High-Cost Claims WORKSHOP PLAYBOOK

National Alliance of Healthcare Purchaser Coalitions
Driving Health, Equity and Value

FLORIDA ALLIANCE FOR HEALTHCARE VALUE
LED BY FLORIDA'S TOP EMPLOYERS SINCE 1984

Greater Cincinnati
Business Group on Health

HBCH
Houston Business Coalition on Health

Nevada Business Group
ON HEALTH

NCBCH
NC BUSINESS COALITION ON HEALTH

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What to Expect:

EXPERT PRESENTATIONS   RESOURCE SHARING   BRAINSTORMING SESSIONS   GROUP DISCUSSIONS   PROBLEM-SOLVING ACTIVITIES   HANDS-ON ACTIVITIES   SKILL-BUILDING

PART I

Introduction

High-cost claims have become the single fastest-growing healthcare cost for employers in the last decade. In fact, they were identified as one of the "most significant threats to employer-sponsored healthcare" in a recent National Alliance of Healthcare Purchaser Coalition Pulse of the Purchaser survey, with nearly 90% of respondents saying this is a top—and growing—area of concern and action. Since 2016, the number of health plan members with claims of $3 million or more has doubled, heightening sustainability concerns.

In response, the National Alliance launched the high-cost claims initiative in 2022 to develop a strategic approach to employer education. Primary goals are to better understand employer perspectives, define best practice strategies, and determine effective benefit design decisions for addressing high-cost claims.

In this 2024 phase of the initiative, high-cost claims workshops with select regional coalitions and employers will focus on the key cost driver areas of cell and gene therapy, cancer, and specialty drugs.

Facts about high-cost claims

JUST

1.2%

OF ALL HEALTH PLAN MEMBERS HAVE HIGH-COST CLAIMS

...but they make up 1/3 of total healthcare spending

29x
Average member cost

53%	CHRONIC CONDITIONS

$122,382
Average annual cost

47%	ACUTE CONDITIONS

What are Key Objectives for Managing High-Cost Claims?

A sampling of participant responses to the question of how they address access, quality, cost and affordability

Access and Prevention

▶ "Early intervention; proactive monitoring and creating a culture of health and preventive care; providing access to ACOs [accountable care organizations]/quality and value-based providers."

▶ "Analyz[ing] what led to the high-cost claim and determine if there's something that can be done to avoid similar cases from becoming high-cost claims in the future."

▶ "Early identification and resource support."

▶ "Promoting preventive and wellness [care] to catch potential high-cost disease with early intervention."

High-Quality Care

▶ "Ensuring our clinical management team is directing care appropriately to high-quality providers with proven outcomes."

▶ "Having plan participants receive the best care with the best outcomes at the lowest cost to ensure the plan is sustainable for all plan beneficiaries."

▶ "Steering patients to high-quality providers."

Cost Management and Affordability

▶ "Data and insight to tailor [employer] strategy to address high-cost claim drivers."

▶ "Working with the local health system to measure known high-cost situations."

▶ "Manage and better use taxpayer funds by decreasing claim costs for high-dollar claimants."

▶ "Optimize contracting rates and support from third-party vendors."

Workshop Goals and Outline: Structured Exercise Plan

Workshop Goals

▶ Enable employers to bring their own data to better understand high-cost claims issues.

▶ Identify priority areas to tackle and possible solutions to pursue.

Workshop Outline

I. Setting the Stage (25 MINUTES)

- Welcome, workshop goals overview, coalition introductions
- High-cost claims trends and data-driven decision-making
- Pre-survey findings

II. Employer Round Robin (35 MINUTES)

- What insights did you discern from your data gathering process?
- What did you expect, not expect?
- What are the primary goals you hope to achieve during this workshop?
- What deep dive questions should you ask?

III. Breakout Work Time (45 MINUTES)

OBJECTIVE: Work solo or in pairs/teams to answer relevant deep dive questions.

