

PacifiCare Update

FEHB Carrier Conference

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“A Perfect Storm”

Issues:

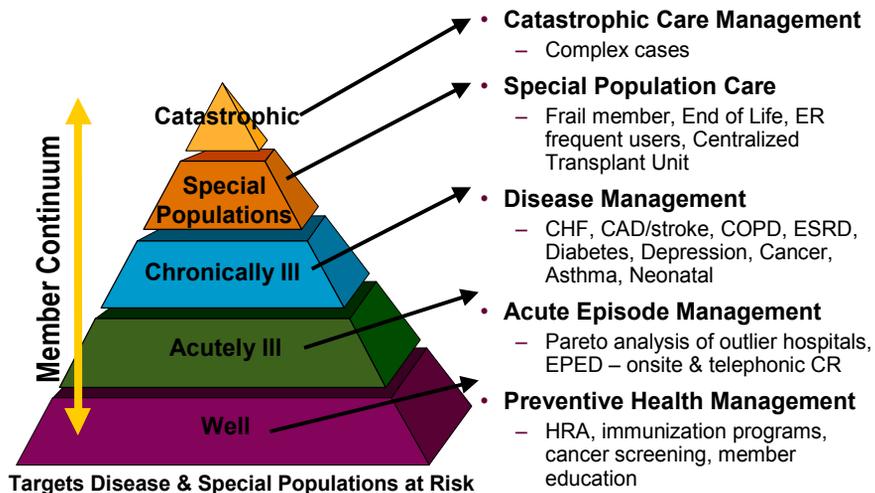
- Highest Healthcare Cost Trends In 10 Years
- Recession/Softer Labor Market
- Increased Consumerism
- Demand For Increased Quality
- Up to 300% Variance In Provider Costs & Quality

New Solutions

- Managed Benefit/Align Consumers Economically
- Advanced Informatics
- Expanded Product Portfolio - Array of Choices that Increase Consumer Engagement and Access
- Narrowed/Tiered Networks Based On Cost and Quality Outcomes
- Differentiate Providers on the Basis of Performance (QUALITY INDEX® Profile)
- Manage Chronic Population - Integrated Disease Management Programs

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Disease Management



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Focused Acute Episode Management

- Length of Stay Management
 - Focus on hospitals with greatest % of outlier days
 - PacifiCare as consultant and resource
 - Sophisticated informatics and reporting
 - Onsite and telephonic concurrent review
 - Medical Director-led regional medical teams
 - Hospitalist programs

Focused Acute Episode Management

Admissions Management

- Monitor readmissions
- Preventive Health & Health Management programs
- Disease Management
- Care Management
- Transplant Network / Care Management
- Medical Management projects

Disease Management - Opportunity Analysis

- High prevalence
- High total costs and pmpm costs
 - High cost Pareto groups
- Impact potential on quality
 - Evidence-based medicine, standardized metrics, feasibility
- High variation in medical performance
 - Clinical quality and patient safety outcomes
- Impact potential on savings
 - Literature review, industry due diligence
 - Buy vs. build

Disease Management Programs

- In-sourced DM (population-based)
 - Taking Charge of Your Heart Healthsm (CAD, CHF)
 - Taking Charge of Diabetessm
 - Taking Charge of Depressionsm
 - Asthma
- Out-sourced DM (case-based)
 - CAD/stroke
 - CHF
 - COPD
 - Cancer
 - Neonatal care
 - ESRD
- In-sourced Care Management Programs
 - End-of-life care, Frail Members, ER Frequent Utilizers
- All DM/CM programs are available to HMO & PPO members
- Modules available for self-funded accounts

Two-Pronged Approach - Example

