

Powering up Engagement, Driving Results: FirstEnergy Incentive Case Study



FirstEnergy[®]

Integrated Care Summit
March 31, 2009



Your Presenters

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Agenda

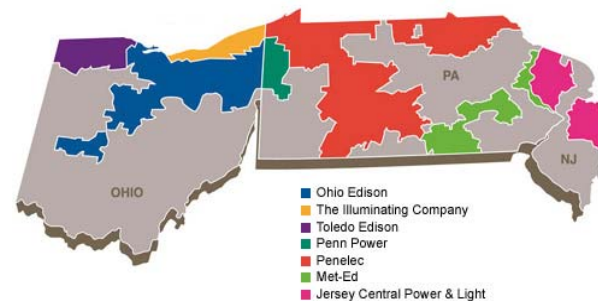
- Overview of FirstEnergy's Healthcare Strategy
- Why a diabetes incentive?
- Implementation & communication
- Early results
- Next steps
- Discussion

Today's Realities

- Experiencing large increases in medical costs (like our competitors)
- Developed benefit design strategies to address the immediate issues
- Implementing longer-term strategies to drive wellness, encourage safety, manage high-risk illnesses and increase productivity

The Challenge

- 7 operating companies in 3 states
- 14,500 eligible employees and pre-65 retirees
- 34,000 members
- 16 unions
- Aging, male-dominated workforce
- Relatively unhealthy workforce plus lots of worried well
- 3 medical carriers; 6 PPO plan designs
- Confidentiality and HIPAA concerns



Healthcare Strategy

- Provide market competitive and sustainable benefits
- Reduce costs through behavior change
- Design benefit programs to promote wellness
- Reduce absenteeism/presenteeism
- Increase safety awareness
- Healthcare costs avoidance
- Value-based design
- Engage employees in their own care
- Active care management

Incentive Program

Partnership between an Employer, PBM and Condition Management Company, working together toward a shared goal:

Improve health, prevent adverse clinical events and reduce healthcare costs through nurse coaching and removing barriers to compliance with Rx regimen

Why a Diabetes Incentive?

- 14%+ of population have diabetes
- 3rd most prevalent condition, after high cholesterol and hypertension
- Improve health of employees with diabetes
- Potential decrease in employee diabetes healthcare costs



Why a Diabetes Incentive?

- Existing incentive for members of one health plan: free diabetic test supplies
- Consolidated CM program
- Didn't want to launch new program with a take away
- Opportunity to extend successful program across all employees
- Opportunity to improve medication compliance across a broader population
- Create word-of-mouth; build awareness among those with other conditions

Implementation

- Make it easy for members to use
- Internal education & buy-in
 - Leadership team
 - Field HR
 - HR Service Center
 - Union leadership/members
 - On-site clinics
- Vendor education

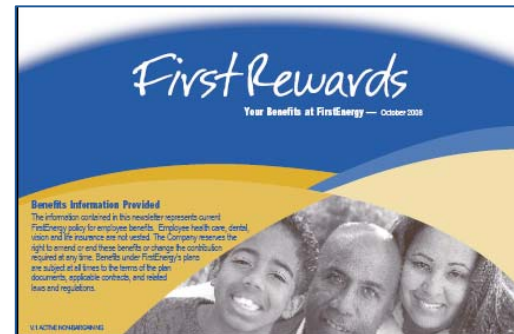
Communications Approach

- Incorporate into FirstRewards
- Program positioning: avoid “disease” terminology
- HIPAA compliant
- Stress privacy & confidentiality
- Show value to member; leverage success stories



Communications Vehicles

- Transition letter to current participants
- Incorporate into condition management outreach and coaching calls
- Enrollment meetings
- Newsletters to the home
- Pre-retirement meetings
- Health fair
- Health screening events
- Staff/safety meetings



An ActiveHealth Success Story

ActiveHealth's Informed Care Management (ICM) program is designed to provide useful information so you and your doctor can work together to better manage your health care. Right now, some 1,000 employees, non-Medicare-eligible retirees and their dependents participate in this program. Here's an example of one employee's experience with ActiveHealth:

"I was diagnosed with diabetes in 2001. I watched my aunt giving herself insulin and my goal was to never have to give myself a shot. When I joined the ActiveHealth program in January 2008, I weighed 190 and I had started dieting before the assessments began.

