



First Services Administrators, Inc. (FSAI)

Case Study

The company

A third-party healthcare benefits administrator for hospitals, healthcare systems, and public institutions.

The challenge

Controlling rising healthcare costs.

The solution

Implemented D2Explorer to identify intervention points for when care should be administered or wellness programs initiated to improve overall member health.

The result

Achieved a 5% reduction in the cost trend (combined medical and Pharmacy Benefit Manager) over the past 24 months of incurred claims.



First Service Administrators, Inc. Case Study

FSAI uses Verisk Health D2Explorer to strengthen long-term client relationships

“We have been waiting twenty years for a tool like D2Explorer!”

Chandler J. Rapson,
CEO, FSAI

The company

First Service Administrators, Inc. (FSAI), of Lakeland, Florida, is a third-party healthcare benefits administrator for hospitals, healthcare systems, and public entities. FSAI takes pride in its track record of long-term client partnerships—with an average client relationship history of 11 years. FSAI, which has annual claims of \$500 million, strives to manage healthcare costs and improve employee wellness, with the ultimate aim of enhancing its clients’ financial strength.

FSAI differentiates its service by offering efficient plan administration, network management, and predictive modeling software. FSAI’s plan administration, network design, and nurse case and pharmacy management are designed to ensure the deepest discounts and eliminate costs to support unnecessary “bells and whistles.” FSAI also offers custom plans to support large employee populations, programs to help physicians improve health outcomes, data mining and predictive modeling to manage costs and assess care quality.

The challenge

FSAI was looking for ways to improve the overall health status of its clients’ employees, while also controlling costs. Most health benefit plans focus on cost, not outcome, ignoring the fact that the two are intertwined. According to the *2008 Almanac of Chronic Disease*,¹ 95% of the approximately \$2 trillion that Americans spend on healthcare each year goes to acute care, while a mere 5% is spent on preventive care. More than 75% of the total is spent on chronic diseases. FSAI felt that such statistics reflected a flawed healthcare management approach that resulted in high costs and poor health outcomes.

FSAI believed that improving employees’ health would save employer groups money, so the company set out to find new ways to improve healthcare outcomes. FSAI’s typical clients are hospitals and educational institutions, often referred to as “cradle to grave” employers. Because these employers experience low employee turnover, FSAI was strongly motivated to adopt a long-term medical risk management strategy aimed at improving health status in the chronic population and providing acute illness management and prevention.

The solution

FSAI partnered with Verisk Health and selected D2Explorer to change the face of healthcare for its clients. FSAI uses D2Explorer to identify situations in which care should be administered preemptively to prevent disease or to keep an employee’s disease state from worsening. FSAI chose D2Explorer as the cornerstone of its client data analysis capabilities.

¹ http://www.fightchronicdisease.org/pdfs/PFCD_FINAL_PRINT.pdf

According to Kathleen Sullivan, FSAI's Executive Vice President of Sales and Marketing, "The truth in healthcare is not about spending more, but about spending wisely. D2Explorer allows us to examine every level of a client's healthcare plan and identify areas where a minimal investment will reap large rewards. We can curtail wasteful spending on inefficient or ineffective programs and reinvest money to maximize access to quality care."

The results

FSAI has experienced dramatic results. According to Chandler J. Rapson, FSAI's CEO, "We have been waiting twenty years for a tool like D2Explorer! We always knew that a focus on outcomes was the right thing to do, and that it would reduce costs. D2Explorer demonstrates that you can improve outcomes and spend wisely. Verisk Health gives us the tools we need to succeed. As a result of the information D2Explorer gave us, we were able to recommend several successful interventions across our customer base that led to an overall reduction in PMPM from \$383 to \$367 between February 2007 and February 2008."

