

Patient Centered Medical Home

And The Medical Industrial Complex

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The Environment - Drivers of Change

Features of Health Care

- 60+ Hospitals; 5 Medical Schools
 - Significant physician employment
 - Considerable financial integration
 - Minimal clinical integration
- SCP:PCP ratio is 4:1
 - Disparity in reimbursement, resources, technology, staffing, morale
- Payer contracts reward volume
 - Mostly FFS (some HMO capitation)
- Minimal integrating technology
 - No HIE/HIO
 - Provider portal: admin > clinical support
- Payer programs to counter inertia
 - UM, CM, DM, DS, P4P, etc.

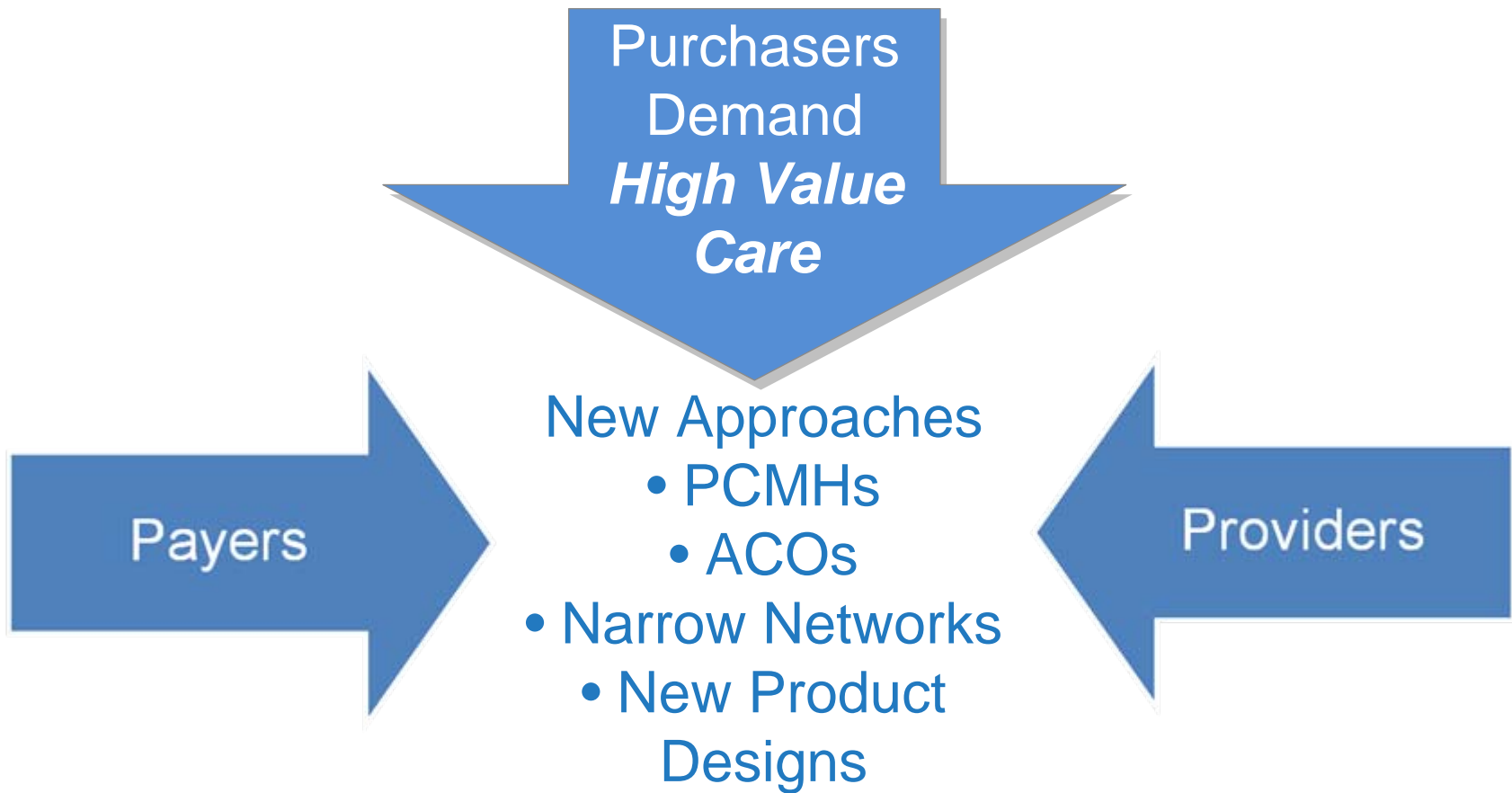
Observed Performance

- Top five MSA for utilization / cost
- Overall average quality despite Centers of Excellence
- Average satisfaction
 - Health Plan CAHPS scores
 - Hospital HCAHPS scores

