

Case Study of Blue Cross and Blue Shield of North Carolina's Value-based Payment Initiatives:

AKA What's Going on in North Carolina?

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Blue Cross and Blue Shield of North Carolina



Mission:

To improve the health and well-being of our customers and communities

Blue Cross and Blue Shield of North Carolina

- + Almost 4 million members
- + Approximately 5,000 employees
- + Over \$10 billion revenue
- + Insure majority in NC commercial market, many for most of their lives

Today is NOT about model mechanics

Quality Payment
PROGRAM

APMs Overview

An Alternative Payment Model (APM) is a payment model that gives added incentive payments to provide high quality, efficient care. APMs can apply to a specific clinical episode, or a population.

Types of APMs

APMs

Meet the statutory definition of an APM. ACOs participating in an APM are

Next Generation ACO Model

Share

Building upon experience from the Pioneer ACO Model and the Medicare Shared Savings Program (MSSP), the Next Generation ACO Model offers an exciting opportunity in accountable care—one that sets predictable financial goals and enables providers and beneficiaries to coordinate care and achieve the highest quality standards of care. See where on the map below the model is active version



41 ACOs participating in the Next Generation ACO Model. (List)

Model Summary

Stage: Ongoing
Number of Participants: 41
Category: Accountable Care
Authority: Section 3021 of the Affordable Care Act

Milestones & Updates

May 14, 2019
Announced: New and updated benchmark methodology, beneficiary and waiver information documents posted

Dec 21, 2018
Announced: 2017 Performance Year 2 financial and quality results posted

Aug 27, 2018
Announced: First annual report and technical appendices posted

Jan 18, 2018
Announced: 2018 model participants

Today is about...



- + Vision
- + Loyalty to the mission
- + Aggressive goals
- + Caring about outcomes
- + Really, truly caring about outcomes
- + Being relentless

Why this? Why now?



\$3.5 Trillion

National health care
spending

4.7%

Annual growth of per
capita spend over the last
15 years

26%

People who report
problems paying medical
bills

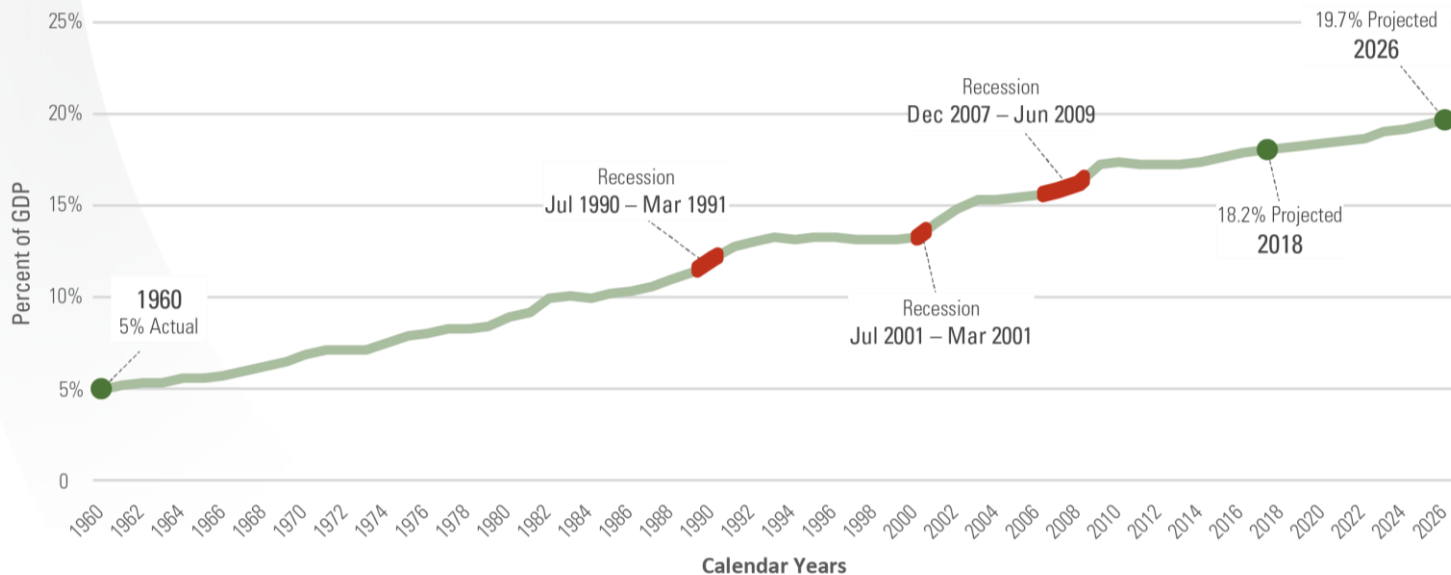
45%

Uninsured adults who
cite cost as the reason
for not having insurance

SOURCE: Centers for Medicare and Medicaid Services, National Health Expenditures, 2018

