

**THE ALLIANCE**

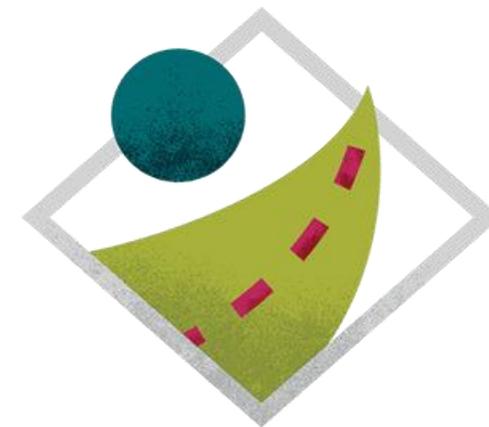
Employers moving health care forward



## **The Roadmap to High-Value Care**

**Cheryl DeMars, President & CEO at The Alliance**

# Our Vision



**The Alliance is working toward a future where:**

- High quality, affordable health care is reliably delivered to all patients.
- People have confidence that their health plans enable them to take care of themselves and their families.
- Alliance members thrive by joining together to control the trend of health care costs.

# The Power of Many...



# Overview: High-Value Health Care

**4 Core Drivers** that employers, as purchasers, can use to have a positive impact on health care cost and quality.



# Transparency



# Assessing Value

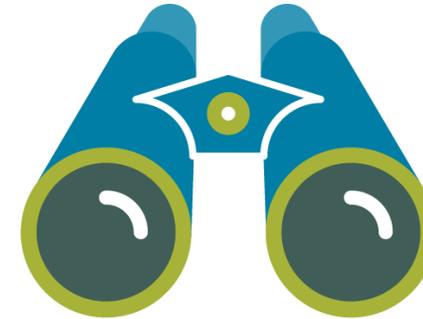


# Evolution of Health Care Transparency



## Today

- *QualityPath*<sup>™</sup>
- Health Policy Advocacy



## Future

- Expanded information to compare doctors, surgery centers and hospitals
  - Specialty care
  - Episodes of care

**THE ALLIANCE**

Employers moving health care forward



# Navigating Provider Network Innovation and Payment Reform

**Kyle Monroe, Vice President, Network Development & Provider Relations at The Alliance**

# Payment Reform



# The Alliance Health Care Purchasing Methods

Payments designed to cut waste and reward quality.

Advantages for Employers and Employees:

- Predictability
- Simplicity
- Transparency

# Medicare Contracting Methodology

How does Medicare pay?



