THE MAHONEY GROUP®

The Analytics Advantage:

Saving Money and Improving Coverage in Employer Health Plans

The way in which we comprehend, interpret, and leverage member data today plays a crucial role in shaping employer health plans and ultimately, improving the well-being of your employees while reducing costs. On the pages ahead, we look at the transformative world of data-driven health care, share real-world success stories, and envision a brighter, informed future for your organization.

The Transformative Power of Data

Before the rise of digital technology and big data, health care decisions were often based on limited information and generalized guidelines.

Today, the depth and breadth of member data available – medical claims, pharmacy claims, disability claims, workers' compensation claims – has revolutionized the health care sector.

From predictive analytics that can pre-emptively identify members with high health risk to real-time data that informs instant decisions, the possibilities are vast and truly transformative.

By leveraging data analytics, health plans can enhance their operational efficiency, offer better value to members, and ensure long-term sustainability in the rapidly changing healthcare landscape.

On Pages 3 and 4, we offer two real-world case studies which detail the tangible impact our data-driven approach has had in optimizing health benefits for diverse organizations.

Understanding the Difference: Data vs. Analytics

Data refers to raw, unprocessed facts and figures without any added interpretation or analysis. It's the fundamental information that forms the basis for all computational and manual operations. We think of data as the raw ingredients in a kitchen.

On the other hand, **analytics** is the systematic computational analysis of data or statistics. It's about drawing meaningful patterns, conclusions, and insights from that data. Using the kitchen analogy, if data is the raw ingredient, analytics is the cooking process that transforms these ingredients into a prepared meal.

Data in Action:

CASE STUDY 1

How an Employer Health Plan Saved Big Thanks to a Data-Driven Overhaul

THE CHALLENGE

Despite the best efforts of all involved, there's always been a dose of guesswork in the employer health insurance world. Will the premiums cover the claims paid? Will enrollees utilize their benefits? Will the deductibles and copays be set too high, too low or, just right? Carriers hire highly educated mathematicians to help but with so many dials to turn, there's still some measure of conjecture in it all. After all, serious illnesses often occur without much warning. For our client, a Native American tribe with more than 1,000 employees, misjudging any of the above can translate into a big bite out of its bottom line. This was especially true because the tribe has a self-funded health plan. This means no fixed monthly premiums, but also no insurance carrier to cover medical expenses and that the burden of doing so falls directly onto its shoulders. The problem was the tribe every year was spending on health care amounts that were inching ever-closer to what it was budgeting. Oh, and unlike most self-funded plans, our client wasn't interested in paying the additional premium for a stop-loss policy, which would cap its exposure in case of really big claims.

OUR SOLUTION

To us, it was plain to see that a top-to-bottom reorder was in order. This was especially the case in light of the new fiduciary duties imposed on employers under the Consolidated Appropriations Act of 2021. The law in essence requires employers to do all they can to protect their employees from overpaying for their health benefits. So, we started digging into things, putting our analytics team to work to sift through reams of claims and utilization data to get a much clearer understanding of where the money was going and where it was likely to go in the years ahead. As we delved deeper, it became clear that our client and its employees could save a good deal of money by making sure that claims involving Native Americans enrolled in its health plan were filed under a federal law that allows reimbursements to health care providers at Medicare-like rates. We recommended a new third-party administrator; a change in its provider network; a new, less-costly option for drug prescriptions; the addition of health screenings, which can help detect serious problems sooner; and even doubled the number of massage therapy sessions available to members every year.

$500K +
IN SAVINGS

THE OUTCOME

The savings achieved as a result of our plan, amounting to more than $500,000 a year, are now helping our client quickly build up its rainy-day reserves for those unforeseen events as they happen. Our predictive modeling shows that the tribe can save even more in the years ahead. Dollars aside, it now has a reimagined, modern-day health plan with enhanced benefits and one in which tribal members' costs are entirely absorbed by the tribe. In other words, no premiums, no deductibles, and no copays for enrollees.

Data in Action:

CASE STUDY 2

Overcoming Data Obstacles to Uncover Drug Plan Savings

THE CHALLENGE

As plan sponsors have increasingly come to realize, getting their hands on their own company's medical claims data can be a huge, drawn-out hassle with the insurance company. Sometimes the carrier will cooperate, but more often than not, they'll make the excuse that they need to keep the details from the plan sponsor to stay competitive. In other words, no, they won't share that data. That, unfortunately, leaves employers in the dark, unable to discern where their money is going and how much they're paying for care or medications. Spurred on by legislative changes that have placed them squarely in the sights of regulators and class-action lawyers, employers have lately turned to the courts for relief, filing lawsuits alleging that insurers are squandering their money. This was, in essence, the quandary facing our client, a self-funded charter school with more than 500 employees, an increasingly larger annual healthcare bill, and growing frustration over its inability to control, in particular, its pharmaceutical expenses.