National Health Expenditure Trend

National Health Expenditure Trend as a share of gross domestic product 1960–2026 (projected)



Source: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html>
(Accessed June 2018)

Current state of care delivery must improve

Care is transactional with little to no engagement from patients

The tools and resources to better manage populations are costly

Care is focused on illness, not wellness and prevention

Payment rewards high production models instead of outcomes

Care is fragmented and not well coordinated

Our Approach to Value



- + **Shared savings model with two-sided risk**
 - + Additional \$\$ if cost/quality targets are met
 - + Provider shares in loss when falling short of targets
- + **Rapid shift** limits fee-for-service increases, builds network of ACOs
- + **Makes primary care a priority**

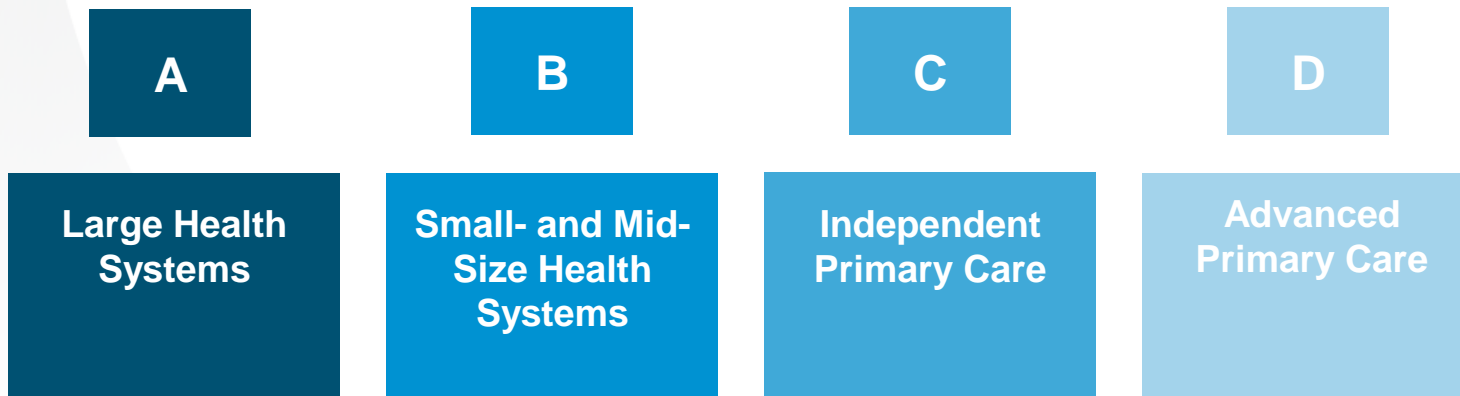


*Health care expenditures associated with
Blue Premier provider organizations*

50%
by 2020

100%
within 5
years

Blue Premier Spans Primary Care Delivered Across All Providers Types and Sizes

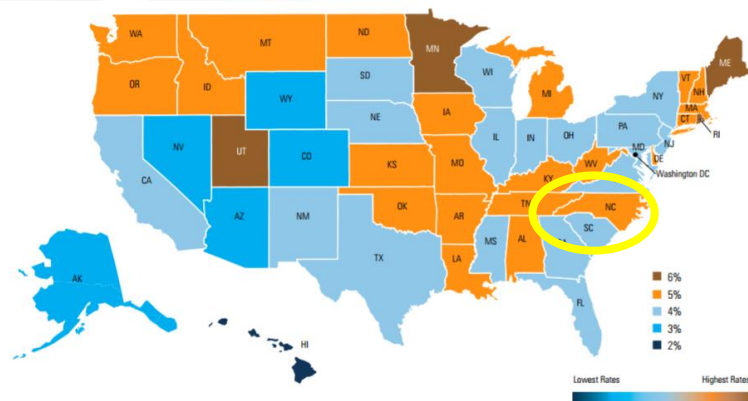




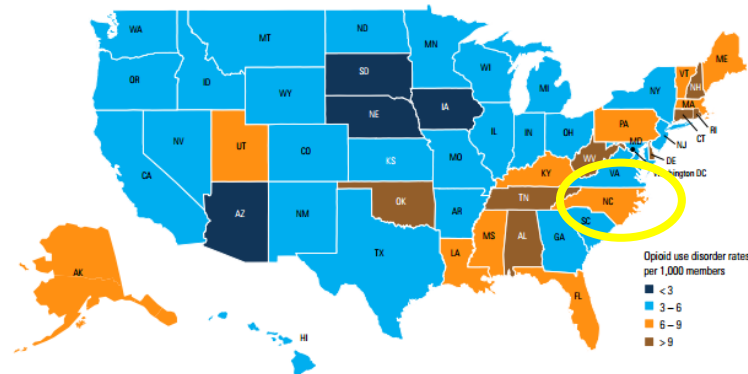
- Blue Premier, primary care, and then what?
- Strategies must align and ensure the same core goals are collectively met
- All strategies evolve together and have synchronized development roadmaps
- For instance...

Behavioral disorders health are prevalent

Rates of Depression¹




Opioid Use Disorder Diagnosis²



