

Perspective on Alternative Payment

David Brumley, MD, MBA

Senior Medical Director

Commercial Products

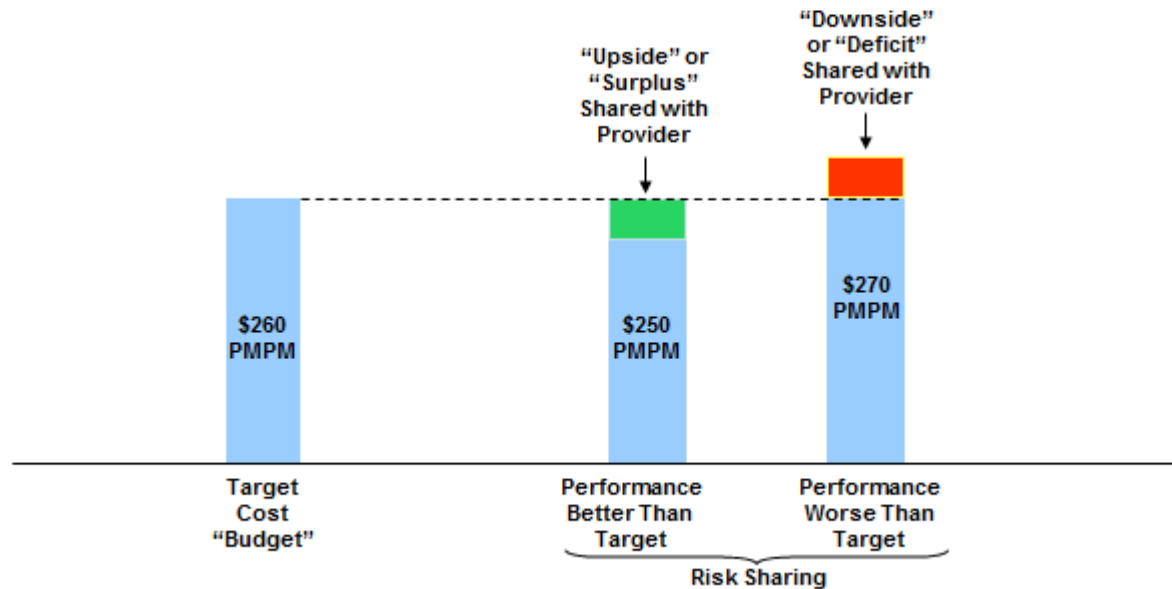
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Goals

- Alignment of incentives through shared risk
- Increasing focus on managing healthcare cost trend as well as unit cost
- Sustainability of risk model dependent upon 1) appropriate analytical support to identify opportunities and 2) strong leadership within provider group
- Commitment to support risk-bearing providers through our Provider Engagement program

THP Risk Share Model

A risk sharing model aligns incentives between providers and payers: when medical costs are controlled, financial surpluses are generated



*Note: surplus or deficit payment impacted by performance against Clinical quality targets

Provider Engagement – Overview

- Risk groups supported by our integrated suite of programs for members across the spectrum of health
- Comprehensive set of data and analytics to facilitate patient management:
 - Daily inpatient pre-registration reports
 - Monthly claims data extracts
 - Monthly case management reports
 - Clinical quality web reports, updated monthly
 - Quarterly risk performance reports
- Regular meetings with risk groups:
 - In-depth, customized analytics
 - Clinical consultation
 - Program collaboration

Provider Engagement – Impact

Provider Relationships

- More open and collaborative relationships with targeted providers, particularly on clinical issues
- Greater mutual knowledge and acceptance of programs, policies, practices and challenges
- Development of opportunities for greater plan/provider coordination

Medical Cost Savings

- Identification of issues that providers did not know about
- Providers beginning to act on identified opportunity areas:
 - Changing referral patterns to more cost-effective providers and settings
 - Examining unwarranted variation in utilization of certain services
 - Creating patient registries and outreach programs to improve quality performance

Outcomes – Examples of Success

- Vast majority of risk groups have increased care retention within their local system
- Majority of risk groups have shifted referral care to less expensive locations for outpatient services
- Risk groups improved performance on adult and pediatric HEDIS quality measures over the past 3 years
- Improvement in physician satisfaction

Questions?
