



Lucent Health
HUMAN FOCUSED + DATA DRIVEN

Top-Notch Care Management Is Crucial for Managing Healthcare Costs

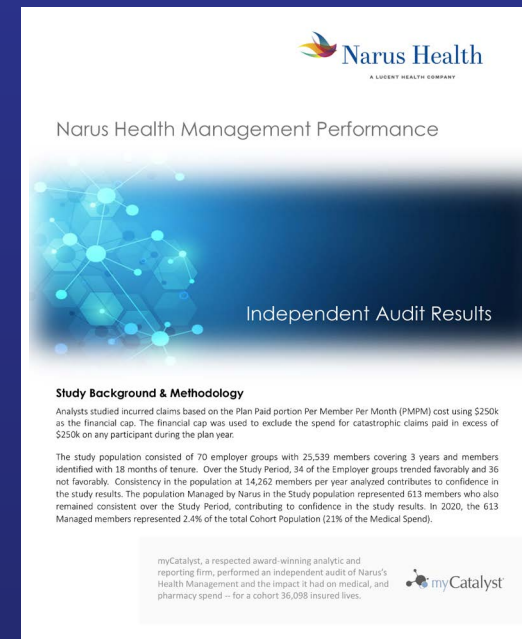
Results From an Independent
Audit of Narus Health's
Management Performance



The Impact of Care Management

The best employers are committed to providing healthcare benefits for their employees, but most are watching their costs increase continually. For example, PwC's Health Research Institute has projected a **7% increase in medical costs in 2021** and a **6.5% increase in 2022**. Those increases affect both consumers and the employers who support their plans.

Narus Health Management, Lucent Health's care management arm, recently commissioned an **independent audit** of its care management service and the impact it had on medical and pharmacy spend for a cohort of 36,098 plan participants. Narus engaged myCatalyst, a respected and award-winning analytic and reporting firm, to conduct the audit.



Engaging Members and Managing Healthcare Costs

Because self-insured employers assume the risk for the cost of employee health benefits, it's crucial for them to better manage the health of their employee populations. And carefully coordinated care management has been shown to engage members as well as to help control costs. For example, among Medicaid patients, a complex care management program reduced total medical expenditures by 37%, according to research published by the *American Journal of Managed Care*.

In the world of employer-provided health coverage, successful care management means being available for the participant at the beginning of a claim, and walking with the participant throughout their care journey. That might include providing assistance in making healthcare decisions, choosing providers and adhering to prescribed medications, therapies and other care plans. It also includes a focus on tracking real-time health data for participants, so that the care management team can reach out to a participant anytime they see a red flag, such as a missed behavioral health appointment, a new diagnosis or a prescription that has not been refilled. That ongoing support helps members follow their care plans and avoid unnecessary care episodes.



Lucent Health's recent independent audit reveals that successfully engaging members and walking with them through their healthcare journey helps avert or mitigate health crises, resulting in significant savings for both members and employers. The numbers show that the care management approach to managing healthcare costs works.

Examining Results

The results showed that superior care management has a positive impact on the PMPM spend of an employer-provided health plan.



Participants with actively managed care had 9.5% lower costs from beginning to end of the study period.



Despite a national rate increase from \$265.11 PMPM in 2018 to \$295.07 PMPM in 2020, **healthcare costs for Narus-managed participants in the study decreased in all other categories**, including Total Medical, Plan Paid Medical, Member Medical and Plan Paid PMPM. The widespread national rate increases showed an unfavorable PMPM trend when applied to the whole population, but the actual PMPM trend for Narus-managed participants was favorable in each category.



Total Medical costs for Narus-managed participants in the study dropped from \$332.99 in 2018 to \$234.89 in 2020. Plan-paid medical costs for Narus-managed participants dropped from \$265.11 to \$198.32 in 2020.

Impact on Key Performance Measures

The decrease in costs resulted in a significant positive impact on a number of key performance measures, including the following.

Complex chronic conditions. Six in 10 Americans live with at least one chronic health condition or disease, such as diabetes, cancer or heart disease, according to the Centers for Disease Control and Prevention (CDC). And self-insured employers pay steep costs for plan participants who are managing chronic conditions. Those costs include doctor visits, prescriptions and ER visits, as well as absenteeism, lost productivity and early retirement.

However, this research shows that a superior care management strategy can help lower the costs of chronic condition management. The best care management programs offer varied levels of service to meet the various needs of participants. For instance, Narus Health's most advanced level of service, known as complex care management, provides more in-depth attention to participants managing chronic conditions.

Complex care management goes far beyond the basic services such as getting benefit questions answered or accessing human resources-related information. It also includes services such as assistance with engaging doctors and specialists; a listening ear between doctor visits; education and help understanding treatments and medications; self-care resources; and an online platform that provides a centralized place to organize and keep digital copies of important documents, medication trackers and dose reminders, along with help deciphering health benefits and bills.

