Value-Based Care (VBC) Programs

Broker Presentation

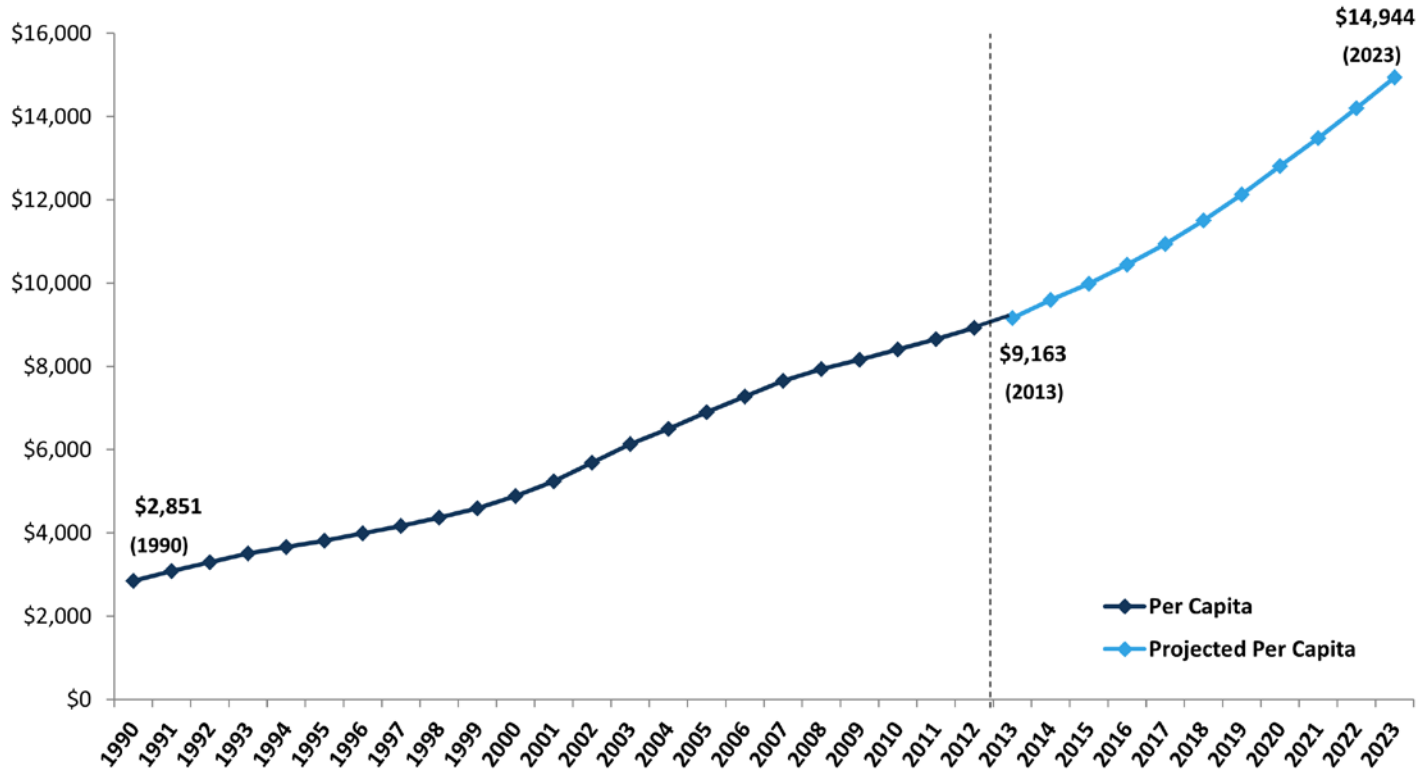
May 23, 2017

BlueCross BlueShield Nebraska

Agenda

- Goal of Value-Based Care
- Value-Based Care Evolution
- 2015-2016 Results
- Opportunities for 2017
- Lessons Learned
- Patient-Centered Medical Homes (PCMH)
- Accountable Care Organizations (ACO)
- Reporting

