

January 26, 2018
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Transforming Health Care

Health Care Payer Summit



Who We Are: Highmark Delaware



- Only insurer that **serves all health insurance populations** in Delaware: Medicaid, Individual, Small Group, Commercial Group, Federal employees and Medicare.
- **Serve over 450,000 members** across all of these populations.
- **Employ over 600 individuals** in Wilmington.
- **Ranked highest in member satisfaction** among Commercial Health Plans in DE, WV and DC per the J.D. Power and Associates' 2017 Member Health Plan Study.
- Have **developed collaborative relationships** with key stakeholders built on years of personal contact and local presence.
- **Partner with other BCBS plans** to support their Delaware-based members.
- **Part of the broader \$18.2B Highmark Health enterprise**, which serves millions through our health plans, integrated delivery network, diversified companies and technology solutions business.

Our Commitment To Delaware



- Highmark Delaware is the **only carrier participating on the Delaware Marketplace** and has invested approximately \$50 million in the form of subsidized losses since inception (January 2014).
- Highmark Delaware **developed and implemented a robust Medicaid Managed Care product** effective January 1, 2015 to serve Delawareans and fill a critical void.
- Highmark Health Options **continues to serve** Delaware's Medicaid population today.
- Highmark Delaware and its employees **have participated actively in the State's SIM program since its inception**. Our leadership team meets regularly with key stakeholders and is continuing to collaborate with the Delaware Center for Health Innovation.
- Highmark Delaware **has contributed over \$18,000,000 since 2012** to support over 200 health-related initiatives, programs and organizations within Delaware.

Highmark's Approach to Value Based Care

What is Value Based Care?

- Paying providers for high quality outcomes, lowering costs
- Right care, at the right place and time, which leads to healthier patients
- Reducing and/or eliminating waste and avoidable costs
- Shifting incentives from volume to value

Why is it important?

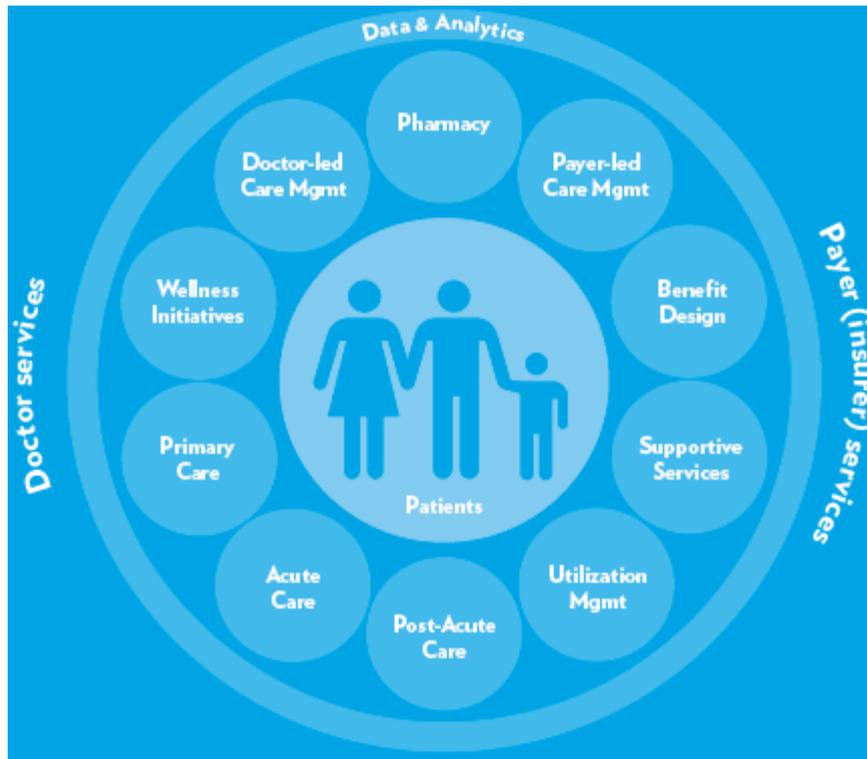
- Aligns incentives with providers
- Better care coordination with providers
- Better patient experience
- Healthier patients at lower cost
- Aligns with CMS and other National organizations goals/objectives
- In 2019, fee for service reimbursement will be adjusted based on value based results to emphasize our commitment to drive quality and outcomes

How do we deliver it?

