It’s time to take over the asylum . . .

A. Michael La Penna
A Presentation on Employer Managed Health
Outline of Discussion

- There are immutable laws of economics at work in health care
- Providers do not always act in a rational economic fashion
- Circumstances dictate an aggressive and radical change at all levels of the present system
- Employers can achieve success where others have failed
In any asylum, there is a good chance some of the inmates are actually insane.

- The providers have forgotten that one of the customers might actually be the payer
- The purchasers are spending a lot of money with no standards related to payback, ROI, or marginal product
- End users are not consuming health services as if health mattered
- Market behavior is irrational
Some Oxymorons

- Health Care Delivery System
- Integrated Health Network
- Disease Management
- Health Care Cost Controls
- HMO, PPO, POS, PHO, IPA, HSA

The future trends in health care suggest more of the same – only worse.
Cost Growth?

- Duplicative services
- Middlemen and broker fees
- Inflation
- Unnecessary treatments
- Processing costs
- Cost shifting
- Information costs
- Pass-throughs (capital)
- Workforce aging
- Preventive failures
The Delivery “System”

- Delivers what the providers have and what the beneficiaries think they want
- Delivers at whatever price they choose
- Delivers any quantity they want to supply
- Delivers in an on-time mode (on their own time)
- Seldom delivers what is actually needed
The Purchaser

- Buys through a system of middlemen
- Pays for whatever is delivered
- Has no guarantees of quality or durability
- Has no quantity discounting
- Has no ability to schedule or program services or units of service
- Cannot predict end-user satisfaction
- Cannot project near term period costs
You get what your employees think they need and what the local providers have and you find out what you pay, after the fact.
The Continuum of Cost

“Controls”

- Hearing Protection
- Pre-authorization
- Deductibles
- Utilization
- Review
- Second Opinions
- Gatekeepers
- Smoking Cessation
- Weight Loss Programs
- Interventions
- Risk Assessments
- Exercise Programs
- Asthma
- CHF

Disease Management
- Hypertension
- Diabetes
The Conundrum of Cost
“Controls”

Low Cost
Less Certain
Low Cost
Less Certain

High Cost
More Certain
High Cost
More Certain

Low Cost
Less Certain
Low Cost
Less Certain

High Cost
More Certain
High Cost
More Certain

Probably Not

YES

Long Term
Less Certain

Short Term
More Certain

YES !!

Maybe?
Cost "Controls" Simplified

Low Cost More Certain

Low Cost
Less Certain

Deductibles
Interventions
Vision Gear
Hard Hats
Hearing Protection

Smoking Cessation
Utilization Review

Pre-authorization
Second Opinions
Gatekeepers
Exercise Programs

Weight Loss Programs
Risk Assessments

Disease Management
Asthma
Diabetes
Hypertension
CHF

High Cost More Certain

High Cost
Less Certain
Counterproductive and Cost Additive?

- Second Opinions
- Pre-authorization
- Deductibles (that prevent care)
- Utilization Review
- Gatekeepers
- What else?

*Where do EHSA and Consumer Choice fit in this picture?*
Cost “Controls” Revisited

- Weight Loss Programs
- Risk Assessments
- Disease Management
  - Asthma
  - Diabetes
  - Hypertension
  - CHF
- Exercise Programs
- Interventions
  - Screenings
  - Inoculations
  - Pre-qualification
- Deductibles
  - Vision Gear
  - Hard Hats
  - Hearing Protection
  - Smoking Cessation
  - Utilization Review
- Pre-auth
- Second Opinions
- Gatekeepers
Implementation?

- Avoid the middle man
- Involve employee incentives
- Inaugurate coaching
- Control channels of influence – like primary care practitioners
- Play to the complete solution – since the effectiveness is multiplicative
Where To Find “Savings”

- Providing E&M services better and cheaper
- Narrow channel networking
- Case management and UR
- Targeted prevention
- High impact interventions
- Reduction of duplication
- Control of errors
Program Components?

- On-site medical services
- Coordination of all occ-med and basic primary care
- Routine claims analysis
- Disease risk factor control
- Direct contracting with a local health care system that “gets it”
- Narrow channel network for specialty care
- Reorganization of benefits structures
- Wellness and prevention and intervention
- Direct management of care coordination and utilization oversight
- Coordinated medical record functions that allow recall and compliance monitoring
- Feedback loops built in to foster CQI
- Employee involvement and interactive processes
Questions and Challenges

- How can this be implemented?
- What are the steps in analysis?
- Who is succeeding with this approach?
- Who are the credible vendors?

Call for answers – The LaPenna Group
800-527-3662