

FACTFILE

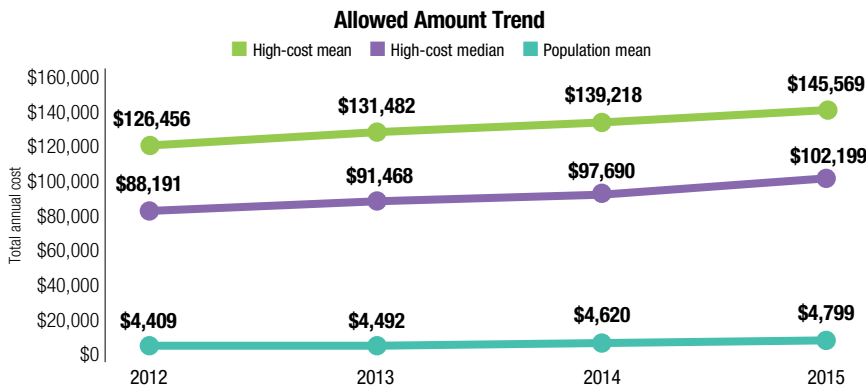
High-Cost Commercial Claimants

The American Health Policy Institute (AHPI)¹ defines high-cost claimants (HCC) as those patients who cost \$50,000 per year. In a 2016 study of 26 large employers, AHPI found that HCCs cost an average of \$122,382 annually, and that they comprised 31% of total spending. Both payers and providers are concerned about the etiology behind the cost of care for these patients. Payers are putting pressure on providers to take on greater risk and mitigate cost as they move to value-based care and better outcomes. Payers faced with increasing healthcare costs are looking to consumers to become more engaged from both a financial and care perspective. When the epidemiology and cost drivers behind high-cost claimants are better understood through data analysis, both providers and payers can utilize the levers available to them to alleviate the risks involved with some of these costs and improve outcomes.

Sources: 1. D. Mark Wilson, Tevi D. Troy, and Kara L. Jones, *High Cost Claimants: Private vs. Public Sector Approaches*, published 2016 by American Health Policy Institute and Leavitt Partners.

MEAN AND MEDIAN ALLOWED AMOUNT FOR TOP 1% BY YEAR

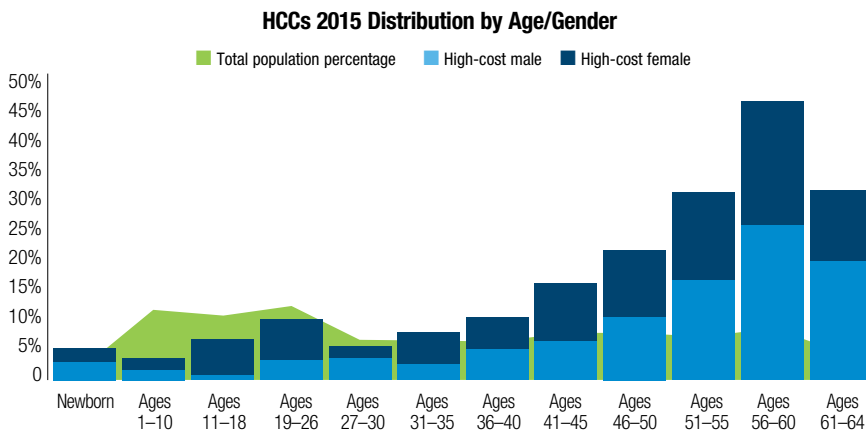
The mean and median cost for the top 1% of claimants rose steadily across years, with the mean nearing \$150,000 and the median just passing \$100,000. The allowed amount represented by HCCs as a percent of total allowed amount ranges from 29% in 2012 to 34% in 2015.



SOURCE: Truven Health Analytics, part of the IBM Watson Health business.

DISTRIBUTION OF HCCs BY AGE AND GENDER IN 2015

The bulk of high-cost patients are in the older age groups, as would be expected. The decline after age 26 is due to dependents dropping off their parents' plans. The decrease in the oldest enrollees is likely due to a decrease in enrollment due to retirement. While the number of male versus female HCCs is very similar, the distribution changes over time. Not surprisingly, during the childbearing years there is a higher percentage of female versus male HCCs.



