

ParetoHealth Data in Action: The 2022 Year-in-Review

Powered by ParetoHealth
Integrated Cost Management (ICM)

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Introduction: Cost Containment with ParetoHealth

Cost containment has been a primary area of focus and core differentiator of ParetoHealth since our beginning in 2011. In the early days, our programs included basic cost containment requirements for incoming and renewing captive Members like health risk assessments, biometric screenings, and tobacco cessation to promote consistency and persistency in managing the cost of healthcare. Aligned with one of ParetoHealth's core values, this "for the greater good" mentality has been the lifeblood of our community and a critical part to sustaining the flywheel that propels our expansive growth.

Over the last 11 years, cost containment at ParetoHealth has evolved significantly, with a portfolio of products and solutions that target the most complex and costly areas of risk, including oncology, high-risk maternity, and specialty Rx, to name a few. Additionally, ParetoHealth's Rx Consortium (PRxC) has demonstrated a consistent track record of high performance and continues to improve as membership grows each year.

In January 2020, ParetoHealth launched a bundled cost management platform, Integrated Cost Management (ICM), to incoming and renewing captive Members using a selected set of Third-Party Administrators (TPAs). Since its launch, we have continued to refine our messaging and offerings around the three key components of this exclusive ParetoHealth product:



ParetoHealth Integrations

Supercharging point solutions via connectivity to TPAs and Pharmacy Benefit Managers (PBMs)



ParetoHealth Interventions

Identifying real-time, cost-saving opportunities using trigger events and diagnoses



ParetoHealth Playbooks

Retrospective analysis of Member-specific data and presentation of summary findings and recommendations with associated savings potential

Our ICM platform is available through a select set of TPAs that we have carefully vetted based on their interest and ability to support our cost containment initiatives. We evaluate these partnerships each year to ensure that we are maintaining the established standards for measurable outcomes and quality customer care. Although not a requirement of ICM, Members who also use PRxC have the greatest potential for plan optimization and associated savings.

Data + Analysis + Intervention = Impact

At ParetoHealth, data is the cornerstone to achieving our two-part mission: reducing volatility and healthcare cost. Our Playbooks put ParetoHealth's Impact Equation into actionable steps. Employers who understand all the data still benefit from our experience in translating it into effective interventions. Exclusively available to captive Members on our Integrated Cost Management (ICM) platform, our Playbooks utilize our proprietary clinical dashboard to give Members the strategy and guidance to optimize their plan. This Year-in-Review Playbook highlights the opportunities and results of our efforts in cost containment through ParetoHealth-sponsored programs and solutions for the 2022 calendar year.

2022 Year-in-Review: Executive Summary

The results presented in this report have been consolidated from 2022 calendar year-end data and reporting requested from and supplied by our cost containment vendor partners. We have calibrated, verified, and quantified the data where possible to present relevant key performance metrics. We are pleased to showcase several highlights:

- Adoption of our PBM and cost containment solutions continues to increase each year. In 2022, we expanded our partnerships and anticipate that we will see the benefits of increased engagement in 2023.
- PRxC performance, particularly in the management of specialty Rx trend, is a leading indicator of our Members' commitment to controlling costs in one of the fastest growing areas of health care.
- Our suite of cost containment solutions are effective in reducing the captive's exposure to some of the most costly and complex areas of risk when utilized.

While we are encouraged by the overall performance and potential of our solution set, there are several areas of opportunity both broadly and at a vendor-specific level. Moreover, we believe that the value per intervention is high, and the ROI is a byproduct of utilization, not efficacy. We are, therefore:

- Focusing our efforts on activation at the TPA, Consultant, and Member levels to increase engagement
- Adding performance guarantees in our contracts to ensure at a minimum, a break-even on administrative fees
- Diversifying our partnerships in the event a redirection is necessitated by consistent underperformance

Transparency of data and results is of utmost importance. To that end, it would be a disservice to only present the results that are favorable in nature. This report will demonstrate both improvements and setbacks in performance. In either case, we will continue to aim higher, focus on adoption and activation rates, and not be overly reactive to any one single year's results.

