

MEDICAL COST ACTION PLANNING

MEDICAL COST MANAGEMENT – SOLUTION DESIGN AND DEVELOPMENT

Developed a medical cost solution design process and governance structure for the organization and identified initiatives with \$30M potential savings

Client situation

- The client was a multi-state regional health insurer with a significant presence across its markets in all lines of business
- The client had identified dozens of potential medical cost reduction opportunities across its lines of business, but lacked the internal resources, ability and drive to prioritize and move these initiatives forward to implementation
- The client was seeking support to develop rapid solution design and deployment work to address identified cost opportunities. Additionally, the client wanted OW to develop and initiate/train on the process for a cross functional internal team to perform efficient solution design and development efforts going forward

Oliver Wyman approach

- Oliver Wyman analyzed and prioritized the opportunities and worked with the client to design and drive 8 solutions forward including; ER, outpatient site of care, practice procedure variability, independent lab, upcoding, specialty drug home infusion, home health dementia and disabilities, non-emergent ambulance
- The team developed playbooks for each of the initiatives that sized the opportunity, defined the potential solutions for reducing costs, structured the approach for deploying and monitoring solution in the market, identified key metrics and performance indicators, and developed a high-level roadmap for implementation
- OW also designed the medical cost management solution design process and governance structure to coordinate across all the client's cross functional teams including finance, actuarial, clinical, network and RX

Key impacts achieved

- The 8 savings initiatives have the potential to save the client up to \$30M annually in medical expenses in the next 12-24 months for just MA and ACA lines of business; this number was estimated to be significantly higher once deployed against the full commercial business
- The overarching process is proving to be a valuable effort for the client, driving teams to coordinate across all initiatives, reduce waste, and better monitor and manage deployed solutions deployed in the market.

TOTAL COST OF CARE REDUCTION FOR A REGIONAL HEALTH PLAN'S ACA SEGMENT

Identified 2-7% medical cost reduction opportunity through both near-term tactical initiatives and longer-term medical management discipline transformation

Client situation

- A regional health plan's ACA product was at risk of losing its historical status as the lowest priced product across its local markets, driven in large part by rising medical costs
- Oliver Wyman was engaged to diagnose root cause drivers of medical cost increase and to recommend specific actions that can help the plan launch more affordable products in the market
- Product leadership also sought help defining a discipline and process around Medical Cost Action Planning (MCAP)

Oliver Wyman approach

- Collaborated with Oliver Wyman's in-house Actuarial team to perform claims and cost category analytics and develop a purpose-built market benchmark to identify potential opportunity areas for enhanced medical cost management
- Ideated 60+ initiatives to support both near-term savings-driving efforts and longer-term foundational medical management discipline enhancement
 - Performed qualitative assessment to prioritize each initiative
 - Estimated potential savings opportunity from enhanced medical expense management
- Defined a "best practice" approach for Medical Cost Action Planning (MCAP)

Key impacts achieved

- Defined key enhancements to medical management disciplines across core functional areas (e.g., CM, UM, Provider Network) to enable longer-term savings and capability development (2 - 7% estimated total medical expense savings)
- Prioritized ~10 initiatives that could drive nearer-term savings by pulling on existing functional-area strengths (~0.5% - 1% estimated savings)
- Enabled the launch of a new function and process to perform Medical Cost Action Planning

MEDICAL COST IDEATION AND ACTION PLANNING (MCAP) DESIGN AND IMPLEMENTATION

Designed and implemented a centralized team and analytic discipline for medical cost ideation and action planning (MCAP)

Client situation

- Oliver Wyman was engaged by a regional health plan to establish a process and team responsible for medical cost ideation and action planning (MCAP)
- In addition to establishing an MCAP discipline, the client sought to drive closer connectivity across business units and the enterprise to embed medical cost discipline across its teams

Oliver Wyman approach

- Worked with enterprise leadership to design and implement a centralized affordability team responsible for strategy development and running day-to-day ideation and action planning
- Developed detailed analytic approach and discipline – specific to the client’s data assets and team – leveraging claims analysis, benchmarking, and other analytics to identify, measure, and report against medical cost improvement opportunities
- Engaged senior leaders across the organization to build interconnectivity, shared processes, and regular cadences to ingrain affordability into the ‘DNA’ of the organization

Key impacts achieved

- Stood up MCAP team and analytic process that successfully identified savings to achieve enterprise affordability targets
- Completed benchmarking analysis to identify initial set of affordability opportunities
- Produced detailed playbook of day-to-day roles, processes, and analytic methods to support affordability
- Drove alignment with senior executive to ingrain affordability discipline into other parts of the organization, and build interconnectivity across teams