



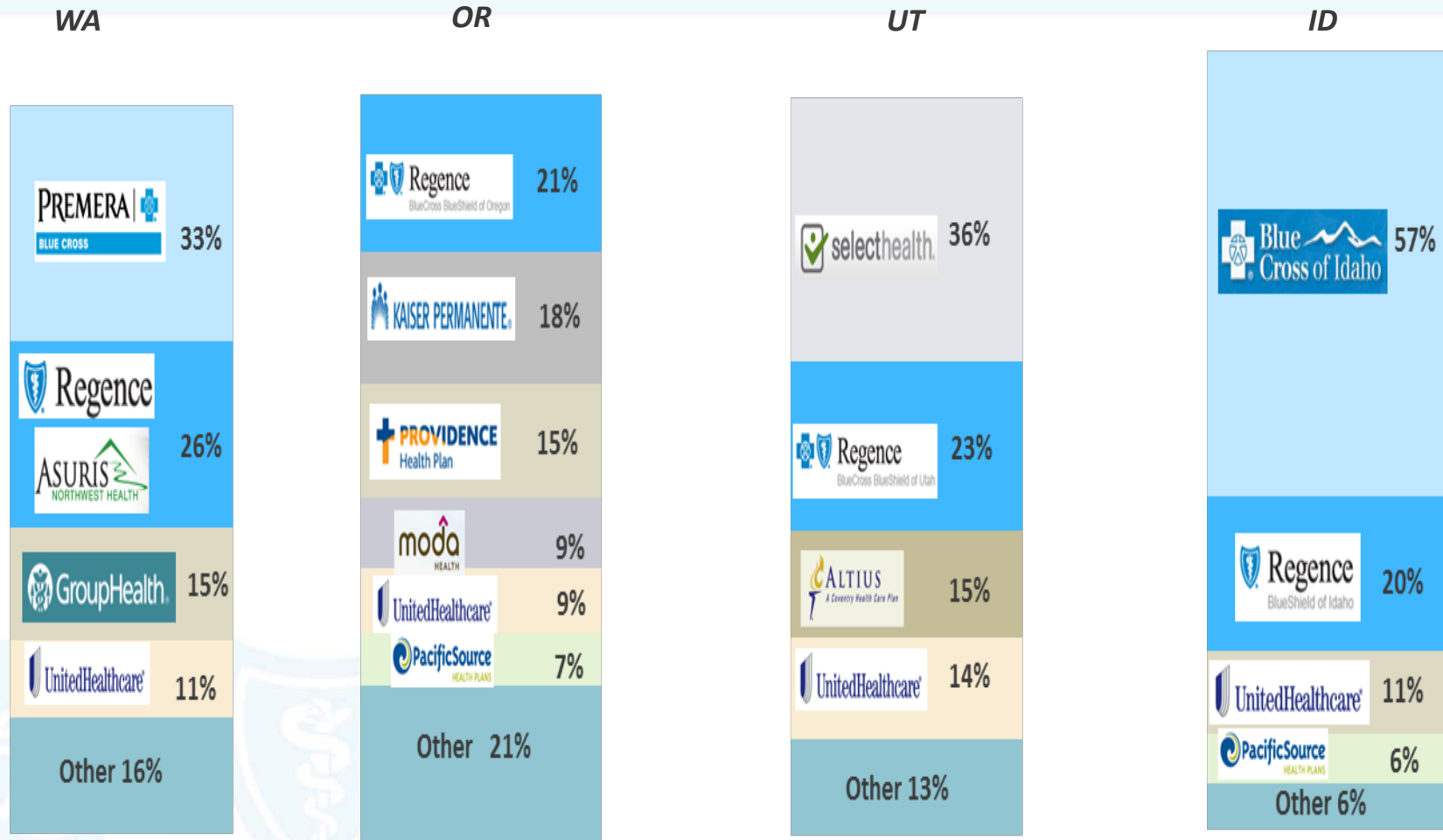
Accountable Health Initiatives

Presented by:

John Prassas, Vice President of Network Management



Competitor overview *payers market share by membership*



Note: Marketshare info compiled by Marketing- Strategic Market Insights Team; Includes ASO, Group, Individual, FEP, Med Adv, Med Supp, FEP; Q1 2013 data

Accountable Health Partnerships

- Regence currently has 51 total accountable health arrangements in place, with a number of additional partnerships nearly ready for launch