- Building strong/strategic relationships with providers
- Providing education, cost awareness and actionable data to providers
- Advanced field based support resources
- Promoting evidenced based medicine and nationally recognized standards

Our objective is for all of our providers to be successful in value based programs that benefit our customers

Engaging all Stakeholders in Value Based Care



Collaborating with all provider types to move jointly towards value:

- **Consumers are also engaged** through product design, education, and tools to reward members for utilizing high quality, cost-effective providers
- Primary care physicians are part of programs focused on both quality and total cost of care
- Hospitals participate in our Quality Blue Hospital Pay for Value program
- Through a focus on total cost of care, specialists are integrated into arrangements and specifically targeted through episodes of care and bundled payment initiatives
- Transitioning as many providers who are able to more advanced models which have both upside and downside risk
- Focusing on ancillary and post-acute settings (i.e., dialysis vendors in shared savings, skilled nursing facilities focusing on reducing readmissions)

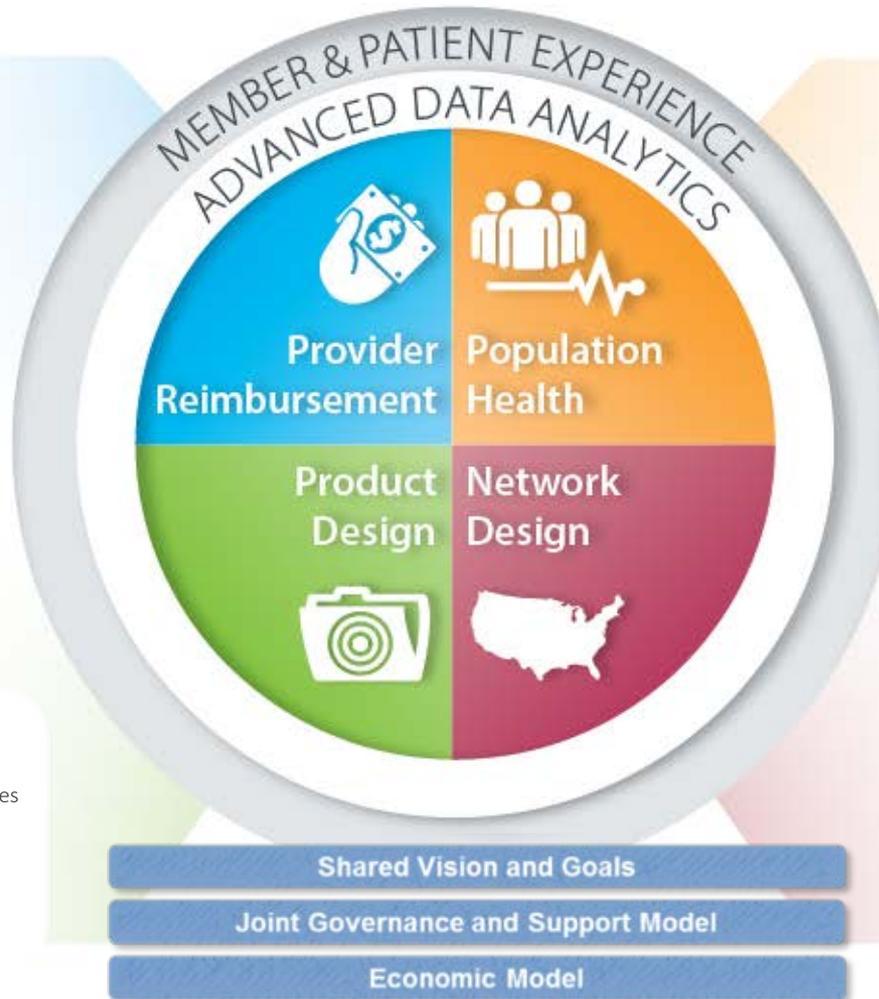
Highmark's Provider Partnership Model

Innovative reimbursement strategies to create value

- Standard VBR Models
- Customized VBR Contracts
- Custom VBR Model Development Process
- Performance Reporting
- Performance Consulting Support
- Risk Coding Accuracy Solutions

Products that incentivize members to choose high value providers

- Market Analytics for Product Strategy
- Collaborative Development of Partner Product Strategy & Plans
- Proven Joint Sales & Marketing Approaches
- Product Performance Measurement & Repository of Tools



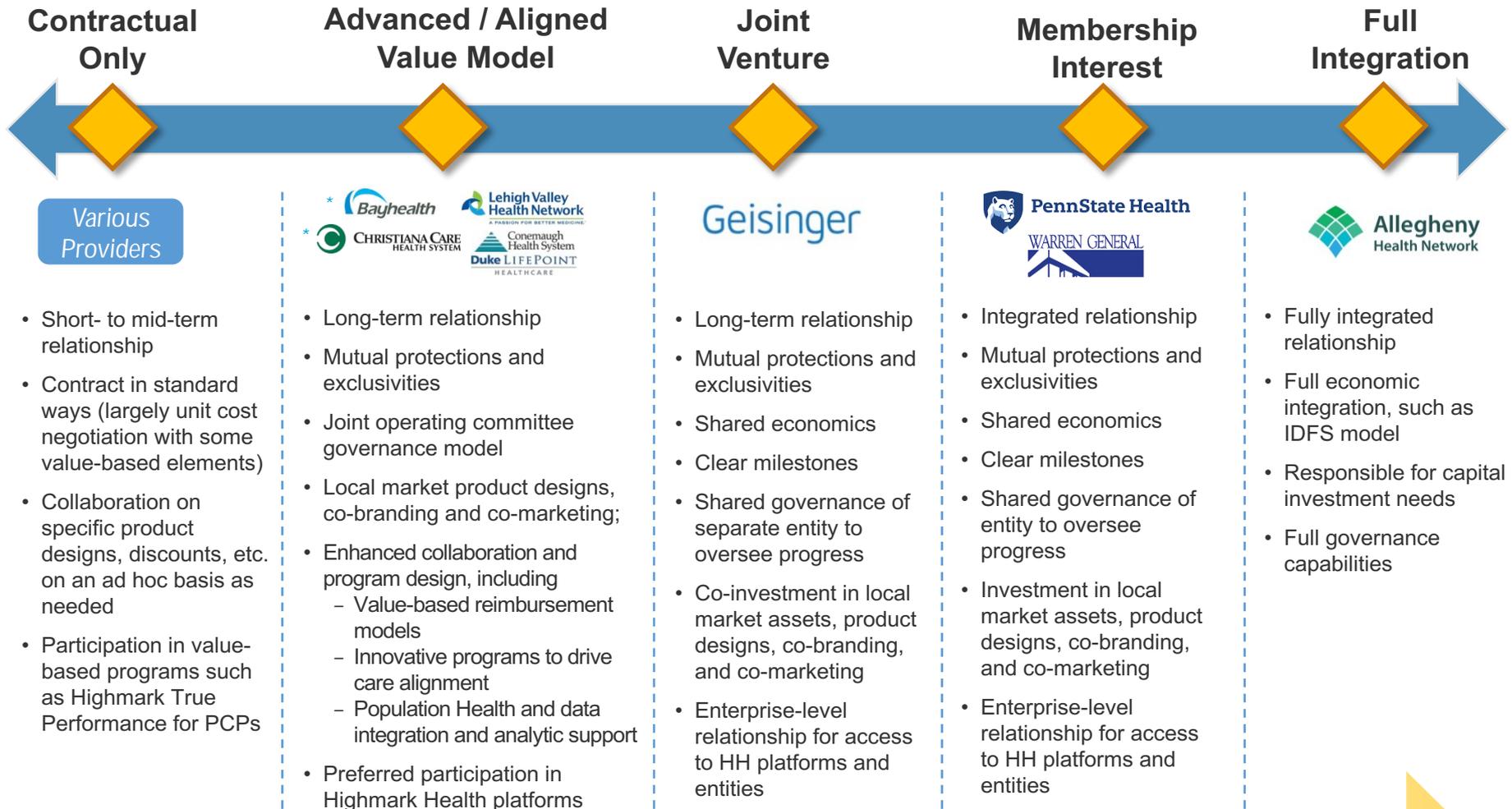
Outcomes-focused strategies designed to enable provider success

