Pay for Performance Conference
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TUFTS Health Plan

Outline

- Approach to, and rationale for “value-based” tiering
- Collaboration with providers to develop “value-based” metrics
- Member response to tiering

Decrease Medical Trend & Improve Quality & Service

Network Tiering bridges the boundary between supply-side and demand-side initiatives

Supply Side

- Risk Contracting
- P4P
- Selective Contracting
- Profiling
- UR\PA
- TIERING

Demand Side

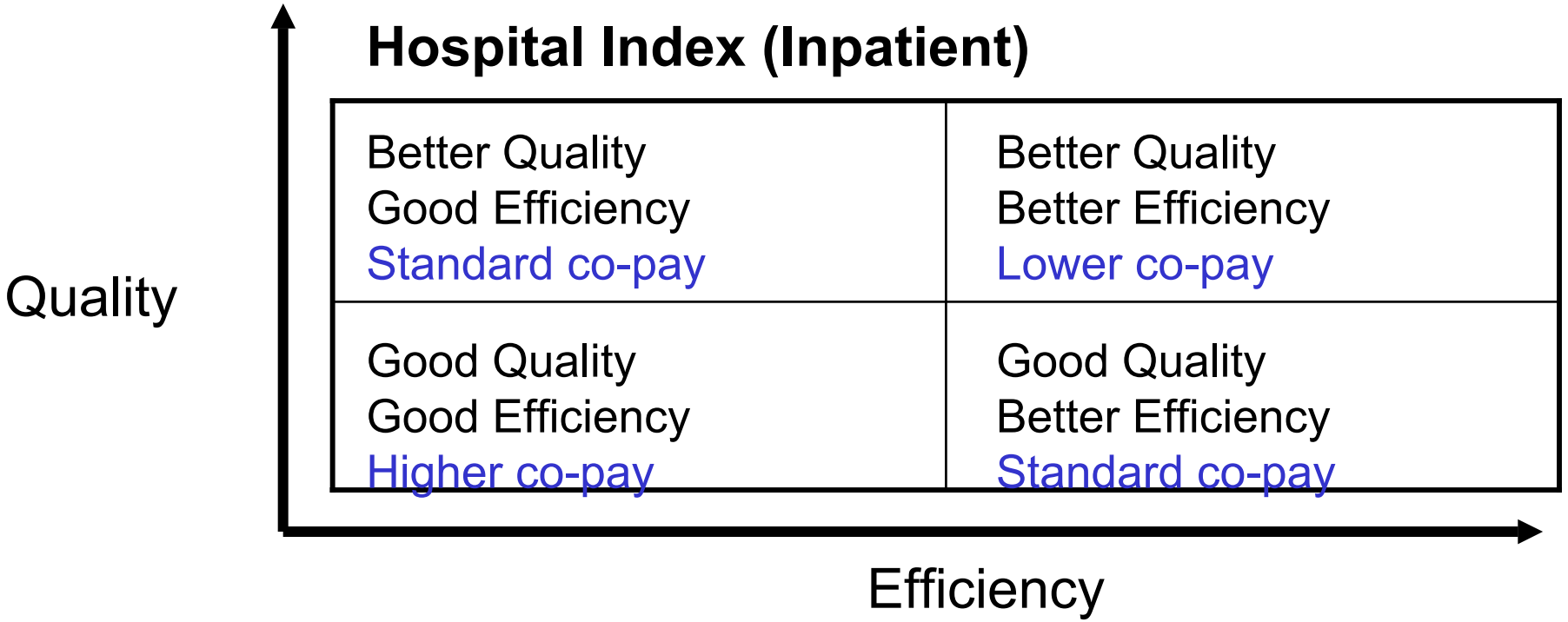
- Benefits
- Cost-Sharing
- HRA\HSA
- Disease Management
- Health Promotion
- TIERING

Plan Design Overview

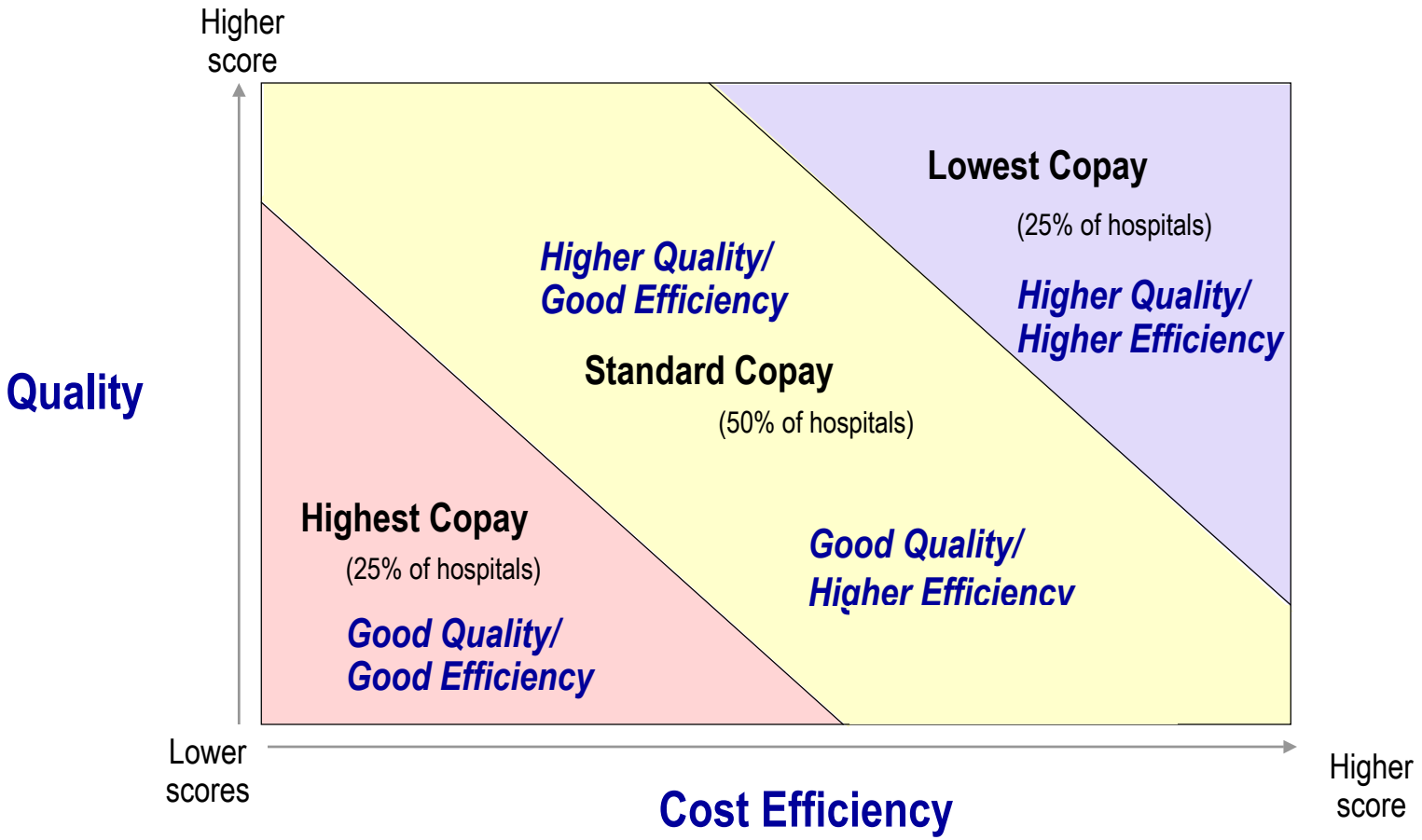
- PPO Benefits
- Phased, multi-year, approach beginning 7/1/04 *
  - In-network providers covered at different levels based on quality and efficiency measures
  - Out-of-network covered at 80% after deductible
- Efficiency and quality measures
  - Began with index scores for hospitals
  - 3 hospital inpatient specialties
  - Add PCPs and specialists in future
- Variable co-pay based on provider selection
- Core medical & Rx management

