

What's
POSSIBLE



Efficient Health Strategies: The Economic Benefits of Medical Management in Self-Funded Arrangements

Creating an effective employee benefits plan is no easy feat. The market landscape is complex, and costs are continually on the rise. Employers are committed to providing the best for their employees. It's essential for employers to comprehend their expenditures on a Per Employee, Per Month (PEPM) scale. This guidebook underscores the financial impact and strategic advantages of medical management programs in self-funded health plans.

The Self-Funded Dollar

According to [AHIP](#) data, **84 cents of every health care dollar is spent on prescription drugs, health care providers and services.**

Medication & Care
(Rx, Hospital, ER, Doctor Visits, Outpatient Care)



Administration
(Taxes, Business Expenses, Cost Containment, Quality Improvement, Profit)

When it comes to health plan spend, there are several factors to consider.

Uncontrollable Factors:

- Aging population
- Advancements in medical technology
- Regulatory changes
- Inflation

Controllable Factors:

- Utilization rates and medical necessity
- Prescription drug costs
- Increased prevalence of chronic diseases
- Member education to improve consumerism
- Plan design & provider networks

With a self-funded benefit plan, your plan administrator should demonstrate how they are managing the 84% of your benefit plan costs. This is the area where you can manage risk by addressing controllable factors. Managing the balance between care and cost leads to more sustainable and affordable health care benefits for employers and their employees.

Managing Care and Cost

Navigating the health system can be hard even when you understand how it works. Partnering with a TPA that works for the people behind the health plan is more vital than ever. Every engagement is an opportunity to improve health and control cost for plan members and health plans.

Clinical programs focus on individual care plans to guide plan members as they navigate critical health care needs. Nova's holistic approach delivers a comprehensive medical management program, tailored to address cost drivers and improve care compliance.

When we outreach to patients following a medical event they are optimally engaged in their condition and, often, the most open and ready to hear about the support our nurses can provide. Our engagement results consistently show that regardless of the disease, the timing of the outreach is most critical.

By focusing on the most prevalent disease states and cost drivers in each plan population, and evaluating clinical intelligence analytics, we can proactively engage with plan members, communicate with providers, manage and improve conditions, and reduce unnecessary high-cost claims.

Our approach includes:

- ✓ **Chronic Condition Management (Disease Management)**
- ✓ **Comprehensive Case Management**
- ✓ **Utilization Management**



Evaluating Medical Necessity

From a utilization management perspective, the examples below highlight three unique client experiences with claims denials related to utilization reviews for medical necessity.



Higher Education, NY

Membership: <250
Denial Rate: 9%
Cost Savings: \$62 PMPY*



Plan Trust, NY

Membership: >10,000
Denial Rate: 17%
Cost Savings: \$40 PMPY*



Real Estate, MA

Membership: <1,000
Denial Rate: 4%
Cost Savings: \$31 PMPY*

Book of Business Denial Rate: 11%
Book of Business cost savings PMPY: \$38

*Cost savings calculated per member per year (PMPY)

It is understandable to question how denying claims benefits the health plan without causing frustration among plan members. Our approach is designed to ensure financial sustainability for health plans while maintaining a commitment to plan member satisfaction and transparency in the claims process. Our goal is to ensure plan members get the right care at the right time in the right setting.

Beyond utilization management review for medical necessity, claims may be denied based on the following reasons:

Denial Reasons

Eligibility

Avoidable Care

Provider Eligibility

Medical Coding

Untimely Filing

Medical Necessity

Missing Documentation

Services Not Covered

Precertification

Fairness and Integrity: A Validated Claims Review Process

Striking a balance between swift claims processing and detailed review is essential. Beyond auto-adjudication there are processes in place to manually review claims that require additional review, including those in excess of a certain dollar threshold. This approach not only ensures claim processing accuracy but also considers the significant effects on both employers and employees.

