

Personify Health Market Comparison Analysis

A Review of 2022 Personify Health Medical Claims, Compared to 2022 Merative™ MarketScan® Commercial Data

Date: May 31, 2024

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Executive Summary

Personify Health's fully integrated Care Management (CM) practice includes 500 associates (including over 100 nurses, plus other specialists including medical social workers, dieticians, pharmacists, licensed therapists, and coaches). They offer a full suite of CM programs, and they can work closely with other departments to provide a higher level of care to their members. Furthermore, Personify Health offers other in-house cost containment services such as Payment Integrity, Fraud, Waste, and Abuse reviews, coordination of benefits, dialysis management, out-of-network negotiations, and edits. By continually investing in these capabilities, they have been able to develop a unique suite of services, which can help improve clinical outcomes for their members and contain medical costs for their clients.

This analysis was conducted to help Personify Health evaluate the effectiveness of their care management by comparing costs to industry averages. This is a continuation study of a 2019 analysis, comparing the same datasets with the intent of demonstrating similar outcomes as the prior analysis. The following are highlights of the 2022 actuarial study:

Lower risk-adjusted medical costs for Personify Health members across total inpatient, outpatient, and professional services.

- Relative to market averages in the same metropolitan statistical areas (MSAs)¹, Personify Health members had 23% lower² allowed costs on a geographically and risk-adjusted basis. This equated to \$63.58 per employee per month (PEPM). Allowed amount was used since it reflects total costs, including the member cost share, and no adjustments were made for high-cost claimants.
- Inpatient, outpatient, and professional services were 34%, 27%, and 10% lower cost, respectively, than risk-adjusted claims representing the commercial marketplace in the same geographic regions.

Professional costs versus facility indicate care management shifts.

- Personify Health professional costs are more aligned with market averages in the same metropolitan statistical areas (MSAs). This is true across all members included in analysis where risk-adjusted professional claims are 10% lower than market versus 23% across all services.

¹ MSAs incorporated in this study were those that had at least 10,000 Personify Health member months.

² All percentage comparisons are of the subset of Personify Health claimants as mentioned in the Data and Methodology section. The differences in costs for other subsets of claimants may vary substantially from these percentages.

- Large claimants also have lower costs overall – 14% lower cost across all service categories. However, they have 15% higher costs for professional services.
- Emergency Room costs were approximately 17% lower for Personify Health’s population. A portion of these costs can be seen shifting to Urgent Care; however, the shift in costs still results in a net savings for Personify Health.
- Out-of-network (OON) spend is lower relative to total medical costs. Personify Health’s OON spend makes up only 1.2% of total medical costs, while 7.3% of total market spend is incurred OON.

Lower total medical costs across members who surpassed \$100,000 in medical claims.

- Personify Health’s high-cost claimants had 14% lower risk-adjusted allowed costs than the market.
- Personify Health’s high-cost claimants had 23% lower NICU related³ costs relative to the benchmark population
- High-cost claimants utilizing dialysis services⁴ had 26% lower claims when compared to the benchmark population.

Consistently lower inpatient medical/surgical and emergency care costs.

- When conducting this same study using 2019 experience to remove impacts of COVID-19, we found Personify Health had lower inpatient medical/surgical costs and lower emergency care costs, consistent with the results of the 2022 study. 2022 experience was used for this analysis given this is the most recent available MarketScan® dataset.

³ NICU costs were identified using CPT codes 99468 & 99469 or revenue code 171

⁴ Dialysis claims were flagged across all sites of service using procedure codes identified in Wakely’s proprietary grouper.

Introduction and Scope

Personify Health offers a wide variety of care management programs and other cost containment programs, working to achieve better health outcomes for their members and higher cost savings for employers.

The purpose of this study was to examine the financial outcomes within Personify Health's 2022 medical claims and measure those outcomes in relation to the large group market during the same period, as a continuation study from 2019. This study was performed at the service category level, breaking claims into subcategories of inpatient, outpatient, professional, and other services. We also analyzed allowed cost relativities by certain conditions and sites of service given Personify Health's ability to manage costs to more cost effective site for similar services. With these splits of information from both Personify Health and industry claims, we have the potential to measure areas of savings and the distribution of costs for Personify Health as compared to the industry.

The relative effectiveness of adhering to Personify Health clinical programs may have contributed to the findings in this report. These programs are further detailed in the review of results.

Data and Methodology

We collected several data elements from Personify Health and performed the analysis methodology outlined below to arrive at the findings and conclusions in this report.

