Quality health plans & benefits
Healthier living
Financial well-being
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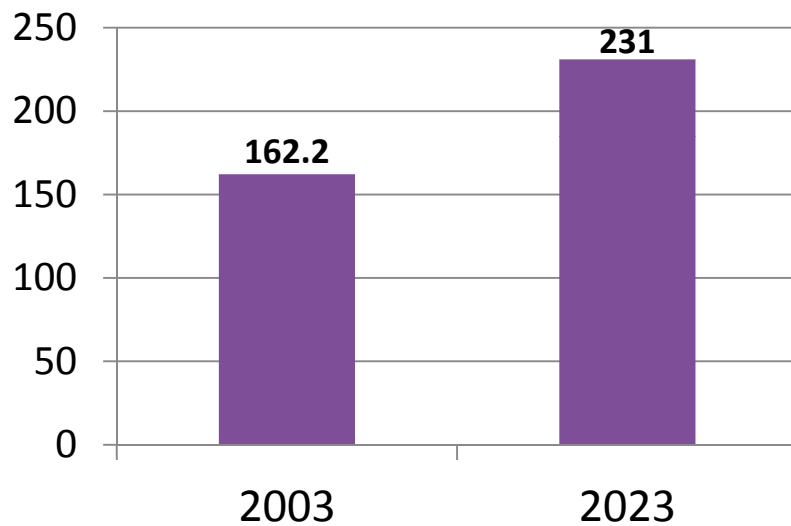# Innovative Provider Collaborations & Enablement Strategies

