

# HEALTH CARE TRANSFORMATION: THE MOVE TO VALUE-BASED CARE

North Carolina Medical Group Managers Association  
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# Today's Discussion

Health care is changing. As costs rise, we all recognize that we need to pay for value, not volume.

Getting to value requires new collaborations, an emphasis on primary care and behavioral health, and working to improve overall health.

Blue Cross NC's Blue Premier collaboration with five leading health care systems shows the way toward shared accountability for improved outcomes and lower costs.



# National Health Expenditure Trend

Health costs continuing to rise

For decades, total national health expenditures (gross and per capita) have **grown at a rate exceeding that of GDP.**

Health spending now accounts for **over 17.9% of GDP** and continues to rise despite recent slowdowns in growth.

Drugs and new technologies are large drivers of cost increases, but **inpatient spending remains by far the largest cost** to the system

Private health insurance is responsible for the plurality of health care spending. **Blue Cross NC has the capability and responsibility to lead** efforts to change the upward trend.

# The Affordability Crisis

**\$1.33 Trillion**  
National health care  
spending

**4.7%**  
Annual growth of per  
capita spend over the  
last 15 years

**26%**  
People who report  
problems paying  
medical bills

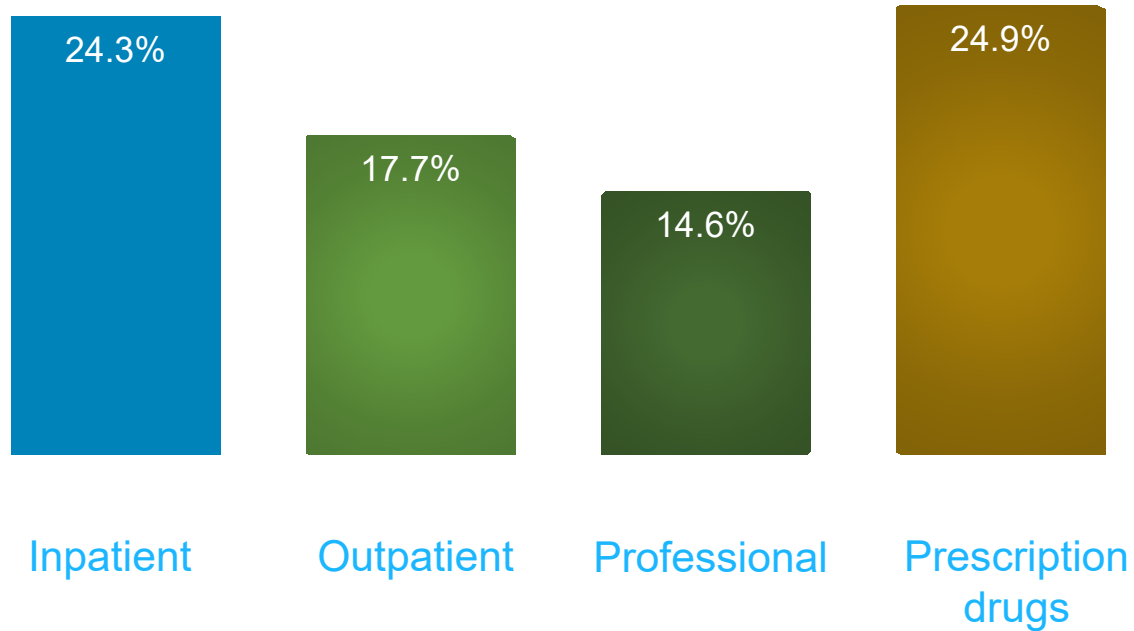
**45%**  
Uninsured adults who  
cite cost as the reason  
for not having insurance

SOURCE: Centers for Medicare and Medicaid Services, National Health Expenditures, 2018

# Unsustainable Price Increases

Cost of health care services continues to climb

Unit price in employer coverage, 2012-2016



SOURCE: Health Care Cost Institute, Employer-Sponsored Coverage Study, January 2018

# Leading the Way to Value

Nationwide Blue leadership in value-based care across the US

- + **3X more** value-based care coverage than our closest competitors
- + Covering the **top 100 MSAs**
- + Value-based payments accounting for **31% of total claims spend**
- + More than **342,000 providers** participating
- + Accessible to **61 million BCBS** members
- + **Continually developing** local solutions that drive change



