



STATE OF WISCONSIN  
Department of Employee Trust Funds  
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SECRETARY

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## CORRESPONDENCE MEMORANDUM

**DATE:** May 12, 2011  
**TO:** Group Insurance Board  
**FROM:** Arlene Larson, Manager  
Self-Insured Health Plans  
Division of Insurance Services  
**SUBJECT:** Wisconsin Physicians Service Annual Reports on Utilization


**This memo is for informational purposes only. No Board action is required.**

Attached, please find Wisconsin Physicians Service (WPS) PowerPoint documents that provide information on the Health Care Utilization and Integrated Care Management aspects of the contract. Each document begins with an executive summary that outlines notable findings.

WPS staff traditionally presents this report in-person. However, due to Group Insurance Board meeting time constraints, the information is presented to you in this fashion.

Staff from the Department of Employee Trust Funds and WPS will be available at the meeting to address questions.

Attachments: Health Care Utilization Summary  
Integrated Care Management

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance Services.  
  
Signature \_\_\_\_\_ Date 5/18/11

Board	Mtg Date	Item #
GIB	6.7.11	10G

# Employee Trust Funds

## Health Care Utilization Summary

**Matt Streiff, ASA, MAAA**  
Director  
Actuarial Department

May 2011

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INSURING WISCONSIN'S HEALTH SINCE 1946



**WPS**  
HEALTH INSURANCE®

GIB/ 6.7.11/ 10G

# Executive Summary



## Standard Plan

- Available statewide with a broad provider network.
- Less healthy population due to broad provider panel.
- Membership has been declining slightly over time (1).
- Year over year claims trends have been in the single digits which are at or below expected for the past three years (2).
- The number of high dollar claimants has increased slightly from 36 to 40 between 2009 and 2010 (4).
- Due to the less health population in the plan, claims experience is consistently ~40% higher than our demographically adjusted normative data (5).

## ▪ SMP Plan

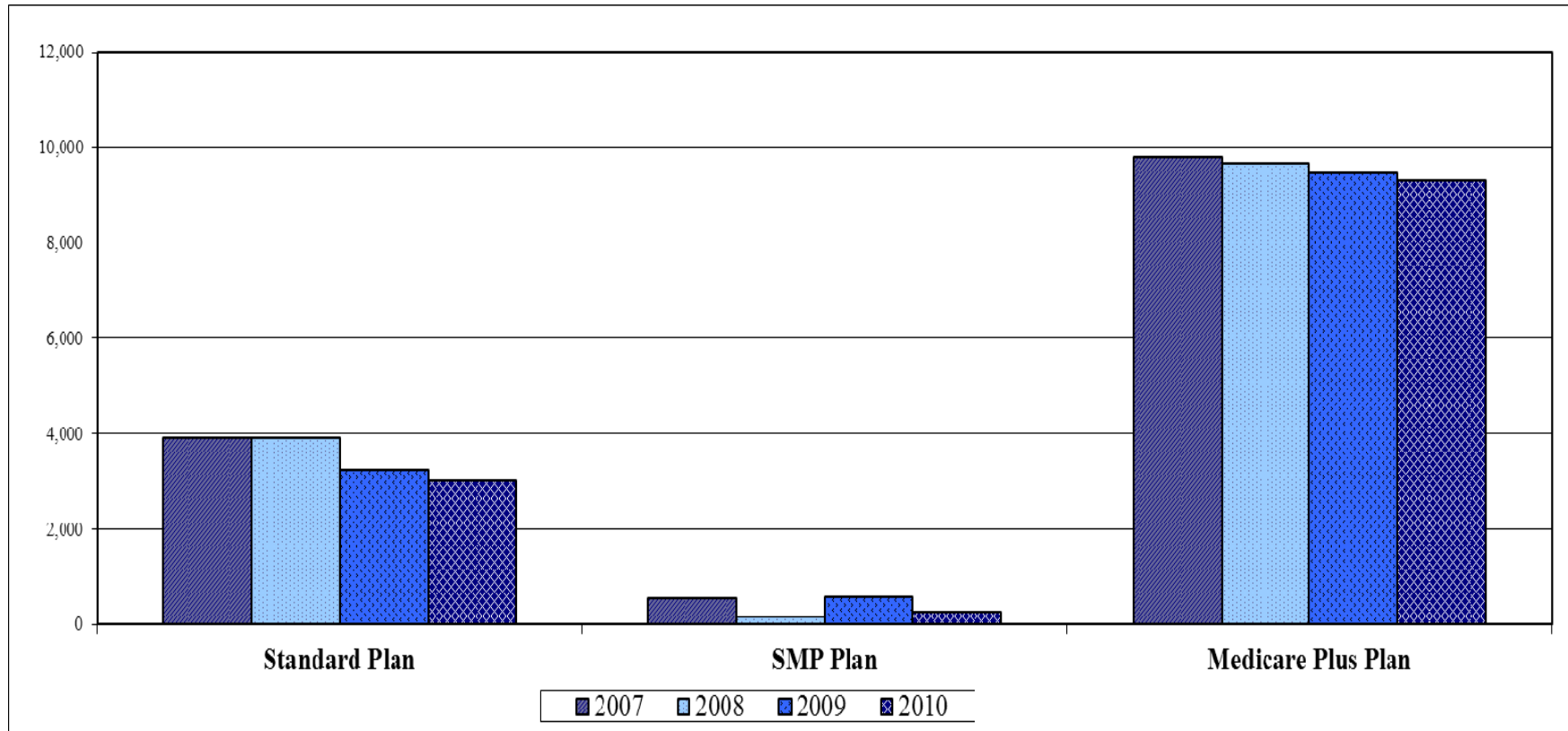
- Available in a handful of counties statewide
- Membership has varied in the 100 to 500 range in recent years (1).
- Low and changing membership causes wide fluctuations in claim costs from year to year (6).
- Claims on a per member per month basis have increased substantially from 2009 to 2010, primarily due to a very high dollar claimant being enrolled in this segment (6).
- Without that one individual, claim trends would be in line with expected.

## ▪ Medicare Plus Plan

- Available statewide
- 9,000+ members are enrolled (1)
- Claim trends have been in the low single digits in recent years, and lower than expectations(9 / 10).
- Plan pays for prescription drugs. That segment is administered by Navitus. This is where a majority of the claim dollar spend is on this plan (11).
- The medical benefit is secondary to Medicare, so volatility of high dollar medical claims are limited (12).
- For the large population covered here, few high dollar claims have occurred recently (12).

*Summary provided by Matt Streiff, Director of Actuarial Services*

# Annual Average Membership

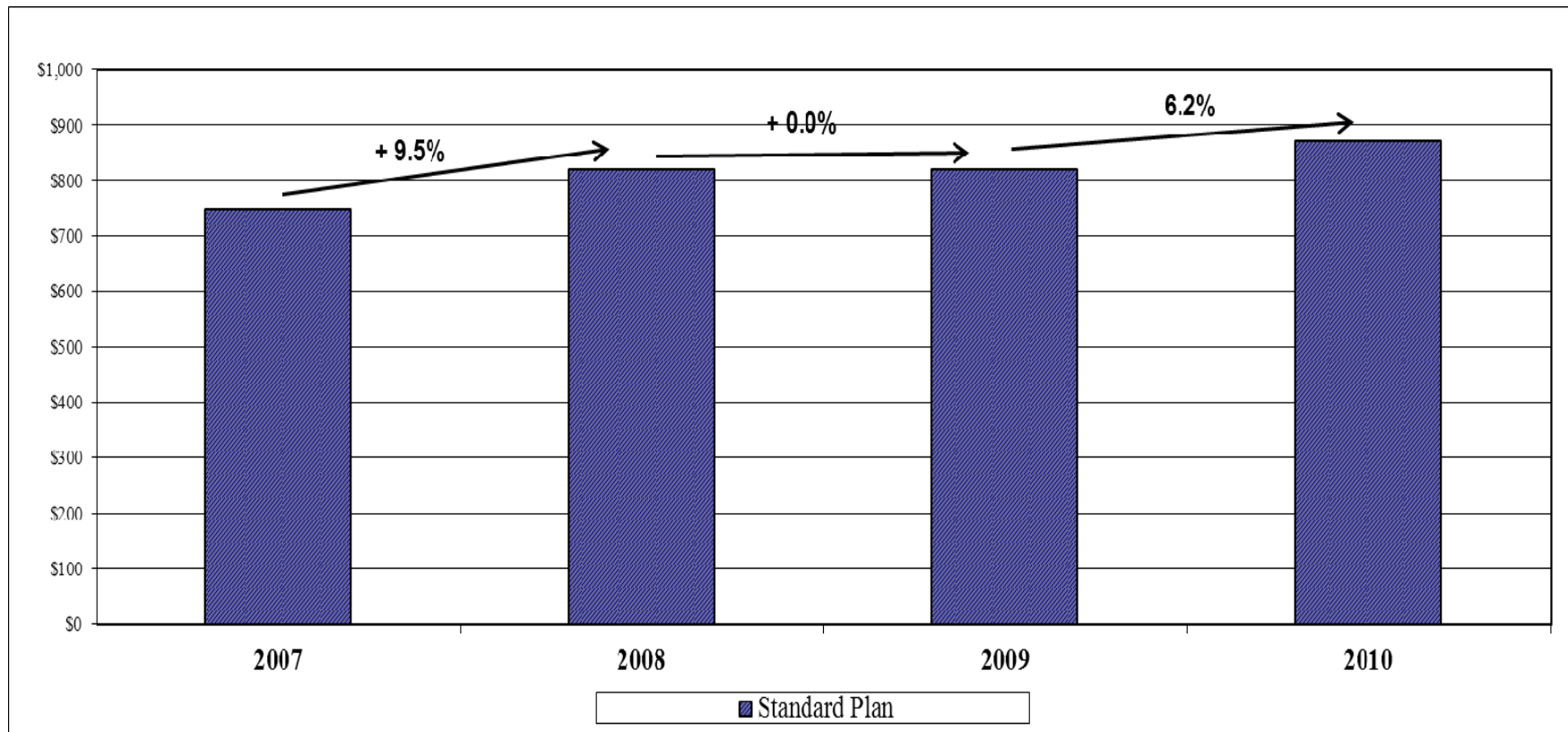


	2007	2008	2009	2010
<b>Standard Plan</b>	<b>3,901</b>	<b>3,906</b>	<b>3,229</b>	<b>3,021</b>
<b>SMP Plan</b>	<b>533</b>	<b>147</b>	<b>561</b>	<b>264</b>
<b>Medicare Plus Plan</b>	<b>9,795</b>	<b>9,674</b>	<b>9,468</b>	<b>9,307</b>
<b>Totals</b>	<b>14,229</b>	<b>13,727</b>	<b>13,258</b>	<b>12,592</b>