Harold Paz, MD, MS

Executive Vice President & Chief Medical Officer

March 8, 2016

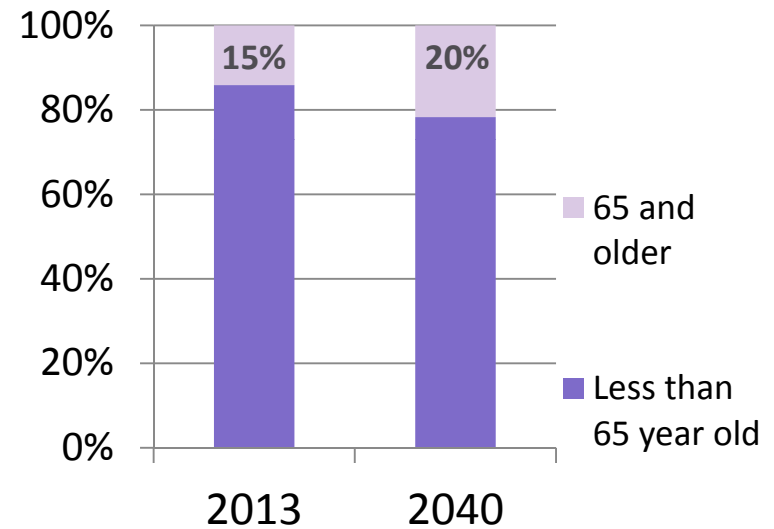# Americans are getting older and sicker

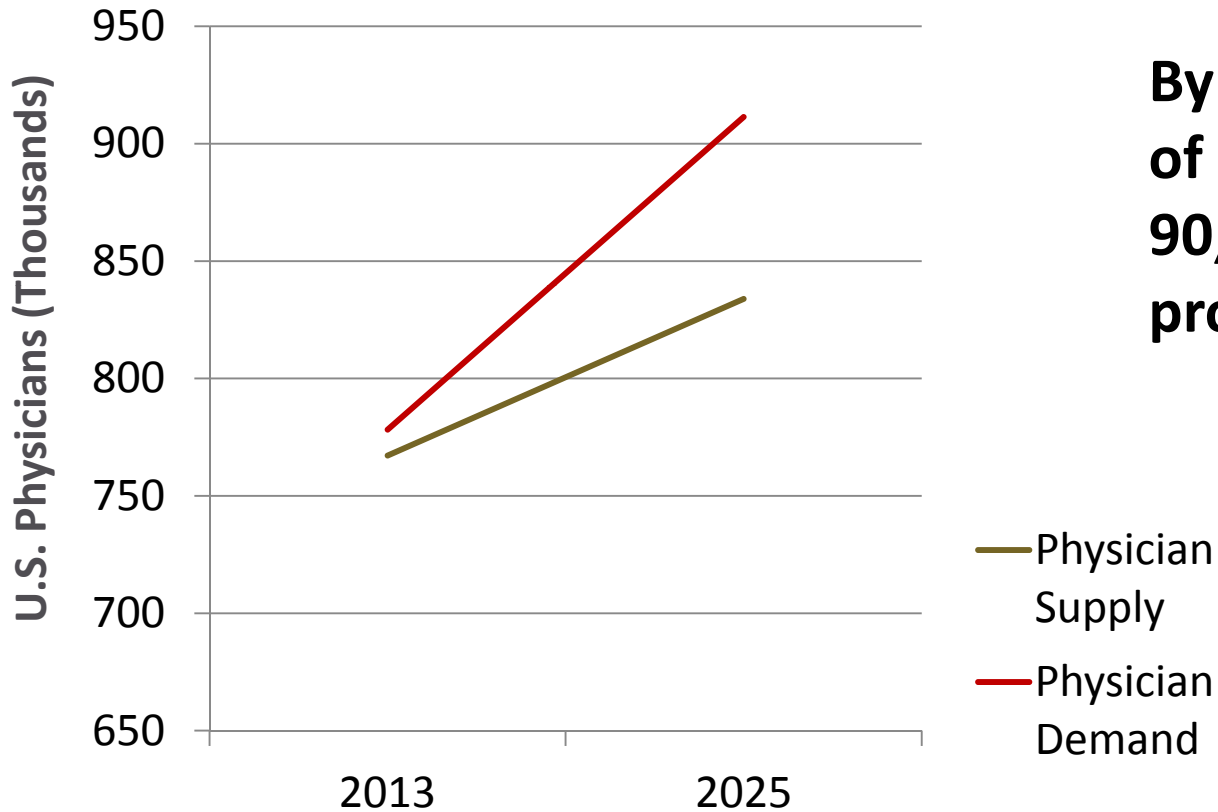**Americans Living w/ Chronic Diseases (Millions)**

The Graying U.S. Population

From 2003-2023, the chronic disease burden is expected to increase 42% while the US population grows at just 19%.

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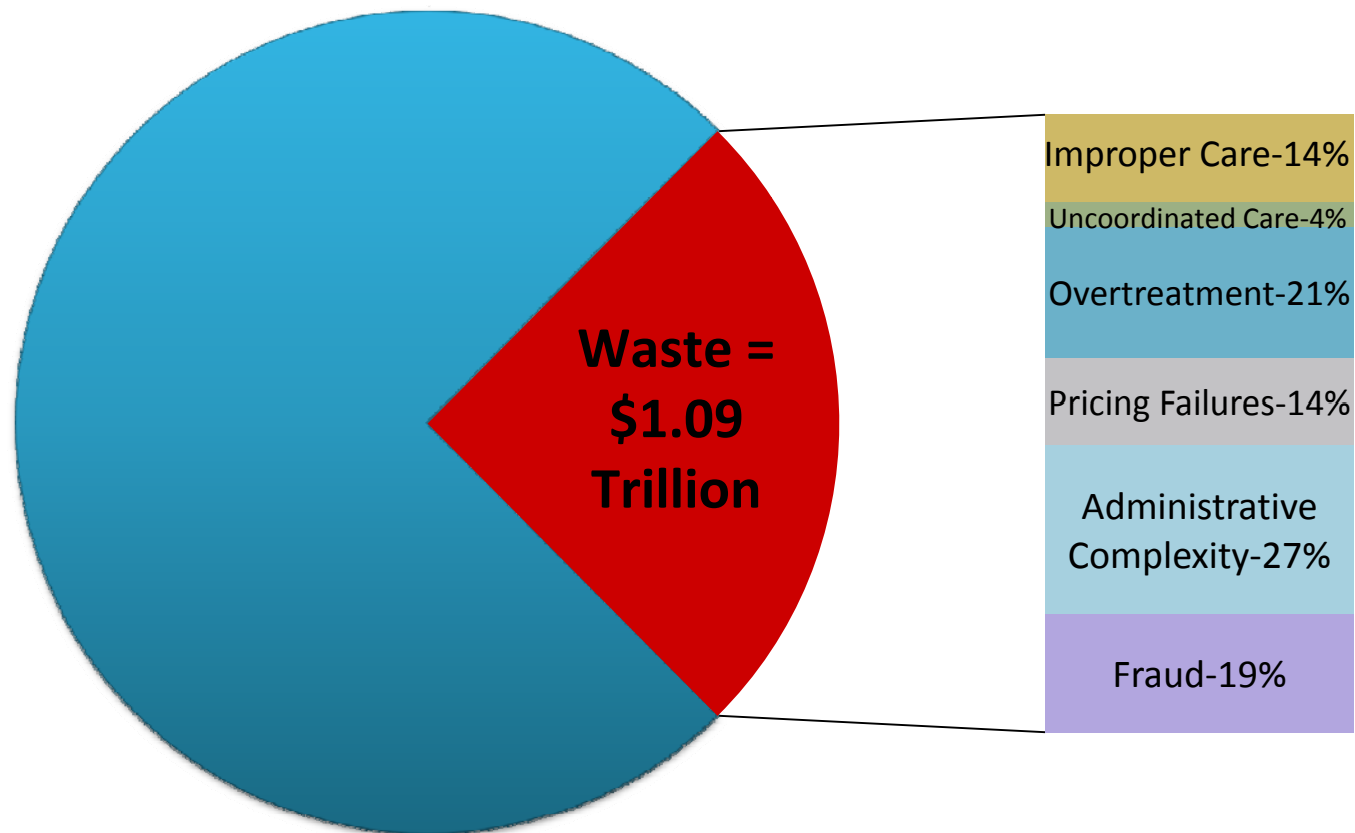# The physician shortfall is worsening