- Data, Analytics, Reporting & Tools
- Case Management & Care Coordination Solutions
- Support to build Partner-Based PHM Capabilities

Development of comprehensive high value providers networks

- Integrated Network Development Support
- Joint Network Development
- Care Alignment & Network Utilization Reporting
- Care Transition Strategies
- Post-Acute Care Network Management

Spectrum of Highmark's Partnership Models



* Under negotiation

- Increasing level of value creation for each party
- Ability to address the short- and long-term market challenges

True Performance is Making an Impact

TOTAL: 645 contracted entities
1,543 practices
Approximately 1.8 million attributed members

Central Pennsylvania

- 137 entities
- 449 practices
- More than 535,000 members

Western Pennsylvania

- 228 entities
- 558 practices
- More than 690,000 members

West Virginia

- 88 entities
- 264 practices
- More than 200,000 members

NEPA

- 110 entities
- 164 practices
- More than 215,000 members

Delaware

- 82 entities
- 108 practices
- More than 114,000 Commercial members
- More than 35,000 Medicaid members (Health Options)

2017 DE Results To Date*:

- **23% lower ED rates**
 - 44 fewer visits/1000 members
 - avg savings of \$1700 per visit
 - ✓ **\$5.4 mil** in YTD savings
- **13% lower admission rates**
 - 7.5 fewer admits/1000 members
 - avg savings of \$18,200 per admission
 - ✓ **\$9.6 mil** in YTD savings

Note: Figures are current as of January 16, 2018. *Results through July 2017.

Delaware has served as a region for Highmark to introduce a **multi-pronged approach** to value based reimbursement

True Performance Suite

- True Performance was introduced to PCPs throughout the state in 2016 (both Commercial and Medicaid) and has been the flagship program for transforming the reimbursement mechanism from fee to service to value based reimbursement
- True Performance Plus was introduced to strategic provider partners in 2016 to increase the reward for high quality total cost of care management
- In 2018 True Performance Advanced will be introduced to the state, which includes both up and downside financial risk

