

The Pursuit of Affordability in Value-Based Care: Consumer and Payer Perspectives

Monday July 13th, 2020



Agenda

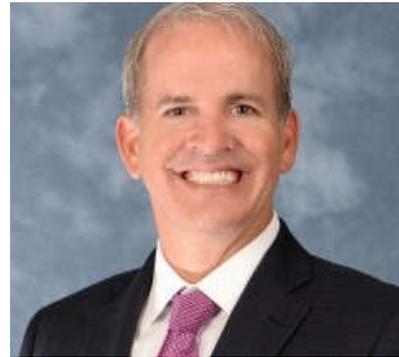
- Welcome
- Introduction to the Health Care Transformation Task Force
- Consumer Perspective: Families USA
- Payer Perspectives:
 - Blue Cross Blue Shield of Michigan
 - Blue Cross Blue Shield of North Carolina
- Q&A



Speakers



Frederick Isasi,
Executive Director



Todd Van Tol, SVP,
Health Care Value



Troy Smith, VP,
Healthcare Strategy and
Payment Transformation



Established in 2014, the **Health Care Transformation Task Force** is a multi-sector industry consortium comprised of

Providers



Payers



Purchasers



Patients



committed to advancing delivery system transformation that drives rapid, measurable change for ourselves and our country.



hcttf.org

Our members aspire to have 75% of their respective businesses operating under **value-based payment arrangements** by the **end of 2020**.







The Pursuit of Affordability in Value-Based Care: Consumer and Payer Perspectives

Cost and Affordability from the Consumers' Perspective

July 13, 2020

Health Care Transformation Task Force

Frederick Isasi, J.D. MPH

Executive Director



*Our vision is a nation where the best health and health care
are equally accessible and affordable to all*

Families USA's Mission and Focus Areas

Families USA, a leading national voice for health care consumers, is dedicated to the achievement of high-quality, affordable health care and improved health for all. We advance our mission through public policy analysis, advocacy, and collaboration with partners to promote a patient-and community centered health system.

Working at the national, state and community level for over 35 years



HEALTH EQUITY



HEALTH CARE VALUE

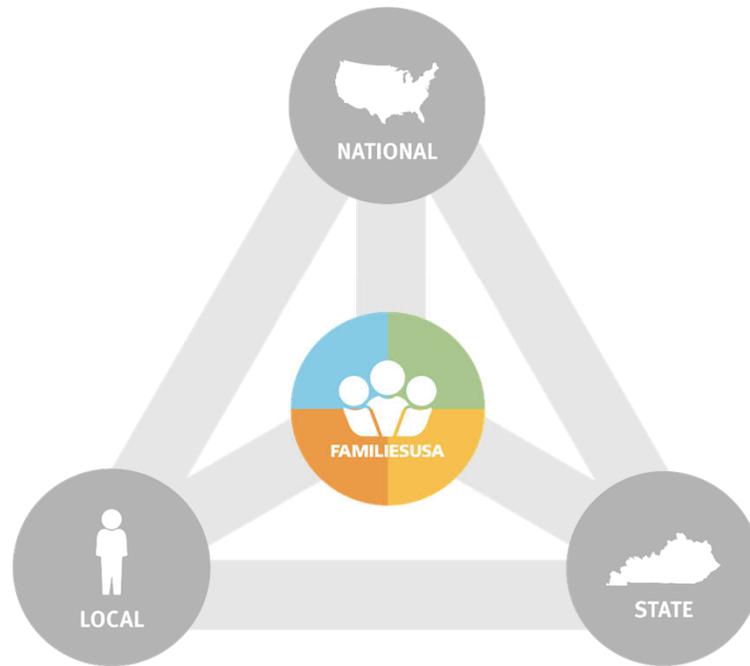


COVERAGE



CONSUMER VOICE

Families USA's Work on the National, State and Local Levels



Visit us at: www.familiesusa.org

Public's Concern About Health Care Affordability Mounting

Health Care Affordability Concerns Are Widespread

- 44 percent of public didn't go see a doctor when they needed to because of cost (NORC)
- 30 percent report medical care interferes with their basic needs (food, housing, heat, etc.) (NORC)
- 74 percent of the public feel that we do not get good value from the U.S. health care system (NORC)
- 78 percent of Americans think the government should help make sure everyone has access to affordable, quality health care (Consumers Reports)
- In the 2018 Election, 40 percent of voters selected health care as their most important issue (CNN/NBC poll)
- In this year's New Hampshire Primary, 37 percent of democratic votes selected health care as their most important issue, outpacing issues like climate change (25%), income inequality (21%) and foreign policy (10%) (WaPo)

Sources: Americans' Views on Healthcare Costs, Coverage and Policy. Conducted by NORC at the University of Chicago with funding from The West Health Institute Interviews: 2/15-19/2018. Available at <http://www.norc.org/PDFs/WHI%20Healthcare%20Costs%20Coverage%20and%20Policy/WHI%20Healthcare%20Costs%20Coverage%20and%20Policy%20Topline.pdf>. Consumer Reports. Consumer Voices Survey. May 2017. "New Hampshire Confirms Health Care's Central Role in the Election". Politico Pulse February 12, 2020. Citing to Washington Post Analysis. Available at: <https://www.washingtonpost.com/graphics/politics/exit-polls-2020-new-hampshire-primary/>



Public Energy Solidifying Around Affordability Issues

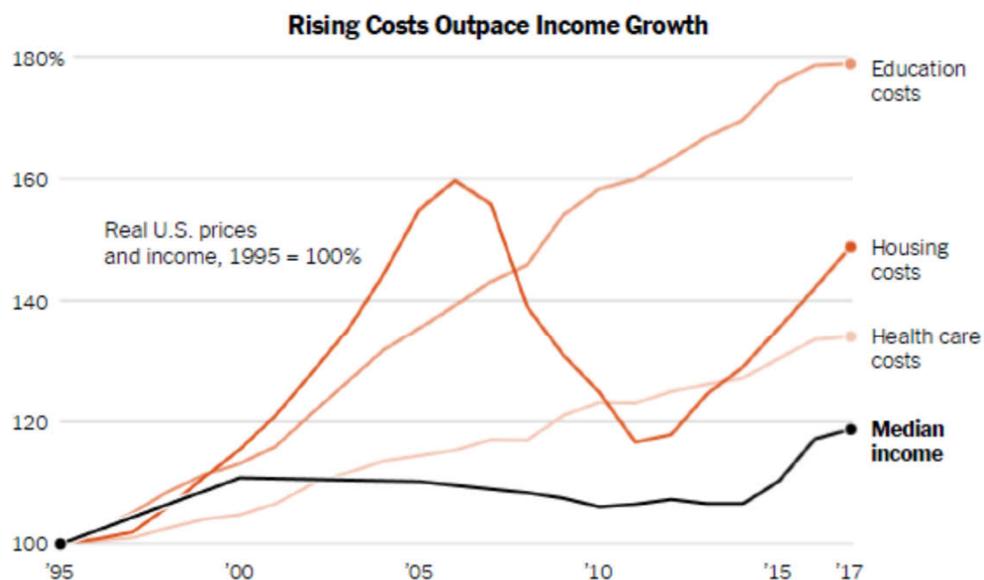
Hot Topics of Pre-existing Conditions, Surprise Billing, and Prescription Drug Pricing

- **Defending Protections for Pre-Existing Conditions:** Solidifying national norms associated with the quality of health insurance coverage and related financial protections
- **Surprise Billing:** Solidifying national norms associated with the quality of health insurance coverage and related financial protections
- **Prescription Drug Pricing:** Solidifying national norms around the role of government in protecting against abusive health care prices



Cost Increasing Faster than Paychecks Across Multiple Dimensions

Percent Growth Over Time



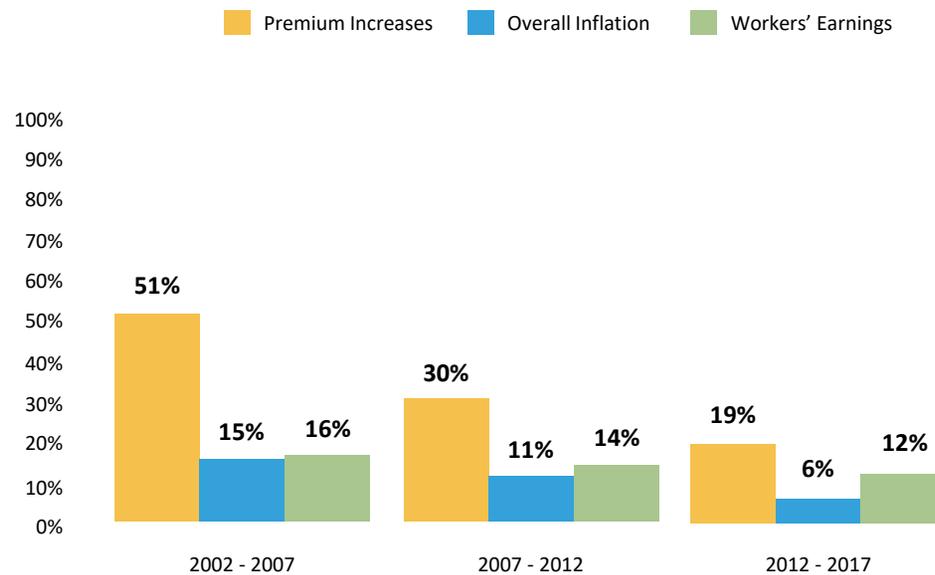
Notes: Median income is used as a proxy for the middle class. Both prices and income have been adjusted for inflation. • Source: Organization for Economic Cooperation and Development report from May 2019. Michael Förster, a senior policy analyst at the O.E.C.D.'s jobs and income division.

