

Regence

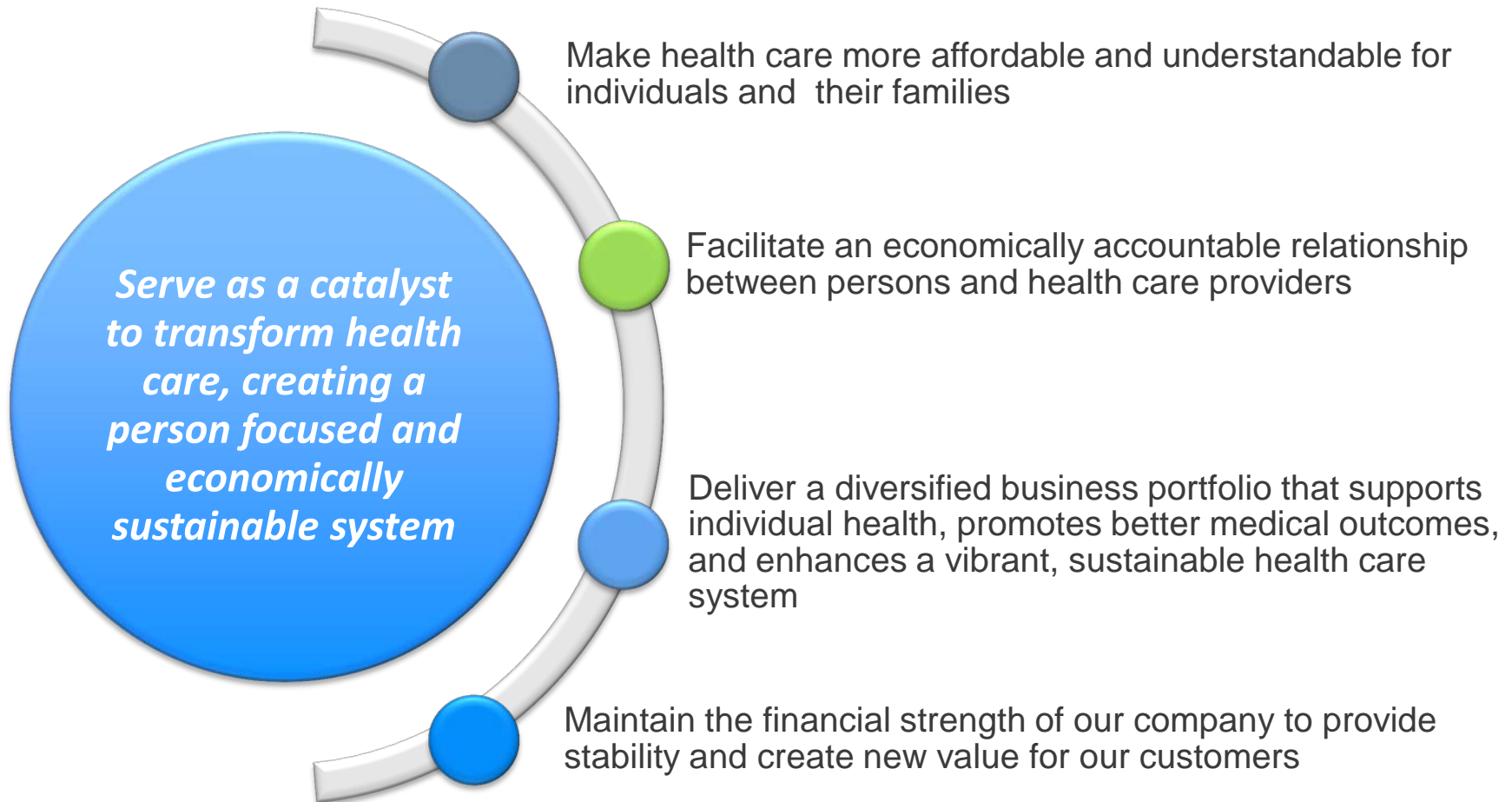
# INNOVATION THROUGH COLLABORATION

Accountable Health: ACOs to Bundled Payments

**Oregon HFMA Conference**  
February 21, 2014