Base Payment



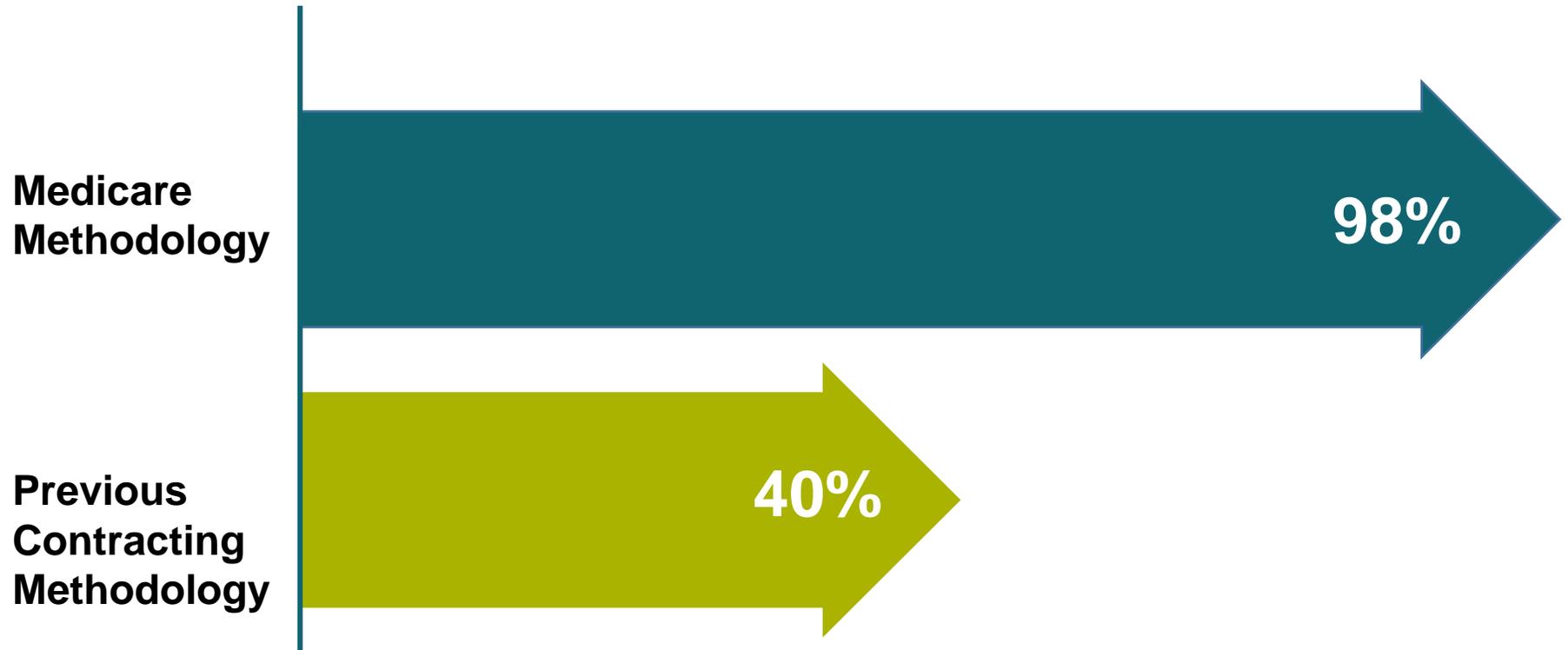
Provider-Specific Adjustments\*



---

Provider-Specific Adjustments include, but are not limited to: Payor Mix, Readmission, Pay for Performance, and Meaningful Use.

