

Health Systems & Pharmaceuticals: Best Practices for Population Health

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The Seventeenth Population Health Colloquium
March 28, 2017, Loews Philadelphia Hotel, Philadelphia, PA



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Agenda

- 1** *Trump Administration's Health Care Reform: Impact on Health Systems*
- 2** *Preferred Treatments in Health System Partial Risk Programs*
- 3** *Perspectives From Health System Stakeholders*
- 4** *Overview of Global Outcome-Based Contracts*
- 5** *Use of Electronic Health Records (EHR) to Enforce Health System Treatment Preference*

Trump Administration's Health Care Reform: Impact on Health Systems



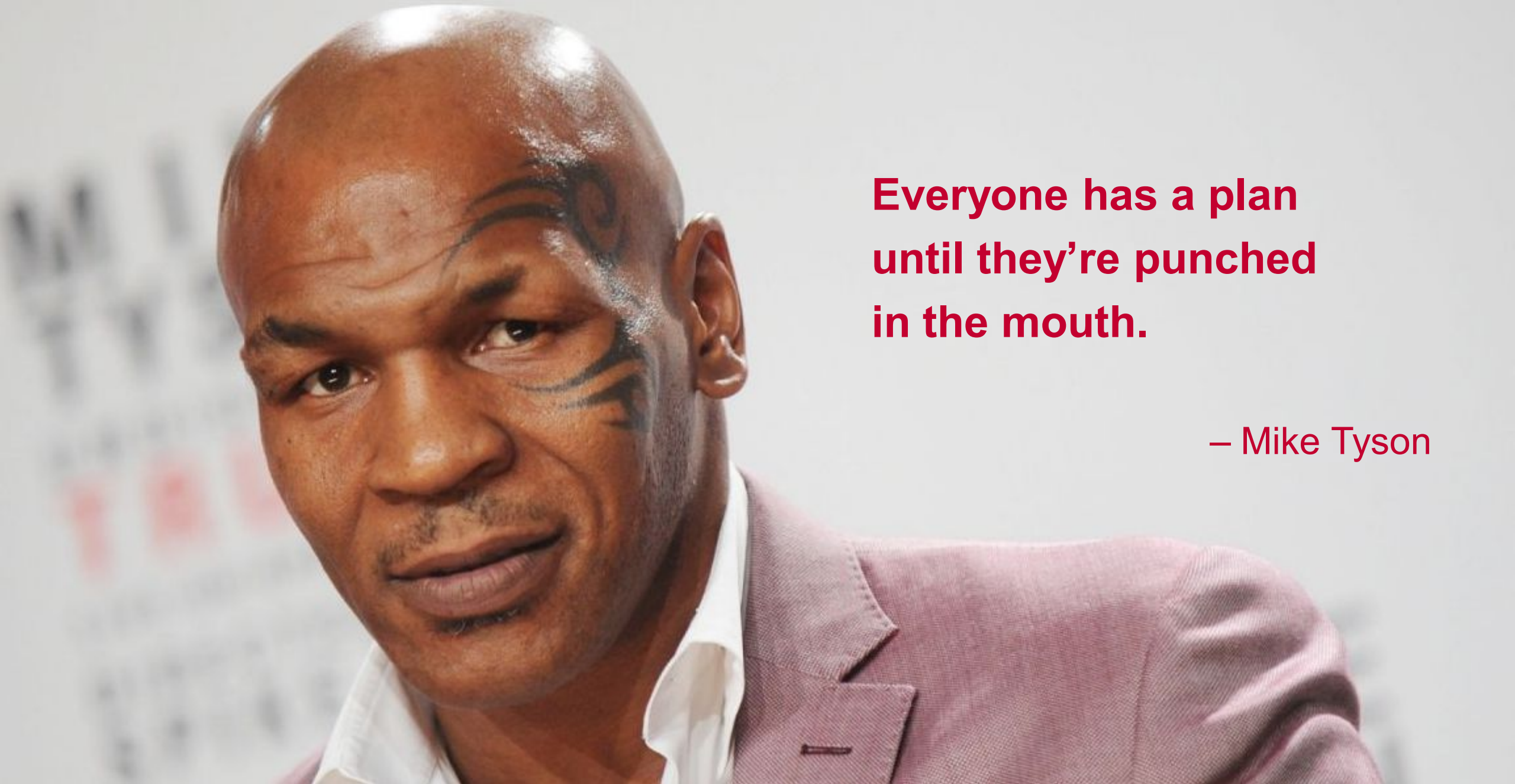
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We always overestimate the change that will occur in the next 2 years and underestimate the change that will occur in the next 10.

Don't let yourself be lulled into inaction.

– Bill Gates





**Everyone has a plan
until they're punched
in the mouth.**

– Mike Tyson

Three Major Areas of Impact

1

Increasing Patient Out-of-Pocket Costs

2

Increased Competition & Price Transparency

3

Shift Delivery to @Risk Health Systems

Increasing Patient Out-of-Pocket Costs

1

- **Medicaid Block Grants to states (18M)**
- **Reduction in Health Insurance Marketplace (14M)**
- **Expansion of Health Savings Accounts**
- **Reduction in Essential Benefit Requirements**
- **Elimination of Individual Mandate**

Increase number of uninsured patients and patient out-of-pocket costs such that uncompensated care increases

American Health Care Reform Act:

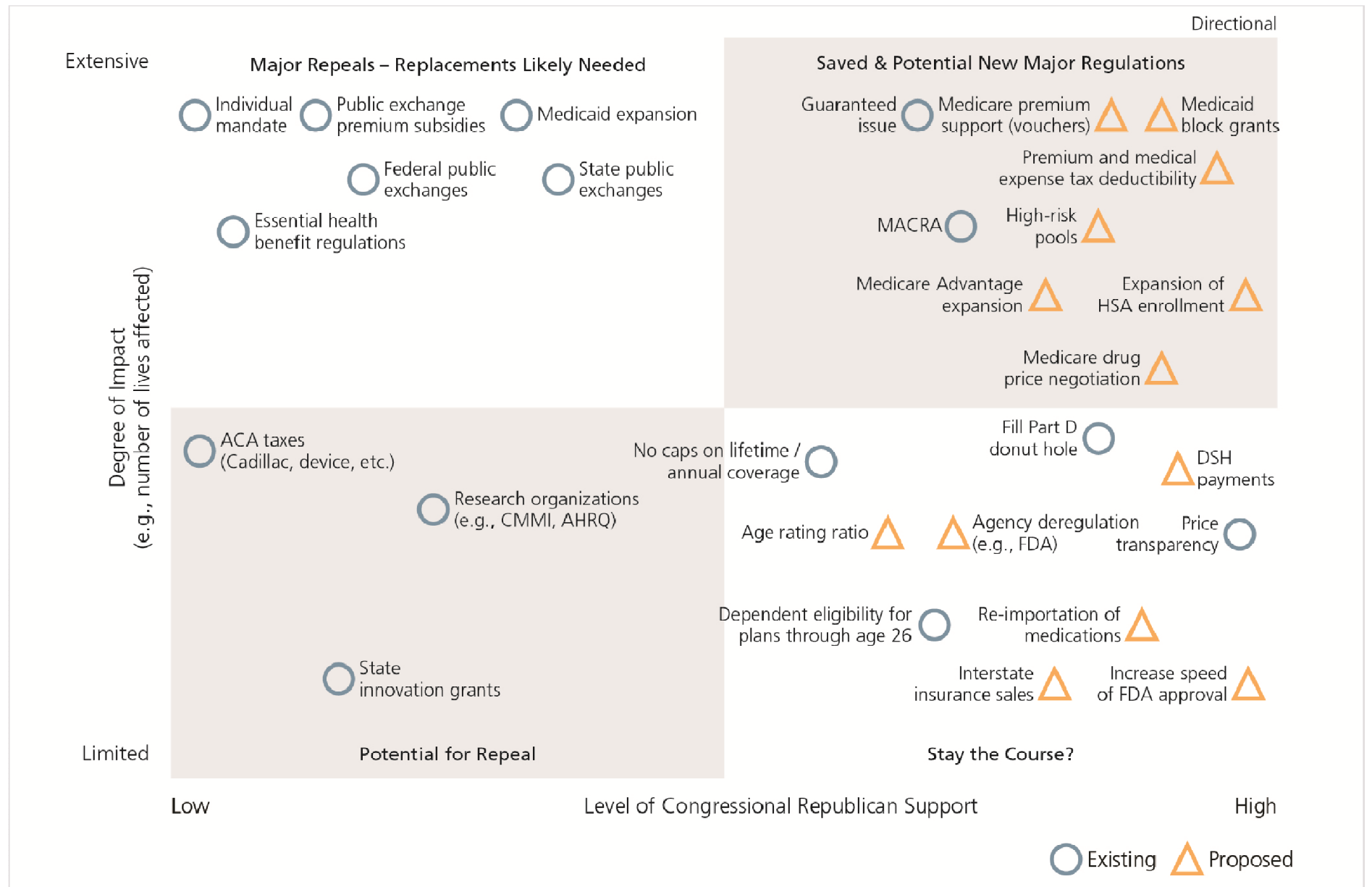
Congressional Budget Office Impact on the Uninsured

	Uninsured (total)	Uninsured (change)	Medicaid	Nongroup / Individual	Employers	<26 years
			Federal funding for State expansion	Inside and outside the health insurance marketplaces, individual mandate, penalties, subsidies, pre-existing condition protection	Mandate, penalties,	Allow coverage under parent's plan <26 years
<i>Current</i> ¹	-23	+30	+16	+13.7		+2.3 ²
<i>2018</i> ³	-42	-14		-14		
<i>2020</i> ³	-49	-21	-9	-9	-2	
<i>2026</i> ³	-52	-24	-14	-2	-7	
			Shift to state block grants	Eliminate mandate, reduce penalty, tax credits, stability fund <i>Maintain pre-existing condition protection</i>	Eliminate mandate,	<i>No change</i>

Note: All numbers are in millions and approximate.

1. Collins SR, et, al. Findings from the Commonwealth Fund biennial health insurance survey, 2016. The Commonwealth Fund Issue Brief, February 2017.
2. Uberoi N, Finegold K, Gee E. Health Insurance Coverage and the Affordable Care Act, 2010-2016. Department of Health & Human Services March 3, 2016
3. H.R.277 - American Health Care Reform Act of 2017. <https://www.congress.gov/bill/115th-congress/house-bill/277/text>. Accessed March 17, 2017.

The Changing Health Care Legislative Landscape



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Increased Competition & Price Transparency

2

- **Regulatory reductions to increase competition from alternative providers and sites of care**
- **Forced price transparency**

Increased competition and price transparency reducing volume and margins

Trump's Love/Hate Relationship With Pharma

Love	Hate
"...slow and burdensome approval process at the Food and Drug Administration"	"...work to bring down the artificially high price of drugs and bring them down immediately"
"...keeps too many advances from reaching those in need"	Allow reimportation and increase competition
"If we slash the restraints, not just at the FDA but across our government, then we will be blessed with far more miracles"	Raise mandated rebates and negotiated prices