Market Reaction

- Purchasers demand
 - High Value Care
 - Public / Private Exchanges
 - Reference based pricing
- Payers and/or Providers
 - PCMH, ACO models
 - Product designs based on PCMH, ACO
 - Narrow Networks

The Environment - Drivers of Change



Primary Care is at the Center of These Models & Products

Transformation requires...



**Consumer
Engagement**

**Delivery
Reform**



**Payment
Reform**

**Benefit
Redesign
Reform**



Transformation requires...

Payment Bundling

Integrated system capitation

Global DRG fee: hospital, post-acute, and physician inpatient

Global DRG fee: hospital only

Global ambulatory care fees

Global primary care fees

Blended FFS and medical home fees

FFS and DRGs

LESS FEASIBLE

MORE FEASIBLE

P4P Design

Outcome measures; large percentage of total payment

Care coordination and intermediate outcome measures; moderate percentage of total payment

Preventive care; management of chronic conditions measures; small percentage of total payment

Small MD practice; unrelated hospitals

Primary care MD group practice

Multi-specialty MD group practice

Hospital system

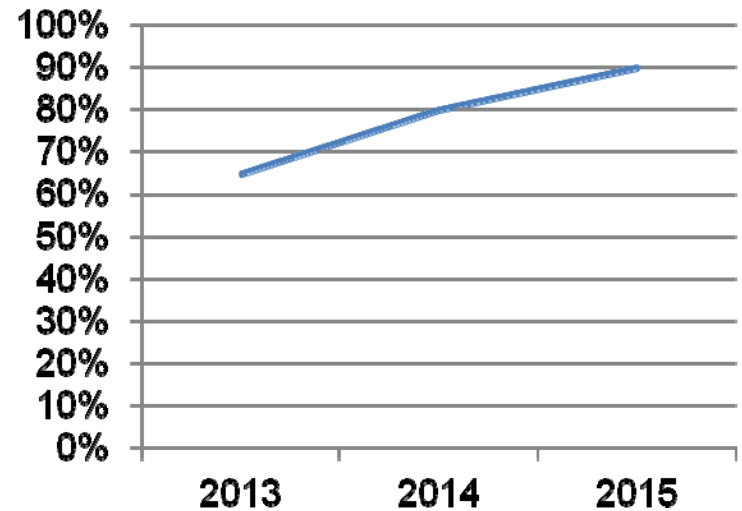
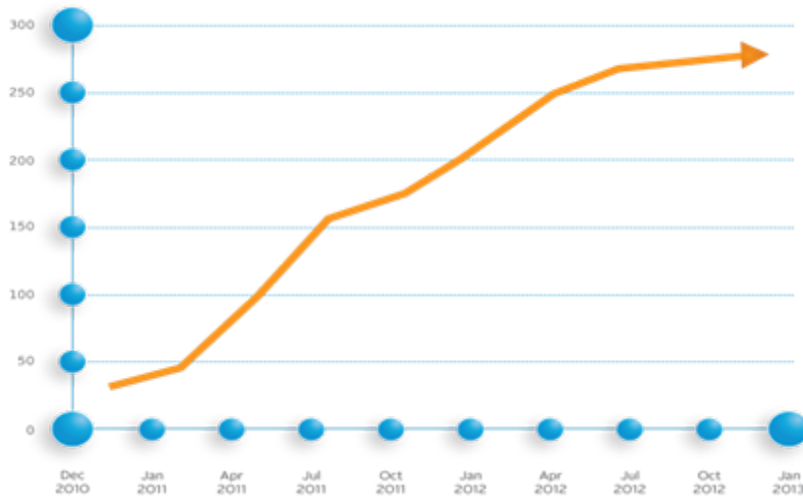
Integrated delivery system

