WHO IS CARESOURCE?

Headquartered in downtown Dayton with additional offices in Columbus, Cleveland, Kentucky and Indiana, CareSource has *been making a lasting difference in our members' lives by improving their health and well-being* since 1989.

CareSource™
Health Care with Heart

1.4M members

490 New jobs generated in 2014

Consumer Advocacy **CX**

90% Revenue spent on medical services

$5.4B 2014 Revenue

6% Admin Expense

$10M Foundation grants

Who is CareSource?
(continued)

Membership Primarily Medicaid with Some Commercial Exchange

- CareSource Ohio Medicaid: ~1,200,000 members (CFC, ABD and Expansion)
- CareSource Ohio HCBS Waiver Program: ~1,800 members
- CareSource Ohio MyCare (Federal Duals Demonstration Project) ~22,500 members
- Humana – CareSource Kentucky (an alliance with Humana) ~111,000 members (TANF, ABD and Expansion)
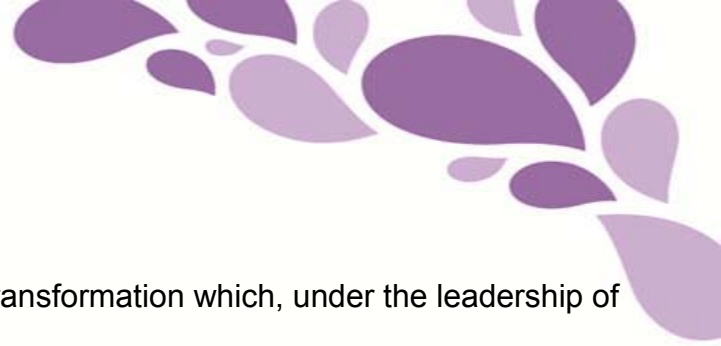- CareSource Just4Me (Exchange Product) in Ohio, Indiana and Kentucky ~75,000 members

Dedicated Analytics Focus with a Team of 25 members, including:

- Healthcare Analytics
- Informatics
- Predictive Analytics
- Research & Outcomes

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Ohio Payment Reform Initiative

In Ohio…

Ohio's Innovation Model

Upon taking office in 2011, Governor John Kasich created the Office of Health Transformation which, under the leadership of Director Greg Moody, was created to:

- Modernize Medicaid

- Streamline Health and Human Services

- Pay for Value

Healthcare payment reform initiative is focused on value instead of volume across Medicaid, state employee, and commercial populations.

- Launching episode based payments in February 2015

- Take Comprehensive Primary Care to scale in 2015

Active stakeholder participation with 150+ stakeholder experts, 50+ organizations, 60+ workshops for 18 months and counting.

2013 Goal

80-90 percent of Ohio's population in some value-based payment model (combination of episodes and population-based payment) within five years.

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To Achieve the 5 Year Goal…
5 Year Roadmap

|	Patient-centered medical homes	Episode-based payments
Year 1	▪ In 2014, focus on Comprehensive Primary Care initiative (CPCi) ▪ Payers agree to participate in design for elements where standardization and/or alignment is critical ▪ Multi-payer group begins enrollment strategy for one additional market	▪ State leads design of five episodes: asthma (acute exacerbation), perinatal, COPD exacerbation, PCI, and joint replacement ▪ Payers agree to participate in design process, launch reporting on at least 3 of 5 episodes in 2014 and tie to payment within year
Year 3	▪ Model rolled out to all major markets ▪ 50% of patients are enrolled	▪ 20 episodes defined and launched across payers
Year 5	▪ Scale achieved state-wide ▪ 80% of patients are enrolled	▪ 50+ episodes defined and launched across payers

