



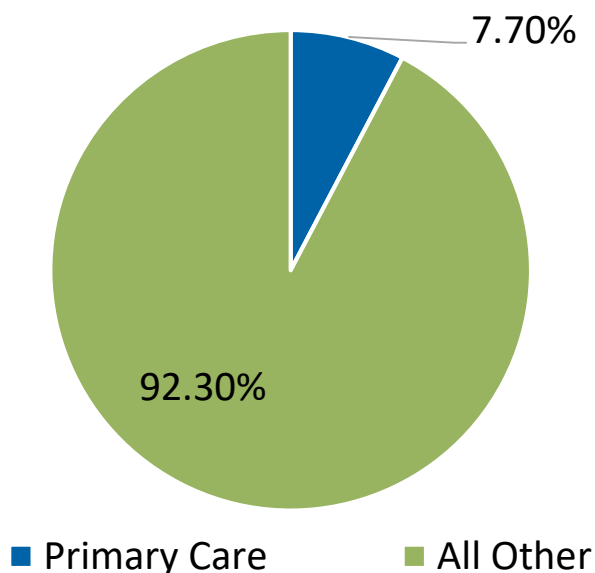
ACO Summit X – Specialty APMs

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June 18th, 2019

Specialty Care Value-Based Care – Why & How

Medical and Drug Spending by PPO Plans,
2013-2014



Specialty Care Innovations are critical to ensuring best in class TCOC performance:

- Primary care is the logical first step in value-based payment reform, but PCPs have little direct control over total cost of care
- Specialists have more impactful control site of service, imaging and other decisions that significantly impact total cost of care performance
- Leaving specialists and ancillary providers in a volume-based fee for service world misses the opportunity to deliver a holistic value-based care experience and drive team-based care

Different Roads to the Specialty Payment Transformation



Bundled Payments

- Leverages a third-party non-biased bundle platform (Prometheus)
- **Acute** and **Chronic** episode opportunities
- Retrospective structure with shared savings / loss reconciliation
- Include quasi-bundle solutions in areas like radiation oncology & MAT (case rates)



Care Coordination Services

- Allow PCPs to request consultative input from specialist partners related to ongoing patient care where the PCP feels they can treat the patient without transitioning care to the specialist, but needs specialist input
- Targets cost effective, patient-centered care delivery options that promote team-based care



Repricing of Mis-valued Services

- Focus on identifying mis-valued codes and code families (services where prices aren't justified by input costs)
- Address via public advocacy with CMS and through adjustments to our own fee schedules.

