

# The Benefits of Direct Contracting with Your Consumers

Creative Managed Care Solutions

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# Current Relationship Model

Patient <Subscriber K> Payer <Mgd Care K> Provider

Patients & Providers are focused on the best care and outcome.

Payers, as rational profit making companies - are focused on maximizing profits.

# Current Relationship Model

In this relationship model - you let the Payer control the way your services are sold to your Consumers.

You have no input into Plan Design & no Data to make improvements

- Product design options; HMO/POS/PPO
- Price your patients pay; premiums
- Benefit coverages and exclusions
- Limited Incentives for healthy lifestyles
- Benefit exclusions
- UM
- Patient financial responsibility levels;
  - Deductibles, copays, preauth reqs
- Data reporting challenges with Payer

# Problems with Current Health Plans

- **Self-Funded Plans: No Integration**

Current plans offer limited coordination between the health plan, Providers, and the Members.

- **Fully Insured Plans: No Flexibility**

Insured plans primarily have their interests in maintaining margins and not their customers.

- **Employer's Risk Management**

Generic, superficial attention to prevention – window-dressing.

- **Cost Management**

Limited to balancing funding and costs – costs and funding go up.

- **Discount Pricing**

Solely dependent on the network's ability to secure competitive rates that are rarely cost based.

- **Health Management**

Most health plans don't engage the members health and utilization in a true and real form towards improvement.

- **Poor Customer Service**

- Through large, centralized call centers with limited local knowledge.

## Results

**Ever-Increasing costs due to large claims & poor health care integration.**

The only thing predictable is that an **employer's costs will increase** year after year.

## What's the Solution?

- ✓ A health plan that **EDUCATES** and involves the the customer on **ALL CLAIMS**, big and small.
- ✓ Turnkey health plans that are **ACA-COMPLIANT**.
- ✓ A health plan designed to **GUIDE CLIENTS AWAY** from the inflated history of healthcare costs.
- ✓ A health plan that combines the benefits of the large insurer's **COVERAGE**.
- ✓ Independence of **CONTROLLING YOUR COSTS**, benefits, and outcomes.
- ✓ A health plan that is **TRANSPARENT** and manages chronic illnesses and their large claims.
- ✓ Competitive provider reimbursements that result in less **BALANCE BILLING** headaches.
- ✓ **20% - 50% LESS COST** for administration, technology, and experience.
- ✓ **NATIONWIDE NETWORK** with cost effective **result\$**.
- ✓ A health plan that **ENGAGES MEMBERS** through population **Wellness** management.

# Flexible Health Plans that You and Your Consumer Design

Numerous flexible plan options ensure the clients needs are met.

- Compliant benefit plan Designs and ACA compliance reporting
- Pricing Solutions for full RBP plans as well as Out-of-Network Pricing Solutions
  
- Examples of custom plans and solutions to meet clients' needs:
  - PEO/Association plans
  - Narrow Network and 3-Tier plan designs built around existing narrow networks or assist a local partner in the development of a local/regional provider network
  - White Label plan development in partnership with **Providers** (hospitals and/or provider networks), and **Employers**

# Narrow Network and 3-Tier plan designs

Can be designed to:

1. Work with existing entities or
  2. Develop new local/regional provider-sponsored entities
- > Focused on retaining the responsibility of meeting local health care needs locally

Some examples next:

## 3-Tier (Triple Option Tier Structure)

Allows members to choose the providers they want to receive services from and the amount they're willing to pay out-of-pocket to choose non-Narrow Network providers

Tier 1: Provider Sponsored Preferred Provider Network		Member Cost
<ul style="list-style-type: none"> <li>Hospital(s)</li> <li>Owned/Sponsored Physicians &amp; Affiliates</li> <li>Owned/Sponsored Urgent Care Centers</li> <li>Other Contracted Participating Providers*</li> </ul>	<ul style="list-style-type: none"> <li>Owned/Sponsored Contracted Provider Network</li> <li>Owned/Sponsored Operated Pharmacies</li> <li>Owned/Sponsored Specialty Clinics</li> <li>Affiliated IPA (if applicable)</li> </ul>	\$
Tier 2: In-Network (for example, PHCS Network & VBP)		Member Cost
<ul style="list-style-type: none"> <li>PHCS Professional Providers</li> <li>Value Based Pricing (VBP) for:                             <ul style="list-style-type: none"> <li>- Non-Tier 1 Hospitals and Ambulance &amp; Dialysis Providers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>PHCS Ancillary Providers</li> </ul>	\$\$
Tier 3: Out-of-Network		Member Cost
<ul style="list-style-type: none"> <li>Value Based Pricing (VBP) for All Services:                             <ul style="list-style-type: none"> <li>- Hospitals, Ambulatory, Ambulance, &amp; Dialysis</li> </ul> </li> <li>X% of Medicare</li> </ul>	<ul style="list-style-type: none"> <li>Value Based Pricing (VBP) for All Services:                             <ul style="list-style-type: none"> <li>- Physicians, Ancillary Providers</li> </ul> </li> <li>X% of Medicare</li> </ul>	\$\$\$

\* Restricted to those services not provided by Provider Sponsored Preferred Provider Network/Facilities



