

State Health Plan Board Meeting: Provider Payment Methodologies

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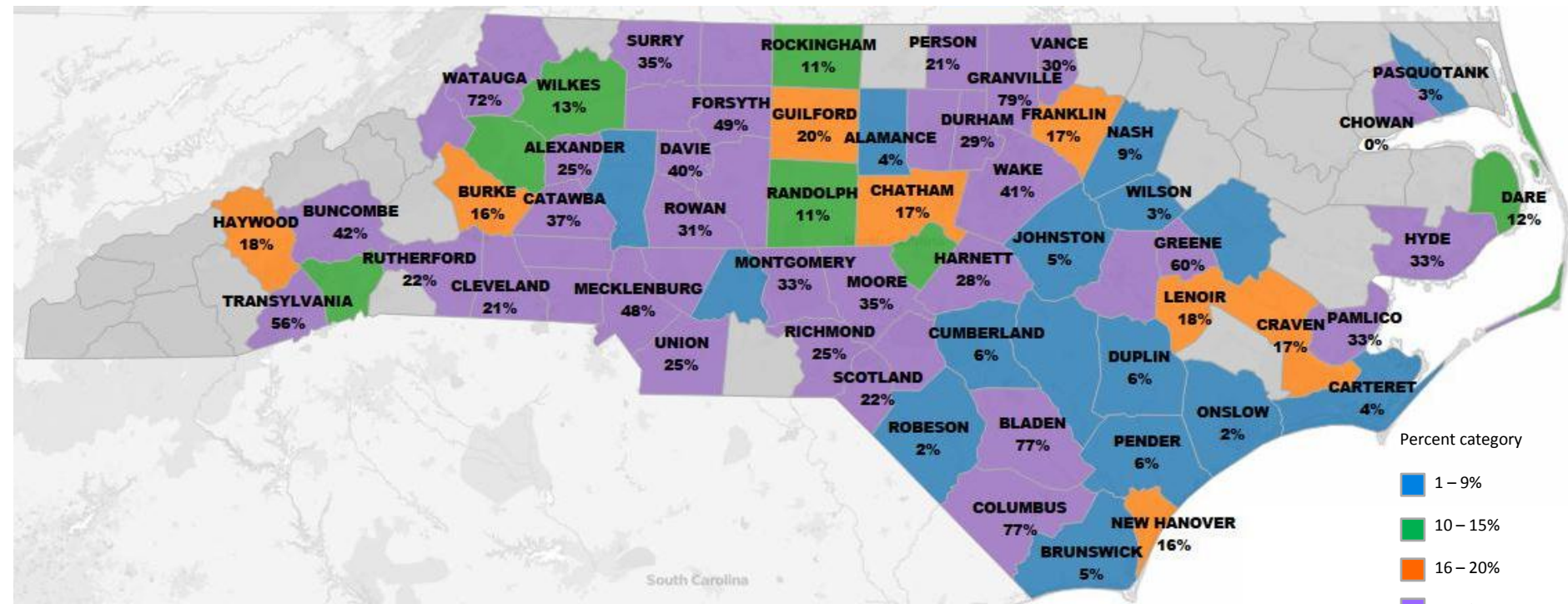
Overview



- BCBSNC has actively been embracing the shift from Fee for Service (FFS) to a reimbursement approach focused on value, outcomes and provider accountability.
- Many of the payment models that were inquired upon in the SHP survey have been actively pursued by BCBSNC with pilot programs and subsequent institutionalization across its provider base
- BCBSNC views the SHP goals around more involvement around new payment methodologies, provider partnership programs and other initiatives as an opportunity to better collaborate with the SHP and improve the health of its member base

Primary Care Medical Homes (PCMH)

% of PCMH groups of overall Primary Care groups, per county (Source: NCQA)