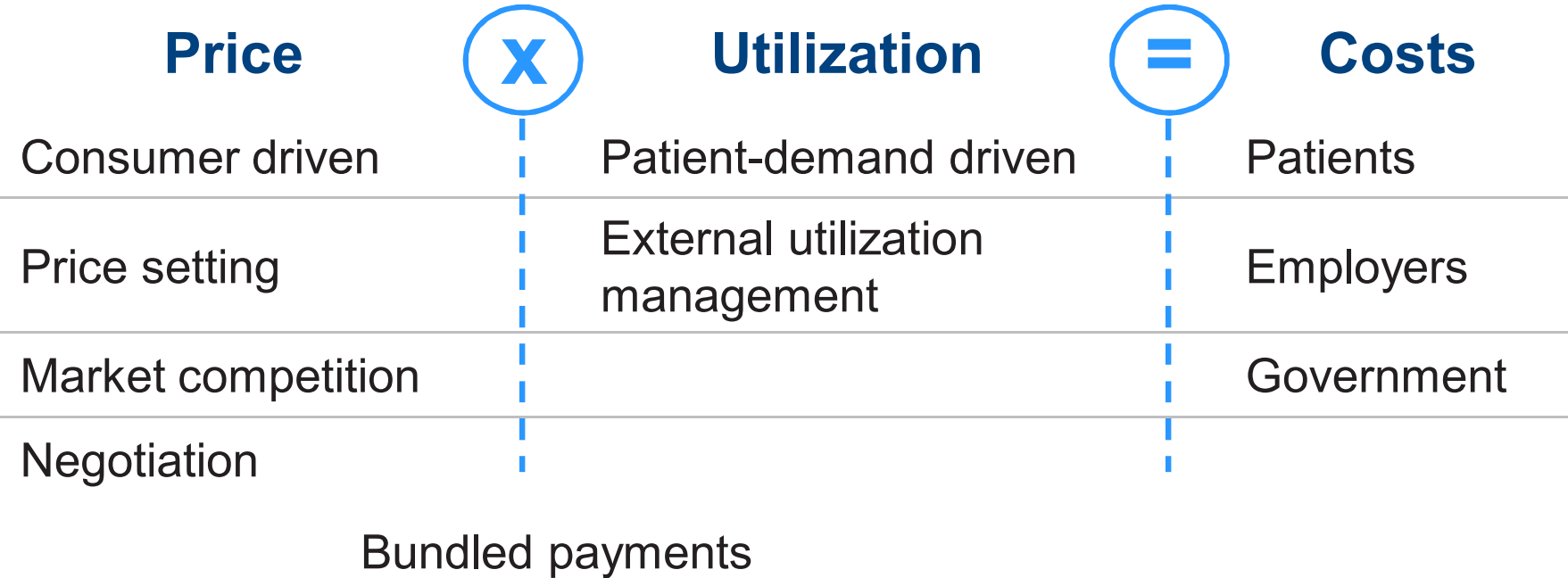
Pharmaceutical manufacturers will be tasked with articulating their value beyond the traditional payer stakeholders to government officials, health systems, and patients

Rx Revenue – Prices / Utilization



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Cost Reductions



Price Reduction

Expansion of 340B

- Pull back of 340B Program Omnibus Guidelines which would have narrowed the number of qualifying drugs

Reimportation allowance

Expansion of 23.1% to dual eligibles

Reference pricing

Indication-based pricing

Risk-based contracting

Eminent domain

Bully pulpit

Increase market competition via introduction of other products

- Eliminate regulatory barriers, close loopholes extending patient exclusivity

Competitive bidding program

Negotiating prices (Government, increase GPO strength)

Utilization Management

Increasing patient out-of-pocket costs through health savings accounts and limited insurance coverage

Increasing payers' ability to more aggressively manage utilization

- Medicare Part D elimination of protected classes

Preferred Treatments in Health System Partial Risk Programs



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Shift Delivery to @Risk Health Systems

3

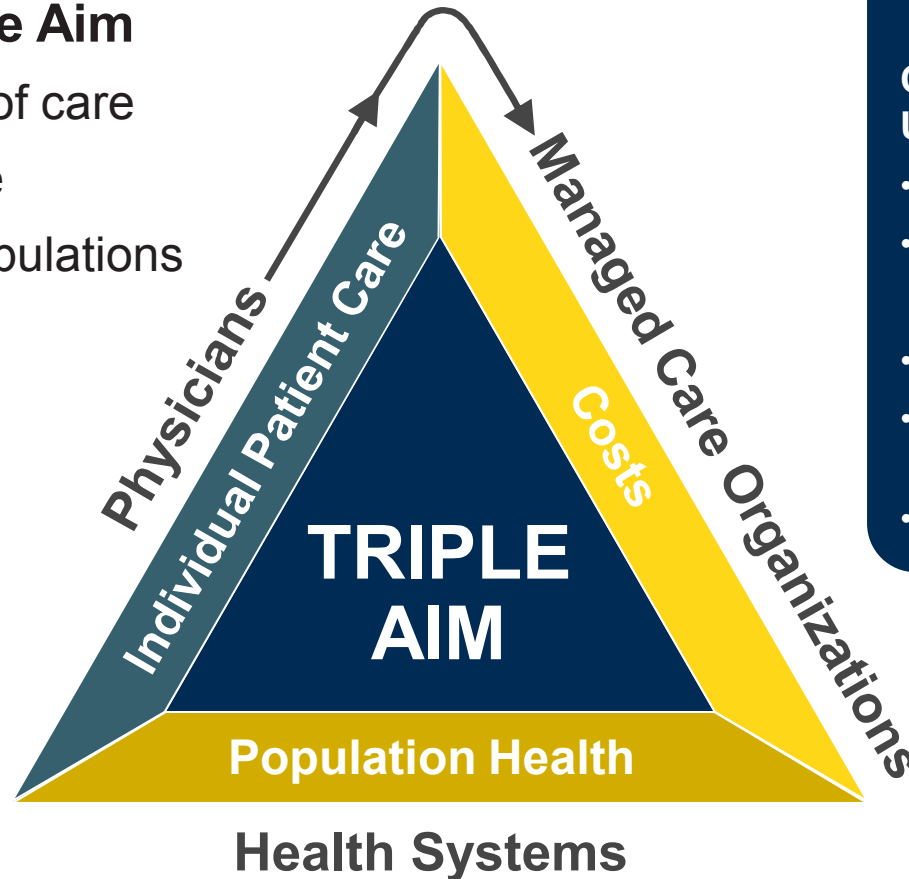
- **Encouragement of integrated health systems that manage risk**
- **Promotion of focus on population health**
- **Shift of physicians to value-based care**

Ability for health systems to manage population health

The Shift to Risk-Based Care

The concept of the Triple Aim

- Improving the experience of care
- Reducing the costs of care
- Improving the health of populations



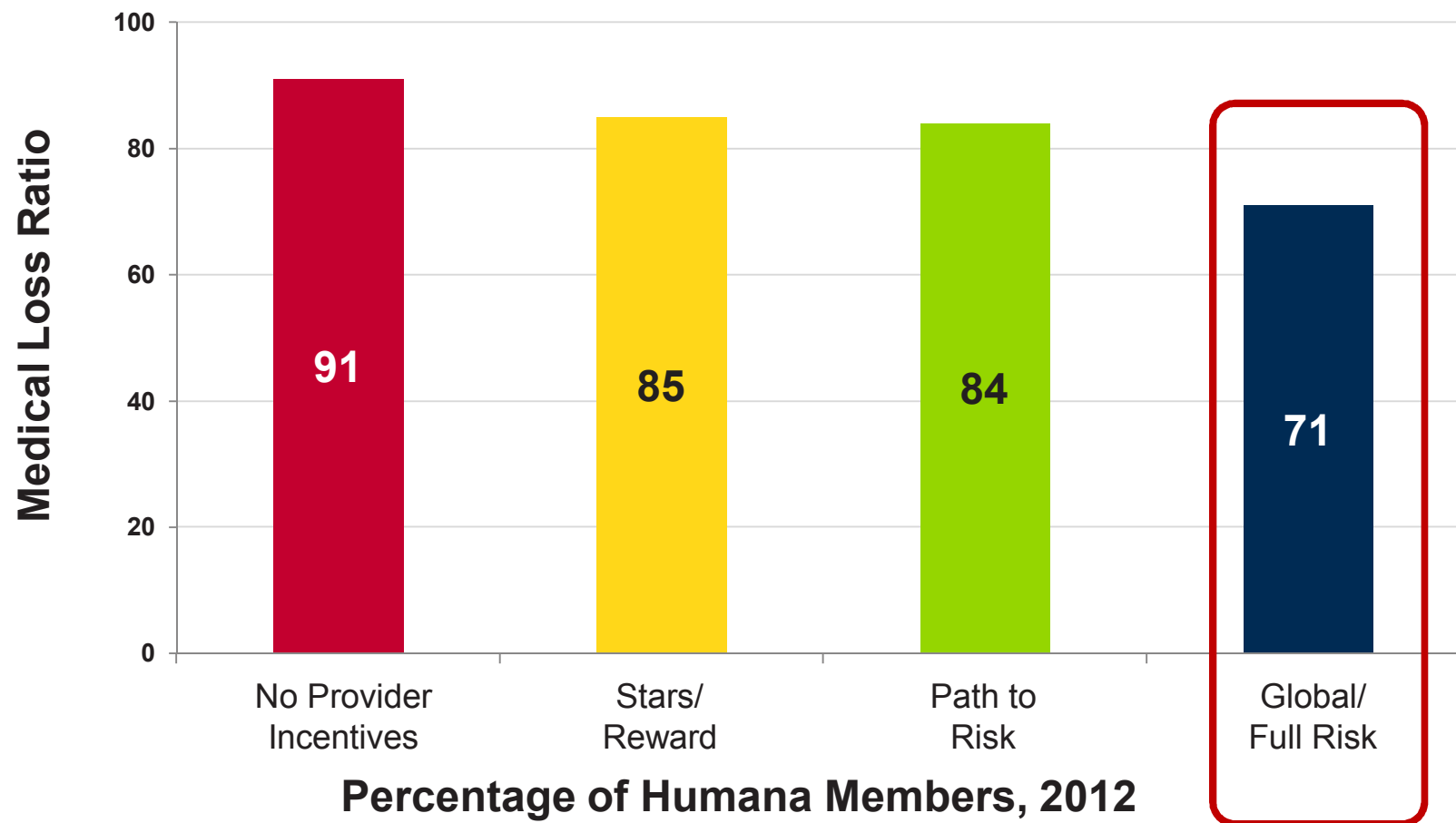
Why the change in focus?

Compared to similar countries, the US has*:

- Lowest life expectancy (78.8 yrs)
- Highest % of people ≥ 65 with ≥ 2 chronic conditions (68%)
- Highest rate of obesity (35.3%)
- Highest health care spending as % of GDP (17.1% vs FR 11.6%)
- Highest per capita spending of \$9086

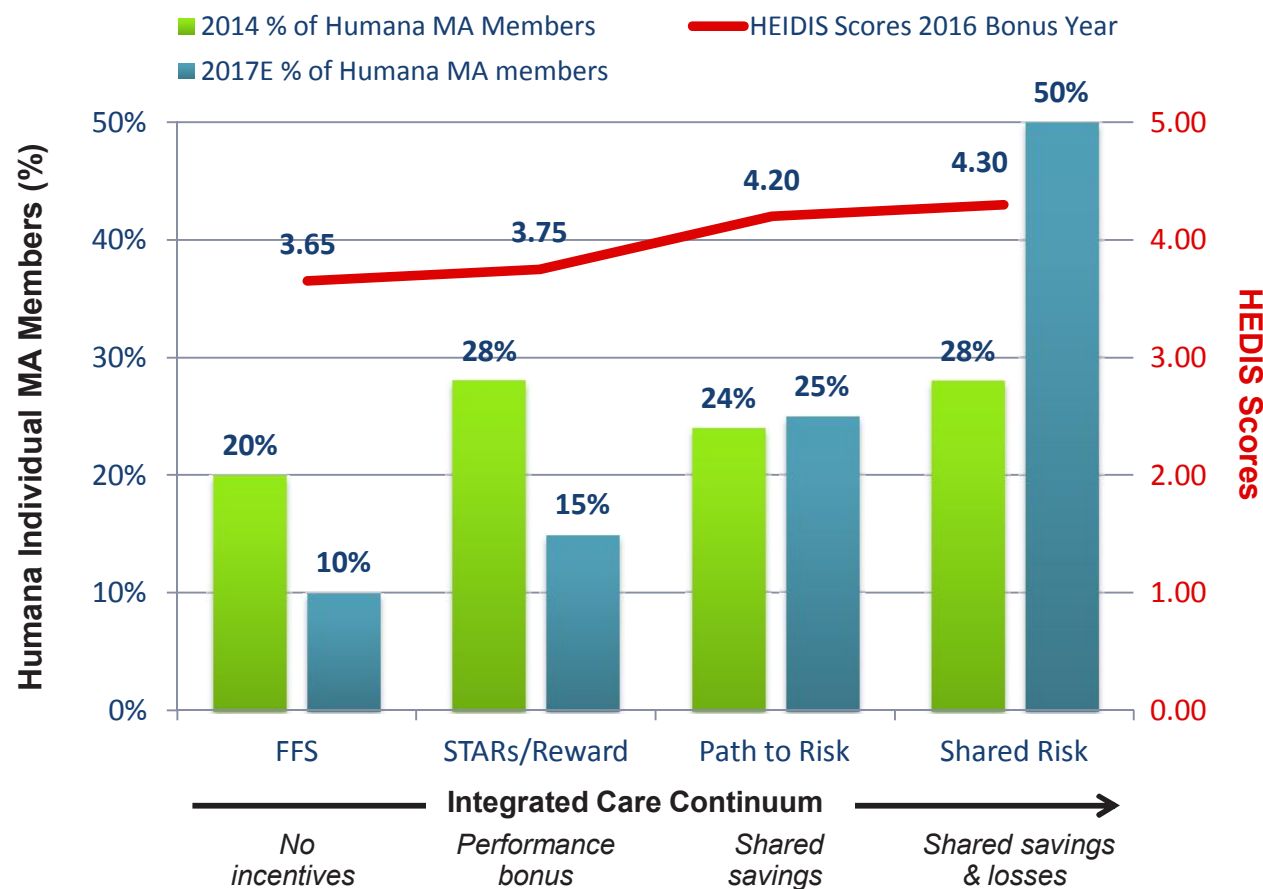
*Organization for Economic Cooperation and Development (OECD) annually tracks and reports on a wide range of health system measures across 13 high-income countries. Berwick DM, Nolan TW, Whittington J. The Triple Aim: Care, Health, and Cost. *Health Affairs*, 2008;27(3):759-769..

