs required under the recently enacted health-care overhaul, if elected.

Wall Street Journal, March 29, 2010

http://online.wsj.com/article/SB10001424052702303737704575148503748287716.html?mod=WSJ_PersonalFinance_FitnessNHealth

Coverage Now for Sick Children? Check Fine Print

The New York Times reports: Just days after President Obama signed the new health care law, insurance companies are already arguing that, at least for now, they do not have to provide one of the benefits that the president calls a centerpiece of the law: coverage for certain children with pre-existing conditions.

New York Times, March 28, 2010

<http://www.nytimes.com/2010/03/29/health/policy/29health.html>

Health overhaul likely to strain doctor shortage

The Associated Press reports: Better beat the crowd and find a doctor.

Associated Press via Google, March 28, 2010

<http://www.google.com/hostednews/ap/article/ALeqM5jdP4IIagxz4TgkAaDI1TnTHoM-VAD9ENQKL81>



@How-To abstract

For MCOLFree Members

Primers on Key Selected Topics | March/April 2010 | Volume 13 Issue 2

Today's Topic

Administrative Operational Metrics for Health Plans: In today's health care environment, "bending the cost curve" is becoming perhaps the most oft-repeated mantra, and health plan administrative costs and performance have become a particular focus for all stakeholders. Given the relationship between administrative costs and efficiency, The following is a summary of selected health plan administrative operational metrics, that are typically applied in comparative evaluation of health plan administrative performance and efficiency, compiled from information provided by the [Sherlock Company](#).

Primer

Key functional categories for applicable administrative operational metrics

The following are key health plan administrative functional categories typically used in development of analytics of health plan administrative operations:

- Sales and Marketing
- Account and Membership Administration
- Customer Services
- Provider Network Management and Services
- Claim and Encounter Capture and Adjudication
- Information Systems
- Corporate Services

Benchmarks for applicable metrics in each function are typically analyzed by various population categories, such as product line (Group, Individual, Medicare, Medicaid, etc); and by sub-functional areas.

Calculation and relationships for applicable operational metrics

The following is a summary of how primary demand, productivity, unit costs, staffing ratios and costs per employee are calculated and inter-relate for desired administrative operational metrics in any applicable functional category (using sample data for illustrative purposes.)



How-To continued: Administrative Operational Metrics for Health Plans

Transactions per Member	x	Members per FTE	=	Transactions per FTE per Year	x	Cost per Transaction	=	Cost per FTE	x	FTEs per 10,000 Members	=	Cost PMPM
1.1	x	9,000	=	9,900	x	\$7.50	=	\$74,250	x	1.11	=	\$0.69
Primary Demand		Staffing Ratio		Productivity		Unit Cost		Per FTE Cost		Staffing Ratio		Cost PMPM

Sales and Marketing

Functions often incorporated under this category include: Rating and Underwriting; Product Development/Market Research; Sales and Marketing; Commissions; and Advertising and Promotion.

Below are various selected benchmark metrics for Sales and Marketing:

- Number of broker members sold/broker
- Number of final quotes/broker
- Number of renewal quotes/broker
- Number of new business quotes/broker
- Percentage of final quotes by brokers that were renewal quotes
- Percentage of total final quotes by brokers
- Percentage of total renewal quotes by brokers
- Percentage of total new business quotes by brokers
- Total broker commissions as a percent of premium equivalents for broker members
- Total broker commissions per broker member per month, excluding overrides
- Total broker commissions, excluding overrides as a percent of premium equivalents.
- Broker overrides and bonuses per broker member per month
- Broker overrides and bonuses as a percent of revenue
- Commission costs per broker member per month
- Commission costs/broker
- Members sold/broker
- Average group size/broker
- Total success rate per broker (measured by the total groups sold as a percent of final quotes)
- Group persistency rate: the proportion of groups that remained with plans from the prior year
- Total renewal quotes (internal and broker) declines as a percent of total quotes
- Total new group business quotes (internal and broker) as a percent of total quotes
- Percentage of individual members sold internally
- The average size of all groups (and by large/small) sold internally; and externally
- The number of members sold per total sales FTE
- Final quotes per total sales and marketing FTE
- The number of members sold per internal sales FTE
- Sales and Marketing costs (excluding commissions) per sales FTE
- Sales and Marketing costs PMPM (excluding commissions)



How-To continued: Administrative Operational Metrics for Health Plans

A ccount and Membership Administration

Functions often incorporated under this category include Enrollment; Membership Processing; and Billing. Billing focuses on the processing, recording and maintenance of the relationship of the members for the Enrollment portion. Membership is the recording of any changes in demographic information and Billing is the process of calculating, documenting and the submitting of invoices. Member transactions include additions, changes and deletions for members of existing groups.