**BLUE PREMIER**  
most advanced &  
comprehensive shift  
in a single market



# Multi-Pronged Value Strategy



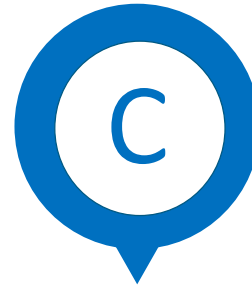
## Health System ACO

Engage all large systems in NC for 50% of total spend in a value-based arrangement



## Primary Care

Engage all IPC providers in an ACO contract within 5 years and invest in advanced primary care



## Behavioral Health

Integrate behavioral health within primary care to improve access and treat the whole person



## “Moonshot” Goals

Fundamentally change the health care landscape in NC and inspire the nation by dramatically improving major health conditions across the state

# Multi-Pronged Value Strategy



## HEALTH SYSTEM ACO

Engage all large systems in NC for total spend of 50% of total spend in a value-based arrangement



# Blue Premier: Defining What's Possible in Health Care

- + **Shared savings model**
  - + Rewards providers for better health outcomes and lower cost of care versus volume of services
- + **Rapid shift**
  - + Limit on fee-for-service increases
  - + Implement via a network of ACO's
  - + Move to shared risk by end of year 2 or before
  - + Available across all segments
- + **Makes primary care a priority**



