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## BUSINESS

### Paying doctors, patients for better health care

**BY PAULA BURKES**

Business Writer  
pburkes@opubco.com

Washington state obstetrician-gynecologist Jenny Vickrey used to worry about whether her patients understood and remembered everything she told them. There can be multiple reasons, and treatment options, for the symptoms patients commonly have, she said.

But these days, Vickrey said she's more confident about her patients' grasp of their conditions and adherence to treatment. That's because most, she said, are using an Oklahoma Internet-based, patented wellness product that — based on her diagnoses and best medical practices — educates them about, and tests them on, their health.

"I don't know if it's because I'm asking them to, or for a little more cash," Vickrey said.

Patients who use the product, MedEncentive, get a portion of their copays waived, while participating doctors, who are rated by patients based on their adherence to recommended care, are compensated an additional \$15 per office visit.

"Whichever, I see it as a tool that's been a blessing for me and my patients," Vickrey said.

#### Pilot program

An eight-year-old startup, MedEncentive finally may have received its breakthrough this month, with the announcement of a \$3.8 million, three-year study that will begin Jan. 1 and involve 15,000 active Oklahoma state employees and their families on the HealthChoice insurance plan. If the product pays for itself, administrators say MedEncentive will be offered to the entire 125,000 active employees on the plan, the most popular among state workers.

The announcement comes on the heels of a study by Oklahoma Watch, published Aug. 6 in *The Oklahoman*, which found a state employee's fam-

ily of four receives an annual allowance of some \$19,717 for health insurance under state statutes. While proponents believe the allowance empowers the state to offer compensation packages commensurate to the private sector, opponents feel the benefit — which covers 100 percent or more of workers' premiums — is too generous and doesn't provide adequate incentives for workers to keep their health care costs as low as possible.

Enter MedEncentive, whose executives say their product leads to better health care, better health and, consequently, cost-containment.

Company founder and CEO Jeff Greene said what's unique about the MedEncentive Program is how it uses payer-sponsored financial incentives to reward both doctors and patients for adhering to evidence-based care and healthy behaviors, provided they agree to allow the other party to confirm their adherence or, in the doctors' cases, why they deviated from recommended care.

"Unlike any other solution, this process of doctor-patient mutual accountability triangulates the interest of the payer, consumer and provider," Greene said. "Most importantly, patients get well, and stay out of the hospital, while doctors practice better medicine," Greene said.

MedEncentive has some 7,000 patients participating in the program from the city

of Yukon to New Jersey, Pennsylvania and Washington, said Jim Dempster, national director of business development.

#### Doctor's orders

Three of the country's top 10 reinsurers — Sun Life Financial, New York-based AIG and IHC Risk Solutions — have agreed to offer discounts on stop-loss insurance to companies who offer self-funded health plans. But Greene said MedEncentive's goal is to integrate its product into every segment of health plans — not just self-insured health plans, but fully-insured plans and government-sponsored plans.

"We're hoping more insurance companies and employers will take a look at our tool, after we put it to the test in the Oklahoma pilot study," Dempster said.

Forty-one school districts, state agencies and local governments across seven counties — including Oklahoma City Public Schools, the agriculture and tourism departments, Canadian County and the City of Waurika — have been selected to form the intervention group, Dempster said. The three-year pilot, he said, will involve measuring clinical and economic outcomes of participants against the rest of the HealthChoice population, based on matched ages, genders, locations and other demographics.

MedEncentive expects significant success. "The key is holding people accountable," Dempster said. "People don't always understand their options, and doctors don't always do what they should."

He said studies show doctors interrupt patients after the first 23 seconds, patients understand only half of what their doctor says and only about one-third of patients nationwide fill and take their prescribed medications.

