

# Predictive Modeling

## NEWS

## States Eyeing PM Tools for Medicaid Need to Know What They're Buying Into

**A new guide outlines the critical considerations**

by Russell A. Jackson

**S**kyrocketing healthcare costs in general – and those for the difficult-to-get-one's-arms-around Medicaid program in particular – have policymakers scrambling for ways to rein in state and federal spending on benefits programs. And one of the tactics they're looking most closely at is predictive modeling, generally for targeting prime candidates for disease management or other care management program intervention; another occasional use is predicting costs for managed Medicaid rate-setting.

Now, the Center for Health Care Strategies -- a not-for-profit policy resource center dedicated to improving healthcare quality for low-income children and adults, people with chronic illnesses and disabilities, frail elders and racially and ethnically diverse populations experiencing disparities in care – has published *Predictive Modeling: A Guide for State Medicaid Purchasers*, in partnership with David Knutson. Knutson is director of health systems studies at the Park Nicollet Institute for Research and Education, Minneapolis, and holds adjunct faculty appointments at the University of Minnesota. The guide features information for state Medicaid program managers on developing or buying a predictive model and on what to expect from it once it's up and running. Here are excerpts.

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## The Predictive Power of Healthcare Data: Leveraging Analytics to Measurably Drive Behaviors

**Turning insights into action and action into value is the key**

by Jack Newsom ScD, Senior Director of Analytics, and Kathleen Ellmore, Director of Consumer Healthcare Behaviors, Silverlink Communications Inc.

**C**onsumer marketing analytics is a well-established discipline that has been used for decades by leading consumer companies to drive behavior. Casinos, credit card companies, the food industry and even political campaigns have all used marketing analytics to motivate specific behaviors and gain valuable insights about consumers. It's no secret that companies in leading consumer industries invest hundreds of millions of dollars in analytics and leverage segmentation and micro-targeting techniques to stay ahead of the competition.

Yet of all industries, healthcare has lagged far behind the trend, even though behavior change is critical to our healthcare system. Consider this: 70% of our nation's healthcare costs, currently at \$2.4 trillion, are directly attributable to behavior-related conditions. Diabetes, a largely behavior-based condition, is one of the most significant costs to our system, with an annual bill of \$214 billion. As such, the issue of moving consumers and our collective health behaviors is gaining interest in Washington and has become part of the reform discussion.

### Are Health Behaviors Different From Other Consumer Behaviors?

When thinking about using consumer marketing techniques in healthcare, it is important to note that the drivers of health behaviors tend to differ from other consumer behaviors. The drivers that motivate us to purchase a flat panel TV or vote for a particular political candidate are far different than those that motivate us to engage in our health. Health behavior can change dramatically from one moment to the next, as health events can be episodic.

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