# TRANSFORMATION OF OUR BUSINESS MODEL

**OREGON HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION**

**MAY 14, 2015**

**SALISHAN RESORT**

# DEFINITIONS

- ***Population Health Management*** - A systematic effort to do three things:
  - Enhance health through disease management and prevention
  - Improve care quality
  - Reduce waste and variation, and eliminate disparities for ethical and economic reasons
- ***Value based contracting*** - Evolution in payment methodology that:
  - Aligns incentives across members, payors, providers and employers
  - Focused on improving clinical outcomes, patient experience and cost effeciency
  - Defines quality and cost outcomes
  - Fosters greater accountability

# THE TRAIN HAS LEFT THE STATION

- **Medicare**
  - 30% of our market has already converted into a value based model through Medicare Advantage
  - CMS expects to mave 50% of the remaining population by 2018
  - The effect is compounded by our aging population
- **Medicaid**
  - Oregon has embraced a new model of value based care for the vast majority of its Medicaid population
  - ACA initiative to expand this population shifting a large number from the uninsured population in to Medicaid
- **Commercial**
  - **PEBB**: "Designed the latest RFP (2013)… to hold health plans accountable for the way they provide care; …to improve their health; …to achieve better health outcomes at lower costs; and to support primary care homes that can enhance care coordination for our members."
  - **Intel:** Contract with Kaiser and Providence for 50,0000 lives.



Population Health ALLIANCE of Oregon

# NATIONAL INSURANCE AGENDA

"*We will **increase value-based payments by 20%** this year to beyond $43 billion, and beyond $65 billion in 2018*"

*-United Health, January 2015*



Population Health ALLIANCE of Oregon

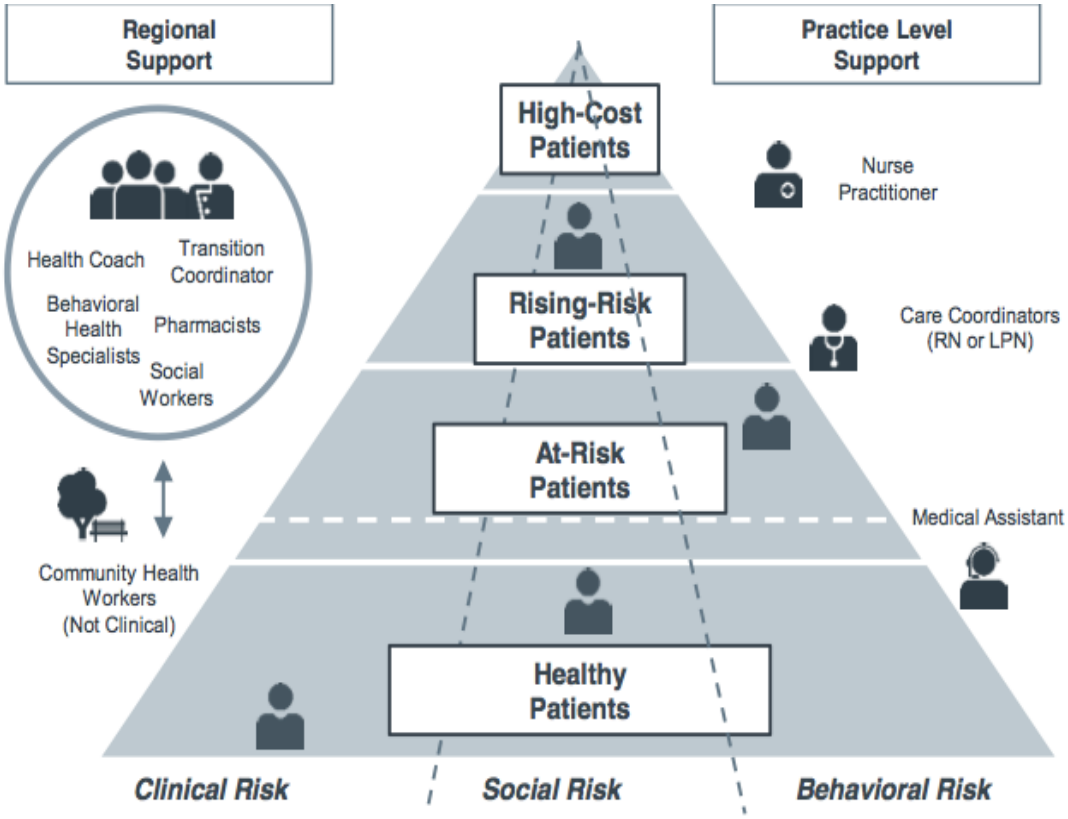
# WHAT IS POPULATION HEALTH?

