



Understanding the value in value-based care

Blue Cross Master Class Webinar Series
September 27, 2018



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What you'll learn from today's session

Topics

Contributing factors to the rising cost of health care?

How is value-based care changing the health care system?

What is value-based care?

What you can do to help your business and your employees?

Today's speakers

Clinical expertise from Blue Cross and special guests



Amy McKenzie, MD

Medical Director



Alina Pabin

Director,
National Programs



David W. Calton, MD

Washington
Family Medicine



Deb Stawarz

Quality Manager,
Washington Family Medicine

Cost of care

Challenges

- Pressures on HR leaders to offer and support health benefits
- Compounding cost trend
- The demand for better performance and accountability
- Value starts at the moment of care – where and how it's delivered and paid for impacts costs, quality and financial sustainability



Today, more than ever, employers, consultants and health plans are collectively pursuing better solutions that will improve employee health and health outcomes while minimizing total cost.

Cost of health care

A look at national statistics

\$3.3_T

In 2016 the US spent \$3.3 trillion on health care

7.9%

of gross domestic product

\$18,764

Average annual health benefits costs for family coverage, 2017

\$10,348

Annual average cost in 2016 of \$10,348 per person

6%

2019 projection is an increase of 6%

5.5-7%

Consistent with past five years, where trends ranged from 5.5- 7%

Contributing factors

Some of the top cost drivers



CHRONIC ILLNESS & DISEASE

- 85% of costs
- 50% of Americans have 1 disease
- 25% have 2 or more



HOSPITAL STAYS

- Average cost per day \$1,800 - \$2,400
- Hospital readmissions



EMERGENCY ROOM USE

- 141M visits annually
- 45 ER visits per 100 people
- Only 8% resulted in hospital admission



OVER TREATMENT

- \$210B in 2012 spent on unnecessary treatment

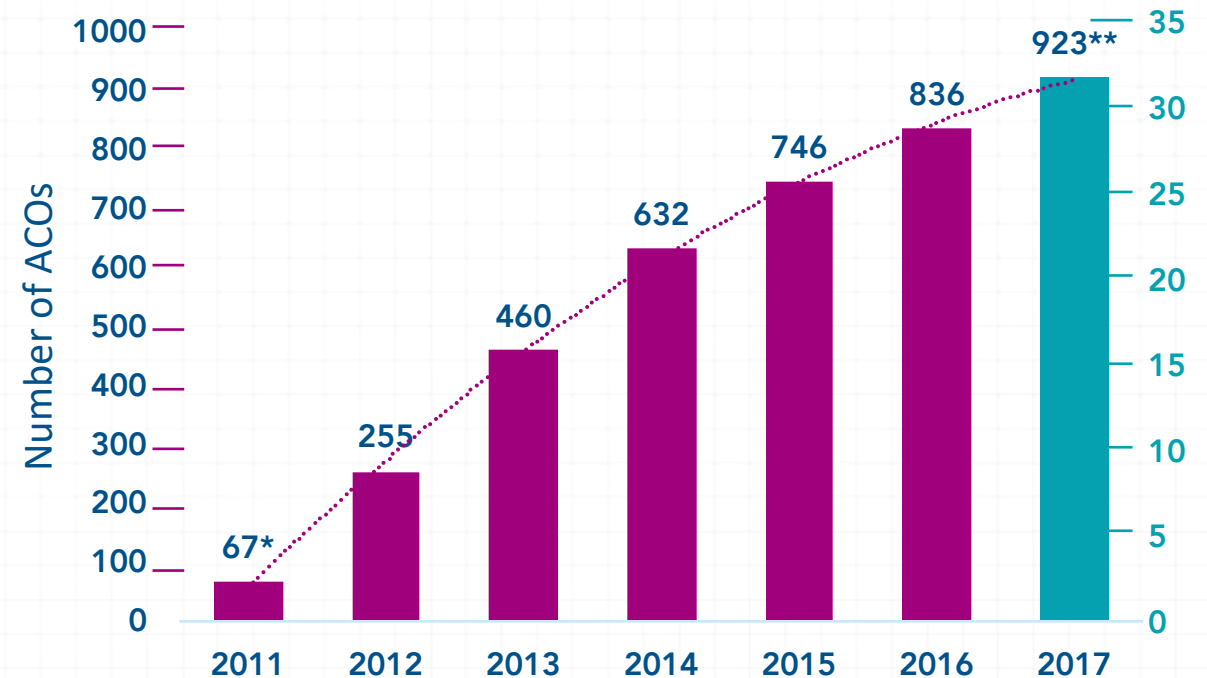
Sources: National Hospital Ambulatory Care Survey: 2014 Emergency Department Summary Tables. Kaiser 2015 hospital data at KFF.org. NYU algorithm & other BCBSM Market Research, 2016.