Data Sources

Personify Health

Personify Health provided its 2022 medical claims data that represented its clients nationally. The dataset included allowed claims with service dates in 2022 and paid through December 2023. No completion factors were necessary to account for unpaid claims due to the 12 months of runout. Since we are comparing to the MarketScan® dataset, where MSA is the most granular geographic field, a select subset of MSAs were chosen, representing 5.30 million member months. In total, this covered approximately 75% of Personify Health's total enrollment.

Market Benchmark Population

The multi-employer benchmark population was derived from the 2022 Merative™ MarketScan® Research Database. This dataset, referred to herein as MarketScan®, represents the 2022 medical claims and the experience of hundreds of commercial employers and payers nationwide. Employers represented in the Merative databases tend to be larger self-insured entities with more sophisticated benefits programs in place, and thus the cost baselines represented by these

databases are broadly representative of the experience of the largest self-insured employer purchasers of healthcare in the country. A select subset of MSAs were chosen for this analysis, to analyze in geographic congruence to the Personify Health data, still representing over 8 million lives.

Methodology and Assumptions

The following adjustments were applied to the datasets prior to evaluating results:

- Both the Personify Health and MarketScan[®] datasets were restricted to members between the ages of 0 and 64. Large claimants exceeding \$100,000 in claims were included in this analysis, and flagged so that the impact of Personify Health's care management on catastrophic claimants can be estimated.
- The MarketScan[®] dataset was restricted to members from employer groups with complete medical, pharmacy and mental health claims data present.
- This analysis excluded pharmacy claims, focusing on medical claims only. Both datasets were grouped into subcategories of inpatient, outpatient, professional, and other medical services, using the Wakely Grouper tool. The Wakely Grouper considers bill type codes, revenue codes, procedure codes, diagnosis codes, and place of service, as available in the datasets, to determine in which service subcategory claims fall. Thus, the analysis excluded injectables and other office-administered drugs, as Personify Health provides these services through the medical benefit for many of its groups. Consequently, we are unable to achieve a valid comparison with the benchmark population.
- MarketScan[®] claims were risk-adjusted relative to Personify Health members. Both datasets were run through two risk score calculations. The first method used the Health and Human Services Hierarchical Condition Categories (HHS-HCC) at the gold metal level (as defined in the Patient Protection and Affordable Care Act), using medical HCC codes only. This adjustment excluded the impact of prescription drug hierarchical condition categories (RxHCCs). The second method used the Wakely Risk Assessment (WRA) model. This risk score calculation measures age, gender, and medical chronic conditions as defined by chronic conditions. Both methods showed similar results, but we ultimately used the WRA results since they were deemed more appropriate for medical claims only. The R² associated with the MarketScan[®] and Personify Health claims datasets were 0.365 and 0.274, respectively. The resulting risk scores are correlated with total costs and are adjusted for in this analysis. Since the calculation was based on relative risk, the industry benchmark values varied depending on the subset of members used for comparison. The intent of this risk adjustment is to isolate the cost savings of managing spend from the population morbidity cost differences.

