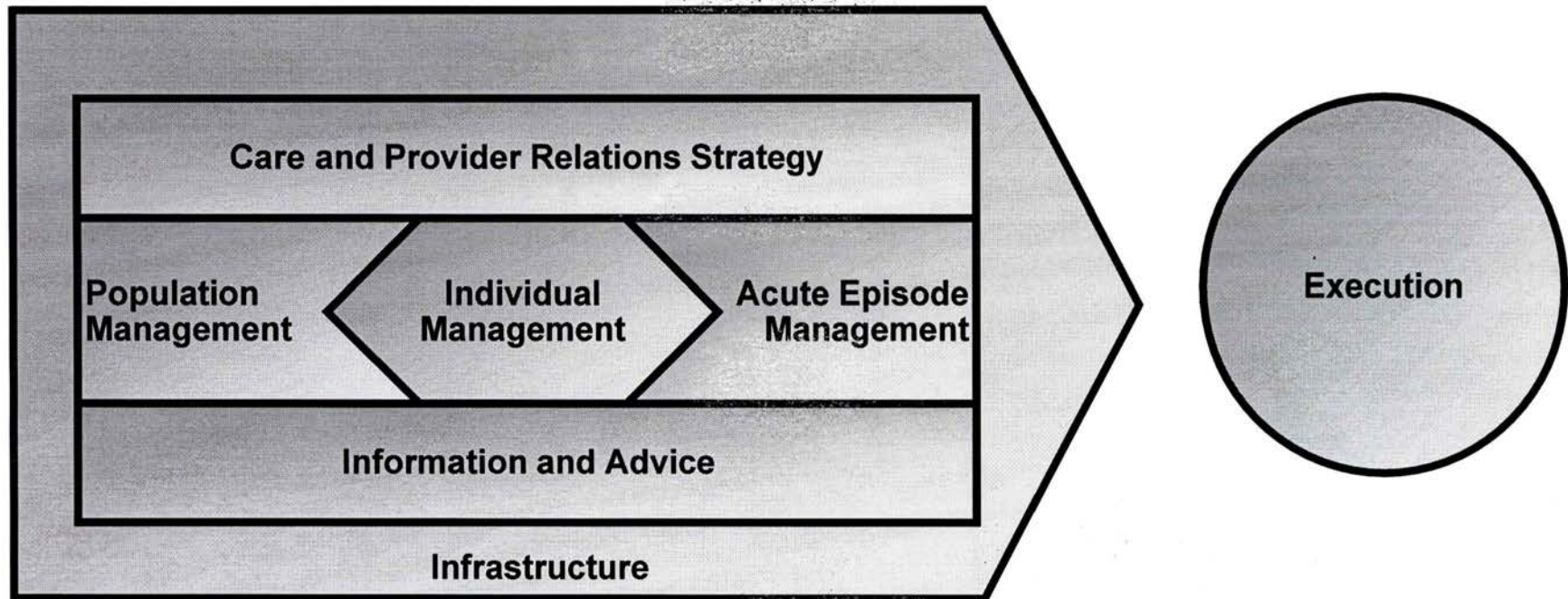


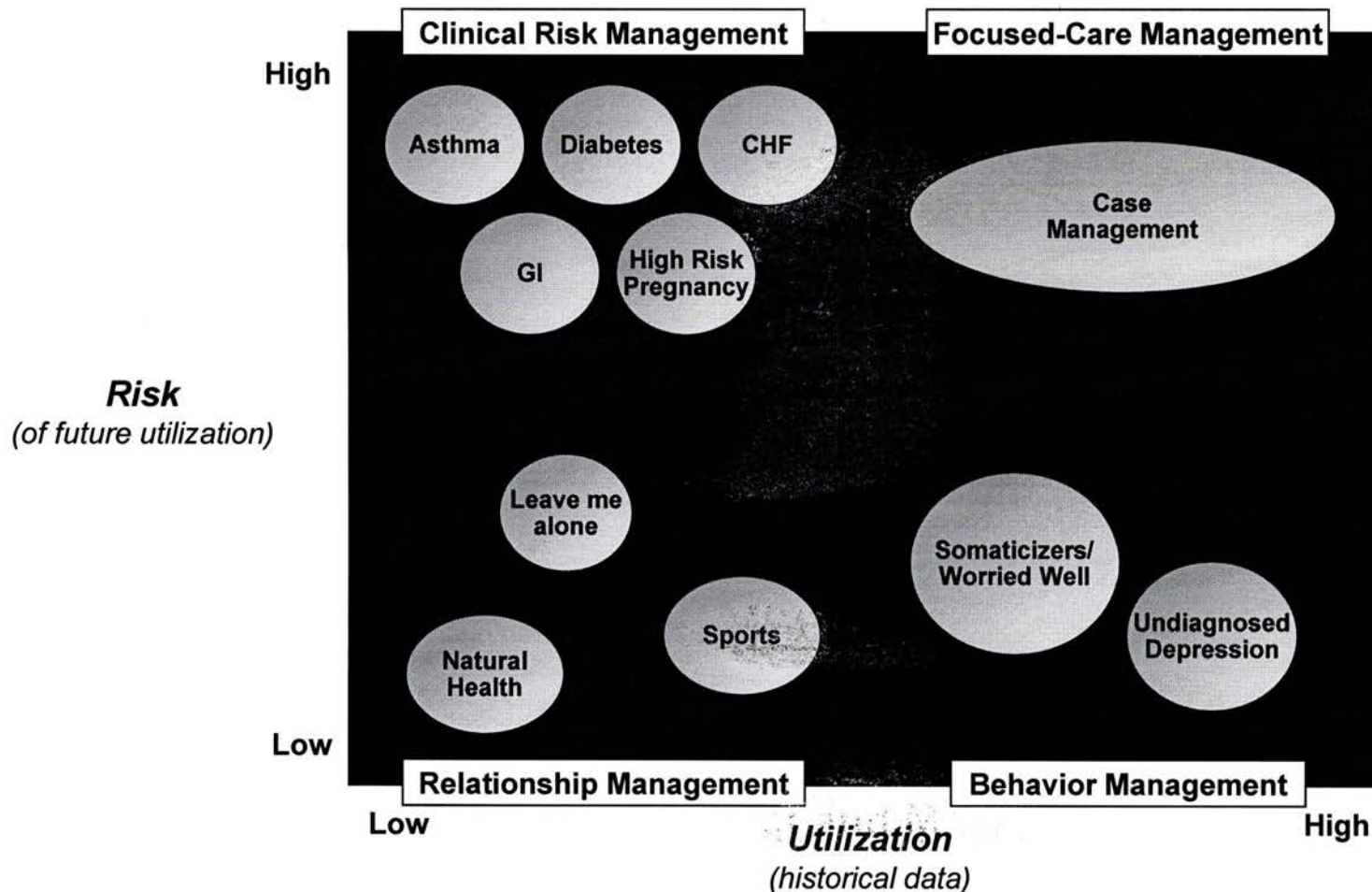
In response to these industry forces, health plans are innovating in all seven aspects of medical management.

Medical Management Framework



Leading health plans are better targeting their population management techniques.

Future “Predict and Manage” Model



Successful disease management programs share several key characteristics.

Characteristics of Successful Disease Management Programs

- Member focused
- Used extensively for members with chronic disease
- Uses of multiple channels and sources to identify and enroll patients
- Leverages technology to facilitate management
- Presence of relevant data to manage conditions
- Use of “best practice” outsourcers
- Use of shared decision making
- Employs provider feedback, coaching, education, and support

Our client used the industry's experience as a basis to determine the potential benefits of "managing" the care of patients with this condition.

Industry Experience: Asthma



Source	Measure	Savings
Disease Management News	■ ER visits	-79%
	■ Hospital days	-88%
MAMSI - DPS Data	■ Total asthma spending	-22%
Aetna/US Healthcare	■ Hospital days	-35%
	■ ER visits	-26%
	■ Direct asthma spending	-32%
Harvard Community Health Plan	■ Adult hospital admissions	-10%
	■ Pediatric admissions	-25%
Anthem	■ Hospitalizations	-44%

Source: industry literature; Andersen Consulting research

Measu...

Innovations in episode management are coming from the use of new technology in targeted ways.

Pharmacy Management Innovations



- Improve physician prescribing decisions through the use of drug selection software, examples include:
 - A medical group that uses a software system which lowered its pharmaceutical costs by \$4.50 pmpm
 - TouchScript uses touch screen to guide physicians' prescribing decisions and transmits scripts electronically; reduces pmpm pharmaceutical costs by \$1.44 to \$2.13
 - Milliman and Robertson is offering a new diagnosis-based formulary
- Utilize data mining to leverage pharmaceutical data in managing care
 - Integrate with medical data, identify candidates for targeted programs
 - Monitor patient status in disease management programs
- Focus on improving compliance
 - Monitor, act on, refill data
 - Extensive use of eTechnology (e.g. Health Heroes Network monitors pharmaceutical use for CHF, Magic Medicine Cabinet)