

Episodes of Care

A Value-Based Model for Specialty Care

National Bundled Payment Summit

Lili Brillstein

Director, Episodes of Care

Joseph O'Hara

Director, Market Innovations

June 2016



Episodes of Care

Value-based model designed to engage specialists and refocus health care delivery and reimbursement on quality and value rather than volume.

Full spectrum of health care services related to and delivered for a specific medical condition, illness, procedure or health care event during a defined time period.



Retrospective Model

- Partner with a “Conductor”
- All providers of care within the continuum of the episode are ***paid at their contracted fee for service rates***
- Episode assessment is made, post episode
 - Quality
 - Patient Experience
 - Total Cost of Care

If metrics are met, savings are shared
Upside only



Retrospective Upside Only Model

- Collaboration between payer and providers
 - Trust and Credibility Established
 - Transparency
- No-risk environment
- Opportunity to figure out, together, how to create success in value-based model
 - Preparing for the evolution to Prospective Model
- Does not eliminate FFS
- Reward & Feedback can be far removed from behavior affecting change



Horizon BCBS NJ

Current Portfolio of Retrospective Episodes

- Hip Replacement
- Knee Replacement
- Knee Arthroscopy
- Colonoscopy
- Pregnancy
- Hysterectomy
- CHF
- CABG
- Oncology: Breast Cancer, Colon Cancer, Lung Cancer

Results – Quality – Standard Metric

EOC Practices performing better than Non-EOC

All cause Re-Admissions*

	<u>EOC</u>	<u>Non-EOC</u>
•Knee	1.06%	1.36%
•Hip	0.96%	1.52%
•Knee Arthro	0%	4.49%



