

Creating Value with Providers Across Commercial, Government Programs and Retail: What are the Constants, and What are the Differences

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Health Care Service Corporation (HCSC)

Who We Are

Health • Dental • Life • Disability • Connectivity • Pharmacy • Health IT

15 million members

4th largest U.S. health insurer

Dearborn  national
Strength. Independence. Solutions.


medecision
Liberating.

 Dental Network
of America®

 Academic
HealthPlans

 GHS

 TMG Health

 bloom
HEALTH

 PRIME
THERAPEUTICS®

 Availity®

 realmed
an availity company

Exceptional financial stability

- Moody's Investors Service = A1 (Good)
- Standard & Poor's = A+ (Strong)
- A.M. Best Company = A (Excellent)

ILLINOIS

MONTANA

NEW MEXICO

OKLAHOMA

TEXAS

HCSC: An Experienced Leader in the Transformation from Volume to Value

A measured, iterative, and prudent approach to alternative payments with our providers.

Our approach to APMs is to meet providers where they are via a measured, iterative, and prudent approach to sharing risk, ultimately playing a key role in driving the success of payment reforms goals by:

- Using our knowledge of providers' capabilities
- Our trusted relationships
- Our deep experience and leadership positions in the movement towards Value Based Care
 - Health Care Transformation Task Force
 - CMS Learning and Action Network

30 years of experience with large shared risk HMO affording deeper learnings



Working with a large integrated delivery system to create an attractive and affordable Marketplace product



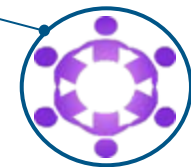
Enabling small practices in rural communities to participate and succeed in VBC in Texas and Oklahoma



Stabilizing a large physician group ensuring marketplace continuity in New Mexico



Enabling the largest FQHC in the country to advance their health delivery through community investments



Physician-Led Accountable Care

BCBSIL Practice Advancesm



BlueCross BlueShield
of Illinois



DuPage Medical Group

WE CARE FOR YOU

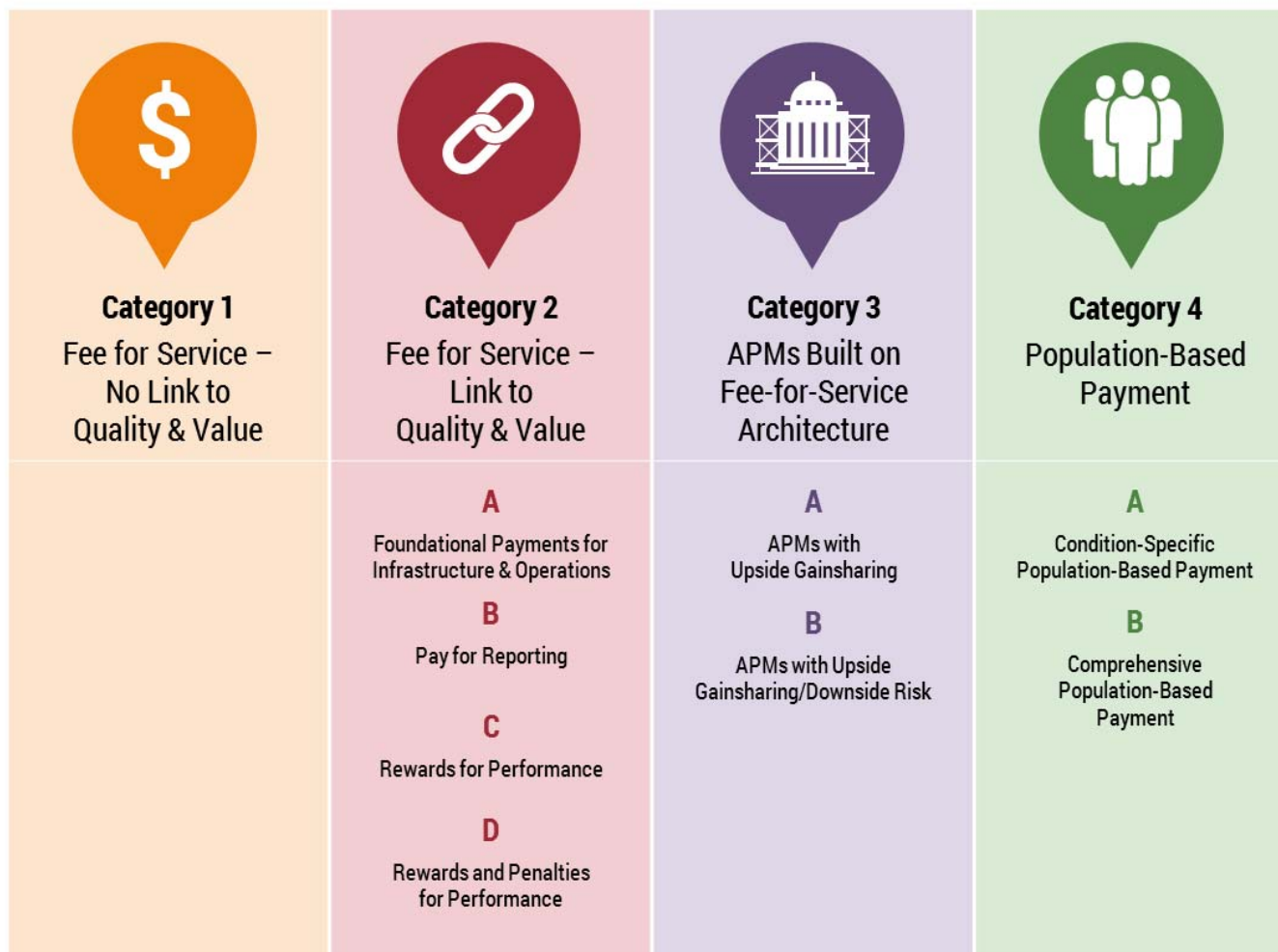
A value-based care model with DuPage Medical Group, the largest independent physician practice in the Chicago area, with more than 425 doctors.