Source: "The Middle Class" Crunch: A Look at Five Families Budgets" New York Times October 3, 2019. Available at: <https://www.nytimes.com/interactive/2019/10/03/your-money/middle-class-income.html/> citing to a OECD report "Under Pressure, The Squeezed Middle Class." May 1, 2019 available at: <http://www.oecd.org/social/under-pressure-the-squeezed-middle-class-689afed1-en.htm>



Health Care Cost Problems Building for Decades

Cumulative Premium Increases for Covered Workers with Family Coverage, 2002-2017



*Percentage change in family premium is statistically different from previous five year period shown ($p < .05$).

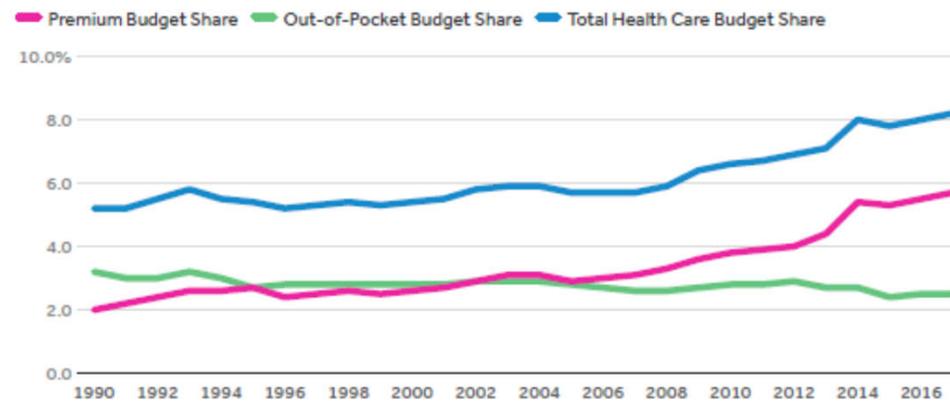
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2002-2017. Bureau of Labor Statistics, Consumer Price Index, U.S. City/Average of Annual Inflation (April to April), 2002-2017; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2002-2017) April to April).



Health Care Costs as a Total of Family Budgets

Health Care Crowding-out Other Priorities for Families

Average portion of household budget devoted to health (nonelderly families), 1990-2017



Because of questionnaire changes for health insurance, estimates beginning in 2014 are not strictly comparable to prior years.

Source: KFF analysis of Consumer Expenditure Survey • [Get the data](#)
• PNG

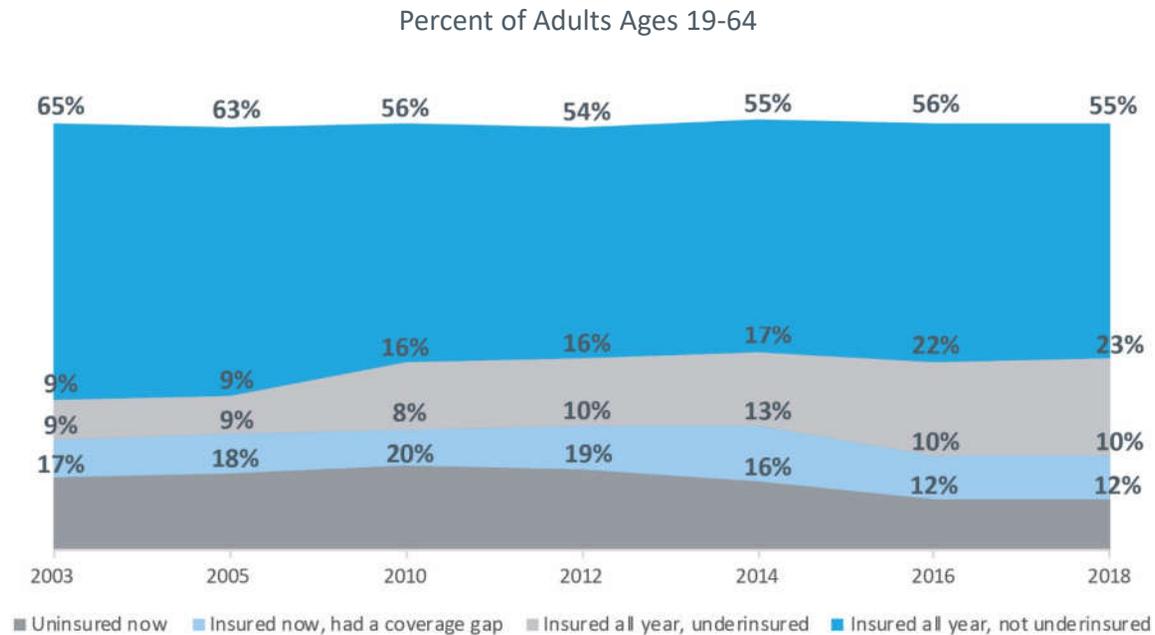
Peterson-KFF
Health System Tracker

Source: <https://www.healthsystemtracker.org/indicator/access-affordability/spending-relative-household-budgets/>



Another Dimension: Underinsurance Growing

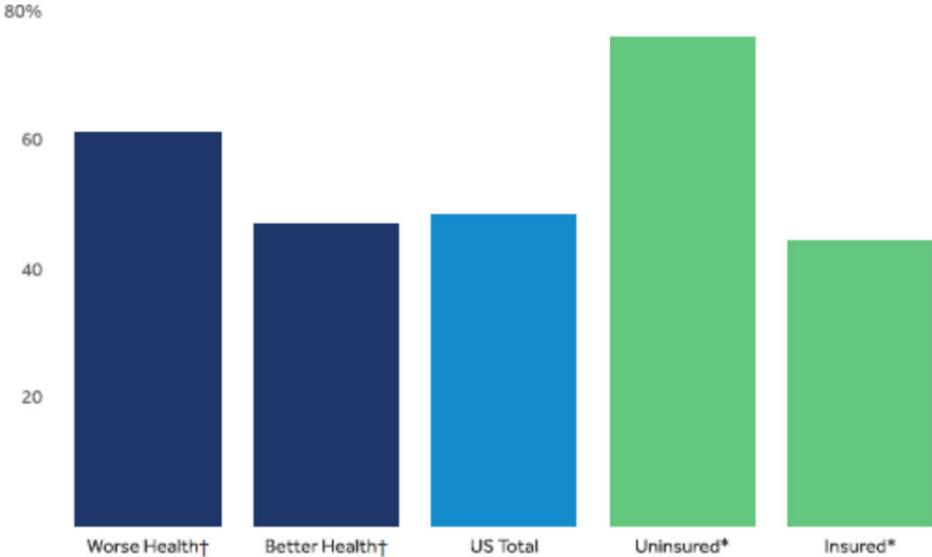
The Rate of Underinsurance for Non-elderly has Almost Tripled Between 2003 and 2018



Source: <https://www.commonwealthfund.org/publications/issue-briefs/2019/feb/health-insurance-coverage-eight-years-after-aca>.

