

INDIAN RIVER COUNTY
MEMORANDUM

TO: Jason Brown
County Administrator

FROM: Suzanne Boyll 
Human Resources Director

DATE: July 2, 2021

SUBJECT: Approval of Kannact Diabetes Management Program effective October 1, 2021

BACKGROUND:

On June 21, 2016, the Board of County Commissioners approved a Kannact Diabetes Program as a cost savings measure to assist individuals with managing their diabetes with the hope of avoiding claims that result from unmanaged diabetes. The program offers no cost diabetic supplies and monitoring and coaching for enrolled participants who elect coaching. However, the coaching is not required to receive the no cost diabetic supplies. Currently twenty-five (25) participants are enrolled in the Kannact program at an annual cost of \$16,472.

In addition to the existing Kannact program, diabetic supplies are also available through our pharmacy benefit. Eighty-three (83) members are receiving diabetic supplies through the pharmacy benefit. The cost to the members is \$7,553 (copays) and the cost to the plan is \$26,138, totaling \$33,691. No coaching is provided through the pharmacy benefit.

Kannact has notified the County that they are replacing the existing program with a new program effective October 1, 2021 and has provided two replacement options for consideration. The first option is the closest to our existing Kannact program. This program requires coaching in order to receive no cost diabetic supplies. The cost is \$70 PPPM with a monthly minimum of \$3,500.

Option 1 Diabetes Management:

- ✓ Diabetic Testing Supplies shipped directly to participant every 90 days
 - Bluetooth or 3g Glucometer
 - Testing Strips
 - Lancing device and lancets
- ✓ Medication management to increase adherence
- ✓ Behavior & lifestyle coaching; personalized plans of care including education, meal/exercise plans, tracking and accountability
- ✓ Bluetooth technology for real-time biometric monitoring
- ✓ Personalized one-on-one coaching model for Diabetes diagnosis management comprised of Registered Nurses, Certified Diabetes Educators, Nutritionists, Dieticians & Exercise Scientists; assigned based on risk.

The second option includes diabetes management as well as chronic condition management for >40 conditions with a goal of engaging members on all diagnoses and an increased focus for those that appear on high cost claims reports. The cost is \$77 PPPM with \$3,500 monthly minimum. This minimum would be waived for up to six months if IRC provides specific terms related to sharing claims data, incentive offerings, marketing/promotion strategies, and targeted outreach with the goal of enrolling 20-40% of the target population.

Option 2 Chronic Care Management:

- ✓ Proprietary medical and pharmacy data analysis
- ✓ Bluetooth supplies provided per eligible condition
 - Glucometer & Diabetes Testing Supplies
 - Blood Pressure Cuff
 - Weight Scale
- ✓ Personalized 1 on 1 coaching model for >40 chronic conditions
- ✓ Medication management services
- ✓ Behavior & lifestyle coaching
- ✓ Bluetooth technology allows for constant biometric monitoring – real time & at the point of impact
- ✓ Strategic & customized promotion to identified highest cost & risk members on the health plan

****Chronic Conditions List:*** Diabetes, Cardiovascular Disease (CAD, PAD, Hypertension, Afib, hx of Myocardial Infarction/ Stroke, CHF, Cardiomyopathy & more), Hyperlipidemia, Metabolic Syndrome, COPD/ Asthma, MS Disease, Arthritis, Obesity Management, Gastrointestinal Disorders (Crohn's Disease, GERD, Ulcerative Colitis, etc.), Auto-immune disorders, and more

Lockton Executive Summary - Recommendation:

- **A significant portion, 9% of IRC adult members (225), have Type 2 Diabetes. Their most recent total allowed spend is in surplus of \$3.2M, roughly 20% of the \$16.5M Medical Total Allowed.**
 - Utilization patterns of members with Diabetes have resulted in a reduction in ER visits and inpatient stays, which may be impacted by COVID care diversion.
 - Unfavorable utilization patterns are reduction in preventive and specialist visits which are vital to prevention and condition management.
 - Over year prior, there is a significant favorable reduction in risk, although still in surplus of the norm. High probability of future hospitalization. Members can be impacted through a condition management program promoting care compliance.
- **88% of members (198) with diabetes are moderate to high risk, the target population for an intervention.**
- **The most impactful gaps in care are labs (HBA1C, lipid panels, microalbumuria, glucose), provider visits, and medication refills, which range in 7-40% gap rates.**

- **Recommend initiating 2-year Agreement with Kannact for Option 1 Diabetes Management:**
 - Provides opportunity to gather sufficient data for at least 50 participants
 - Replaces existing agreement for diabetic supplies
 - Provides time for program evaluation and service, communications, and outcomes
 - Program to addresses diabetes management to favorably impact:
 - Member support for those currently diagnosed with diabetes
 - Reduced out-of-pocket costs for members
 - Personalized health coaching for diabetes and chronic conditions relating to diabetes and related comorbidities