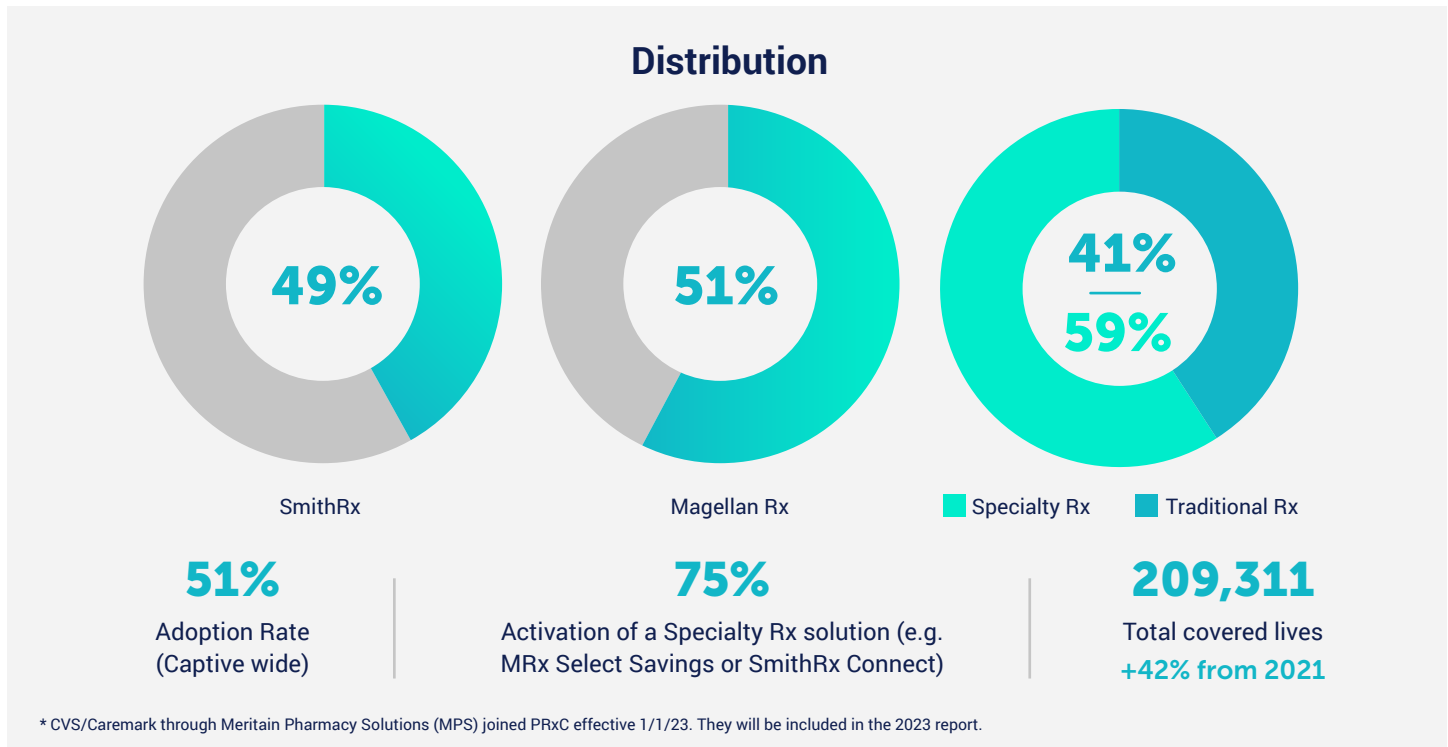
We are charting new paths with industry leaders in cost containment. While progress may be slower in some areas, often due to delays with TPA integration and workflow, we will continue to drive change with the hope of reducing the impact of missed opportunities. Take both the ProgenyHealth and CancerCare solutions as an example:

- NICU claims present a major area of risk and therefore opportunity and so we've partnered with the best. Great strides were made in 2022 to fully integrate Progeny with many of our ICM TPAs and as this report will demonstrate, they were engaged on ten cases in late 2022. However, we still see limitations with several major TPAs/networks that will not allow them to engage.
- Relative to CancerCare, a reported \$2.1 M in vendor-related losses were reported due TPAs or Utilization Review vendors authorizing ineffective, off-guideline, or unnecessary care prior to CancerCare being engaged. Once a treatment plan is authorized and/or in process, it is standard practice for an entity like CancerCare to manage a patient for complications as opposed to altering the treatment plan entirely (even if warranted). If those potential savings had been realized, CancerCare's 2022 ROI would have tripled.

This report is intended to deliver high-level performance metrics based on the data available through Q1 2023. Key data elements like year-end earned rebates will not be reported until Q2 2023. Look for an updated version of this report including those stats as well as detailed case studies for many of our interventions at the end of Q2 2023.

ParetoHealth Cost Containment by the Numbers

PRxC: Performance Summary



Benchmark Comparisons

Combined PRxC Performance (Magellan Rx and SmithRx) as compared to 2022 book-of-business benchmarks reported by Magellan Rx.

Total Cost PMPM (before rebates)

Source: Magellan Rx 2022 Book-of-Business Norms

PRxC Total Cost PMPM
(Before Rebates):
-25% below benchmark

PRxC Traditional Cost PMPM
(Before Rebates):
-28% below benchmark

PRxC Specialty Cost PMPM
(Before Rebates):
-19% below benchmark

Total Cost PMPM (after rebates)

Source: 2021 Navitus Drug Trend Report

PRxC Total Cost PMPM (After Rebates): \$55 PMPM
-35% below pass-through PBM benchmark

Year-over-Year Trend (2022 CY vs. 2021 CY)

Source: 2022 Magellan Rx Management Employer Market Insights Report TM

PRxC Total Plan Cost Trend PMPM
(Before Rebates): **+0.6%**
Reported national average: +4-5%

PRxC Specialty Rx Total Plan Cost Trend
(Before Rebates): **-10%**
Reported national average: 7-8%

The Six Pillars of PRxC: Driving Value for Members in 2022

Formulary Management

53%

Adoption of ParetoHealth's Medium or High Control formulary across total PRxC membership.

Pipeline Management

250

New-to-market drugs reviewed in 2022, resulting in 38 additional ParetoHealth-specific custom exclusions.

PBM (pharmacy benefit managers) Contracts

\$1.1M

Value of improvement to contract minimum guarantees through annual market check.

Audit/Reconciliation

\$390K

In total dollars returned to PRxC Members in 2022 due to contract underperformance in 2021.

Prior Authorization and Large Claim Review

2,925

Scripts reviewed in-house in 2022 resulting in total savings of \$1.61 million.

Specialty Rx Management

\$43M

Dollars redirected to alternative funding through Specialty Rx programming like Magellan Rx Select Savings, SmithRx Connect and Archimedes.



Featured Clinical Review Case Studies

Prior Authorization



Situation

In-house clinical review of prior authorized script, Gilenya



Indication

Multiple sclerosis



Issue Identified

PBM filled prescription for the brand drug despite a generic available.



Outcome

ParetoHealth recommended prescription change to generic.