After four months on the program, my HgbA1c was 4.8; all of my cholesterol numbers were well within limits. I now weigh 115 pounds.

I'm not saying it was easy. I work out on a treadmill for 1.5 hours every day, which burns 700 calories. I actively monitor my carbohydrates and check out food labels. I have two teenagers who now read food labels to check for nutrition. Since I have been in the program, I have more energy, which has had a positive impact on my family. I am currently working with my sisters to try to get them to lose weight and increase their activity level. ActiveHealth's coaching has influenced me to make significant health changes."

For more information about ActiveHealth, call 1-866-606-6449 or go online to www.activehealth.net.



Early Results

Cost of Rx: Bigger Driver in a Down Economy

Serious Problems Paying, Not Filling Prescriptions and Skipping Rx Doses Because of Cost

In past two years, have ever NOT filled a prescription because of the cost

29%

In past two years, have skipped doses or cut pills in half to make Rx last longer

23%

Say it is a serious problem for self/family to pay for Rx drugs you need

16%

Percent who say yes to at least one of the above

40%

An Unusual Decline

The number of doctor visits and filled prescriptions in the U.S. has fallen in recent quarters, not just slowed in growth.

Year-to-year change in prescriptions filled, quarterly data



Source: IMS Health

THE WALL STREET JOURNAL.

WSJ.com

September 22, 2008

Consumers Cut Health Spending, As Economic Downturn Takes Toll

By Vanessa Fuhrmans

As the credit crunch threatens to throw the economy into a deep slump, Americans are already cutting back on health care, a sector once thought to be invulnerable to recession. Spending on everything from doctors' appointments to preventive tests to prescription drugs is under pressure.

The number of prescriptions filled in the U.S. fell 0.5% in the first quarter and a steeper 1.97% in the second, compared with the same periods in 2007