STEPS:

1. Identify top 2–3 high-cost claims categories an employer might want to tackle in the next 6–12 months.

2. Attempt to answer deep dive questions in priority areas.

3. Document key takeaways from each group.

Break (15 MINUTES)

IV. Idea Generation (30 MINUTES)

OBJECTIVE: Review potential action steps corresponding to data findings.

STEPS:

1. Present ideas for tackling key areas.

2. Facilitate group discussions about potential strategies and solutions.

3. Address questions and discuss potential roadblocks and other considerations.

V. Deep Dive Discussion (1 HOUR)

- Discussion focused on two out of three topics (cell and gene, cancer, specialty drugs) selected by the coalition.

VI. Taking Action: Strategy Development Exercise (20 MINUTES)

OBJECTIVE: Develop a customized action strategy for managing high-cost claims.

MATERIALS NEEDED: Strategy development templates and starter ideas

STEPS:

1. Provide a framework for developing an action strategy.
2. Assist participants in setting action items to explore.
3. Identify next steps, including key stakeholders and resources needed.
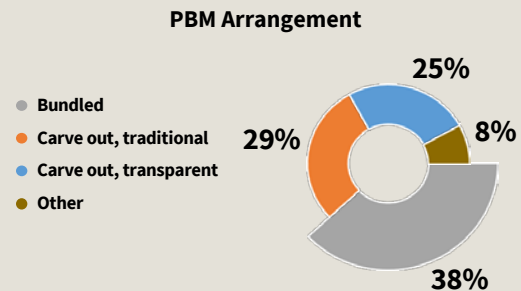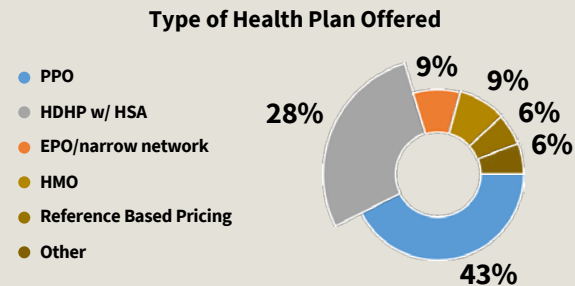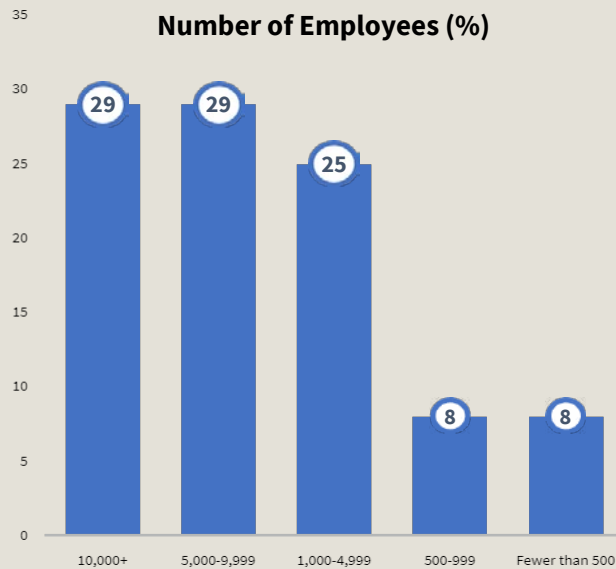4. Outline a timeline for implementation.

