



Value-Based Payment and Pay for Performance Summit

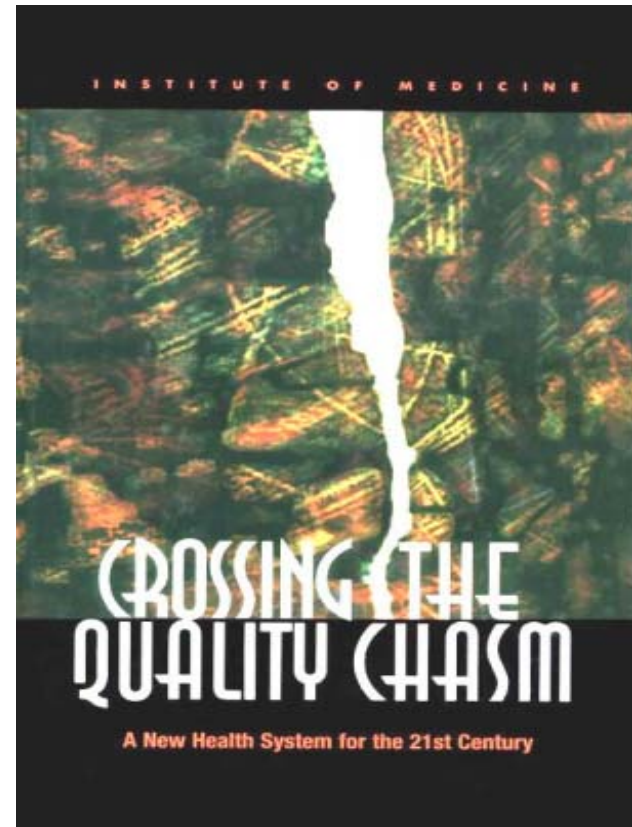
Health Plans & Value-Based Care – A KP Perspective

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The Quality of Health Care In America

The American health care delivery system is in need of fundamental change. Health care today harms too frequently and routinely fails to deliver its potential benefits.

Between the health care we have, and the care we could have, lies not just a gap, but a chasm.



The Quality Chasm – Changing The Incentives

“The fee-for-service payment system, coupled with significantly higher pay for specialist physicians, has produced care that is fragmented, specialist-centric, expensive and of suboptimal quality.”

Source: McGlynn, et. al NEJM 2003.



