



Multi-Specialty Managed Care

**An Interview with René Lerer, M.D.,
Chairman and Chief Executive Officer, Magellan Health Services**

EDITORS' NOTE Dr. René Lerer previously served as President and Chief Operating Officer of Magellan Health Services after joining the company in 2002. Prior to that, he was Co-Founder and President of Internet Healthcare Group. He has also served as Chief Operating Officer of Prudential Healthcare nationally and as President of the Travelers Health Network. He currently serves on the board of directors for the Internet Healthcare Group. Lerer was appointed to the Board of Regents for



Dr. René Lerer

Higher Education by Governor Dannel Malloy of Connecticut; serves on the board of directors of HAIS, an international migration agency of the American Jewish community; and on a panel with the American Cancer Society called CEOs Against Cancer. He holds a bachelor's degree in Psychobiology from Oberlin College and a doctor of medicine degree from the State University of New York at Buffalo.

COMPANY BRIEF Magellan Health Services (www.magellanhealth.com) is one of the country's leading specialty health care management organizations leveraging clinical excellence, innovation, and operational expertise to manage behavioral health, radiology, specialty pharmaceuticals, and Medicaid benefits. The company's customers include health plans, employers, and government agencies, serving approximately 31.2 million members in its behavioral health business, 16.3 million in its radiology benefits management segment, and 5.5 million members in its medical pharmacy management product. The company's Medicaid Administration segment serves 25 states and the District of Columbia.

Would you give an overview of the segments within Magellan Health Services?

We're one of the only multispecialty managed care companies tackling some of the highest-touch, highest-cost areas of health care. Our customers include state and local governments, large employers, and health plans. We target those areas of health care that are the most challenging for our customers because they require an expertise and a focus that takes time and resources.

We divide our business into three segments: behavioral health, radiology benefits management, and pharmacy management. Our work in behavioral health – where we currently manage services

for 10 percent of the U.S. population – includes managing mental health services, substance abuse treatment, and specialized programs, such as treatment for children with an autism spectrum disorder. We are dedicating significant resources to the coordination of physical and mental health care for individuals with serious mental illness (SMI). Often these are people challenged by underlying medical problems that exacerbate their anxieties. We know, for example, that a diabetic who is depressed is a higher utilizer of services if you don't manage their

ongoing depression. Some states are seeing that a few thousand people with SMI can cost millions of dollars when care is not thoughtfully coordinated by someone who understands these mental health challenges. This is why we're working on integrated models that place the behavioral health provider at the center of managing care.

Our second segment covers radiology benefits management. We have expanded from managing high-tech radiology to managing services related to radiology such as cardiac imaging and radiation oncology. The two most common cancer treatments are chemotherapy and radiation therapy, the latter of which is of great interest for many health plans because it is commonly used for breast cancer, lung cancer, and colon cancer treatment.

Our radiology segment works also with states, HMOs, and Medicaid HMOs to look at the utilization of those high-tech services. We use more CT and MRI scans in this country than anywhere else in the world. And the question is, has that increased usage positively impacted health care and the quality of care? So we spend time with health plans developing clinically oriented algorithms to identify when it may or may not be appropriate or where that service can best be delivered to optimize the care and cost and ensure patient safety.

The third business segment is pharmacy, where we have brought two businesses together to create a combined pharmacy approach. One unit is primarily a specialty drug management business that works in formulary management. Specialty drugs are typically injectable or infusible and high cost – a minimum of \$10,000 per year. This has been an area of high interest among health plans because the cost of these drugs is rising rapidly, compared to traditional drug spending, which has slowed considerably.

The other unit within this area works with 25 states and the District of Columbia to manage

their traditional pharmacy benefits, primarily in Medicaid. In that business, we handle anything from administering the benefit to putting together rebate structures and doing prior authorization on clinical programs. So for what the states need, we've built a full-service pharmacy Medicaid Administration program.

How much of an impact has technology had on the business?

Technology is critical from several perspectives. One thing that has gotten a lot of attention is these high radiation exposure procedures, for example, so we've put together apps that let you collect that data so that you understand what your exposure is to radiation and take that into account with your physician when you decide which tests you need.

How important is it for the company to be a good corporate citizen?

I'm very pleased that giving back to the communities where our employees and customers work and live is part of our DNA at Magellan. We started with something called the Spirit Team in every office across the country where people volunteer their time and support to create a better workplace and community.

I'm also proud of our work to launch Hero Health Hire (www.HeroHealthHire.com), which brings together more than 30 health care companies representing over 750,000 employees with a commitment to identify, hire, and support our nation's veterans. Magellan is offering specialized support for any veteran hired through this program in any of the participating companies.

We've also been active in an organization called Share Our Strength, which is a nonprofit with the goal of ending childhood hunger.

Have key health care reform issues been addressed to create true reform?

The issues have been identified. Unfortunately, it has become highly politicized. There is a need in this country to understand health care and make sure people have access to it; that's a challenge when 50 million people are not insured. The issue is working collaboratively to determine what we can do as a country and culture to support the population so that people who are in need of health care get it, no matter how it's funded.

My goal, particularly as a physician, is to make sure we take care of people the right way. There is a good deal of confusion right now and my hope is that we can bring clarity to a health care system that takes care of people in a way that is financially sound for the individual and the country. ●