

AHS HEALTH CARE SAVINGS: Utilization-Based Impact Analysis

4.1 Definitions

a. “**Eligible Member List**” is the final list of Members identified by AHS proprietary identification algorithms considered for the analysis.

b. “**Baseline Period Utilization**” is the inpatient (and, if desired, emergency room) utilization experience for the eligible member population from the earliest historical period measured. “Baseline period utilization” (or “baseline period admissions”) may be translated into “baseline period cost” by the use of standard figures for hospital *per diems* and emergency room visits.” The remainder of these definitions assume that translation is made and for the remainder of this contract those terms are used interchangeably.¹

c. “**Member Month**” is defined as a claims month within the Baseline Period or the Measurement Period in which an AHS-Eligible Member was enrolled with the Payor and was identified with an AHS Covered Disease and eligible to participate in the program.

d. “**PMPM**” is defined as per member per month costs and pertains to all Eligible Members.

e. “**Measurement Period**” is the AHS-managed period immediately following the Baseline Period. Each Measurement Period will be reconciled independently.

f. “**Program Savings**” is defined as the dollar amount of cost savings shown in the annual reconciliation for a Measurement Period and is calculated by subtracting the net change in Period-to-Period Costs for the Participating cohort from the net change in Period-to-Period Costs for the Non-Participating cohort.

g. “**Reconciliation**” is defined as the annual analysis to calculate the Program Savings.

h. “**Disease-Related Admission**” is defined as an admission to an overnight Inpatient facility for a reason directly related to the condition managed by AHS. Reason for admission is determined from diagnosis codes appearing on an Inpatient claim.

h. “**Dummy Year Adjustment (DYA)**” is an adjustment made to disease-related admissions designed to adjust for the impact of the AHS methodology on reported outcomes. It is calculated by measuring the impact of the AHS measurement methodology on disease-related admissions over two or more periods or large and similar independent cohorts (such as an ASO population in a health plan in which insured members are AHS-eligible) in which no Payor members were/are AHS-Eligible.

4.2 Calculation of Program Impact. The calculation of Program Savings is based on a retrospective claims-based event rate analysis using a Disease Member approach. The analysis compares disease-related inpatient admission rates of an AHS-Eligible member cohort in the Baseline Period to disease-related admission rates of an AHS-Eligible cohort in the Measurement Period. The disease population is defined as AHS-Eligible members in order to identify population members who are managed by AHS and who have been positively identified as having a rare chronic condition. Member

¹ Other than this assumption, the translation of utilization to cost is not covered in the Gold Standard. If done correctly the result should be the same, but the number of variables involved (such as provider recontracting and provider mix) increases the possibility of errors. The errors would not be “systematic,” so that using cost in lieu of utilization does not invalidate a result but rather just has great potential to make it less accurate.

Months and claims are included in the analysis only after each member has passed through Accordant's proprietary, claims-based, patient identification algorithm. The yield of the comparison of disease-related inpatient admission rates (adjusted by the DYA) is defined as Program Savings and is calculated within the Reconciliation by the AHS analytics staff.

Table 1: Reconciliation Methodology to Calculate Program Savings

STEP	METHODOLOGY
#1	Determine the appropriate AHS Eligible Baseline Member list to be included in the analysis, identifying Members via AHS's proprietary patient identification algorithms in the same manner as is applied during the Measurement Period.
#2	Calculate disease-related admission counts and rates by Period for program-eligible populations compiled in Step #1. The disease-related admission rate per 1,000 is calculated by Period as count of disease-related admissions among AHS-Eligible members divided by count of AHS-Eligible member months times 12,000.
#3	Calculate expected Measurement Period admissions by 1) applying the Baseline disease-related admission rate to Measurement Period Member Months and 2) applying a Dummy Year Adjustment to control for the possibility of admissions by members who would have been eligible had they been identified but for which identification was not possible for reasons covered on Page 8 of <i>Why Nobody Believes the Numbers</i>
#4	Calculate change in disease-related admission count by subtracting Measurement Period admissions from expected admissions calculated in Step #3
#5	Calculate Measurement Period cost-per-admission by dividing total Measurement Period disease-related admissions costs by Measurement Period disease-related admission count calculated in Step #2.
#6	Calculate Gross Savings by multiplying change in admission count calculated in Step #4 by Measurement Period cost per disease-related admission calculated in Step #5.
#7	Calculate Net Savings by deducting program fees paid to Accordant from Gross Savings calculated in Step #5.