Savings Realized: \$115,303.72 per year

New-to-Market Drug Review Exclusion



Drug Name

Ryaltris



Indication

Seasonal Allergies



Reason for Exclusion

Multiple generics and OTCs available



Monthly Cost of Excluded Drug

\$3,600



Monthly Cost of Alternative Drug

\$240 (Nasonex)



Avoided Cost: \$40,320 per year

Integrated Cost Management: Performance Summary

ICM

65%

Eligible Members (Captive-wide)

74%

Eligible Adoption Rate

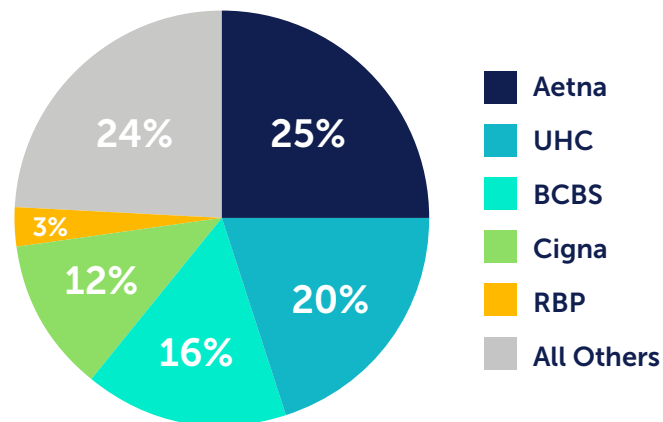
1,711

ParetoHealth Playbooks Produced

44

ParetoHealth ESRD Interventions Identified

Network Distribution (Captive-wide)



CancerCARE
Right Care. Right Place. Right Time.

859

Captive Members Enrolled: 40.3% Adoption Rate

251,682

Covered Employee Lives

369

Opened Cases in 2022

\$1.07M

Total Dollars in achieved savings for 2022

0.6:1

ROI

Top Cancer Diagnoses

Breast	26%	Lymphoma	7%
Prostate	16%	Lung	5%
Colorectal	12%	All Others	28%
Reproductive	7%		

Featured Success Story

Our 2022 featured success story involves a 53-year-old male diagnosed with rectal cancer in July of 2022. After an unsettling meeting with his surgeon, the patient was distressed and anxious about the proposed treatment plan which included a bowel resection, ostomy bag placement, and multiple hospital stays. He felt uninformed and unheard during the visit and had concerns over his seemingly limited treatment options. Shortly after his visit, the patient was connected with an RN at CancerCare+, who provided him not only with much needed comfort and reassurance, but also the opportunity to seek a second opinion.

After researching options for an oncologist that specialized in rectal/colon cancers, the team at CancerCare+ coordinated a second opinion consult for the patient. As a result of this visit, the patient was then referred to a gastroenterologist, who ultimately evaluated the patient and determined during an endoscopic ultrasound and flexible sigmoidoscopy that a less invasive treatment would be an appropriate based on his findings. **The pathology results also concluded that the patient was negative for cancer.**

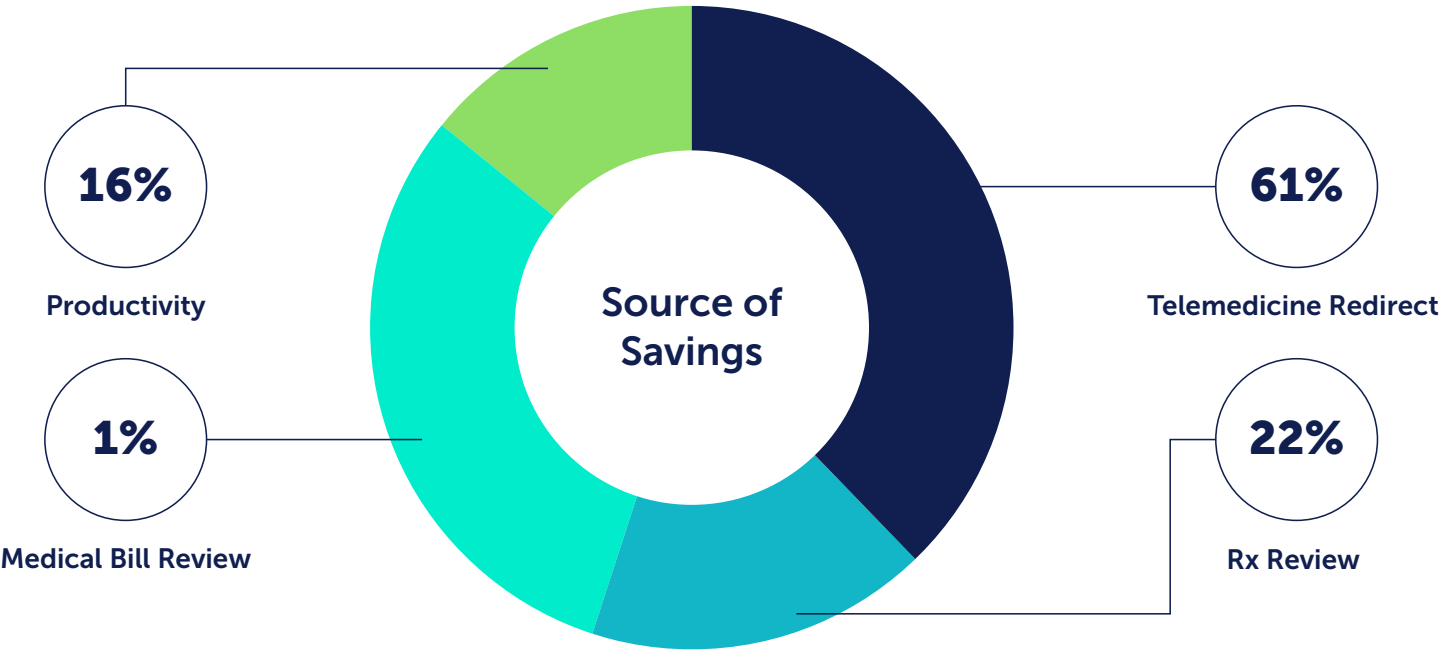
As a result of CancerCare+'s intervention, the patient avoided multiple surgeries, the discomfort and inconvenience of an ostomy bag, and a cancer misdiagnosis, while the health plan avoided approximately \$180,000 in unnecessary costs that otherwise would have been attributed to unnecessary and inappropriate care.

**ICM Savings Potential Based on Known 2022 Results*:
\$40.00 PEPM or 5.5% of total claim expense.**

*Based on ParetoHealth's 2021 average total medical and pharmacy claim spend PEPM as reported by Springbuk.