Improving Value – The Journey



DEFINE

MEASURE

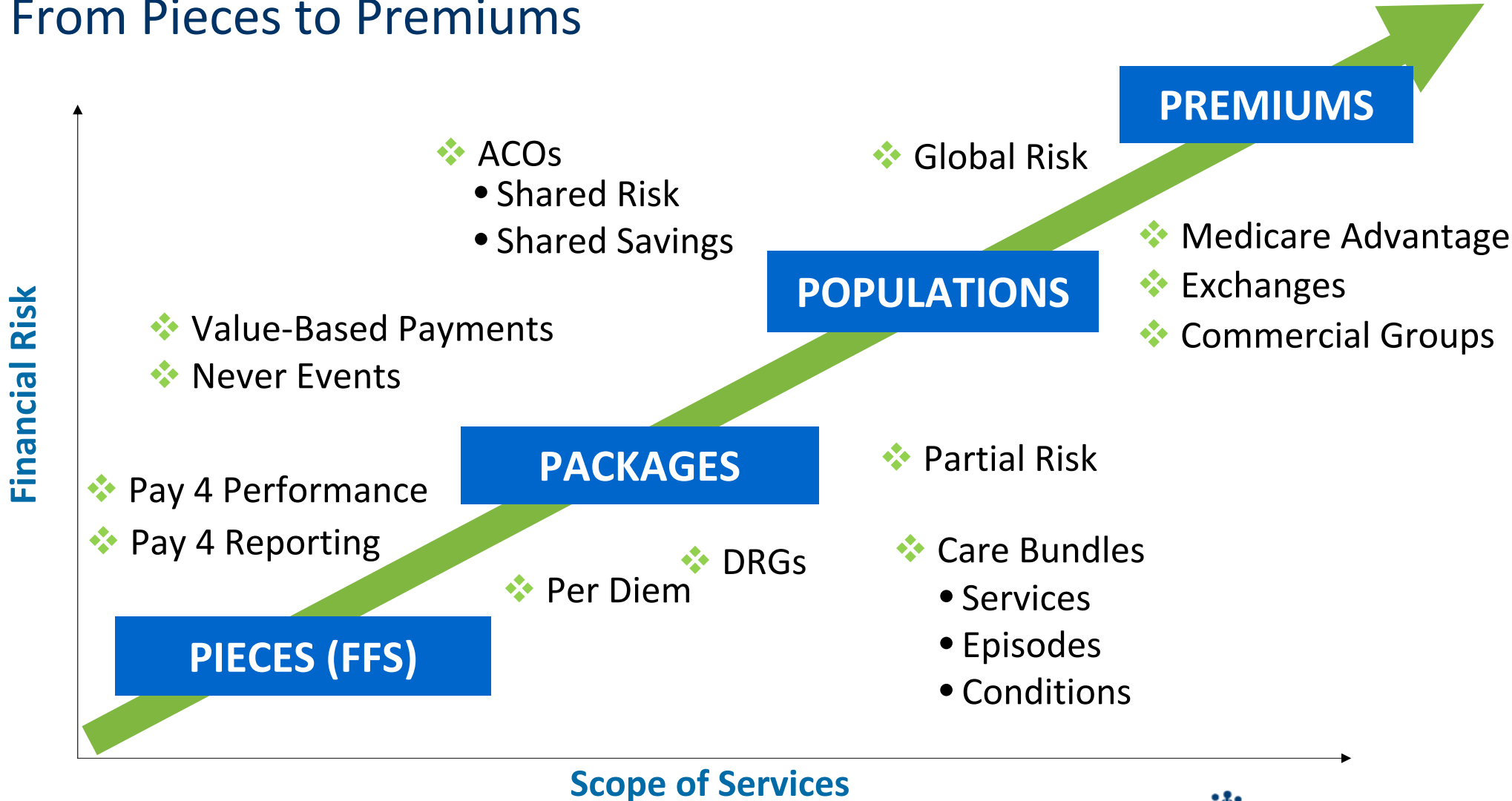
COMMUNICATE

INCENTIVIZE

VERY DIFFICULT

- Many Stakeholders – Many Interests
 - Many Purchasers
 - Many Types of Care
 - Many Definitions
- Many Measures
 - Pluralistic Payment
 - Rapid Change

From Pieces to Premiums



Better Value – The Challenge

The Way Most Health Benefits and Health Care
Are Purchased and Paid For
In America

Has Not Significantly Encouraged, Enabled or Rewarded
Prevention, Coordination, Efficiency, Quality or Outcomes