The transition to value-based care

Shifting reimbursement models are changing health care for the better

- Moves away from fee for service model
- Holds providers accountable for cost and quality for patient population
- Empowers provider communities with timely and accurate data to manage health and costs
- Shifts provider payments with incentives and risk-based arrangements
- Results: Managing trend

The Steady Growth of Value-Based Care



*Based pm 3 quarters

**Based on 1 quarter

What is value-based care?

Partnerships with providers for better value

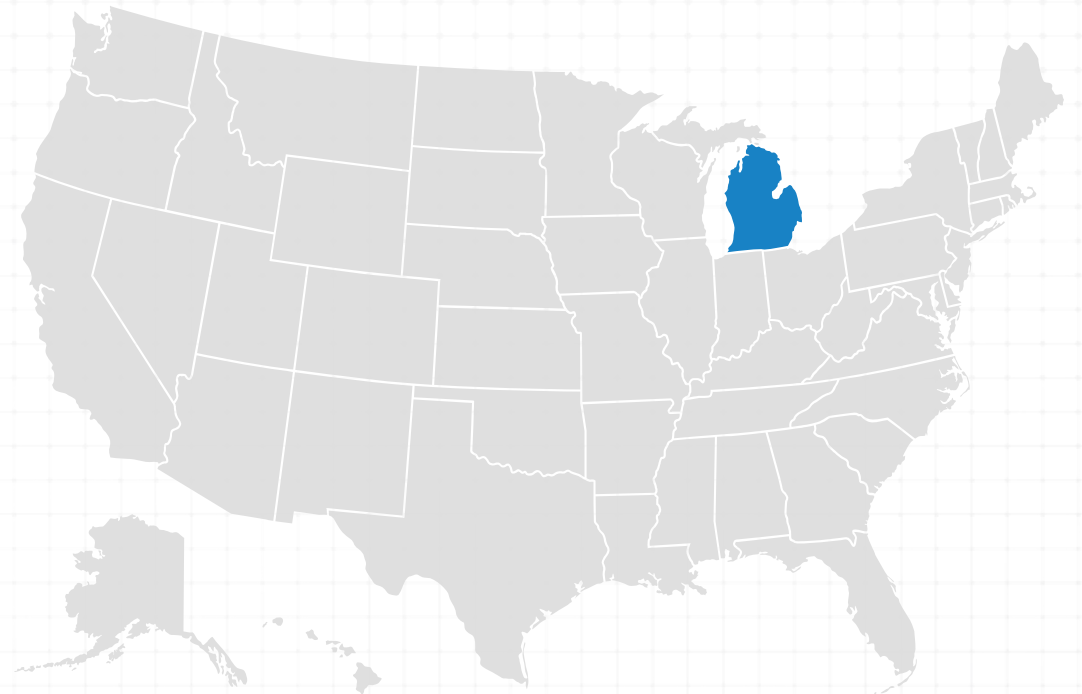
- National scale and local depth with value-based care for improved patient experience
- Drive higher quality, coordinated care and lower costs for better health, fewer ER visits, reduced hospital readmissions, reduced waste
- Rewards for performance and outcomes, not just fees for services



How Blue Cross partners with providers

National scale and local depth

- National scale with Blue Distinction programs
- Local depth with Michigan Value Partnerships programs
- All include value-based provider incentives and payments to improve health outcomes, improve efficiencies, and manage costs



Blue Distinction

National value-based programs



Blue Distinction Total Care

Finds the best
doctors and holds
them accountable to
cost and quality
standards

Blue Distinction Specialty Care

Recognizes healthcare
facilities for their expertise
and efficiency in
delivering specialty care