# Medicare Contracting Methodology

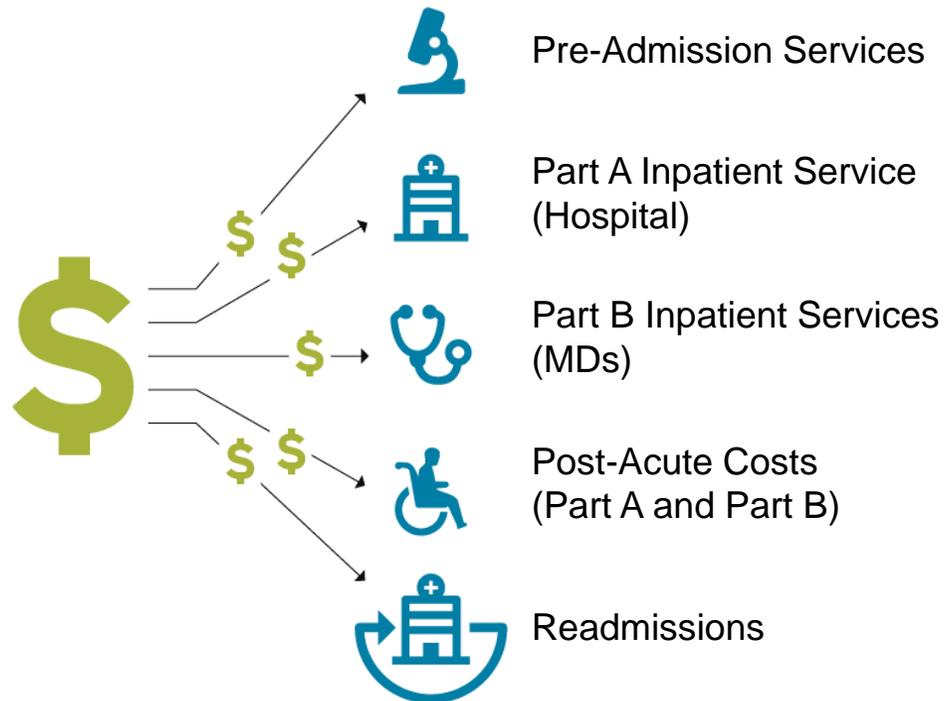


Repriced dollars from fixed-price contracts

# Bundles

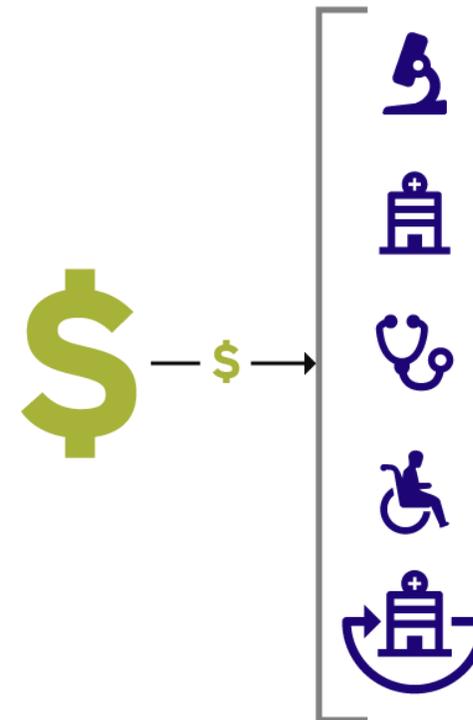
## Traditional Fee-for-Service

Payment for each service regardless of quantity or quality.