* State's open enrollment effective 7/1/04

Example of Hospital Index
Year 1: FY 2005



Actual Hospital Index (Inpatient)



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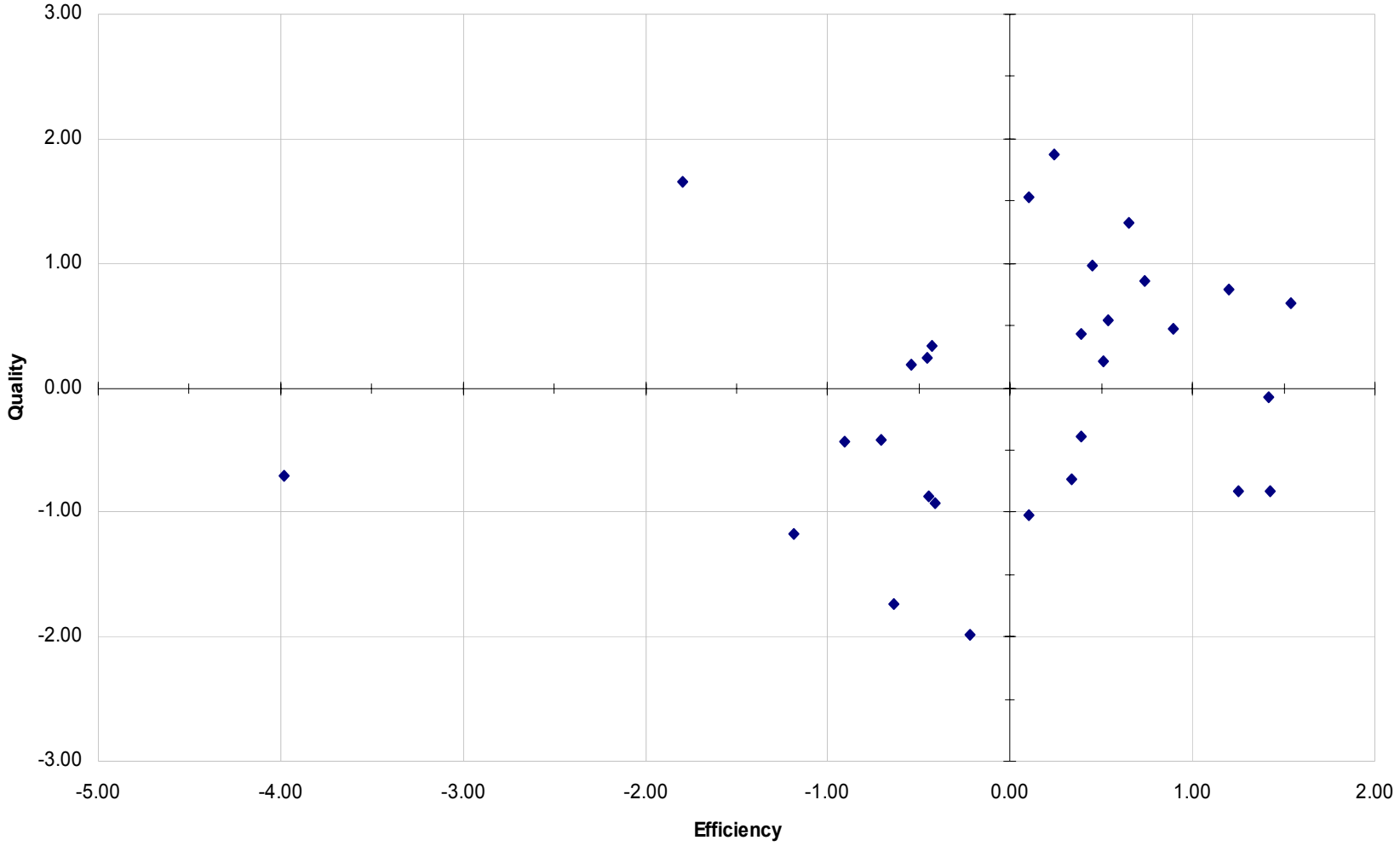
Hospital Cost & Quality Measures

- **Cost**
  - Adjusted average cost per case:
    - Contracted rates
    - Average length of stay
    - Service mix
  - Case-mix and severity adjusted
- **Quality**
  - Adjusted mortality rate
  - Adjusted complications rate (AHRQ)
  - NHVRI/JCAHO measures
  - Leapfrog (CPOE, ICU Staffing, Safe Practices)
  - Volume
  - Credentialing status

