

Disease Management and the Insurance Industry

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Does disease management (DM) positively influence health care costs? According to three prestigious sources, the answer is no. The U.S. Government Congressional Budget Office (2004), after reviewing the available literature on the topic, concluded, "There is insufficient evidence to conclude that disease management programs can generally reduce the overall cost of health care service" (p. 1). Casalino (2005) echoed this sentiment in a recent editorial in the prestigious medical journal affiliated with the American Medical Association. Finally, Fireman, Bartlett and Selby (2004), in an analysis of the experience with DM by the Kaiser Permanente Health System appearing in the widely read policy journal *Health Affairs*, noted savings from DM have yet to be realized.

While many individual studies of disease management purport to show a positive impact on costs or insurance claims, skepticism persists because of their critical failure to account for regression to the mean. Two of the papers in this session address this issue by examining actuarial methodologies based on "incident" and "prevalent" as well as "chronic and non-chronic" conditions using claims-based trending methodologies. Whether these approaches are adopted by the insurance industry remains to be seen, but the prospect of moving beyond the simple pre-post analyses typical of the disease management literature is an exciting step forward for the industry.

The third paper in this session examined the potential contribution of specific diseases to aging and the overall burden of rising insurance costs. From a DM perspective, these data are of interest, since the industry—flush with considerable growth in chronic conditions such as diabetes and congestive heart failure—are keenly interested in what disease states represent their next business opportunities.

Ultimately, the topic of DM is an important one for the Society of Actuaries. These types of programs now cost more than \$1.3 billion to administer and cover more than 1.5 million people in the United States (Tufts Center for the Study of Drug Development, 2002) and are now common among a wide spectrum of HMOs, commercial health insurers and businesses that self-insure (Foote, 2003). Patients (and the health insurers that make their care affordable) need to know if the United States is getting its money's worth. Continued attention to the topic of DM by members of the Society of Actuaries is important and timely.

References

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