## Bundled Payments

Payment for comprehensive, coordinated intervention



# Future of Health Care Purchasing Methods



Quality

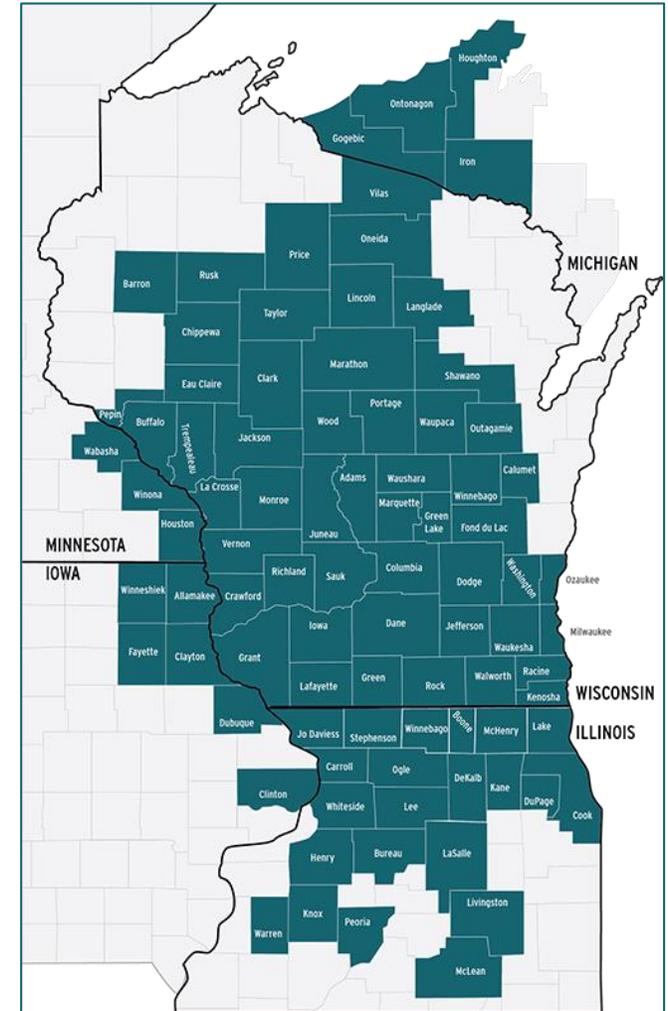
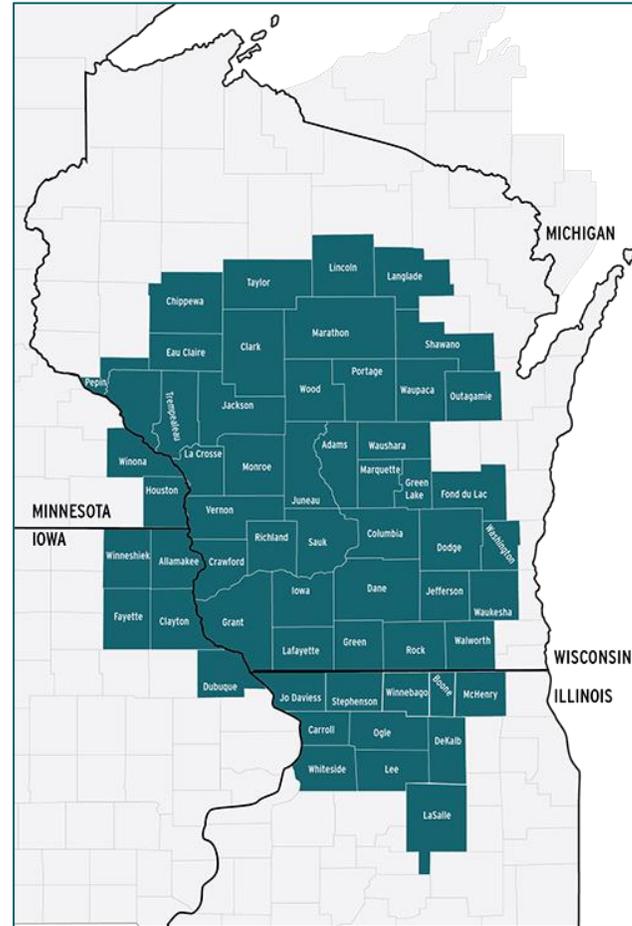
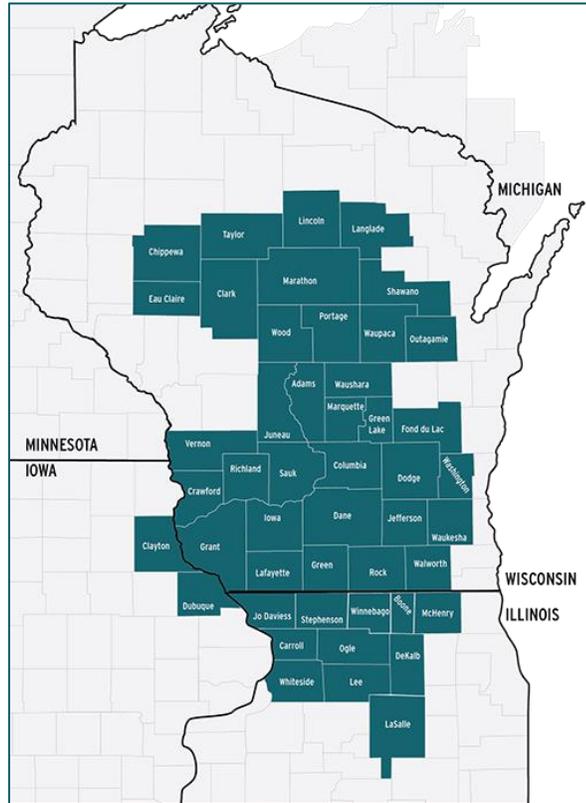


