



Optimizing A COE Strategy

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Agenda

1. What's At Stake?
2. Important Facts
3. Of Bundles & Episodes
4. Making Change Happen



Our Future Is At Stake

Teachers & Class Time Or Health Care?

In many locations we can't have both

- Year over year increases in employee health costs far outpace increases in school and municipal budgets
- Baseline total health care costs/person are now so high, an overall 3% increase across all covered lives is equivalent to one or more staff salary
- Cost-sharing has its limits
- Does anyone really believe that it's better to let health care prices go up and lose teachers, class time and our children's future?

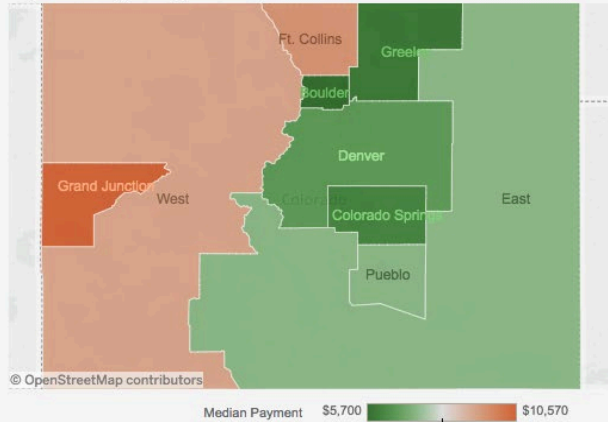


Facts Are Important

You're Paying A Lot More

Median Commercial Payment to Facilities by Region

Vaginal Delivery (normal), DRG 775, 2017



Commercial Payment Range by Year

Vaginal Delivery (normal), DRG 775, Statewide Region, 2012-2017



Commercial Payer Volume and Median Payment

Vaginal Delivery (normal), DRG 775, Statewide Region, 2017



Facility Volume and Median Commercial Payment

Vaginal Delivery (normal), DRG 775, Statewide Region, 2017



...and often for the wrong procedure

Colorado:

CESAREAN SECTIONS

23% of women with low-risk pregnancies* had C-sections



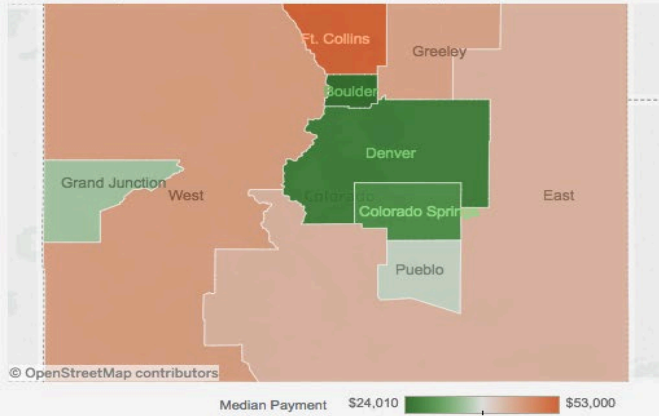
*NTSV measure.
Source: Analysis by CIVHC.



Moving Volume Could Save Billions

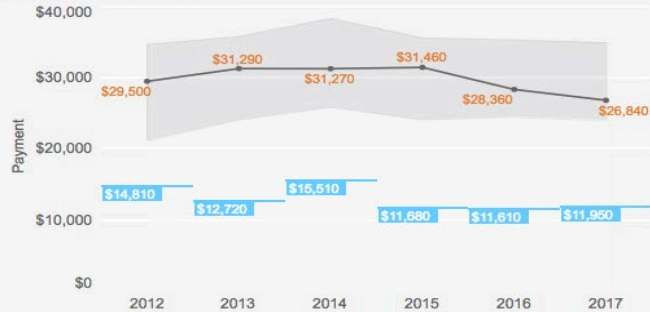
Median Commercial Payment to Facilities by Region

