Provider+ Web Conference Series

Health Market 2.0: Navigating Provider + Payer Partnerships

FOLEY

FOLEY & LARDNER LLP

OLIVER WYMAN

Welcome

- **Today's Speakers:**
  - » Sam Glick, Oliver Wyman
  - » Richard Gilfillan, M.D., Trinity Health
  - » Debora Kuchka-Craig, MedStar Health Inc.
  - » Steven Scott, Anthem
- **Moderator:**
  - » Mark Waxman, Foley & Lardner LLP

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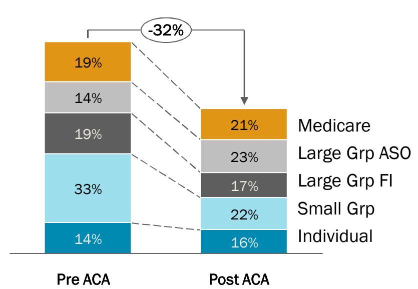
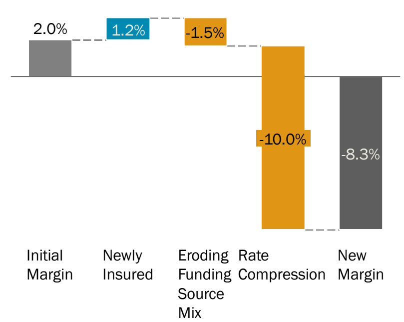
A Tough Business Just Got Tougher

Health Plan Operating Income by 2020



Health System Operating Income by 2020



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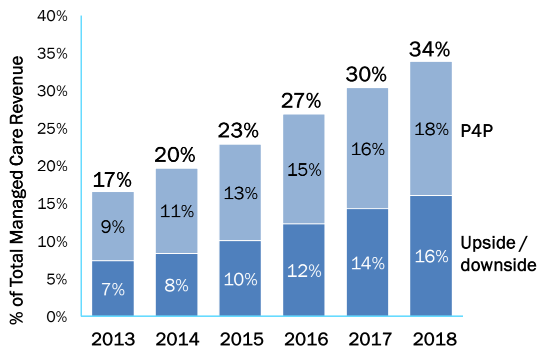
34% of MCO Reimbursement Value-Based By 2018

The managed care market is moving fast…



…with Medicare moving even faster

- CBO: MA plans will outperform FFS by 2020 – with average bids that are 6% lower than average FFS spending
- HHS: Goal is for 85% of all traditional Medicare payments to quality or value by 2016, and 90% by 2018

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The Business Model Must Change

New Avenues For Health System Commercialization

- **DIRECT HEALTH INSURANCE (WITH OR WITHOUT PAYERS)**
  - Individual
  - Medicare Advantage
  - Small Group
  - Mid-Market / Large Group
- **OTHER ECONOMIC RISK-SHARING (WITH PAYERS AND EMPLOYERS)**
  - Medicare Risk-Sharing
  - Managed Medicaid
  - Risk-Sharing Arrangements with Commercial Plans
  - Employer Carve-Outs
- **INDEPENDENT SERVICE OFFERINGS**
  - Ancillary Insurance Partnerships
  - Consumer / Employer Buy-Ups
  - Provider Support (MSO, IT, etc.)

Payer-Provider Integration Works

iorahealth *Atlantic City*

- 12% Reduction in total health care costs
- 48% Fewer ER visits
- 41% Fewer hospital admissions
- 40% Increase in prescription fills

CareMore It's what we do.

- 56% Fewer CHF patient hospitalizations
- 18% Cheaper than FFS Medicare
- 80% Members who have told a friend

In 2015, **12 out of 13 5-Star** MA contracts are **payer-provider integrated**

Real value in health care is <u>not</u> zero sum…

…it is achieving better health outcomes at a lower total cost – with better underlying economics

Trinity Health

Our Mission Drives Our Vision and Strategy

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We, Trinity Health,
serve together in the spirit of the Gospel as a compassionate and transforming healing presence within our communities.

Our Core Values

- Reverence
- Commitment to those who are poor
- Justice
- Stewardship
- Integrity

Our Vision: What We Aspire To Be ... And What We Are Becoming ...

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As a mission-driven innovative health organization, we will become the national leader in improving the health of our communities and each person we serve.
We will be the most trusted health partner for life.

We serve diverse populations, with over
30 million people in our communities

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Our 21-state diversified network

Note: Home Care & Physician coverage based on communities served.
* Owned, managed or in JOAs or JVs.
**Operations are organized into Regional Health Ministries ("RHMs"), each an operating division which maintains a governing body with managerial oversight subject to authorities.

