

EMPLOYER-LED AND OTHER CONTRACTING INNOVATION

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TRADITIONAL HEALTH CARE RELATIONSHIPS



Patients



Providers



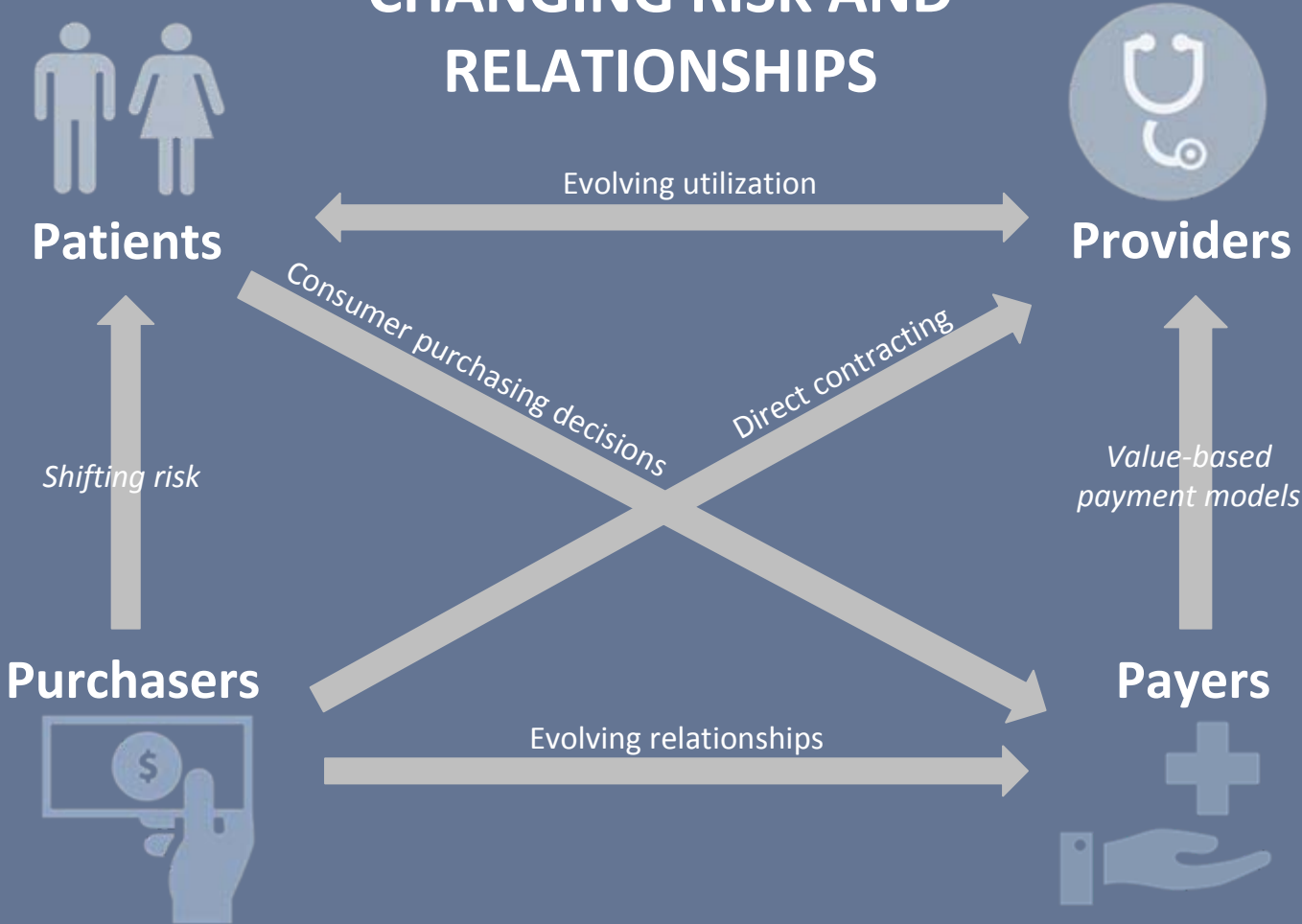
Purchasers



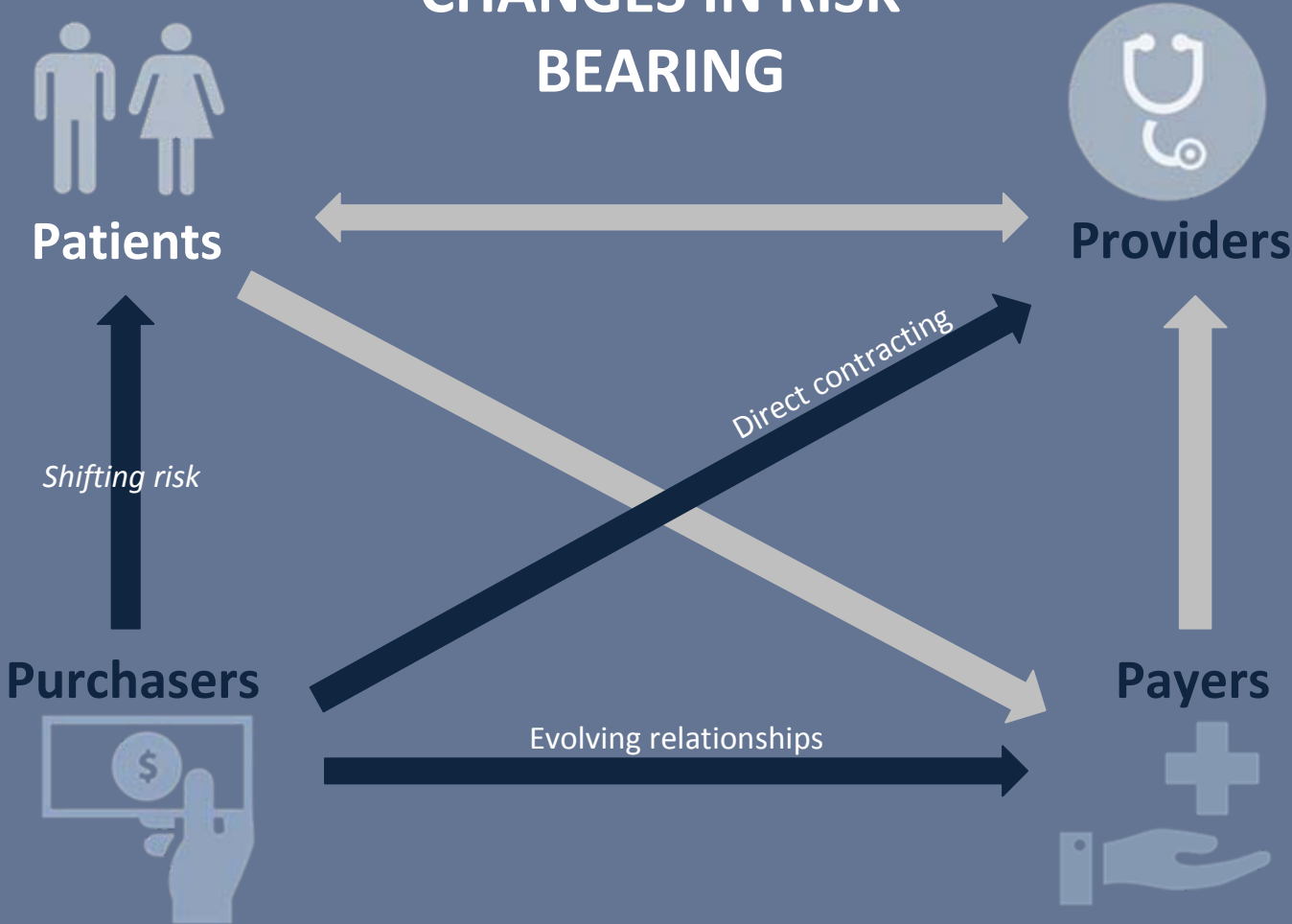
Payers



CHANGING RISK AND RELATIONSHIPS



CHANGES IN RISK BEARING



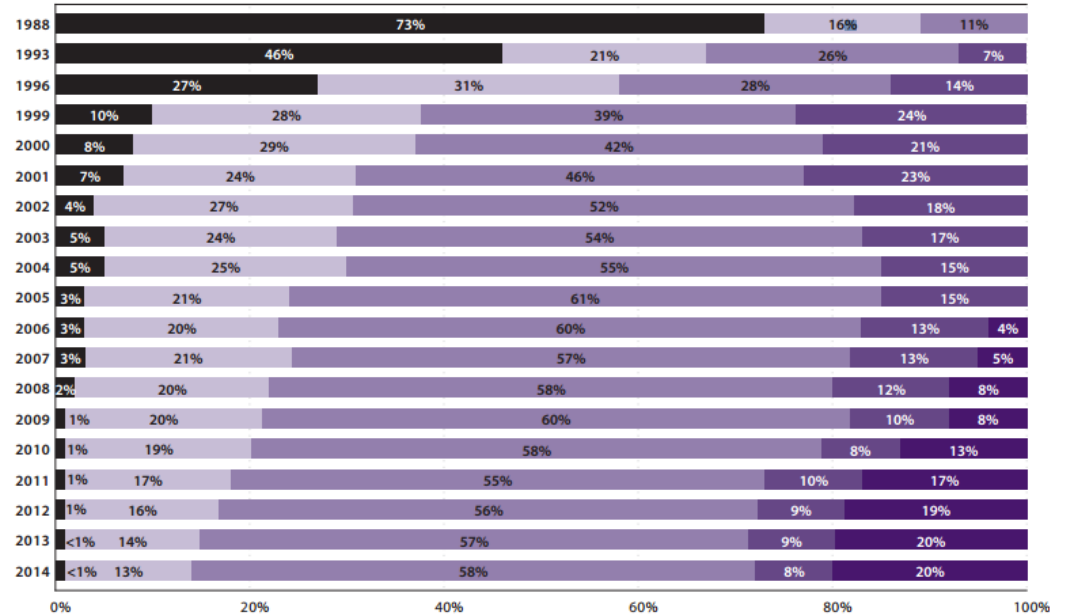
SHIFTING RISK



- High Deductible Health Plans
- Defined Contribution
- Public & Private Exchanges

EXHIBIT E

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988–2014



NOTE: Information was not obtained for POS plans in 1988. A portion of the change in plan type enrollment for 2005 is likely attributable to incorporating more recent