



# ***PartnerShIP***

## ***A Comprehensive Health Plan Improvement Offering***



***Partners  
In Care***

- ***21<sup>st</sup> Century Health Care  
Delivery & Financing***
- ***Physician Managed***
- ***Six Sigma Quality Driven***
- ***Pay For Performance Incentives***
- ***HSA Enabled***

# *Participating Physician Groups:*



***Approximately 850 Physicians, 1,000,000 Patients, And \$2 Billion In Annual Healthcare Expenditures Delivered And/Or Coordinated In Central New Jersey***

# ***PIC's Physician Leadership Charge:***

## ***Revolutionize the Central New Jersey Healthcare System:***

- 1. Drive Plan Administration, Healthcare Delivery, And Health Quality To Six Sigma.***
- 2. Cut Administrative And Utilization Costs At All Levels.***
- 3. Design Health Benefits For Optimal Cost Sharing.***
- 4. Performance Driven Reimbursement.***

# ***PIC's Management's approach:***

***To aggressively work in partnership with the physicians, patients, employers, brokers, stop loss carriers, administrators, and health plans to provide:***

- Data Driven, Transparent, Proactive Health Care***
- State of the Art Patient Health Status Reporting***
- “Physician Driven” Disease, Case, and Network Management***
- Physician Driven Pay for Performance Program Administration***
- Business Process Improvement and Accountability  
(all processes utilizing Six Sigma adoption when possible)***

# ***The Physicians' Guiding Principles:***

- ***Provide Population Management In Addition to Patient Management***
- ***Responsible and Proactive Access***
- ***Costs and Quality Transparency***
- ***Negotiation/Utilization of Cost Effective Facility and Vendor Arrangements***
- ***Institute of Medicine's Top 20 Priorities***
  - ✓ ***Evidence based medicine***
  - ✓ ***Preventive screening***
  - ✓ ***End of Life Care***
- ***Cost Effective Prescribing***

# ***The Physicians' Guiding Principles:***



The End State:

*Doctors Serving Themselves And Their Neighbors;  
Each Having Locally Financed Their Healthcare –  
The Way They Want It.*

# ***Rationale:***



- “Poor quality is largely due to faulty systems of care, not incompetent physicians or a lack of effective treatments” *(Institute Of Medicine, 1/03)*
- Preventive Care and Chronic Care Management is at embarrassingly low levels due in large part to patients being the proactive part of the system  
*(PIC Experience with Local Clients)*

# ***PartnerShIP – The Local Plan***

- PIC will provide the Inner Tier Network – 120% of Medicare base payment with a 50% bonus tied to quality metrics and cost savings
- Customized Wrap Around PPOs will provide the broader network access as needed
- PIC Physicians across Central NJ will negotiate cost based rates with each of the local hospitals as indicated
- Aggressive Use of
  - Physician Driven Case Coordination,
  - Disease Management,
  - Benefit Design,
  - Health Savings Accounts, and
  - Member Education
- Most Important --- Its not somebody else's health or money ... its ours

# ***PartnerShIP – The Local Plan***

- **Substantially Increase:**
  - Preventive Screening
  - Care Coordination of high risk patients
  - Chronic Care Treatment and Screening Compliance by Patients
  - Physical Activity
  
- **Substantially Reduce:**
  - Body Mass Index
  - Tobacco Use
  
- **Substantially Improve:**
  - Patient Diet

How will we do this you might ask ...

- Use the Employer Component of the HSA Among other Tools ...