VII. Final Wrap-Up (10 MINUTES)

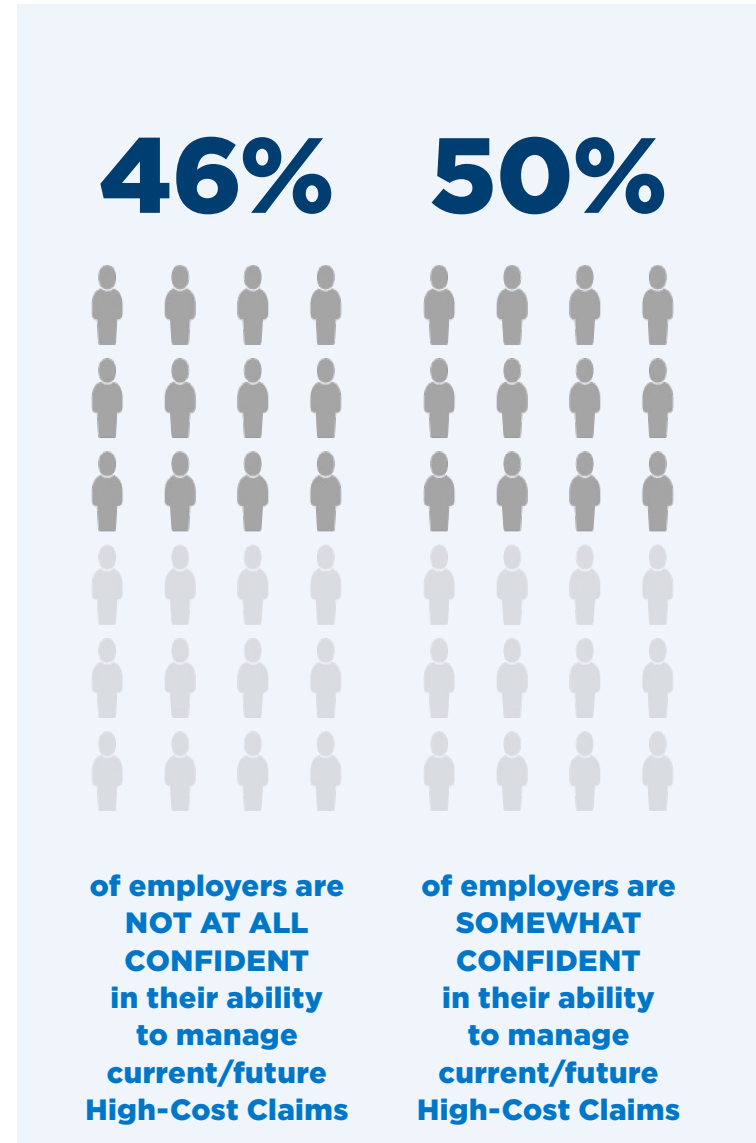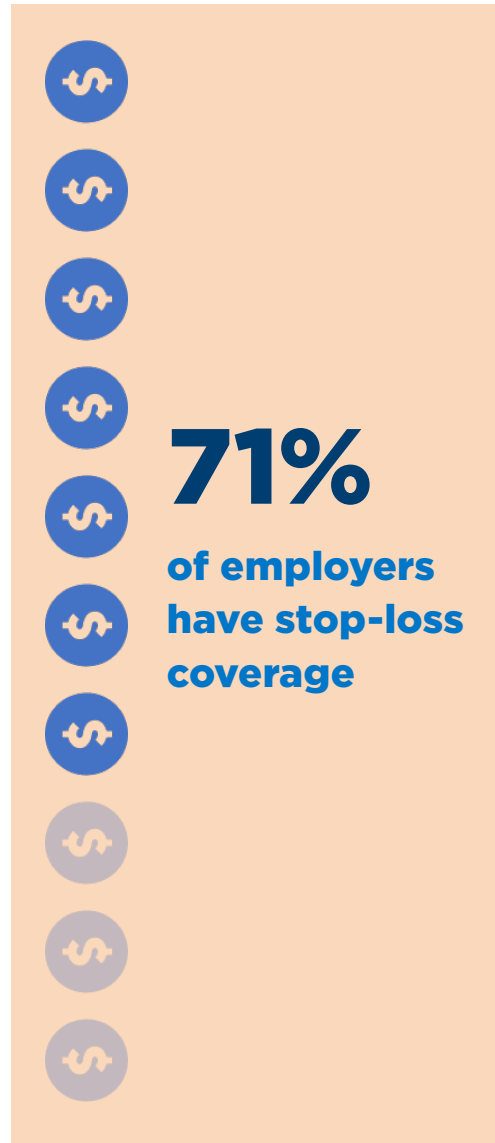**OBJECTIVE:** Summarize key lessons learned and outline next steps.

