

# A Workable Roadmap For Creating A Real Health Care System



Mike McCallister, President and CEO – Humana Inc.

Institute for Health Technology Transformation Conference

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**HUMANA**<sup>®</sup>  
Guidance when you need it most



## Humana Inc. – Overview

- Fortune 75 company; \$31 billion in annual revenues
- Industry-leading health and supplemental benefit solutions company, with increasing focus on lifelong well-being
- 10.4 million medical members
- 7.2 million members in specialty products
- Nearly 25 years of experience in Medicare with 1.7 million Medicare Advantage members
- Consumer-focused clinical, network, eHealth, service, and technology solutions



# Outline

- Health reform takeaways: the good, the bad, and the ugly
- The problem remains
- How to solve it
- The role of health care IT
- Conclusion



## Health Reform Takeaways: The Good, The Bad, And The Ugly

## The Good (Some Immediate, Some Over Time)


- Coverage expanded – 30 million more people in next 10 years
  - Children under 26 now
  - Children with pre-existing conditions now, adults later
- Full coverage of preventive services encourages screenings
- No rescissions except for fraud
  - Already Humana's policy
- Release of complete Medicare claims database
- Administrative simplification creates common electronic transaction rules
- Medicare Part D donut hole closed

## The Bad

- Individuals must still pay for coverage with after-tax dollars
- Minor fines for non-participation and rate-band restrictions will create chaos in individual market
- Insurance industry tax will raise premiums
  - Unfair break for not-for-profit insurers (50%) and self-insured companies
- Medicare Advantage cuts will produce higher premiums, lower benefits, or both
  - Only cost-control program in the Medicare “trend monster”
- 85% MER: Unintended consequences

## 85 percent MER – Unintended Consequences

|                         | THIS YEAR |      | NEXT YEAR     |      |
|-------------------------|-----------|------|---------------|------|
| <b>Premium</b>          | \$100     | 100% | \$110         | 100% |
| <b>Medical Spending</b> | \$85      | 85%  | \$93.50       | 85%  |
| <b>Admin</b>            | \$10      | 10%  | \$11.06       | 10%  |
| <b>Profit</b>           | \$5       | 5%   | <b>\$5.44</b> | 5%   |
|                         | \$100     | 100% | \$110         | 100% |

**Assumption: Medical Costs ↑ 10%  
in a year**



## The Ugly

- After 10 years, 20 million still uninsured
  - Law failed to achieve the first of its two stated goals: universal coverage
- Minor federal-deficit reduction masks a major cost shift that will send health costs much higher system-wide
  - Law failed to achieve the second of its two stated goals: lower costs



## The Problem Remains

# Health Care Spending

*As share of GDP, among selected OECD countries\**

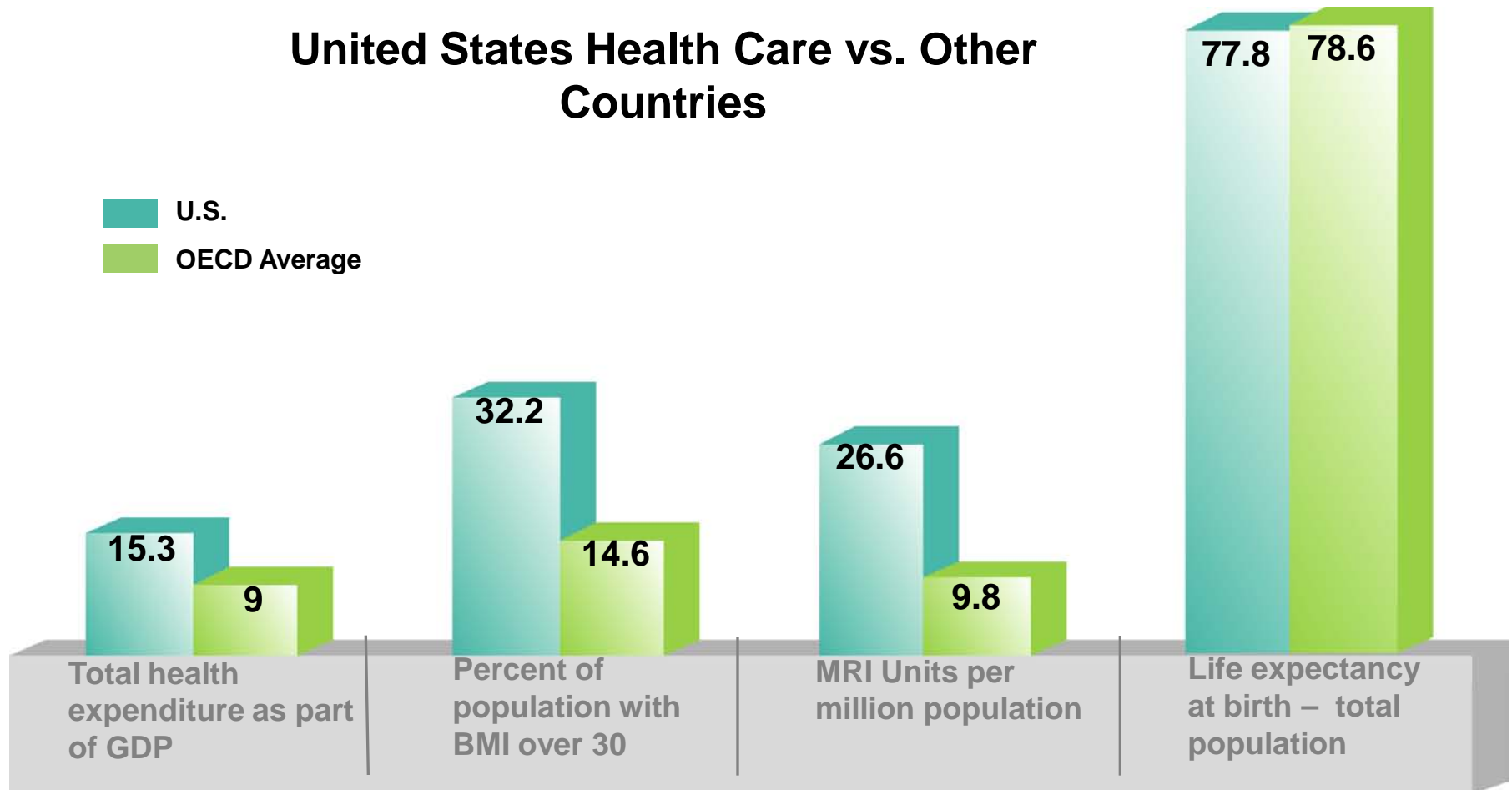
| Rank |               | Rank  |                   |      |
|------|---------------|-------|-------------------|------|
| 1    | United States | 16.0% | 11 Norway         | 8.9% |
| 2    | France        | 11.0% | 12 Australia      | 8.7% |
| 3    | Switzerland   | 10.8% | 13 Italy          | 8.7% |
| 4    | Germany       | 10.4% | 14 Spain          | 8.5% |
| 5    | Austria       | 10.1% | 15 United Kingdom | 8.4% |
| 6    | Canada        | 10.1% | 16 Japan          | 8.1% |
| 7    | Portugal      | 9.9%  | 17 Ireland        | 7.6% |
| 8    | Denmark       | 9.8%  | 18 Korea          | 6.8% |
| 9    | Greece        | 9.6%  | 19 Czech Republic | 6.8% |
| 10   | Sweden        | 9.1%  | 20 Mexico         | 5.9% |

Sources: OECD.

\*Based on latest available data,  
2007 in most cases.