Washington



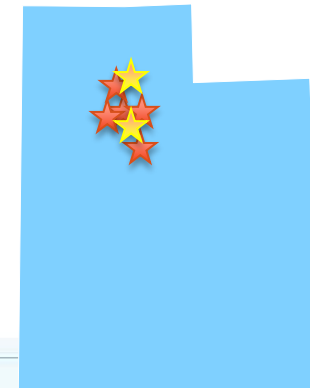
Idaho



Oregon

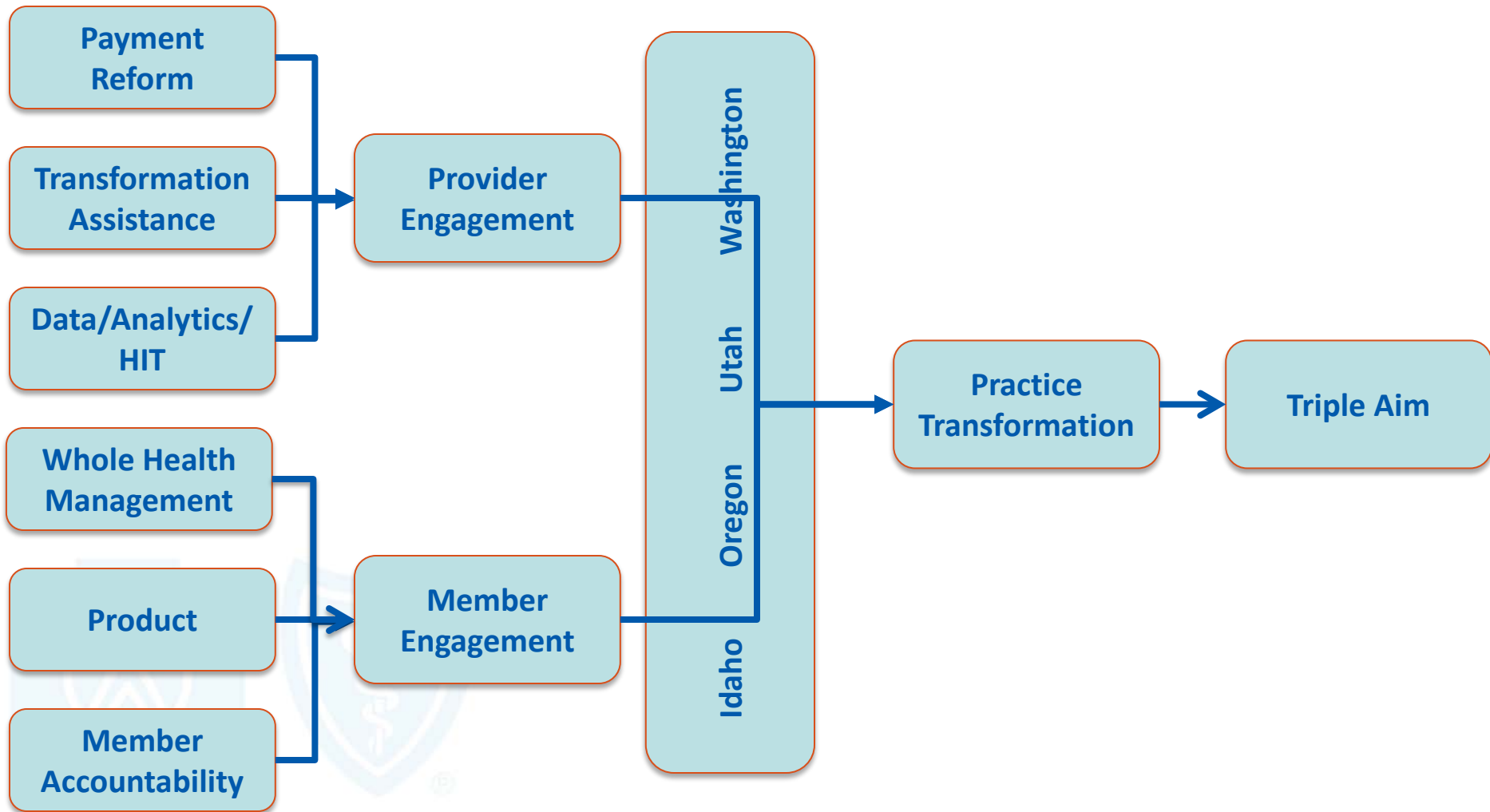


Utah



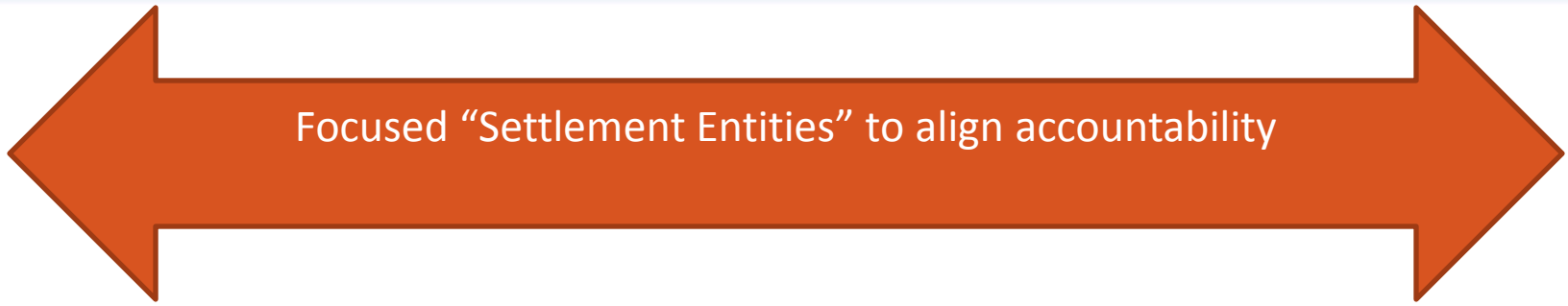
★ Signed Partnership ★ Pending Partnership

Program Strategy Drivers





Aggregating the Flow of Healthcare Dollars



Hospital Systems

Physicians

- Access to Capital
- Existing Infrastructure and Physician Ownership
- Branding
- Capable of managing Health Plan and direct to employer relationships

Physicians

Hospital Systems

- Close, trusting relationship with consumer
- Ability to steer referrals to preferred partners
- Strength when organized, aggregated, and aligned to professional management



State-wide Provider Partnerships

Regence Accountable Models

▶ Total Cost of Care

- Shared Savings for beating market trends

▶ Regence ACO

- Narrow networks based on commitment to targeted medical costs
- Risk Share Model

▶ Patient Centered Medical Homes

- Investment in the infrastructure and development of primary care services

▶ Bundled Payments

- Episodic and procedure focused all inclusive payment models to formalize budgets for a specific procedure and/or treatment

▶ Hospital Pay For Performance models

- Putting trend at risk based on reported indicators

Putting It All Together

Settlement Entity

Total Cost of Care Incentives/ Capitation/Risk

Primary Care

- Care Coordination Fees/ Gain share participation
- Flat Rate Pricing
- Capitation

Specialist

- Episode of Care
- Case Rates
- Site of Service incentives

Hospitals

- Pay for Performance provisions –"Earned Trend"
- Bundled Payments- joint replacements/ Cardio surg