Major Joint Replacement/Reattachment, Lower Extremity (normal), DRG 470, 2017



Commercial Payment Range by Year

Major Joint Replacement/Reattachment, Lower Extremity (normal), DRG 470, Statewide Region, 2012-2017



Commercial Payer Volume and Median Payment

Major Joint Replacement/Reattachment, Lower Extremity (normal), DRG 470, Statewide Region, 2017



Facility Volume and Median Commercial Payment

Major Joint Replacement/Reattachment, Lower Extremity (normal), DRG 470, Statewide Region, 2017



Thirty Years Of Evidence

And yet we still question whether it actually works

- CMS Cardiac Bypass Demonstration deemed the only Medicare payment demonstration that saved money and improved outcomes¹
- Private sector Episode of Care payments for joint replacements and cardiac procedures proven to lower costs and improve outcomes²
- CalPERS Reference Price payment and benefits program significantly reduced inpatient prices³
- PROMETHEUS Payment implementation for global maternity payments reduced costs while maintaining quality in Medicaid patients⁴

1. GAO Report on Lessons From VBP Demonstrations, 2012

2. GAO Report on Private Sector Initiatives on Bundled Payments, 2011

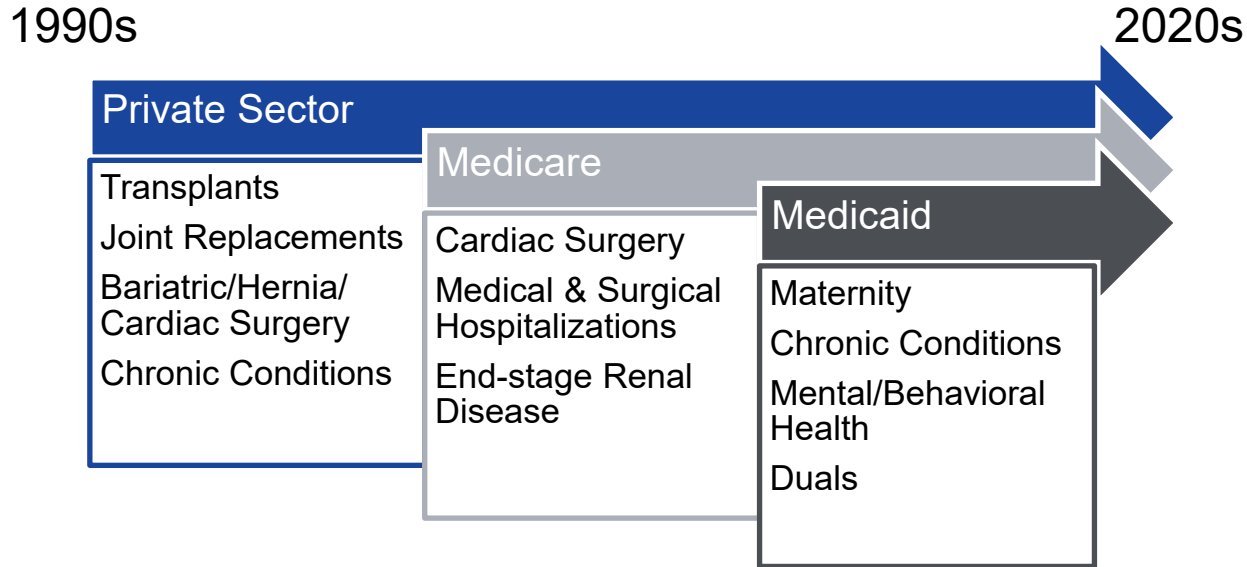
3. Health Affairs, Vol 36 #12, Dec 2017

4. HCP LAN Report on Clinical Episode Payments, 2016



Thirty Years Of Expanding Scope

From simple to very complex patients



The "Classic" COE Approach

It's insufficient when considering a \$5,000 PMPY total health cost

Knee & Hip Replacement surgeries cover ~ \$55 PMPY

Back surgeries cover ~ \$150 PMPY

Bariatric surgery covers ~ \$20 PMPY

Cardiac Bypass surgery covers ~ \$25 PMPY

And that's for all cases, inclusive of a 90 day warranty period. The subset that is done in national Centers of Excellence is a fraction of the total cases and doesn't include a warranty