STEPS:

1. Recap the main points from the workshop.
2. Discuss the importance of continuous monitoring and adaptation.
3. Outline follow-up activities and resources available.

High-Cost Claims Pre-Survey Demographics

Number of Employees (%)

- 10,000+ : 29
- 5,000-9,999 : 29
- 1,000-4,999 : 25
- 500-999 : 8
- Fewer than 500 : 8

Type of Health Plan Offered

- PPO — 43%
- HDHP w/ HSA — 28%
- EPO/narrow network — 9%
- HMO — 9%
- Reference Based Pricing — 6%
- Other — 6%

PBM Arrangement

- Bundled — 38%
- Carve out, traditional — 29%
- Carve out, transparent — 25%
- Other — 8%

High-Cost Claims BY THE NUMBERS

96%
of employers are self-funded

71%
of employers have stop-loss coverage

46%
of employers are **NOT AT ALL CONFIDENT** in their ability to manage current/future High-Cost Claims

50%
of employers are **SOMEWHAT CONFIDENT** in their ability to manage current/future High-Cost Claims

Templates

1. Data Analysis Template

CATEGORY	CLAIMANT TYPE	TOTAL COST	TOTAL COST MEDICAL	TOTAL COST PHARMACY	NUMBER OF CLAIMS > $100K	PERCENTAGE OF TOTAL COST	NOTES
Example: cancer	*Oncology*	$					
		$					
		$					
		$					
		$					
		$					
		$					

Instructions:

1. Populate the table with your high-cost claims data.
2. Categorize claims by type (e.g., diabetes, oncology).
3. Calculate the total cost and number of claims for each category.
4. Determine the percentage of total costs attributed to each category.
5. Note any observations or trends.

Sample Deep Dive Areas

By disease

- **Cancer –** What cancer types are most common? Are they screenable? What age are affected members? Were they early or late stage? What type of care is driving cost (Rx vs IP vs OP)? If Rx, what are the most common medications? Where is care being rendered?

- **Cardiovascular (incl stroke/peripheral) –** What types of cardiac cases are they (procedural vs. medical)? Are they due to chronic disease or other factors (e.g., congenital, post-infectious)? What co-occurring conditions are present (e.g., obesity, tobacco use)?

- **Immune (incl GI/derm/rheum) –** Which medications are most common? Are they running through medical or Rx plan? Where are they being administered? Are there variances/outliers in cost? Are the treatments working?

- **Neonates –** What is average cost per day? Was level of care de-escalated? Were inhaled nitric oxide or ECMO used? Were there any surgical procedures? Were there any outlier providers?

- **Infections –** What types of infections are presenting? Were there underlying risk factors (e.g., diabetes, cancer)? Was it present on admission or acquired? What cost drivers can you identify (e.g., intensive care, ECMO, surgery)?

- **Renal –** What is your overall prevalence of CKD? What proportion are on dialysis? What type of dialysis is it (chemo vs peritoneal)? What is cost per treatment? How long have they been on dialysis? How many have received a transplant?

- **MSK –** What types of MSK cases are driving large claims (spine vs other)? Are they associated with trauma or underlying factors (e.g., cancer)? How much variation is there in procedural costs? What proportion of the costs are tied to implants?

By spend type

- **Inpatient –** How long was stay? What level of care? What is the cost per day? Which treatments were rendered? Are there particular facilities that are outliers? Are they INN or OON? What was the payment methodology?