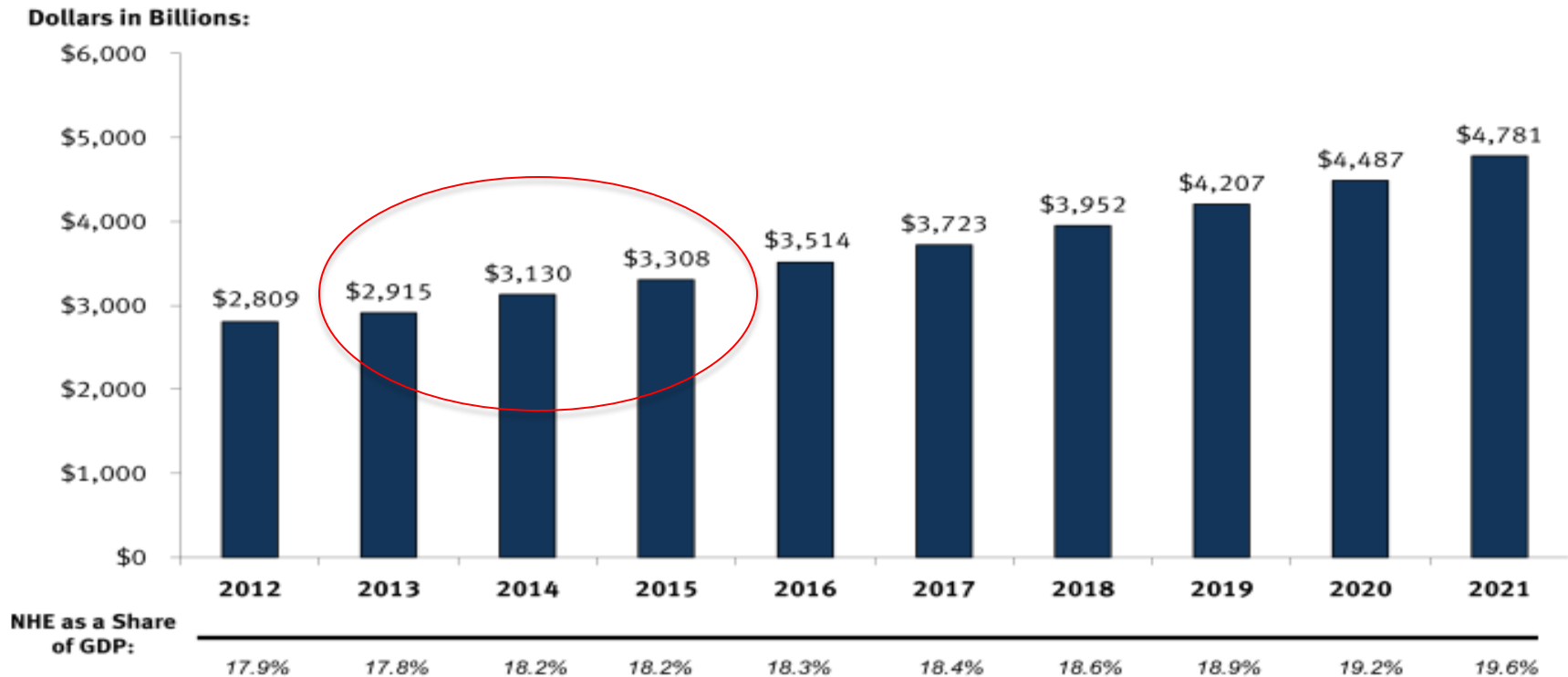
**Patti Laughren**  
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and Provider Payment Innovation