As a result of using D2Explorer to support a number of key initiatives, FSAI's clients have experienced an impressive and constantly growing list of benefits:

- **Drug Cost Savings:** FSAI used D2Explorer to identify the unit cost of cardiovascular drugs, and worked with its clinical team to identify which drugs were most effective and most cost effective. Based on this information, the team recommended switching from a combination of Crestor, Liptior, and Vytorin, to using Simvastatin and Vytorin in combination. In a pilot, this change saved a single employer group \$150K annually—a result so beneficial that FSAI applied the change to other employer groups and performed the same analysis for other drugs.

- **Lower Treatment Costs:** Using D2Explorer-provided data, FSAI predicted that reducing co-payments for members with chronic illness would dramatically increase recommended follow-up and clinical test compliance. As a result of these findings, FSAI reduced co-payments, which improved health quality and reduced chronic illness treatment costs. In particular, the change reduced emergency room visits and lowered inpatient admissions by 10%.
- **Facility Management Savings:** Using D2Explorer, FSAI compared unit costs of services per facility against the Verisk Health normative unit cost benchmark. This analysis enabled FSAI to identify high-cost facilities and target them for contract negotiation, saving about \$100K annually in one initial situation. Based on this initial success, FSAI applied the approach to other facilities, which saved more than \$1.95 million annually. Subsequently, FSAI has applied the approach to renegotiate other contracts, resulting in an additional \$750,000 in savings.
- **Cost Savings through Compliance Education and Incentives:** D2Explorer enabled FSAI to document the success of an employee education campaign and to justify duplicating it for other clients. In the pilot case, an awareness campaign increased mammogram compliance from 46% to 72%. D2Explorer showed a 26% increase in the number of at-risk employees who had the preventive screening and showed that one employee was diagnosed in the earliest stages of breast cancer. A successful lumpectomy and adjunctive therapy cost \$15,000, versus potential costs of \$250,000 to manage breast cancer treatment had the illness gone undiagnosed. This not only saved the plan money but likely saved an employee's life! Based on this initial success, FSAI replicated the program.
- **Improved Client Satisfaction:** FSAI used D2Explorer-enabled reports and data analysis to provide employer groups with reports showing financial and clinical performance, and the company used this information to discuss opportunities with its employer groups through its concierge services. This approach significantly decreased the time associated with manual processes previously used to provide information, and it enhanced client satisfaction.

The future

FSAI plans to apply Verisk Health's D2Explorer to empower new initiatives. For example, future plans call for expanding the employee identification and stratification analysis for care management program intervention. Pilot applications have already led FSAI to implement new wellness and chronic condition management initiatives. Plans are also afoot to integrate D2Explorer with FSAI's customer call center to better engage employees and encourage behavior changes that will lead to improved health outcomes. FSAI is also planning to use D2Explorer to give doctors access to clinical data and to implement financial incentives based on health outcomes.

FSAI recognizes that changing the healthcare playing field requires integrating all available data sources into one actionable view to identify, manage, and measure risk—with the aim of reducing clinical and financial risks. D2Explorer presents information in an easy-to-read format that a CEO, CFO, or CMO can use to identify trends, drivers, and next steps.

In partnership with Verisk Health, FSAI has taken service excellence to a new level. Drawing on information from D2Explorer and interventions recommended by FSAI, employers can focus efforts on improving health status and wellness, while realizing significant cost savings as a result.

**“Verisk Health
tools transform all
our data into useful
information that
can be trusted.”**

Kathleen Sullivan,
Executive VP, Sales
and Marketing, FSAI

Adding it all up

Verisk Health strengthens FSAI's relationship with its clients by enabling FSAI to make long-term strategic recommendations based on accurate and useful financial and clinical metrics. As FSAI's Kathleen Sullivan summed it up, “This is the light at the end of the tunnel. Verisk Health tools transform all our data into useful information that can be trusted.”

Want to learn more?

For more information or to request a web demonstration, please contact a Verisk Health representative at 866.292.6971, email us at sales@veriskhealth.com or visit www.veriskhealth.com.



130 Turner Street, Seventh Floor
Waltham, Massachusetts 02453
www.veriskhealth.com
866.292.6971