Results – Quality – Episode-specific Metric

EOC Practices Performing Better than Non-EOC

Knee Revisions after Replacements

EOC	Non-EOC
1.05%	5.4%

Hip Revisions after Replacements

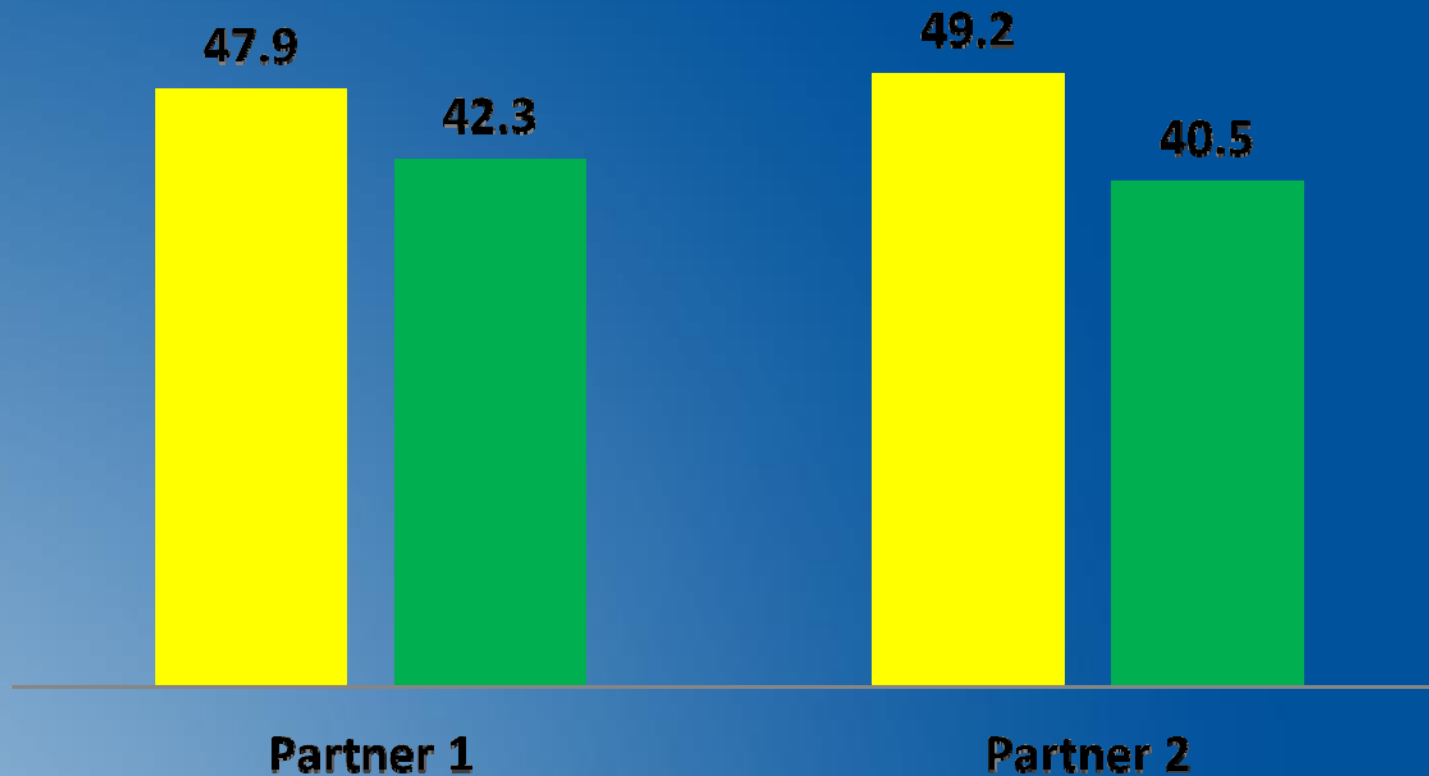
EOC	Non-EOC
2.4%	6.1%



Results – Episode-Specific Average C-section Rates



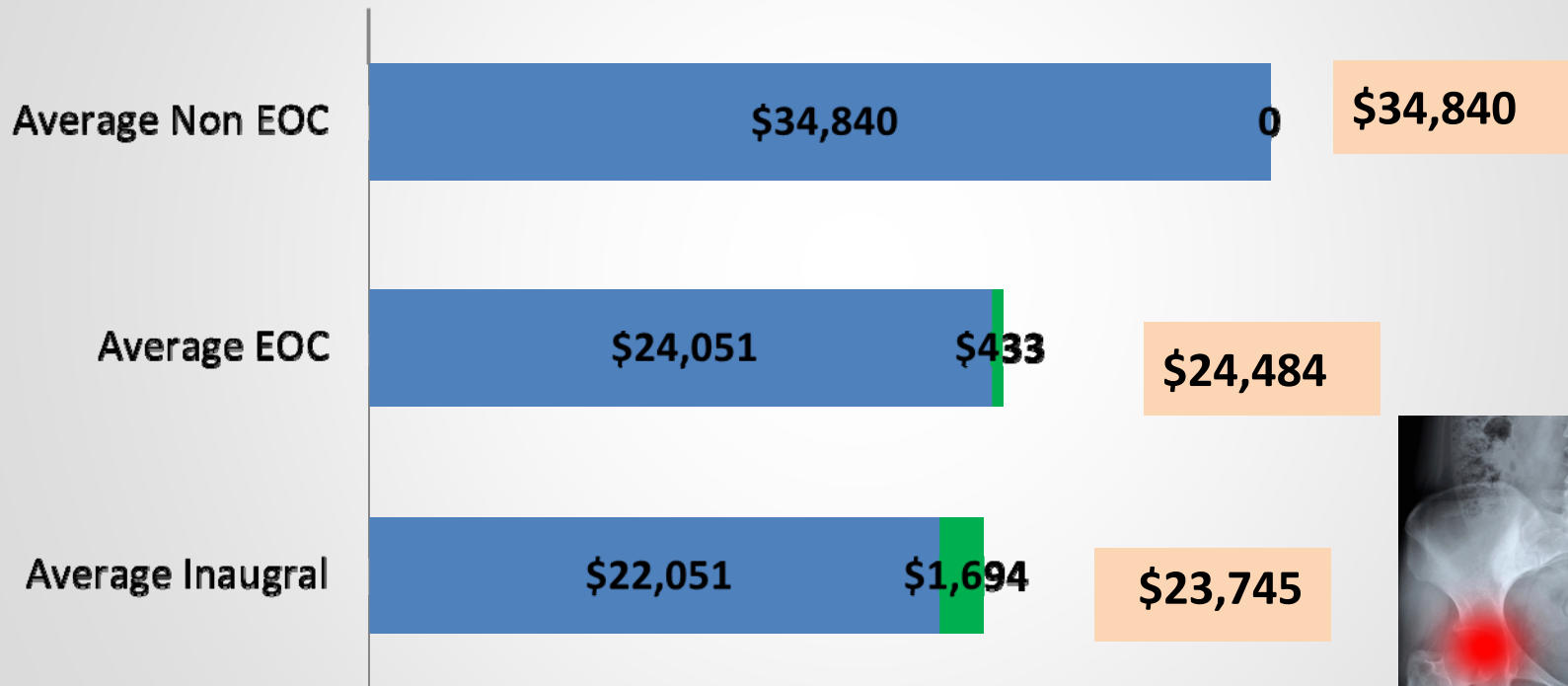
■ Before EOC ■ Current Rates



Results - Financial

2014 Average Costs for Hip Replacement

■ Average Claims Cost ■ Average Shared Savings ■ Total Cost



Patient Experience

Members in episodes have great experiences & are working in partnership with their physicians