Eastern Pediatric Quality vs. Efficiency

Community Hospitals



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Hospital Response

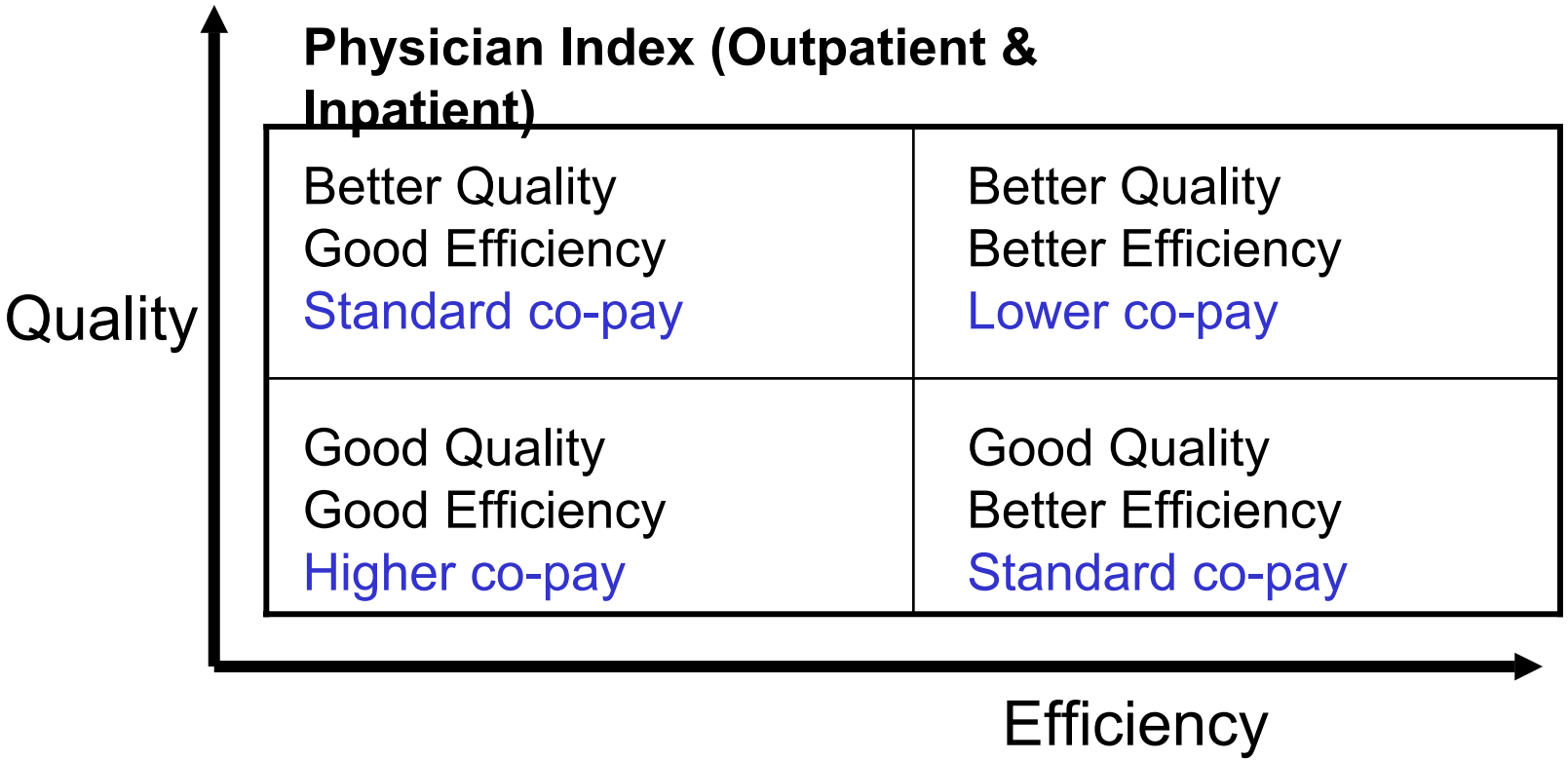
- “Right product, right concept”
- Upset by initial lack of consultation
- Methodology stinks

Refinements via collaboration

- Feedback on hospital inpatient metrics
- Extensive network involvement
  - Network hospitals individually and collaboratively
  - Expert Panel convened throughout summer, 2004
  - Invited Hospital Association to have leading role
- Great respect for process and grudging acceptance of outcome
- One tier-3 hospital given consulting assistance & pulled itself up to tier-1

Original 3 Year Proposal:

PCP's: FY 2006
Specialists: FY 2007



Provider Education & Outreach 2.0

- PCP ratings development began July, 2005
- Began discussion with Central Physicians Committee in Sept. 2004
  - Review industry trends and Tufts HP strategy related to quality and efficiency measurement
  - Overview of plan design and tiering methodology by Ms. Mitchell
- Reached out to Massachusetts Medical Society
- Physician Quality Measurement Expert Advisory Panel empowered to help define quality and efficiency metrics in conjunction with Central Physicians Committee
- Value-based ratings using cost (episodes of care) and quality (HEDIS & patient satisfaction)

How to Design Products and Deploy Information to Improve Value:

1. Sensitize beneficiaries to value [quality & price]

2. Enable shopping ("transparency")
   - 3-tier Rx
   - Value-scoring providers
   - Decision-support tools

3. Align contracting strategy (P4P)

Sensitize Members to Value in Plan Design

Inpatient Copayment by Value Tier

Hospital	Pediatrics	Obstetrics	Adult Med/Surg
Hospital A	$200	$200	$200
Hospital B	$400	$600	$400
Hospital C	N/A	$400	$600

Sample Web Screen Enables Shopping

Cost			Quality		
$$$$		75th percentile or more	****		75th percentile or more
$$$		51st - 75th percentile	***		51st - 75th percentile
$$	Increasing	26th - 50th percentile	**	Increasing	26th - 50th percentile
$	Cost	25th percentile or less	*	Quality	25th percentile or less

	Adult Med/Surg		Obstetrics		Pediatrics	
Hospital	Cost Score	Quality Score	Cost Score	Quality Score	Cost Score	Quality Score
Hospital A	$$$	**	$$	***	$	***
Hospital B	$	****	$$$	**	$$	***
Hospital C	$$$$	**	$$$	*	$$$	*
Hospital D	$$	***	$	**	$$	****
Hospital E	$$	***	$	****	$$	****
Hospital F	$	*	$$	**	$$$	**
Hospital G	$$$	****	$$$$	***	$$	***

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Select Quality Care

Contact Us.