The consistent deployment of scarce resources across a larger population to improve quality and lower total cost.

- Care is coordinated using advanced evidence based practices designed to reduce error and improve quality
- Accomplished through tighter clinical integration across providers of service
  - Electronic access to all relevant information
  - Team based care planning and coordination
  - Patient and support system are engaged in decision making and care plan
  - Community resources are connected to the delivery system
- Key delivery system models and mechanisms
  - Patient centered medical home
  - Chronic disease management support systems
  - Transitional care programs
  - Palliative care programs

Population Health ALLIANCE of Oregon

# RISK STRATIFICATION



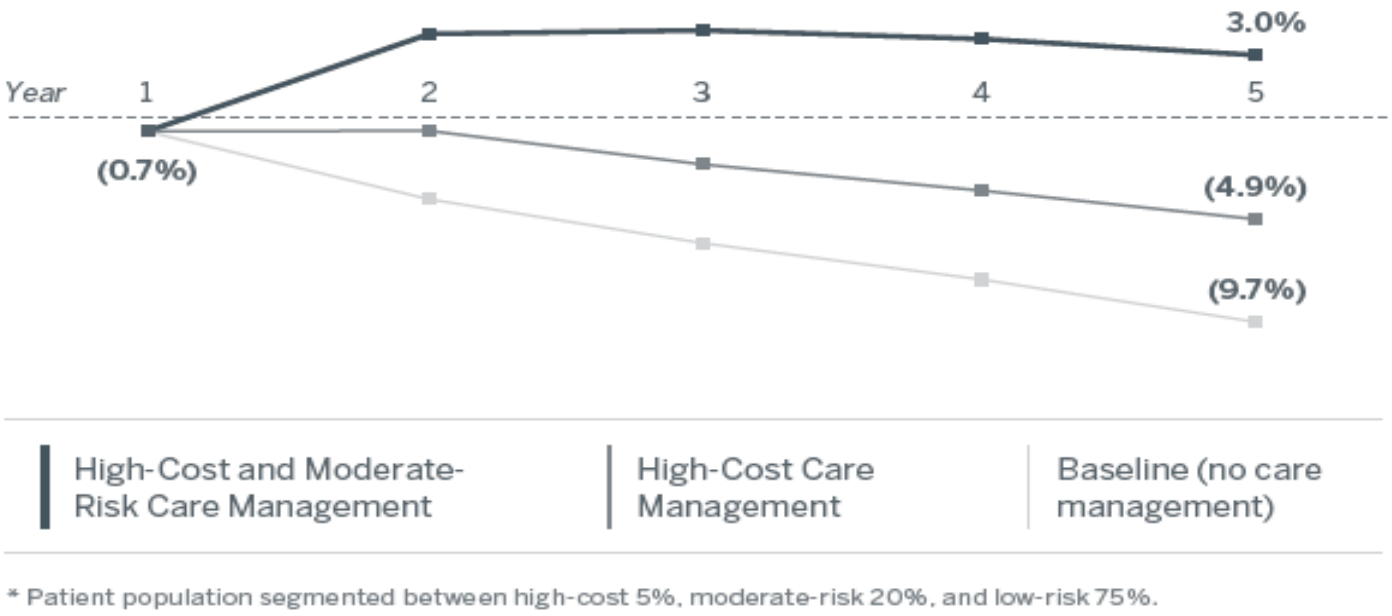

## Critical Questions

1. Who are my riskiest patients?
2. Why are they risky?
3. What is the best intervention for them?

Source: The Advisory Board Company, Prioritizing the investment plan for population health management, 2014