Blue Distinction

National results

10%
DECLINE



\$275k
Fewer emergency departments visits



2%
DECLINE

17.5k
Fewer inpatient hospitalizations

7%
INCREASE

In routine blood glucose testing for diabetes patients

5%
BETTER

Adherence to medications for patients with cardiovascular disease

These improvements and other efficiencies are driving a

35%
decrease

in a aggregate cost trend in some cases (as compared with national averages)

Blue Distinction Total Care

Primary care physicians and specialists working together

BLUE DISTINCTION TOTAL CARE

Nationally consistent criteria
for improving care and
lowering costs

Value-based
payment arrangements

Accountability for total cost of
care for their patients

Blue Distinction Total Care

Access and results

- **156k** engaged providers
- **43** states
- **19M** members
- **10%** reduction in treatable ER visits
- **15%** decline in hospitalizations
- **7%** improvement in HbA1c testing for diabetes patients

- **5%** improvement in medication management for cardiovascular patients
- **35%** decrease in cost trend
- **\$6.71** national aggregate PaMPM savings year over year when compared to non-Total Care

Source: Blue Cross Blue Shield Association Data, January 2018

Blue Distinction Specialty Care

7 high-impact areas

- 01 BARIATRIC SURGERY
- 02 CARDIAC CARE
- 03 MATERNITY CARE
- 04 SPINE SURGERY
- 05 CANCER CARE
- 06 TRANSPLANTS
- 07 KNEE/HIP REPLACEMENT

Blue
Distinction®
Center



Blue
Distinction®
Center+

Coming in 2019: Fertility Care & Gene Therapy

Blue Distinction Specialty Care

National access

3,643

BDC AND BDC+
DESIGNATIONS

1,893

DISTINCT DESIGNATED
HEALTHCARE FACILITIES
AND PROVIDERS

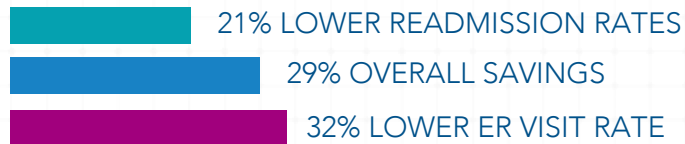
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TOP METROPOLITAN
STATISTICAL AREAS

Blue Distinction Specialty Care

Results

BARIATRIC SURGERY



MATERNITY CARE



CARDIAC CARE



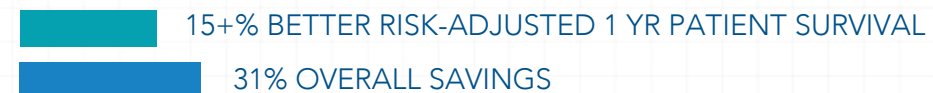
SPINE SURGERY



KNEE & HIP REPLACEMENT



TRANSPLANTS



Source: Blue Cross Blue Shield Association Data, January 2018

Value partnerships

Value-based solutions in Michigan

PATIENT-CENTERED MEDICAL HOME

Puts primary care at the center of the patient's health care experience

Some practices also include in-office Provider-Delivered Care Management – a team-based model with nutritionists, pharmacists and others to manage conditions and coordinate care

HEALTH INFORMATION EXCHANGE

Platform for daily alerts to providers on patient admissions, discharges, transfers and ER visits.

VALUE REIMBURSEMENTS FOR SPECIALISTS

Rewards for specialists who provide high-quality care.

ORGANIZED SYSTEMS OF CARE

Hospitals and doctors working together to improve outcomes, reduce costs, prevent complications