OUR SOLUTION

The insurer in this case decided to dig in its heels on our client's detailed medical plan data. It would not comply, cooperate, or collaborate – not without charging the client thousands of dollars more a year. We were, however, able to get our hands on the plan's pharmaceutical claims history. That data – about 100,000 fields of information – revealed close to $750,000 in drug claims for the most recent 12 months. The team made three more key discoveries:

1. The plan wasn't doing much to encourage participants to make their medication purchases anywhere but at expensive retail pharmacies.
2. In many instances, only single-source, high-cost brands were made available to participants.
3. Our client wasn't getting many of the manufacturer rebates or price breaks that a switch to an independent Pharmacy Benefits Manager (PBM) would yield.

With that knowledge, our data analytics team then leveraged benchmarking figures to compare and contrast our client's spend against other available options.

THE OUTCOME

Based on our recommendation, the client made a small but important pivot. It stayed with the carrier but carved out and shifted management of its pharmacy benefits to a non-carrier owned PBM. Its administrative cost for drug benefits is higher today, but the savings it's expected to realize – about $500,000 overall – will more than offset that expense, thanks to an independent PBM that can use its volume purchasing power to win price concessions and discounts from drug makers. Finally, we also saved the client and its partici-pants money by streamlining its tiered offerings to make them more affordable to families in the plan. In short, our client and its enrollees are now getting better healthcare for less.

A Closer Look at the Data and How It's Used

In the health care world, the term "data" encapsulates a wide variety of information types, all aimed at improving patient outcomes, optimizing treatment regimens, and ultimately enhancing health plans. Let's dive into the specifics.

Demographic Data

This is basic information about a patient, such as age, gender, race, and socio-economic status.

Usage: Helps in understanding the broader needs and potential risks associated with specific population segments.

Clinical Data

This encompasses medical histories, chronic conditions, lab results, imaging studies, medications, surgical histories, and other pertinent clinical information.

Usage: Assists providers in diagnosing, treating, and predicting potential medical complications and costs, including those related to prescriptions. Also crucial for designing targeted wellness programs.

Claims Data

This contains information on medical claims and costs, including the services rendered and the amounts billed and paid.

Usage: Vital for analyzing the economic aspects of care. Enables insurers and brokerages to forecast costs, manage resources, and design disease management and other cost-containment programs.

Wellness and Lifestyle Data

Information from wellness programs, wearable devices (like fitness trackers), and patient-reported outcomes related to lifestyle habits and choices.

Usage: Offers insights into preventative measures, helping to predict potential health risks based on lifestyle and suggest interventions early on.

5 Ways We Use the Data

By harnessing the power of data, we empower employers to make informed decisions that lead to healthier employees, reduced healthcare costs, and enhanced benefit offerings. In the end, our data-driven approach ensures a win-win scenario for both employers and their workforce. Here are five ways we use data to help you and your employees get more from their benefits plan.

1. Tailored Benefit Design

What We Do: Using demographic and clinical data, we analyze the unique needs of your workforce. Not every organization has the same health profile, and a one-size-fits-all approach doesn't always work.

The Result: By designing a benefits package that specifically caters to the health needs of your employees, we can ensure that they get the best care without paying for unnecessary extras.

2. Claims Analysis & Cost Forecasting

What We Do: We delve deep into claims data to understand past health expenditure patterns. These insights allow us to predict future costs and pinpoint areas of high spending.

The Result: With this foresight, employers can budget more accurately and negotiate better premiums with carriers and initiate direct contracts with providers, translating into direct cost savings.

3. Data-Driven Negotiations with Providers

What We Do: Armed with comprehensive data on utilization rates, clinical outcomes, and claims, we negotiate with health care providers and insurance companies to secure the best terms and rates.

The Result: Employers benefit from optimized plans that provide comprehensive coverage at competitive rates, ensuring value for every dollar spent.

4. Wellness & Preventative Initiatives

What We Do: Utilizing wellness and lifestyle data, we identify potential health risks within a client's member population. From there, we can recommend specific wellness programs or initiatives.

The Result: Addressing health concerns before they escalate not only improves employee well-being but also reduces long-term health care costs associated with chronic illnesses and complications.

5. Employee Engagement & Education

What We Do: By understanding the health behaviors and preferences of your workforce through data, we craft targeted communication campaigns and educational programs.

The Result: An informed and engaged employee is more likely to make prudent health decisions, utilize benefits effectively, and appreciate the value of their health benefits. This not only enhances satisfaction but can also lead to reduced health expenditures.

We're Here to Guide You!

Thank you for taking the time to explore our guide on the transformative power of data in shaping health benefits. We understand that the world of health care and benefits can be complex, and every organization has its unique challenges and objectives.

Should you have any questions, or if you're curious about how our data-driven approach can benefit your organization specifically, please don't hesitate to reach out. Our dedicated team is eager to assist, provide clarity, and collaborate on crafting the optimal health plan for your needs.

Your journey to optimized health benefits is just a conversation away. We look forward to hearing from you!

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