

# DEMO

## Instructor's Presentation



This demo provides selected slides from the 200+ slides in the Instructor's Presentation, along with additional demo narrative

**Managed Care Training Manual from MCOL**

# Topics

- Learning Objectives
- Intro to Managed Care
- TimeLine
- DataMaps
- Managed Care Fact Sheets
- Advanced Topics
- The Training Manual CD-ROM

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# Learning Objectives

**The overall learning objectives** for the Managed Care Training Manual is to elevate any user's understanding of managed care concepts, relationships, terms, issues and trends.

Through use of separate modules, the Training Manual is designed to provide applicable component resources for audiences that might be at various points in the spectrum in their existing managed care knowledge.

# Learning Objectives

**Learning objectives for each module** are as follows:

- *The Training Manual Video Clip* is designed to provide users a very brief overview of managed changes in managed care and the Training Manual contents
- *The Intro to Managed Care Training Manual* is designed for those relatively less familiar with managed care concepts and terms, and provides major concepts, relationships, terms and issues in summary format and progressive order.

# Learning Objectives

**Learning objectives for each module** are as follows:

- *TimeLines* provide users a sense of the timeframes involved in the development of managed care, marked by key events and statistical milestones
- *DataMaps* provide users a sense of the geographical and regional trends in applicable data for selected topics
- *The Managed Care Fact Sheets* provides users a snapshot of key managed care statistics that currently shape the managed care industry.

# Learning Objectives

**Learning objectives for each module** are as follows:

- *The Advanced Topics Seminar* is designed to provide more detailed knowledge addressing a wide variety of relevant specific managed care operational topics and issues to users that have at least a basic understanding of managed care concepts
- *Where to Find Out More* is designed to provide several web site links and reference resources for users desiring additional information.