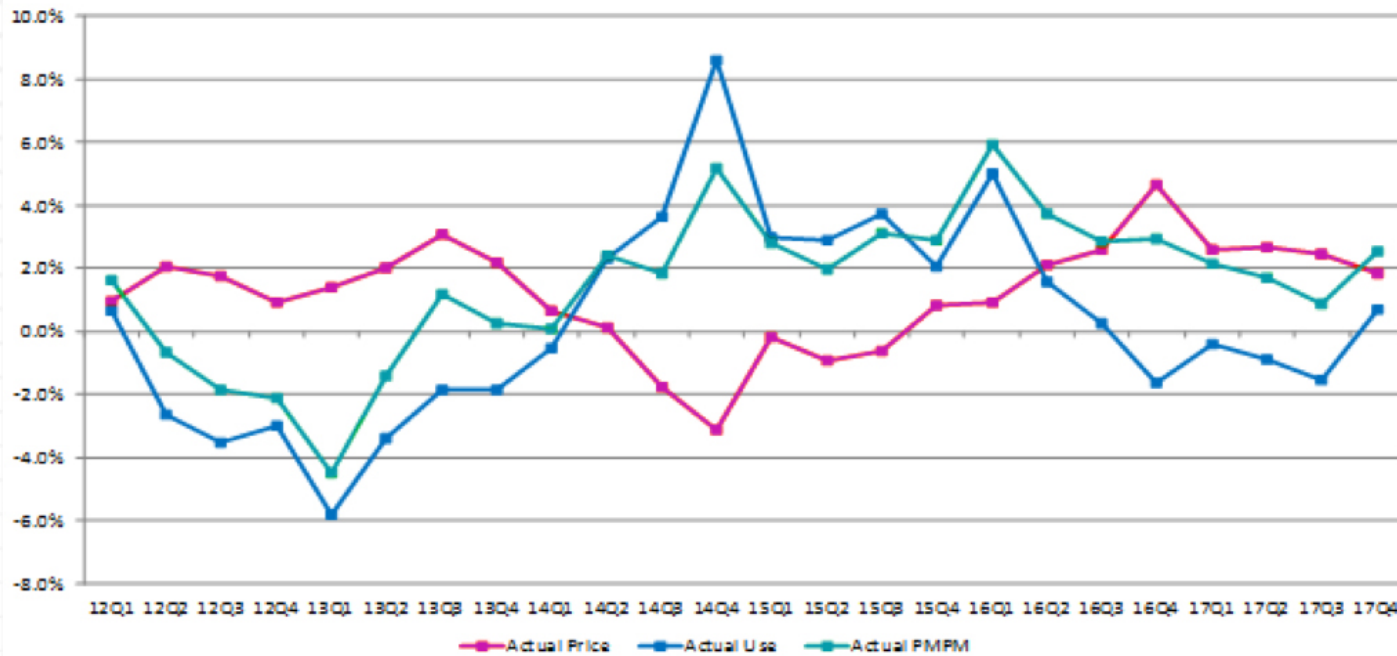
COLLABORATIVE QUALITY INITIATIVES

Health plans, doctors and hospitals working together to determine best practices (cost and safety) for the most common and costly surgical and medical care.

Value partnerships

Reducing health care benefit costs

**Historical Quarterly Professional Trend
Total Commercial BCBSM**



5.5-7%
National Average

2-3% BCBSM
\$15 Per Member Per Month Savings Annually

Patient-Centered Medical Home

Foundational Michigan program for improved care, health and costs

PATIENT + PROVIDER

Physicians work with patients to improve overall health.

CARE TEAM MODEL

Physicians employ multi-disciplinary staff to focus on whole patient.

CARE COORDINATION

PCMH practices monitor patient health between office visits, track test results and coordinate specialty care.

BETTER HEALTH

PCMH patients report higher-quality care, more preventive care and reduced costs.

Patient-Centered Medical Home

Access



4,630
DESIGNATED
PHYSICIANS

1,700
PCMH
PRACTICES

1.3 M
MEMBERS
ATTRIBUTED

Patient-Centered Medical Home

Results

PCMH- designated practices consistently outperform non-designated practices in clinical quality and utilization measures. In 2018, PCMH practices, compared to non-PCMH had

