FEHB Carrier Conference

March 6, 2003

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Agenda

- Horizon's Federal Employee Program's Three-Year Strategy:

  "Low Cost, High Value"
- Case Management
- Disease Management
- Summary

Health Plan of the Future

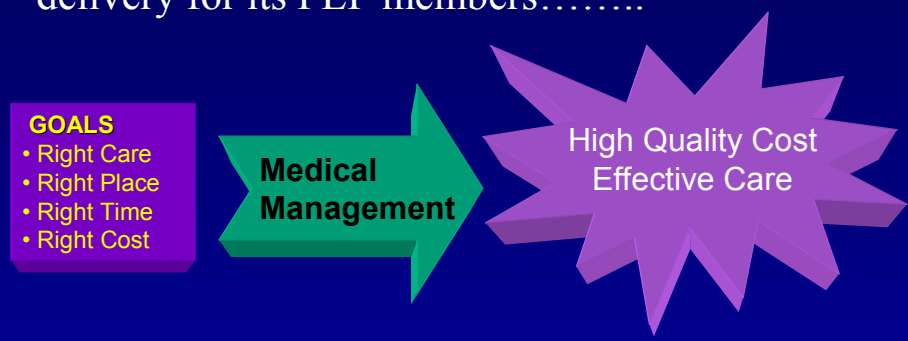
- Leading FEHBP Carrier by 2005
  - A model **health plan**
  - Robust cost effective clinical programs
  - Leading quality scores e.g. HEDIS
  - Highest accreditation levels
  - Contribution to the health status of all members

Horizon FEP Goals

- Prevent disease when possible
- Focus on diseases that result in most cost
- Minimize variation around standard of care
- Reduce medically unnecessary care
- Lowest cost for highest quality

Horizon is a health care company

that develops, manages, finances, and provides access to high quality, cost effective, health care delivery for its FEP members……..



Horizon*CARE*
Our *Health* Strategy

- **H**aving the right provider
- **E**arly identification of health risk
- **A**dvocate prevention
- **L**imit unnecessary medical care
- **T**each evidence based medicine
- **H**elp members negotiate the health care maze

FEP Strategic Direction

2002-03

Getting started….

Investment

2003-04

Horizon will be viewed as a ***partner*** in health quality and outcomes by all major constituents.

Investment/Returns

2004-05

Sustainable *leadership* and ***innovation*** in promoting quality. ***Publicity*** for successes.

Investment/**Returns...**

Disease Management

"Value driven clinical interventions"

- Integrated DSM strategy
  - ESRD, CHF, DM, Asthma, CAD, rare diseases
- Infrastructure to maximize returns
  - ROI, HRA, PM, CDSS

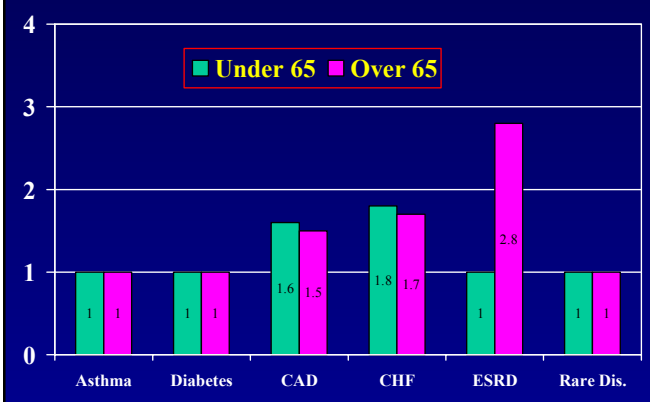
FEP Disease Management

- **NJ/FEP** specific "Top 5" opportunities
  - **Cancer**
  - **Renal**
  - CHF
  - Diabetes
  - Asthma

Population approach

	Year 1	Year 2	Program
Cost	High	High	Case management
	High	Low	Prevention/DM
	Low	High	Disease Management
	Low	Low	Prevention

Return on Investment By Disease State



ROI will vary based on the nature of the disease & the age of the population

Cost Savings Opportunity Example

- Atrial Fibrillation w/o Anticoagulation
  - Current Scientific Evidence
    - We can prevent 55 strokes each year for every 1000 patients with AF
    - The risk of hemorrhage, while significant, is low at 4 per 1000
  - Estimates of Under-treatment
    - U.S. incidence of AF is 0.82% (817 cases in 100,000 population)
    - Rate of non-compliance is 68% (556 of 817 at risk for stroke)
    - Contraindications to OAC's exist for 40% (leaving 333 candidates)
  - Potential Cost Savings
    - 300,000 members, there are 1000 candidates (3 x 333)
    - Preventing strokes in 55 per 1000, we can save 55 people each year (55 x 1)
    - Cost of treating stroke @ $40,735 a case = a savings of $ 2,240,443 per year

Cost Savings Opportunities

- Atrial Fibrillation Without Anticoagulation
  - Cost of Therapy and Complications
    - Warfarin therapy and INR monitoring costs $ 1035 per patient a year
    - The cost for 1000 patients is $ 1,035,008
    - Treating complications (hemorrhage) costs $ 5,069 a case
    - At a rate of 4 per 1000 we expect 4 cases, costing $ 20,276
    - The total costs of therapy and its complications is $ 1,055,284
  - Net savings is **$ 1,185,158** per year
    - $ 0.33 pmpm if all 1000 are treated
    - $ 0.16 pmpm if half are treated
    - $ 0.08 pmpm if only one-fourth are treated

