



Managing Shifting Roles: Post-Acute Providers National Bundled Payment Summit

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Avalere.com

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About Avalere Health

Reach and Influence

- Extensive Fortune 500 client roster
- Sought-after by national and trade outlets for our independent voice and analysis
- Featured speaker at national industry conferences and webinars

Informing the Discussion

KAISER HEALTH NEWS

January 14, 2015

Health-Law Test To Cut Readmissions Lacks Early Results

The Washington Post

November 28, 2013

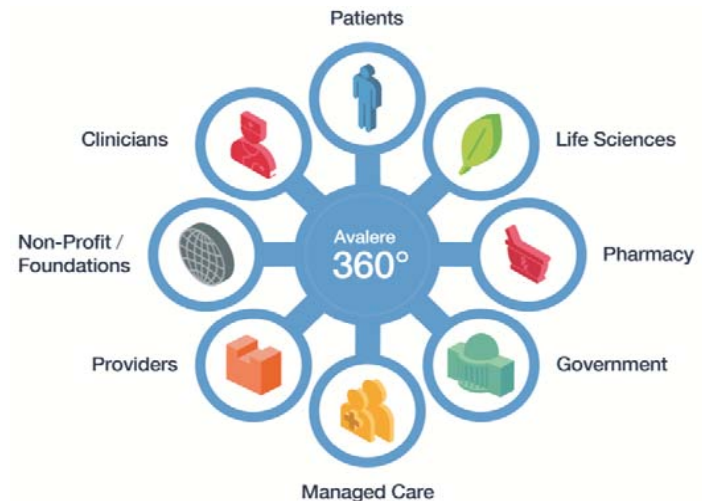
Large discrepancies found in Medicare spending on post-hospital care

McKnight's

October 24, 2014

Bulk of Medicaid to be managed care in two years: Avalere

Customer Overview

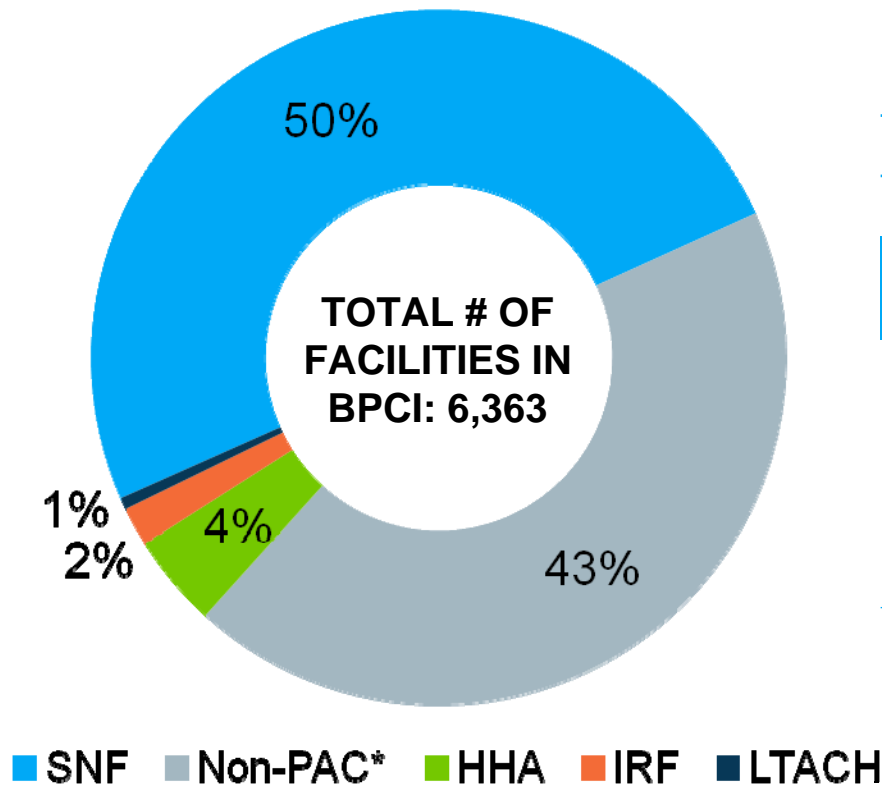


Company Overview

- Presently 250+ employees
- Singularly focused on healthcare
- Privately held, majority employee owned
- Founded in March 2000

The Post-Acute Care Industry is Taking an Active Role in BPCI

PAC provider facilities make up 58% of all facilities participating in BPCI.