Review of Results

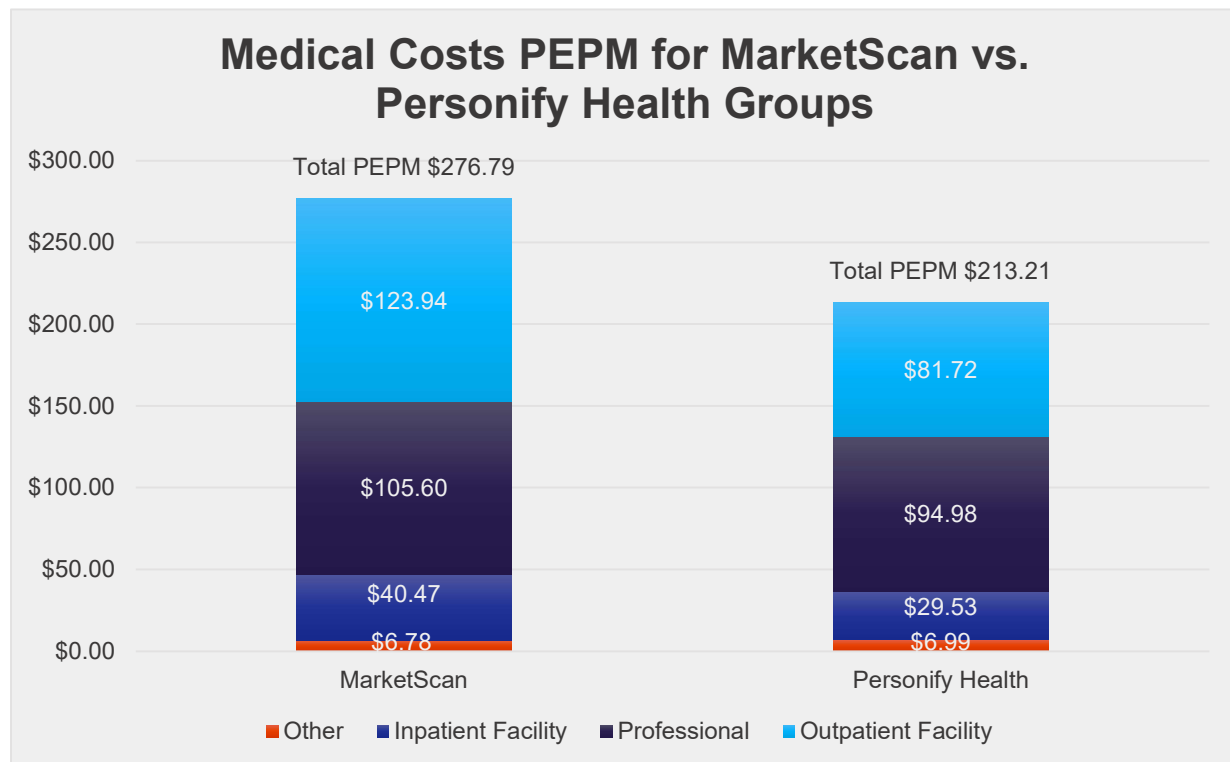
The most significant variances from market are listed below, as well as descriptions of Personify Health clinical and cost containment programs that may have contributed to these results.

Clinical Cost Differences

Lower risk-adjusted medical costs for Personify Health members across total inpatient, outpatient, and professional services.

On a geographically adjusted and risk-adjusted basis, our analysis revealed that Personify Health members in elected programs had 23% lower allowed costs or \$63.58 per employee per month (PEPM) across MSAs with greater than 10,000 member months, relative to market averages in the same MSAs. Allowed amounts were used since they reflect total costs, including the member cost share portion of the claim.

The graph below represents total PEPM allowed costs for groups studied from both the MarketScan® and Personify Health datasets. Each section of the bar chart represents a separate service category (inpatient facility, outpatient facility, professional, and other services). The graph shows lower costs across every service category listed for managed Personify Health members, resulting in 23% lower allowed costs in total.



Inpatient and outpatient services were 34% and 27% lower cost than risk-adjusted claims representing the commercial marketplace in the same geographic regions. The driving services of the lower cost variance include inpatient medical/surgical and outpatient surgery which were \$6.22 and \$19.93 PEPM lower in respective costs.

These lower facility costs are corroborated by professional costs, signaling a shift in volume from facility to lower cost professional services and more managed care.

We also observed Personify Health's OON costs make up only 1.2% of total medical costs, while 7.3% of total spend is incurred OON in the MarketScan data. Although we can't normalize by plan type or consider utilization pattern differences, this relativity is indicative of more managed costs outside of network.

Note that we did not have access to the appropriate utilization data to determine whether these differences are driven by unit cost or utilization. However, by putting both datasets on the same geographic basis, we remove the geographic cost differences that may drive unit cost differences. Thus, we expect these costs to vary more due to utilization and care management differences than unit cost.

Further detail on the programs in place that may have contributed to these lowest costs are provided below.⁵

Member Activation and Smart Match

Targeted, timely outreach campaigns to members based on claims and preauthorization triggers to flag benefits, care gaps to fill, high quality provider steerage opportunities, etc. to members via text, email, IVR phone, and in-app messaging. Optimized using hundreds of AI predictions to determine a member's social determinants, likelihood to engage and complete programs, propensity to engage by each communication channel, etc.

Deeper Payment Integrity capabilities

Investments in AI and expansion of Personify Health's clinical panel to review even small dollar claims and review each claim with additional clinical rigor.

Advocacy and Coaching

Licensed specialists that help members with 25+ different categories of needs spanning stress, mental health, nutrition, child rearing, etc. that also serves as an additional entry point into care coordination and completes the continuum of care support we offer.

⁵ These descriptions were provided by and were not independently verified by Wakely.