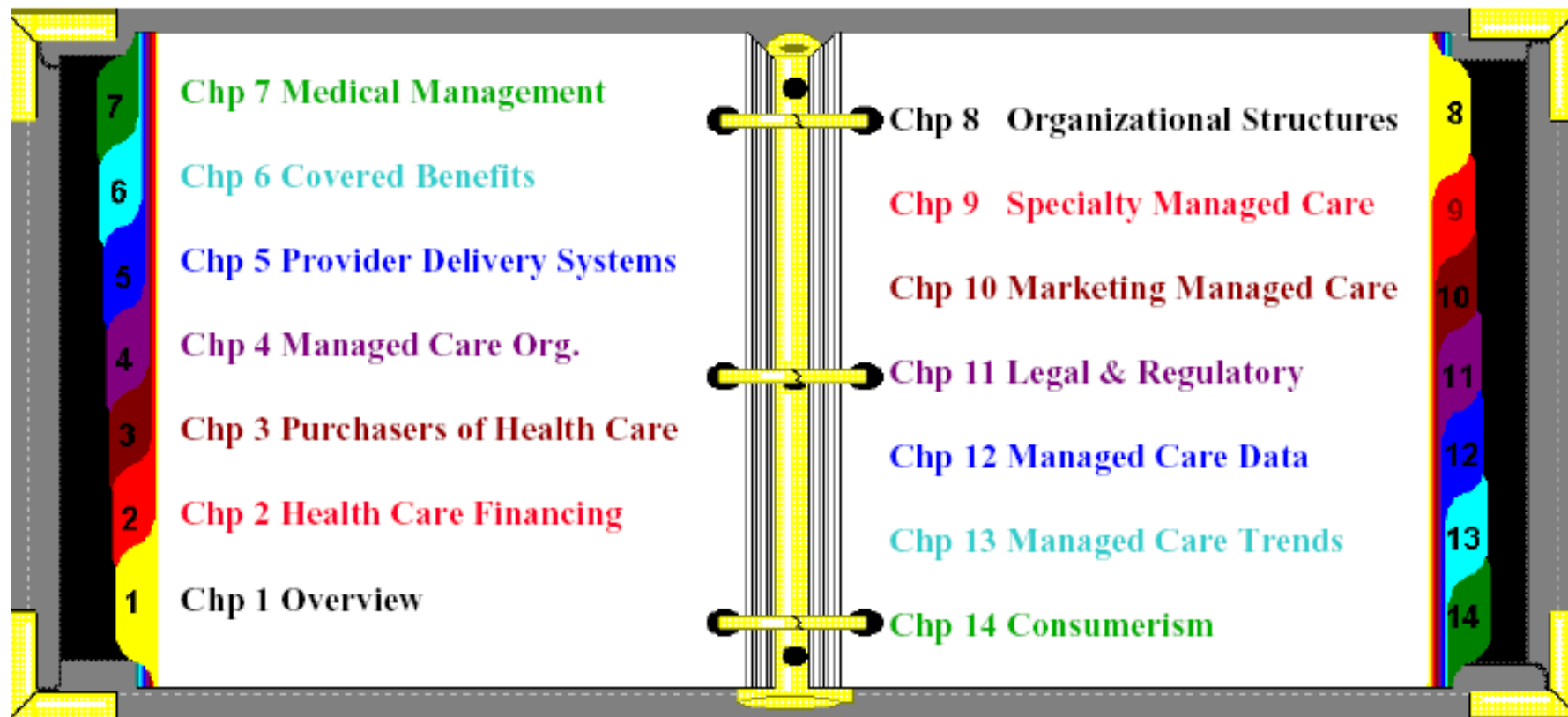
# Quote

A number of selected quotes are provided in transition areas of the presentation, to assist with making the presentation more interesting.

“What Americans want is really quite simple: all the health care they or their doctors can imagine, virtually free, without added taxes for health care and without higher out-of-pocket costs for their 'employer-provided' health insurance. That's all.

**Uwe E. Reinhardt**, professor of political economy at the Woodrow Wilson School of Public and International Affairs at Princeton University

# Intro to Managed Care Training Manual

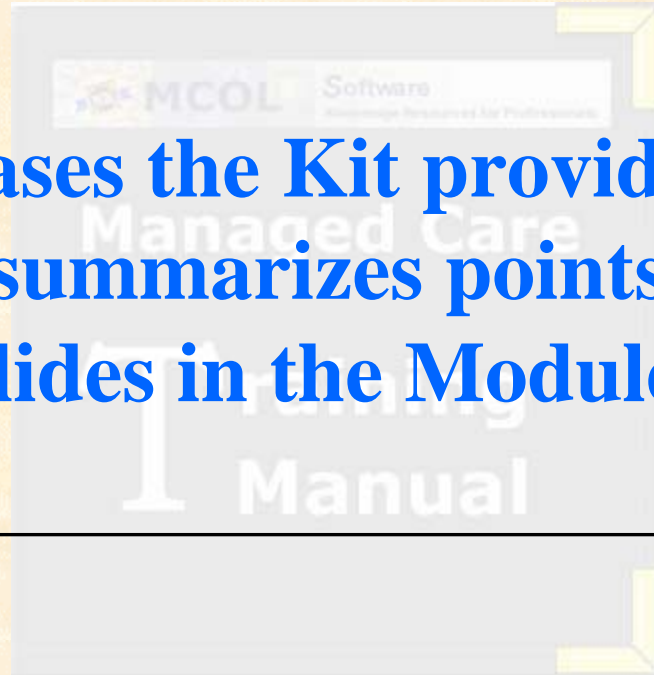


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**For the Intro to Managed Care Training Module....**