# U.S. Health Care: Spend More, Waste More, Get Less

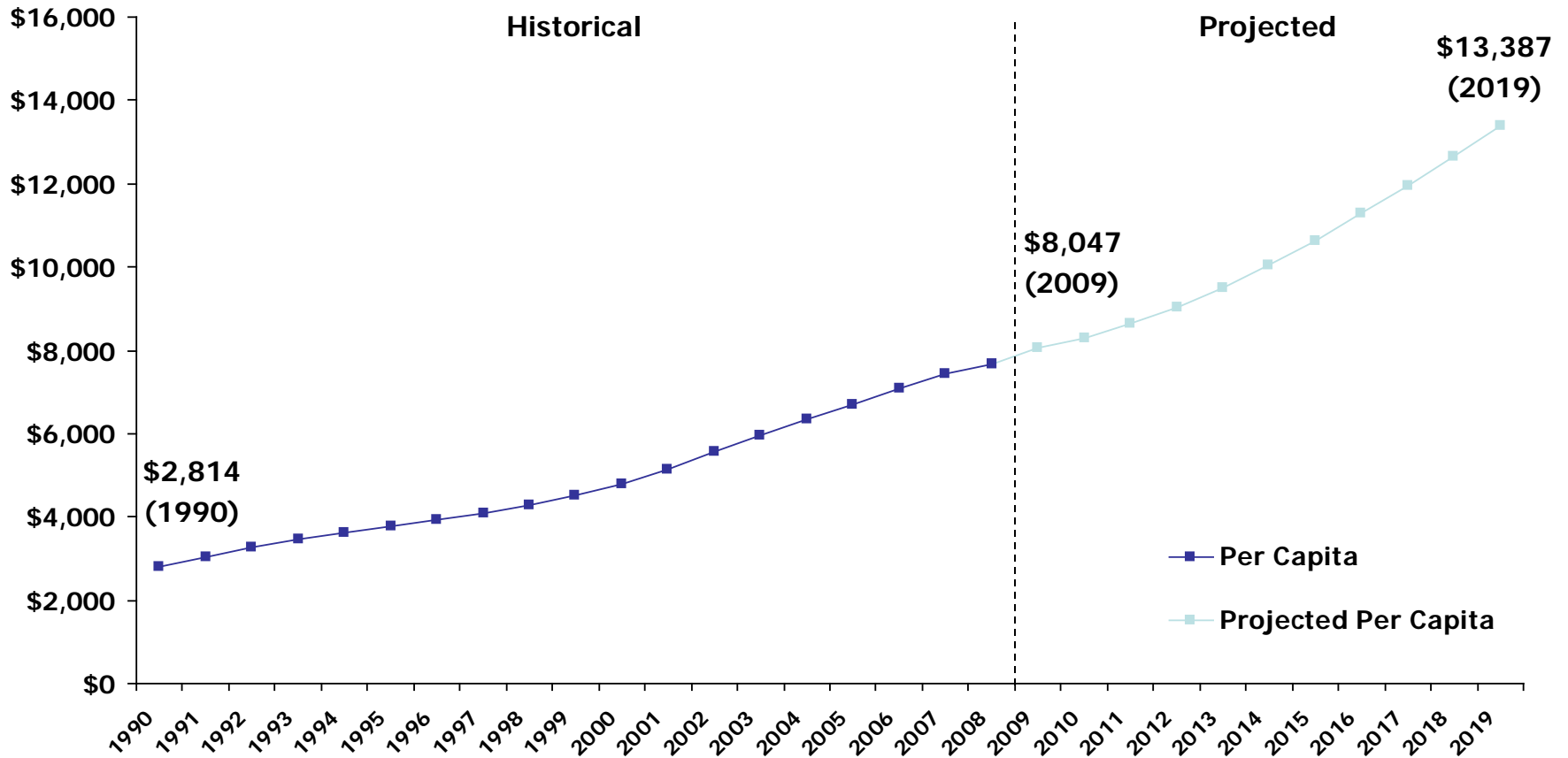
## United States Health Care vs. Other Countries



Note: All data is from 2005

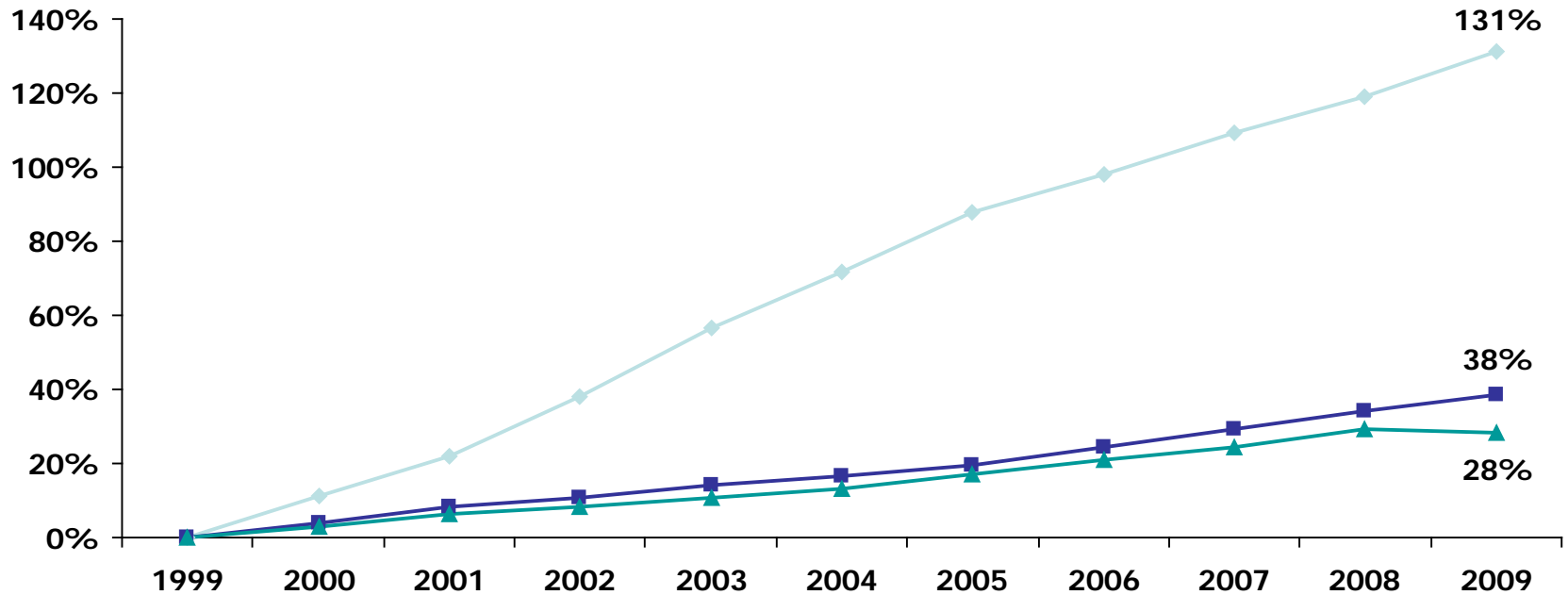
Health at a Glance 2007 OECD – Organization for Economic Cooperation and Development

# National Health Expenditures Per Capita, 1990-2019

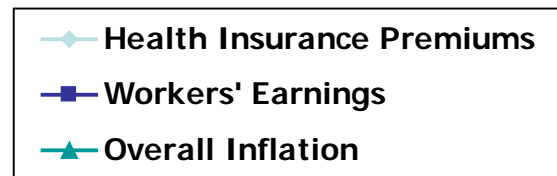


Source: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (Historical data from NHE summary including share of GDP, CY 1960-2008, file nhegd08.zip; Projected data from NHE Projections 2009-2019, Forecast summary and selected tables, file proj2009.pdf).

# Cumulative Changes in Health Insurance Premiums, Inflation, and Workers' Earnings, 1999-2009



Note: Due to a change in methods, the cumulative changes in the average family premium are somewhat different from those reported in previous versions of the Kaiser/HRET Survey of Employer-Sponsored Health Benefits. See the Survey Design and Methods Section for more information, available at <http://www.kff.org/insurance/7936/index.cfm>.