CMS Design/Testing Grants and CPCi Enhanced Efforts
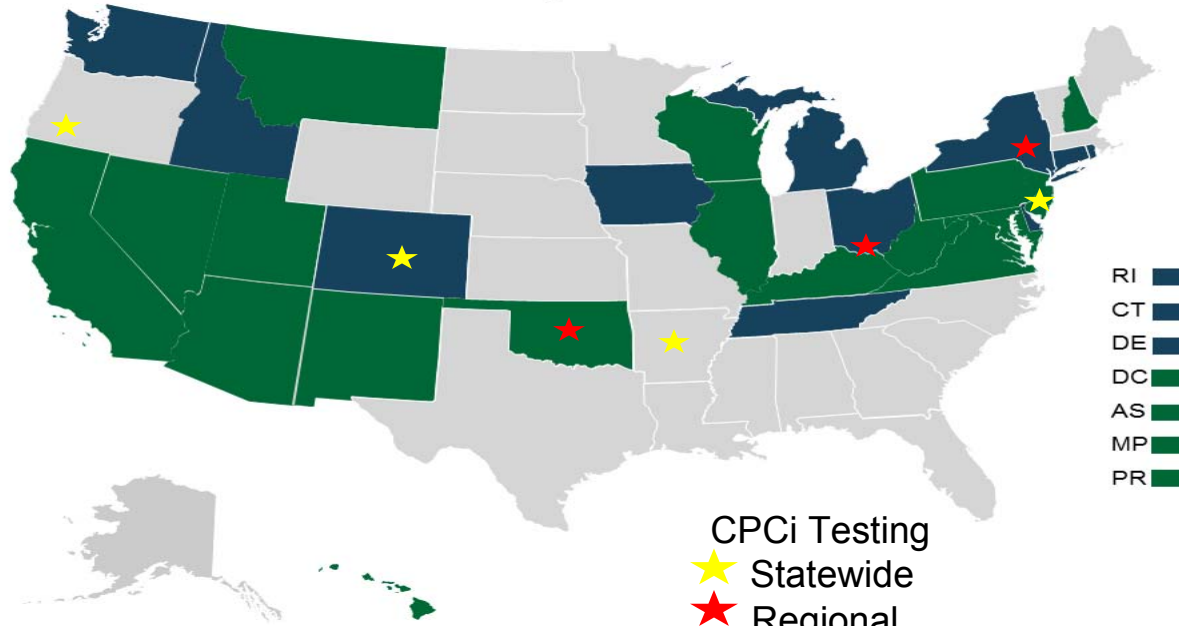
Source: Centers for Medicare & Medicaid Services

Ohio Receives $75M Grant

Ohio gets grant for new health-care payments model

By **Catherine Candisky**

The Columbus Dispatch • Wednesday December 17, 2014 4:51 AM

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Ohio will receive as much as $75 million from the federal government to develop and test a new health-care payments model that supporters hope will improve patient care and reduce health-care costs.

Greg Moody, director of the Governor's Office of Health Transformation, said the new payment system will reward doctors for keeping patients healthy by allowing them to share in the savings and giving them funds to invest in such things as online medical records.

The goal, he said, is to "improve patient experience and improve healthy

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The Patient Journey
Total Joint Replacement

Patient suffers from limited joint functionality

Initial assessment by surgeon or other orthopedic physician
- Appropriateness (e.g., medical, social, BMI, suitability of risk, timing)
- Objective evidence (e.g., x-ray imaging)

Pre-surgical care
- Patient receives further diagnostic testing/labs, medications, and consultation (e.g., cardiologist, PCP, comorbidity management, rehab planning, education) as needed

Surgery
- Patient receives a hip or knee implant to replace non-functioning joint
- Surgery is performed in either an outpatient or inpatient setting
  - Factors influencing quality include: surgery time, anesthesia and wound closure (e.g., staples, stitches, glue)
  - Sources of variation include: implant choice, length of stay, medications prescribed

Follow-up care
- Patient receives rehabilitation support in a skilled nursing facility or at home with physical therapy and home health
- Medications to alleviate pain are prescribed

Potential complications (e.g., revision, DVT, PE, infection, mechanical complications)

■ Potential episode trigger event

SOURCE: Clinical experts, team analysis

Retrospective Episode Model

Patients and providers continue to deliver care as they do today
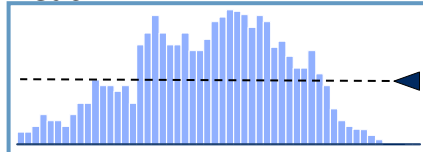
1 **Patients** seek care and select providers as they do today