PAC Providers In BPCI, By Provider Type

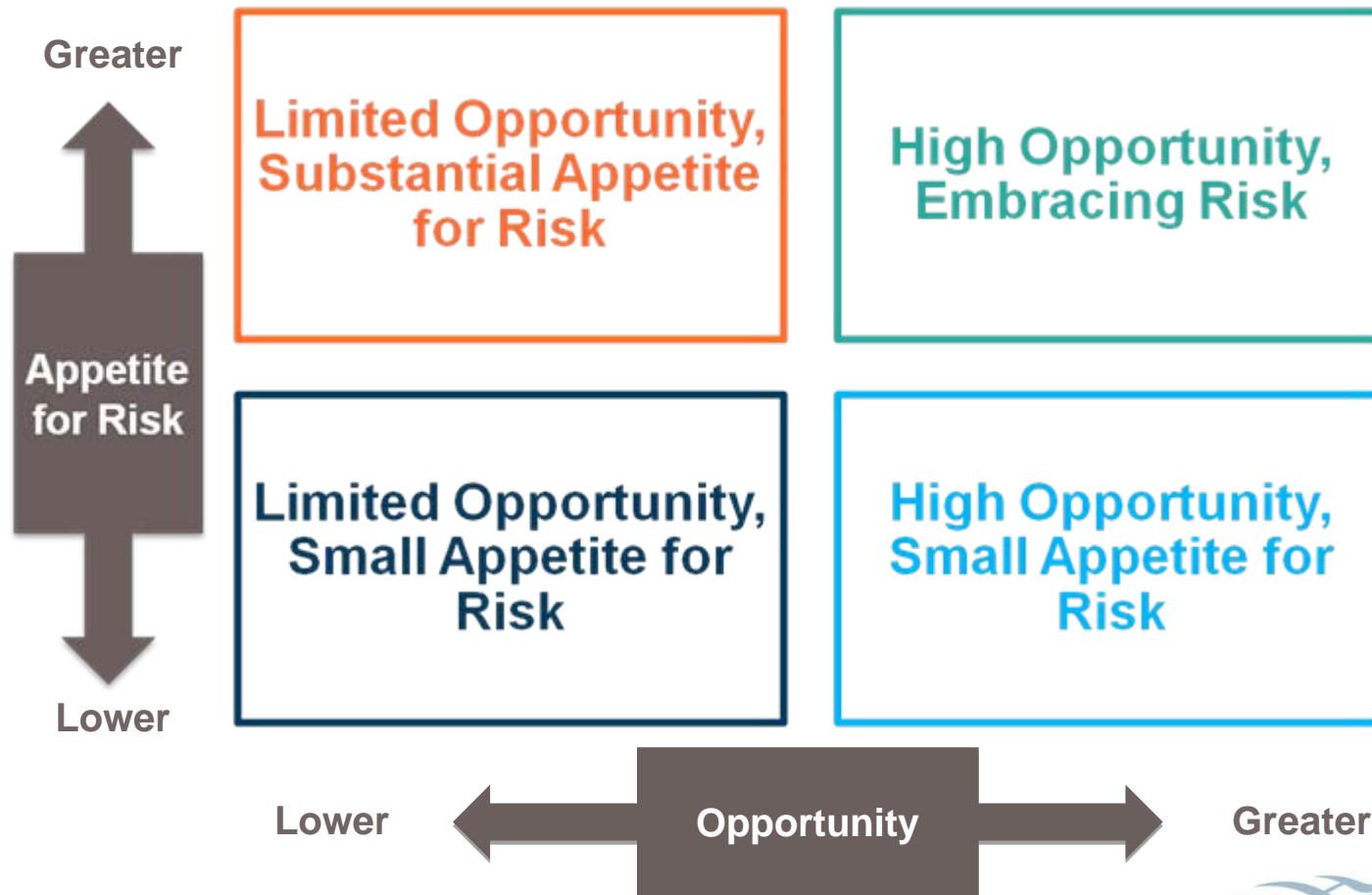
Provider Type	Total # of Facilities	# in BPCI	% in BPCI
SNF	15,163	3,175	21%
IRF	1,161	116	10%
LTACH	432	34	8%
HHA	12,613	274	2%