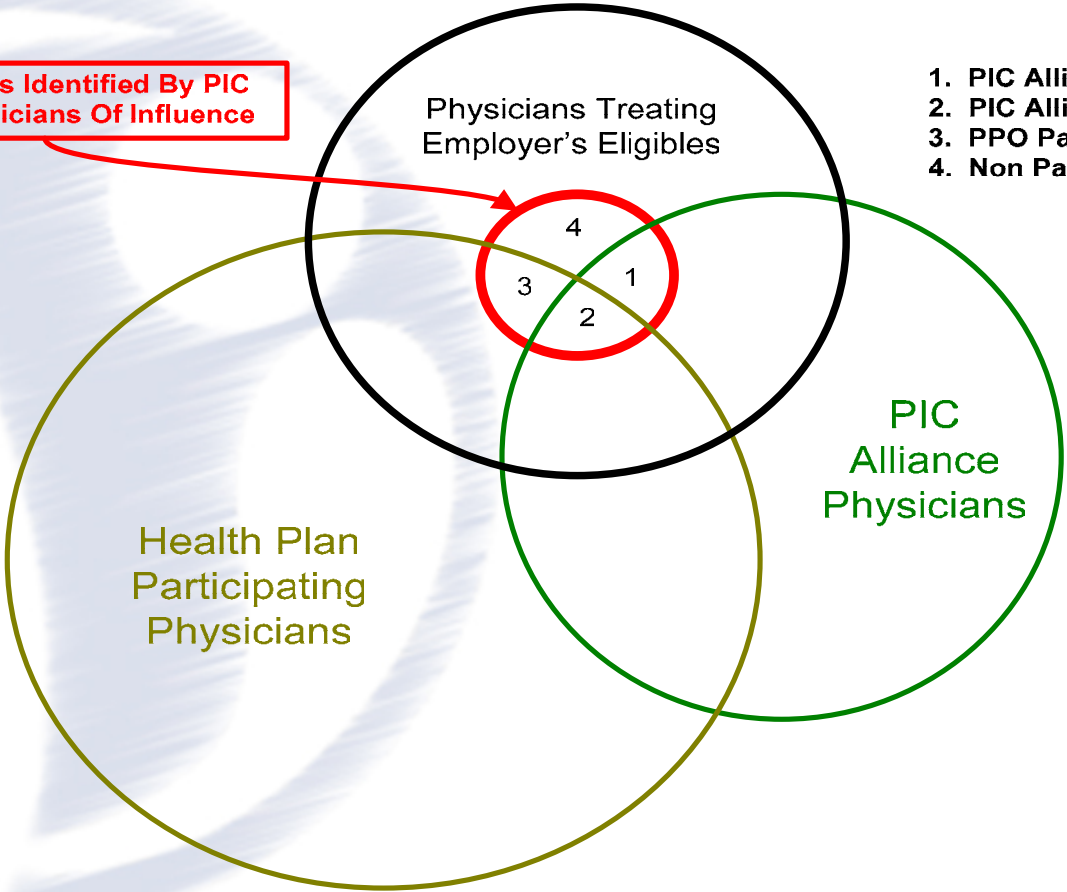
# ***What Will We Do Differently?***

***First: Relentlessly provide health plan administrative data (ie. medical and pharmaceutical claims) to the employer, broker, and the treating and coordinating physicians to enable a birds eye view of the system.***

***Then: Empower those same physicians to drive unnecessary costs from the system themselves along with their patients.***

# Network Targets:

Providers Identified By PIC As: Physicians Of Influence



- 1. PIC Alliance (UMG, Vista, CJPN)
- 2. PIC Alliance - Also PPO Participating
- 3. PPO Participating - Non Alliance
- 4. Non Participating Physician of Influence

# ***Remember the Rationale ...***

- “Poor quality is largely due to faulty systems of care, not incompetent physicians or a lack of effective treatments” (*Institute Of Medicine, 1/03*)
- Preventive Care and Chronic Care Management is at embarrassingly low levels due in large part to patients being the proactive part of the system  
(*PIC Experience with Local Clients*)

## ***2004 Status of US Healthcare: Quality***

<b>Diabetes</b>	<b>Hba1c Not Measured For 24%</b>	<b>2,600 Blind 29,000 Kidney Failures</b>
<b>Hypertension</b>	<b>&lt;65% Receive Indicated Care</b>	<b>68,000 Deaths</b>
<b>Acute Myocardial Infarction</b>	<b>39-55% Didn't Receive Needed Medicines</b>	<b>37,000 Deaths</b>
<b>Pneumonia</b>	<b>36% Of Elderly Didn't Receive Vaccine</b>	<b>10,000 Deaths</b>
<b>Colon CA</b>	<b>62% Not Screened</b>	<b>9,600 Deaths</b>

# ***PIC Employer Client Composite:***

	<b>Compliant</b>	<b>Patients</b>	<b>Compliance Rate</b>
<b>HbA1C w/in 6 months Diagnosed Diabetics</b>	<b>139</b>	<b>659</b>	<b>21%</b>
<b>Mammography Women Over 40</b>	<b>1,415</b>	<b>2,975</b>	<b>48%</b>
<b>Pap Smear Women Over 18</b>	<b>995</b>	<b>4,784</b>	<b>21%</b>
<b>Digestive Endoscopy Enrollees Over 50</b>	<b>363</b>	<b>2,991</b>	<b>12%</b>

Clients included a law firm, an ambulance company, and a major healthcare institution

## ***One PIC Physician's Commentary ...***

“I take great pride in my treatment of diabetes. In fact, I think I do a better job than most of my colleagues. What I learned from the PIC data was this was true ... *for the patients I knew about.*

It was the patients that I had never seen where the breakdown was occurring, and this was an alarmingly large number of patients.” *PIC Physician*

# ***Institute of Medicine's Top 20 Priorities:***

<b>Care Coordination</b>	<b>Patient Self Management/Health Literacy</b>
<b>Asthma</b>	<b>Diabetes</b>
<b>Hypertension</b>	<b>Immunization</b>
<b>Tobacco Dependence</b>	<b>Obesity</b>
<b>Ischemic Heart Disease</b>	<b>Stroke</b>
<b>Cancer Screening</b>	<b>End of Life with Advanced Organ System Failure (CHF/COPD)</b>
<b>Pain Control in Advanced Cancer</b>	<b>Pregnancy and Child Birth (<b>Prenatal</b> and Intrapartum Care)</b>
<b>Major Depression</b>	<b>Severe and Persistent Mental Illness</b>
<b>Nosocomial Infections</b>	<b>Medication Management</b>
<b>Children with Special Health Care Needs</b>	<b>Frailty associated with Old Age</b>

# *The Physician's Vantage Point:*

- Doctors “manage” a population by typically diagnosing and treating one patient at a time, usually in 15 or 30 minute increments.
- Our system does not compensate or even recognize physicians’ coordinating care. *Try to find the CPT4 and the payment level.*
- Doctors don’t think in terms of programs - they think in terms of *patients*.
- Doctors don’t think in terms of programmatic divisions:
  - Case Management
  - Care Management
  - Disease Management
  - Utilization Review
  - Concurrent Review
  - Discharge Planning