*Health care expenditures associated with Blue Premier provider organizations*

**50%**  
by  
2020

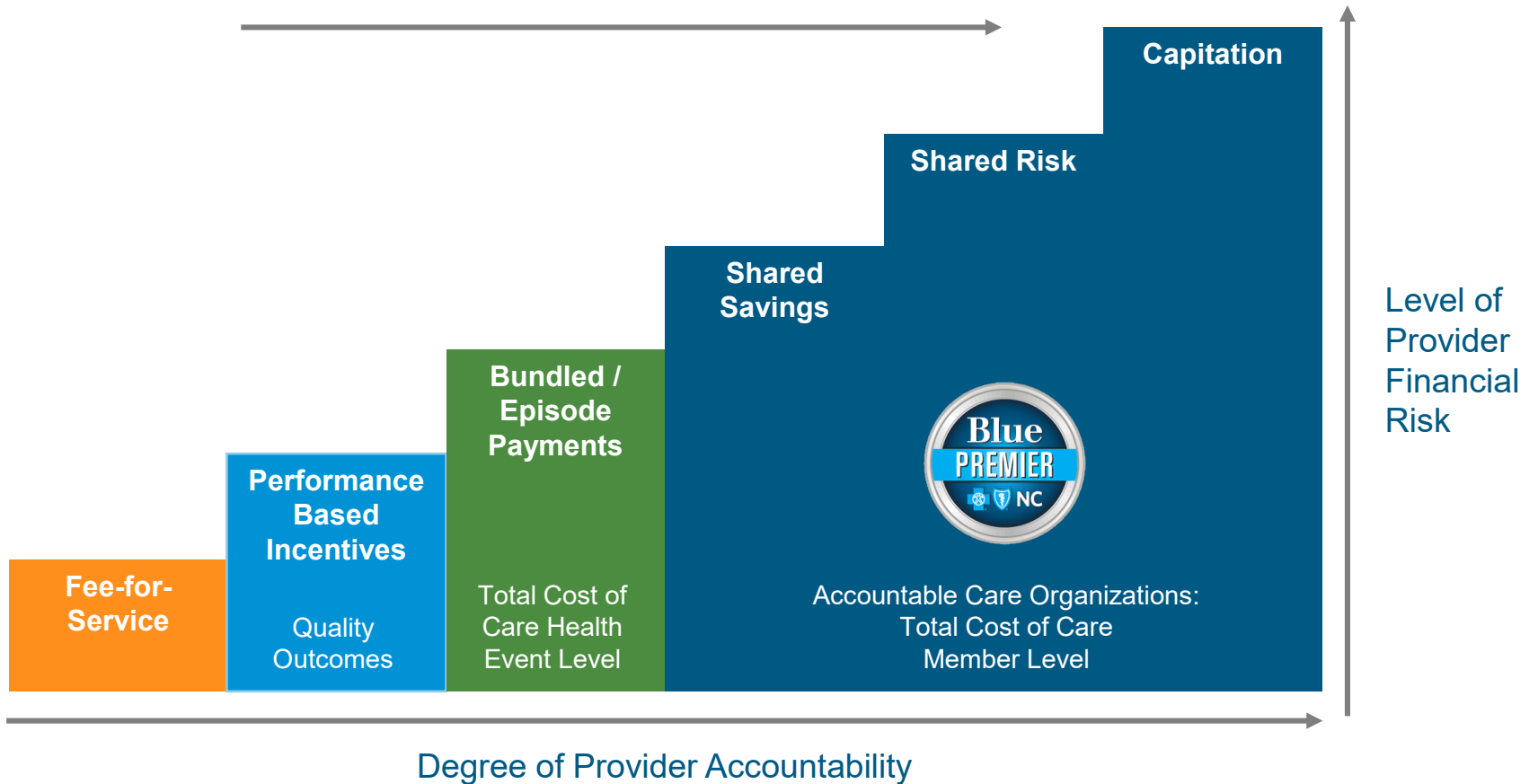
**100%**  
within 5  
years

# Changing How We Pay for Care

## Innovations in value-based care and payment models

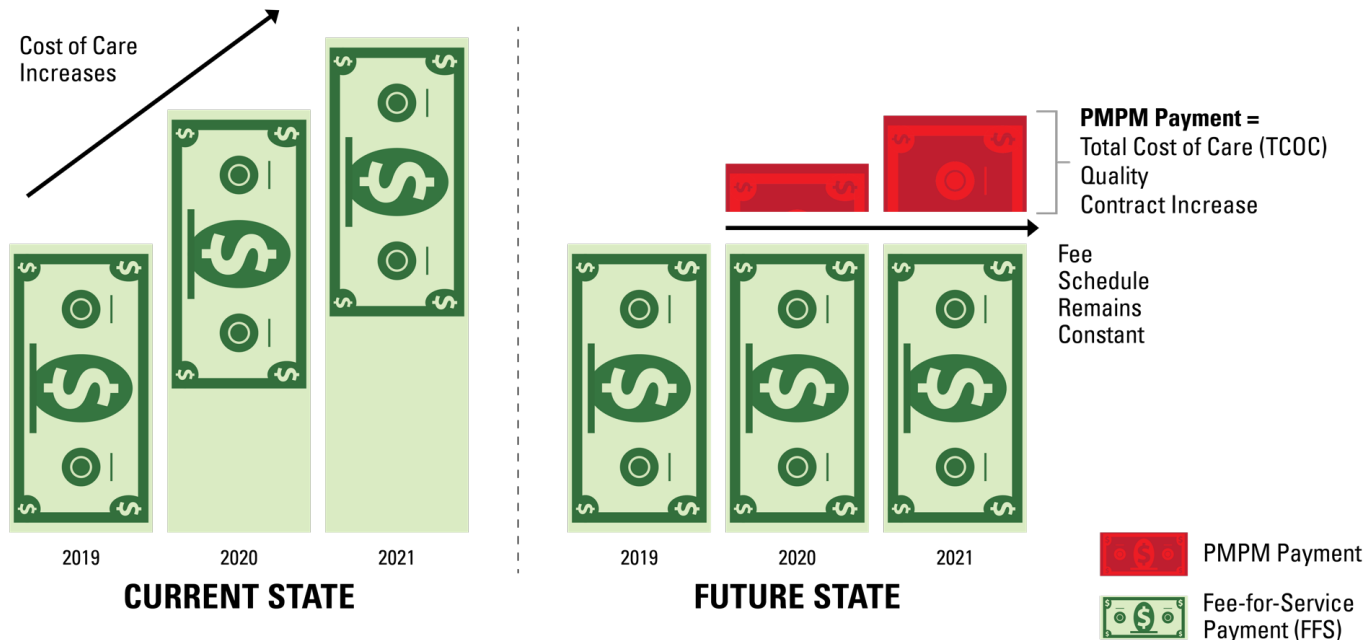
### Value-Based Continuum

Blue Premier continues the shift toward total accountability



# Blue Premier Overview

## Transforming Provider Payment Increases



- + Blue Premier is a core reimbursement program – it is not an incentive arrangement
- + Participation in Blue Premier is mandatory to be considered for any future increase in reimbursement
- + Key Idea: Claims stay fixed while PMPMs/Risk Payment can grow over time, depending upon results