126 Enrolled Members; 7% Adoption Rate	21,095 Covered Lives	67% Activation Rate	60% Average Monthly Utilization	12,171 Chats Logged
1,593 Phone Conversations	1,204 Appointments Scheduled	2,653 Benefits Questions Answered	8,644 Provider + Facility Recommendations	1,455 Rx Reviews
539 Bill Reviews	\$4.81M Total Dollars or \$19.03 PEPM in achieved savings for 2022	2.9:1 ROI		



**649**Captive Members Enrolled;
34% Adoption Rate**90,494**

Captive Members Enrolled

49%

Activation Rate

1,936

Procedures in 2022

1.6:1

ROI (Active Groups)

6.13Average procedure
count for active groups**13**Groups with over
20 procedures**\$4.58M**Net total dollars or \$7.74 PEPM
in achieved savings for active
groups in 2022**\$2,366**Average savings
per procedure***60%**Employers had 1-4 procedures
and 40% had five or more
procedures in 2022

*Net total savings is calculated by taking the difference between the market standard contracted rate using traditional insurance and the Kix Card negotiated case rate less any incentives.

Top 3 Procedures
1. MRI (Magnetic Resonance Imaging), Single Body Part

2. CT Scan

3. Major Joint Replacement (Knee/Hip/Shoulder)
Featured Success Story

In 2022, one captive member saved over \$240,000 with Kix Card across 40 procedures. The secret to their success? A hands-on engagement strategy executed by the captive Member's HR team that includes one-on-one benefit reviews, promotion of employee success stories, and consistent communications via group meetings, printed materials, and their employee intranet site.





757
Captive Members Enrolled;
40% Adoption Rate

368
Inquiries received

90
Gap analyses performed

1,073
Hours logged
(about 1 and a half months)

70
Documents created

Document Drafting Services	
Document Type	Count
Redlines/Restatements	35
Wrap Document	14
Plan Amendment	12
Cafeteria PD	6
Flagship PD	3
Grand Total	70

DID YOU KNOW?

Phia Group will complete a gap analysis between a Plan’s SPD and stop-loss contract to ensure there are no coverage discrepancies.

Most Common ICE Topics (Top-5)	
Topic	
PD Language	
Claims/Appeals	
Federal Law	
State Law	
No Surprises Act	



10
NICU cases reviewed

70%
Cases were
pre-term deliveries

60%
Low birthweight
deliveries (1500g or less)

51 Days
Average Length of Stay



**120**Captive Members Enrolled;
8% Adoption Rate**40%**

(QH BOB* 55%)

Overall Member
Engagement**55%**

(QH BOB 51%)

Conversations with
Providers**9,989**Total Patient Advocacy
Conversations**55%**

(QH BOB 55%)

Successful
Pre-Admission
Engagement**36%**

(QH BOB 53%)

Successful
Post-Discharge
Engagement**41**Average Days Prior
to Trigger Month that
Engagement Occurred**67%**High-Cost Members
with Real-Time
Intercept™**99%**

(QH BOB 91%)

Overall High-Risk
Engagement**53%**

(QH BOB 43%)

High-Risk Clinical
Engagement**47%**

(QH BOB 59%)

High-Risk Provider
Engagement**95%**High-Risk Chronic
Condition Engagement**N/A**Moderate Risk Chronic
Engagement**67%**Low Risk Chronic
Engagement**\$145**Average Savings
Per Member Per Year**1.1:1**

ROI

*Stats are for Members who have been with Quantum Health for at least 12 months.

* Book of Business (BOB)

**788**Captive Members Enrolled in
SmartMatch Active: 41% Adoption Rate**38%**

Engagement

299

Leads in 2022

303

Quotes Produced

177

Products Sold

\$1.34M

Estimated Savings*

*Estimated savings calculated based on the ParetoHealth BOB average PMPY spend of \$7,606.86 for individuals aged 65 and over.

ParetoHealth Playbooks: An Inside Look

ParetoHealth Playbooks are instructional guides that help consultants and Members transform data into action by connecting opportunities to cost-saving solutions.

We remove the guess work and heavy lifting with these comprehensive, customized strategic consulting blueprints so consultants and Members can shift their focus to execution and engagement.

ParetoHealth playbooks are:



Prepared by the ParetoHealth team on your behalf



Available exclusively to captive Members on ParetoHealth's Integrated Cost Management (ICM platform)



Intended to leverage actionable insights available through our clinical dashboard



Designed to connect data and analysis to a recommended intervention

How should ParetoHealth Playbooks be used?

As part of ParetoHealth's arsenal of resources, Playbooks complement consultant's existing expertise to help Members expand their insights, mitigate risk, and reduce spend. They are a quick and easy way to ensure your team is aware of industry best practices, equipped with expert recommendations, and able to increase your end value to your clients. ParetoHealth playbooks will make this work easy—though if you have established methods for intervention, you will always still have the option to use those.

What kinds of Playbooks are available?

Three types of Playbooks are available—*Participant Optimization*, *Pharmacy Cost Intelligence*, and *Medical Cost Intelligence*—each with a set of “plays” that we will expand upon as new opportunities are identified.



Participant Optimization

This includes plays targeting eligibility strategies (i.e. Medicare-eligible steerage)



Pharmacy Cost Intelligence

This includes plays targeting management of high cost medications, formulary optimization, and best practice plan design



Medical Cost Intelligence

This includes plays targeting site of care optimization, preventive care compliance, and high risk/high cost trigger diagnoses

What is the anatomy of a playbook?