# ***The Physician's Vantage Point:***

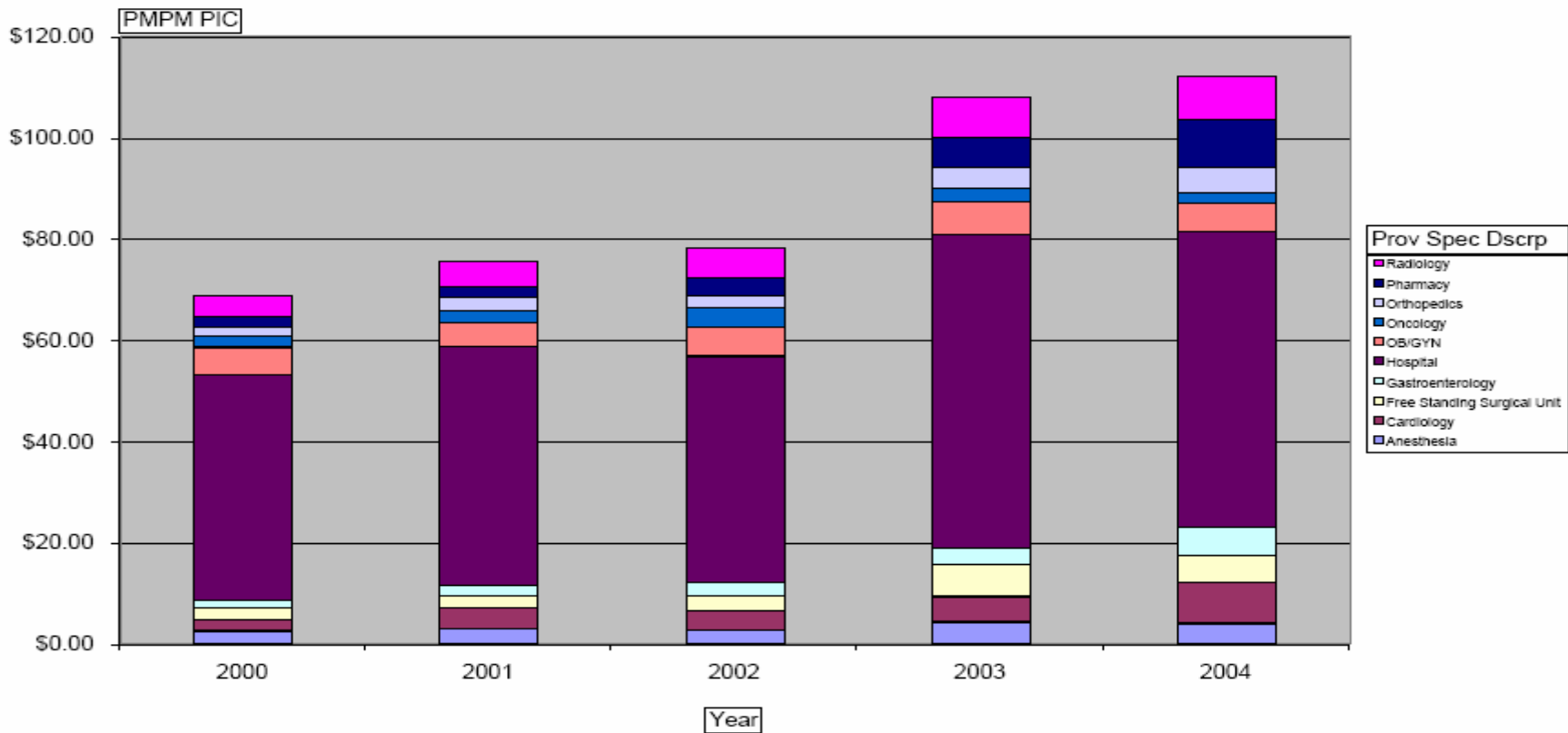
- Patients typically make appointments with doctors
- The “System” Lost Sight Of How Complex The “System” Is:
  - An Average of 4 Providers per Patient.
  - The Standard Deviation: 4 Providers Per Patient.
  - For Complex Patients: 20 – 60 Providers Per Patient.
  - At 3-5 Ancillary Staff per Provider, up to 300 people interacting on a single case.
  - 99213: 15 minutes of face time then 7 minutes for documentation and coordination.

# ***The Physician's Vantage Point:***

- Where does the money for a 99213 Actually Go?  
According to MGMA statistics:
  - Support Staff - \$23
  - General Operating Cost - \$21
  - Non Physician Providers - \$3
  - Physician Benefits - \$3.50
  - Physician Salary - \$21
  - Total -- \$71.50
- With \$47 going to pay for “Other than Physician Services”, how long do you think Physicians will last on payments of \$40-\$45?

# Growth in Facility and Medical Rx Costs

*PMPM Expense by Provider Specialty*



19.Cht\_ProvSpec

# ***To Reduce The Cost Of Healthcare ...***

- Hospital Payments should be near Cost, Not 200% - 500% of Cost
- Injectibles and Biologicals should be at cost, not ...
- General Physician Operating Costs Need Reduction
  - Health Benefits
  - Professional Liability Insurance
- Physician Office Efficiencies Need Improvement
  - Contract Terms and Compliance
    - Every incorrectly paid bill Costs the Plan \$14 and Provider \$28
  - How to pay for the EMR?
- Non-Physician Practitioners cost less but referred more leading to much higher overall population costs.