* Non-PAC providers defined as STACHs and PGPs

Sources: MedPAC June 2014 Data Book. Total number of PAC facilities in 2013 from Chart 8-1: Number of post-acute care providers increased or remained stable in 2013; CMS Bundled Payments for Care Episode Analytic file - Models 1-4 (7/31/14). Link: <https://data.cms.gov/dataset/BPCI-Initiative-All-Model-Info/eza9-qxqp?>

However, the Starting Point is Different Across the Industry

DIVERSITY IN AND WITHIN MARKETS – i.e., MARKETS AND PROVIDERS WITHIN MARKETS IN VERY DIFFERENT PLACES



Payment Risk is Shifting Roles and Transforming Relationships

Narrowing Networks

Providers being chosen as preferred partners based on quality performance and expectations

Gainsharing Among Providers

Providers sharing gains (and losses) based on performance against quality and spending targets with upstream and downstream providers

PAC Providers Pushing Value & Risk Upstream

PAC providers are bearing risk with hospitals, payers and physician groups to manage quality and cost of PAC

Demand of Meeting Quality Expectations

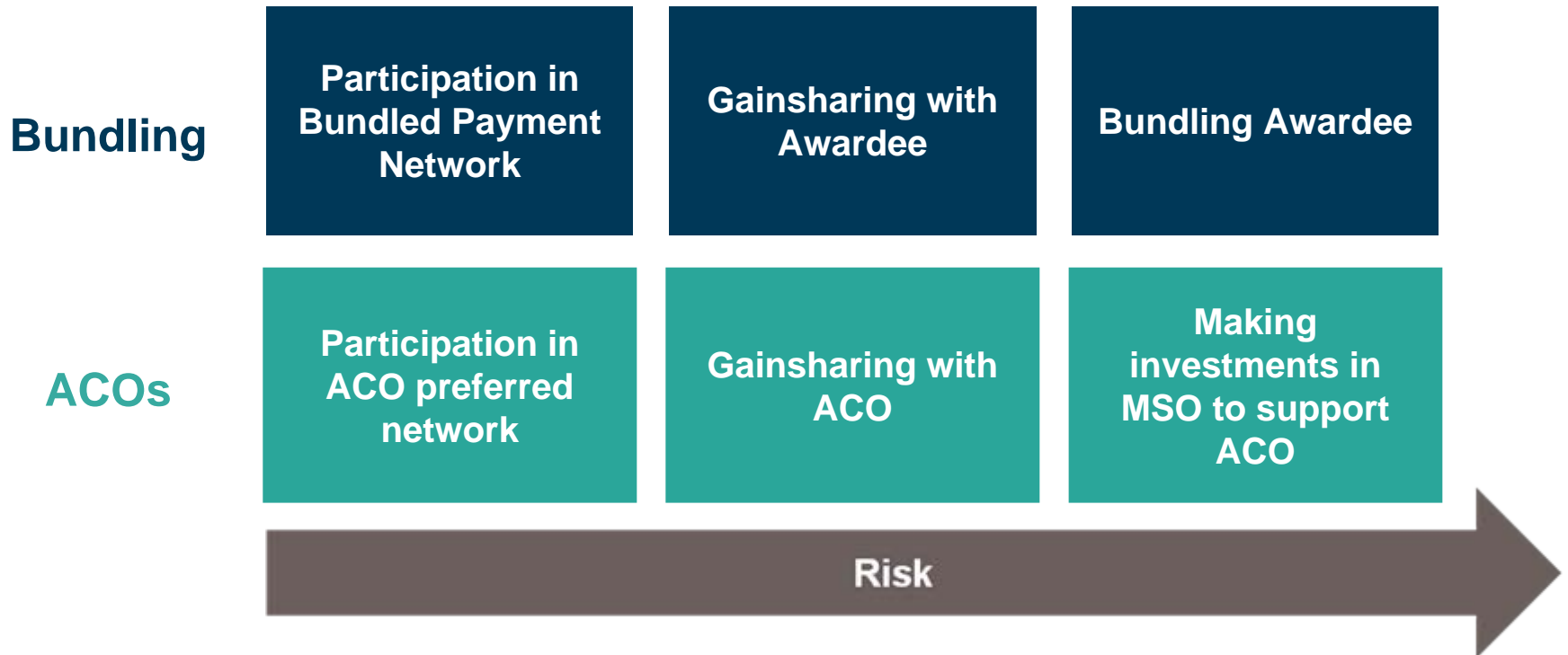
Meeting expectations for quality performance increasingly tied to referral volume and/or payment levels by many partners.