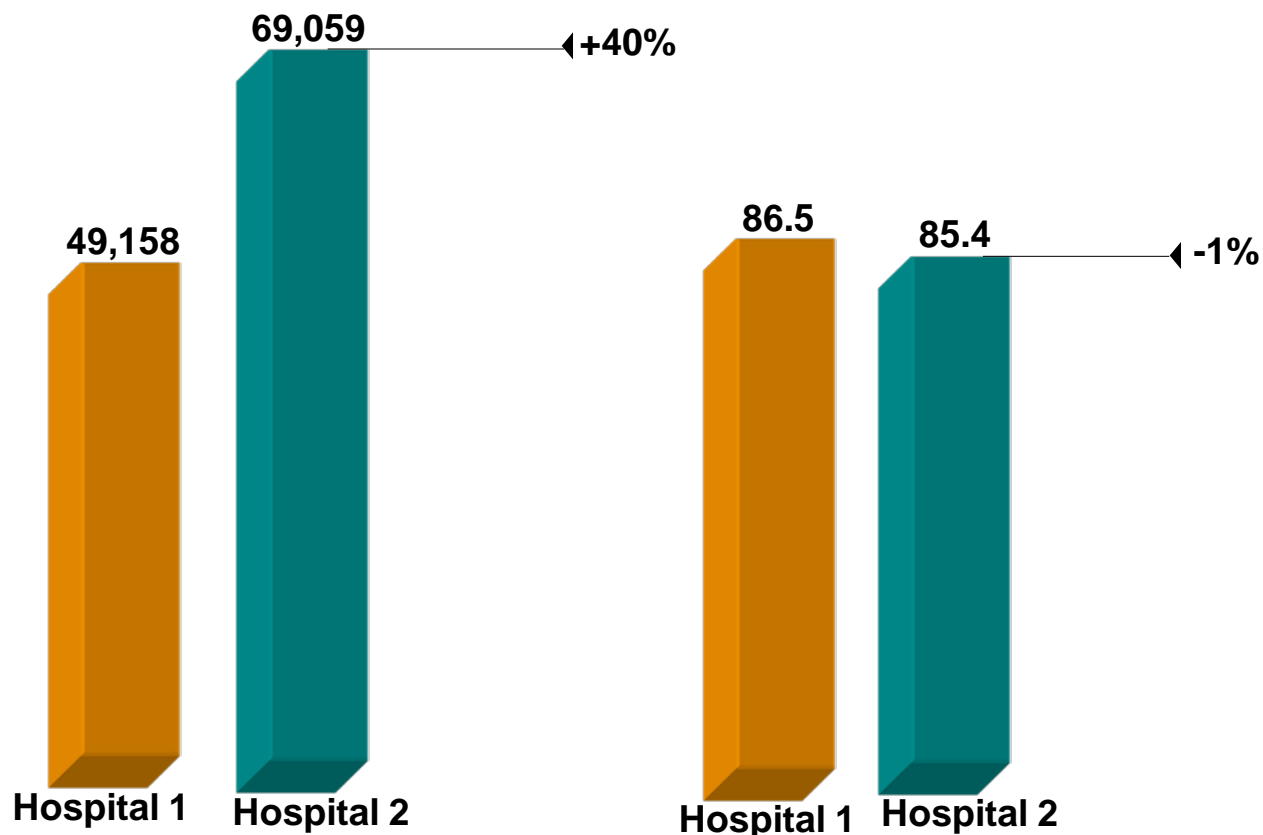


Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2009. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2009; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2009 (April to April).

# Cost of Care Varies Substantially and Irrationally

Average amount paid for coronary artery bypass surgery, <sup>1</sup> 2006-07, \$

Quality score <sup>2</sup> for this procedure



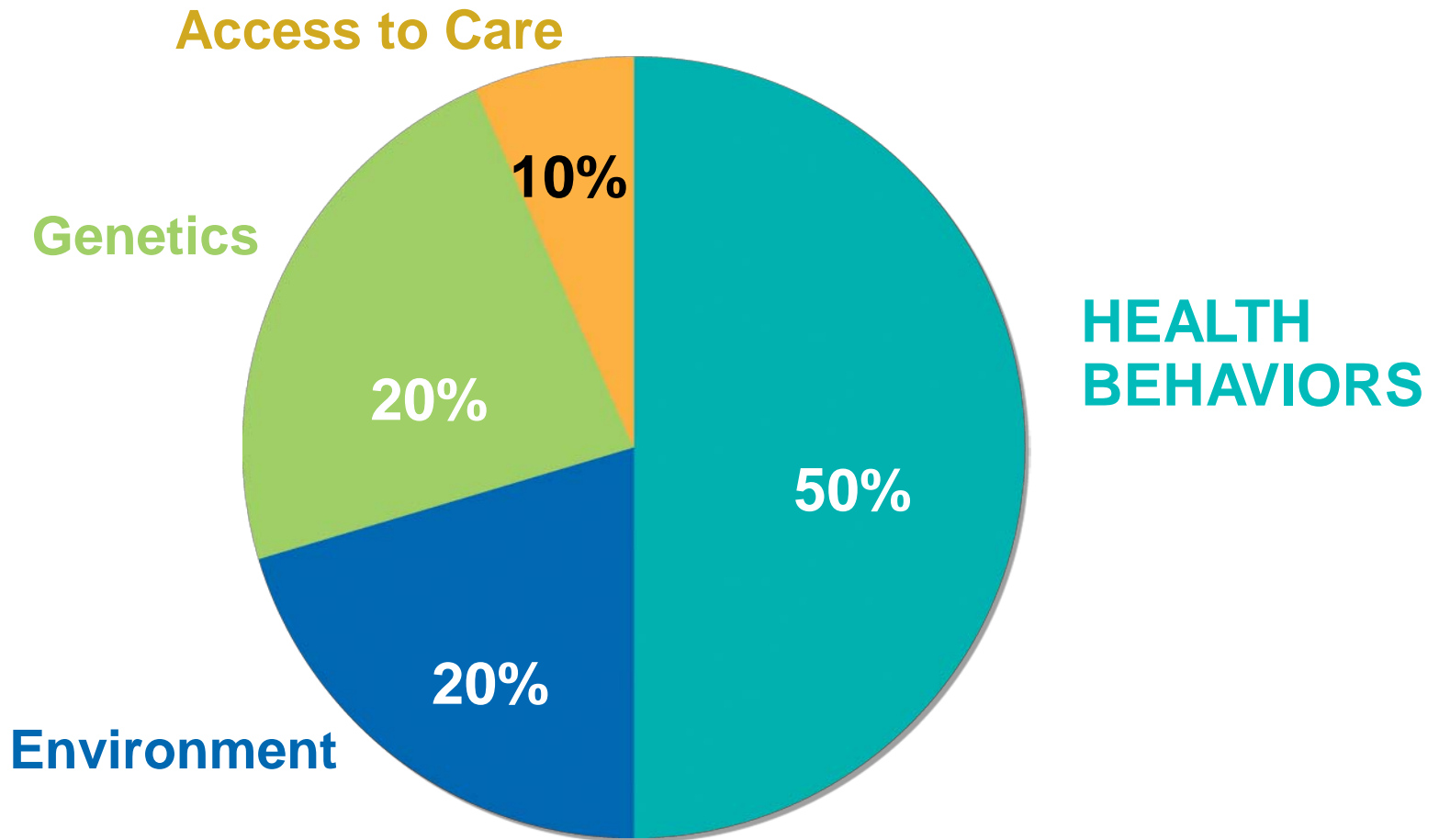
- Same procedure
- Same metropolitan service area
- Same health insurer
- Same employer and benefit design

<sup>1</sup> Based in internal mammary coronary artery bypass graft (CABG) surgery for patients admitted through the emergency room.

<sup>2</sup> US Centers for Medicare and Medicaid Services (CMS) composite quality scores.