Strategy From A Payer's Perspective

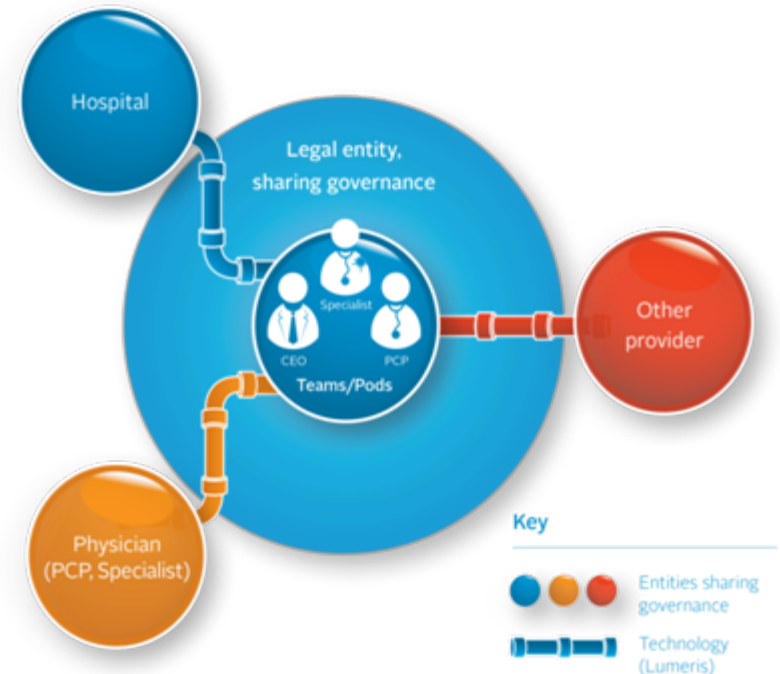
Meeting the Purchaser's Requirements



PCMH Dashboard - ACO Dashboard

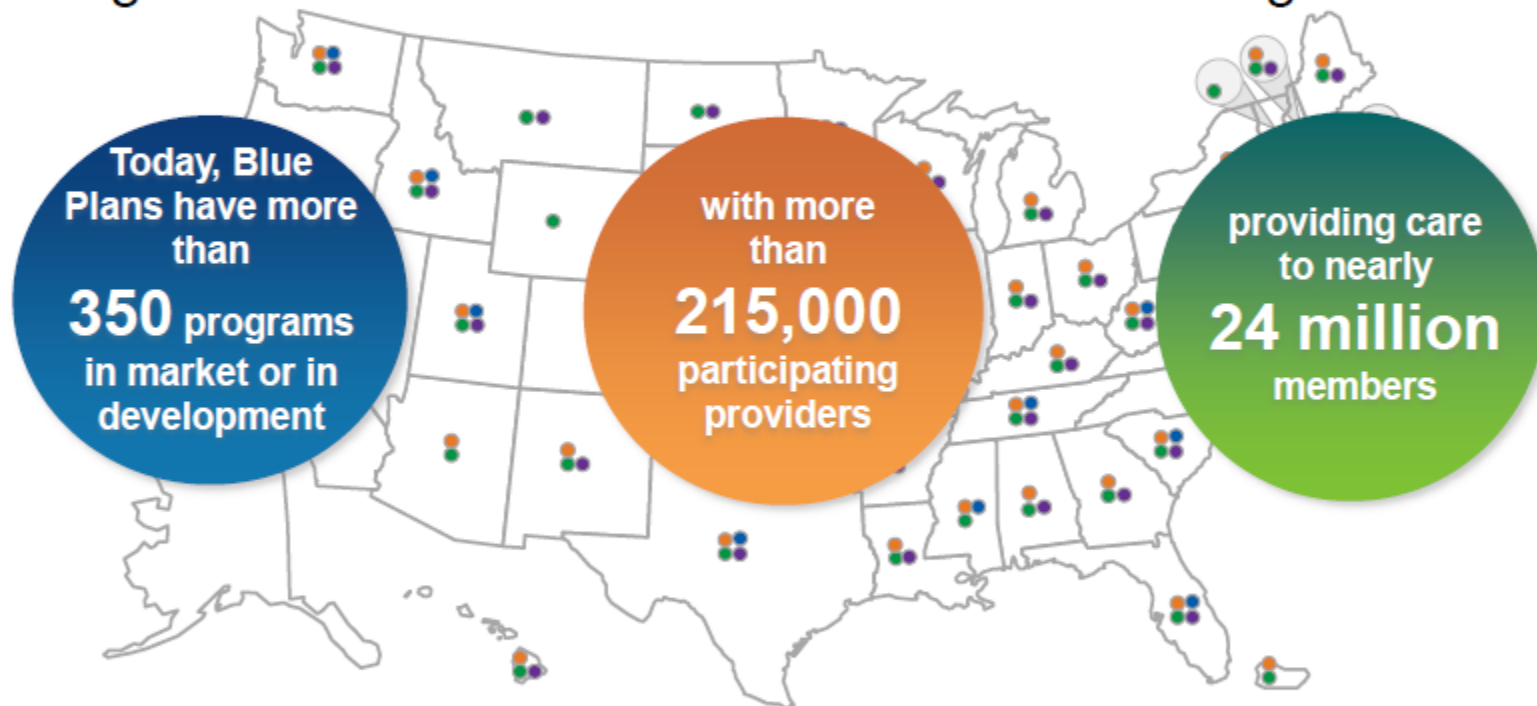


Metric	Current count
Commercial HMO Members in PCMH	199,363 (40%)
Medicare HMO Members in PCMH	30,408 (40%)
Number of Practices recognized as PCMH	297 (31%)
Number of Unique Physicians in PCMH	1,492 (41%)



Blue Plan Value-Based Programs

In response to market demand, new value-based contractual arrangements will be included in the BlueCard Program.



Blue Distinction Total Care is a subset of these programs that meet specific criteria.

● Pay-for-Performance Programs ● Patient-Centered Medical Homes ● Episode-Based Payment ● Accountable Care Organizations

Note: Information as of October 2013.

BDC+ National Access

Offers broad national access that encompasses the majority of the top 50 MSAs



Specialty Program	Blue Distinction [®] Centers	Blue Distinction [®] Centers+
Knee and Hip Replacement	●	▲
Spine Surgery	●	▲
Bariatric Surgery	●	Late 2014
Cardiac Care	●	▲
Complex and Rare Cancers	●	Coming 2014
Transplants	●	July, 2014

Blue Distinctions+

BDC+ eligible facilities demonstrate better overall quality care than non-eligible facilities and 20% cost savings for employers.



Hospital Wide

Lower healthcare-associated infection rates compared to non-BDC facilities

13.9%

Central line-associated bloodstream infection standardized infection ratio (SIR)



Spinal Surgery

Lower readmission rates compared to non-BDC facilities

17.9%

30-day readmissions

15.9%

90-day readmissions

Lower complications compared to non-BDC facilities

13.3%

90 day reoperations (lumbar & cervical)

23.1%

90 day reoperations (lumbar only)

21.6%

Cost savings overall for Blue Distinction Center+ Designations



Knee & Hip Replacement