# Blue Premier Overview

## Model Components



**Standard Attributed Population** to be applied across all populations



**Quality Component** to include expanded set of quality metrics and targets used to measure performance and serve as gateway to shared savings



**Financial Component** to allow initial upside shared savings potential across all lines of business and segments:

- + Focus on controlling future growth rates
- + Provide incentives for high performance and achievement of cost and quality goals



**Provider Engagement** to deliver improved reporting and opportunity analysis designed to inform providers of areas of targeted change and savings potential

- + Deployment of consulting teams to regularly engage with providers

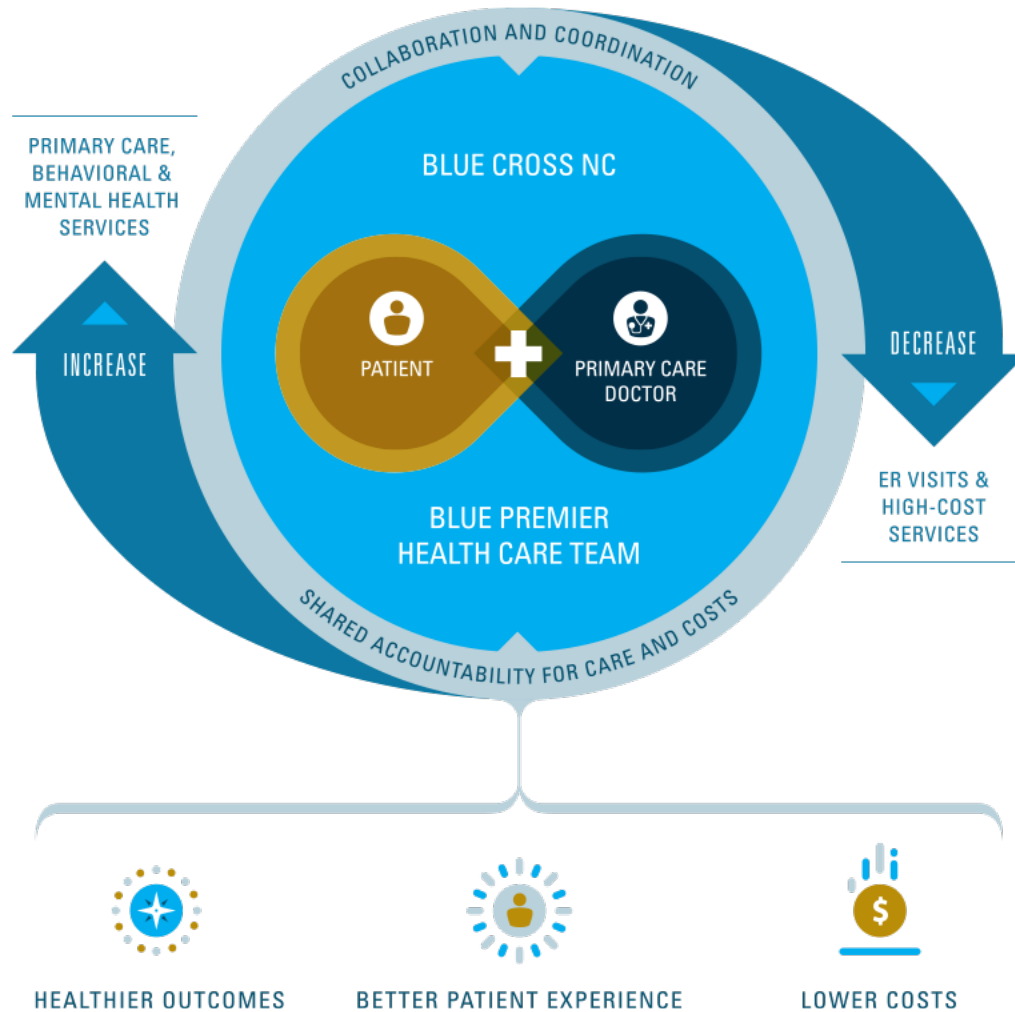
# Innovating Care Delivery Through Aligned Goals