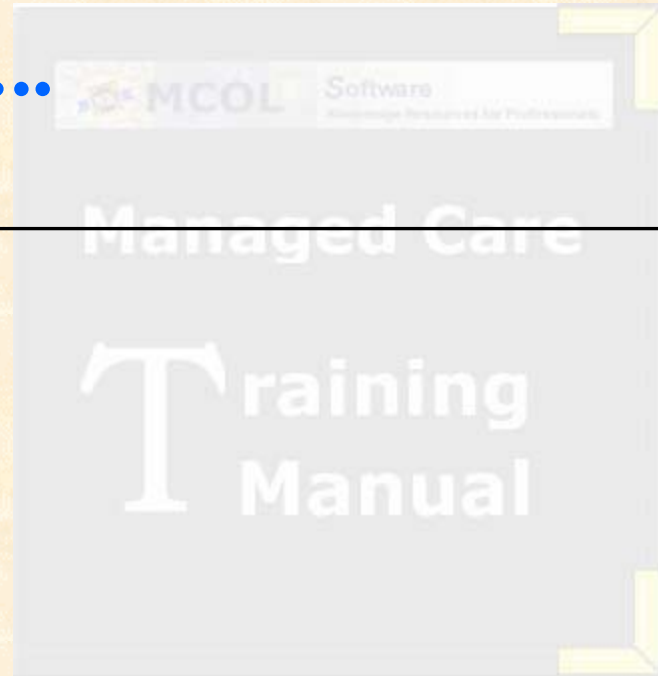
**The Instructor's Kit selects the key slides from each chapter in the Module that the Instructor should emphasize.**

**In some cases the Kit provides a new slide that summarizes points from multiple slides in the Module.....**



**For the Intro to Managed Care Training Module....**

**The following provide a few  
representative slides of the fifty  
Instructor's slides included with this  
module .....**



## Chapter One...Overview

# Follow the Money (non-consumer driven)



## Chapter Two....Health Care Financing

### Medical Homes

There is not one single standard for the emerging concept of Medical Homes, which involve a model in whereby individuals use primary care practices as the basis for accessible, continuous, comprehensive and integrated care

Financing under Medical Homes generally incorporate some restructuring of compensation, so that primary care has the potential to receive an increased allocation of funds, including supplemental monthly patient management fees, and bonus incentive payments.

## Chapter Four...Managed Care Organizations

# PPOs

HMOs are much more regulated than PPOs, so the term HMO has a very defined meaning. The term PPO, however can be used to describe several different things:

- A plan of benefits that has a *dual option*: a higher *preferred level* when PPO providers are used, and a lower *standard level* when non-participating providers are used.
- A *provider organization* that contracts with purchasers to be the preferred PPO providers under their dual choice plan
- An *administrative organization* contracting with providers, and brokering these contracts with PPO purchasers.

## Chapter Seven...Medical Management

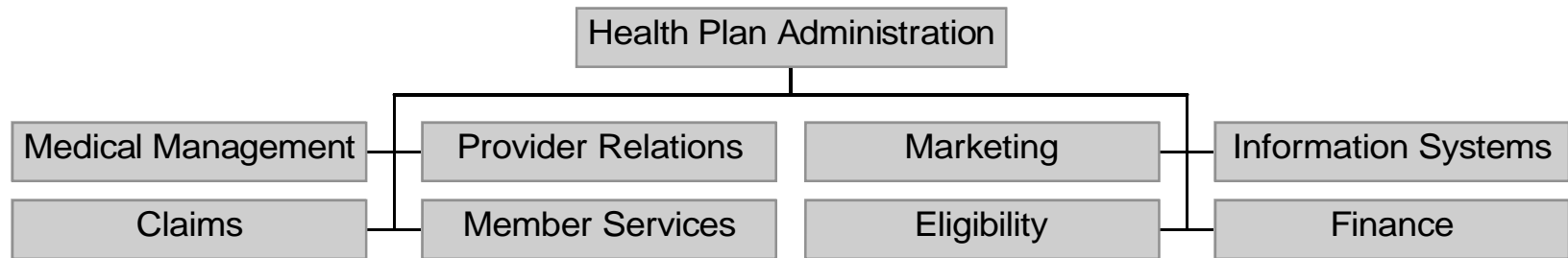
# Prescription Management

Medical management techniques for prescriptions include:

- *Formularies*- where a listing of drugs of choice are indicated, and others excluded, for treatment of applicable conditions
- *Therapeutic Substitution*- substitution of a therapeutically equivalent preferred brand drug for a non-formulary drug
- *Generic Substitution*- of a generic equivalent drug for a brand name drug
- *Drug Utilization Review*- use of authorizations and retrospective review for applicable prescriptions

## Chapter Eight.... Organizational Structures

# Health Plans



**Note:** Health Plans sometimes will contract with third party *BPO (Business Process Outsourcing)* organizations to perform various components of applicable functions listed above.