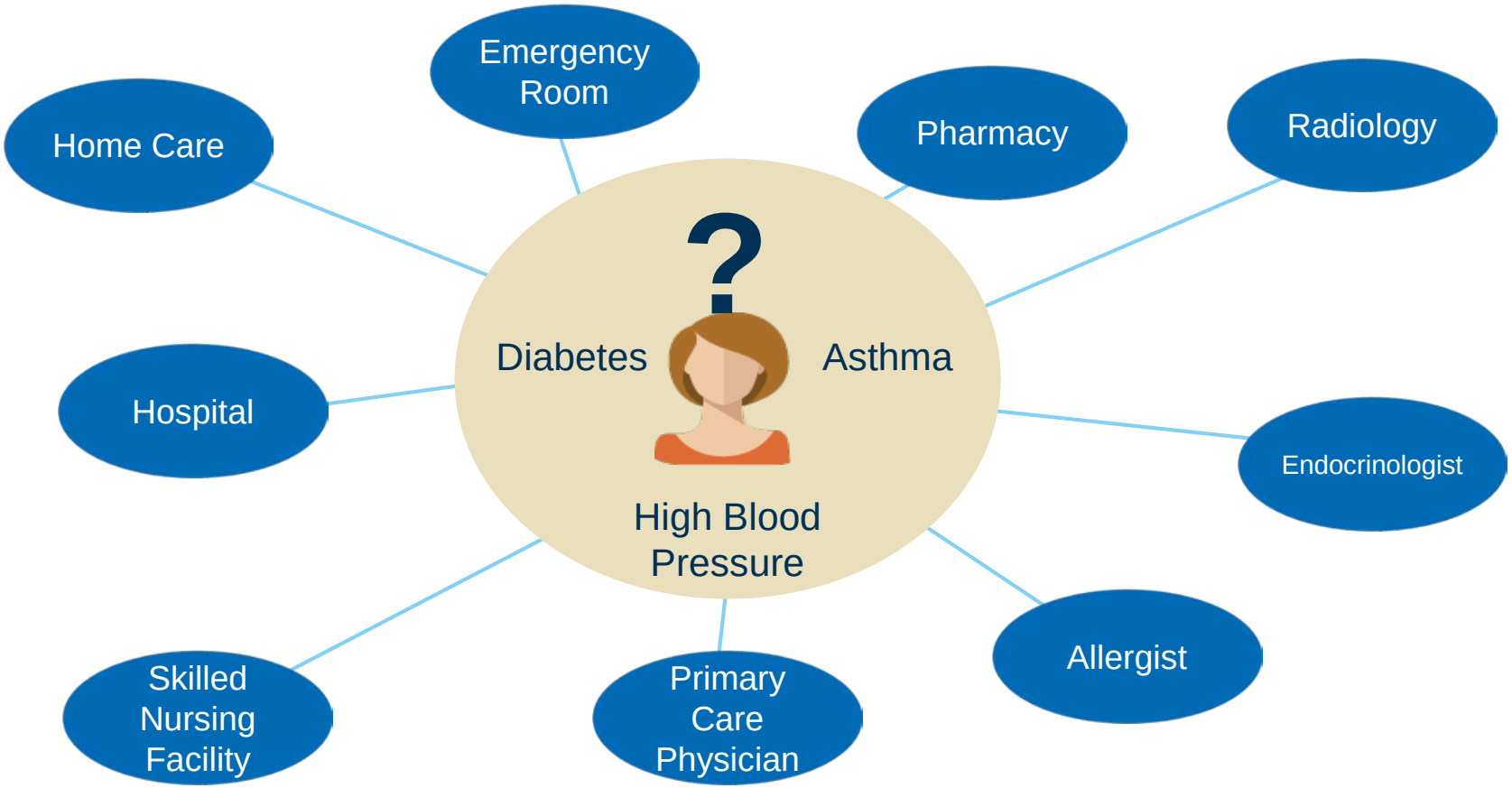
National Health Expenditures per Capita, 1990-2023



SOURCE: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at http://www.cms.hhs.gov/NationalHealthExpendData/ (Historical data from National Health Expenditures by type of service and source of funds, file nhe12.zip; Projected data from NHE Historical and projections 1965-2023, file nhe65-23.zip).