16%

LOWER RATE OF
ADULT ER VISITS

27%

LOWER RATE OF ADULT
AMBULATORY CARE
SENSITIVE INPATIENTS

20%

LOWER RATE ADULT
PRIMARY CARE SENSITIVE
ER VISITS

26%

LOWER RATE OF PEDIATRIC
PRIMARY CARE
SENSITIVE ER VISITS

18%

LOWER RATE OF
ER PEDIATRIC
VISITS

\$626M

OVER THE LAST 9 YEARS
PCMH MODEL OF CARE
HAS RESULTED IN ESTIMATED
AVOIDED COSTS OF
\$626 MILLION

Health Information Exchange

Innovative data-sharing among providers

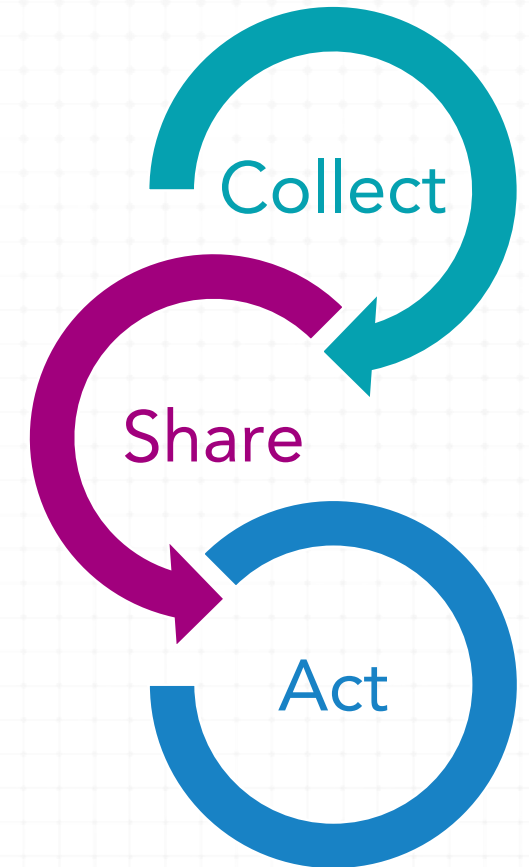
Better value, better outcomes, improved reporting
with reduced burden

HOW DOES IT WORK?

1. Health information is collected electronically from across health care continuum
2. Data is routed and shared with providers via MiHIN
3. Actionable data is incorporated into patients care

More than 1.3 billion messages have successfully passed through the statewide network.

For PCPs, knowing when an ADT occurs is crucial to patient care



Health Information Exchange

Better outcomes

By establishing a statewide electronic linkage across all practitioners and other health care entities, this notification service helps close the loop for PCPs and their care teams on where and when patients receive care, creating smoother care transitions and creating more complete and accurate patient care records.