Provider Community Engagement

- ▶ **Engaged**- Has outreached to health plans, has clear intentions to evolve their business, genuine belief that they will be better financially in the future if they improve population health and coordination of care.
- ▶ **Indifference**- Likes and understands the concepts and direction of market push, not willing to invest in infrastructure, not willing to commit to performance expectations.
- ▶ **Resistant**- Aggressive push on unit cost and ancillary services, attempting to pin physicians against health plans.

Provider Engagement- Business to Business

Bringing the Accountable Health Partner and Self Funded Client Together

- Transparency of intent and objectives
- Flexibility to moderate financial targets (Underwriting- Manual Rating vs. Experience Rating)
- Face to Face commitment to different access to care-Improve Productivity
- Customized focus and support
- Insurer stays integrated in the process

Tactics to Support Shared Interests

- ▶ Consultant Sponsored ACO Narrow Network
- ▶ Regional hospital system engaging Regence to support their evolution
- ▶ LLC development with multi-specialty group to support equity and engagement
- ▶ PHO support to grow accountable health model with hospital employee population
- ▶ Large, engaged employer driving resistant delivery system to increase accountable health initiatives coupled with invitations to increase health care supply and competition in the market

Consumer Engagement

- ▶ Tiered benefit designs
- ▶ Network choices within Private Exchange
- ▶ “Shopper” services for targeted health services
- ▶ Reference Based Pricing