# ***Here's How Practicing Physicians Help***

**Its a fixed pot of money in any economic region, and physicians make all the resource allocation decisions in our system**

- **Doctors need to know, study, and use:**
  - **Medicare Cost Reports (Hospital Cost/Charge Ratio)**
  - **Not-For-Profit Form 990s (Hospital Spending Report)**
  - **Pharmaceutical Cost Reports**
  - **ERISA Form 5500s**

# *Sample Employer's Cost Analysis by Facility*

<b>Provider</b>	<b>Charges</b>	<b>Overall</b>	<b>Chg Pct</b>	<b>Medicare Cost to Charge Ratio</b>
Hospital 1	427,258	169,811	39.7%	10.9%
Hospital 2	452,064	120,545	26.7%	19.6%
Hospital 3	539,991	116,244	21.5%	25.3%
Hospital 4	882,476	91,750	10.4%	20.9%
Hospital 5	326,313	84,061	25.8%	14.3%
Hospital 6	324,036	72,836	22.5%	14.9%
Hospital 7	262,916	58,682	22.3%	16.7%
Hospital 8	84,659	58,610	69.2%	22.5%

**Payments in Excess of Cost Total \$150,000 or about \$15 pmpm which in this population Exceeds the Total Primary Care Budget. In the meantime, Physicians in this plan are being paid at 83% of Cost.**

# *Here's How Practicing Physicians Help*

**Its a fixed pot of money in any economic region and physicians make all the resource allocation decisions in our system**

- Doctors need to:
  - Work with Employers, Brokers, Employees, and Patients
    - Health Status Improvement
    - Health Benefit Structure
  - Work with Employers and Brokers using Administrative Data
    - Hospital and Ancillary Contracting
    - To Understand what is happening to their patients when the patients leave the office
- When you engage the practicing physicians with the Administrative Data, interesting things begin to happen ...

# Managing a Population One Case at a Time

**Paid Amount:**

**\$267,256.76**

**First and Last Svc Dates**

**01/28/2003 - 06/02/2004**

<u>Claims Paid by Inc. Mth</u>		<u>Claims Paid by Paid Mth</u>		<u>Top 20 Providers by Medical Claims Paid</u>		<u>Top 20 Providers by Non Par Medical Claims Paid</u>	
<u>Period</u>	<u>Paid</u>	<u>Period</u>	<u>Paid</u>	<u>Provider</u>	<u>Paid</u>	<u>Provider</u>	<u>Paid</u>
June 2004	\$44	June 2004	\$114,055	Hunterdon Medical Center	\$251,585	Lawrence J. Kagen, MD	\$430
May 2004	\$15,532	May 2004	\$57,133	St. Barnabas Outpatient Same Day Surgery	\$2,930	Robert Schneider, MD	\$183
April 2004	\$43,599	April 2004	\$1,458	Wills Community Surgical Services Of Cen	\$2,381	UMDNJ - RWJ Diagnostic Labs	\$150
March 2004	\$2,867	March 2004	\$4,843	Corneal Associates Of New Jersey	\$2,298		
February 2004	\$31,420	February 2004	\$15,800	Joseph C. Flanagan, MD	\$2,058		
January 2004	\$29,587	January 2004	\$21,945	Allergy, Asthma & Sinus Center Of NJ	\$1,208		
December 2003	\$30,840	December 2003	\$23,719	William Mesnard, MD	\$1,058		
November 2003	\$29,236	November 2003	\$15,392	Hunterdon Cardiovascular Associates	\$626		
October 2003	\$21,893	October 2003	\$1,581	Pleasant Run Family Physicians	\$530		
September 2003	\$30,256	September 2003	\$2,862	Jeffrey D. Hartford, MD	\$483		
August 2003	\$27,259	August 2003	\$4,041	Lawrence J. Kagen, MD	\$430		
July 2003	\$1,009	July 2003	\$940	Hillsborough Radiology	\$395		
June 2003	\$423	June 2003	\$1,383	Robert Schneider, MD	\$183		
May 2003	\$211	May 2003	\$1,821	Hunterdon Radiological Associates, PA	\$156		
April 2003	\$2,512	April 2003	\$55	Hunterdon Urology Assoc	\$152		
March 2003	\$400	March 2003	\$60	UMDNJ - RWJ Diagnostic Labs	\$150		
February 2003	\$146	February 2003	\$169	John E. McWhorter, MD	\$139		
January 2003	\$23	January 2003	\$622	Jamsheed K. Najmi, MD	\$131		
				Advanced Obstetrics & Gynecology, LLC	\$120		
				Henry P. Nagelberg, MD	\$80		

<u>Top 5 Retail Rx by Paid Amt</u>		<u>Top 5 Summary Diagnosis Codes by Paid Amt</u>		<u>Top 5 Procedure Codes by Paid Amt</u>	
<u>Prescription</u>	<u>Paid</u>	<u>Diagnosis</u>	<u>Paid</u>	<u>Procedures</u>	<u>Paid</u>
IMITREX KIT RF	\$14,910.79	710 DIFFUSE DISEASES OF CONNECTIVE TISSUE	\$238,691	J1564.00	\$168,733
AMBIEN TAB 10MG	\$814.13	729 OTH DISORDERS OF SOFT TISSUES	\$14,583	J1563.00	\$55,836
LIPITOR TAB 40MG	\$768.16	375 DISORDERS OF LACRIMAL SYSTEM	\$4,541	36620.00	\$14,724
EFFEXOR XR CAP 150MG	\$702.19	371 CORNEAL OPACITY & OTH DISORDERS OF CORNEA	\$2,930	90283.00	\$7,997
EFFEXOR XR CAP 75MG	\$568.04	743 CONGENITAL ANOMALIES OF EYE	\$1,790	V2785.00	\$1,850