# Cause & Core Strategies



# Health Care: An Imperative for Change

## Projections of National Health Expenditures and Their Share of Gross Domestic Product, 2012-2021



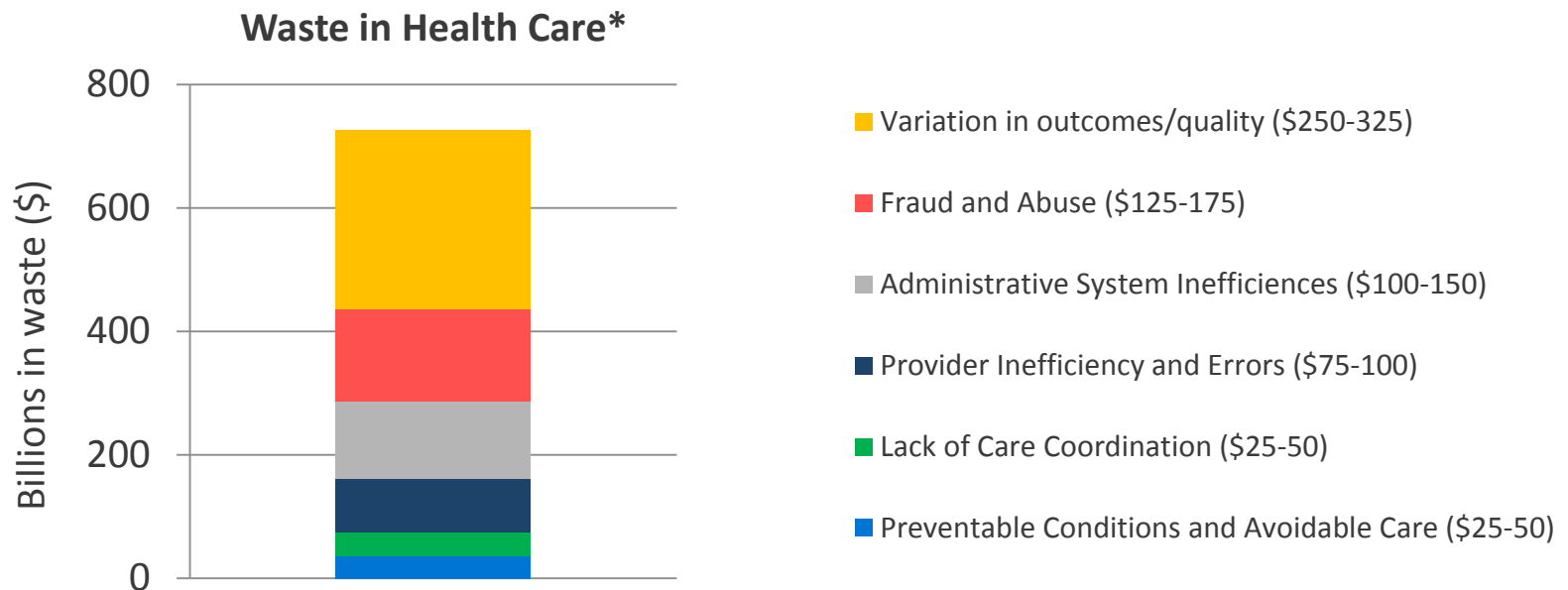
SOURCE: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (see Projected; NHE Historical and projections, 1965-2021, file nhe65-21.zip).



# Waste/Inefficiency Still Issue

Eliminate 'waste' in health care that accounts for 30% of cost

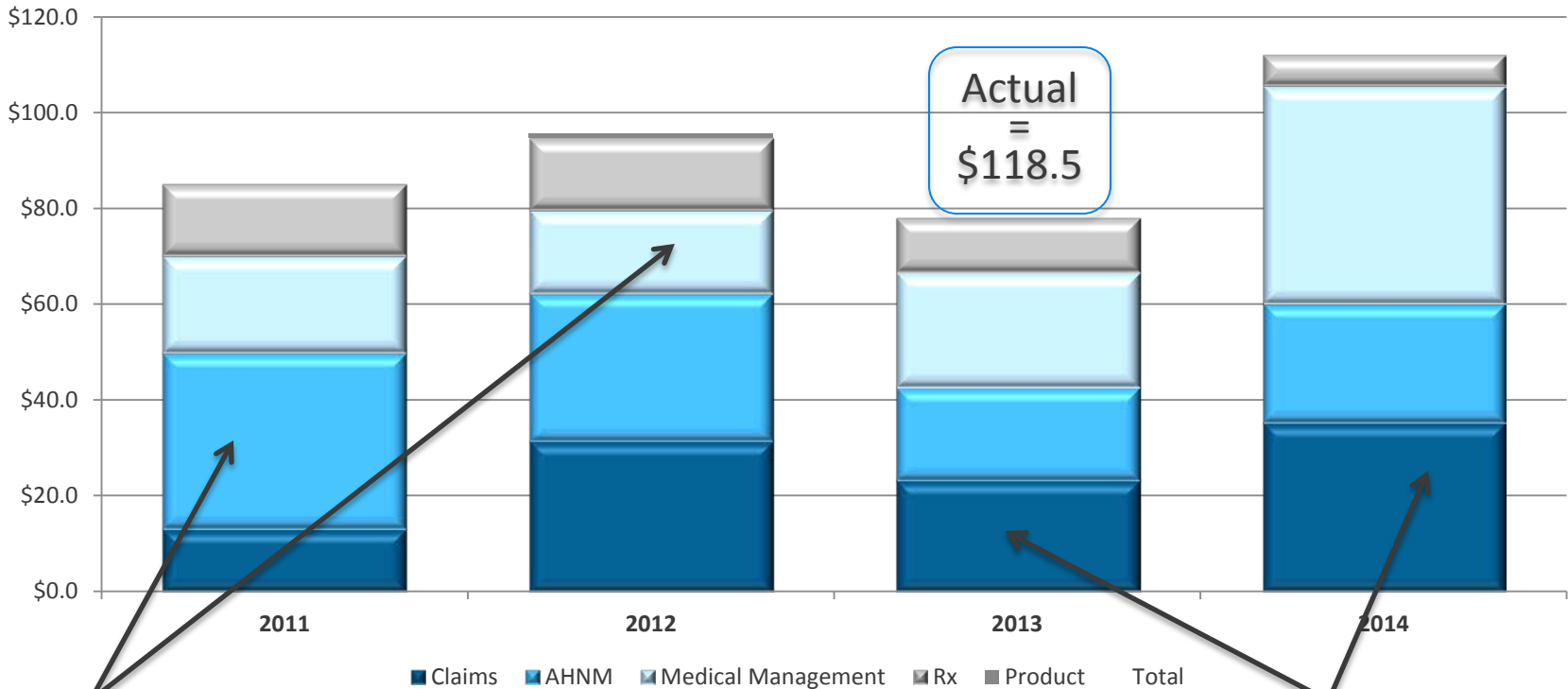
- Unrealized system cost savings
- Variation around clinical outcomes/quality