Payers Control Costs by Increasing Provider Risk



Payers Benefit From Provider Risk

Higher levels of provider integration across the integrated care continuum result in improved quality and lower costs



16%

Improvement in HEDIS scores for Humana providers in value-based relationships vs FFS with no incentives

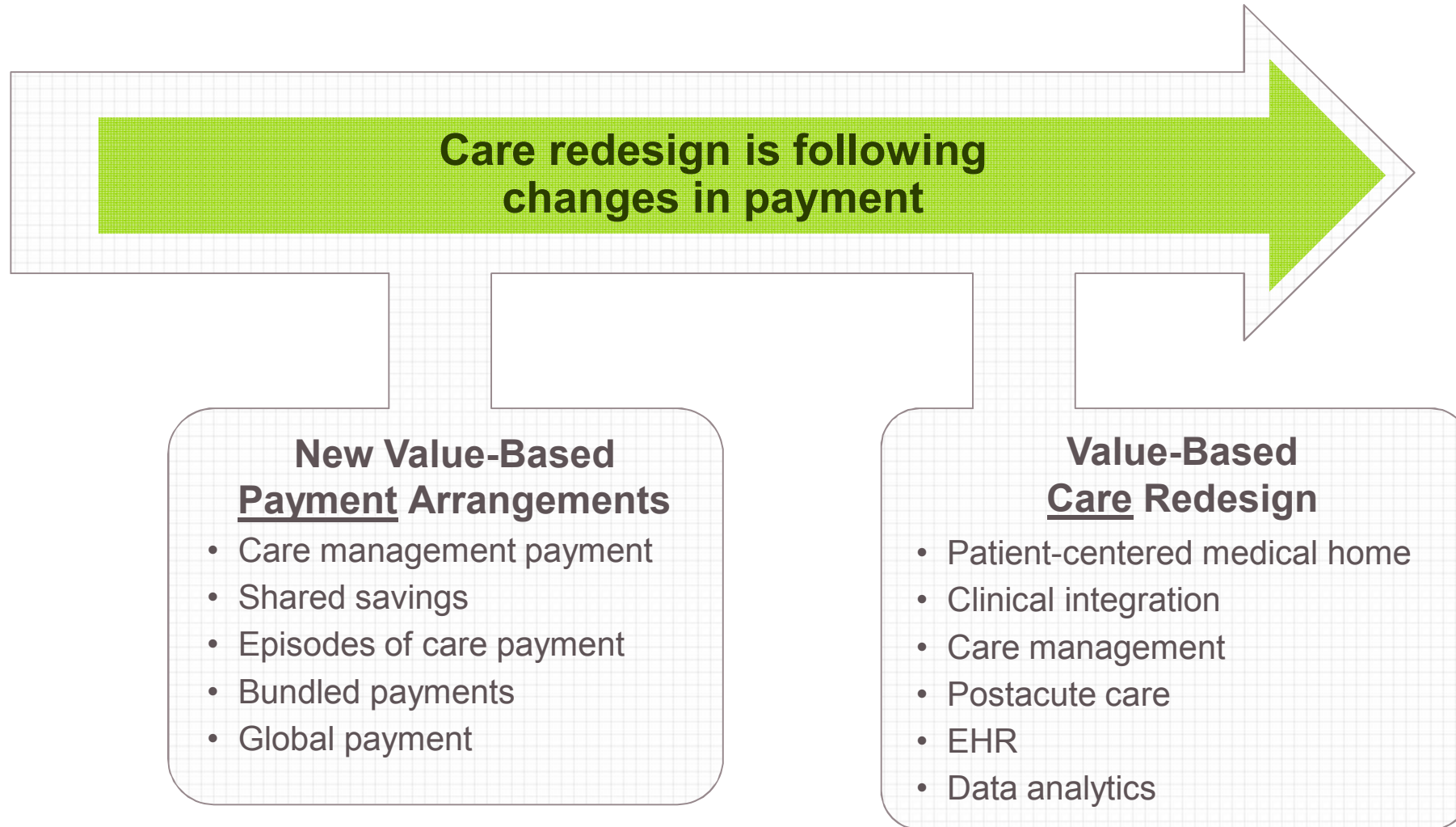
19%

Lower medical costs for providers in value-based relationships relative to original Medicare

Aetna & UHC both reported **45%** of their total spend in value-based payment contracts

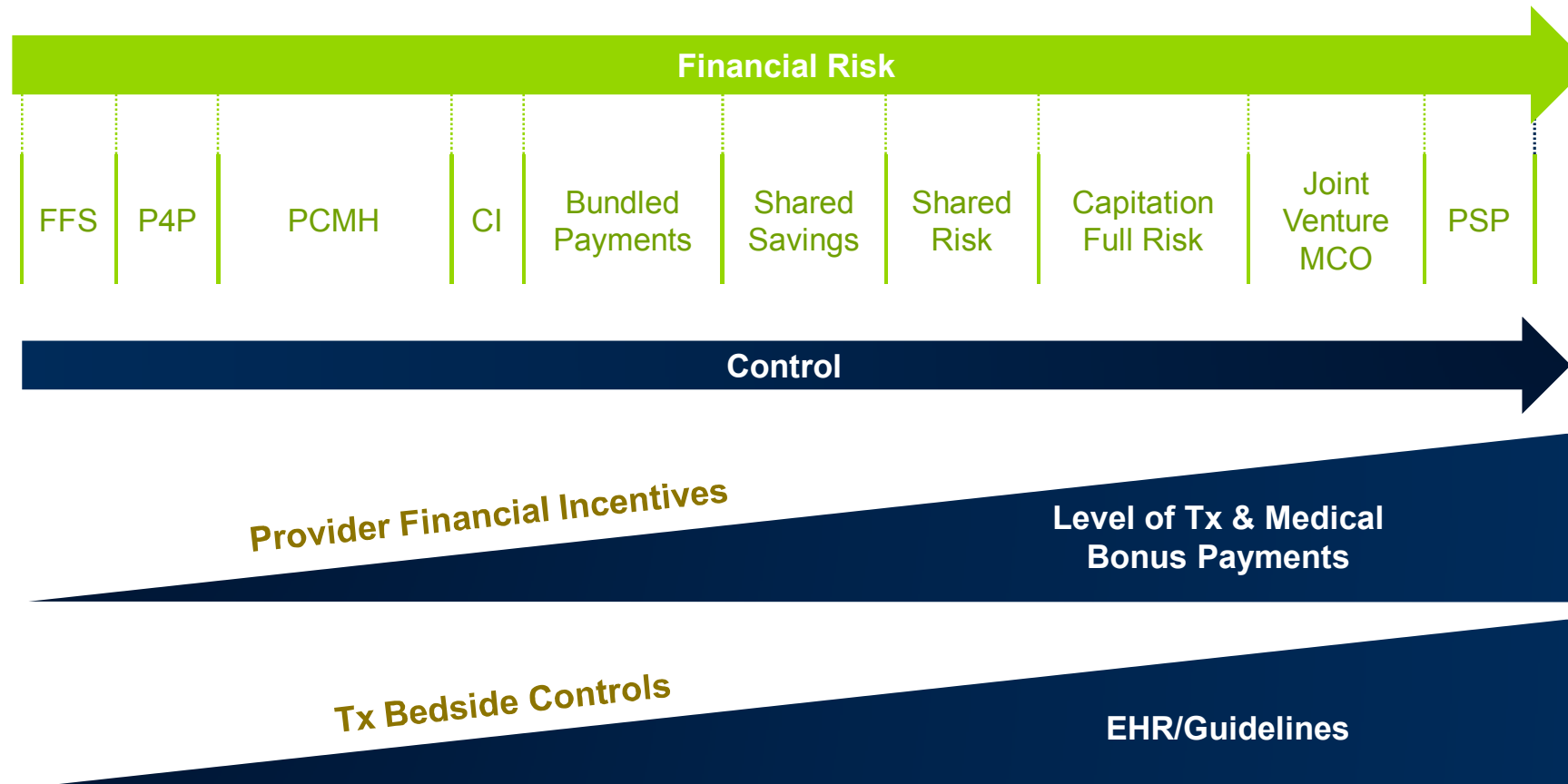
Value-based relationships includes providers participating in path-to-risk and shared-risk programs.
Humana analysis on 2013 claims data for individual MA only, including delegated risk.
Source: Humana. 33rd Annual J.P. Morgan Healthcare Conference Presentation. January 13, 2015.

Implementing the Triple Aim Drives New Value-Based Payment and Value-Based Care Models



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Health System Level of Risk and Control



FFS=fee for service; P4P=pay for performance; CI=clinical integration; PSP=provider-sponsored plan.

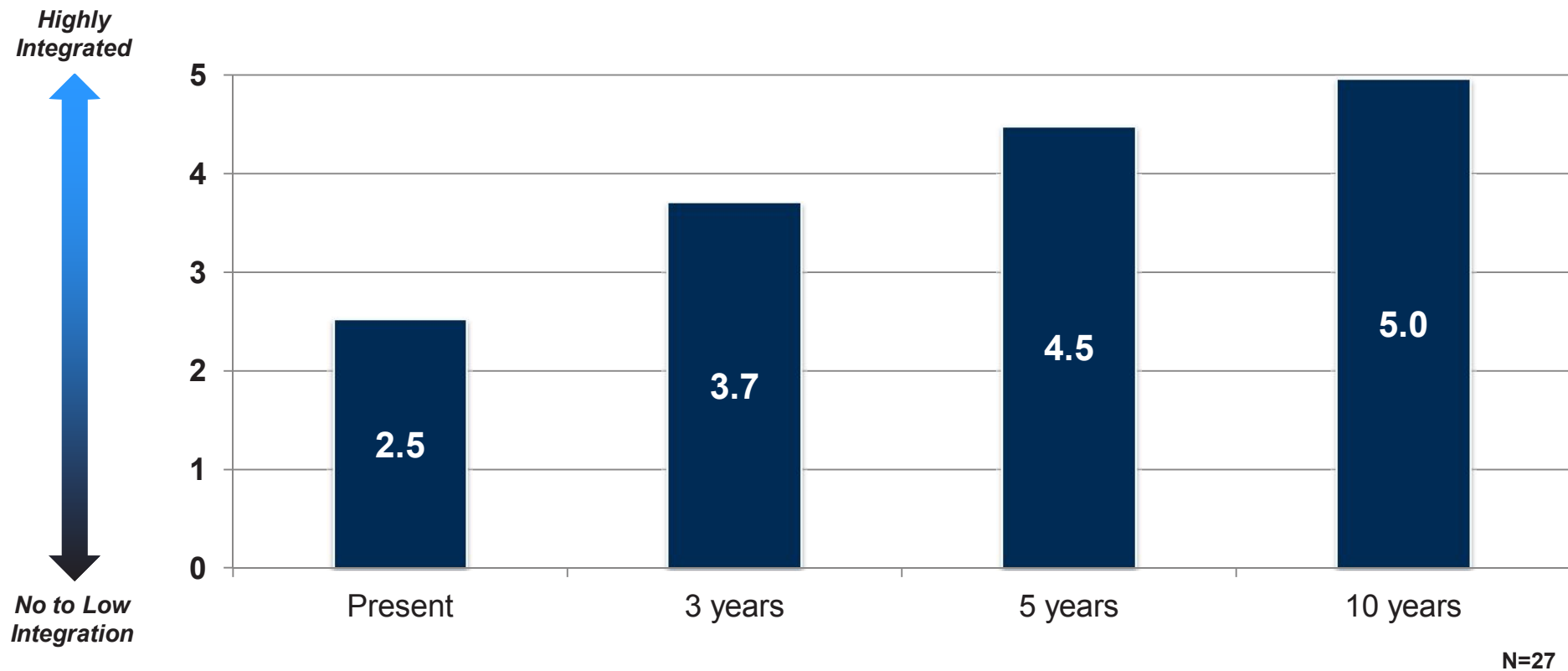
Perspectives From Health System Stakeholders