- **1 in 5** Americans will experience a mental illness in a given year.³
- Suicide is the **2nd** leading cause of death in youth aged 10-24 years, and suicide rates for adults and youth are rising.⁴
- Physical health conditions like diabetes, cardiovascular disease, and cancer have worse outcomes and are more expensive to manage when co-occurring with behavioral health disorders.
- Opioid use disorders are rising with opioid related overdose deaths growing by **~20%** year over year.⁵
- Behavioral health disorders account for **4 out of the top 10** national health conditions impacting health.⁶

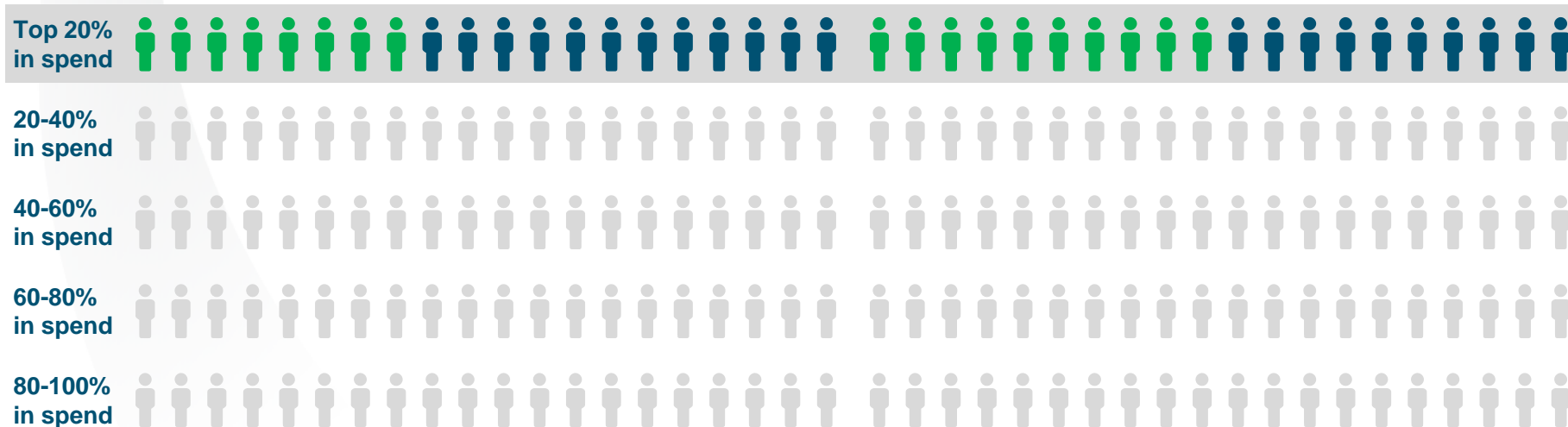
1. Blue Cross Blue Shield Association, https://www.bcbs.com/sites/default/files/file-attachments/health-of-america-report/HoA_Major_Depression_Report.pdf ; 2. Blue Cross Blue Shield Association, https://www.bcbs.com/sites/default/files/file-attachments/health-of-america-report/HoA_Opioid_Epidemic_Report.pdf ; 3. Kaiser Family Foundation, https://www.healthsystemtracker.org/chart-collection/current-costs-outcomes-related-mental-health-substance-abuse-disorders/?_sf_s=mental#item-start ; 4. CDC https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67_06.pdf and <https://www.cdc.gov/vitalsigns/suicide/infographic.html#graphic> ; 5. National Institute of Drug Abuse www.drugabuse.gov/related-topics/trends-statistics/overdose-death-rates ; 6. Blue Cross Blue Shield Association, <https://www.bcbs.com/the-health-of-america/health-index/national-health-index>.