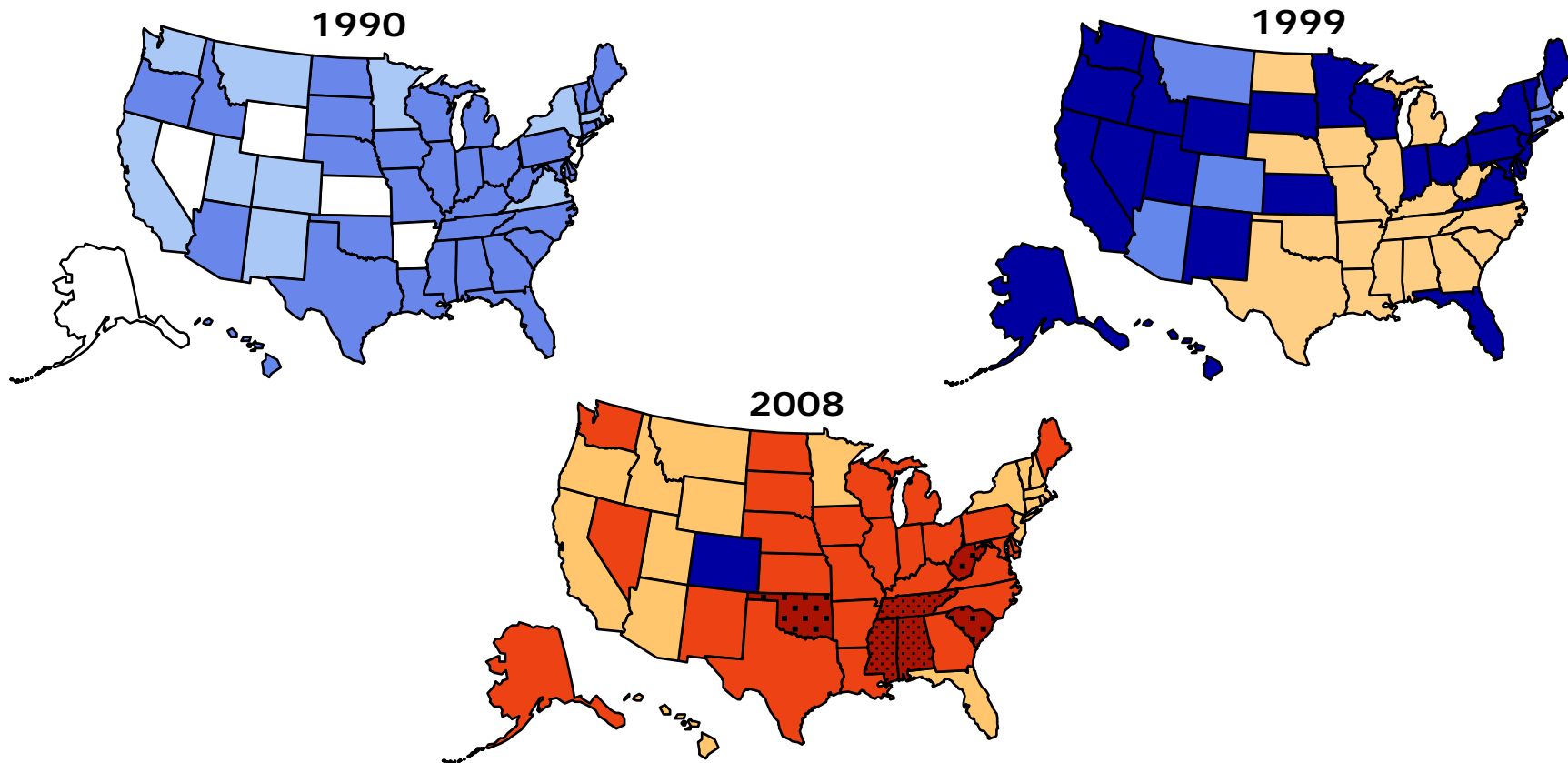
Source: DHawkeye database of ~20,000 people with biometric data; CMS; McKinsey analysis

# Determinants of Health



# Obesity Trends\* Among U.S. Adults

(\*BMI  $\geq 30$ , or about 30 lbs. overweight for 5'4" person)

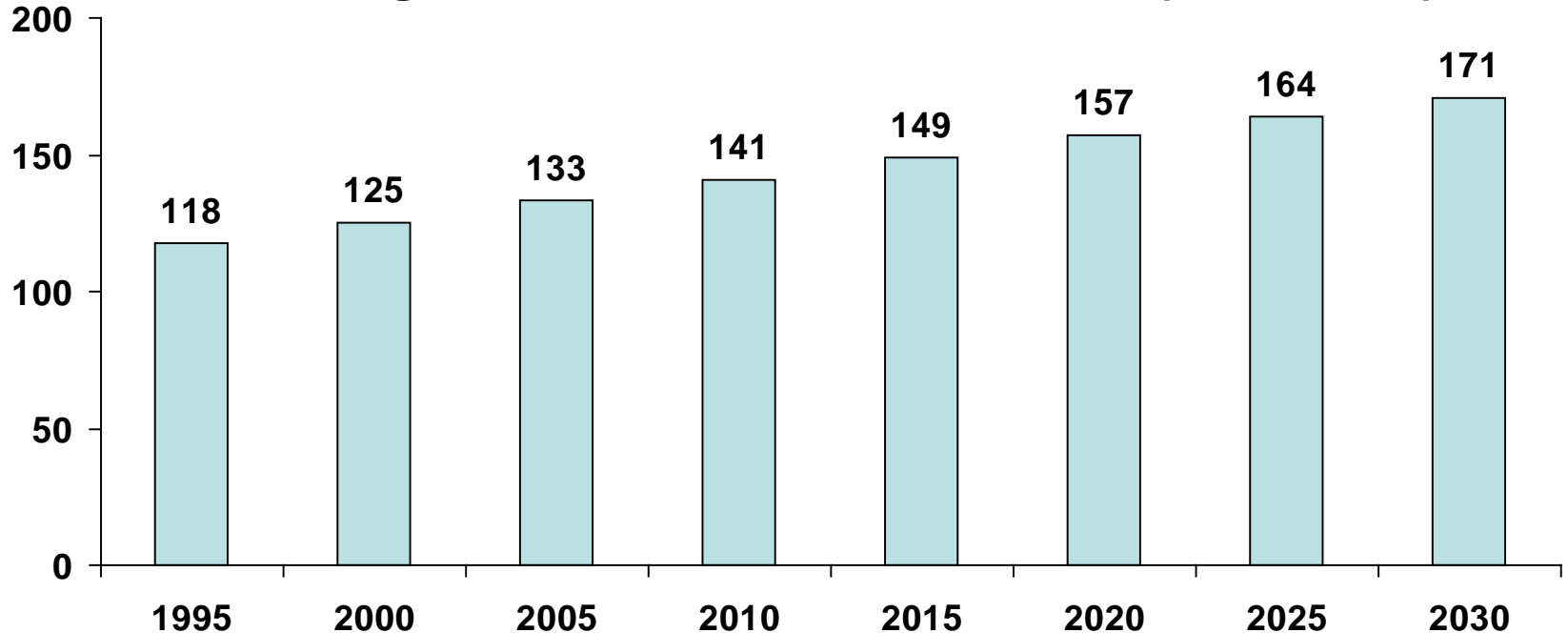


Source: CDC Behavioral Risk Factor Surveillance System

# HealthCare Landscape

## Increasing Impact of Chronic Conditions

### Increasing Prevalence of Chronic Illness (in millions)



Over 25% of young adults, roughly 50% of middle-aged adults and 69% of the elderly have one or more chronic conditions

Source: Wu S, Green A. Projection of Chronic Illness Prevalence and Cost Inflation. The RAND Corporation/RAND Health; October 2000, Document PM-1144

Hoffman C, Rice D, Sung HY. Persons with chronic conditions: their prevalence and costs. *JAMA*. 1996; 276 (18): 1473-1479.



# Health Literacy

- More than 90 million American adults have difficulty reading and understanding instructions on prescriptions, appointment slips, insurance forms and health education materials\*
- Costs the nation \$150 billion annually in waste and duplication of medical services\*
- Only 12 percent of adults have “proficient” health literacy and 14 percent have “below basic” literacy\*\*
- Result: High costs, poorer outcomes

\*Institute of Medicine

\*\* National Assessment of Adult Literacy



## How To Solve It



## A New Way Forward

- The obvious answer is – have people eat less, exercise more, quit smoking, and learn to read
- They have been told to do that for two generations with little to show for it
- So the obvious answer is the wrong one
- Clearly something different is needed

# Positive Behavior Change That Consumers Want To Pursue

- Consumers must be motivated so they will happily choose to change behavior
- Not shamed, forced, or badgered
- Instead: Powered up – through
  - Transparent, actionable information
  - The ability to seek out value in the health system, then decide what's best for them
  - Programs that make healthy things fun and fun things healthy



