



Lessons Learned from a Provider Sponsored Plan

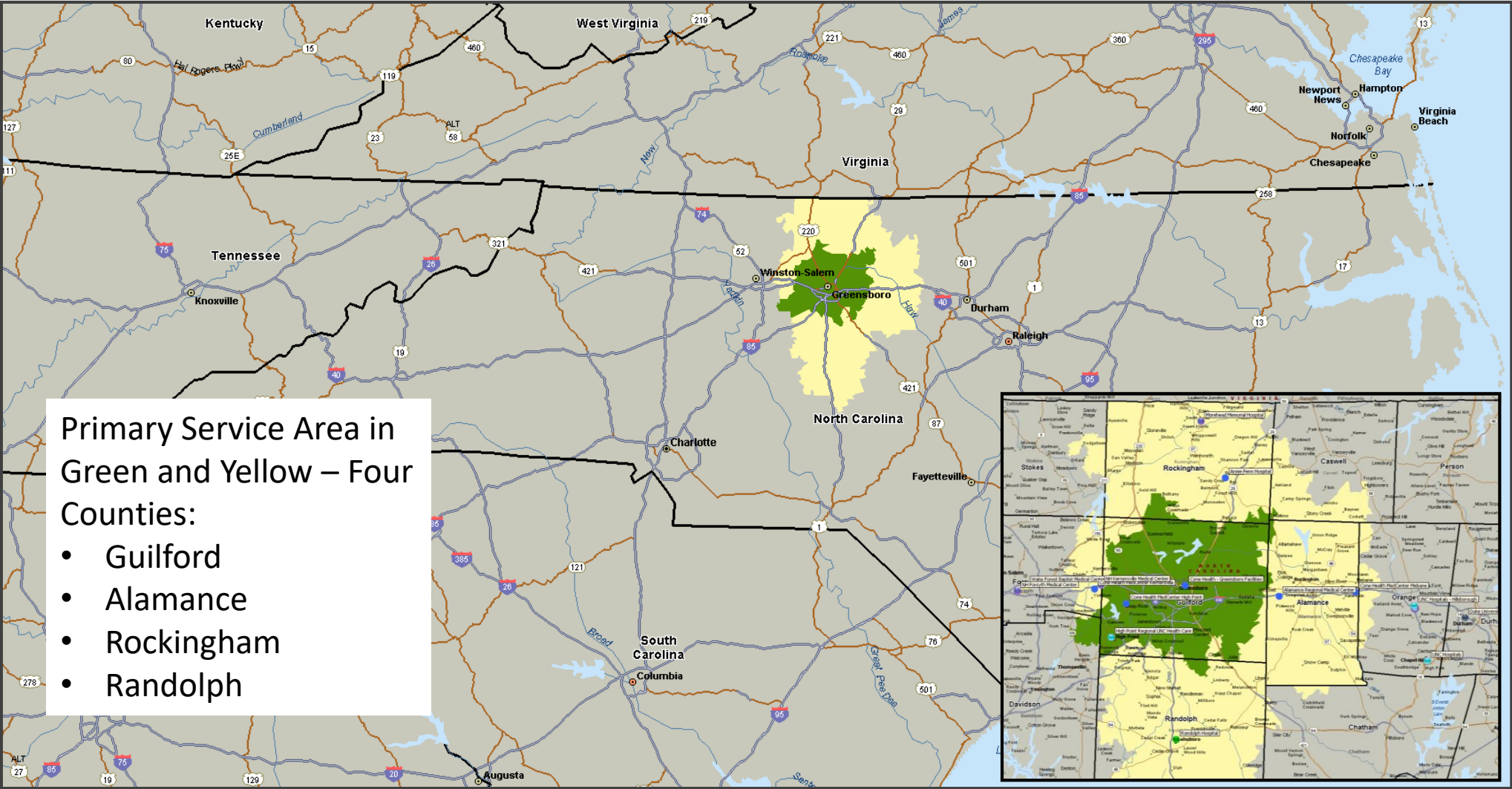
The Seventh National Physician Advisor and Utilization Review Team Boot Camp

