

**Mass Strategic Health Group
Meeting Minutes
Meeting of August 14th, 2019
GBS Gallagher**

Board Members Present:

Doug Willardson
Richard Mathieu
Matthew Wojcik

Webster Town Administrator
Dudley Charlton RSD Finance and Operations Manager
Douglas Town Administrator

Others Present:

Anthony Lively
Emmilie Roach
Chris Nunnally
Tony Bucci
Dr. Steven Sepe

Alera/Lively Insurance
Arthur J. Gallagher
Arthur J. Gallagher
NexusMD
NexusMD

The meeting was called to order 2:40 PM

Attendance

The attendance sheet was passed around and signed as everyone arrived and took meeting materials.

Change in Meeting Venue

The meeting was moved to Applebee's at 680 Southbridge St. Auburn, MA, 01501 due to an emergency at the Gallagher office in Auburn, MA.

Approval of Minutes

Mr. Willardson made a motion to approve the meeting minutes from July 17th meetings, Mr. Mathieu seconded the motion and it passed unanimously.

Nexus MD

Dr. Steven Sepe and Mr. Tony Bucci from NexusMD introduced themselves; they spoke in detail about the problems self-insured groups face. Dr. Sepe spoke about their proprietary network of doctors and the ways in which NexusMD benefits a health plan to contract with NexusMD to mitigate chronic disease care cost. Dr. Sepe shared that NexusMD develops targeted programs to better manage costly complex illness. Chris Nunnally asked if the network includes any local doctors. Dr. Sepe said there were three practices in Massachusetts (MA), none locally but he said they have done work with Municipalities in MA. Chris Nunnally asked how much all this will cost. Dr. Sepe said the cost would be \$3.75. Please see the attached presentation for more details.

Medicare Plan Conversation

Mr. Nunnally said the MSHG is going out to bid at the end of August for their retirees. Mr. Nunnally explained that the plan designs will continue to be mirrored.

Health Plan Update

Chris Nunnally asked the board how the reaction from their employees has been since the transition to HPI. There was a brief conversation about a few minor issues that were resolved quickly. Mr. Nunnally said he would like to continue to get updates on any issues going forward so he can ensure everyone is working together to solve the members issues as efficiently as possible.

Next Meeting

There was no meeting set; Mr. Nunnally said he would contact the board for the next meeting date.

Mr. Mathieu made a motion to end the meeting at 4:38 PM Mr. Wojcik seconded the most and it passed unanimously.

*Submitted by,
Emmilie Roach
Gallagher Benefit Services*

Nexus MD

An Introduction
Steven Sepe MD, PhD

MA Consortium
August 14, 2019

Organization and value-based care

- Nexus^{md} is a physician owned and governed integrated network of specialist physicians.
>400 providers at 70 sites and 40 outpatient facilities in RI, MA, and CT.
 - Nexus contracts with employer plans to improve healthcare outcomes and reduce costs
 - focused in the self-insured space
-
- Nexus develops targeted programs to better manage costly complex ill
 - The system is now in varied stages of operation in four RI municipalities

Scope of the problem

HEALTHCARE COST IS THE LARGEST CONTRIBUTOR TO THE GROWING MUNICIPAL OPEB LIABILITY⁷

- Complex illnesses cared for by specialist physicians drive personal healthcare spending, about \$12,000/PYr⁸
 - Complex care patients represent just 5% of the population but account for 50% of national healthcare spending¹
 - Cause about 70 percent of all deaths in the United States and are the most expensive to treat.^{5,6}
-
- Specialty medications will account for half of all prescription drug spending by 2019^{3,4}

¹Professor John E. McDonough Harvard T.H. Chan School of Public Health; ^{1a}Healthcare Cost Drivers White Paper, National Association of Health Underwriters, June 2015 ²Peterson. Kaiser Family Foundation. Analysis of Medical Expenditure Panel Survey. Agency for Healthcare Research and Quality 2015. ³*Lifetime Trends in Biopharmaceutical Innovation*, IMS Health Study, January 2016 ⁴NEJM Catalyst. Massachusetts Medical Society. 2017 ⁵JM McWilliams. *Focusing on High-Cost Patients—Addressing High Costs*. NEJM 2017. ⁶J. Michael McWilliams, M.D., Ph.D., and Aaron L. Schwartz, Ph.D. N Engl J Med 2017; ⁷Report of the Working Group for Healthcare Innovation, EOHHS, December 1, 2015; ⁸Axios 2018.