New Players Emerging

Integrators and Conveners are emerging that bring together providers to share risk and reward under new payment models.

Shifting Roles Determined by How Provider is Participating in Risk

THERE IS NO SINGLE WAY TO TAKE ON RISK



New Capabilities and Investments Will Be Required

EXPECTATIONS OF PARTNERS FOR INVESTMENTS IN STAFFING & IT

**STAFF DEDICATED TO
MANAGING
HAND-OFFS WITH HOSPITALS**

**EHR SYSTEMS
(Even if not interoperable)**

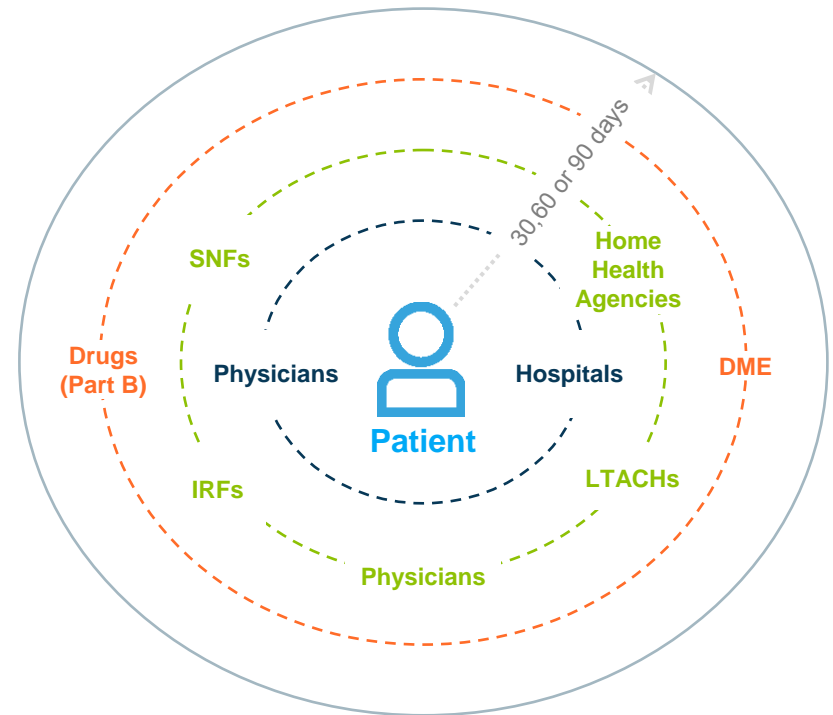
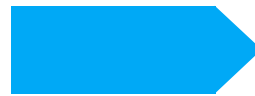
**INCREASED COLLABORATION
WITH PHYSICIANS**

**STAFF TRAINED IN CARE
MODELS
(Especially INTERACT)**

Providers Beginning to Think About Their Role in the Care Delivery System Differently