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Our Strategy: Building a "People-Centered Health System" Together

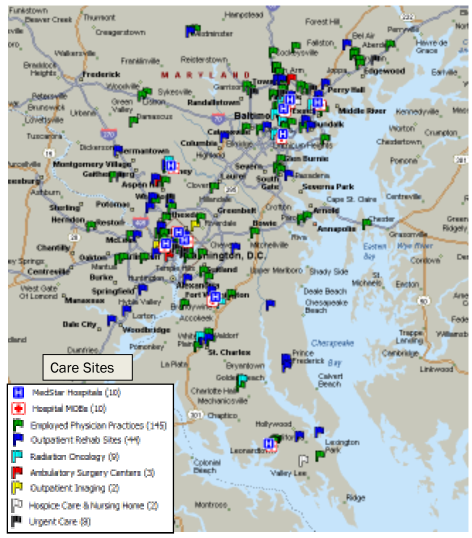
People-Centered 2020: Our Strategic Plan Includes Five Focus Areas

We Have Significant Population Health Expertise In Our System Today

MedStar Health Inc.

Week At A Glance

- Admits more than 2,900 new patients
- Treats 10,600 patients in our EDs
- Sees about 77,300 patients in outpatient services
- Performs 1,500 ambulatory surgeries
- Delivers 200 babies
- Conducts more than 5,100 home care visits



MedStar Health Inc.

- A "Distributed Care Delivery Network"
- Across Maryland & Washington DC Region
  - » Distribution Sites
    - Acute – 10 Hospitals
    - Ambulatory
    - Post Acute
    - Physician
  - » "Connective Tissue"
    - Home Care
    - Transportation
    - Technology, including Telemedicine
    - Information
  - » Population Health/Care Management Capabilities
  - » Research and Academics
  - » Constant Focus on Quality and Safety

MedStar Health Inc.

- Well Positioned for Value Based Payment Models
  - » Focus on Continuum of Care
  - » Patient-Centric Thinking
  - » Care Model Redesign
  - » Physician Engagement
  - » Health Information Technology

Anthem

America's Valued Health Partner

- We are one of the nation's leading health benefits companies

~71M
individuals served

26 states*
Medicare presence

52,000
associates

19 states
Medicaid presence

$73B
total operating revenue

14 states
BC or BCBS plan

*Note: Plus 220 Medicare members in other states | Data as of 3/2015

Lines of Business

Commercial & Specialty

- National Accounts
- Large Group
- Small Group
- Individual
- Exchanges

- Dental
- Vision & Optical
- Life & Disability

- AIM Specialty Health
- Pharmacy

Government

- Medicaid
- Dual Eligibles
- Long-Term Care
- TANF/CHIP/SPD

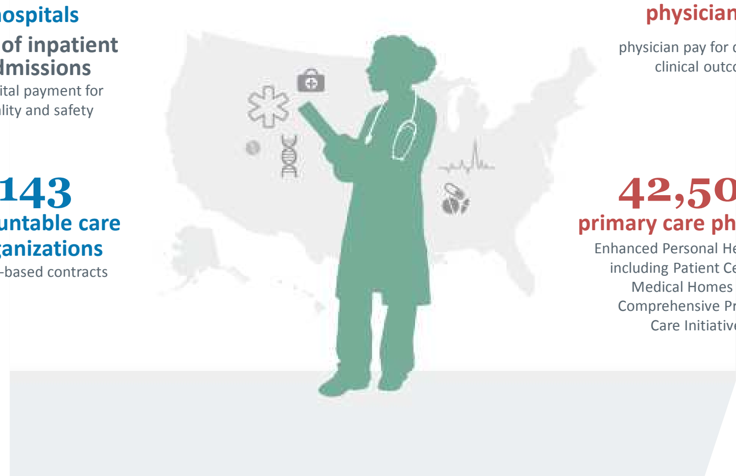
- Medicare Advantage
- Medicare Supplement
- Medicare Part D
- CareMore

- National Government Services
- Federal Employee Program

Landscape of Anthem Payment Innovation

787
hospitals
75% of inpatient admissions
hospital payment for quality and safety

143
accountable care organizations
Value-based contracts



163,000
physicians
physician pay for quality and clinical outcomes

42,500
primary care physicians
Enhanced Personal Health Care including Patient Centered Medical Homes and Comprehensive Primary Care Initiative

Question 1

- There is a renewed focus on “value based” delivery of health care and the pursuit of the Triple Aim. That is similar to what we heard in the 90s.
  - » Will the results be the same?

Question 2

- Given the changing market place dynamics, how does your organization feel it should position itself to be successful over the next three to five years?
  - » Is there a basic strategy or a series of diverse efforts to discern what makes sense?

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Question 3

- Providers are increasingly exploring the insurer/HMO space. And the Plans are increasingly looking to become providers.
  - » Where do you see these two efforts going?
  - » Are they compatible?

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Question 4

- Can Providers and Plans really be partners?
  - » And if so, what would each need to do to really achieve that goal?

Thank You

- Thank you for attending today's presentation.
- Presenters will now answer questions submitted by the audience.

Save the Date

Provider + Retailers: The New Front Door to Health

- The second web conference in the Foley/Oliver Wyman series will cover the rise of retail in health care and how services like e-health, direct primary care models, retail clinics and more are critical in Health Market 2.0.
- Key topic to be discussed include:
  - » What is driving provider and retailer partnerships?
  - » Why do these partnerships matter?
  - » Where are these partnerships headed?
  - » How do we move beyond 'doc in a box' to truly integrated population health partnerships?
- Date and time: August 20 at noon central