Cost of Care Management
Case Study

How does a health plan systematically develop innovative, effective strategies to control the ever-rising cost of health care?

"NEW YORK, May 18, 2011 – U.S. employers can expect to see healthcare costs rise by 8.5 percent in 2012, compared with an increase of 8 percent in 2011, according to the annual Behind the Numbers report on medical cost trends, published by PwC's Health Research Institute. "

http://www.pwc.com/us/en/press-releases/2011/Employer-Medical-Costs-Expected-to-Increase.jhtml

Method
- The **Talon Knowledge Engine** delivers a robust, single version of analytic truth related to health care costs and trends
- Visualization, alerts, slice-and-dice, drill-down and other analytic techniques are used to determine the biggest and most current cost drivers

Action
- Accountable, empowered business leaders work as a team to study the analytic results and determine practical strategies that address the cost drivers
- New strategies deployed and old, ineffective strategies are abandoned based on business intelligence that determines return on investment

Impact
- Strategies deployed are estimated to reduce health care costs 3-5% annually
- Customer retention increases as premiums are managed to lower increases due to plan efforts
- Plan administrative costs are reduced by having the right people working on the best opportunities

Hospital Re-Admissions

Talon — Knowledge within your grasp

Case Study

How does a health plan help reduce re-admission rates to improve patient outcomes and control unnecessary costs?

HOSPITAL
H →

"Unplanned return visits to hospitals cost the government about $17 billion annually, according to a new study, lending credence to President Barack Obama's suggestions that reducing hospital readmission rates can save taxpayers billions of dollars."

http://online.wsj.com/article/SB123863554719781215.html

Method
- The **Talon Knowledge Engine** determines the likelihood (propensity) of re-admission for each individual in a population
- Propensity scores are made available to the appropriate business units via the comprehensive online analytic solution

Action
- Business unit incorporates new knowledge (propensity scores) into care management processes
- Care management resources are efficiently diverted to those most likely to re-admit based on propensity score

Impact
- Re-admissions rates are dramatically reduced
- Improved patients outcomes – better health and better productivity
- Health plan and ultimately their customers save millions each year

Spinal Surgery
Case Study

How does a health plan help slow the high-trending rate of spinal surgeries to improve patient outcomes and control unnecessary costs?

"Spinal fusion has become one of medicine's most controversial procedures. It involves fusing together two or more vertebrae to alleviate back pain, usually with the help of metal plates, rods and screws implanted in the patient's back. Tens of thousands of dollars of hardware can go into a single surgery."

http://online.wsj.com/article/
SB10001424052748703395204576024023361023138.html

Method
- The **Talon Knowledge Engine** determines likelihood (propensity score) of spinal surgery for each individual in a population
- Propensity scores are made available to the appropriate business units via the comprehensive online analytic solution

Action
- Business unit incorporates new knowledge (propensity scores) into care management processes
- Care management resources work with members to proactively to find less invasive alternatives

Impact
- Spinal surgery rates decrease
- Improved patients outcomes – better health and better productivity
- Health plan and ultimately their customers save millions each year

Propensity to Buy Ancillary Product
Case Study

Talon
Knowledge within your grasp ™

How does a health plan determine who among their existing customer base is most likely to buy an ancillary product in support of their new diversification strategy?
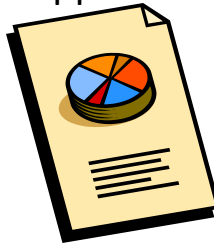
"To achieve long-term sustainability, Health Plans will need to embrace the changes…and shift the focus of their business models. Executing a business transformation will require leveraging core competencies and a deep understanding of emerging capabilities that advance the business into new areas of competitive differentiation."

http://www.healthscapeadvisors.com/articles/Briefing3_Diversification.pdf

Method
- The **Talon Knowledge Engine** determines the likelihood (propensity) of an existing customer to purchase an ancillary product (e.g., dental policy)
- Propensity scores are made available to the appropriate business units via the comprehensive online analytic solution

Action
- Business unit incorporates new knowledge (propensity scores) into a campaign strategy
- Members with a high propensity score are targeted and those with a low score are excluded from the campaign

Impact
- Ancillary product sales increase
- Customer retention increases due to the number of products with each customer (Stickier)
- Campaign budgets go further due to laser-focused sales efforts