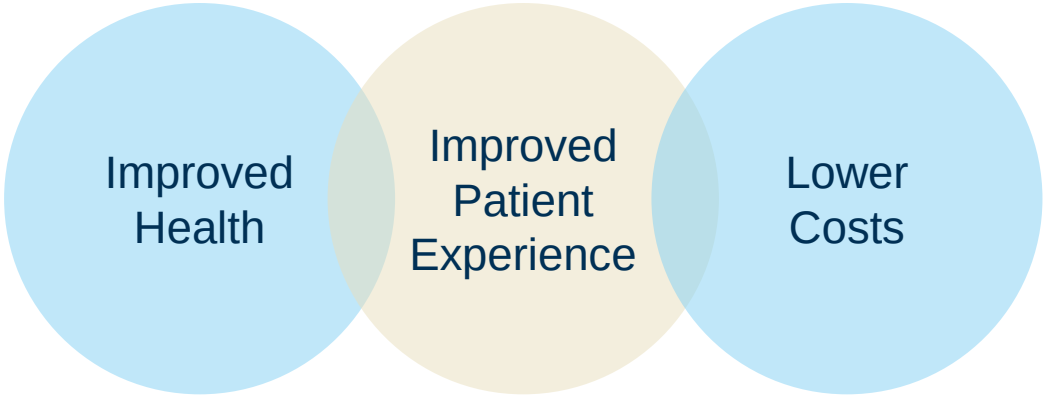
THE HENRY J. KAISER FAMILY FOUNDATION

Complex Chronic Member in a Fragmented System



Goal of Value-Based Care: The “Triple Aim”

The Institute for Healthcare Improvement believes new models should be developed to pursue three dimensions, referred to as the “Triple Aim.”

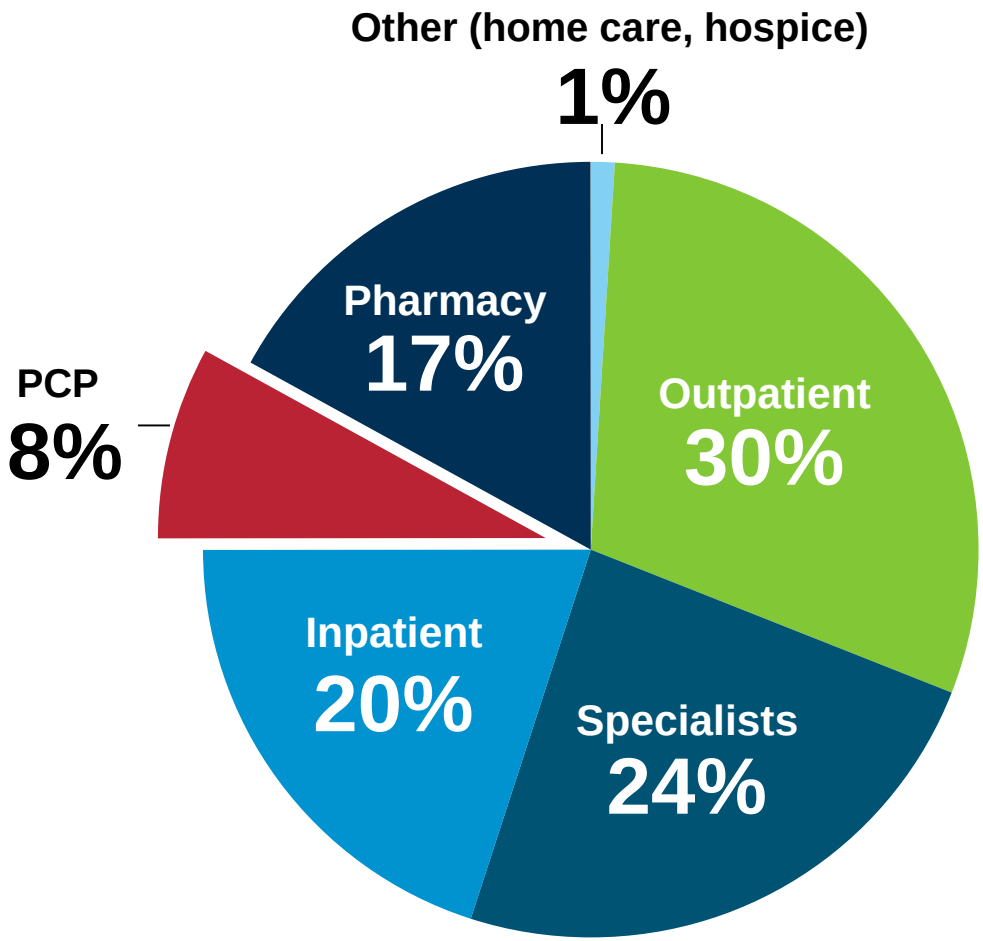


Value-Based Care: Transforming Health Care Delivery

- Pay for value, not volume
- Risk and/or reward for quality, health outcomes and patient satisfaction
- Help consumers become active in their health care