July 31, 2019

Cone Health - Overview

- Approximately \$2.1 billion in revenues
 - 6 hospitals – 1,254 licensed acute care beds
 - 3 ambulatory surgery centers
 - 2 nursing homes and 1 continuing care retirement community
 - 3 freestanding ambulatory care campuses, including one freestanding ED
 - 150+ outpatient and MD facilities
 - Over 1,400 medical staff and over 500 employed
- Over 12,000 employees, one of the largest employers in the Triad
- Launched CIN/ACO in 2011 – Triad HealthCare Network
- Growing investments in population based health and risk contracting

Cone Health – Service Area



Triad HealthCare Network - History

- Began as a 20-member physician-led steering committee in fall 2010
- Developed over eight months as collaboration between independent and employed community physicians and Cone Health
- Formed officially in 2011 as a Clinically Integrated Network serving the Piedmont Triad area; Approved as a Medicare Shared Savings Program ACO in June 2012 (40,000+ beneficiaries)
- Is an affiliate of the Cone Health System, but governance and operations is led and driven by physicians

Triad HealthCare Network – Founding Principles

- Empower physicians to **lead and drive healthcare transformation**
- Engage physicians to **develop new, value-based models of care**
- **Provide resources** to physicians to meet the growing demands of accountability and transparency
- **Create greater collaboration** and trust among physicians, hospitals, patients and payers
- **Establish our brand as a clinically integrated system of care delivering superior value measured by high quality outcomes, affordability, and exceptional customer experience**

Triad HealthCare Network – Structure and Membership (as of July 2019)

- 1,300+ Affiliated physicians representing 100+ entities across four counties
 - 500 employed by Cone/ARMC
 - 60% independent community physicians
 - 50+ EHR platforms
- 400+ Primary Care Physicians (Adult and Peds)
- Cone Health Facilities
 - 6 Hospitals - 1,254 Acute Care Beds
 - 3 Ambulatory Surgery Centers and 1 Endoscopy Center
 - 2 Nursing Homes – 221 Beds
 - 3 Freestanding Ambulatory Care Campuses, Inc a Freestanding ED

Triad HealthCare Network – Evolution Towards Risk

- 2012 – Medicare Shared Savings Program (Track 1)
- 2012 – United and Humana Medicare Advantage (MA) shared savings
- 2014 – Converted Humana MA agreement to full capitated risk; paid claims
- 2016 – Transitioned to Next Generation ACO program at 100% risk
- 2016 – Launched own Medicare Advantage insurance product:
HealthTeam Advantage
- 2017 – Converted United MA agreement to full risk
- 2017 – Cigna Commercial ACO shared savings
- 2019 – BCBS, United and Aetna Commercial ACO shared savings

Triad HealthCare Network – Current Contracts

Medicare/ Medicare Advantage	Next Generation ACO*	30,000	}	83,000
	Aetna Medicare Advantage *	7,000		
	BCBSNC Medicare Advantage	6,000		
	HealthTeam Advantage PPO MA*	15,000		
	Humana Medicare Advantage*	13,000		
	United Medicare Advantage*	12,000		
Commercial	Cone Health Employee Plan*	18,000	}	121,000
	Aetna Commercial**	2,000		
	BCBSNC Commercial**	56,000		
	Cigna Commercial**	10,000		
	United Commercial**	35,000		

204,000 Members

* Full Risk ** Shared Savings

Triad HealthCare Network – Financial Performance

- Manage over \$1B in annual medical expenses
- Generated savings every year in NextGen ACO
 - \$10.7M (2016); \$13.3M (2017); 2018: TBA
- Paid \$12M to THN physician members from 2015-2018
- Generated \$45M in savings in FY18
 - \$9M to THN members; paying out \$5M in 2019 (saving \$4M)
- Awaiting 5% MACRA bonuses – paid to all THN members
- Projecting to generate \$32M in FY19
 - \$6M-\$7M to THN members
- Constant focus on contract performance
 - Quality, RAF and medical expense