\* Source: Thomson Reuters White Paper "Where can \$700 billion in waste be cut annually from the U.S. Healthcare System, - October, 2009"

# Traditional Cost Management....Evolving to Accountable Health

Annual Incremental Cost Savings (\$M)



Unit Cost Discipline +  
Smart Medical Management  
= 3-5% savings

Emerging Results From  
Accountable Health  
~10-12% savings

# Accountable Health: What is it?

## Collaboration

### Drive collaboration and accountability across stakeholders

- Member
- Delivery System
- Health Plan

## Reimbursement

### Transition from FFS to Outcomes-based Arrangements

- Promote accountability and align incentives
- Transparent and robust reporting provides physicians with actionable data

## Patient Engagement

### Encourage patient engagement and shared decision making

- Better physician-patient interaction leads to improved satisfaction and better outcomes

## Efficient Network

### Leverage network to drive new products

- Members prospectively select provider system or PCP
- Benefit design incents efficient care decisions

# The Regence Roadmap

	2012	2013	2014	2015	2016+
AHS Programs/ Products	Develop	Launch	Growth (members/ lines of business)	Growth	Maturation
Care Model	SHIFT VOLUME AWAY FROM BROAD PPO NETWORKS				
	Open Access	Limited	Integrated Delivery	Integrated Delivery	Tightly Managed
Financial Model	BUILD INCENTIVES FOR HIGH QUALITY AND LOW COST				
	Fee-for-service (FFS)	FFS + Gain Share (TCC)	FFS = Gain/Risk (TCC/ACO)	Gain/Risk	Risk

# Our Collaborative Approach

2010

- Introduced IOCP in collaboration with Boeing

2011

- Designed and developed Total Cost of Care (TCC)

2012

- Participant in CPCi Collaborative with CMS in Oregon
- Signed first TCC Partnership in Washington

