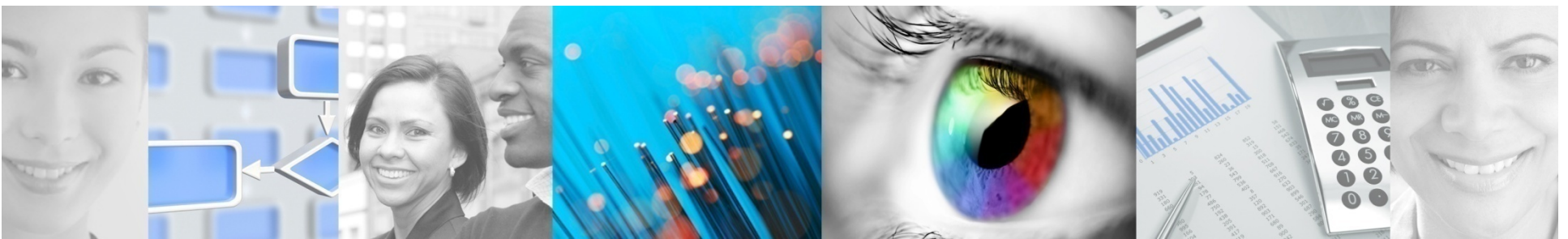


Controlling Member Churn: Reducing Coverage Interruptions and Gaps in Care

*What You Don't Do Could Cost You
and Your Members*

November 2010



Why Does Churn Occur?



- Lack of consistent demographic information- where to find individual?
- Failure to complete paperwork with county office on time - not related to loss of eligibility
- Complex Medicaid Administrative/Application Processes
 - When to apply? Advance action required?
- Frequency of Redetermination Requirements
 - More frequent renewal = More frequent drop-off

“Those who have been disenrolled say they wanted to retain their (sic) coverage but did not know how to do so”

Source: Michael Perry, “Reducing Enrollee Churning in Medicaid, Child Health Plus and Family Health Plan, Findings from Eight Focus Groups with Recently Disenrolled Individuals”, New York State Foundation , Feb 2009

HUMAN ARC[®]

The Magnitude of Churn

Average plan's monthly member churn is 3 - 4%



Churn equates to over \$1.2 million monthly lost revenue for plan size of 150k members

Impact on Administrative Costs



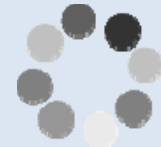
- Processing and re-processing of the same person creates inefficiencies in the system
- Changes in members' contact information (address /phone number) during gap causes delays in getting members 'reconnected' with plan *after* return

California study -
Churn of 600,000
children over 3
years cost
\$120 million in
enrollment
processing costs*

HUMAN ARC®

*Source: Fairbrother, G., How Much Does Churning In Medi-Cal Cost?, April 2005. The California Endowment.

Impact on Member Care



- Majority of adults with an interruption in Medicaid coverage become uninsured – no other insurance available
 - They forgo needed medical care or Rx
 - They have unstable coverage: missed appointments, lack of preventive care, etc.
- Longer coverage gaps associated with use of inpatient mental health services
- Interruptions in Medicaid coverage lead to 4-fold increase in hospitalizations for “ambulatory-sensitive” conditions
- Continuous Medicaid enrollment contributes to earlier identification of cancer and improved outcomes

HUMAN  ARC[®]

Impact on Care Management



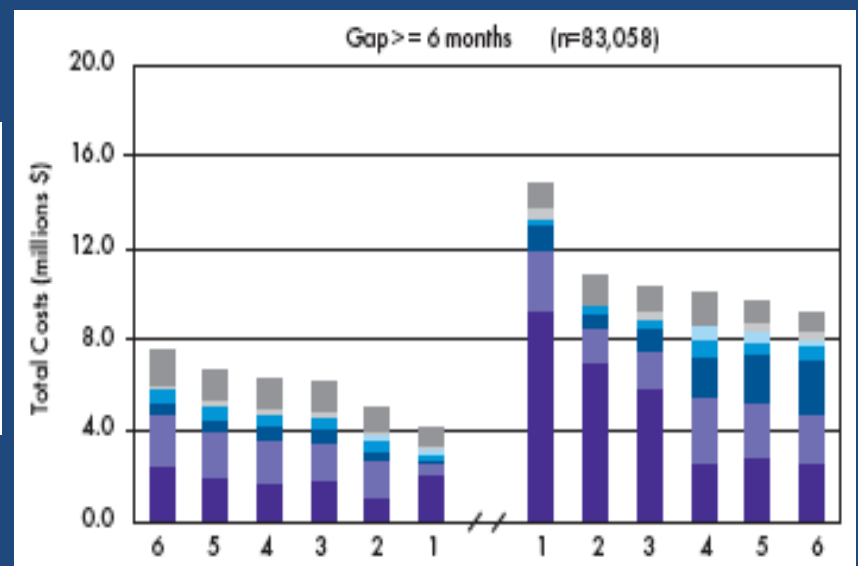
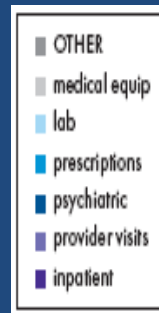
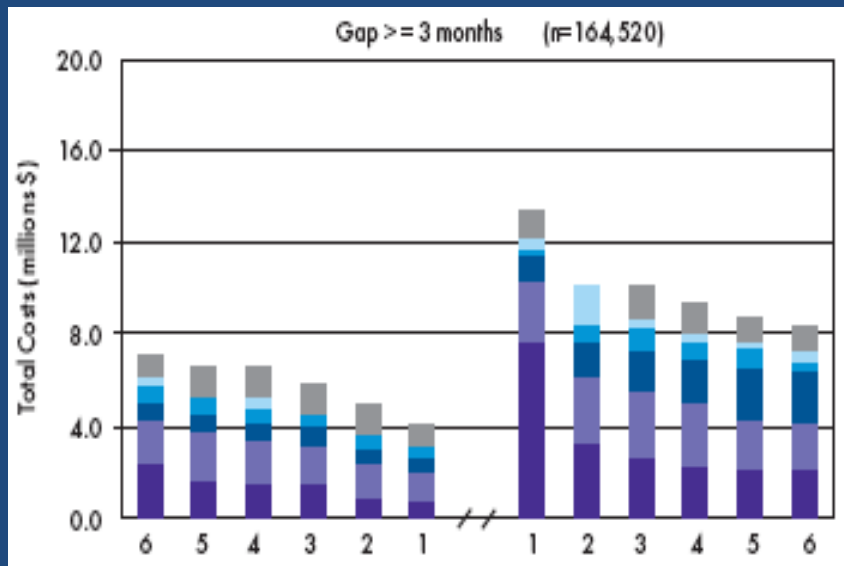
- Medical care costs substantially higher *immediately after a gap* in coverage
 - Length of coverage gap is proportional to costs afterwards
- Average monthly medical expenditure for an adult enrolled in Medicaid for 12 months is two-thirds the level of a person enrolled for 6 months, and 50% of person enrolled for just one month