Concerns about Affordability By Insurance and Health Status

Percent of Non-elderly Adults Worried About Their Ability to Pay Medical Bills



*Estimate is statistically different from estimate of other insurance status (p < .05); † Estimate is statistically different from estimate of other health status (p < .05)

Source: KFF analysis of National Health Interview Survey • Get the data
• PNG

Peterson-KFF
Health System Tracker

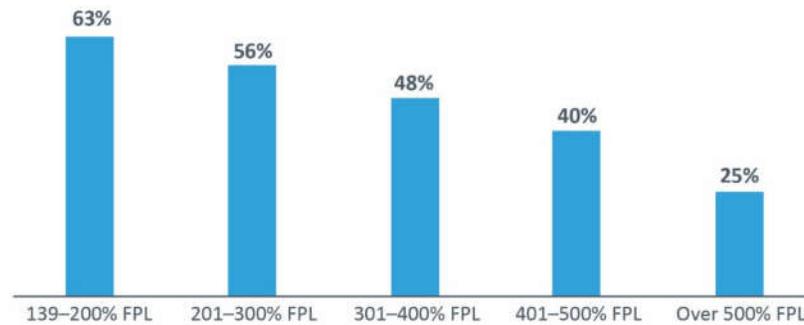


Source: <https://www.healthsystemtracker.org/indicator/access-affordability/spending-relative-household-budgets/>

Characteristics of the non-Medicaid Eligible Uninsured

Startling Percentage of Lower-income Adults Remain Uninsured

Percentage of adults under age 65 who were financially eligible for the individual market but who did not enroll and remained uninsured, by income, 2017

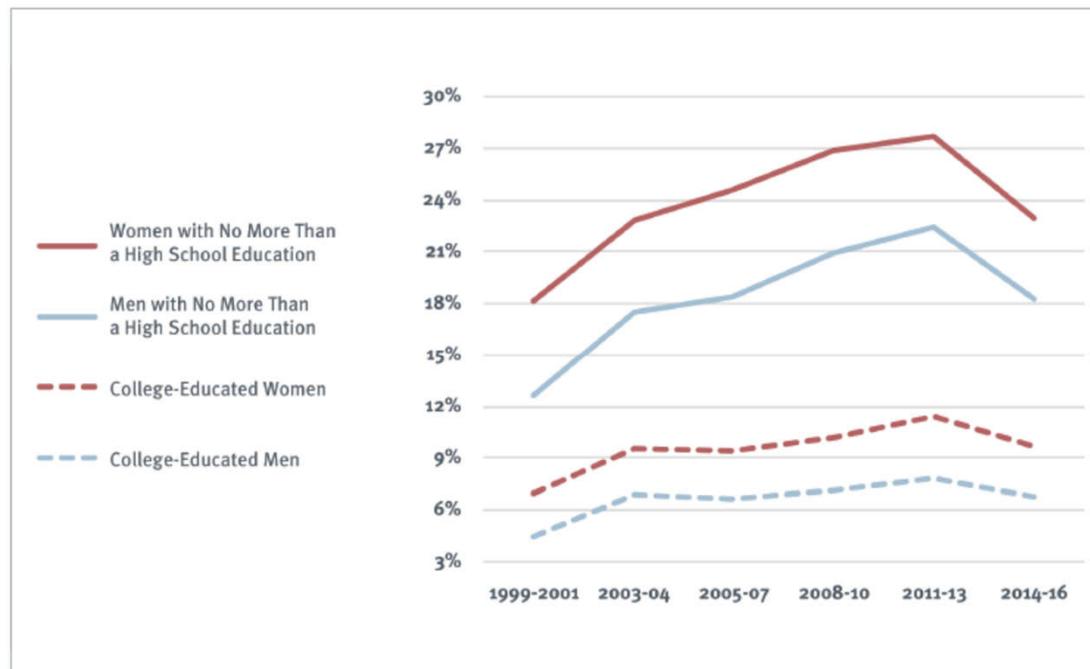


Note that approximately 16 percent of non-elderly uninsured (4.4 million people) would be eligible for Medicaid coverage if all states expanded (range of 48% of uninsured in MS and 8% in WI).

Source: Families USA analysis of American Community Survey data for 2017. and Medicaid percentage available at: <https://www.kff.org/medicaid/fact-sheet/uninsured-adults-in-states-that-did-not-expand-who-would-become-eligible-for-medicaid-under-expansion/>

Affordability Greatest Concern to Working Class Families

The Percentage of Non-elderly Adults Who Missed a Doctor's Visit Because of Cost (1999-2016)



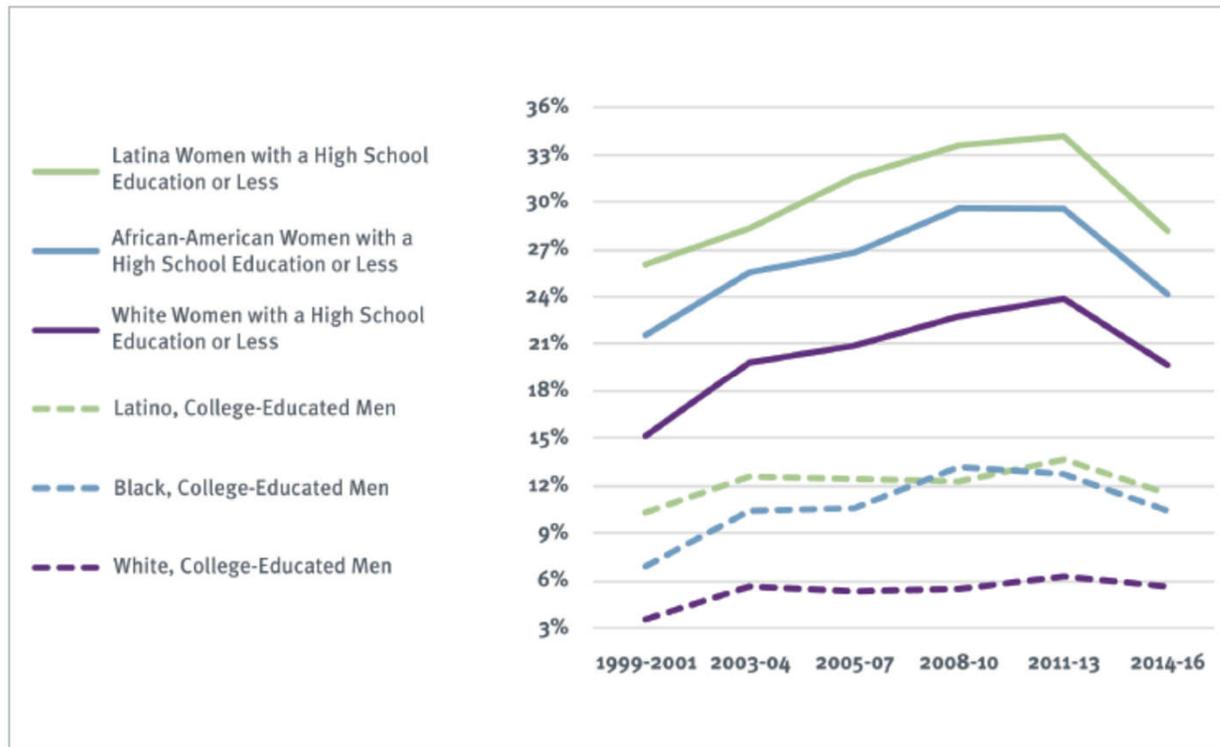
Source: Families USA-commissioned analysis of BRFSS data, 1999-2016. Note: BRFSS data for this indicator were unavailable for 2002.

Source: Dorn, S "A CASE FOR SOLIDARITY: COMMON CHALLENGES INVOLVING HEALTH AND HEALTH CARE IN THE UNITED STATES". October 18, 2018. Available at: <https://familiesusa.org/resources/a-case-for-solidarity-common-challenges-involving-health-and-health-care-in-the-united-states/>



Women of Color Most Likely to Struggle with Affordability

The Percentage of Non-elderly Adults Who Missed a Doctor's Visit Because of Cost (1999-2016)



Source: Dorn, S "A CASE FOR SOLIDARITY: COMMON CHALLENGES INVOLVING HEALTH AND HEALTH CARE IN THE UNITED STATES". October 18, 2018. Available at: <https://familiesusa.org/resources/a-case-for-solidarity-common-challenges-involving-health-and-health-care-in-the-united-states/>



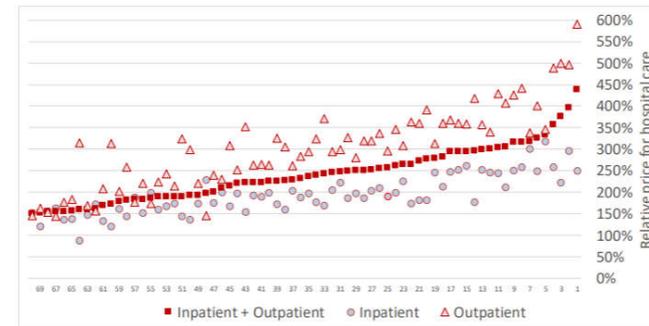
Increasing Health Care Costs: the Greatest Threat to Coverage and Access

Gulf Between Public and Private Payments for Health Care Growing

Trends in Relative Prices for Selected States,
2015–2017



Relative Prices of Hospital Systems in 25 States,
2015–2017



Source: Prices Paid to Hospitals by Private Health Plans Are High Relative to Medicare and Vary Widely. Rand 2019. https://www.rand.org/pubs/research_reports/RR3033.html.