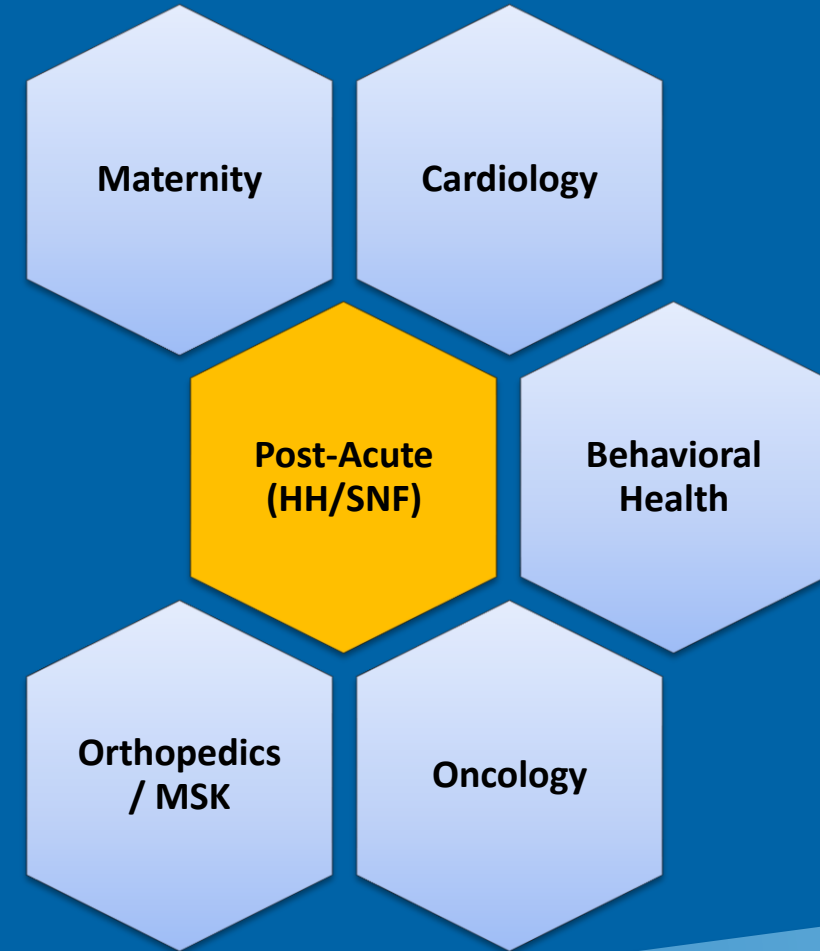


Value-Based FFS & P4P

- Encompasses 1) at-risk fee schedule increase approaches, 2) performance based bonus programs and 3) outcome-based payments for high-dollar therapies (ex: CAR-T)
- Early successes on the hospital front (over 70% of admissions at facilities in at-risk fee schedule increase arrangements).

Specialty (and Ancillary) – Priority Areas

- Key cost of care impact areas
- Existing value-based solutions deployed and expanding
 - *Acute/Chronic Bundle Opportunities*
 - *Centers of Excellence Programs*
 - *eConsult pilots*
- Growing customer interest in high value solutions

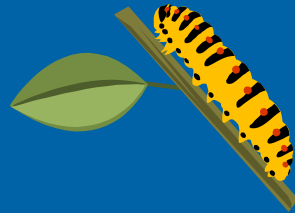


Bundles – A Lifecycle



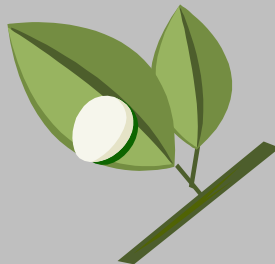
Bundles – Prospective

Upfront single
payment for the entire
bundle – FFS out of
the picture



Bundles – Retrospective

FFS with bundle cost
targets and back-end
reconciliation



Fee for Service (FFS)

No incentive to
optimize episodic cost
of care – pay as you
go with no holistic
view of episodic costs

Bundled Payments – Background and 2019 Activity

Category	Ep Name
Ortho	Total Hip Replacement & Revision
Ortho	Total Knee Replacement & Revision
Ortho	Lumbar Laminectomy
Ortho	Knee Arthroscopy
Ortho	Lumbar Spine Fusion
Cardiac	Coronary Angioplasty
Cardiac	CABG &/or Valve Procedures
Women's Health	Pregnancy
Women's Health	Hysterectomy
GI	Colonoscopy
GI	Gall Bladder Surgery
GI	Bariatric Surgery
GI	Upper GI Endoscopy

Go-live date:

January 1, 2019

July 1, 2019

Initial MA Bundle Type Offerings	
Cardiac arrhythmia	COPD / Bronchitis / Asthma
Congestive Heart Failure	GI Hemorrhage
Joint Replacements	Renal Failure
Sepsis	Pneumonia / Respiratory
Stroke	Urinary Tract Infections