2013

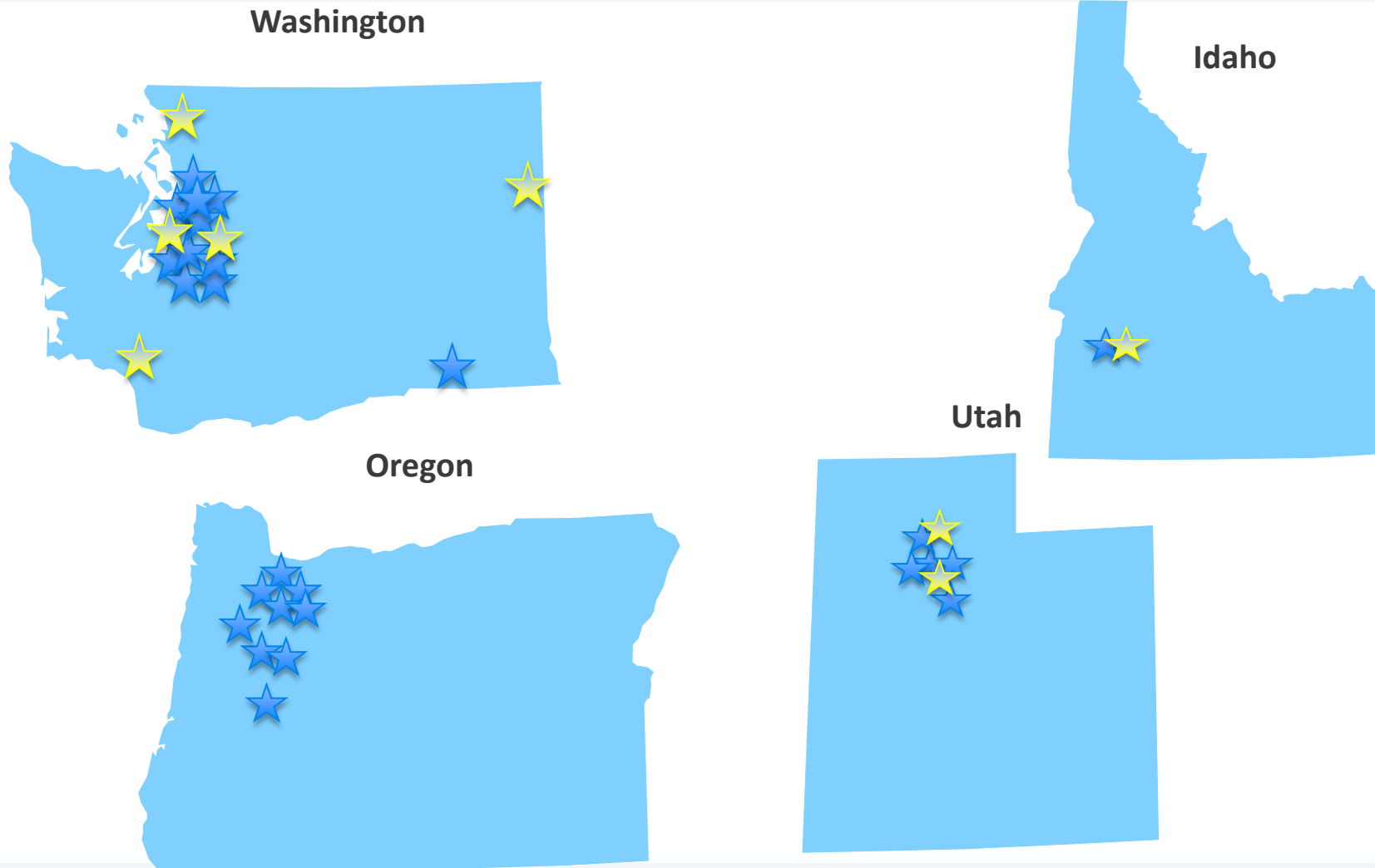
- 34 accountable care partnerships in Regence 4 state areas
- Introduced and launched Regence ACO product in Oregon

2014

- Expansion of TCC partnerships + Episodes Pilot
- New ACO product launch in Washington



# Accountable Health Partnerships



★ Signed Partnership    ★ Pending Partnership

# Keys to Accountable Partnership Success

- Monthly collaboration between plan and provider
  - Primary focus on historical trends in early stages due to maturity of data
  - Real time review of clinical, quality, utilization, network leakage, pharmacy and financial reports focus on
    - High risk members care plans
    - Increasing utilization of generic medications where clinically appropriate
    - Closing care gaps throughout the year
    - Action plans for top 3 utilization/cost improvement opportunities

# Is It Enough?

- One size does not fit all!
- PCMH approach vs. specialty care
- Innovation in *products* and *payment models* are needed to further support the Triple Aim and achieve its goals