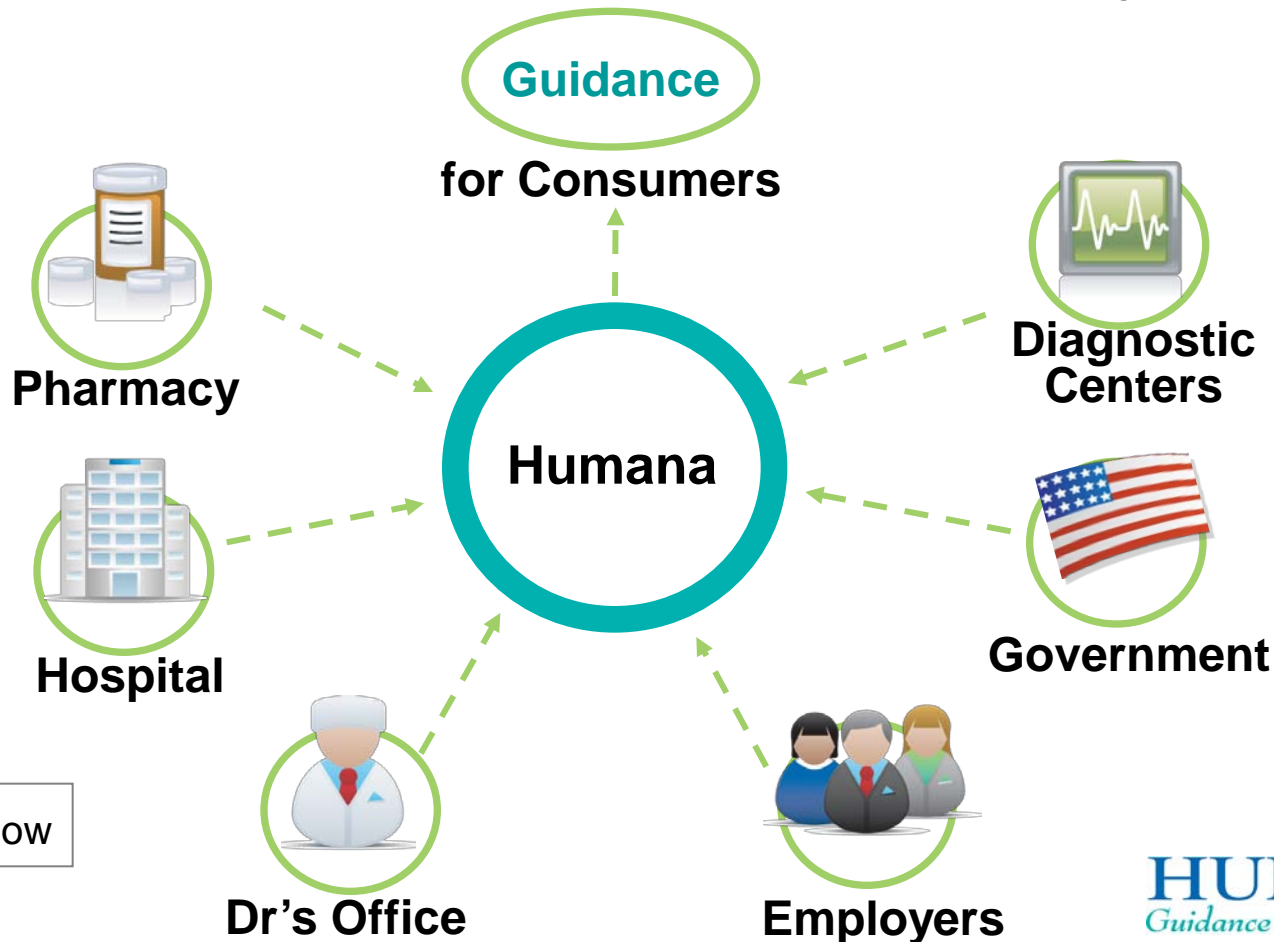
## The Result

- Consumer engagement that's sustainable – because they want to engage
- Long-term positive behavior change
- Measurable progress toward lifelong well-being
- Lower costs, for them and the system
- Better health outcomes

# A Comprehensive View Of Data Is The Key

**Each mini-cosm sees its own data. We see it all.**

We are uniquely positioned to connect the dots for the best insights  
And we serve this information up to consumers in the form of guidance

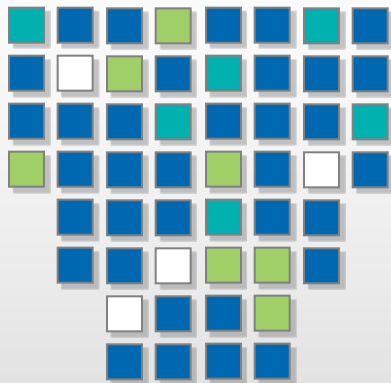


# Our New Role: Data-Driven Consumer Insights

## THEN

Provide **Oversight** to **Customers**

Aggregating **risk**

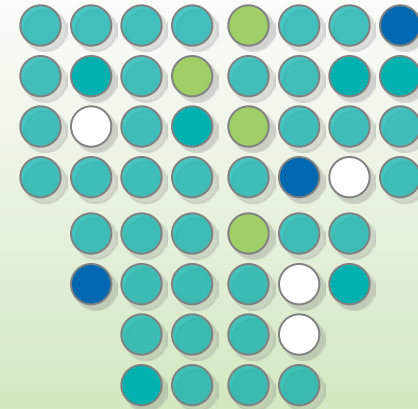


Claims Management

## NOW

Provide **Insights** to **Consumers**

Aggregating **data**



Applied health analytics  
and predictive  
modeling

Individualized Health  
Through Guidance

# Our New Role Has Led To Our Integrated Clinical Model Focused On The Individual Consumer



## It Starts With the Data

Sophisticated tools and methods to take what we know about our members, identify their needs and route them to the appropriate support

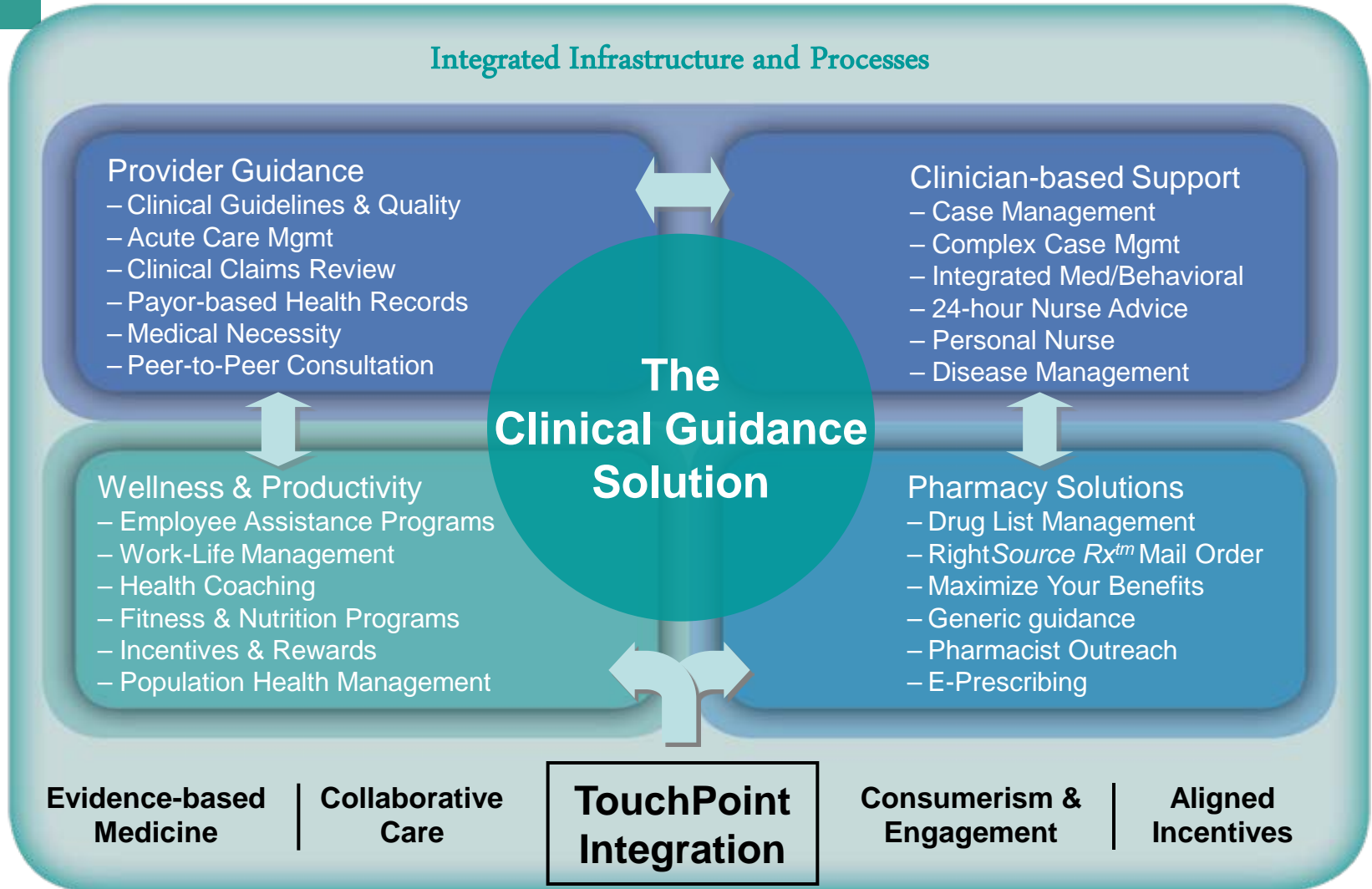
## Personalized Support

A broad array of programs and services that provide education, guidance, and support for each member's health lifestyle, health care options, and health care financing

## Developing Insights

Identifying opportunities around costs and health outcomes to drive continuous improvement

# Integration Produces Personalized Health ...



# ... Starting With Personalized Feedback ...

**the Humana Health Assessment** HUMANA.  
Guidance when you need it most

**Summary** Exit

**Your Overall Wellness Score** 82

0 Poor Fair Good Excellent 100

This compares your health to the overall U.S. population.