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Respondents Expect a Steady Increase Over the Next 10 Years in Integration of Provider and Payer Responsibilities and Control

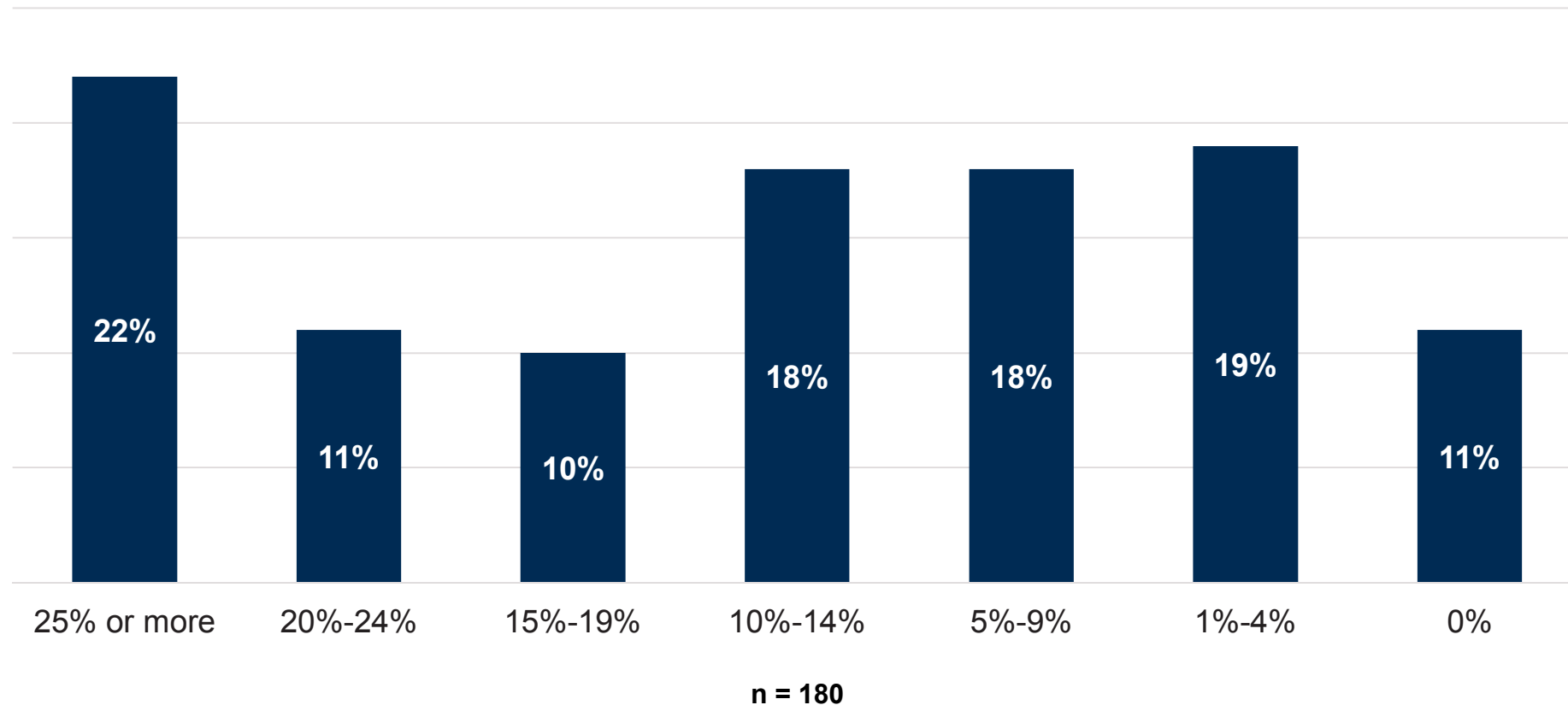
Q: Describe how integrated your health system currently is with regard to provider and payer responsibilities and control, from the present to 3, 5, and 10 years from now. (Please rate from 0 to 5, with 0 being low to no integration and 5 being highly integrated, eg, Kaiser Permanente.)



The Access Group. Integrated Health System Survey. September 26, 2016. Data on File.

Percent of Net Patient Revenue Attributed to Risk-Based Population Health Management

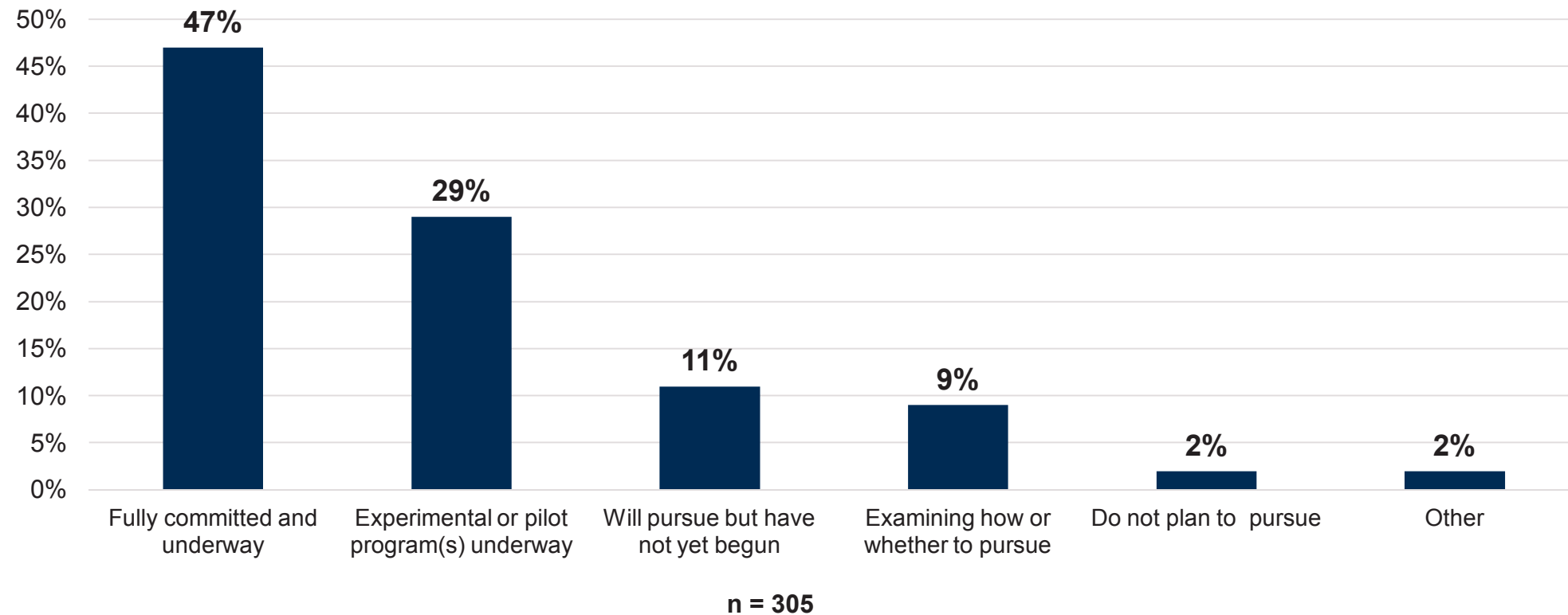
Q: What percent of your organization's net patient revenue is attributed to risk-based population health management activities that have exposure to profit and loss?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. <http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf>. Accessed October 25, 2016.

Status of Population Health Management

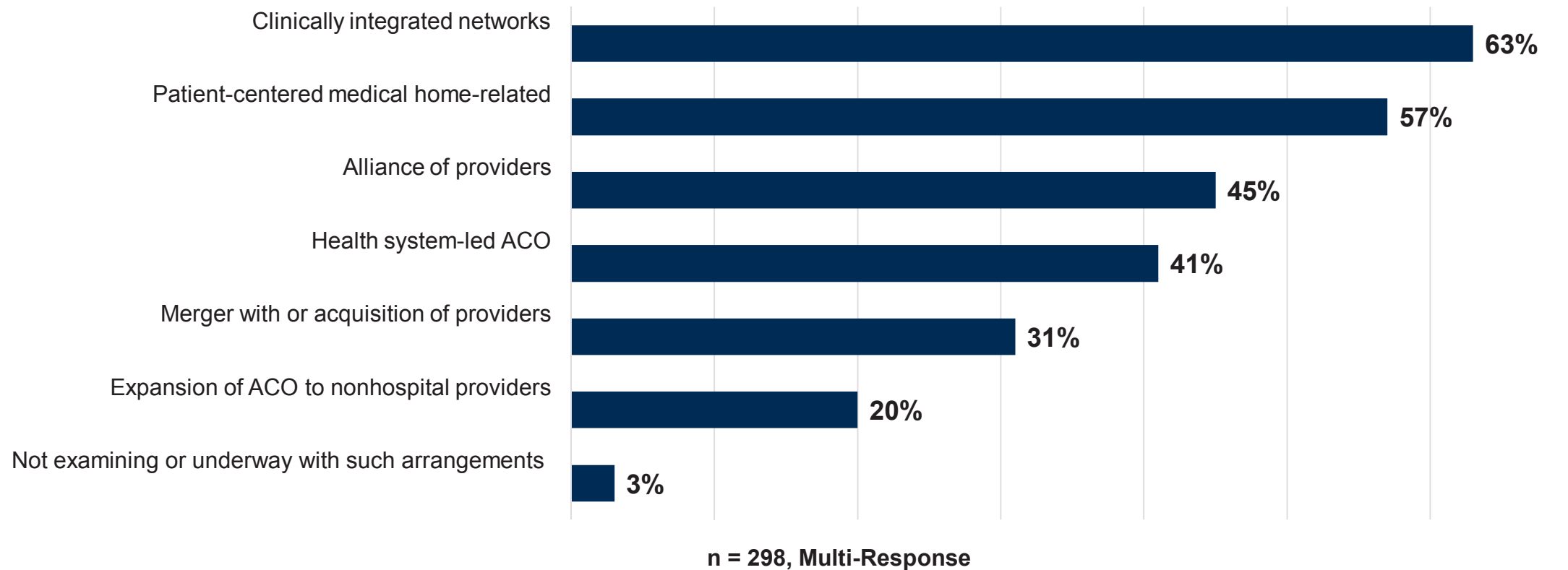
Q: What is your organization's status in managing the overall health of a defined population?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. <http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf>. Accessed October 25, 2016.

