

Summit Perspectives



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Managed Care

- Are your medical management resources directed toward your highest risks?
- Have you maximized your discounts for out of area claims?
- Would you like help in reducing your risk?

Special Managed Care Issue

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Summit ReSources:— Make It Your Managed Care Resource

Summit Re established its own managed care department, *Summit ReSources*, to give you access to a comprehensive portfolio of services, specifically designed to reduce costs while improving quality of care. The primary goal of *Summit ReSources* is to be your managed care resource.

Consultative Case Management

We are available for consultative case management which includes, but is not limited to, assessment and recommendations regarding utilization, disease and case management programs, access to external managed care vendors at preferred prices, catastrophic case discussions, specialty pharmacy issues and out of area solutions. There is no additional cost for accessing our consultative case management service.

Educational Resources

Summit ReSources has access to a variety of educational opportunities and information

about medical management. As information becomes available, we share it with you.

Portfolio

A portfolio of services has been negotiated to help you manage your claims. See pages 3, 4 and 5 for details.

- Transplant Management
- National PPO Network
- Non-network Claims Management
- Catastrophic Injury/Illness
- Recovery/Coordination of Benefits
- Neonatal Intensive Care Management
- Predictive Modeling
- Chronic Disease Management

Summit ReSources was created in September of 2004. Debbie Stubbs is the primary contact and Laura Pearce is Debbie's backup for managed care issues. You will find more information about *Summit ReSources* on our website at www.summit-re.com/managedcare.asp.

Manage Cancers Through Summit ReSources

One of United Resources Network's newest programs, Cancer Resource Services (CRS) program, is available to Summit Re clients. It provides access to centers of excellence for complex cancer care, according to a recent teleconference presented by URN and hosted by *Summit ReSources*.

Expense Savings

CRS can significantly reduce your complex cancer-related expenses. Expenditures in 2005 for complex cancer patients are predicted to reach \$5.2 million for plans with 50,000 lives. CRS can decrease claims costs by up to 41% through contractual discounts and cost-avoidance savings.

Quality Care

CRS significantly improves the quality of care delivered. Quality of care is demonstrated at

Centers of Excellence cancer centers by fewer complications and higher survival rates. Lengths of stay are shorter and patient satisfaction is higher.

Market Position

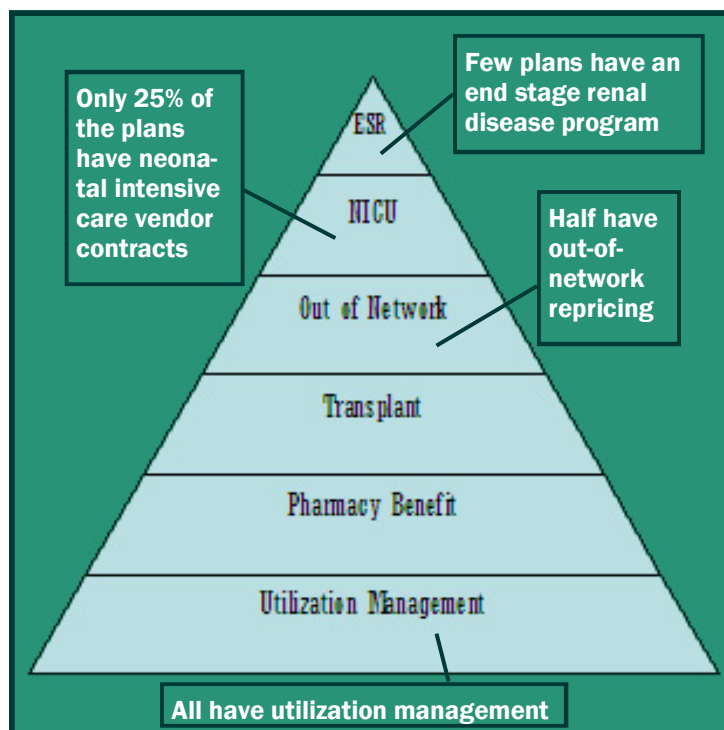
CRS will strengthen your position in the marketplace. By being the first to offer the program in your service area, you gain a competitive advantage. The program offers access to world renowned cancer centers and programs, both regionally and nationally. CRS directly addresses a high-profile, costly medical condition. CRS can begin to serve the needs of your complex cancer population immediately

For information on how to access the CRS program, contact Debbie Stubbs at 260-407-3979 or dstubbs@summit-re.com.