Vital Role of the Primary Care Physician

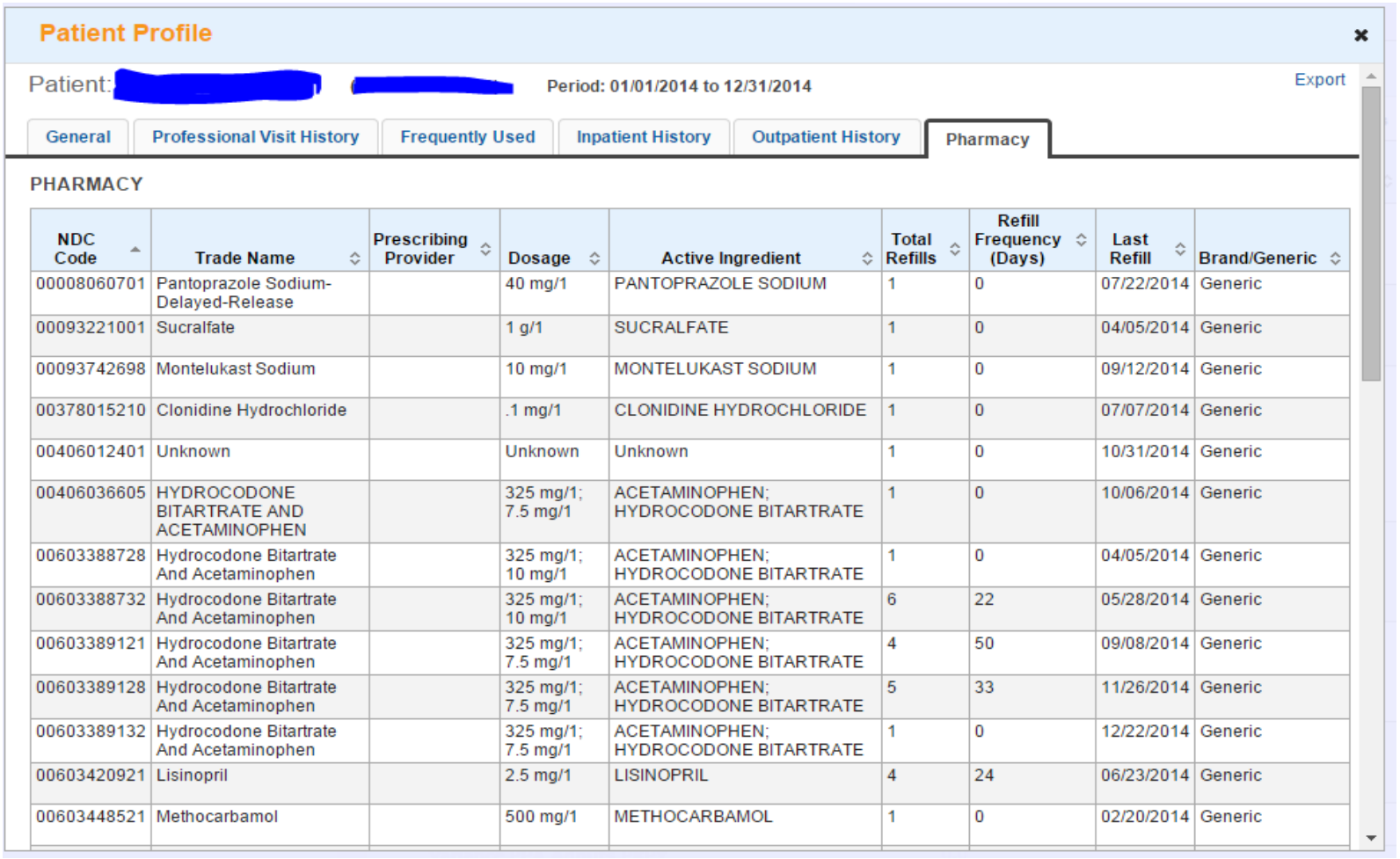
Primary care physicians account for only 8% of health care spending, but their influence is considerable



How Do We Make the Transition to Value-Based Care?