Identify the problem and explain the potential benefits



Provide supporting data points, specific to a captive Member, that quantify the opportunity



Offer a solution that may consist of recommended interventions (ParetoHealth offering) or recommended strategies (consultant offering) to solve a problem or seize an opportunity



Participant Optimization Playbook Preview

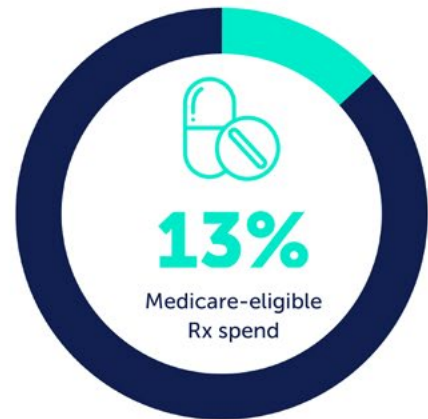
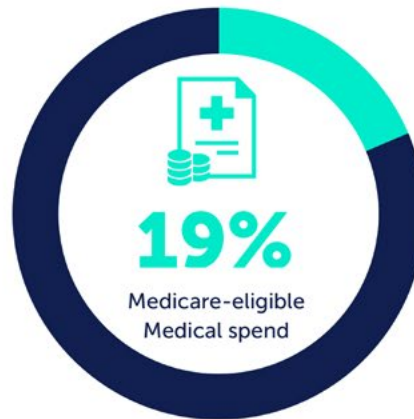
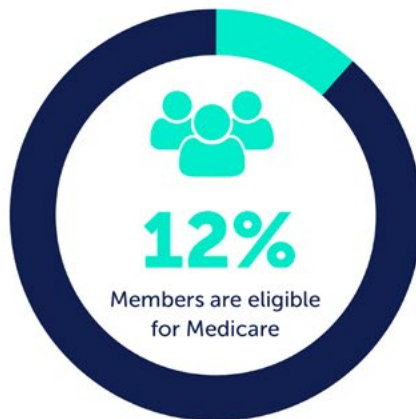
Below is an excerpt from our Participant Optimization Playbook using a sample captive Member's data:

Employer Medicare-Eligible* Spend**

Total Spend: \$887,863

Total Medical Spend: \$612,985

Total Rx Spend: \$274,878



■ Non Medicare Eligible ■ Medicare Eligible

Currently your population consist of 9 members who are Medicare eligible, making up 12% of your total population. These members account for 19% of your medical expense as well as 13% of your pharmacy expense.

During the most recent 12-month period of March 2021 through February 2022, your plan has spent \$113,879.00 in medical and \$36,058.00 in pharmacy claims for these participants.

Medical Spend Per Member Per Year

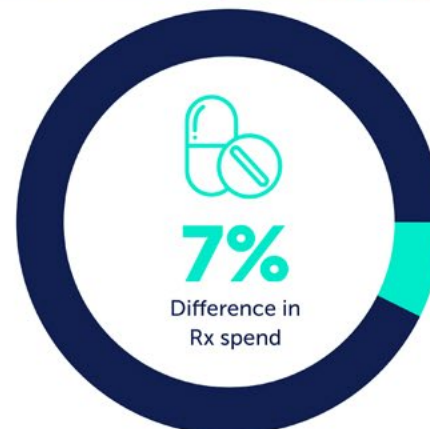
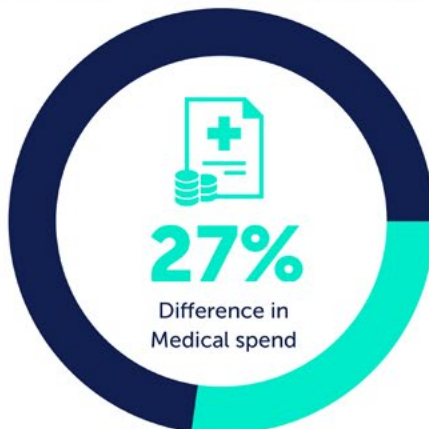
\$7,233.42

\$12,653.22

Rx Spend Per Member Per Year

\$3,461.16

\$4,006.44



■ Non Medicare Eligible ■ Medicare Eligible

*Any employee or spouse on the plan aged 65 or older **During the most recent 12-month period of March 2021 through February 2022



Pharmacy Cost Intelligence Playbook Preview

Below is an excerpt from our Pharmacy Cost Intelligence Playbook using aggregative captive data:

Addressing Specialty Pharmacy Through Non-Traditional Channels

ParetoHealth offers multiple solutions to address Specialty pharmacy spend, an area of growing concern among plan sponsors. Captive members utilizing Magellan Rx today can activate Magellan's **Select Savings** program in partnership with Payer Matrix, while SmithRx members have the option to activate Smith's **Connect** program. Both of these programs offer various acquisition platforms like Patient Assistance Programs or international sourcing, for example, to deliver a lower cost for specialty medications as opposed to the traditional pharmacy channel otherwise used. Alternatively, PRxC members can also carve-out their specialty Rx coverage entirely to **ArchimedesRx**. Archimedes functions alongside Magellan or Smith as a complementary solution and will adopt the existing formulary (except for HIV drugs which will remain with the base PBM) so as to avoid member disruption. All three solutions have a proven track record for significantly reducing specialty spend, resulting in an average savings for total pharmacy spend around 25 percent. Members not utilizing PRxC have many other viable options available in the market and are encouraged to work with their Consultant to find the best solution.

Understanding Alternative Funding Options

Copay Cards, Manufacturer's Assistance, and Copay Savings Programs

These copay "coupons" help individuals afford expensive medications by lowering their out-of-pocket costs at the point of sale. When a copay card is presented at the pharmacy, the plan will still pay a portion of the cost while the manufacturer will pick up all or a portion of the individual's copay or coinsurance. If the selected drug is not covered by the underlying health plan, the manufacturer will subsidize all or some of the cost of the drug for that individual. When integrated at the PBM-level, copay card assistance dollars are excluded from an individual's total out-of-pocket accumulators to protect the underlying health plan from overexposure.



What is the outlook on copay cards? We don't expect to see these programs going anywhere anytime soon. In fact, quite the opposite - studies show that copay assistance dollars for commercially insured plans tripled from \$6 billion to \$18 billion between 2014 and 2020 and contrary to what their name connotes, critics argue that these programs drive more revenue to drug manufacturers as they encourage individuals to remain on costly brand medications as opposed to cheaper generic alternatives.