- + Gives physicians the flexibility to deliver higher-value approaches
- + More care coordination & support
- + Incentives to deliver cost-efficient innovations
- + Population health management
- + Better medication management
- + Rewards to keep patients healthy
- + Focus on the patient experience



# Blue Premier

## Pays for what matters most to patients



# Blue Premier System Partners

Signed as of January 2019

- + Triad HealthCare Network
  - + Clinically integrated network and an affiliate of Cone Health
- + Duke University Health System and Private Diagnostic Clinic
- + University of North Carolina Health Alliance (UNCHA)
- + WakeMed Key Community Care
- + Wake Forest Baptist Health

**25%**

MEDICAL EXPENSE



# We Got the Media's Attention

BECKER'S  
**HOSPITAL REVIEW**



**NC's Largest Health Insurer  
Reaches Landmark Deal With  
Five Health Systems**

5 health systems sign landmark deal with BCBS  
of North Carolina



**BCBSNC, major hospitals say  
they're coordinating to  
provide more "value-based"  
care**

**POLITICO** PRO

North Carolina insurer touts new  
payment model

**BCBSNC launches program with 5 major NC  
health systems**

Payer

**FierceHealthcare**

**TRIANGLE  
BUSINESS JOURNAL**

Duke, UNC Health among health systems to join value-  
based program with Blue Cross NC



# Multi-Pronged Value Strategy



## PRIMARY CARE

Engage all independent primary care providers in an ACO contract within 5 years and invest in advanced primary care

# Primary Care

## Enabling “virtual ACO’s” in primary care

Large systems are well equipped to manage and analyze large quantities of data to improve cost and quality performance. Most **small, independent practices do not have the capital** to support these capabilities.

### Collaboration with Aledade

- + Aggregates practices into “**virtual**” **ACO’s** to collectively take risk for a population so that they have the same incentives and opportunities to manage the cost and quality of their patients.
- + Allows practices to maintain their independence while **providing them with technological and analytic support** comparable to those of large systems.
- + Practices are **protected from potential losses** with a lower amount of downside risk.

# Multi-Pronged Value Strategy



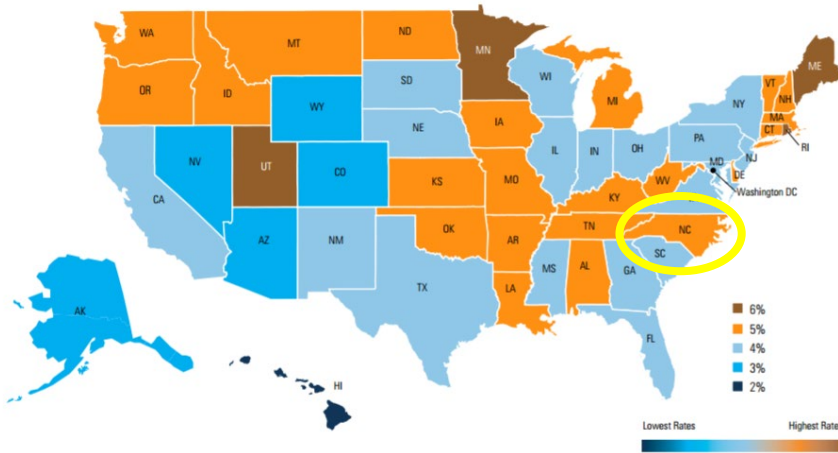
## BEHAVIORAL HEALTH

Integrate behavioral health within primary care to improve access and treat the whole person