Triad HealthCare Network – Key Strategic Initiatives

- Identify and implement analytics platform/solution
- Evaluate alternative RAF coding solution
- Redeploy internal care management team
- Implement wellness and disease management programs
- Implemented Referral Management System (Proficient) in May 2019 to improve network fidelity
- Redesigning provider relations and physician dashboards
- Develop strategy for management of commercial agreements
- Evaluating potential vendors/partners for enablement services to improve performance

HealthTeam Advantage – History (Pre-Launch)

- Desire to launch own plan based on performance of shared savings in other MA contracts
- Believed could be more efficient and perform better if owned
- Began evaluating potential partners in 2013
- Ultimately chose group in Texas who had also launched their own MA plan
 - Independent and physician-owned
 - Demonstrated success with their own plan
 - Entered into a 80/20 joint venture
- Outsourced nearly all back office functions
 - Started with one employee – Compliance Officer
- Filed NOIA in November 2014 for January 2016 launch

HealthTeam Advantage – History (Launch – 2016)

- Launched January 2016 in four Triad counties
- Entered into risk arrangement with THN; provided primary network
- Offered 2 PPO Plans – \$0 premium; \$57 premium
- Did not co-brand with Cone Health; Focused on “Physician led and directed” and “Local physicians”
- High Medicare Advantage penetration in area – 54%
- Originally projected 1,500 members in year 1 – enrolled 6,500!
- Success driven by excellent market placement – PPO with \$0 premium

HealthTeam Advantage – History (2017)

- Doubled in membership in year 2 (2017) – grew over 6,000 members to over 12,000 members
- Had started to see service degradation from partner, especially on claims payment and lack of transparency
 - Lesson: PMPM fees for admin should go down with greater scale for many services
- Ended up terminating partnership and Cone repurchasing 20%
- Had to transition all back office plan operations, including claims, by mid 2018 – identified and built out space, hired entire new team
- Scaled back marketing in anticipation of operational transition year; only grew about 2,000 members

HealthTeam Advantage – History (2018-2019)

- Engaged consultant to identify new claims payment vendor and transitioned claims system in July 2018
- Many services delegated to THN: Quality/HEDIS, UM, CM, RAF
 - THN had to hire and expand to accommodate
- Struggled with analytics, RAF and HEDIS
 - Largely caused by transition and didn't know what we didn't know
 - Dropped from 4.5 Star to 3.0 Star in 2019
- Experienced 15% higher utilization versus 2017
- Growth remained flat
- Currently 15,500 members – 15% of local market share

HealthTeam Advantage – Lessons Learned

- Running a health plan is very different than running an ACO
- MA is a very specific business – funds flow, bid process, subsidies
- MA is very regulated – requires significant compliance oversight
- MA is very competitive – and your competitors are well funded!
- Paying claims is difficult – be careful what you ask for
- CMS doesn't care if you subcontract services – But it's all on you!
- Ensure vendor agreements have Service Level Agreements (SLAs) that make sense
- Health plans are very capital intensive (Risk-based capital (reserves), Operating losses, Capital investments, etc.)
- Provider sponsored plans can be more collaborative with physicians

HealthTeam Advantage – Lessons Learned

- Need to understand full spectrum of RAF management
 - Physician entry of codes on claim is “last mile”
 - File reconciliation and generation of dropped codes, suspect codes, etc.
- HEDIS is more than just clinical quality – and you better do well on all of it!
 - Drop in stars will cost \$17M in top line revenue in 2020
- Underestimated the impact of scale
 - It is difficult, if not impossible, to compete on the ALR (Administrative Loss Ratio) side as a small regional plan
 - You have to have the same base competencies whether you have 1,000 members or 1M members – but the PMPM differences are significant
- Currently seeking strategic partnership to assist with scale



Questions and Discussion