Below are various selected benchmark metrics for Account and Membership Administration:

- Number of Transactions per group
- Percentage of total transactions that were group; and member
- Number of member transactions per member
- Number of non-online electronic member transactions per member
- Non-online electronic member transactions per member
- Average Group processing days for renewals; and for new groups (date of receipt of renewal/sale to when the group was enrolled)
- Percentage of group transactions that were processed within 15 calendar days; (and within 30; and over 30 days)
- The average age of membership
- Percentage of local membership compared to national membership ("National" is defined as groups with more than 5,000 employees and more than 10% of membership out of the plan's service area)
- Average member processing days (the number of days to enroll a member from the receipt of the application to the date of eligibility)
- Percentage of member transactions processed within 15 days
- Number of member applications per member
- Percentage of member applications returned (incomplete)
- Member enrollment accuracy rate (percent of accurate member-level transactions)
- Group enrollment accuracy rate (percent of accurate group-level transactions)
- Percent of members satisfied with the Enrollment function
- Percent of cards received within 30 days of receiving paperwork
- Cards issued per member per year
- Number of total bills issued per member per year
- Percent of group bills going out on time
- Enrollment costs per FTE
- Enrollment transactions per member
- Enrollment non-staffing costs per FTE
- Enrollment costs per member per month (PMPM)

Customer Services

The functional area of Customer Services responds to, processes, resolves and provides information for transactions or inquiries of customers.



How-To continued: Administrative Operational Metrics for Health Plans

- Automated electronic inquiries per member (inquiries via web handled by an automated system)
- Manual inquiries per member per year; and Total inquiries
- Percentage of paper / written inquiries; and total Manual inquiries (including manual electronic- which are inquiries via the web or e-mail that are responded to by a human)
- Total costs per Customer Services inquiry
- Number of total inquiries per member
- Percentage of total inquiries received and answered by a rep
- Inquiry accuracy rate (percent of inquiries that were closed accurately)
- Average speed of call answer (ASA)
- ASA level at 30 seconds (percent of calls answered within 30 seconds)
- Call abandonment rate (percent of calls that are terminated by the callers before the rep answers)
- Percentage of calls received with busy signals
- Percentage of calls transferred from the original rep
- Percentage of calls that were put on hold
- Average length of time required for each call
- Percentage of calls blocked
- Number of days required to resolve inquiries
- Percentage of inquiries that resolved within 7 days
- Cycle time to close appeals, grievances and complaints
- Email response time to inquiries
- Percentage of appeals overturned (completely or partially)
- Appeals per member
- Employee productivity: Manual inquiries per FTE per year
- Customer Services costs per manual inquiry
- Total Customer Services costs per FTE
- Non-Labor and Staffing Costs per FTE
- Customer Services costs PMPM

P rovider Network Management and Services

Provider Network Management and Services functions include handling of: provider inquiries; the recruiting and credentialing of providers; contracting; and the auditing and review of medical records and billing.

- Number of manual provider inquiries per member
- Number of manual provider calls per member
- Percentage of total provider inquiries that were manual electronic inquiries
- Percentage of total provider inquiries that were manual calls
- Average speed of answer (ASA)
- Percentage of provider calls answered within 30 seconds
- Percentage of provider calls were terminated by the caller before the rep answered
- Length of time required for each provider call
- Total number of providers per 1,000 members
- Number of primary care physicians per 1,000 members
- Number of professional specialists per 1,000 members
- Total number of facility providers
- Length of time it to enroll new providers.
- Length of time to credential new providers



How-To continued: Administrative Operational Metrics for Health Plans

- Cycle time to on system for new providers (number of days from the date of credentialing to when a provider is on the system)
- Contracting costs PMPM
- Contracting costs per Contracting FTE
- Number of members per Contracting FTE
- Number of providers per Contracting FTE
- Contracting cost per provider
- Number of members per Provider Relations FTE
- Provider Relations Productivity, measured as manual inquiries per FTE
- Provider Relations costs per manual inquiry
- Provider Relations costs per FTE
- Provider Relations costs per member per month (PMPM).