Summary | Patients/yr | Mortality | Complications | Length of Stay | Cost | Other Evals | More

Report on Colon Surgery

Salem, MA, 10 miles
Data Source: All Patients

This report compares hospitals within 10 miles of Salem, MA for Colon Surgery, and is based on your selections and rankings. This is just one of several sources you should consult to select a hospital; always consult your physician about what decision is right for you. Click here for more information.

New Search | Change Hospitals | Change Rankings

Name	Rank	Index	Patients/yr	Mortality	Complications	LOS	Cost
Salem Hospital	1st	1.00	1st	1st	1st	3rd	1st
Union Hospital	2nd	2.67	4th	2nd	2nd	1st	2nd
Melrose-Wakefield Hospital	3rd	3.00	3rd	3rd	3rd	2nd	4th
Beverly Hospital	4th	3.33	2nd	4th	4th	4th	3rd

New Search | Change Hospitals | Change Rankings

Print report
Email report

About this chart

This chart summarizes the results of all measures for this group of hospitals. Lower numbers are better.

The overall rank of this group of hospitals is based on how each hospital performed on each measure and on your rankings of the importance of each measure. If you change the rankings of the measures these results may vary.

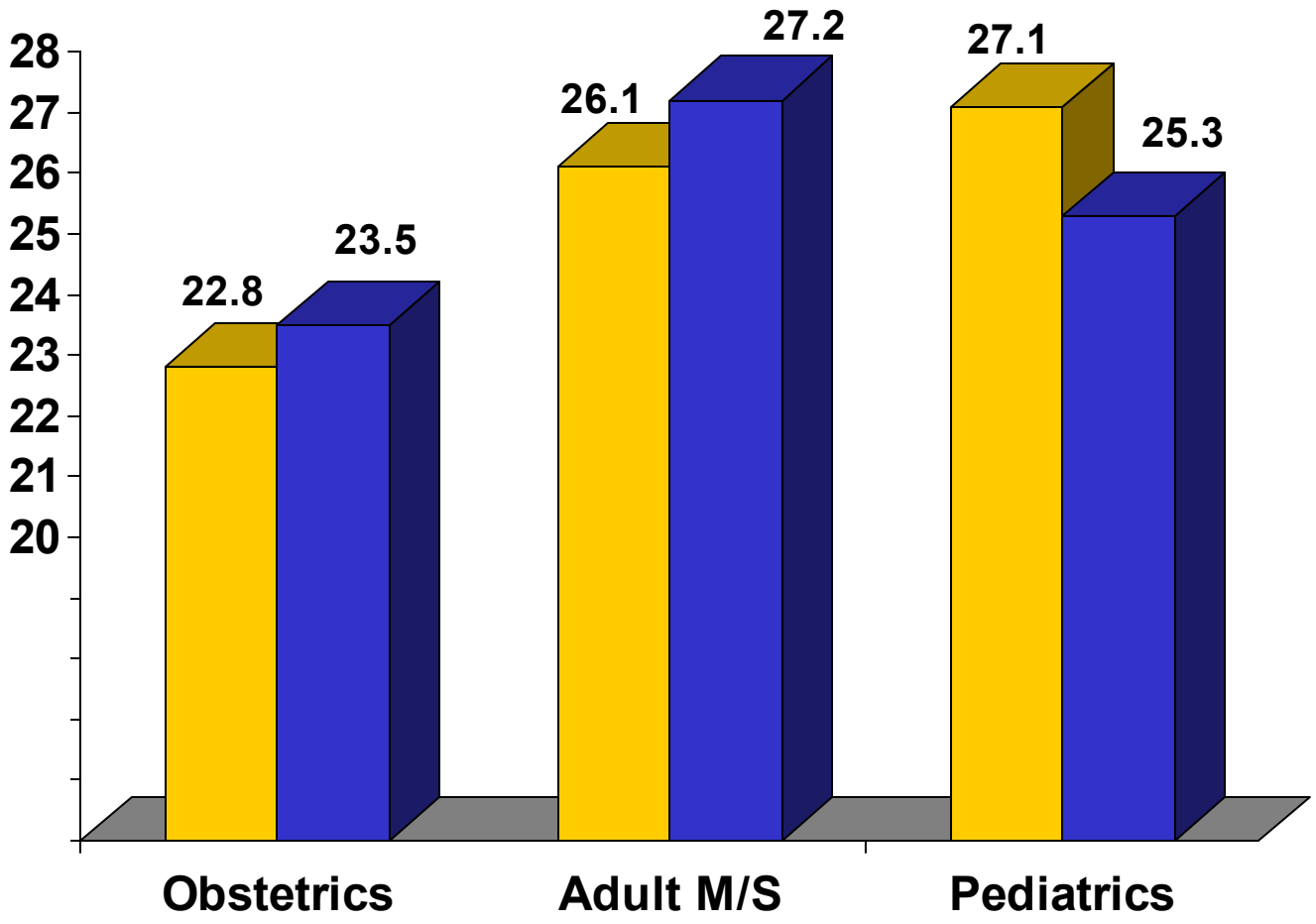
You should view each section of the report to see the details for each measure.

Legend

Rank: The overall rank of each hospital in this group of hospitals.
Index: A point score used to calculate the ranks. This is the average rank across all measures, weighted by the rank you gave to each measure.
Patients/yr: Rank based on the number of patients treated at each hospital.
Mortality: Rank based on the percentage of patients who died while being treated.
Complications: Rank based on the percentage of patients who developed problems while being treated.
LOS: Rank based on the average number of days people stay in the hospital for treatment
Cost: Rank based on the hospital's average charges for treatment (not what you pay).