# Total PMPM Trend



## Standard Plan



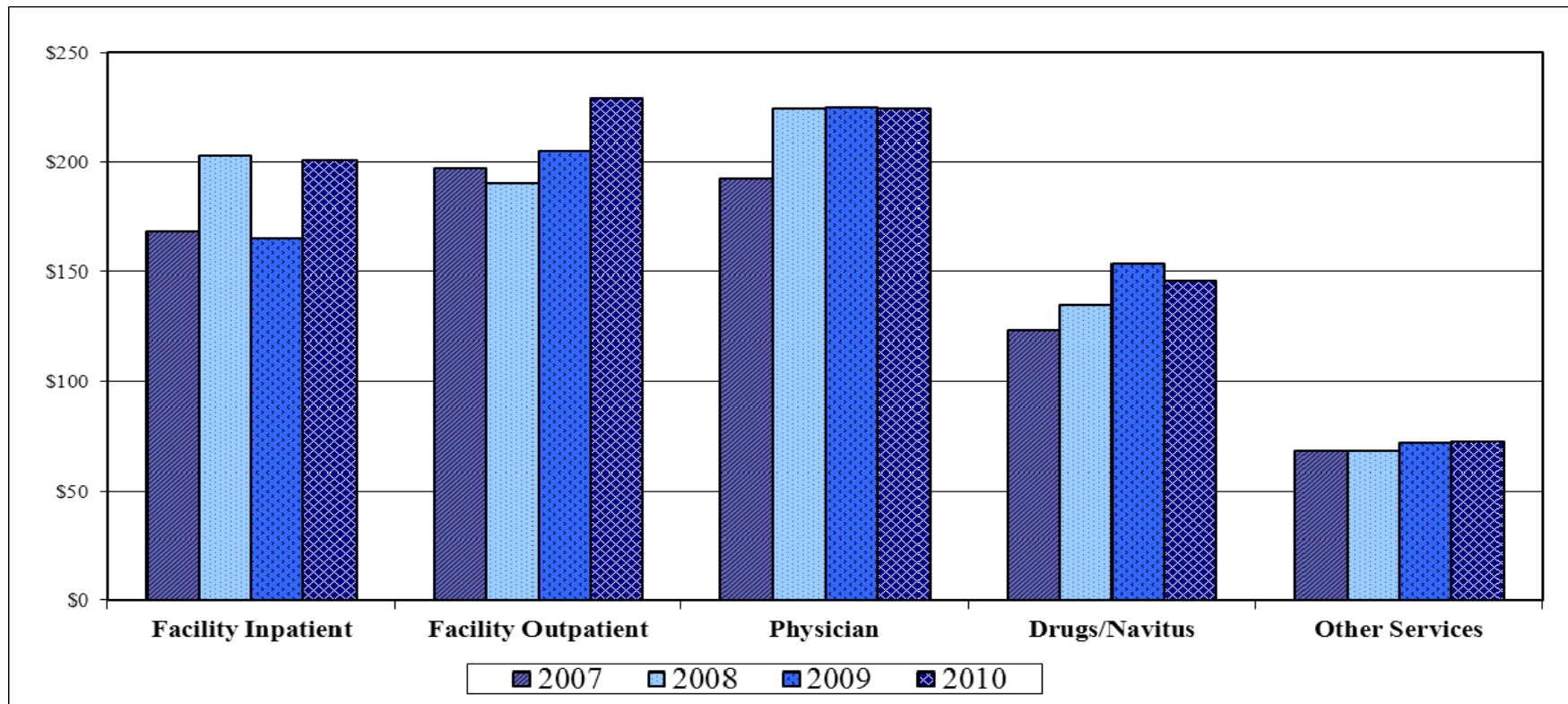
	2007	2008	2009	2010
<b>Standard Plan</b>	<b>\$749.22</b>	<b>\$820.72</b>	<b>\$820.95</b>	<b>\$872.15</b>



# Total PMPM by Type of Service



## Standard Plan

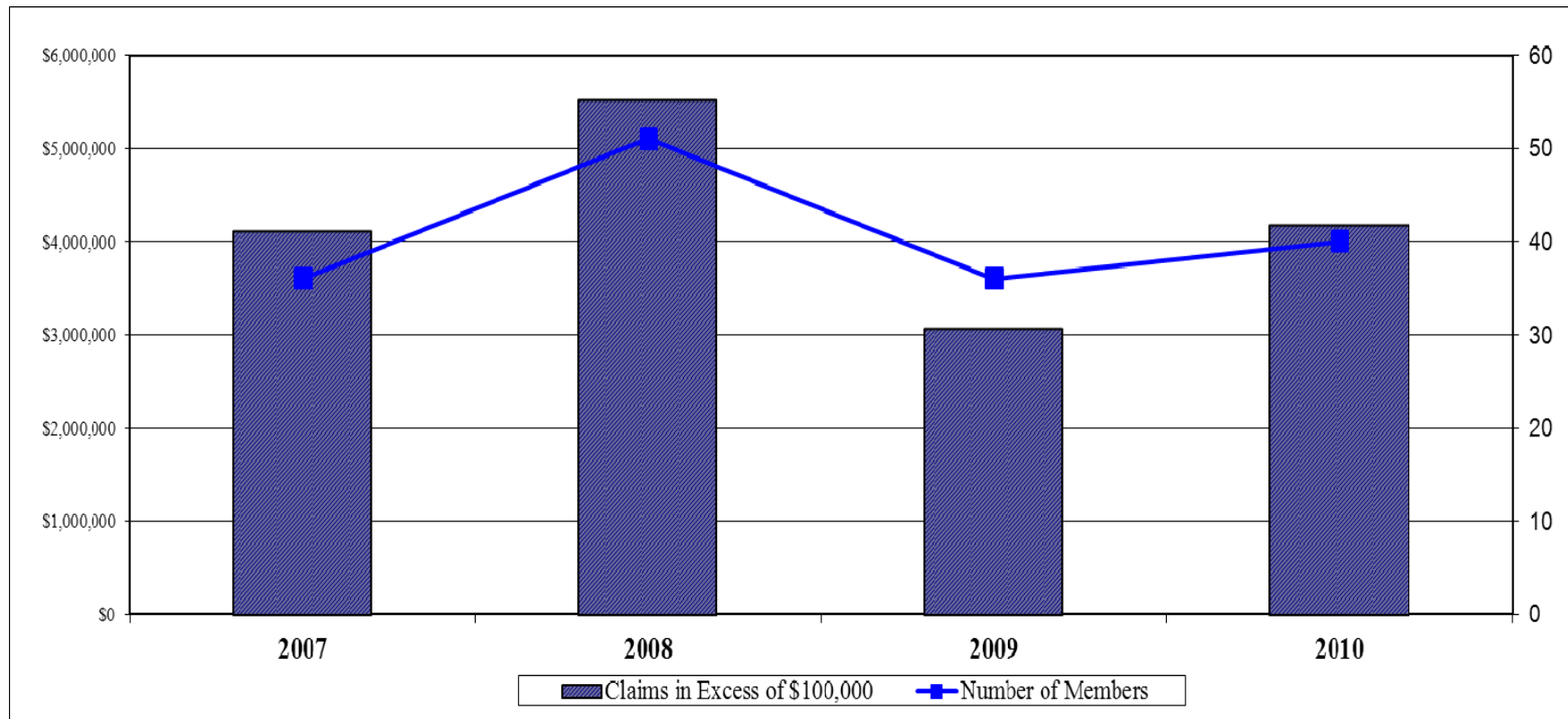


	2007	2008	2009	2010
Facility Inpatient	\$168.49	\$203.12	\$165.18	\$200.71
Facility Outpatient	\$197.08	\$190.35	\$205.25	\$229.05
Physician	\$192.35	\$224.23	\$224.80	\$224.24
Drugs/Navitus	\$123.02	\$134.71	\$153.68	\$145.94
Other Services	\$68.28	\$68.31	\$72.04	\$72.21
<b>Totals</b>	<b>\$749.22</b>	<b>\$820.72</b>	<b>\$820.95</b>	<b>\$872.15</b>

# Claims in Excess of \$100,000



## Standard Plan

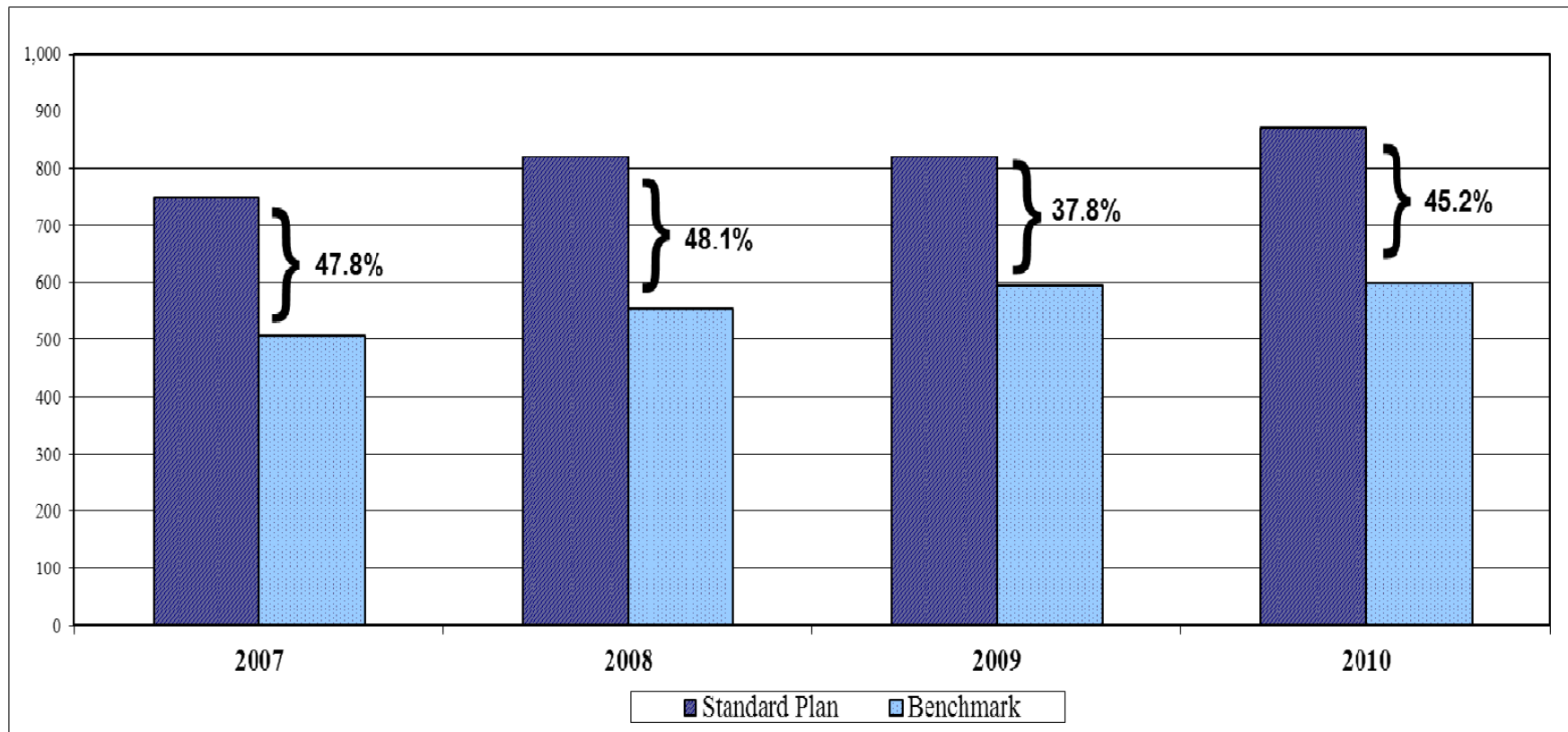


	2007	2008	2009	2010
<b>Claims in Excess of \$100,000</b>	<b>\$4,119,465</b>	<b>\$5,521,101</b>	<b>\$3,076,563</b>	<b>\$4,186,534</b>
<b>Number of Members</b>	<b>36</b>	<b>51</b>	<b>36</b>	<b>40</b>
<b>PMPM in Excess of \$100,000</b>	<b>\$88.00</b>	<b>\$117.79</b>	<b>\$79.40</b>	<b>\$115.57</b>