Claim and Encounter Capture and Adjudication

The functional area of Claims and Encounter Capture and Adjudication primarily focuses on the coordination of benefits and treatment of claims submitted, including the routing, resolution of disputes, the payment of claims and other various activities.

- Claims receipts per member
- Number of adjudicated claims per member
- The autoadjudication rate (the percent of total claims processed that did not require manual intervention)
- Percentage of adjudicated claims that required manual intervention
- Number of paper receipts per member
- Percentage of total receipts that are electronic; and paper
- Percentage of adjudicated claims that are reworked
- Average days from claims incurred to receipt
- Average days from claims receipt to approved
- Average days from approved to payment
- Percentage of claims paid over 30 days old
- Percentage of claims paid in less than 7 days
- Customer claims satisfaction level
- COB and Subrogation recoveries per dollar of COB cost
- Percentage of total recoveries that are COB; subrogation; and other
- Coordination of Benefits (COB) and Subrogation costs PMPM
- COB and Subrogation costs per FTE
- Health care costs per COB FTE
- Overall cost per claim processed
- Claims processing staffing costs per FTE; and non-staffing costs
- Claims processing costs per member per month (PMPM)

Information Systems

Functional area for Information Systems includes Operations and Support Services; Applications and Maintenance; Application Acquisition and Development; and IT Security Administration and Enforcement. These areas together keep infrastructure running for the plan, developing software and supporting it, growing the business through new developments and maintaining the security of the information systems.



How-To continued: Administrative Operational Metrics for Health Plans

- Cost per production job
- Number of production jobs per member
- Number of production jobs per FTE
- Capital expenditures per member
- The average life of platforms
- The overall book value of total IS
- Overall book value of hardware per member
- Overall book value of software per member
- Number of users supported for the voice network & telephony platform; and annual cost per user supported
- Number of users supported for the data network platform, and applicable cost per user
- Number of helpdesk calls per user
- Number of users per helpdesk FTE
- Number of calls per helpdesk FTE this year, and cost per call
- Helpdesk cost per FTE
- Helpdesk cost PMPM this year
- Call ASA for desktop helpdesk; first level problem resolution rate; and average handle time
- Activities of Information Systems, by Supported Function (Percentage of applications that are for each of the functional administrative categories)
- Non-staffing costs per FTE
- Staffing costs per FTE
- The IS costs per total FTE
- IS cost per IS FTE
- IS costs per total FTE
- Number of total FTEs per IS FTE
- Total Information Systems Costs, Accrual Basis, PMPM
- Internal personnel costs PMPM
- Consultant contractor costs PMPM
- Hardware depreciation and maintenance costs PMPM
- Overall software amortization costs PMPM
- Outsourced IS costs PMPM

C Corporate Services

The functional area of Corporate Services is primarily composed of human resources, legal, facilities, other post employment benefits, audit, purchasing, imaging, printing and mailroom and other various areas.

- Facilities costs PMPM
- Amount of square feet of usable space per FTE
- Facilities cost per total usable square foot
- Facilities costs per FTE
- Facilities costs of rent, depreciation and other Leasehold improvements
- Facilities costs per FTE for depreciation, heat, light and taxes and security
- Average days in accounts receivable
- Incoming mail volume per member
- Out-going mail volume per member
- Legal costs PMPM
- Legal costs per Legal FTE
- Internal and external Legal costs per Legal FTE
- Human Resources costs PMPM