Population Health Strategic Initiatives

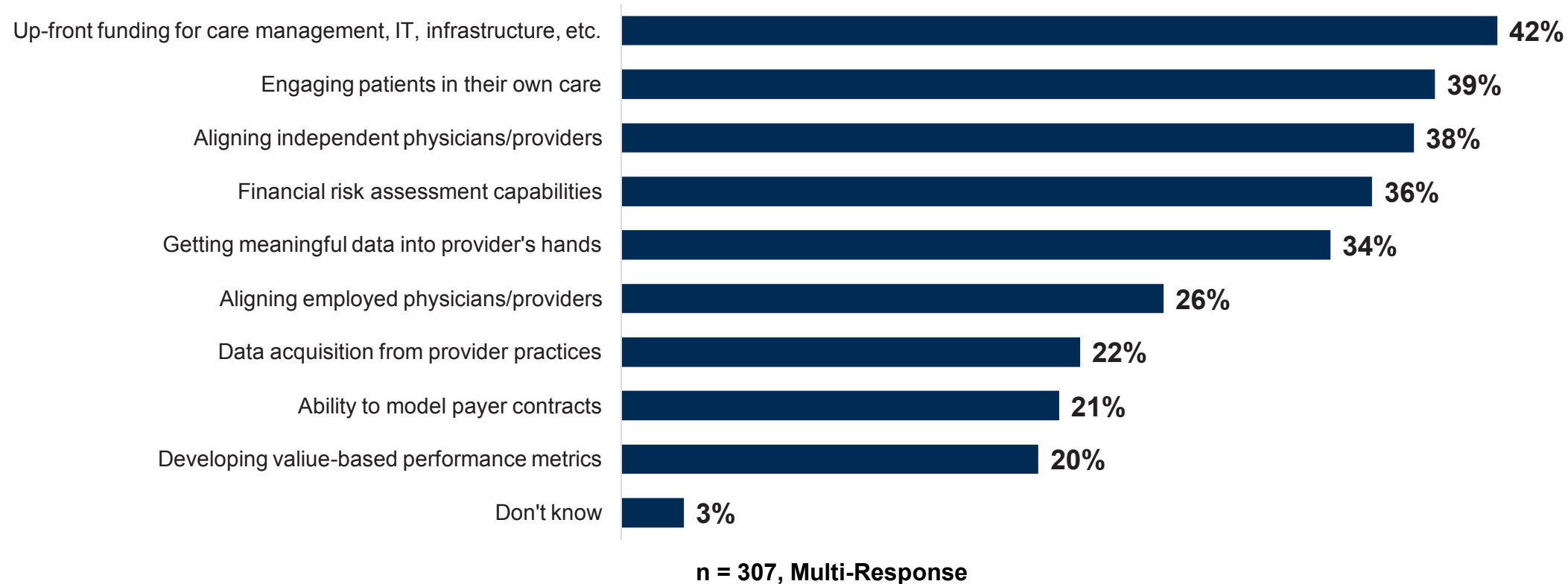
Q: What strategic initiatives is your organization engaged in or exploring to improve the health of a defined population?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. <http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf>. Accessed October 25, 2016.

Barriers to Population Health Management

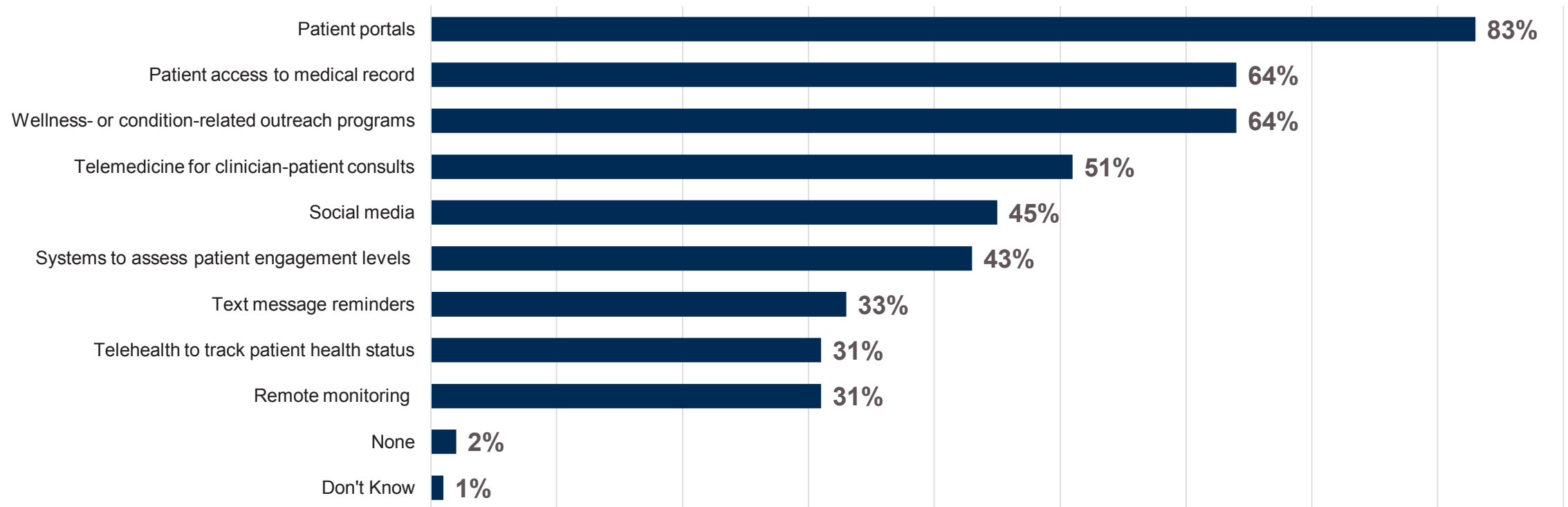
Q: What are your organization's 3 biggest barriers to successfully deploying population health programs?



HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. <http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf>. Accessed October 25, 2016.

Investment in Patient Engagement to Support Population Health

Q: In which patient engagement areas is your organization investing with the intent of supporting population health management?

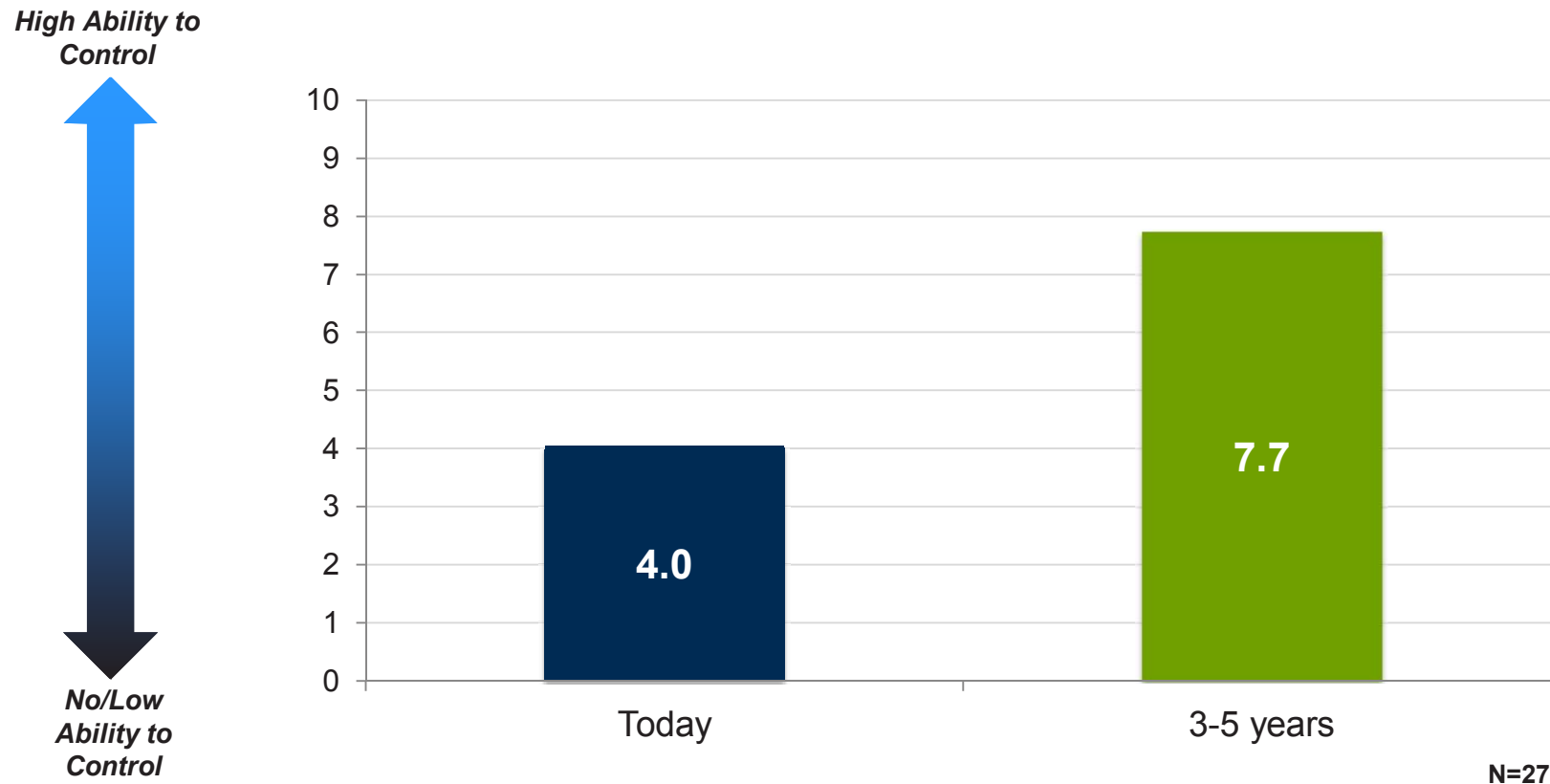


n = 307, Multi-Response

HealthLeaders Media Intelligence Report. Population health: Beyond the tipping point. October 2016. <http://promos.hcpro.com/pdf/Population-Health-Beyond-the-Tipping-Point.pdf>. Accessed October 25, 2016.

Many Respondents Believe That Their Health System Will Gain Increasing Control of Treatment Selections to Improve Outcomes

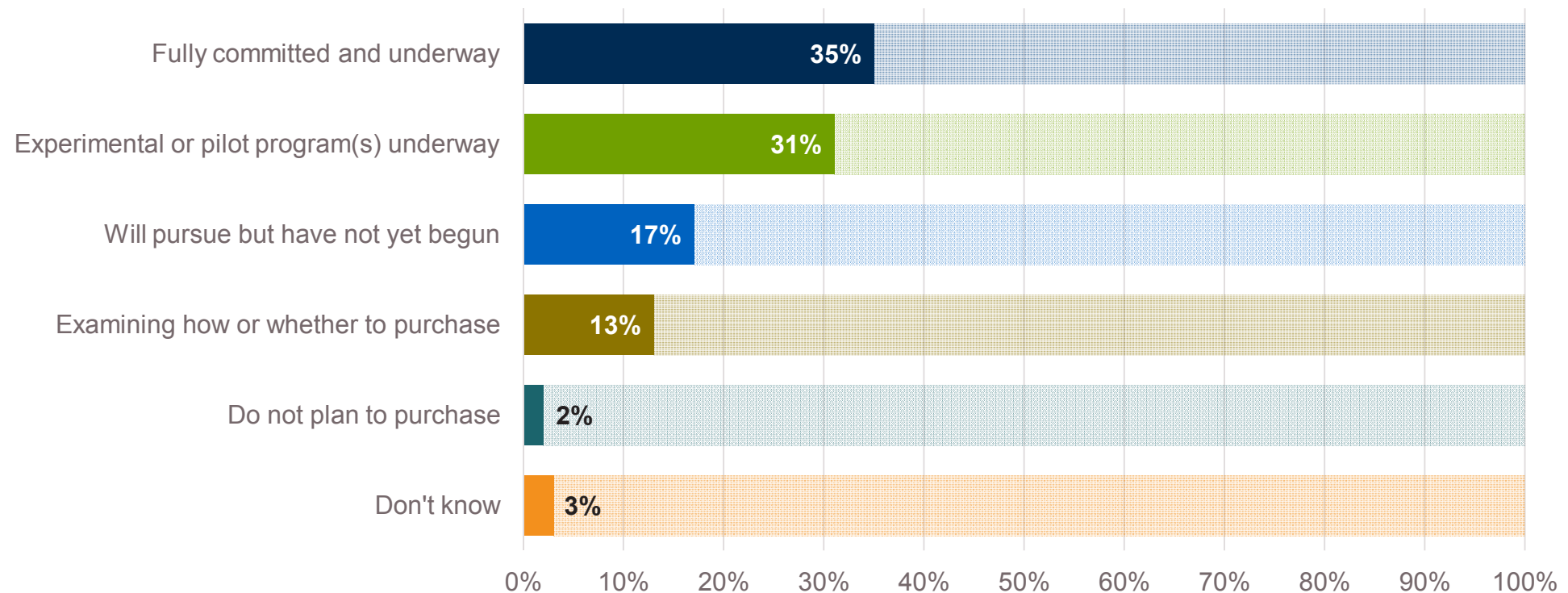
Q: What is/will be your health system's ability to control treatment selections to improve your outcomes today and in 3 to 5 years?
(Please rate from 0 to 10, with 0 being no current ability to control, 1 being a low ability to control, and 10 being a high ability to control.)