Methodology

We analyzed the Truven Health MarketScan[®] Commercial Database over a 5-year period, limited to fee-for-service enrollees and consistent contributors. This resulted in about 20 million enrollees per year. We then extracted the top 1% from 2012 to June 2016 based on total allowed payments. This represented approximately 200,000 patients per year. We then analyzed those enrollees and identified several broad categories of patients that were high cost in a given year. Each category represents different potential "actionability." Detailed results are shown for 2015, although similar results were observed across all years of data.

Percentage of Each Type of the Top Ten HCCs for 2015

1. Patients with an expensive to treat chronic condition in maintenance mode (29.29%)
2. Patients undergoing active cancer treatment (23.51%)
3. Patients with a single major acute condition (15.26%)
4. Patients with an expensive acute flare-up of a chronic condition (10.06%)
5. Patients with significant mental health/substance abuse conditions (3.58%)
6. Patients who experienced significant trauma/injury (2.94%)
7. Neonates with complications (2.77%)
8. Patients experiencing complications as a result of medical treatment (2.04%)
9. High-cost maternity patients (0.91%)
10. Transplant patients (0.29%)

Upcoming Topic:

> Operational Insights

FACT FILE PARTNER:

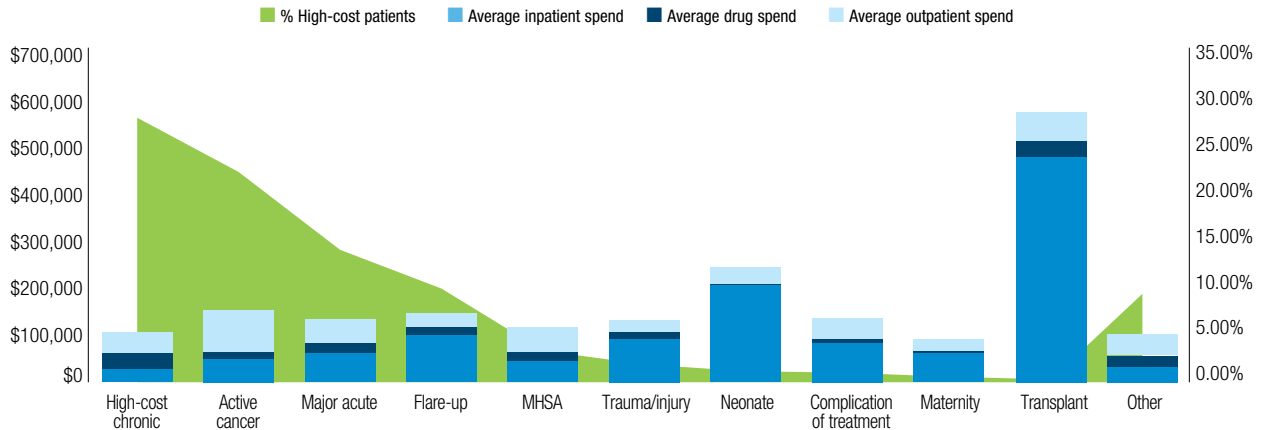


Truven Health Analytics, is part of the IBM Watson Health business
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DISTRIBUTION OF COSTS FOR HCCs ACROSS THE MAJOR CATEGORIES OF SPEND