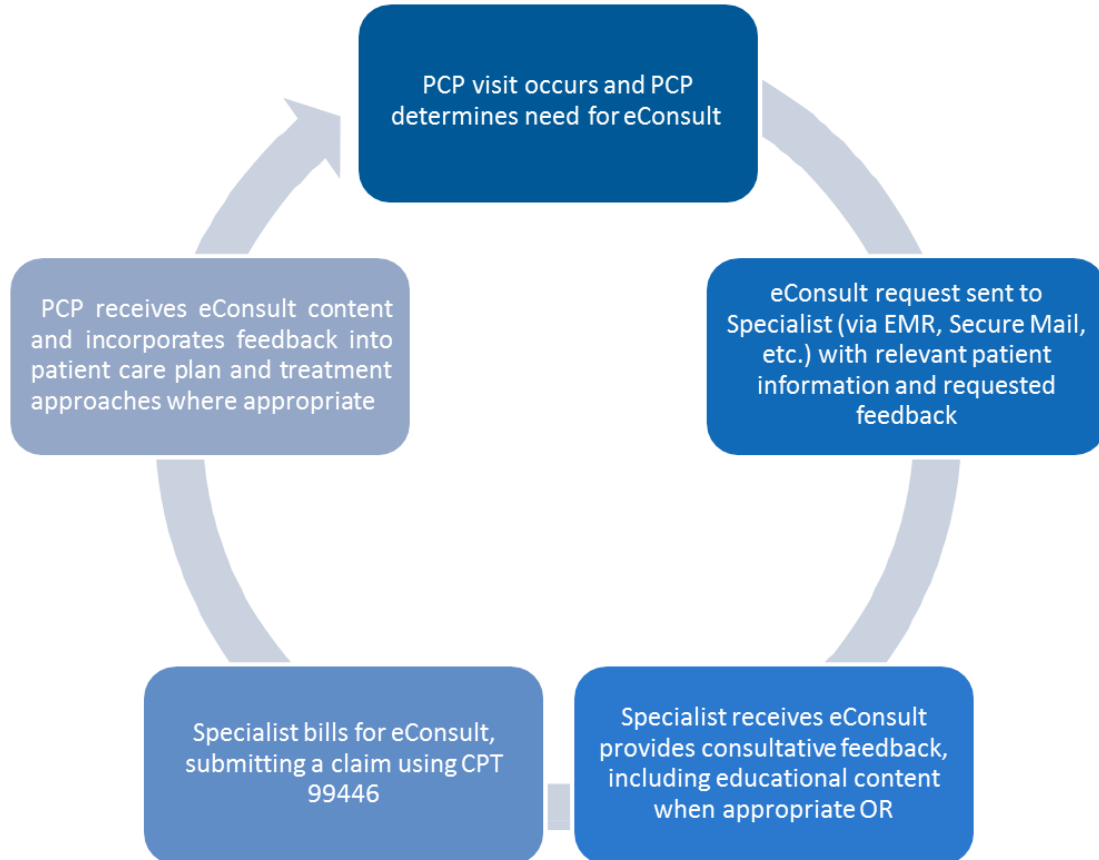
- **Commercial –**

- In 2018 we announced a partnership with Change Healthcare (CHC) to leverage the Prometheus model of bundled payments
- Active recruitment and contracting is underway for a prioritized subset of 90+ Prometheus bundle types

- **Medicare –**

- In 2019 we're launching bundles for our MA book of business aligned with CMS' BPCI-A program
- Through a partnership with Remedy Partners and through direct-to-provider contracts, we're targeting 25% of our spend in pilot markets in select bundle types by the end of 2019

The Promise of eConsults



Also known as Interprofessional Consults, eConsults provide an alternative to Face-to-Face (F2F) visits with specialists:

- Allow PCPs to request consultative input from specialist partners related to ongoing patient care where the PCP feels they can treat the patient without transitioning care to the specialist, but needs specialist input
- Includes a clear question, with relevant medical history and related care information from the PCP to the specialist
- The response from the specialist includes clear recommendations regarding treatment approaches and, when possible, educational information regarding how to address the situation going forward with similar patients

Aligned Special Population Models

Next-generation Oncology Offerings:

- Expanded footprint in radiation oncology case-rates
- TCOC Shared Risk Model
 - ACO style offering w/attribution into an Oncology Medical Home instead of traditional primary care during active treatment
- EPHC Essentials Style Model
 - Focused set of TCOC proxy metrics (ER/IP Avoidance, High Value Pathway/Regimen selection, etc.) with defined incentive per metric

ESRD Medical Homes:

- Similar to Oncology, a shift of TCOC responsibility from traditional primary care physicians to dialysis clinic partners for ESRD patients
- Focus on both reductions in avoidable admissions and ER visits as well as key outcome-based performance metrics

• Performance-Based Contracting for High-Cost Treatments

- Centers of Excellence contracting for Chimeric Antigen Receptor (CAR) T-Cell therapy, building off of the experience of initial performance based (pay for outcomes) contracting approach
- Anticipating significant needs in this space as new products for expanded conditions (ex: multiple myeloma) hit the market

Centers of Excellence + VBP:

- Finalize strategy for bundles-COE marriage to allow for high performance specialty specific benefit offerings (MSK focus)
- Finalize evaluation of Blue Precision program (specialist designations) against next gen solutions (Smart Provider Finder, etc.)

