

UP for the challenge

Led by CEO
J. Michael
Jernigan,
Select Health
thrives in a
voluntary
market

by Tracey Walker

ON PAPER, the challenge in the South Carolina managed care market is pretty obvious: South Carolina has about a 5.8% managed care penetration rate, compared with the national average of 23.7% (Kaiser State Health Facts).

Although managed care plans might not have gained substantial market share or influence in South Carolina, under the leadership of CEO J. Michael Jernigan—and support of AmeriHealth Mercy Health Plan—Select Health of South Carolina, a health insurer licensed by the South Carolina Department of Insurance, has proven to the state that Medicaid managed care works, and is flourishing.

Since 2001, Select Health has saved the state of South Carolina more than \$6 million.

If one were to distill Jernigan's formula for success down to one key term, "engage" would probably prevail. "We have always believed that in order to have credibility with the provider community, they have to be engaged in clinical decisions," Jernigan says. "It's not our role in the healthcare delivery system to make those kinds of decisions without engaging them in the process."

One of Select Health's greatest challenges has been helping providers overcome their suspicions of managed care and dispelling their myths about the Medicaid population, according to Jernigan.

"We've overcome that challenge through collaboration, education and outreach, and by proving to each of our providers that we can help

them reach their growth goals," he says.

Other challenges include the rural geographic makeup of South Carolina and the prevalence of health disparities. "Those challenges make it difficult for people to access quality health-care," Jernigan says. "We've worked to overcome those obstacles by educating our members about the effects of chronic health conditions, and by expanding access in rural markets by contracting with rural and non-traditional Medicaid providers."

Select Health has been marketing its Medicaid health plan, First Choice, as a voluntary option for Medicaid-eligible families, since

1996. As the state's largest provider of Medicaid medical homes, Select Health and its provider network serve more than 58,000 members in 29 South Carolina counties.

The First Choice plan commands a network of more than 2,500 providers, 38 hospitals and 731 pharmacies.

"All four of South Carolina's children's hospitals and the Medical College of Georgia's children's hospital participate in our network," he says. "As a result of our strong pediatric network and the aid categories eligible for our plan, 85% of our members are children."

In addition to maintaining strong provider relationships, Jernigan believes that it is important to enlist community organizations and healthcare associations that are part of the policy-making process for Medicaid services in South Carolina.



J. Michael Jernigan
Select Health CEO

Q It has been said that disease management is difficult to implement in Medicaid for a variety of reasons. Do you believe this is true?

A I see this as a perfect opportunity to implement disease management—especially for chronically ill members. We have developed a number of disease and care management programs to assist our high-risk members. The disease management programs include: Sweet Choices for adult diabetics; Breathe Easy for pediatric asthmatics; Healthy Babies for high-risk pregnant members; and Sickle Cell for members who suffer from sickle cell disease. In each of these programs, we identify high-risk members affected by the chronic conditions, make contact with them and then offer education and opportunities to improve their medical care.

For those members who unfortunately are only eligible for Medicaid for a short period of time, it's much more difficult to implement disease management programs that can have measurable impact. For those individuals who maintain Medicaid eligibility for a year or more, we believe that we can help improve their health status.

Q State budgets are said to be tight. Do you believe that states realize that disease management can potentially produce savings and improve care?

A There are many states interested in hearing about disease management. In the last three to four years, states have been willing to invest in the infrastructure and make a long-term commitment that is required to make disease management successful.

I spent all of my years up until the mid-1990s working for hospitals in various capacities, and I realized that patients who don't have medical homes use the ER for their primary care and for minor illnesses. In addition to our disease management programs, Select Health recently added an ER Utilization Program. The program uses claims analysis to identify members who

utilize the ER three or more times in one month. A case manager then contacts the member to find out the cause of the ER usage and devises a plan to reduce it.

Q What is your relationship with AmeriHealth Mercy? What has been AmeriHealth Mercy's impact on your company?

A Select Health of South Carolina is a wholly-owned subsidiary of AmeriHealth Mercy. AmeriHealth Mercy, a mission-driven organization, is the largest multi-state Medicaid managed care organization serving more than 1.5 million members in eight states. Their Medicaid-focus and mission allows Select Health to stay focused and benefit from the national reputation of the company.

As part of AmeriHealth Mercy, Select Health has introduced a number of programs and initiatives to better serve the needs of our membership. Those programs and initiatives include:

- **Pharmacy Benefits Management.** After several years of double-digit inflation for pharmacy costs, Select Health contracted with AmeriHealth's PerformRx program for pharmacy management. As a result of PerformRx and the effective efforts of our Pharmacy and Therapeutics Committee, Select Health reduced its inflation trend for drug costs, saved approximately \$3 million annually and increased generic utilization from 51% to 62% between December 2002 and December 2004.

- **Expansive Community Outreach.** Select Health has implemented two of AmeriHealth Mercy's most successful community outreach programs:

The Health Ministry Program for Women. This faith-based health initiative is designed to lead minority women toward healthier lifestyles.

To date, more than 1,000 women across the state have participated in the program.

Healthy Hoops. This program educates

children with asthma and their caregivers about how to manage the disease through appropriate medication usage, proper nutrition, monitored exercise and recreational activities. Celebrity basketball coaches and clinical staff work together to make the program fun and exciting for children, while educating their families.

Q How is Select Health responding to current Medicaid budget challenges?

A The South Carolina Medicaid fee-for-service program continues an annualized trend in excess of 10%. Milliman and Company recently calculated that Select Health saved the state more than \$6 million during the three years ending December 2003, thereby confirming the cost-effectiveness of our health plan. Our message to legislative leadership includes information about these cost savings, improved access to care, and excellent satisfaction for members and providers.

Like all states, South Carolina continues to look at free-market solutions for managing the Medicaid program. We share our business goals each year with state officials to ensure collaboration. Our teamwork with strategic providers across the state also has helped us build credibility with state officials.

We strive to improve the operating performance of the health plan by effectively engaging providers from across the state in our committee structure for policy discussion and oversight. MHE

AT A GLANCE



HEADQUARTERS
North Charleston, S.C.

EMPLOYEES 115

MEMBERS 58,000

PHYSICIANS 2,500

MARKETS SERVED
29 South Carolina counties

2004 REVENUE
\$71,000,000

2005 PREDICTED
\$82,657,000

MHE Source: Select Health