Census Bureau estimates of the number of state and local government workers and removing federal workers from the weights. See the Survey Design and Methods section from the 2005 Kaiser/HRET Survey of Employer-Sponsored Health Benefits for additional information.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2014; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988.

CONVENTIONAL
 HMO
 PPO
 POS
 HDHP/SO

EVOLVING RELATIONSHIPS



Employers have many options for engaging with ACOs

Plan Design:

- Financial Incentives for Member Participation
- Direct Provider Engagement
- Network Development
- Reference Pricing

DIRECT CONTRACTING



Pros:

- Flexibility
- Control

Cons:

- Administrative burden
- Requires large, concentrated workforce

DIRECT CONTRACTING IN PRACTICE



Boeing's "Preferred Partnership"

- ACO coverage option for ~50,000 employees & retirees
- Offers lower paycheck deductions, larger company contributions to HSAs, no co-payments in many cases for visiting PCPs and 100% coverage for generic drugs
- Puget Sound, North Charleston, and St. Louis regions

Intel's "Connected Care"

- ACO coverage option for 3,500 employees
- Move to new approach after other plans to reduce health care costs failed
- "It eliminates prior authorization for all but a handful of treatments. This removes a layer of bureaucracy (i.e., cost) and provides a better experience for patients and providers," said Intel.