- Identify candidates among primary care providers
- Establish the connection between a primary care provider and a BCBSNE member in our data
- Create financial incentives for primary care providers
  - Invest for success
- Share robust and actionable information that helps the primary care provider deliver high quality care at a lower costs
- Offer practice transformation consulting
- Hold the primary care provider accountable for outcomes:
  - High quality
  - Lower costs
  - Higher patient satisfaction

Pharmacy



Patient Profile

Patient: [redacted]

Period: 01/01/2014 to 12/31/2014

Export

General | Professional Visit History | Frequently Used | Inpatient History | Outpatient History | Pharmacy

PHARMACY

NDC Code	Trade Name	Prescribing Provider	Dosage	Active Ingredient	Total Refills	Refill Frequency (Days)	Last Refill	Brand/Generic
00008060701	Pantoprazole Sodium-Delayed-Release		40 mg/1	PANTOPRAZOLE SODIUM	1	0	07/22/2014	Generic
00093221001	Sucralfate		1 g/1	SUCRALFATE	1	0	04/05/2014	Generic
00093742698	Montelukast Sodium		10 mg/1	MONTELUKAST SODIUM	1	0	09/12/2014	Generic
00378015210	Clonidine Hydrochloride		.1 mg/1	CLONIDINE HYDROCHLORIDE	1	0	07/07/2014	Generic
00406012401	Unknown		Unknown	Unknown	1	0	10/31/2014	Generic
00406036605	HYDROCODONE BITARTRATE AND ACETAMINOPHEN		325 mg/1; 7.5 mg/1	ACETAMINOPHEN; HYDROCODONE BITARTRATE	1	0	10/06/2014	Generic
00603388728	Hydrocodone Bitartrate And Acetaminophen		325 mg/1; 10 mg/1	ACETAMINOPHEN; HYDROCODONE BITARTRATE	1	0	04/05/2014	Generic
00603388732	Hydrocodone Bitartrate And Acetaminophen		325 mg/1; 10 mg/1	ACETAMINOPHEN; HYDROCODONE BITARTRATE	6	22	05/28/2014	Generic
00603389121	Hydrocodone Bitartrate And Acetaminophen		325 mg/1; 7.5 mg/1	ACETAMINOPHEN; HYDROCODONE BITARTRATE	4	50	09/08/2014	Generic
00603389128	Hydrocodone Bitartrate And Acetaminophen		325 mg/1; 7.5 mg/1	ACETAMINOPHEN; HYDROCODONE BITARTRATE	5	33	11/26/2014	Generic
00603389132	Hydrocodone Bitartrate And Acetaminophen		325 mg/1; 7.5 mg/1	ACETAMINOPHEN; HYDROCODONE BITARTRATE	1	0	12/22/2014	Generic
00603420921	Lisinopril		2.5 mg/1	LISINOPRIL	4	24	06/23/2014	Generic
00603448521	Methocarbamol		500 mg/1	METHOCARBAMOL	1	0	02/20/2014	Generic

VOLUME TO
VALUE

A New Way of Paying for Health Care

- The current model of **fee for service increases** is unsustainable
- Need to shift from **quantity to quality**

How?

- **Slow the growth** of year over year fee increases and reallocate the pool of dollars to value-based programs

BCBSNE Value-Based Programs

- PCMH Program Pilot began in 2010
- Launched first ACO in 2014

Evolution of Value-Based Care at BCBSNE

Current Participation in Value Based Programs

236	1,159	164,000
CLINICS	**PROVIDERS**	**MEMBERS**

Program	Clinics	Providers	Members
PCMH	136	593	96,000
ACO (7)	130	566	68,000

2015-2016 Program Year Results

ACO Savings

- **$19 PaMPM total** cost of care below projected

ACO Utilization

- Potentially preventable admissions **9% better** than other primary care clinics in Nebraska
- ER costs **15% lower** than expected

PCMH Savings

- **$5 PaMPM lower** total cost of care than other primary care clinics in Nebraska

PCMH Utilization

- Potentially preventable visits **11% better** than expected
- ER costs **20% lower** than expected

Opportunities in 2017

Re-design programs for July 1, 2017

- 360 degree evaluation of current state
  - Providers, ACO executives, Brokers and Group Leaders

CPC+

- Accelerate shift from volume to value by partnering with CMS via the CPC+ Program
- Provides additional financial resources to Nebraska providers for practice transformation
  - CMS will pay $15 PMPM to CPC+ track 1 clinics and $28 PMPM to CPC+ track 2 clinics