Patient Satisfaction

•Hip Replace	99%
•Knee Replace	91%
•Knee Arthro	89%
•Pregnancy	93%
•Colonoscopy	97%

Shared Decision Making

•Hip Replace	98%
•Knee Replace	93%
•Knee Arthro	95%
•Pregnancy	94%
•Colonoscopy	96%



Standard EOC Program vs. COTA Oncology EOC

“Standard” Claims-based Algorithms

- Stratification based on claims

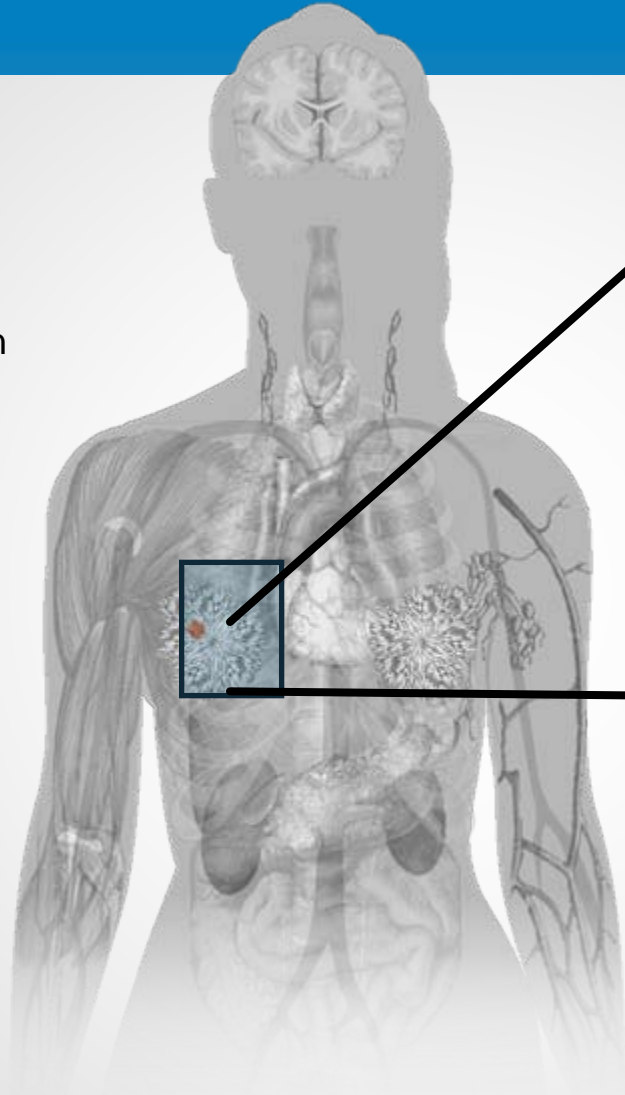
COTA

- Stratification based on clinical criteria extracted from EHR



COTA Nodal Addresses

A new digital classification
for cancer patients



- ICD-9 Code: 174.9
- Therapy Type: Adjuvant
- Progression Track: 0
- Sex: Female
- Age: 49
- Estrogen Receptor: Positive
- Progesterone Receptor: Positive
- Her2neu: Negative
- Tumor Size: <1mm
- Nodal Involvement: None
- Metastatic Sites: None
- ECOG at Presentation: 0
- OncotypeDX: 12

01.02.01.000015.1.0

Neoplasm of the breast

Phenotype 15

Therapy Type 1
(Adjuvant)
Progression Track 0
(No prior treatment)

* Provisional patent application submitted

Not Just Apples to Apples ...

- Allows for more precise stratification of members and episodes
- Includes clinical and claims/cost information
- Disease state and stage considered
- Precise ability to compare truly like patients with like disease to allow for standardization and optimization of care



How Does Horizon See Its Challenge

Factors Driving Care Delivery Changes in New Jersey

Recent health care trends have reduced the availability of affordable, high-quality care for New Jersey residents.