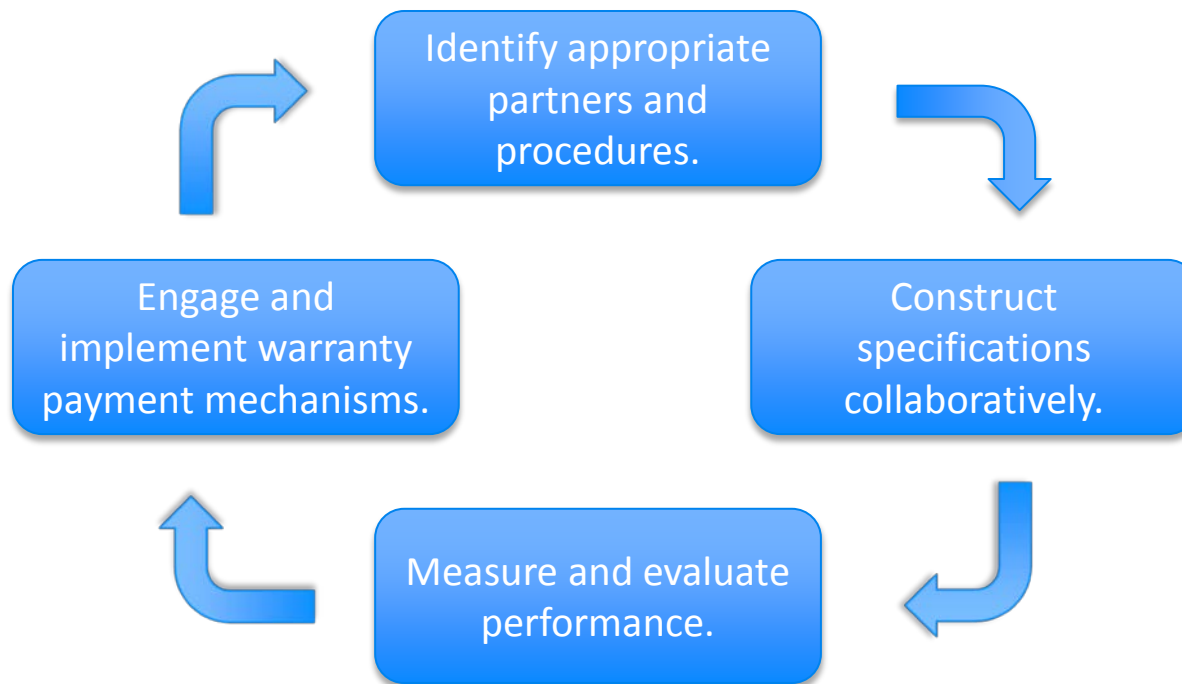
## **Products/Payment Models that include:**

- Steerage/PCP Selection – helps guide members to doctors who are coordinating care and improving quality
- Optimized Access – makes it easier for members to access the right care at the right time in the right setting
- Smarter Cost-Control – reducing inappropriate utilization of services, and funding infrastructure to help providers coordinate care and improve clinical performance

# REGENCE EPISODES OF CARE

# Our Approach

- ▶ **Vision:** Execute an episode of care strategy that fosters provider collaboration, improves quality, increases efficiency, and improves member experience.