Patient Assistance Programs (PAPs)

Different from manufacturer's assistance or copay cards, Patient Assistance Programs are need-based programs offered by drug manufacturers, nonprofit organizations or state governments that offer free or low-cost prescriptions to individuals based on established income thresholds and/or insured or underinsured status. Unlike copay cards which generally only reduce costs to the individual, PAPs are a strategy to reduce costs for both the individual and the plan. This occurs when an individual meets certain low-income criterion or a certain drug has been excluded from coverage under the plan. PBMs will either outsource this work or build in-house capabilities to administer PAPs.

Establishing clear and consistent communication and workflows is critical when adopting this approach as individual cooperation is necessary to secure funding. Both Magellan and Smith have the processes in place to limit disruption when this strategy is utilized.



International Sourcing

Brand and specialty medications are the primary drivers of rising prescription drug spend despite accounting for a much smaller percentage of total script count. In the U.S., these medications can cost as much as 3.5 times more than in other industrialized countries, many of which have nationalized health care and hence, single-payer negotiation leverage and increased regulation on inflation. Many self-insured health plans have turned to international sourcing from Tier 1 international countries like Australia, Canada and the U.K. as an effective strategy to control costs.

An approach with bipartisan favor among the American public has had support from both the Trump and Biden Administrations, culminating with an executive order issued by President Biden in July 2021 directing the Food and Drug Administration (FDA) to work with states to import drugs from Canada. Expect to see more, not less, in regulatory guidance on this issue.

Specialty Pharmacy: Opportunity for Employer A

Analysis of historical claim data reveals the following savings potential by implementing Magellan's Select Savings program:



There is an estimated

\$63,496
net savings

potential if Select
Savings was activated.



This represents a

41%
net savings

of total pharmacy spend.



Medical Cost Intelligence Playbook Preview

Below is an excerpt from our Medical Cost Intelligence Playbook using aggregate captive data:

Data + Analysis + Intervention = Impact

At ParetoHealth, we view data as the cornerstone to achieving our two-part mission: **reducing volatility and healthcare cost.**

This Playbook strives to put ParetoHealth's Impact Equation into actionable steps. Most employers excel with understanding and analyzing the data but have limited ability to effectively intervene. Exclusively available to captive Members on our ICM platform, this Playbook utilizes our proprietary clinical dashboard to give you the strategy and guidance to optimize your plan.

Medical Cost Intelligence: The Opportunity

The U.S., despite spending close to double on healthcare per person per year on average as compared to other high-income nations, consistently ranks near the bottom in key indicators for quality, access, and outcomes. While these disparities have existed for decades prior to the COVID-19 pandemic, the unprecedented stress test on our health system for the last three years highlighted the consequences of these inequities for a captivated, world-wide audience tracking global response and recovery. The U.S. is a leader in biomedical research, innovation, and technology, yet our social inequities, administrative inefficiencies, and health care sector worker shortages all contribute to higher mortality rates, shorter life expectancy, and increasing incidence rates of chronic disease among Americans. These factors, combined with the lack of transparency and demand created for highly specialized, costly treatments, translate to annual health care coverage increases outpacing both inflation and workers' earnings.

Self-insured employers, now more than ever, have the best opportunity to combat the challenges presented by this paradox of cost, quality, and outcomes. Our ParetoHealth community of Members are a powerful collective of disruptors who have chosen to chart a different course, challenge the status quo, and take control of their own destiny.

This ParetoHealth Playbook will deliver the following plays to address medical trend management and guide optimal care pathways:

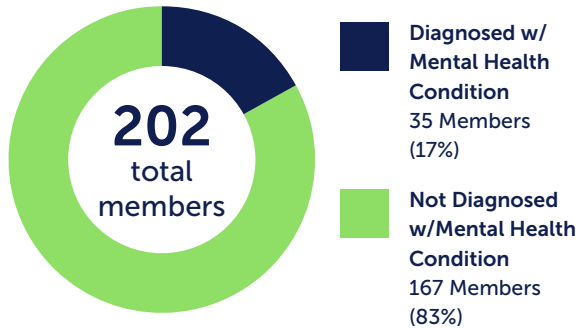
- ✓ Benchmarking Comparison
- ✓ Site of Care Steerage Opportunities
- ✓ Preventive Care Compliance
- ✓ Mental/Behavior Health Analysis
- ✓ Trigger Diagnosis Reporting

Mental/Behavioral Health Impact for [Insert Captive Member Name]

Prevalence & Demographics

Forecasted Members with a mental/behavior health diagnosis as of: 5/31/2022

Prevalence

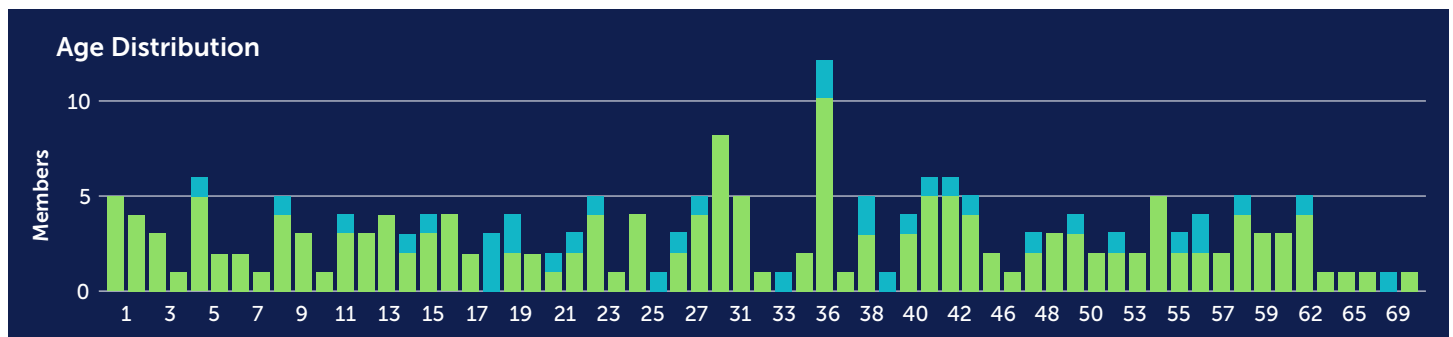


By Age Group

	Members	Mental Health Members	%w/Mental Health Diagnosis
0-17	57	5	8.8%
18-35	48	12	25.0%
36-49	55	11	20.0%
50-64	38	6	15.8%
65+	4	1	25.0%