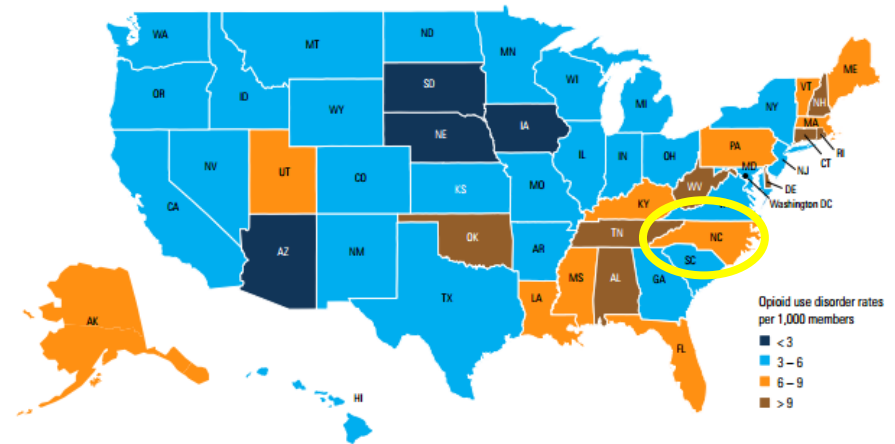
# Behavioral Health

## Why focus on behavioral health?

**Rates of Depression:<sup>1</sup>**



**Opioid Use Disorder Diagnosis:<sup>2</sup>**



- 1 in 5 Americans will experience a mental illness in a given year.<sup>3</sup>
- Suicide is the 2nd leading cause of death in youth aged 10-24 years, and suicide rates for adults and youths are rising.<sup>4</sup>
- Physical health conditions like diabetes, cardiovascular disease, and cancer have worse outcomes and are more expensive to manage when co-occurring with behavioral health disorders.
- Opioid use disorders are rising with opioid related overdose deaths growing by ~20% year over year.<sup>5</sup>
- Behavioral health disorders account for 4 out of the top 10 national health conditions impacting health.<sup>6</sup>

Sources: 1. Blue Cross and Blue Shield Association, [https://www.bcbs.com/sites/default/files/file-attachments/health-of-america-report/HoA\\_Major\\_Depression\\_Report.pdf](https://www.bcbs.com/sites/default/files/file-attachments/health-of-america-report/HoA_Major_Depression_Report.pdf); 2. Blue Cross and Blue Shield Association, [https://www.bcbs.com/sites/default/files/file-attachments/health-of-america-report/HoA\\_Opioid\\_Epidemic\\_Report.pdf](https://www.bcbs.com/sites/default/files/file-attachments/health-of-america-report/HoA_Opioid_Epidemic_Report.pdf); 3. Kaiser Family Foundation, [https://www.healthsystemtracker.org/chart-collection/current-costs-outcomes-related-mental-health-substance-abuse-disorders/?\\_sf\\_s=mental#item-start](https://www.healthsystemtracker.org/chart-collection/current-costs-outcomes-related-mental-health-substance-abuse-disorders/?_sf_s=mental#item-start); 4. CDC [https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67\\_06.pdf](https://www.cdc.gov/nchs/data/nvsr/nvsr67/nvsr67_06.pdf) and <https://www.cdc.gov/vitalsigns/suicide/infographic.html#graphic>; 5. National Institute of Drug Abuse [www.drugabuse.gov/related-topics/trends-statistics/overdose-death-rates](http://www.drugabuse.gov/related-topics/trends-statistics/overdose-death-rates); 6. Blue Cross and Blue Shield Association, <https://www.bcbs.com/the-health-of-america/health-index/national-health-index>.

# Behavioral Health

- + By **integrating BH with primary care**, we will not only help improve behavioral health care, but also improve the outcomes for comorbid conditions
- + Giving primary care providers the **tools to manage BH and connect to the appropriate specialists** will enhance their success in risk arrangements
- + 1.5 million of North Carolinians have reported any mental illness
- + In 2016, nearly **600,000 members** had a primary diagnosis of a BH condition\*
- + Direct medical expense of BH services exceeded \$871 million\*
- + Opioid abuse represents **\$55 million** in direct cost
- + Depression impacted **223,000 members** associated w/direct Medical Expenses exceeding **\$200 million**\*

\*2016 data

# Behavioral Health

## Key features of behavioral health strategy



**Integrated care**



**Optimized network**



**Best-in-class solutions**

# Call to Action

## + **Health Plans**

- + Pay based on value
- + Support better health outcomes for all

## + **Individuals/Consumers**

- + Shop for health care based on value

## + **Employers**

- + Demand value, help employees navigate the system

## + **Policymakers and Regulators**

- + Support broad definition of health (social determinants of health)

## + **Providers**

- + No going back to fee-for-service

# Q&A