

Care Management

**Gaspar Garcia De Paredes, Md,
FACS
Panama Canal Area Benefit Plan**



Health Network America

- Health Benefit Administration and Disease management Company
- Clients Include:
 - Self-funded employee groups
 - State and Federal Government
 - Insurance Companies
 - Trade Unions
 - Hospital Systems
 - HMOs



Health Network America

- Appropriate medical decision-making leads to reduced claims costs:
 - “If you can improve the health status of a population, even slightly, you can achieve major claims savings”
- Focus on Patient Advocacy
- Rigorous data analysis through flexible, proprietary, database that links all company operations world-wide in real time.
- North American headquarters: West Long Branch, NJ
- Latin America headquarters: Panama City, Republic of Panama



What is the PCABP?

- Panama Canal Area Benefit Plan
- Created in 1960 for the US employees of the Panama Canal and their families
- Currently a closed plan with an aging population
- Experienced uncontrolled medical expense increases during the 1990s as an open FFS plan



What is the PCABP?

- Incorporated a managed care (POS) product in 1998 with Health Network America to complement the existing FFS plan and control the escalating medical expenses



Demographics of the PCABP Plan (1998-2002)

	Median Age	Female	Male	Total
1998	55 yr	51.3%	48.7%	27,989
1999	57 yr	51.5%	48.5%	26,344
2000	59 yr	52.1%	47.9%	24,298
2001	60 yr	52.1%	47.9%	22,396
2002	62 yr	52.3%	47.7%	20,523



Demographics of the PCABP Plan (1998-2002)

	Member >80 yr	% of member over 80 yr old
1998	1,884	6.7%
1999	2,516	9.6%
2000	2,749	11.3%
2001	2,918	13.0%
2002	3,046	14.8%

PCABP Hospitalization (01/98-10/02)

	Hospital admissions Per 1,000 member yr	Bed Days Per 1,000 member yr
1998	269	1,993
1999	291	1,975
2000	277	1,697
2001	253	1,479
2002 (10 mon)	299	1,854

Acute Pulmonary Infection (ICD-9: 460-466, 480-487) (1998-2002)

	patients	Hospital Admission	Bed days
1998	5,846	612	5,089
1999	7,158	915	6,476
2000	6,039	684	4,624
2001	4,563	530	4,193
2002 (10 months)	3,732	366	3,046



PCABP Claim Expense (01/01/98-10/31/02)

	Eligible Expense PMPM	Paid Amount PMPM
1998	\$162.21	\$162.21
1999	\$175.70	\$175.70
2000	\$183.13	\$183.13
2001	\$151.00	\$145.15
2002 (10 Months)	\$182.24	\$174.46



How we control costs in an aging population

- Aggressive utilization and disease management
- Real-time medical data audit and analysis
- Innovative provider contracting to stimulate competition (Ex. Ophthalmology capitation arrangement with three provider groups—explained on next slide)



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How we control costs in an aging population

- Innovative ophthalmology capitation arrangement with three provider groups
 - Quarterly capitation amount to be received by each group is determined by dividing each group's prior quarter experience by the total experience of the three groups
 - This guarantees a known maximum risk to the plan, customary to a capitation contract
 - Creates a stimulus to perform, like a FFS arrangement.



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PCABP Diabetic Patients (01/98-10/2002)

	1998	1999	2000	2001	2002
Patients	2,947	3,090	3,155	2,869	2,832
Claim PMPM	2.9	3.3	3.6	3.5	3.7
Median Age	68.6	68.8	69.4	70.3	71.1
HgbA1c	30.4%	47.8%	48.2%	51.2%	59.9%
Hospital admissions per 1000 member yr	816.1	759.0	706.0	597.0	737.0
Bed days per 1000 member yr	5,594	5,135	4,571	3,932	5,052

PCABP Chronic Renal Failure Patients (01/98-10/2002)

	1998	1999	2000	2001	2002
Patients	288	331	370	419	435
Claim PMPM	6.8	8.6	8.2	9.0	9.4
Median Age	74.4	75.5	75.6	76.4	77.6
Hospital admissions per 1000 member yr	2,063	2,058	1,732	1,626	2,072
Bed days per 1000 member yr	22,559	19,329	14,004	13,797	17,031

PCABP Hypertension Patients (01/98-10/2002)

	1998	1999	2000	2001	2002
Patients	8,024	8,099	8,214	7,290	6,996
Median Age	68.1	68.8	69.6	70.6	71.3
Office Visits PMPM	0.54	0.59	0.64	0.56	0.59
ER visits per 1000 member yr	37	35	40	35	32
Hospital admissions per 1000 member yr	41	17	39	23	26
Bed days per 1000 member yr	220	238	167	119	144

How we continue to obtain positive results

- On site, concurrent utilization review by care management nurses
- On-site discharge planning by care management nurses
- Home follow-up calls by care management nurses
- Member education

How we continue to obtain positive results

- Provider education
- Home care services
- Social services
- Flexible benefit coverage for prescription drugs

Primary Care Physician Evaluation

- Cost PMPM
- LOS
- Frequency of visits PMPM
- Frequency of admissions PMPM
- Compliance with preventive care

Future Plans

Fact: 25% of Plan members earn <\$600/Mo
50% of Plan members earn <\$900/Mo

- Benefit Proposal to include formulary prescription drug coverage for diabetics to assure compliance:
 - 13% of Plan members are diabetics
 - 28% of total plan costs are dedicated to treating diabetes and its complications



Future Plans

- Create a “Basic Plan” to insure appropriate utilization without co-payment for outpatient consultations-Provided by HCO
 - Facilitate access to high-quality medical services for low-pension Plan members



Conclusions

Our experience has demonstrated:

- Correctly applied, managed care can control costs and improve health status
- Risk management will enhance the results of managed care



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