Value reimbursements for specialists

Moving value-based care beyond the primary care physician

~9,500

Specialists receiving value-based reimbursements

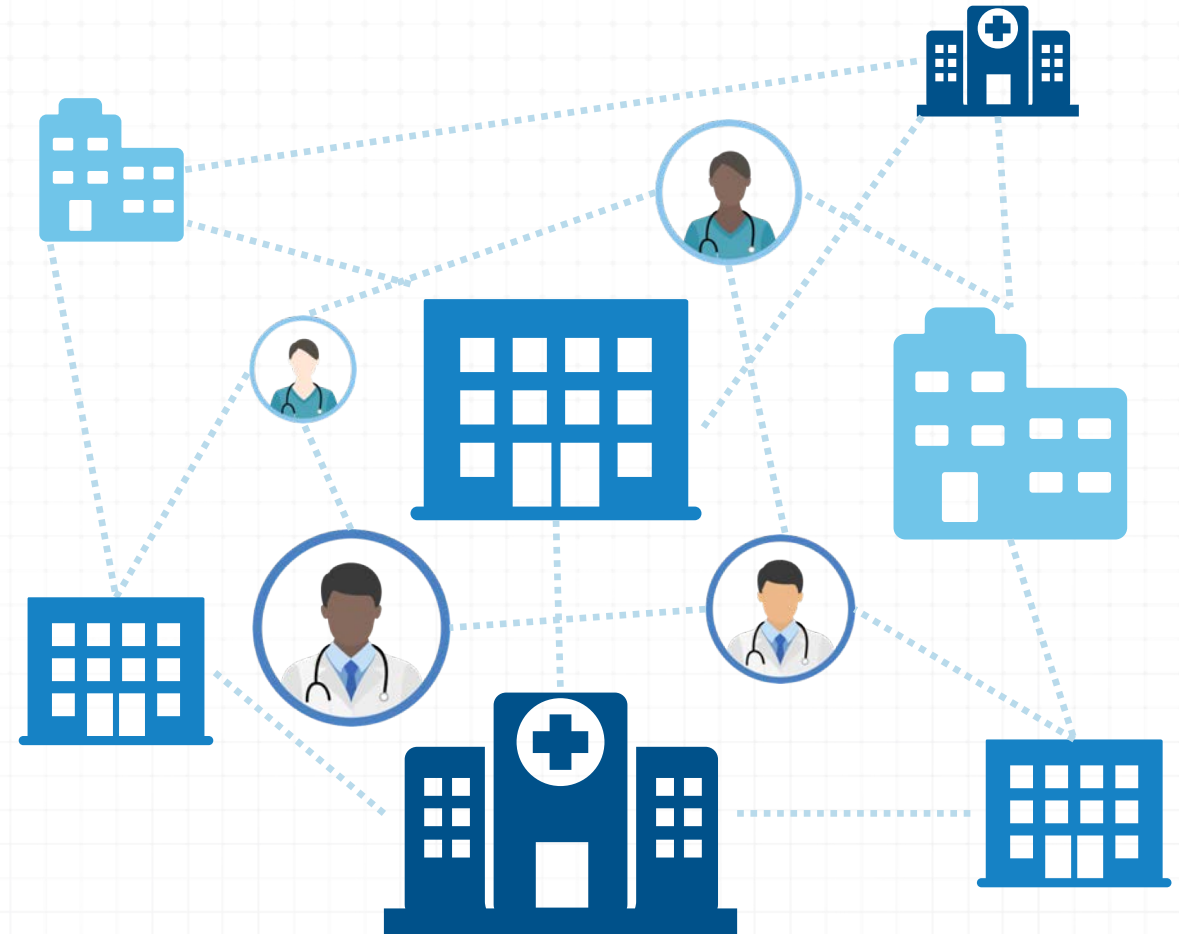


Specialists receive value-based reimbursement for cost and quality performance in the populations of patients they serve.

Organized Systems of Care

Communities of doctors and hospitals managing patient populations

- Rewards based on how a specific group of providers (PCPs, specialists, hospitals) manage their populations of patients
- We're beginning to hold value-based providers accountable for performance – cost of care—by placing a portion of their incentive pay at risk.
- 34 OSCs representing 17,600 physicians (PCPs and specialists) will be part of this program.



Collaborative Quality Initiatives

Collaborations among providers for best practices

COLLABORATE

Promotes partnerships with physicians, physician groups and hospitals.

IMPROVE CARE

Optimizes quality and outcomes of care.

RESPOND & ADAPT

Accelerates timeline for improvements in evidence-based care.

COST AVOIDANCE

Reduces risk of death, shorter lengths of stay, lowers likelihood of infection.

\$1.4B in avoided costs 2008-2015

Knee & hip replacement collaborative

Michigan Arthroplasty Registry Collaborative Quality Initiative

- ✓ Safer knee and hip replacements
- ✓ Reduce complications and variation
- ✓ Review device selection to avoid second surgeries



Knee & hip replacement collaborative

Michigan Arthroplasty Registry Collaborative Quality Initiative

Result: At-home recovery proven safer and less costly



MARCQI KNEE & HIP REPLACEMENT PATIENTS SENT TO NURSING HOME FOR RECOVERY

2015	19.2%
As of 2018	11.7%

MARCQI's partnership with Michigan Value Collaborative (another BCBSM Collaborative) identified the cost of discharge to a nursing home; adds approximately \$7,000-\$8,000

Knee & hip replacement collaborative

Michigan Arthroplasty Registry Collaborative Quality Initiative

Result: 32,870 fewer blood transfusions

- ✓ Decreased risk of blood clots
- ✓ Shorter hospital stay
- ✓ Less out-of-pocket cost