To Meet the Moment: APMs Must be Transformative on the U.S. Health Care System

Six Transformational Strategies that are Working

Behavioral health integration

Collaborative Care Model—more than 70 randomized controlled trials have shown collaborative care for common mental disorders such as depression to be more effective and cost-effective than usual care, across diverse practice settings and patient. And both consumers and providers loved it.

Empowering primary care providers

Vermont Blueprint for Health Patient-Centered Medical Home shows significantly lower cost and cost growth over 6 years—saving over \$500 per person per year while also improving access to social services, access to chronic care management, and Medication Assisted Treatment for Opioid disorder.

Addressing drivers of emergency department utilization (and related reforms)

In first year of Washington State ER is for Emergencies program, Medicaid ED costs fell by nearly \$34 million through a reduction in ED visits. ED visits by Medicaid patients declined by nearly 10 percent, with rates of visits by high utilizers (5+ visits/year) declining by approximately 11 percent.

Evidence-based housing interventions for complex patient populations

2016 study of Housing-First intervention in Oregon demonstrated significantly improved access to primary care and self-reported health outcomes as well as \$8,724 per person savings to state Medicaid program.

Coordinating transitions in care

North Carolina Community Care program, 1 readmission was averted for every 3 of the highest-risk patients, overall NCCC credited with a 9 percent savings to the Medicaid program (2009) and \$382 million savings to Medicaid from 2007-2010.



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are equally accessible and affordable to all*



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SUSTAINABLE HEALTH CARE COSTS

VALUE-BASED CONTRACTING

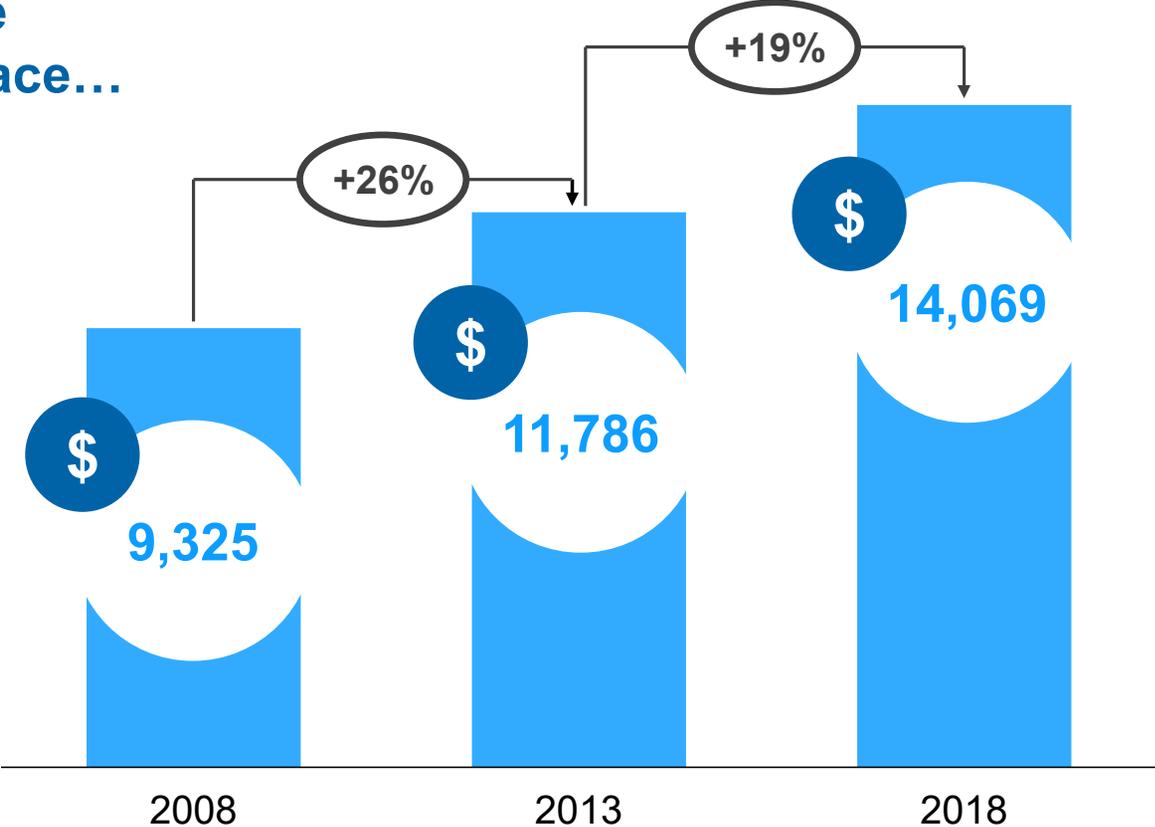
TODD VAN TOL
SENIOR VICE PRESIDENT, HEALTH CARE VALUE

Health Care Costs keep increasing – continued focus on affordability is an imperative



Employer healthcare costs are increasing at unsustainable pace...

Average annual employer and employee contribution and total premiums for family coverage [2008-2018]



Source: Kaiser Family Foundation

Managing ongoing cost and use risk requires collaboration with providers that rewards cost and quality outcomes



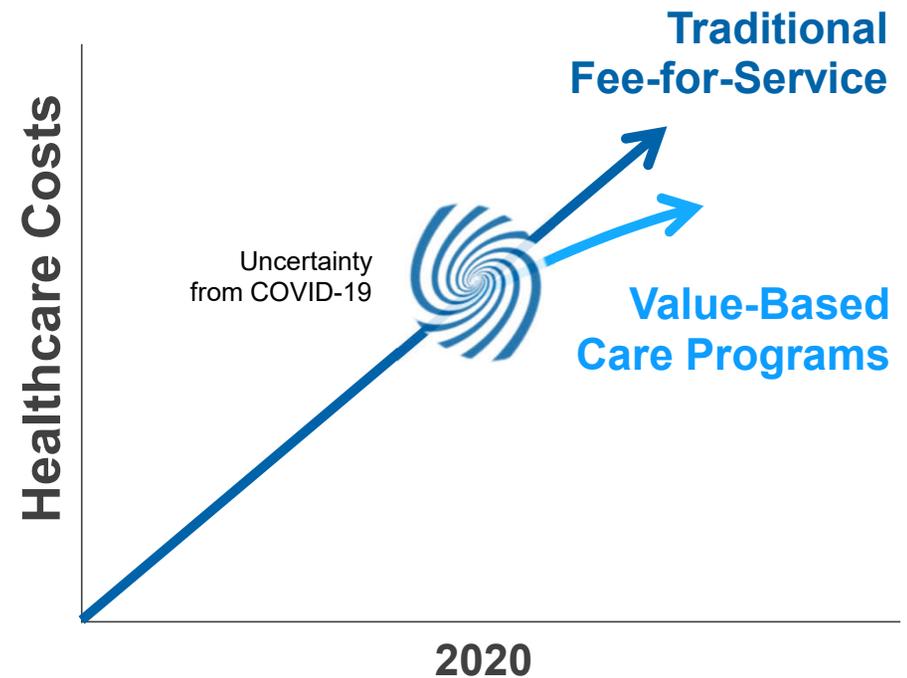
Manage cost, trend and quality

- CPI-like trend
- Strengthen Medicare and Commercial business
- Quality benchmarks which must be achieved



Support provider transition to population health management

- Drive market transformation
- Data-driven enablement capabilities
- Deep provider relationships