Population Health ALLIANCE of Oregon

# FOCUS BEYOND THE HIGH RISK POPULATION

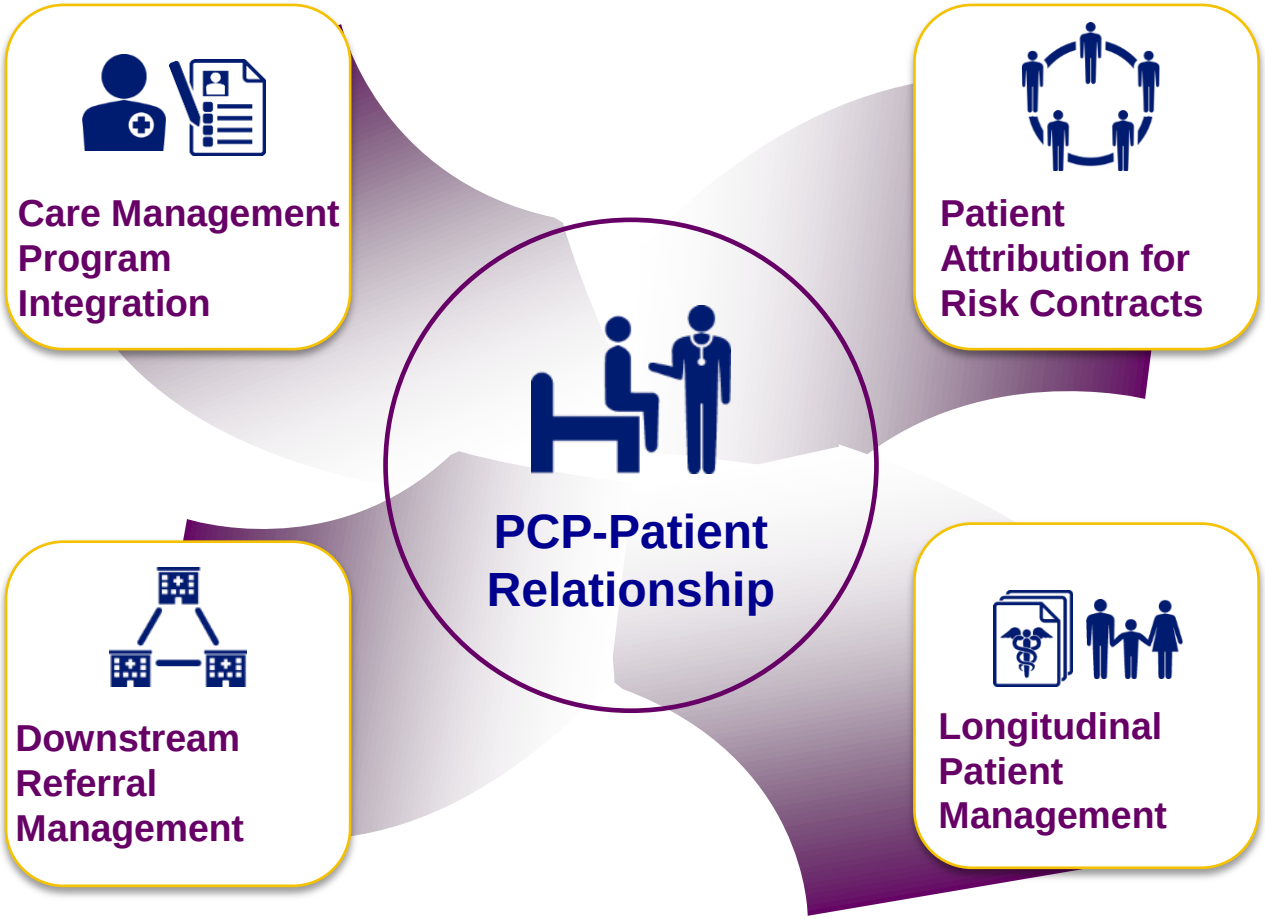



**Study of 25,000 Medicaid patient population. Baseline loss of (9.7%). Managing the high risk patients reduced the loss to (4.9%).**

Source: The Advisory Board Company, How to prioritize population health interventions, 2014

Population Health ALLIANCE of Oregon

# SUCCESS CENTERS AROUND THE PCP-PATIENT RELATIONSHIP




Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

# AXIOMS FOR A SUCCESSFUL VALUE-BASED BUSINESS

**Downside Risk**

- The level of upside necessary to fund a value-based business is only achievable by also taking downside risk

**Risk Mgmt Infrastructure**

- In order to manage downside risk, a Value-Based Business must invest in adequate risk management infrastructure

**Scale**

- Achieving scale helps mitigate volatility and leverage the fixed cost of risk management infrastructure

**PCP base**

- Scale is driven by the number of participating PCPs, which bring in attributed lives