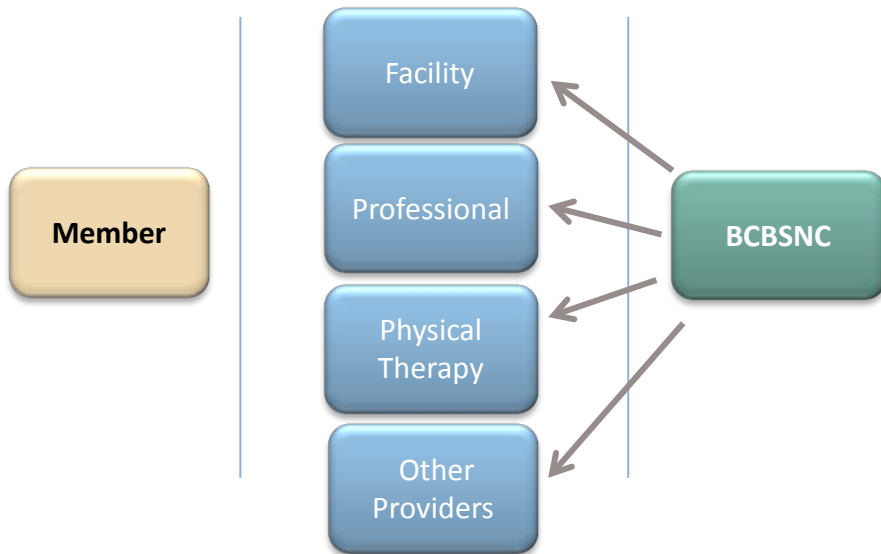
- BCBSNC actively supports the development of PCMH's across the state.
- Many of the independent primary care groups also participate in BCBSNC's BQPP Program (Blue Quality Physician Program)
- BCBSNC views the emphasis on primary care as a critical component to maintaining the wellness of SHP membership



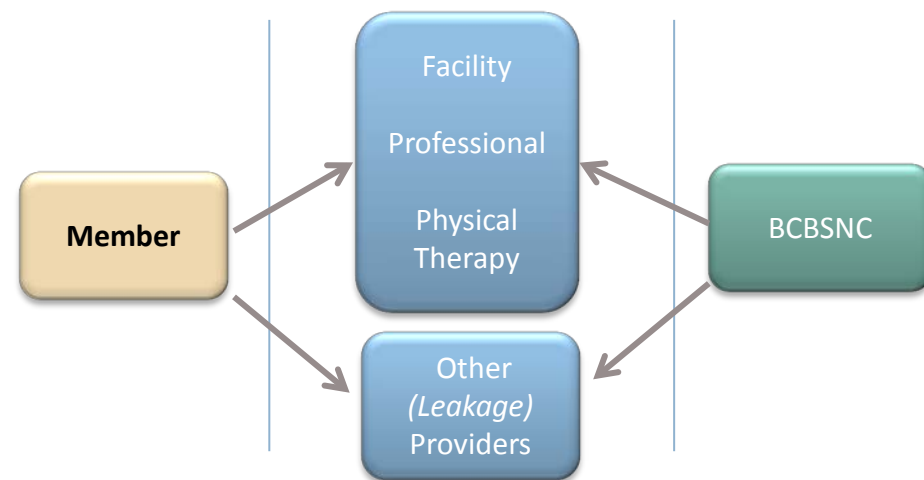
Bundled Payments

BCBSNC has been a leader in the development and implementation of bundled payments