# Total PMPM Compared to Benchmark



## Standard Plan



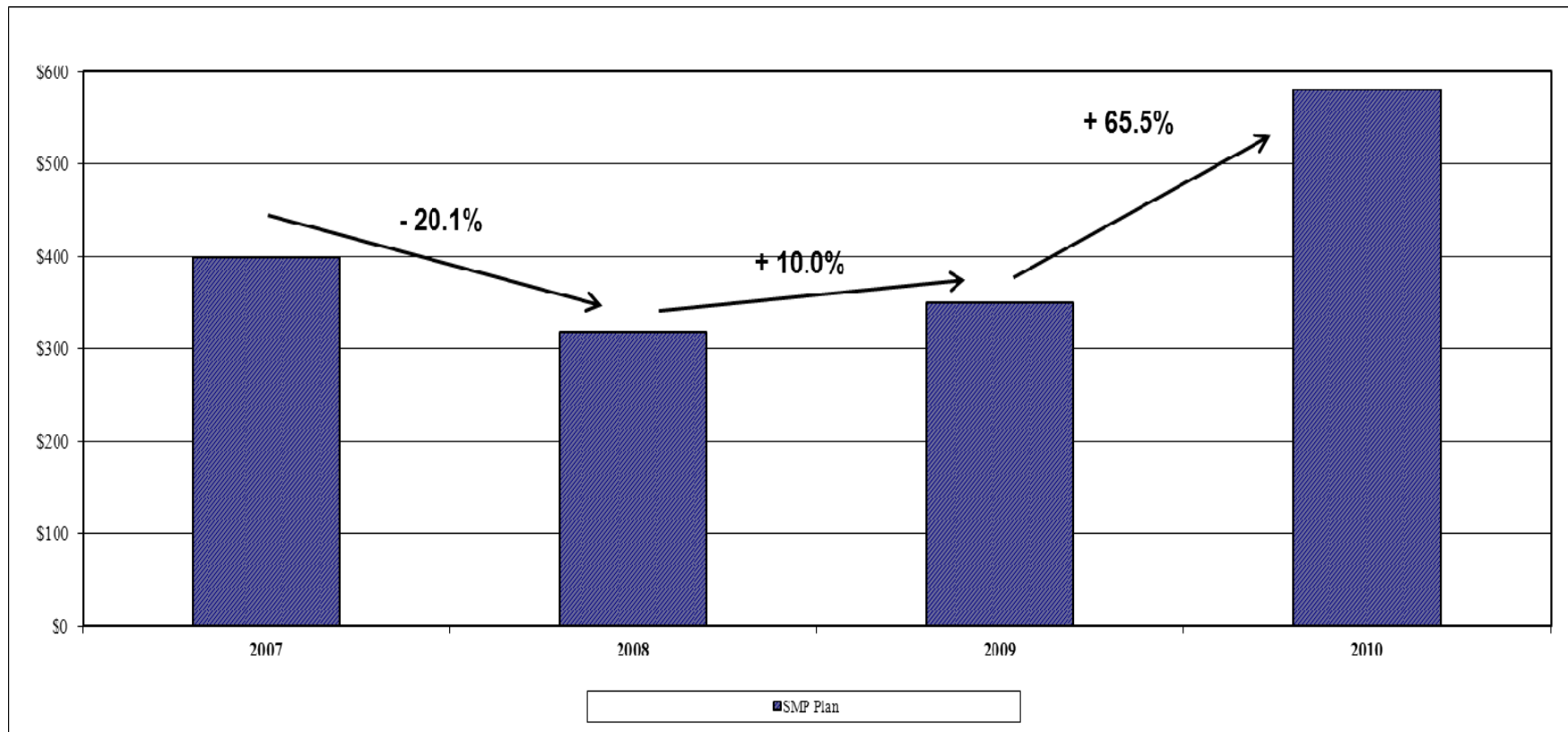
	2007	2008	2009	2010
<b>Standard Plan</b>	\$749.22	\$820.72	\$820.95	\$872.15
<b>Benchmark</b>	\$506.70	\$554.32	\$595.95	\$600.55



# Total PMPM Trend



## SMP Plan

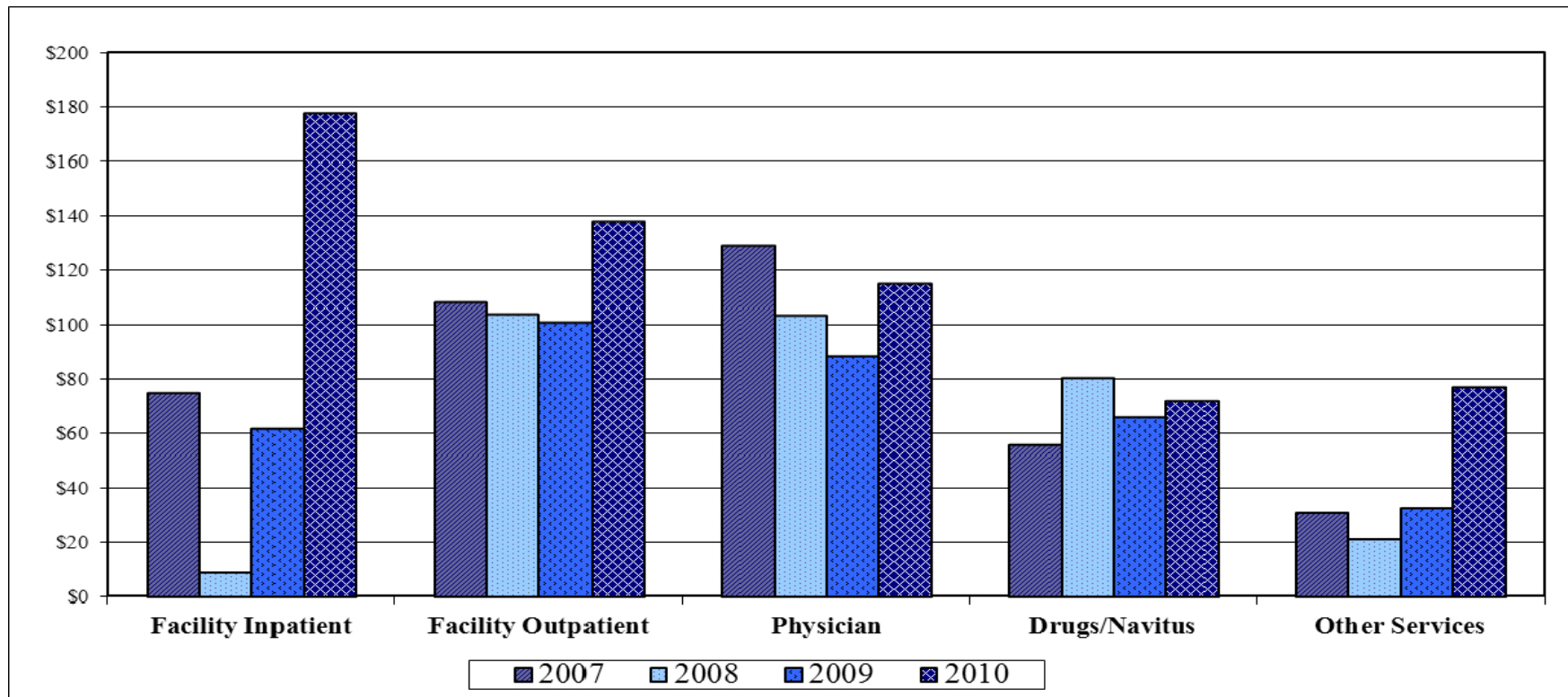


	2007	2008	2009	2010
SMP Plan	\$398.74	\$318.47	\$350.32	\$579.81

# Total PMPM by Type of Service



## SMP Plan

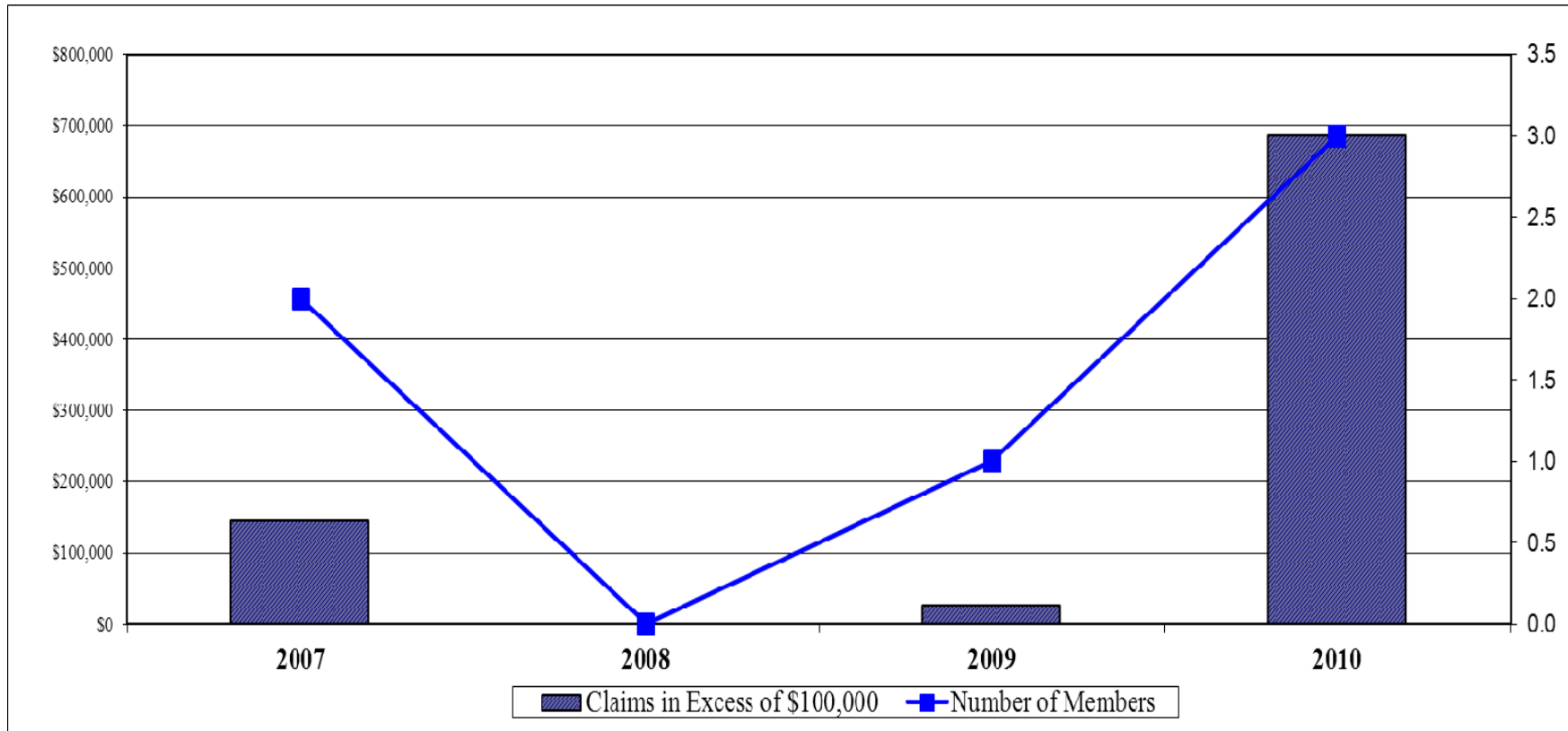


	2007	2008	2009	2010
Facility Inpatient	\$75.07	\$9.19	\$61.94	\$177.40
Facility Outpatient	\$107.94	\$104.06	\$100.89	\$138.07
Physician	\$129.05	\$103.45	\$88.48	\$115.08
Drugs/Navitus	\$55.67	\$80.57	\$66.25	\$72.00
Other Services	\$31.01	\$21.20	\$32.76	\$77.26
<b>Totals</b>	<b>\$398.74</b>	<b>\$318.47</b>	<b>\$350.32</b>	<b>\$579.81</b>