Survey: Managed Care Programs Accessed by HMOs

To ensure that our services match the needs of our clients, we conducted a survey shortly after forming *Summit ReSources*. The purpose of the survey was to determine our clients' satisfaction with the managed care vendors they had been accessing prior to the formation of *Summit ReSources*. We also wanted feedback as to what types of managed care vendors would be most beneficial. Many of our clients were also contacted by phone or in person to determine what types of managed care programs they currently have in place.

All clients have some form of **utilization management**, consisting of preauthorization for admissions and certain other services, and concurrent review of inpatient admissions.



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Disease management programs are primarily internally developed and focus on the diseases most prevalent within the particular health plan. The sophistication of the programs varies, as well as the degree of outcome reporting. Few health plans have a specific end stage renal disease program, which may be needed in the future.

Almost all clients have contracts with **pharmacy benefit** managers, which may include reduced pricing for high-cost specialty pharmaceuticals, or they have contracts with separate companies for those drugs. The contracts provide discounts off of the average wholesale prices of the drugs. Some companies

URN access fees for transplant services may be submitted as a reinsurance claim expense if the members reaches the reinsurance deductible.

also include supplies and home nursing (when medically indicated) as a part of the contracts.

The majority of Summit Re clients access United Resource Networks (URN) for **transplant services** and are satisfied with the services provided.

Approximately 25% of our clients have contracted with a **neonatal intensive care** unit (NICU) management vendor.

About half have some form of **out-of-network** repricing. Price negotiations are done internally for some health plans or contracted out to a national PPO/repricing vendor.

NICU management fees for programs accessed through *Summit ReSources* are eligible claim expenses if the member reaches the reinsurance deductible.

Summit ReSources Portfolio of Services

Details at www.summit-re.com/managedcare.asp

As a result of the survey and client conversations, the following *Summit ReSources* portfolio of services was structured. Each vendor underwent a stringent due diligence process. An onsite visit to the primary facility providing the service was part of the process for the majority of the vendors. If you would like to learn more about any of the programs or have any questions, please contact Debbie Stubbs or Laura Pearce. If there are other programs you think we should consider adding to *Summit ReSources*, please let us know.

Transplant Management

United Resource Networks (URN)

URN offers consulting expertise and access to over 100 of the nation's most prestigious medical centers specializing in organ and tissue transplantation. Specialized Physician Review services are also available, whereby our customers can obtain independent, expert medical opinions of the appropriateness of proposed transplants for specific members and in the area of congenital heart disease.

URN also has a Congenital Heart Disease program, which includes access to a network of facilities that excel in the treatment of congenital heart disease (CHD). The CHD programs complement the heart transplant expertise found within the URN transplant network.

Claim Recovery

Health Decisions, Inc. (HDI)

HDI specializes in benefit management services that produce a 3:1 return on investment within 12 months, while leaving current coverage intact. HDI provides claim recovery and enrollment support services.

Disease Management

See page 5.

National PPO Network

GlobalCare, Inc.

By offering access to a 24-hours-a-day, 7-days-a-week Medical Help Desk, as well as through relationships with over 100 PPO networks and negotiators, GlobalCare allows your members to have medical assistance and network access anywhere in the United States and around the world.

Predictive Modeling

Integrated Healthcare Information Services, Inc. (IHCIS)

Impact Pro is IHCIS's industry-leading, rules-based predictive modeling tool that produces a measure of future relative risk, a prediction of future health care costs, relative risk for an inpatient admission and the probability of one or more admissions for each enrolled member of a health plan. These measures of risk can be used in medical management and have financial, actuarial and underwriting applications. Impact Pro is used by leading health plans and clinicians across the United States, serving more than 30 million Americans.

Non-Network Claims Management

Global Claim Services (GCS)

GCS specializes in clinical and financial claims reviews, offering a personalized, process-oriented approach for out-of-network medical claims and fee negotiations for inpatient and outpatient facilities, professional services and ancillary fees.

Neonatal Intensive Care Management

See page 4.

Summit ReSources: Services designed to offer cost savings, primarily through appropriate care management focused on clinical outcomes.

Catastrophic Illness and Injury

Paradigm Health Systems, Inc.

The highly-skilled staff specializes in management of a variety of catastrophic medical events, such as brain injuries, spinal cord injuries, complex burns and severe trauma.