**Your Score Compared to Your Age Group** 79

0 Poor Fair Good Excellent 100

This compares your health to others near your age.

**Good Health Guide** 

- ◆ The message in the bottle: [Is drinking hurting your health?](#)
- ◆ Those [extra pounds are taking a heavy toll](#) on your health.
- ◆ A [daily dose of exercise](#) can help cure what ails you.
- ◆ How much of your poor health is really [tied to stress?](#)
- ◆ Is [juggling too much](#) wearing you down?
- ◆ Why should you care about women's health issues? It's [all about prevention.](#)
- ◆ [Managing negative emotions](#) can improve your health.

**Your Health At a Glance**  Enlarge

Dear Jeffrey,

**Tailored letter**

Congratulations! Your above average health scores tell us that you're on the road to good health. But you're not finished yet. What changes can you make to keep yourself healthy long into the future? The goal of MyReality Check is to give you the information

**As You Requested** 

- ◆ [Find out about the dangers of high blood pressure.](#)
- ◆ Why those you love would love you to [quit smoking.](#)
- ◆ What you need to know about [alcohol use.](#)
- ◆ [Good nutrition: You really are what you eat.](#)
- ◆ [Exercise and fitness go hand-in-hand.](#)

Health Scoring

Guidelines

# ... Extending To A Personalized Health And Fitness Portal ...

## LifeZone


- Secure portal
- Member logs activities and achievements
- Online fitness research library
- Personalized messaging alerts
- Tracks individual reward points

[Manage Account](#)  
[Shopping Cart \(0\)](#)  
[Contact Us](#)  
[FAQ's](#)  
[Log Out](#)

HEALTHMILES

Planning
Activity
Measure
Challenges
Rewards

Your HealthMiles and HealthCash



**Ta-da!**  
Here's the new look for your LifeZone, your very own online tracking center. It's the place to be for everything HealthMiles - your goals, your activity, your health stats, your progress, and all the rewards you're earning.

Redeem Voucher

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**Your HealthMiles Program Anniversary**  
June 27 ([What's This?](#))

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**HealthMiles Up For Grabs**

|   |                 |
|---|-----------------|
| <a href="#">Visit the HealthZone</a>                  | 200 HealthMiles |
| <a href="#">Add an entry in your Activity Journal</a> | 10 HealthMiles  |
| Take 20,000 steps in one day                          | 300 HealthMiles |

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**Recent HealthMiles Earned**

|         |                            |                |
|---------|----------------------------|----------------|
| 10/1/08 | GoZone upload <7,000 steps | 20 HealthMiles |
| 10/1/08 | LifeZone website visit     | 10 HealthMiles |
| 9/30/08 | GoZone upload <7,000 steps | 20 HealthMiles |

For more HealthMiles details check your Monthly Statement

Your Activity

Your Stats

Are you getting enough activity?

Not Yet
Almost
Yes
Plenty

Last 7 days What's enough activity?

Activity Journal

---

**Weekly Activity Sessions**

**Target: 2 Complete: 1**  
What's a session? | Set session target

---

**GoZone Steps**

|       |       |       |       |       |
|-------|-------|-------|-------|-------|
| SAT   | SUN   | MON   | TUE   | TODAY |
| 4,884 | 6,181 | 7,733 | 4,360 | 4,404 |

Activity Journal | GoZone pedometer support

Challenges

CGO Sales and Seg Support
▼

Your status: enrolled

2 days until start

Challenge details

Your Sponsor

What is a sponsor?

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Rewards & Benefits

Membership Benefits. More discounts and special offers for Virgin HealthMiles members.

Spend your HealthCash. You earned it! Get a gift card, buy a Polar HRM, and more.

Rebate Center. Earn HealthCash rebates when you shop online: the higher your Level the heavier your rebate!

Featured Rebate

Banana Republic  
[Shop now at Banana Republic and get 15% off \\$125](#)

Valid through Oct 1, 2008

# ... And Including Personalized Tips

**Medication Therapy Management Program** HUMANA

Your Health, Your Savings, Let's Get It.

**Save money with prescription home-delivery**

You could make some tips to the pharmacy and save even more by switching your prescriptions to *RightSourceRx*. You can receive your 90-day prescriptions as up to three weeks. Contact your doctor to see if this arrangement works a right for you. Prescriptions are subject to state regulations and pharmacy.

| Estimated amount you would spend for a 90-day supply at a retail pharmacy | What you could save by using <i>RightSourceRx</i>   |
|---|---|
| Warfarin Sodium \$63.60   | <p>44%<br/>90-day supply at a retail pharmacy: \$1,066.92<br/>90-day supply at <i>RightSourceRx</i>: \$600.00<br/>Potential savings in 3 months: \$466.92</p> |
| Proair Hfa \$107.79   |   |
| Risperidone \$543.51  |   |
| Glipizide XI \$30.87  |   |
| Singulair \$321.15  |   |

Estimated total spent for a 90-day supply at a retail pharmacy: \$1,066.92

Use the attached form to switch your prescriptions to *RightSourceRx*.

Step 1: Fill in your personal information.  
Step 2: Review prescriptions available for prescription home-delivery.  
Step 3: Have your doctor fax back the order form which lists correct *RightSourceRx*, or send in the address label on the form. Let us try to save money.

Get questions about prescription home-delivery and your privacy. Visit [RightSourceRx.com](http://RightSourceRx.com) or the web at [RightSourceRx.com](http://RightSourceRx.com). Call [1-800-274-4002](tel:18002744002) (TDD) 1-877-833-4444. Customer Care Representatives are available Monday - Friday 9 a.m. - 11 p.m. EST.

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| Estimated amount you would spend for a 90-day supply at a retail pharmacy   | What you could save by using <i>RightSourceRx</i>              |            |            |          |             |          |              |         |           |          |   |
|---|--|------------|------------|----------|-------------|----------|--------------|---------|-----------|----------|---|
| <table border="0"> <tr> <td>Warfarin Sodium</td> <td>\$63.60</td> </tr> <tr> <td>Proair Hfa</td> <td>\$107.79</td> </tr> <tr> <td>Risperidone</td> <td>\$543.51</td> </tr> <tr> <td>Glipizide XI</td> <td>\$30.87</td> </tr> <tr> <td>Singulair</td> <td>\$321.15</td> </tr> </table> | Warfarin Sodium  | \$63.60    | Proair Hfa | \$107.79 | Risperidone | \$543.51 | Glipizide XI | \$30.87 | Singulair | \$321.15 | <p>44% savings</p> <p>90-day supply at a retail pharmacy: \$1,066.92<br/>90-day supply at <i>RightSourceRx</i>: \$600.00<br/>Potential savings in the next 3 months: \$466.92</p> |
| Warfarin Sodium   | \$63.60  |            |            |          |             |          |              |         |           |          |   |
| Proair Hfa  | \$107.79   |            |            |          |             |          |              |         |           |          |   |
| Risperidone   | \$543.51   |            |            |          |             |          |              |         |           |          |   |
| Glipizide XI  | \$30.87  |            |            |          |             |          |              |         |           |          |   |
| Singulair   | \$321.15   |            |            |          |             |          |              |         |           |          |   |
| <table border="0"> <tr> <td>Estimated total spent for a 90-day supply at a retail pharmacy</td> <td>\$1,066.92</td> </tr> </table>  | Estimated total spent for a 90-day supply at a retail pharmacy | \$1,066.92 |            |          |             |          |              |         |           |          |   |
| Estimated total spent for a 90-day supply at a retail pharmacy  | \$1,066.92   |            |            |          |             |          |              |         |           |          |   |