In one study, providing such a focused care management approach for people with chronic health conditions resulted in patients experiencing fewer complications from chronic illnesses, avoiding developing new chronic conditions, and visiting emergency rooms and hospitals 20% to 50% less often.



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ER utilization. When plan participants visit the emergency room (ER), self-insured plan owners pay big bucks. Not only is an ER visit expensive on its own, but also those visits often lead to hospital stays or other costly services. In many cases, those ER visits are preventable and the same care could have been provided in other, less costly settings. For example, one analysis showed that an estimated \$8.3 billion is spent each year on emergency department care that could be provided in another location.

Rather than spending on unwarranted ER visits, a superior care management system can help participants make more informed decisions about where to seek care. When plan participants are closely connected with their care teams and accustomed to contacting them with questions, and they know their care teams are available around the clock, they will naturally contact their care managers before visiting the ER. For many injuries and illnesses that may seem like emergencies, there are other, less expensive options for accessing care—and a superior care management team can share those options with participants, helping them make the right decision for their situation.

The Lucent analysis showed that the cohort of patients managed by Narus Health experienced a greater reduction in ER visits than the group not managed by Narus. The non-managed group reduced ER visits by 19.5% from 2019 to 2020, **while the Narus-managed group reduced ER visits by 29.5% over the same time period.**

Reducing Costs and Improving Outcomes

The Lucent Health study conducted by myCatalyst showed that more than half of included employers saw a reduction in PMPM costs, among other healthcare outcome improvements. Other employers in the United States saw PMPM costs increase about 6% in 2020, with no impact on key performance measures.

Narus-managed plan providers also saw a reduction in PMPM costs, as well as improvement on key performance measures such as ER utilization and acuity levels. The difference is in the active care management.

Without an active care management team, plan participants are essentially on their own, making their own healthcare decisions in a vacuum or even on a whim. For example, when no care management team is easily accessible, a plan participant who needs an MRI may simply schedule the procedure at the hospital her doctor recommends. But an in-touch care manager could explain that an MRI center much closer to the patient's home can provide the same service with no need to drive downtown or use public transit, and at a much lower cost.

Superior care management can provide decision support and guidance for plan participants who need to take the next steps in their healthcare journey. Having those care managers can help plan participants achieve better health outcomes, which results in lower costs overall.



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Praise for Narus Health Care Management

While the savings that we provide to our clients are important ... the greatest ROI is what our team does for our clients' members on a daily basis.

I have been so pleased with Heather as my case manager. Learning I had cancer was staggering, as I have no family history of cancer and I have been healthy for years. To say the least ... navigating the insurance/provider/procedure maze was very frustrating and almost worse than finding out I was sick.

Then Heather entered the picture. She discusses my options with me, helps find facilities that accept my insurance and navigates the mountains of paper trails ... all with a smile! Heather has been a blessing. I want you to know Heather is a huge asset to Narus Health, and I hope everyone sees the value she brings to the table.

– Enrolled Member

I received wonderful care from Jennifer during the end of my pregnancy and postpartum period (around December 2020–April 2021) During my third trimester, my insurance switched to Narus. At first, I hesitated to enroll in the maternity care program, but now I am so thankful I did. Oftentimes Jennifer was easier for me to reach than my doctor's office. She also provided a bit more nuanced and detailed care, which was so helpful. Too often, the nurses at my doctor's office would cut me off before letting me finish explaining my issue, but Jennifer always allowed me to finish speaking before giving a thoughtful response.

She was always so helpful and happy to receive my calls, and she was particularly helpful regarding my questions about breastfeeding questions. I cannot say enough good things about Jennifer!

– Enrolled Member

The care management team worked to save a life last night. We had a suicidal patient push symptoms through mobile after a self-reported suicide attempt. Three of our nurses immediately got involved. For two of them, this was after their normal working hours, but that didn't matter. They jumped into action, answered the call for help and kept him talking until first responders arrived. He is now receiving inpatient care. In fact, he called the nurses today to thank them. How do you put an ROI on this?

– VP Clinical Processes, Narus Health

About the Independent Audit

\$250,000
Financial cap

To complete the audit, analysts examined incurred claims based on the plan-paid portion of per member per month (PMPM) cost, using \$250,000 as the financial cap. This financial cap was used to exclude the spend for catastrophic claims paid in excess of \$250,000 on any participant during the plan year.

70 Groups

25,539 Members

18 Months
tenure

The study population included 70 employer groups with 25,539 members covering three years and members identified as having 18 months of tenure. While participants varied throughout the three years of the study, 14,262 members remained consistent throughout the period, contributing to confidence in the study results.

613

Members managed
by Narus

The population managed by Narus in the study group represented 613 members, who all remained consistent over the study period. In 2020, the 613 Narus-managed members represented 2.4% of the total cohort population (21% of the medical spend).



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About Lucent Health

Lucent Health provides healthcare solutions for your people with customized plans, data engineering and superior care experiences. Its integrated care management solution, Narus Health, is reducing healthcare costs for employers and improving healthcare outcomes for participants.