

Cox HealthPlans

Using Evidence-based Guidelines Produces Significant ROI for Health Plan

That healthcare costs are escalating is news to no one. That there are proven resources to help reduce costs—without compromising the quality of care—might surprise a number of insurers and employers.

Missouri-based Cox HealthPlans, like most insurers around the country, was searching for a way to ensure consistent, high-quality care to its 40,000 members while keeping the cost contained. The company turned to the *Milliman Care Guidelines*® to help determine the best medical practices and set the most effective standards of care.

Clinical evidence is key

Widely used by major healthcare organizations around the country, the *Care Guidelines* help support three dimensions of quality in healthcare, addressing issues around overuse, underuse and misuse of care, thus supporting utilization management, case management and disease management endeavors.

The foundation for the *Care Guidelines* is a full-time clinical staff that adheres to a rigorous evidence-based hierarchy and methodology. These doctors, nurses and other clinicians cite more than 15,000 unique references in the current *Care Guidelines* series of products, having assessed and updated more than one-third of them in the most recent annual update. A Milliman Care Guidelines epidemiologist examines extensive databases to validate that these published research results are achievable in real-life situations. Updated annually, *Care Guidelines* products provide rigorously researched evidence-based guidelines, serving as a sound framework in which thousands of clinicians and care managers throughout the United States and in several other countries make decisions to deliver high quality care based on best practice.

Cox HealthPlans experience

Cox HealthPlans offers comprehensive health insurance plans through a network of 1,000 physicians in 21 hospitals and handles all claims locally. In February of 2007, the company instituted the Web-based version of the *Care Guidelines* to help support determinations with inpatient admissions and recovery care. For Cox HealthPlans, the *Care Guidelines* offered the opportunity for the clinical staff to make determinations about care that were supported by evidence-based medicine.

“In the past, our company used internal policies and procedures to make our determinations. Bringing in the *Care Guidelines* helped us gain a great deal of clarity. We are able to make clinically supported decisions and to make these decisions sooner,” explained the Director of Medical Management at Cox HealthPlans.

As soon as the guidelines were licensed, the Director and her staff of two nurses took advantage of Milliman’s training program for using the *Care Guidelines*. In particular, the team used individualized Web conferences which were designed to address specific questions based on their utilization. “After just the first training session, we were up and running and able to put the *Care Guidelines* to use. It didn’t take long before we became efficient at applying the *Care Guidelines* and were more confident in our determinations.”

Reviewing care decisions

Cox HealthPlans’ goal is to assist members to receive the medically necessary and appropriate healthcare benefits that their employers help pay for. Whether a member’s care is covered by the health plan is reviewed by the Director and her nursing staff. If the *Care Guidelines* indicate that the care may not be appropriate, based on the evidence, the determination is reviewed by the Cox HealthPlans’ Medical Director,

Kerry Randolph, MD, who helps decide how to apply the benefits.

“That’s not the end of the discussion with us. In fact, using the *Care Guidelines* has helped open up communications,” said the Director of Medical Management. “With the *Care Guidelines*, we’re able to have an improved peer-to-peer review. We are able to share the guidelines with the provider and step-by-step review how we made a determination. Whatever the determination, everyone is clearer about the process and how we came to the specific determination.”

Since implementing the *Care Guidelines*, only one claim denied by Cox HealthPlans has been overturned on appeal, and in that case additional clinical information was presented at the appeal which was not initially submitted.

Reducing unnecessary costs

One of the results of instituting the *Care Guidelines* for Cox HealthPlans has been a significant decrease in unnecessary lengths of stay at the most intense levels of care, and in payments for inefficient or inappropriate care. “Often, when we were uncertain about a determination, we erred on the side of extending care. For instance, it might have been hard for us to determine whether or not a patient was really progressing or if inpatient care was necessary,” explained the Director of Medical Management. “With the *Care Guidelines*, we have benchmarks and a better understanding of what level of care is appropriate.”

For Cox HealthPlans, the payment difference for each day of acute versus skilled nursing care is approximately \$1,200. In the first year of instituting the *Care Guidelines*, Cox HealthPlans saved \$159,000 by recognizing the appropriate level of care in inpatient and recovery care. In January, Cox HealthPlans added *General Recovery Guidelines* and *Behavioral Health Guidelines* products from Milliman Care Guidelines. One of the members of the nursing staff has a background in mental health issues, and he urged the need for the *Behavioral Health Guidelines*. In just the first few months of instituting that product, Cox HealthPlans realized a savings of nearly \$200,000 in payments for medically unnecessary levels of care.

Producing significant ROI

“We’re a small insurance company, so committing to the *Care Guidelines* was a big step for us. We needed to quickly prove it could pay for itself.” The overall return on investment for Cox HealthPlans was 5 to 1. The *Behavioral Health Guidelines* product offered a particularly high return on investment of 32 to 1. The *Recovery Facility Care* and *Inpatient and Surgical Care* products also provided a positive return on investment.

“For us, this has been a win-win investment,” stated the Director of Medical Management. “Our staff is more efficient and confident in making benefit determinations. We’re supporting a more consistent and appropriate level of care for our members, keeping claims costs down, which helps keep premiums down for our employers and our members.”

About Cox HealthPlans

Cox HealthPlans is the first insurance company in Missouri to be owned and operated by a hospital system. Parent company, Springfield, Mo.-based CoxHealth, includes three hospitals, a rehabilitation center, 56 physician clinics, 514 physicians and 740 licensed beds. In 2008, for the third year in a row, CoxHealth was named one of the nation’s Top 100 Integrated Health Networks by Verispan, a company that evaluates and rates more than 570 health systems. For more information, visit www.coxhealthplans.com.