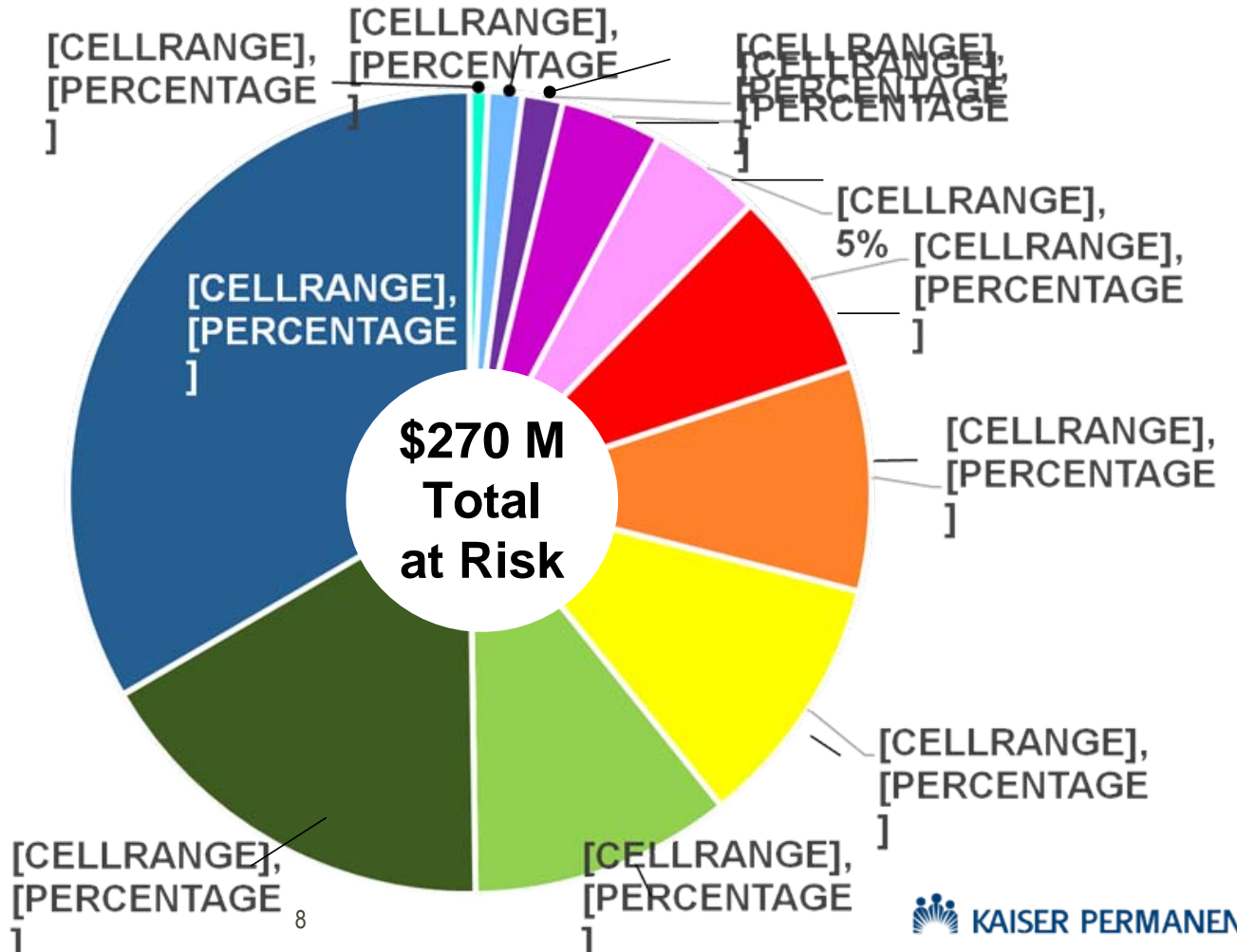
Value-Based Payment – Commercial Groups – *Difficult*

- Group and Employee Turnover
- Increasingly PPO – No Link to Care System
- Mostly Self Funded (= FFS)
- Rising Deductibles
- Value Based Programs – Sporadic
 - Risk Adjusted Premiums
 - Risk Adjusted Contributions
 - Performance Incentives

KP Commercial Group – Performance Guarantees – 2017

Performance Guarantees

- 1.6M Members
- 324 Groups
- \$11B Premiums
- \$270 M at Risk
- 2.5% Premiums



Value-Based Payment – Individual Market – *Promising*

ACA Changed the Rules

- No Medical Underwriting
- Consistent Benefit Rules
- Standard Rating Tiers
- Benefit, Cost, Quality and Service Information Through Exchanges
- Reinsurance
- Risk Adjustment
 - Universal
 - Significant
 - Challenging