Source: Evolent Heatlh, 2015

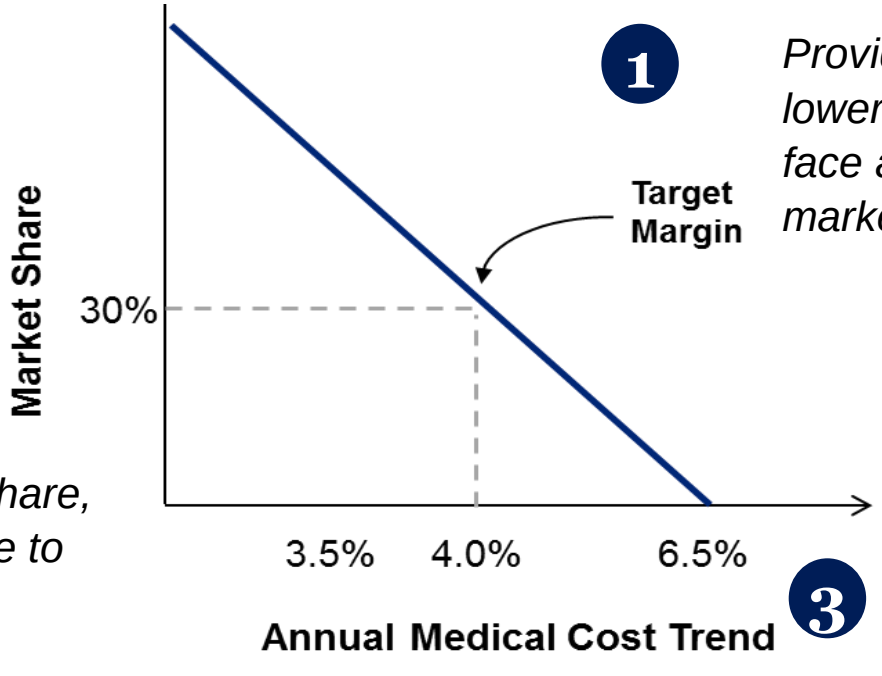
Population Health ALLIANCE of Oregon

# DAVID A. BURTON, MD, HFM MAGAZINE, APRIL 2015

"Leaders of health system and payers seem to fall into three camps…

1. *Strategic thinkers* – Those who have embraced value-based payment and are fully committed to making the transition
2. *Bet hedgers* – Taking a tactical, defensive approach to dabble in value based payment. Hopeful that the future is still bright for the old model. When they lose money on a shared risk arrangement they threaten to leave
3. *Ostriches* – In denial doing only what is necessary to avoid penalties

# KEY MARKET FORCES UNITING THE ALLIANCE




1

*Providers who cannot deliver a lower medical trend will likely face a declining share of the market*

2

*To maintain and potentially grow share, providers will have to deliver a reliable reduction in trend*

3

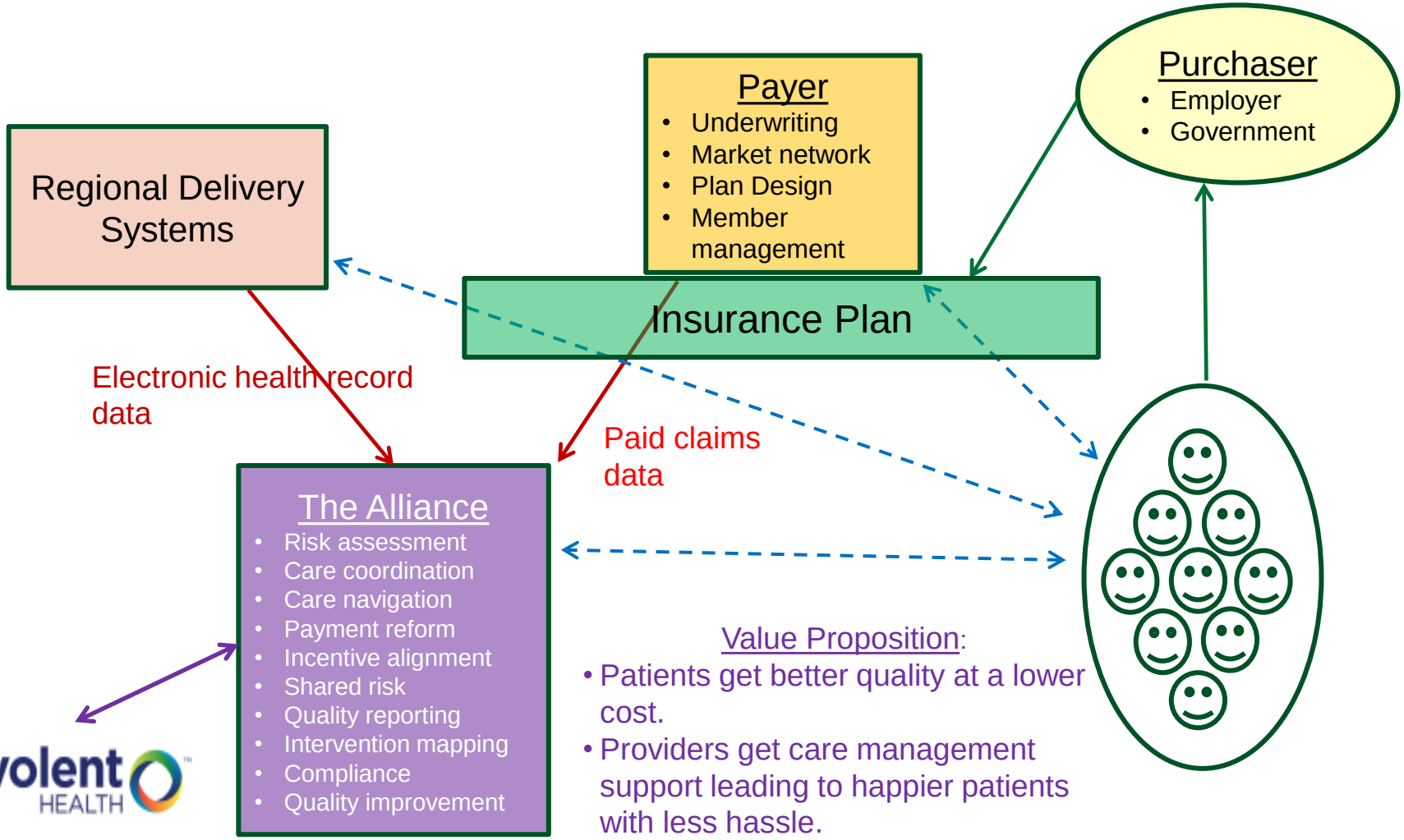
*The realization of a much lower medical trend is only possible with greater plan / provider alignment and best in class tools for managing utilization and cost*

