Maternity and Newborn Care Bundled Payment Pilot

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About Community Health Choice

- Community Health Choice, Inc. (Community) is a non-profit Health Maintenance Organization (HMO)
- Affiliate of the Harris Health System
- Serves over 280,000 Members with the following programs:
  - **Medicaid:** State of Texas Access Reform (STAR) program for low-income children and pregnant women
  - **CHIP**: Children's Health Insurance Program for the children of low-income parents—includes **CHIP Perinatal** benefits for unborn children of pregnant women who do not qualify for Medicaid STAR
  - **Health Insurance Marketplace (HIM):** Community is a qualified health plan issuer in the new subsidized individual Health Insurance Marketplace

Community's Service Area Map

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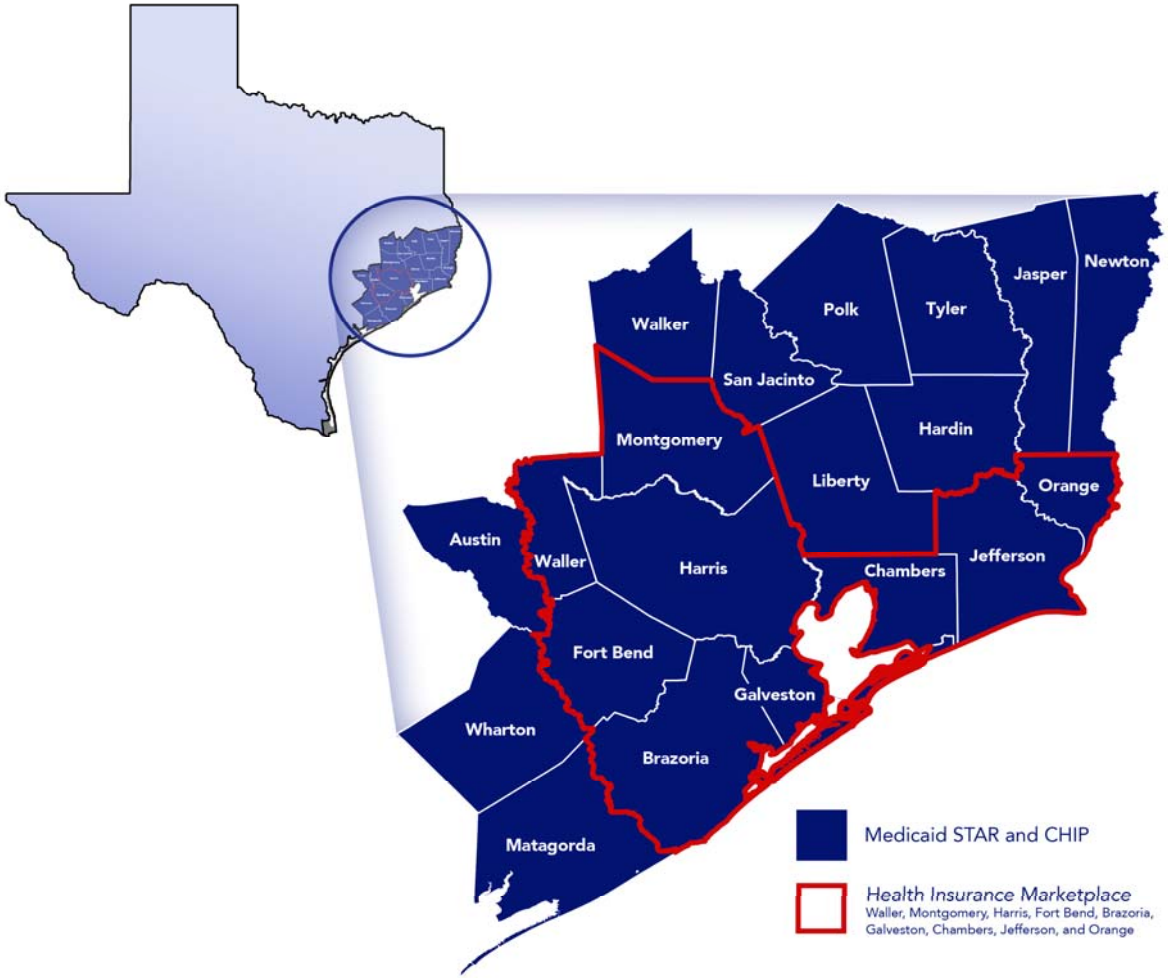