How-To continued: Administrative Operational Metrics for Health Plans

- HR non-staffing costs per FTE
- HR staffing costs per FTE
- Number of FTEs per HR FTE
- Retention rate of employees (Retention is the number of employees retained through the year where the employees are able to switch jobs, but remain with the company)
- Total separations per 1,000 FTEs
- Voluntary separations per 1,000 FTEs (Voluntary separations are separations initiated by the employee, excluding retirement, leaves, layoffs and deaths)
- Involuntary separations per 1,000 FTEs (Involuntary separations are separations initiated by the employer)
- Number of hires per 1,000 FTEs
- External hires per 1,000 FTEs; and internal hires per 1,000 FTEs
- Number of days worked per FTE this year; and number of days missed per FTE.
- Number of missed days per FTE classified as Family and Medical Leave Act (FMLA) days
- Number of missed days per FTE classified as workers compensation days
- Percentage of the workforce that was classified as: managerial; clerical; sales; professional; technical; and service
- Number of training hours per FTE
- Training costs per FTE
- Percentage of total compensation for: health benefits; salaries; overtime; Sales and commissions; bonus and incentive pay
- Total compensation costs per FTE
- Salary compensation costs per FTE
- Health benefits compensation cost per FTE.
- Bonus and incentive plans compensation costs per FTE
- Pension compensation costs per FTE
- 401 (k) compensation costs per FTE
- Internal staffing costs per internal FTE
- Percentage of total FTEs that were outsourced
- Corporate Services costs PMPM
- Cost of Corporate Services per FTE
- Number of total FTEs per Corporate Service FTE

Source

The health plan administrative cost benchmark information utilized in this edition of @How-To was compiled from recent editions of the Sherlock Company's Plan Management Navigator, a free e-newsletter published by the Sherlock Company that discusses analytics for health plan administration, and provides commentary and observations on the management of health plan expenses under the direct control of the management team. Sherlock Company provides informed solutions for health plan financial management. Sherlock Company assists health plans, their business partners and their investors in the treasury, strategic and control functions of finance. For more information on the Sherlock Company, their Navigator e-newsletter, and their products and services, go to: www.sherlockco.com



Tips

In getting the most out of your MCOL paid membership

- You can now become a fan of MCOL's page on Facebook at <http://www.facebook.com/pages/MCOL/106727413232>
- MCOL does not share your e-mail address with third parties, as stated in the MCOL member privacy policy, available at <http://www.mcareol.com/mcoprvs1.htm>
- You can follow MCOL on Twitter at http://twitter.com/M_C_O_L
- Your clients, friends and colleagues can get a MCOLFree membership to, at no cost, simply by going to <http://www.mcareol.com/freepage.htm>
- If you ever would like any assistance or information regarding any aspect of your MCOLFree membership, feel free to contact MCOL anytime at pattyj@mcoll.com or call 209.577.4888. MCOL offices are open business days 8AM to 5PM Pacific time.
- The MCOLFree Member web site includes archives of MCOLFree e-newsletters, article, a searchable managed care dictionary and many more features exclusively for MCOLFree members. You can login anytime at www.mcoll.com
- With your MCOLFree membership you receive an array of e-newsletters including this publication; Factoids; @Career; @Conference; @How-To Abstract; Thought Leaders, HealthExecMobile; and HealthExecWire. You can unsubscribe to applicable e-newsletters at anytime simply by following the instructions provided at the bottom of each newsletter.
- The Managed Care On-Line LinkedIn Group provides member networking, discussions and other resources, with the comfort of knowing that all members of the Group are professionals affiliated exclusively through their MCOL membership. You'll be able to use LinkedIn tools and features, such as making LinkedIn connections with other MCOL members, accessing member profiles, and discussing issues of interest with other MCOL members online. To participate, go to: <http://www.linkedin.com/groups?gid=1425447&sharedKey=3C47E8585289>
- You might consider upgrading to a MCOL paid membership for just \$15 per month. Paid members receive many valuable exclusive e-newsletters and e-magazines, and a paid member web site with comprehensive features and resources. What's more, Paid members get 10% discounts on MCOL's e-learning software and HealthQuest Publications, when ordering from the Managed Care Store (www.managedcarestore.com) Paid members also get a 50% discount when registering for Healthcare Web Summit events (www.healthwebsummit.com) Make sure you identify your self as a MCOL member when placing these orders.



Blog

A selected Blog entry from the month of March 2010 from MCOLBlog.com

How do Insiders Feel About Consumerism Now?

