
MEDICARE ADVANTAGE NEWS

PerforMED Said to Save Millions In Plan Costs for High-Risk Patients

AmeriHealth Mercy says it saved \$1,093 in per-member per-year costs for thousands of members in the first year from PerforMED, its care management program that combines case management, disease management and behavioral health coordination to identify and help high-risk members. About 56% of those savings result from reducing inpatient admissions, the Medicaid managed care organization (MCO) says.

AmeriHealth Mercy's plans in Pennsylvania saw hospital admission rates and medical costs increase dramatically after the state mandated that the aged/blind/disabled (ABD) population be eligible for Medicaid in 1997. "We have been a Medicaid provider of health care services for about 20 years...but we had not had any experience managing that population," says Jane Israel, executive director of clinical initiatives at AmeriHealth Mercy Health Plan.

Before creating PerforMED, AmeriHealth Mercy found that ABD members often suffer from multiple chronic illnesses and need a broader network of specialists. "We had to change the approach of how we managed this population," Israel says. The plan also found from Kaiser Foundation studies on Medicaid enrollees that this is a national problem, with disabled enrollees representing only 16% of enrollment, but 43% of expenditures in 2002.

According to a presentation Israel gave in late February at the Medicaid Health Plans of America Best Practices Forum in Miami, the company found that:

- ◆ 80% of its "high risk-high cost members" were in the ABD category.
- ◆ These members were utilizing all services at three and four times the rate of an average plan member.
- ◆ They have three or more chronic illnesses and a behavioral health diagnosis.
- ◆ They are on five or more prescription medications and are receiving care from three or more physicians.

"Our high-risk members were mostly post-event management cases — something had to happen in order for them to receive services," Israel explains. "That seemed backwards to us. It seemed that we should be able

to identify members that are at risk and reduce their need for hospitalization services" through predictive modeling.

4,500 Members Enrolled in July 2004

AmeriHealth Mercy, which has about 400,000 Medicaid members in Pennsylvania, enrolled 4,500 members when it started PerforMED in July 2004. It has a rapid-response team that reaches out to members by phone and mail to locate them (some don't have a home and/or are in an unhealthy environment), complete an urgent needs assessment and screen for barriers, Israel says. A barrier may be that a diabetic is concerned that he or she doesn't have enough food in the house to get through the month and can't make ends meet. The rapid-response team is "well-connected in the community" and can identify where there are temporary resources to serve the member, according to Israel.

"[The team] will help them with how to understand their priorities," she says, such as transportation services or getting in to see the primary care physician instead of going to the emergency room. "Many health plans will provide them with a referral and leave them on their own, but we make sure that the member has an appointment, gets to the appointment and understands the advice that the provider has given them," Israel says.

She says she doesn't know of any other Medicaid managed care plans that are trying this kind of program, even though "I feel it is very appropriate for a Medicare or Medicaid plan."

However, many MCOs with commercial members have similar programs. And Neighborhood Health Plan of Massachusetts, which says it serves 80% Medicaid members and 20% commercial, instituted the Care Partnership Program in 2002 (*MAN 1/23/06, p. 6*). The program uses "care managers" to identify and assess high-risk beneficiaries and helps them with their needs. After the first 14 months, Neighborhood said it experienced a 25% reduction in hospital admissions per thousand members and a 25% reduction in per-member, per-month expenses.

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