Widening The Aperture

Focus on conditions in addition to procedures, and make it local

- Episode of care payment should include conditions – Low back pain, not just back surgeries
- Global maternity bundles cover all costs from womb to crib
- Addiction recovery payment model extends over five years and is focused on lasting recovery
- Patients can't be forced to travel – you have to shift share to local high value providers



Terminology Matters

Bundles v. Episodes

It's not just semantics

A Bundled Payment is typically focused on a procedural event and only covers the costs associated with the procedure (e.g. facility and professional services during the procedure)

Episode of Care Payment is focused on conditions, procedures and acute events, but always extends over time and has baked in “warranties”



Marshaling Forces Of Change

Commercial Episodes of Care in CO

Medicare's success will not be enjoyed in the commercial market if employers rely on every carrier/TPA to develop their own unique EOC program.

Provider Impact

- Carrier/TPA IT incapable of supporting EOC
- Wide variety of work-arounds
- Admin burden pushed to providers
- Provider adoption will be low/slow
 - Costs will increase
- Weak performers will continue to thrive

Employer/Member Impact

- If every carrier defines an episode differently, how will you ever compare quality and price?
- If provider costs increase due to lack of standardization, who pays for that?
- If lack of competition exists, who suffers because weak performers can survive equally well?



National Coalition of Healthcare Purchasers and Remedy

Remedy Partners



Employer Coalitions
Bring the relationships with
employers and providers

How It Works

The Coalitions and their Employers recognize and commit to program development and the value to themselves and the community from standardization of administrative processes/technology.

Remedy works across all the stakeholders to provide the necessary people, processes, information, and technology standardization to enable equal opportunity to succeed.



Coalition Launch Plan

Employer Recruitment and
Employer member info to begin



Month 1



Month 2

Creating Awareness To
Enable Launch



Month 3

Identifying Program Scope and
Implementing Collaboration Plans with carriers and employers



Month 4



Month 5

GO-LIVE



Rolling Time Frame

Infinity

Market Entry Strategy

- Coalition Develops overview file of Employer Members and Shares With Remedy To Designate Employers
- Remedy Develops Draft of Market Entry Strategy/ Priorities For Review With Coalition And Discusses Resourcing
- Remedy Develops Preliminary Revenue Forecast for Coalition
- Coalition and Remedy Present Market Launch Strategy To Coalition Board For Approval

Training/ Education

- Remedy Provides Coalition Staff Training and FAQs
- Coalition enables communication strategy to providers, employers, and media
- Coalition hosts webinars, forums

EMPLOYER-SPECIFIC DEVELOPMENT

- Coalition and Remedy meet with targeted employers / solicit support for a Letter of Intent
- Coalition and Remedy gather executed LOIs
- Participating Employers send letter of request to carriers for claims history
- Coalition and Remedy conduct group meeting with carriers and participating employers to develop collaboration plan
- Remedy analyzes claims across each employer and MSA to develop program scope
- Remedy Presents Claim Findings/ Program
- Remedy executes carrier collaboration plan and executes employer contracts

REGIONAL LAUNCH

- Remedy develops employer specific implementation plan
- Remedy and Coalition supports employers with member engagement strategies
- Remedy implements Provider Integration and Operations Plan ongoing
- Remedy reports quarterly savings and quality scorecard Coalition

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GROWTH

- Coalition adds new Episodes to program
- New employers start in program
- Employers based elsewhere participate w/ employees in CO