By Clive Riddle, March 26, 2010

In conjunction with last week's Ninth Annual Consumerism Web Summit, MCOL conducted an e-poll of professionals, asking what components of consumerism are the most important, and how linked consumerism's fate is to the outcome of health reform.

Survey respondents for 2010 and 2009 were asked the same questions regarding ranking typical components of Consumerism, and their perspective as a respondent. 2010 respondents were also asked, to what degree are health care consumerism initiatives dependent upon the outcome of any impending health care reform.

Respondents were asked to rank the five listed components 1 through 5, with 1 being the most important, and to only use each ranking once (only one item ranks 1, one item ranks 2, etc.)

Professionals continue to feel Price and Quality Transparency is the most important component by far. Account based plans and wellness incentive programs end up close to distant tie for second, depending on the measure you use, followed by web based consumer patient health records and retail medicine.

Interestingly, if you examine the percent of respondents ranking an item as number 1, and consider the change from 2009 to 2010: transparency, account based plans and web based records all gained ground, while wellness incentives and retail medicine lost ground.

36.3% of respondents said that consumerism initiatives were highly dependent upon the outcome of impending health care reform, while 41.2% said they were somewhat dependent and 22.5% said they were not very dependent.

Below are details regarding how respondents ranked components of consumerism, and their perspective as a respondent, for the past two years:



Blog Continued: How do Insiders Feel About Consumerism Now?

(Rank 1 through 5 with 1 = highest value and 5=lowest value, and only use each ranking once; i.e. only rate one item a 1, one item a 2, etc.)

	2010 Mean	2009 Mean	2010 Median	2010 Mode
Price and Quality Transparency	1.85	2.00	1	1
Account Based Plans (HSA/HRA/FSA)	3.06	3.08	3	2
Wellness Incentive Programs	3.03	2.65	3	4
Web Based Consumer Patient Health Records	3.35	3.70	4	4
Retail Medicine (Convenient Care, etc)	3.69	3.57	4	5

Component	Rank 1: 2010	Rank 1: 2009	Rank 5: 2010	Rank 5: 2009
Price and Quality Transparency	59.4%	55.8%	7.0%	11.9%
Account Based Plans (HSA/HRA/FSA)	17.7%	12.8%	24.9%	17.9%
Wellness Incentive Programs	7.0%	20.9%	8.7%	3.6%
Web Based Consumer Patient Health Records	11.8%	4.7%	21.6%	31.0%
Retail Medicine (Convenient Care, etc)	4.3%	5.8%	37.8%	35.7%

Perspective of Respondent:	2009	2010
Purchaser (Health Plan, Employer, TPA, Agent, PBM)	30.6%	43.4%
Provider (Hospital, Physician, Pharmaceutical, Other Providers)	27.1%	24.0%
Vendor/Other (Vendors, Consultants, Institutions, Gov., All Other)	42.4%	31.8%

n = 189 for 2010, 85 for 2009



Blog

A selected Blog entry from the month of March 2010 from MCOLBlog.com

Carrots and Sticks

by Clive Riddle, March 18, 2010

Carrots and Sticks.

Will employee health behaviors they fix?

Or are they just a fad, pulled from employers' big bag of tricks?

Should incentives or penalties be preferred, oh what's the right mix?

Surveys may tell us the answer, about Carrots and Sticks.

On [Saint Patrick's Day](#), while others were reveling and feeling festive, [Hewitt Associates](#) released results from the annual health care trends survey, in which they conclude "[Companies \[are\] increasing the Use of Both Incentives and Penalties to Motivate Employees, Improve Outcomes and Reduce Costs.](#)"

Hewitt's Cathy Tripp tells us "the economy and continued escalation of health care costs have driven many employers to be a little more bold and demanding of their employees, making disincentives an increasingly attractive option. As companies learn more about their workforce, they're realizing that some people may be more motivated to take action if they risk losing \$100 versus gaining \$100. The key for each employer is to find the right mix of strategies and plan designs that will motivate employees to be healthier, but not go so far as to drive the wrong behaviors."