BEFORE

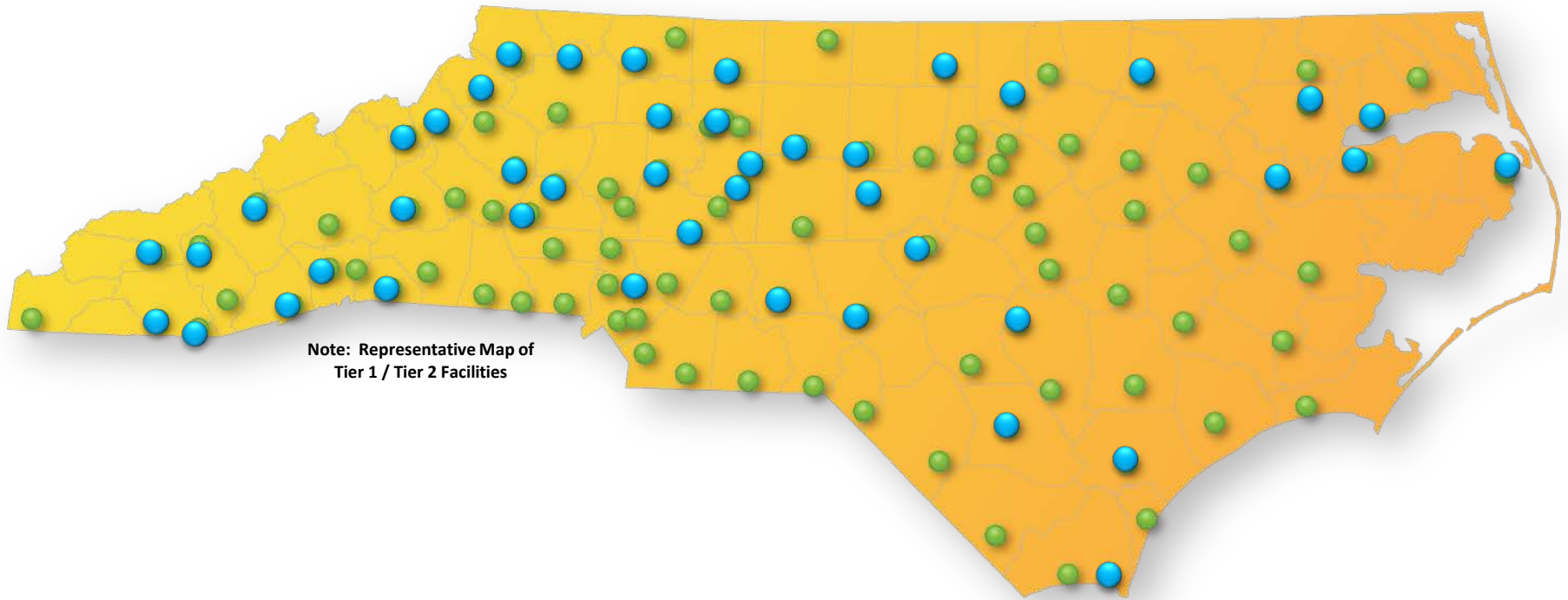


AFTER



- BCBSNC has been an early adopter in the rollout of bundled payment options for our member base
- By combining disparate services into a fixed rate, members benefit from more predictable and lower service prices
- SHP membership has been able to benefit from some of the current bundled arrangements in place today

Facility and Specialist Tiering



- Over the last three years, BCBSNC has enabled consumer-driven demand for information related to provider performance by measuring facilities and select specialties on quality and efficiency-based metrics
- Last year the SHP was able to take advantage of some of these metrics and incorporate them into some initial benefit-driven steorage opportunities
- BCBSNC is currently in the process of exploring more specialties to add to the current set of tiered specialties (Orthopedics, Cardiology, GI, General Surgery, OB/GYN, Neurology)

ACO Overview

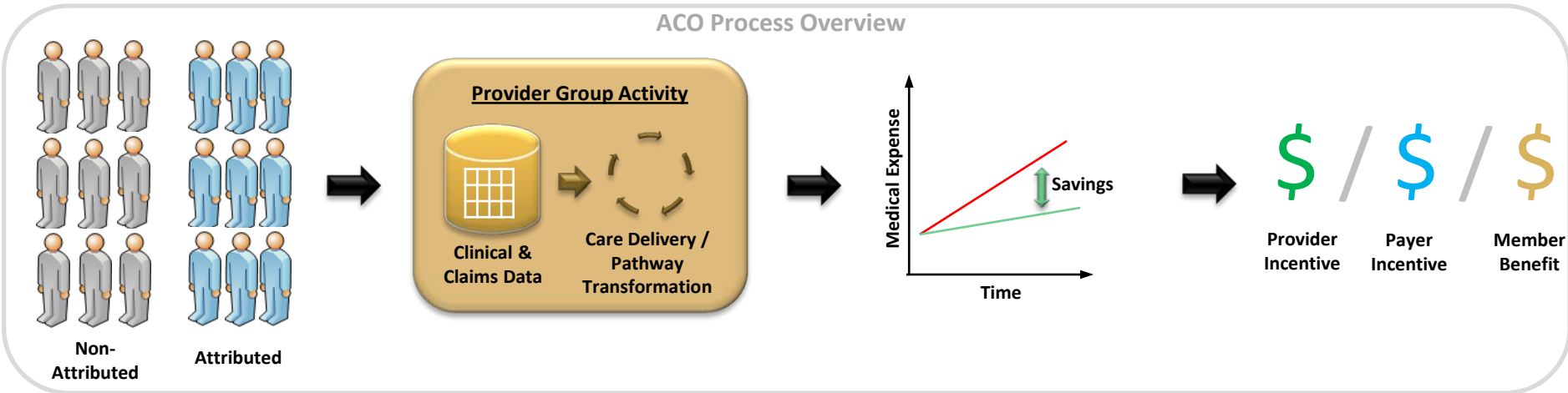
ACOs allow BCBSNC and providers to integrate to achieve high quality, more affordable care