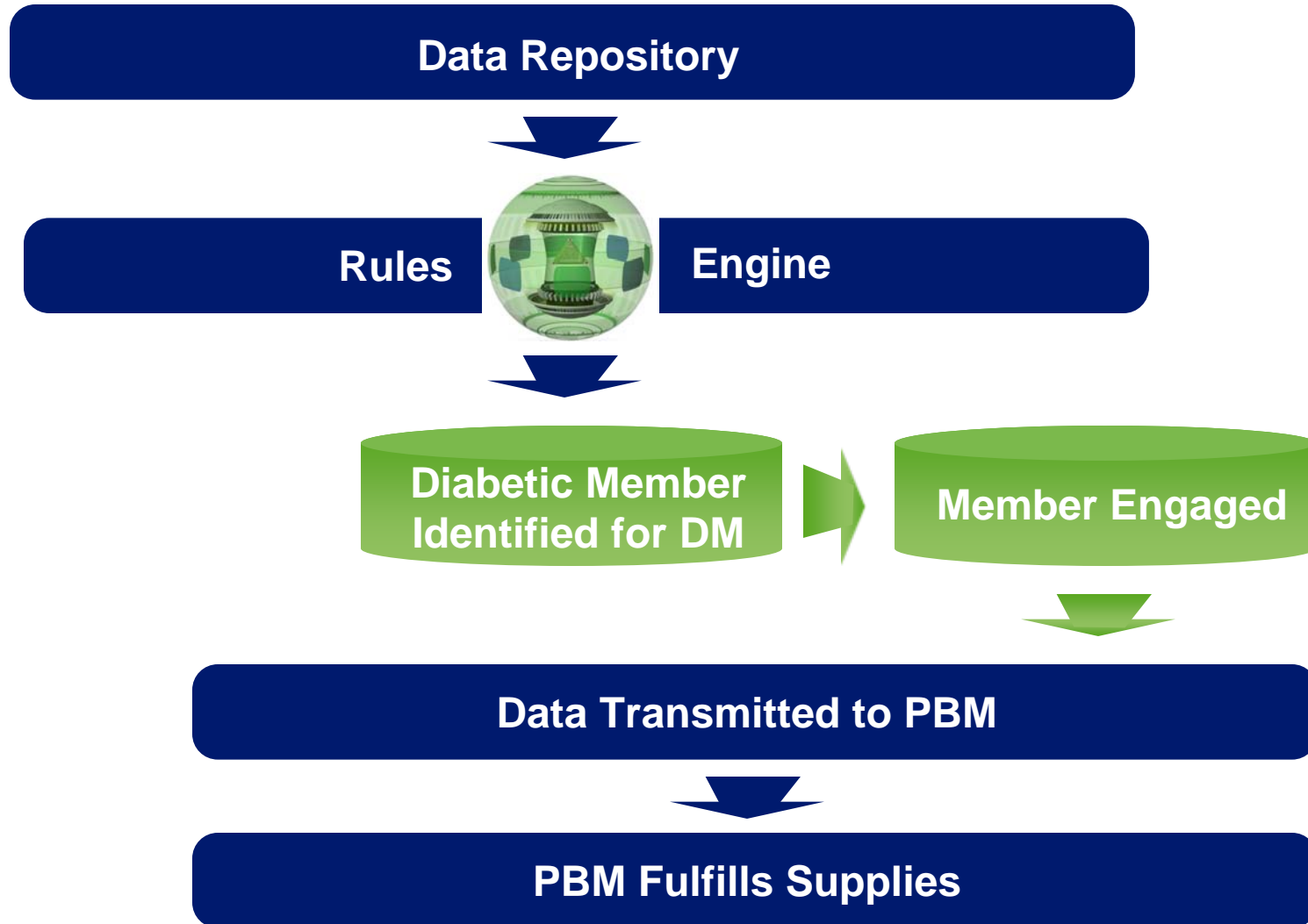
Chart source: USA Today/KFF/Harvard School of Public Health: The Public on Prescription Drugs and Pharmaceutical Companies (3/23/2008)

Poor Adherence = Poor Outcomes

- Increased copays ➡ decreased adherence
 - Increasing statin copays resulted in 10% more patients stopping meds (compared with control group)*
 - Similar results for ACE Inhibitors
- Decreased adherence ➡ poor outcomes
 - Across 21 studies: poor compliance associated with dramatic increase in mortality**
 - Poor compliance associated with increased ER, hospital utilization for diabetes, hypercholesterolemia, hypertension, CHF***
- Poor outcomes ➡ increased cost
 - Medical (claims)
 - Presenteeism: can be 3 times claims costs for employees

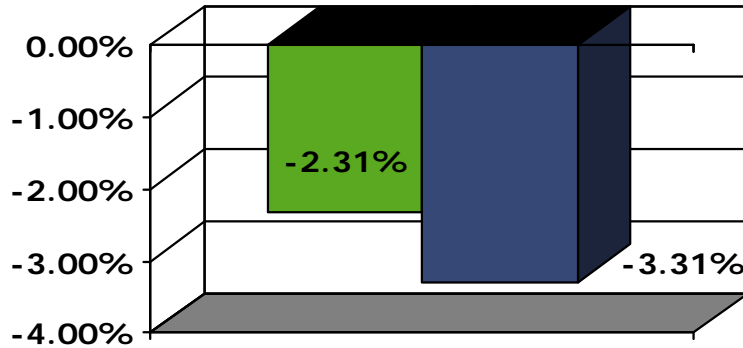
** Huskamp HA, et al. The Effect of Incentive-Based Formularies of Prescription-Drug Utilization and Spending. New Engl J Med 2003. ** Simpson SH, et al. A meta-analysis of the association between adherence to drug therapy and mortality. BMJ 2006. *** Sokol, MC, et al. Impact of medication adherence on hospitalization risk and healthcare cost. Med Care 2005.*