The Hewitt survey tapped 600 large employers representing 10 million+ employees. Here's what they found:

Penalties for non participation in health improvement programs

- 47% either already use or plan to use financial penalties over the next three to five years
- 81% of those using/planning penalties will impose higher premium contributions; 17% will apply increased deductibles; and 17% will design higher other out-of-pocket cost sharing
- Of those using/planning penalties, the behaviors that will trigger penalties were: smoking (64%); non-participation in disease management/lifestyle behavior programs (50%); non-participation in biometric screenings (45%); non-participation with a health coach (25%); failure to achieve applicable biometric improvements (17%)



Blog Continued: Carrots and Sticks

Incentives for participation in health improvement programs

- 58% offer incentives, with 24% of them extending incentives to spouses and/or family members
- 63% of those offering incentives provide cash for completing a health risk questionnaire (35% in 2009)
- 37% of those offering incentives cash incentives for participating in health improvement and wellness programs (29% in 2009)
- 14% of those offering incentives cash incentives for participating in condition management programs (17% in 2009)

Towers Watson Findings

Hewitt isn't alone in seeing a trend is in the works. [Towers Watson](#) last week [released additional findings](#) from their 15th Annual NBGH/Towers Watson Employer Survey on Purchasing Value in Health Care which covered 507 employers of 1,000 or more employees, representing 11.5 million employees, also concluding that employers are going to be putting much greater emphasis on incentives and consumerism.

Ted Nussbaum, senior consultant with Towers Watson tells us "employers are frustrated by their employees' low use of expensive health improvement programs. As employers continue to empower workers to be more health focused, they are beginning to target and reward those workers who demonstrate a real commitment to making positive lifestyle changes."

Here's what Towers Watson found:

- 53% offer financial incentives for employees enrolled in health engagement activities
- 37% reward only employees who meet the company's requirements for completion of a health engagement activity,
- 29% only reward members who participate in multiple activities





Blog

A selected Blog entry from the month of March 2010 from MCOLBlog.com

Accenture Says Physician Laggards are Poised to Finally Adopt

by Clive Riddle, March 5, 2010

Smaller physician offices, lacking infrastructure and capital and perhaps motivation, have been viewed as the stumbling blocks to widespread physician EMR adoption, And without adequate physician adoption, hospital and health plan adoption won't likely achieve the level of effectiveness required to justify their investments.

[Accenture](#) this week [released results](#) from a study conducted by their [Innovation Center for Health](#) and [Institute for Health & Public Service Value](#) in conjunction with [Harris Interactive](#) in which they surveyed 1,000 U.S. physicians from smaller practices (fewer than 10 physicians) regarding EMR use, with 15% of respondents being current EMR users at various levels and 85% non-users.

The good news? The majority of non-users say they now intend to purchase a system, and the percentage goes way up when you ask those who aren't so close to retirement. The bad news? (1) The majority if them are looking to hospitals for help and subsidies; (2) saying you intent to purchase a system doesn't necessarily translate into actually doing so; and (3) there's still a material number that won't even go so far as to make that verbal commitment, despite upcoming federal penalties and incentives.

Here's some of the key findings from Accenture:

- 58% of non-users intend to purchase an EMR system within the next two years;
- About 80% of physicians under age 55 plan to implement an EMR system within the next two years;
- 75% of non-users are potentially interested purchasing an EMR system from a local hospital - if at least subsidized for about half the cost;
- The key driver of EMR adoption is federal legislation - 61% cited federal penalties for non-adoption and 51% cited federal incentives;

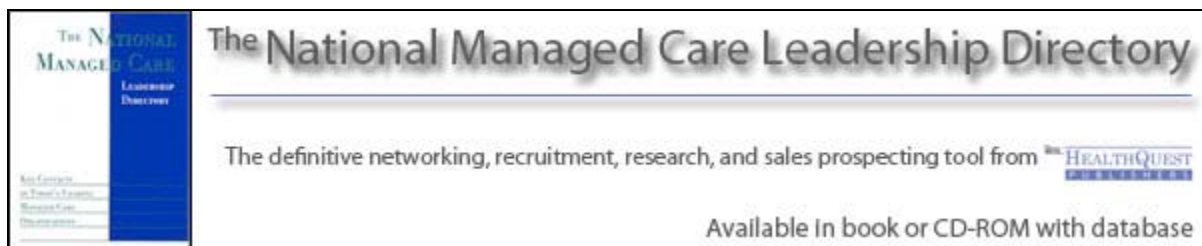


Blog Continued: Accenture Says Physician Laggards are Poised to Finally Adopt

- Non-users underestimate the cost and time requirements to implement an EMR system, but also have an exaggerated perception of difficulties in using EMR systems, compared to the actual experiences of EMR users;
- 90% of current EMR users – believe that their system has brought value to their practice- providing an effective overview of patients’ relevant history, records and information; and allowing quick and accurate data entry.