By 2025, a shortfall of more than 90,000 physicians is projected

Y-axis: U.S. Physicians (Thousands) — 650, 700, 750, 800, 850, 900, 950

X-axis: 2013, 2025

Legend:
— Physician Supply
— Physician Demand

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One third of all US health care dollars are wasted

Total U.S. Health Spend in 2015 = $3.2 Trillion

Waste = $1.09 Trillion

- Improper Care-14%
- Uncoordinated Care-4%
- Overtreatment-21%
- Pricing Failures-14%
- Administrative Complexity-27%
- Fraud-19%

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New payment models are evolving to address these challenges

Model Types

Population-Based

Reward

Joint Venture (JV)

ACO Product

High Performance Network (HPN)

Accountable Care Organization (ACO) Attribution

Episode-Based

Bundled Payments

Metrics-Based

Patient-Centered Medical Home (PCMH)

Pay-for-Performance (P4P)

Risk

Fee-for-Service
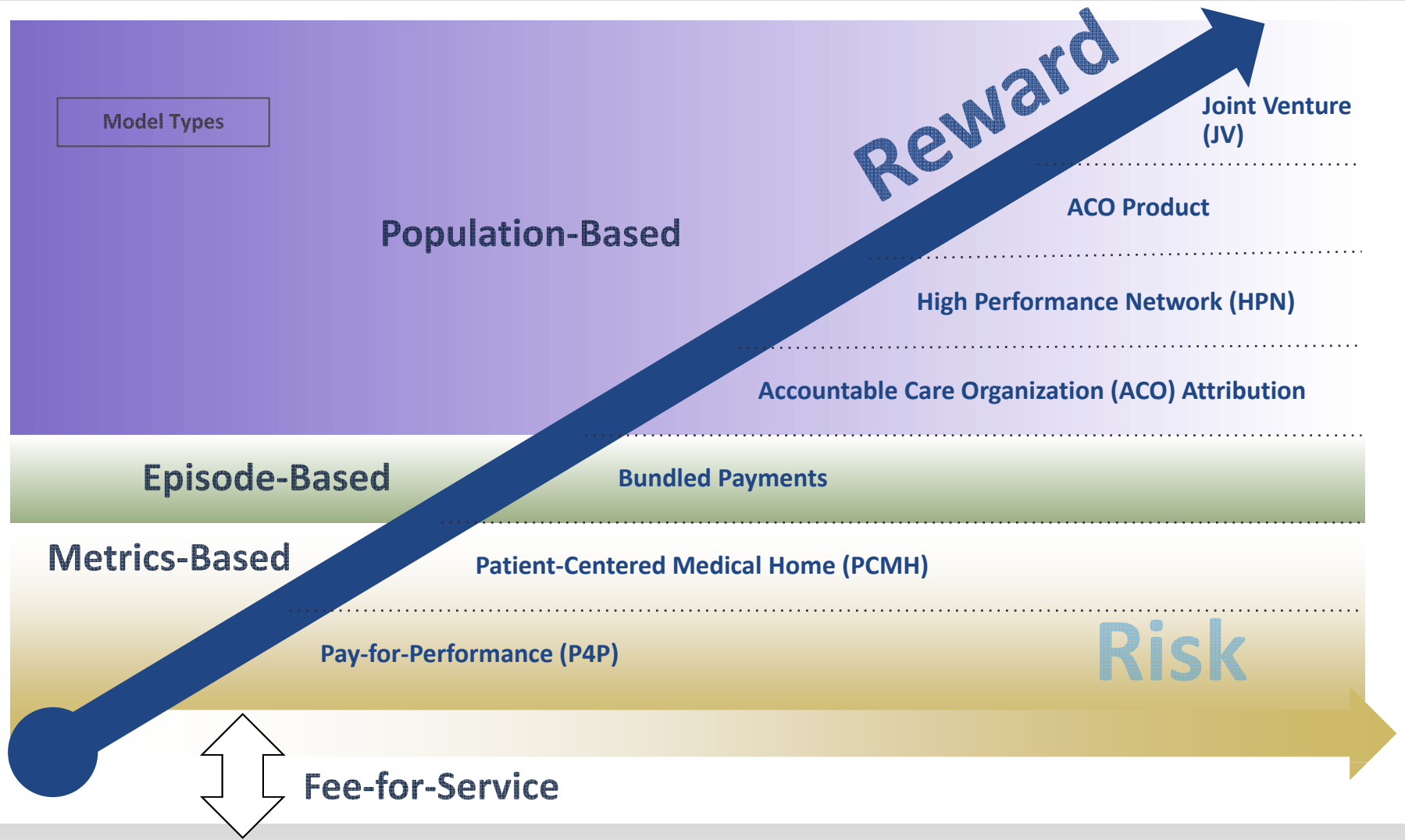
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CMS has established payment categorization accounting for value-based arrangements