Value-Based Payment – Medicare Advantage

Leading the Way in Value-Based Payment

- Large Stable Growing Population
- Large Stable Payor/Regulator
- Competitive Market and Level Playing Field
- Capitated Age and Risk Adjusted Payment
- Quality and Service Incentives – MA Stars Program
 - Wide Range of Validated Measures
 - Sound, Stable, Transparent Methodology
 - Accurate Measurement with Audit
 - Overall Result Understood by Consumers
 - Financial and Competitive Benefits for High Performers

Medicare Advantage Star Quality Ratings

- Improves accountability for care and services
- Lets beneficiaries compare Medicare plans on quality and service
- Benefits high-quality plans

45 Care & Service Quality Measures Are Rated, Including:



Staying Healthy



Managing Chronic Conditions



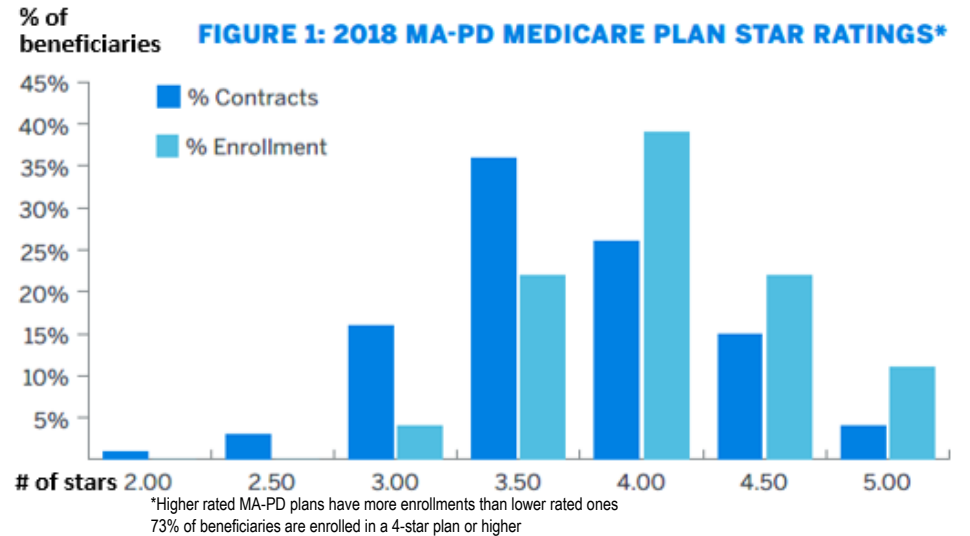
Member Satisfaction



Customer Service



Pharmacy Services



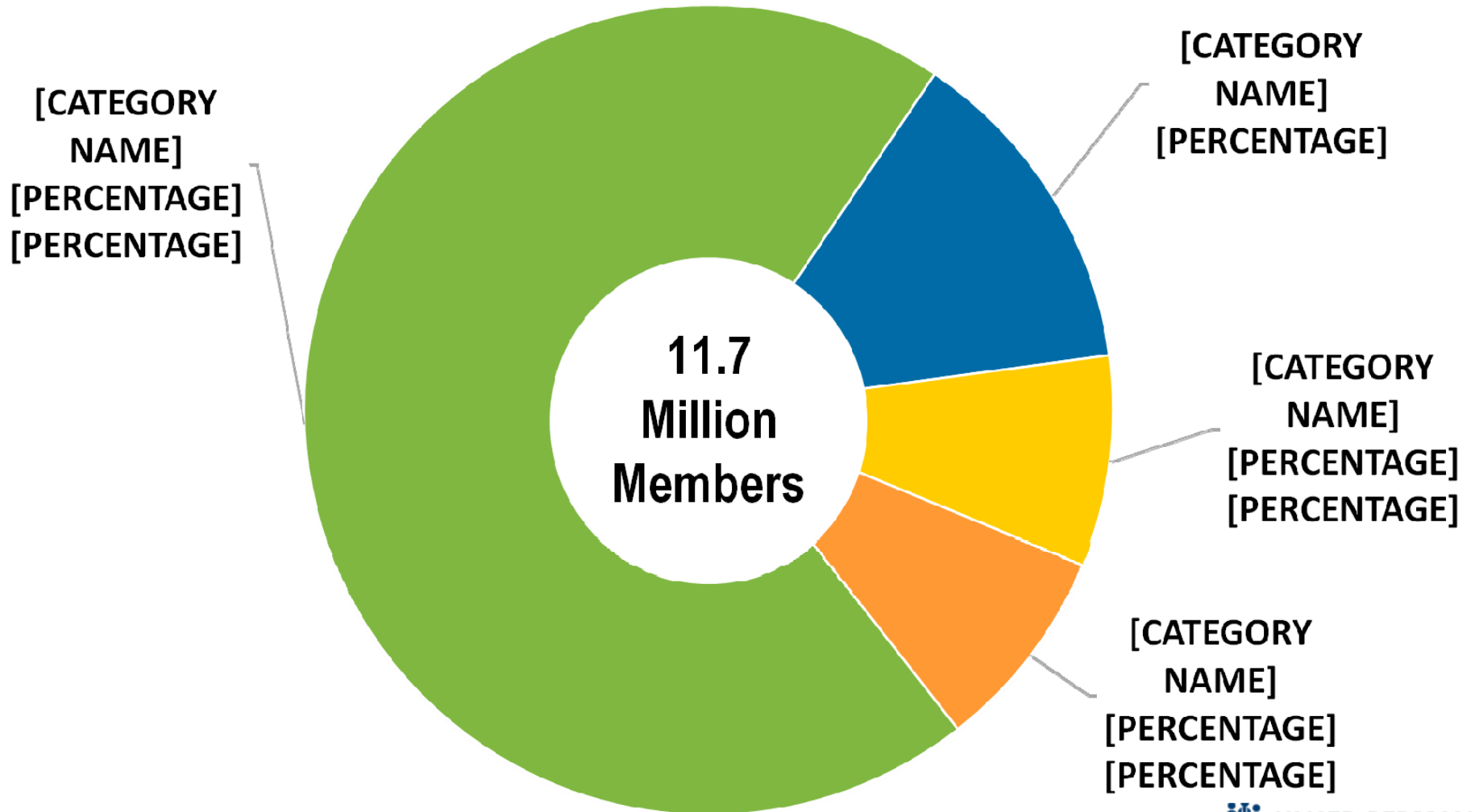
Kaiser Permanente Medicare Advantage Star Ratings.

| | CA | CO | NW | HI | MAS | GA | WA |
|-------|--------|--------|--------|--------|--------|--------|--------|
| ★★★★★ | 7 Yrs. | 8 Yrs. | 7 Yrs. | 6 Yrs. | 6 Yrs. | 1 Yr. | 4 Yrs. |
| ★★★★☆ | 1 Yr. | 1 Yr. | 2 Yrs. | 3 Yrs. | 1 Yr. | 6 Yrs. | 5 Yrs. |