The Access Group. Integrated Health System Survey. September 26, 2016. Data on File.

Recent Survey Shows 66% of Stakeholders Are Moving to Value-Based Care

What is your organization's status regarding the transition from fee-for-service to value-based care?

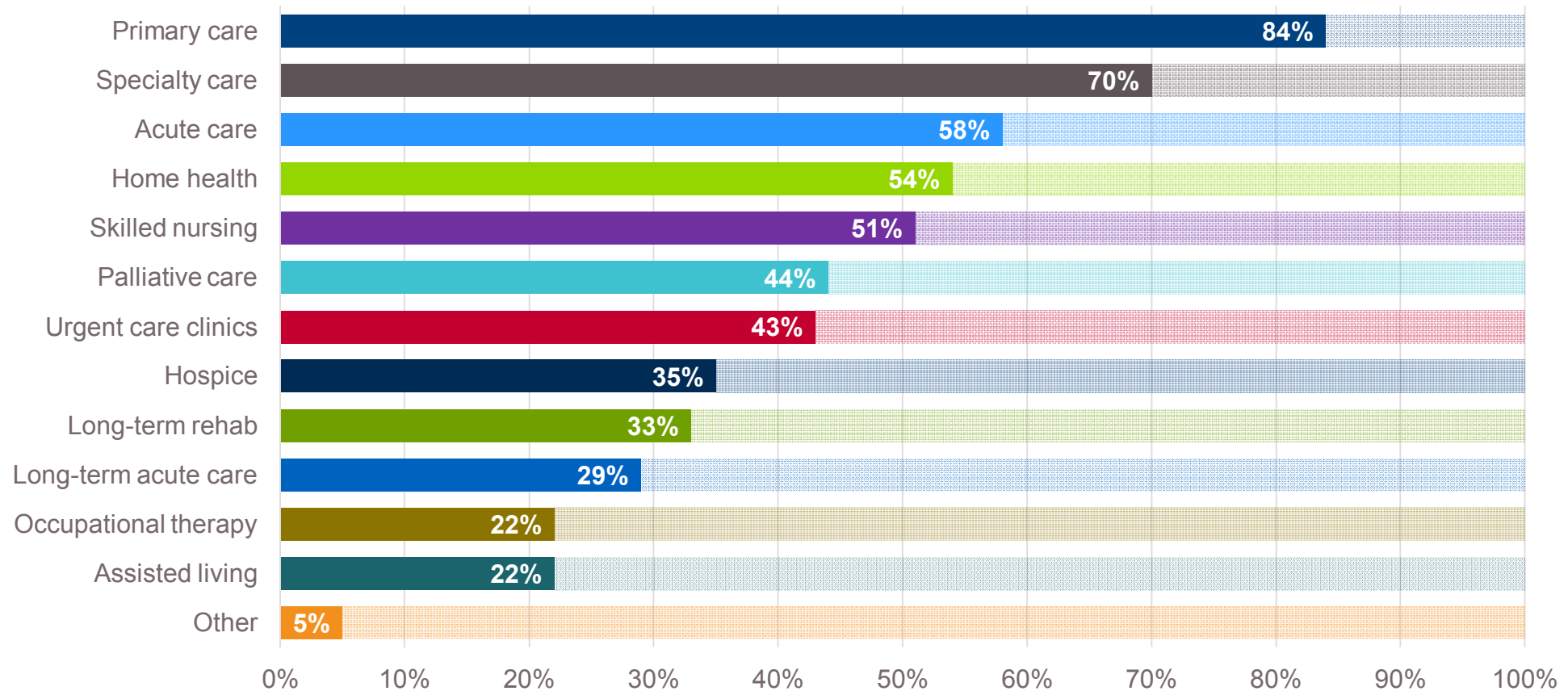


Source: HealthLeaders 2017 Annual Industry Outlook Survey administered in October 2016. 310 surveys were completed by HealthLeaders Media Council comprised of senior leadership from operations, clinical, financial, and marketing departments from several industry stakeholders including; health plans, health systems, hospital and physician organizations, long-term SNFs, government, and academia.

Healthleaders Intelligence Report. Annual industry outlook: The road to value-based care. January/February 2017.

Primary and Specialty Care Still Play a Critical Role in Value-Based Care

When considering the care continuum, which elements are very important to your organization's strategy?

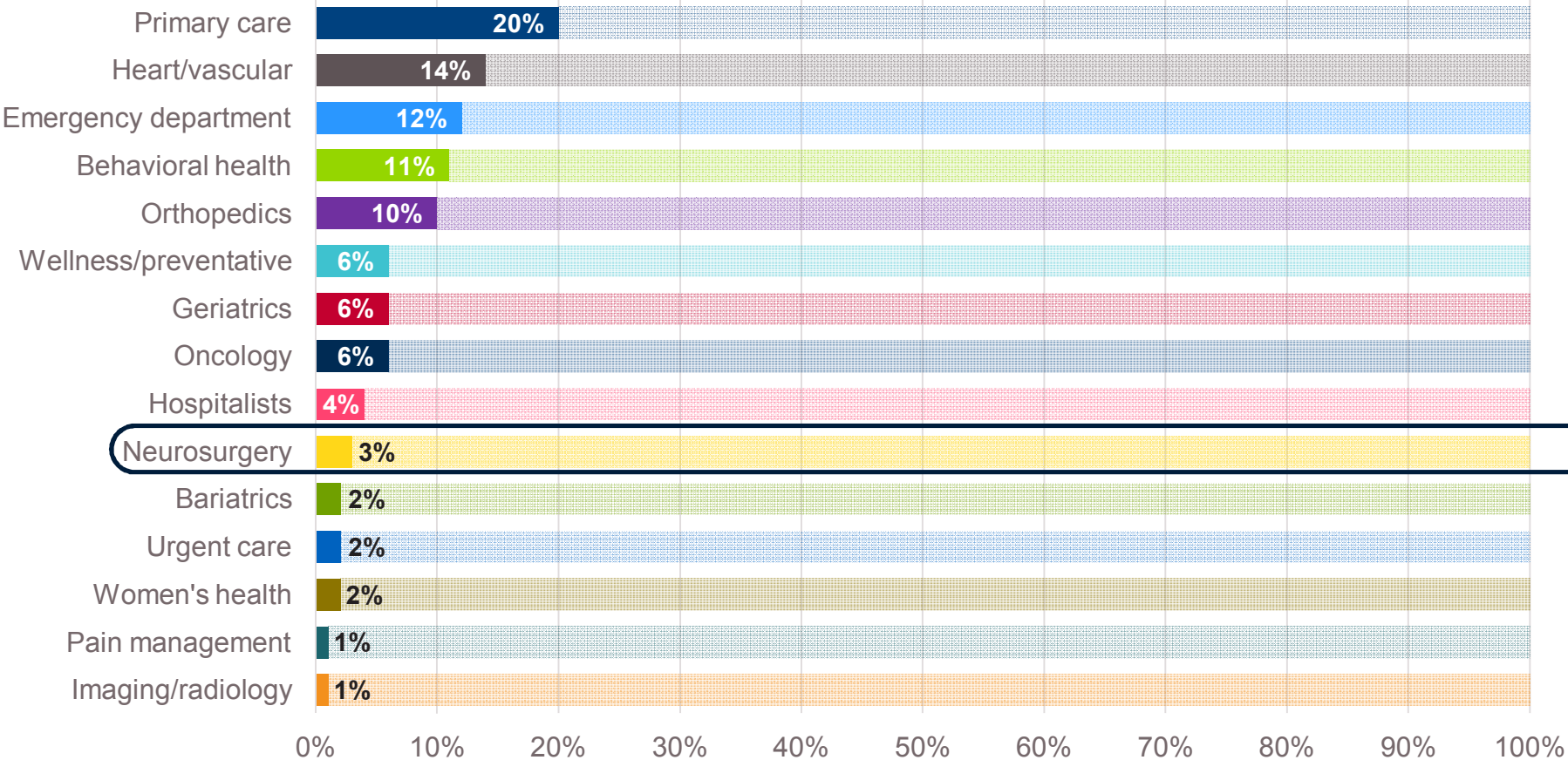


Healthleaders Intelligence Report. Annual industry outlook: The road to value-based care. January/February 2017.

Disciplines Most Associated with Health Systems and Those Treatments Controlled Beyond Providers at a Health System level (PCPs, Cardiologist, Behavioral Health, Orthopedics, Oncology)

Organizational Strategy and Pain Management

Three years from now, what service lines do you expect to be your leaders in strategic significance to your organization? (first-ranked responses.)



Risk- and Value-Based Programs Are Mostly Seen as an Opportunity...With Some Concerns

Does your organization consider each of the following to be mostly a threat or mostly an opportunity?

	Threat	Opportunity	Don't know
Clinical integration	4%	91%	5%
Care continuum relationships, clinical	5%	87%	8%
Health information exchange	6%	84%	10%
Patient as consumer	9%	83%	7%
Care continuum relationships, financial	19%	66%	15%
Shared risk, shared reward payments	22%	65%	13%
CMS' value-based payment efforts	31%	56%	13%
Provider consolidation	33%	51%	15%
Industry movement toward full capitation	50%	30%	20%
Retail healthcare (e.g., pharmacies, big-box stores)	51%	27%	21%
Payer consolidation	63%	19%	17%

Healthleaders Intelligence Report. Annual industry outlook: The road to value-based care. January/February 2017.

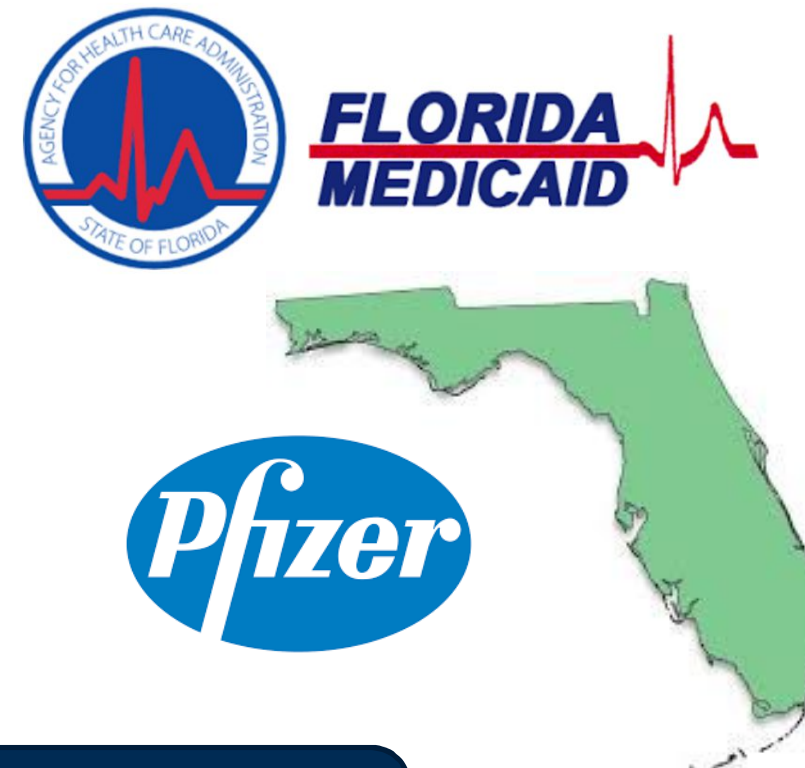
Overview of Global Outcome-Based Contracts



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State Medicaid Program Example

- In a 2001 arrangement with the Florida Medicaid system, Pfizer promised to achieve \$33 million in cost reductions over 2 years in return for inclusion of all of its products on a new restrictive formulary¹
- Pfizer planned to achieve cost reductions through disease management, focusing primarily on 12,000 patients who were high utilizers and had chronic diseases such as diabetes, asthma, or heart disease¹
- Sixty nurse case managers used software designed for chronically ill Medicaid patients¹
 - Encouraged patients to take their medicines, follow diet and exercise regimens and have regular checkups



Pfizer claimed the program saved Florida \$41.9 M over 27 months, serving 150K Medicaid pts²

- Reduced- physician visits (4.3%), ER visits (5.7%), hospital stays (9.7%)²
- Pfizer spent \$19.2 M on case managers, equipment, and donated drugs²
- Pfizer drugs increased 17% during the first year of the program³

1. Posey LM. Pfizer cuts disease management deal with Florida Medicaid. Pharmacy Today. 2001; 7(8). <http://www.medscape.com/viewarticle/406823>. Accessed March 7, 2017.