BEFORE MARCOI

1 in 10 patients
received at least 1
unit of blood

TODAY

Less than 1 patient in
20 patients do

PCMH in practice

A real-life look at how it works – Washington Family Medicine



Easy patient
experience



Care teams
and
coordination



Data and
technology



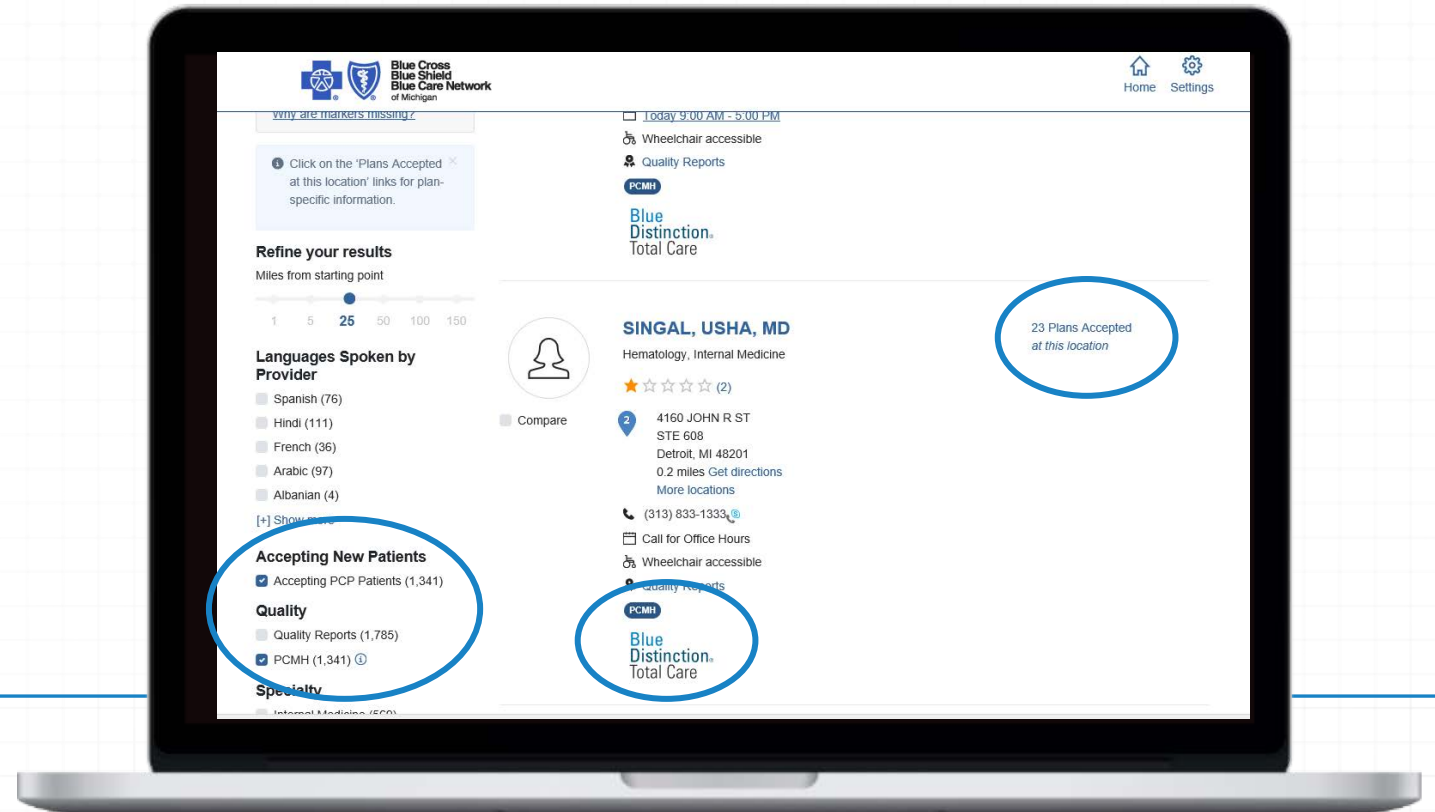
On-site
referral help



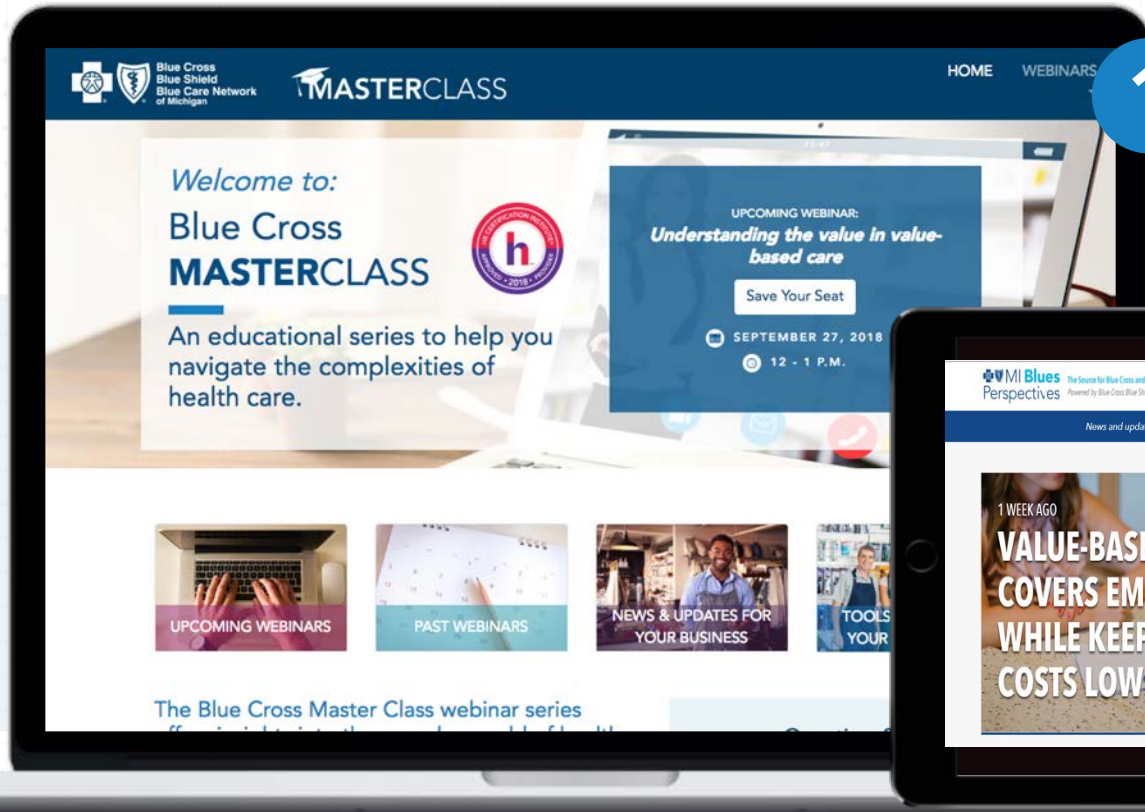
Access at
the right
time

What you can do

- Help your leadership team and employees understand the value of quality designations
- Find resources about value-based programs at www.bcbsm.com/engage and www.valuepartnerships.com