The Process at a High Level

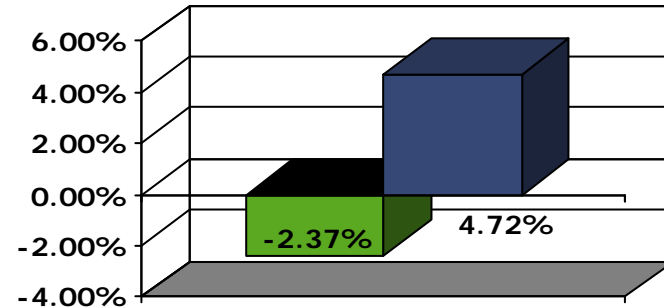


Sulfonylureas

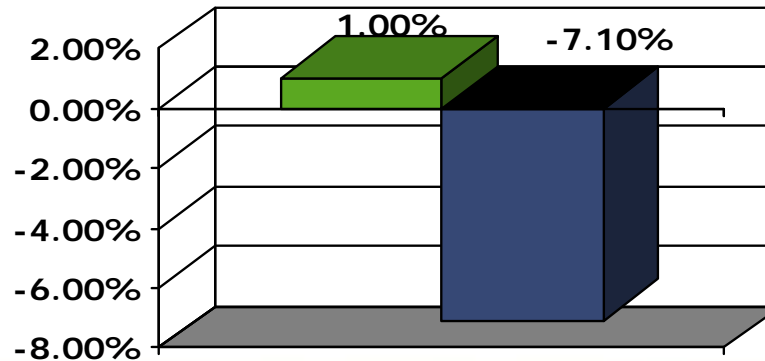
MPR >80 Declined Less than Peers



First Fill Drop Off Declined, while Peers Increased

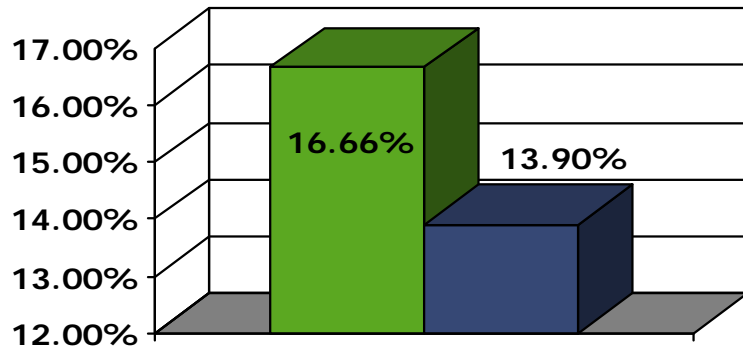


Impact on Trend Was Positive, While Peers Saw Negative Impact

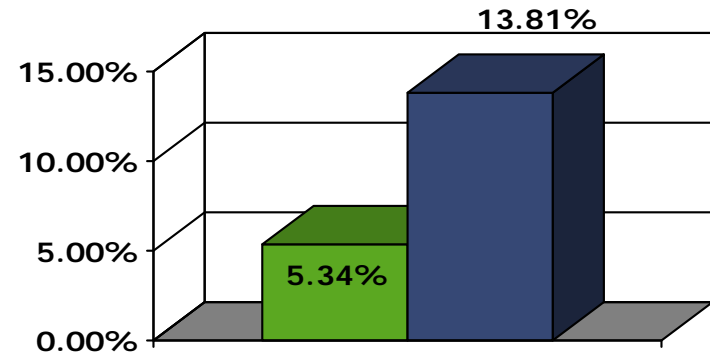


Glitazones

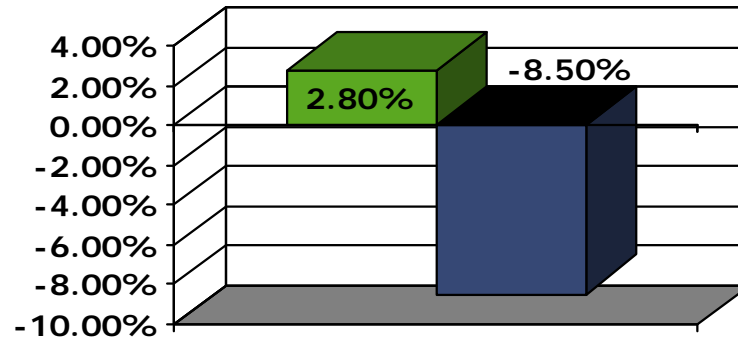
MPR >80 Increased More than Peers



First Fill Drop Off Increased Less than Peers

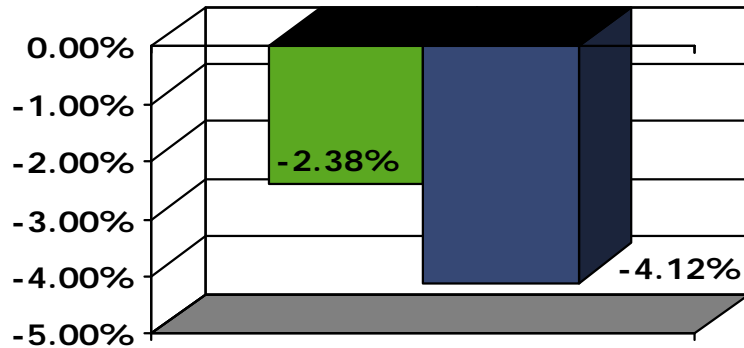


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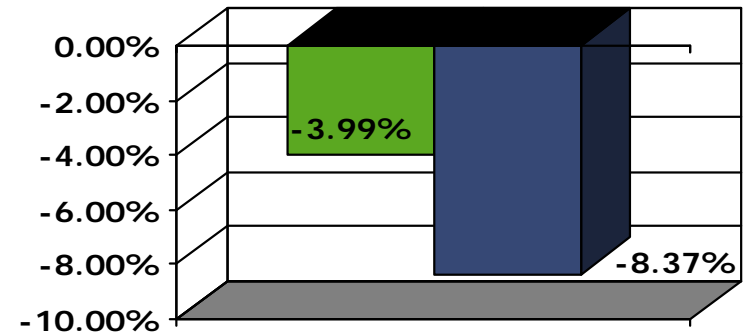


Metformin

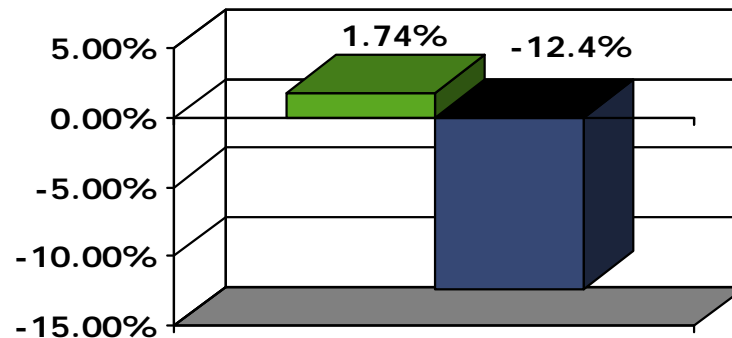
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Results Summary

For all three oral drug classes (sulfonylureas, glitazones and metformin):

- MPR >80 improved for FirstEnergy relative to their Peer group (Trend impact between 1.0% and 2.76%)
- The First Fill Drop Off improved for FirstEnergy as compared to their Peer group (Trend impact between -7% and -12%)
- As RN engagement is required for qualification and receipt of free supplies, overall engagement is high (2.7% of population)

Next Steps/Looking Ahead

- Measure clinical outcomes for the Diabetic population (impact to HbA1c, LDL cholesterol, hospitalization rates, ER rates)
- Implement health risk questionnaire with incentive (2QTR 2009)
- Promote healthy living initiatives
- Educate and incentivize positive health behaviors
- Increase utilization of preventive care benefits
- Consider targeting other high risk populations (HTN, CAD, CHF, Asthma)



Questions?