Accenture credits federal legislation for stimulating interest. Dr. Kip Webb, who leads their clinical transformation practice, tells us “our research indicates that, as intended, federal legislation is an important driver of EMR adoption among U.S. physicians. If U.S. health care providers properly implement and use EMRs more broadly, there is no doubt that EMRs can make an important contribution to improving quality of care and controlling costs.”

While a wider number have some level of EMR, Accenture notes that “today, just six percent of U.S. office-based physicians use a fully functioning system.”



Release Date: February 2010
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Factoids

Selected Factoids from the MCOL Daily Factoids e-newsletter

Estimated range of healthcare system waste is \$600-\$850 billion annually

Appearing in the March 9, 2010 Daily Factoid

At President Obama's Healthcare Summit, SEN. Tom Coburn cited Thomson Reuters' white paper "Where Can \$700 Billion In Waste Be Cut Annually From the U.S. Healthcare System?" The report identifies the most significant drivers of wasteful healthcare spending as follows:

1. Administrative System Inefficiencies: \$100-\$150 billion
2. Provider Inefficiency and Errors: \$75-\$100 billion
3. Lack of Care Coordination: \$25-\$50 billion
4. Unwarranted Use: \$250-\$325 billion
5. Preventable Conditions and Avoidable Care: \$25-\$50 billion
6. Fraud and Abuse: \$125-\$175 billion

Source: Thomson Reuters. "Where Can \$700 Billion in Waste Be Cut Annually From the U.S. Healthcare System?" October 2009. <http://www.factsforhealthcare.com/whitepaper/HealthcareWaste.pdf>

Top 10 Emergency Department Diagnosis Discharges

Appearing in the March 1, 2010 Daily Factoid

Rank	Diagnosis Category	Total Number of Discharges
1	Sprains and strains	6,375,245
2	Superficial injury, contusion	6,107,869
3	Other upper respiratory infections	5,285,382
4	Abdominal pain	4,381,653
5	Open wounds of extremities	3,697,836
6	Spondylosis, intervertebral disc disorder, other back problems	3,236,278
7	Nonspecific chest pain	3,018,660
8	Headache, including migraine	2,825,233
9	Open wounds of head, neck, and trunk	2,692,292
10	Skin and subcutaneous tissue infections	2,610,735

Source: HCUPnet. Healthcare Cost and Utilization Project (HCUP), 2006. Agency for Healthcare Research and Quality. Rockville, MD. <http://hcupnet.ahrq.gov>.



Announcements

Items of interest from MCOL



THE MONTHLY NEWSLETTER FOR HEALTH CARE PROFESSIONALS
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Quoted

From MCOL's Quotes of the Week during January 2010

"With county-level information, health professionals at the local, state and national levels will be able to tailor heart disease prevention programs and polices to the needs of people living in communities with high rates of heart disease." Michele Casper, Ph.D., Epidemiologist, Division for Heart Disease and Stroke Prevention, Centers for Disease Control and Prevention

"The harsh reality is that with or without comprehensive health care reform, employers remain on course for having the same or greater cost and employee health problems over the next few years as they have in recent years." Jim Winkler, U.S. Health Care practice leader, Hewitt

"Much like managed care evolved over the years, health care consumerism is evolving, and our early forays with consumer directed health plans really portend to a much broader trend, that is continuing to get more effective and impact more people." Mike Thompson, Principal, PricewaterhouseCoopers

"This expansion of coverage for young adults is significant, because the biggest problem for many young people now is the lack of a connection to an employer plan. There are a lot of transitions that go on for this age group." Sara Collins, Vice President, The Commonwealth Fund

MCOL Monthly

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