Total Cost-of-Care Contracting

# Provider Network Design



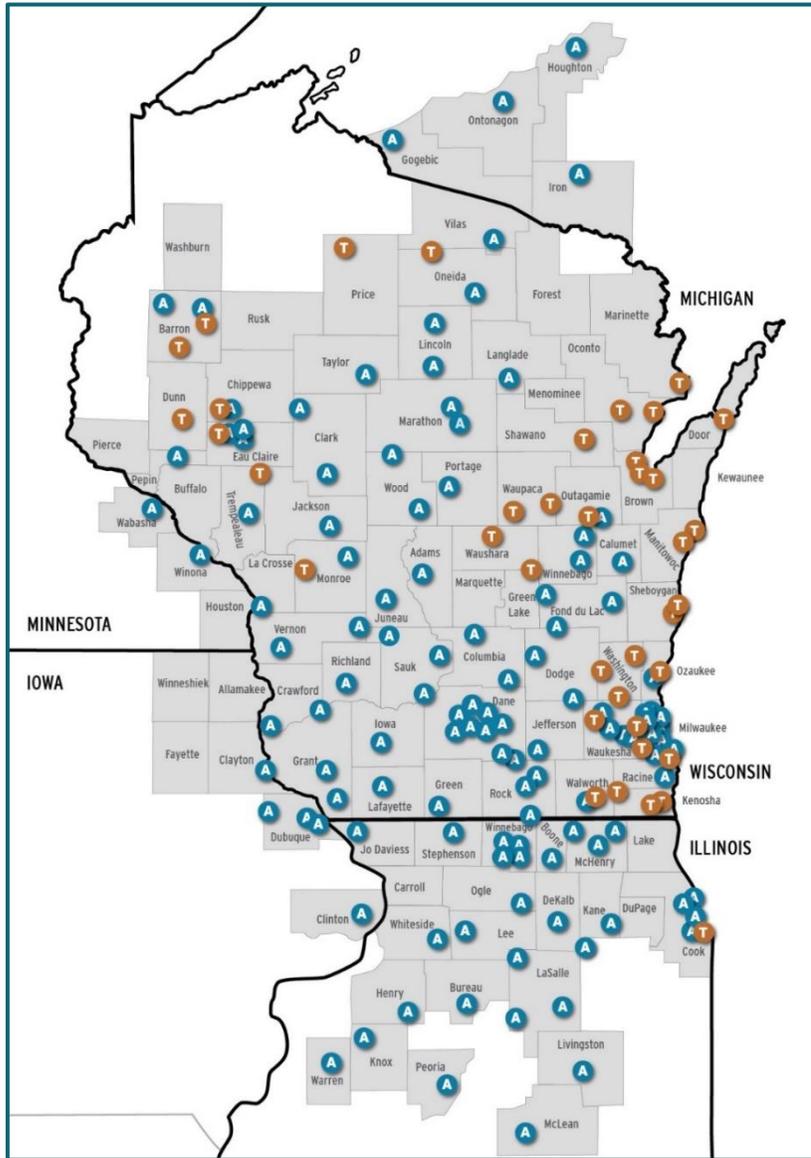
# Growth



2014

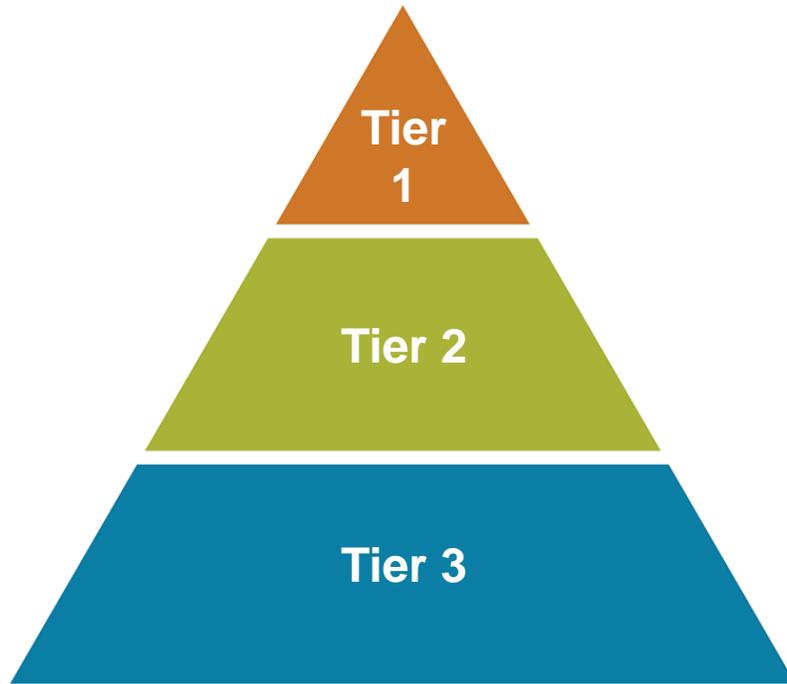
2019

# The Alliance / Trilogy Health Networks

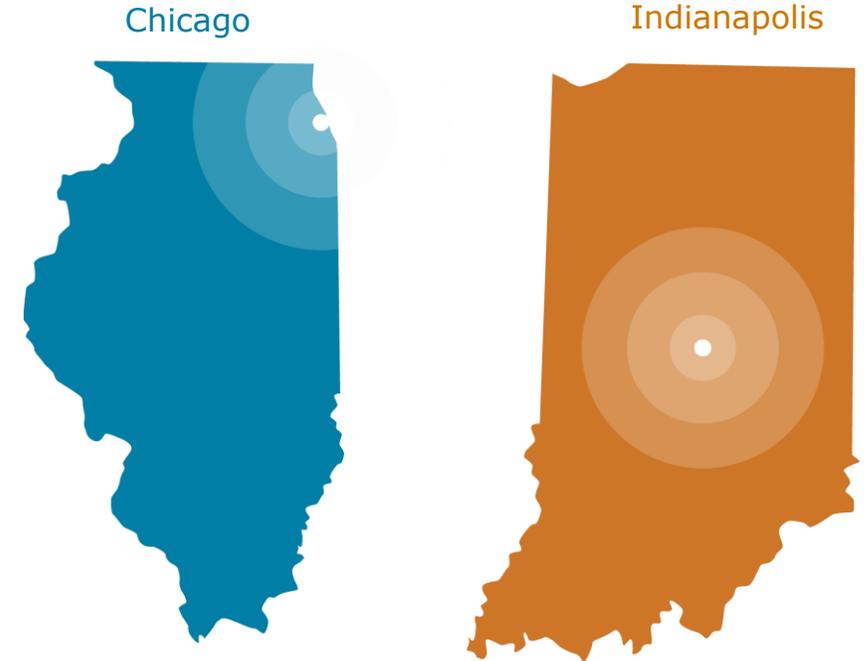


-  Alliance Hospitals
-  Trilogy Hospitals

# Future of Networks



Tiered Networks



Regional Networks:

Update on Chicago and Indianapolis

**THE ALLIANCE**

Employers moving health care forward



## **Data as the Compass for Customization and Transparency**

**Melina Kambitsi, Ph.D., Sr. Vice President, Business Development & Strategic Marketing at The Alliance**

# Health Care Transparency & Benefit Plan Design



# Health Care Transparency: Quality

When will I be able to get back to work?

I just had a knee replacement surgery, when will I be able to go up the stairs?

I'm having my first baby, who is the best OB/GYN for me?

Am I on the right medication?

Are my doctors talking to each other?

I'm new in the area and I need a PCP, who should I go to?

What are some alternative options?

# Health Care Transparency: Cost

## Can Health Care Act Like Any Other Market?



Provider  
Charges

—



Alliance  
Contract Rate

—



Employee  
Contribution

=



**Employer  
Cost**

# Health Care Transparency: Cost

## Can Health Care Act Like Any Other Market?



**\$400 - \$4,000**

- 80 procedures
- Variation in unit price