Category 1	Category 2	Category 3	Category 4
• Fee-for-Service (No Link to Quality)	• Fee-for-Service (Linked to Quality)	• Alternative Payment Models	• Population-Based Payment

Most current VBC spend – at Aetna and industry-wide – falls into these 2 categories.
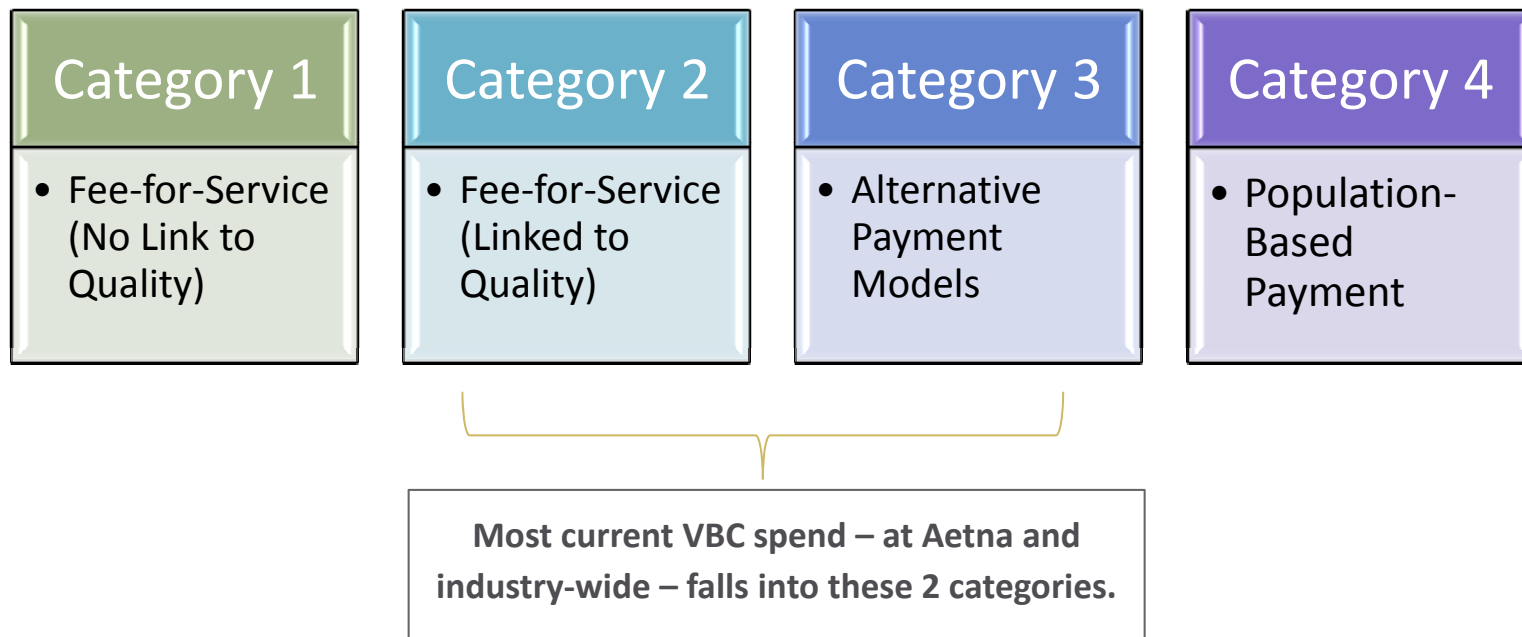
CMS and Aetna are aligned in transforming how we pay for healthcare

