
INSIDE DISEASE MANAGEMENT

Some MCOs Say 'Best-of-Breed' DM Strategy Offers High-Quality, Cost-Effective Design

Many view the "best-of-breed" vendor strategy as a dying approach to disease management, but some managed care organizations (MCOs) still swear by it. Critics say it's more expensive to use a different vendor for each condition, requires much more coordination among vendors and makes it more difficult to manage comorbidities. However, insurers like HIP Health Plan of New York and Great-West Healthcare contend that the best-of-breed strategy allows them to select the best vendor for each condition rather than compromising on quality, while still offering a cost-effective program.

Insurers that use the best-of-breed vendor strategy might use a renal disease specialist for an end-stage renal disease (ESRD) management program, a different vendor that excels in respiratory conditions for chronic obstructive pulmonary disease (COPD) programs, and a third that provides the best DM program for diabetes. Over the past several years, however, many health insurers have migrated to a single DM vendor that can provide programs for multiple conditions. For example, CIGNA Corp. uses Healthways, Inc. for all DM programs (see story, p. 3).

"It's very challenging to implement" a best-of-breed strategy, says consultant Vince Kuraitis, a principal at Better Health Technologies. "I'm not sure this strategy has a lot of natural life left in it."

"The trend is definitely away from best-of-breed," agrees Al Lewis, president of the Disease Management Purchasing Consortium.

Mike Norris, Great-West's assistant vice president of medical outreach, concedes that with several vendors, "it's much more difficult to manage, and much more difficult to integrate information." That's partly because "vendor management is very difficult and time-consuming and eats up a lot of resources." Nevertheless, the insurer concluded that "having the best clinical options...and the best interaction for our members" was the paramount concern.

In fact, Norris contends, using just one vendor for all programs "is a terrible strategy." He asserts that a multiple-condition vendor adds some DM programs merely as an "afterthought. It's just one more thing that we can have our nurses doing." After all, he says, "if you can have a group pop in and have a program in place in a couple months and have this wonderful ROI [i.e., return

on investment]," then the vendor should have been focusing on that condition a long time ago.

The insurers say that they would select a single vendor for all programs if "a single company won our choice each time we went out looking for vendors," according to Deborah White, M.D., HIP's medical director of quality management. "But that has not been the case — and it probably won't be the case. We're looking to provide the services that are best suited to the needs of our membership."

Different Vendors for Different Objectives

Instead, White says, HIP chooses vendors based on unique attributes. For example, HIP selected AirLogix Corp. for asthma "because we wanted a company that provides home visits," White explains. Members at highest risk receive a home visit from a licensed respiratory therapist who reviews medication use and provides an environmental assessment to look for asthma triggers.

HIP chose Alere Medical, Inc. to provide congestive heart failure (CHF) services for the majority of enrollees, White says, because of Alere's unique home monitoring equipment, which allows the firm to collect more real-time data on patients' health status.

Similarly, for ESRD, HIP selected Renaissance Health Care, Inc., since that condition "requires a kind of intensity" of care, White explains. Renaissance manages care for the insurer's 100-or-fewer patients who have ESRD. HIP expects to expand that program to patients in earlier stages of the illness, before they must go on dialysis.

HIP also uses XLHealth Corp. to manage care for Medicare fee-for-service beneficiaries with diabetes and CHF, an internal program for other enrollees with diabetes, the Arthritis Foundation for arthritis, Matria Healthcare, Inc. for prenatal care, and an internal program for hypertension.

Great-West uses Matria subsidiary CorSolutions Medical, Inc. for asthma, COPD, cardiac conditions, diabetes, pain management and wellness care; Matria subsidiary Quality Oncology for cancer; Paradigm-Health for neonatal care; WellPoint, Inc. subsidiary Health Management Corp. (HMC) for maternity care; and Renaissance for ESRD.

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The insurer includes existing vendors in the request-for-proposal (RFP) process when it decides to add a new condition. "Matria is a good example," Norris says. "We didn't choose them for the maternity program — we chose HMC instead. But we did talk to Matria extensively."

Sophisticated IT linkages make it easier to integrate DM across vendors, Norris says. "We found that we were able to integrate to a great extent everything that these vendors are doing for us, and through that integration make it very seamless to the member."

The company uses McKesson Corp.'s CareEnhance Clinical Management Software (CCMS) to combine case, disease and utilization management. "We have built interfaces with almost all of [the vendors]," Norris explains. "We are receiving information right into CCMS about the members they're managing, and we're feeding information back to them."

Norris contends that the system results in an electronic health record for each member, providing any DM nurse a full view of a given patient's care. For example, a cardiac patient might be managed by CorSolutions, but if the patient receives a cancer diagnosis, he would be handed off to a Quality Oncology nurse during the acute phase of cancer treatment. After that is completed, the patient would be handed back to the cardiac nurse.

The insurers manage comorbidities using these integrated systems, as well as direct linkages between some vendors. For example, Norris says, ParadigmHealth and HMC have direct data feeds to manage care of high-risk maternity enrollees and infants in neonatal intensive care units. In fact, high-risk maternity patients are referred to a neonatologist prior to delivery, so that "as soon as we're notified that the baby has been delivered, then Paradigm steps in," he explains. "That allows us to get involved with the baby much earlier."

MCOs Emphasize Quality Over Cost

Both insurers say they emphasize the quality of the DM program over cost concerns. Great-West weights clinical considerations the highest, but also takes into account business, technology integration and process considerations. "If we found that one [vendor's program] was better clinically, but didn't have as good pricing or process or whatever else, it still might get chosen," he says.

"What drives me is quality," White says. "In the long run, if I go for the best quality of care for members, I truly believe the bottom line would take care of itself." She adds that once she ascertains that a vendor meets quality-of-care considerations, HIP's contracting team takes over negotiations to determine pricing.

Norris asserts that pricing isn't much different using separate vendors than it would be if Great-West used one multiple-condition vendor for all DM programs.

In some cases, "we got pricing that was absolutely incredible," he says. Great-West worked with purchasing consultants and compared prices across vendors. "In 100% of the cases, I can say Great-West's price is either as good as or better than anything on the market." Norris adds that before coming to Great-West, he used to work for a DM vendor (which he declines to identify). "I can also validate that since I used to be on the vendor side."

He disputes the notion that insurers can get a significantly better deal through bulk pricing for several DM programs. In the long run, he asserts, "it's a huge mistake for groups to do that. They may be getting a slightly better price — it may take them down a few pennies PMPM [i.e., per member per month]. But it doesn't feed out to improved outcomes...on the back end."

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