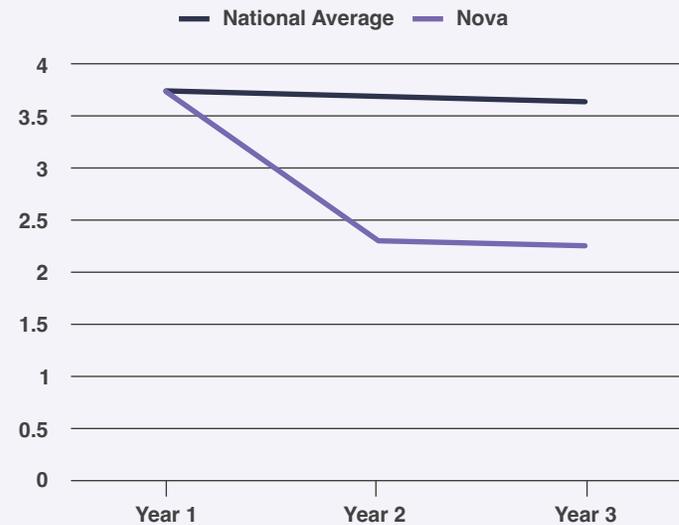
Exploring Solutions to Address Pharmacy Spend

According to a report by Business Group on Health (BGH), amid increases in the percentage of health care dollars spent on pharmacy, 92% of employers are concerned about high-cost drugs in the pipeline, with 91% reporting concern about pharmacy cost trends overall.

Prescription drug coverage is an integral piece of an employer's benefit offering. Finding effective ways to manage spend while protecting the well-being of plan participants through greater access to appropriate medications is key.

- **Identify an ideal PBM partner** — choosing a PBM model that fits the needs of your plan and employees (integrated, consumer-directed, transparency-based), considering fees/discounts/rebates in the contract, and selecting a PBM that has effective internal cost-containment strategies (or the ability for third-party vendor integration) to address high-cost drugs.
- **Put your data to work** — by identifying key Rx cost drivers, such as specialty drugs and brand-name drugs, you can begin to implement measures like prior authorizations, to ensure appropriate utilization and employee education efforts around generic equivalents.
- **Leverage clinical/medical management programs** — chronic conditions are the primary drivers of pharmacy spend, underscoring the importance of early intervention and care plan compliance. By adopting more rigorous screenings, early intervention programs, and comprehensive lifestyle change support, we can reduce the occurrence and slow the progression of these diseases. Though these initiatives require investment, they ultimately lead to cost savings to manage high-cost claims.

Chronic-Condition-Related Inpatient and ER Events per 1,000 Members



Nova evaluated plan-of-care compliance for a client's membership. We uncovered plan members were not taking prescribed maintenance asthma medications or picking up diabetic supplies. It was determined the cost of the medications and supplies were an issue for this specific population.

The recommendation was to eliminate copays for those items. By removing barriers to care, the client saw an increase in member adherence to their care plan along with reduced chronic-condition-related inpatient and ER events, resulting in lower costs to the plan over time.



When it comes to supporting our clients, we hear from their plan members that they're getting the guidance and advocacy they need to get the most out of their benefit plan.

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Thank you for making the effort to outreach to our member to assist him in getting his diabetic supplies. You took the time to explain his benefit to him, and outreached to a couple different DME suppliers in order to find one locally that could assist him in getting his test strips ASAP. Thank you for going above and beyond, and taking the time and care to follow through from start to finish with this member.

You are a rock star!”

Client, insurance industry

Collaboration for Enhanced Health Plan Performance

Our collaboration with plan members, clients, and broker partners is at the heart of our service. We design client-specific solutions that manage clinical trends and reduce health care spend, improving overall health plan performance. Nova's Chronic Condition Management Program, for example, has demonstrated below-average admissions and emergency room visits for common chronic diseases, showcasing our commitment to effective care management. **Below are a few examples of Nova's "why" behind the work we do and the passion we have for creating a better way to deliver employee benefits.**

Collaboration in Action

Client Partnership:

A client engaged in an employee wellness program conducted onsite biometric screenings and shared out-of-range results to Nova's case management nurses. When the nurses reached out to the client's employees about their elevated blood pressure, obesity, diabetes, and tobacco use, a common concern emerged: the difficulty of maintaining a healthy diet at work.

The challenge was linked to the company's policy of providing free meals during shifts, which predominantly included unhealthy food. The employees expressed a preference for healthier alternatives, such as a salad bar and grilled chicken, to make better use of this employee benefit. Armed with insights from Nova's case management team, the client initiated a change in the buffet offerings. This adjustment was met with positive feedback, as several employees contacted their case managers to express their gratitude for the healthier meal options now available at work.