Enables physicians to reduce their costs while maximizing quality by offering a turn-key ACO tool kit to help networks with rapid ACO creation and effective management

HCSC's APM Framework at a Glance

Figure 1. APM Framework (At-A-Glance)



Who Buys Our Products?

What Are the Implications on P4P, VBC and Health Plan-Provider Work?

Group
(Employers)

Government
MA Group (Employers)
MA Individuals
Duals (States,
Individuals)
Medicaid (Individuals &
States)

Retail
(Individuals,
Small Groups)

Development of products with varying product features; sold and regulated in different ways.

What Do Our Customers Value?

Employer Group

- Long-term outlook is important (to large employer groups)
- They expect VBC be reflected in value to them today

Government

- MA-PPO: Continuity of provider and network, from pre- to post-retirement is important
- MA-HMO: Requires tight alignment with high-value providers
- Medicaid: Challenging network issues, e.g., access, community and long-term support services

Retail

- Evolving market
- Very price sensitive
- Need to attain value and stability
- To date this is occurring largely via network narrowing and unit price discounts; long-term movement to risk

Questions for Discussion:

- FFV: A “no-regrets” strategy?
- “Products” & “Networks”: Is there a difference anymore?
- Hospital-centric providers: Is there a VBC “tipping point”?
- “Skin in the game”, downside risk and compensation plans: What does it take to drive successful change?
- Infrastructure: Build, buy, rent? When?
- Providers & Plans: Winners & losers? One and the same?

Fee for Value: A “No-Regrets” Strategy?



HEALTH REFORM AT-A-GLANCE

MEDICAID



AGE-RATING BANDS



COVERAGE OF
PRE-EXISTING
CONDITIONS



MANDATES



MINIMUM
ESSENTIAL BENEFITS



SUBSIDIES/
TAX CREDITS



HIGH-RISK POOLS



TAXES



HSAS



MULTI-STATE
INSURANCE



MEDICARE



HOW TO
PAY FOR IT



#OWHealth
health.oliverwyman.com

Products and Networks: Is There a Difference Anymore?

Customers purchase a product with a benefit design and a network;

Health Plan and providers contract for services along dimensions of risk;

How are these pieces fitting together differently now in Government, Group and Retail segments?

Hospital-Centric Providers: Is There A Tipping Point?

Are we seeing (will we ever see?) hospital-centric providers re-engineer clinical and business processes around total cost of care and population outcomes?

Skin In The Game, Downside Risk, Physicians and Executive Compensation: What Does it Take to Drive Successful Change?

Can a physician group compensated primarily on RVUs succeed in FFV?

Can a hospital whose executives are rewarded for census and ancillary use succeed in FFV?

Critical FFV Infrastructure: Build, Buy, Rent? When?

Do Providers want to own all critical pieces of FFV-enabling infrastructure? Purchase from vendors? Rent from Plans?

Will the technology and analytics be sources of competitive advantage or commodities?

Providers and Plans: Winner and Losers? One and the Same?