Pregnancy and Bundled Payment Pilot

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- A multi-year pilot beginning March 1, 2015
- Two separate academic institutions (UT Physicians - Houston and UTMB - Galveston)
  - Physicians (OB, MFM, Pediatrics, Neonatology)
  - Hospitals
  - All ancillary services
- Community Health Choice (HMO)
  - Medicaid (STAR) Members
- Health Care Incentives Improvement Institute (HCI3)
- Plan to publish results

Bundled Payment Episode Definition

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- Includes both low risk and high risk pregnancies with severity markers
- Includes related care for Moms and babies:
  - For the mother: includes all related services for delivery including post discharge period (60 days post discharge) and entire pre-natal care period (270 days prior to delivery)
  - For the infant: includes initial delivery stay and all services/costs up to 30 days post discharge
  - Blended C-section and vaginal delivery rate; blended nursery levels 1, 2 and 3; separate budget for nursery level 4 babies.
  - Excludes Level 4 NICU stays

Pregnancy/Delivery and Neo-Natal Episode

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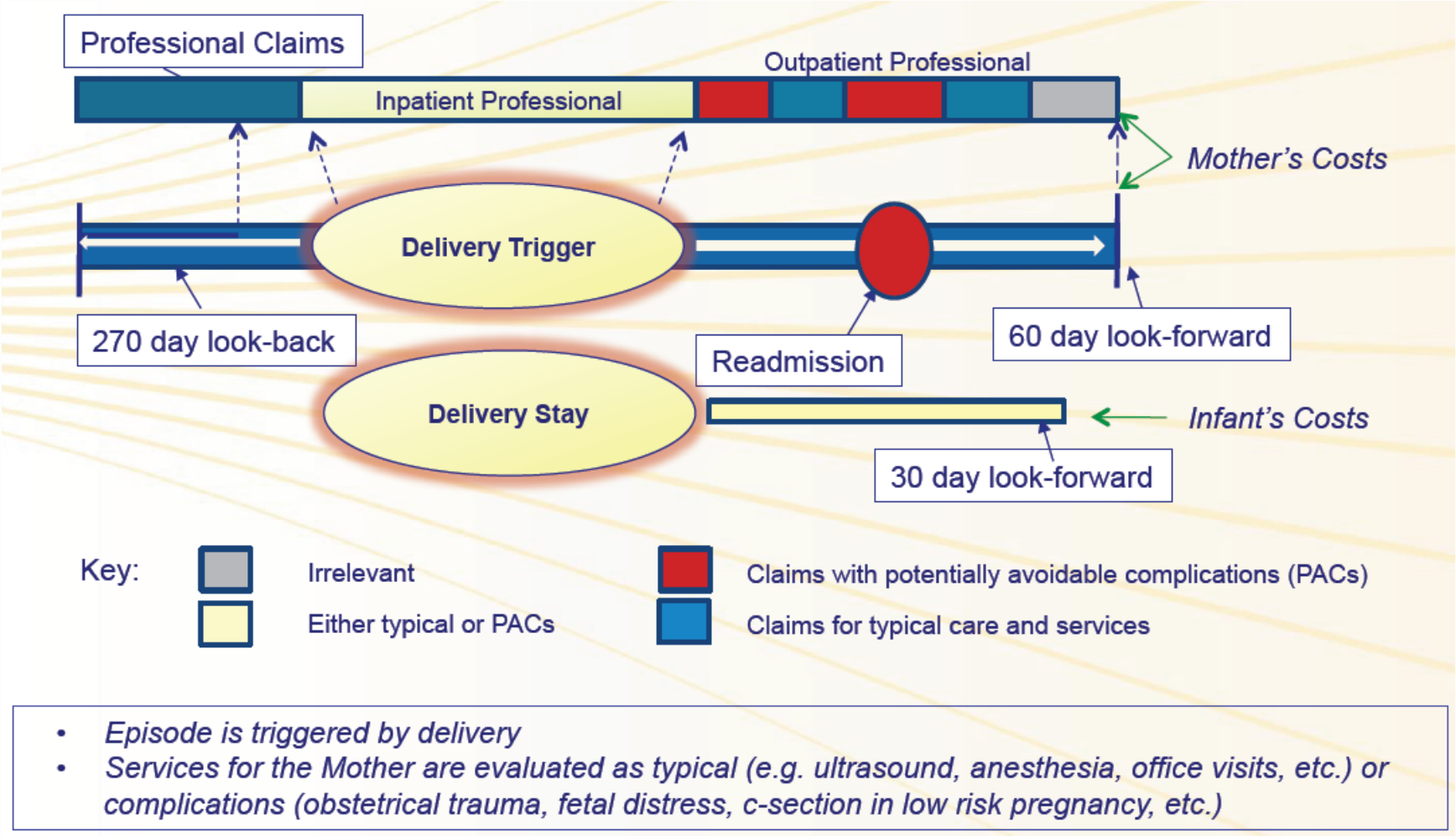