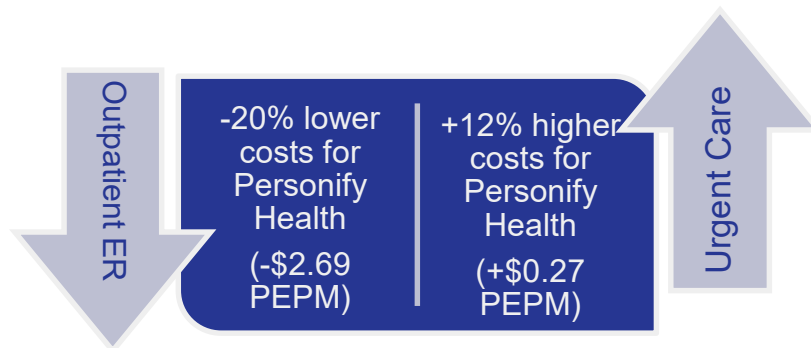
Health Advocates support members in finding high quality providers, accessing Centers of Excellence, address care gaps, and coordinate acute care needs.

Facility vs. Professional Shift of Care

Distribution of costs between professional and facility indicate more care shifts from facility to professional care.

Personify Health professional costs are more aligned with market averages in the same metropolitan statistical areas (MSAs). This relativity is true in total, across all Personify Health groups included in the study. In general, risk-adjusted professional claims are 10% lower than market versus 23% across all services. This cost relativity signals a shift from facility to professional care. This relativity also holds true for large claimants, which are 14% lower cost across all service categories, but 15% higher for professional services, where more managed care is necessary.

The same shift is also observed in emergency care. Emergency Room costs were approximately 17% lower for Personify Health’s population. A portion of these costs can be seen shifting to Urgent Care; however, the shift in costs still results in a net savings for Personify Health, as shown in the PEPM values below.



Further detail on the programs in place that may have contributed to these findings are provided below.

Personal Assistants

Specialists dedicated to making outbound, proactive calls to individuals with high complexity care journeys, to support navigation and steerage to high quality providers.

Emergency Room Solutions

Immediate outreach and engagement with members as early as a single non-emergent visit, paired with personalized education on alternatives and benefit advantages.

High-Cost Claimants

Lower total medical costs across members who exceeded \$100,000 in medical claims.

High-cost claimants make up a small portion of its total population at 13,000 member months. On a risk-adjusted basis, our analysis revealed that Personify Health high-cost claimants had 14% lower allowed costs. Allowed amounts were used since they reflect total costs, including the member cost share portion of the claim. Personify Health's covered population saw a decrease in facility spend (inpatient and outpatient) and an increase in professional spend indicating that its care management programs are shifting costs away from higher cost facility sites of service to professional sites of service, which have lower unit costs.

In addition to the Nurturing Together program discussed in the 2019 analysis, Personify Health offers services to manage costs associated with high-risk newborns. Among Personify Health's high-cost claimants, NICU-related costs were approximately 23% lower compared to the benchmark's high-cost population. This trend was consistent regardless of whether the claims were risk-adjusted or not. Due to limitations in Personify Health's data, we were unable to accurately separate physician and facility costs associated with NICU stays.

Non-Risk Adjusted NICU Related Costs Allowed PMPM			
Cohort	MarketScan	Personify Health	% Difference
All	\$1,260.73	\$605.10	-52%
High-Cost Claimants	\$5,878.33	\$4,540.90	-23%

Similarly, Personify Health's high-cost claimants utilizing dialysis services experienced approximately a 26% reduction in costs across all service sites on a risk-adjusted basis. Although most end-stage renal disease (ESRD) members eventually transition from the employer's plan to Medicare, there is a 30-month coordination period during which they can remain covered under their employer's health plan. Personify Health's care management program does not aim to address all aspects of care for ESRD members. Given Personify Health's primary focus on dialysis unit costs, we did not observe savings in per member per month (PMPM) costs among members with ESRD.

Dialysis Risk-Adjusted Allowed PMPM						
Cohort	MarketScan		Personify Health		% Difference	
	Dialysis	ESRD	Dialysis	ESRD	Dialysis	ESRD
All	\$313.11	\$223.93	\$252.93	\$280.35	-19%	25%
High-Cost Claimants	\$433.09		\$385.92		-11%	

Further detail on the programs in place that may have contributed to these findings are provided below.

Digital Care Checklists

Care gaps and condition management linked to claims, available through Personify Health’s intuitive member portal.

High Risk Maternity Management

Program that boasts high engagement (70%+) engaging high risk maternity cases, wrapping with holistic health and social determinant assessments, to drive improved outcomes and proven reduced NICU utilization.