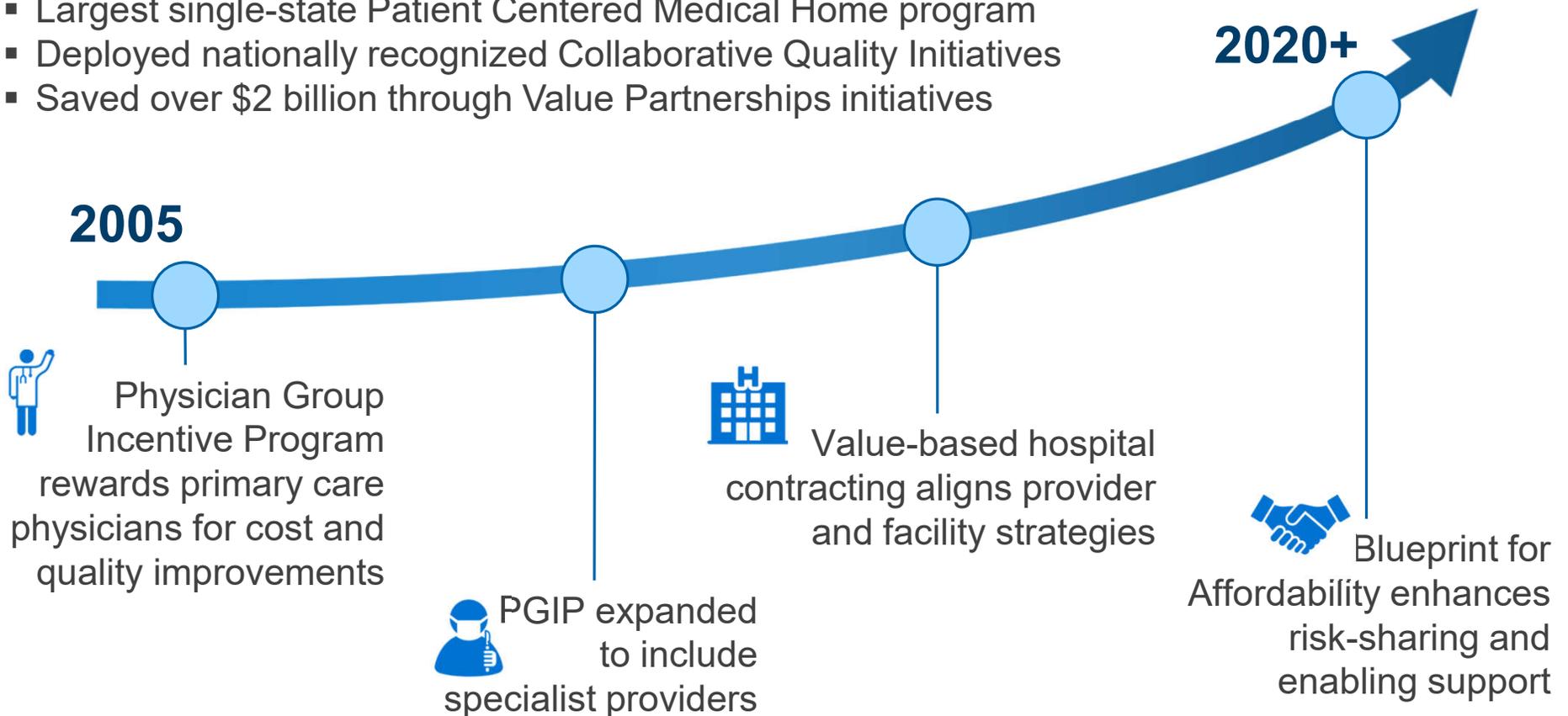


Blueprint for Affordability builds upon a strong foundation of provider partnerships

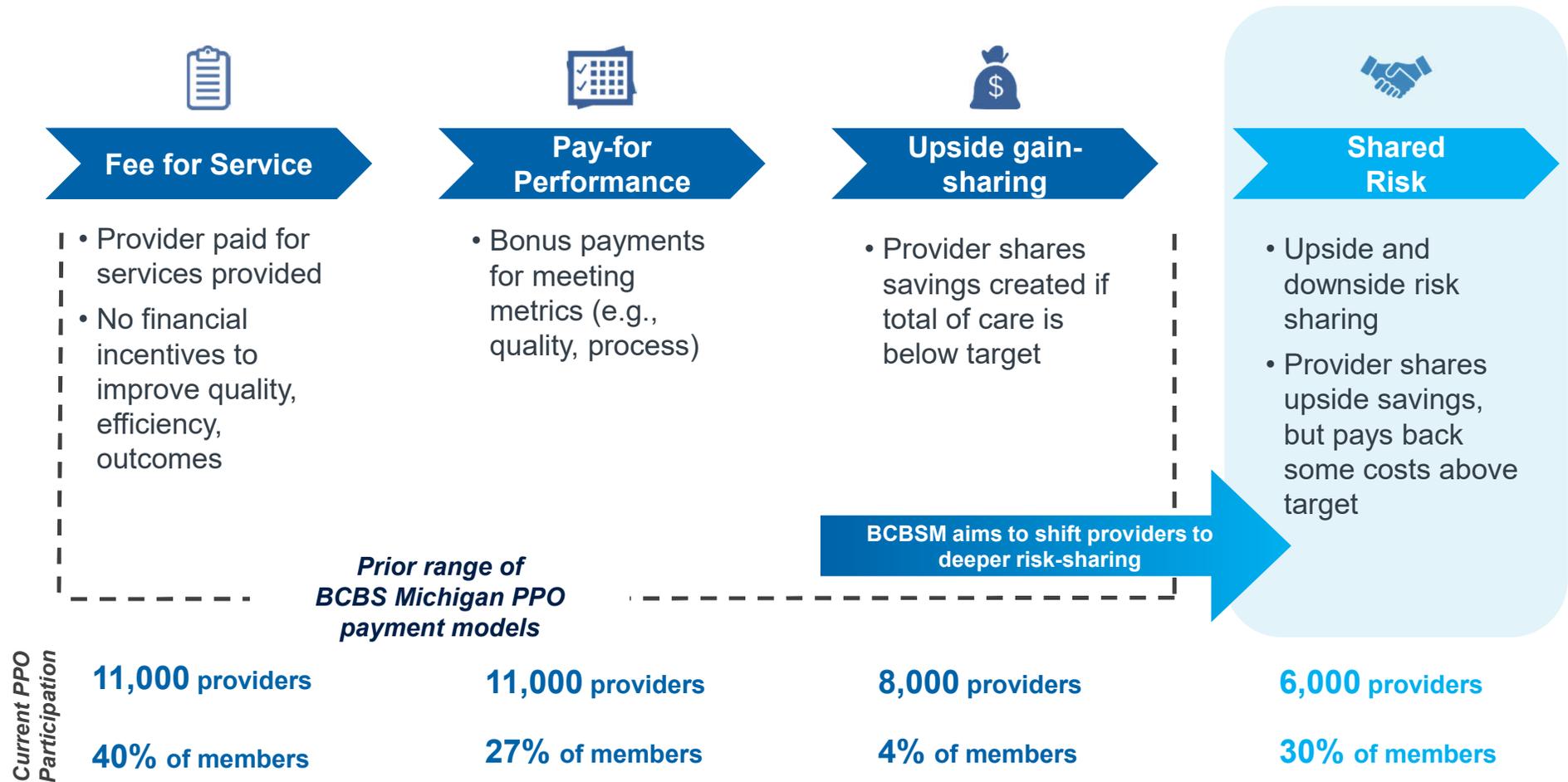


A strong BCBSM track record of value-based leadership

- Largest single-state Patient Centered Medical Home program
- Deployed nationally recognized Collaborative Quality Initiatives
- Saved over \$2 billion through Value Partnerships initiatives



Blue Cross Blue Shield of Michigan is supporting provider transition to value and risk-based payments



*Data reflects Michigan members and providers as of June 2020

Risk-based contracting: collaborating to make health care more affordable



Twelve provider groups have signed risk-based contracts with Blue Cross Blue Shield of Michigan



providers



Attributed PPO lives

*Data reflects Michigan members and providers as of June 2020

Blue Cross Blue Shield of Michigan is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.

Transforming care delivery and bending the benefit cost curve requires freedom and flexibility balanced with accountability



Objective: Achieve a CPI-like trend that delivers greater affordability to our customers while deepening provider relationships

From...

To...