- *Episode is triggered by delivery*
- *Services for the Mother are evaluated as typical (e.g. ultrasound, anesthesia, office visits, etc.) or complications (obstetrical trauma, fetal distress, c-section in low risk pregnancy, etc.)*

Why Separate Nursery Level 4 Episodes?

Small # Contribute Significantly to Costs

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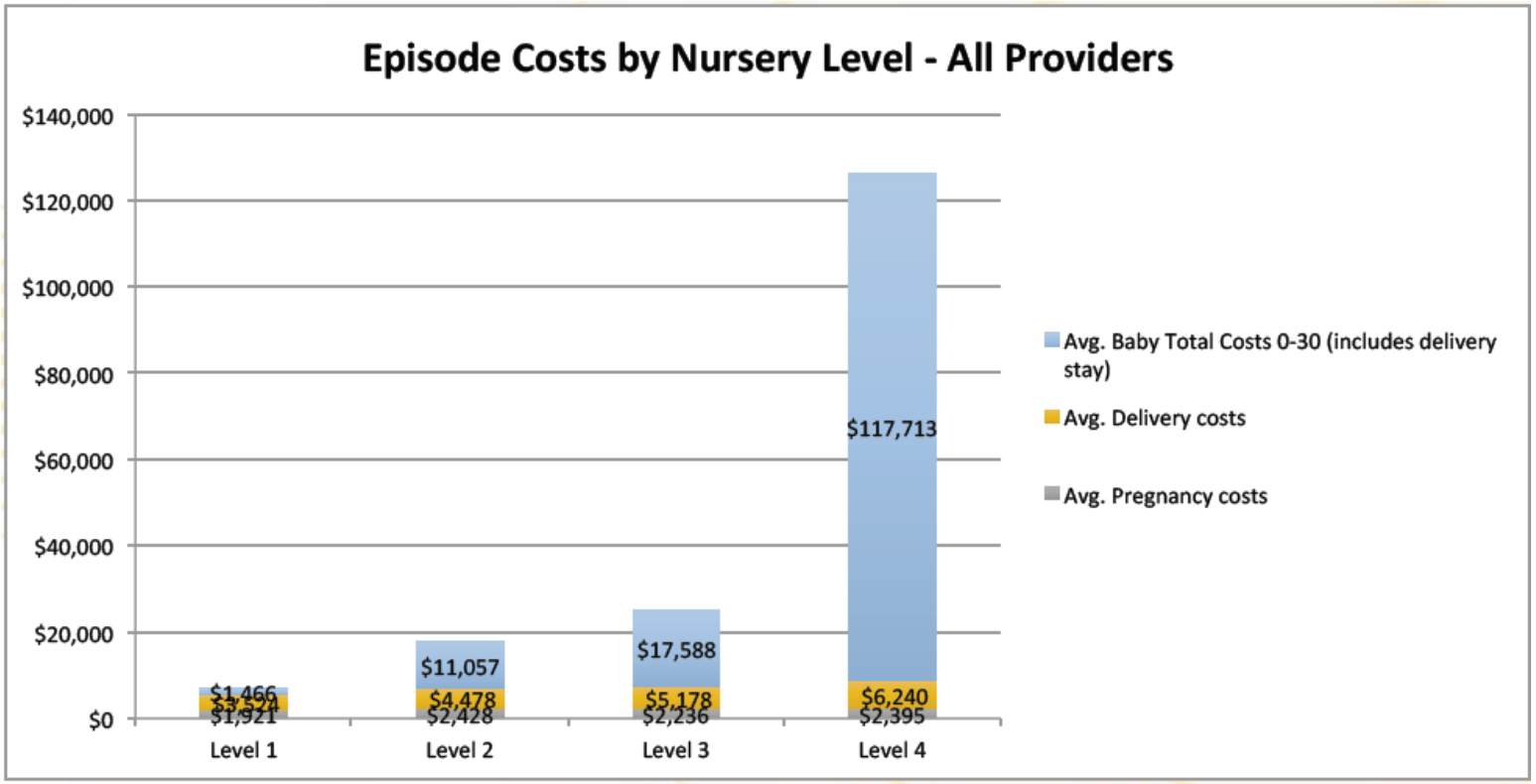