Bundles & COE - Spotlight

Centers of Excellence - Background

- Anthem's Centers of Excellence (COE) programs are built upon the Blue Cross and Blue Shield Association's Blue Distinction Specialty Care (BDSC) program, which delivers a consistent approach to COE evaluation (quality and cost) across all Blue plans nationally.
- Our COE approach is centered on the philosophy of identify those centers that truly deliver a differentiated quality AND cost experience for the entire *episode* of care for high priority procedures and conditions.
- Ultimately, our COE programs are built to provide our members with a trusted guide for making care decisions.

TWO DESIGNATION LEVELS FOR QUALITY SPECIALTY CARE



Blue Distinction Centers

- ◆ Higher quality
- ◆ Fewer complications
- ◆ Lower readmission rates
- ◆ Fewer ER visits

Blue Distinction Centers+

- ◆ The quality of Blue Distinction Centers
- PLUS**
- ◆ Additional cost savings

**MORE THAN
20% AVERAGE
SAVINGS
PER
EPISODE¹**

Blue Distinction® CENTERS

DRIVING QUALITY RESULTS¹ IN HIGH-COST SPECIALTIES THAT REPRESENT MORE THAN 13.5 MILLION DISCHARGES AND \$348 BILLION IN HOSPITAL CHARGES².

BARIATRIC SURGERY	CARDIAC CARE	KNEE/HIP REPLACEMENT
<p>32% lower ER visit rate</p> <p>21% lower readmission rate</p> <p>48-73% lower surgical site infection rate</p>	<p>18% lower in-hospital mortality rate</p> <p>29% lower inappropriate procedure rate</p> <p>20% better complication avoidance rate</p>	<p>4% lower 30-day readmission rate</p> <p>7% lower complication rate</p> <p>5% more patients undergoing pre/post-op functional assessment</p>
MATERNITY CARE	SPINE SURGERY	TRANSPLANTS
<p>70% lower early elective delivery rate</p> <p>53% lower episiotomy rate</p> <p>32% lower cesarean section rate</p>	<p>47% lower reoperation rate (30-day lumbar)</p> <p>38% lower readmission rate (30-day lumbar unplanned)</p> <p>24% lower readmission rate (30-day cervical unplanned)</p>	<p>15%+ better one-year patient survival rate</p> <p>15%+ better one-year graft survival rate</p>

1. All quality results, BCBSA data; BDC/BDC+ eligible facilities vs. relevant comparison group; results based on most recent designation cycle for each specialty. 2. AHRQ-sponsored Health Cost and Utilization Project (HCUP), 2014 (reflects all privately insured).

Note: Results available for programs active prior to 2018; results for Cancer Care program available in 2019; results for Gene Therapy and Fertility Care available following launch.

Blue Distinction® CENTERS+

MAXIMIZE SAVINGS THROUGH BENEFIT DESIGN THAT GUIDES EMPLOYEES TO CENTERS PROVIDING HIGHER QUALITY CARE AT AN EVEN LOWER COST.

BARIATRIC SURGERY	CARDIAC CARE	KNEE/HIP REPLACEMENT	MATERNITY CARE	SPINE SURGERY	TRANSPLANTS
29% savings overall	23% savings overall	24% savings overall	23% savings overall	22% savings overall	31% savings overall
\$4,300 savings gastric banding	\$19,800 savings cardiac aortic valve replacement	\$6,300 savings knee replacement	\$2,400 savings vaginal delivery	\$12,000 savings lumbar fusion	\$92,300 savings adult heart transplant
\$3,200 savings gastric sleeve	\$13,600 savings cardiac surgery	\$7,200 savings hip replacement	\$4,600 savings cesarean delivery	\$4,500 savings cervical fusion	\$70,400 savings adult liver transplant
\$4,900 savings gastric roux-en-y	\$5,100 savings angioplasty			\$2,000 savings cervical laminectomy	\$79,300 savings adult lung transplant
				\$1,900 savings lumbar laminectomy	\$61,800 savings adult BMT transplant
					\$71,500 savings pediatric BMT transplant