# Claims in Excess of \$100,000



## SMP Plan

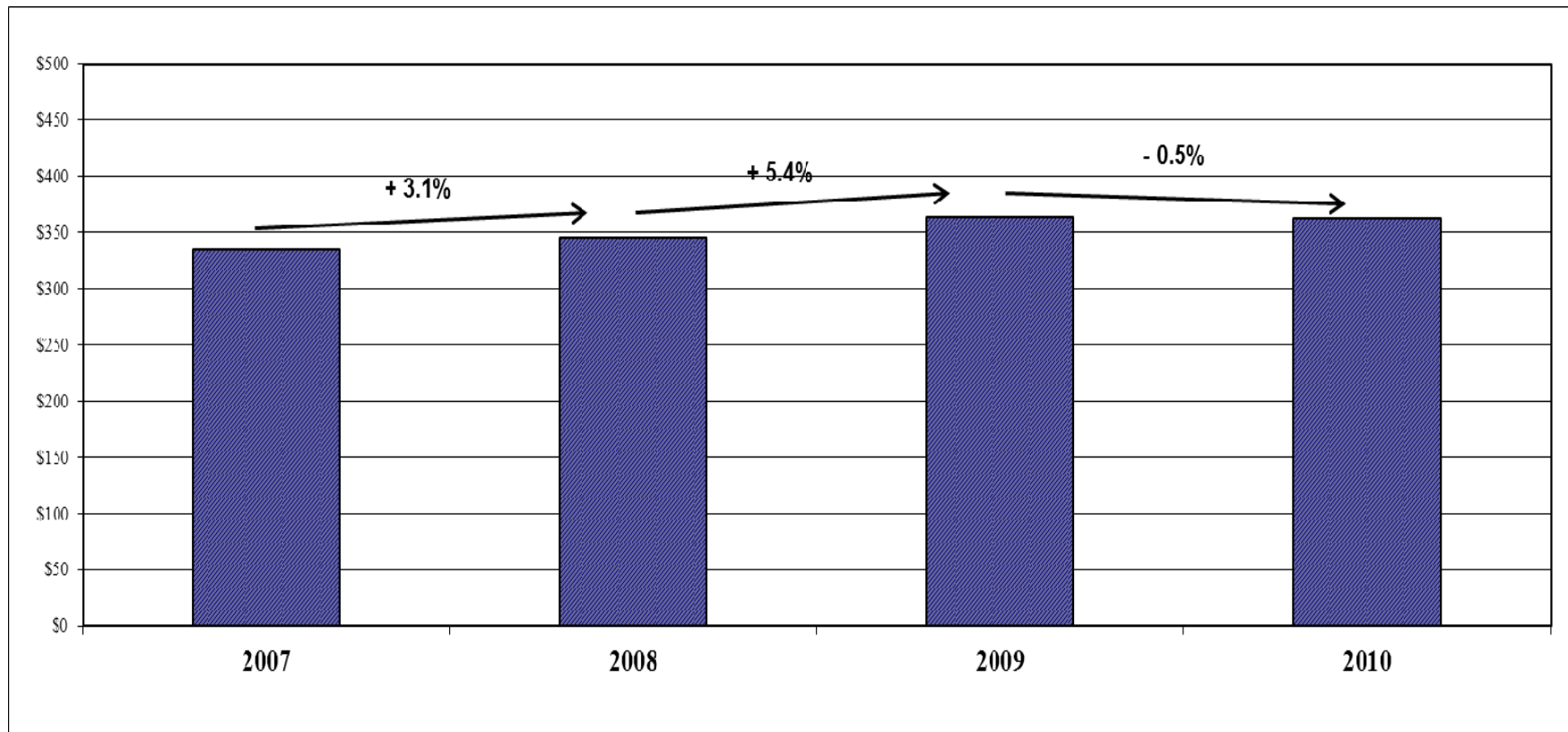


	2007	2008	2009	2010
<b>Claims in Excess of \$100,000</b>	<b>\$145,831</b>	<b>\$0</b>	<b>\$27,385</b>	<b>\$686,988</b>
<b>Number of Members</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>3</b>
<b>PMPM in Excess of \$100,000</b>	<b>\$22.80</b>	<b>\$0.00</b>	<b>\$4.07</b>	<b>\$216.65</b>

# Total PMPM Trend



## Medicare Plus Plan

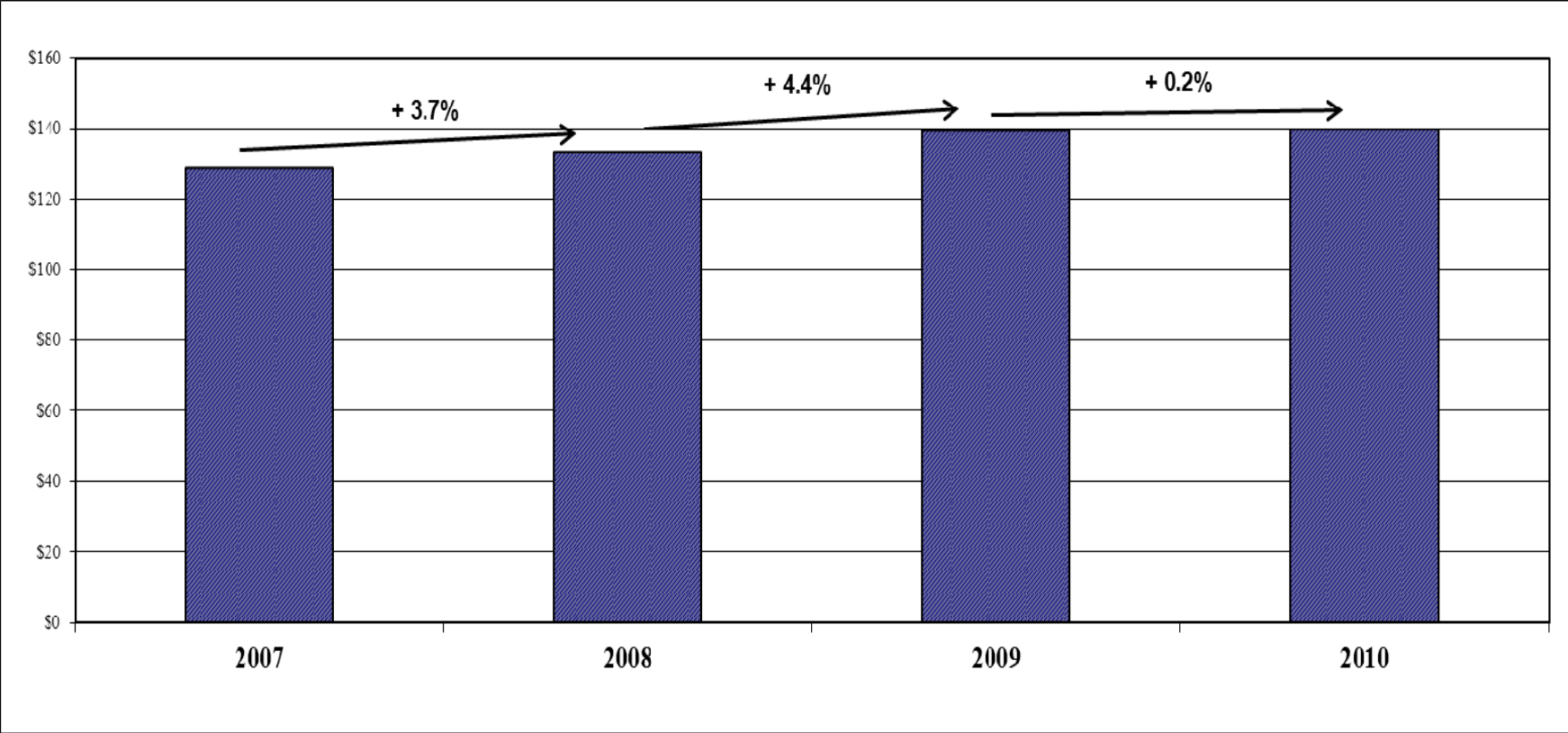


	2007	2008	2009	2010
Medicare Plus Plan	\$335.07	\$345.51	\$364.15	\$362.49

# Medical PMPM Trend



## Medicare Plus Plan



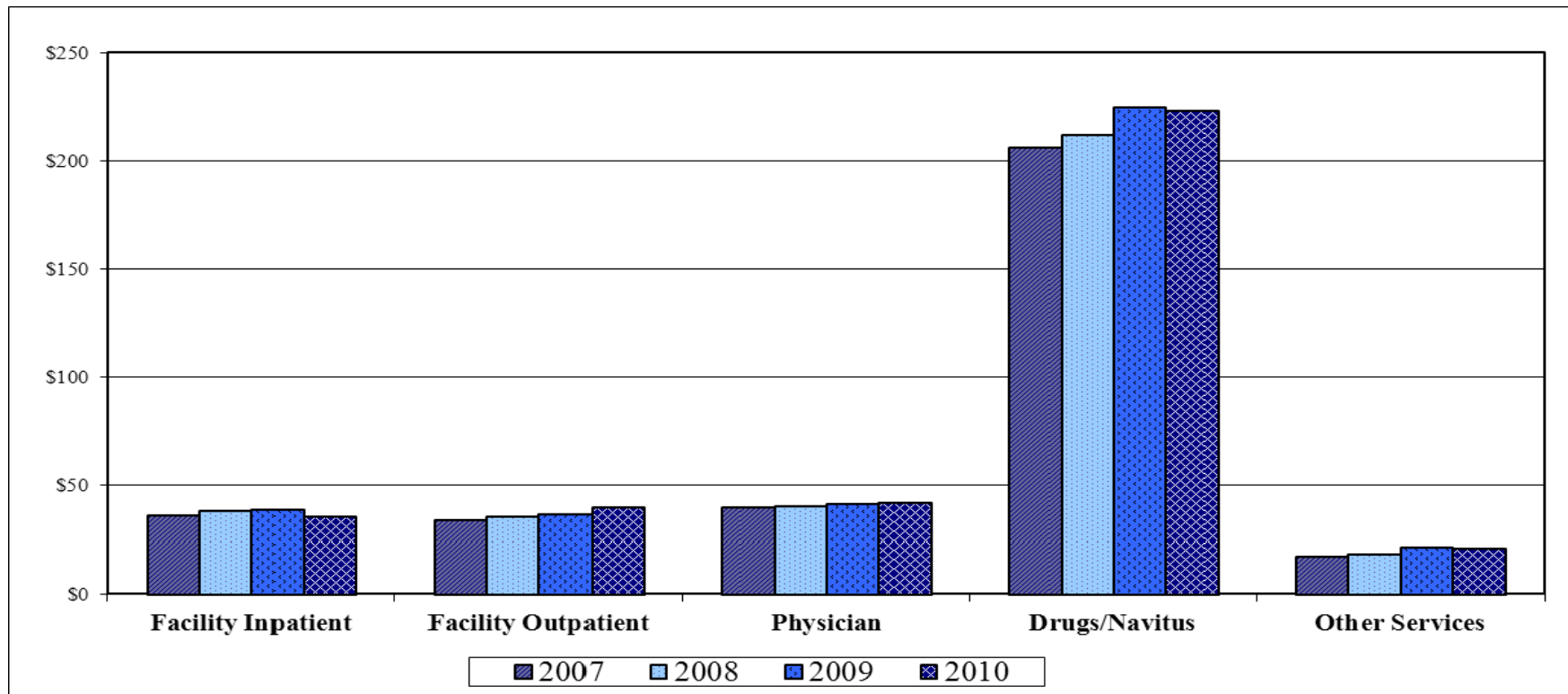
	2007	2008	2009	2010
Medicare Plus Plan	\$128.49	\$133.18	\$139.01	\$139.29