Level 1	Level 2	Level 3	Level 4	All	
$6,911	$17,963	$25,001	$126,348	$13,269	Average Episode Cost
2	9	12	38	5	Baby LOS
21,996	1,315	1,845	985	26,141	Number of deliveries
84%	5%	8%	4%	100%	% of Deliveries

Historical Episode Budget (Blended Deliveries) ~ $8,952*

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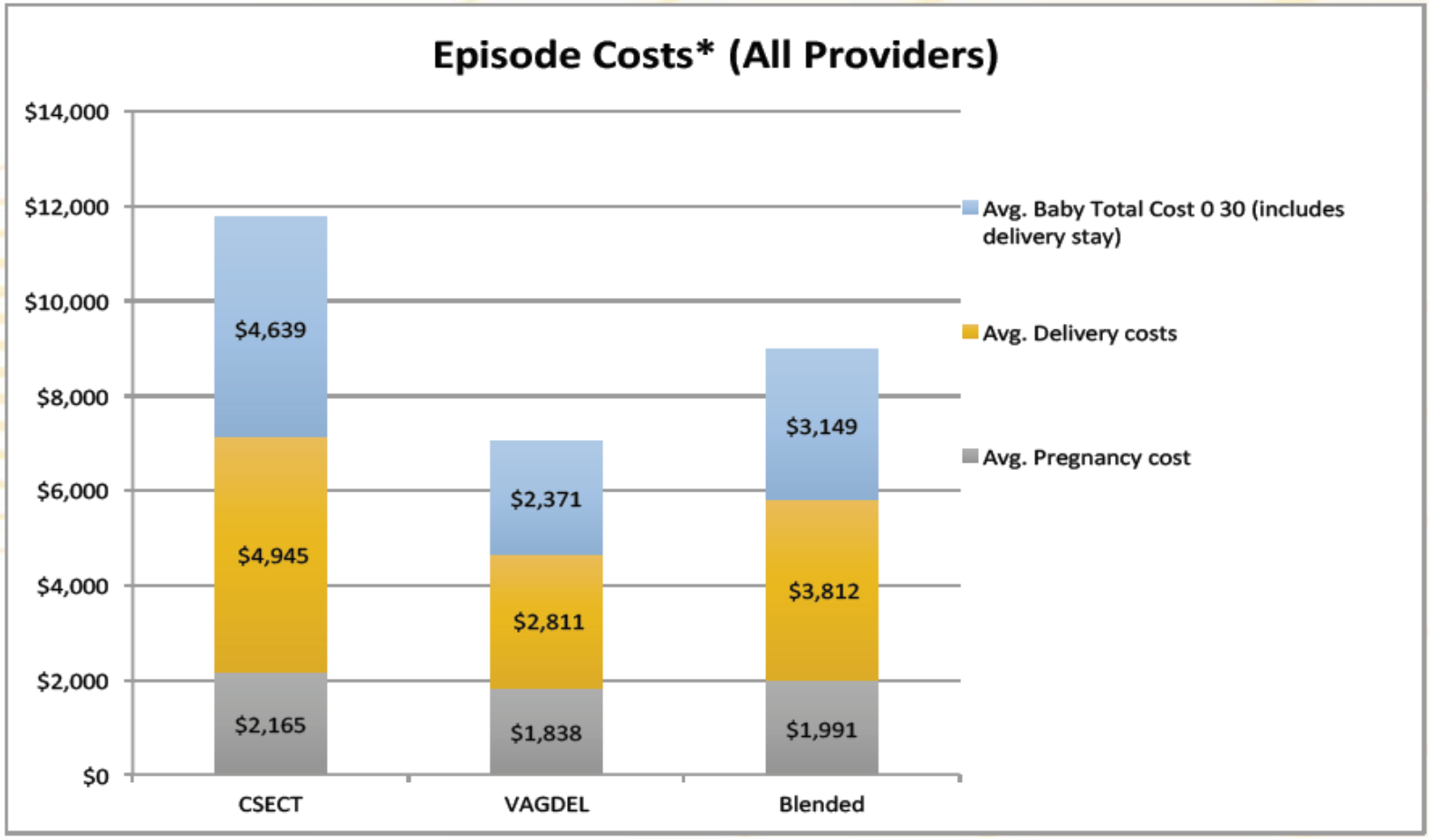