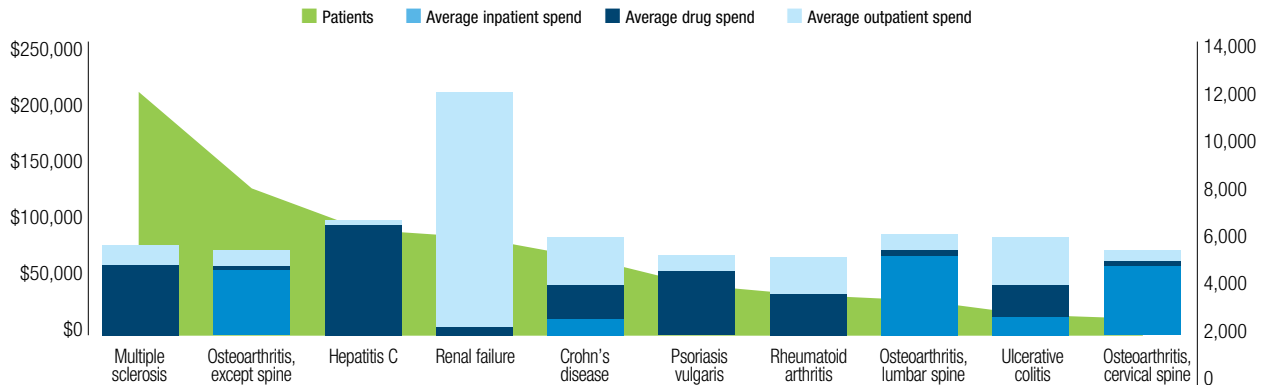
Transplant patients and neonates with complications had the highest rate of spend; however, more than 50% of the HCCs were patients with expensive-to-treat chronic conditions in maintenance mode or patients undergoing active cancer treatment.



SOURCE: Truven Health Analytics, part of the IBM Watson Health business.

TOP 10 MOST COSTLY CHRONIC CONDITIONS FOR HCCs

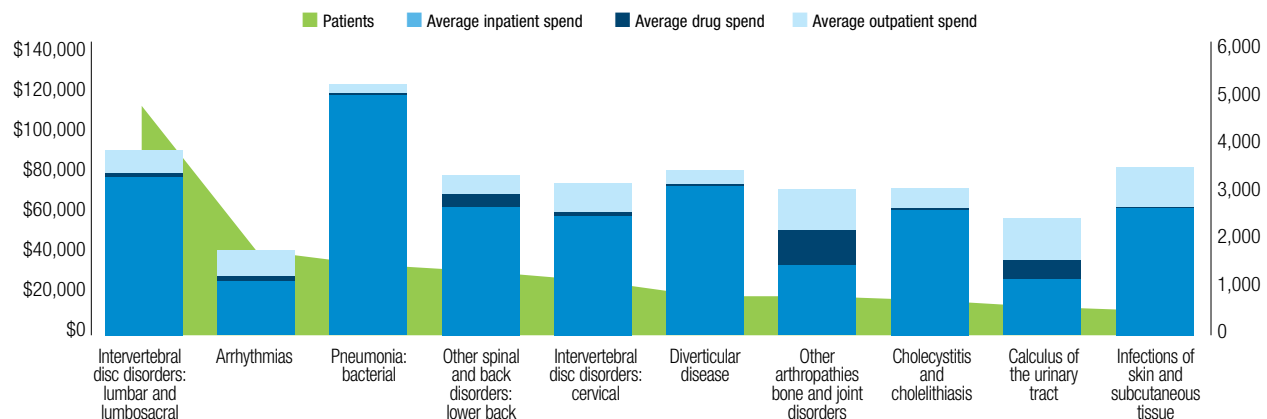
The average cost for chronic conditions in the HCC population were typically between \$65,000 and \$100,000, with the exception of renal failure patients, who were much higher. However, the cost contributors varied between conditions. For example, the costs for HCCs with multiple sclerosis, hepatitis C, and psoriasis vulgaris were driven by prescription drugs, while renal failure HCCs and those with Crohn's disease or ulcerative colitis had greater cost contributions from outpatient care. Osteoarthritis typically had significant inpatient cost, most often due to surgical interventions for these patients.



SOURCE: Truven Health Analytics, part of the IBM Watson Health business.

TOP 10 MAJOR ACUTE CONDITIONS FOR HCCs

HCCs whose cost was driven by major acute conditions comprised 15.26% of the HCC population studied. The most prevalent conditions were low back disorders, ranked No. 1 (disc) and No. 4 (other low back), typically due to surgical intervention. Arrhythmias and bacterial pneumonia ranked No. 2 and No. 3, respectively, in prevalence. Note: While bacterial pneumonia is not typically excessively expensive, most patients in this category were those who had pneumonia that escalated to sepsis.



SOURCE: Truven Health Analytics, part of the IBM Watson Health business.