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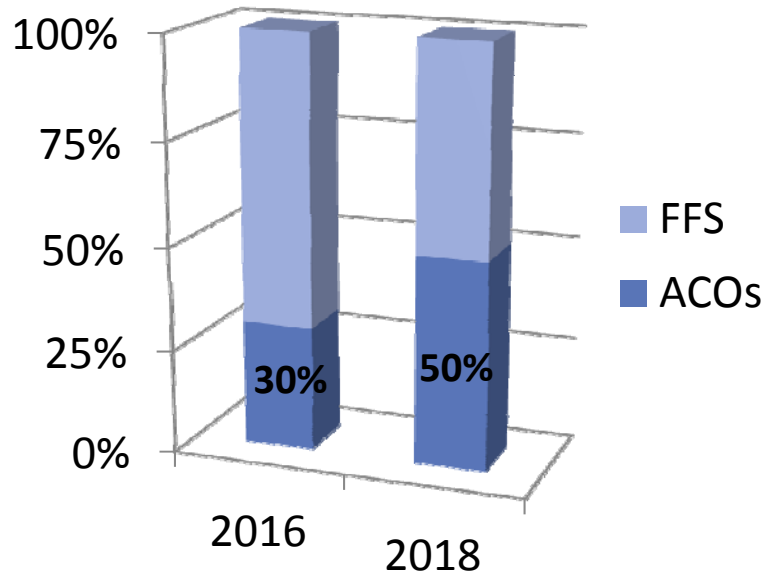# Most providers say value-based care is part of their strategy