N E X U S

Nexus' aim is to achieve cost savings derived from plan design, claims management, and medical loss optimization

NEXUS PROVIDES TWO UNIQUE SERVICE PLATFORMS

I. Business Services

- Claims analysis
- Plan design analysis
- OPEB expense cycle management
- Product & service review
- Guidance with insurance co.
- Employee enrollment attribution

II. Clinical and Provider Network Services

- Data registry
- Population management
- Data management analytics
- Referral optimization
- Alternative payment methods
- 'Sentinel' home navigators

How do we deploy these services...

Operations and Data Generation

2. Identify and analyze condition-specific trends and high cost areas to inform network site selection and prioritization

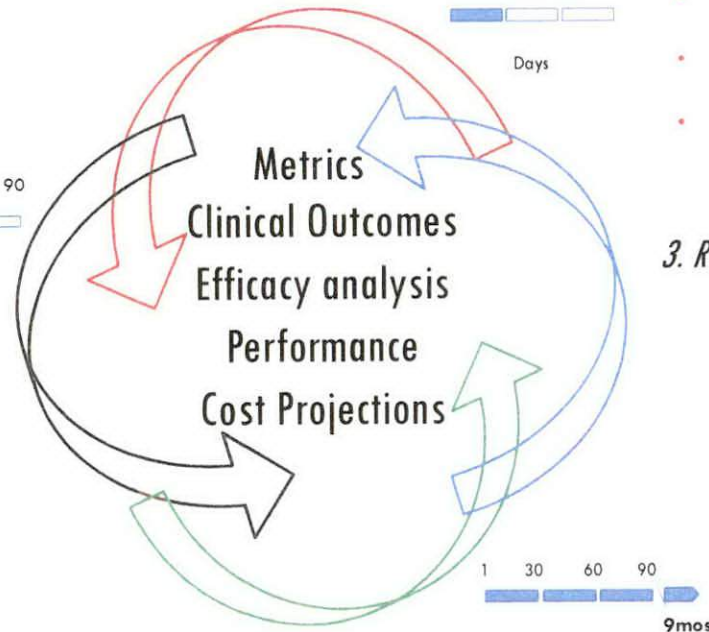
- Network Development
- Facilitate steerage to lower cost treatment environments
- Provide ongoing claims monitoring to Track & Trend
- Identify cost aversion and prevention intervention

DATA MANAGEMENT

Population outcomes & trends
Business Performance
Illness Patterns
Cost Distribution
Risk Attribution
Research

1. *Perform initial 3-year retrospective or lead-in claims analysis to reconcile claims errors and establish baseline medical costs*

1 30 60 90
Days



- Duplicate services
- Retroactive adjustments
- Aberrant medical trends
- Excessive claims and services
- Gaps in care

3. *Recommend, develop and execute targeted programs customized to identified medical conditions*

- Single specialty, condition-specific programs tailored to unmet needs or high cost
- Hospital selection/negotiations and network procedure and surgery site deployment
- Alternative Payment Methods testing
- Home-based navigator (acute) or sentinel (episodic) programs
- Identify special populations such as Work-Related Injuries or public health care gaps or urgencies like addiction, "Flu" epidemics
- Comprehensive broad-based plans

4. *Calibrate business processes, adjust metrics, modify programs to optimize outcomes and control costs*

Analysis, Intervention, Execution, Performance
IMPROVE

Quick-Brief

Summary Findings & Actions

CLAIMS PAYMENTS Surg/Med

- Surgical/Medical owns the largest increase in costs over the last 9 months
- Accounts for 50% of total claims paid
- On average, Gastro, Neuro, Ortho specialties account for 45% of Total Claims Paid
- Cardiology and Rheumatology in queue

CLAIMS PAYMENTS Drugs

- In most analyses, Claims Type DRUGS(pharmacy) is the 2nd largest cost center
- Total cost for DRUGS has nearly doubled over the last year
- Administrative claims errors identified include mis-sorting drug costs, DOS discrepancy, Plan misappropriation

CLINICAL Specific Conditions

- Top condition-specific cost identified by specialty: GI-Crohn's Disease; Neuro-headache, MS; Ortho-TKR/THR
- Crohn's dx makes up >20% of Gastro Claims
- WRI, found back-dated, mis-classified = \$350,000 payments

Recouped Payments and/or Credits

- *Aggregate savings: \$387000 + 127,500 = \$514,500 @ 12 months*

RECOMMENDATIONS

- Complete the twelve-month reconciliation(3mos post close)of the 2018-19 claims analysis
- Continue longitudinal claims analysis to early signal cost/condition variances and identify targeted solutions
- Sustain Monthly Report and FTF Quarterly meetings to maximize awareness and inform intervention priorities