Lessons Learned

1. **Simplify and standardize**
   - Great learnings from pilot programs and variations, but need a streamlined program to measure results and ease communication

2. **Not all attributed members are the same**
   - Historically had one flat care coordination payment, regardless of risk
   - Need to more appropriately compensate the physician for the risk of the attributed patient

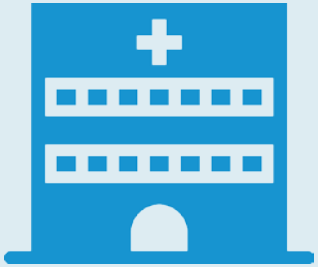
3. **Lower the care coordination payments and provide retrospective shared savings**
   - Prospective payment models with repayment risk were not widely accepted in the market

4. **Align quality measures with CMS to ease physician workflow**

Blue Cross and Blue Shield of Nebraska Value-Based Care Programs for July 1, 2017

- Patient Centered Medical Home (PCMH)
- Accountable Care Organizations (ACO)

Patient Centered Medical Home (PCMH)



An innovative primary care clinic with the desire to implement the structure and processes necessary to achieve the Triple Aim

- Less than 5,000 attributed members
- Focus on practice transformation
- Quality is monitored and reported
- Interest in participating in an annual contract with a goal of aligning with CMS CPC+

Building on the 2016 PCMH Program Results

Focused on primary care clinics making the transformation to value-based care

PCMH Savings

- **$5 PaMPM lower** total cost of care than other primary care clinics in Nebraska

PCMH Utilization

- Potentially preventable admissions **3% better** than other primary care clinics in Nebraska
- Potentially preventable visits **11% better** than expected
- ER costs **20% lower** than expected

PCMH Financial Components

Care Coordination PMPM

Risk Stratification	PMPM
Non-User/Healthy	$0.40
Stable	$0.80
At-risk	$2.40
Simple Chronic	$3.60
Complex Chronic	$7.20
Critical	$2.40

Note: Estimated average PCMH PMPM will equal $2.

Highlights

- Risk stratified PMPM paid retrospectively every quarter
- Stratification of care coordination payments will deliver more dollars to providers that are managing care for patients with a higher illness burden

PCMH Quality Components

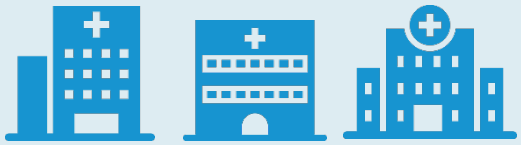
Quality Bonus

PCMH clinics will have the opportunity to earn a $2.50 PMPM bonus payment

PCMH clinics will be paid at the end of the program year

Payment based on scoring on quality measures compared to national benchmarks

Accountable Care Organizations (ACO)



A group of primary care clinics - independent or hospital based

- Greater than 5,000 attributed members
- Pay a base PaMPM for care coordination
- Chronic care management codes
- Shared-savings is achieved by meeting PaMPM targets
  - A budget is constructed from a base year PaMPM
  - A target PaMPM
  - PaMPM Bonus
- Quality becomes a threshold for shared-savings

Building on the 2016 ACO Program Results

The goal of value-based care is to deliver quality care at the right time, in the most efficient and effective way

ACO Savings

- **$19 PaMPM** total cost of care below projected

ACO Utilization

- Potentially preventable admissions **9% better** than other primary care clinics in Nebraska
- Potentially preventable visits **9% better** than expected
- ER costs **15% lower** than expected

ACO Financial Components

Care Coordination PMPM

Risk Stratification	PMPM
Non-User/Healthy	$1.00
Stable	$2.00
At-risk	$6.00
Simple Chronic	$9.00
Complex Chronic	$18.00
Risk Stratification	PMPM

Note: Estimated average ACO PaMPM will equal $5.00.