Summit ReSources Portfolio of Services — Neonatal Intensive Care Management

NICU Management

CareAssist, Inc.

CareAssist offers a physician-driven care management product whose goal is to effect positive change by affecting attending physicians' behavior, while at the same time having a significant impact on reducing total billed charges. The second product focuses on neonatal bill auditing. CareAssist's clinical staff reconstructs the progress of the neonate through the hospital stay by forensic analysis. The billing review can lead to a dramatic reduction in billed charges from both hospitals and physicians. Telephonic teams provide services across the United States.

NICU Management

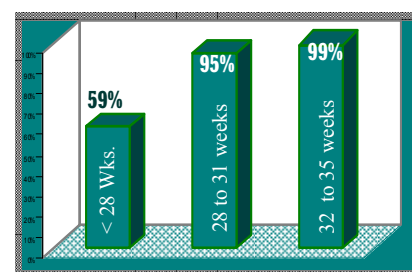
Paradigm Health Systems, Inc.

Paradigm's medical directors and RN case managers work collaboratively with the infant's clinical team to create an optimal plan of care. Highly complex cases are supported through consultation with internationally-recognized, practicing neonatologists. Evidence-based guidelines help infants reach milestones sooner and make the transition to home smoother. Onsite or telephonic case management teams provide services across the United States.

Neonatal Trends

In 2002, the rate of preterm births was reported as 12.1% of all births, and prematurity was the leading cause of neonatal mortality and birth-related morbidity. Preterm birth is defined as birth before 37 weeks of completed gestation. Due to the rising rate of multiple births, the proportion of preterm infants has increased by 14% since 1990.

In the 1970s, infants born at a gestational age of 28 weeks were considered extremely premature. Today, some infants born at 21-22 weeks are able to survive. The low birth weight rate (less than 2,500 grams) increased to 7.8% in 2002, the highest level reported in more than three decades. The rate of very low birth weight infants (less than 1,500 grams) was 1.46% in 2002.



**One Year Survival Rate
Based on Gestation Period—2001**

The twin birth rate continued to climb, at 31.1 per 1,000 births in 2002. This represents an increase of 38% since 1990 and a 65% increase since 1980. The rate of triplet and higher-order multiple births declined slightly in 2002. However, there was an overall increase in these higher-order multiple births of more than 400% between 1980 and 1998. This increase was attributed to advances in and greater access to fertility therapies and to childbearing at older ages. Women in their thirties are more likely to have multiple births than younger women, even without fertility treatment.

Complications and Medical Problems

Due to the advances in NICU management and technology, babies are being born earlier and are surviving, but not without complications and medical problems. The most common problems include respiratory distress syndrome, patent ductus arteriosus, apnea of prematurity, intraventricular hemorrhage, necrotizing enterocolitis, retinopathy of prematurity, sepsis, and bronchopulmonary dysplasia. Nearly half of all long-term, congenital neurological defects are due to prematurity.

Medical Care and Associated Cost

The annual cost of prematurity to employers' health plans, which included the cost to the employer and employee, was estimated at \$4.7 billion in 1992. The federal-state Medicaid program finances 3% of births nationally.² NICU care is generally separated into four levels, with Level I providing care for uncomplicated obstetrical and neonatal populations and Level IV managing the most complicated patients. Hospital facilities define the levels differently, so it is prudent to ask the facility what types of services are provided in each level and by what type of healthcare providers. Level IV NICUs are often hectic, noisy places. This environment may contribute to the physiologic instability of the infants and may interfere with recovery from illness, growth and development. Infants may manifest signs of stress by changes in skin color (mottling), apnea, bradycardia, hiccups, posturing and reflux of feedings. NICUs are now moving toward providing care while trying to decrease the effects of the environment. Measures may include darker rooms, covers for isolettes, soft music, scheduling care in clustered blocks of time to allow rest periods, swaddling, positioning aids, and occupational/physical therapy to work on developmental milestones.

Sources:

1. National Vital Statistics Reports, Vol. 52, No. 10, Dec. 17, 2003.
2. National Center for Health Statistics, final natality data for 2000. Prepared by March of Dimes Perinatal Data Center, 2002.
3. Hazinski, MF (1999). Manual of Pediatric Critical Care.