# Total PMPM by Type of Service



## Medicare Plus Plan

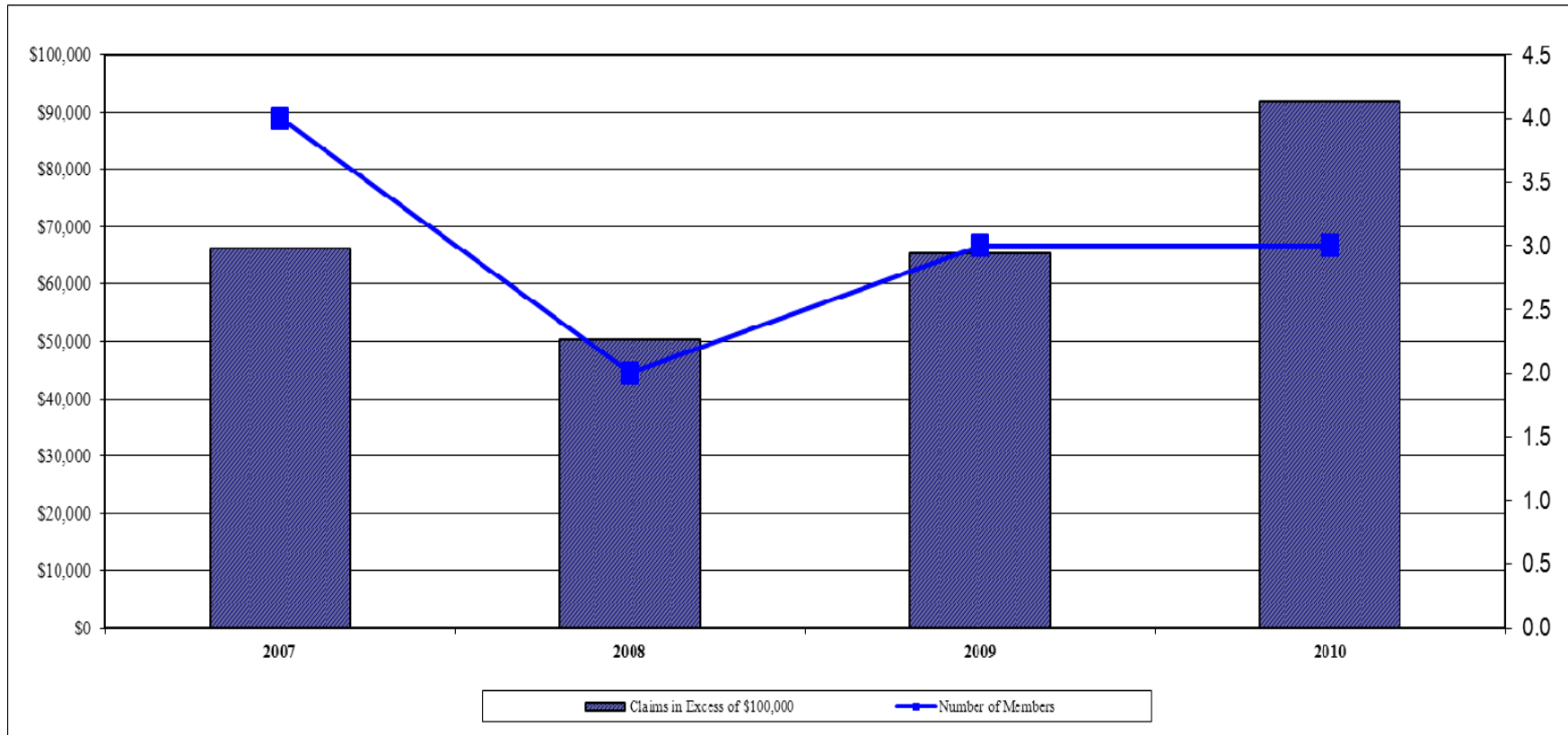


	2007	2008	2009	2010
<b>Facility Inpatient</b>	\$36.05	\$38.23	\$39.20	\$35.73
<b>Facility Outpatient</b>	\$34.43	\$35.73	\$36.58	\$40.07
<b>Physician</b>	\$40.09	\$40.71	\$41.44	\$42.21
<b>Drugs/Navitus</b>	\$206.58	\$212.23	\$225.14	\$223.20
<b>Other Services</b>	\$17.92	\$18.51	\$21.79	\$21.28
<b>Totals</b>	<b>\$335.07</b>	<b>\$345.41</b>	<b>\$364.15</b>	<b>\$362.49</b>

# Claims in Excess of \$100,000



## Medicare Plus Plan



	2007	2008	2009	2010
<b>Claims in Excess of \$100,000</b>	<b>\$66,192</b>	<b>\$50,425</b>	<b>\$65,530</b>	<b>\$91,739</b>
<b>Number of Members</b>	<b>4</b>	<b>2</b>	<b>3</b>	<b>3</b>
<b>PMPM in Excess of \$100,000</b>	<b>\$0.56</b>	<b>\$0.43</b>	<b>\$0.58</b>	<b>\$0.82</b>

# Employee Trust Funds

## Integrated Care Management

**Dr. Marvin Wiener**  
Senior Medical Director  
Medical Management

**May 2011**

***WPS Integrated Care Management Approach***

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INSURING WISCONSIN'S HEALTH SINCE 1946



**WPS**  
HEALTH INSURANCE®

# Executive Summary



- **Demographics**
  - The ETF Standard Plan members are older (44 y/o vs 35 y/o) and more geographically dispersed than the WPS benchmark (23% out of state vs. 8.2%).
- **Hospital Utilization**
  - More surgeries, more psychiatric admission, and higher charges for surgical, psychiatric and maternity hospital days. Bariatric surgeries are going up yearly for the past 2 years (15 procedures, to 26 procedures to 29 procedures). Behavioral health readmission rates (but not actual numbers) are high as they are in many other plans.
- **Cost Drivers**
  - Cancers, cardiac disease and orthopedic conditions are the top three cost drivers.
- **WPS Medical Management**
  - Saved ETF about \$3.2 M in expenses through appropriate management of care using case management, prior authorization and utilization management services.
- **Quality Metrics**
  - Mammograms and Pap smears on par with state and national levels; Diabetes metrics have improved since WPS instituted outreach efforts to raise rates.
- **Behavioral Health**
  - Good behavioral health management has reduced unnecessary outpatient visits significantly over the past 5 years.
- **Bariatric Surgery**
  - Channeling members to centers of excellence has saved money and probably resulted in better long term outcomes (41% savings per case).
- **Imaging Management and Palliative Care Proposals**
  - WPS is working with ETF on these proposals which have been submitted in writing to ETF.

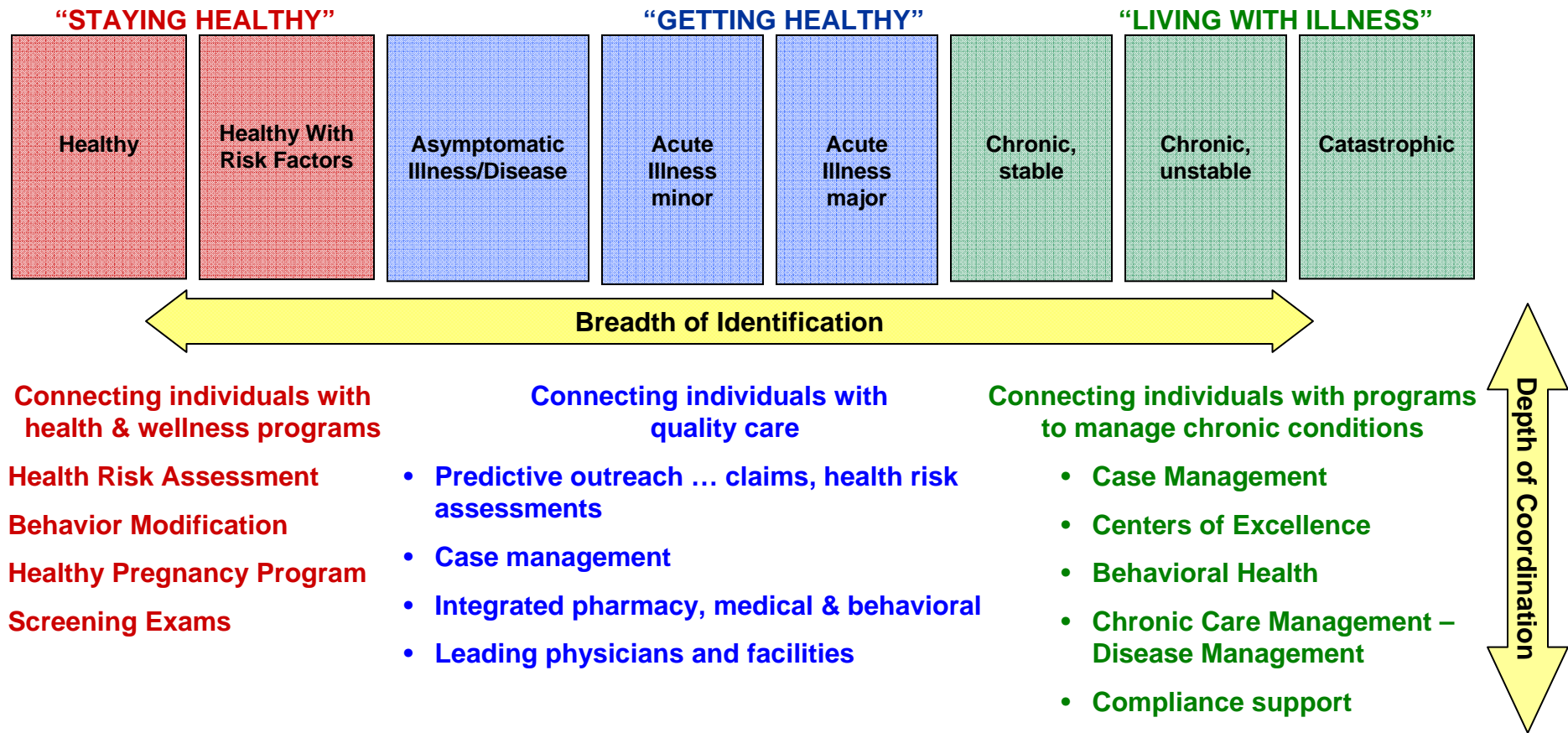
*Summary provided by Dr. Marvin Wiener, Sr. Medical Director*



# WPS Integrated Care Management Approach



## Integrated Care Management Approach: Breadth & Depth Total Care





# Demographics and Major Claim Categories



## Demographics of ETF Standard Plan Members

	ETF Standard Plan	WPS Benchmark
Average Age	44 years	35 years
Percent Female	55%	52%
Geographical Distribution (Milwaukee County):	15%	7.6%
Out of State Residence	23% (Including 35 overseas)	8.2%
Members with Paid Claims >\$100K	13.0 members/1000	3.7 members/1000

## Largest Expense Areas

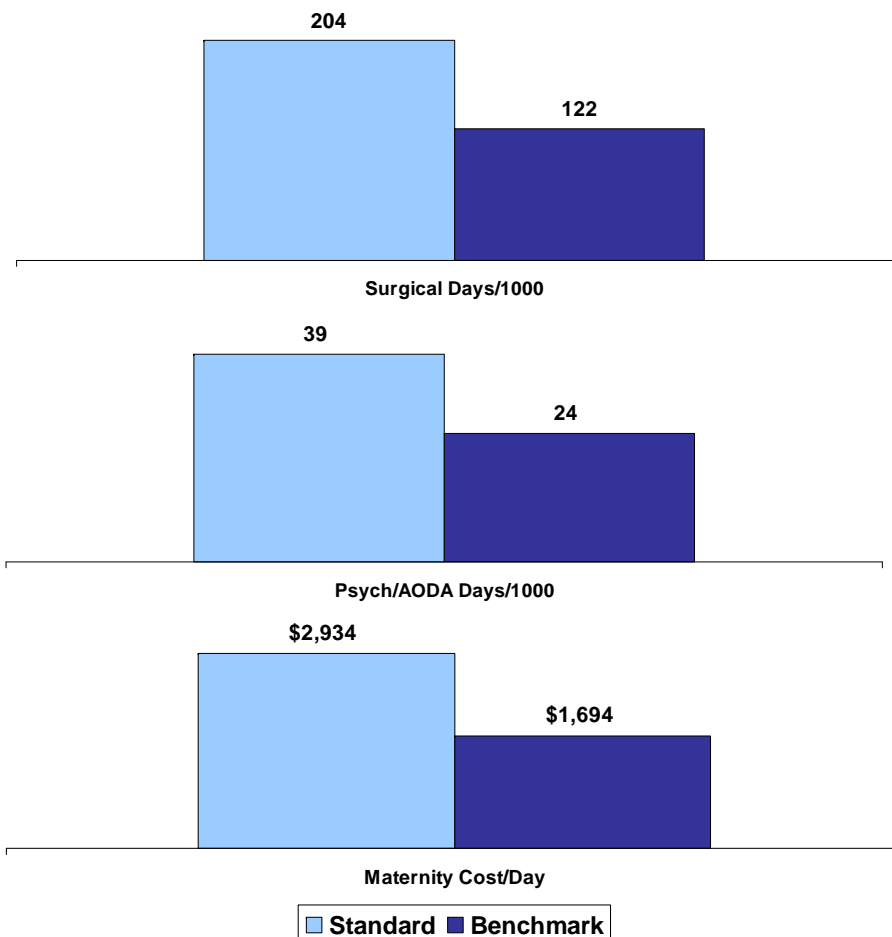
- Cancers
  - Lymphoma, Leukemia, Breast Cancer
- Cardiovascular
  - Ischemic Heart Disease
- Orthopedic
  - Fractures, Fusions, Hip and Knee Replacements
- Behavior Health
  - Inpatient and Outpatient

# Hospital Cost Comparison to Benchmark



## Largest expense areas are reflected in hospital costs....

Major outliers include surgical (includes radiology & pathology), psych/AODA, and high cost maternity beds.