By Member Type

	Members	Mental Health Members	%w/Mental Health Diagnosis
Dependent	77	12	15.6%
Employee	74	6	8.1%
Spouse/Partner	51	17	33.3%

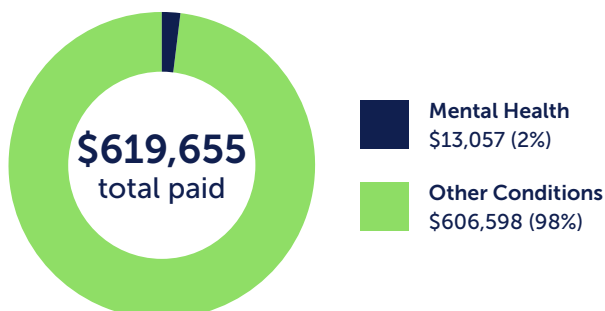


Mental/Behavioral Health Impact

Displaying current period paid claims only

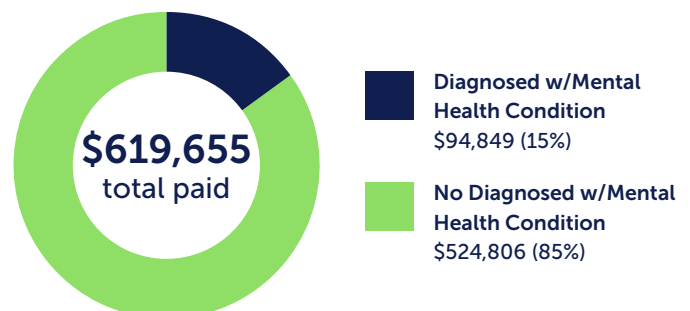
Percent of Direct Paid Amount

Paid amount directly related to mental health conditions



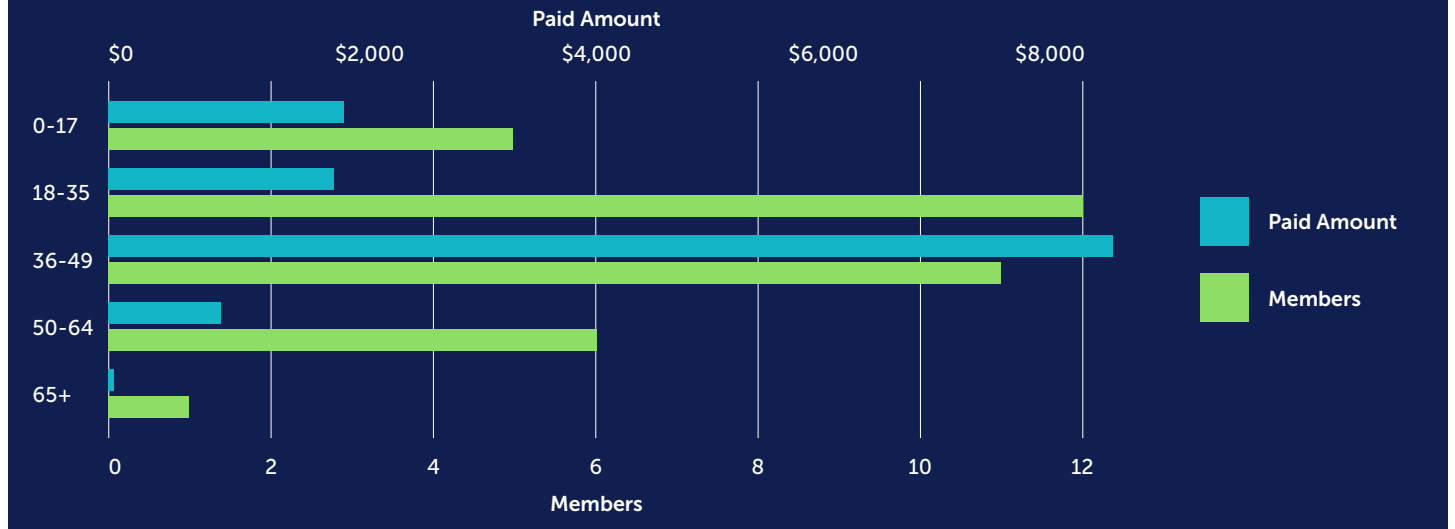
Percent of Total Paid Amount

Total paid amount related to individuals with mental health conditions



Paid Amount & Members by Age Group

Paid amount directly related to mental health conditions



Individual Mental Health Paid Amount Distribution

Paid amount directly related to mental health conditions

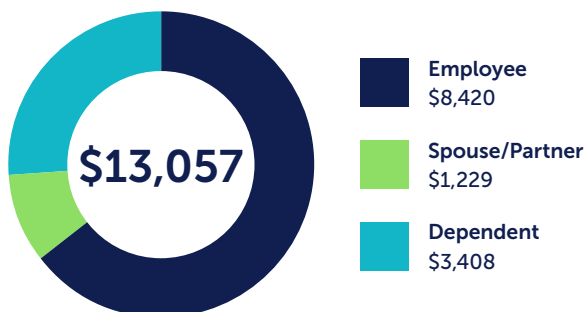
Individual Paid Amount Buckets	Paid Amount	Members
\$0-5000	\$5,578	34
\$5000-\$10000	\$7,479	1