Chronic Care Management Company

Skilled Nursing Facility

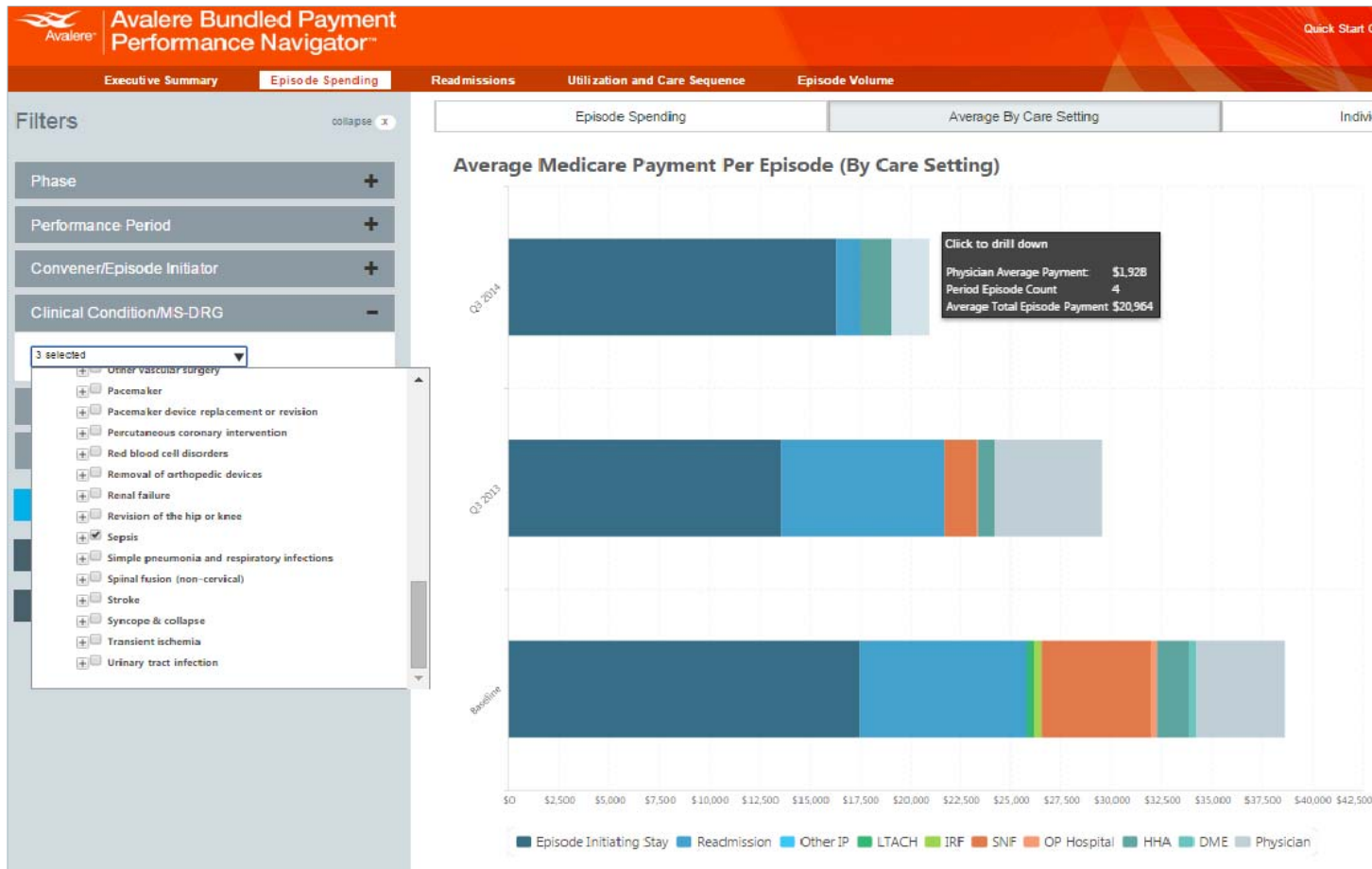


Involved in Alternative Payment Models not to enhance profits, but as a catalyst to transform the business and clinical model



Data & Technology are Required for Success

ALTERNATIVE PAYMENT MODELS DRIVING NEW DATA & ANALYTICS CAPABILITIES





Thank you



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