Market shaping **incentive-based** provider programs with **broad adoption**



Evolve and shape the market to drive **increasing value** through **next generation payment models**

Targeted incentive based approaches to improve cost and quality



Up and downside risk arrangements to drive behavior change

Reliance on Utilization Management as a **long-term** cost management strategy



Empowering providers to decrease scope of mandatory Utilization Management programs based on participation in risk based contracting

A focus on **near-term**, incremental improvements to **existing programs**



Productizing risk-based arrangements for customers as a **long-term strategy**

The Blue Cross Blue Shield of Michigan approach leverages risk-sharing contracts based on cost and quality performance

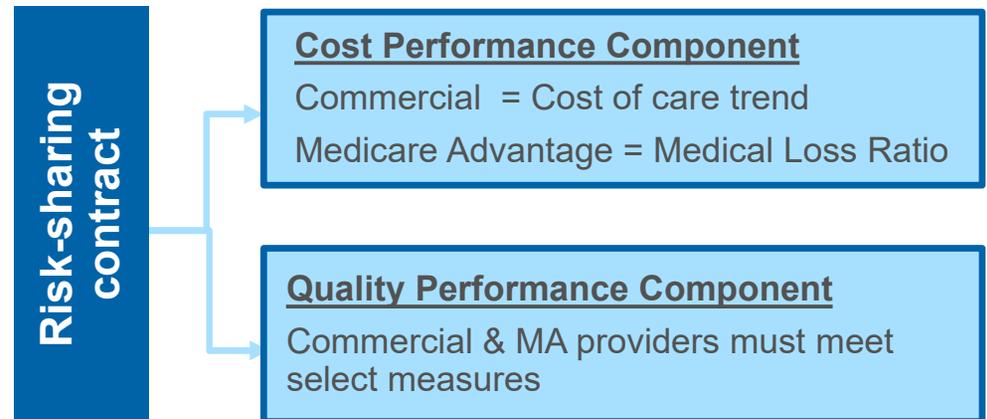


Emphasizes provider accountability:

- Better manage their patient population
- Reduce the cost of care while maintaining quality standards

Gives providers financial responsibility:

- Providers who successfully manage the health and cost of care for their patients share in the savings generated
- Those who don't meet cost and quality targets share in the financial cost

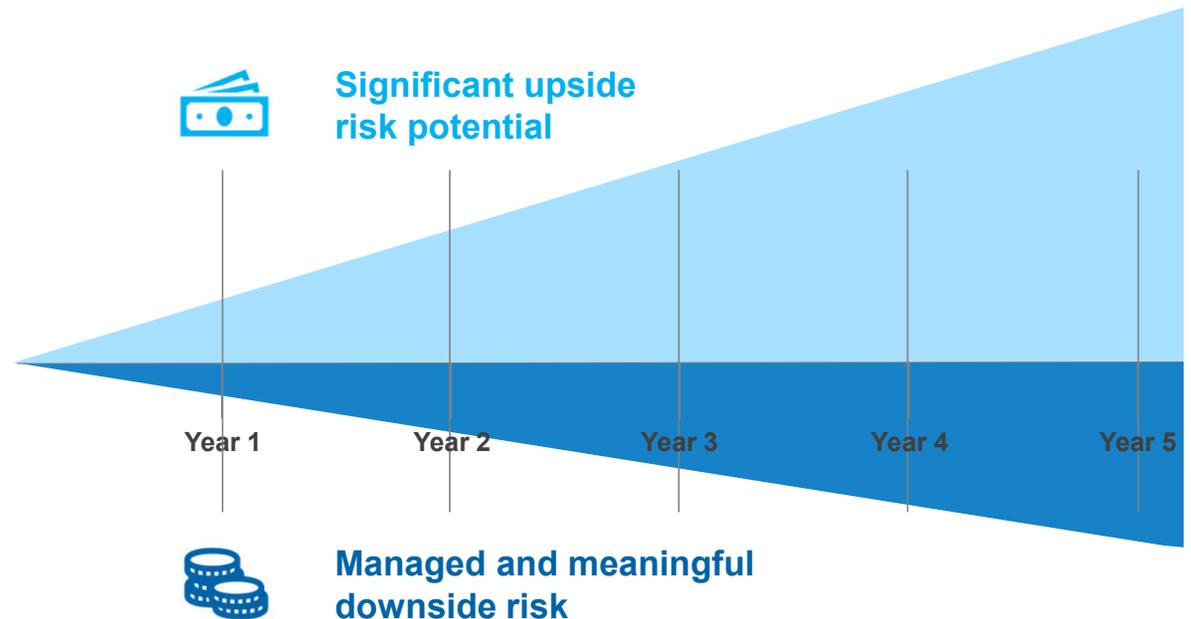


Risk-based contracting enhances opportunities for providers meeting outcome targets

Contracted entities agree to:

- **Upside risk** — could share in the savings generated for effectively managing cost and quality components for patients
- **Downside risk** — could share in costs for not effectively managing cost and quality components for patients

Risk corridors are tailored to different provider types



Effective provider collaboration relies on transparent data and analytics to enable achievement of cost and quality outcomes

Short-term analytic and enablement focus



Integrated reporting across lines of business

- Broad data and reporting that allows comparisons to network best practices
- Cost transparency to allow improved referral management



Tactical insights to support clinical behavior change

- Analytics on payment, financials, cost/use, and customers to incentivize transformation
- Translation of insights into clinical savings opportunities

Future-state focus



Co-designed provider risk management capabilities

- Capability building for provider-led care/utilization management
- Additional programs around risk coding and quality of care gaps

Blue Cross Blue Shield of Michigan has and continues to take action in support providers challenged by COVID-19



Funding

Addressing short-term funding needs by advancing earned incentive payments and reimbursements



Ongoing Forums

Holding weekly forums to align information among providers, state agencies, labs and stakeholder groups



Legislation

Working closely with independent physicians and provider organizations to navigate the CARES act and state regulations



Equipment

Procuring and donating personal protective equipment to providers and the State of Michigan to help address significant shortages



Resilience

Developing a comprehensive plan to enable independent physicians to maintain financial and operational sustainability



Sustainability

Working with providers engaged in risk-based contracts to address the impacts of COVID-19 on 2020 goals and 2021 performance targets

Strong provider partnerships will enable the deployment of sustainable, market leading member care



National leadership for 15 years

\$2

billion in avoided costs

20,000

participating physicians

33

unique collaborative quality initiatives



Risk-based contracting for the future

Commercial business

Medicare Advantage

Hospitals

Physician Organizations

Independent providers



NC

HCTTF Affordability Webinar

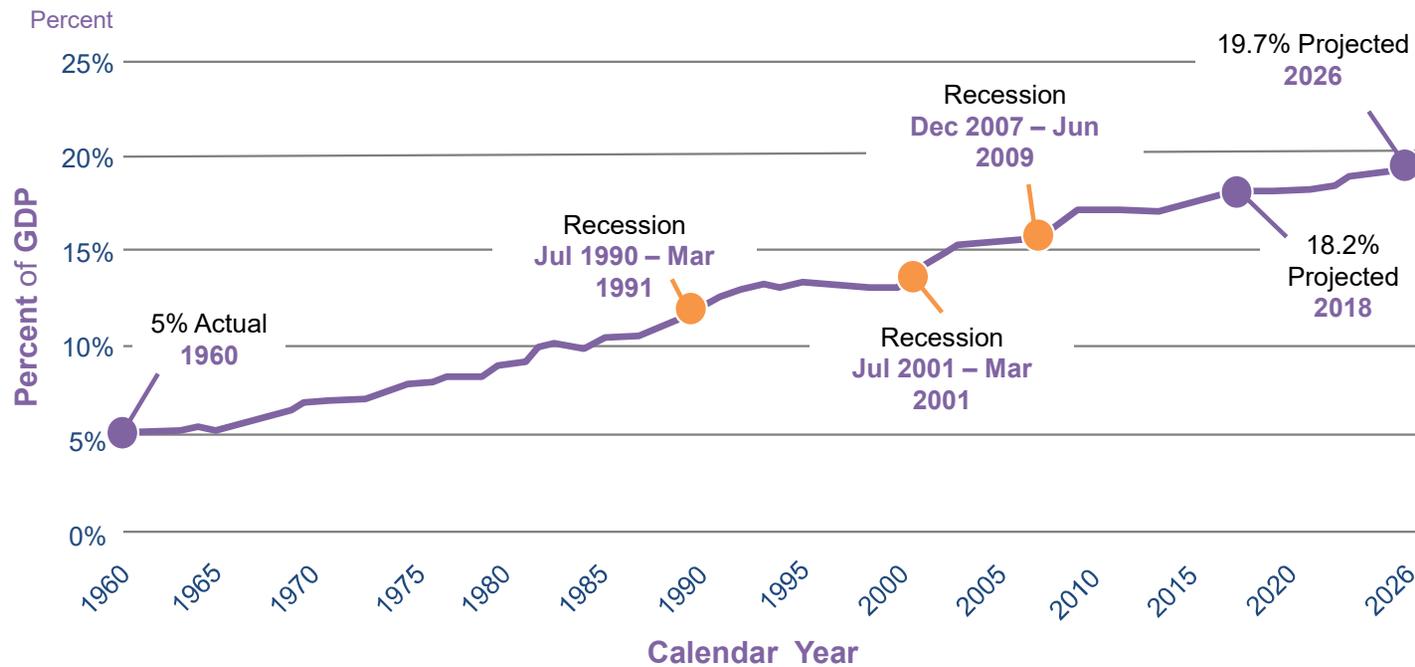
Troy Smith

Vice President, Health Care Strategy and Payment Transformation

July 2020

National Health Expenditure Trend

As a share of gross domestic product 1960–2026 (Projected)



SOURCE: cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsProjected.html (Accessed June 2018).