Quality Metrics

"Real-time data"

- ROI models for DM programs
- Reporting impact of member & provider outreach
- Monthly HEDIS indicator datasets
- Expand quality indicators beyond HEDIS
  - Leapfrog, Jenck's Study, Productivity/Absenteeism

Information Sharing

"Driving behavior change"

- With whom & how do we communicate?
- Does it work?
- Ongoing monitoring of members & physicians
  - Focus groups, surveys

Health Policy

"Shaping our market's health agenda"

- Health literacy & obesity as public policy issues
- Implemented literacy program
- Implemented obesity program
- Annual executive health policy forum

Quality Partnerships

"Leveraging our presence"

- Partnership with American Cancer Society
  - Sister to Sister – Breast Cancer Screening
  - Colorectal screening packets
  - Raising cancer awareness in Newark
- Collaboration with PHRI
  - Address problem of nosocomial infections
- NJN collaboration featuring Horizon physicians
- Meridian Health System, Leapfrog initiative
- Coalition to improve health in New Jersey
- NAMI, Arthritis Foundation, AHA

Research

"Contributing to health care industry knowledge"

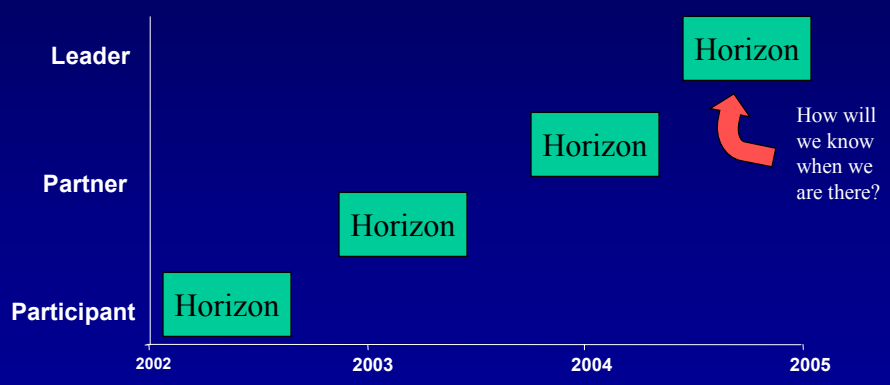
- Close to the heart compliance study
- Hyperlipidemia: Phase I statins and NCEP goals
- Antibiotic member & provider education
- Actos and Avandia DUE analysis
- Use of ACE inhibitors in patients with proteniuria
- Predictors of hip fracture
- PDA pilot program

Research

"Contributing to health care industry knowledge"

- Research studies with leading academic institutions
  - Rutgers - cardiac disease/Hospitalist program
  - Harvard - osteoporosis, kidney disease
  - Thomas Jefferson University - preventive health
  - UMDNJ - bio-surveillance
  - Johns Hopkins - outcomes management
- Expand program to support Horizon's strategic vision
  - Mandates

The Path to Leadership



Metrics Defining Success

How will we know when we are there?

Outcomes - Preventive Health Disease Mgmt

- All HEDIS metrics within top quartile
- Highest accreditation NCQA/URAC
- Medical and Pharmacy utilization at or below benchmark
- Known for evidence based medicine

Process

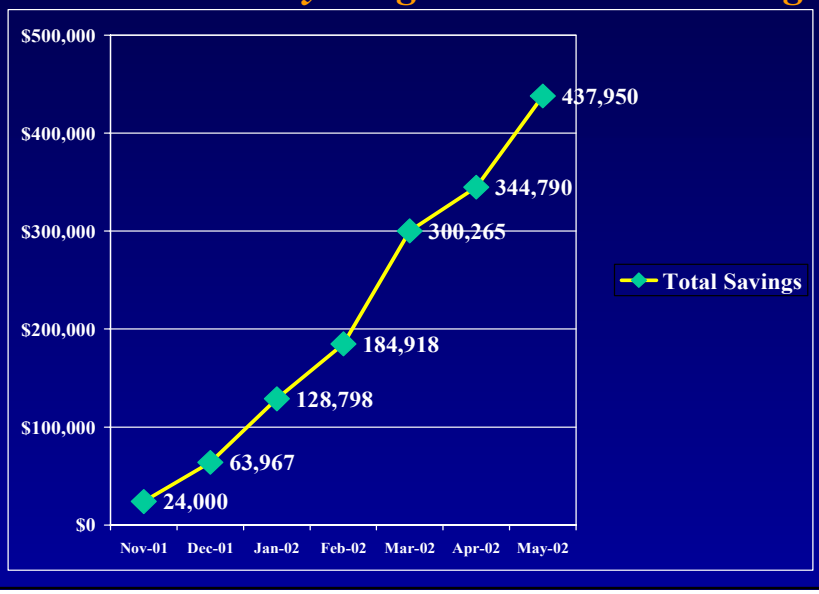
- Real-time quality reporting
- Information sharing tailored to target audience
  - Customer/provider satisfaction and usage

External Recognition

- Consistently achieving 10 or more quality awards/year
- Research programs resulting in 5 posters/publications /year
- Horizon staff considered experts - 5 appointments on regionally or nationally recognized bodies
- Active participation in 3 high profile quality organizations

Help members negotiate health care maze

Member Advocacy Program Financial Savings



Summary

- Horizon FEP will be a '*low cost high value*' program
- Horizon FEP will lead the "Blues" in medical management & disease management programs
- Improved FEP member satisfaction
- Reduction in OPM expenses (benefit & administrative)