STATE EMPLOYEE TRUST FUNDS  
Inpatient Utilization - Standard  
Incurred January 2010 - December 2010 Paid Through March 2011

	ACTUAL					
	Medical	Surgical	Psych / AODA	Maternity	Other	Total
Days/1000	122	204	39	23	51	439
Admits/1000	35	37	7	10	N/A	89
ALOS	3.50	5.54	5.95	2.34	N/A	4.97
Cost/Day	\$4,711	\$8,021	\$1,923	\$2,934	\$1,179	\$5,500
Cost/Admit	\$16,465	\$44,443	\$11,443	\$6,879	N/A	\$27,334
PMPM	\$47.72	\$136.18	\$6.32	\$5.51	\$4.98	\$200.71
% of Paid	23.78%	67.85%	3.15%	2.75%	2.48%	100.00%

	BENCHMARK					
	Medical	Surgical	Psych / AODA	Maternity	Other	Total
Days/1000	152	122	24	31	43	372
Admits/1000	36	18	4	13	N/A	71
ALOS	4.22	6.78	6.00	2.38	N/A	5.24
Cost/Day	\$4,164	\$6,311	\$1,549	\$1,964	\$507	\$4,022
Cost/Admit	\$17,687	\$42,077	\$9,481	\$4,199	N/A	\$23,315
PMPM	\$52.71	\$64.00	\$3.10	\$5.09	\$1.82	\$126.72
% of Paid	41.59%	50.51%	2.45%	4.02%	1.44%	100.00%

# Integrated Care Management



## Things We Have Done

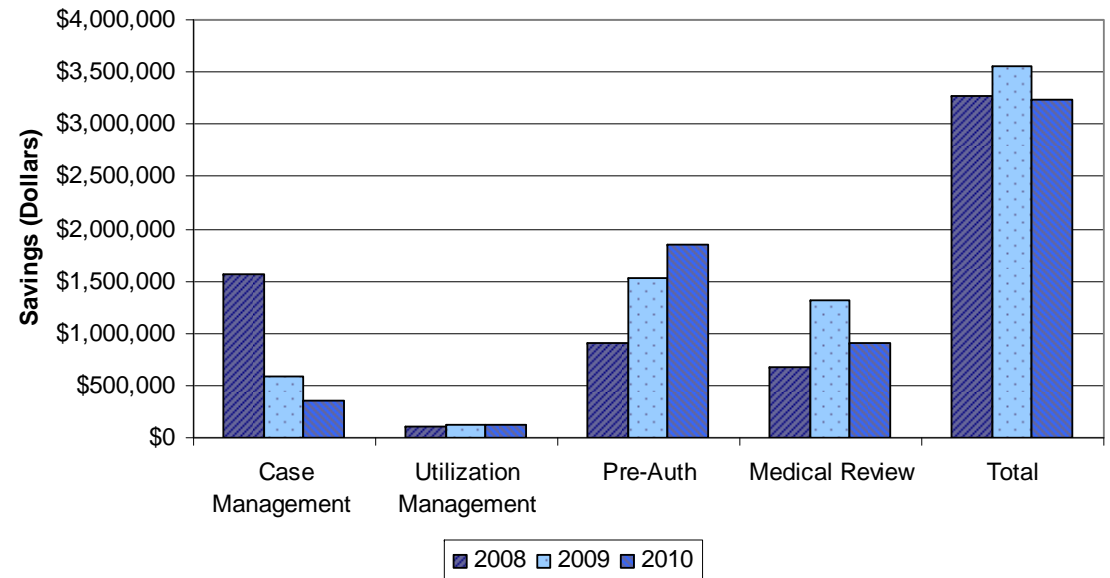
- Utilization Management      Not Medically Necessary
  - Pre-Authorization            Not Covered Benefit
  - Medical Review                Not Covered Provider
- } \$2.9M Savings
- 
- Case Management
    - Coordination of inpatient & outpatient care
    - Getting the best care in the most appropriate setting
- } \$362K Savings
- 
- Care Management on all 40 ETF Standard Plan members with claims  $\geq$  \$100K
    - 39% Cancer
    - 15% Cardiovascular Disease
    - 9% Orthopedic Conditions
    - 6% Infections
    - 6% Behavioral Health
    - 25% Other Conditions
    - 100%
- Top four conditions are 69% of total paid claims  $\geq$  \$100K

# Trends in Care Management Savings



- In 2010, about \$3.2 M in expenses through appropriate management of care using case management, prior authorization and utilization management services.

**State Employee Trust Fund  
Care Management Savings  
Trend Comparison 2008-2010**



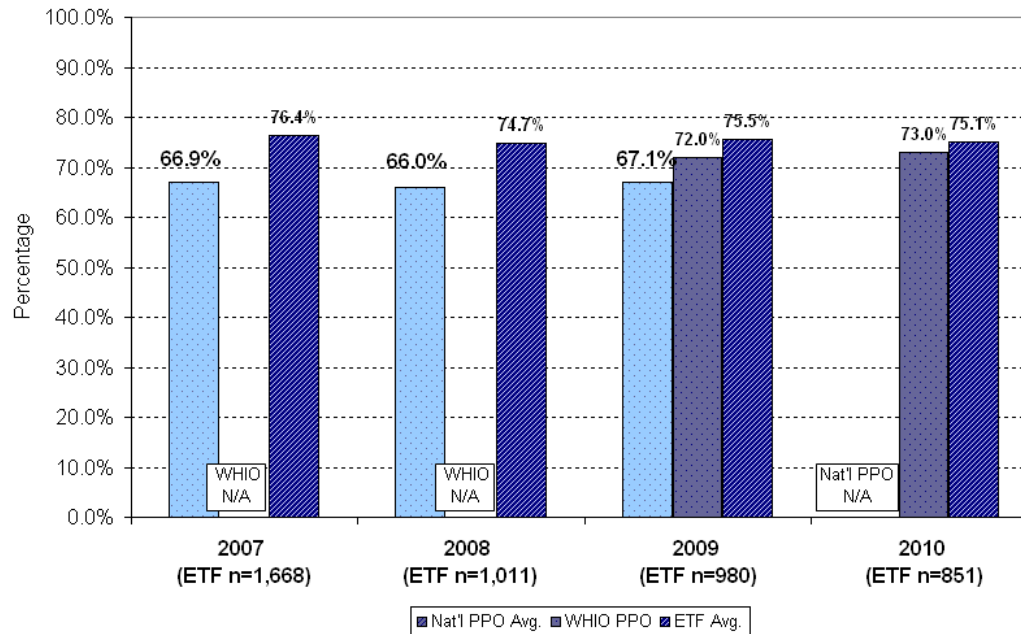
Savings By Service	2008	2009	2010
Case Management	\$1,564,810	\$593,834	\$362,312
Utilization Management	\$113,341	\$127,287	\$115,832
Pre-Auth	\$912,234	\$1,522,603	\$1,853,642
Medical Review	\$681,754	\$1,312,270	\$909,443
Total	\$3,272,139	\$3,555,994	\$3,241,229

Note: In 2010, modified the aggregation methodology to identify service allocation by only one treatment setting.

# Preventive Care Screening Mammography



**Preventive Care - Breast Cancer Screening Mammography Test**  
Percentage of women 42-69 screened in the past two years.



**Why the test matters:**

The United States Preventive Services Task Force (USPSTF) recommends screening mammography be performed every one to two years for women age 40 and over; more frequently for women at increased risk (i.e.: family history of breast cancer, etc.)

Mammography can detect tumors that are too small to find with clinical breast examination, allowing earlier detection, which can improve treatment outcomes.

**Analysis of performance data:**

The screening mammography rate has remained nearly unchanged and higher than comparable state-wide and national PPO rates for the past three years. This is positive, but an improvement opportunity still exists because one out of four women who should be screened have not been.

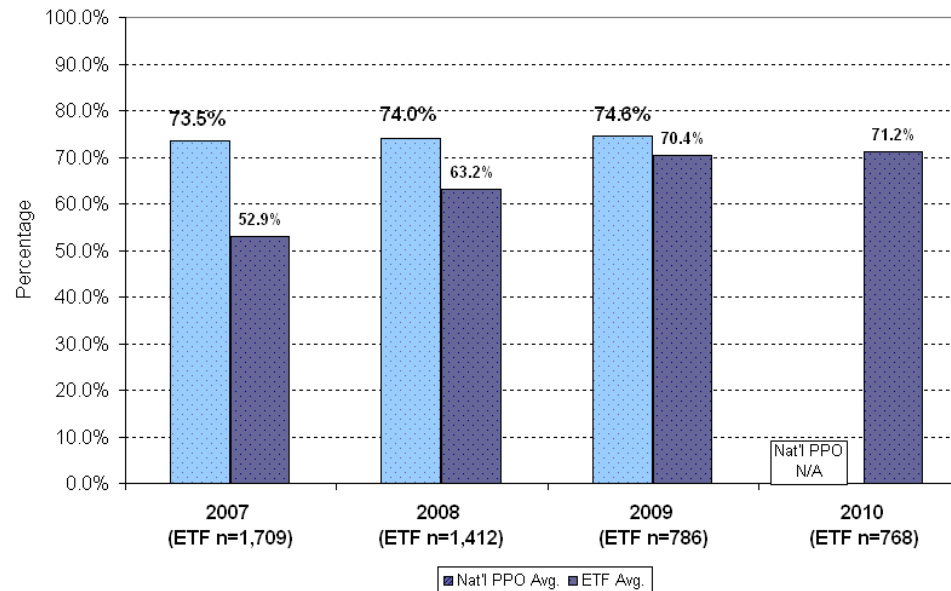
National PPO Mean rates from the "State of Health Care Quality 2010" reports ©2010 National Committee for Quality Assurance (NCQA). WHIO PPO rate for 2010 based on Wisconsin Health Information Organization within data date range 4/1/2008 through 3/31/2010. ETF rate for 2010 based on WPS claims data for CY2009 and 2010. This measure requires a two year look-back period.



# Preventive Care Cervical Cancer Screening Pap Test



**Preventive Care - Cervical Cancer Screening Pap Test**  
Percentage of women 21-64 tested in past three years.



**Why this test matters:** Cervical cancer can be effectively treated if it is detected early but by the time symptoms occur, the disease is usually advanced. The Pap test is used for early detection. The Pap test is recommended about every three years for women age 18 or older or beginning soon after a woman becomes sexually active.

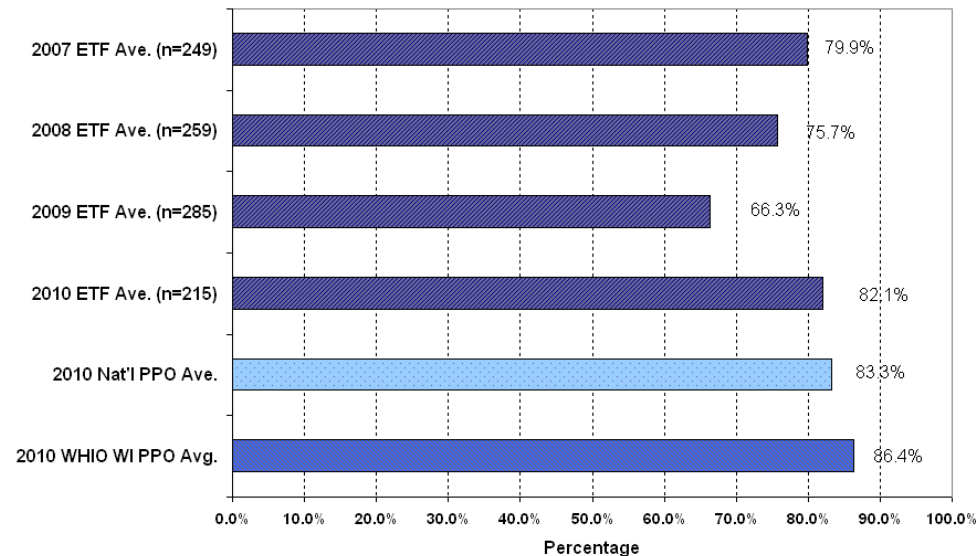
**Analysis of performance data:** The performance rate has improved steadily, but remains lower than the national PPO average.