Defining Affordability

Total Health Care Costs < 10% of family's income

Metric Definition

Total Premiums + OOP Expenses

Family / Household Income

Calculation Method

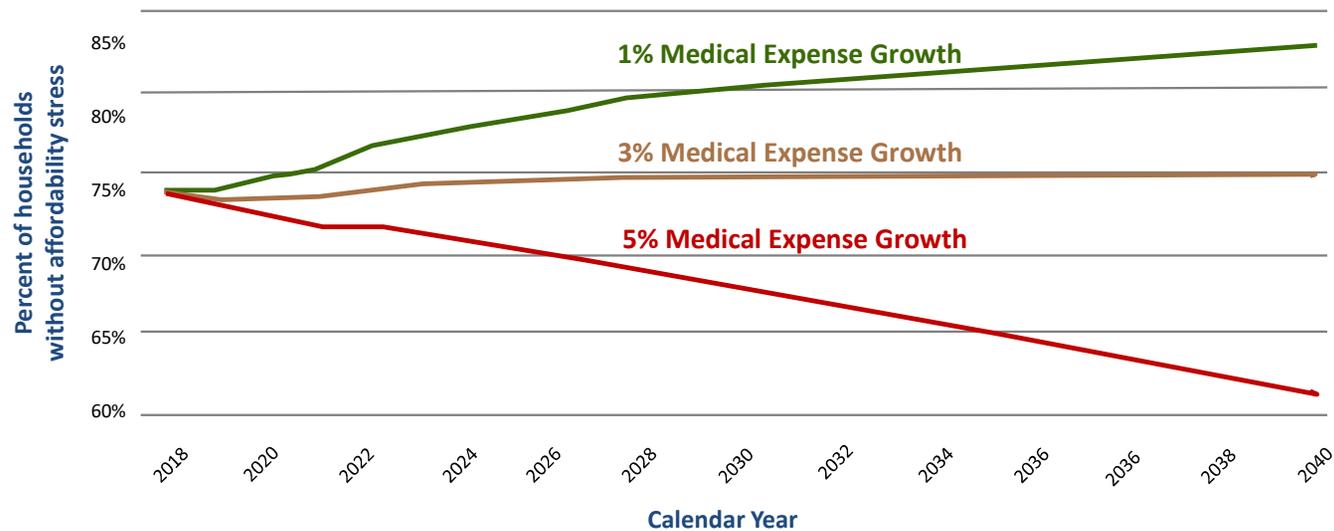
Blue Cross NC Expense Data

Experian + Other Data Sources

Defining Affordability

Using our analysis, we have found that 20-30% of households are under affordability stress, and it is compounded by medical expense growth.

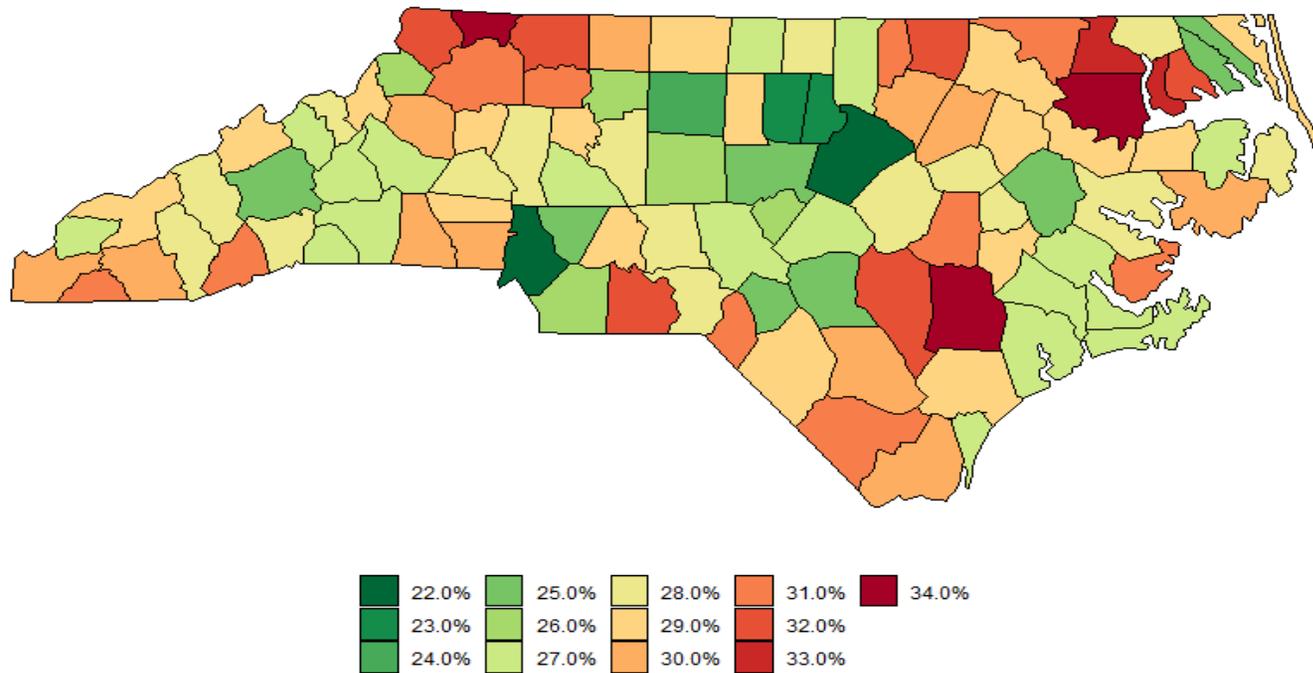
Impact of medical expense growth on how many households can afford health care, assuming 3% average wage growth



Crisis of Affordability in NC

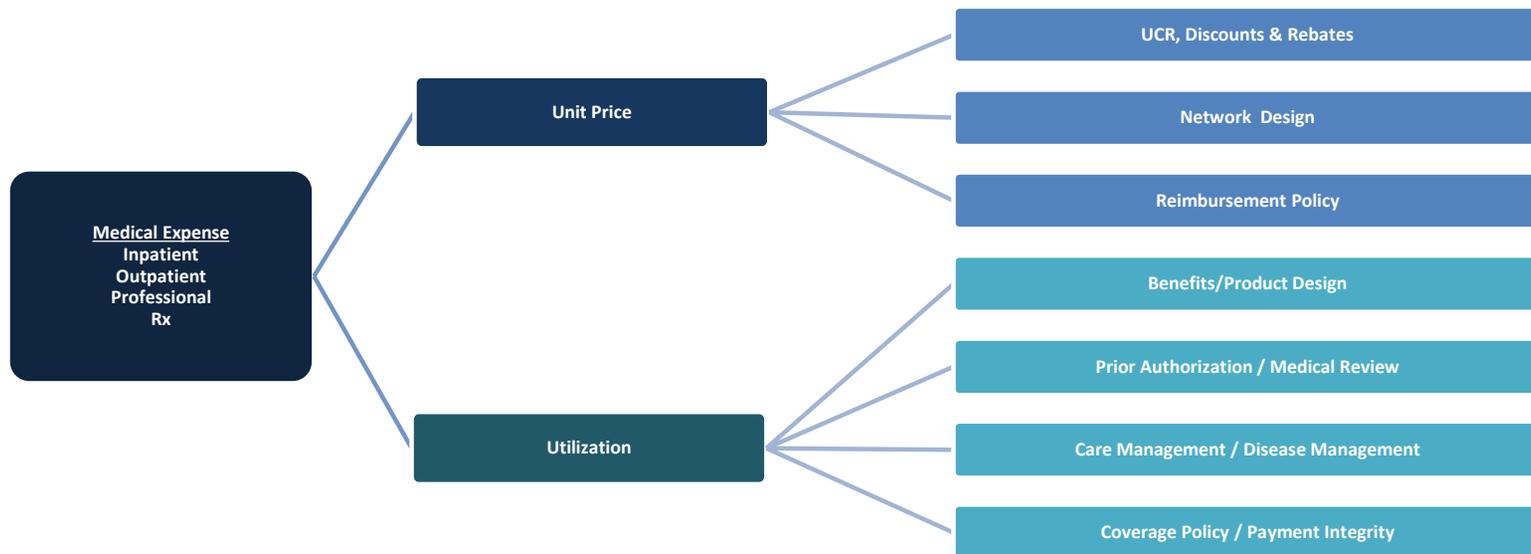
Variability in affordability across the state

2018 population (%) households under affordability stress by county



Addressing Affordability

Traditional tools and methods that health plans have leveraged to manage medical expense trend and affordability



Addressing Affordability

Blue Premier was introduced to expand beyond traditional medical expense management to emphasize joint payer-provider goals.