Mental Health Claims

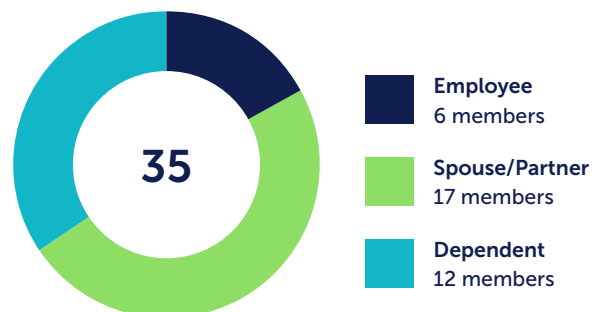
Based on current period claim paid amount directly related to mental health conditions

By Member Type

Paid Amount



Members





ParetoHealth Interventions: An Inside Look

Data + Analysis + Intervention = Impact

At ParetoHealth, we view data as the cornerstone to achieving our two-part mission: reducing volatility and healthcare cost. This ParetoHealth Intervention strives to put ParetoHealth's Impact Equation into actionable steps immediately. Most employers excel with understanding and analyzing data but have limited ability to effectively intervene. Exclusively available to captive Members on our ICM platform, this Intervention utilizes our proprietary clinical dashboard to give you real-time intelligence to optimize your plan and maximize savings.

Intervention: End-Stage Renal Disease Claimants

What Is End-Stage Renal Disease?

End-Stage Renal Disease (ESRD) is advanced chronic kidney disease, otherwise known as end-stage kidney disease or permanent kidney failure. ESRD impacts people of all ages, including children. With this disease, an individual's kidneys fail to function independently. In order to survive, they must receive long-term dialysis or a kidney transplant.

ESRD and Medicare

Entitlement for Medicare coverage based on ESRD works differently than other types of Medicare entitlement. Individuals diagnosed with ESRD are entitled to enroll in Medicare coverage even if they are younger than 65. Entitlement typically begins on the first day of the fourth month of dialysis. Once an individual is entitled under these special rules, Medicare rules dictate that a group-sponsored health plan must satisfy a 30-month coordination period before Medicare will become the primary payer. For this reason, many individuals will delay actual enrollment into Medicare until they are at or approaching the end of the coordination period. Furthermore, individuals entitled for Medicare based on ESRD who don't sign up right away can still initiate coverage with an effective date up to 12 months before the month in which they apply.

...many individuals will delay actual enrollment into Medicare until they are at or approaching the end of the coordination period...

Entitlement and Coordination Period Example:



May 2023

Mary Jane, an employee covered by Acme Corp., a Contrarian Re captive Member, has ESRD and receives her first dialysis treatment on May 1, 2022.



August 2023

On the fourth month of her treatment, or August 1, 2022, Mary Jane is entitled for Medicare and her 30-month coordination period begins, even if she doesn't actually sign-up for Medicare at that time.



February 2025

At the end of the 30-month coordination period, or February 1, 2024, Medicare becomes primary payer for Mary Jane.



February 2026

Mary Jane can sign-up for Medicare at the initial date of entitlement or later. Retroactive coverage can take effect up to 12 months prior to the sign-up date. In this case, Mary Jane would want to sign-up for Medicare no later than February 1, 2025 to maximize coverage.

ParetoHealth Interventions in Action

To help our captive Members and consultants identify real-time savings opportunities, ParetoHealth analyzes entitlement and claim data on a monthly basis for certain trigger diagnoses or events – what we call our ParetoHealth Interventions. The intent is to provide consultants and Members with the identified area for intervention along with the actionable step to address the opportunity. In some instances, we may also communicate with the TPA or PBM if the intervention involves any type of coordination of benefit (COB).

In this Intervention, we are looking for Members who may be entitled for Medicare now due to a new or existing ESRD diagnosis.

In the table below, please see a list of assumed entitled individuals based on available data sources* along with important details related to their coverage, most notably the number of months they've been receiving dialysis. Remember, once an individual has received their first dialysis treatment with an ESRD diagnosis, they must wait an initial 3 months to be entitled for Medicare and then on the fourth month the 30-month coordination period begins.

Name	Relationship	Age	Months in Dialysis	Total Paid Claims
Patient A	Spouse / Partner	35	34	\$146,983.42
Patient B	Employee	62	36	\$55,983.46

*These individuals are assumed to be entitled based on available entitlement and claim data. ParetoHealth makes no warranties or guarantees based on this information and assumes no liability for any misrepresentations in the data.

There are two key action items to address individuals with ESRD who may be entitled for Medicare:



1) Providing entitled beneficiaries with the tools and resources to sign-up for Medicare



2) Ensuring that claims are adjudicated properly by the TPA and/or PBM once the coordination period has been satisfied.

Enrolling in Medicare with ParetoHealth

Individuals actively at work with ESRD may keep their employer-sponsored medical benefit even if they elect to sign-up for Medicare; however, both those individuals actively at work and those who are on COBRA may find that Medicare is a more financially suitable alternative.



ParetoHealth partners with SmartMatch Insurance Agency, an independent Medicare enrollment firm, to provide captive Members and their employees with year-round Medicare enrollment support on a risk-free basis using a consultative approach and based on an individual's unique coverage needs and budget. As a result, employees and their family members can confidently choose between Medicare Advantage or Medicare Supplement plans to best meet their coverage needs. Enrollment specialists are available to provide on-demand assistance to beneficiaries in the 48 contiguous states of the U.S.

Available exclusively to ParetoHealth ICM Members, SmartMatch's SmartConnect program proactively targets both Medicare entitled and aging-in populations three times per year through proactive e-mail and home mailer campaigns. As part of this service, ParetoHealth and SmartMatch provide employers with a complimentary suite of communications that can be utilized year-round to support the direct outreach campaigns.

learnmore@paretohealth.com

FMC Tower, 2929 Walnut Street, Suite 1500, Philadelphia, PA 19104
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