PROPOSAL

- WRI & Workers Compensation Program a key cost center:10-15% projected savings opportunity
- Implement specialty Targeted Therapeutics Program in Crohns biologics and biosimilars; Est.10% decrease DRUGS spend
- Crohn's enhanced access, lower cost procedure environments, and wellness program: Project 5-10% reduction in GI Costs
- Feasibility analysis for first early screening colonoscopy program

Confidential

* 2 Municipalities, ~ 2400 Members

N E X U S

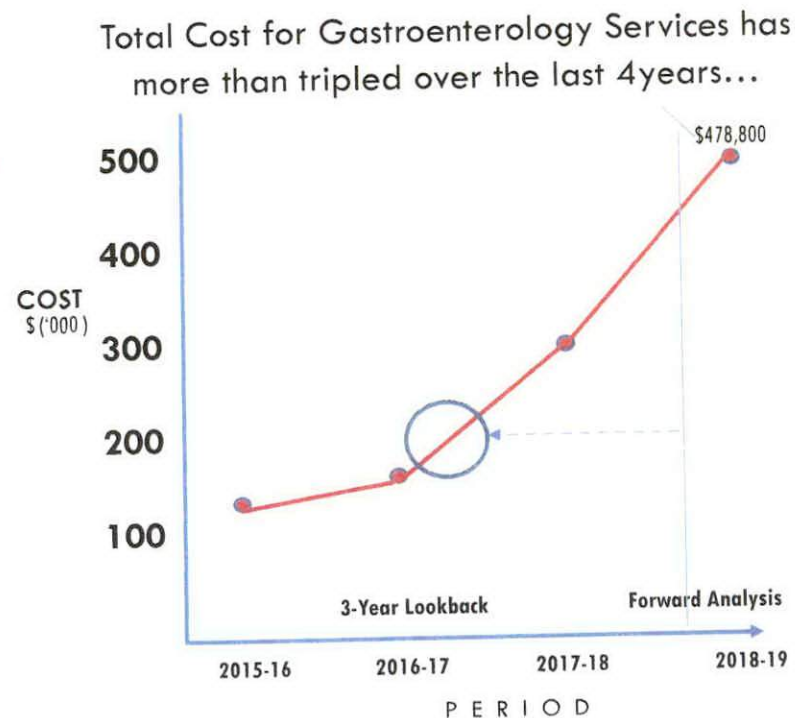
DATA

Nexus perform real-time monitoring enabling *early recognition* of cost trends and opportunities for preemptive intervention

NexusMD provides...

1. Continuous monitoring

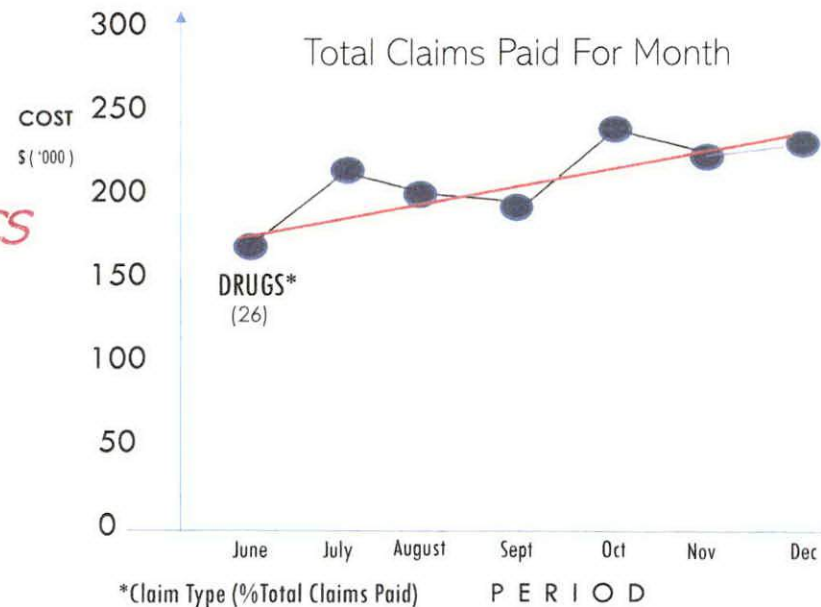
2. Actionable claims metrics
3. Earlier variance recognition
4. Rapid targeted solutions



Drug cost steadily increased over prior 9-month period...
...and contributed >25%% of total claims costs

NexusMD provides...