- BCBSNC's goal is to invest in new capabilities and operational models with health care systems that will provide high quality, more affordable care for our shared member/patient base
- BCBSNC's ongoing development of the ACO model is providing us with strategic insight and knowledge resulting from the in-depth nature of the partnership between payer and provider

ACO Overview – Payment Model

Brief contextual detail on what ACOs are intended to accomplish



Step 1: Define a patient population for a provider group

Step 2: Implement care transformation & improvements

Step 3: Create medical expense savings, improve quality & patient experience

Step 4: Distribute savings between provider group, payer and members

- At the highest level, ACOs provide an opportunity to represent the latest innovation in reimbursement and/or incentive arrangement between payers and providers to achieve the “Triple Aim”: Lower Expense, Improved Quality and Patient Experience
- Beyond payment, ACOs are ways for payers and providers to integrate operations between their two organizations for improved outcomes

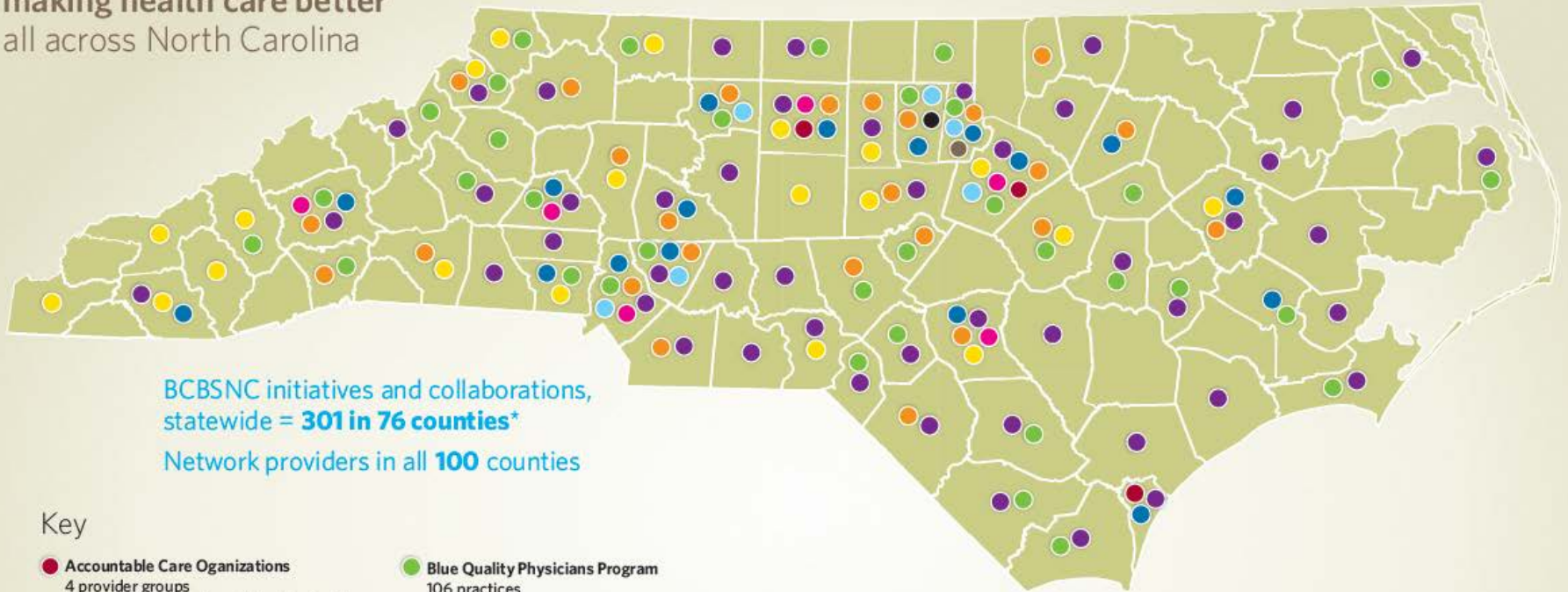
Statewide Focus – Active Initiatives

BCBSNC's reach allows for a statewide approach to the implementation of payment innovations and partnerships



- Currently BCBSNC has several key provider partnerships active in areas with high levels of SHP membership
- However, BCBSNC is able to reach not just the urban markets, but also has the ability to implement new payment innovations and partnerships across the state, as the next slide highlights

BCBSNC initiatives that are **making health care better** all across North Carolina



BCBSNC initiatives and collaborations, statewide = **301 in 76 counties***

Network providers in all **100** counties

Key

Accountable Care Organizations
4 provider groups
BCBSNC has teamed up with leading health care providers to focus on common goals, shared data, cost-effective care, and better-quality outcomes for our members.

BCBSNC On-site Support Teams
13 health care facilities
BCBSNC currently has more than 40 on-site service and claims professionals working to resolve issues quickly and maintain a member-focused relationship with hospitals.

Blue Distinction® Centers
25 hospitals
This initiative gives patients and their doctors an objective look at medical facilities within six specialty areas. Designation is a rigorous process based on input from expert physicians and medical organizations. There are two designations: Blue Distinction® Centers and Blue Distinction® Centers+™.