# Managing a Population One Case at a Time

02/24/2004	02/24/2004	2803243	Wills Community Surgical Services Of Cen	68815.00	SUR	N	Y	375.54	\$639.00
02/24/2004	02/24/2004	30371	Joseph C. Flanagan, MD	68700.E2	SUR	N	Y	375.56	\$264.50
02/24/2004	02/24/2004	30371	Joseph C. Flanagan, MD	68700.E1	SUR	N	Y	375.56	\$509.00
02/17/2004	02/17/2004	13013	Hunterdon Medical Center	90283.00	MED	N	Y	729.1	\$503.16
02/17/2004	02/17/2004	13013	Hunterdon Medical Center	J1564.00	MED	N	Y	729.1	\$14,010.76
02/16/2004	02/16/2004	13013	Hunterdon Medical Center	J1564.00	MED	N	Y	710.4	\$14,282.86
02/16/2004	02/16/2004	13013	Hunterdon Medical Center	85027.00	LAB	N	Y	710.4	\$20.50
02/16/2004	02/16/2004	13013	Hunterdon Medical Center	85651.00	LAB	N	Y	710.4	\$27.06
02/16/2004	02/16/2004	13013	Hunterdon Medical Center	82550.00	LAB	N	Y	710.4	\$30.34
02/16/2004	02/16/2004	13013	Hunterdon Medical Center	80048.00	LAB	N	Y	710.4	\$112.34
02/16/2004	02/16/2004	13013	Hunterdon Medical Center	90283.00	MED	N	Y	710.4	\$503.16
02/13/2004	02/13/2004	558893	William Mesnard, MD	20805.00	SUR	N	Y	710.4	\$34.50
02/13/2004	02/13/2004	558893	William Mesnard, MD	20805.00	SUR	N	Y	710.4	\$60.00
02/13/2004	02/13/2004	558893	William Mesnard, MD	99214.25	CON	N	Y	710.4	\$51.42
02/03/2004	02/03/2004	15113	Pleasant Run Family Physicians	99214.00	CON	N	Y	110.5	\$51.42
01/30/2004	01/30/2004	998741	Hillsborough Radiology	72050.00	XRY	N	Y	723.1	\$38.31
01/29/2004	01/29/2004	34359	Jamsheed K. Najmi, MD	99243.00	CON	N	Y	611.1	\$130.50
01/20/2004	01/20/2004	13013	Hunterdon Medical Center	90283.00	MED	N	Y	710.4	\$505.11
01/20/2004	01/20/2004	13013	Hunterdon Medical Center	J1564.00	MED	N	Y	710.4	\$14,064.93
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	J1564.00	MED	N	Y	710.4	\$14,064.93
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	80048.00	LAB	N	Y	710.4	\$112.77
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	82550.00	LAB	N	Y	710.4	\$30.46
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	85027.00	LAB	N	Y	710.4	\$20.58
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	85651.00	LAB	N	Y	710.4	\$27.16
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	90283.00	MED	N	Y	710.4	\$131.30
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	90780.00	MED	N	Y	710.4	\$111.22
01/19/2004	01/19/2004	13013	Hunterdon Medical Center	90781.00	MED	N	Y	710.4	\$262.59
01/14/2004	01/14/2004	516795	Labcorp Of America Holdings	84550.00	LAB	N	Y	V72.84	\$3.12
01/14/2004	01/14/2004	516795	Labcorp Of America Holdings	82977.00	LAB	N	Y	V72.84	\$3.52
01/14/2004	01/14/2004	516795	Labcorp Of America Holdings	85025.00	LAB	N	Y	V72.84	\$4.00
01/14/2004	01/14/2004	516795	Labcorp Of America Holdings	80061.00	LAB	N	Y	V72.84	\$10.46
01/14/2004	01/14/2004	516795	Labcorp Of America Holdings	80053.00	LAB	N	Y	V72.84	\$14.38
01/02/2004	01/02/2004	558893	William Mesnard, MD	99214.00	CON	N	Y	710.4	\$51.62
12/18/2003	12/18/2003	13013	Hunterdon Medical Center	90283.00	MED	N	Y	710.4	\$394.65
12/18/2003	12/18/2003	13013	Hunterdon Medical Center	J1564.00	MED	N	Y	710.4	\$14,053.13
12/17/2003	12/17/2003	13013	Hunterdon Medical Center	J1564.00	MED	N	Y	710.4	\$14,053.13
12/17/2003	12/17/2003	13013	Hunterdon Medical Center	80076.00	LAB	N	Y	710.4	\$55.13

# ***PIC Medical Management Encounter Form***

1. Primary Care Physician                      Name: \_\_\_\_\_                      Date: \_\_\_\_\_  
2. Primary Treating Specialist                Name: \_\_\_\_\_

