

Stop missing the **ticking time bombs** of treatment costs

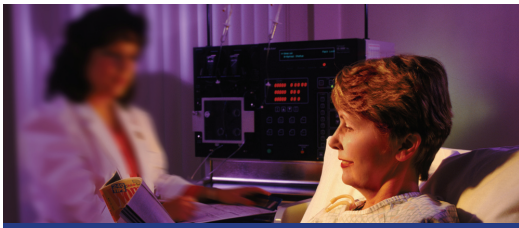


Identify high-risk patients with PATH

Patient noncompliance costs \$45 billion a year in direct healthcare costs

- Patient noncompliance leads to 3.5 million hospital admissions each year (11% of all hospital treatment episodes, with an average cost per admission of almost \$9,000), and is the single greatest cause of readmission after hospital discharge.
- In addition, medication noncompliance is the primary factor in 23% of all nursing home admissions. Noncompliant patients incur healthcare costs that are four times as great as compliant patients' costs.
- Altogether, patients' failure to take prescribed medication costs society over \$100 billion annually, with \$45 billion in direct healthcare costs each year due to noncompliance.

Source: ScriptAssist™, a CenCorp Health Solution



PATH slashes treatment costs by revealing how patient thinking and behavior drives healthcare expenditures.

What is PATH?

Profiles of Activities and Attitudes Toward Healthcare (PATH), a 4-minute attitude test, is the nation's first and only non-clinical, easy-to-administer profiling tool found to substantially lower per-patient treatment costs.

Based on the results of the short PATH questionnaire, each adult is assigned one of nine profiles (see accompanying "PATH Profiles" sheet) that identifies the person's internal

drivers and prioritization of specific health-related activities. The profile also explains how to reach them effectively – empowering true patient-centered interventions.

- Lowers treatment costs an average of \$326 pmpy with ROI of 10:1
- Predicts variability in healthcare costs, and patient compliance and outcomes regardless of current health status or disease state
- Empowers prevention-based medical management independent of disease states or risk factors

What is PATH's path?

Members with low expenditures could be avoiding primary and preventive care, leaving them silently at-risk. PATH helps you identify who they are before they incur high expenditures, and then tells you what to do about it.

- Population and Utilization Management – Determine the HMO or benefit package most suited to your patients' profiles; accurately predict utilization; improve prescribing behavior; improve appropriate medical and pharmacy utilization; reduce medical malpractice risk.

- Case Management – Improve patient engagement rates (9% to 19% increase in patient connectivity, longer calls, higher achievement of goals, etc); reduce medically unnecessary expenditures and interventions; improve patient satisfaction, improve medical and therapeutic outcomes and compliance; provide targeted and effective outreach and education.

What can I expect?

- Improved patient adherence to treatment regimens and improved

clinician satisfaction with PATH Training and Interventions;

- Reduced expenditures by identifying the 18% of the population that generates medical costs about 40% higher than any other group regardless of medical condition, then providing customized interventions;
- Effective membership management by providing outreach and education programs based on behavioral factors demonstrated to identify profitable membership composition, instead of using clinical criteria alone;
- Predictable realistic return on investment for case and disease management services resulting in reduction in total costs among experimental group with the largest impact on admission costs (\$259 reduction pmpy) and pharmacy claims costs (\$136 pmpy reduction).

Prove it.

Two decades spent studying 500,000+ subjects document PATH's effectiveness, utility and versatility. PATH improves case management accuracy and cost-effectiveness by pinpointing efforts that will be most successful and worthwhile. Among the studies are:

1. The efficacy of PATH profiling as a one-to-one intervention tool was confirmed in a 2006 year-long controlled experiment with 8,000 Healthways disease management patients. Results showed an average decrease of \$326 pmpy for profiled patients that were assigned a PATH-trained nurse. In addition, PATH model insights achieved:

- 16% improvement in patient connectivity;

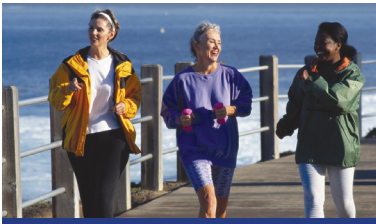


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- ▶ • 20% increase in patient engagement;
 - 11% improvement in patient's meeting goals (reflective of behavior change);
- In the course of this year-long trial, the nurses reported:
- Exceptional satisfaction with the techniques and knowledge of the patient's PATH profile;



... your first month of savings of \$272,000 should occur in Month 4, after a cumulative investment of only \$51,000.