Advanced Programs & Partnerships

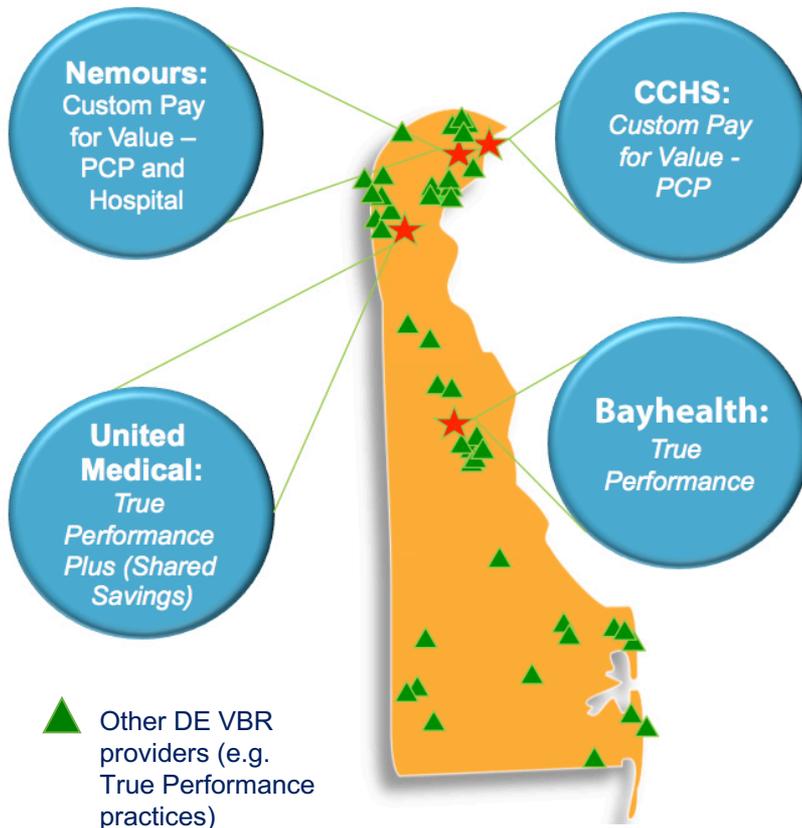
- Highmark has developed custom programs with health systems, independent specialists, and other providers to ensure a continued proliferation of value based mechanisms throughout the care continuum
- Highmark has developed partnerships with provider organizations to continue to collaborate on advancing value-based care focusing on things such as social determinants of health, bundled payments, data analytics, and aggressive quality improvement campaigns

High Value Networks

- Highmark's networks of providers will continue to evolve by utilizing value-based performance results to stratify providers based on quality and outcomes
- High value networks will not narrow options for a member but rather ensure that the highest quality providers are rewarded with increased volume and overall better performance in their respective value-based reimbursement programs
- Highmark continues to solicit feedback from providers, employers, and regulators on how to better align networks that meet all needs centered on the member and the provider

Highmark, in partnership with other Delaware healthcare providers, has ignited an aggressive agenda forging a new path in care delivery and reimbursement

Partnership Examples



Delaware VBR Future State

1. Continued focus on **codifying the entire care continuum** through aligned incentives at every level (PCP, Specialists, Hospitals, Post-Acute)
2. Collaboration with State and Local stakeholders on **redefining the healthcare continuum** to reward for the highest quality outcomes
3. Continued focus on **advancing VBR** in Medicaid, Commercial, and ACA lines of business
4. Introduce quality metrics that **focus on societal and environmental factors of health** to ensure a holistic approach to care delivery
5. Create **member-level incentives** to promote appropriate site of care, intervention, and preventive engagement
6. Intensify focus on **telehealth initiatives** to alleviate access issues and increase efficiency across the continuum
7. Increase **member-level knowledge** of VBR to ensure growth of VBR is supported by all stakeholders
8. Collaborate more with the provider community to develop programs that **center around the patient** and support all parties equitably

Blue Distinction Specialty Care Centers of Excellence



The Blue Distinction® Specialty Care Difference

Ease of Accessibility:

More than 5,000 BDC
and BDC+ Designations

More than 1,800
Designated Health
Care Facilities

Across all Top 50
Metropolitan
Statistical Areas

Specialty Program

Blue Distinction Center

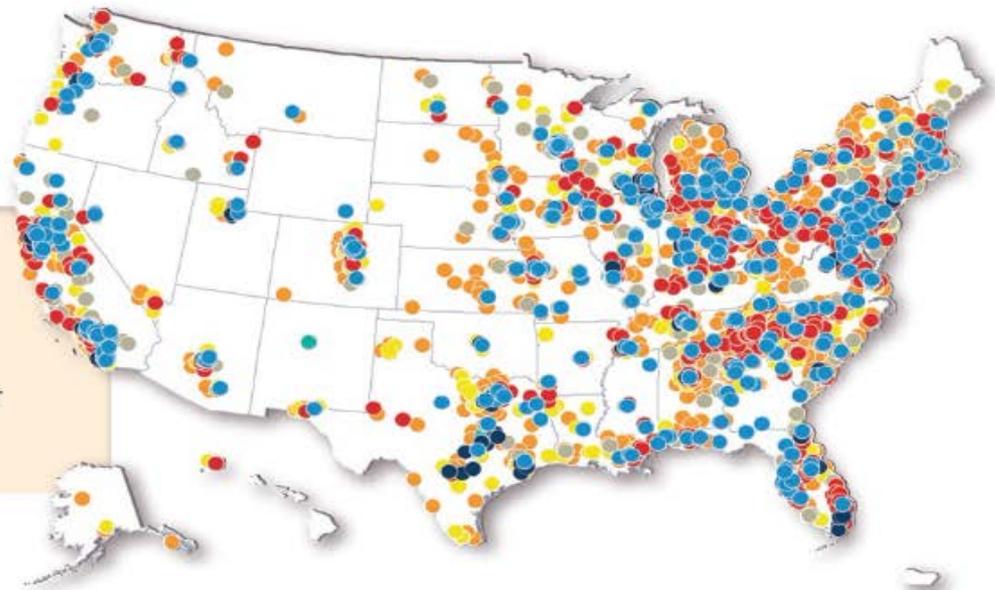
Bariatric Surgery	●
Cardiac Care	●
Cancer Care	●
Knee and Hip Replacement	●
Maternity Care	●
Spine Surgery	●
Transplants	●

Blue Distinction. Center

Hospitals recognized for
their expertise in delivering
specialty care

Blue Distinction. Center+

Hospitals recognized for their
expertise and efficiency
in delivering specialty care



Please note that the symbols used on this map are tied to specific ZIP codes. As a result, there are often multiple designated facilities (BDC and/or BDC+) represented by a single visible symbol. Updated March 2016.

The Blue Distinction® Specialty Care Difference

Proven Results

QUALITY

BDC/BDC+ Eligible Facilities
Compared to Non-BDC/BDC+ Facilities

Readmission Rates

26% Lower

(Primary Gastric Stapling; Within 30 Days)

Major Complication Rates

31% Lower

(Primary Gastric Stapling; Within 30 Days)

Rates of Inappropriate
Procedures Performed

18% Lower

In-Hospital Mortality Rates Following
Non-Surgical Cardiac Procedures

29% Lower

Readmission Rates

4% Lower

30-Day Readmissions

Complications

7% Fewer

90-Day Reoperations

Readmission Rates

24-38% Lower

30-Day Readmissions

Reoperations

47% Fewer

90-Day Reoperations (Lumbar only)

Better Risk-Adjusted
1 year Patient Survival

15% or Greater

Better Risk-Adjusted
1 year Graft Survival

20% or Greater

Early Elective Delivery Rate

71% Lower

Better Overall Patient
Satisfaction with Facility

VALUE

Cost Savings Overall for BDC+ Facilities
Compared to Non-BDC+ Facilities

13% Savings

23% Savings

24% Savings

22% Savings

**20% or
Greater Savings**

25% Savings

Bariatric
Surgery

Cardiac
Care

Knee & Hip
Replacement

Spine
Surgery

Transplants

Maternity
Care

Source: BCBSA; 8/2015

Next Steps:

- **Continue discussions** with Delaware health systems and large medical groups to accelerate the migration to value-based reimbursement for both Medicaid and Commercial business.
- **Continue partnering** with Delaware health systems and medical groups to become Blue Cross Blue Shield Centers of Excellence.
- **Will remain focused** on our customers through the provision of access to high-quality, cost-effective health care and the tools and programs to help improve overall health

