Humana's Bold Goal: 20 Percent Healthier by 2020

ACHE Student Case Competition 2017

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Executive Summary:

Humana Inc. serves as a reputable health and well-being company, which exists because of their robust membership enrollment, coordinated clinical care, and community partnerships. In 2015, Humana ranked fourth as the largest health insurance firm in the United States, with an annual revenue of $54.3 billion and membership of 14.2 million. Humana business segments are organized in three major components: retail, group, and healthcare services.

Humana's largest member population is Medicare Advantage enrollees of the retail business segment. The Medicare Advantage member population generates $35 billion revenue annually. Hence, this accounts for 19% of Humana's business segment. Medicare advantage members have a long stead retention of 5-7 years, which supports Humana in gathering accurate and dependable population demographics. Humana's retail segment consists of Medicare benefits, marketed to individuals and group accounts, as well as Individual Commercial with fully-insured medical and specialty health insurance benefits, including dental, vision, and other supplemental health.

In 2014, Humana launched a sample intervention of Bold Goal in San Antonio, Texas. Humana insured 500,000 residents out of the 1.2 million population, which ranks poorly in diabetes, congenital heart failure, and behavioral health. Hence, underlying social determinants are the focus of health initiatives in San Antonio. Humana has made progress within the last four years in increasing healthy days, however, Humana lacks the necessary indicators to prove Humana is on the right track to their goals.
Humana overall focus gears towards population health in efforts to achieve member growth, retention, and reduced medical claim. In lieu of this, Humana must also meet company performance expectations and persuade stakeholders to continue investing in population health. Hence, there are performance expectations from corporate stakeholder for growth, pricing and profitability of Humana. It is also vital to determine the necessary community partners to best allocate resources toward community health improvements.

Situational Analysis:

To address how to measure progress towards 20% improvement by 2020, the following key components are analyzed:

1. Measuring Trust

"There's an old saying, "Change happens at the speed of trust." Through community engagement, we want to become a trusted partner in health. With trust, comes participation, engagement and behavior change. But, the question is... how do you measure trust?"

Humana has incorporated 4 strategic approaches (pillars) to implement change and earn consumers trust: Analytics, Consumer Experience, Digital Integration, Provider Collaboration. Hence, it is presumed to affect every major activity of the business. The strategic focus is to earn the consumers' trust as Humana move forward toward being consumer centric. To measure, improve and solidify consumer's trust, it is recommended to adopt the "*Mettle ABC Trust Model*" (Mettle Trust Analytics, 2017). This trust model is a unique method of measuring customer trust in brands by gathering digital customer conversation, segmenting it into the three proven types, Ability, Beliefs and Consistency (Appendix 1A). The scoring of each customer comment as positive or negative (net promoter score ranging from -100 to + 100). The responses will then calculate a trust score for Ability, Beliefs and Consistency, and an overall brand trust score. The target market of the survey will be Medicare Advantage members, who are enrolled in multiple programs in Humana. To increase participation and engagement, three notifications will be sent to the members prior to the

distribution of the surveys. The results will also be shared with the members to include transparency and effectiveness of Humana's Bold Goal.

The trust measurement methodology allows Humana to compare the trust levels of a range of plans, services, partners, and incentives in a sector of each quarter. By measuring brand trust frequently and regularly, we can compare how a specific area within the 4 pillars measures up in terms of customer trust, and what contributes to its increasing or decreasing trust levels (Erics, A, et al, 2012). Therefore, the services that are not meeting patients' expectations can pinpoint what services need to be improved to rebuild trust with customers.

2. Leading/Lagging Indicators and Study Design

"How should we set up study designs and outcome metrics to demonstrate how addressing these health determinants and barriers impacts overall health?"

Overall, the impact on population health takes time. Hence, leading indicators are selected based on their ability to show progress over time. Our choice of indicators complement with Well- Being Index (Gallup- Healthways) that measures the overall quality of life, health care access, daily affect, safety, physical health, finances, work and access to necessities such as food and shelter (Exhibit 11-Index 2017). It is suggested that a dashboard with similar indicators should be utilized in the physician office and incorporated in the study design (Appendix 1B) Use of health behavior, social and economic, and physical environment determinants along with the clinical outcomes would allow healthcare providers to be able to provide coordinated care and improve health outcomes. Physician extenders should also be integrated in this model to perform the tasks considering time efficiencies and cost savings.

The determinants and their inter-relationships influence the ability of individuals and communities to make progress towards healthy outcomes (Healthypeople.gov, 2017). Since the factors affecting health are interdependent, Humana needs to utilize its extensive network of community partners, and implement a robust strategy to reach the goals of Bold Goal. In due course, the cumulative changes in leading indicators will result in an improvement in lagging indicators such as reduction in disease prevalence, related complications and mortality rates. Ultimately, this will improve the overall health outcomes in the community.