Private Exchanges

**DEFINED CONTRIBUTION
HEALTH CARE STRATEGY**

VS

**DEFINED BENEFIT
HEALTH CARE PLAN**

**EMPLOYER
PROVIDES SET,
PRE-TAX DOLLARS
TO EMPLOYEE**



**EMPLOYEE SHOPS
FOR HEALTH
INSURANCE
COVERAGE**



**EMPLOYEE PAYS FOR
HEALTH INSURANCE
WITH DEFINED
CONTRIBUTION
DOLLARS FROM
EMPLOYER**



**EMPLOYER
PURCHASES
GROUP HEALTH
INSURANCE PLAN
FOR EMPLOYEES**



**EMPLOYER PAYS
FOR SET
PERCENTAGE
OF EACH
EMPLOYEE'S
MONTHLY PREMIUM**



**EMPLOYEE
PAYS FOR
REMAINDER**



Blue Distinction

Foundation to meet quality and cost objectives

Blue Distinction programs provide the foundation for guiding network utilization to meet quality and cost objectives

BlueDistinction[®]

Specialty Care

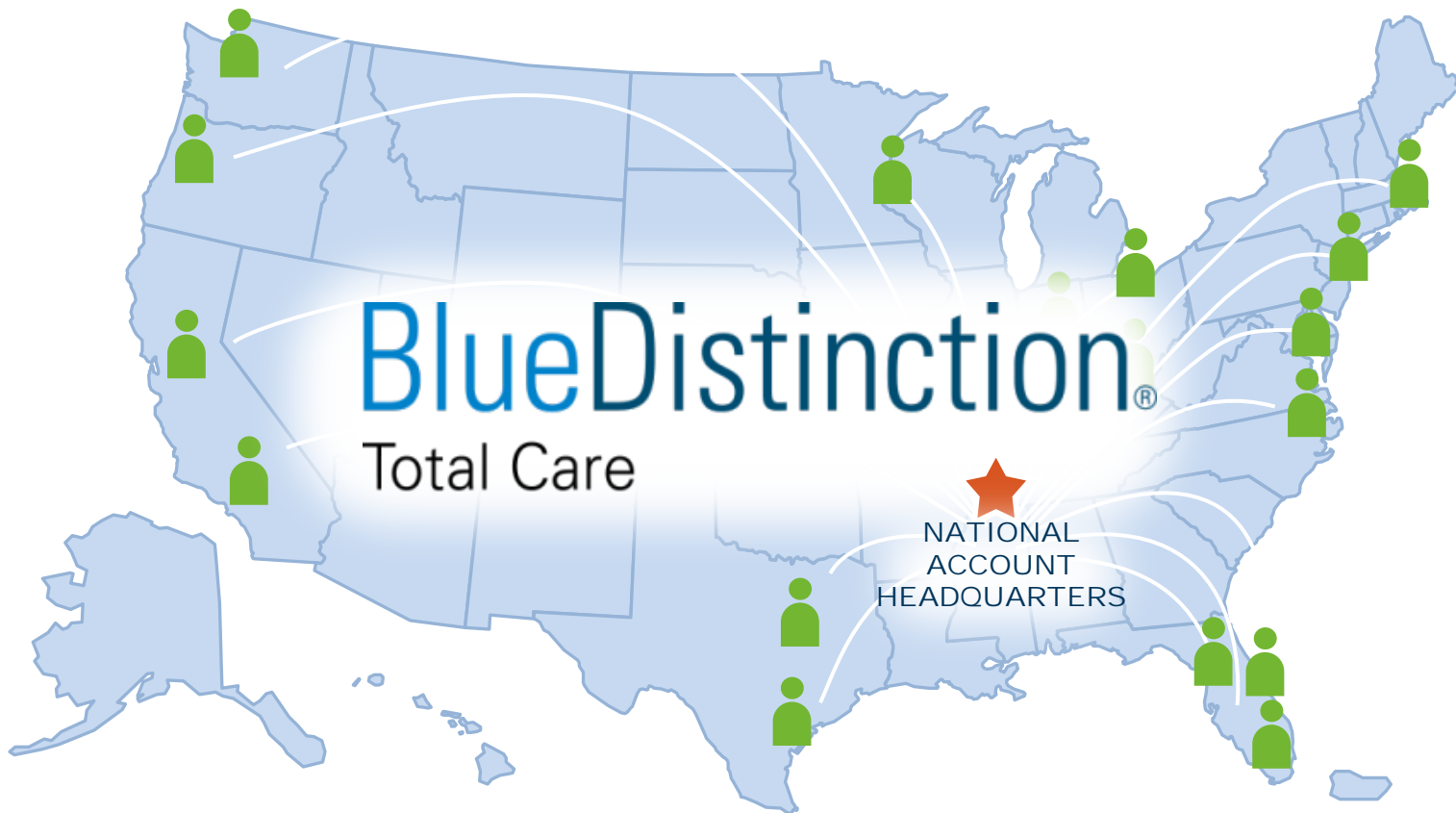
Recognizes facilities for their expertise and efficiency in delivering specialty care