Behavioral health disorders drive total healthcare spending

 Have a behavioral health problem

Of fully-insured Commercial members in the top 20% of total medical expenses, 38% has a behavioral health disorder

Of Medicare members in the top 20% of total medical expenses, 48% has a behavioral health disorder



Behavioral health disorders drive total emergency department (ED) and inpatient (IP) spending for the fully insured population.

- Substance use disorder consistently is the #1 cost driver for ED (\$67 million, \$5.21 ppm in 2017) and #2 for IP (\$49 million, \$4.22 pm for 2017) utilization

Three key components of the behavioral health strategy

Integrated behavioral and physical health



Integrated care improves access and reduces total medical expenses, especially for individuals with co-occurring physical and behavioral health disorders.

Optimized behavioral health network



Redefine payment and recruit providers to deliver effective outpatient behavioral health treatment, helping to keep members out of emergency department and inpatient settings.

Best-in-class solutions



Couple in-house capabilities with strategic collaborators and vendors to form comprehensive and transformative best-in-class solutions.



Strategy applicable to **all lines of business**

Important considerations about specialty care

1

Current approaches to specialty care focus on one part of the continuum of care



2

Members actively seek care at more than one system/provider group



3

Existing VBC specialty models do not integrate with primary care



4

Current primary care models don't cover majority of spend at many systems



Three key components of the specialty strategy

Innovative Payment Models

- Align payments with accountability for outcomes via a total care team
Reinforce PCP relationship
- Supportive of novel technologies and therapies while addressing non-value added variation in care

Directing Care to the Highest Value Providers

- Reliable, valid measurement
- Delivery of metrics to PCPs and members
- Make high-value referrals easy for PCPs and members
- Align benefits and networks with metrics

Utilizing Technology to Support Outcomes

- Interoperability and bi-directional data
- Enable and enhance provider-to-provider communication
- Actionable utilization data and performance analytics



Strategy applicable to **all lines of business**

Insights into Implementation



The need for urgency

Time to take risks for the future

- Easy to find organizations taking huge risks to position for growth.
- Which leaders are taking the risks to improve quality and affordability for consumers?
- We are hurting people every day we operate under the status quo.

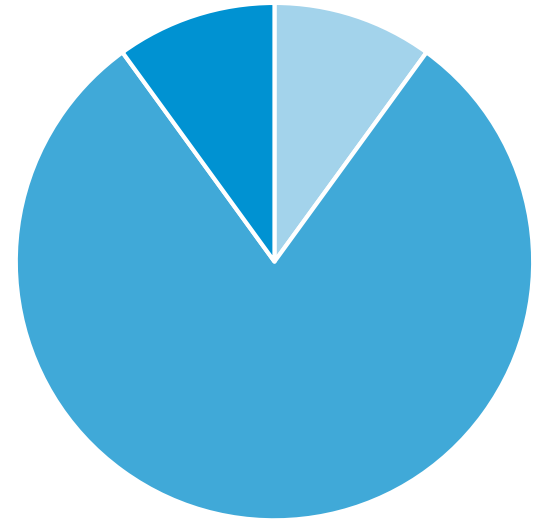
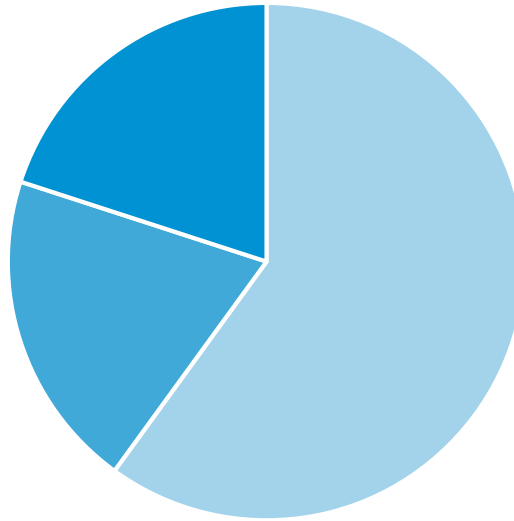
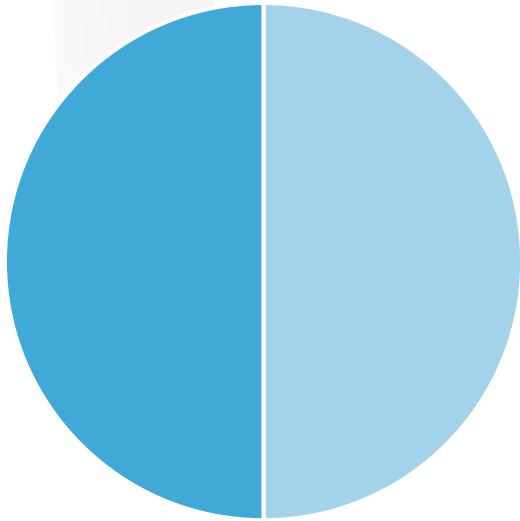
Three key points to delivering change

