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

Purchasers Demand

High Value Care

New Approaches
• PCMHs
• ACOs
• Narrow Networks
• New Product Designs

Payers

Providers

Primary Care is at the Center of These Models & Products
Transformation requires…

Delivery Reform

Payment Reform

Benefit Redesign Reform

Consumer Engagement
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

**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

**MORE FEASIBLE**
- Small MD practice: unrelated hospitals
- Primary care group practice
- Multi-specialty MD group practice
- Hospital system
- Integrated delivery system

**LESS FEASIBLE**

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Strategy From A Payer’s Perspective
Meeting the Purchaser’s Requirements

1. Strengthen primary care
2. Align incentives
3. Empower with technology and information
4. Enhance care management
5. Improve member wellness

1. PCMH
2. IBC Accountable Care Payment Model
3. NaviNet/Lumeris
4. Health Coach
5. Wellness solutions

Transformation of care
### 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.

Today, Blue Plans have more than 350 programs in market or in development

with more than 215,000 participating providers

providing care to nearly 24 million members

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

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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%

**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 reoperation s (lumbar & cervical)

**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

**Central line-associated bloodstream infection standardized infection ratio (SIR)**
- 21.6% Cost savings overall for Blue Distinction Center+ Designations

**90 day reoperations (lumbar only)**
- 23.1%
Blue Distinction +

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

Specialty Care

Blue Distinction Centers
- Hospitals recognized for their expertise in delivering specialty care.
- Hospitals recognized for their expertise and efficiency in delivering specialty care.

Blue Distinction Centers+

Total Care

Blue Distinction Total Care
- Designated provider ACO and PCMH programs that meet Blue requirements for quality and efficiency.

Blue Distinction®
Flexible national network solutions
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

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.

  Independence Keystone
  [Image]

  SAMPLE MEMBER ID
  ABC123456789

  PROVIDER: Ind. 
  Location: Medical Office

  SEX: M
  DATE OF BIRTH: 01/01/1970

  PCP: Dr. John Smith
  PCMH Provider

  PCMH Copayment:
  
  PCP Copayment:
  

  - NavNet® Benefits Snapshot: To verify member eligibility and copayment amounts, please use the NavNet 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 Benefits Snapshot link to view the member’s PCMH-specific copayment.

  It is important that you reference the Benefits 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

AHNJ/Cooper Product

Introducing the Cooper Advantage Plan

• 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
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.

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**National Consumer Cost Transparency (NCCT)**

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Questions