BlueDistinction[®]

Total Care

Local programs that align outcomes-based payment arrangements with care coordination models

In 2015, National Account members will access local programs linked through a national platform



For Illustrative Purposes

Comprehensive Measures and Program Criteria



Evaluation Criteria for Participation Focused on:

- Value-based Reimbursement
- Accountability Across the Care Continuum
- Patient-centered Quality Care
- Provider Empowerment

Program Criteria Includes:

- Risk and cost share arrangement
- Population health management
- Technical, operational, and organizational capabilities
- Patient experience and/or satisfaction monitoring
- Patient access: cultural, linguistic, after hours, etc.
- Access to analytics, data and/or tools to manage care



85,000+
Blue Distinction Total Care
provider participants

Blue Distinction Total Care Value



Average Cost Savings

\$10 PMPM¹

BCBSIL² Advocate ACO

- **\$11.78 PMPM savings**
- **Decline of 4.7% inpatient admission rate per 1000** for Advocate facilities versus increase of 2.2% for control³
- **Decline of 0.9% for length of stay** for Advocate facilities versus increase of 2.7% for control³
- **Better results for outpatient utilization:** lower ED cases/1000, OP surgery/1000 and advance imaging³

Florida Blue PCMH⁴

- **\$11.90 PMPM savings**
- **ER utilization – 15% less** than non-participating physicians
- **Potentially Preventable Hospital admissions/1000 – 6% less** than peers
- **Bed days/1000 – 7.8% less** than non-participating physicians

BCBSMN ACO⁵

- **\$3.79 PMPM savings**
- **34% lower trend vs.** comparable care systems
- Members reached **optimal treatment goals** for various chronic conditions