Commoditization of
Health Insurance

Inadequate Access
to Affordable Care

Unsustainable
Health Care Inflation

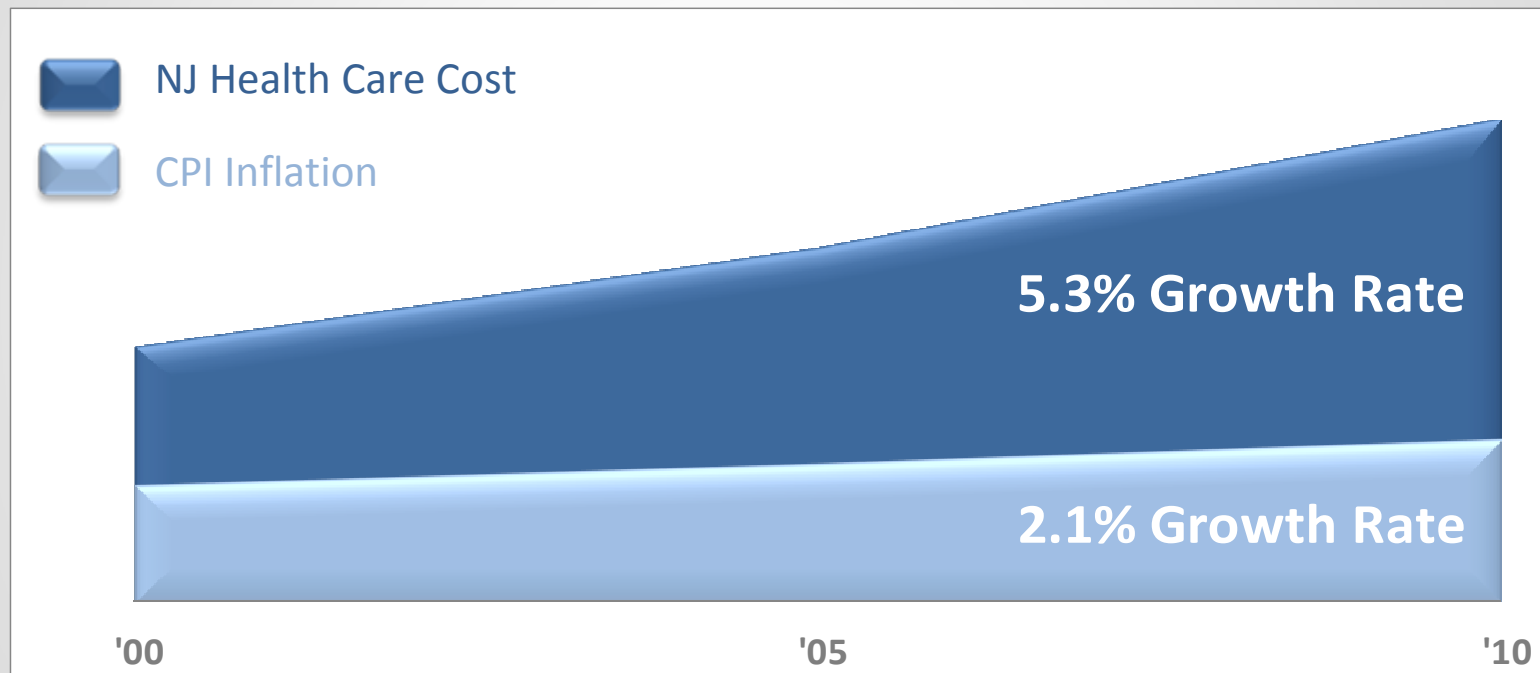
Growing High-Risk
Populations

Rapidly Changing
Provider Landscape

Unique
Out-of-Network
Protected
Environment

Unsustainable Growth in Health Care Costs

Over the past decade, health care costs in New Jersey have drastically outpaced inflation.