2 **Providers** submit claims as they do today

3 **Payers** reimburse for all services as they do today

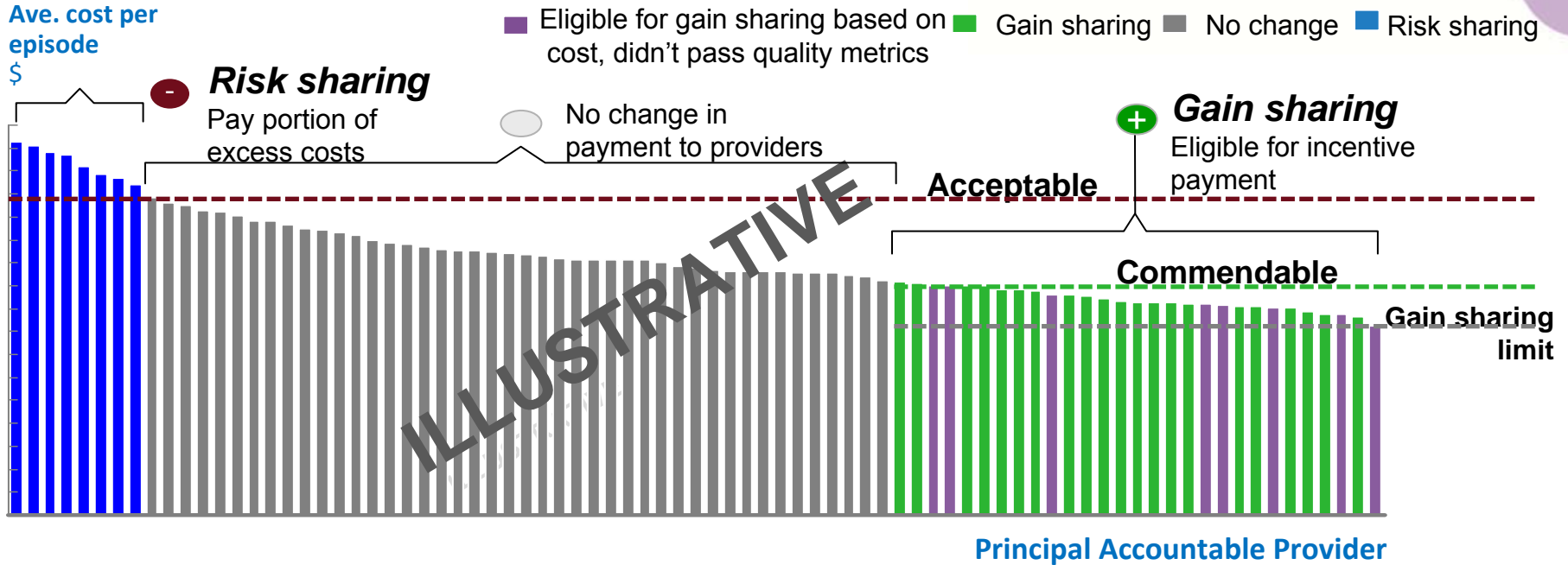**incentive payments based on outcomes after close of 12 month performance**

4 Review claims from the performance period to identify a **'Principal Accountable Provider'** (PAP) for each episode

5 Payers calculate **average cost per episode** for each PAP[1]

Compare average costs to predetermined ''commendable' and 'acceptable' levels[2]

6 **Providers may:**

Share savings: if average costs below commendable levels and quality targets are met

Pay part of excess cost: if average costs are above acceptable level

See no change in pay: if average costs are between commendable and acceptable levels

SOURCE: Arkansas Payment Improvement Initiative

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Provider Cost Distribution
Average Episode Cost per Provider

Ave. cost per episode $

- **Eligible for gain sharing based on cost, didn't pass quality metrics**
- **Gain sharing**
- **No change**
- **Risk sharing**

– Risk sharing
Pay portion of excess costs

No change in payment to providers

+ Gain sharing
Eligible for incentive payment

Acceptable

Commendable

Gain sharing limit

ILLUSTRATIVE

Principal Accountable Provider

Episodes – Wave I

Five Episodes Currently in General Reporting Only Stage (no Thresholds)

- Total Joint Replacement (Knees and Hips)
- Acute and Non-acute Percutaneous Coronary Intervention (PCI, commonly know as coronary angioplasty)
- Perinatal
- COPD (exacerbation)
- Asthma (exacerbation)
- Perinatal

Thresholds Being Established in October

Reimbursement Period Begins January 2016

First Quarter Reporting on Payment Impact Released in August 2016

First Annual Settlement on Episodes Due in May 2017

Episodes – Wave II +

Seven Episodes in Development with 3 Clinical Advisory Groups
- URI (Upper Respiratory Infection)
- UTI (Urinary Tract Infection)
- Cholecystectomy
- Appendectomy
- Colonoscopy
- EGD (Upper Endoscopy)
- GIH (Gastrointestinal Hemorrhage)

Reporting Begins January 2016

Five Behavioral Health Episodes in Early Stages of Development 2017 Deployment
- Currently CMHCs (Community Mental Health Centers) are carved out of Medicaid Managed Care…Integration with Physical Health is Being Considered as Part of the Behavioral Health Episode Development

Patient Centered Medical Home Model Scaled
- State will expand upon the CMS CPCi effort currently underway in the Cincinnati/Dayton/Newport area

The Approach

Purchased SAS® Episode Analytics as the rules engine for the episodes.