Lower readmission rates compared to non-BDC facilities

14.3%

30-day readmissions

13.3%

90-day readmissions

Lower complications compared to non-BDC facilities

11.1%

90 day reoperations

22.5%

Cost savings overall for Blue Distinction Center+ Designations

Blue Distinction +

A national designation program that recognizes high quality, efficient specialty care facilities as well as value-based patient-centered solutions

Blue Distinction®

Flexible national network solutions

Specialty Care

Blue Distinction® Centers

Hospitals recognized for their **expertise** in delivering specialty care.

Blue Distinction® Centers+

Hospitals recognized for their **expertise and efficiency** in delivering specialty care.

Total Care

Blue Distinction® Total Care

Designated provider ACO and PCMH programs that meet Blue requirements for quality and efficiency.



Coordinated, Quality-driven Healthcare System

BlueCard enhancements facilitate the exchange of data and enable Plans to support local payment innovations for accounts.

Four critical activities support Patient-Centered Medical Homes and Accountable Care Organization business models:

Provider Information

Includes indicators in the weekly provider data submission to identify providers participating in PCMH and ACO programs.

Attribution

Associates National Account members to a local PCMH or ACO provider based on local Plan criteria.

Care Coordination

Facilitates the data exchange of pre-service information between Home/Host Plans and providers to support care coordination activities (e.g., pre-service admissions, discharge notifications (PAD)).

Financial Settlement

Required Plan-to-Plan settlement of non-claim expenses.

- Care Coordination Fees – Amounts paid to providers on a per member basis (often monthly).
- Incentive/Risk Sharing Payments – Amounts based on defined quality and cost targets.