3. Determining What to Test

"How do we determine what to test? What does success look like? How should we prepare a business model to scale successful pilots?"

To quickly determine what works well with the pilot program, we've proposed the adoption of the rapid cycle change method. The four steps of rapid cycle change include: "1) Leveraging Humana's strategic plan, 2) Developing and Executing Practice Transformation Plan, 3) Rapid Cycle Change through the utilization of IHI's Plan Do Study Act as a driver of population health management and lastly 4) Sustaining improvement through continuous quality improvement". (Capobianco, J)

As Humana initiates, new pilot and community partnerships through their market, it is important to develop a foundational business model that will scale successful pilots throughout. It is proposed the Humana develop and engage with the community through a community health needs assessment. This further highlights that each community will have different needs on a local level. Using this information, the leading indicators can be determined- which will serve as the foundation of assessing improvement.

When determining what to test, it is important to standardize the use of and purpose of each community's Board of Directors (BOD). Given each Board of Directors meets four hours each month and constitutes 15-25 members; which include 4-5 members of Humana's business lines, other business leaders, and representatives within the community from both clinical and major partnerships- this group is critical to identifying the needs of each specific community. In

addition, the agenda of the BOD is focused on accomplishments, business impact and community impact which guarantees that the needs of every member involved will be voiced and addressed.

Success of each pilot program is reflective on the improvement illustrated through the developed dashboard specific to each community. In addition, a program is successful on a population level when proven successful at a sample level. Hence, it is important to determine the success of each pilot to then determine the scalability. Indicators of success include engagement and retainment of all involved members, reducing in number of unhealthy days, progress towards 20% and the ability and opportunity to continuously improve.

Population health management can be achieved through adoption of the rapid cycle change method utilizing the Institute for Healthcare Improvement's PDSA model. By implementing improvement efforts in both pilot and population level initiatives, this furthers the scalability of the success of these programs at large.

To move from insurer to leader in population health, Humana must integrate a standardize business model that will drive each pilot. It is important to recognize that each community will differ however consistency in approach is needed to scale such pilots on a population level.

4. Impact on Business Performance

"To showing population health improvements, it's also critical to demonstrate an impact on business performance. We need to show that this collective effort contributes to member growth and retention and reduced medical claims cost. This allows us to stabilize premiums, enhance benefits and increase access to care."

The bold goal strategy is one that is set out to increase the health of populations by 20%. This would also serve as a recruitment strategy to increase the membership size. Particularly recruitment of Medicare Advantage members because this would also increase retention since the retainment in this specific market segment is higher than most. Five to seven years of member loyalty is evidence of trust. In addition to this, San Antonio's brand commitment is 78% higher than the national average based on the information provided in Exhibit 10.

Increasing health in San Antonio's MA population will reduce claims costs by the improvement of healthy days like the goal outlines. An increase of one unhealthy day is equivalent to $15.64 of increased monthly premiums based on the Humana Bold Goal Progress Report (2017). Within diabetes, patients with diabetes on average have 3.7 more unhealthy days, this would equate to $57.87 increased monthly premiums (Slaubaugh, 2016). Over a year of enrollment, the diabetic patient would cost about $695 more annually than the non-diabetic. This information was provided by Humana's Goal Boal Report that did not account for an older and urban population like San Antonio's MA segment whom typically do suffer from more chronic disease. The potential 20% reduction in unhealthy days and associated reduction in in claims costs could allow Humana to begin to stabilize premiums by the longevity of cost savings population health could provide. Increased cost savings will allow premium stabilization and competitive pricing of premiums. This would be an attraction to higher membership enrollment and specifically in the Medicare Advantage population. Membership growth and stabilizing premiums would help Humana increase its business performance. Currently claims expenses are over $44 million whereas premium revenues are only $52 million based on finances in Exhibit 1. The ACA requires insurance companies to spend 80% of premiums on paying claims, but currently Humana is spending 84%. That leaves 4% of revenue with the potential to be captured and be put towards the enhancement of benefits through customized population health initiatives. These health initiatives based on provider collaboration and community outreach will allow Humana to increase access to care for more underserved populations.