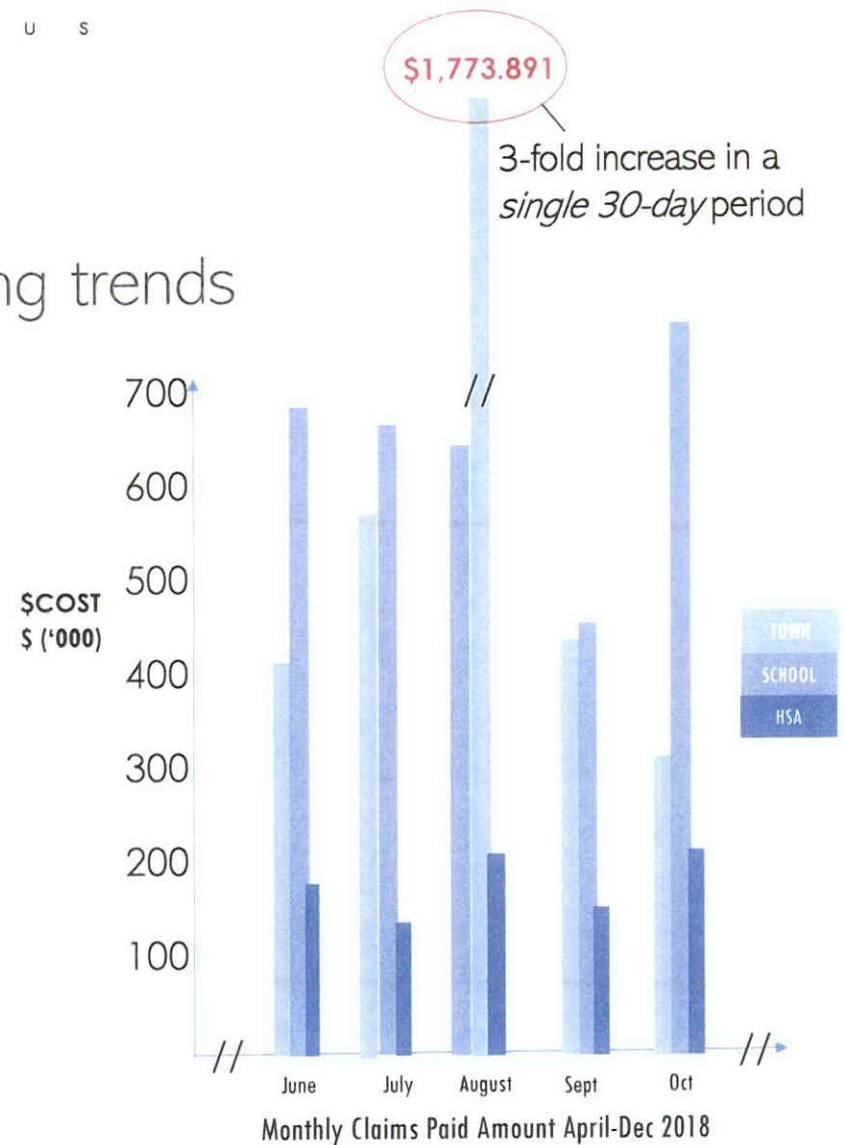
1. Continuous monitoring
- 2. Actionable claims metrics*
3. Earlier variance recognition
4. Rapid targeted solutions



Ongoing prospective data analysis
is required to early identify emerging trends

NexusMD provides...

1. *Continuous monitoring*
2. *Actionable claims metrics*
3. ***Earlier variance recognition***
4. *Rapid targeted solutions*



Measurable cost savings:
Two municipalities at 15
months

NexusMD provides...

1. Continuous monitoring
2. Actionable claims metrics
3. Earlier variance recognition

4. Targeted solutions

SOW Year 1	Muni 1*	Muni 2**
Ia. Claims Analysis		
3-Year Lookback	Completed	Completed
Forward Analysis & adjudication		
Actual 12mos	\$ 127,500	387,000
Projected at 15mos	\$ 25,000	50,000
Total	\$ 152,500	437,000
Ib. Business Services		
Plan Design	ND	TBD
Population Health Trend	ongoing	ongoing
III. Targeted Clinical Programs		
WRI Program		5-8%+
Targeted Therapeutics Program		5%
Crohn's Wellness Program		5%