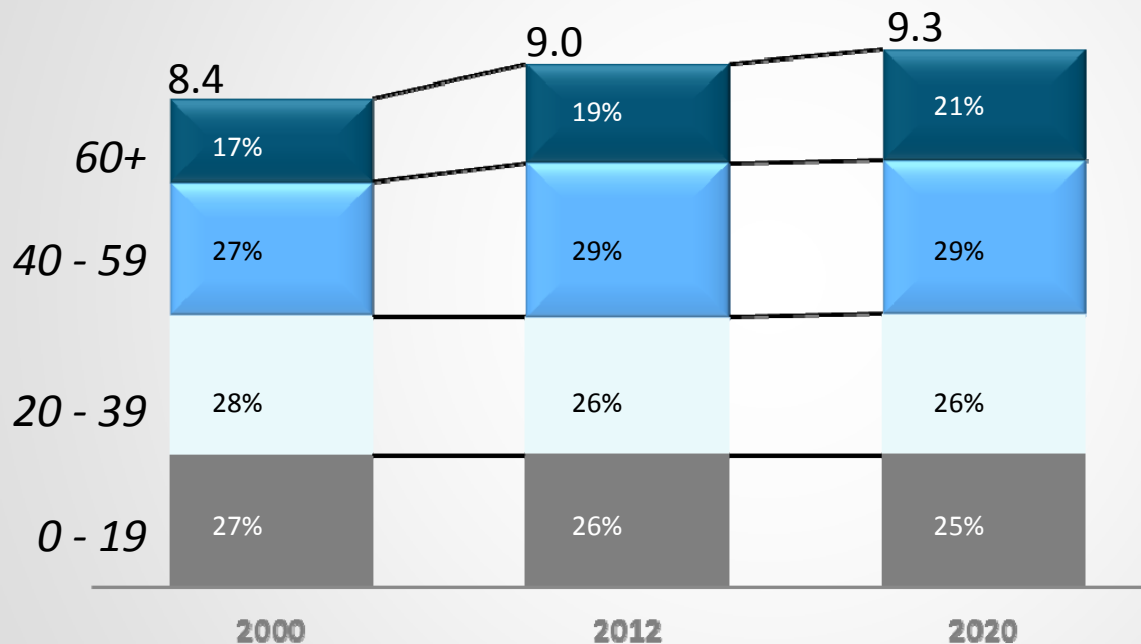
Source: Kaiser Family Foundation. "Average Annual Percent Growth in Health Care Expenditures," December 2011.

Aging Population

As New Jersey's population ages, health care utilization and spend per capita will rise.

New Jersey Population by Age Segment

In Millions



The proportion of New Jersey residents over 60 years of age is growing faster than any other age group.

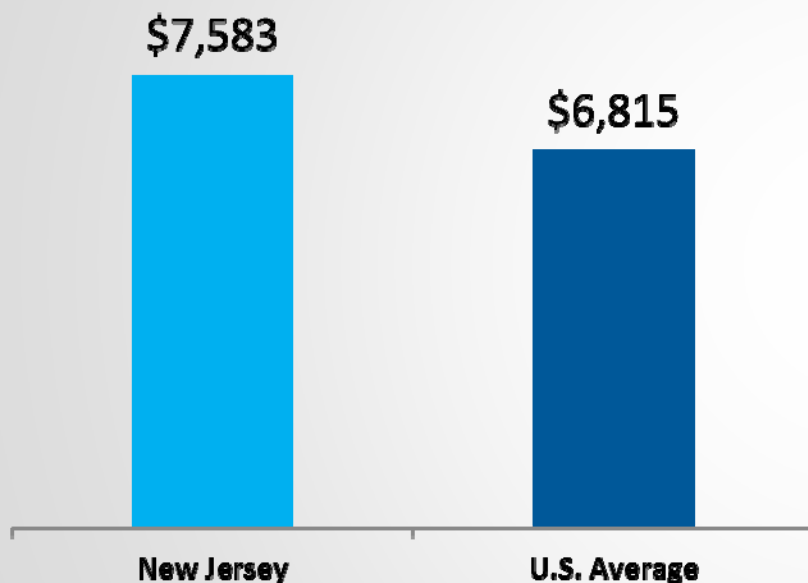
By 2020, over half of the population of New Jersey is expected to be over the age of 40 years.

Source: U.S. Census Bureau Projections, 2009.

Affordability of Coverage

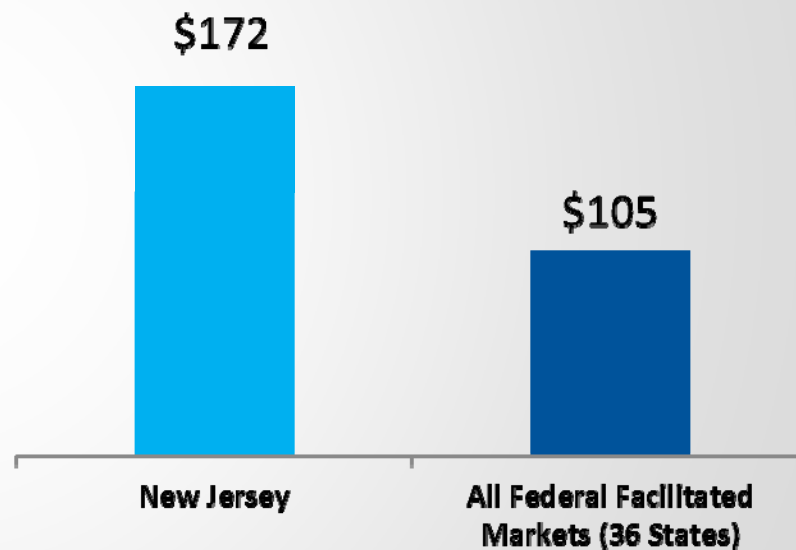
New Jersey has one of the highest average monthly premiums in the country, driven in part by high per capita health care costs.