## Chapter Twelve...Managed Care Data

# Key Indicators

<i>Indicator</i>	<i>Calculation</i>	<i>Purpose</i>
<i>Revenue PMPM</i> (\$XXX.XX)	Revenue/ Member Months	Measures revenue performance
<i>Medical Expense Ratio (%)</i>	Medical Expenses/Rev.	Measures medical expense performance
<i>Adm Expense Ratio (%)</i>	Administrative Expenses/Rev.	Measures administrative cost performance
<i>Days per 1,000</i> (XXX)	(Annual Inpatient days/Annualized members)*1,000	Measures inpatient utilization performance (per 1,000 members)

## Chapter Fourteen...Consumerism

# Comparison of Major Account Types

FSA	HRA	HSA
<ul style="list-style-type: none"><li>• May be used by any employer and employees</li><li>• May be funded by employer or employee</li><li>• Balances may not rollover from year to year (use it or lose it)</li><li>• Not portable for employees</li></ul>	<ul style="list-style-type: none"><li>• May be used by any employer</li><li>• May only be funded by employer</li><li>• Balances may rollover from year to year</li><li>• Not portable for employees</li></ul>	<ul style="list-style-type: none"><li>• May be used by any taxpayer, must be opened before age 65</li><li>• Require companion high deductible insurance policy</li><li>• May be funded by employer or employee</li><li>• Balances may rollover from year to year</li><li>• Portable for employees</li></ul>

## Fact Sheets

[National HMO Enrollment Graph](#)

[Current National Managed Care Enrollment](#)

[National Managed Care Penetration](#)

[Key HMO Performance Measures](#)

[Premium Rate Increase Trends Graph](#)

[2009 Premium Rate Increase Estimates](#)

[Major National Health Plans](#)

**For the Managed Care Fact Sheets Module....**

**The Kit provides eight selected Fact Sheet slides, which displays a current snapshot of the industry.**

**Following is a representative Fact Sheet slide .....**



# Managed Care Fact Sheets

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<b>Major National Health Plans</b>	<b>Enrollment*</b>
WellPoint	35.3 million
United Health Group	32.8 million
Aetna U.S. Healthcare	17.7 million
CIGNA HealthCare	11.9 million
Humana	11.5 million
Kaiser Permanente	8.6 million
Coventry	4.6 million
Health Net	3.7 million

\* Total Enrollment for all medical membership. Source Data: Company Financial Reports and web sites as of Third Quarter end, 2008

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# Advanced Topics Seminar



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## **For the Advanced Topics Seminar....**

**The Advanced Topics Seminar involves detailed narrative papers on 73 different selected topics.**

**The Instructor's Kit provides a summary slide (or sometimes two or three ) for each topic. Representative slides, from the 114 slides available in this portion of the Kit follow .....**

## Advanced Topics Seminar: Benefits

### Tiered Hospital Copayment Plans

- Tiered hospital benefits aren't the same as the difference in copayments between a network and out-of-network hospital in a PPO or point-of-service plan.
- Instead these plans involve a distinction in benefits between two classes of network hospitals, where a plan categorizes certain hospitals as higher cost (or lower quality) and increases the patient cost-sharing requirements when these hospitals are used.
- The tiers can be designed for HMO or PPO plans, and can be structured in self-insured or fully-insured benefit plans

## Health Plan Financial Performance Indicators

- *Medical expense ratio.* (Also called Medical Loss Ratio) Medical expense ratio equals medical and hospital expenses divided by operating revenue. This ratio reveals the percentage of the organization's premium revenue needed to meet its direct medical costs for a particular period.
- *Administrative expense ratio.* Administrative expense ratio equals administrative costs divided by operating revenue. This ratio reveals the percentage of the organization's premium revenue needed to meet its administrative costs for a particular period.