Phase One: TPA Commitment

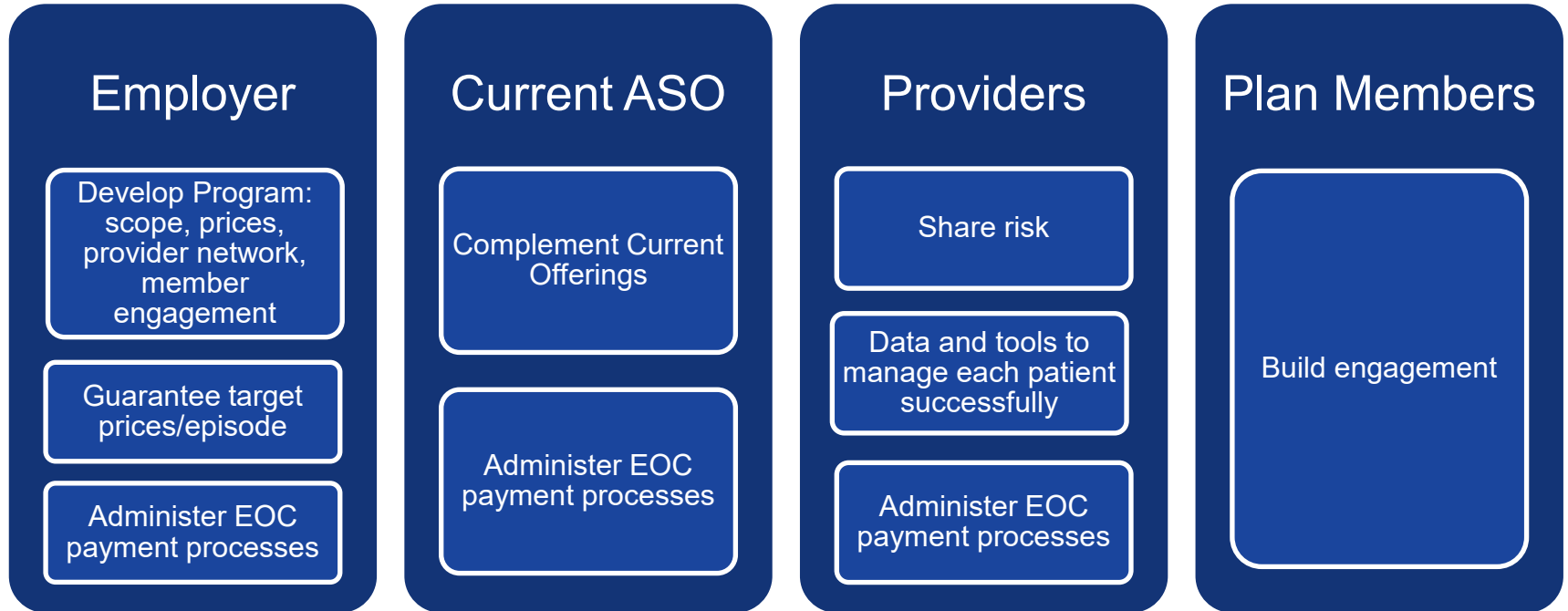
How: Work w/ employers using the same TPA as though they are one group

1. Identify Coalition members' most common TPAs
2. Identify early adopters of EOC for each TPA
3. Meet with each TPA and its early-adopter clients to discuss commitment to EOC and collaboration.
4. Early adopters request necessary claims information
5. Presents program specs to early adopters, execute agreements to proceed.



Episodes of Care are a Community Initiative

Remedy works with each stakeholder group and its members



The Coalition/members provide oversight on behalf of the community



Colorado Business Group on Health

Working Together to Improve Health Care Value

Mission

A purchaser-led, multi-stakeholder non-profit coalition committed to **collaboratively improving the health care value-proposition for all Coloradans** and their communities.

“Collaborate with other Colorado employers to have **a unified voice** and purchasing power.”

Larimer County

“Act as a unified voice of purchasers to demand changes in healthcare (**power in numbers**).”

Boulder Valley School District

“When we speak to health plans and provider groups as an employer coalition this **gets far more attention** than if we speak alone.”

CO PERA



**POWERING
THE POSSIBLE**



remedy