3. Primary Diagnosis:  
Other Diagnosis:

4. Hospitalizations/Pertinent Treatments in 2003-2004: (correlate with claims history)

5. Pertinent Medical Issues:

6. Are cost-effective changes to the patients care plan possible?

7. Is the care being rendered by an in-network Aetna Provider?

8. Is the care being rendered by a CJPN / PIC Provider?

9. Does the PCP or treating physician have additional opportunities to improve the coordination of care?

10. Does the patient have an Advanced Directive?

11. Is the location of care or facilities being used within the Aetna network?

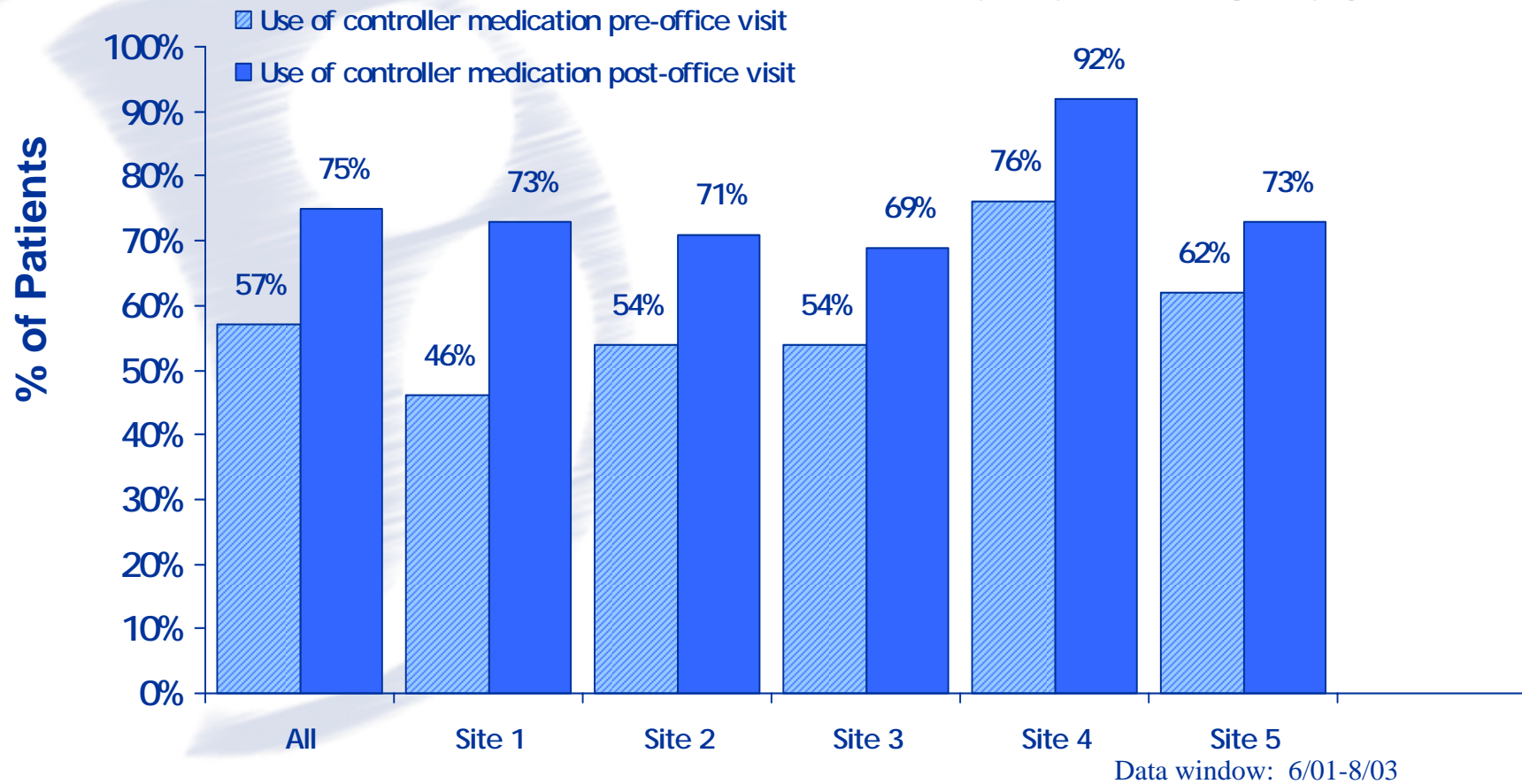
Action Steps :

*(consider new care plan, better coordination of care with specialists, alternative providers/facilities, patient education interventions, office nurse to act as case manager, Advanced Care Plan)*