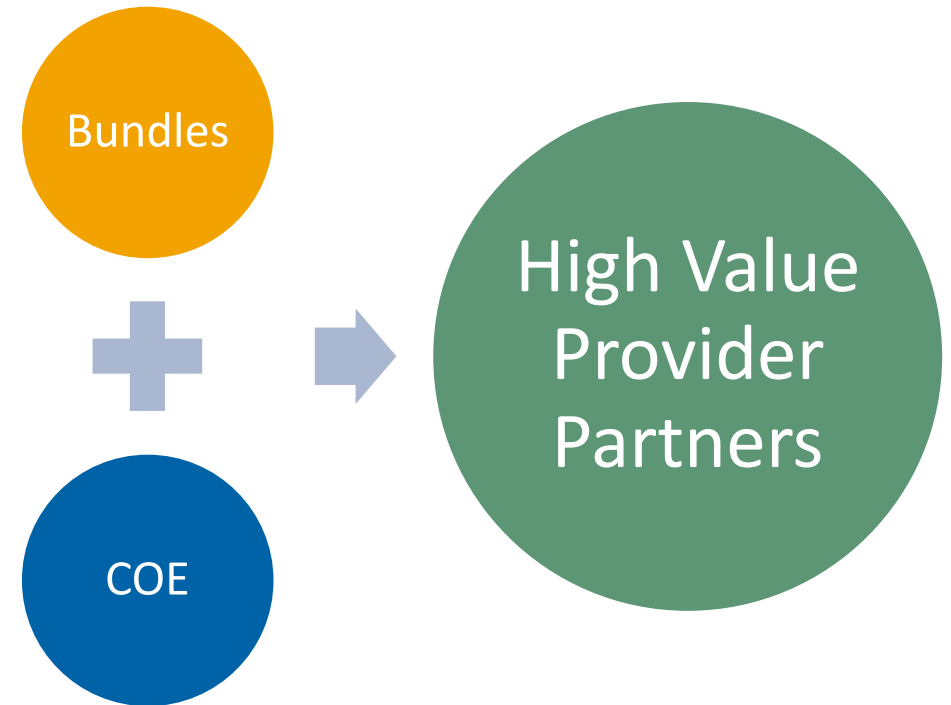
Source: All savings results, BCBSA data; BDC+ eligible facilities vs. relevant comparison group. Results based on most recent designation cycle for each specialty. Savings based on total episode cost.
 Note: Results available for programs active prior to 2018; results for Cancer Care program available in 2019; results for Gene Therapy and Fertility Care available following launch.