*1020 active

**588 retirees 630 active

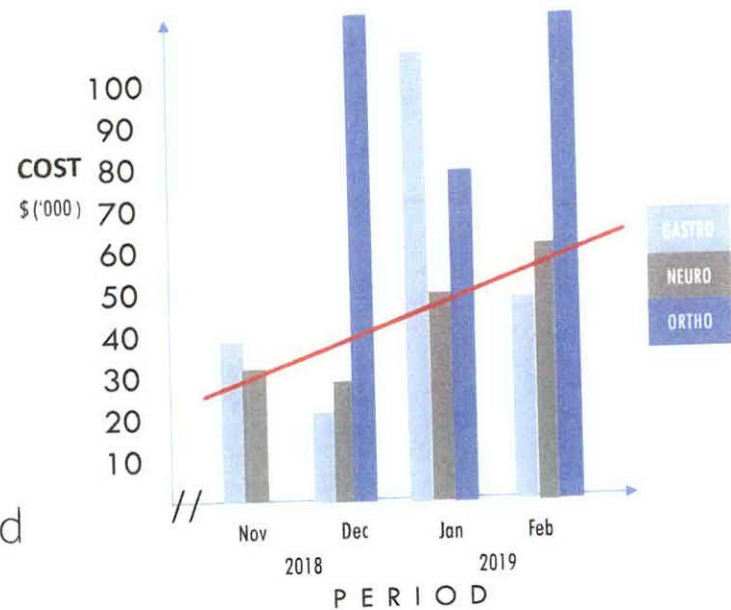
Some Data...

Specialty costs are increasing across most specialties

Key factors driving the increase

Payor billing irregularities
Plan administrative costs
Medical costs

Contribution to medical expense is concentrated in a small number of subspecialties...
...Gastro, Neuro, Ortho consistently in top 5
Expense categories



Cost By Specialty: June 2018-Feb 2019

Specialty areas analysis

Gastro, Neuro, and Ortho total claims costs in almost every analysis, fall within the top 5 of the costliest specialties...

...Managing them drives a proportionally higher savings

Specialty - All Plans
 % Total Spend (\$Amount Paid)

	GNO (\$1,113,137)	Surg-Med (\$1,146,489)	All Claim Types
Gastro	23.6	22.9	6.8
Neuro	24.3	3.6	7.0
Ortho	52.1	50.6	15.0

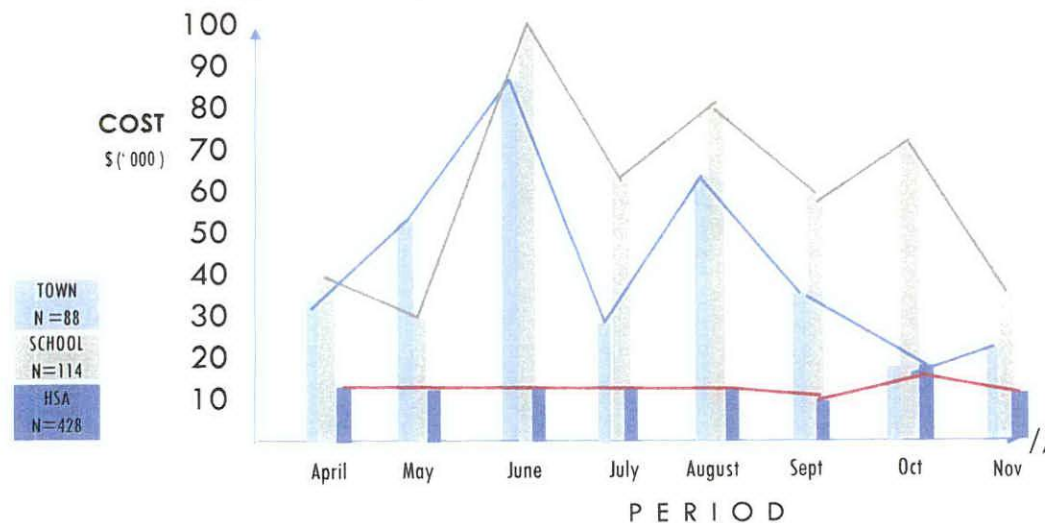
3Mo Oct-Dec 2018

AND....

Within each of these specialties just a few conditions account for over 20% of cost for that specialty, like Crohn's Disease in GI and headache in Neuro and hip replacement in Ortho

Nexus utilizes ongoing prospective data acquisition enabling real time pattern recognition of cost and population health trends

Town & School trends show a high degree of variability vs HSA
Costs over any 90-day period are not predictive of 12month total cost



Total GI Expenditure by Plan 9 Months April – Dec 2018

These patterns suggest:

- Seasonal influences
- Differences in benefits design
- Medical services utilization
- Patient behaviors

.... Which may be modifiable
and add to cost savings