Which risk-based strategies are part of your strategic cost-control initiatives, or will be within three years?
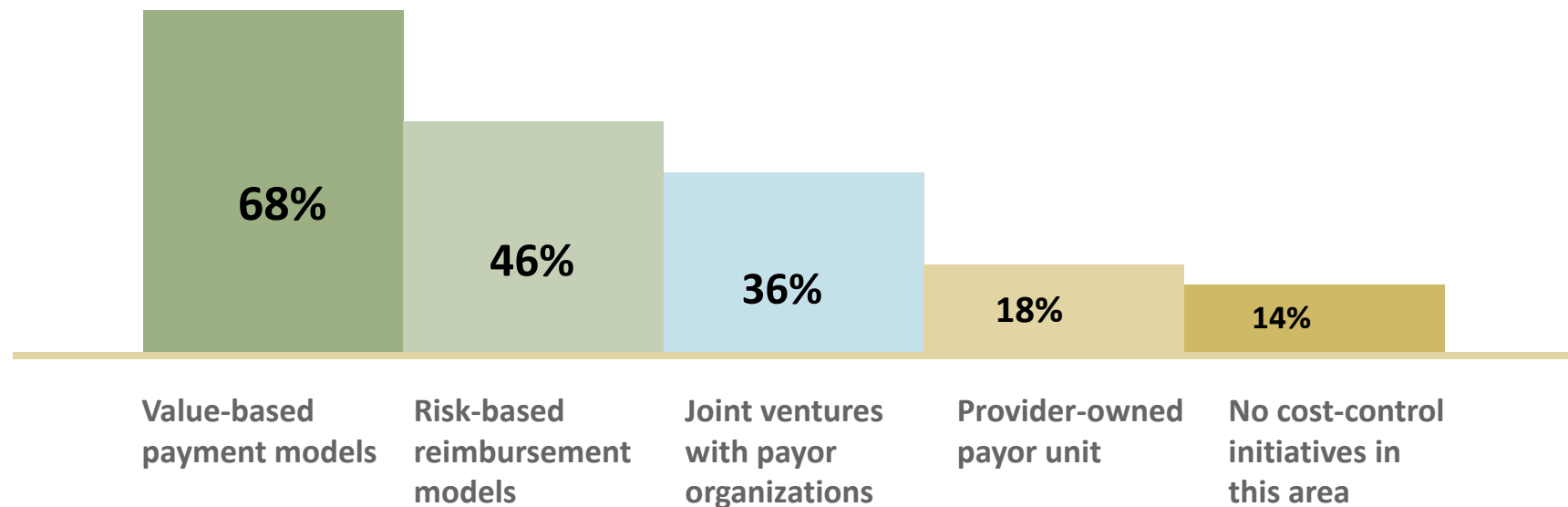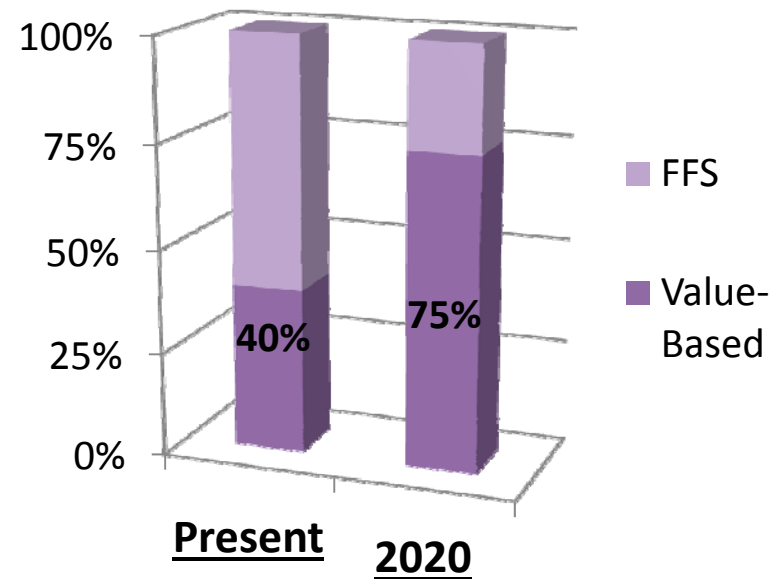

68%	46%	36%	18%	14%
Value-based payment models	Risk-based reimbursement models	Joint ventures with payor organizations	Provider-owned payor unit	No cost-control initiatives in this area

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Both CMS and Aetna have set ambitious goals for value-based reimbursement

Medicare goals for ACOs

Aetna is committed to 75% value-based reimbursement by 2020
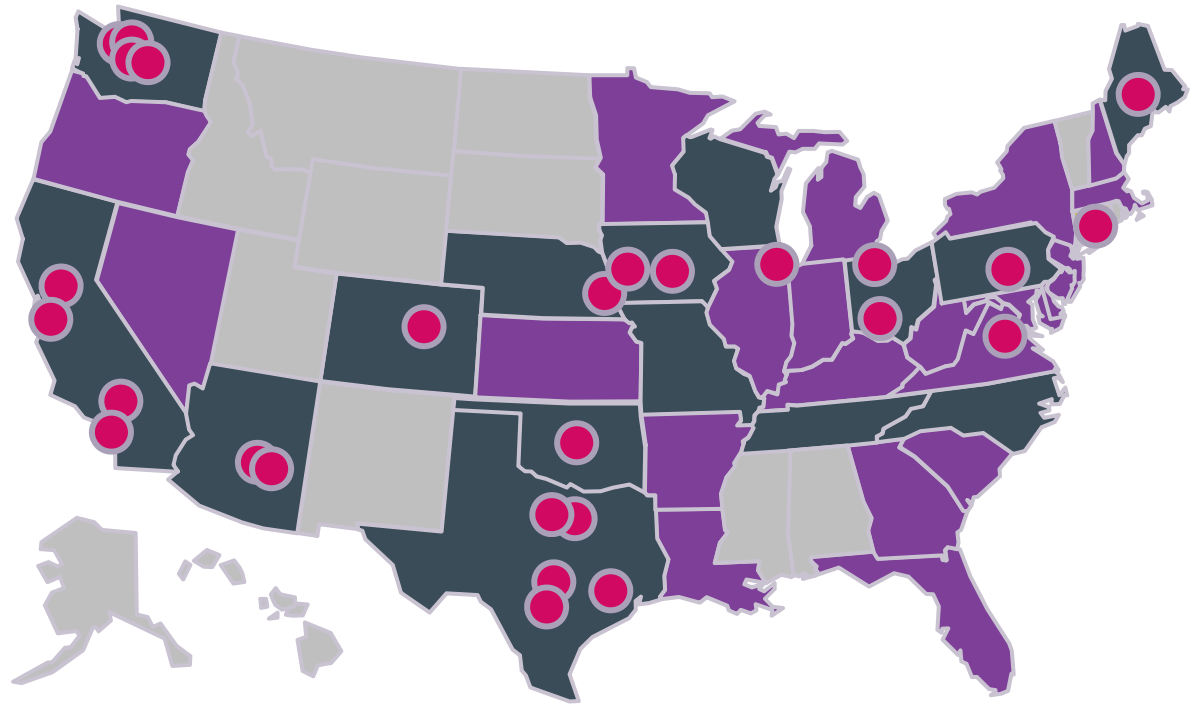