Percentage of Cases at Tier 1 Hospitals Among Persisting Members

(Baseline vs Year 1)



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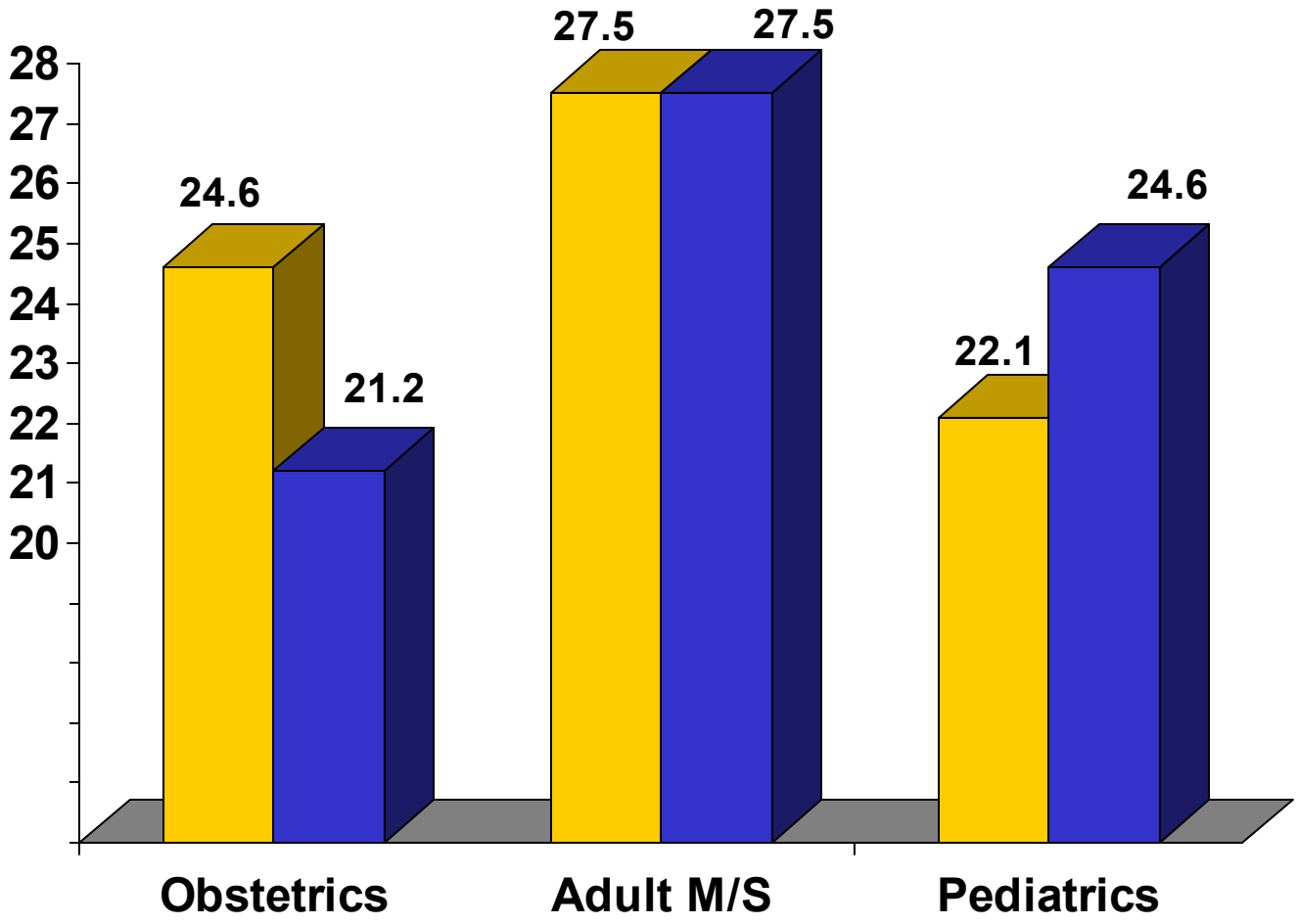
Percentage of Cases at Tier 1 Hospitals for Termed vs New Members



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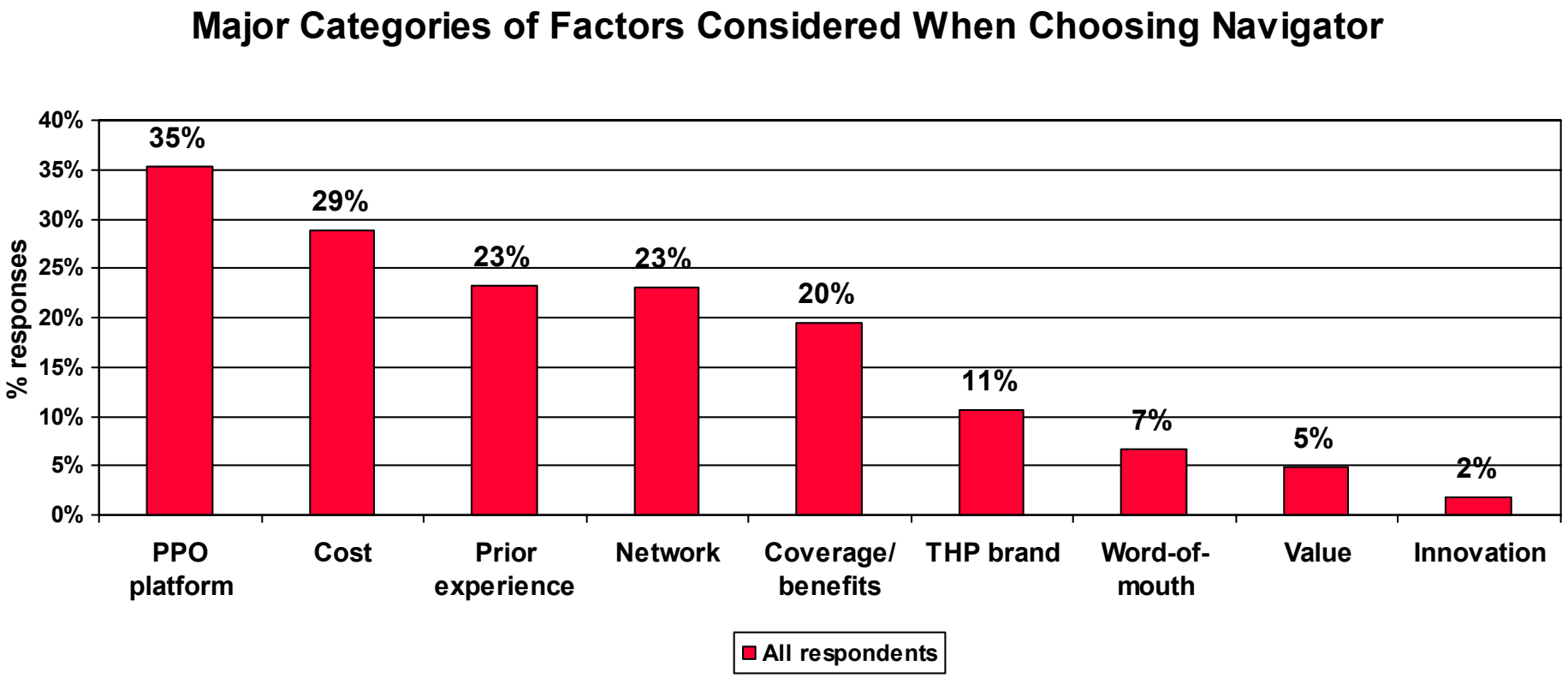
Health Plan Decision Making: Factors Considered - Major Categories