4

*Population health management capabilities are expensive, and it makes more sense to invest in this together as opposed to many times separately*

Population Health ALLIANCE of Oregon

# RE ALIGNMENT OF THE PLAYERS




Value Proposition:

- Patients get better quality at a lower cost.
- Providers get care management support leading to happier patients with less hassle.
- Payers reduce overhead and role and benefit from happier members with lower medical spend.

Population Health ALLIANCE of Oregon

# GUIDING PRINCIPLES OF THE ALLIANCE

The Population Health Alliance of Oregon will improve the health and wellness of all Oregonians by committing to a shared vision. We will:

**Put patients first**

**Demonstrate resilience**

**Collaborate tirelessly**

**Become the system of choice**

## We will achieve our vision by:

- Building solutions with physician leadership
- Sustaining performance around meaningful quality targets
- Rewarding participants through aligned incentives
- Using leading-edge technology to drive robust analytics

Population Health ALLIANCE of Oregon

# WHO IS EVOLENT?

Founded in 2011, Evolent Health is an independently managed and governed organization backed by capital, asset and intellectual property contributions from UPMC Health Plan, The Advisory Board and TPG Growth

**$126M**
million dollars in capital raised

**800+**
Evolenteers in 2015

**2M**
lives impacted by current model*

**20**
markets served nationwide

UPMC Health Plan

- Capital
- Infrastructure, intellectual property
- 2M lives, $5BN provider-owned health plan – largest after Kaiser

The Advisory Board Company

- National relationships
- Capital

TPG GROWTH

- Capital
- Board guidance, including Norm Payson (founder of HealthSource), Tom Geiser and Leonard Schafer (co-founders of WellPoint)

*includes lives covered under UMPC

Source: Evolent Health, 2015

Population Health Alliance of Oregon

# BUILDING CAPABILITY IN THE ALLIANCE

## Evolent Knowledge, Skills and Solutions

| Employer | Payer | Health Plan |
|---|---|---|
| • Benefit Consulting and benchmarking<br>• Employer Strategies<br>• Private Exchanges | • Value contract templates<br>• National and regional payer relationships<br>• Contract negotiators and actuaries | • Health plan launch<br>• Provider-centric product designs<br>• Marketing toollkits |

## Building Alliance Capabilities into a VBSO

| Population Health Performance | | Delivery Network Alignment | Financial and Administrative Management | | |
|---|---|---|---|---|---|
| • Clinical Programs<br>• Patient Engage-ment | • Specialized care teams<br>• Quality and risk coding | • High performance<br>• Value comp models<br>• Integrated specialty partnerships | Leadership and Management | | |
| | | | • Health plan | • Payer risk | • Pharmacy benefits |