New Product Designs



Get more coordinated care
with a lower copayment

With Patient-Centered Medical Homes

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Important information about the Patient-Centered Medical Home benefits plan design option

Dear Valued Provider:


You are receiving this letter because our records indicate that your practice is designated as a Patient-Centered Medical Home (PCMH). If you are no longer a PCMH or have questions about this designation, please contact Elizabeth Coughlin at 215-241-2005.

I am writing to remind you of the PCMH benefits plan design option that we introduced in January 2013 for certain employer groups with HMO or Direct POS plans. With this benefits plan design option, members who select a PCMH as their primary care physician (PCP) will incur lower cost-sharing.

About the PCMH benefits plan design option

Please note the following regarding this benefit plan design option:

- Identifying PCMH members and copayments:
 - Member ID cards.** ID cards are issued to members who have this benefits plan design option that include a Patient-Centered Medical Home Indicator and list two different copayment amounts depending on the member's PCP selection. See sample ID card below.


www.khplan.com for health information

SAMPLE MEMBER
ABC1234567890

ABC PROVIDER
 215-555-5555
LAL L

Participant See your Primary Care Physician first for care. Obtain referrals for radiology, physical and occupational therapy, laboratory and special examinations. You are responsible for preauthorization for Out of Network care. Please read your member of Independence Plus, but if you please call 1-800-A3M-BLUE (1-800-275-2537), within 60 hours of requesting care. **Provisional:** 1-800-870-BLUE (1-800-870-2537) to verify eligibility and coverage. Plan members with local Blue Cross/Blue Shield Plan: **Hospital:** Call 1-800-A3M-BLUE for admission verification within 60 hours of need business day after admission.

PATIENT CENTERED MEDICAL HOME



Cashless Service
1-800-A3M-BLUE
1-800-870-BLUE
 To Contact Us: Ask a Provider
1-800-870-BLUE
 Health Information: Access
1-800-870-9111

Not applicable to members living in our network. Outside our network, we will reimburse you after you pay your bill. Coverage ends at the end of calendar year. See also Important Information at the back of your Blue Shield card.

- Navinet® Benefits Snapshot.** To verify member eligibility and copayment amounts, please use the Navinet web portal. To do so, select *Eligibility and Benefits Inquiry* from the Plan Transactions menu, enter the search criteria for the member, and then select the appropriate member from the search results. Once on the Eligibility and Benefits Details screen, click on the *Benefit Snapshot* link to view the member's PCMH-specific copayment.
- It is important that you reference the Benefit Snapshot screen as the Eligibility and Benefits Detail screen does not include details on PCMH eligibility and copayment information.

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AHNJ and Cooper Health System

AHNJ and Cooper Partnership

Cranbury, NJ – April 10, 2013

AmeriHealth New Jersey and Cooper Health System announced that **Cooper would acquire a 20 percent interest in AmeriHealth New Jersey...**

Together they would **develop and offer an expanded suite of health plans and an accountable care model** for New Jersey residents...

-AmeriHealth Press Release

Cranbury, NJ - October 1, 2013 –

AmeriHealth New Jersey today announced that together with Cooper Health System they **have created new co-branded insurance products** designed for individuals and small businesses....

The plans were designed with **tiered networks to provide more choice based on an individual's or business' budget.**

-AmeriHealth Press Release

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AHNJ/Cooper Product



- Cooper Advantage Product is available as a fully insured, Individual and Small group product
- The 2-tier benefit design provides members with richer benefits for the Tier 1/Cooper Network (e.g., closer to Silver level) for a Bronze price

Consumer Transparency Solutions

National Consumer Cost Transparency (NCCT)

NCCT provides tools for employees to compare care provided by doctors and hospitals in their local community based on cost and quality. It encompasses services from more than 20,000 healthcare facilities and 400,000 professional providers,

Cost Estimation

View cost
estimates for 402
of the most
commonly billed
treatments and
procedures.

**Comparison
shop** for common
treatments
and procedures
based on cost.

Provider Quality

Search based on
industry-accepted
quality measures
and performance
rankings.

Read and share
reviews of
providers based
on actual patient
experiences.

Questions

Independence Blue Cross offers products directly, through its subsidiary Keystone Health Plan East and QCC Insurance Company, with Highmark Blue Shield — independent licensees of the Blue Cross and Blue Shield Association.