# Result: Positive, Measurable Behavior Change

## Tobacco Cessation



- Over **55%** remained **smoke free** after 90 days in the program

## Weight Mgmt/ Physical Activity



- Over **50%** said they had **lost weight** since beginning the program
- Over **10%** reduction in **health-related absenteeism** reported in the first 30 days

## Nutrition



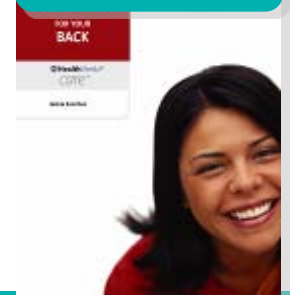
- 71%** made **nutritional improvements** within 30 days
- Over **14%** decrease in **absenteeism** related to health reported in the first 30 days

## Stress Management



- Over **64%** reported a **decrease in stress-related symptoms** in 30 days
- Reduced **health-related absenteeism** as much as **9%**

## Back Care



- Over **18%** decrease in **absenteeism** related to health reported in the first 30 days

# Behavior Change In Action: Humana Cares

## From Disease Management to Holistic Self-Care Management

### Traditional DM Model

Individual is identified after a major clinical event



Call center based model of intervention



Tells individual what he/she should do based on national guidelines



Limited communication with external providers



### Humana Cares Model

Sophisticated predictive models identify individuals before critical events and on an on-going basis

Blends on-site and telephonic support; marries acute and chronic care management

Develops individualized self-care goals, supports behavior change through proven psychological techniques

Manages care coordination across providers and community support networks



## One Dream

*To help people achieve lifelong well-being*



# Well-Being Chart

**The Full Spectrum of Well-Being**  
 Living happily with a balanced sense of purpose, belonging, security & health.





## The Role of IT



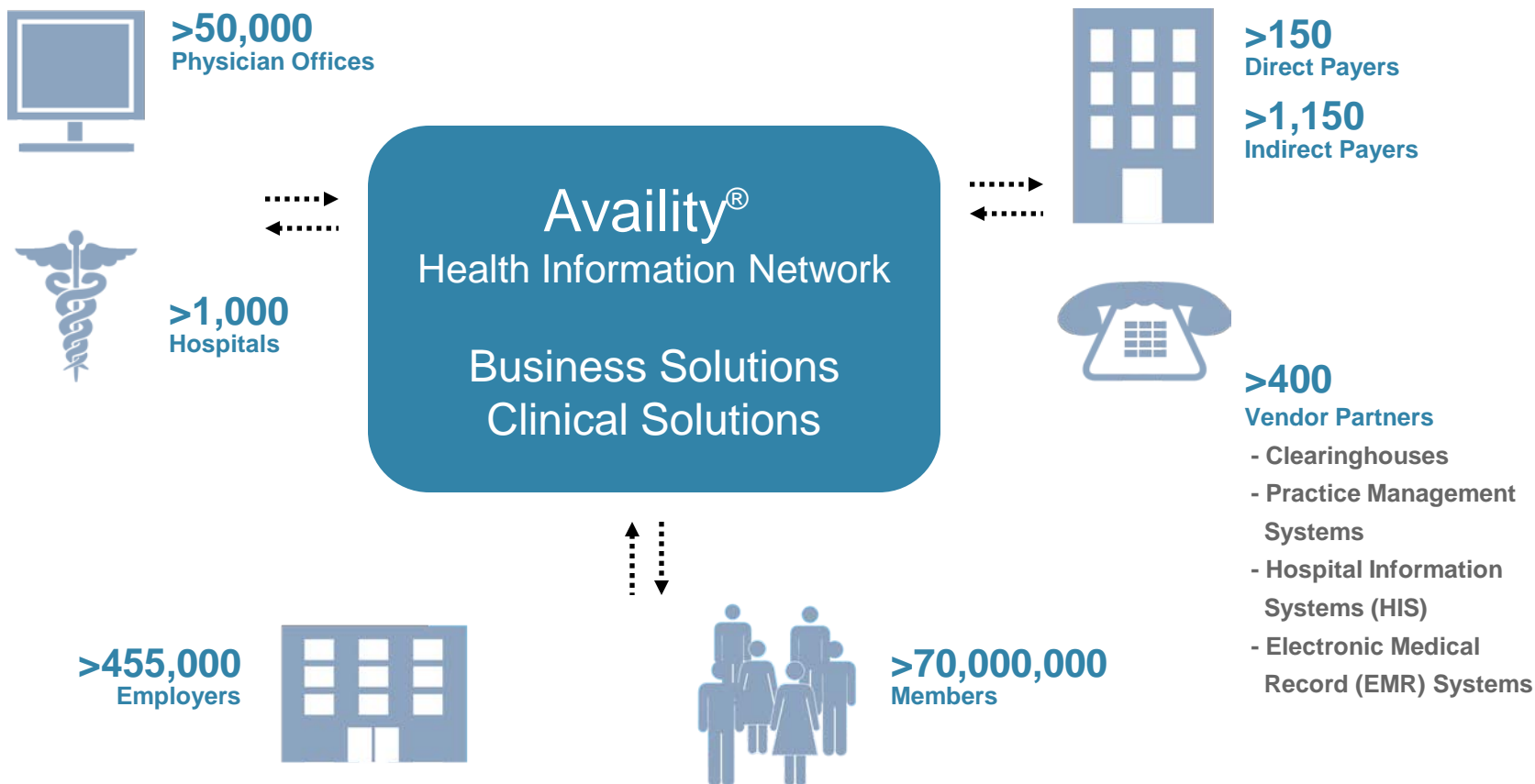
# How Can Health Care IT Help To Create A Real Health Care System?

- Standardization
- Simplification
- Real-time claims adjudication
- Multi-payor portals
- Evidence-based medicine for physicians
- Actionable information for consumers