Multiple responses allowed.
Sample size: 395

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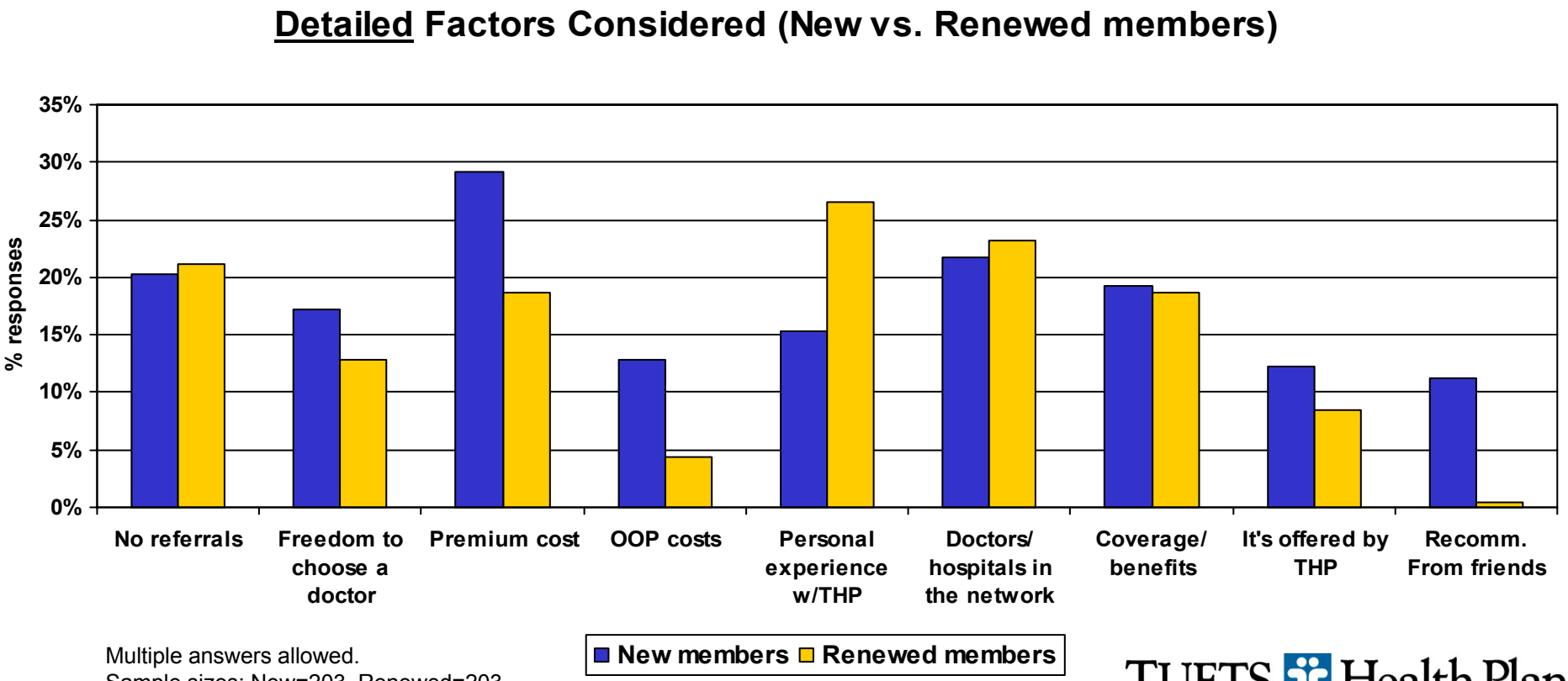
Health Plan Decision Making: Factors Considered - Details

- "Premium cost" was the most frequently considered factor by new members. Out-of-pocket costs was the least frequently mentioned reason