- **Outpatient –** What was the major driver of costs (e.g., Surgery, ER, physician)? How much is due to medications running through the medical plan? In which location are these treatments being received (e.g., hospital, physician office, home)? Where do the members live (e.g., urban vs rural)?

- **Pharmacy –** What are the most expensive and most common medications? How much variation is seen in dosing and/or cost? Do the members seem to be responding to treatment?

2. Priority Area Template

Recommended Approach:

- Select the most viable strategy.
- Provide rationale for the choice.
- Outline next steps for implementation.

Instructions:

1. Summarize the focus areas.
2. Identify and list key issues.
3. Propose potential strategies and rationale.
4. Develop possible approaches.
5. Detail next steps for exploring the chosen strategy.

Priority Area #1: _____

Scenario Overview: Briefly describe the high-cost claim scenario.

_____

_____

_____

AREA *Example: cancer*	
STRATEGY *Promote screening*	
RATIONALE *Data shows late stage cancers that could have been detected with screening*	
NOTES/DETAILS *Consider mobile mammogram unit*	
NEXT STEPS *Contact local hospital to inquire about cost/ availability of mobile unit*	

Additional Potential Strategies: _____

Priority Area #2: _____

Scenario Overview: Briefly describe the high-cost claim scenario.

_____

_____

_____

AREA	
STRATEGY	
RATIONALE	
NOTES/DETAILS	
NEXT STEPS	

Additional Potential Strategies: _____

Priority Area #3: _____

Scenario Overview: Briefly describe the high-cost claim scenario.

_____

_____

_____

AREA	
STRATEGY	
RATIONALE	
NOTES/DETAILS	
NEXT STEPS	

Additional Potential Strategies: _____

3. Strategy Development Template

Instructions:

1. Define specific goals for managing high-cost claims.
2. List actionable steps to achieve each goal.
3. Identify stakeholders involved in each action.
4. Outline resources required to implement the actions.
5. Set a timeline for each action.
6. Add any additional notes or considerations.

Action Strategy Template: High-Cost Claims

GOAL	ACTIONS	STAKEHOLDERS	RESOURCES NEEDED	TIMELINE	NOTES
Improve disease management	Implement chronic disease management programs	HR, health plan administrators	Disease management vendors, training programs	Q3 2024–Q4 2024	Focus on diabetes and cardiovascular diseases
Reduce specialty drug costs	Negotiate better rates for specialty drugs	Pharmacy benefit managers (PBMs), HR	Contract negotiation experts, market analysis	Q1 2024–Q2 2024	Target high-cost drugs
Enhance preventive care	Increase access to preventive services	Health plan administrators, providers	Preventive care programs, wellness initiatives	Ongoing	Regular screenings and health checkups
Improve data analysis capabilities	Invest in advanced data analytics tools	IT, Finance, HR	Data analytics software, training	Q2 2024–Q3 2024	Ensure compliance with data privacy laws
Boost employee engagement	Launch health and wellness education campaigns	HR, communications team	Educational materials, wellness program funds	Q1 2024–Q3 2024	Focus on chronic disease prevention

GOAL	ACTIONS	STAKEHOLDERS	RESOURCES NEEDED	TIMELINE	NOTES

4. Action Plan Template

Objective: _____

DESCRIPTION OF ACTION	TIMELINE *START DATE – END DATE*	STATUS *NOT STARTED/IN PROGRESS/COMPLETED*
1.		
2.		
3.		
4.		
5.		

Actions: _____

_____

Milestones: _____

_____

DESCRIPTION OF MILESTONE	DUE DATE	NOTES
1.		
2.		
3.		

Resources Needed: List resources required to complete the actions.

_____

_____

_____

Potential Barriers: Identify potential barriers and mitigation strategies.

_____

_____

_____

Instructions:

1. Define clear objectives for the action plan.
2. List specific actions, responsible parties, timelines, and statuses.
3. Outline key milestones and their due dates.
4. Identify resources needed and potential barriers with mitigation strategies.