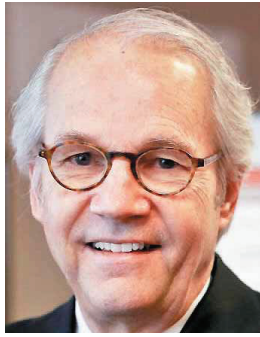
"Take diabetes," Dempster said. "We know how to manage it, but it's still going up. We want to educate and motivate people to be an active

#### ABOUT MEDENCENTIVE

Founded eight years ago, Oklahoma City-based MedEncentive offers a patented Internet-based patient-doctor wellness product aimed at fostering better managed care, and consequently decreased health care costs. Patients save on copays if they read about and take a test on their understanding and management of their conditions, based on their doctors' diagnoses and best medical practices. Participating doctors, who agree to be rated by patients based on their adherence to recommended care, are compensated an additional \$15 per office visit.



**Jenny Vickrey**



**Jeff Greene**



**Jim Dempster**



**Josh Brecheen**



**Doug Cox**

participant in their health.”

Educating people about managing their own health is the single most important predictor of their well-being and life expectancy, he said.

### Concept study

Douglas Bradham, a professor and health economist with the University of Kansas School of Medicine at Wichita, said studies conducted there show MedEncentive works. In respective analysis of data sets involving 527 employees of the city of Duncan, the expected savings for each dollar invested by the employer was \$6.94 to \$11.02, averaging across five years, Bradham said.

“Savings were primarily seen in hospitalization expenses, including reduced lengths of stay,” he said. Moreover, a similar claims study, involving four years of participation by 1,021 patients of the Wichita Clinic, showed similar rates of return, he said.

Frank Wilson, administrator of the employees group insurance division of the state Office of Management and Enterprise Services, said he’s “anxious to see if MedEncentive helps move the needle” in cost-containment by encouraging workers to have relationships with their primary care doctors and avoid expensive visits to the emergency room and specialists.

Following nationwide trends, claims

costs for active state employees on HealthChoice, the most popular health insurance plan, have increased by \$280.2 million — or 87 percent — over the past 10 years, Wilson said.

He said the anticipated costs of the three-year pilot study with MedEncentive is \$1.8 million in administrative fees to MedEncentive, or \$3 per member per month; \$1.9 million in estimated financial incentives awarded to employees and physicians, or \$15 each per visit; and \$100,000 in implementation fees to Hewlett-Packard, the state’s third-party administrator.

“The goal is for the program to more than pay for itself,” Wilson said.

### Bipartisan support

The MedEncentive pilot was initiated by House Bill 1062, authored by Sen. Josh Brecheen, R-Atoka, and Rep. Dustin Roberts, R-Durant, and passed during the 2011 legislative session. It had overwhelming bipartisan support, with a unanimous vote by senators and only nine dissenting votes in the house.

“If it at least stagnates the cost, Oklahoma will be a big winner,” Brecheen said.

“Those dollars are needed to go into classes, bridges and prisons,” he said.

### AT A GLANCE

- Following nationwide trends, claims costs for active state employees on HealthChoice, the most popular health insurance plan, have increased by \$280.2 million — or 87 percent — over the past 10 years.
- Oklahoma has roughly 495,000 inpatient hospitalizations per year, and about 2.1 million emergency room (ER) visits.
- Among the Oklahomans insured by Medicaid, or roughly one-third of all residents, 4,837 averaged 3.9 ER visits — or 18,773 total — over the fourth quarter of 2010, the latest data available. Totals exclude visits that resulted in an inpatient stay.

**SOURCES:** OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES, OKLAHOMA HOSPITAL ASSOCIATION AND OKLAHOMA HEALTH CARE AUTHORITY.

An emergency room doctor for Integris Health, State Rep. Doug Cox, R-Grove, said he supports the initiative, first to improve patient care and second, to balance the state budget.

“If we can standardize care for patients, especially those with common illnesses, and get them the right treatment early,” Cox said, “We can prevent many ER visits and hospital readmissions, which will save patients money and insurance companies money.”

Emergency room care is fragmented and the most expensive care, he said. “No one needs to go there, unless they’re having a heart attack at midnight.”