- Highly effective techniques that were easy to learn and implement;
- Better exchanges with, and appreciation shown by patients;
- Higher empowerment, better performance, and ability to anticipate and successfully navigate around patient resistance.

2. The information-rich PATH profile not only enables healthcare providers to be more effective with each patient, it is also a powerful predictor and identifier of high-risk populations that would otherwise be missed if only health risk assessments and claims rates were used. In a national study of nearly 100,000 individuals in 2001, PATH profiling alone identified populations with:

- 30% to 80% above normal rates and 30% to 60% below normal rates of hypertension, heart disease, cancer, and respiratory conditions;
- 25% to 85% above normal rates and 20% to 40% below normal rates of medical service use (such as PCPs, oncologists, and cardiologists).

3. Independent actuarial analysis of 1.2 million member months conducted in 2006 by a statewide Blue Cross & Blue Shield Association

health plan confirmed the PATH model's ability to predict variability in health care costs, particularly the use of prescription medications, by as much as \$1,600 per person per year among a normal population, and by as much as \$3,600 among high risk diseased populations.

HOW does PATH profile and change behaviors?

PATH uncovers and identifies otherwise invisible patterns of healthcare thinking and behavior without asking clinical or health-based questions; measures and predicts behavioral traits, intentions and attitudes about healthcare that drive risk; and educates and trains your staff to provide tailored, effective interventions.

What's the price?

Annual questionnaire license (\$5,000), annual classification software license (\$5,000), profiling (average \$1.55 per person), computer installation (\$200 per computer), and training (\$2,300 average per trainee).



include possible discounts on rising malpractice premiums. Assuming 100,000 PATH profiles and 10 trained clinicians with their own classification software, your 12-month PATH investment would be approximately \$203,000, or \$17,000 per month. To calculate savings, it is conservatively estimated that 10% of the profiled patients will receive a resulting intervention. Using a savings of \$326 pmpy (documented in a one-year trial), your average annual savings would be \$3.26M. Therefore, the estimated ROI for this scenario is 16 to 1. Summarized below, your first month of savings of \$272,000 should occur in Month 4, after a cumulative investment of only \$51,000. In each of Months 5-12, investment is \$17,000, and savings are \$271,700.

Since savings won't begin until after 3 months, they will continue for 3 months after investment is completed for the year.

When do I see ROI?

Realized estimated savings are predicted after 3 months of patient interventions, which does not

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Month	PATH Investment	Savings
Month 4	\$51,000 cumulative	\$271,700 cumulative
Months 5-12	\$17,000 per month	\$271,700 per month
Months 13-15	\$0	\$271,700 per month
Annual Total	\$204,000	\$3,260,000



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PATH Profile Types



18% of the population generates medical costs 40% higher than any other group, regardless of medical condition

- **Clinic Cynic** – doesn't trust the medical profession, believes providers are generally incompetent
- **Avoider** – disinterested in health-care matters
- **Generic** – shops for lowest price, experiments with alternative medicine, switches plans
- **Family Centered** – family's health is valued above all else, compares providers
- **Traditionalist** – preconceived ideas about which plans and providers are the best
- **Loyalist** – moderation in all healthcare opinions and activities, will pay more for quality

- **Ready User** – nutrition and medication are health enhancers, least likely to avoid care
- **Independently Healthy** – looking for long-term benefits, healthiest and most active
- **Naturalist** – most difficult to satisfy, conflicting opinions and high expectations, highest risk for non-compliance
- **Unassigned** – unpredictable patterns of thinking or behavior related to healthcare

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Low trust = High price to pay.