Highlights

- Risk stratified PaMPM paid retrospectively each quarter
- Stratification of care coordination payments will deliver more dollars to providers that are managing care for patients with a higher illness burden

ACO Financial Components

Care Management Codes

Care Management CPT Code	Reimbursement Rate
99487	$87.00
99489	$43.00
99490	$40.00

Highlights

- No member copay/coinsurance
- Provider will have a personalized, written care management plan in place

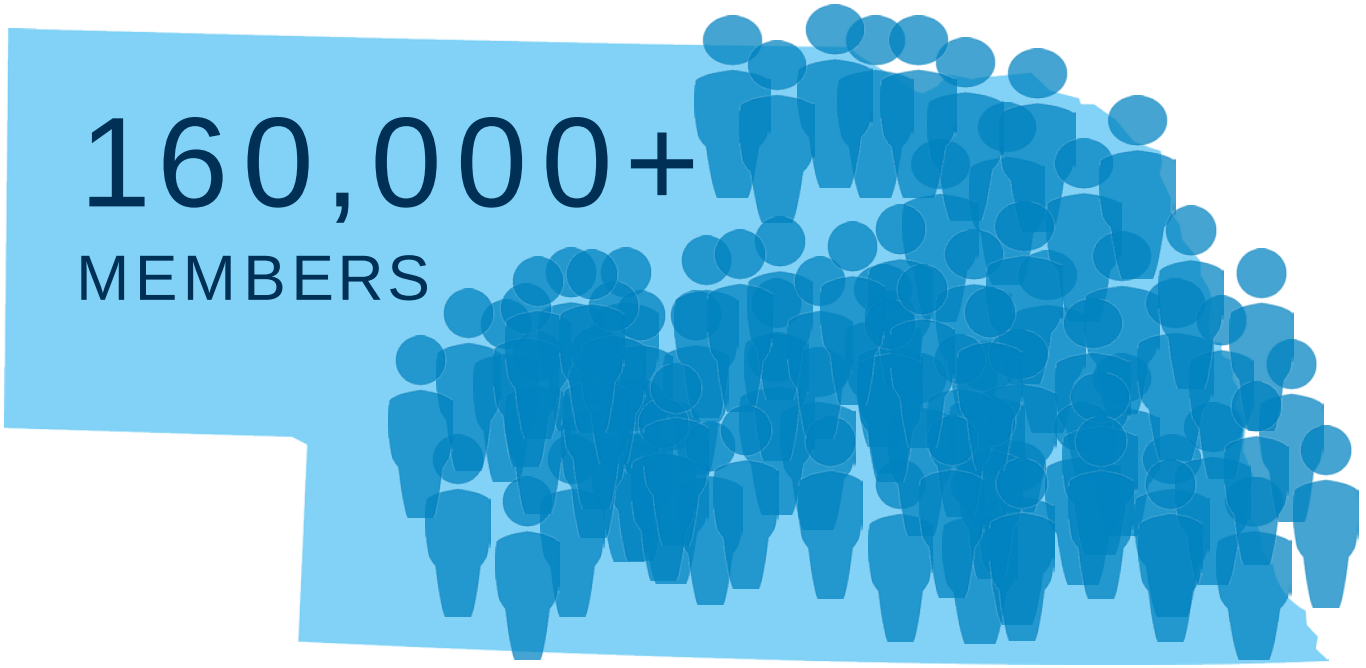
ACO Financial Components

Shared Savings

ACOs that effectively care for their patients, while lowering the total cost of care for their patients, will be eligible to receive shared savings at the end of the program year

ACOs will only be eligible to receive shared savings if they meet financial and quality targets

Value-Based Care Programs



95,547	31,271	9,649	6,383	20,682
PCMH	SERPA ACO	NHN ACO	Think ACO	MIPPA ACO

Effective Dates and Billing for Local Programs

- New value-based programs effective July 1, 2017
- Care coordination payments will be made retrospectively, each quarter
- Care management payments will flow through the system as any other fee for service claim
- Shared savings (ACO) and quality bonus (PCMH) to be paid approximately 4-6 months after completion of the program year

Reporting and Results for Local Programs

- Annual reporting of cost, utilization and quality information at the ACO and PCMH level
- Outcome reporting is not available at the group level
- Population health focuses on raising the bar for health care for everyone
- Group information will be provided on number of attributed members by ACO and risk category

Attribution Summary Report

Attribution Summary
Group: Employer Group A
Date: September 30,2017

Risk Stratification	NHN ACO	THINK ACO	MIPPA ACO	SERPA ACO	PCMH	Total
Healthy	52	6	30	40	64	**192**
Stable	14	8	3	7	21	**53**
At-Risk	24	20	14	22	28	**110**
Simple Chronic	26	20	14	22	28	**110**
Complex Chronic	18	8	8	11	24	**69**
Critical	6	4	2	1	10	**23**
Total Members	140	58	69	99	183	**549**

Questions