- Help your employees find a quality designated doctor who is accepting new patients at Find a Doctor on bcbsm.com

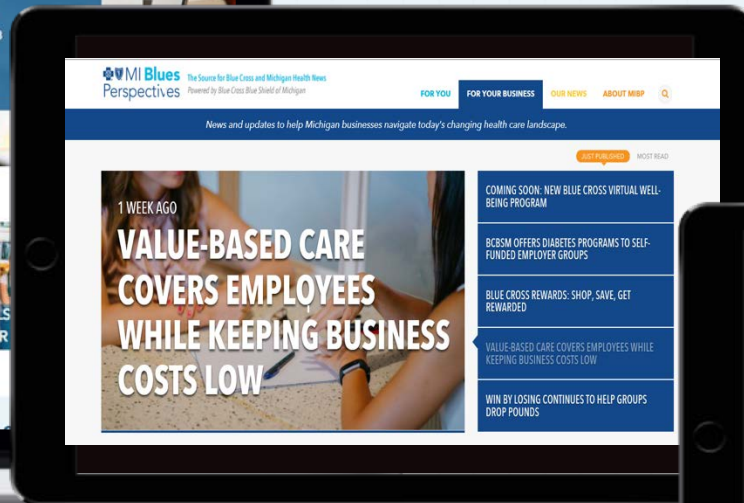


For more information:



1

Visit bcbsmmasterclass.com – webinar recording, CE credit instructions and information for next month's class



2

Sign up for MIBluesPerspectives.com to get updates from Blue Cross for your business



3

Visit Valuepartnerships.com

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Thank You.



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