Source - *Interruptions in Medicaid Coverage and Risk for Hospitalization for Ambulatory Care Sensitive Conditions* – *Annals of Internal Medicine*, December 16, 2008 / Andrew Bindman, MD, Arpita Chattopadhyay, PhD, Glenna Auerback, MPH

HUMAN ARC[®]

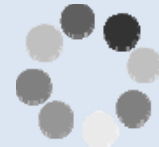


Impact on Medical Claims Costs



Source: Fairbrother, G., Schucter, J., *Stability and Churning in Medi-Cal and Healthy Families*. March 2008. *The California Endowment*.

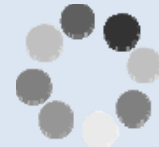
Impact on Quality Measures/HEDIS



- Lack of consistent demographic information inhibits data collection for quality measures like HEDIS
- Length of time enrolled in plan important for plans to monitor care and intervene as necessary
- Interruption in coverage impairs quality monitoring and improvement activities; not enrolled long enough for assessment of quality of their care

**Source: Gerry Fairbrother, Ph.D.*

Take Action to Control Churn



- General Outreach – interact with 100% membership
- Categorical Outreach – focus on member categories with historical tendency to churn (non-ABD, TANF)
 - ABD have less churn
- Targeted Outreach – unleash power of Predictive Modeling
 - Plan/demographic data used to create “*profile of churners*”
 - Predictive model scores membership against the profile
 - Tiered outreach approach based on potential to churn

HUMAN **ARC**[®]

The Modeling Process

- Match demographic & lifestyle variables from public record sources to your current and “churned” member plan data
- Mine data to identify the variable (characteristic) differences between these two groups and determine the strongest (most predictive) combination of these variables
- The most predictive variables create the “Churn Model” - rank (score) members from most likely to least likely
- The more model variables a member matches, the higher the score and the more likely that member is to leave

HUMAN  ARC[®]

Ranking & Scoring Members

Decile Table

QUANTILE TABLE						
Training detail		Validation detail		Uplifts compared		
TRAINING #OBS = 1412 Mean Y = 6.23%						
Quantile	No. Obs	Count Y	Y rate%	Cum. Y rate%	Cum. Lift Idx	Max Possible
Top	141	27	19.15	19.15	307	1,001
2nd	141	18	12.77	15.96	256	501
3rd	141	13	9.22	13.71	220	334
4th	141	10	7.09	12.06	193	250
5th	141	4	2.84	10.21	164	200
6th	142	7	4.93	9.33	150	167
7th	141	3	2.13	8.30	133	143
8th	141	5	3.55	7.71	124	125
9th	141	1	0.71	6.93	111	111
Bottom	142		0.00	6.23	100	100

A decile table divides your database into 10% increments. In the example above, the bottom decile is 6.23% (least likely) and the top decile is 19.15% (most likely) to churn.

Scored Records

ID #	SCORE	PERCENTILE	INDEX
1684171001	0.329025	0.489929	143
1665858008	0.306879	13.549265	134
478465002	0.294251	22.906914	128

Each record is then scored (ranked) by the Churn model algorithm. The more model variables the member record matches, the higher their index and likelihood to churn. This will enable you to focus your time and resources on your highest priority members and prospects. In short, no more guessing!



You Have The Profile....Now What?

- Use scored membership to tier outreach efforts to high risk members
 - High risk – Most intensive efforts including assistance with re-application process
 - Middle risk – Intermediate efforts/Reminder notices
 - Lowest risk – Automated messaging
- Outreach/retention efforts aided when state releases redetermination dates to plan
- In-source versus outsource decision

HUMAN  ARC[®]

Predictive Modeling – Cost Effective Adjunct to Outreach

- Predictive modeling a “profile” using creates a profile of churn
- Outreach efforts focus on targeted membership who are at risk
- Limited contact with low-risk members minimizes Member Disruption
- Trends identified outside of the model – killer variables

	<u>General Outreach</u>	<u>Predictive Model Approach</u>
Total Membership	150,000	150,000
# Members outreach	150,000	7,500
Outbound call time	5 minutes	5 minutes
Cost per minute	\$0.40	\$0.40
Total Costs	\$300,000	\$15,000

HUMAN ARC®

Churn and Health Care Reform



HUMAN ARC[®]

Get a handle
today on
member churn
in advance of
2014

www.humanarc.com

Thank You

Jill Spencer
Vice President, Business Development
JSpencer@HumanArc.com