2. Kaiser Family Foundation. Pfizer says Medicaid disease management program saved Florida \$41.9 million over 27 months. KHN Morning Briefing. <http://khn.org/morning-breakout/dr00026691/>. Accessed March 7, 2017.

3. Kaiser Family Foundation. Florida Medicaid disease management program run by Pfizer off to a slow start. <http://khn.org/morning-breakout/dr00010231/>. Accessed March 7, 2017.

Risk-Based Contracts Are Growing in Number:

Outcomes Compared Against Competition, Hospitalization, and Adherence

Year	Payer	Pharma	Drug	Disease		Outcome
2009	Cigna	Merck	Januvia	Diabetes	Outcomes	Glucose reductions
2009	Health Alliance	P&G/Sanofi	Actonel	Fractures		Preventing fractures
2015	Harvard Pilgrim	Amgen	Repatha	High cholesterol		Reduction in cholesterol
2016	Harvard Pilgrim	Novartis	Entresto	Heart failure		Reduction in heart failure
2016	Harvard Pilgrim	Eli Lilly	Trulicity	Type 2 diabetes	Hospitalizations	Outperform competing drugs
2016	Humana	Eli Lilly	Effient	Platelet inhibitor		Reduction in hospitalizations
2016	Cigna	Novartis	Entresto	Heart failure		Reduction in hospitalizations
2016	Aetna	Novartis	Entresto	Heart failure		Reduction in hospitalizations
2016	Express Scripts	AstraZeneca	Iressa	Lung cancer		Payment based on those receiving the 3 rd refill

Melvin D. Risk/outcomes contracting has finally arrived. February 2017 PM360 Magazine.

Pharma Shift to Value-Based Relationships

All health care providers are being shifted from FFS transitions to value-based relationships

Health systems are moving from provider status to payer status through the acceptance of financial risk

Pharma has a need to deliver value-based resources to providers, payers, and health systems via a range of offerings

Pharmaceutical/Health System Relationship: Key Offerings

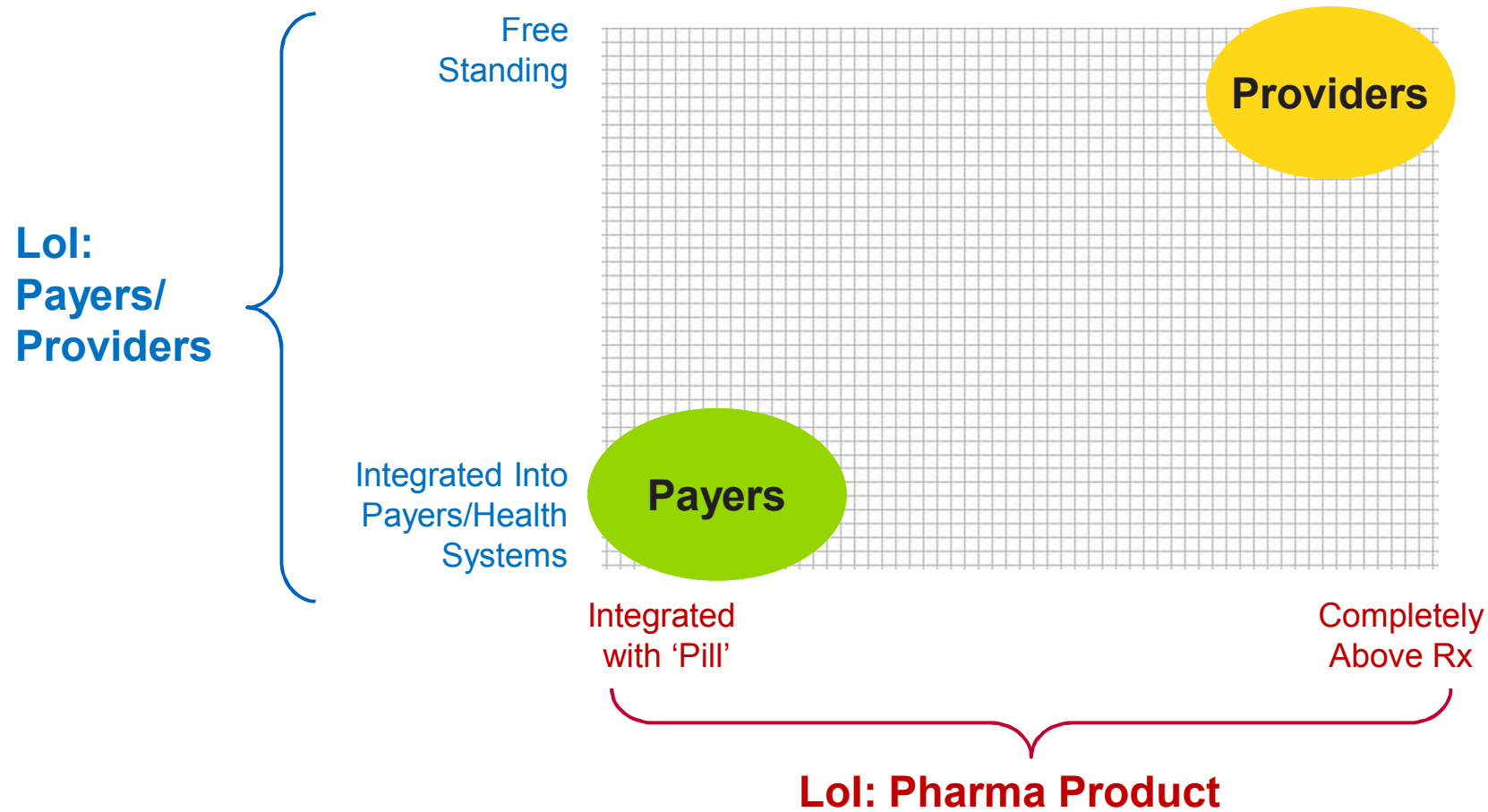
- 1. Offer resources for health systems to improve outcomes through better clinical integration and patient engagement**
- 2. Provide value to health systems beyond their pill by offering services that enhance outcomes from their product**
- 3. Engage health systems in meaningful value-based contracts**

Note: There is a difference between value-based and risk-based contracts

Value-Based Agreements

	Payers	Providers
Contract Type	Risk-based	Value-based
Financial arrangement	Shared savings or pay back based on underperformance	N/A since providers are not directly paying for Rx
<i>Role & Responsibilities</i>		
Pharma	Resources and services directly tied to treatment	Broad-based resources
Target	Forced utilization through utilization management process	Encouraged utilization through EHR/guidelines and prescriber incentives/ penalties

Level of Independence (LoI) of Pharma-Provided Value Resources



3 Step Best Practice Model for Pharma

1 Account Planning

- Understand health system priorities
- Identify key contacts
- Learn what is changing in their environment
- Understand differences in culture and strategic objectives

2 Present a Strong Value Story

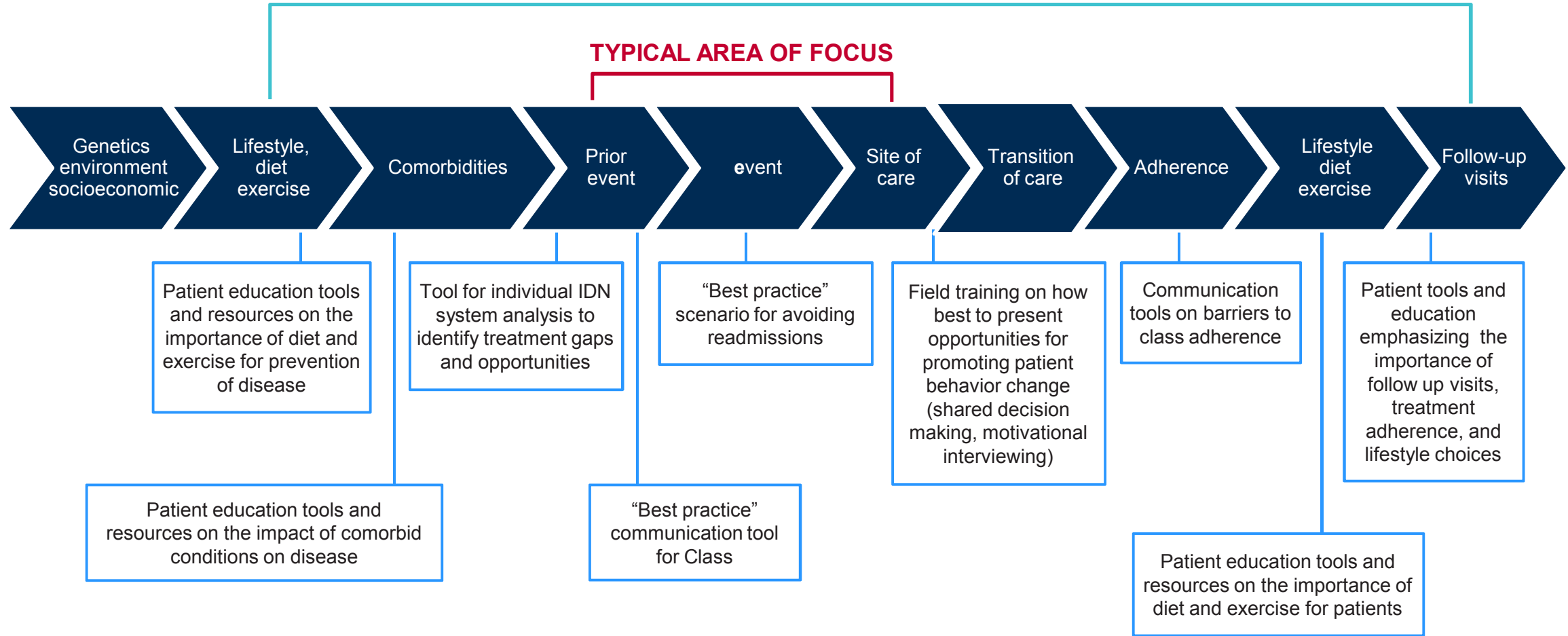
- Describe how your product aligns with clinical guidelines, quality measures, and value-based programs
- Describe how your products align with health system goals
- Articulate how the value of your products compare clinically and financially with competing treatments

3 Offer Effective Programs & Tools

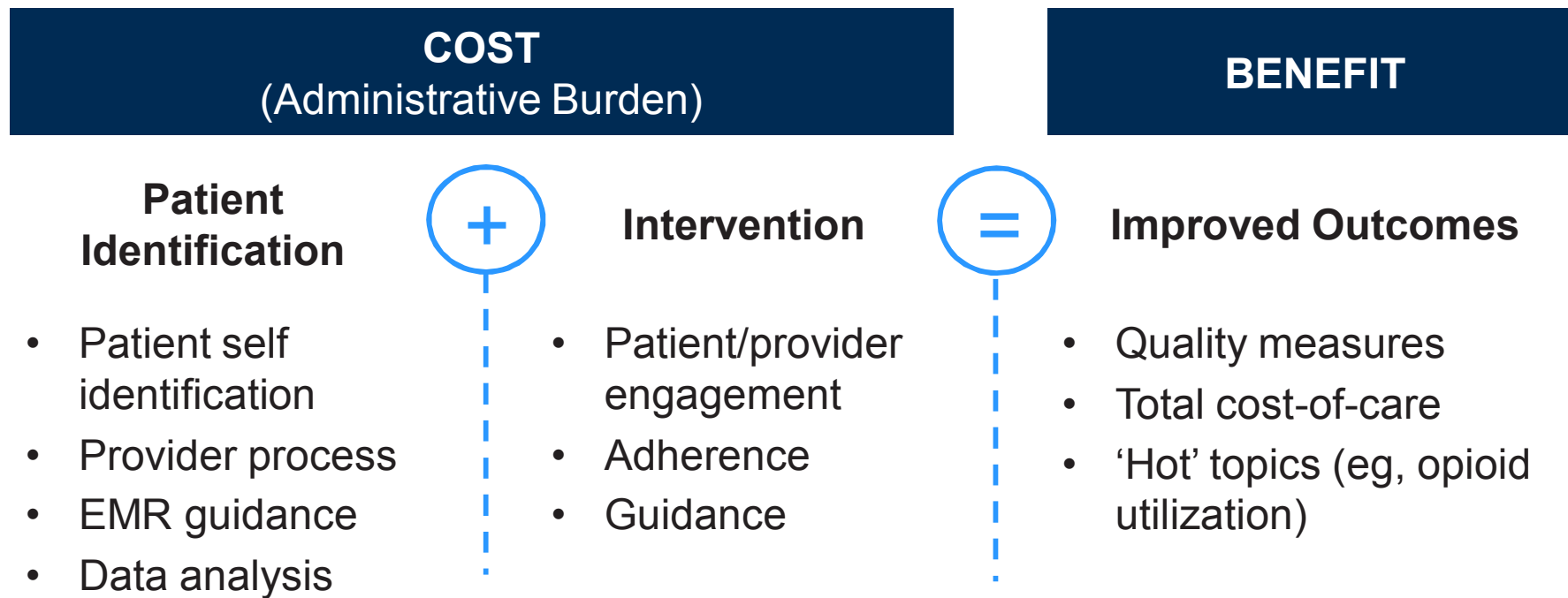
- Offer resources that create value “beyond the pill”
- Demonstrate how your resources are easy to implement, maintain, and how success is measured
- Provide multiple areas of intervention, patient materials, HCP materials, EHR solutions, etc.