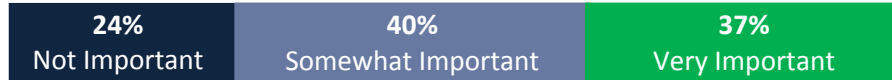


EMPLOYERS ARE INTERESTED IN ACOS

NBGH 2015 Large Employers' Plan Design Survey:

- 26% of respondents offered provider networks in 2014 that included ACOs
- Only 1% used plan design features to incentivize using ACO providers

How important is the availability of ACOs and/or PCMHs to mid- and large-size employers when selecting a health plan vendor?



ACO Components that Employers Consider Most Necessary for Success:

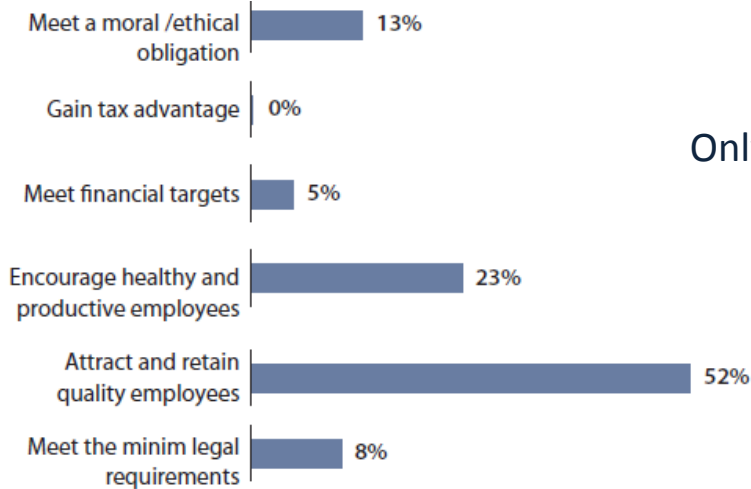
- 1.Risk-based contracts tied to quality outcomes
- 2.Demonstrated cost savings
- 3.Care coordination infrastructure
- 4.True provider transformation for more efficient care
- 5.Adequate access to high value providers
- 6.Transparency and decision-support tools
- 7.Integrated technology infrastructure

Employer Perspectives on Accountable Care

EMPLOYER TRENDS

2015 Employer Benefits Survey

What is your most important goal with health benefits?



50% self-insured.

Have you saved money since becoming self-insured?



Only 10% offer benefits selection through a private exchange.

Do you expect to participate in a private exchange in the future?



54% of employers say **Affordability** is the largest worry on the health benefit horizon.

n=600 employers with
≥ 50 employees

EMPLOYER TRENDS CONTINUED...

Leavitt Partners 2015 Employer Benefits Survey

52% of employers say <10% of enrollees have high-deductible health plan.

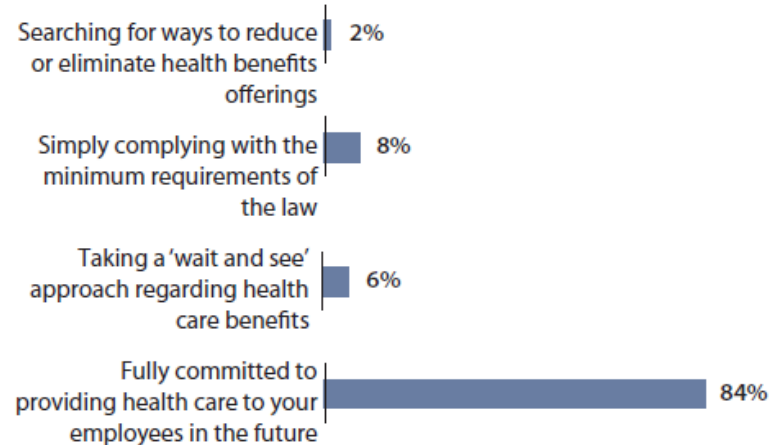
70% of employers say <10% of enrollees have a health savings account (HSA).

Do you have a wellness program or population health initiative?



67% say their programs have led to a positive ROI

Considering everything going on in health care & in your industry, in general, your organization is:



KEY TAKEAWAYS

- Employers focus is on improving care while reducing costs
- Risk is shifting
- Direct contracting is increasing
- Employer bandwidth for ACO strategies varies



LET'S MEET OUR PANELISTS



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