Chart 1 (Medicare goals for ACOs):
- Y-axis: 0%, 25%, 50%, 75%, 100%
- 2016: ACOs 30%
- 2018: ACOs 50%
- Legend: FFS, ACOs

Chart 2 (Aetna):
- Y-axis: 0%, 25%, 50%, 75%, 100%
- Present: 40%
- 2020: 75%
- Legend: FFS, Value-Based

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We already have a solid value-based presence across the US

800+
Value-based contracts

77
ACOs

● States with an ACO product
(may also have other value-based products)

● States with other Aetna value-based contracts

● ACOs with self-funded product

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Aetna provides expertise in building ACO care systems

The payer, physicians, and hospitals take **mutual accountability** for cost, quality, and member experience

Keys to success include:

- Population Health Management
- Care Coordination
- Patient Engagement
- Data exchange and analytics
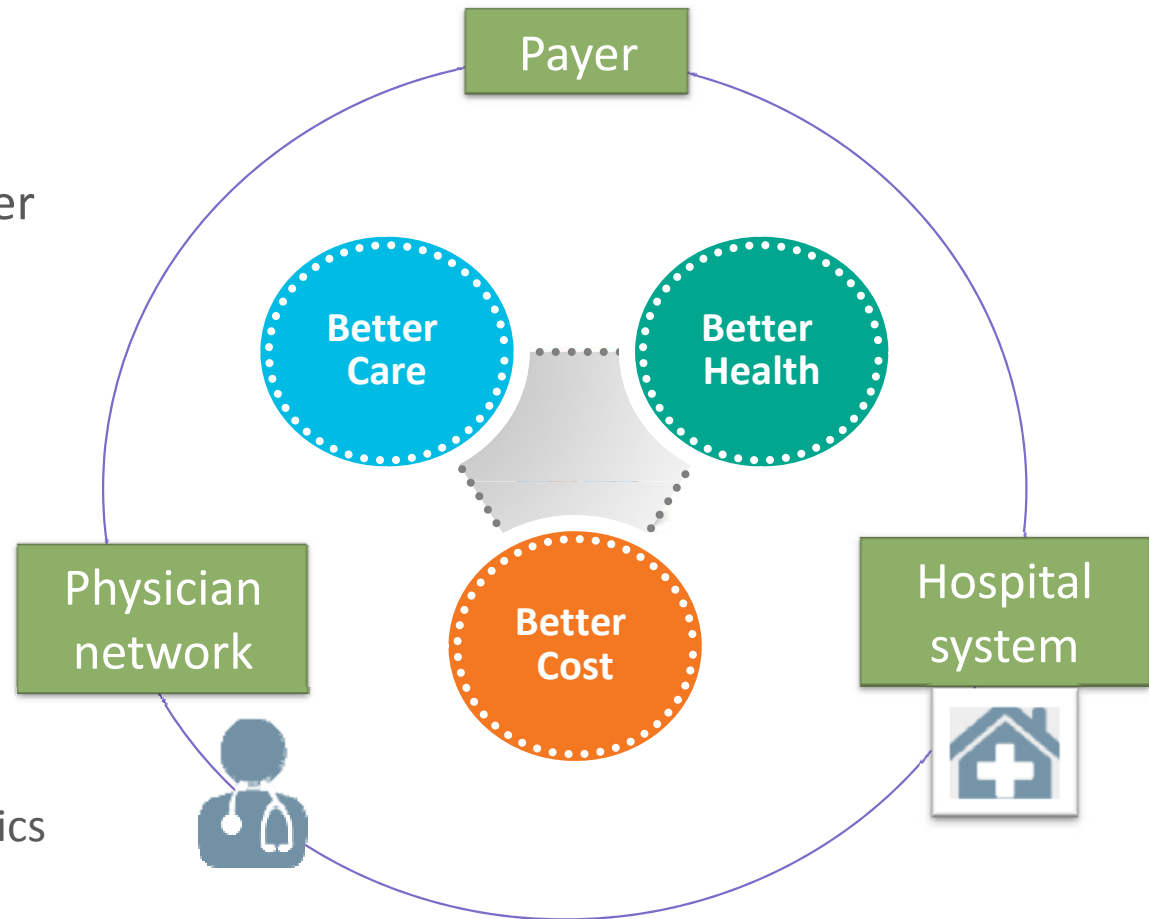
Payer

