

Health & Disease Management Service

Disease Management Organization Trends and Leaders

Outsourcing DM is on the decline; in-sourcing DM and wellness growing as core capabilities

HIRC's annual report on leading disease management organizations (DMOs) highlights overall market size and growth potential, as well as leading payers' activities in disease management. HIRC expects disease management revenue to exceed \$5 billion by 2011 driven by payers desire to manage costs while assuring quality of outcomes. Additionally, health care reform emphasizes the importance of wellness as a means to managing costs and outcomes.

While the total disease management/wellness market will continue to grow, outsourcing to DMOs is on the decline. Leading DMOs Healthways and Alere are well-positioned to promote wellness, the only area expected to see near-term growth.

Key Findings

However, outsourcing is on the decline as payers continue to move programs in-house and DMOs see their share of the total market decline to 38%. This trend has been fueled by the following factors:

- Internal DM expertise continues to improve (e.g. United Health's use of its subsidiary OptumHealth).
- A challenging economic climate has forced many companies to reevaluate spending behavior; outsourcing often fails to provide consistent ROI to justify expense.

About HIRC

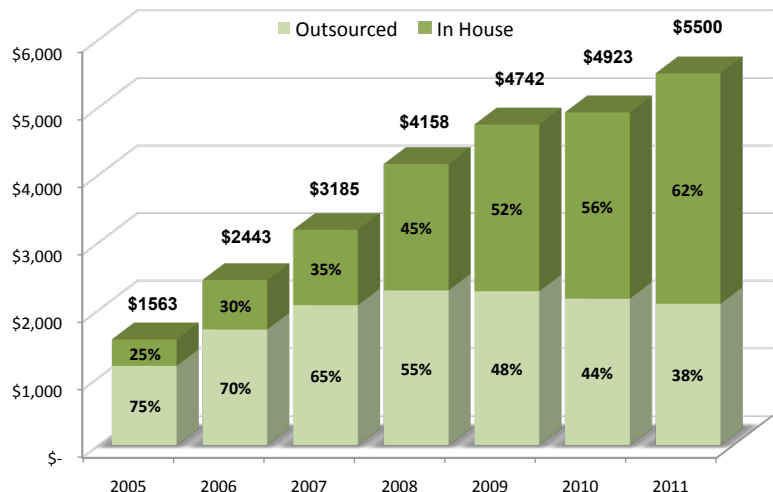
Health Industries Research Companies (HIRC) conducts strategic market research on trends in health care, pharmaceuticals, and managed care businesses.



303 Potrero Street #42-305
Santa Cruz, CA 95060

www.hirc.com

Estimated Total DM/Wellness Revenue (\$M) & Outsourcing as a Percent of Total Market



Source: DMPC Estimates.

Healthways and Alere are Leading Health Plan Partners

HIRC's health plan executives use Healthways most frequently when developing outsourced programs due to its large base of patients, expertise in treating multiple comorbidities, and proven clinical outcomes.

Top Five Disease Management Organizations Partnering with Health Plans

1. Healthways
2. Alere
3. Accordant
- 4.* Health Dialog
- 4.* Health Management Corp.

* - tie.

Source: HIRC, *Health & Disease Management Service*, Spring 2011, n=111.

Plans find value in Healthways' programs as they are both NCQA and URAC accredited, and focus on common chronic conditions and their associated comorbidities. Healthways has also developed a partnership with Medco, enabling them to perform total population management through access to robust pharmacy claims data.

Alere is recognized for providing programs focused on the common chronic conditions, but also provides additional programs in oncology and depression. They provide a variety of health management services to employers including telephonic interventions for employees with chronic conditions, biometric screening, and health coaching. Alere also offers case management and wellness programs.

Research Methodology and Report Availability

The *Leading Disease Management Organizations* report is written in collaboration with Al Lewis from the Disease Management Purchasing Consortium (www.dismgmt.com). Additional data is provided from HIRC's spring 2011 survey of 111 panelists from four managed care markets. HIRC also conducted one-on-one follow-up interviews with a subset of these respondents to gather ratings and qualitative information

The *Leading Disease Management Organizations* report is part of the *Health & Disease Management Service* and is now available to subscribers at www.hirc.com.

About HIRC's Health & Disease Management Service

The *Health and Disease Management Service* highlights health and disease management initiatives within significant managed care customer segments. This research provides benchmarking profiles of manufacturers' disease management program investment across commercial health plan and Medicare segments, an overview of specialty therapeutics disease management, patient-centered medical home, and accountable care organizations. In-depth case studies highlight the key components of disease management program collaborations between pharmaceutical manufacturers and health plans.

Research is conducted via extensive surveys and one-on-one interviews with health care industry executives across four customer markets:

- Health Plan Pharmacy Directors
- Health Plan Medical Directors
- Health Plan Quality Managers
- Medicare Executives

Contact Information

Karen Ernst
Director, Health and Disease
Management Service
831.426.5283
kernst@hirc.com