Total Health Care Cost Per Capita



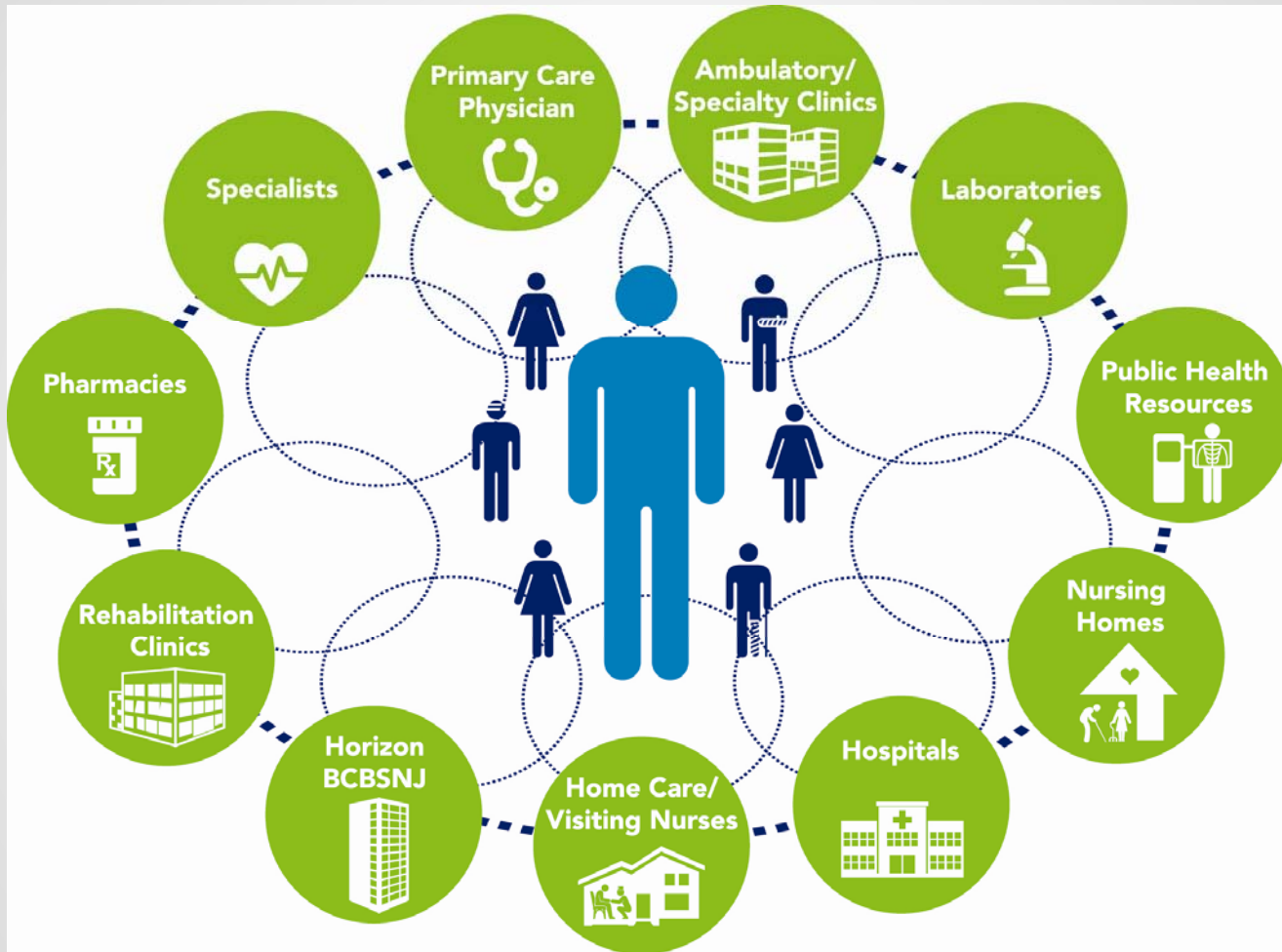
Source: Kaiser Family Foundation; CMS National Health Expenditures Database; WHO Global Health Expenditures database.