Summit ReSources Portfolio of Services — Disease Management

Disease Management

Health Management Corp., Inc.

This award-winning health and disease management company addresses high-cost, high-impact conditions to achieve definitive value for health plans, employers and government entities. Disease management is available for asthma, congestive heart failure, chronic obstructive pulmonary disease, coronary artery disease, diabetes, low back pain and metabolic disorders (e.g. obesity).

Disease Management

United Resource Networks

URN's Cancer Resource Services program targets the relatively small number of complex cancer patients that drive the majority of the medical expense related to the treatment of cancer.

Disease Management

Quality Oncology

Quality Oncology, a subsidiary of Matria Healthcare, Inc., is the largest and most experienced provider of comprehensive cancer treatment support programs. Quality Oncology's approach utilizes the expertise of seasoned oncology nurses and physicians, assisted by a state-of-the-art, web-based Integrated Care Management system with embedded evidence-based cancer treatment guidelines.

Disease Management

EnvisionCare Alliance, Inc.

EnvisionCare's Kidney Management Services (KMS) program provides clinical consulting and administrative services that can reduce complications and costs associated with end stage renal disease.

Disease Management

Matria Healthcare, Inc.

Total Health Enhancement Solution includes a combination of preventive, educational and care management services and programs designed to curb costs while improving employee health. Programs include maternity (including gestational diabetes and high-risk pregnancy), neonatal intensive care, asthma, chronic obstructive pulmonary disease, coronary artery disease, congestive heart failure, diabetes, depression, acute low back pain, and obesity management.

Cost savings from proactive disease management coupled with patient self management through education

Why Manage Chronic Disease?

Employers, insurers and federal lawmakers increasingly are focusing on early intervention for potential chronic diseases to avoid hospital admissions and complications later in the disease process. Disease management is one of the fastest-growing areas in health care.

Federal Efforts

The federal government launched a disease management initiative to test capitated payment arrangements with qualified organizations for the case management of specific diseases. The targeted populations include Medicare beneficiaries with chronic illnesses and special populations, such as those eligi-

ble for both Medicare and Medicaid and the frail elderly. Historically, a small proportion of Medicare beneficiaries has accounted for the major proportion of Medicare expenditures. In 1996, 12.1% of all Medicare enrollees accounted for 75.5% (\$126.1 billion) of all Medicare fee-for-service program payments.¹

Many of these beneficiaries have specific, chronic diseases and the majority of the care is for repeat hospitalizations. As the general population continues to age, the estimated cost of care for these individuals is expected to grow dramatically.

Private Sector Efforts

The level of interest regarding disease management is increasing. The Disease Management Association of America was formed to advance the practice of disease management and the National Association of Quality Assurance has established standards for disease management programs. Managed care organizations usually have some form of disease management programs in place, since there are clear incentives for managing care effectively. The programs may be internally developed or outsourced to a disease management vendor.

Continued on next page ⇨

Why Manage Chronic Disease? (Continued from page 5)

Program Features

The definition of disease management and the program objectives may vary, but there are certain features that are common to all programs:

- Identification of members and assessment of severity and the need for interventions
- Use of evidence-based practice guidelines
- Monitoring compliance with the plan of care
- Promoting patient self management
- Routine reporting and feedback with patients, physicians, the health plan, and ancillary providers
- Collection and analysis of process and outcomes data

Programs may include the use of information technology, such as specialized tracking and documentation software, data registries, automated decision support tools, and call-back systems.

Chronic Diseases

The majority of disease management vendors offer programs for asthma, diabetes, cardiovascular disease (congestive heart failure, hypertension), chronic obstructive pulmonary disease, maternity management (including high-

risk pregnancy), and end stage renal disease.

Intervention

Levels of intervention are offered, ranging from distribution of educational information to frequent phone contact with patients and physicians. The level of intervention provided is based on the assessed needs of the patient. Many disease management vendors now offer predictive modeling as a part of their programs. The predictive modeling system can analyze data from a variety of health plan sources to identify the patients who are consuming the greatest portion of healthcare dollars and have the greatest potential for future complications and admissions. This information can then be used to focus disease management efforts on patients who have the greatest need and who offer the potential for the greatest return on investment.