National PPO Mean rates from the "State of Health Care Quality 2010" reports ©2010 National Committee for Quality Assurance (NCQA). ETF rate for 2010 based on WPS claims data for CY2008, 2009 and 2010. (This measure requires a three year look-back period.) WHIO data not available for full look-back period so that rate cannot be presented.

# Diabetes Care: Quality Improvement Project First-year Results on HbA1c



Diabetes Care: HbA1c Test Compliance Rate  
Percentage of Diabetics Age 18-75 Tested



**The performance improvement opportunity:** Diabetes care indicator on hemoglobin A1c testing rate had trended down from 2007 to 2009. WPS implemented a quality improvement project (QIP) in response in early 2010. The project included targeted and general member population outreach and education. In addition, WPS has developed new **Preventive Health Guidelines**. The first-year goal for both HbA1c and LDL-C testing was to improve each test rate from the 2009 level to at least 73.0 percent.

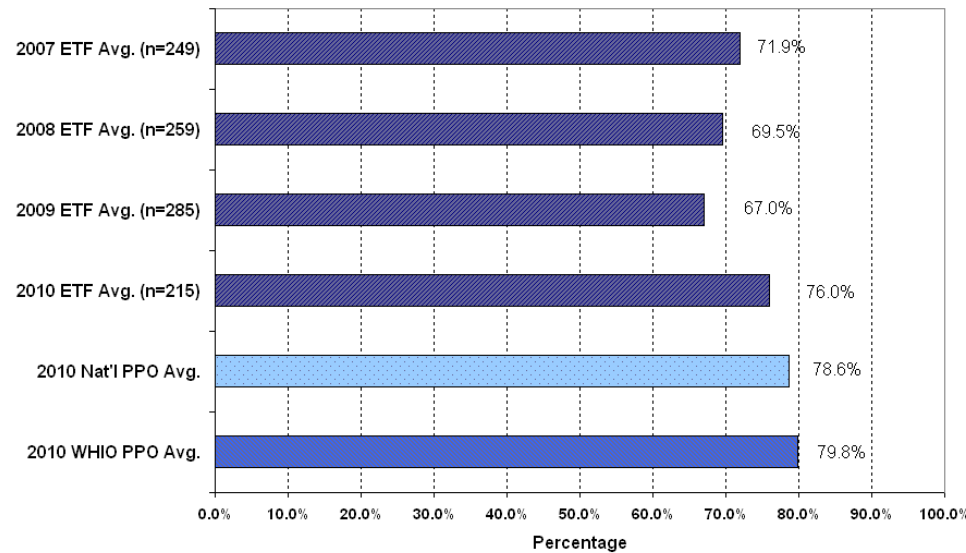
**The first-year results:** The 73.0 percent performance goal was exceeded by nine percentage points, sharply reversing the negative trend of the previous years and bringing the ETF HbA1c performance rate up to a level that compares favorably with state and national PPO rates. Despite the improvement, about one in five diabetics who need this test do not receive it, so work will continue on this. Outreach continues through chronic care management staff.

National PPO Mean rates from the "State of Health Care Quality 2010" reports ©2010 National Committee for Quality Assurance (NCQA). WHIO PPO rate for 2010 based on Wisconsin Health Information Organization within data date range 4/1/2008 through 3/31/2010. ETF rate for 2010 based on WPS data extracted from claims data for CY 2010, paid through 3/2011.

# Diabetes Care: Quality Improvement Project First-year Results on LDL



**Diabetes Care: LDL-C Compliance Rate  
Percentage of Diabetics Age 18-75 Tested**



**The performance improvement opportunity:** Diabetes care indicator on LDL-C testing rate had trended down from 2007 to 2009. WPS implemented a quality improvement project (QIP) in response in early 2010. The project included targeted and general member population outreach and education. In addition, WPS has developed new **Preventive Health Guidelines**. The first-year goal for both HbA1c and LDL-C testing was to improve each test rate from the 2009 level to at least 73.0 percent.

**The first-year results:** The Quality Improvement Project resulted in a nine percentage point improvement from the low of the previous year and brought the ETF rate up to a level that compares more favorably with state and national performance levels and exceeded the first-year goal by three percentage points. Despite the improvement, one out of four diabetic members who should get this test did not, so work on this will continue. Outreach continues through chronic care management staff.

National PPO Mean rates from the "State of Health Care Quality 2010" reports ©2010 National Committee for Quality Assurance (NCQA). WHIO PPO rate for 2010 based on Wisconsin Health Information Organization within data date range 4/1/2008 through 3/31/2010. ETF rate for 2010 based on WPS data extracted from claims data for CY 2010, paid through 3/2011.

# Strategies for Sustained Performance improvement



## ***WPS strategies for sustained improvement:***

WPS's new **Preventive Health Guidelines** brochure (right) includes tips on evidence-based preventive services, including these key tests for diabetics and early detection tests such as screening mammography and Pap tests to help members work with their health care professional to get the services they need when they need them. The Guidelines are available online at the WPS Health Center for ETF members:

[http://www.wpsic.com/healthcenter/healthy\\_living.shtml](http://www.wpsic.com/healthcenter/healthy_living.shtml)

This new tool is in addition to strategies to:

- increase member engagement in healthy living through targeted member outreach and education,
- chronic care management,
- integrated care management to align wellness, chronic care management and case management efforts to improve health outcomes and prevent avoidable health problems across the continuum of health,
- use data-driven quality assessment and performance improvement similar to the diabetes care quality improvement project.



# Quality of Care Potentially Preventable Readmissions



## **Potentially preventable acute care readmission is a concern.**

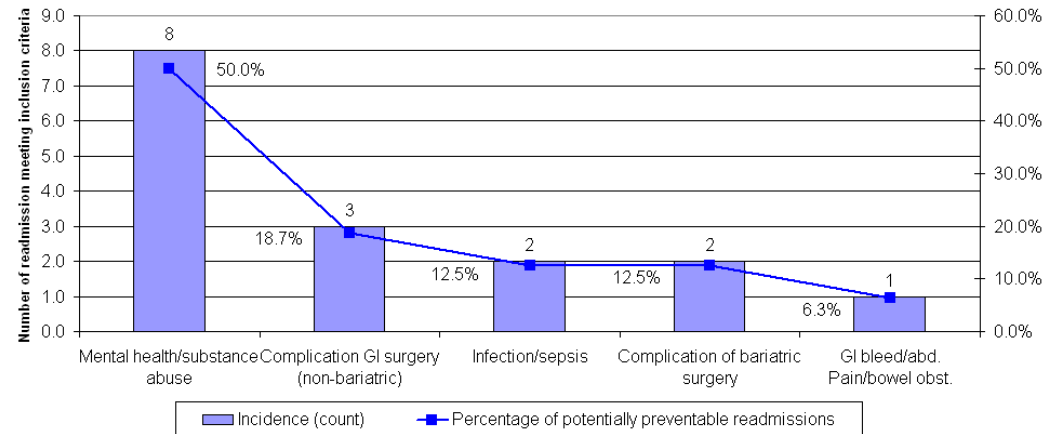
- May indicate problems with quality of care,
- Represent potentially avoidable higher health care costs.

## **WPS has developed a system for assessment of readmissions to acute care.**

- Readmissions within 30 days of an initial discharge are identified in claims data.
- Diagnosis, procedure, provider and other data from the initial admission and readmission are reviewed to determine if the readmission was potentially preventable.
- The system is still new and data quantity is not yet sufficient to draw conclusions.

**Data overview:** In CY 2010, 36 readmissions occurred; 20 were not potentially preventable. Twelve involved cancer where readmissions for treatment may be unavoidable, five were unrelated to the initial admission, two were for a planned procedure, one case was neonatal. Sixteen were potentially preventable: eight (50.0%) related to mental health or substance abuse conditions, six (37.5 %) related to gastrointestinal conditions and procedures, two related to infection or sepsis.

ETF Top 5 Most Frequently Occurring Clinical Categories of Readmissions CY2010





# Emergency Room Utilization Members with 3 or more Encounters in 12 months



## ***Repeat emergency room use:***

Eleven ETF members had three or more emergency room encounters in CY 2010, for a total of 63 visits; an average of 5.7 encounters per member for those individuals. No ETF member with a known chronic condition had an encounter related to their chronic condition.

## ***Emergency room management strategies:***

- Continued monitoring of repeat ER/urgent care use.
- Referral of cases with repeat ER/urgent care use for possible care management or chronic care management.

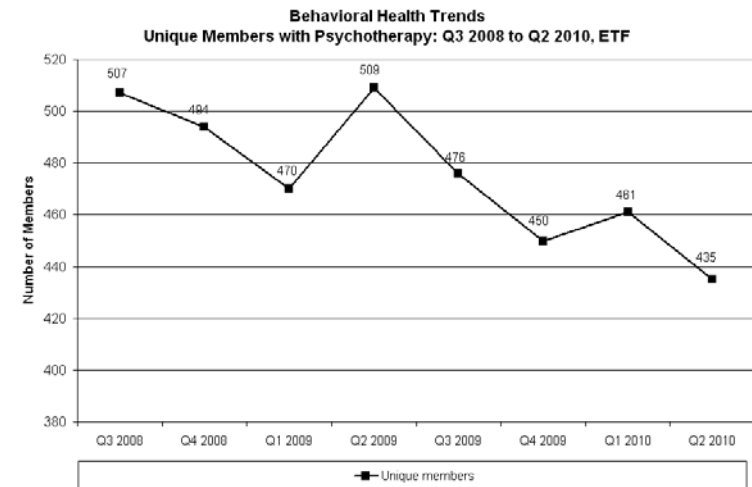
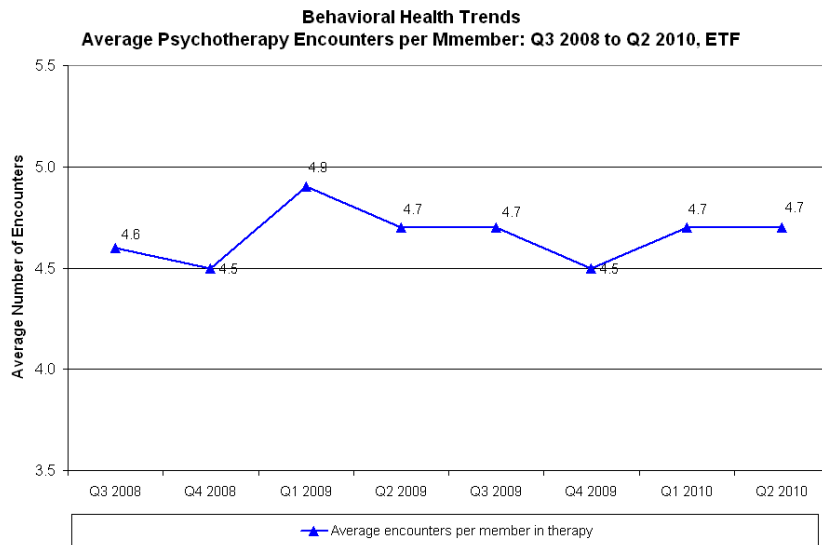
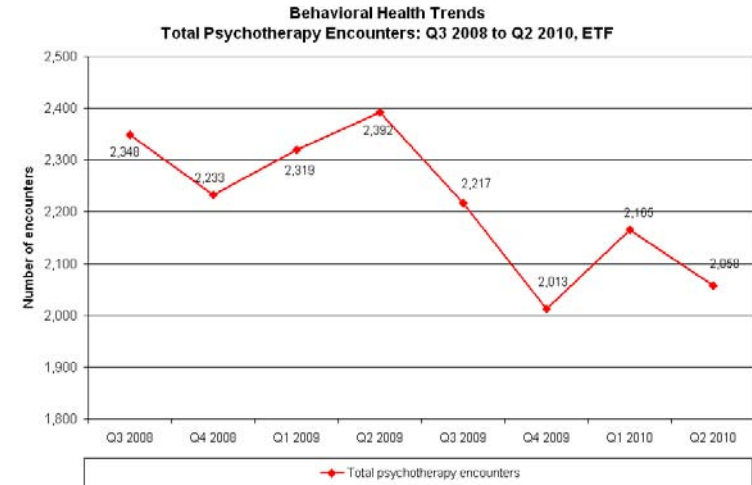
*\* Note that the distribution number totals may be more than the number of members with a chronic condition and at least one encounter related to the chronic condition because some members may have more than one chronic condition.*

# Quality of Care: Trends in Behavioral Health Psychotherapy



## Outpatient behavioral health care

- Individual psychotherapy\* utilization rose in early 2009 and 2010 on increases in the number of encounters per member in therapy, but decreased later in each year. The WPS PPO population had similar trends.
- The quarterly number of ETF members using individual psychotherapy has trended down 14.2 percent since 2008.
- Overall, ETF members averaged about one more encounter per member in therapy than the WPS overall average.