Dialysis Management

Benefit determination and provider engagement approach to secure lower unit price for dialysis services while offering members additional coverage.

Lower Costs Year-Over-Year

Consistently lower inpatient medical/surgical and emergency care costs.

When conducting this same study on 2019 data, we found Personify Health had lower inpatient medical/surgical costs and lower emergency care costs, consistent with the results of the 2022 study.

The table below outlines the differences in inpatient facility costs across all Personify Health data relative to MarketScan® in both the 2019 and 2022 study. In total, we observed consistently lower inpatient costs.

Service Category Group	Service Subcategory	PMPM Difference in 2019 Personify Health Groups	PMPM Difference in 2022 Personify Health Groups
Inpatient Facility	Medical/Surgical	(\$14.25)	(\$6.22)
	Maternity	\$0.20	(\$4.66)
	Mental Health/Substance Abuse	(\$2.02)	(\$2.29)
	Special Needs Facility	(\$0.05)	\$2.23
	Total	(\$16.12)	(\$10.94)

*Negative values represent savings for Personify Health relative to the benchmark population

We also noted the shifts among the more detailed inpatient service categories. Although the differentials decreased for medical/surgical and special needs facilities, there was more of a cost

differential for inpatient maternity costs, which could also relate to the maternity care management programs mentioned above.

The same trends hold true for outpatient emergency care. In the prior study we observed 46% lower cost than the market population. In the 2022 study, we still observe 20% lower outpatient emergency costs than the market population.

Overall, for the MSAs and enrollee subsets studied in this analysis, Personify Health continues to achieve reductions in the cost of services as compared to the large group employer market in those same areas.

Limitations

Factors that are not controlled and could positively or negatively affect the cost comparisons in this study include:

- Limitations quantifying utilization and unit cost among two datasets given differing payment adjudication systems.
- Significant differences in medical discounts negotiated for Personify Health's groups vs. those in the MarketScan® dataset.
- Differences in programs, vendors and protocols that may have influenced patient care and utilization patterns.
- If excluded geographies were to be included in the analysis, the overall cost differences may vary substantially, particularly for inpatient claims.
- Differences in claims administration or quality of data provided.
- Socioeconomic factors that could drive different utilization patterns beyond medical risk exposure.
- Differences in the geographic footprint within a MSA between Personify Health and MarketScan® datasets.
- The differences in ICD-10 diagnosis coding between Personify Health and MarketScan® datasets.
- Differences in Out-of-Network utilization patterns and management that could be driven by plan type.

As a result, differences between actual results and the aggregate results described in our analysis may vary. Note that Personify Health observations recognized in prior experience do not guarantee any results in future performance.

Disclosures

Conflict of Interest. Wakely provides services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. The responsible consultants are financially independent and free from conflict concerning all matters related to performing the services underlying this analysis. In addition, Wakely is organizationally and financially independent to Personify Health.

Responsible Actuaries. Jackie Walker and Achyut Bathani are the actuaries responsible for this communication. Both are Members of the American Academy of Actuaries. Jackie and Achyut are Associates of the Society of Actuaries. They meet the Qualification Standards of the American Academy of Actuaries to issue this report.

Intended Users. This paper has been prepared for the sole use of the management of Personify Health and cannot be distributed to or relied on by any other third party without prior written permission of Wakely, except that Personify Health may share this report with prospective Personify Health clients. The report must be shared in its entirety, including the description of the methodology, all limitations, and other caveats to this analysis.

Risks and Uncertainties. The assumptions and resulting estimates included in this analysis are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. **Actual results may vary, potentially materially, from our estimates.** It is the responsibility of the organization receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Reliance on Personify Health. We have relied on Personify Health to provide detailed data and descriptions of their medical cost management services. We have reviewed these materials for reasonableness but have not performed any independent audit or otherwise verified the accuracy of the information. If the underlying information is incomplete or inaccurate, our conclusions may be impacted, potentially significantly.

Contents of Report. This document constitutes the entirety of the report and supersedes any previous communications on the project.

Deviations from ASOPs. Wakely completed the analyses using sound actuarial practice. To the best of our knowledge, the report and methods used in the analyses comply with the appropriate ASOPs with no known deviations. A summary of ASOP compliance is listed below:

ASOP No. 23, Data Quality

ASOP No. 41, Actuarial Communication

ASOP No.45, The Use of Health Status Based Risk Adjustment Methodologies

ASOP No. 56, Modeling