End Stage Renal Disease

Among the chronic diseases typically managed by disease management firms, the diagnostic group that is most likely to result in a reinsurance claim is end stage renal disease (ESRD) with resulting dialysis. The average monthly cost for an ESRD patient is \$15,000 to \$40,000. The average time on the kidney transplant waiting list is 5 years. In

Chronic Diseases

- ~ Asthma
- ~ Diabetes
- ~ Cardiovascular disease: congestive heart failure, hypertension
- ~ Chronic obstructive pulmonary disease
- ~ End stage renal disease
- ~ Obesity
- ~ Chronic back pain

addition, the majority of these patients have co-morbid conditions, such as hypertension, diabetes and cardiovascular disease, which result in costly hospital admissions. Eight out of every 100 Americans have some form of kidney failure.² By 2010, 725,000 people are projected to have ESRD and to need dialysis or a transplant.³ ESRD cost the U.S. health care system nearly \$19.3 billion in 2000. Costs are projected to double by 2010.^{4,5} The management of ESRD patients can vary widely, so having an ESRD disease management program is beneficial to a health plan where this disease is prevalent in the population.

Sources:

1. Federal Register Notices, Vol. 68, No. 40, February 28, 2003.
2. NKF-K/DOQI estimate.
3. USRDS 2003 ADR Report.
4. Hostetter, NKDEP presentation, 2003
5. Trivedi, et al, Am J K D, Vol. 39, No. 4, 2002

A. M. Best Affirms ERC's Excellent Rating

A.M. Best affirmed its "A" (Excellent) financial strength rating of Employers Reinsurance Corporation (ERC). The company assigned a stable outlook to its rating. In a press release dated March 31, 2005, Ron Pressman, president and CEO of GE Insurance Solutions, said "We are pleased that A.M. Best has acknowledged in our discus-

sions the tremendous strength of our investment portfolio, our strong capital level, our market presence and GE's substantial support."

For a copy of the complete press release, please contact Mark Troutman, president of Summit Re, at 260-469-3010 or mtroutman@summit-re.com.

Reduce Costs With Case Management Notices

When members reach 50% of the reinsurance deductible, according to the reinsurance agreement, we must be notified. The issue is timing. The finance or claims department sends notices based on claims received and/or paid, but often bills are not submitted by the medical facility until the member is discharged, after the claim has reached or exceeded the 50% level.

Summit ReSources would like to help reduce your costs; however, once claims are paid, it is harder to intervene with cost-reducing strategies. Usually your medical management department is aware of a potentially high-cost case because the utilization management staff are following the progress of the member and authorizing continued services. Summit Re has developed a case management notification process

so that utilization management staff and case managers can notify us of potentially catastrophic, high-cost cases as soon as possible.

All of the case management notices received are reviewed by Debbie Stubbs, RN, MS, CCM to determine if there are ways to reduce cost while maintaining quality of care. Debbie will contact you to offer recommendations and alternatives.

Cases may also be referred even if there is little potential for reinsurance reimbursement if you want an objective, third-party review. Below are actual cases that were recently referred to *Summit ReSources*.

We are committed to helping you find cost-effective solutions. Regardless of whether the reinsurance deductible is expected to be exceeded, we encourage you to submit case management notices

Involve medical management staff with case notices to access *ReSources* – even if the claim may not reach your deductible.

so we can put our resources to work for you. We have a form that can be used but will accept information in any format that works best for you. If you would like a copy of the case management notification form, please contact Debbie Stubbs.

Case Management Example 1

A member requested to go to a specific facility for cancer treatment. The facility was not in the health plan's network but the request was approved. Global Claim Services, Inc. contacted the facility prior to services being rendered and negotiated a discount for the health plan.

Case Management Example 2

A member required surgery for congenital heart disease and the plan did not have a facility nearby that performed the necessary surgery. *Summit ReSources* provided the plan with information about centers with the most favorable outcomes.

Case Management Example 3

A severely burned member was facing a lengthy hospitalization with a complex treatment plan. Paradigm Health provided an assessment by physicians and nurses highly experienced in the care of burn patients and developed a plan of care in conjunction with the treating team.

Summit Perspectives is a periodic newsletter published by Summit Reinsurance Services, Inc., a full-service managing underwriter and reinsurance intermediary that focuses exclusively on managed care. *Summit Perspectives* highlights various items from both Summit Re and the managed care reinsurance marketplace. We will publish it only when we have important information to share.

If an item in this edition generates questions or comments, please give us a call at 260-469-3000 or write to us at www.summit-re.com.



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