How mainstream will:

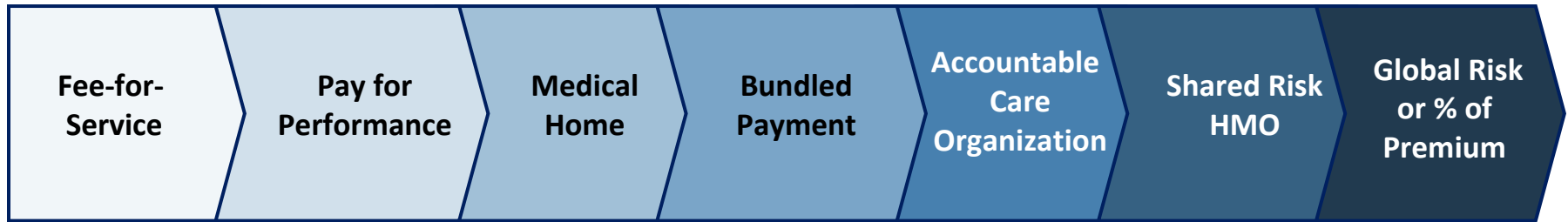
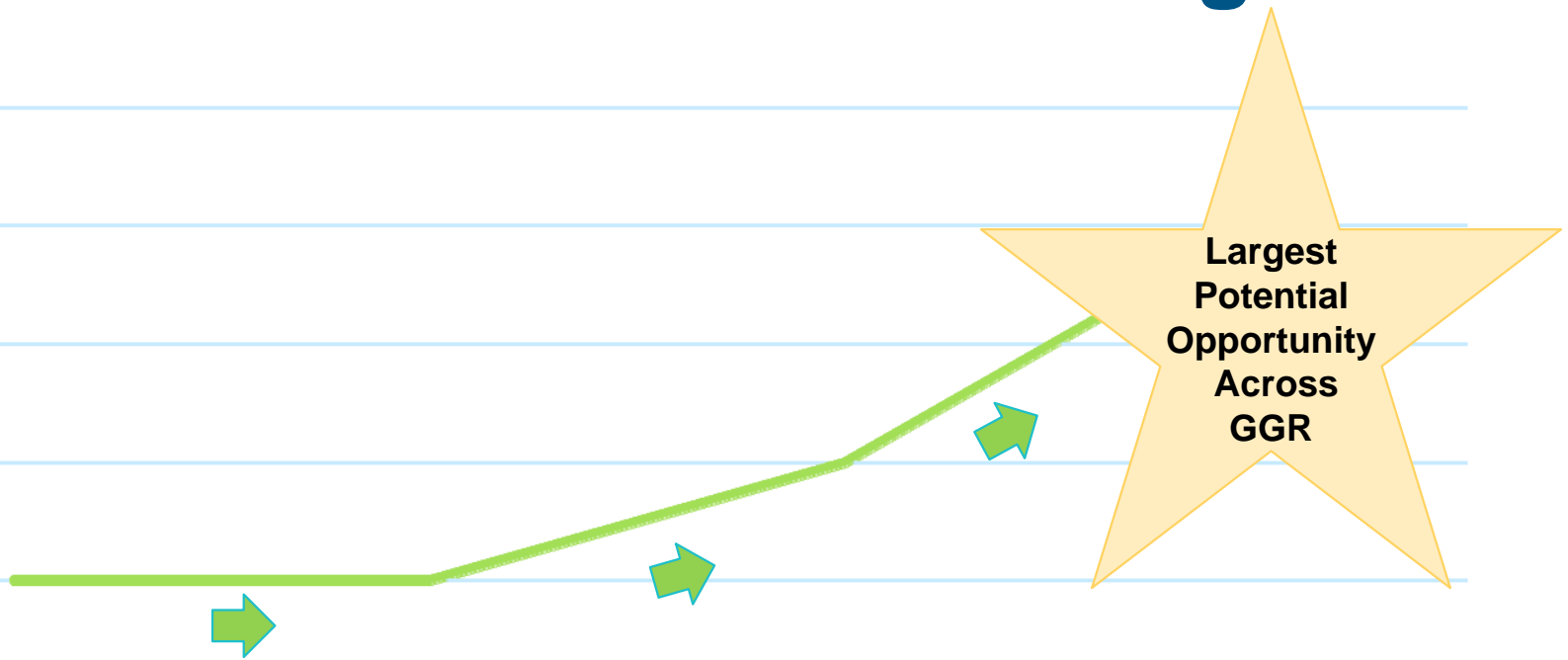
Providers becoming a health plan?

Health Plans acquiring provider assets?

Plan-Provider JVs and shared investments?

be across Government, Group and Retail segments

Where Can We Create Value Together?



Movement to Value Based Care