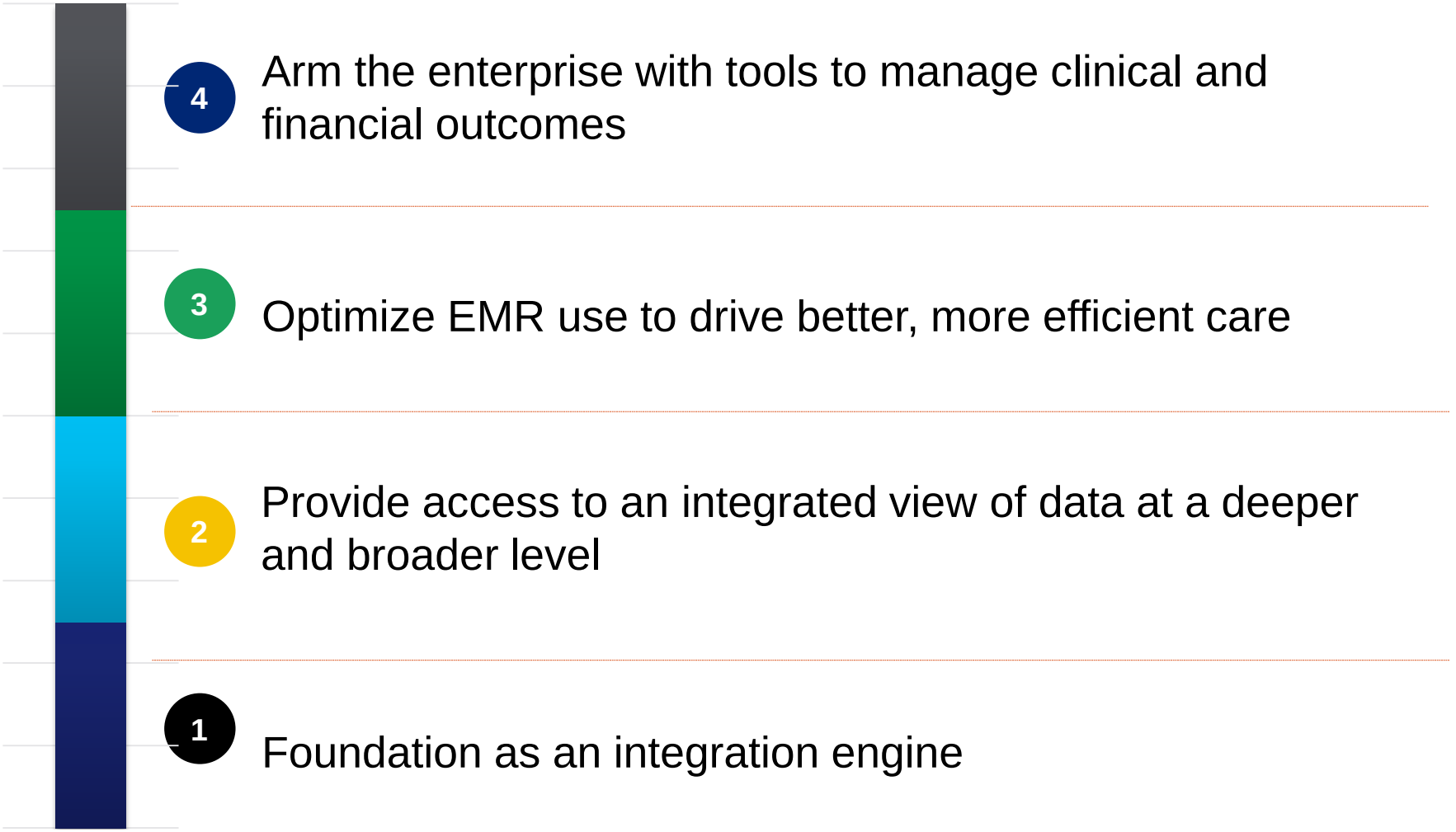
## System Transformation

| | | |
|---|---|---|
| Organizational design and alignment | Physician-led practice transformation | Communications and change management |

Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

# Using Technology to Support Value-Based Businesses

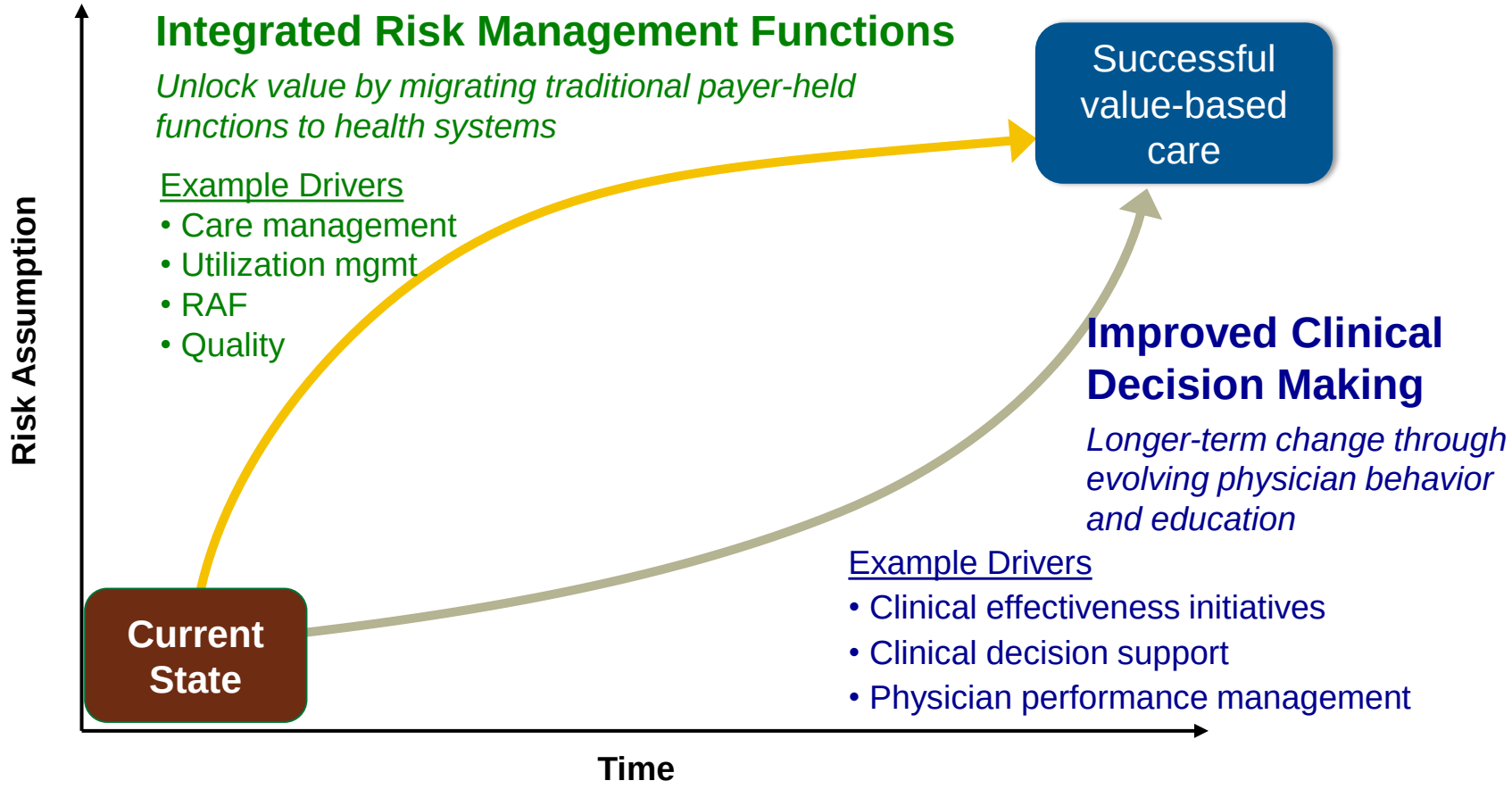



Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

# BRINGING IT ALL TOGETHER

*Building high performing risk management functions allow providers to aggressively assume risk while clinical transformation efforts gain traction*




Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

# KEY CLINICAL IMPLEMENTATION DELIVERABLES:

**Complex Care**

- Launch Complex Care pilots with by 1/1/16.
- Complex Care rollout with by 4/1/16.

**Transition Care**

- Launch Transition Care by 4/1/16.
- Transition Care rollout by 6/30/16.

**Identifi Rules**

- Configuration of technology rules engine by 11/30/15.

Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

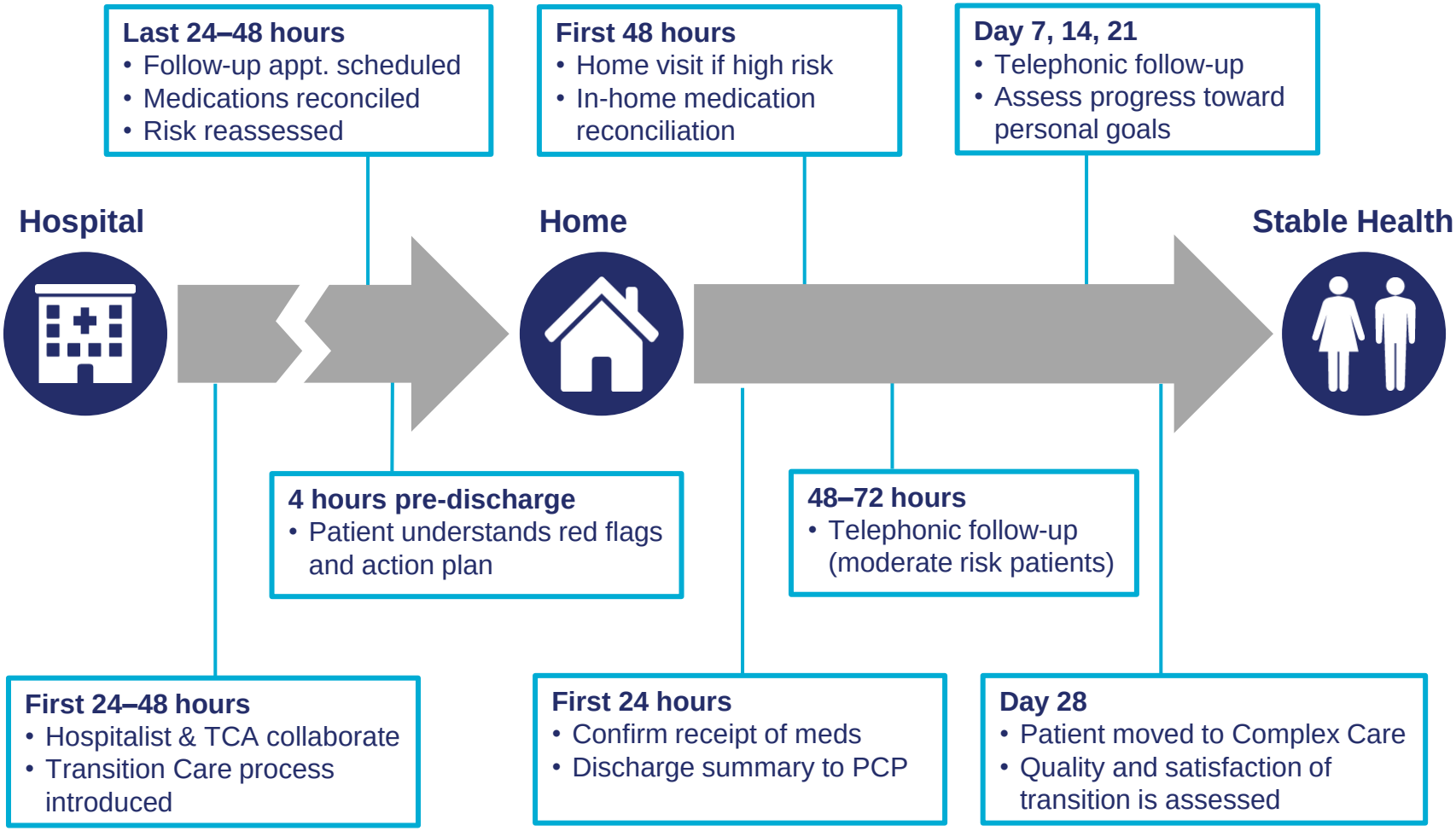
# RULES BY GROUP

| Group | Count | Group | Count |
|---|---|---|---|
| Clinical quality measures | 242 | Diabetes chronic disease rules | 63 |
| HEDIS | 190 | CAD chronic disease rules | 32 |
| Medicare advantage Stars | 71 | COPD chronic disease rules | 19 |
| MSSP Quality measure rules | 75 | Pediatric care rules | 74 |
| Medication safety rules | 36 | Data QA rules | 49 |
| Predictive model support rules | 98 | Risk adjustment factor | 20 |
| Complex care – commercial | 19 | Palliative care stratification | 12 |
| Complex care – Medicare | 40 | Identifi UI care gap support | 21 |
| Medicare part D rules | 47 | Unplanned care/Stratification | 32 |
| Pharmacy custom rules | 14 | UPMC deployed | 39 |
| Pharmacy statin adherence | 5 | Utilization rules | 37 |

Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

# IDEAL PROCESS TRANSITION CARE




Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

# SUCCESS FACTORS AND BENEFITS

## Success Factors for Alliance

### Alignment & Commitment
- Strong commitment from each member organization and shared definition of success

### Leadership & Physician Engagement
- Physician-led governance structure and strong executive leadership
- Willingness to delegate authority to central entity

### Detailed Roadmap & Business Case
- Defined and quantified opportunity, critical milestones, investments, projected returns

### Change Management
- Resources/focus to support transformational change management with physicians and other stakeholders

## Benefits of Alliance

### Scale
- Increased lives under management means faster break-even and profitability

### Risk Pooling
- Diffusion of risk across a large, diversified entity

### Quality & Value
- Refined best-in class capabilities
- Enhanced care coordination

### Network
- Robust and powerful network to manage care within ACO

Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon

# REFERENCE SITE: PREMIER HEALTH

Premier Health

- 4 hospitals, $1.8B in revenue
- 50%+ market share
- 250+ owned physicians
- Strong reputation with consumers


**30% of revenue from value based care by 2018**

**Medical Admission Rate** declined by **23%** (H1'14 over H1'13)

**Reduced ACS Admissions** drove **14%** of the reduction in overall admissions

**ED Utilization** declined by **26%** (H1'14 over H1'13)

**High-Technology Radiology Utilization** declined by **7%** (H1'14 over H1'13)

Source: Evolent Health, 2015

Population Health ALLIANCE of Oregon