COE & Benefit Design

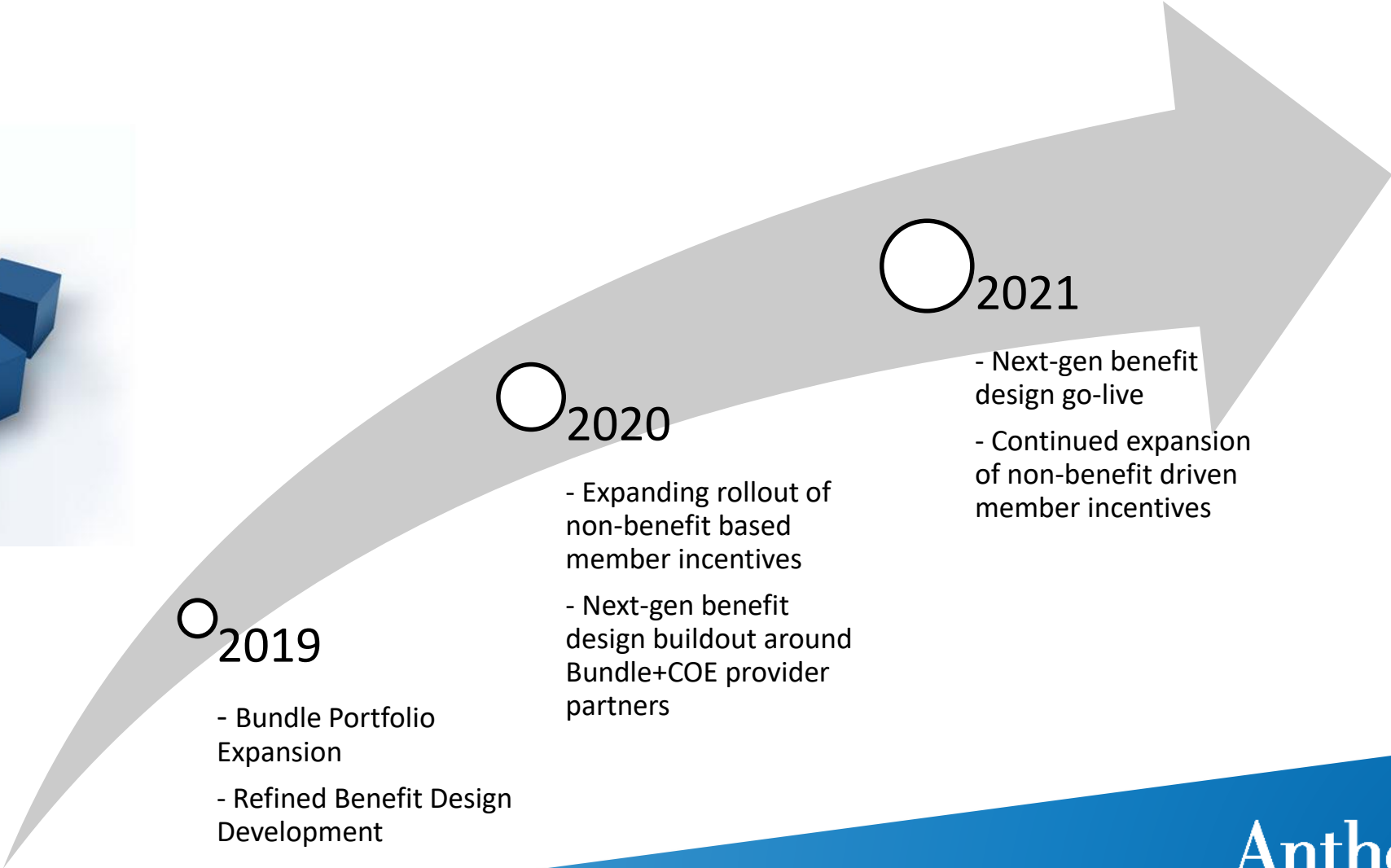
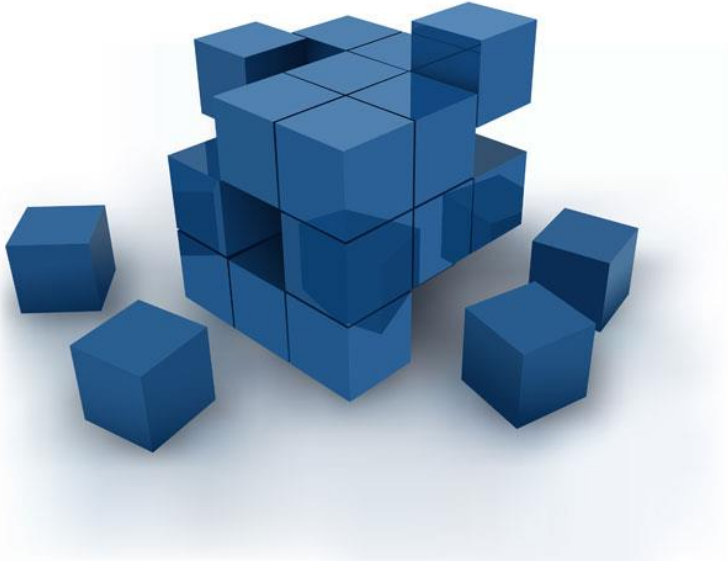
- Clients can choose to offer higher coinsurance benefit levels when patients have their surgery at a BDC+ (quality and cost facility) or a BDC (quality only facility). This offering allows for a customizable four-tiered benefit where the highest benefit will be offered for those members using a BDC+ facility.
 - The top tier provides for a higher coinsurance benefit when a member uses a designated BDC+ (quality and cost) facility (for example 100% or 90%).
 - The second tier provides a lesser coinsurance benefit when a member uses a designated BDC (quality only) facility (for example 80% or 70%).
 - The third tier allows for benefits when a member uses an in-network (PAR) BlueCard[®] PPO hospital (non-BDC+/BDC) (for example 50%).
 - The fourth tier pays a much lower or zero benefit when a member uses an out-of-network (non-PAR) hospital.

The gap we have to fill...

- Healthcare consumers are increasingly looking for **end-to-end solutions**
- Employers are **tired of navigating** the myriad options of designations vs. value-based payment arrangements
- Our shared customers are demanding **streamlined solutions**



Bundles & COE – A Converging Evolution



Discussion