\*Individual psychotherapy, CPT-4 codes 90804-90809. Report date range 7/1/08-6/30/10, Ingenix Impact Intelligence (QMRS).

# Quality of Care: Trends in Behavioral Health

## Multiple encounters for care



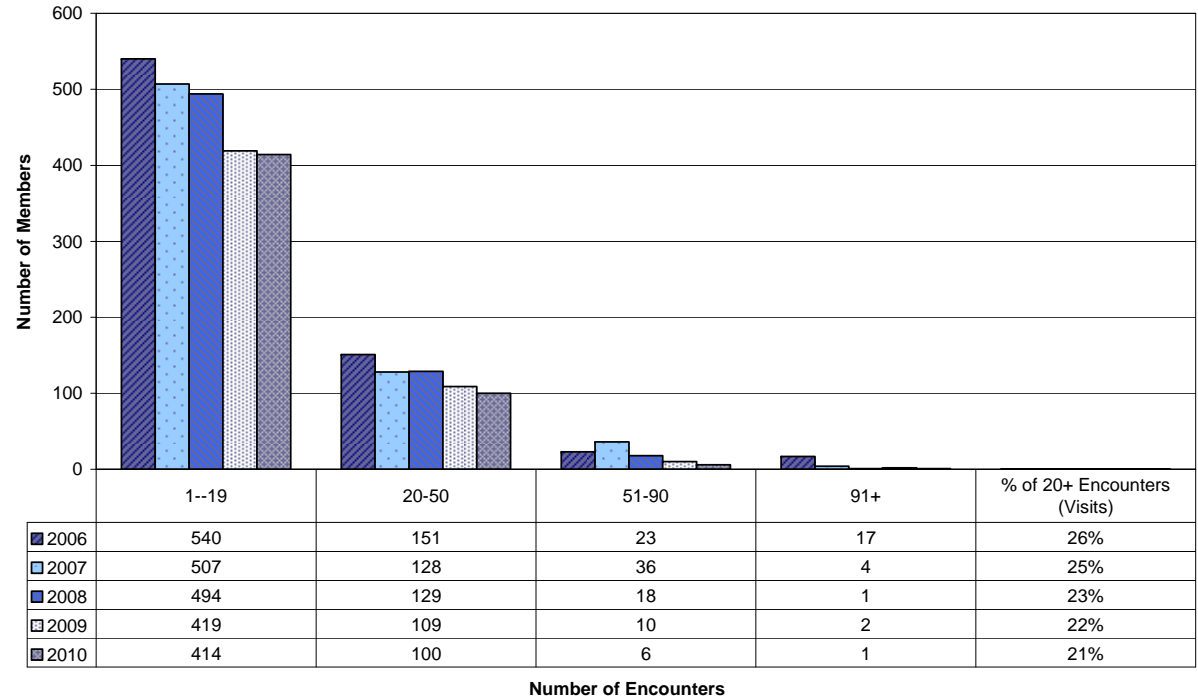
The five-year utilization trend in behavioral health services requiring multiple encounters has shown consistent, gradual decrease.

These data include group psychotherapy, family psychotherapy, medication management, individual psychotherapy and other behavioral health services.

*Data point:*

Overall utilization has decreased due to fewer individuals utilizing behavioral health services, with the total decreasing by 28.7 percent from 2006 to 2010.

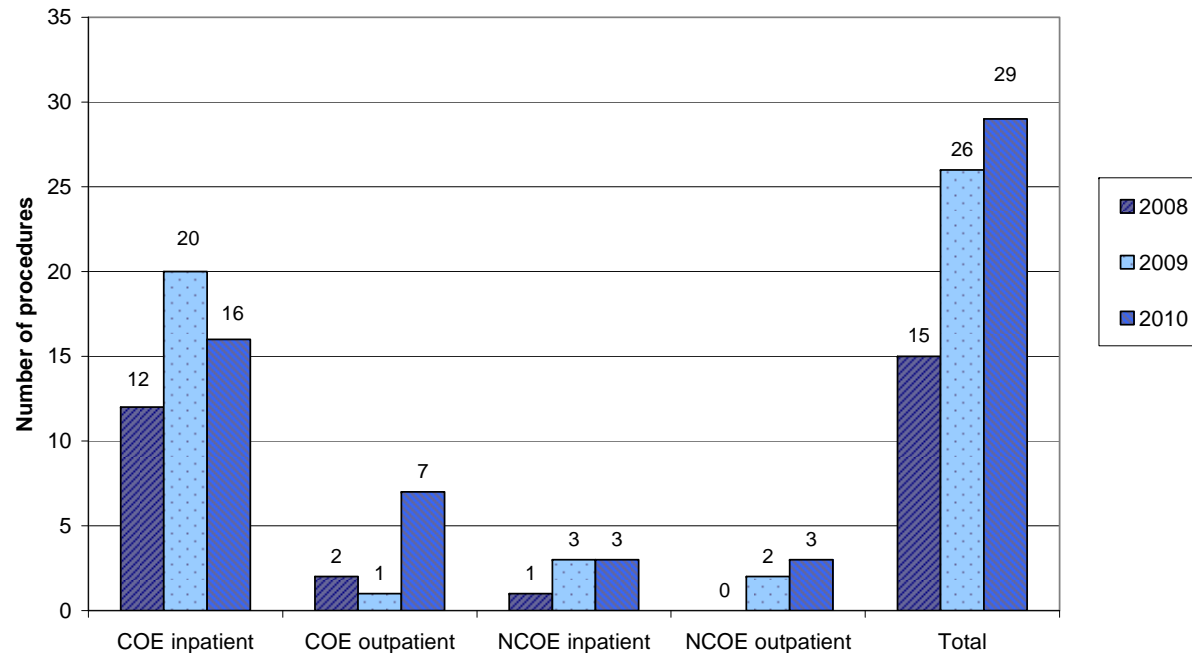
**Behavioral Health Trends**  
Distribution by Number of Members with Repeat Encounters: 2006-2010



# Trends in Bariatric Surgery



State Employee Trust Fund  
Number of Bariatric Procedures  
Comparison 2008-2010



Nationwide, nearly one-third of the adult population is obese and the rate is increasing.<sup>1</sup> The resulting demand for bariatric procedures and related services has increased nationally and in the ETF population, with the number of bariatric procedures increasing 93 percent since 2008.

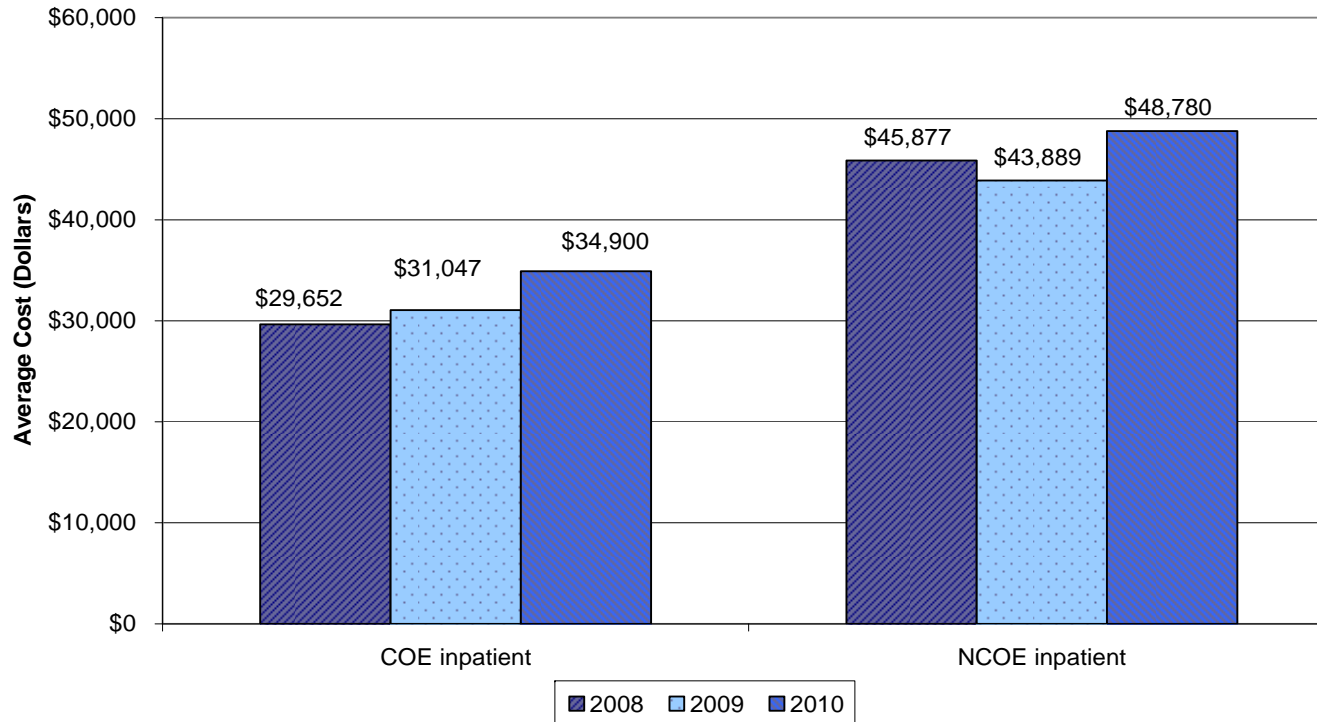
**Data point:** The Centers of Excellence (COE) program has channeled most procedures to COEs, with 82 percent of bariatric procedures performed in a COE since 2008.

1, **National Center for Health Statistics.** *Health, United States, 2010: With Special Feature on Death and Dying.* Hyattsville, MD. 2011.

# Trends in Bariatric Surgery



State Employee Trust Fund,  
Bariatric Procedures-Average Cost Trend  
Comparison by Setting 2008-2010



In Center of Excellence facilities, average costs for inpatient bariatric procedures increased 17.7 percent since 2008, but remained 28.5 percent lower than the average cost for non-Center of Excellence (NCOE) facilities in 2010. ETF PMPM bariatric surgery costs increased from \$16.44 in 2009 to \$20.40 in 2010, driven primarily by increased outpatient utilization, which increased from 2 cases in 2008 to 3 cases in 2009 to 10 cases in 2010.





## New Program Initiatives

- We continue to work with ETF staff on these initiatives and have provided them updated proposals for their review.
  - Imaging Program
  - Palliative Care Program