

A RELIABLE METHODOLOGY FOR DETERMINING VALUE

VALIDATING MSK VENDOR SOLUTIONS



POST-IMPLEMENTATION GUIDELINES

GENERAL GUIDELINES FOR MSK



Guideline Pre-Implementation





To evaluate the impact or ROI from In addition to establishing a baseline Conservative care-based MSK programs (e.g. Primary Care, Physical Therapy, or Chiropractic services) establish a baseline PMPY using medical claims data including only diagnosis codes that are in scope for those disciplines. This means all codes related to fractures, dislocations, infectious disease of bone, rheumatoid arthritis, etc. would be excluded creating a PMPY of only codes that could be managed at the conservative level of clinical care. This baseline or benchmark data allows for a reliable and valid measure of a program's success using employer's health plan data (your populations MSK experience).

MSK PMPY the following data must be calculated prior to implementation of the program or gathered during the program to use as a benchmark for measuring vendor performance:

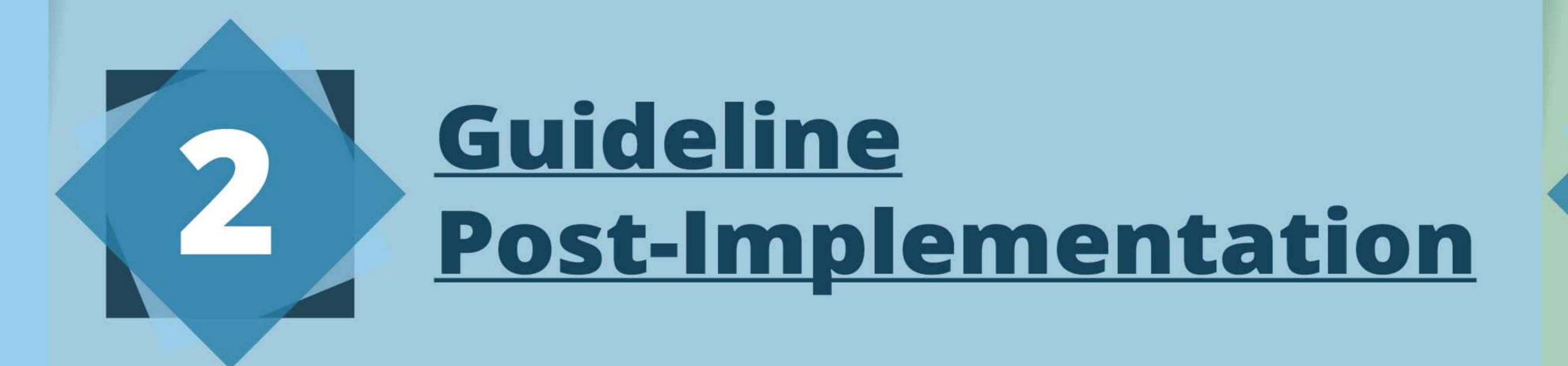
- MSK vendors need a mechanism for gathering patient-reported outcomes that measure pain, function, and disability on every patient at every encounter to act as a leading indicator of successful outcomes.
- Stratify or sub-group the MSK members in the baseline data into a risk profile group or high risk / high cost versus low-risk / low-cost (i.e. ratio of members under \$400 PMPY and those over \$2000 PMPY).
- Establish baseline rates of procedural care in the 4 high-cost areas: 1) Emergency room admits, 2) Advanced imaging (MRI, CT), 3) Injections (only injections administered by specialty) and, 4) Surgical rates.

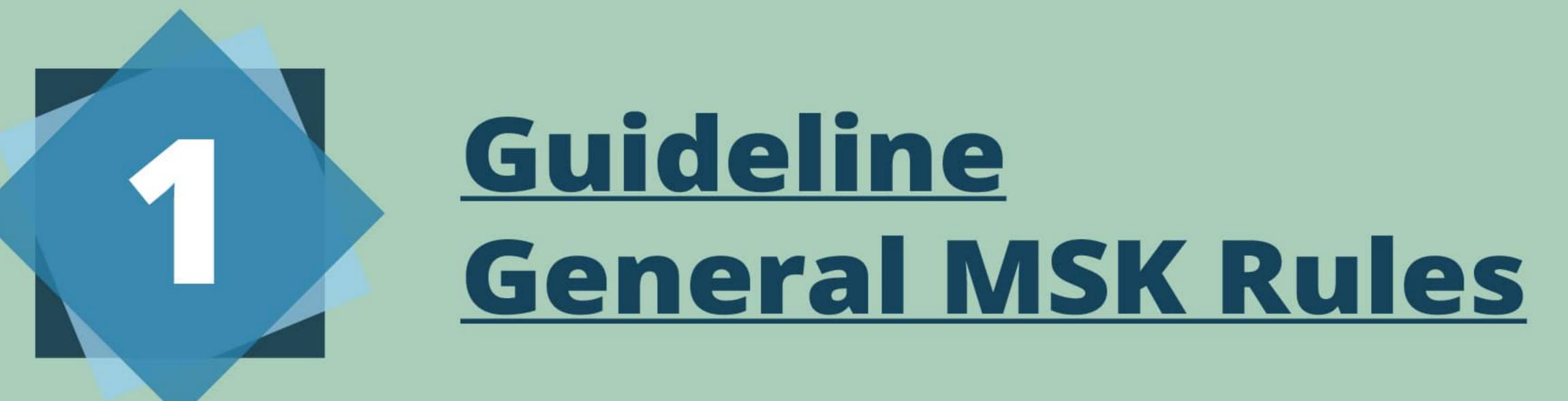
Employer and MSK Vendor need to develop the following:

- Agree on the model for attributing MSK members to the program and methodology for calculating PMPY costs for all attributed patients.
- · Establish a method for determining the risk profile of the attributed population versus the risk profile of the historical control group and the concurrent control group (make sure to measure apples vs. apples).
- Use the benchmark data to establish performance guarantees for MSK vendors.
- Create contract language that outlines the established guarantees and consequences/incentives associated with the outcome.



Guideline Post-Implementation





On a quarterly basis meet to review and discuss the following KPI's:

- Number of attributed members in the program versus the members still using the legacy "usual care" system to evaluate steerage success
- Clinical outcomes or patient-reported outcome scores on all attributed members (pain, function, and disability)
- Rates of procedural care and the PMPY in the attributed population
- PMPY and rates of procedural care in the attributed group versus the historical group and the concurrent control group (members still using the legacy/community care model)

On a yearly basis review the following metrics:

- Attributed members in the MSK vendor program versus community
- Clinical outcomes (pain, function, disability) on attributed group
- PMPY of the attributed group versus historical benchmark and concurrent control group still seeking care in the community
- Rates of procedural care (ER, MRI/CT scans, Injections, and Surgery) in the attributed group versus the other two cohorts (historical and concurrent controls)
- Recurrence of care-seeking rates in the attributed group for similar/same diagnoses Complexity or risk profile of the attributed group versus the other cohorts

- MSK claims cost generally represent 15-18% of total plan spend.
- National claims data show a 45/55% split of low-cost to high-cost MSK patients.
- The average low-cost PMPY is < \$400 PMPY and high-cost is < \$3500 PMPY.
- The blended PMPY of the two MSK cost profiles should be approximately \$2100.
- Using a risk-adjusted, matched-pair cohort analysis is the best actuarial/scientific practice for analyzing program outcomes and avoiding confusion due to volunteer bias, regression to mean, natural flow of risk, and placebo effects.
- With the above-mentioned methodology vendors reporting MSK savings of greater than 50% would be highly unusual.