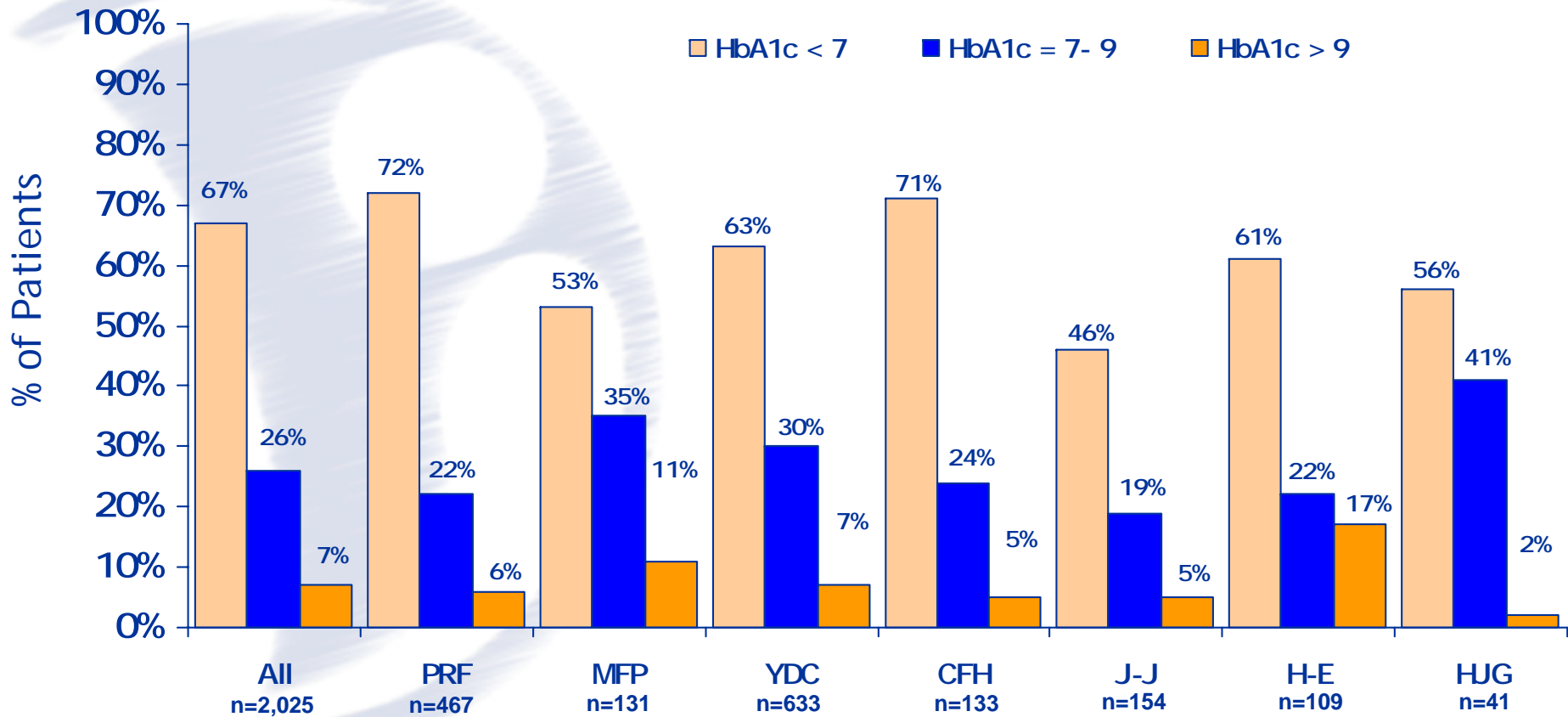
# Physicians Driving Adherence to Treatment Guidelines

Patients with Uncontrolled Asthma:

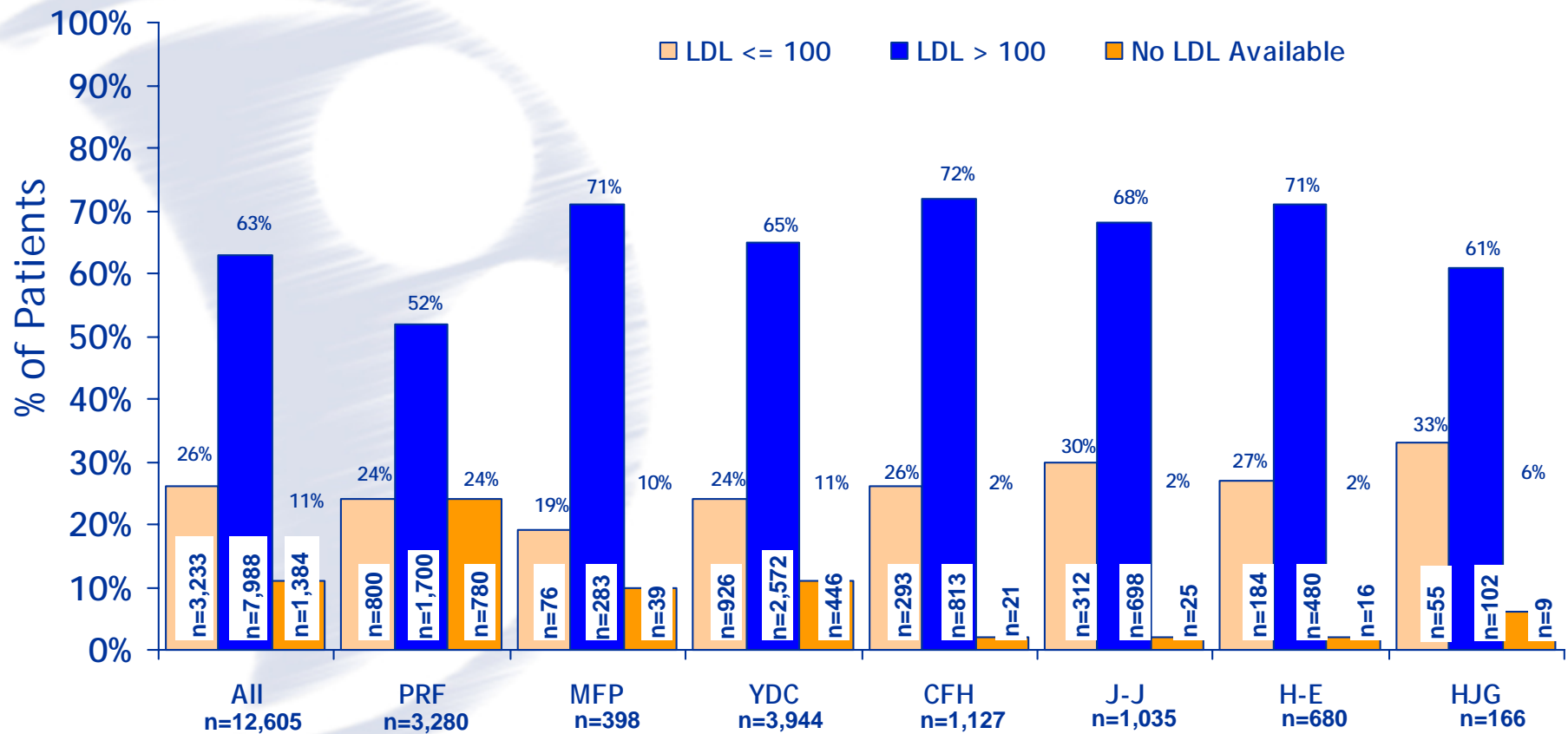
*“Just the process of asking about control prompted a change in physician behavior.”*