Better Care

Better Health

Physician network

Better Cost

Hospital system

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The value of payer and provider collaboration

Building on strengths of both players creates a bright future for accountable care based on shared goals

PROVIDERS

PAYERS

Collaboration and Transparency

Quality and Efficiency

Shared Patient Focus

Aligned Incentives

> Community Presence
> Patient Relationships
> Point-of-Care Data
> Clinical Delivery

> National Distribution
> Population Health Expertise
> Insurance Operations
> Financial Risk Management

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Aetna offers next generation value-based contracts

We enable providers to be successful with:
- Technology and analytics
- Care management support
- Transformation advisory services

ACO attribution

Members assigned based on claims history.

ACO product

Aetna Whole Health
Benefit design encourages members to use efficient ACO providers.

Joint Ventures

New Health Plans
Create total alignment between providers and health plans enabling seamless population health solutions and fully aligned incentives.

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Capabilities to support value-based contracting

	Contracting Models			Health Plan Products		
	Pay-for-Performance	**Patient Centered Medical Home (PCMH)**	**Accountable Care Organization (ACO) Attribution**	**High Performance Networks**	**ACO Product**	**Joint Venture**
Financial Risk Management Expertise	• Ongoing joint review of model measures • Support for success in current model and future model progression	• Ongoing joint review of model measures • Support for success in current model and future model progression	• Ongoing joint review of model measures • Support for success in current model and future model progression	• Ongoing joint review of model measures • Support for success in current model and future model progression	• Ongoing joint review of model measures • Support for success in current model and future model progression	• Ongoing joint review of model measures • Support for success in current model and future model progression
Analytical Support	• Claim data reports • Quarterly review meetings with support team	• Claim data and performance reports (daily, quarterly, monthly) • Quarterly review meetings with support team	• Claim data and performance reports (daily, quarterly, monthly) • Quarterly review meetings with support team	• Claim data and performance reports (daily, quarterly, monthly) • Quarterly review meetings with support team	• Claim data and performance reports (daily, quarterly, monthly) • Dedicated strategy and operations team • Quarterly review meetings	• Data owned by payer-provider partnership health plan • Real-time claims and clinical data availability
Enablement				• Provider- and patient-focused care management programs	• Provider- and patient-focused care management programs • Embedded care managers and supporting technology • All-payer population health management tools	• Provider- and patient-focused care management programs • Embedded care managers and supporting technology • All-payer population health management tools

SUPPORT LEVELS

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Delivering transformative results and savings

✳	Medical costs vs. market expectation[1]	-13%
💵	Per-member per-month costs[2]	-12%
🏥	Impactable surgery admits[1]	- 8%
℞	Generic dispensing of top four drug groups[1]	+11%

[1]Baseline period: 1/1/13 – 12/31/13; Performance period: 1/1/14 – 12/31/14. Paid through 3/2015; Results for ACOs effective as of 1/1/2014 and in place for at least one year. ACOs with less than 5K members: Aurora, Baptist, Carilion, Memorial Hermann; ACOs with 5K+ members: Banner.
[2]Aetna ACS Analytics, for the year 2013 (Banner).

Aetna's value-based models can achieve quantifiable benefits that grow over time

Aetna has been building the infrastructure to measure and demonstrate the value of our value-based models.

Value can be quantified from:

MEDICAL COST SAVINGS relative to the market and the providers' history

REDUCED RATE INCREASES

BETTER CARE DELIVERY and patient engagement

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Thank you

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