Multiple answers allowed.
Sample sizes: New=203, Renewed=203

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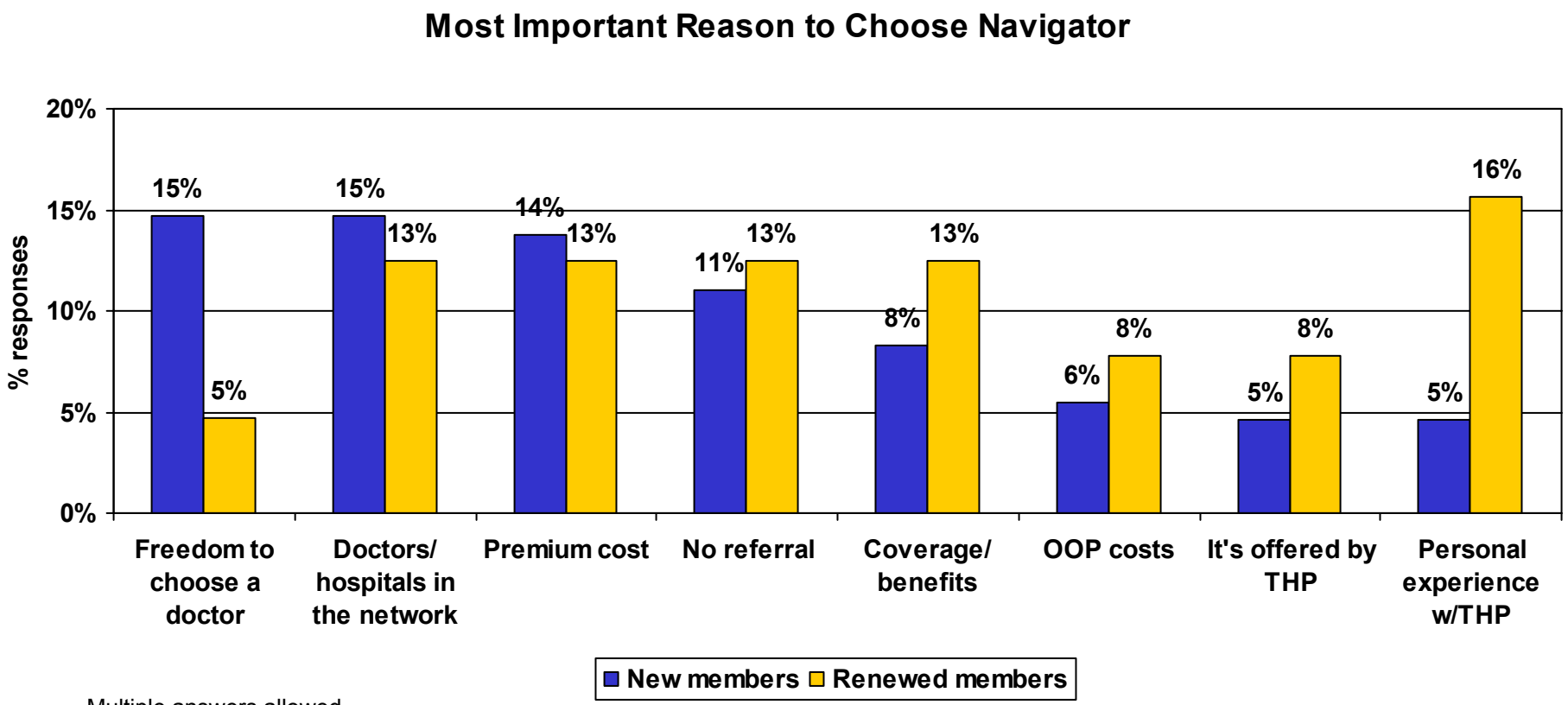
Health Plan Decision Making: The Reasons that Put Navigator Ahead

- **Those new members who also seriously considered plans other than Navigator decided on Navigator, because it provided freedom to choose a doctor and their doctors/hospitals were in the network. Again, OOP was least consideration.**



Multiple answers allowed.
Sample sizes: New=109, Renewed=64 (Asked only to those who considered other health plans.)

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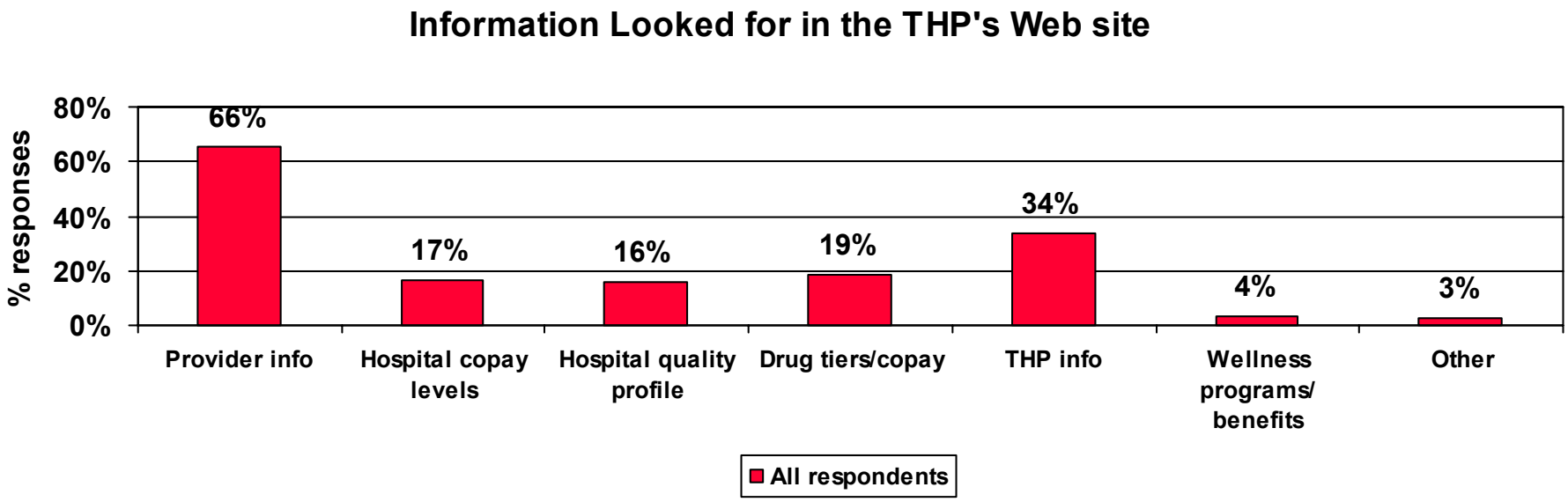
Information Sources: Tufts HP Web site – Info. Sought

- Two-thirds of those who visited Tufts HP's Web site (30% of members) looked up providers. Information about Tufts HP, in general, was also sought by about a third of them.
- Fewer people looked for information about drug tiers/copays, hospital copay levels, and the hospital quality profile.