Adults with low trust report kidney disease at a rate 97 percent above the norm. For breast cancer, the rate is 49 percent above the norm. For colon cancer, the rate is 45 percent above the norm. The incidence of diabetes (without insulin) is 10 percent above the norm. The reporting of enlarged prostates occurs at a rate that is 22 percent above the norm. These findings clearly show some adverse associations between the health of the patient and their inherent distrust of medical professionals.

Source: 1998 Sachs/Scarborough HealthPlus Survey for Los Angeles, California.

PATH helps you identify high-risk members before they incur high costs

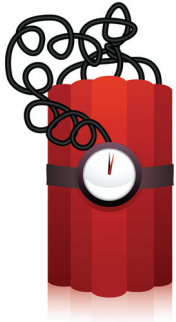


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Find unseen patterns of healthcare non-compliance ...



... before it's too late

By the time you figure out that Mr. Jimmy Cricket needs case management, he's already cost the health plan, Medicaid, or Medicare thousands of dollars. In retrospect, you know that a \$10,000 hospitalization may have been prevented if we knew that Mr. Cricket, a low-cost "good risk" member by all records, hadn't seen a primary care doctor for eight years and went out of his way to avoid seeking needed care. An expensive epiphany – you had no idea that while it looked like you were only spending \$100 per year for a very profitable member, Mr. Cricket was actually at high risk for festering medical conditions he had ignored. When he finally shows up—and he will—he will be ill-equipped for self-care due to ingrained patterns of apathy leading to increased risk of non-compliance and poor adherence.

For less than \$3.00, a PATH



Predict disease prevalence, pharmacy expenditures, and compliance with PATH

(Profiles of Activities and Attitudes Toward Healthcare) profile would have told you that Mr. Cricket is an "avoider," who likely will incur huge healthcare expenditures within 1-2 years.

With PATH, you can predict his disease prevalence, pharmacy expenditures, and compliance. Now that you know you have a ticking time bomb, what's next?

His PATH profile will tell you how to make the patient understand that he needs preventive intervention, and influence him to get it.

If you don't know the profile mix of your membership, your care management-related expenditures are misguided, wasteful and ineffective.

PATH PROVIDES MEMBERSHIP MANAGEMENT THROUGH MESSAGING.

Health messaging can be targeted and tailored based on your case mix of member profiles within the population. PATH provides four different versions of the same "message," so that each patient, regardless of profile, will hear the message in the most effective way for him/her. Example: The message is "get your child immunized" and "at your age you need a colon cancer screening." ALL people ask, "Why should I do that?" and "What's in it for me?" One-size-fits-all education and outreach provide standard responses such as "10% of screened patients live longer" or "Your baby's doctor recommends immunizations." Few are inspired by these messages and motivated to act. We're completely missing a great majority of our patients and members with messages that are tuned out, or end up in the trash.

Regardless of health status, certain profiles will respond to standard messages with "That won't happen to me" or "I don't care – most doctors are idiots anyway and I'm not putting my kid through getting a shot just because some doctor thinks I should." These messages actually have a NEGATIVE effect on

several member types. A completely different approach is needed to 1) avoid angering specific "profiles" of patients; and 2) positively motivate their behavior. A different version of the message might be, "Get your child immunized and receive a discount on an amusement park admission."

PATH EMPOWERS PROACTIVE UTILIZATION MANAGEMENT.

Using PATH profiles has implications for utilization management, too. The cost of pre-natal vitamins for Ms. Thumbelina, a 17-year-old pregnant member, and immunizations for her two-year-old is negligible compared to caring for a sick mother and child. However, not all patients with this set of circumstances think, feel, and behave the same way about healthcare. Let's say Ms. Thumbelina has an "avoider" profile. To motivate her to get and take those vitamins and get her son immunized, she may need a free ride to the doctor and pharmacy, and possibly an incentive like a \$10 gift certificate to a discount store. Given PATH data and training, a nurse can predict this specific risk/response. With an exception authorization for a \$25 expenditure for this patient, thousands of healthcare dollars can be saved through preventive care.

A PATH profile tells clinicians immediately what they're dealing with, and how to deal with it.

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