KP – Care and Coverage Together



KP Membership – YE 2017



Touching the Lives of Millions



100 M

Patient care visits

90 M

Prescriptions

105 K

Births

2 M

Colorectal cancer screenings

458 K

Hospital admissions

129 K

Inpatient surgeries

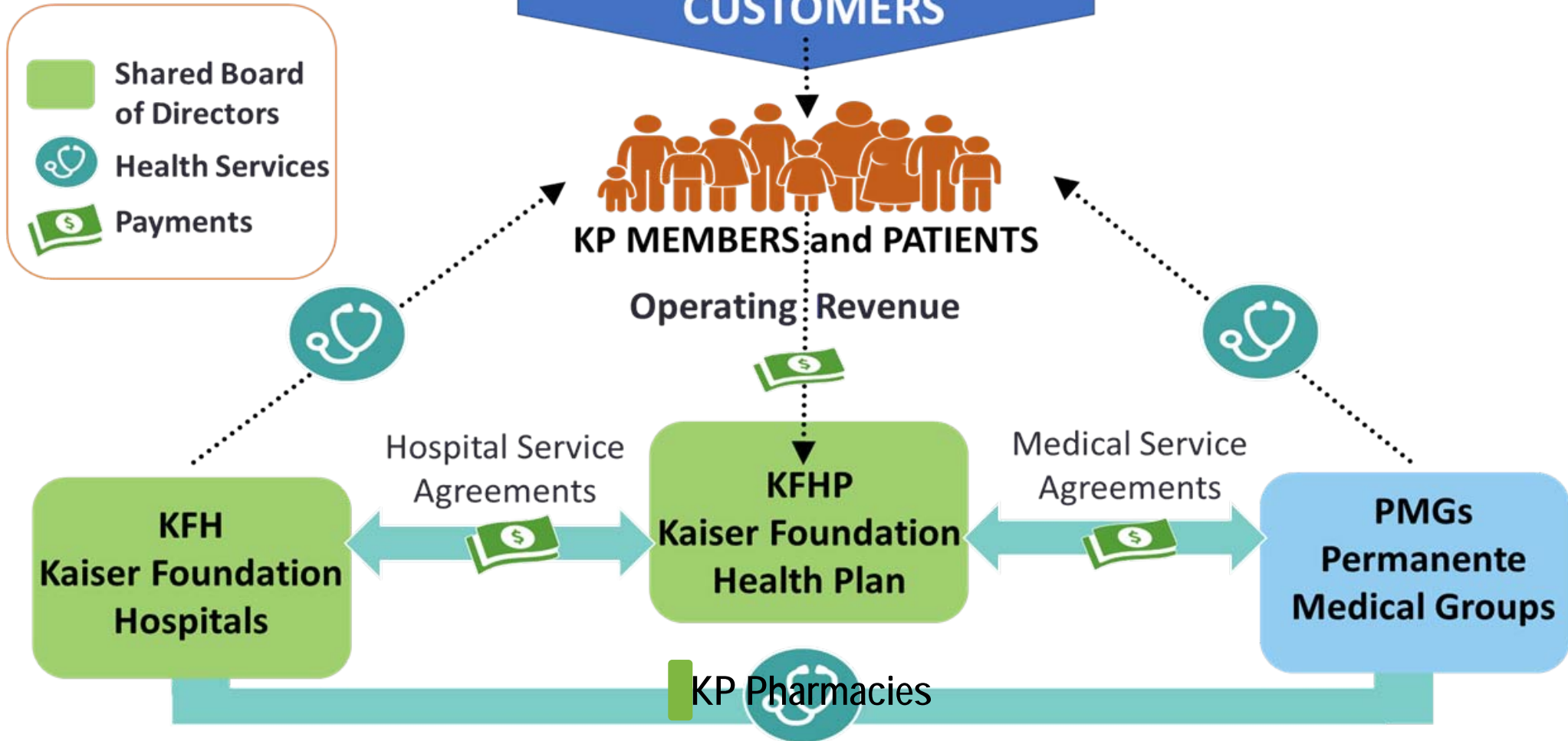
1 M

Mammograms

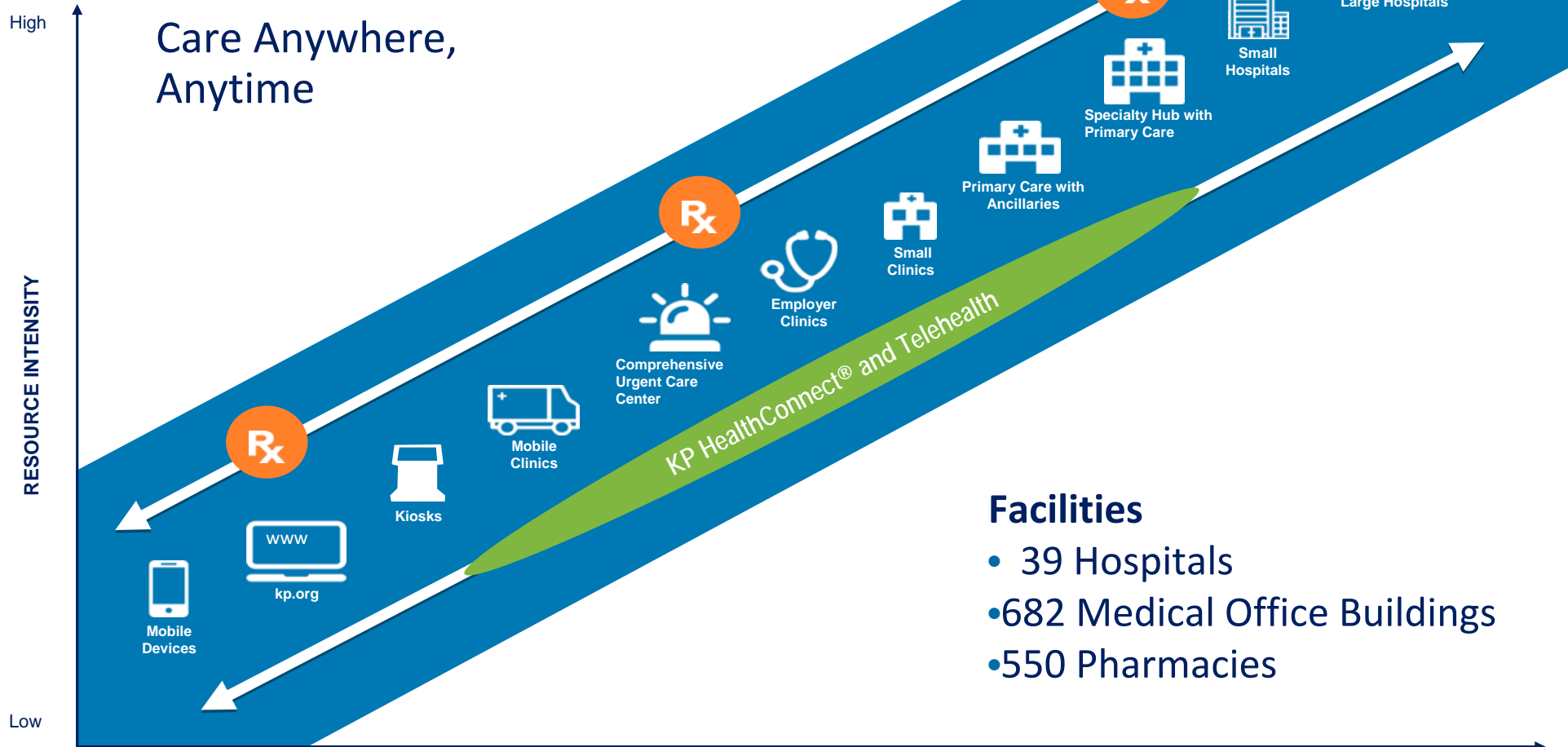
KP Quality and Service



Kaiser Permanente



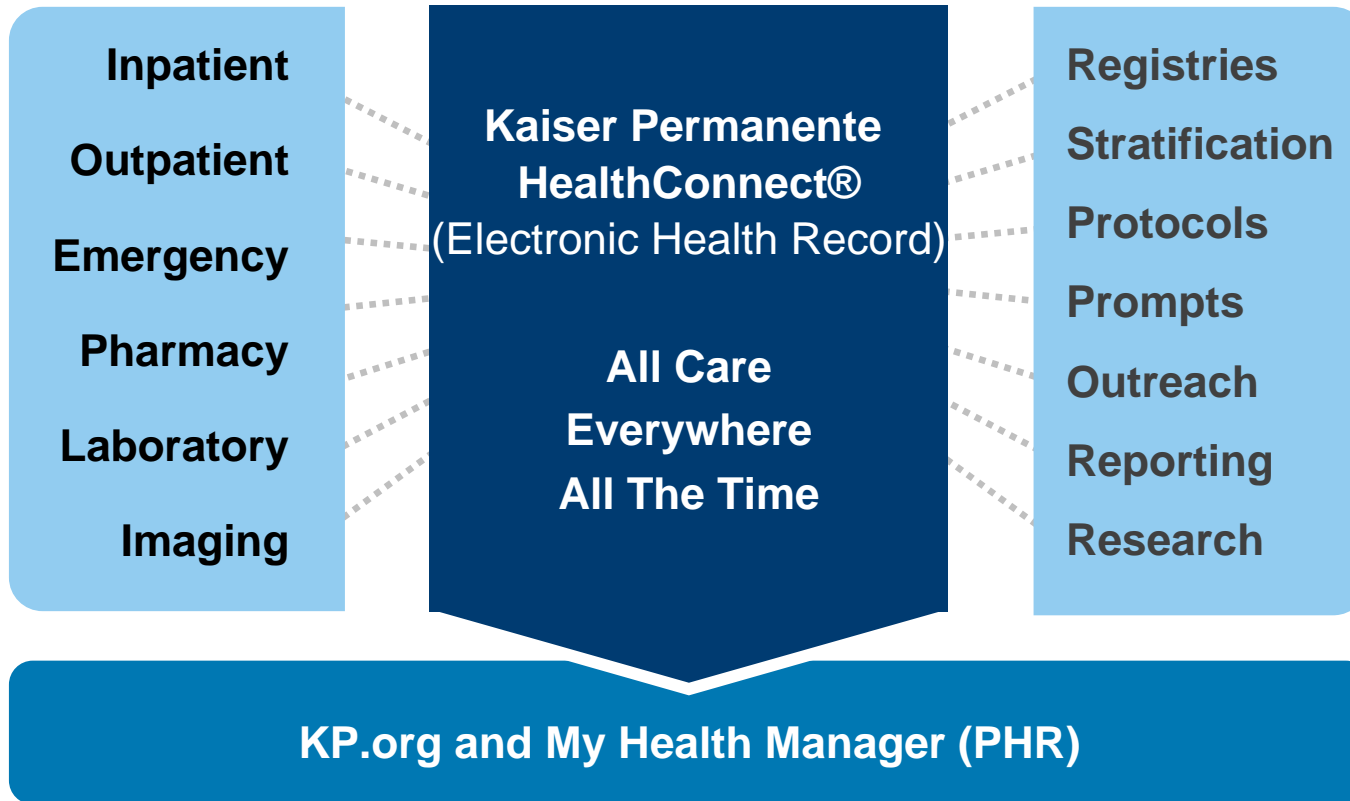
Integrated Care Delivery Continuum



Facilities

- 39 Hospitals
- 682 Medical Office Buildings
- 550 Pharmacies

Integrated Clinical and Health Plan Systems



Consumer Engagement – Digital and Telehealth Services



KP.ORG

293 M

Total visits

6.2 M

Members registered
on kp.org

MY HEALTH MANAGER

49 M

Lab results viewed

25 M

Online prescriptions

5 M

Appointments
scheduled online

VIRTUAL CARE

26 M

Secure messages
to clinicians

100 K Video Visits

With Kaiser
Permanente
providers

MOBILE KP.ORG

143 M

Visits from
mobile devices

64%

via mobile

Pharmacy Care Coordination



Better Value Building Blocks

- Plan Linkage to Care System
- Patient Linkage to Care System
- Connected Information Platforms
- Business/Financial Model That Aligns
- Stability of Organization and Mission

Delivering Total Health is Possible . . .



But it is Hard