- *Blended rate of $5,803 for Pregnancy & Delivery (all deliveries) + $3,149 for Neonate (excludes level 4 nursery)
- Separate budget for level 4 nursery stays will be based off historical average of level 4 costs

Creating Patient Specific Budgets

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- Patient specific budgets are based on the historical average costs and are adjusted based on “risk factors”
- Patient Risk Factors include:
  - Patient demographics – age, gender
  - Patient comorbidities - mostly diagnosis code-based (very few procedures)
  - Clinical severity markers (derived from episode specific risk categories, e.g. gestational diabetes, multiple gestation, etc.)
  - Collected from claims data and clinical records
  - Neonatal costs are not risk adjusted
- Timing of Risk Factors
  - Risk factors are mostly ex-ante (historic); not concurrent
  - Clinical severity markers (subtypes) are pulled from the trigger claims, the look-back time window, and medical record data

Overview of Steps in Implementation

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- Historical data analysis:
  - o Establish episode costs used as inputs to set specific patient budgets (non-risk adjusted average costs)
- Ongoing Implementation:
  - o Providers identify eligible patients (mothers and babies) (deliveries and pre-natal)
  - o Preliminary patient budgets are created for post delivery patients
  - o Providers submit quality data for identified patients
  - o Community submits updated claims data on regular basis
  - o Final budgets are created at completion of episode; Reconciliation occurs at end of pilot year

Quality Measurement Scorecard

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- Normal Birth Weight
  - Pre-Natal Care and screenings
  - Delivery Care (C-section rate, elective deliveries)
  - Postpartum Care with depression screening
  - Baby Care (breastfeeding, Hep B vaccine)
- Low Birth Weight
  - Similar Measure as Normal Birth Weight, plus NICU infection rates
- Patient-Report Outcome Measures (TBD)
- Additional Measures for Monitoring Purposes

Other Implementation Features

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- Upside only year 1 with move to upside/downside in year 2
- Year 1 quality scorecard used for monitoring and setting benchmarks; Year 2 set quality thresholds for shared savings
- Year 3 and beyond: Move away from current contractual payments to flat dollar or other budget payments with reconciliation

Opportunities for Margin Under Bundled Approach

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- Opportunity for shared savings can come from:
  - Reducing C-Section rate
  - Reducing neonate length of stay
  - Reducing Potentially Avoidable Complications (PACs) for moms' during pregnancy and delivery
  - Reducing post-discharge hospitalizations for the infants (measured w/i 30 days post discharge)
- In total, opportunity for margin under bundled approach is estimated at more than $1 million for each institution

Opportunity for Margin – *Putting it all Together*

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Reduction	XX (Provider)
Reduce C-Section Rate by 10 percentage points	$335,000
Reduce Neonatal LOS by 10%	$175,000
Reduce PACs for C-Sections by 50%	$90,000
Reduce PACs during Pregnancy by 50%	$85,000
Reduce PACs for Vaginal Delivery by 50%	$30,000
Reduce Infant Post-Discharge Admits by 50%	$225,000
Reduce Infant Post-Discharge ED Visits by 50%	$60,000
Total Potential Savings/Margin	$1 Million

Questions & Answers

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