Average Monthly Premiums After Tax Credits

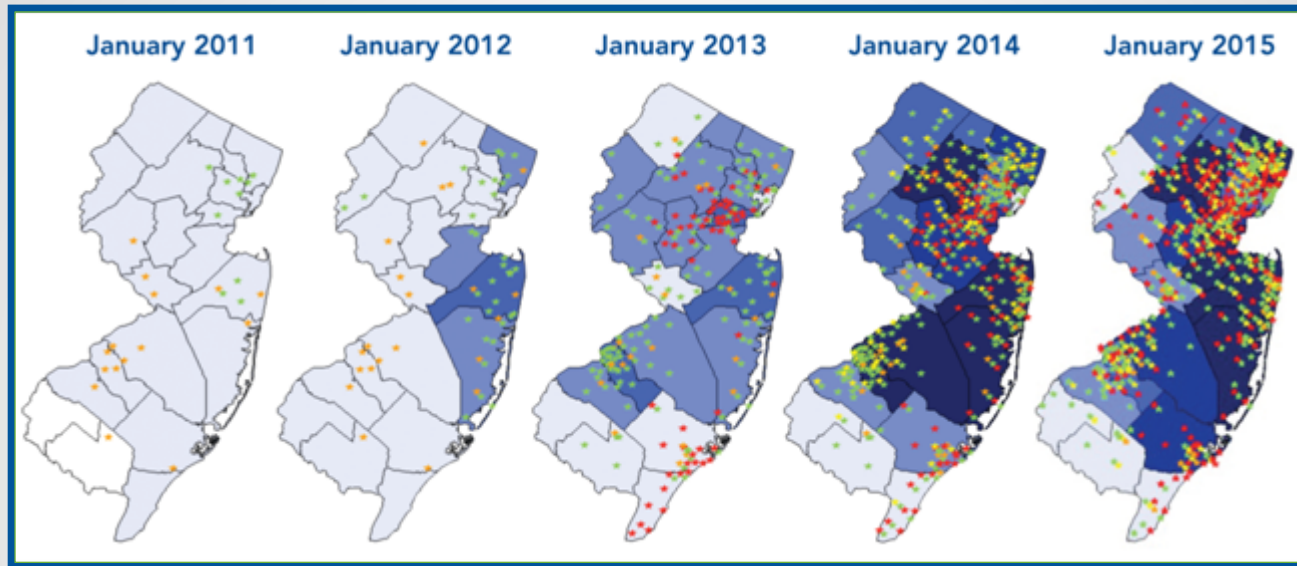


Note: 2014 monthly premiums in 36 Federally Facilitated Markets.
Source: DHHS ASPE research Brief: "HIM 2015: Average premiums after APTC through January 13 in 37 states using the healthcare.gov platform," Feb 9, 2015.

Population Health Management



Transforming Care in New Jersey



Our patient-centered programs include more than 6,000 physicians that are committed to improving the quality of care.

More than 800,000 Horizon BCBSNJ members are in patient-centered programs, including Patient-Centered Medical Homes, Accountable Care Organizations and Episodes of Care Programs.

2014 Patient-Centered Results



6%
HIGHER RATE
in diabetes
control.



7%
HIGHER RATE
in cholesterol
management for
diabetic patients.



8%
HIGHER RATE
rate in colorectal
cancer
screenings.



3%
HIGHER RATE
in breast cancer
screenings.



8%
LOWER RATE
in hospital
admissions.



5%
LOWER RATE
rate in
Emergency
Room visits.