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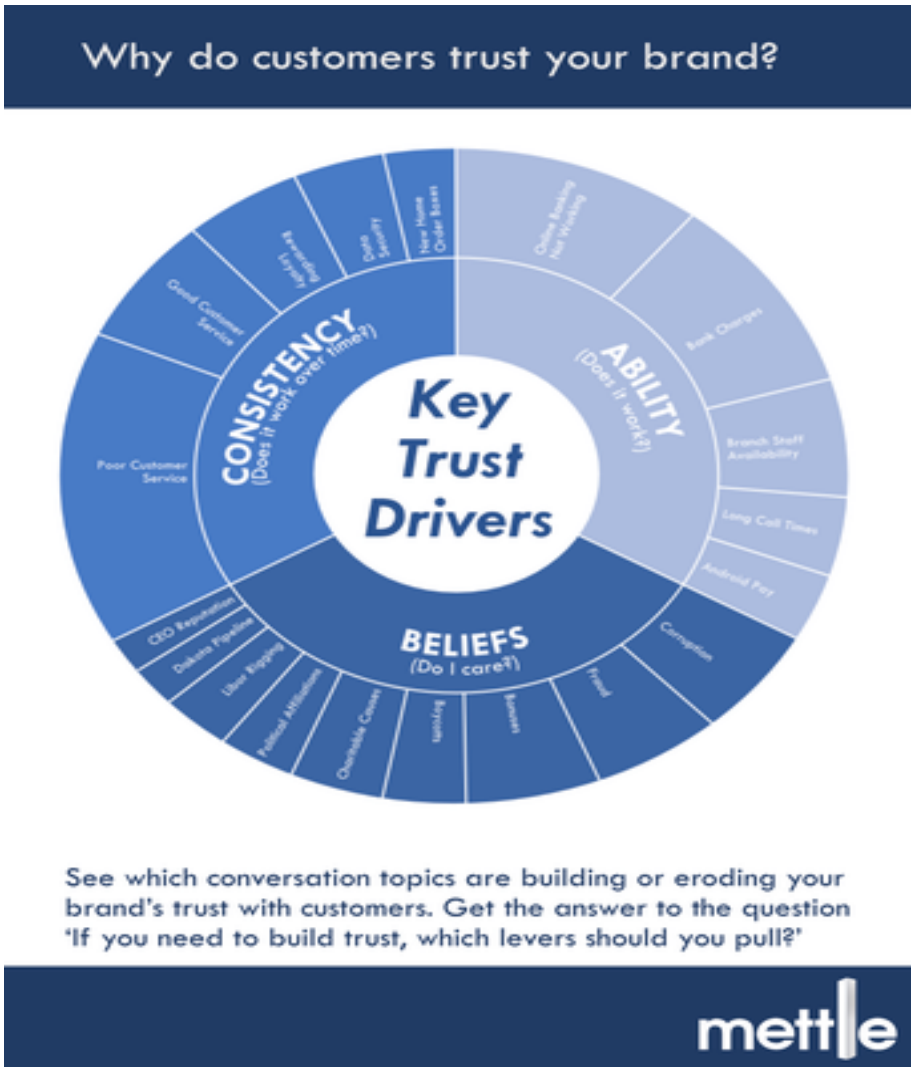
Appendix:

***Please refer to mentioned "Exhibits" in the given case**



Appendix 1A: Mettle Trust Analytics' trust measurement methodology

PHYSICIAN DASHBOARD

	LEADING INDICATORS	TARGET	Patient 1
Health Behaviors	Prescribed Diet Plan	>=8/10 times	8
	Physical Activity Treatment plan	>=8/10 times	2
	Awareness (My Health app compliance)	>=8/10 times	7
	BMI	18.5-24.9	25
	HbA1C exam frequency	>2	3
	HbA1C levels Screening	<7% good	7.0%
	Access to care (proportion of persons with PCP) (CDC)	83.90%	83.9%
	Blood Pressure	(<120/80)	116/79
Clinical Care	LDL levels annually	(<100)	88
	Screening for complications (Retinal exam, microalbumuria, foot exam)	1	1
	Oral medication adherence	% change	-4%
	Mental health (Have you experienced stress, depression, or problems with emotion during the past 30 days?	NO	No
	Statin Therapy	% change	6%%
	Total no of ER visits in last one year	0	2
	High school graduation (DId you graduate from high school?)	85%	Yes
Social and economic factors	Unemployment (Are you unemployed?)	3.50%	Yes
	Per capita income	$ 25,710.00	$ 24,532.00
	Community safety (How do you feel about your community safety?)	67.1	Good
	Homeless persons (Do you have a sheltered or unsheltered home?)	1825	NO
Physical environment	Housing and transportation index (Do you live in affordable neighborhoods – where the cost of housing and transportation makes up 45% or less of the total income of the households?)	< 45%	Yes
	Food insecurity (Did you not have enough money for food at least one time in the previous 12 months?)	<11.7%	No

LAGGING INDICATORS:
- Diabetes related morbidity and mortality
- Health care claims cost
- Quality of life and well being

OUTCOMES:
- Improved health and quality of life
- Reduction in diabetes unhealthy days-34,440 days
- Reduction in diabetes related morbidity and mortality-33% reduction in morbidity-9,308 MA population
- Reduction in mental health related hospitalizations and mental unhealthy days- 70.4 days
- Reduction in health care claims cost

COST SAVINGS:
- Reduction in diabetes related morbidity and mortality-$ 538,641.6 reduction in monthly medical costs and approximately 96.8 admissions per month
- cost savings due to reduction in mental health related morbidities- $ 1,101

Appendix 1B: Recommended physicians' dashboard to measure population health