

Disease Management NEWS

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DMPC Awards First DM ROI Certifications

The Disease Management Purchasing Consortium (DMPC) has verified disease management (DM) savings methodologies for eight managed health care plans and awarded its first certifications under a new program the DMPC announced in late June (*DMN*, 6/25/04, p. 1).

Meanwhile, eight other plans failed to meet the DMPC's new criteria and have been invited to reapply for return on investment (ROI) certification once they have changed their metrics used to calculate DM ROIs.

The managed care plans that earned ROI certification were Blue Cross and Blue Shield of Alabama, CareFirst BlueCross BlueShield, Empire Blue Cross Blue Shield, Great-West Healthcare, Harvard-Pilgrim Health Care, Health Net, HealthPartners and PacifiCare.

The DMPC launched the ROI certification program to defuse the ongoing debate among employers, actuaries, payers and vendors around biases in DM savings measurement, says Al Lewis, executive director of the Wellesley, Mass.-based DMPC. "The ongoing controversy over savings claims made by disease management programs has fueled substantial debate among health administrators and health policy-makers," Lewis tells *DM News*. "Today, virtually every claim of savings is challenged privately and sometimes publicly. Wide varia-

tions in the way disease management programs have counted their savings have an impact on industry credibility and growth, projected premium increases for health plans, employer health costs, and Medicare and Medicaid programs to contain healthcare costs and improve care management."

Lewis says his Savings Measurement Certification Program is a "prescription" for addressing these concerns by accounting for the most serious known major systematic errors in DM measurement, primarily regression to the mean and selection bias, two statistical biases that Lewis believes result in most of the overstated and misleading ROI savings claims. Valid and replicable measurement is a critical step towards eliminating "creative accounting" for projected DM savings, Lewis believes.

The DMPC received considerable interest in the DM ROI certification program after it was announced, according to Lewis. But that came as no surprise to him, he says. "We weren't surprised to see so much interest so soon after certification was available. Disease management programs are viewed by many as a major source of cost savings. However, use of sound methodologies to measure those savings is a rarity. We developed the industry's first certification program to recognize those who promise to do it right and distinguish them from

payors and vendors that may unknowingly overstate financial results."

Gordon Norman M.D., vice president for disease management at PacifiCare, believes the certification award his health plan received will heighten the integrity of its DM programs in the eyes of its customers. And assuring integrity is a linchpin of health plan DM reporting, he adds. "PacifiCare has dedicated substantial resources to removing known biases and confounders from our DM outcomes assessments," he explains. "Achieving the industry gold standard for savings methodology through DMPC is a seal of approval we hold in the highest regard. Buyers and recipients of our DM services, which have garnered awards and recognition from many other sources as well, should feel more reassured than ever that the value they are receiving is real and verifiable."

Michael Norris, director of disease management for Great-West Healthcare, believes that the ROI certification his health plan received will give it a competitive advantage in the preferred provider organization (PPO) market and will heighten his customers' understanding of how DM works in PPOs. "Recognized credentials are especially important in PPOs, where differences among disease management programs are poorly understood by buyers," Norris explains. "We've made a

huge effort to use valid metrics, but, to date, few people appreciate that. We are confident that together with [other DM industry awards] this certification will give our programs the most credibility in the national PPO sector.”

Lewis believes DM ROI certification will accelerate employer adoption of DM programs by validating their real and quantifi-

able savings.

“For the first seven years of the eight-year history of disease management, nearly every result was tainted by erroneous measurement, including nearly every contract I advised,” Lewis says. “Now that the industry has embraced this new methodology, we expect that many more health plans will seek certification and employers will

begin to demand it as a condition of contracting.”

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