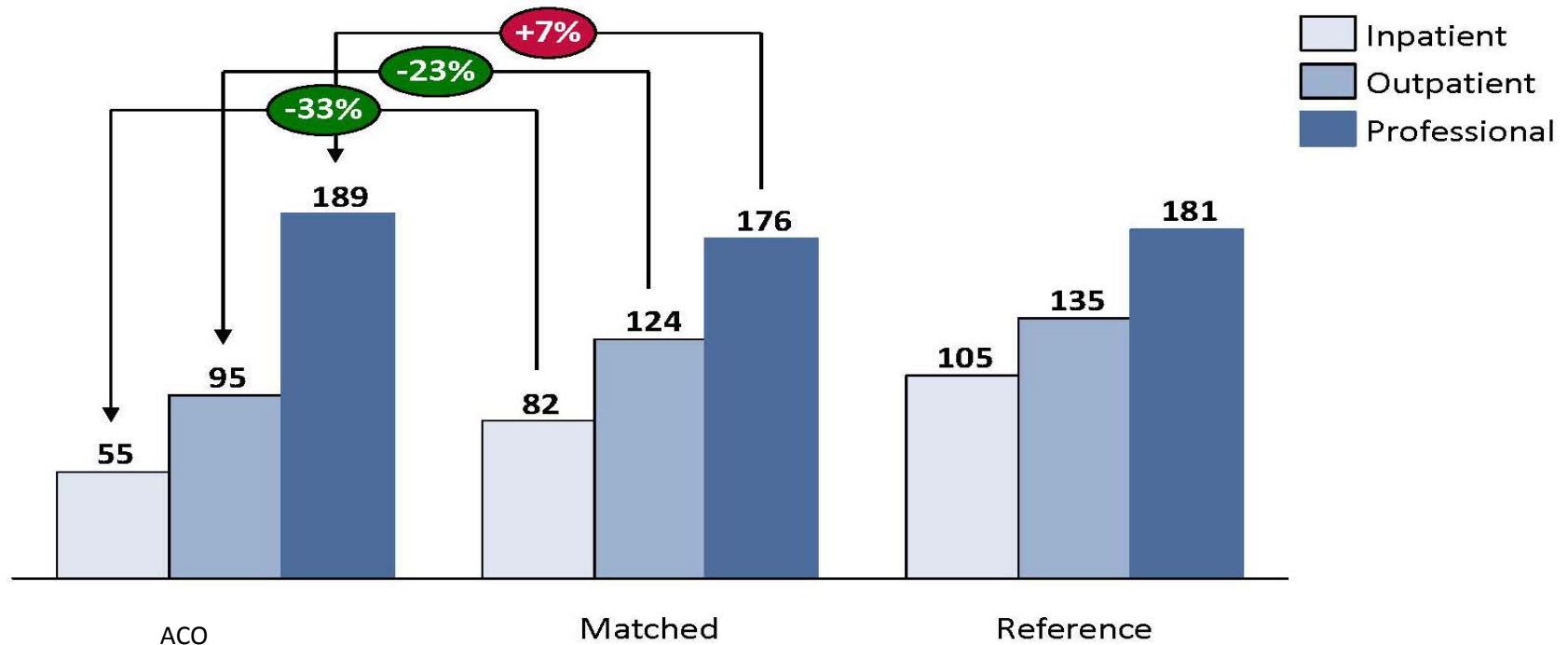


9%
LOWER TOTAL
COST OF CARE.

Sample ACO's Results Select Drivers of Overall Change

(Total cost of care favorable difference)

PMPM – Place of Service



Claims incurred January 2013 – December 2013, paid through March 2014.
Reference population is a larger Horizon BCBSNJ comparison across the state.

Episode Contracting Only Goes So Far

Advantages

- Engages specialists in Population Health orientation
- Identifies transformation opportunities
- Rewards full continuum focus
- Brings data to the point of care

Weaknesses

- Must build EOC models incrementally
- Episodes only cover a small percentage of patients presenting at specialty practice
- Much harder to encourage practice transformation
- Other drivers can influence all actors

Model Integration Has Reflexive Synergies

- Patient Centered Medical Home
 - Needs high valued specialty partners
- Accountable Care Organizations
 - Requires a specialty network
- Episode of Care Partners
 - Always seeking referral partners

Value Based Reimbursement Creates New Levers

- Reimbursement tools for VB relationships enhance the negotiating position of all partners
 - Shared Savings
 - Care Coordination Fees
 - Shared Risk
 - Shared Premium
 - Outcomes Based Payments
 - Withholds
- While the accounting is more complex, you can vary these tools to foster partner collaboration.

Open Discussion



Horizon Blue Cross Blue Shield of New Jersey is an independent licensee of the Blue Cross and Blue Shield Association. The Blue Cross® and Blue Shield® names and symbols are registered marks of the Blue Cross and Blue Shield Association. The Horizon® name and symbols are registered marks of Horizon Blue Cross Blue Shield of New Jersey.

© 2016 Horizon Blue Cross Blue Shield of New Jersey.

Three Penn Plaza East, Newark, New Jersey 07105. The entire document is proprietary & confidential.