**Costs by Episodes of Care**

# The Alliance Value Proposition

**Helping Employers  
Manage Their Health Care  
Spend and  
Offer Better Benefits to  
Their Employees.**



# Opportunities to Optimize an Employer Health Plan



Place of service opportunities



Cost variances between providers



Condition prevalence



Effectiveness of care coordination



High Value Primary Care – Shared Site Primary Care Clinics

# Place of Service Opportunities

## Steerable Services: Employer A Facility #1 (2018-Q1 2019)

STEERAGE PROCEDURE GROUP	RECOMMENDED PROVIDER TO STEER TO	EPISODE COUNT	TOTAL PRICE PAID	SAVINGS
X-Ray	Medical Associates Clinic	121	\$53,874	\$46,280
MRI	Summit Radiology	53	\$171,537	\$143,680
Knee Replacement	NOVO Health	2	\$98,427	\$59,420

Non-Fetal US	Medical Associates Clinic	81	\$72,970	\$72,030
Knee Arthroscopy	Rockford Orthopedic Surgery Center	6	\$89,780	\$48,290
Chiropractic Manipulation	Loves Park Chiropractic Clinic	1384	\$76,697	\$33,580
Mammography	Columbus Community Hospital	82	\$44,952	\$33,020
PET Scan	SwedishAmerican Health System	5	\$44,803	\$29,600
Speech Therapy	Family Service	69	\$33,905	\$29,480
Shoulder Repair	NOVO Health	3	\$80,990	\$29,170
Carpal Tunnel	Sask Prairie Healthcare	4	\$29,057	\$22,780
Hernia	Sask Prairie Healthcare	2	\$42,962	\$22,730
Hammer toe Repair	Mercy Health System	1	\$29,466	\$20,460
Hip Replacement	NOVO Health	1	\$29,342	\$20,190