## Advanced Topics Seminar: Provider Issues

### Calculating Inpatient Days Per 1,000

- Inpatient Days per 1,000 members measures a health plan's inpatient utilization performance.
- The most common method is to calculate Inpatient days per 1000 on an annual basis. However, there are times when you may want to measure your inpatient days using partial year data.
- To calculate inpatient days for an entire year, divide the Annual Inpatient Days by the number of Annual members, then multiply that result by 1,000 members.  $(\text{Annual Inpatient Days} / \text{Annual Members}) * 1,000$  members.

## Advanced Topics Seminar: Estimations

### Predictive Modeling – A Primer

- Predictive Modeling in health care is a process involving risk/behavior assessment and adjustment applied to a given population based upon available data for purposes of stratifying that population according to their future probabilities of incurring a given outcome or behavior.
- The purpose of Predictive Modeling is to risk stratify a population to identify individual opportunities for intervention or action before the projected outcome as occurred.
- Predictive Modeling requires an existing data repository, in which data is mined, and selection of a specific modeling tool to apply to the historical timeframe to predict outcomes for an alternative timeframe.

## Advanced Topics Seminar: Membership

### Reporting Membership By Month

- The most fundamental issue with membership accounting is that the reported member count for a given point in time can be subject to change, and not fixed.
- Why? Plans allow employer groups retroactive member additions, changes and terminations. At minimum, these go back 30 days, but many plans allow adjustments further back in time .
- Subscribers are also given 30 days to add a new child or spouse, retroactive to the date of the event.
- Sometimes Plans experience a errors or a backlog of processing membership accounting, due to inadequate staffing, system problems, or other issues, which requires retroactive adjustment.

## Advanced Topics Seminar: Consumerism

### Calculating Consumer Out Of Pocket Costs

The following types of expenses and concepts apply:

- *payroll deductions* -for the plan selected
- *annual plan deductible*- applies to all plan services
- *benefit deductibles*- applies to a specific type of service
- *copayments*- a flat dollar amount per service
- *coinsurance*- a percentage of the covered cost of service
- *benefit maximums*- services exceeding an annual or lifetime threshold
- *benefit exclusions*- services that are not covered by a plan
- *out of pocket maximum*- a maximum amount that a member pays out of pocket for covered services per year

## Advanced Topics Seminar: Metrics

### Revenue Cycle KPIs

- Key Performance Indicators (KPIs) provide a dashboard for an organization's Revenue Cycle vehicle
- Revenue Cycle Management involves all administrative and clinical functions that contribute to the capture, management, and collection of patient service charges
- Departments and functional areas often incorporated into Revenue Cycle Management include: Patient Access; Core Patient Financial Services; Medical Management; Information Management; Managed Care Contracting; and Clinical Operations

# The Training Manual CD-ROM

## Tips in using the Training Manual CD-ROM:

- *Opening the CD-ROM:* you can either open the Training Manual directly from the CD-ROM, or install it from the CD-ROM from your computer. You will need an adobe acrobat reader to view the Manual.
- *Printing:* You can print any portion of the Manual from your Adobe Acrobat reader, but be careful to change the print range from “All Pages” to “Pages from \_ to \_” and indicate the pages you want printed. You won’t want to print the entire Manual, as the back portion contains the interactive quiz pages that are repetitive, plus your printer probably can’t handle printing too many pages at one time.

# The Training Manual CD-ROM

## Tips in using the Training Manual CD-ROM:

- *Navigating through the Manual:* The Manual is one large document. Links are provided on virtually every page that can return you to a main menu. Page number are provided at the bottom of each page. Familiarize yourself with adobe acrobat navigation buttons, and you'll have an easier time moving through the manual.
- *The Advanced Topics Seminar:* The Seminar papers often assume the reader has a basic understanding of some referenced terms. There is a wide scope of subjects addressed, and not every topic might be relevant to you, depending on your situation.

**More available in the Kit....**

**In addition to the Instructor's Presentation, available in Powerpoint and Adobe Acrobat formats, the Instructor's Kit also provides a separate Study Guide, additional copy of the Intro to Managed Care Quiz, and a 50 Question Supplemental Quiz**

**For more information....**

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