Population Health Program Offerings vs Typical Areas of Focus

POPULATION HEALTH PERSPECTIVE: HOW HEALTH SYSTEMS ARE MANAGING DISEASE



Articulation of Program Value to Providers/Payers: *Health Systems*



*Implementation:
Use of EHR to Enforce Health System
Treatment Preference*



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Embracing EHR Technology to Forge New Customer Partnerships

Tim Van Aken, Health IT Lead

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Solon, OH 44139
312-560-7413
www.kameleonpartners.com

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Session Objectives

①

Opportunity

②

Alignment

③

Case Study



Background

Rising Costs

Cost of Healthcare, Focus on Outcomes

Unsustainable Growth Rate

17% U.S. GDP in 2010, approaching 20% by 2020

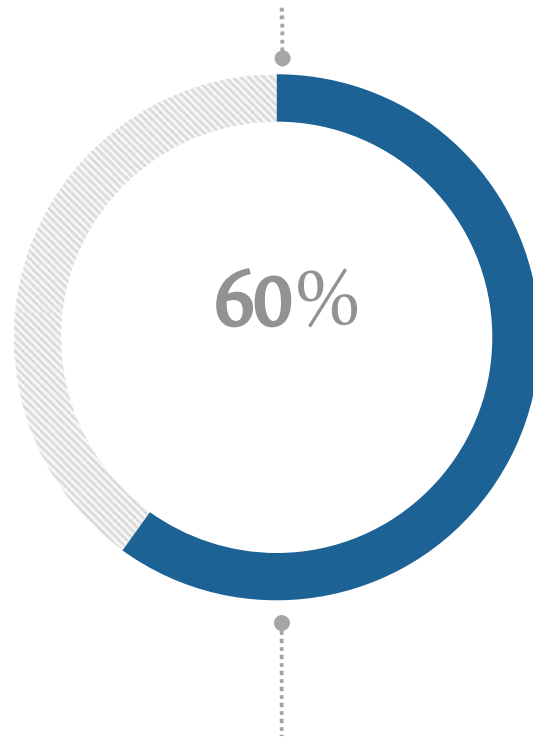
Volume to Value

Shift from Volume-based Care to Value-based Care



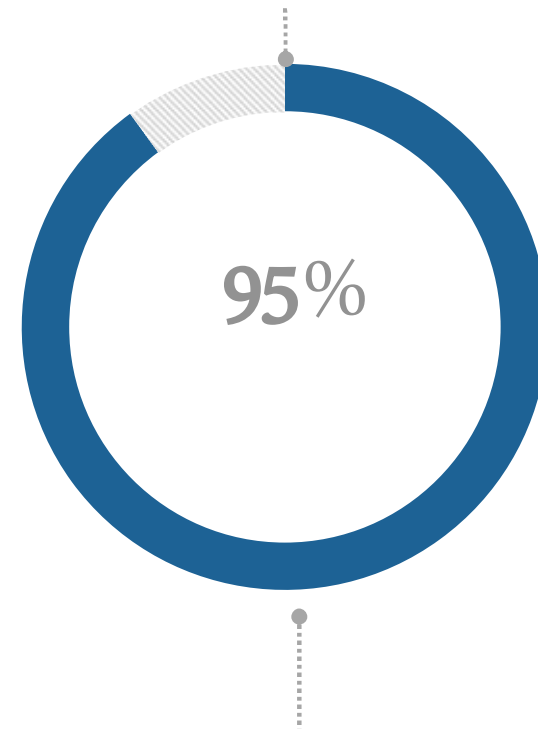
The Opportunity

Organized Customers



**Health System
Employees**

EHR Adoption



**Define HCP and Health
System Behavior**

Ambulatory and Hospital



Ambulatory

Longitudinal

Note-Driven

Cloud and Local

eRx

+400 -> 6

Hospital

Episode of Care

Order-Driven

Local

CPOE

Big 3

More EHR Differences



Small Offices

Cloud and Client-Server

Standard

Out-of-the-Box

Media



Medical Groups/IDNs

License and Optimization

Process for Changes

Few (if any) Vendor Partnerships

EHR increasingly mimics business

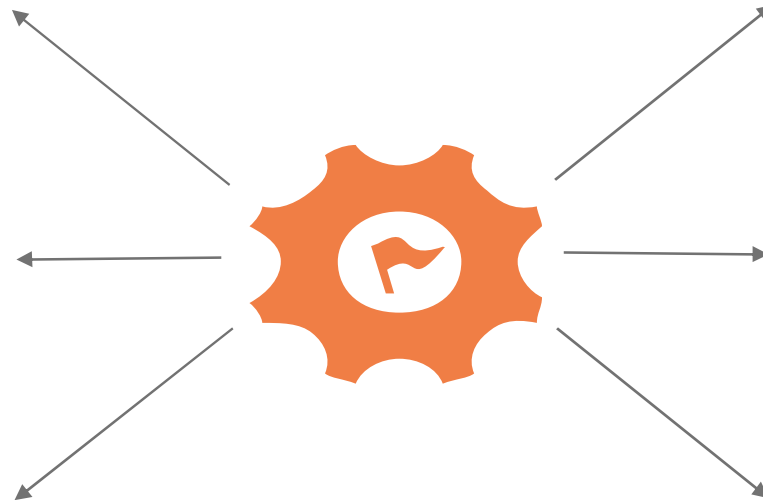
Areas of Alignment

Health Systems

Increase Quality of
Care

Lower Cost of
Care

Improve the
Patient Experience



Life Sciences

Population
Managemen

Patient Insights

Tools &
Resources



Health IT Opportunities

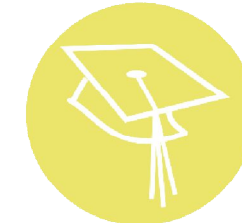


Identification, Screening, and Patient Lists

Solutions to identify the “right” patients leveraging Health IT



HIT Strategy



Patient Education and Health IT Communication Tools

Opportunity to add content and Health IT-enabled communication tools, allowing clinicians to reach out to patients in a number of different ways

Clinical Decision Support

Tapping into Clinical Decision Support in its many forms can help to drive preferential clinicians and patient behaviors



Adherence Solutions

Solutions around adherence, compliance and persistence



Possibilities

Potential Solutions for EHR systems:

- Updates to the Medication Database
- Create EHR efficiencies
- Target Lists
- Outreach
- Screening and assessment tools
- Clinical Decision Support
- Patient Education

Kameleon can map the EHR System to each individual HCP / Health System

Product Launch Opportunity

Past

Place the drug on formulary,
negotiate favorable access and
features & benefits



Today

Product availability in EHR system,
first impression, access, features,
benefits, organized customers, order
set management, "beyond the pill"
solutions

ePrescribing - Favorites

Favorites Folder

☒ System Favorites ☐ My Favorites

+ Atrial Fibrillation
 - Medication XYZ
+ Cardiovascular
+ CHF
+ Endocrine
+ E&M
+ Immunizations
+ Lab Orders
+ Office Charges

☒ Organize Favorites Alphabetically

Add

Cancel

Target List

A list of patients that meets similar demographic and/or clinical characteristics

Commonly used to dynamically manage the care of a cohort of patients

- Examples of Target List opportunities:
 - List of all asthma patients 18 years or older with severe uncontrolled asthma
 - List of all asthma patients with comorbid xyz....



Patient Outreach

Once a Target List has been created patients can be reached by a number of means:

- Mailings can be created reaching patients with a customized resource (letter, folder, brochure, etc.)
- Patients enrolled in patient portals can receive patient portal messages
- Patients with phone numbers on file can receive a phone message
- Selected patients can be managed by a care coordinator or engaged by a nurse or other staff member
- A reminder, alert or order can be created in the EHR for selected patients



Clinical Decision Support

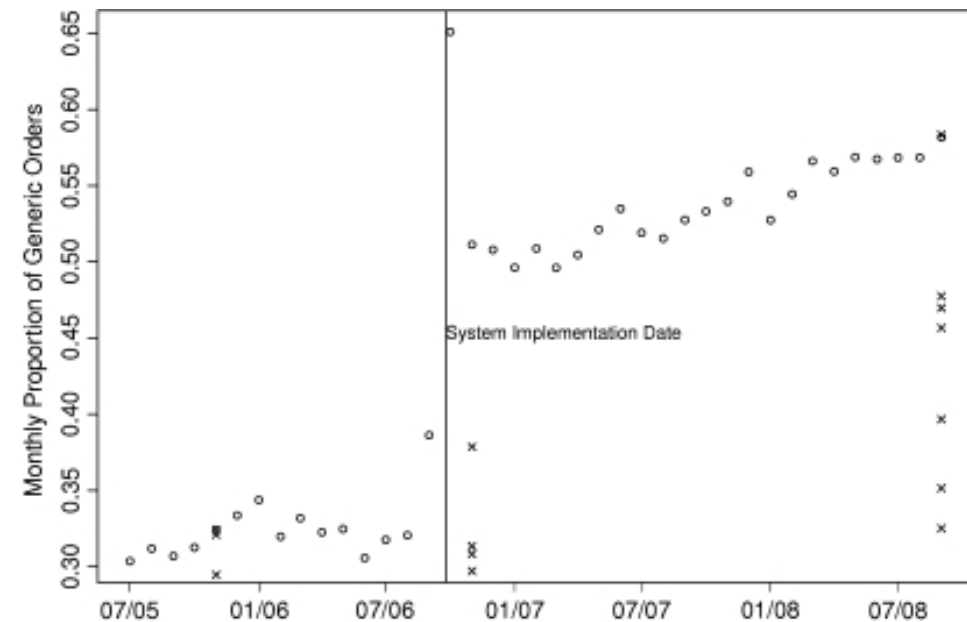
- Clinical Decision Support (CDS) provides clinicians, staff and/or patients with knowledge and person-specific COPD disease information to help drive improved patient outcomes
- COPD Clinical Decision Support is customized to the organized customer's workflow. Depending on the customer it can be a combination of CDS formats such as alerts, notifications, templates, reports, etc.



CDS Impact Example

Impact of generic substitution decision support on electronic prescribing behavior

"This study demonstrates a positive impact of e-prescribing decision support for generic prescribing and supports the use of electronic tools to improve prescribing safety and quality."



Source: Adapted from <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3000753/> accessed on 12/14/2015

Reporting and Analytics



Success Factors

Focus	EHR Optimization, Clinical Decision Support Rules/Logic and EHR Reports
Replicable	Scaling and Implementation of Resources
Quality	Clinical Quality Improvement
Disease	Chronic, Rare, Oncology, Specialty, Device
Evidence- Based	Evidence-Based Unbranded Recommended Assessment and Treatment



Summary - 3 Step Best Practice Model for Pharma

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Thank you!

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