Blue Quality Physicians Program
106 practices
This program recognizes and rewards physicians who demonstrate a strong commitment to patient-centered care, clinical quality, administrative efficiency, and cost efficiency.

Bundled Payment Initiatives
4 programs
This model is proven to reduce potentially avoidable complications, improve patient outcomes and reduce cost.

Carolina Advanced Health
This innovative collaboration with UNC Health Care is a prototype for a new model in primary care, enhancing efficiency and quality of care by coordinating a patient's doctors, nutritionist, pharmacist and other clinical team members in a single location.

FastMed™ Urgent Care Centers
38 locations - and growing
On average, a visit to an urgent care clinic costs 90 percent less than going to the ER* - a major reason BCBSNC made an investment in FastMed™ Urgent Care Centers.

Program to Advance Technology for Health
80 practices
Also known as NC PATH, this collaboration is bringing electronic health records to practices and free clinics statewide. BCBSNC and NC PATH subsidize 85% of the cost over a 5-year term.

Retail Stores
6 locations
As they continue to open across the state, BCBSNC's retail stores provide another resource for navigating health care reform and give customers a place to seek face-to-face help with questions about plans or benefits.

Value-Based Incentive Facilities
24 providers
These providers have incentives that reward them for performance-based quality.

* Source: BCBSNC internal data, 2013
An independent licensee of the Blue Cross and Blue Shield Association. U9139c, 10/13

Closing Remarks

- Payment innovations and provider partnerships are some of the key opportunities available to the BCBSNC/SHP partnership to control costs, improve member health and achieve better outcomes.
- BCBSNC currently has many of the leading innovations in reimbursement already in place or under development, and these savings levers can be implemented to meet strategic goals of the SHP from both a statewide and regional perspective.
- BCBSNC's Network Management and Healthcare Delivery Redesign teams look forward to continued collaborative opportunities with the SHP to find new ways to leverage these innovations/partnerships to meet our common objectives.