Accountability

Relentlessness

Evolving Roles

Can you draw the accountability pie? For all patients at all points in time?



System perspective – aka the reason for thoughtful specialty models



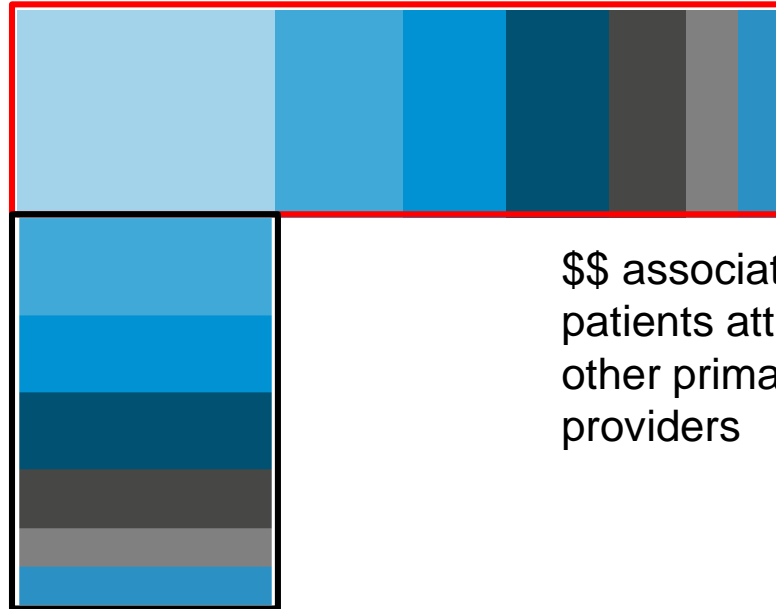
\$\$ for primary
care attributed
lives

\$\$ for all other
business (lives
not attributed to
the system)

System perspective – aka the reason for thoughtful specialty models

\$\$ for primary
care attributed
lives

\$\$ for attributed
lives spent
outside system
("leakage")



\$\$ associated with
patients attributed to
other primary care
providers

System perspective – the case for multi-payer alignment



System perspective – finding the tipping point



When the going gets tough...

- Fee schedules and rate increases
 - Data and reports
 - Contracting and legal purgatory
- Do you compromise?
 - Do you stop short?
 - Do you delay?



PEOPLE FIRST

Bring your positive energy, be the solution, make a difference



EVERY CUSTOMER MATTERS

Seek to understand and be obsessed with meeting their needs



THINK DATA

Balance intuition with data and insights to make decisions



INNOVATE TO ELEVATE

Push boundaries, be curious, inspire breakthroughs







SHOW GRIT

Take chances, be courageous, speak the truth, own it

Person-centered means breaking down barriers between each other

- Don't wait for CMS to force us to unlock the data
- Plan-provider collaboration on public health issues and drivers of health
- Rethink care management, prior authorizations and utilization management, and other traditional insurance functions
- Purposeful, long-term investments
- Pay for health

Blue Cross NC is catalyzing rapid, market-wide change by

-  ■ Using the best knowledge of value-based models to-date
-  ■ Keeping our mission front and center in developing and executing strategies
-  ■ Deeply caring about results and taking responsibility for achieving goals
-  ■ Designing an ecosystem of partnerships with aligned goals

Thank you!

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