- CareSource already uses SAS® as our core analytic tool, so incorporation of another SAS® product results in faster deployment than a stand-alone product
- Team has deep expertise with SAS® if a data set needs to be exported and minor adjustments are required
- Quality measures, which would be written in SAS®, can more easily be incorporated into the final product

Build reporting using MicroStrategy® to allow easy replication and distribution to providers.

Explore interface with claims payment system to sustain capture of payment data and build prospective capability.

Change in Plans

State representation to Core team did not catch that other Plans use of major vendors was for their consulting services and they were building their episodes, not using a rules engine.

Episodes ended up being highly individualized for Ohio, making use of any rules engine a challenge.

- Post implementation of episode product make it clear that the highly customized rules developed for each episode were not compatible with standard rules engine resulting in the need to custom code each episode.
  - For example, asthma episode is based on exacerbation rather than chronic condition and is triggered by an ER visit or hospitalization.

Two episodes, Joint and PCI (acute and non-acute), were very low in volume so Medicaid Managed Care Plans are reported in aggregate and generated via encounter data supplied to the state.

Lessons Learned

Lessons Learned

State initiatives of this magnitude require full attention during all phases. Attendance at meetings must include individuals conversant in all details being reviewed, regardless of position.

- Often CMOs were required, however analytic and sometimes IT resources would have been more appropriate.
- Attendance needs to shift as topic changes.

Communication matters-nothing like the obvious to keep you humble!

- When does Tax ID mean Tax ID (vs Group NPI)?
- When other MCOs are using key firms, does that mean for their product or for their consulting services?

Intense scrutiny of Detailed Business Requirement documents is a gruesome task with little reward, but must be done. Document each discrepancy at every step along the way!

Lessons Learned

(continued)

Reconciliation has been slow given variance between data sources and techniques, e.g., known Perinatal variances were 13.7% with inconsistent enrollment accounting for 5.5 points of that variance.

Version control is key! This needs to include PDF or paper copies of report samples if they are the only 'requirements' provided for report development.
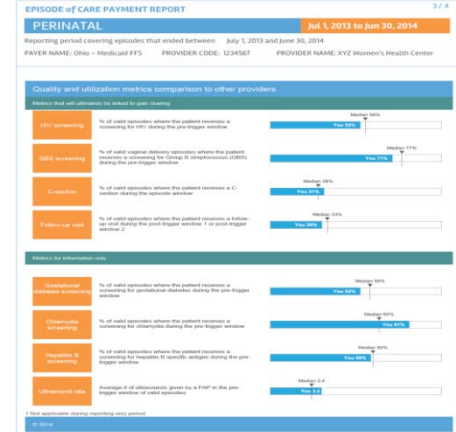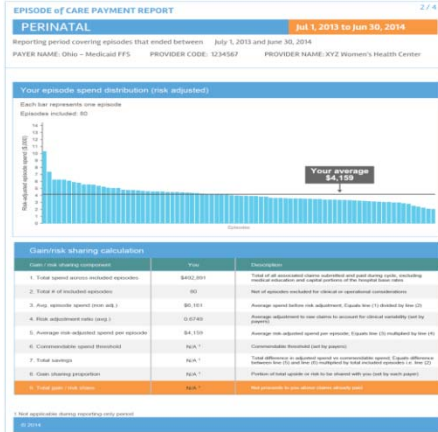
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In the end…

What we are all trying to do is hard work. Payment reform isn't easy and the first few steps have been a big challenge, but in the end it is clear…
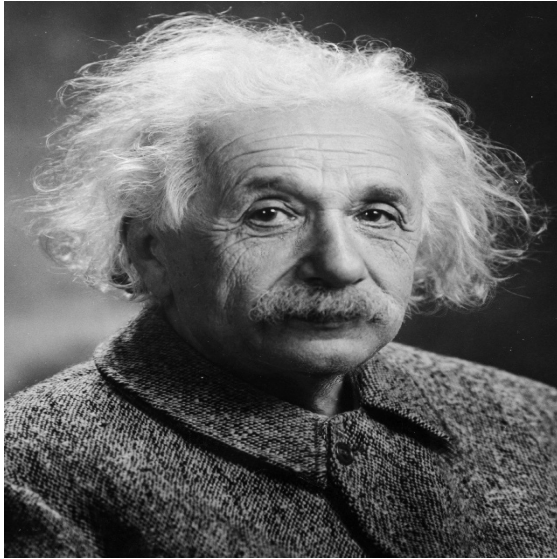
"You can never solve a problem on the level on which it was created…"

-A. Einstein

Questions?

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