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Health Solution Spotlights

HealthSpring: Springing Ahead

Written by Meghan Flynn
Tuesday, 30 September 2008

Herb Fritch, CEO of Nashville, Tenn.-based HealthSpring, shows just how much experience he has in the managed care industry when he says with a chuckle, "If you want to be in the Medicare business, you better be flexible because your one payor is subject to a host of factors beyond your control. Coping with constant change is part of the business."



Herb Fritch, CEO

So far, HealthSpring has been more than capable of doing so. It is the fastest growing coordinated care plan in the country and today is nearly exclusively focused on the Medicare Advantage market. Fritch founded HealthSpring in 2000, when the Medicare market was anything but promising, but he had a plan. His previous experience with North American Medical Management creating and managing physicians groups emphasized how beneficial collaborative work between managed care providers and physicians can be.

"We knew we needed to make the right contracts with hospitals and other providers and engage doctors by aligning their incentives with our own," Fritch said. "But we were surprised by our ability to grow the Medicare membership so dramatically and quickly."

Fritch found success everywhere he applied this model. One year after acquiring Alabama-based HMO The Oath, the number of enrollees doubled. Two years after acquiring another HMO in Texas, enrolled members jumped from 7,800 to 27,000. Since then, HealthSpring has moved into Illinois, Mississippi, and Florida. Its success increased its need for wider funding options, so, in 2006, the company went public to gain more access to capital.

Two new programs

That liquidity went a long way in enabling the company to launch two new programs: its Pay for Quality and OptimaCare plans, which both further the company's goal to focus on preventative care, wellness, and improved disease management.

Launched as a pilot program in 2004, Pay for Quality is representative of a growing trend in the managed care industry. Physician reimbursement is linked to physicians' emphasis on preventative care screenings and check ups, rather than reactive treatments. After three years of testing, the results are dramatically positive: preventative mammography, pneumonia, and diabetic eye exams increased by more than 60%, influenza exams increased by more than 100%, and diabetic foot exams by more than 300%. Furthermore, ED visits and hospital admissions per 1,000 members decreased by 7% and 11% respectively, and the health plan's medical cost ratio decreased by 8%.

"With these preliminary results, we are encouraged that the numbers show this program has made a significant impact on care and quality of life for our members. This is evidence that we are making headway in our goal to keep our patients healthy rather than just reacting when they are sick," Fritch said in a related press release.

He said this program was developed in tandem with several physician advisory groups that continue to monitor any changes to the program. The



Two new products exemplify how this company's strategy of collaboration with physicians and emphasis on preventative care is the way of the future.

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long-term goal of the program is to increase member compliance levels from as little as 30% to between 60% and 70% within the first year of the program's implementation. If enrolled physicians hit improvement targets, HealthSpring allows for a 20% bonus. But Fritch added that the physicians needed more than incentives to sign on.

"They said the incentive aspect was great, but what they really needed was help with the administrative burden of implementing the program," he said. So HealthSpring typically installs a nursing resource in participating offices and is in the process of implementing an Internet-based automated disease registry tool. The software upgrade should be completed within the next two months as part of the program's second phase, which Fritch hopes will bring compliance rates up to 90%.

The other most recent program offering from HealthSpring is OptimaCare, launched in April. Specifically designed for people with high cholesterol, high blood pressure, or diabetes, it is designed to keep members healthy and avoid complications that can result from those conditions.

The plan offers members flat, \$10 co-pays for many name brand drugs, transportation to a doctor's office, membership at area fitness centers, and access to a HealthSpring Health Coach who can answer questions and help a member work toward physician-recommended health goals.

In a press release, Shawn Morris, president of HealthSpring Tennessee, explained that complications from these conditions don't have to kill hundreds of Americans every year. "With proper management, people with these conditions can live full, healthy lives. This plan offers an effective way for Medicare beneficiaries with these conditions to save money, take control of their health, and improve their quality of life," he said.

Fritch added that this plan is also defined as a Special Election by the CMS, which allows beneficiaries to enroll outside the federal 90-day annual limit, giving HealthSpring a broader opportunity to grow.

"This continues to be a challenging industry, but we continue to be optimistic about the business of Medicare. We have a long term strategy focused on managed care HMO products and collaborative efforts, which will see us through," concluded Fritch.

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