Blue Premier Value Transformation Program

- Primary Care-Centric Model w/ Specialty Care APMs
- Reimbursement tied to Quality and TCOC metrics
- Multi-year deals with upside/downside risk potential
- Decreased health plan utilization management w/ adoption of downside risk
- Partnership expanded to include clinical data exchange, claims-based data sharing and reporting on managed populations.

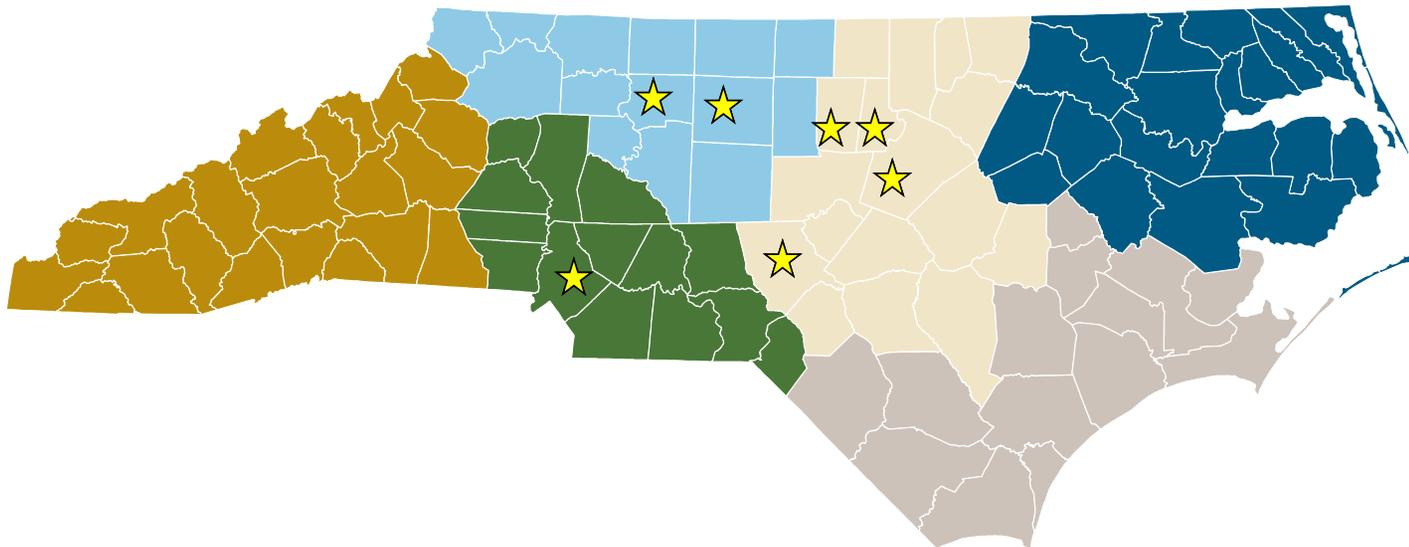
Traditional Medical Expense Management



Addressing Affordability

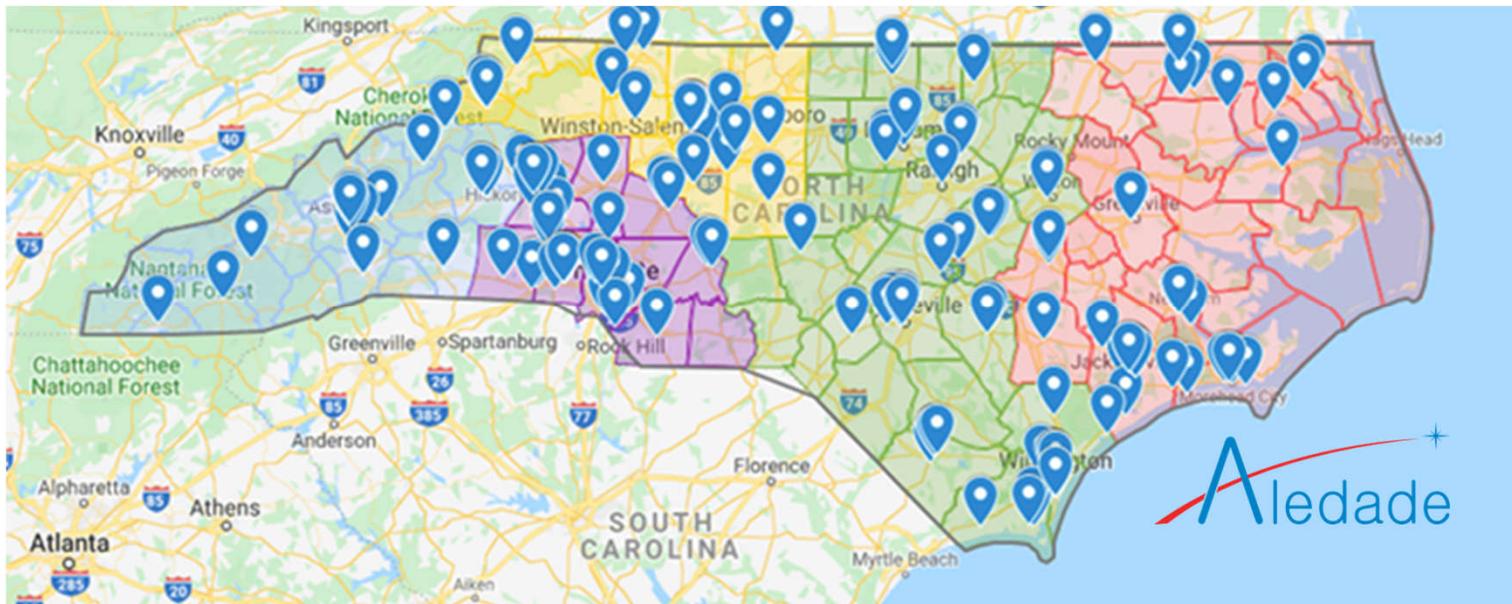
2020 Blue Premier System-Based ACOs

7 of top 10 health systems (by size) in NC are currently participating



Addressing ^{TC4} Affordability

Blue Cross NC is partnering with Aledade to transition independent primary care into value-based care across 171 practices.



Slide 43

TC4 This is a bit confusing as it's currently worded. Maybe:

Blue Cross NC is partnering with Aledade to transition independent primary care into value-based care.

Then, underneath the image you could put in a text box:

In 2019, we signed 171 independent primary care practices across the state of North Carolina into Blue Premier through Aledade ACOs.

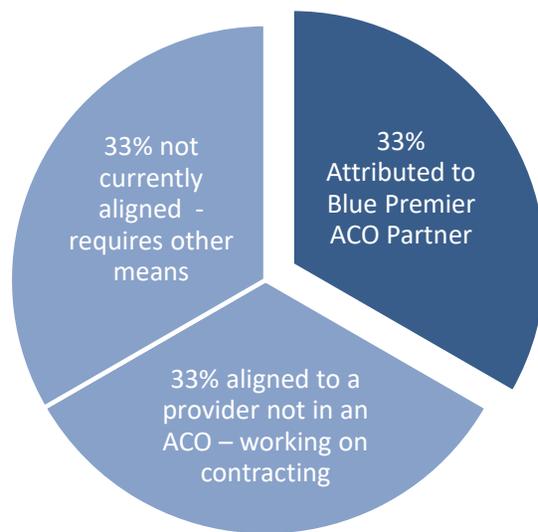
Theresa Chu, 7/10/2020

Addressing Affordability

Blue Premier 2019 highlights and progress to date

TC8

Blue Cross NC Attribution



Highlights

- Goal of 100% of member attribution to accountable providers by 2023
- Currently ~1M members are in a Blue Premier ACO
- ACOs span each segment with each partner – U65, Group and Medicare Advantage
- 2019 results generated both quality payments, shared savings and improved medical expense trends.
- 2020 has focused on growing the provider base in Blue Premier, as well as improving member attribution by introducing PCP Selection tools.

Slide 44

TC8 Instead maybe:

Goal of 100% of members attributed to accountable providers by 2023

Theresa Chu, 7/10/2020

Next Steps

What lies ahead for Blue Premier and Affordability?

Blue Premier

- Provider/Member Expansion
- COVID-19 Impact Relief
- Accelerate to Value Program and PCP Capitation
- Narrow Network Products with improved OOP expense / benefit design

Affordability

- Expanding analysis to include city, county and state breakouts with academic partners
- Integrating SDOH-related expenses into calculations
- Aligning corporate programs and investments to address opportunities

Questions?



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