Plan Member Partnership:

“That she had done the research and made the pitch in my defense to have an exception in took away the looming cloud of anyone in American health care has: how am I ever going to pay for this? Often in the insurance process in my life I have felt like a cog in a wheel, forgotten and unimportant. Nikki time and time again took stress away from my experience so I could focus on what was important: being there for my babies during their very difficult, touch-and-go beginning of life.”

In 2024, a Nova nurse was honored with the Excellence in Healthcare Award by Buffalo Business First. Her nomination came from a client who praised her advocacy and guidance through the health care system.

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“She was my modern-day Marvel Superhero to call in times of trouble. She would always be there to answer my call (literally and figuratively) when I had no one else to turn to.”

Plan member, banking client

Broker Partnership:

“Nova has become an incredible partner in both their level-funded, and self-funded platforms to our firm over the last several years. Creating transparent funding options, alongside our best-practice PBM solutions and risk management partners, has made Nova our “go to” TPA.

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“We have worked hard in our partnership to bring our client partners the best services we can bring, and Nova has set our firm aside from others in the greater Louisville insurance marketplace.”

Drew Lemaster, Insuramax



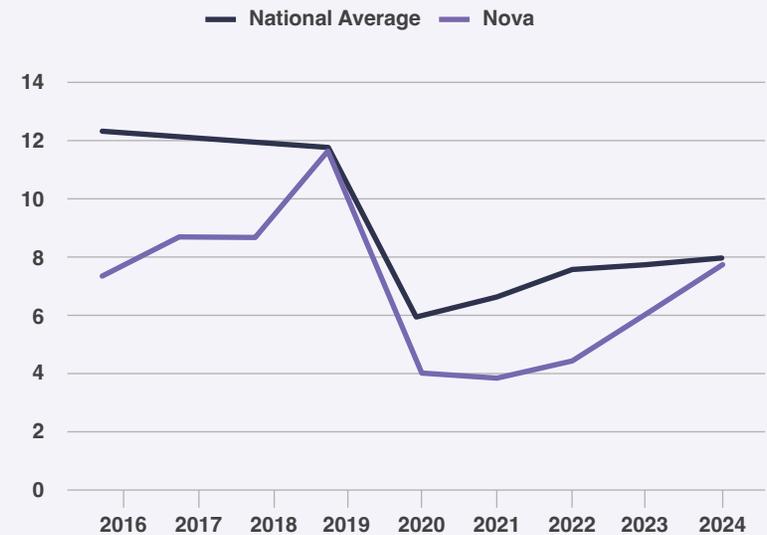
Customized Solutions Validated for Excellence

Nova's approach to medical management is not about right or wrong choices; it's about finding the right fit for each unique population. Recognized for driving measurable improvements and managing trends to reduce health care spend, Nova's solutions are validated to perform. Our clients enjoy annual rate increases that are consistently lower than the national benchmark, thanks to our cost and risk management strategies.

We are proud of our URAC Accredited Case Management and Health Utilization Management programs. We have also earned awards from Fierce Healthcare, and the Validation Institute recognized Nova as a Health Value Awards winner in 2020 and 2024. Nova is also a validated TPA for savings as certified by the Validation Institute. Nova's approach applies data about the employer, the benefit plan, and medical claims to find opportunities for lowering cost and improving health. As a result, we apply customized interventions and programs that directly address the opportunity areas.

On the measure of PMPY medical costs, excluding pharmacy and Emergency Room visits per 1,000 member months, Nova demonstrated performance superior to Milliman Medical Index (MMI).

Total Events vs. National Averages per 1,000 Members



[Read more about Nova's Validated Program Report](#)

Validation Achieved

- Events measured correctly
- Event rate below national average
- While some event rates increased in 2024, Nova's overall event rate increases remain lower than the national average.

Conclusion

In the complex world of self-funded health plans, strategic guidance is not just beneficial—it's essential. Nova's in-house medical management programs are validated by the esteemed Validation Institute. With more than 40 years of experience, we offer a partnership that transcends traditional health benefit solutions, focusing on the people and businesses they support.

Let us show you
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