

Insuring success

"How Diane Holder is molding UPMC Health Plan's success through people, prevention and technology"

By Ray Marano

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Diane Holder considers herself lucky.

When she arrived at UPMC Health Plan as its president and CEO two-and-a-half years ago, the health plan had already spent considerable time, effort and money to build its membership and carve out its place in the health care system.

"I feel like I came into the plan at a very good time," Holder says. "I feel like a lot of the basic building bricks were here. What I felt I needed to do was evaluate all these component parts and say, 'Do we have the right infrastructure in our sales and marketing area, do we have state-of-the-art care-management methods, are we really doing the kinds of things in terms of our information technology that we really need to do?'"

"I felt like my beginning time here was looking hard at all those pieces and trying to decide where we had strengths and where we had a need to make some changes."

Holder got some of her answers directly from the employees.

"I believe in looking at infrastructure, and everywhere I went in the company, I said, 'Tell me what you need,'" says Holden. "If your goal is to be the best service provider in Pittsburgh, if your goal is to answer member calls and get the right answer, if your goal is to send out the right kind of claims, the right kind of bills and give the employers what they want ... tell me what you need to do it."

UPMC Health Plan, a for-profit enterprise launched in 1998 by UPMC Health System designed to leverage the health care delivery resources of the growing health system, experienced a financial performance roller coaster ride over its early years. While membership and revenue grew steadily, the plan posted a net loss of \$16 million in fiscal 1998 and a loss of nearly \$18 million 1999.

Performance has smoothed out in recent years, with \$39 million in net income in 2003 and net income of \$49 million in 2004 on revenue of \$1.4 billion.

Holder's challenge going forward, as she sees it, is to sustain financial performance while the health plan installs innovations and infrastructure improvements that will allow it to continue to grow its market share.

While Holder's timing in arriving at UPMC Health Plan could be viewed as serendipitous, it will take more than good luck to guide it into the future. To do that, Holder has crafted a strategy that combines people, infrastructure and technology, and plays to the strengths of a system that combines provider and payer in a collaborative relationship.

Holder's strategy boils down to building health care management programs that use resources more effectively and that improve the health status of its members, and beefing up human resources to support that effort. She has also ramped up the plan's sales and marketing team and its branding efforts in an effort to leverage the UPMC name and ensure that both employers and potential members recognize it as a viable alternative to local and national plans.

Leveraging technology

Holder has invested in UPMC's technology infrastructure to improve service delivery to both employers and members to maximize efficiency.

During her first year at the health plan, for example, Holder scrapped a contract with a software vendor and brought the work in house instead. And despite the added cost and resources, Holder says the technological boost it gives the plan is worth it.

"That was something we decided would give us even more capability if we owned our own code and were able to do some of the things ourselves," Holder says. "That was a conversation that took time, energy and money, but it was something we felt very strongly would be added value, to add to that technology capability."

The plan invested in technology that operates claims, enrollment and customer service systems from a single platform. That has paid off, Holder says, with the plan beating national averages in key measures of customer satisfaction.

Holder also added technology capabilities to improve communication between the health plan and its providers and members. Last year, for instance, the plan introduced a prescription drug pilot that simplifies administration for providers by allowing them access to current formulary data online and send the order to a pharmacy. The program also maintains individual prescription histories, helping to ensure patient safety, and the plan partners with WebMD to bring some of its technology to its members to help them manage their health.

UPMC gained further efficiencies with a new voice response telephone system that assists members in completing routine tasks such as checking claim status and ordering ID cards, freeing up call center employees to handle more complex matters and, in the process, reducing costs.

The technology has spurred another effort, one that takes the data the health plan collects and, with the help of various professionals, analyzes it and facilitates decision-making for future programs and finances.

“We’ve recently created a new division within the company that’s called Economic and Decision Sciences,” says Holder. “It’s an amalgam of all the employees inside the health plan, the health economists, the biostatisticians, the fiscal analysts. All day long, what they do essentially is look at our modeling and look at how is pricing progressing, how is this set of initiatives impacting our clinical quality, our financials. I think that was a big step as a health plan, to put that kind of infrastructure in place.”

Emphasizing health promotion

As a payer, UPMC Health Plan has a powerful incentive to help its members stay healthy. Holder has bolstered the health plan’s health promotional programs to cut costs and use resources more efficiently by doubling the number of employees devoted to those areas of the plan.

“My tactical reason for infusing a lot of personnel into the health management area was to have enough feet on the ground so we could actually deliver on what our mouth was saying,” says Holder. “We kept saying, ‘This is important, we need to do this.’ If you don’t have the doctors, pharmacists, clinicians in place, you can have all the ideas you want, you’re not going to deliver.”

The health plan has implemented programs that offer education and help members overcome barriers to care. For example, every patient discharged with congestive heart failure is visited by a nurse the following day.

That kind of attention has helped to reduce hospital readmissions, a key cost and quality measure, by 30 percent. It has also helped to cut emergency room visits by 63 percent and hospital admissions by 45 percent. Similar programs are in place for patients with asthma and diabetes.

Holder reorganized behavioral health, employee assistance and other mental health programs to allow members to get an integrated approach to care rather than fragmented care. The result is that fewer resources are wasted through self-referral and patients’ conditions are kept from deteriorating due to inadequate or inappropriate care.

“Part of what we’ve done over the last 18 months is made sure that all of those offerings, employee assistance programs, behavioral health services, those kinds of products, programs, services ... are there in one place because a person, a member, a patient, doesn’t need you to split their head from their body,” says Holder.

Leveraging the UPMC brand

Holder contends that the biggest obstacle to selling employers on including UPMC Health Plan on their menu of choices is getting in the door to make a presentation. To overcome that hurdle, Holder has taken a number of steps.

“We’ve increased the size of our sales, marketing and account management staff,” says Holder. “We have attempted to hire people that have good relationships with the consultants and brokers in town and who can start those conversations and keep them going.”

To open doors, Holder has pumped up the marketing effort, attempting to raise awareness in the minds of the consumer and of the corporate community. Direct mail campaigns, seminars and presentations to physicians have all been added to the marketing mix.

The effort has borne fruit, with the number of employer groups offering UPMC Health Plan at about 6,400, up from 4,000 just a few years ago. The number of Bayer Inc. employees choosing UPMC Health Plan doubled this year, and the number of Carnegie Mellon University employees opting for the plan has grown substantially.

While UPMC Health System has strong brand recognition, the health plan, Holder found, wasn’t as top-of-mind among insurance purchasers. To combat that, Holder launched a television branding campaign last spring to make sure that when people see UPMC Health System, they recognize that there is also a health plan.

Ultimately, competition is the animating force for any business, even for one like UPMC Health Plan that is satisfied with returns that are less than a shareholder-owned company might require.

Nonetheless, “no margin, no mission” goes the old bromide in the health care industry, and all companies need to reinvest to grow or at least maintain their competitive positions. To compete in the health insurance market in Pittsburgh is a challenge. UPMC Health Plan must go up against the giant Highmark Blue Cross plans — for decades synonymous with insurance in Western Pennsylvania — and a number of national companies that recently entered the market. To keep the organization sharp, Holder reminds everyone around her that staying competitive for UPMC Health Plan means putting out an extra effort.

“I always feel like, and here’s what I say to people around here, is ‘We’re Avis. We have to try harder.’”