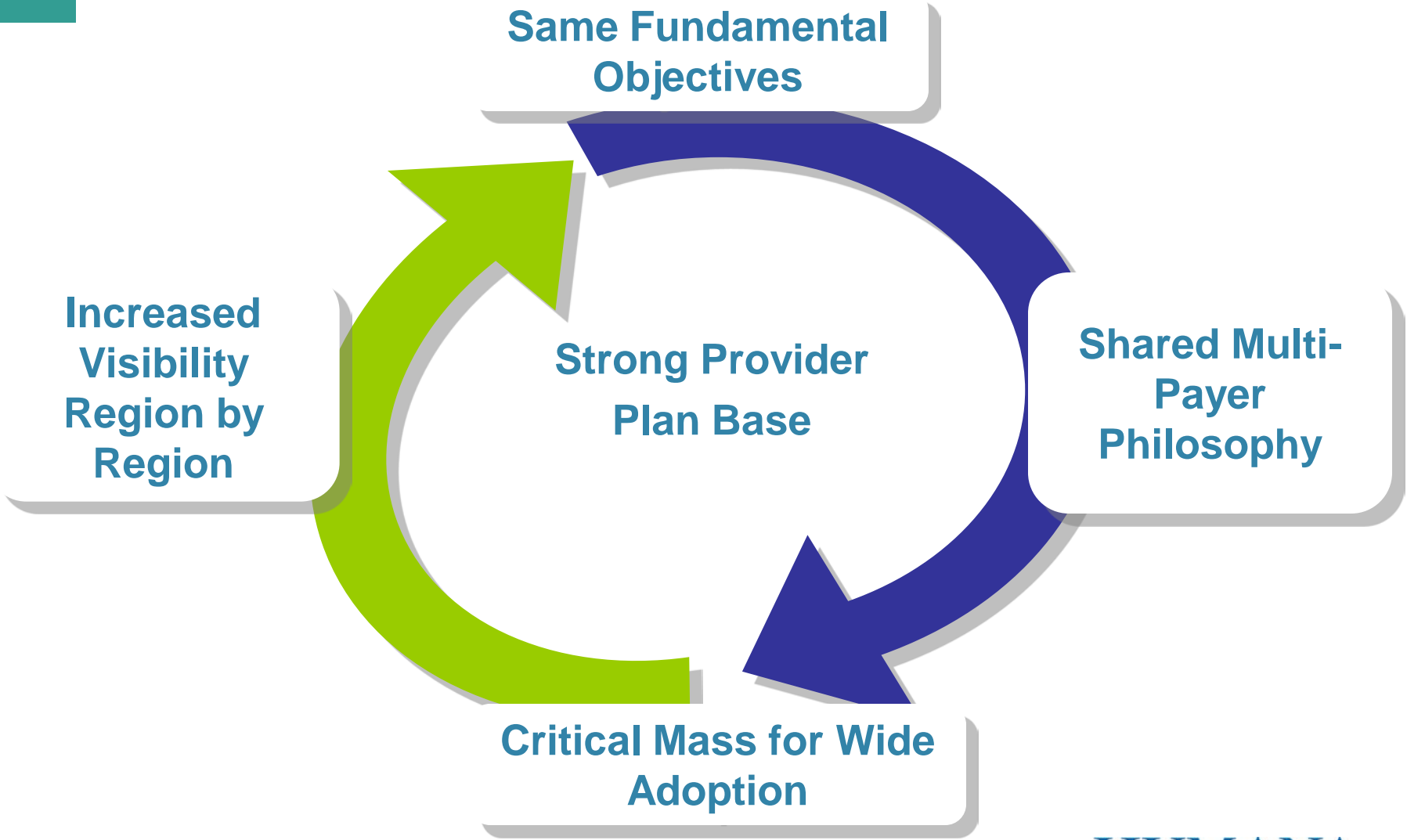


# About Availity

## More than 660 million transactions annually



# Unique Collaborative Model





# Solutions For The Entire Industry



# Improving Outcomes and Reducing Costs



## Administrative

*Business tools improve workflow and enhance the efficiency of the visit.*

### Batch/Clearinghouse

Claims  
Remittance Advice

### Real-time

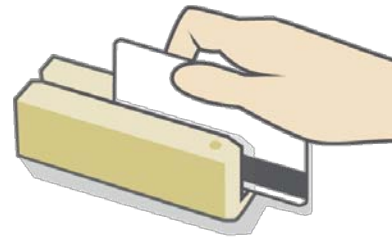
Eligibility & Benefits  
Claim Status  
Referrals / Auth's  
Claim Submission

### Card Swipe

CareRead®

## Financial

*Financial tools reduce costs and improve payment recovery.*



### Patient Responsibility Estimator

CareCost Estimator<sup>SM</sup>

### Payment Solution

CareCollect®



*Across the continuum of care, Availity eases your workflow*

## Clinical

*Clinical tools support more informed decisions and enhance the health of the patient.*



### Health Record

CareProfile®

### Electronic Prescribing

CarePrescribe®

# Real Results

## Deliver Quality



“Finally, a web site that provides me with the information I'm looking for, right at my fingertips.”

Amy Hampton,  
practice administrator

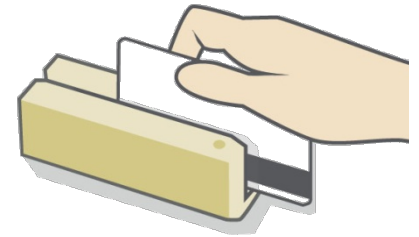
## Improve Outcomes

“Our efficiency and overall use of time has improved drastically... The staff can do at least double the work in half the time, focusing on patient care rather than spending time on the telephone.”

Judi Lento, practice administrator



## Eliminate Cost



Practices using Availity regularly have reduced their phone call interactions with health plans by more than 10% in the first ten months. At a cost of \$1.38 - \$2.70 per call, the savings are exponential.

# Availity CareProfile

- Real-time electronic health records
  - Office visits and hospitalizations
  - Diagnoses and associated procedures
  - Prescription history
  - Lab event history
  - Lab results
  - Radiology event history
  - Immunization history
  - Clinical messaging
- Currently sourced from information which resides with the health plans
- Offered to providers at no charge

## CareProfile®

Name: PJ FLORIDA      PCP: Gregory House, MD  
 Date of Birth: 01/01/1990      PCP Phone: 555-555-1234  
 Age and Gender: 19 / Female      Specialty: Family Medicine  
 Phone: 904-555-1234      Payer: AHCA  
 Address: 1 MAIN ST  
 JACKSONVILLE, FL 32255

From: (MM/DD/YYYY) 01/01/2009 To: (MM/DD/YYYY) 09/11/2009 ? Go Reset  
 Print Entire Report (.PDF) Expand All

### CareProfile Disclaimer

Information provided through the Care Profile capability includes only information submitted to participating insurance companies for payment purposes. The information is not a medical record, nor is it intended to be a complete record of a patient's health information. Certain information may have been intentionally excluded (due to its sensitivity – psychiatric, substance abuse, HIV/AIDS, sexually transmitted diseases, and abortion related data – or for other reasons) and the health record may also contain errors. Physicians must use their professional judgment to verify this information and should not exclusively rely on this information to treat their patients.

| Date Filled | Drug Name   | Dosage | Route  | Quantity Filled | New or Refill | Prescribing Physician | Data Source |
|-------------|---|--------|--------|-----------------|---------------|-----------------------|-------------|
| 09/11/2009  | Lybrel Tablet                                     | mcg    | Tablet | 0               | New           | AHCA                  | AHCA        |
| 08/12/2009  | Lybrel Tablet                                     | mcg    | Tablet | 0               | New           | AHCA                  | AHCA        |
| 07/22/2009  | Sulfamethoxazole/Trimethoprim 800 mg/160mg Tablet | mg     | Tablet | 0               | New           | AHCA                  | AHCA        |

| Date of Service | Procedure Code | Description                  | Ordering Provider              | Rendering Provider | Data Source |
|-----------------|----------------|------------------------------|--------------------------------|--------------------|-------------|
| 07/08/2009      | 84703          | Chorionic gonadotropin assay | CRESTVIEW HOSPITAL CORPORATION | Unknown            | AHCA        |
| 07/08/2009      | 81001          | Urinalysis, auto w/scope     | CRESTVIEW HOSPITAL CORPORATION | Unknown            | AHCA        |
| 03/28/2009      | 84703          | Chorionic gonadotropin assay | CRESTVIEW HOSPITAL CORPORATION | Unknown            | AHCA        |

| Date of Service | Procedure Code | Description             | Ordering Provider              | Rendering Provider | Data Source |
|-----------------|----------------|-------------------------|--------------------------------|--------------------|-------------|
| 03/21/2009      | 73080          | X-ray exam of elbow     | CRESTVIEW HOSPITAL CORPORATION | Unknown            | AHCA        |
| 03/21/2009      | 73080          | X-ray exam of the elbow | LOZANO RADIOLOGY               | BILL HUXTABLE MD   | AHCA        |



# Supporting National HIT Objectives

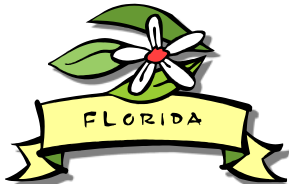
- Security and Privacy
- Compliance – **HIPAA, CORE, EHNAC**
- Interoperability – **seamless integration with multiple systems and stakeholders**
- Meaningful Use – **leverage widely available, consistent administrative data**
- Deliver Quality – **real-time access to actionable, relevant patient information at the point of care**
- Eliminate Cost – **identify fraud through medication history access; save time by improving access to important information**
- Improve Outcomes – **reduce avoidable adverse drug events by providing alerts at the point of care**

# Public/Private Collaboratives

## AHCA

State of Florida  
Agency for Health  
Care Administration  
(AHCA)

- Health information Exchange project with Florida Medicaid
- Includes Availity CareProfile



## VHEN

Virginia Health  
Exchange Network  
(VHEN)

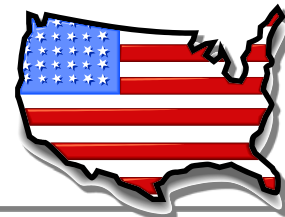
- Project to develop the public-private portal for Commonwealth of Virginia
- Selection led by Aneesh Chopra (CTO)



## AHIP

America's Health  
Insurance Plans  
(AHIP)

- Selected for multi-payer portal proof of concept in Ohio (administrative transactions)



**Public Sector Goals:** Support an infrastructure that will help improve quality care delivery and outcomes for patients, while reducing wasteful health care spend.

**Why Availity?** Platform delivers the secure, proven infrastructure necessary for meeting quality and outcome goals. Availity seamlessly integrates with physician workflows, providing access to relevant patient information in real-time.



## Conclusion





## Conclusion

- Out-of-control health costs is the *problem*
- Sustainable consumer behavior change, powered by easy tools and healthy-fun programs, is the *solution*
- Lower costs and better outcomes is the *result*
- Health care IT has an indispensable role to play in making this happen

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