Alternative Diabetic Supplies through RX Benefits w/out Coaching & Management

If the County did not wish to provide a diabetes management program at an increased cost, an alternative option to provide diabetic supplies at \$0 copay to members through the pharmacy benefit with RXBenefits is available. The annual cost to the County is slightly higher than our current expenditures; however, this option does not include coaching and management of diabetes. It would simply be a program that provided generic diabetic supplies at \$0 copay without access to diabetes management & coaching. An overview of the cost of our current pharmacy and Kannact fulfillment of diabetic supplies, the Kannact Diabetes Management Renewal Option, as well as the Alternative Option is outlined below.

	Current	Renewal Option Kannact Diabetes Management	Alternative Roll into RxBenefits(ESI)
PPPM¹	N/A	\$70	N/A
Monthly Minimum	N/A	\$3,500 (approx 50 members)	N/A
Estimated Costs	<u>Rx Benefits: 83 participants</u> Member Copay: \$7,553	<i>Assuming same participants & 0% Rx trend</i> <u>Rx Benefits: 83 participants</u> Member Copay: \$7,553	<i>Assuming combined participants & 0% Rx trend</i> <u>Total: 108 participants</u> \$ 405.92
	IRC Claims: \$26,138 (\$315 PPPY ¹)	IRC Claims: \$26,138 (\$315 PPPY)*	IRC Claims: \$406 PPPY
	<u>Kannact: 25 participants</u> Member Cost: \$0	<u>Kannact: 25 participants</u> Member Cost: \$0	
	IRC Costs: \$16,472 (\$659 PPPY)	IRC Costs: \$42,000 (\$1,680 PPPY)	
	Estimated IRC Total	\$42,610	\$68,138
Notes:	Participant coaching not required to receive supplies	-Includes participant coaching to receive supplies. -Opportunities for individual outreach to members who may not be participating in Kannact plan today (through file fee through Florida Blue) *Goal would be to encourage program and maximize plan benefit to reduce claim spend with RxBenefits.	Coaching to receive supplies (for this year) would not be available. Instead, all members enrolled would receive no cost supplies. Pending estimated Rx Benefits savings for allowing only "Generic" supplies to be filled at no cost.
	100% Member Engagement	\$90,720	

1. PPPM = Per Participant Per Month | PPPY = Per Participant Per Year

Staff Recommendation

Staff agrees that continuing a Diabetes Program targeted at improving gaps in care would benefit the individuals as well as the Health Plan by avoiding future costs associated with conditions that result from gaps in care. Lockton recommends the addition of a Chronic Conditions Management program be introduced in future years after we have an opportunity to evaluate the success of a

robust Diabetes Management program that supports enrolled members in developing and maintain healthy behaviors, lifestyles, and medication management. The cost is higher than our current program; however, staff believes that the proactive engagement of individuals with diabetes and support of all conditions will result in cost avoidance due to unmanaged conditions. Lockton will review this program for results and make further recommendations once we have baseline participant data to review for improved outcomes.

Staff Recommended Diabetes Management Program, effective 10/2021

- **\$70 Per Participant Per Month**
- Eligibility defined as IRC members with diagnosis of Diabetes
 - **Kannact will engage Enrolled Members with Diabetes + all existing Conditions. Diabetes, Hypertension, Obesity, etc.**
- Diabetes Testing Supplies shipped direct to participant every 90-days
 - o Bluetooth or 3g Glucometer
 - o Testing Strips
 - o Lancing device and lancets
- Medication management – to increase medication adherence
- Behavior & lifestyle coaching; personalized plans of care including education, meal/exercise plans, tracking and accountability
- Bluetooth technology for real-time biometric monitoring
 - **Members with co-morbid conditions such as Cardiovascular Disease, Obesity, etc. will also receive pertinent Biometric Testing Supplies (Blood Pressure Cuff and / or Weight Scale at no additional cost)**
- Personalized one-on-one coaching model for Diabetes diagnosis management comprised of Registered Nurses, Certified Diabetes Educators, Nutritionists, Dieticians & Exercise Scientists; assigned based on risk

FUNDING

Funding for the current Kannact program is budgeted in the pharmacy claims account 50412719 034586. Funding for any of the options presented would continue to be paid from this account.

RECOMMENDATION:

Staff respectfully requests the Board of County Commissioners approve initiating a 2-year agreement with Kannact for Option 1 Diabetes Management Program effective October 1, 2021, and authorizing the Chairman of the Board to sign the agreement as reviewed and approved by the County Attorney.

Attachments:

Kannact Diabetes Management Agreement