## 3-Tier (Triple Option plan designs based on Tier)

Allows members to choose determine what they're willing to pay to secure services from Narrow Network providers or other providers

<b>Benefit Summary:</b> Open Member Liabilities	<b>Tier 1 Narrow Network</b>	<b>Tier 2 In-Network (PHCS &amp; VBP)</b>	<b>Tier 3 Out-of-Network</b>
<b>Deductible</b>	\$500 Per Person	\$2,500 Per Person	\$10,000 Per Person
<b>Maximum Out-of-Pocket</b>	\$1,000 Per Person	\$7,500 Per Person	\$100,000 Per Person
<b>Office</b>	\$15 Copayment Per Visit	\$45 Copayment Per Visit	50% Coinsurance After Annual Deductible Plus Amounts Billed Above VBP
<b>Hospital</b>	10% Coinsurance After Annual Deductible	40% Coinsurance After Annual Deductible	50% Coinsurance After Annual Deductible Plus Amounts Billed Above VBP
<b>Emergency Room</b>	\$100 Copayment	\$250 Copayment	50% Coinsurance After Annual Deductible Plus Amounts Billed Above VBP
<b>Other</b>	10% Coinsurance After Annual Deductible	40% Coinsurance After Annual Deductible	50% Coinsurance After Annual Deductible Plus Amounts Billed Above VBP

# Two Tier or EPO plan design

Limits providers available for Tier 1 services (lowest cost to member)

Allows members to choose determine what they're willing to pay to secure services from Narrow Network providers or other providers

Tier 1: PIH Preferred Provider Network		Member Cost
<ul style="list-style-type: none"> <li>Hospital(s)</li> <li>Owned/Sponsored Physicians &amp; Affiliates</li> <li>Owned/Sponsored Urgent Care Centers</li> <li>Other Contracted Participating Providers*</li> </ul>	<ul style="list-style-type: none"> <li>Owned/Sponsored Contracted Provider Network</li> <li>Owned/Sponsored Operated Pharmacies</li> <li>Owned/Sponsored Specialty Clinics</li> <li>Affiliated IPA (if applicable)</li> </ul>	\$
Tier 2: Out-of-Network*		
<ul style="list-style-type: none"> <li>Value Based Pricing (VBP) for All Services:                             <ul style="list-style-type: none"> <li>Hospitals, Ambulatory, Ambulance, &amp; Dialysis</li> </ul> </li> <li>X% of Medicare</li> </ul>	<ul style="list-style-type: none"> <li>Value Based Pricing (VBP) for All Services:                             <ul style="list-style-type: none"> <li>Physicians, Ancillary Providers</li> </ul> </li> <li>X% of Medicare</li> </ul>	\$\$\$
<p>* Determine if Hospital and its narrow network partners is large (depth and breadth) enough to warrant a true EPO set-up which would not include any out-of-network benefits unless services are not available in the PIH combined entity.</p>		

\* Restricted to those services not provided by Sponsor Hospital Network/Facilities

## Two Tier or EPO plan design

Limits providers available for Tier 1 services (lowest cost to member)  
 Allows members to choose determine what they're willing to pay to secure services from Narrow Network providers or other providers

<b>Benefit Summary:</b> Open Member Liabilities	<b>Tier 1                      PIH Network</b>	<b>Tier 2                      Out-of-Network</b>
<b>Deductible</b>	\$500 Per Person	\$2,500 Per Person
<b>Maximum Out-of-Pocket</b>	\$1,000 Per Person	\$10,000 Per Person
<b>Office</b>	\$15 Copayment Per Visit	50% Coinsurance After Annual Deductible
<b>Hospital</b>	10% Coinsurance After Annual Deductible	50% Coinsurance After Annual Deductible
<b>Emergency Room</b>	\$125 Copayment Per Visit	50% Coinsurance After Annual Deductible
<b>Other</b>	10% Coinsurance After Annual Deductible	50% Coinsurance After Annual Deductible

SAMPLE

# How would you get started?

## Plan Development/Process Steps

1. Find employers that are tired of the status quo
  - Discuss how willing they are to work with you to develop a program for their employees
2. Establish Hospital's Narrow Network Rates
  - needs to be on-par with major payers in community to enable competitive group/client pricing and stop loss rates

# Building Your Plan

## 3. Assess viability of Sponsor's Narrow Network,

- determine gaps in coverage
- by Specialty / Provider Type & by Geography
- Determine responsibility for contracting gaps

## 4. Determine plan options and benefit levels

- Products and tiers
  - Driven by what options are available in Market
- Assess competitors and their benefit plan structure for smaller employers (15-250 employees)
- Evaluate/identify additional providers necessary to fill out provider network
- Determine if PIH has any services it wishes to make available to clients (Prior Auth/UM function)

# Building Your Plan

## 5. Obtain Stop Loss/Reinsurer input

- rating of product and reimbursement established

## 6. Will Sponsor consider offering one or more of the products to its employees?

- With Sponsor buy-in, potential for growth of the product is improved.

# Discussion/Questions?

If you are fed up with your current payer relationships - what are you willing to do about it to make it better for Your Community?

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