# HbA1c Levels by Site (April 2003)

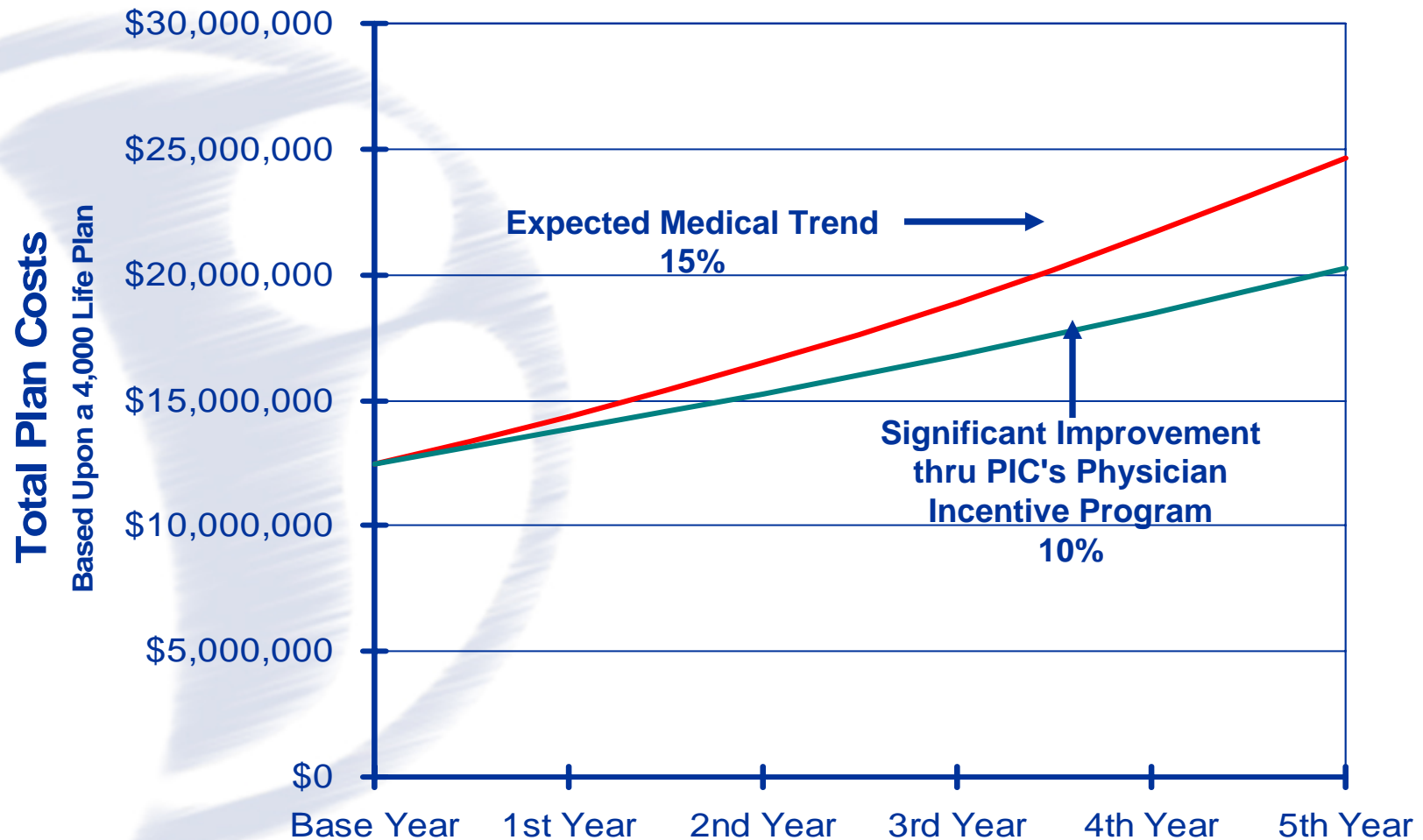


# LDL Distribution\* by Site (April 2003)



\*Based on Lab Export

# Results of Improving Plan Performance:





*[www.piccorp.com](http://www.piccorp.com)*

**For More Information please visit our  
website.**