These templates provide a structured approach for the high-cost claims workshop, enabling employers to effectively analyze data, develop strategies, and implement action plans.

Addendum

Addendum

Grant Overview

This grant overview was provided to sponsors and participants in the early stages to provide a high-level overview of the vision for the project, workshops, and workbook.

High-Cost Claims Overview

Goals

▶ Launch high-cost claims workshops with select regional coalitions and employers over 5-6 months

▶ Focus on employer understanding and actions in high-cost claims in the key areas: Cell & gene therapy, cancer, specialty drugs

Anticipated Outcomes

▶ Enhanced employer understanding and awareness of critical issues related to high-cost claims, resulting in increased adoption of cost-effective measures.

▶ Empowered employers equipped with the knowledge and resources to gather relevant data and develop comprehensive action plans, leading to more effective strategies for managing high-cost claims.

▶ Creation of an employer playbook that facilitates knowledge-sharing, enabling the dissemination and implementation of successful strategies for high-cost claims management.

Activities

▶ Each coalition will conduct an in-person roundtable meeting to educate about high-cost claims.

▶ Meetings will be facilitated by Dr. Christine Hale and allow for regional coalitions and employers to share learnings and progress.

▶ Engage in multi-stakeholder Advisory Council to oversee all project activities (includes coalitions, employers, industry experts such as pharma and patient advocacy).

▶ Support participating employers in understanding their data to then develop individual company approach to address high-cost claims.

▶ Develop an employer playbook that will include resource tools to be shared during the roundtable meetings and disseminated broadly to coalitions.

▶ Participate in National Alliance two-hour "report out" meeting with Advisory Council, including participating coalitions and employers.

Addendum

Participating Employers and Coalitions

Florida Alliance for Healthcare Value
- City of Miami
- Hendry Marine/Gulf Marine Repair/Anchor Sandblasting and Coatings
- ICUBA
- MarineMax
- Miami-Dade County Public Schools
- Orange County Government
- Orange County Public Schools
- Patriot Rail
- Rosen Hotels & Resorts

Greater Cincinnati Employers Group on Health
- Advics
- Cincinnati Public Schools
- Cincinnati Zoo

- City of Cincinnati
- Diocese of Cincinnati
- Front Edge Consulting
- Horan Associates
- IntelliQ Health
- McGohan Brabender
- P&G
- Total Quality Logistics
- Xavier University

Houston Business Coalition on Health
- City of Plano
- Credit Human
- Ellwood Group
- Harris Health System
- Houston Independent School District (HISD)
- KBR
- King Ranch

- Next Level Medical
- Rice University
- Teachers Retirement System of TX (TRS)
- The Friedkin Group
- Tokio Marine

Nevada Business Group on Health
- Carson Nugget
- Carson Tahoe Health
- City of Sparks
- Clickbond
- Club CalNeva
- Consolidated Auto Dealers
- Douglas County School District
- NVEnergy
- Reno Tahoe Airport Authority
- Washoe County
- Washoe County School District

NC Business Coalition on Health
- Alex Lee
- City of Charlotte
- Culp
- Duke University
- Glen Raven
- Ingles
- Inmar Inc
- National Gypsum
- Ortho Carolina
- Replacements Ltd
- The Fresh Market
- Volvo North America

Virtual Participants from the following Coalitions:
- Alabama Employer Health Consortium
- HealthCareTN
- MidAtlantic Business Group on Health
- Midwest Business Group on Health
- Pittsburgh Business Group on Health
- Economic Alliance for Michigan

Resources

Rethinking How We Mitigate High-Cost Claims (placemat summary)

Rethinking How Employers Address High-Cost Claims (employer guidebook)

New Directions to Better Manage High-Cost Claims (*Action Brief*)

High-Cost Claims: A Closer Look at Hemophilia (*Action Brief*)

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