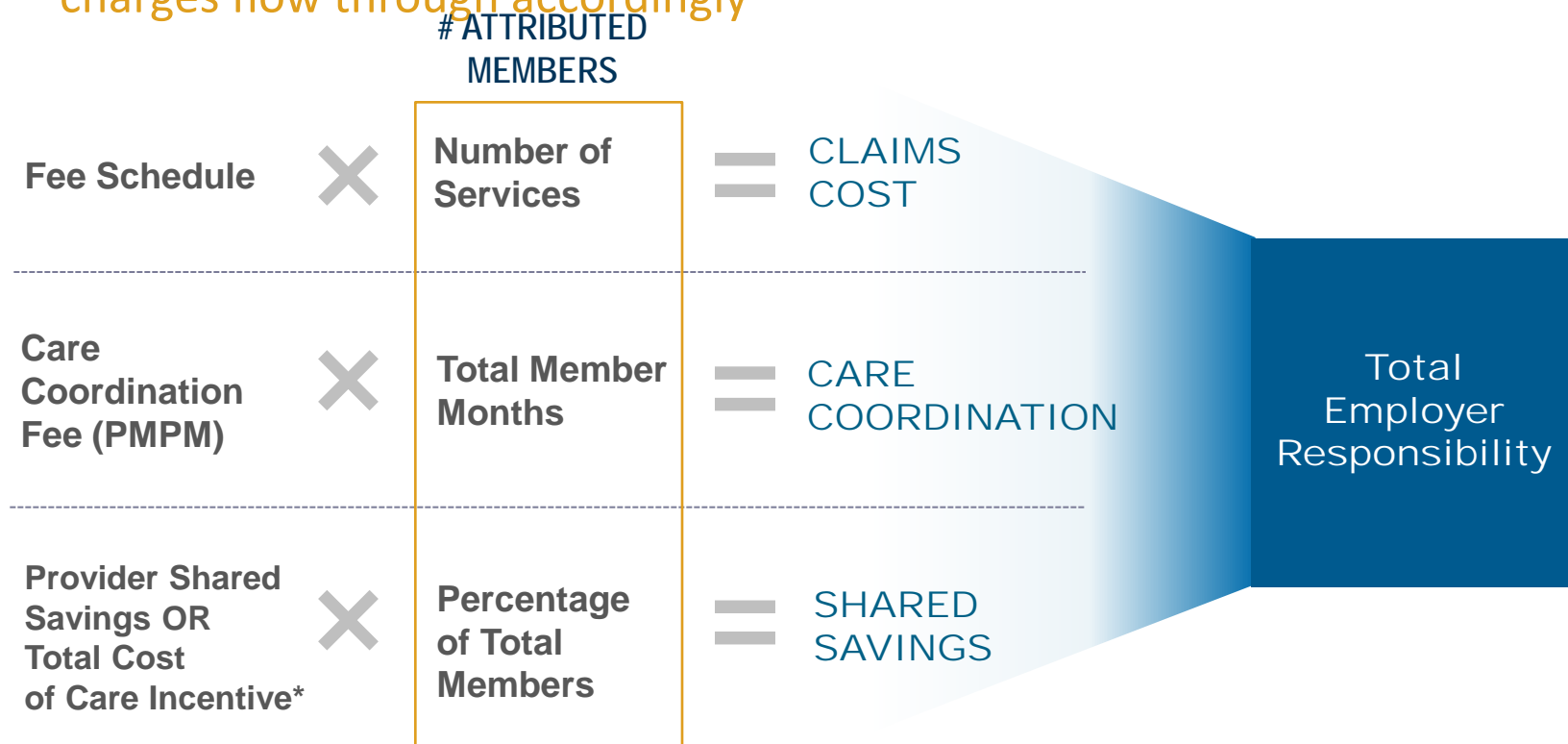
Horizon BCBSNJ PCMH⁶

- **\$10 PMPM savings**
- **12% lower rate of ER visits**
- **23% lower rate in hospital inpatient admissions**
- **9% lower cost of care for diabetic patients**
- **2% total cost of care savings**
- **Improved quality compliance,** including **11% higher rate in pneumonia vaccinations**

¹Savings averaged across subset of BDTC programs, based on members attributed ²Blue Cross Blue Shield of Illinois (a division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee) ³2011 versus 2012 (unadjusted); \$11.78 PMPM projected ⁴2012 Results; \$11.90 PMPM decrease for Medical Costs compared to non-PCMH members over last 2 program years ⁵2011 Results ⁶2012 Results Source: 2013 BCBSA Care Delivery/Payment Innovations Survey

3 Value-based Reimbursement

Participating providers are reimbursed based on outcomes and charges flow through accordingly



For Illustrative Purposes

*Providers rewarded only if quality and cost targets are met

4 Reporting

Reports highlight your attributed employees and any related cost/savings

Sample Report for ABC Company

ABC Company YTD April 2014					Total Employer Covered Lives: 62,120 Employer Covered Lives Accessing: 12,042 Participation Rate: 19.3%	
Blue Value-based Program	Attributed Member Months	Employer Savings (\$ PMPM)	Provider Incentive Payment (\$ PMPM)	Provider Care Coordination Payment (\$)	Total Employer SAVINGS (\$)	Total Employer Payments (\$)
ACO 1	502	8.00	--	2.12	4,016.00	1,064.24
ACO 2	208	10.02	6.15		2,084.16	1,279.20
PCMH 1	42	6.00	--	1.14	252.00	47.88
ACO 3	400	18.50	7.22		7,400.00	2,888.00
PCMH 2	184	16.00	4.17	4.15	2,944.00	1,530.88
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Grand Total	1336	12.50	3.69	1.40	16,696.16	6,810.20

ROI 2.45

For Illustrative Purposes

Accountable Health Portfolio -2016

▶ Open Access PPO

- Total Cost of Care, upside bonus based on “Beating Trend”
- Movement from Attribution to PCP Assignment
- Support National Blue Distinction Total Cost of Care Program

▶ Restrictive Network ACO

- Unique Program for Individual On / Off Exchange
- Small Group Self Funded & Fully Insured
- Customized Large Group Self Funded (1000+)

▶ Delivery of ACO network products through private exchanges

Summary

- ▶ Trust and shared interests are foundation
- ▶ Have a flexible portfolio of programs to meet capabilities of Settlement Entity
- ▶ Pick a partner
- ▶ Find a catalyst
- ▶ Begin process whether market is ready or not
- ▶ Product development and sales distribution need to commit to market opportunity