Sample size (THP Web site visitors): 113

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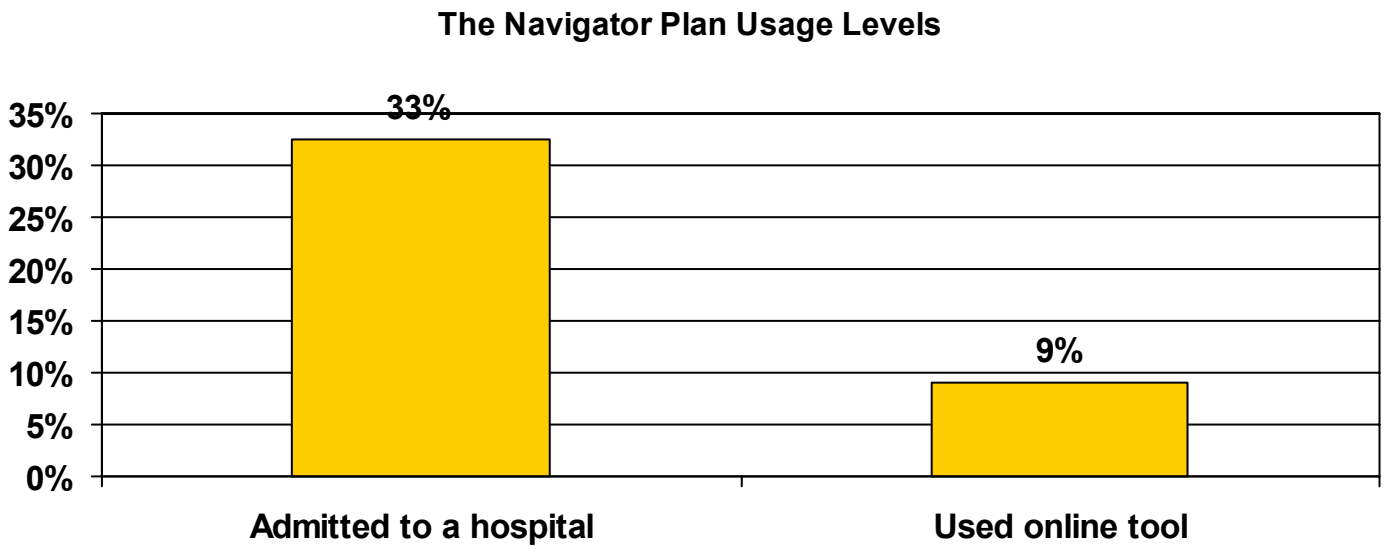
Experiences of Renewed Members: Usage

- **Of those members who reported that they or their family members had been admitted to a hospital while being covered by the Navigator plan, only 9% said that they used the online tools to find information about the hospital before the hospitalization.**



Sample sizes: Admitted to a hospital=203, Used online tool=66

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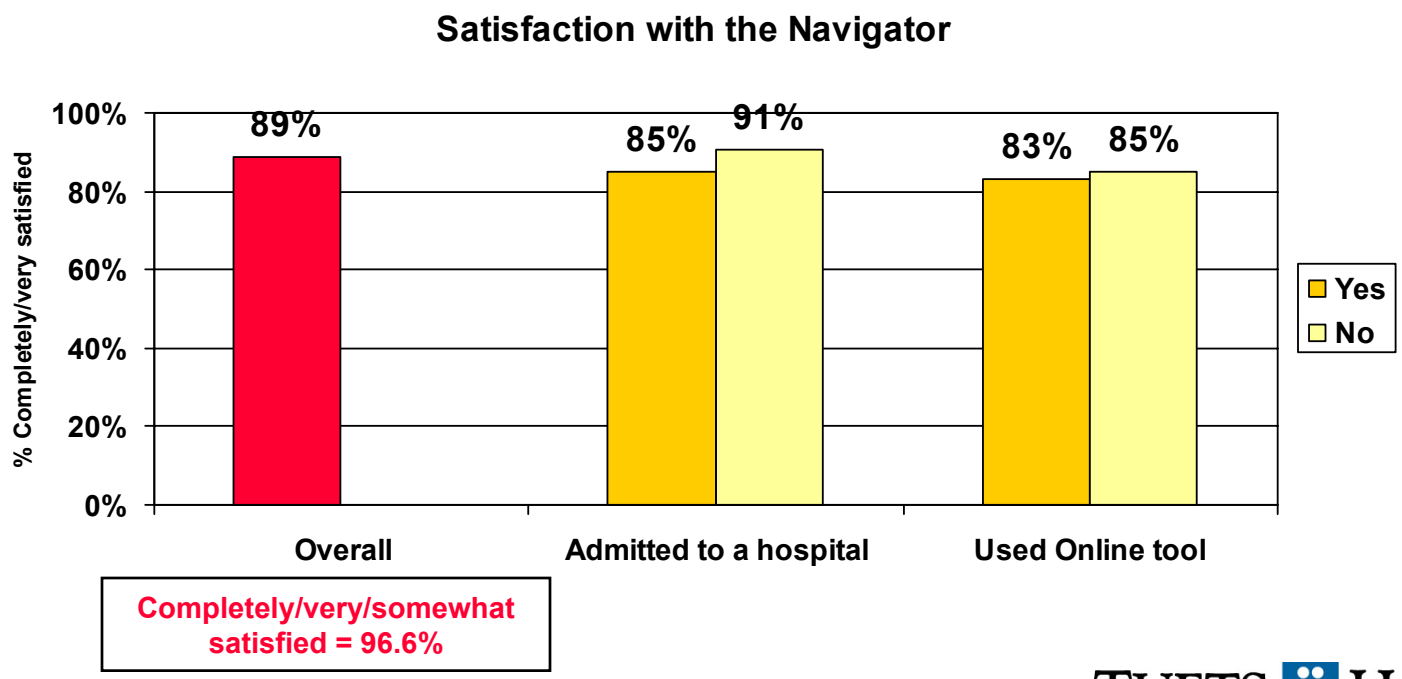
Experiences of Renewed Members: Satisfaction

- 89% of renewed members completely/very satisfied with the Navigator plan
- 77% of renewed members completely/very satisfied in 2005 CAHPS survey
- Satisfaction score of those Navigator members who were admitted was slightly lower than for members without such an experience. This finding is consistent with results from other studies, which find that healthier members tend to be more satisfied.



Sample sizes: Overall=203, Hospital-Yes=66, No=137, Online: Yes=6, No=60

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Summary

- Because of direct influence on providers and the providers' influence on members, credibility of metrics is crucial
- Collaboration with providers to develop "value-based" metrics is key process step
- Provider response has been great respect for process and grudging acceptance of metrics & product
- Early member response to metrics & copay tiering is marginal, but change on the margin may suffice