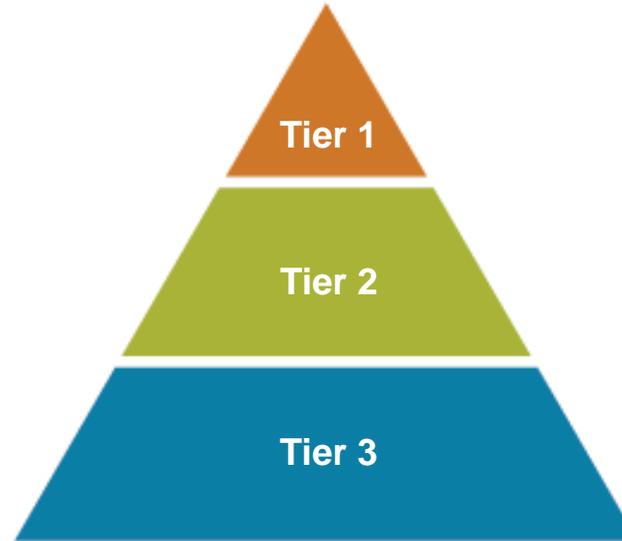
**TOTAL**

**2,305 \$1,586,034 \$1,015,040**

# What Do Employers Do with this Information?



**Steerage**



**Tiers**



**Cash Incentives**

# Cost Savings

The average large employer can save 10-12% of their total spend through in-region\* steerage for elective services.

\*Defined in-region steerage as 30-100 miles distance from employer locations.

# Employer Case Studies



**Jeremy Ott**

Vice President, Health Insurance Economics at WPS Insurance Corporation

# Navigating to Value



Use data to identify high performing providers based on cost, appropriateness and quality outcomes



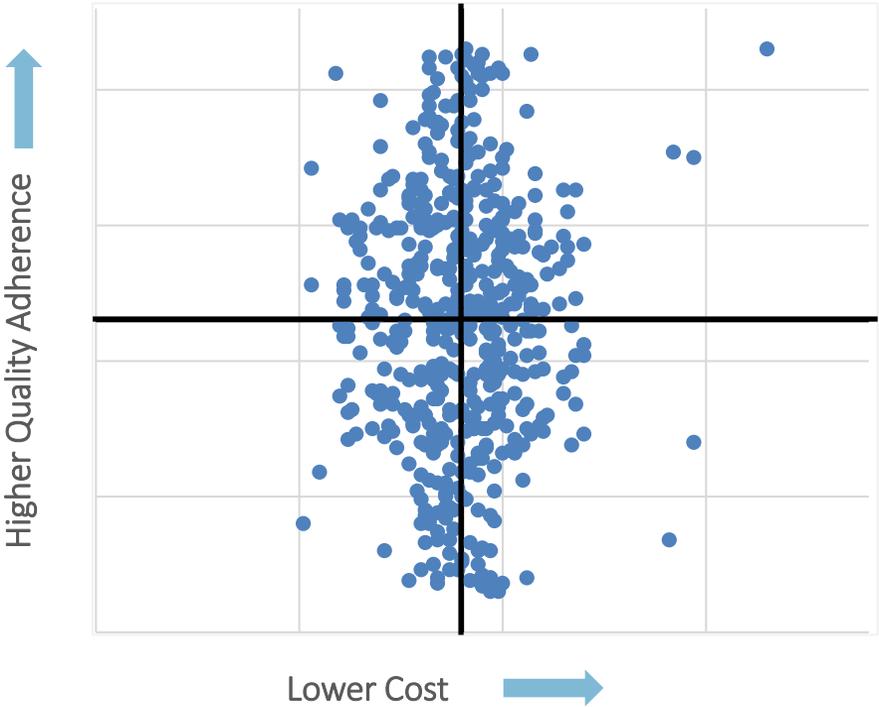
Help members connect with best value providers



Engaged members receive better care and save money by choosing high value providers

Best-value is a function of appropriateness, quality, and cost

$$V=A(Q/C)$$





**Dan Ludwig**

Director of Benefits and Safety at Brakebush Brothers, Inc.

# Let's Work Together to Change Health Care and Improve Benefits

**4 Core Drivers** that employers, as purchasers, can use to have a positive impact on health care cost and quality.