# Episode Framework

Construct  
specifications  
collaboratively

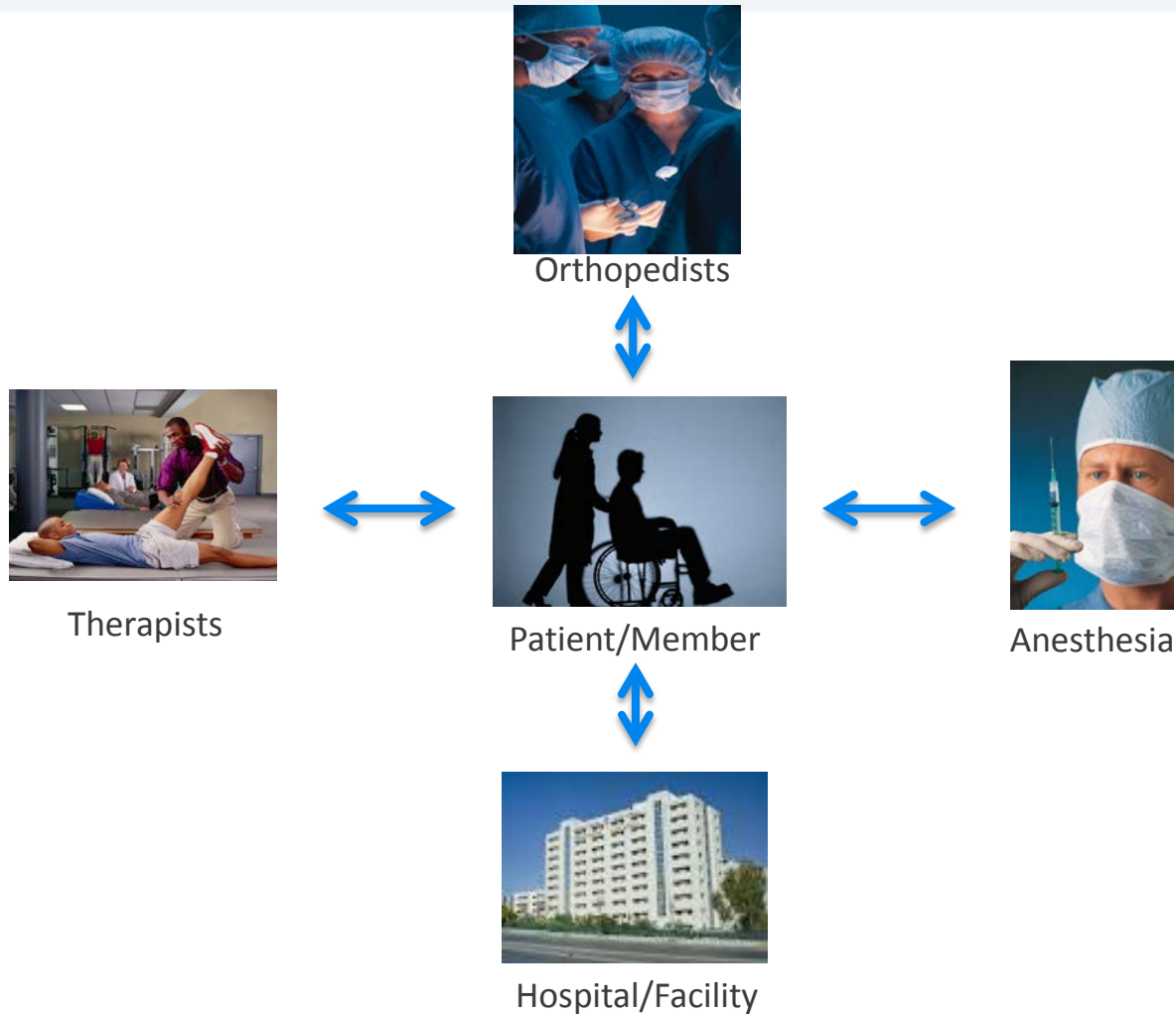
- ▶ Clinical appropriateness
- ▶ Member engagement
- ▶ Optimize procedure conditions
- ▶ Post-operative care

# Total Knee Replacement Example

Measure and  
evaluate  
performance

- ▶ Clinical appropriateness
  - Documented disability despite conventional treatment (KOOS)
  - Patient safety criteria (e.g., BMI, HbA1c, other factors)
- ▶ Member engagement
  - Documented patient shared decision-making
  - Designated care partner that participates in all planning and post-work
- ▶ Optimal procedure conditions
  - Surgical team standards
  - Device standards
- ▶ Thorough post-operative care
  - Standardized discharge processes
  - Clinical coordination with outpatient support teams

# Knee Replacement: Care Management Team





# Total Knee Replacement Warranty

Engage and  
implement warranty  
payment mechanisms

7 Days	30 Days	90 Days
Acute myocardial infarction	Death	Mechanical complications
Pneumonia	Surgical site bleeding	Periprosthetic joint infection
Sepsis/septicemia	Wound infection	
	Pulmonary embolism	

- Warranty defines complications and time-frames after surgery during which those complications should be attributed to the original surgery
- Tracks clinical and financial accountability for the extra care needed to diagnose, manage, and resolve those complications
- Warranty is valid only at the hospital performing the surgery

# Pilot Implementation

- ▶ Collaboratively construct three orthopedic bundles and warranties.
- ▶ Develop data exchange protocols
  - Clinical/member documentation via registry
  - Claims data for global performance perspectives
- ▶ Ongoing collaborative measurement
- ▶ Conduct (minimum) quarterly case study reviews to discuss bundle performance, quality improvement opportunities.
- ▶ Negotiate warranty

# Future State: Episode “Families”

- ▶ Most episode definitions include numerous “exclusion” criteria
  - Develop complementary episodes that “captures” these cases
  - Develop episodes for conventional orthopedic treatments
  - Develop episodes for non-surgical treatment pathways
- ▶ Tracks clinical/quality for greater volume of members
- ▶ Can be applied to other specialties

# The Bridge to Accountable Care

Total Cost of Care  
+ Innovative Product Design

